

## **MISSION STATEMENT**

In Bowler Metcalf's published mission statement, we affirm our commitment to:

- ◆ Seamlessly integrate into the supply chain of our customers, providing the quality of goods and technical innovations which will help them to prosper with ourselves.
  
- ◆ Provide our employees with an environment wherein they can receive suitable training for equal opportunity advancement.
  
- ◆ Reduce any negative environmental impact caused by our manufacturing process.
  
- ◆ Conduct our business at the highest level of moral ethics.
  
- ◆ Reward our shareholders with consistent, superior growth in the earnings per share.

## **Directors**

Executive :

Horst Werner Sass (69) !  
*Executive Chairman*  
Appointed June 1986

Michael Alan Olds (53) BSc (British)  
*Sales Director*  
Appointed January 1985

Michael Brain (58) BSc (Eng) \*  
*Managing Director*  
Appointed January 1985

Paul Friedel Sass (42) BSc (Eng)  
*Technical Director*  
Appointed June 1998

Brian James Frost (61) Bcom !\*  
*Non Executive Director*  
Appointed June 1998

Mohamed Sharief Parker (47)#  
*Executive Director*  
Appointed May 2002

L V Rowles (55) B.Com (Hon) CA(SA) \*  
*Financial Director*  
Appointed May 2003

## **Administration**

### **Secretary**

Louis Vern Rowles

### **Registration Number**

1972/005921/06

### **Registered Office**

Harris Drive, Ottery  
Cape Town, 7800  
PO Box 92, Ottery 7808

### **Transfer Secretaries**

Computershare Investor  
Services 2004 (Pty) Ltd  
70 Marshall Street  
Johannesburg, 2000  
PO Box 61051, Marshalltown, 2107

### **Auditors**

Moores Rowland  
27th Floor, 1 Thibault Square  
Cape Town, 8001

### **Bankers**

First National Bank of Southern  
Africa Ltd

### **Sponsors**

LPC Manhattan (Pty) Ltd  
Real Africa House, 3 West Street  
Houghton, 2198

### **Country of Incorporation**

Republic of South Africa

! *Remuneration Committee*

# *Director of subsidiary company*

\* *Audit Committee*

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## ***Members Diary***

Financial Year End	30 June
Annual General Meeting	27 October

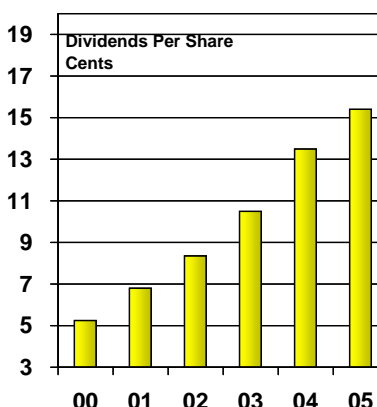
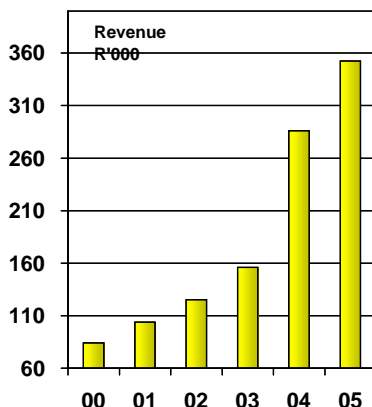
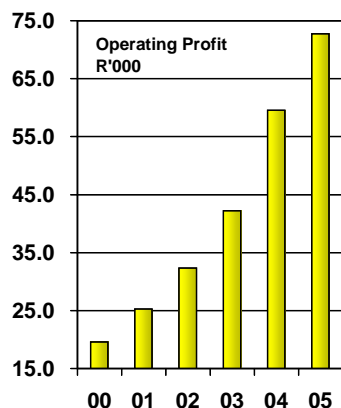
<b>Reports</b>	<b>Date Published</b>
Interim for half year	February
Preliminary profit announcement	September
Annual Report	September

<b>Dividends</b>	<b>Date of Declaration</b>	<b>Date of payment</b>
Interim	February	March
Final	September	October

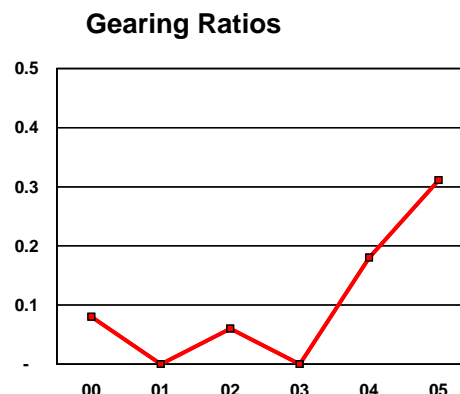
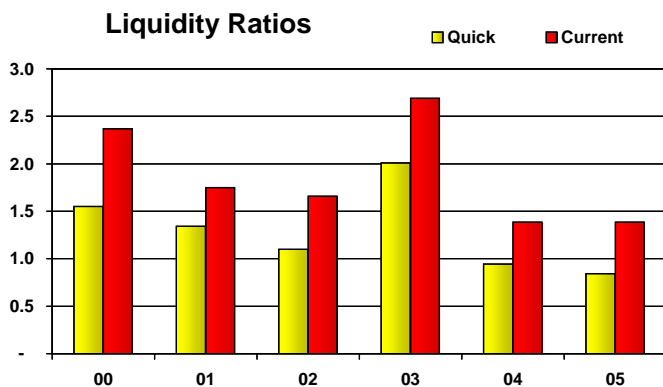
# FINANCIAL HIGHLIGHTS

