THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take, please consult your CSDP, broker, banker, attorney, accountant or other professional advisor immediately.

The definitions and interpretations commencing on page 8 of this Circular apply throughout this document.

Action required by holders of certificated shares and dematerialised shares (own name registration)
You are entitled to attend, or be represented by proxy, at the general meeting.

If you are unable to attend the general meeting, but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instruction contained therein, to be received by the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (PO Box 61051, Marshalltown, 2107) by no later than 09h00 on Wednesday, 27 June 2018, or such later date and time which will be released on SENS and published in the press, alternatively, such forms of proxy may be handed to the Company secretary or chairperson of the Company at the meeting not later than 30 minutes prior to the commencement of the general meeting

Action required by holders of dematerialised shares (other than own name registration)
If your CSDP or broker does not contact you, you are advised to contact your CSDP or broker and provide them with your voting instructions. If your CSDP does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them.

You are entitled to attend, or be represented by proxy, at the general meeting. You must however, complete the attached form of proxy. You must advise your CSDP or broker timeously if you wish to attend or be represented by proxy at the general meeting.

If you do wish to attend or be represented by proxy at the general meeting, your CSDP or broker will be required to issue the necessary letter of representation to you to enable you to attend or to be represented by proxy at the general meeting.

Bowler Metcalf Limited

Bowler Metcalf Limited
(Incorporated in the Republic of South Africa)
(Registration number 1972/005921/06)
("Bowler Metcalf" or "the Company")
Share code: BCF ISIN: ZAE000030797

CIRCULAR TO BOWLER METCALF SHAREHOLDERS

Regarding

- **the proposed disposal by Bowler Metcalf of its 41.38% interest in SoftBev, subject to certain conditions;**

and incorporating:

- **a notice of a general meeting of the shareholders of Bowler Metcalf convened in accordance with Section 61(1) of the Companies Act, 2008 (No. 71 of 2008); and**
- **a form of proxy (white) in respect of the general meeting of Bowler Metcalf shareholders (for use by certificated Bowler Metcalf shareholders and own-name dematerialised Bowler Metcalf shareholders only).**

The directors, whose names are set out in paragraph 6 of this Circular, collectively and individually accept full responsibility for the accuracy of the information given in this Circular in relation to Bowler Metcalf and certify that, to the best of their knowledge and belief, no facts have been omitted which would make any statement in this Circular false or misleading, that all reasonable enquiries to ascertain such facts have been made and that the Circular contains all information required by law and the Listings Requirements.

Arbor Capital, which is regulated in terms of the JSE Listings Requirements, is acting for the Company and no one else in relation to the preparation of this Circular and will not be responsible to anyone other than the Company and the JSE in relation to the preparation of this Circular.

This Circular is issued in compliance with the JSE Listings Requirements for the purpose of providing information to the public with regard to the Company.

Sponsor

Legal Advisors to Bowler Metcalf

Independent Auditor to Bowler Metcalf and Independent Reporting Accountant on the pro forma financial effects

Independent Auditor and Independent Reporting Accountant to SoftBev on the historical financial information

Legal Advisors to The Beverage Company

Financial Advisors to The Beverage Company

Date of issue: 7 June 2018

This Circular is only available in English. Copies may be obtained from the registered office of Bowler Metcalf, being Bowler Plastics, 7 Harris Drive, Ottery, Cape Town, 7800 from Thursday, 7 June 2018 to Friday, 29 June 2018.

CORPORATE INFORMATION AND ADVISORS

Directors
#*Brian James Frost - Chairman
#*Michael Brain
#*Sarah Jane Gillett
#*Finlay Craig Mac Gillivray
! Paul Friederich Sass – Chief Executive Officer
! Grant Andrew Böhler – Chief Financial Officer

**Non-executive, # Independent, ! Executive*

Company secretary and registered office
Carin Bothma
7 Harris Drive, Ottery
Cape Town, 7800
(PO Box 92, Ottery 7808)

Sponsor
Arbor Capital Sponsors Proprietary Limited
(Registration number 2006/033725/07)
20 Stirrup Lane, Woodmead Office Park
Corner Woodmead Drive and Van Reenens Avenue
Woodmead, 2191
Suite #439, Private Bag X29, Gallo Manor, 2052

Transfer Secretaries
Computershare Investor Services (Pty) Ltd
(Registration number 2004/003647/07)
Rosebank Towers, 15 Biermann Avenue,
Rosebank, Johannesburg, 2196
(PO Box 61051, Marshalltown, 2107)

Independent Auditor and Independent Reporting Accountants to Bowler Metcalf
Mazars
Registered Auditor
Chartered Accountants (SA)
Mazars House, Rialto Road, Grand Moorings Precinct, Century City, 7441

Independent Auditor and Independent Reporting Accountant to SoftBev
KPMG Inc.
(Registration number 1999/021543/21)
5 Arundel Close, KPMG House, Kingsmead Boulevard Durban, 4001
(PO Box 1496, Durban, 4000, South Africa)

Legal Advisors to Bowler Metcalf and SoftBev
Shepstone & Wylie
24 Richefond Circle
Ridgeside Office Park
Umhlanga Rocks, 4319

Group Bankers
First National Bank of Southern Africa Ltd
Cape Town Corporate Branch
24th Floor, Portside Building
5 Buitenkant Street
Cape Town, 8001

Legal Advisors to The Beverage Company
Webber Wentzel
90 Rivonia Road
Sandton
Johannesburg
2196

Financial Advisors to The Beverage Company
Standard Bank
9th Floor
Standard Bank Centre
5 Simmonds Street
Johannesburg
2001

Place and date of incorporation
Incorporated in South Africa on 12 June 1972

CONTENTS

SALIENT DATES AND TIMES IN RESPECT OF THE GENERAL MEETING

The definitions and interpretations commencing on page 8 of this Circular apply *mutatis mutandis* to this section (unless specifically defined where used or the context indicates a contrary meaning).

	2018
Record date in order to be eligible to receive the notice of general meeting	Friday, 25 May
Notice of general meeting posted to Bowler Metcalf shareholders	Thursday, 7 June
Last date to trade in order to be eligible to vote at the general meeting	Tuesday, 19 June
Record date in order to be eligible to vote at the general meeting	Friday, 22 June
Last date to lodge forms of proxy with the transfer secretaries for the general meeting by 09h00	Wednesday, 27 June
General meeting at 09h00 on	Friday, 29 June
Results of general meeting released on SENS	Friday, 29 June

Notes:

1. All times indicated in this Circular are local times in South Africa.
2. The dates and times indicated in the table above are subject to change. Any such changes will be released on SENS and published in the press.
3. To be valid, the completed forms of proxy must be lodged with the transfer secretaries, being Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196, or posted to the transfer secretaries at PO Box 61051, Marshalltown, 2107, to reach them by no later than Wednesday, 27 June 2018 at 09h00, alternatively, such forms of proxy may be handed to the Company secretary or chairperson of the Company at the meeting not later than 30 minutes prior to the commencement of the general meeting.
4. The posting date for the Circular is within the 7 day period set out in the Companies Regulations, 2011 for deemed delivery by way of registered mail. The circular will be posted by way of ordinary mail and this is considered to be in the best interests of shareholders.

Shareholders entitled to attend and vote at the General Meeting, may appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company. A form of proxy, in which the relevant instructions for its completion are set out, is attached for use by a certificated shareholder or dematerialised shareholder with "own name" registration who wishes to be represented by proxy at the general meeting. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the general meeting (provided that to the extent necessary a letter of representation is procured from your CSDP) and such shareholder shall be obliged to produce a proper form of identification at the meeting.

IMPORTANT LEGAL NOTES

The definitions and interpretations commencing on page 8 of this document shall apply mutatis mutandis to this section.

APPLICABLE LAWS

The release, publication or distribution of this document in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this document is released, published or distributed should inform themselves about and observe such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute the solicitation of an offer to purchase shares or a solicitation of any vote or approval in any jurisdiction in which such solicitation would be unlawful.

The Disposal may be affected by the laws of the relevant jurisdictions of non-resident shareholders. Such non-resident shareholders should inform themselves about and observe any applicable legal requirements of such jurisdictions. It is the responsibility of any non-resident shareholder to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Disposal, which is the subject of this document, including the obtaining of any governmental, exchange control or other consents or the making of any filings which may be required, the compliance with other necessary formalities, the payment of any issue, transfer or other taxes or other requisite payments due to such jurisdiction.

The Disposal is governed by the laws of South Africa and is subject to any applicable laws and regulations, including the Companies Act and the Takeover Regulations.

Any shareholder who is in doubt as to their position, including, without limitation, their tax status, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

FORWARD-LOOKING STATEMENTS

This document contains statements about Bowler Metcalf and SoftBev that are, or may be, forward–looking statements. All statements, other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Bowler Metcalf cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which Bowler Metcalf operate may differ materially from those made in, or suggested by, the forward-looking statements contained in this document.

All these forward-looking statements are based on estimates and assumptions, as regards Bowler Metcalf, made by Bowler Metcalf and as communicated in publicly available documents, all of which estimates and assumptions are inherently uncertain, although Bowler Metcalf believes them to be reasonable. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to Bowler Metcalf or not currently considered material by Bowler Metcalf.

Bowler Metcalf shareholders should keep in mind that any forward-looking statement made in this document or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of Bowler Metcalf not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Bowler Metcalf has no duty to, and does not intend to, update or revise the forward-looking statements contained in this document after the date of this document, except as may be required by law.

DEFINITIONS AND INTERPRETATIONS

In this Circular, unless otherwise stated or the context so requires, the words in the first column have the meanings stated opposite them in the second column, words in the singular shall include the plural and *vice versa,* words denoting one gender include the other and expressions denoting natural persons include juristic persons and associations of persons:

"2018 EBITDA"	the consolidated EBITDA of the SoftBev Group for the year ended 30 June 2018 determined on the basis of the 30 June 2018 audited accounts of SoftBev;
"2018 Adjusted EBITDA"	2018 EBITDA, adjusted for items that are non-recurring and/or outside the ordinary course of business as agreed, deemed to have been agreed or finally agreed in accordance with the terms of the SoftBev Sale of Shares and Claims Agreement;
"Net Debt"	the net debt of the SoftBev Group for the year ended 30 June 2018, as reflected in SoftBev's consolidated audited accounts, being third party debt and debt-like items (excluding Shareholder Loans), less excess cash on hand, cash equivalents, deposits and refunds due;
"Net Working Capital"	the net working capital of the SoftBev Group for the year ended 30 June 2018, as reflected in SoftBev's consolidated audited accounts;
"Act" or "Companies Act"	the Companies Act, 2008 (Act 71 of 2008), as amended, and where appropriate in the context includes a reference to the Companies Regulations promulgated in terms of such Act;
"Agreed Costs"	Costs, estimated at R4.4 million to be deducted from the Fixed Consideration in determining the Base Consideration, being for the Company's and the Other Sellers legal and advisory costs and the costs shared with The Beverage Company for the warranty and indemnity insurance policy, Competition Commission filing preparation and the audit of the adjustment to the 2018 EBITDA in determining the 2018 Adjusted EBITDA;
"Arbor Capital Sponsors" or "Sponsor"	Arbor Capital Sponsors Proprietary Limited (Registration number 2006/033725/07), a private company duly incorporated in South Africa and having its registered address at 20 Stirrup Lane, Woodmead Office Park, corner Woodmead Drive and Van Reenens Avenue, Woodmead and the sponsor to the Company;
"the Base Consideration"	the expected minimum consideration for SoftBev's Sale Equity, after the Fixed Consideration has been reduced for forecast Net Debt (including provision for performance bonuses for SoftBev employees), forecast adjustments to Net Working Capital and Agreed Costs;

"BevCo"	The Beverage Company Proprietary Limited (Registration number 2016/155356/07), which company is not related to Bowler Metcalf, holding 100% of The Beverage Company at the Last Practicable Date, and which is owned by Ethos Private Equity (60.8%), Nedbank Private Equity (23.2%), the Harlequin Trust (Registration number T3903/03 (10,5%) (which is a trust associated with Mr LN Sheppard a member of The Beverage Company management), Gilbert Marketing CC (Registration number 1999/027463/23 (1,5%) (which is 100% held by B Gilbert, a member of The Beverage Company management) and The Executive Management Trust on behalf of executive management who are the beneficiaries (comprising M Benjamin, V Ikin and L Batchelor) (Registration number IT001784/2016(T) (4%), none of which are related to the Company or any of the Other Sellers. The executive directors are Messrs ME Benjamin, LN Sheppard and L Batchelor and the non-executive directors are Messrs ML Adendorff, GL Potgieter, EG Issa, JB Fernades, JER Matthews, R Fienberg and RM Goetszche;
"the Board"	the board of directors of Bowler Metcalf;
"Bowler Metcalf" or "the Company"	Bowler Metcalf Limited (Registration number 1972/005921/06), incorporated in South Africa as a private company on 12 June 1972, converted to a public company on 1 September 1987 and whose shares are listed on the JSE, having its business address at Bowler Plastics, 7 Harris Drive, Ottery, Cape Town, 7800;
"the Bowler Metcalf Group" or "the Group"	Bowler Metcalf and its subsidiaries from time to time;
"Bowler Plastics"	Bowler Plastics Proprietary Limited (Registration number 1997/012522/07), having its business address at Bowler Plastics, 7 Harris Drive, Ottery, Cape Town, 7800, a wholly owned subsidiary of Bowler Metcalf;
"broker" or "stockbroker"	any person registered as a "broking member (equities)" in terms of the Rules of the JSE made in accordance with the provisions of the FMA;
"business day"	any day excluding a Saturday, Sunday or an official public holiday in South Africa;
"certificated shares"	Bowler Metcalf shares held in the form of certificates or other documents of title and which have not yet been surrendered for dematerialisation in terms of Strate;
"certificated shareholders"	Bowler Metcalf shareholders holding certificated shares;
"Circular"	this circular and the annexures hereto dated Thursday, 7 June 2018;
"Closing Date"	the latter of 30 June 2018 and 10 business days after the fulfilment of the last condition precedent (other than the condition precedent in clause 2.5.5 below), unless the Closing Date will fall after the 27th calendar day of the month, in which case, the Closing date will be the first day of the month immediately thereafter;
"common monetary area"	South Africa, the Republic of Namibia and the Kingdoms of Swaziland and Lesotho;

"CSDP"	a Central Securities Depository Participant registered as a participant in terms of the FMA and licensed as a central securities depository under the FMA;
"Deferred Consideration"	final value for the Sale Equity less the Base Consideration;
"dematerialised"	the process whereby paper share certificates or other documents of title are replaced with electronic records of ownership of shares or securities as contemplated in Section 49(5) of the Act under the Strate system with a CSDP or stockbroker;
"dematerialised shares"	shares which have been dematerialised and incorporated into Strate and which are no longer evidenced by share certificates or other physical documents of title;
"dematerialised shareholders"	Bowler Metcalf shareholders holding dematerialised shares;
"Disposal" or "SoftBev Disposal"	the disposal by Bowler Metcalf of its 41.38% interest in its associate investment, SoftBev, to The Beverage Company, being the proposed transaction detailed in this Circular in terms of the SoftBev Sale of Shares and Claims Agreement;
"documents of title"	share certificates, certified transfer deeds, balance receipts or any other documents of title to shares acceptable to the board;
"Effective Date"	the effective date of the Disposal, being 30 June 2018;
"EBITDA"	Earnings before interest, tax, depreciation and amortisation, all determined in accordance with IFRS;
"Ethos Private Equity"	Ethos Private Equity Proprietary Limited, (Registration number 2004/003984/07), having its business address at 35 Fricker Road, Illovo, Johannesburg, a shareholder holding 60.8% of BevCo and which company is not related to Bowler Metcalf;
"Fixed Consideration"	R950 million for 100% of SoftBev or a reduced amount, to be agreed between the parties to the SoftBev Sale of Shares and Claims Agreement, if SoftBev's EBITDA is less than budget based on the 31 May 2018 management accounts;
"FMA"	the South African Financial Markets Act, 2012 (Act 19 of 2012), as amended or replaced from time to time;
"FY2018"	financial year ending 30 June 2018;
"General Meeting"	the Bowler Metcalf shareholders meeting to be held on Friday, 29 June 2018 in order to present the proposed resolutions as set out in the notice of general meeting attached to this Circular;
"Hope of Constantia Trust"	Hope of Constantia Trust, Masters Reference Number T619/97, the family trust of M Brain prior to the Disposal and of which he and his family are beneficiaries, who is a director of Bowler Metcalf;

"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board or its successor body;
"Income Tax Act"	the Income Tax Act, 1962, as amended;
"JSE" or "the JSE"	the Johannesburg Stock Exchange operated by the JSE Limited (Registration number 2005/022939/06), a public company duly incorporated in South Africa on 01 July 2005 having its registered address at 1 Exchange Square, 2 Gwen Lane, Sandown, a licensed stock exchange in accordance with the FMA;
"Last Practicable Date"	Tuesday, 29 May 2018, being the last practicable date prior to the finalisation of this Circular;
"Leakage"	any distributions made after the Effective Date to the Company or the Other Sellers, including related parties but not including distributions made in the ordinary course of business such as director's fees, salaries and payments in terms of operating agreements at arm's length;
"Listings Requirements"	the Listings Requirements of the JSE;
"Maspark"	Maspark Sales and Marketing Proprietary Limited (registration number 2011/146523/07), a private company duly incorporated in South Africa, one of the Other Sellers, holding 0.45% in SoftBev prior to the Disposal, owned by Masoud Parker (100%), Identity Number: 890221 5431 080, who is not a related party to Bowler Metcalf;
"M Brain"	Mr Michael Brain, a director of Bowler Metcalf and SoftBev, and one of the Other Sellers, holding 0.75% in SoftBev prior to the Disposal;
"Mahmood Ismail Family Trust"	the Mahmood Ismail Family Trust (Masters reference IT8440/91 represented by its trustees for the time being, namely Mr Mahmood Ismail, Identity Number: 510927 5135 055, the holder of the entire issued share capital of MIF, which trust, trustees and beneficiaries are not related parties to Bowler Metcalf;
"MIF"	the controlling shareholder of SoftBev, MIF Holdings Proprietary Limited (Registration number 2012/113972/07) having its registered address at 23 Palmgate Crescent, Southgate Business Park, Amanzimtoti, 4135, one of the Other Sellers, holding 54.86% in SoftBev prior to the Disposal, a company held by the Mahmood Ismail Family Trust, and which parties are not related to Bowler Metcalf;
"MOI" or "memorandum of incorporation"	shall bear the meaning ascribed thereto in the Act or an equivalent document constituting or defining the constitution of a company;
"Nedbank Private Equity"	BoE Private Equity Investments Proprietary Limited (Registration number 1999/023853/07), a wholly owned subsidiary of Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division), having its business address at 135 Rivonia Road, Sandown, 2196, a shareholder holding 23.2% of BevCo at the Last Practicable Date and which company is not related to Bowler Metcalf;

"ordinary share(s)"	ordinary shares in the capital of the Company of no par value, which shares are listed on the JSE Main Board;
"Other Sellers"	the other sellers of shares in SoftBev, resulting in the sale of 100% in SoftBev to the Purchaser, namely MIF (54.86%), Sarang Trust (1.51%), Parker (1.05%), Hope of Constantia Trust (0.64%), Maspark (0.45%) and M Brain (0.11%);
"own name dematerialised shareholders"	Bowler Metcalf shareholders who have dematerialised their shares through a CSDP and have instructed that CSDP to hold their shares in their own name on the sub-register, being the list of shareholders maintained by the CSDP and forming part of the register of Bowler Metcalf;
"Parker"	Mr Mohammed Sharief Parker, (ID 580817 5995 084), the Chief Executive Officer of SoftBev and one of the Other Sellers, holding 1.05% in SoftBev prior to the Disposal;
"PepsiCo"	PepsiCo Incorporated, a corporation incorporated in accordance with the laws of the State of North Caroline, United States of America, who is the license holder for Pepsi and its related brands for which SoftBev is the sole licensed bottler in South Africa, Lesotho and Swaziland and has distribution rights in Botswana.;
"Proposed Transaction"	the disposal by Bowler Metcalf of its 41.38% interest in its investment in associate, SoftBev, in terms of the SoftBev Sale of Shares and Claims Agreement and subject to shareholder approval in a General Meeting;
"Purchaser"	being The Beverage Company;
"Quality Beverages"	Quality Beverages 2000 Proprietary Limited, (Registration number 2000/017352/07), a company duly registered and incorporated on 3 July 2000, formerly a 100% subsidiary of Bowler Metcalf and which was sold to SoftBev in return for an associate interest in SoftBev as approved by shareholders on 20 May 2015;
"Rand"	the lawful currency of the Republic, being South African Rand;
"Republic"	Republic of South Africa;
"Sale Claims"	all amounts owing by SoftBev to the Company and the Other Sellers as at the Closing Date;
"Sale Equity"	collectively, the Sale Claims and Sale Shares;
"Sale Shares"	100% of the issued share capital of SoftBev;
"Sarang Trust"	The Sarang Family Trust, Master's Reference Number IT 699/95, one of the Other Sellers, holding 1.51% in SoftBev, a family trust associated with Parker and which trust, trustees and beneficiaries (being Parker and his family) are unrelated parties to Bowler Metcalf;
"SENS"	Stock Exchange News Service of the JSE;
"shareholders"	holders of ordinary shares in Bowler Metcalf as at the Last Practicable Date;

"SoftBev"	SoftBev Proprietary Limited (Registration number 2012/031847/07, formerly Fast Brands Franchising Proprietary Limited, a private company incorporated in South Africa on 17 February 2012, and which acquired the entire issued share capital of Shoreline Sales and Distribution Proprietary Limited and Quality Beverages each of which owned an established business;
"SoftBev Disposal" or "Disposal"	the disposal by Bowler Metcalf of its 41.38% interest in SoftBev in terms of the SoftBev Sale of Shares and Claims Agreement;
the "SoftBev Group"	SoftBev and its subsidiaries from time to time;
"SoftBev Sale of Shares and Claims Agreement"	the signed sale of shares and claims agreement dated 6 April 2018 between Bowler Metcalf (41.38%) and the Other Sellers, namely, MIF (54.8654%), Sarang Trust (1.5106%), Parker (1.054%), Hope of Constantia Trust (0.64%), Maspark (0.452%) and M Brain (0.113%) for the sale of the Sale Equity to The Beverage Company;
"Strate"	the settlement and clearance system used by the JSE, managed by Strate Limited (Registration number 1998/022242/07), a public company duly incorporated in South Africa on 9 November 1998 having its registered address at 9 Fricker Road, Illovo Boulevard, Illovo and which company is a registered Central Securities Depository in terms of the FMA;
"The Beverage Company"	The Beverage Company Bidco Proprietary Limited (Registration number 2015/438073/07), a company duly incorporated in South Africa on 08 December 2015, held 100% by BevCo, having its registered address at 20 Anvil Street, Isando and which company is the Purchaser of SoftBev;
"transfer secretaries" or "Computershare"	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company incorporated in accordance with the laws of South Africa; and
"VAT"	Value Added Taxation.