Years ending 30 June

TRADING	2005	2004	2003	2002	2001	2000	1999
Revenue (R'000)	352,482	286,029	155,911	125,247	103,969	84,172	66,319
Net profit (R'000)	43,725	38,201	30,812	24,201	17,966	14,040	11,171
Growth - net profit (%)	14.5	24.4	27.3	34.7	28.0	25.7	12.0
Operating profit (R'000)	72,730	59,533	42,239	32,356	25,269	19,579	17,830
Return on capital employed (%)	22.8	24.2	26.4	26.4	24.1	22.4	19.1
Return on shareholders equity (%)	25.9	27.8	28.3	27.9	25.9	25.8	23.6
Compound 5yr growth-net profit (%)	25.5	28.0	25.3	26.2	19.5	25.9	21.7
Compound 10yr growth-net profit (%)	25.7	24.8	25.0	28.0	30.9	30.4	33.4



BALANCE SHEET	2005	2004	2003	2002	2001	2000	1999
Shareholders equity (R'000)	168,867	137,658	109,030	86,730	69,262	54,497	47,316
Capital employed (R'000)	192,123	158,583	116,536	91,626	74,530	62,612	58,451
Total assets (R'000)	283,770	225,206	136,510	115,609	94,705	73,416	68,120
Current ratio	1.4	1.4	2.7	1.7	1.8	2.4	2.4
Quick ratio	0.8	0.9	2.0	1.1	1.3	1.6	1.4
Gearing ratio	0.3	0.2	-	0.1	-	0.1	0.2



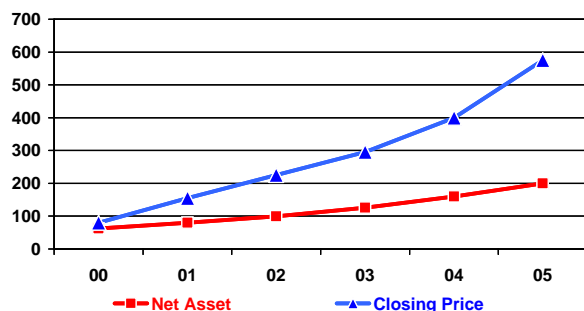
# FINANCIAL HIGHLIGHTS - continued

Years ending 30 June

SHARE FACTS	2005	2004	2003	2002	2001	2000	1999
Headline earnings per share (cents)	50.6	44.2	35.5	27.9	20.7	16.2	12.9
Net asset value per share (cents)	200.0	160.0	125.5	99.8	79.7	62.7	54.5
Dividend per share	15.4	13.5	10.5	8.4	6.8	5.3	4.1
Dividend cover (times)	3.3	3.3	3.4	3.3	3.0	3.1	3.1
Compound growth (5yr) - eps (%)	25.7	28.0	25.0	26.2	18.9	25.2	18.3
Compound growth (10yr) - eps (%)	22.2	23.0	23.2	26.1	28.9	28.5	31.5
Share price (cents)	575	400	295	225	155	80	90
Price earnings ratio	11.4	9.1	8.3	8.1	7.5	5.0	7.0
Shares traded (000's)	6,032	5,202	5,747	9,562	15,254	13,362	5,152
Weighted number of shares in issue ('000)	86,794	86,763	86,861	86,861	86,861	86,861	86,861

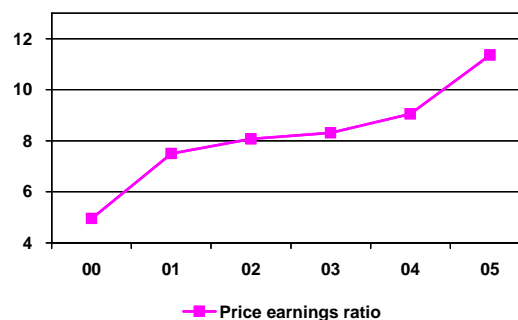
## Value

The difference between the net asset value per share and the closing JSE price per share



## Price Earnings Ratio

Share price divided by earnings per share



## TERM

## DEFINITIONS

Capital Employed	Capital, reserves and non-current liabilities
Shareholders Equity	Capital and reserves
Operating Profit	Profit before tax and interest
Current Ratio	Current assets to current liabilities
Quick Ratio	Current assets, excluding inventories, to current liabilities
Dividends per Share	Interim paid and final proposed for the year
Gearing Ratio	Interest bearing debt to shareholders equity
Price Earnings Ratio	Share price divided by earnings per share
Value	The difference between the net assets value per share and the share price
Net Asset Value	Total assets less current and non-current liabilities

# SHAREHOLDER PROFILE

Size of Holding	30 Jun 2005			30 Jun 2004		
	No of Holders	% of Holders	% of Capital	No of Holders	% of Holders	% of Capital
<b>Shareholdings</b>						
1 - 5 000	601	41.5	1.2	513	40.1	1.0
5 001 - 10 000	263	18.2	2.0	214	16.7	1.6
10 001 - 50 000	403	27.8	9.8	379	29.6	9.6
50 001 - 100 000	94	6.5	6.8	87	6.8	6.3
100 001 and above	87	6.1	80.3	86	6.8	81.5
<b>Total</b>	<b>1,448</b>	<b>100.0</b>	<b>100.0</b>	<b>1,279</b>	<b>100.0</b>	<b>100.0</b>

<b>Spread</b>						
Public - South African	1,430	98.8	55.3	1,260	98.5	54.9
Public - Non Residents	11	0.8	0.8	12	0.9	1.2
Directors	7	0.4	43.9	7	0.6	43.9
<b>Total</b>	<b>1,448</b>	<b>100.0</b>	<b>100.0</b>	<b>1,279</b>	<b>100.0</b>	<b>100.0</b>

<b>Status</b>						
Dematerialised	1,253	86.5	96.5	1,077	84.2	96.5
Certificated	195	13.5	3.5	202	15.8	3.5
<b>Total</b>	<b>1,448</b>	<b>100.0</b>	<b>100.0</b>	<b>1,279</b>	<b>100.0</b>	<b>100.0</b>

<b>Other Large Investors</b>						
Board of Executors			1.72			1.70
FNT Allan Gray			5.39			5.40
Escom Pension Fund			3.98			4.00
Nedbank Funds			3.59			2.70
Past directors			4.02			4.79

There are no nominees with beneficial holdings of greater than 5% of the number of issued

# **CHAIRMAN'S REPORT**

## **Overview**

Bowler Metcalf's dual strategy of vertical integration and organic growth was again vindicated by the 2005 performances. In a hostile packaging environment, the group prospered and continued to develop a base for further growth. The modest 3.8% rise in Producer Price Index meant that end users were unreceptive to accepting price increases, which resulted in a squeeze on industry margins. Further sacrifices had to be made on export margins in order to remain internationally competitive in what, for the group, is currently still a fledgling market. Although the rand strength partially negated the large oil price increases, the effect of import parity pricing ensured that South African packaging companies continued to suffer under polymer prices some 15%-20% higher than our international counterparts.

The provisions of Section 45 of the Income Tax Act were used to move all operating assets of the plastic packaging division into a group company, Bowler Plastics (Pty) Ltd. Effective from the new year, the three operating companies are now Bowler Plastics, Quality Beverages and Amcos Cosmetics International, while the 45000m<sup>2</sup> of group factories are housed in separate property companies. Listing requirements demand that we publish the comparative figures from our previous eighteen month trading period against the current twelve month period. This is patently meaningless to most shareholders and to rectify this, we have restated the previous twelve month comparative figures in the "highlight" section. These figures do not form part of the audited financial statements and are the responsibility of the directors.

The group is mindful of the requirements of BEE and embraces the concept. We are working towards perfecting our BEE scorecard and to this end, it is the groups intention to increase the shareholding of PDI's, as part of the overall BEE strategy. As ownership only comprises 20% of the scorecard, other areas will not be neglected.

## **Operations**

A capital spend of R30m, together with the significant dedication of effort and resources were applied to Quality Beverages and Amcos Cosmetics in order to improve the overall customer service offering. As a result of strategic automation, Quality Beverages was able to increase plant operation efficiencies by 18%. A further automatic, fully integrated carbonated soft drink bottling line is scheduled for installation at Quality Beverages for the summer of 2005/6. The new Amcos factory in Midrand became operational at the end of June, a little behind schedule due to delays in some of the equipment which had been sourced in Europe. Consistent with a start-up operation, certain of the teething problems were only resolved in July and the factory is now operating at a 125% higher output than the

Bowler Plastics benefited from new technology in both the tube division and the PET plant to a cost of R21m. The former was to meet domestic and export market demands and the latter to satisfy volume requirements of Quality Beverages and new customers

## **Performance**

Viewed against the previous twelve months, our 23% increase in revenue and 14% rise in earnings per share accurately reflect the strategic plans of the group. Bowler Plastics increased revenue by 21% and continued to perform positively, despite the combined effects of high raw material prices, increased transport cost and margin pressure. It is likely that the industry will go to the market for the long overdue price increases based on the current oil price. Quality Beverages delivered robust results, exceeding the growth experienced by the beverage industry nationwide. As predicted in the interim report, Amcos Cosmetics turned their half year loss into a break even situation.