ACTION REQUIRED BY SHAREHOLDERS

The definitions and interpretations commencing on page 8 apply *mutatis mutandis* to the information set out below.

Please take note of the following provisions regarding the action required by Bowler Metcalf shareholders:

If you have disposed of all of your Bowler Metcalf shares, this Circular should be handed to the purchaser of such shares or the CSDP, broker, banker, attorney or other agent who disposed of your Bowler Metcalf shares for you.

If you are in any doubt as to what action to take, consult your broker, CSDP, banker, attorney, accountant or other professional adviser immediately.

This Circular contains information relating to the Disposal. You should carefully read this Circular and decide how you wish to vote on the resolutions to be proposed at the general meeting.

The general meeting, convened in terms of the notice incorporated in this Circular, will be held at the Company's offices at Bowler Plastics, 7 Harris Drive, Ottery, Cape Town, 7800, at 09h00 on Friday, 29 June 2018.

<u>If you have dematerialised your Bowler Metcalf shares</u>

Own-name registration
You are entitled to attend in person, or to be represented, at the general meeting. If you are unable to attend the general meeting, but wish to be represented thereat, you must complete and return the attached form of proxy (white), in accordance with the instructions contained therein, to be received by the transfer secretaries, Computershare, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (PO Box 61051, Marshalltown, 2107) by no later than 09h00 on Wednesday, 27 June 2018, or alternatively the form of proxy may be handed to the company secretary or chairman of the General Meeting 30 minutes before the commencement of the General Meeting.

Other than own-name registration
You are entitled to attend, or to be represented by proxy, at the general meeting. You must not, however, complete the attached form of proxy (white). You must advise your CSDP or broker timeously if you wish to attend or be represented at the general meeting.

If your CSDP or broker does not contact you, you are advised to contact your CSDP or broker and provide them with your voting instructions. If your CSDP or broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them. If you do wish to attend or be represented at the general meeting, your CSDP or broker will be required to issue the necessary Letter of Representation to you to enable you to attend or to be represented at the general meeting.

<u>If you hold certificated Bowler Metcalf shares</u>

You are entitled to attend, or to be represented by proxy, at the general meeting. If you are unable to attend the general meeting, but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the transfer secretaries, Computershare, Rosebank Towers, 15 Biermann Avenue Rosebank, Johannesburg, 2196 (PO Box 61051, Marshalltown, 2107) by no later than 09h00 on Wednesday, 27 June 2018 for administration purposes or alternatively the form of proxy may be handed to the company secretary or chairman of the General Meeting 30 minutes before the commencement of the General Meeting.

Bowler Metcalf Limited
(Incorporated in the Republic of South Africa)
(Registration number 1972/005921/06)
("Bowler Metcalf" or "the Company")
Share code: BCF ISIN: ZAE000030797

CIRCULAR TO SHAREHOLDERS

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1. INTRODUCTION AND BACKGROUND

On Monday, 9 April 2018, Bowler Metcalf announced via SENS the Proposed Transaction following the signing of a SoftBev Sale of Shares and Claims Agreement with The Beverage Company, whereby Bowler Metcalf agree, subject to the fulfilment of certain suspensive conditions, to dispose of its shareholder claims and its 41.38% interest in associate, SoftBev, to The Beverage Company for cash.

This Circular is delivered in accordance with the announcement as required by the JSE. The proposed Disposal is a Category 1 disposal for the Company in terms of the JSE Listings Requirements, and accordingly a circular to shareholders, incorporating a notice of general meeting, is required.

The SoftBev Disposal is not a disposal of the majority of Bowler Metcalf's assets or business and only requires approval by assent by more than 50% of the voting rights exercised in the General Meeting.

The accompanying explanatory material, opinions and information provided in this Circular and the annexures thereto are, unless otherwise specifically set out to the contrary, or appears from the context, solely those of Bowler Metcalf.

Bowler Metcalf takes full responsibility for the contents of the Circular, the proposed resolutions and the accompanying explanatory material, opinions and information contained in the Circular.

2. DETAILS OF THE SOFTBEV DISPOSAL

The Company entered into the SoftBev Sale of Shares and Claims Agreement as announced on Monday, 9 April 2018 pursuant to accepting an expression of interest, details of which were first announced in a detailed cautionary announcement on SENS on Friday, 9 February 2018.

2.1. Business of SoftBev

SoftBev was formed after the merger between two well established businesses, Shoreline Sales and Distribution Proprietary Limited and Quality Beverages (previously owned by the Company) which, combined, have over 50 years of industry experience. Commencing business in 2015, SoftBev is an innovative, 100% South African owned company and is a national operator involved in the manufacture, bottling, marketing and distribution of soft drinks, energy drinks, juice and water. SoftBev's well-established brands include Coo-ee, Jive and Reboost. SoftBev is also the sole licensed bottler for Pepsi and its related brands across South Africa, Lesotho and Swaziland and has distribution rights in Botswana. Further, it also manufactures and distributes Capri-Sun under licence and various house brands of large South African retailers.

2.2. Rationale for the SoftBev Disposal

The merger in 2015 of Bowler Metcalf's beverage business, Quality Beverages, into SoftBev, was a stepping stone towards Bowler Metcalf exiting the beverage market and following a strategy of focusing on its core business competencies of niche product manufacture, in a business to business environment. This focus requires the Company to commit expertise and resources to skills development, new technologies and supply chain solutions relevant to its target market.

Since the establishment of SoftBev, a number of initiatives have been put in place in the business to harvest the synergistic benefits of having manufacturing and warehousing facilities in Durban, Cape Town and Johannesburg and a national distribution footprint. These initiatives have been managed to fruition but due to the dynamic market in which SoftBev operates, new initiatives need to be constantly birthed and driven to attain improved economies of scale and deeper market penetration which are both prerequisites for sustained profitability.

The Board is of the opinion that The Beverage Company, through its management team, financial resources and strategy to establish itself as a leading player in the Sub-Sahara African beverages market, is well positioned to realise SoftBev's next phase of growth.

Despite the impairment of the Company's investment in SoftBev in its 2017 financial year, the recent improved trading results of SoftBev as recorded in the Company's 31 December 2017 interim results and its future prospects, have created an opportunity for a disposal at a higher value than the current carrying value as at 31 December 2017, which in the Directors estimation will be a fair value.

2.3. Terms of the SoftBev Disposal

The SoftBev Sale of Shares and Claims Agreement in respect of the Proposed Transaction was signed by *inter alia* the SoftBev shareholders, being Bowler Metcalf and the Other Sellers and The Beverage Company on 6 April 2018.

2.4. Consideration

The final purchase price payable for the Sale Equity of SoftBev will be determined by a multiple ranging between 7,25 and 7,75 being applied to the 2018 Adjusted EBITDA achieved by the SoftBev Group, reduce for Net Debt, Net Working Capital adjustments and Agreed Costs. The multiple range will be determined upon the completion of the FY2018 audited financial statement for the SoftBev Group and was determined by way of negotiation between Bowler, the Other Sellers and the Purchaser. The amount owing under the Sale Claims will first be paid in cash to the Company and the Other Sellers out of the purchase price, and the remaining balance of the purchase price will represent the value for the Sale Shares which will be paid to Company and the Other Sellers in proportion to their respective shareholding percentages, which in the case of the Company, is 41,38%.

The expected minimum consideration for SoftBev's Sale Equity will be determined after the Fixed Consideration has been reduced for forecast Net Debt (including provision for performance bonuses for SoftBev employees), forecast adjustments to Net Working Capital and Agreed Costs (the "Base Consideration").

The elements of the Base Consideration have been determined as follows:

2.4.1. Fixed Consideration - based on the fact that the SoftBev Group's EBITDA reported in the latest year-to-date management accounts is tracking to budget, it is envisaged that the SoftBev Group's EBITDA, based on the 31 May 2018 management accounts, will not be less than budget at the time of determination of the Fixed Consideration. Accordingly, the Fixed Consideration has not, as at the Last Practicable Date, been adjusted from the R950 000 000 set out in the SoftBev Sale of Shares and Claims Agreement;

2.4.2. Forecast Net Debt – this has been estimated at R243 000 000 (including provision for performance bonuses for SoftBev employees);

2.4.3. Forecast adjustments to Net Working Capital – this has been estimated at R20 000 000 in providing for additional working capital;

2.4.4. Agreed Costs – this has been estimated at R4 400 000.

Accordingly, the Sale Equity in the Base Consideration has been estimated at R682 600 000. From this amount the Sale Claims, estimated at R119 000 000, will be deducted, resulting in an expected minimum value for the Sale Shares of R563 600 000. At a 41,38% shareholding in SoftBev, the Company's proportional share of the purchase price for Sale Shares is expected to be a minimum of R233 223 000.

The minimum value of the amount payable for the Sale Claims and the Sales Shares (together, the "Base Consideration") will be settled on the Closing Date of the Proposed Transaction.

Following the completion of the FY2018 audited financial statements of the SoftBev Group, which is expected to be by the end of September 2018, the final value of the SoftBev Group will be determined based on the FY2018 Adjusted EBITDA applied to a multiple ranging between 7,25 and 7,75 (depending on a scale ranging from a multiple of 7,25 for a final 2018 Adjusted EBITDA of R103 000 000 to a multiple of 7,75 for a final 2018 Adjusted EBITDA of R130 000 000 and above("Enterprise Value"). This Enterprise Value will be adjusted for the final Net Debt (including consideration for approved capital expenditure) and the final Net Working Capital position of the SoftBev Group for FY2018 and shall be reduced on a Rand for Rand basis for any distributions made after the Effective Date to the Company or the Other Sellers, including related parties ("Leakage"). Leakage will not include distributions made in the ordinary course of business such as director's fees, salaries and payments in terms of operating agreements at arm's length. This adjusted Enterprise Value, less the Fixed Consideration, will represent the Deferred Consideration.

The elements of the Deferred Consideration have been determined as follows:

2.4.5. It is envisaged that, should the SoftBev Group continue to track its EBITDA for FY2018 according to budget, the Enterprise Value of SoftBev could potentially reach R1 255 500 000;

2.4.6. Final adjustments to Net Debt – this has been estimated at Rnil as the final Net Debt is expected to be in line with the estimates used in determining the Base Consideration;

2.4.7. Final adjustments to Net Working Capital – this has been estimated at Rnil as the final Net Working Capital is expected to be in line with the estimates used in determining the Base Consideration;

2.4.8. Leakage – this has been estimated at Rnil;

2.4.9. Fixed Consideration – R950 000 000 as detailed above.

Accordingly, the Deferred Consideration could potentially reach R305 500 000 based on the Board's estimation, although the exact maximum consideration is not known at the Last Practicable Date. At a 41,38% shareholding in SoftBev, the Company's share of the Deferred Consideration could potentially reach R126 419 000. This will result in an estimated range for the Company's 41,38% share in SoftBev of between R233 223 000 (for the Sale Shares in the Base Consideration) and R359 642 000 (for the Sale Shares in the Base Consideration and the Deferred Consideration). The Deferred Consideration, if any, will be settled within 10 business days after the completion of the SoftBev FY2018 audited consolidated financial statements and acceptance thereof by the Purchaser.

With regard to the Sale Claims payable as part of the Base Consideration, the Company's is expected to receive in cash an amount of R79 781 000.

The Base Consideration (comprising the Sale Shares and Sale Claims) and Deferred Consideration (if any) will both be settled in cash and will be used by the Company for the expansion of its packaging and related property investment business segments and new business ventures that meet its strategic objectives. It is also envisaged that part of the proceeds from the Proposed Transaction will be paid out to shareholders in the form of a cash dividend.

Following the proposed Disposal, the Company will continue to supply, through its subsidiaries, products and property rental services to Quality Beverages on the current terms and conditions.

2.5. Conditions precedent and Closing Date

The Proposed Transaction is subject to the fulfilment of various suspensive conditions on or before 31 July 2018, or such other date as may be agreed in writing, including, inter alia, the following:

2.5.1. The parties to agree in writing the determination of the FY2018 Adjusted EBITDA and the normalised net working capital;
2.5.2. The parties to confirm, with reference to the May 2018 year-to-date trading results of the SoftBev Group, the value of each of the components of the Base Consideration;
2.5.3. The Beverage Company is satisfied with the results of its due diligence on SoftBev, including but not limited to aspects of a financial, taxation, human resource, environmental, legal and commercial nature and arrangements relating to certain new business ventures;
2.5.4. The parties conclude a warranty and indemnity insurance policy for the benefit of The Beverage Company;
2.5.5. The conclusion and unconditional fulfilment of finance facility agreements with third party debt providers relating to The Beverage Company's financing of the Proposed Transaction, which condition precedent must be fulfilled on or before the Business Day immediately preceding the Closing Date;
2.5.6. The parties obtaining consent for the change of control and/or assignment of material SoftBev operational and listing agreements, including the bottling agreement with PepsiCo;
2.5.7. PepsiCo irrevocably and unconditionally waiving its right of entitlement, as contained in their bottling agreement, to any pre-emptive (or similar) rights which it may have to acquire the shares in or the business of SoftBev;
2.5.8. The shareholders of the Company approving the Proposed Transaction and passing all related resolutions required by the Company's Memorandum of Incorporation;
2.5.9. The issuance of clearance certificates in respect of the merger by the relevant competition authorities; and
2.5.10. Any other related approvals, including resolutions from the Other Sellers, where the Other Seller is a trust or company.

The Proposed Transaction is otherwise subject to usual terms and conditions applicable to a transaction of this nature.

The Closing Date of the Disposal is the latter of 30 June 2018 and 10 business days after the fulfilment of the last condition precedent (other than the condition precedent in clause 2.5.5 above), unless the Closing Date will fall after the 27th calendar day of the month, in which case, the Closing date will be the first day of the month immediately thereafter.

2.6. Categorisation

In terms of the Listings Requirements, the Proposed Transaction is categorised as a Category 1 transaction and accordingly requires approval from the Company's shareholders by means of an ordinary resolution in a General Meeting.

2.7. Future prospects

The Proposed Transaction will not only conclude the Company's strategic exit from the beverage market, but will also give Bowler Metcalf and its shareholders a meaningful return on its investment in SoftBev and will result in a substantial injection of cash into the Group which is to be used as envisaged in clause 2.4 above. The Company will continue to supply packing to the SoftBev Group.

Although the current subdued consumer environment is challenging the desired levels of profitability in the plastics packaging business of the Company, new project initiations are showing encouraging signs of revitalised activity on the back of current positive business sentiment.

2.8. Other salient information regarding the Proposed Transaction

The SoftBev Disposal requires the approval of the Company's shareholders in General Meeting as well as Competition Commission approval.

Warranties, which are usual for a transaction of this nature, have been provided. Upon the successful conclusion of the Purchaser's due diligence, it is envisaged that the parties will conclude a warranty and indemnity insurance policy in terms of which the relevant insurers will cover insurable warranties and potential claims against the Company and the Other Sellers are therefore limited.

The Company has not guaranteed the book debts or assets of SoftBev.

The Other Sellers of SoftBev, and the Company, are restrained from entering into any competing business for a period of 24 months after the Closing Date.

Normal warranties have been provided in relation to taxation and all parties remain responsible for their own taxation. The Company will incur capital gains tax on the proceeds from the Disposal, reduced for the original base cost of the investment and transaction costs.

A general indemnity has been provided on a pro rata basis for any liability for PAYE not paid or fully provided for by SoftBev pursuant to the exercise of existing options post 31 December 2017 but before the Proposed Transaction as detailed in note 25 of Annexure 3, although this is expected to be immaterial.

2.9. Opinions and recommendations

The Board has considered the terms and conditions of the SoftBev Disposal and is of the opinion that the Proposed Transaction will be beneficial to shareholders. The Proposed Transaction will provide substantial additional cash to the Group, part of which will be paid out to shareholders as a cash dividend. The exit from the beverages market will also allow the management of Bowler Plastics to focus on the core business of technologically innovative manufacturing in the packaging market. This has been identified as a sector in which Bowler Plastics is uniquely positioned to grow. Further, the additional cash in the Group will enable the Company to expand on its operationally related property investments and consider new business ventures that meet its strategic objectives of developing good value-add propositions.

Accordingly, the Board recommends to shareholders to vote in favour of the Proposed Transaction which it estimates to be at fair value given the recent improvement in the SoftBev business. No independent valuation has been undertaken, but the Board did obtain guidance from independent consultants in determining the value of SoftBev. The Board members, who are eligible to vote, intend voting in favour of the relevant resolutions.

It is further noted that the Proposed Transaction is not a related party disposal as defined in the JSE Listings Requirements and thus no shareholders (other than M Brain referred to hereafter) are precluded from voting at the General Meeting for the purposes of the SoftBev Disposal. However, Mr M Brain is a small shareholder in SoftBev (directly and indirectly holding 0.75%) and is also selling his shareholding on the same terms and conditions as Bowler, which sale is conditional on the Company's shareholders voting in favour of the SoftBev Disposal. Accordingly, Mr M Brain and his associates will be precluded from voting at the General Meeting for the purposes of the SoftBev Disposal.

2.10 Change in controlling shareholder

There has been no change in the controlling shareholder of Bowler over the past five years or of SoftBev, being MIF, since the incorporation of SoftBev after the merger in 2015 between Shoreline Sales and Distribution Proprietary Limited and Quality Beverages.

3. SALIENT INFORMATION ON BOWLER METCALF

The audited consolidated Annual Financial Statements of Bowler Metcalf for the year ended 30 June 2017 and the interim results for the six months ended 31 December 2017, are incorporated by reference and can be inspected on the website of the Company at www.bowlermetcalf.co.za.

Other than its considered strategic exit from the beverages market, there has been no change in the trading objectives or in control of the Bowler Metcalf group over the past five years.

4. *PRO FORMA* FINANCIAL INFORMATION

The *pro forma* financial effects detailed in this circular are based on the most recent six month unaudited interim reporting period of Bowler Metcalf, being 31 December 2017 and published on 28 February 2018.

The *pro forma* financial effects of the Proposed Transaction are the responsibility of the Bowler Metcalf directors and have been prepared for illustrative purposes only to provide information about how the Proposed Transaction may affect the financial position and results of Bowler Metcalf and, because of its nature, may not give a fair reflection of Bowler Metcalf's financial performance and position, changes in equity, and results of operations and cash flows after the Proposed Transaction, and are based on the assumptions that:

- For the purpose of calculating earnings per share and headline earnings per share, the Proposed Transaction was implemented from 1 July 2017 for the six month interim reporting period ended 31 December 2017; and
- For the purpose of calculating net asset value per share and net tangible asset value per share, the Proposed Transaction was implemented on 31 December 2017.

The accounting policies of Bowler Metcalf have been used in calculating the *pro forma* financial effects. The accounting policies used are consistent with previous accounting policies used by Bowler Metcalf and the accounting policies have been applied on the same basis.

The pro forma financial information is prepared in terms of the Listings Requirements and guidelines issued by the South African Institute of Chartered Accountants. The shareholders attention is drawn to the fact that SoftBev has been accounted for as an investment in associate in the interim financial information prepared in accordance with IAS 34 which has not been reviewed by the Reporting Accountant. The Directors are satisfied that this interim financial information of SoftBev is prepared with the same due care and skill applied to the recently published Bowler Metcalf interim financial results. A separate review report on the 6 month interim results of SoftBev has been included as Annexure 6.

There have been no adjustments regarding post balance sheet events.

Two ranges or scenarios have been presented, with Scenario 1 using the Base Consideration, which is the estimated minimum consideration to be received by the Company and Scenario 2 using the Deferred Consideration, which is the expected consideration to be received by Bowler based on the Board's best estimate using the latest management accounts of SoftBev at the Last Practicable Date.