# ***CHAIRMAN'S REPORT - continued***

## **Performance (continued)**

Group capital expenditure of R51m had the combined negative effects of increasing depreciation charges by 30% and increasing finance cost by 20% while the taxation charge increased by 17%. Cash of R23m was generated from operating activities and despite an increase in borrowings of R13m, the gearing ratio is at a comfortable 0,3. Operating margins were unchanged at 20,6% while return on equity and five year compounded growth rates were 25.9% and 25.6% respectively. Despite the low interest rate environment, the directors have elected to maintain the dividend cover at 3.3 times, giving a dividend for the full year of 15.4 cents.

## **Prospects**

All divisions of the group are well positioned for the opportunities that the forthcoming year will present. Bowler Plastics will be expanding their PET facilities in Johannesburg as well as strengthening their unique service levels to traditional customers. Amcos Cosmetics will further develop their workforce expertise to match the factory potential, and thereby increase their service offerings to all brand holders while paying specific attention to the international market. Quality Beverages will be increasing their footprint in the Gauteng area while simultaneously initiating a pilot foray into the Eastern Cape beverage market.

## **Corporate Governance**

### ***Board of Directors:***

Full details of the directorate, inclusive of remuneration and shareholdings are as set out. The executive directors meet on a weekly basis to effect management and the full board meets five times per annum. The directors retire in rotation, have no long-term contracts, are not automatically reappointed and do not participate in any share incentive scheme. A remuneration committee approves remuneration of all directors and senior management. All directors have access to the services of the company secretary and, at the company's expense, legal and financial advisors.

### ***Internal controls and audit:***

The directors are responsible for and ensure that the group maintains adequate accounting records and internal controls to reasonably assure the integrity of the financial information including the accountability of assets. The Board is responsible for the total process of risk management. All of the above processes are continuously monitored and directors and employees are required to maintain the highest ethical standards, ensuring that the businesses practices are conducted in a manner which, in all reasonable circumstances, is beyond reproach. Nothing has come to the attention of the directors or the company's advisors, or audit committee, to indicate any material breakdown in the above controls during the period under review.

### ***Social responsibility***

Health and safety conditions comply with industry standards and the minimization of industrial pollution is entrenched in the manufacturing process. Since 1987, the group has had a successful policy of work enrichment through share participation. It is the intention to accelerate this process in the future. The group is committed to a work environment free of discrimination of any kind and to maintain a high level of worker education and training, thus facilitating the consequent affirmative action. The group has maintained its progress in meeting its employment equity goals and the latest workforce profile as submitted to the Department of Labour, is summarized hereunder. Any further details required are available at the registered office of the company.

### ***Employment Equity***

The group has made substantial progress towards meeting its employment equity goals before target date. The workforce profile at September 2003, timeously submitted to the Department of Labour, is summarised hereunder.

# CHAIRMAN'S REPORT - continued

## Employment Equity - continued

### Workforce profile at September 2004

#### Employment

##### Latest reports

Management  
Skilled & other  
Total by number  
Percent of total

	Male			Female		
	African	Coloured & Asian	White	African	Coloured & Asian	White
Management	4	61	33	3	41	20
Skilled & other	164	166	17	9	85	-
Total by number	168	227	50	12	126	20
Percent of total	28%	38%	8%	2%	21%	3%

##### Equity Plan

Management  
Skilled & other  
Total by number  
Percent of total

The ongoing skills development in the group is reflected in this summary of the September 2004 reports.

#### Skills development

##### Latest reports

Management  
Skilled & other  
Total by number  
Percent of total

	Male			Female		
	African	Coloured & Asian	White	African	Coloured & Asian	White
Management	3	41	29	1	6	11
Skilled & other	37	97	3	2	38	-
Total by number	40	138	32	3	44	11
Percent of total	24%	61%	64%	25%	35%	55%

#### King Code :

All the key principles underlying the requirements of the King II Code of Practices and Conduct, have been reviewed throughout the reporting period, and where practical, implemented.

#### Appreciation

My heartfelt thanks go to all those who have contributed to making Bowler Metcalf the vibrant group it has been during the 2005 year. To our customers, who have entrusted us with their supply, to our suppliers who have responded to our demands and finally to all of the staff who view this company not simply as a place of work but as a daily stimulation, may 2006 be stronger yet for all of us.



H.W. SASS  
Executive Chairman



# ***INDEPENDENT AUDITORS' REPORT***

To the members of Bowler Metcalf Limited

We have audited the Annual Financial Statements and Group Annual Financial Statements set out on pages 9 to 25 for the year ended 30 June 2005. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

## **Scope**

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

## **Audit opinion**

In our opinion these financial statements fairly present, in all material respects, the financial position of the company and the group at 30 June 2005 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act in South Africa.