The table and notes below are an extract out of the *pro forma* financial effects of the Proposed Transaction on Bowler Metcalf based on the most recent six month unaudited interim reporting period of 31 December 2017 (fully detailed in Annexure 1 to this circular):

	Before ("A")	**After – Scenario 1 ("B")**	**Percentage ("C")**	**After – Scenario 2 ("D")**	**Percentage ("E")**
Total number of shares in issue	81 995 105	81 995 105		81 995 105	0.0
Weighted average share in issue	81 995 105	81 995 105		81 995 105	0.0
	Cents	**Cents**		**Cents**	
Net asset value per share	844.44	898.01	6.3	1 017.65	20.5
Tangible net asset value per share	838.51	892.08	6.4	1 011.72	20.7
Earnings per share - basic					
Continuing operations					
Earnings per share	44.5	44.6	-	44.6	-
Disposal of fixed assets					
- gross	(0.1)	(0.1)	-	(0.1)	-
- tax	-	-	-	-	-
Basic headline earnings per share (continued operations)	44.4	44.5	-	44.5	-
Discontinued operations					
Earnings per share	16.5	53.6	222.9	173.2	943.4
Reversal of prior period impairment of investment in associate					
- gross		(70.4)		(70.4)	
- tax		15.8		15.8	
Profit on sale of investment in associate, net of transaction costs					
- gross		1.3		(152.9)	
- tax		(0.3)		34.3	
Basic headline earnings per share (discontinued operations)	16.5	-	(100)	-	
Basic headline earnings per share attributable to holders of the parent	**60.9**	**44.5**	**(27.3)**	**44.5**	**(27.3)**

Notes and assumptions:

The columns

1. The amounts set out in the "Before the Disposal" column A have been extracted or based on the unaudited consolidated financial results of Bowler Metcalf for the interim period ended 31 December 2017 prepared in accordance with IAS 34.

2. Column B, reflects the minimum expected position (Scenario 1):
   - after the disposal of the interest in associate in SoftBev
   - after accounting for the profit on disposal of SoftBev,
   - and providing for deferred tax on the capital gain arising thereon
   - after expensing the estimated costs of the transaction against the profit on disposal of SoftBev.
3. Column C shows the percentage change assuming the minimum expected consideration is received for the SoftBev Disposal.
4. Column D, reflects the maximum expected position (Scenario 2):
   - after the disposal of the interest in associate in SoftBev
   - after accounting for the profit on disposal of SoftBev,
   - and providing for deferred tax on the capital gain arising thereon
   - after expensing the estimated costs of the transaction against the profit on disposal of SoftBev.
5. Column E shows the percentage change assuming the maximum expected consideration is received for the SoftBev Disposal.

The detailed notes and assumptions are set out in Annexure 1 to this Circular.

5. EXCHANGE CONTROL REGULATIONS

No Exchange Control approval is required in relation to the SoftBev Disposal.

6. DIRECTORS

The Directors of Bowler Metcalf are as follows:

Director	Business Address	Function
BJ Frost #	8 Glen Connor, 7 Oak Ave, Kenilworth, 7701	Chairman
M Brain #	Trident Press, 11th Avenue Maitland, 7405	Director
SJ Gillett #	12 Railway Road, Montague Gardens, 7441	Director
FC Mac Gillivray #	21 Deltacrest, Delta Road, Groot Drakenstein, 7680	Director
PF Sass	c/o Bowler Plastic, 7 Harris Drive, Ottery, Cape Town, 7808	Chief Executive Officer
GA Böhler	c/o Bowler Plastic, 7 Harris Drive, Ottery, Cape Town, 7808	Chief Financial Officer

#Independent Non-Executive

Mr MA Olds resigned during November 2017. All the above directors are South African.

7. MAJOR BENEFICIAL SHAREHOLDERS

At the Last Practicable Date, Shareholders beneficially holding more than 5% (directly or indirectly) of the total issued share capital of Bowler Metcalf (excluding shares held in treasury and directors' interests) are as follows:

Shareholder	Number of Shares (direct)	% holding
Various Standard Bank Funds	7 473 886	8.72%
Various Sanlam Funds	7 285 726	8.50%
Various Aylett & Co Funds	9 367 098	10.69%
Various Investec Funds	5 251 587	6.13%
Kagiso Asset Management	8 013 770	9.35%
Total	37 392 067	43.39%

8. DIRECTORS' INTERESTS

8.1 Directors' interests in securities ('000)

The directors' interests in Bowler Metcalf shares, as at the Last Practicable Date, are as follows:

Current directors:

Director	Beneficial Direct	Indirect	Total	Total %
2018				
BJ Frost	-	100	100	0.1
M Brain**	66	2 926	2 992	3.4
PF Sass**	896	15 767	16 663	19.4
Total	**962**	**18 793**	**19 755**	**22.9**

** Indirect holdings are held as a beneficiary of a discretionary family trust.

Former directors in the last 18 months prior to the Last Practicable Date:

Director	Beneficial Direct	Indirect	Total	Total %
MA Olds	1 801	-	1 801	2.1
Total				

There have been no changes in the interests since the end of the preceding financial year up to the date of this circular.

There are no interests held by any associates of the above directors.

8.2 Directors' dealings

There were no dealings in securities by any of the directors or the company secretary for the period from the last preceding financial year ended 30 June 2017 to the Last Practicable Date.

8.3 Directors' and management remuneration

The director's remuneration for the financial year ended 30 June 2017 is disclosed in the Company's Annual Report which can be found on the Company's website at www.bowlermetcalf.co.za.

Upon the successful conclusion of the Disposal, the Remuneration Committee of the Company will consider awarding related once-off bonuses to the executive directors, the appropriate value of which is still to be determined. In addition, Mr Brain was paid R125 000 by the Company and R100 000 by SoftBev in relation to extra time and work required relating to exploratory discussions in the second half of 2017 relating to the SoftBev Disposal, which was paid subsequent to the 30 June 2017 year end. Mr Brain was asked to assist due to him being considered to be the best person to represent Bowler Metcalf due to his historical knowledge of the initial SoftBev Merger and his knowledge of SoftBev.

The directors' remuneration was paid by the subsidiaries of the Company.

No management, consulting, technical or other fees were paid to directors or through management companies during the above period. No other commissions, gains or profit sharing has accrued to directors during the above period.

There are no fixed period service contracts for the directors.

Service contracts with GA Böhler, an executive director of the Company and PF Sass, the Chief Executive Officer of the Company, were concluded with terms and conditions that are standard for such appointments and contain normal terms of employment. These are available for inspection as detailed in paragraph 20 below.

8.4 Share based payment expenses relating to directors

The are no share based payments or share options outstanding.

9. DIRECTORS' INTERESTS IN TRANSACTIONS

None of the directors, nor any former director for the past 18 months, have any interest in the SoftBev Disposal undertaken by Bowler Metcalf.

While Mr M Brain does not have an interest in the SoftBev Disposal by Bowler Metcalf other than as a shareholder in Bowler Metcalf and accordingly was not recused from any board approval of the SoftBev Disposal, he is a small shareholder in SoftBev holding directly and indirectly 0.75%, being one of the Other Sellers on the same terms as Bowler Metcalf, and accordingly he and any of his associates will be precluded from voting on the SoftBev Disposal as he will not be able to sell his shares in SoftBev unless the shareholders of the Company approve the SoftBev Disposal and so his sale is subject to this approval.

There are no other directors' interests in transactions during the current or immediate preceding financial year or during an earlier financial year that remain in any respect outstanding or unperformed.

10. SHARE CAPITAL OF THE COMPANY

The table below sets out the authorised and issued share capital of Bowler Metcalf:

SHARE CAPITAL	R'000
Authorised share capital	
189 850 000 ordinary shares of no par value	
Stated capital	
87 624 108 ordinary shares of no par value	**21 565**
Total stated capital	**21 565**

As at the Last Practical Date, a subsidiary of Bowler Metcalf was holding 5 629 003 treasury shares.

11. LITIGATION STATEMENT

The directors, whose names appear under "Corporate Information", are not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Bowler Metcalf Group's or the SoftBev Group's financial position.

12. WORKING CAPITAL STATEMENT

The directors of Bowler Metcalf have considered the impact of the Disposal on the Bowler Metcalf Group and are of the opinion that:

a. the Bowler Metcalf Group, will, in the ordinary course of business, be able to pay its debts for a period of at least 12 months after the date of approval of the Circular;
b. the assets of the Bowler Metcalf Group will be in excess of its liabilities for a period of not less than 12 months after the date of approval of the Circular, where for this purpose, the assets and liabilities are recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements of Bowler Metcalf;
c. share capital and reserves of the Bowler Metcalf Group will be adequate for ordinary business purposes for a period of not less than 12 months after the date of approval of the Circular; and
d. working capital of the Bowler Metcalf Group will be adequate for ordinary business purposes for a period of not less than 12 months after the date of approval of the Circular.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are set out in paragraph 6 of this Circular, collectively and individually accept full responsibility for the accuracy of the information given in this Circular in relation to Bowler Metcalf and SoftBev and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement in this Circular false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the Circular contains all information required by law and the Listings Requirements.

14. MATERIAL CHANGES

There have been no known material changes in the financial or trading position of Bowler Metcalf and its subsidiaries, nor in SoftBev and its subsidiaries, since the end of the last interim period ended 31 December 2017 up to and including the Last Practicable Date.

15. MATERIAL CONTRACTS

Other than the SoftBev Sale of Shares and Claims Agreement, details of which are fully set out in paragraph 2 of this circular, Bowler Metcalf has not entered into any material contracts during the two years preceding this Circular.

16. MATERIAL BORROWINGS

As at the Last Practicable Date, there are no material borrowing, loans, debentures or amounts repayable by the Bowler Metcalf Group in the next twelve months, other than trade and finance lease creditors.

The material borrowings of the SoftBev Group are set out in Annexure 7 to this Circular. As part of the SoftBev Disposal, the Sale Claims that the Company has in SoftBev of approximately R79.8 million, will be settled in cash.

The Bowler Metcalf Group does not have any debentures that have been created in terms of a trust deed.

No borrowings will arise as a result of the disposal of the Company's 41.38% interest in SoftBev.

17. EXPENSES RELATING TO THE DISPOSAL

The costs (exclusive of Value Added Tax) relating to the Disposal are estimated as follows:

Description	Name	R'000
Sponsor fees	Arbor Capital Sponsors	250
Independent Reporting Accountants (pro-formas)	Mazars	150
Independent Reporting Accountant (SoftBev historical financial information and interim historical financial information)	KPMG Inc.	741
Documentation fee	JSE	50
Printing, publication and distribution expenses	Trident Press	20
Total		**1 211**

No payments have been made, or are proposed to be paid to any promoter in relation to the Disposal nor in relation to any transaction undertaken by the Company during the past three years. No promoter had any interest in the Disposal or any transaction undertaken by the Company during the past three years.

18. CONSENTS

The sponsor, independent reporting accountants, attorneys and transfer secretaries have consented in writing to act in the capacities stated in this document and to their names being stated in this document and in the case of the independent reporting accountants, reference to their report in the form and context in which it appears and have not withdrawn their consent prior to the publication of this document.

19. GENERAL MEETING

The General Meeting of Bowler Metcalf shareholders will be held at the Company's business address office, Bowler Plastics, 7 Harris Drive, Ottery, Cape Town, 7800 at 09h00 on Friday, 29 June 2018, to consider and, if deemed fit, to pass, with or without modification, the ordinary resolutions.

A form of proxy for the convenience of certificated shareholders and own name dematerialised shareholders who are unable to attend the General Meeting, but who wish to be represented thereat, is attached to, and forms part of this Circular. In order to be valid, duly completed forms of proxy must be received by Bowler Metcalf's transfer secretaries, Computershare, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (PO Box 61051, Marshalltown, 2107), not later than 09h00 on Wednesday, 27 June 2018, alternatively, such forms of proxy may be handed to the Company secretary or chairperson of the Company at the meeting not later than 30 minutes prior to the commencement of the general meeting.

Dematerialised shareholders other than with own name registration who have not been contacted by their CSDP or broker with regard to how they wish to cast their votes, should contact their CSDP or broker and instruct their CSDP or broker as to how they wish to cast their votes at the Bowler Metcalf General Meeting in order for their CSDP or broker to vote in accordance with such instructions. If such dematerialised shareholders wish to attend the Bowler Metcalf General Meeting in person, they must request their CSDP or broker to issue the necessary letter of representation to them. This must be done in terms of the agreement entered into between such dematerialised shareholders and the CSDP or broker.

In terms of the Companies Act, the votes of treasury shares held will not be taken into account in determining the results of the voting at the General Meeting.

20. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at the registered office of Bowler Metcalf and at the offices of Arbor Capital Sponsors during normal office hours from Thursday, 7 June 2018 to Friday, 29 June 2018:

- the memorandum of incorporation of Bowler Metcalf and its major subsidiaries;
- audited annual financial statements of Bowler Metcalf for the years ended 30 June 2017, 30 June 2016 and 30 June 2015 as well as the unaudited interim results for the six months ended 31 December 2017;
- audited consolidated annual financial statements of SoftBev for the years ended 30 June 2017, 30 June 2016 and 30 June 2015 as well as the reviewed interim results for the six months ended 31 December 2017;
- material contracts referred to in paragraph 15, including the SoftBev Sale of Shares and Claims Agreement;
- report of the independent reporting accountant regarding the *pro forma* financial information;
- report of the independent reporting accountant regarding the historical financial information of SoftBev;
- report of the independent reporting accountant regarding the interim historical financial information of SoftBev;
- executive directors' service contracts;
- the signed consent letters of the parties referred to in paragraph 18; and
- a signed copy of this Circular.

By order of the Board
BOWLER METCALF LIMITED

GA BÖHLER
7 June 2018

PRO FORMA FINANCIAL INFORMATION

The *pro forma* financial effects of the Disposal on Bowler Metcalf as detailed below are based on the most recent six months unaudited published interim reporting period, being 31 December 2017 as reflected in Tables 2a to 2c.

The *pro forma* financial information is the responsibility of the Bowler Metcalf directors and have been prepared for illustrative purposes only to provide information about how the Disposal of 100% of the shares and claims of SoftBev may affect the financial position and results of Bowler Metcalf and, because of its nature, may not give a fair reflection of Bowler Metcalf's financial performance and position, changes in equity, and results of operations and cash flows after the Disposal, and are based on the assumptions that:

a. For the purpose of calculating earnings per share and headline earnings per share, the Disposal was implemented from 1 July 2017; and
b. For the purpose of calculating net asset value per share and net tangible asset value per share, the Disposal was implemented on 31 December 2017.

The accounting policies of Bowler Metcalf have been used in calculating the *pro forma* financial effects. The accounting policies used are consistent with previous accounting policies used by Bowler Metcalf and the accounting policies have been applied on the same basis.

The *pro forma* financial information is prepared in terms of the Listings Requirements and guidelines issued by the South African Institute of Chartered Accountants.

There have been no material post balance sheet events since 31 December 2017 other than normal trading. Accordingly, there have been no adjustments regarding post balance sheet events.

The tables and notes below detail the *pro forma* financial effects of the Proposed Transaction on Bowler Metcalf based on the **most recent six month unaudited published interim reporting period of 31 December 2017:**

TABLE 1a. BOWLER METCALF STATEMENT OF FINANCIAL POSITION R'000	**Notes**	**Before the Disposal ("A")**	**Scenario 1 Accounting for the disposal ("B")**	**Scenario 1 After the disposal ("C")**	**Scenario 2 Accounting for the disposal ("D")**	**Scenario 2 After the disposal ("E")**
Assets						
Non-current assets		**156 807**		**156 807**		**156 807**
Property plant & equipment		145 758		145 758		145 758
Investment properties		5 488		5 488		5 488
Intangible assets		4 862		4 862		4 862
Deferred taxation		699		699		699
Current assets		**358 625**	**311 793**	**670 418**	**438 212**	**796 837**
Inventories		74 696		74 696		74 696
Trade and other receivables		101 605		101 605		101 605
Prepayments		19 978		19 978		19 978
Cash & cash equivalents	2	159 231	311 793	471 024	438 212	597 443
Taxation		3 115		3 115		3 115
Assets held for sale		**255 181**	**(255 181)**	**-**	**(255 181)**	**-**
Investment in associate	3	175 400	(175 400)	-	(175 400)	-
Related party loan	3	79 781	(79 781)	-	(79 781)	-
Total Assets		**770 613**	**56 612**	**827 225**	**183 031**	**953 644**
Equity and Liabilities						
Equity attributable to parent company equity holders		**692 398**	**43 924**	**736 322**	**142 025**	**834 423**
Stated capital		16 004		16 004		16 004
Retained earnings	4	706 498	43 924	750 422	142 025	848 523
Treasury shares		(30 104)		(30 104)		(30 104)
Non-current Liabilities		**44 335**	**(25 520)**	**18 815**	**(25 520)**	**18 815**
Deferred Taxation	5	44 335	(25 520)	18 815	(25 520)	18 815
Current liabilities		**33 880**	**38 208**	**72 088**	**66 526**	**100 406**
Trade and other payables		33 687		33 687		33 687
Taxation	6	193	38 208	38 401	66 526	66 719
Total Equity and Liabilities		**770 613**	**56 612**	**827 225**	**183 031**	**953 644**

TABLE 1b. STATEMENT OF COMPREHENSIVE INCOME	Notes	Before the Disposal	Scenario 1 Accounting for the disposal	Scenario 1 After the disposal	Scenario 2 Accounting for the disposal	Scenario 2 After the disposal
R'000		**("A")**	**("B")**	**("C")**	**("D")**	**("E")**
Continuing operations						
Revenue		283 858		283 858		283 858
Other operating income		366		366		366
Raw materials & other operating costs		(134 987)		(134 987)		(134 987)
Staffing costs		(72 788)		(72 788)		(72 788)
Rental & property finance		(3 654)		(3 654)		(3 654)
Depreciation and impairments		(9 787)		(9 787)		(9 787)
Maintenance		(9 560)		(9 560)		(9 560)
Transport		(8 161)		(8 161)		(8 161)
Profit from operations		**45 287**		**45 287**		**45 287**
Net finance income		6 726		6 726		6 726
Income		6 726		6 726		6 726
Profit before tax		**52 013**		**52 013**		**52 013**
Taxation		(15 451)		(15 451)		(15 451)
Profit for the period from continuing operations		**36 562**		**36 562**		**36 562**
Profit from discontinued operations		**13 604**	**30 320***	**43 924**	**128 421***	**142 025**
Share of profit of associate	7	**13 048**	**(13 048)**	**-**	**(13 048)**	**-**
Finance income from associate	8	**4 832**	**(4 832)**	**-**	**(4 832)**	**-**
Reversal of prior period impairment of investment in associate	9	**-**	**57 689**	**57 689**	**57 689**	**57 689**
Profit on sale of investment in associate	10	**-**	**134**	**134**	**126 553**	**126 553**
Disposal transaction costs	11	**-**	**(1 211)**	**(1 211)**	**(1 211)**	**(1 211)**
Taxation	12	**(4 276)**	**(8 412)**	**(12 688)**	**(36 730)**	**(41 006)**
Total Comprehensive Income		**50 166**	**30 320**	**80 486**	**128 421**	**178 587**

* Adjustments attributed to discontinued operations will not have a continuing effect.

Notes and assumptions

1. The columns

"A" – Before the disposal, column "A", has been extracted from the unaudited published consolidated financial results of Bowler Metcalf for the interim period ended 31 December 2017 prepared in terms of IAS 34.

Columns "B" to "E" (defined below) are grouped as follows:

- Columns "B" and "C" – Scenario 1
- Columns "D" and "E" – Scenario 2

Scenario 1 represents the expected outcome where the Company receives for the disposal of the equity accounted investment in associate, SoftBev, only the Base Consideration; whereas Scenario 2 represents the expected outcome where the Company receives for this disposal, Deferred Consideration in addition to the Base Consideration. The determination of the Base and Deferred Considerations are detailed in clause 2.4 and the pro forma effects for Scenario 1 and Scenario 2 are based on the best estimates of the Board as at the last Practicable Date.

"B" - Accounting for the disposal, column ("B"), records, based on Scenario 1, the effects of the Disposal on the Statement of Financial Position and Statement of Comprehensive Income as extracted from the unaudited published consolidated financial results of Bowler Metcalf for the interim period ended 31 December 2017.

"C" – After the disposal, column "C", records, based on Scenario 1, the amounts for the *pro forma* Statement of Financial Position (Table 1a.) of Bowler Metcalf after the Disposal, assuming the transaction was concluded on 31 December 2017 and records amounts for the *pro forma* Statement of Comprehensive Income (Table 1b.) of Bowler Metcalf after the Disposal, assuming the transaction was concluded on 1 July 2017.

"D" - Accounting for the disposal, column ("D"), records, based on Scenario 2, the effects of the Disposal as detailed in the explanation of column "B" above.

"E" - Accounting for the disposal, column ("E"), records, based on Scenario 2, the effects of the Disposal as detailed in the explanation of column "C" above.

2. The expected net Cash receipts in Scenario 1 of R311 793 000 is made up of the following components:
   a. Receipts of R233 223 000 in consideration for the Company's share of the Sale Shares as determined in clause 2.4;
   b. Receipts of R79 781 000 in consideration for the Company's Sale Claims as determined in clause 2.4 (refer also note 3 below); and
   c. Payments of R1 211 000 for costs related to the Disposal transaction (refer clause 17 and note 11 below).

   The expected net Cash receipts in Scenario 2 of R438 212 000 is made up of the following components:
   d. Receipts of R359 642 000 in consideration for the Company's share of the Sale Shares as determined in clause 2.4;
   e. Receipts of R79 781 000 in consideration for the Company's Sale Claims as determined in clause 2.4 (refer also note 3 below); and
   f. Payments of R1 211 000 for costs related to the Disposal transaction (refer clause 17 and note 11 below).

3. The Investment in Associate of R175 400 000 represents the equity investment in SoftBev which, together with the Related Party Loan to SoftBev of R79 781 000 (Sale Claim), is the subject of the Disposal.

4. The adjustment to Retained earnings is the sum of the impairment reversal (refer note 9 below) and expected profit on the sale of the investment (refer note 10 below), less the costs related to the Disposal transaction (refer note 11 below) and less the taxation costs (refer note 6 below).

5. The reversal of Deferred Tax in the amount of R25 520 000 relates to the provision for capital gains tax against the carrying value of the equity accounted investment in associate, SoftBev, reduced for the original base cost of the investment.

6. The provision for Taxation raised in the amount of R38 208 000 and R66 526 000 for Scenario1 and Scenario 2 respectively, relates to capital gains tax on the proceeds from the disposal of the equity accounted investment in associate, SoftBev (refer note 2), reduced for transaction costs and the original base cost of the investment.

7. The reversal of R13 048 000 relates to the de-recognition of the share of profit from the equity accounted investment in associate, SoftBev as previously included within the consolidated financial results of Bowler Metcalf for the interim period to 31 December 2017.

8. The reversal of R4 832 000 relates to the de-recognition of the finance income on the loan to SoftBev as previously included within the consolidated financial results of Bowler Metcalf for the interim period to 31 December 2017.

9. In the 2017 financial year, Bowler Metcalf impaired its investment in SoftBev in the amount of R57 689 000. As the consideration for the disposal of the equity accounted investment in associate, SoftBev, for both Scenario 1 and Scenario 2, is expected to exceed the impaired carrying value of this investment as recorded in the unaudited published consolidated financial results of Bowler Metcalf for the interim period ended 31 December 2017, the previous year's impairment is fully reversed as the lowest expected consideration exceeds the carrying value of this investment before this impairment.

10. The expected Profit on the Sale of Investment in SoftBev is R134 000 and R126 553 000 for Scenario 1 and Scenario 2 respectively. This profit is determined by reducing the disposal proceeds, being R233 223 000 for Scenario 1 (refer note 2.a.) and R359 642 000 for Scenario 2 (refer note 2.d.), with the carrying value of the equity accounted investment in associate, SoftBev of R175 400 000 (refer note 3) as recorded in the unaudited consolidated financial results of Bowler Metcalf for the interim period ended 31 December 2017, adjusted for the reversal of the impairment of R57 689 000 as detailed in note 9.

11. The estimated seller's Transaction Costs as detailed in clause 17 of this circular, are expensed and assumed to have been paid from cash resources on 31 December 2017.

12. The Taxation charge of R8 412 000 and R36 730 000 for Scenario 1 and Scenario 2 respectively, relates to the provision for capital gains tax on the proceeds from the disposal of the equity accounted investment in associate, SoftBev (refer note 5), reduced for the reversal of a provision for Deferred Tax (refer note 4) and reversal of Taxation in the amount of R4 276 000 on the de-recognition of the share of profit from the equity accounted investment in associate, SoftBev and the finance income on the loan to SoftBev as previously included within the unaudited published consolidated financial results of Bowler Metcalf for the interim period to 31 December 2017.

13. All of the above adjustments have a once-off financial effect on the Company as the operations of SoftBev were accounted for as discontinued operations.

14. HEADLINE EARNINGS RECONCILIATION AND SHARE INFORMATION

	Before	After – Scenario 1	Percentage	After – Scenario 2	Percentage
Total number of shares in issue	81 995 105	81 995 105		81 995 105	
Weighted average share in issue	81 995 105	81 995 105		81 995 105	
	Cents	Cents		Cents	
Net asset value per share	844.44	898.01	6.3	1 017.65	20.5
Tangible net asset value per share	838.51	892.08	6.4	1 011.72	20.7
Earnings per share - basic					
Continuing operations					
Earnings per share	44.5	44.6	-	44.6	-
Disposal of fixed assets					
- gross	(0.1)	(0.1)	-	(0.1)	-
- tax	-	-	-	-	-
Basic headline earnings per share (continued operations)	44.4	44.5	-	44.5	-
Discontinued operations					
Earnings per share	16.5	53.6	222.9	173.2	943.4
Reversal of prior period impairment of investment in associate					
- gross		(70.4)		(70.4)	
- tax		15.8		15.8	
Profit on sale of investment in associate, net of transaction costs					
- gross		1.3		(152.9)	
- tax		(0.3)		34.3	
Basic headline earnings per share (discontinued operations)	16.5	-	(100)	-	(100)
Basic headline earnings per share attributable to holders of the parent	**60.9**	**44.5**	**(27.3)**	**44.5**	**(27.3)**

INDEPENDENT REPORTING ACCOUNTANT REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION

"29 May 2018

The Directors
Bowler Metcalf Limited
7 Harris Drive
Ottery
Cape Town
7800

Dear Sirs

REPORT ON THE ASSURANCE ENGAGEMENT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN A CIRCULAR

We have completed our assurance engagement to report on the compilation of pro forma financial information of the Group by the Directors. The *pro forma* financial information, as set out in Annexure 1 and paragraph 4 of the circular to be issued by the Group on or about 7 June 2018 ("the Circular"), consists of the *pro forma* statement of financial position as at 31 December 2017, the *pro forma* statement of comprehensive income for the 6 months ended 31 December 2017 and related notes. The applicable criteria on the basis of which the directors have compiled the *pro forma* financial information are specified in the Johannesburg Stock Exchange (JSE) Listings Requirements and described in Annexure 1.

The *pro forma* financial information has been compiled by the Directors to illustrate the impact of the disposal by Bowler of its 41.38% interest in its associate investment, SoftBev ("SoftBev Disposal") on the Group's financial position as at 31 December 2017, and the Group's financial performance for the period then ended, as if the transaction had taken place at 31 December 2017 for purposes of the *pro forma* statement of financial position and at 1 July 2017 for purposes of the *pro forma* statement of comprehensive income.

As part of this process, information about the Group's financial position and financial performance has been extracted by the Directors from the Group's interim results for the six months ended 31 December 2017 which was unaudited.

Directors' Responsibility for the Pro Forma Financial Information
The Directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and the SAICA Guide on Pro forma Financial Information ("Applicable Criteria") described in Annexure 1 of the Circular.

Our independence and quality control
We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

Mazars applies the International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibility
Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the Directors on the basis specified in the JSE Listing Requirements based on our procedures performed.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, Prelisting Statement or Circular, issued by the International Auditing and Assurance Standards Board. This standard requires that plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listing Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the group as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the corporate action or event at 31 December 2017 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to those criteria; and
- the *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 4 and **Annexure 1** of the Circular.

Consent
We consent to the inclusion of our report on the pro forma financial information, and the references thereto, in the form and context in which they appear in the Circular.

Mazars
Yolandie Ferreira
Partner
Registered Auditor

Mazars House, Rialto Road
Grand Moorings Precinct
Century City, 7441

HISTORICAL FINANCIAL INFORMATION OF SOFTBEV FOR THE THREE YEARS ENDED AND AS AT 30 JUNE 2017

Basis of preparation

The consolidated statements of comprehensive income, consolidated statements of cash flows and the consolidated statements of changes in equity for the three years ended 30 June 2017, 2016 and 2015, consolidated statements of financial position as at 30 June 2017, 2016 and 2015, accounting policies and the notes thereto of SoftBev Proprietary Limited, formerly Fast Brands Franchising Proprietary Limited ("SoftBev") ("Historical Financial Information of SoftBev") have been extracted from the audited statutory consolidated financial statements of SoftBev for the years ended 30 June 2017, 2016 and 2015 ("Audited Financial Statements"). The Audited Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council.

The Historical Financial Information of SoftBev was prepared in accordance with IFRS and the Listings Requirements, for the purpose of providing financial information to satisfy the requirements of section 8 of the Listings Requirements.

The directors' commentary required in terms of paragraph 8.12 of the Listings Requirements has been included in this Historical Financial Information of SoftBev.

The Audited Financial Statements were audited by KPMG Inc. and unqualified audit opinions were issued in respect thereto. KPMG Inc. is the independent reporting accountant to SoftBev and has issued the independent reporting accountant's report on the Historical Financial Information of SoftBev, which is included as Annexure 5 to the Circular.

The Bowler Metcalf board is responsible for the Historical Financial Information of SottBev.

Directors' commentary

SoftBev is a mainly carbonated soft drinks manufacturing, sale and distribution company, whose majority of products are sold and distributed under its own well-known brands of Coo-ee, Jive Reboost. SoftBev is also the sole licensed bottler for Pepsi and its related brands across South Africa, Lesotho and Swaziland and it also manufactures and distributes Capri-Sun under licence. Further, some products are manufactured for third parties (mainly retailers) under their own brand labels. A review of the financial position, results of operations, equity and cash flow of SoftBev is provided below.

There have been no material changes to the nature of the SoftBev business from the prior year.

Statement of Financial Position

Property, plant and equipment increased over the three-year period due to continued investment in the production facilities of SoftBev, especially in the Johannesburg plant where a second fully integrated bottling line was added in the 2017 financial year. Goodwill and intangible assets relating to tradenames and client relationships were created through the initial merger of businesses that brought about SoftBev. Goodwill was impaired in the amount of R101 100 000 during the year ended 30 June 2017 due to the initial business prospects not materialising as anticipated at the time of formation of SoftBev. Current asset levels were reasonably consistent over the last two year period in line with increased trading activities and seasonal adjustments.

Retained earnings moved to an accumulated loss position, primarily as a result of the impairment of goodwill in the amount of R101 100 000 as mentioned above. Loans and borrowing and related party loans have escalated over the years due to the funding of asset purchases (as mentioned above) and the funding of trading losses for the 2017 financial year (refer commentary below).

Statement of Comprehensive Income

Although revenue has shown growth through increased volumes, margins were under pressure due to aggressive competitor activity, negative market dynamics and raw material cost pressures. Other income has lessened over the past two years as rebate structures have tapered off. Operating expenses includes the impairment above and also reflects costs that have escalated significantly during the 2017 financial year due mainly to the restructuring of the national business. Finance costs escalated significantly in the 2017 financial year due to the growth in debt as mentioned above. As a result of these increased costs structures, the 2017 financial year had a trading loss in addition to the impairment mentioned above.

Statement of Changes in Equity

The Statement of Changes in Equity reflected the net loss for the 2017 financial year due mainly to the impairment of investment.

Statement of Cash Flows

The breakeven cash flow from operating activities was a direct result of the poor trading conditions experienced in the 2017 financial year. The investing activities over the past two financial years relate to the purchase of property, plant and equipment as mentioned above. These asset purchases and the operating losses for the 2017 financial year were funded by debt as reflected in the increased borrowings and loans payable. Overall, the negative trading for the 2017 financial year and net investment in property, plant and equipment reduced the cash and cash equivalents held at the beginning of the year.

Directors

The directors in office at the date of this report are as follows:

Name	Office	Designation
Mr M Ismail	Director	Chief Executive Officer
Mr EM Ismail	Director	Executive Director
Mr RA Asmal	Director	Chief Financial Officer
Mr MS Parker	Director	Executive Director
Mr PF Sass	Director	Non-executive Director
Mr M Brain	Director	Non-executive Director
Mr GA Böhler	Director	Non-executive Director

Holding Company

The Company's ultimate holding company is MIF, which holds 55.8% (2016: 55.8%) of the Company's equity.

Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report, other than the potential disposal of 100% of SoftBev to The Beverage Company.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION FOR THE THREE YEARS ENDED 30 JUNE 2017

		GROUP		
Rand	***Notes***	**2017**	2016	**2015**
Assets				
Non-current assets				
Property, plant and equipment	2	**337 377 784**	272 032 227	174 273 110
Unlisted investment	3	**154 000**	154 000	154 000
Intangible assets	4	**82 644 625**	91 132 167	99 619 705
Goodwill	5	**40 941 380**	142 041 380	142 041 380
Related party loans receivable	12.1	**-**	-	-
Deferred taxation	13	**2 602 858**	4 163 249	6 179 094
		463 720 647	509 523 023	422 267 289
Current assets				
Inventories	6	**156 532 765**	175 136 791	90 969 407
Trade and other receivables	7	**191 374 689**	183 670 605	127 752 785
Cash and cash equivalents	8	**23 965 814**	23 387 639	17 706 907
Income tax receivable	23.2	**11 061 279**	10 405 000	-
		382 934 547	392 600 035	236 429 099
Total assets		**846 655 194**	902 123 058	658 696 388
Equity				
Stated capital	9	**289 004 293**	289 004 293	274 754 293
Retained earnings/(loss)		**(49 509 926)**	92 196 356	70 434 212
Merger reserve		**1 878 846**	1 878 846	1 878 846
Total equity		**241 373 213**	383 079 495	347 067 351
Non-current liabilities				
Loans and borrowings	10	**97 132 309**	73 816 946	30 544 092
Deferred income	11	**7 888 897**	8 977 589	10 066 281
Related party loans payable	12.2	**119 242 085**	7 442 832	8 539 353
Deferred taxation	13	**36 712 252**	54 177 556	51 572 564
		260 975 543	144 414 923	100 722 290
Current liabilities				
Loans and borrowings	*10*	**184 042 814**	139 291 062	41 388 822
Current portion of deferred income	*11*	**1 088 692**	1 088 692	1 088 692
Trade and other payables	*14*	**159 174 932**	190 338 434	119 841 195
Related party loan payable	*12.2*	**-**	43 910 452	46 558 372
Income taxation payable	*23.2*	**-**	-	2 029 666
		344 306 438	374 628 640	210 906 747
Total equity and liabilities		**846 655 194**	902 123 058	658 696 388

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE YEARS ENDED 30 JUNE 2017

Rand	Notes	Group 2017	2016	2015
Revenue	15	**1 608 576 482**	1 339 278 200	58 731 617
Cost of sales		**(1 195 101 401)**	(966 208 020)	(41 320 000)
Gross profit/(loss)		**413 475 081**	373 070 180	17 411 617
Other income	16	**14 216 656**	32 587 887	220 769
Operating expenses		**(546 555 696)**	(349 039 525)	(30 599 121)
Results from operating		**(118 863 959)**	56 618 542	(12 966 735)
Finance income		**2 654 805**	233 664	434 436
Finance costs	17	**(40 929 467)**	(24 974 064)	(1 197 431)
(Loss)/profit before income	18	**(157 138 621)**	31 878 142	(13 729 730)
Income taxation	19	**15 432 339**	(10 115 998)	3 656 037
(Loss)/profit for the year		**(141 706 282)**	21 762 144	(10 073 693)
Other comprehensive income		**-**	-	-
Total comprehensive (loss)/ income for the year		**(141 706 282)**	21 762 144	(10 073 693)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE YEARS ENDED 30 JUNE 2017

Group	Stated capital R	Retained earnings R	Merger Reserve R	Total R
Balance at 1 July 2014	100	-	-	100
Acquisition of subsidiaries	274 754 193	80 507 905	1 878 846	357 140 944
Total comprehensive loss for the period	-	(10 073 693)	-	(10 073 693)
Balance at 30 June 2015	274 754 293	70 434 212	1 878 846	347 067 351
Balance at 1 July 2015	274 754 293	70 434 212	1 878 846	347 067 351
Issue of shares	14 250 000	-	-	14 250 000
Total comprehensive income for the year	-	21 762 144	-	21 762 144
Balance at 1 July 2016	289 004 293	92 196 356	1 878 846	383 079 495
Total comprehensive loss for the year	**-**	**(141 706 282)**	**-**	**(141 706 282)**
Balance at 30 June 2017	**289 004 293**	**(49 509 926)**	**1 878 846**	**241 373 213**

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE YEARS ENDED 30 JUNE 2017

		Group		
Rand	**Notes**	**2017**	2016	**2015**
Cash generated from/(utilised) in operations	**23.1**	**95 343**	32 244 544	25 180 454
Interest income		**2 654 805**	233 664	434 436
Interest expense		**(40 929 467)**	(24 974 064)	(1 197 431)
Income taxation paid	**23.2**	**(1 128 853)**	(17 929 827)	-
Net cash (outflow)/inflow from operating activities		**(39 308 172)**	(10 425 683)	24 417 459
Cash flow from investing activities				
Proceeds from sale of plant and equipment		**646 895**	2 864 232	27 430
Purchases of plant and equipment		**(96 716 464)**	(138 438 470)	(2 816 050)
Increase in loans receivable		**-**	-	(4 697 917)
Acquisition of subsidiaries, net cash acquired		**-**	-	(25 138)
Net cash outflow from investing activities		**(96 069 569)**	(135 574 238)	(7 511 675)
Cash flow from financing activities				
Increase in borrowings		**68 067 115**	141 175 094	(3 917 458)
Increase/(decrease) in loans payable		**67 888 801**	(3 744 441)	4 718 581
Proceeds from share issue		**-**	14 250 000	-
Net cash inflow from financing activities		**135 955 916**	151 680 653	801 123
Net increase in cash and cash equivalents		**578 175**	5 680 732	17 706 907
Cash and cash equivalents at beginning of the period		**23 387 639**	17 706 907	-
Cash and cash equivalents at end of the period		**23 965 814**	23 387 639	17 706 907

Notes to the Historical Financial Information of SoftBev

1 Accounting policies

1.1 Reporting entity

SoftBev Proprietary Limited is a company domiciled in the Republic of South Africa. The address of the Company's registered office is 23 Palmgate Crescent, Southgate Business Park, Amanzimtoti.

1.2 Basis of preparation

(a) Statement of compliance

The Audited Financial Statements, from which the Historical Financial Information of SoftBev, has been extracted, have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of South Africa.

(b) Basis of measurement

The Historical Financial Information of SoftBev has been prepared on the historical cost basis, except for non-derivative financial instruments measured at fair value.

The methods used to measure fair values are discussed further in note 1.3 (n).

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information of SoftBev.

(c) Functional and presentation currency

The Historical Financial Information of SoftBev is presented in South African Rand, which is the entity's functional currency.

(d) Use of estimates and judgements

The preparation of historical financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about areas of estimation and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in financial statements are described in the following note:

Note 2 - Useful lives and residual values of property, plant and equipment
Note 4 - Intangible Assets
Note 5 - Goodwill
Note 6 - Impairment of inventories
Note 7 - Impairment of trade receivables

1 Accounting policies (continued)

1.3 Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in the Historical Financial Information of SoftBev.

(a) Foreign currency translation

Items included in the financial results of the entity are measured using the functional currency of the entity. Transactions in foreign currencies are translated into the functional currency of the entity at the rate of exchange ruling at the transaction date.

Monetary assets and liabilities are translated into the functional currency of the entity at the exchange rate ruling at the reporting date. Foreign exchange gains and losses resulting from the translation and settlement of monetary assets and liabilities are recognised in profit or loss, except when they relate to cash flow hedging activities in which case these gains and losses are recognised in other comprehensive income and are presented within equity in the hedge accounting reserve.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Costs capitalised for work in progress in respect of activities to develop, expand or enhance items of property, plant and equipment are classified as part of assets under construction.

The carrying amount of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognised in profit or loss.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

1 Accounting policies (continued)

1.3 Significant accounting policies (continued)

(b) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

Leased assets

Leases in terms of which the entity assumes substantially all the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of a finance lease at initial recognition is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

(ii) Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the entity and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of the asset, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment, and begins when the asset is available for use. Land and capital work-in-progress is not depreciated.

The depreciation rates used for the current and comparative periods are as follows:

	Change in Estimate	**Original Rates**
• Leasehold improvements	14.29%	20%
• Plant and machinery	6.67%	10% - 25%
• Motor vehicles	14.29%	10% - 25%
• Furniture, fittings and office equipment	16.67%	10% - 20%
• Software	16.67%	16% - 50%
• Coolers	11.11%	14.29%
• Other equipment	10% - 20%	14.29% - 20%

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

1 Accounting policies (continued)

1.3 Significant accounting policies (continued)

(c) Intangible assets and goodwill

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is a negative, a gain on bargain purchase is recognised immediately in profit or loss.

Intangible assets such as customer relationships, patents and trademarks that are acquired by the group and have finite useful lives are measured at cost less accumulated amortisation and any impairment losses.

Expenditure on research activities is recognised in profit and loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit and loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows:

- marketing (tradenames): 15 years
- client relationship: 10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

1 Accounting policies (continued)

1.3 Significant accounting policies (continued)

(d) Taxation

Taxation comprises current taxation and deferred taxation. Taxation is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income respectively.

(i) Current taxation

Current taxation is the calculated taxation payable on the taxable income for the year using taxation rates enacted or substantively enacted at the reporting date and any adjustments to taxation payable in respect of prior years.

Interest and penalties paid on taxation amounts outstanding are considered to be part of current taxation.

(ii) Deferred taxation

Deferred taxation is provided using the liability method based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their taxation bases. Deferred taxation is calculated using taxation rates enacted or substantively enacted at the reporting date that are expected to apply when the asset is realised or liability settled.

Deferred taxation is not provided on temporary differences relating to:

- the initial recognition of goodwill;
- the initial recognition (other than in a business combination) of an asset or liability to the extent that neither accounting nor taxable profit is affected on acquisition.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

In the event that the applicable taxation rate is changed from those applied in the comparative financial reporting year, the opening balance of the deferred taxation liability shall be adjusted for the change in the taxation rates.

Deferred taxation assets and liabilities are offset if there is a legally enforceable right to offset current taxation liabilities and assets and they relate to income taxation levied by the same authority on the same taxable entity, or on different taxation entities, but they intend to settle current taxation liabilities and assets on a net basis or their taxation assets and liabilities will be realised simultaneously.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the deferred taxation asset can be realised. Deferred taxation assets are reviewed at each reporting period and are reduced to the extent that it is no longer probable that the related taxation benefit will be realised.

1 Accounting policies (continued)

1.3 Significant accounting policies (continued)

(e) Financial instruments

(i) Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses. Trade receivables do not carry interest and are stated at their amortised cost, less impairment losses. Impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of sale. Significant financial difficulties of the debtor or delinquency in payments are considered indicators that the trade receivable is impaired.

(iii) Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost using the effective interest rate method. Cash and cash equivalents comprise bank and other cash balances. Cash and cash equivalents are measured at amortised cost which approximates fair value.

(iv) Loans receivable

Loans receivable are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition loans receivable are measured at amortised cost using the effective interest method, less any impairment loss.

(v) Loans payable and borrowings

The entity initially recognises debt securities and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the entity becomes a party to the contractual provisions of the instrument.