**MOORES ROWLAND**  
*Registered Auditors and Accountants*  
*Chartered Accountants (SA)*

Cape Town  
9 September 2005

# ***DIRECTORS STATEMENT***

The Annual Financial Statements set out on pages 9 to 25 were approved by the Board of Directors on 9 September 2005 and are signed on their behalf by:



**H W SASS**  
*Chairman*

Ottery  
9 September 2005



**M BRAIN**  
*Managing Director*

# DIRECTORS REPORT

## The Members

### Bowler Metcalf Limited

Your directors have the pleasure in submitting their annual report which forms part of the group annual financial statements for the year ended 30 June 2005.

### Change of Year End

The company and group changed their year end to 30 June, effective 30 June 2004. The corresponding reporting period is for the 18 months ended 30 June 2004.

### General Review of Business Operations and results

Your company carries on the business of manufacturing plastics and plastic mouldings. There were no major changes in the nature of the business of the company and of its subsidiaries during the year. The results of the business and operations of the company and of its subsidiaries during the year and its state of affairs and financial position are set out in the attached group financial statements and do not, in our opinion, require any further comment or elucidation.

Subsequent to the year end the shareholders, in a general meeting, approved of the sale and amalgamation of the company's plastic operations into Bowler Plastics (Pty) Ltd, effective 1 July 2005.

There are no other material facts or circumstances which have occurred in the company or its subsidiaries between balance sheet date and the date of this report.

### Share Capital

There has been no change to the authorised share capital during the period.

### Dividends

Interim dividends of 7.8 cents per share (2004: 4.3 & 6.9) were paid to shareholders on 11 April 2005 and a final dividend of 7.6 cents per share (2004: 6.6) has been proposed (refer to the Declaration of Dividend Notice on page 26).

### Property, Plant and Equipment

There has been no change in the nature of the property, plant and equipment of the group and the policy relating to the use thereof remains the same.

### Subsidiary Companies

Incorporated in South Africa	Number of shares held		Shares at Carrying Value		Interest Rate p.a. %	Unsecured Group Loans	
	%	No	30 Jun 2005 R	30 Jun 2004 R		30 Jun 2005 R	30 Jun 2004 R
<b>Subsidiaries - directly held</b>							
Bowler Plastics (Pty) Ltd	100	100	100	100	nil	(8,479,691)	(6,235,421)
SKS Plastic Engineering (Pty) Ltd	100	100	400,000	400,000	nil	(5,525,628)	(4,976,370)
Loans from subsidiaries						(14,005,319)	(11,211,791)
Plus Plastik (Pty) Ltd	100	300	300	300	nil	19,233,634	444,073
Hazra Properties (Two) (Pty) Ltd	100	300	300	300	nil	5,720,574	8,739,834
Bowler Properties Two (Pty) Ltd	100	100	100	100	nil	8,836,148	9,598,178
Amcos Cosmetics International (Pty) Ltd	80	80	80	80	10.5	15,377,178	4,811,920
Quality Beverages 2000 (Pty) Ltd	51	71	8,961,849	8,961,849	10.5	11,414,329	8,659,280
Loans to subsidiaries						60,581,863	32,253,285
<b>Subsidiaries - indirectly held</b>							
Postal Presents (Pty) Ltd	50.7		-	-			
Shares at carrying value			9,362,729	9,362,729			
<b>Share Trust</b>							
The Bowler Metcalf Share Trust						40	40

Aggregate profit after tax attributable to Bowler Metcalf Limited's interest in all its subsidiaries is R22,826,954 (2004: R17,868,907).

### Borrowing limitations

The borrowing powers of the group are not limited by its articles of association.

## ***DIRECTORS REPORT (continued)***

### **Preparation of Annual Financial Statements**

The Directors are required by the Companies Act to prepare annual financial statements, which fairly present the affairs of the group as at the end of the financial year, and of income or loss for that year, in conformity with South African Statements of Generally Accepted Accounting Practice and the Companies Act in South Africa.

Following discussions with the external auditors, the Directors consider that in preparing the financial statements, the group has consistently used appropriate accounting policies supported by reasonable and prudent judgements and estimates. All applicable accounting standards have been followed.

### **Directors' Responsibility in Relation to Financial statements**

Your Directors acknowledge their responsibility for the fair presentation of the financial statements in conformity with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act, 1973 of South Africa.

The directors are responsible for the maintenance of adequate accounting records and systems of internal control. The auditors have the responsibility to report on the fair presentation of the financial statements. Nothing has come to the attention of the directors to indicate any material breakdown in the functioning of these controls and systems during the year under review.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

### **Directors and Secretary**

Details of the present board of directors and the secretary appear on the inside front cover of this report. There were no changes during the year.