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The entity derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised costs using the effective interest method.

The entity has the following non-derivative financial liabilities: loans payable, borrowings and bank overdrafts.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(vi) Trade payables

Trade and other payables are classified as financial liabilities originated by the enterprise. These short term amounts are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received.

1 Accounting policies (continued)

1.3 Significant accounting policies (continued)

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is based on the standard costing principle, where standard approximates actual. Cost includes expenditure incurred in acquiring, manufacturing and transporting the inventory to its present location, as well as gains or losses on qualifying cash flow hedges. Manufacturing costs include an allocated portion of production overheads which are directly attributable to the cost of manufacturing such inventory. The allocation is determined based on the normal production capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

(g) Impairment

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of the entity's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

1 Accounting policies (continued)

1.3 Significant accounting policies (continued)

(g) Impairment (continued)

(ii) Non-financial assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(iii) Impairment losses

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Provisions

A provision is recognised in the statement of financial position when the entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(i) Employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and any non-monetary benefits) are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

(j) Revenue

Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of indirect taxes, rebates and trade discounts, and consists primarily of the sale of goods.

1 Accounting policies (continued)

1.3 Significant accounting policies (continued)

(j) Revenue (continued)

Revenue is recognised when the following criteria are met:

- the significant risks and rewards of ownership have been transferred to the purchaser;
- the Company no longer retains continuing managerial involvement to the degree associated with ownership or effective control;
- transaction costs can be reliably measured;
- the selling price is fixed or determinable; and
- collectability is reasonably assured.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale.

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

(k) Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method.

(l) Government grants

Government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. Grants that compensate the Company for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Company for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

(m) Lease payments

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

1 Accounting policies (continued)

1.3 Significant accounting policies (continued)

(m) Lease payments (continued)

(i) Finance leases – lessee

Leases where the entity assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term as to produce a constant periodic rate of interest on the remaining balance of the liability.

(ii) Operating leases – lessee

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(n) Determination of fair values

A number of the entity's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts due to their short-term nature.

(ii) Trade and other payables

The fair value of trade and other payables approximates their carrying amounts due to their short-term nature.

1 Accounting policies (continued)

1.3 Significant accounting policies (continued)

(o) Related parties

A party is related to the entity if any of the following are met:

- Directly, or indirectly through one or more intermediaries, the party controls, is controlled by or is under common control with the entity;
- The party is a member of key management personnel of the entity or its parent;
- The party is a close family member of the family or individual referred to the above.

Close family director of the family of an individual includes:

- The individual's domestic partner and children;
- Children of the individual's domestic partner; and
- Dependents of the individual or the individual's domestic partner.

2. Property, plant and equipment

Group

Rand	Leasehold improvements	Capital work in progress	Plant and machinery	Motor vehicles	Furniture, fixtures and office equipment	Software	Coolers	Other equipment	Total
Cost									
Balance at 1 July 2016	3 380 575	17 759 854	295 145 981	22 241 474	6 791 000	5 450 836	103 427 408	12 459 748	466 656 876
Additions	**445 586**	**846 043**	**83 014 683**	**1 184 065**	**631 163**	**555 529**	**8 549 890**	**1 489 505**	**96 716 464**
Transfers	**-**	**(17 717 485)**	**17 717 485**	**-**	**-**	**-**	**-**	**-**	**-**
Disposals	**-**	**-**	**(74 450)**	**(492 369)**	**(98 170)**	**-**	**(7 832 582)**	**(73 759)**	**(8 571 330)**
Balance at 30 June 2017	**3 826 161**	**888 412**	**395 803 699**	**22 933 170**	**7 323 993**	**6 006 365**	**104 144 716**	**13 875 494**	**554 802 010**
Accumulated Depreciation									
Balance at 1 July 2016	1 211 087	-	108 561 227	15 156 871	3 267 021	2 940 682	59 555 902	3 931 859	194 624 649
Depreciation	**422 521**	**-**	**18 434 532**	**483 272**	**908 878**	**441 846**	**7 159 722**	**1 347 881**	**29 198 652**
Disposals	**-**	**-**	**(4 536)**	**(395 043)**	**(30 706)**	**-**	**(5 949 592)**	**(19 198)**	**(6 399 075)**
Balance at 30 June 2017	**1 633 608**	**-**	**126 991 223**	**15 245 100**	**4 145 193**	**3 382 528**	**60 766 032**	**5 260 542**	**217 424 226**

2. Property, plant and equipment (continued)

Rand	Leasehold improvements	Capital work in progress	Plant and machinery	Motor vehicles	Furniture, fixtures and office equipment	Software	Coolers	Other equipment	Total
Carrying Amounts									
At 30 June 2016	2 169 488	17 759 854	186 584 754	7 084 603	3 523 979	2 510 154	43 871 506	8 527 889	272 032 227
At 30 June 2017	**2 192 553**	**888 412**	**268 812 476**	**7 688 070**	**3 178 800**	**2 623 837**	**43 378 684**	**8 614 952**	**337 377 784**

Plant and equipment with a carrying amount of R195 595 968 (2016: R124 234 493) are encumbered in terms of Note 10.

Company

Rand	Leasehold improvements	Capital work in progress	Plant and machinery	Motor vehicles	Furniture, fixtures and office equipment	Software	Coolers	Other equipment	Total
Cost									
Balance at 1 July 2016	-	-	-	-	-	-	-	49 199	49 199
Additions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(49 199)**	**(49 199)**
Balance at 30 June 2017	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Accumulated Depreciation									
Balance at 1 July 2016	-	-	-	-	-	-	-	7 809	7 809
Depreciation for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5 283**	**5 283**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(13 092)**	**(13 092)**
Balance at 30 June 2017	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

2 Property, plant and equipment (continued)

Rand	Leasehold improvements	Capital work in progress	Plant and machinery	Motor vehicles	Furniture, fixtures and office equipment	Software	Coolers	Other Equipment	Total
Carrying Amounts									
At 30 June 2016	-	-	-	-	-	-	-	41 390	41 390
At 30 June 2017	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

	Group 2017 R	2016 R
3 Investments		
3.1 Unlisted investment		
Edge of Day Property Investments (Pty) Ltd	**154 000**	154 000

The Edge of Day Property Investments Proprietary Limited relates to an investment in property syndication. The investment and returns are intended to fund educational needs of employees' dependants.

3.2 Acquisition of subsidiaries		
Shoreline Sales and Distribution (Pty) Ltd	-	-
SoftBev Group	-	-
	-	-

Uncertainties surrounding the implementation of a sugar tax, trading pressures resulting from a depressed consumer buying power and fuelled by aggressive competitor behaviour, together with substantial capital expenditure to establish the required national manufacturing capacity and overall business footprint, has led to a revised business valuation compared to that envisaged at the time of the merger. Accordingly, the carrying value of the investments have been impaired to a value derived from a discounted cash flow model using a pre-tax weighted average cost of capital of 22.37%, applied to future free cash flow at a terminal growth rate of long term CPI of 5.1%. Working capital utilisation and the adequacy of capital expenditure to support future growth has been considered in determining the free cash flow. Growth rates commensurate to new business secure and own brand growth have been factored in. The recoverable amount of the investments have been determined using the value in use method and have been calculated at R375 513 008.

While great care has been taken to carefully consider all valuation model inputs, the recoverable amount is sensitive to the methods, assumptions and estimates underlying the model.

On the 31st May 2015 SoftBev (Pty) Ltd acquired 100% of Shoreline Sales and Distribution (Pty) Ltd and Quality Beverages 2000 (Pty) Ltd. The breakdown of the assets and liabilities of the acquisition is as follows:

3 Investments *(continued)*

3.2 Acquisition of subsidiaries *(continued)*

Rand	**Quality Beverages Group**	**Shoreline Sales and Distribution (Pty) Ltd**
Property, plant and equipment	44 232 740	129 684 191
Unlisted investment	-	154 100
Related party loans receivable	-	122 495
Inventory	41 038 000	50 319 003
Current tax receivable	818 402	-
Trade and other receivable	89 312 054	87 199 394
Deferred tax	4 665 277	(22 202 980)
Loans and borrowings	-	(73 565 353)
Deferred income	-	(11 245 697)
Other financial liabilities	(1 598 322)	-
Related party loan	(45 804 985)	(9 225 157)
Trade and other payables	(65 429 745)	(69 250 007)
Bank overdraft	(4 812 026)	-
Income tax payable	-	(6 268 872)
Cash and cash equivalents	-	4 786 888
Net asset value	62 421 395	80 508 005

3 Investments (continued)

3.2 Acquisition of subsidiaries (continued)

Rand	**Quality Beverages Group**
Intangible asset (Marketing)	46 355 000
Intangible asset (Client relationships)	53 972 000
Deferred tax on intangible assets	(28 091 000)
	134 657 395
Fair value of consideration	(276 698 775)
Goodwill	(142 041 380)

4 Intangible assets

Group	**Opening Balance** R	**Movement** R	**Closing Balance** R
Cost			
Marketing	46 355 000	**-**	**46 355 000**
Client relationships	53 972 000	**-**	**53 972 000**
	100 327 000	**-**	**100 327 000**
Accumulated amortisation			
Marketing	(3 347 864)	**(3 090 336)**	**(6 438 200)**
Client relationships	(5 846 971)	**(5 397 204)**	**(11 244 175)**
	(9 194 835)	**(8 487 540)**	**(17 682 375)**
Carrying amount	91 132 165	**(8 487 540)**	**82 644 625**

Nature of intangible assets

Marketing relates to Quality Beverages Trade name, which has been recognised after meeting the contractual legal criterion on acquisition.

Client relationships relates to the contractual and non-contractual client relationships between the Company and its customers.

	Group 2017 R	2016 R

5 Goodwill

Acquired on business combination	**142 041 380**	142 041 380
Impairment loss	**(101 100 000)**	-
Carrying amount after impairment loss	**40 941 380**	142 041 380

Goodwill arose on the acquisition of the subsidiary, Quality Beverages 2000 (Pty) Ltd. Goodwill is assessed on an annual basis for impairment.

The recoverable amount was based on the fair value less costs to sell of the entity. The fair value was determined by forecasting the maintainable earnings, working capital requirements and capital expenditure for future periods, discounted to a net present value at a weighted average cost of capital of 22.37%.

The forecast is based on reasonable and supportable assumptions concerning the projections of cash flows approved by management and adjusted to the requirements of IFRS and included specific estimates for a 4 year period and a terminal growth rate of 5.1% which is consistent with the assumptions that a market participant would make.

If the resulting fair value of the entity exceeds the carrying amount of the goodwill, the goodwill is not impaired, however if the resulting fair value is less than the carrying amount, an impairment loss is recorded.

	Group 2017 R	2016 R

6 Inventories

Raw materials and consumables	**77 867 554**	80 464 515
Finished goods	**78 665 211**	94 672 277
	156 532 765	175 136 792

7 Trade and other receivables

Gross trade receivables	**198 990 901**	161 179 759
Less: Impairment losses	**(986 347)**	(1 178 800)
Provision for settlement discounts	**(31 735 078)**	(18 319 819)
Unallocated debtors receipts	**(79 304)**	(19 995)
Net trade receivables	**166 190 172**	141 661 145
Other receivables	**25 184 517**	42 009 460
	191 374 689	183 670 605

Trade receivables are ceded to Standard Bank Limited and ABSA Bank Limited (Refer to note 20).

	Group 2017	2016
	R	R

8 Cash and cash equivalents

	2017	2016
Bank balances	**23 899 362**	23 302 805
Cash	**66 452**	84 833
	23 965 814	23 387 638
Guarantees to:		
eThekwini Municipality	**1 011 529**	1 011 529
Facilities		
Shariah Trade Loan / Bank overdraft	**25 000 000**	25 000 000
Forward exchange contracts	**20 000 000**	20 000 000
	45 000 000	45 000 000

Refer to Note 20 for a list of securities, facilities and pledges on bank balances.

9 Stated capital

Authorised

	2017	2016
1 000 000 000 ordinary shares	**1 000 000 000**	1 000 000 000

Issued

	2017	2016
653 213 008 ordinary shares	**289 004 293**	289 004 293

Subject to the restrictions imposed by the Companies Act, 2008, as amended, the unissued shares are under the control of the directors, until the forthcoming general meeting.

10 Loans and borrowings

This note provides information about the contractual terms of the entity's interest bearing loans and borrowings, which are measured at amortised cost.

Finance leases

Raised with six institutions and secured by plant and equipment with a book value of R195 595 968 (2016: R124 234 493) refer note 2. Repayment in monthly instalments at an average interest rate of 9.91%.

	Group	
	2017	2016
	R	R
Current portion of finance leases	**39 225 769**	32 305 637
Non- current portion of finance leases	**97 132 309**	63 143 446
Total finance leases	**136 358 078**	95 449 083
Secured loan		
ABSA Bank Limited	**-**	853 557
Less current portion of loan	**-**	(853 557)
	-	-
Unsecured loans	**-**	10 673 500
Total non-current loans and borrowings	**97 132 309**	73 816 946

Group

Rand	**Future minimum lease payments**	**Interest**	**Present value of minimum lease payments**
2017			
Within one year	**51 665 684**	**(12 439 915)**	**39 225 769**
Between two and five years	**113 530 382**	**(16 398 073)**	**97 132 309**
	165 196 066	**(28 837 988)**	**136 358 078**
2016			
Within one year	39 949 890	(7 644 285)	32 305 605
Between two and five years	72 595 861	(9 452 380)	63 143 481
	112 545 751	(17 096 665)	95 449 086

The secured loan with ABSA Bank Limited has a 36 month fixed terms of repayment. Interest is charged at a rate of 11% per annum. This loan was repaid on 31 March 2017.

The unsecured loans have no fixed terms of repayment. Interest is charged at an average rate of 12% per annum. The loans were repaid on 31 December 2017.

10 Loans and borrowings (continued)

	Group 2017 R	2016 R
Current liabilities		
Current portion of loans and borrowings	**39 225 769**	33 159 194
Trade finance- Albaraka Bank Limited	**26 395 710**	21 131 868
Secured debtor financing – Standard Bank Limited	**94 000 000**	85 000 000
Trade finance - ABSA Bank Limited	**24 421 335**	-
Total current loans and borrowings	**184 042 814**	139 291 062

Secured debtor financing and trade finance

Standard Bank Limited provides a confidential invoice discounting facility based on 85% of the debtors book value, to a maximum of R 160 000 000. Interest is incurred at prime less 0.5% (2016:10%).

Albaraka Bank Limited have also provided short term trade financing to the value of R26 395 710. (2016: R 21 131 868). Finance cost is incurred at Albaraka base rate less 0.5% (2016: 9.5%) with specified monthly repayment terms in line with use of the facility.

ABSA Bank Limited have also provided short term Shariah trade financing to the value of R24 421 336. (2016: RNil). Finance cost is incurred at prime less 0.5% (2016: Nil) with specified monthly repayment terms in line with use of the facility.

Refer to Note 20 for a list of securities, facilities and pledges.

11 Deferred income

	Group 2017 R	2016 R

The entity was awarded a production incentive grant from the Department of Trade and Industry for a new production line constructed by the entity.

	Group 2017 R	2016 R
Opening balance at beginning of the year	**10 066 281**	11 154 973
Grants released to the statement of comprehensive income	**(1 088 692)**	(1 088 692)
	8 977 589	10 066 281

11 Deferred income (continued)

	Group 2017 R	2016 R
Analysed as:		
Non-current portion	**7 888 897**	8 977 589
Current portion	**1 088 692**	1 088 692
	8 977 589	10 066 281

12 Related party transactions

Identity of related parties

MIF Holdings Proprietary Limited holds 55.8% of the interest in SoftBev Proprietary Limited (2016: 55.8%). SoftBev Proprietary Limited owns 100% of Shoreline Sales and Distribution Proprietary Limited and 100% of Quality Beverages 2000 Proprietary Limited (2016:100%). MIF Holdings Proprietary Limited shares are held 100% by The Mahmood Ismail Family Trust (2016: 100%).

Mr Mahmood Ismail is the nominated trustee of The Mahmood Ismail Family Trust and is a member of key management personnel of SoftBev Proprietary Limited, Shoreline Sales and Distribution Proprietary Limited and The Mahmood Ismail Family Trust.

Shoreline Sales and Distribution Proprietary Limited holds 100% of the interest in Coo-ee Beverages Proprietary Limited (2016:100%).

MIF Holdings (Pty) Ltd holds 100% of Alumni Trading 26 (Pty) Ltd and Multifoods (Pty) Ltd (2016:100%).

Bowler Metcalf Limited holds 42% of the shares of SoftBev Proprietary Limited in the current year. (2016:42%).The Hope of Constantia Trust holds 0.7% of the shares of SoftBev Proprietary Limited in the current year. (2016:0.7%).The Sarang Family Trust holds 1.5% of the shares of SoftBev Proprietary Limited in the current year (2016: 1.5%).

Postal Presents Proprietary Limited is a fellow subsidiary of Bowler Metcalf Limited. Bowler Plastics Proprietary Limited is a fellow subsidiary of Bowler Metcalf Limited.

Quality Beverages 2000 Proprietary Limited holds 100% of the shares in Quality Beverages Jhb Proprietary Limited. (2016:100%).

Quality Beverages 2000 Proprietary Limited holds 100% of the shares in Quality Softdrinks Proprietary Limited. (2016:100%).

The following individuals are directors of the Company:

Executive	
M Ismail	(appointed 17 February 2012)
EM Ismail	(appointed 17 February 2012)
RA Asmal	(appointed 31 May 2015)
B Naidoo	(resigned 1 November 2017)
MS Parker	(appointed 26 November 2015)
Non-executive	
M Brain	(appointed 31 May 2015)
PF Sass	(appointed 31 May 2015)
GA Böhler	(appointed 31 May 2015)

12 Related party transactions (continued)

12.1 Loans receivable

	Group 2017 R	2016 R
Balances with related parties		
Shoreline Sales and Distribution Proprietary Limited	**-**	-
SoftBev Sales Proprietary Limited	**-**	-
Quality Beverages JHB Proprietary Limited	**-**	-
Quality Beverages 2000 Proprietary Limited	**-**	-
	-	-

The above loans are unsecured, bears interest at prime plus 1% (2016: Nil) per annum, has no fixed terms of repayment and is considered to be long term in nature.

12.2 Loans payable

Balances with related parties

	2017	2016
Quality Beverages 2000 Proprietary Limited	**-**	-
MIF Holdings Proprietary Limited	**38 665 099**	737 056
The Sarang Family Trust	**1 008 687**	-
The Hope of Constantia Trust	**504 344**	-
The Mahmood Ismail Family Trust	**-**	6 705 776
	40 178 130	7 442 832

The Quality Beverages 2000 Proprietary Limited outstanding balance is unsecured, bears interest at prime plus 1% (2016:12%) per annum, has no fixed terms of repayment and is considered to be long term in nature.

The MIF Holdings Proprietary Limited outstanding balance is unsecured, bears interest at prime rate (2016:10.75%), has no fixed terms of repayment and is considered to be long term in nature.

The Sarang Family Trust outstanding balance is unsecured, bears interest at prime rate (2016:10.75%), has no fixed terms of repayment and is considered to be long term in nature.

The Hope of Constantia Trust outstanding balance is unsecured, bears interest at prime rate (2016:10.75%), has no fixed terms of repayment and is considered to be long term in nature.

	2017	2016
Bowler Metcalf Limited	**79 063 955**	-
Bowler Plastics Proprietary Limited	**-**	43 910 452

The above loan is unsecured with no fixed terms of repayment. Interest is charged at prime to the extent that the loan is in proportion as per shareholding to the MIF Holdings Proprietary Limited loan and at prime plus 3% on the disproportionate amount.

12 Related party transactions (continued)

	Group 2017 R	2016 R
Transactions with related parties		
Rentals paid to related parties:		
Postal Presents Proprietary Limited	**4 346 844**	4 100 796
Purchases from related parties:		
Bowler Plastics Proprietary Limited	**63 602 452**	71 159 646
Interest paid to related parties:		
Bowler Metcalf Limited	**7 891 111**	-
Bowler Plastics Proprietary Limited		5 935 263
MIF Holdings Proprietary Limited	**2 066 821**	-
The Sarang Family Trust	**22 818**	-
The Hope of Constantia Trust	**24 447**	-
Quality Beverages 2000 Proprietary Limited	**-**	-
Interest income received from related parties:		
Quality Beverages JHB Proprietary Limited	**-**	-
Quality Beverages 2000 Proprietary Limited	**-**	-
Shoreline Sales and Distribution Proprietary Limited	**-**	-
Other income received from related parties:		
Bowler Plastics Proprietary Limited	**-**	5 338 432

Shoreline Sales and Distribution Proprietary Limited has provided the following guarantees to ABSA bank:

- Limited Guarantee of R73 000 000 in favour of Quality Beverages JHB Proprietary Limited supported by cession of loan account.
- Limited Guarantee of R84 000 000 in favour of Quality Beverages 2000 Proprietary Limited supported by cession of loan account.

Quality Beverages JHB Proprietary Limited has provided the following guarantees to ABSA bank:

- Limited Guarantee of R140 000 000 in favour of Shoreline Sales and Distribution Proprietary Limited supported by cession of loan account.
- Limited Guarantee of R84 000 000 in favour of Quality Beverages 2000 Proprietary Limited supported by cession of loan account.

12 Related party transactions (continued)

Quality Beverages 2000 Proprietary Limited has provided the following guarantees to ABSA bank:

- Limited Guarantee of R140 000 000 in favour of Shoreline Sales and Distribution Proprietary Limited supported by cession of loan account.
- Limited Guarantee of R73 000 000 in favour of Quality Beverages JHB Proprietary Limited supported by cession of loan account.

13 Deferred taxation

	Group 2017 R	2016 R
Deferred taxation asset	**2 602 858**	4 163 249
Deferred taxation liability	**(36 712 252)**	(54 177 556)
Net deferred taxation (liability)/asset	**(34 109 394)**	(50 014 307)

Movement in temporary differences during the current year

Rand	Balance 30 June 2016	Recognised in income	Balance 30 June 2017
Group			
Property, plant and equipment	(43 018 553)	**(12 888 346)**	**(55 906 899)**
Provisions	2 723 047	**708 421**	**3 431 468**
Advertising accruals	66 885	**10 612**	**77 497**
Deferred income	2 818 558	**(304 833)**	**2 513 725**
Prepaid expenses	(228 932)	**(640 617)**	**(869 549)**
Deferred rentals	1 147 533	**1 140 043**	**2 287 576**
Restraint of trade	(143 687)	**143 687**	**-**
Assessed losses	12 335 331	**25 359 435**	**37 694 766**
Acquisition of intangible asset	(25 714 489)	**2 376 511**	**(23 337 978)**
	(50 014 307)	**15 904 913**	**(34 109 394)**
Company			
Assessed losses	323 163	**58 854 069**	**59 177 228**
	323 163	**58 854 069**	**59 177 232**

Movement in temporary differences during the prior year

Rand	Balance 30 June 2015	Recognised in income	Balance 30 June 2016
Property, plant and equipment	(34 365 034)	(8 653 519)	(43 018 553)
Provisions	1 732 363	990 684	2 723 047
Advertising accruals	42 222	24 663	66 885
Deferred income	2 348 460	470 098	2 818 558
Prepaid expenses	(86 163)	(142 769)	(228 932)
Deferred rentals	741 058	406 475	1 147 533
Restraint of trade	182 979	(326 666)	(143 687)

13

Deferred taxation (continued)	Balance 30 June 2015	Recognised in income	Balance 30 June 2016
Assessed losses	12 101 645	233 686	12 335 331
Acquisition of intangible asset	(28 091 000)	2 376 511	(25 714 489)
	(45 393 470)	(4 620 837)	(50 014 307)
Company			
Assessed losses	109 038	214 125	323 163
	109 038	214 125	323 163

		Group 2017 R	2016 R
14	**Trade and other payables**		
	Trade payables	**109 837 090**	156 021 803
	Other payables	**49 337 842**	34 316 631
		159 174 932	190 338 434
15	**Revenue**		
	Gross revenue	**1 763 094 409**	1 478 165 770
	Less: rebates and discounts granted	**(154 517 927)**	(138 887 570)
		1 608 576 482	1 339 278 200
16	**Other income**		
	Rebates, incentives and discounts	**14 216 656**	32 587 887
17	**Finance costs**		
	Interest on short term loans	**17 071 444**	12 057 854
	Interest on unsecured loans	**11 431 690**	6 256 775
	Interest on finance leases	**12 426 333**	6 659 435
		40 929 467	24 974 064
18	**(Loss)/profit before income taxation**		
	The following items have been recognised as expenses/ (income) in determining loss before taxation:		
	Auditor's remuneration	**1 980 561**	729 498
	Depreciation	**29 198 652**	37 919 696
	Amortisation	**8 487 540**	8 487 538
	Impairment	**101 100 000**	-
	Foreign exchange loss/(gain)	**227 491**	(457 533)
	Loss/(profit) on disposal of asset	**1 525 360**	(104 575)
	Employee costs	**124 360 711**	158 373 542
19	**Income taxation**		
	Current taxation expense		
	Current year	**472 574**	5 495 161
	Deferred taxation expense		
	Current year	**(15 904 913)**	4 620 837
	Total income taxation expense	**(15 432 339)**	10 115 998

19 Income taxation (continued)

Reconciliation of taxation rate	%	Group **2017** **R**	2016 R
Profit/(loss) before income taxation		**(157 138 621)**	31 878 142
Income taxation on profit/ (loss) before income taxation using statutory tax rate	28.00	**(43 998 814)**	8 925 880
Prior period under-provision	(0.04)	**56 123**	1 234 193
Permanent differences	(18.14)	**28 510 352**	(44 075)
Effective taxation rate	9.82	**(15 432 339)**	10 115 998

A deferred tax asset relating to the estimated tax losses to the extent of R134 036 702 (2016: R44 054 532) has been recognised as it is certain that future taxable profits will be earned, against which the loss can be utilised.

20 Securities

Securities have been pledged as detailed below to the following financial institutions:

(a) The Standard Bank of South Africa Limited

- Unlimited suretyship by Mr M Ismail
- Unrestricted cession of book debts
- Unrestricted cession of the shareholder loan account
- Unrestricted pledge call deposit by MR M Ismail
- Unlimited suretyship by Mahmood Ismail Family Trust
- Unlimited suretyship by Fareeda Ismail Family Trust
- Unlimited suretyship by Alumni Trading 26 Proprietary
- Unlimited suretyship by Coo-ee Beverages Proprietary Limited.

(b) Albaraka Bank Limited

- First Continuing Coverage Mortgage Bond over property described as: ERF 222 Umbogintwini in the sum of R 7 000 000 plus a contingency sum of R1 750 000 by M.I.F. Properties Trust in favour of Albaraka Bank Limited, which bond was registered on 29/10/2010.
- First Continuing Covering Mortgage Bond over property described as: Remainder of ERF 822 Isipingo in the sum of R 2 500 000 plus a contingency sum of R 625 000 by Rashida Mahmood Ismail in favour of Albaraka Bank Limited, which bond was registered on 30/08/2007.
- Second Continuing Covering Mortgage Bond over property described as: Remainder of ERF 822 Isipingo in the sum of R 1 000 000 plus a contingency sum of R 250 000 by Rashida Mahmood Ismail in favour of Albaraka Bank Limited, which bond was registered on 16/10/2008.
- Third Continuing Covering Mortgage Bond over property as described as: Remainder of ERF 822 Isipingo in the sum of R 4 300 000 plus a contingency sum of R 860 000 by Rashida Mahmood Ismail in favour of Albaraka Bank Limited, which bond was registered on 18/01/2013.
- First Continuing Coverage Mortgage Bond over property described as: Remainder of ERF 820 Isipingo in the sum of R 1 500 000 plus a contingency sum of R 375 000 by Fareeda Ismail Family.

20 Securities (continued)

(b) Albaraka Bank Limited (continued)

- Trust in favour of Albaraka Bank Limited, which bond was registered on 12/09/2007.
- First Continuing Coverage Mortgage Bond over property described as: Remainder of ERF 820 Isipingo in the sum of R 1 500 000 plus a contingency sum of R 375 000 by Fareeda Ismail Family Trust in favour of Albaraka Bank Limited, which bond was registered on 29/10/2010.
- Second Continuing Covering Mortgage Bond over property described as: Remainder of ERF 820 Isipingo in the sum of R 1 260 000 plus a contingency sum of R 252 000 by Fareeda Ismail Family Trust in favour of Albaraka Bank Limited, which bond was registered on 18/01/2013.
- First Continuing Covering Mortgage Bond over property described as: Portion 1 of ERF 822 Isipingo in the sum of R 4 300 000 plus a contingency sum of R 1 075 000, by Fathima Jhazbhai Trust in favour of Albaraka Bank Limited, which bond was registered on 19/04/2013.
- Subordination agreement between Fathima Jhazbhai Family Trust and Mahmood Ismail Family Trust in favour of Albaraka Bank Limited.

- Subordination agreement between Shoreline Sales and Distribution Proprietary Limited and the M.I.F Property Trust in favour of Albaraka Bank Limited.
- Deed of suretyship from Mahmood Ismail.
- Deed of suretyship from Rashida Mahmood Ismail.
- Deed of suretyship from Mahmood Ismail Family Trust.
- Deed of suretyship from Fareeda Ismail Family Trust.
- Deed of suretyship from MIF Properties Trust.
- Deed of suretyship from MIF Trust.
- Deed of suretyship from Fatima Jhazbhai Family Trust.

(c) ABSA Bank

SoftBev Proprietary Limited and its subsidiaries have provided the following guarantees and cross guarantees to ABSA Bank Limited:

For Shoreline Sales and Distribution Proprietary Limited's debts to ABSA Bank Limited.

- Limited Guarantee signed by SoftBev Proprietary Limited for R140 000 000 supported by cession of loan account.
- Limited Guarantee signed by Quality Beverages JHB Proprietary Limited for R140 000 000 supported by cession of loan account.
- Limited Guarantee signed by Quality Beverages 2000 Proprietary Limited for R140 000 000 from supported by cession of loan account.
- The assets to be financed and currently under agreement in terms of the Credit Line Facility will serve as collateral.

For Quality Beverages JHB Proprietary Limited's debts to ABSA Bank Limited.

- Limited guarantee signed by Quality Beverages 2000 Proprietary Limited for R 73 000 000 supported by cession of loan account.
- Limited guarantee signed by SoftBev Proprietary Limited for R 73 000 000 supported by cession of loan account.
- Limited guarantee signed by Shoreline Sales and Distribution Proprietary Limited for R 73 000 000 supported by cession of loan account.
- Cession signed by the Borrower of its book debts.

20 Securities (continued)

(c) ABSA Bank (continued)

For Quality Beverages 2000 Proprietary Limited's debts to ABSA Bank Limited.

- Reversionary cession of debtors, first cession holder – ABSA Finance Company.
- Limited guarantee signed by SoftBev Proprietary Limited for R 84 000 000 supported by cession of loan account.
- Limited guarantee signed by Shoreline Proprietary Limited for R 84 000 000 supported by cession of loan account.
- Limited guarantee signed by Quality Beverages JHB Proprietary Limited for R 84 000 000 supported by cession of loan account.

Facilities

- ABSA Bank Limited provides a credit card facility to a maximum of R 100 000.
- Standard Bank Limited provides a fleet card facility to a maximum of R 1 000 000.

21 Financial risk management

Financial instruments

Exposure to currency, interest rate, credit risk and liquidity risks arise in the normal course of the entity's business.

Financial risk management

The entity has exposure to the following risks from its use of financial instruments:
- liquidity risk
- credit risk

This note presents information about the entity's exposure to each of the above risks and the entity's objectives, policies and processes for measuring and managing risks.

Further quantitative disclosures are included throughout these financial statements.

The directors have overall responsibility for the establishment and oversight of the entity's risk management framework. The entity's risk management policies are established to identify and analyse the risks faced by the entity, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the entity's activities.

The entity, through its training and management standards and procedures, aims to develop a disciplined and constructive environment in which all employees understand their roles and obligations.

21 Financial risk management (continued)

	Group 2017 R	2016 R
Categories of financial instruments		
Financial assets		
Loans and other receivables		
Trade and other receivables	**191 374 689**	183 670 605
Related party loans receivable	**-**	-
Cash and cash equivalents	**23 965 814**	23 387 639
	215 340 503	207 058 244
Financial liabilities		
Loans and other payables		
Trade and other payables	**159 174 932**	190 338 434
Related party loans payable	**119 242 085**	51 353 284
Loans and borrowings	**281 175 123**	213 108 008
	559 592 140	454 799 726

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

Rand	2017 Carrying amount	2017 Fair value	2016 Carrying amount	2016 Fair Value
Group				
Trade and other receivables	**191 374 689**	**191 374 689**	183 670 605	183 670 605
Cash and cash equivalents	**23 965 814**	**23 965 814**	23 387 639	23 387 639
Trade and other payables	**(159 174 932)**	**(159 174 932)**	(190 338 434)	(190 338 434)
Related party loans payable	**(119 242 085)**	**(119 242 085)**	(51 353 284)	(51 353 284)
Loans and borrowings	**(281 175 123)**	**(281 175 123)**	(213 108 008)	(213 108 008)
	(344 251 637)	**(344 251 637)**	(247 741 482)	(247 741 482)

21 Financial risk management (continued)

Rand	2017 Carrying amount	2017 Fair value	2016 Carrying amount	2016 Fair Value
Company				
Trade and other receivables	**93 337**	**93 337**	3 785 904	3 785 904
Related party loans receivable	**176 340 348**	**176 340 348**	9 670 609	9 670 609
Cash and cash equivalents	**29 433**	**29 433**	2 879	2 879
Loans and borrowings	**(163 096 434)**	**(163 096 434)**	(403 116)	(403 116)
	13 366 684	**13 366 684**	13 056 276	13 056 276

Basis for determining fair value

The following summarises the significant methods and assumptions used in estimating the fair values of the financial instruments reflected in the table above.

Trade and other receivables / payables

The fair value of receivables and payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in raising funds to meet its commitments. The entity's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the entity's reputation. The following are the contractual maturities of financial liabilities including estimated interest payments and excluding the impact of netting agreements:

Non-derivative financial instruments Rand	Carrying amount	Contractual amount	1 year or less	2-5years	More than 5 years
Group					
2017					
Financial liabilities					
Finance lease	**136 358 090**	**165 196 066**	**51 665 684**	**113 530 382**	**-**
Secured loan	**-**	**-**	**-**	**-**	**-**
Unsecured loans	**-**	**-**	**-**	**-**	**-**
Secured debtor financing	**120 395 710**	**120 395 710**	**120 395 710**	**-**	**-**
Related party loans payable	**119 242 085**	**119 242 085**	**-**	**-**	**119 242 085**
Trade and other payables	**159 174 932**	**159 174 932**	**159 174 932**	**-**	**-**
	535 170 817	**564 008 793**	**331 236 326**	**113 530 382**	**119 242 085**
Financial assets					
Trade and other receivables	**191 374 689**	**191 374 689**	**191 374 689**	**-**	**-**
Cash and cash equivalents	**23 965 814**	**23 965 814**	**23 965 814**	**-**	**-**
	215 340 503	**215 340 503**	**215 340 503**	**-**	**-**

21 Financial risk management (continued)

Liquidity risk (continued)

Rand	Carrying amount	Contractual amount	1 year or less	2-5 years	More than 5 years
Group					
2016					
Financial liabilities					
Finance lease	95 449 086	112 545 751	39 949 890	72 595 861	-
Secured lease	853 557	853 557	853 557	-	-
Unsecured loan	10 673 500	10 673 500	-	-	10 673 500
Secured debtor financing	106 131 868	106 131 868	106 131 868	-	-
Related party loan payable	51 353 284	51 353 284	51 353 284	-	-
Trade and other payables	190 338 434	190 338 434	190 338 434	-	-
	454 799 729	471 896 394	388 627 033	72 595 861	10 673 500
Financial assets					
Trade and other receivables	183 670 605	183 670 605	183 670 605	-	-
Cash and cash equivalents	23 387 639	23 387 639	23 387 639	-	-
	207 058 244	207 058 244	207 058 244	-	-

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will default on its obligation to the entity, thereby causing financial loss to the entity. The entity trades only with recognised, creditworthy third parties. It is the entity's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the entity's exposure to bad debts is not significant. A provision is made for doubtful debts. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position.

	Group 2017 R	2016 R
Overall credit risk		
Trade and other receivables	**191 374 689**	183 670 605
Related party loans receivable	**-**	-
Cash and cash equivalents	**23 965 814**	23 387 639
	215 340 503	207 058 244

21 Financial risk management (continued)

The ageing of trade receivables at the reporting date was:

Rand	Gross 2017	Impairment 2017	Gross 2016	Impairment 2016
Group				
Not past due	**154 884 925**	**-**	129 983 546	-
Past due 31-60 days	**27 635 467**	**-**	25 186 632	-
Past due 61-90 days	**3 886 184**	**-**	6 950 500	-
Past due 91-120 days	**4 780 096**	**-**	3 152 590	-
More than 120 days	**7 804 229**	**(986 347)**	2 519 666	(1 178 800)
	198 990 901	**(986 347)**	167 792 934	(1 178 800)

22 Operating leases

	Group 2017 R	2016 R
Future minimum lease payments of operating leases comprise:		
Within one year	**38 762 314**	23 050 987
Between two and five years	**89 516 423**	74 892 555
After five years	**14 324 308**	20 434 687
	142 603 045	118 378 229

Marcia Properties CC – A 60 month property operating lease expiring on 31 August 2019 with an escalation amount of R50 000 per annum for the initial 3 years, thereafter an escalation rate of 7% per annum effective in September 2017.

Earthstone Investments Proprietary Limited
An 84 month property operating lease expiring on 31 December 2020 with escalation rate of 6.5% per annum effective in January each year.

Postal Presents (Pty) Ltd – A 38 month property operating lease expiring on 30 June 2018 with an escalation rate of 6% per annum.

GrowthPoint Properties Limited – A 120-month property operating lease expiring on 31 July 2025 with an escalation rate of 8% per annum effective in August 2016.

The Truzen 70 Trust – A 60-month property operating lease expiring on 31 July 2021 with an escalation rate of 8.25% per annum effective in August 2017.

23 Notes to the consolidated and separate statement of cash flows

	Group 2017 R	2016 R
23.1 Cash generated from operations		
Profit/(loss) before income taxation	**(157 138 621)**	31 878 142
Adjustments for :		
Interest income	**(2 654 805)**	(233 664)
Interest expense	**40 929 467**	24 974 064
Loss/(profit) on sale of plant and equipment	**1 525 360**	(104 575)
Depreciation, impairment and amortisation	**138 786 192**	46 407 234
Operating profit before working capital changes	**21 447 593**	102 921 201

	Group 2017 R	2016 R
23.1 Cash generated from operations (continued)		
(Decrease)/increase in trade and other payables	**(31 163 501)**	70 497 239
Decrease in deferred income	**(1 088 692)**	(1 088 692)
(Increase)/decrease in trade and other receivables	**(7 704 083)**	(55 917 820)
Decrease/(increase) in inventories	**18 604 026**	(84 167 384)
	95 343	32 244 544

23.2 Income taxation paid

	Group 2017 R	2016 R
Amount due at the beginning of the period	**(10 405 000)**	2 029 666
Current charge to the income statement	**472 574**	5 495 161
Amount receivable/ (payable) at end of the period	**11 061 279**	10 405 000
	1 128 853	17 929 827

24 Going concern

The directors have satisfied themselves that the group has adequate resources to continue in operation for the foreseeable future. The consolidated and separate financial statements have accordingly been prepared on a going concern basis.

25 Subsequent events

Exercise of Share options

On 5 April 2018 two directors of the Company, Mohamed Sharief Parker and Michael Brain exercised their share options in SoftBev Proprietary Limited, and Maspark Sales and Marketing Proprietary Limited (controlled by a related party to Mohamed Sharief Parker) was issued 3 million shares in terms of a commercial agreement. The new shareholding of SoftBev Proprietary Limited is as follows:

MIF Holdings Proprietary Limited	54.85%
Bowler Metcalf Limited	41.38%
Mohamed Sharief Parker	1.05%
Maspark Sales and Marketing Proprietary Limited	0.45%
The Sarang Family Trust	1.51%
The Hope of Constantia Trust	0.64%
Michael Brain	0.11%

Proposed disposal

On 6 April 2018, in terms of the sale and purchase agreement between the shareholders of SoftBev Proprietary Limited and The Beverage Company Proprietary Limited, it was agreed that Bowler Metcalf Limited would dispose of its 41.38% shareholding in SoftBev Proprietary Limited and MIF Holdings Proprietary Limited would dispose of its 54.85% shareholding in SoftBev Proprietary Limited and the other minority shareholders would dispose of their shares in SoftBev Proprietary Limited to The Beverage Company Bidco Proprietary Limited.

The disposal is subject to various suspensive conditions which included the completion of a satisfactory Due Diligence and Competition Commission approval being given. The effective date of the sale will be 30 June 2018, and it is anticipated that the closing date for the transaction will be on or around that date.

The final enterprise value of SoftBev Proprietary Limited will be determined with reference to the actual EBITDA (including certain pre-determined adjustments) achieved by SoftBev Proprietary Limited for the year ending 30 June 2018.

The minimum consideration for the company's equity is expected to be R563 600 000 and the consideration could be up to R869 100 000.

Apart from the above, the directors are not aware of any other matter or circumstance which is material to the financial affairs of the Company, which had occurred between the reporting date and date of approval of the financial statements, that has not been otherwise dealt with in the financial statements.

26 Capital commitments

The group has not contracted for any capital commitments.

27 Comparative figures

Comparative figures are reclassified or restated as necessary to afford a proper and more meaningful comparison of results.

28 Transactions with key management personnel

Directors' and prescribed officer emoluments

	Group 2017 R	Group 2016 R
Total	**14 494 842**	15 335 535

29 New standards and interpretations not yet effective

At the date of authorisation of the financial statements of SoftBev Proprietary Limited for the year ended 30 June 2017, the following Standards and Interpretations applicable to the entity were in issue but not yet effective:

Standard/Interpretation		Date issued by IASB	Effective date – Periods beginning on or after
IFRS 9	*Financial Instruments* Note 1	July 2014	1 January 2018
IAS 7	Disclosure amendments Note 2	January 2014	1 January 2017
IAS 12 amendment	Recognition of Deferred Tax Assets for Unrealised Losses Note 2	May 2014	1 January 2017

All standards and interpretations will be adopted at their effective date.

Note 1 - The directors are of the opinion that there will be no significant financial implications resulting from the introduction of this new standard. The rationale for this opinion is detailed in the Notes to the Interim Financial Statements, in Annexure 4 below. The assessment of the impact of this standard was not required for the year ended 30 June 2017, due to the effective dates.

Note 2 – These new standards have become effective since the authorisation of the 30 June 2017 financial statement and there implications, which are assessed by the directors as insignificant, have been taken into consideration in the interim results disclosed in Annexure 4. The assessment of the impact of this standard was not required for the year ended 30 June 2017, due to the effective dates.