### **Directors' Interest in Shares**

The directors' beneficial and non-beneficial interests in the company's issued share capital at 30 Jun 2005 were as follows:

<b>Director's holdings ('000)</b>	<b>30 Jun 2005</b>				<b>30 Jun 2004</b>	
	Direct	Indirect	Total	%	Total	%
HW Sass (Executive Chairman)	2,737	16,262	18,999	21.9	18,999	21.9
M Brain (Managing)	546	14,752	15,298	17.6	15,298	17.6
MA Olds (Sales)	-	2,560	2,560	2.9	2,560	2.9
PF Sass (Technical)	377	727	1,104	1.3	1,104	1.3
LV Rowles (Financial)	-	28	28	-	28	-
MS Parker (Executive)	-	67	67	0.1	67	0.1
BJ Frost (Non-Executive)	-	100	100	0.1	100	0.1
	<hr/>	<hr/>	<hr/>		<hr/>	
	3,660	34,496	38,156	43.9	38,156	43.9
			<hr/>		<hr/>	
<b>Shares in issue ('000)</b>			86,928		86,928	

There have been no material changes in these holdings up to the date of this report.

## ***Secretarial Certification***

In accordance with section 268G(d) of the Companies Act, it is hereby certified that the company has lodged with the Registrar of Companies all such returns that are required of a public company in terms of the Act and that such returns are true, correct and up to date.

L.V. Rowles  
Company Secretary  
9 September 2005

# BALANCE SHEETS

At 30 June 2005

	Notes	GROUP		COMPANY	
		30 Jun 2005 R'000	30 Jun 2004 R'000	30 Jun 2005 R'000	30 Jun 2004 R'000
<b>Assets</b>					
<b>Non-current assets</b>					
		<b>169,197</b>	139,263	<b>65,657</b>	60,093
Property, plant and equipment	2	<b>164,357</b>	133,815	<b>56,254</b>	50,690
Intangible assets	3	<b>4,840</b>	5,448	-	-
Investments	4	-	-	<b>40</b>	40
Investment in subsidiaries		-	-	<b>9,363</b>	9,363
<b>Current assets</b>					
		<b>114,573</b>	85,944	<b>101,402</b>	66,716
Inventories	5	<b>44,790</b>	27,440	<b>18,452</b>	11,784
Trade and other receivables	6	<b>67,649</b>	57,396	<b>22,231</b>	22,600
Cash and cash equivalents		<b>2,134</b>	1,108	<b>137</b>	79
Loans to group companies	7	-	-	<b>60,582</b>	32,253
<b>Total assets</b>		<b>283,770</b>	225,207	<b>167,059</b>	126,809
<b>Equity and Liabilities</b>					
<b>Capital and reserves</b>					
		<b>168,867</b>	137,658	<b>106,486</b>	93,272
Stated capital	8	<b>11,025</b>	11,025	<b>11,065</b>	11,065
Accumulated profits		<b>157,842</b>	126,633	<b>95,421</b>	82,207
<b>Minority Interest</b>					
	9	<b>8,849</b>	4,625	-	-
<b>Non-current liabilities</b>					
		<b>23,256</b>	20,925	<b>8,006</b>	5,734
Borrowings - interest bearing	10	<b>8,760</b>	10,626	-	-
Borrowings - other	11	<b>1,537</b>	1,705	-	-
Deferred taxation	12	<b>12,959</b>	8,594	<b>8,006</b>	5,734
<b>Current liabilities</b>					
		<b>82,798</b>	61,999	<b>52,567</b>	27,803
Trade and other payables	13	<b>27,711</b>	30,345	<b>9,220</b>	7,410
Provisions	14	<b>1,853</b>	1,732	<b>1,090</b>	1,126
Bank overdrafts		<b>40,697</b>	1,507	<b>26,976</b>	934
Short-term borrowings		<b>3,108</b>	12,436	-	-
Loans from group companies	7	-	-	<b>14,005</b>	11,212
Taxation		<b>9,429</b>	15,979	<b>1,276</b>	7,121
<b>Total equity and liabilities</b>		<b>283,770</b>	225,207	<b>167,059</b>	126,809

# INCOME STATEMENTS

For the period ended 30 June 2005

	Notes	GROUP		COMPANY	
		12 Months 30 Jun 2005 R'000	18 months 30 Jun 2004 R'000	12 Months 30 Jun 2005 R'000	18 months 30 Jun 2004 R'000
<b>Revenue</b>	<b>1</b>	<b>352,482</b>	366,662	<b>141,418</b>	187,936
Other operating income		<b>6,869</b>	5,146	<b>1,783</b>	1,536
Raw materials and other operating costs		<b>(198,592)</b>	(194,603)	<b>(45,042)</b>	(67,791)
Staffing costs		<b>(55,879)</b>	(62,013)	<b>(37,757)</b>	(44,888)
Rental and property finance		<b>(1,093)</b>	(1,881)	<b>(5,076)</b>	(6,977)
Depreciation	<b>18</b>	<b>(19,683)</b>	(21,963)	<b>(9,757)</b>	(11,156)
Maintenance		<b>(6,828)</b>	(8,272)	<b>(3,733)</b>	(5,483)
Transport		<b>(4,546)</b>	(5,375)	<b>(4,371)</b>	(5,155)
Profit from operations		<b>72,730</b>	77,701	<b>37,465</b>	48,022
Net finance income/(costs)		<b>(3,149)</b>	(1,114)	<b>710</b>	2,012
- received		<b>375</b>	1,505	<b>1,643</b>	2,016
- paid		<b>(3,524)</b>	(2,619)	<b>(933)</b>	(4)
<b>Profit before tax</b>	<b>15</b>	<b>69,581</b>	76,587	<b>38,175</b>	50,034
Income tax expense	<b>16</b>	<b>(21,632)</b>	(24,795)	<b>(12,444)</b>	(16,875)
<b>Profit after tax</b>		<b>47,949</b>	51,792	<b>25,731</b>	33,159
<b>Income/(loss) from associate</b>		-	(267)	-	(267)
<b>Minority interest</b>	<b>9</b>	<b>(4,224)</b>	(765)	-	-
<b>Net profit</b>		<b>43,725</b>	50,760	<b>25,731</b>	32,892
<b>Weighted number of shares in issue</b>		<b>86,793,564</b>	86,762,973		
<b>Earnings per share (cents)</b>					
The calculation of earnings per share is based on net profit for the year and the weighted number of shares in issue during the period.		<b>50.38</b>	58.50		
- goodwill amortised		<b>0.70</b>	2.60		
- profit on sale of assets		<b>(0.46)</b>	(1.87)		
<b>Headline earnings per share (cents)</b>		<b>50.62</b>	59.23		
<b>Dividends paid per share (cents)</b>		<b>14.40</b>	17.40		
<b>Dividends proposed per share (cents)</b>		<b>15.40</b>	17.80		

# **STATEMENT OF CHANGES IN EQUITY**

**For the period ended 30 June 2005**

	GROUP			COMPANY		
	Stated Capital R'000	Accum Profits R'000	Total Equity R'000	Stated Capital R'000	Accum Profits R'000	Total Equity R'000
Balance at 1 January 2003	10,865	90,991	101,856	10,865	64,433	75,298
Share issue	200		200	200		200
Share Trust	(40)		(40)			
Net profit for the 18 months to 30 June 2004		50,760	50,760		32,892	32,892
Dividends paid		(15,118)	(15,118)		(15,118)	(15,118)
<b>Balance at 30 June 2004</b>	<b>11,025</b>	<b>126,633</b>	<b>137,658</b>	<b>11,065</b>	<b>82,207</b>	<b>93,272</b>
Net profit for the 12 months to 30 June 2005		43,725	43,725		25,731	25,731
Dividends paid		(12,516)	(12,516)		(12,517)	(12,517)
<b>Balance at 30 June 2005</b>	<b>11,025</b>	<b>157,842</b>	<b>168,867</b>	<b>11,065</b>	<b>95,421</b>	<b>106,486</b>

# CASH FLOW STATEMENTS

For the period ended 30 June 2005

Notes	GROUP		COMPANY	
	12 Months 30 Jun 2005 R'000	18 months 30 Jun 2004 R'000	12 Months 30 Jun 2005 R'000	18 months 30 Jun 2004 R'000
<b>Operating activities</b>	<b>23,018</b>	52,566	<b>(10,698)</b>	28,534
Cash receipts from customers	<b>356,095</b>	342,820	<b>142,813</b>	179,838
Cash paid to suppliers and employees	<b>(293,615)</b>	(263,805)	<b>(125,707)</b>	(129,257)
Cash generated by operations	<b>62,480</b>	79,015	<b>17,106</b>	50,581
Dividends received	<b>20</b>	25	<b>20</b>	25
Interest received	<b>375</b>	1,505	<b>1,643</b>	2,016
Interest paid	<b>(3,524)</b>	(2,619)	<b>(933)</b>	(4)
Taxation paid	<b>(23,817)</b>	(10,242)	<b>(16,017)</b>	(8,966)
Dividends paid	<b>35,534</b>	67,684	<b>1,819</b>	43,652
	<b>(12,516)</b>	(15,118)	<b>(12,517)</b>	(15,118)
<b>Investing activities</b>	<b>(49,822)</b>	(70,189)	<b>(15,286)</b>	(32,306)
Property, plant and equipment - proceeds on disposal	<b>1,076</b>	313	<b>51</b>	163
- additions	<b>(50,898)</b>	(64,412)	<b>(15,337)</b>	(26,379)
Acquisition of subsidiaries	-	(6,090)	-	(6,090)
<b>Financing activities</b>				
Borrowings	<b>(11,360)</b>	13,996	-	-
<b>Net increase/(decrease) for the period</b>	<b>(38,164)</b>	(3,627)	<b>(25,984)</b>	(3,772)
Balance at beginning of period	<b>(399)</b>	3,228	<b>(855)</b>	2,917
<b>Cash and cash equivalents at end of the period</b>	<b>(38,563)</b>	(399)	<b>(26,839)</b>	(855)
<b>Cash and cash equivalents comprise:</b>				
<b>Bank accounts and cash on hand</b>	<b>2,134</b>	1,108	<b>137</b>	79
<b>Bank overdrafts</b>	<b>(40,697)</b>	(1,507)	<b>(26,976)</b>	(934)
<b>Cash and cash equivalents at end of the period</b>	<b>(38,563)</b>	(399)	<b>(26,839)</b>	(855)

# NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2005

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## 1 Accounting policies

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice, on the historical cost basis and incorporate the following principal accounting policies, applied on a basis consistent with that of the previous reporting period.