INTERIM HISTORICAL FINANCIAL INFORMATION OF SOFTBEV FOR THE SIX MONTH PERIOD ENDED AND AS AT 31 DECEMBER 2017

Basis of preparation

The interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of cash flows and the interim condensed consolidated statement of changes in equity for the six months ended 31 December 2017 and interim condensed consolidated statement of financial position as at 31 December 2017, and the notes thereto ("Interim Historical Financial Information of SoftBev") have been extracted from the reviewed special purpose condensed consolidated financial statements of SoftBev for the six months ended 31 December 2017 ("Interim Financial Statements"). The Interim Financial Statements were prepared in accordance with IAS 34: Interim Financial Reporting and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council

The Interim Historical Financial Information of SoftBev was prepared in accordance with IAS 34: Interim Financial Reporting for the purposes of providing financial information to satisfy the requirements of section 8 of the Listings Requirements, which requires, *inter alia*, that if more than nine months has elapsed since the date of the last financial year, the Interim Historical Financial Information of SoftBev, as prepared for the purposes of this Circular, need not include comparatives if it has been prepared in accordance with the same accounting policies as were used to prepare the Historical Financial Information of SoftBev included as Annexure 3 to this Circular.

The directors' commentary required in terms of paragraph 8.12 of the Listings Requirements has been included in the Interim Historical Financial Information of SoftBev.

The Interim Financial Statements have been reviewed by KPMG Inc. in accordance with ISRE 2410: *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* and a qualified review conclusion on the Interim Financial Statements has been issued in respect thereto. The qualification relates to the omission of comparative information for the period ended 31 December 2016 as required by IAS 34: *Interim Financial Reporting,* which is permitted in terms of the Listings Requirements.

KPMG Inc. is the independent reporting accountant to SoftBev and has issued the independent reporting accountant's report on this Interim Historical Financial Information of SoftBev which is included as Annexure 6 to this Circular. The review conclusion in respect of the Report of Interim Historical Financial Information of SoftBev is qualified due to the omission of comparative information for the period ended 31 December 2016 as required by IAS 34: *Interim Financial Reporting*.

The board of directors of Bowler Metcalf is responsible for the Interim Historical Financial Information of SoftBev included in the Circular.

Directors' commentary

SoftBev is a mainly carbonated soft drinks manufacturing, sale and distribution company, whose majority of products are sold and distributed under its own well-known brands of Coo-ee, Jive and Reboost. SoftBev is also the sole licensed bottler for Pepsi and its related brands across South Africa, Lesotho and Swaziland and it also manufactures and distributes Capri-Sun under licence. Further, some products are manufactured for third parties (mainly retailers) under their own brand labels.

There have been no material changes to the nature of the Company's business from the interim period ended 31 December 2017

Statement of Financial Position
There was no major change in Non-Current Assets compared to the year ended 30 June 2017. With regards to Current Assets, Inventory levels declined slightly from 30 June 2017 to 31 December 2017 and the high Trade Receivables and Cash holdings reflected the peak trading period for the Company.

The accumulated loss reduced due to reported profits for the six month interim period. Non-Current Liabilities reduced from 30 June 2017 to 31 December 2017 mainly due to settlement in the ordinary course of business of asset based borrowings. The increase in Current Liabilities from 30 June 2017 to 31 December 2017 is directly linked to the business activities levels in the Company in its peak trading period

Statement of Comprehensive Income
Due to the nature of carbonated soft drinks, there is definite seasonality to its sales, with the summer season (November to January) being traditionally higher volume sales months. Accordingly, the first 6 months of the financial year traditionally has higher sales than the last 6 months.

The six months ended 31 December 2017 saw an increase in revenue due to a slight increase in volumes and a positive contribution from product mix. Savings from product research and development, good cost control, economies of scale (achieved in peak volume months) and product mix also led to an improved margin. Other income reduced due to the ending of a rebate structure and there was no impairment of goodwill during the six month period.

Operating expenses have escalated on the back of increased activity levels, but overall, expenses were well controlled during the period under review and, combined with the higher revenue, led to a return to profitability. Finance costs are in line with the prior period. Due to the return of profitability in the business and the fact that the cash flows for the interim period under review are tracking those as envisaged when the valuation was performed on which the impairment in the 30 June 2017 financial year was based, there was no need to consider a further impairment of the business.

Statement of Changes in Equity
The Statement of Changes in Equity reflected the net profit for the period under review reducing the accumulated deficit.

Statement of Cash Flows
The positive cash flow from operating activities was a direct result of the profitable trading for the interim period. The investing activities relating to the purchase of plant and equipment for the interim period were funded partially by debt and the balance from operating cash flow. Overall, the positive trading for the interim period resulted in a growth in cash and cash equivalents.

Subsequent Events
Other than the Disposal, the directors are not aware of any other matter or circumstance which is material to the financial affairs of the Company, which has occurred between the interim reporting date and the date of this Circular

STATEMENT OF FINANCIAL POSITION

Rand	6 month period Ended 31 December 2017	Year ended 30 June 2017
Assets		
Non-current assets	**456 501 659**	463 720 647
Property, plant and equipment	**334 465 586**	337 377 784
Unlisted investment	**154 000**	154 000
Intangible assets	**78 400 855**	82 644 625
Goodwill	**40 941 380**	40 941 380
Deferred taxation	**2 539 838**	2 602 858
Current assets	**557 184 244**	382 934 547
Inventories	**145 383 741**	156 532 765
Trade and other receivables	**360 806 978**	191 374 689
Cash and cash equivalents	**41 952 953**	23 965 814
Income taxation receivable	**9 040 572**	11 061 279
Total assets	**1 013 685 903**	846 655 194
Equity		
Stated capital	**289 004 293**	289 004 293
Retained loss	**(18 261 203)**	(49 509 926)
Merger reserve	**1 878 846**	1 878 846
Total equity	**272 621 936**	241 373 213
Non-current liabilities	**251 999 397**	260 975 543
Loans and borrowings	**81 426 637**	97 132 309
Deferred income	**7 344 551**	7 888 897
Related party loans payable	**119 146 855**	119 242 085
Deferred taxation	**44 081 354**	36 712 252
Current liabilities	**489 064 570**	344 306 438
Loans and borrowings	**202 607 787**	184 042 814
Current portion of deferred income	**1 088 692**	1 088 692
Trade and other payables	**285 368 091**	159 174 932
Income taxation payable	**-**	-
Total equity and liabilities	**1 013 685 903**	846 655 194

STATEMENT OF COMPREHENSIVE INCOME

Rand	6 month period ended 31 December 2017	Year ended 30 June 2017
	Reviewed	Audited
Revenue	**935 680 759**	1 608 576 482
Cost of sales	**(581 865 277)**	(1 195 101 401)
Gross profit	**353 815 482**	413 475 081
Other income	**1 982 335**	14 216 656
Operating expenses	**(292 075 955)**	(546 555 696)
Results from operating activities	**63 721 862**	(118 863 959)
Finance income	**582 171**	2 654 805
Finance costs	**(21 292 687)**	(40 929 467)
Profit / (loss) before income taxation	**43 011 346**	(157 138 621)
Income taxation	**(11 762 623)**	15 432 339
Profit /(loss) for the year	**31 248 723**	(141 706 282)
Other comprehensive income	**-**	-
Total comprehensive income / (loss) for the year	**31 248 723**	(141 706 282)

STATEMENT OF CHANGES IN EQUITY

Rand	Stated capital	Retained earnings	Merger reserve	Total equity
Balance at 1 July 2016	289 004 293	92 196 356	1 878 846	383 079 495
Total comprehensive loss for the year		(141 706 282)		(141 706 282)
Balance at 30 June 2017	289 004 293	(49 509 926)	1 878 846	241 373 213
Total comprehensive income for the 6 months		31 248 723		31 248 723
Balance at 6 month period ended 31 December 2017	**289 004 293**	**(18 261 203)**	**1 878 846**	**272 621 936**

STATEMENT OF CASH FLOW

Rand	Notes	6 month Period ended 31 December 2017	Year ended 30 June 2017
Cash generated from operations	**1.1**	**50 777 113**	95 343
Interest income		**582 171**	2 654 805
Interest expense		**(21 292 687)**	(40 929 467)
Income taxation paid	**1.2**	**(2 309 794)**	(1 128 853)
Net cash inflow / (outflow) from operating activities		**27 756 803**	(39 308 172)
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		**251 600**	646 895
Purchases of property, plant and equipment		**(12 785 335)**	(96 716 464)
Net cash outflow from investing activities		**(12 533 735)**	(96 069 569)
Cash flow from financing activities			
Increase in borrowings		**2 859 301**	68 067 115
(Decrease) / Increase in related party loans		**(95 230)**	67 888 801
Net cash inflow from financing activities		**2 764 071**	135 955 916
Net increase in cash and cash equivalents		**17 987 139**	578 175
Cash and cash equivalents at beginning of the period		**23 965 814**	23 387 639
Cash and cash equivalents at end of the period		**41 952 953**	23 965 814

		6 month Period ended 31 December 2017 R	Year ended 30 June 2017 R
1	**Notes to the statement of cash flows**		
1.1	***Cash generated from operations***		
	Profit / (loss) before income taxation	**43 011 346**	(157 138 621)
	Adjustments for:		
	Interest income	**(582 171)**	(2 654 805 0
	Interest expense	**21 292 687**	40 929 467
	Loss on sale of property, plant and equipment	**204 875**	1 525 360
	Depreciation, amortisation and impairment	**19 484 828**	138 786 192
	Operating profit before working capital changes	**83 411 565**	21 447 593
	Increase / (decrease) in trade and other payables	**126 193 159**	(31 163 501)
	Decrease in deferred income	**(544 346)**	(1 088 692)
	Increase in trade and other receivables	**(169 432 289)**	(7 704 083)
	Decrease in inventories	**11 149 024**	18 604 026
		50 777 113	95 343
1.2	**Income taxation paid**		
	Amount receivable at the beginning of the year	**(11 061 279)**	(10 405 000)
	Current tax charged to the income statement	**4 330 501**	472 574
	Amount receivable at end of the year	**9 040 572**	11 061 279
		2 309 794	1 128 853

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Accounting Policies

The same accounting policies and methods of computation have been followed in preparing the interim financial statements as were used in the preparation of the last audited financial statements for the year ended 30 June 2017.

Related Party Transactions

Shareholder Loans Payable:	**6 month Period ended 31 December 2017**	**Year ended 30 June 2017**
MIF Holdings (Pty) Ltd	R38 667 441	R38 665 099
Bowler Metcalf Limited	R78 966 277	R79 063 955
The Sarang Family Trust	R1 008 758	R1 008 758
The Hope of Constantia Trust	R504 379	R504 379
	R119 146 855	R119 242 191
Rentals to Postal Presents (Pty) Ltd	R2 631 063	R4 346 844
Purchases from Bowler Plastics (Pty) Ltd	R20 746 423	R63 602 452
Interest Paid to Related Parties:		
MIF Holdings (Pty) Ltd	R2 004 410	R2 066 821
Bowler Metcalf Limited	R4 832 212	R7 891 111
The Sarang Family Trust	R52 291	R22 818
The Hope of Constantia Trust	R26 145	R24 447
	R6 915 058	R10 005 197

The details of the relationships between the various related parties are fully documented in the preceding historical financial information of SoftBev.

Financial Risk Management
There has been no material change during the interim period ending 31 December 2017 in the factors behind the financial risks fully documented in note 21 of the historical financial information of SoftBev, detailed in Annexure 3.

Acquisitions and Disposals
There have been no individually material additions or disposals of property, plant and equipment during the interim period ended 31 December 2017.

Subsequent events
Exercise of Share options
On 5 April 2018 two directors of the Company, Mohamed Sharief Parker and Michael Brain exercised their share options in SoftBev Proprietary Limited, and Maspark Sales and Marketing Proprietary Limited (controlled by a related party to Mohamed Sharief Parker) was issued 3 million shares in terms of a commercial agreement. The new shareholding of SoftBev Proprietary Limited is as follows:

MIF Holdings Proprietary Limited	54.86%
Bowler Metcalf Limited	41.38%
Mohamed Sharief Parker	1.05%
Maspark Sales and Marketing Proprietary Limited	0.45%
The Sarang Family Trust	1.51%
The Hope of Constantia Trust	0.64%
Michael Brain	0.11%

Proposed disposal
On 6 April 2018, in terms of the sale and purchase agreement between the shareholders of SoftBev Proprietary Limited and The Beverage Company Proprietary Limited, it was agreed that Bowler Metcalf Limited would dispose of its 41.38% shareholding in SoftBev Proprietary Limited and MIF Holdings Proprietary Limited would dispose of its 54.86% shareholding in SoftBev Proprietary Limited and the other minority shareholders would dispose of their shares in SoftBev Proprietary Limited to The Beverage Company Bidco Proprietary Limited.

The disposal is subject to various suspensive conditions which included the completion of a satisfactory Due Diligence and Competition Commission approval being given. The effective date of the sale will be 30 June 2018 and it is anticipated that the closing of the transaction will be on or around that date.

The final enterprise value of SoftBev will be determined by a multiple being applied to the 2018 Adjusted EBITDA achieved by SoftBev. The final equity value of SoftBev will be determined by reducing the final enterprise value with net debt, working capital adjustments and Agreed Costs.

The minimum consideration for the company's equity is expected to be R563 600 000 and the consideration could be up to R869 100 000.

Apart from the above, the directors are not aware of any other matter or circumstance which is material to the financial affairs of the Company, which had occurred between the reporting date and date of approval of the financial statements, that has not been otherwise dealt with in the financial statements.

New standards and interpretations not yet effective

At the date of preparation of the interim financial statements of SoftBev for the period ended 31 December 2017, the following Standards and Interpretations applicable to the entity were in issue but not yet effective:

Standard/Interpretation		Date issued by IASB	Effective date Periods beginning on or after
IFRS 9	Financial Instruments [Note 1]	July 2014	1 January 2018
IFRS 15	Revenue from Contracts with Customers [Note 2]	May 2014	1 January 2018
IFRS 16	Leases [Note 3]	January 2016	1 January 2019

Note 1 – This new standard will be implemented by the company from 1 January 2018. Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

A financial instrument is recognised if the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the company's contractual rights to the cash flows from the financial assets expire or if the company transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset. The new accounting standard requires that impairment losses are recognised on an expected credit loss basis for all financial assets, this relates to the bad debts provision of the entity. The amount of the expected credit loss to be recognised in profit or loss is dependent on the credit quality of the financial asset. If the credit quality of the financial asset has not deteriorated since inception it will be categorised in Bucket 1 and an impairment loss provision equal to 12 months of the expected credit loss. If there has been significant deterioration in the credit quality of a financial assets a lifetime expected credit loss is recognised. If a financial asset is in default a lifetime expected loss impairment is recognised.

This change has been assessed to not have a significant impact on financial results.

Note 2 - This new standard replaces all existing revenue requirements in IFRS and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of the standards on leases, insurance contracts and financial instruments. The core principle of the standard is that revenue recognised reflects the consideration to which the company expects to be entitled in exchange for the transfer of promised goods or services to the customer. The standard incorporates a five-step analysis to determine the amount and timing of revenue recognition.

SoftBev believes the adoption of this guidance will not have a material impact on its financial position or net earnings, although it anticipates expansion of financial statement disclosures in order to comply with the guidance.

Note 3 – This new standard replaces IAS 17 'Leases' and its related interpretations and introduces a 'right-of-use' model whereby the lessee recognises a right of use asset and an associated financial obligation to make lease payments for all leases with a term of more than 12 months. The asset will be amortised over the lease term and the financial liability measured at amortised cost with interest recognised in profit and loss using the effective interest rate method.

The company is currently performing an analysis of the current leases and determining a policy for this standard. The entity has until 1 January 2019 before the standard is effective and is in the process of determining the impact of the standard and compliance with all requirements.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF SOFTBEV FOR THE THREE YEARS ENDED 30 JUNE 2017, 2016 AND 2015

The Directors
Bowler Metcalf Limited
Bowler Plastics
7 Harris Drive
Ottery
Cape Town
7800

Independent Reporting Accountant's Report on the Historical Financial Information of SoftBev for the three years ended 30 June 2017, 2016 and 2015

The definitions and interpretations section to this Circular, to which this letter is attached, apply *mutatis mutandis* to this report.

Introduction
At your request, and for the purposes of the Circular, we have audited the historical financial information of SoftBev Proprietary Limited ("**SoftBev**") for the year ended 30 June 2017 and reviewed the historical financial information of SoftBev for the years ended 30 June 2016 and 2015 presented in Annexure 3 (collectively "**Historical Financial Information**").

The consolidated statements of financial position as at 30 June 2017, 2016 and 2015, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flow for the years ended 30 June 2017, 2016 and 2015, a summary of significant accounting policies and notes thereto is included in the Historical Financial Information of SoftBev for the three years ended and as at 30 June 2017, as presented in Annexure 3 to the Circular, in compliance with IFRS and the JSE Listings Requirements.

The directors of SoftBev are responsible for the preparation of the Historical Financial Information. The directors of Bowler Metcalf Limited ("**Bowler Metcalf**") are responsible for the compilation, contents and preparation of the Circular which includes the Historical Financial Information for the three years ended 30 June 2017, 2016 and 2015 in accordance with the JSE Listings Requirements.

KPMG Inc. is the independent auditor and the independent reporting accountant to SoftBev.

Part A – Historical Financial Information for the year ended 30 June 2017

Opinion on the Historical Financial Information for the year ended 30 June 2017
In our opinion, the Historical Financial Information for the year ended 30 June 2017, as set out in Annexure 3 to this Circular, presents fairly, in all material respects, for the purpose of the Circular the financial position of SoftBev as at 30 June 2017 and its financial performance and cash flows for the year then ended in accordance with IFRS and the JSE Listings Requirements.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Independent Reporting Accountant's Responsibilities for the Historical Financial Information section of our report. We are independent of SoftBev in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa.

We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion on the Historical Financial Information for the year ended 30 June 2017.

Responsibilities of the directors of SoftBev for the Historical Financial Information for the year ended 30 June 2017
The directors of SoftBev are also responsible for the preparation and fair presentation of the Historical Financial Information for the year ended 30 June 2017 in accordance with the IFRS and the JSE Listing Requirements, and for such internal control as the directors of SoftBev determine is necessary to enable the preparation of Historical Financial Information for the year ended 30 June 2017 that is free from material misstatement, whether due to fraud or error.

In preparing the Historical Financial Information for the year ended 30 June 2017, the directors of SoftBev are responsible for assessing SoftBev's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate SoftBev or to cease operations, or have no realistic alternative but to do so.

Independent Reporting Accountant's Responsibilities for the Historical Financial Information for the year ended 30 June 2017
Our objectives are to obtain reasonable assurance about whether the Historical Financial Information for the year ended 30 June 2017 is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Historical Financial Information for the year ended 30 June 2017.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Historical Financial Information for the year ended 30 June 2017, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SoftBev's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of SoftBev.
- Conclude on the appropriateness of the directors of SoftBev use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on SoftBev's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent reporting accountant's report to the related disclosures in the Historical Financial Information for the year ended 30 June 2017 or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent reporting accountant's report. However, future events or conditions may cause SoftBev to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Historical Financial Information for the year ended 30 June 2017, including the disclosures, and whether the Historical Financial Information for the year ended 30 June 2017 represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within SoftBev to express an opinion on the Historical Financial Information for the year ended 30 June 2017. We are responsible for the direction, supervision and performance of the SoftBev audit. We remain solely responsible for our audit opinion.

We communicate with the directors of SoftBev regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors of SoftBev with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Part B – Historical Financial Information for the years ended 30 June 2016 and 2015

Responsibilities of the Directors for the Historical Financial Information for the years ended 30 June 2016 and 2015
The directors of SoftBev are also responsible for the preparation of the Historical Financial Information for the years ended 30 June 2016 and 2015 in accordance with IFRS and the JSE Listing Requirements, and for such internal control as the directors of SoftBev determine is necessary to enable the preparation of Historical Financial Information for the years ended 30 June 2016 and 2015 that is free from material misstatement, whether due to fraud or error.

Independent Reporting Accountant's Responsibilities for the Historical Financial Information for the years ended 30 June 2016 and 2015
Our responsibility is to express review conclusions on the Historical Financial Information for the years ended 30 June 2016 and 2015 based on our reviews in accordance with International Standard on Review Engagement ISRE 2410: Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the Historical Financial Information for the years ended 30 June 2016 and 2015, taken as a whole, is not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

Scope of review
A review of the Historical Financial Information for the years ended 30 June 2016 and 2015 in accordance with ISRE 2410 is a limited assurance engagement in terms of which we perform procedures, primarily consisting of making enquiries of management and other within the entity, as appropriate, and applying analytical procedures and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the Historical Financial Information for the years ended 30 June 2016 and 2015.

Conclusion on the Historical Financial Information for the years ended 30 June 2016 and 2015
Based on our reviews, nothing has come to our attention that causes us to believe that the Historical Financial Information for the years ended 30 June 2016 and 2015, as set out in Annexure 3 to the Circular is not prepared, in all material respects, in accordance with the requirements of ISRE 2410 and the JSE Listings Requirements.

KPMG Inc.
Registered Auditor

Heinrich Mans
Director
Registered Auditor

29 May 2018

5 Arundel Close
KPMG House
Kingsmead Office Park, Durban, 4001

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE INTERIM HISTORICAL FINANCIAL INFORMATION OF SOFTBEV FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

The Directors
Bowler Metcalf Limited
Bowler Plastics
7 Harris Drive
Ottery
Cape Town
7800

Independent Reporting Accountant's Report on the Interim Condensed Consolidated Historical Financial Information of SoftBev for the six months ended 31 December 2017

The definitions set out in the Definitions and Interpretations section of the Circular apply *mutatis mutandis* to this report.

Introduction
At your request, and for the purposes of the Circular, we have reviewed the interim condensed consolidated historical financial information of SoftBev Proprietary Limited ("**SoftBev**") for the six-month period ended 31 December 2017.

The Interim Historical Financial Information of SoftBev comprises the interim condensed consolidated statement of financial position as at 31 December 2017, interim condensed consolidated statements of comprehensive income, changes in equity and cash flow for the six month period ended 31 December 2017 and the notes thereto (collectively the "**Interim Historical Financial Information of SoftBev**"), as presented in Annexure 4 to the Circular, in compliance with the JSE Listings Requirements. The Interim Historical Financial Information of SoftBev has been prepared for the purposes of meeting the requirements of Section 8 of the JSE Listings Requirements.

The directors of SoftBev are responsible for the preparation of the Interim Historical Financial Information of SoftBev. The directors of Bowler Metcalf Limited ("**Bowler Metcalf**") are responsible for the compilation, contents and preparation of the Circular including the Interim Historical Financial Information of SoftBev in accordance with IAS 34: Interim Financial Reporting and the JSE Listings Requirements.

KPMG Inc. is the independent auditor and the independent reporting accountant to SoftBev.

Independent Reporting Accountant's Review Report on the Interim Historical Financial Information of SoftBev
We have reviewed the Interim Historical Financial Information of SoftBev, which comprises the interim condensed consolidated statement of financial position as at 31 December 2017, the interim condensed consolidated statements of comprehensive income, changes in equity and cash flow for the six month period ended 31 December 2017, and the notes thereto, as presented in Annexure 4 to the Circular.

Responsibilities of the directors of SoftBev for the Interim Historical Financial Information of SoftBev
The directors of SoftBev are responsible for the preparation of the Interim Historical Financial Information of SoftBev in accordance with IAS 34: Interim Financial Reporting and the JSE Listings Requirements, and for such internal control as the directors of SoftBev determine is necessary to enable the preparation of the Interim Historical Financial Information of SoftBev that is free from material misstatement, whether due to fraud or error.

Independent Reporting Accountant's Responsibilities for the Interim Historical Financial Information of SoftBev

Our responsibility is to express a review conclusion on the Interim Historical Financial Information of SoftBev based on our review in accordance with International Standard on Review Engagements ISRE 2410: Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the Interim Historical Financial Information of SoftBev, taken as a whole, is not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of the Interim Historical Financial Information of SoftBev in accordance with ISRE 2410 is a limited assurance engagement in terms of which we perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the Interim Historical Financial Information of SoftBev.

Basis for Qualified Conclusion on the Interim Historical Financial Information of SoftBev
IAS 34: Interim Financial Reporting, requires a company to present comparative information in respect of the preceding period for all amounts reported in the current period's interim financial statements. Paragraph 8.7 of the Listings Requirements states that notwithstanding the requirements of IAS 34: Interim Financial Reporting, if reviewed interim financial information is being prepared for the purposes of paragraph 8.7, no comparative results need to be shown, if that reviewed interim financial information has been prepared using accounting policies that are identical to those contained in the historical financial information of the Company included in the document. SoftBev has, therefore, not presented comparative information for the period ended 31 December 2016 as required by IAS 34: Interim Financial Reporting.

Qualified Conclusion on the Interim Historical Financial Information of SoftBev
Based on our review, except for the omission of the comparative information described in the preceding paragraph, nothing has come to our attention that causes us to believe that the Interim Historical Financial Information of SoftBev for the six months ended 31 December 2017, as set out in Annexure 4 to the Circular is not prepared, in all material respects, in accordance with the requirements of IAS 34: *Interim Financial Reporting and the Listings Requirements*.

KPMG Inc.
Registered Auditor

Heinrich Mans
Director
Registered Auditor

29 May 2018

5 Arundel Close
KPMG House
Kingsmead Office Park
Durban
4001

MATERIAL BORROWINGS OF SOFTBEV

SoftBev has the following material borrowings at 31 March 2018, being the last completed month end for the SoftBev group:

Company (SoftBev Subsidiaries)	Lender	Amount Outstanding 31 March 2018	Monthly installments	Secured/ Unsecured	Average Interest rate (%)	Terms of loan
Shoreline Sales and Distribution	Standard Bank (1)	R64 492 000	Trade facility	Cession of debtors	Prime + 0,5%	85% of the debtors book value to a maximum of R160 000 000
Shoreline Sales and Distribution	Albaraka Bank (1)	R9 013 000	Trade facility	Secured by fixed property	9,75%	180 days
Shoreline Sales and Distribution	Various (2)	R72 527 000	R2 217 000	Secured by plant and equipment	9,7%	Between 1 and 5 years
Quality Beverages	ABSA Bank Limited (1)	R23 372 000	Trade facility	Cession of debtors	Prime	Not exceeding 180 days
Quality Beverages	ABSA Bank Limited (2)	R19 378 000	R564 000	Secured by plant and equipment	9,5% - 10,25%	Between 1 and 4 years
Quality Beverages Johannesburg (Pty) Ltd	ABSA Bank Limited (2)	R17 453 000	R487 000	Secured by plant and equipment	9,83%	Between 1 and 5 years
SoftBev	MIF (1)	R38 634 000	n/a	Unsecured	Prime rate	No fixed terms
SoftBev	Bowler Metcalf (1)	R78 885 000	n/a	Unsecured	Prime + variable %	No fixed terms
SoftBev	Sarang Trust (1)	R1 007 000	n/a	Unsecured	Prime rate	No fixed terms
SoftBev	Hope of Constantia Trust (1)	R503 000	n/a	Unsecured	Prime rate	No fixed terms

1 – Arose due to normal working capital requirements
2 - Arose as a result of the acquisition of assets

There are various cross-guarantees between SoftBev and its subsidiaries, more fully document in the preceding historical financial information of SoftBev. Further, there are also sureties in place for some of the borrowings of Shoreline Sales and Distribution (Pty) Ltd, also more fully documented in note 20 of the historical financial information of SoftBev detailed in Annexure 3. There are no conversion or redemption rights in relation to the above loans.

There are no other loans, debentures or amounts repayable by SoftBev in the next twelve months, other than trade creditors. SoftBev does not have any debentures that have been created in terms of a trust deed. No borrowings will arise as a result of the SoftBev Disposal.

Bowler Metcalf Limited
(Incorporated in the Republic of South Africa)
(Registration number 1972/005921/06)
("Bowler Metcalf" or "the Company")
Share code: BCF ISIN: ZAE000030797

NOTICE OF GENERAL MEETING OF SHAREHOLDERS OF BOWLER METCALF

Directors:

BJ Frost (Chairman)	PF Sass (Chief Executive Officer)
M Brain	GA Böhler (Chief Financial Officer)
FC Mac Gillivray	
SJ Gillett	

All terms defined in the Circular to which this notice of General Meeting is attached shall bear the same meanings in this notice of General Meeting. Bowler Metcalf Shareholders are reminded that:

a. A Bowler Metcalf Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy (or more than one proxy) to attend, participate in and vote at the General Meeting in the place of the Bowler Metcalf Shareholder, and Bowler Metcalf Shareholders are referred to the attached form of proxy;
b. a proxy need not also be a Bowler Metcalf Shareholder of the Company; and
c. in terms of Section 63(1) of the Companies Act, any person attending or participating in a meeting of Bowler Metcalf Shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as Bowler Metcalf Shareholder or as proxy for a Bowler Metcalf Shareholder) has been reasonably verified. Please note that the Company will not provide for electronic participation at the General Meeting.

Notice is hereby given to the shareholders that a general meeting of the Company's shareholders will be held at the Company's offices at Bowler Plastics, 7 Harris Drive, Ottery, Cape Town, 7800 on Friday, 29 June 2018 at 09h00 for the purpose of considering and, if deemed fit, passing, with or without modification, the Ordinary Resolutions set out below.

It is noted that other than Mr M Brain and his associates, no shareholders are precluded from voting at the general meeting for the purposes of the SoftBev Disposal.

It is further noted that any treasury shares or unlisted shares are precluded from voting at the general meeting in accordance with the JSE Listings Requirements.

1. ORDINARY RESOLUTION NUMBER 1 – APPROVAL TO DISPOSAL OF ITS 41.38% INTEREST IN SOFTBEV

"RESOLVED THAT, the disposal of its 41.38% interest and shareholders claims in SoftBev Proprietary Limited, in terms of the Sale of Shares and Claims Agreement dated 6 April 2018 between Bowler Metcalf Limited, The Beverage Company Bidco Proprietary Limited and others for a variable consideration for the equity of its associate investment in SoftBev, expected to be no less than R233 223 000 and a sale of its loan claim of approximately R79 781 000, be and is hereby approved."

Information and explanatory material with respect to Ordinary Resolution Number 1 as contemplated in Section 65(4)(b) of the Companies Act

In accordance with the JSE Listings Requirements, the SoftBev Disposal is a Category 1 transaction and requires the approval of more than 50% of the voting rights exercised on the resolution by all Bowler Metcalf shareholders present or represented by proxy at the general meeting. Mr M Brain and any of his associates will be precluded from voting on the SoftBev Disposal due to his shareholding in SoftBev, which is also being sold on the same terms and conditions. No other parties are excluded from participating in the vote on the SoftBev Disposal.

2. ORDINARY RESOLUTION NUMBER 2 – ENABLING AUTHORITY

"**RESOLVED THAT**, subject to the passing of Ordinary Resolution Number 1, any director of the Company be and is hereby authorised, instructed and empowered to do all such things, sign all such documents and procure the doing of all such things and the signing of all such documents as may be necessary to give effect to Ordinary Resolution Number 1."

Information and explanatory material with respect to Ordinary Resolution Number 2 as contemplated in Section 65(4)(b) of the Companies Act

This resolution is necessary to give effect to the above resolution which may be passed by the shareholders. The minimum percentage of voting rights that is required for this ordinary resolution to be adopted is more than 50% of the voting rights exercised on the resolution.

The board of directors unanimously recommends that Bowler Metcalf ordinary shareholders vote in favour of the ordinary resolutions above.

RECORD DATES

The posting record date, being the date that shareholders must be recorded in the register to be eligible to receive this notice of General Meeting, is Friday, 25 May 2018. The last day to trade in order to be eligible to vote at the General Meeting is Tuesday, 19 June 2018. The voting record date, being the date that shareholders must be recorded in the register to be eligible to speak and vote at the General Meeting, is Friday, 22 June 2018.

VOTING

On a show of hands, every Bowler Metcalf shareholder who is present in person, by proxy or represented at the General Meeting shall have one vote (irrespective of the number of Bowler Metcalf shares held), and on a poll, every Bowler Metcalf shareholder shall have one vote for each share held. In terms of the Companies Act, the votes of treasury shares held will not be taken into account in determining the results of the voting at the General Meeting.

PROXIES

A Bowler Metcalf Shareholder entitled to attend and vote at the General Meeting may appoint one or more persons as its proxy to attend, speak and vote in its stead. A proxy need not be a shareholder of the Company. A form of proxy is attached for the convenience of certificated shareholders and own name dematerialised shareholders who are unable to attend the General Meeting, but who wish to be represented thereat. For administration purposes, duly completed forms of proxy must be received by Bowler Metcalf's Transfer Secretaries, Computershare, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (PO Box 61051, Marshalltown, 2107) or by way of e-mail to proxy@computershare.co.za , not later than 09h00 on Wednesday, 27 June 2018. Alternatively, such forms of proxy may be handed to the company secretary or chairperson of the Company at the meeting not later than 30 minutes prior to the commencement of the General Meeting. Section 63(1) of the Companies Act requires that meeting participants provide satisfactory identification.

Dematerialised shareholders other than with own name registration who have not been contacted by their CSDP or broker with regard to how they wish to cast their votes, should contact their CSDP or broker and instruct their CSDP or broker as to how they wish to cast their votes at the Bowler Metcalf General Meeting in order for their CSDP or broker to vote in accordance with such instructions. If such dematerialised shareholders wish to attend the Bowler Metcalf General Meeting in person, they must request their CSDP or broker to issue the necessary letter of representation to them. This must be done in terms of the agreement entered into between such dematerialised shareholders and the CSDP or broker.

By order of the Board
BOWLER METCALF LIMITED
C Bothma (Company Secretary)
7 June 2018

Registered office
Bowler Plastics
7 Harris Drive
Ottery
Cape Town, 7800

Transfer Secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
2196
(PO Box 61051, Marshalltown, 2107)

Bowler Metcalf Limited
(Incorporated in the Republic of South Africa)
(Registration number 1972/005921/06)
("Bowler Metcalf" or "the Company")
Share code: BCF ISIN: ZAE000030797

FORM OF PROXY

For use by certificated and "own name" dematerialised shareholders only
For use by certificated and "own name" registered dematerialised shareholders of the Company at the general meeting of Bowler Metcalf to be held at Company's offices at Bowler Plastics, 7 Harris Drive, Ottery, Cape Town, 7800 on Friday, 29 June 2018 at 09h00.

If dematerialised shareholders, other than own name dematerialised shareholders have not been contacted by their CSDP or broker with regard to how they wish to cast their vote, they should contact their CSDP or broker and instruct their CSDP or broker as to how they wish to cast their vote at the General Meeting in order for their CSDP or broker to vote in accordance with such instructions. If dematerialised shareholders, other than own name dematerialised shareholders, have not been contacted by their CSDP or broker it would be advisable for them to contact their CSDP or broker, as the case may be, and furnish them with their instructions.

Dematerialised shareholders who are not own-name dematerialised shareholders and who wish to attend the General Meeting must obtain their necessary letter of representation from their CSDP or broker, as the case may be and submit same to the transfer secretaries to be received by no later than 09h00, on Wednesday, 27 June 2018. This must be done in terms of the agreement entered into between the dematerialised shareholder and their CSDP or broker. If the CSDP or broker, as the case may be, does not obtain instructions from such dematerialised shareholders, it will be obliged to act in terms of the mandate furnished to it, or if the mandate is silent in this regard, to abstain from voting. Such dematerialised shareholders, other than own-name dematerialised shareholders, must not complete this form of proxy and should read note 11 of the overleaf.

I/We (please print names in full) ____

of (address) ____

being the holder/s of ____________ ordinary shares of no par value in Bowler Metcalf, appoint (see note 1):

1. ____

2. or failing him,____

3. the chairperson of the general meeting,

as my/our proxy to act for me/us and on my/or behalf at the general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be prosed thereat and at any adjournment thereof; and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions (see note 2):

	For	Against	Abstain
Ordinary Resolution Number 1 Approval of the SoftBev Disposal			
Ordinary Resolution Number 2 Enabling resolution			

Signed at on 2018

Signature Assisted by me (where applicable)

Name Capacity Signature

NOTES TO THE FORM OF PROXY

1. This form is for use by certificated shareholders and dematerialised shareholders with "own-name" registration whose shares are registered in their own names on the record date and who wish to appoint another person to represent them at the general meeting. If duly authorised, companies and other corporate bodies who are shareholders having shares registered in their own names may appoint a proxy using this form, or may appoint a representative in accordance with the last paragraph below. Other shareholders should not use this form. All beneficial holders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker, and do not have their shares registered in their own name, must provide the CSDP or broker with their voting instructions. Alternatively, if they wish to attend the general meeting in person, they should request the CSDP or broker to provide them with a letter of representation in terms of the CSDP or broker.
2. This proxy form will not be effective at the general meeting unless received by the transfer secretaries of the Company at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, Johannesburg, Republic of South Africa, 2107), not later than 09h00 on Wednesday, 27 June 2018, alternatively, such forms of proxy may be handed to the Company secretary or chairperson of the Company at the meeting not later than 30 minutes prior to the commencement of the general meeting.
3. This proxy shall apply to all the ordinary shares registered in the name of shareholders at the record date for voting unless a lesser number of shares are inserted.
4. A shareholder may appoint one person as his proxy by inserting the name of such proxy in the space provided. Any such proxy need not be a shareholder of the Company. If the name of the proxy is not inserted, the chairman of the general meeting will be appointed as proxy. If more than one name is inserted, then the person whose name appears first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of any persons whose names follow. The proxy appointed in this proxy form may delegate the authority given to him in this proxy by delivering to the Company, in the manner required by these instructions, a further proxy form which has been completed in a manner consistent with the authority given to the proxy of this proxy form.
5. Unless revoked, the appointment of proxy in terms of this proxy form remains valid until the end of the general meeting even if the general meeting or a part thereof is postponed or adjourned.
6. If

6.1 a shareholder does not indicate on this instrument that the proxy is to vote in favour of or against or to abstain from voting on any resolution; or

6.2 the shareholder gives contrary instructions in relation to any matter; or

6.3 any additional resolution/s which are properly put before the general meeting; or

6.4 any resolution listed in the proxy form is modified or amended, the proxy shall be entitled to vote or abstain from voting, as he thinks fit, in relation to that resolution or matter. If, however, the shareholder has provided further written instructions which accompany this form and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in 6.1 to 6.4, then the proxy shall comply with those instructions.

7. If this proxy is signed by a person (signatory) on behalf of the shareholder, whether in terms of a power of attorney or otherwise, then this proxy form will not be effective unless:

7.1 it is accompanied by a certificated copy of the authority given by the shareholder or the shareholder to the signatory; or

7.2 the Company has already received a certificated copy of that authority.

8. The chairman of the general meeting may, at his discretion, accept or reject any proxy form or other written appointment of a proxy which is received by the chairman prior to the time when the general meeting deals with a resolution or matter to which the appointment of the proxy relates, even if that appointment of a proxy has not been completed and/or received in accordance with these instructions. However, the chairman shall not accept any such appointment of a proxy unless the chairman is satisfied that it reflects the intention of the shareholder appointing the proxy.
9. Any alterations made in this form of proxy must be initialed by the authorised signatory/ies.
10. This proxy form is revoked if the shareholder who granted the proxy:

10.1 delivers a copy of the revocation instrument to the Company and to the proxy or proxies concerned, so that it is received by the Company by not later than 09h00 on Wednesday, 27 June 2018, alternatively, such forms of proxy may be handed to the Company secretary or chairperson of the Company at the meeting not later than 30 minutes prior to the commencement of the general meeting; or

10.2 appoints a later, inconsistent appointment of proxy for the general meeting; or

10.3 attends the general meeting in person.

11. If duly authorised, companies and other corporate bodies who are shareholders of the Company having shares registered in their own name may, instead of completing this proxy form, appoint a representative to represent them and exercise all of their rights at the general meeting by giving written notice of the appointment of that representative. This notice will not be effective at the general meeting unless it is accompanied by a duly certified copy of the resolution/s or other authorities in terms of which that representative is appointed and is received by the transfer secretaries of the Company at Rosebank Towers, 15 Biermann Avenue, Rosebank (PO Box 61051, Marshalltown, 2107) or at the Company's registered office at Bowler Plastics, 7 Harris Drive, Ottery, Cape Town, 7800, Republic of South Africa, not later than the 09h00 on Wednesday, 27 June 2018, alternatively, such forms of proxy may be handed to the Company secretary or chairperson of the Company at the meeting not later than 30 minutes prior to the commencement of the general meeting.

Summary of rights established by Section 58 of the Companies Act, 71 of 2008 ("Companies Act"), as required in terms of subsection 58(8)(b)(i)

1. A shareholder may at any time appoint any individual, including a non-shareholder of the Company, as a proxy to participate in, speak and vote at a shareholders' meeting on his or her behalf (Section 58(1)(a)), or to give or withhold consent on behalf of the shareholder to a decision in terms of section 60 (shareholders acting other than at a meeting) (Section 58(1)(b)).
2. A proxy appointment must be in writing, dated and signed by the shareholder, and remains valid for one year after the date on which it was signed or any longer or shorter period expressly set out in the appointment, unless it is revoked in terms of paragraph 6.3 or expires earlier in terms of paragraph 10.4 below (Section 58(2)).
3. A shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder (Section 58(3)(a)).
4. A proxy may delegate his or her authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy ("proxy instrument") (Section 58(3)(b)).
5. A copy of the proxy instrument must be delivered to the Company, or to any other person acting on behalf of the Company, before the proxy exercises any rights of the shareholder at a shareholders' meeting (Section 58(3)(c)) and in terms of the memorandum of incorporation ("MOI") of the Company at least 48 hours before the meeting commences.
6. Irrespective of the form of instrument used to appoint a proxy:

6.1 the appointment 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 (Section 58)4)(a));

6.2 the appointment is revocable unless the proxy appointment expressly states otherwise (Section 58(4)(b)); and

6.3 if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing or by making a later, inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company (Section 58(4)(c)).

7. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 6.3 above (Section 58(5)).
8. If the proxy instrument has been delivered to a Company, as long as that appointment remains in effect, any notice required by the Companies Act or the Company's MOI to be delivered by the Company to the shareholder must be delivered by the Company to the shareholder (Section 58(6)(a)), or the proxy or proxies, if the shareholder has directed the Company to do so in writing and paid any reasonable fee charged by the Company for doing so (Section 58(6)(b)).
9. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the MOI or proxy instrument provides otherwise (Section 58(7)).
10. If a Company issues an invitation to shareholders to appoint one or more persons named by the Company as a proxy, or supplies a form of proxy instrument:

10.1 the invitation must be sent to every shareholder entitled to notice of the meeting at which the proxy is intended to be exercised (Section 58(8)(a));

10.2 the invitation or form of proxy instrument supplied by the Company must:

10.2.1 bear a reasonably prominent summary of the rights established in Section 58 of the Companies Act (Section 58(8)(b)(i));

10.2.2 contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name, and if desired, an alternative name of a proxy chosen by the shareholder (Section 58(8)(b)(ii)); and

10.2.3 provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the meeting, or is to abstain from voting (Section 58(8)(b)(iii));

10.3 the Company must not require that the proxy appointment be made irrevocable (Section 58(8)(c)); and

10.4 the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to paragraph 7 above (Section 58(8)(d)).