### *Property, plant and equipment*

1. Property, plant and equipment is brought into account at historical cost, including directly attributable expenditure, and subsequently reflected at cost less accumulated depreciation. Repairs and maintenance is charged against the income statement as they are incurred.

2. Depreciation is calculated on the straight line basis at rates which will reduce the cost of the assets to estimated residual values over their expected useful lives at the following rates:

Plant and machinery	10% - 15%
Motor vehicles	20%
Office equipment, furniture and fittings	10%
Moulds	10% - 20%
Computers	33.3%
Industrial buildings	5%
Land	0%

Impairment losses and any subsequent reversals are recognised in the income statement.

### *Deferred expenditure*

Finance charges incurred on the acquisition of property plant and equipment are not included in the cost of such assets. Finance charges are written off in the income statement as they become due.

### *Inventories*

Inventories are valued at the lower of cost and net realisable value. Cost is determined either on the first-in-first-out or weighted average basis. All damaged or substandard materials and obsolete, redundant or slow moving inventories are written down to their estimated net realisable values.

The cost of raw materials, consumable stores and spares is the delivered landed cost, while the cost of work in progress and finished goods includes both direct costs and production overheads.

### *Investments*

Investments are stated at cost and are written down where the directors are of the opinion there is a permanent diminution in value.

### *Deferred taxation*

Deferred taxation is provided on the balance sheet method, recognising all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which they can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or where in their initial recognition, neither the accounting or tax profit is affected at the time of the transaction. Deferred tax is calculated at the tax rate expected to apply when the asset is realised or the liability settled.

Deferred tax arising on estimated losses is raised where future profitability is foreseen.

### *Foreign currencies*

Transactions in foreign currencies are initially recorded at the rates of exchange ruling at transaction date. Foreign currency monetary items are translated at the rates of exchange ruling at balance sheet date. Exchange differences arising on the settlement of monetary items at rates different from those initially recorded are dealt with in the income statement in the period in which they arise.

### *Revenue*

Revenue represents the net value of merchandise sold, after returns, trade discounts and value added tax receivable by the company and from sales to third parties.



# **NOTES TO THE FINANCIAL STATEMENTS - continued**

**At 30 June 2005**

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## **1 Accounting policies - continued**

### *Retirement Benefits*

The group operates a provident and pension fund to which substantially all salaried staff belong. The fund is a defined contribution plan and does not require to be actuarially valued. Current contributions to the pension and provident funds are charged against income as they are incurred.

### *Associates*

Associates are those entities in which the group has a long term interest and over which it exercises significant influence, but not control. The group's share of post-acquisition results of associates is included in the company's and the consolidated financial statements, using the equity method, from the effective date of acquisition to termination of effective control. The income statement reflects the group's share of the net results of the operations of the investee.

### *Basis of consolidation*

The consolidated financial statements include the financial statements of the company and its subsidiaries. Subsidiaries are all those entities where the group has control over the operating and financial policies of such entities. The financial results of the subsidiaries are included from the effective dates of acquisition up to the effective dates of disposal. All inter - group balances and transactions have been eliminated on consolidation.

The difference between the fair value of the consideration paid and the fair value of the net identifiable assets of subsidiaries at the date of acquisition is charged to goodwill arising on consolidation. Goodwill is amortised over a period of 10 years. In the event of a permanent impairment in the value of a subsidiary, the remaining unamortised balance is written down through a charge to the income statement.

### *Financial instruments*

Financial Assets and liabilities are recognised on the group's balance sheet as and when arising.

1. Trade receivables are stated at their nominal value, reduced by appropriate allowances for estimated irrecoverable amounts.
2. Trade payables are stated at their nominal value.
3. Interest-bearing bank loans and overdrafts are recorded at the proceeds received and finance charges thereon accounted for on an accrual basis.
4. Equity instruments are recorded at the proceeds received, net of direct issue costs.

### *Provisions*

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events and a reliable estimate of the amount of the obligation can be made.

### *Segment report*

The primary format of the segment report is on the basis of the business segments of the group. No secondary format has yet been identified. All the entities within the group are registered in and operating from South Africa.

# NOTES TO THE FINANCIAL STATEMENTS - continued

At 30 June 2005

	GROUP			COMPANY		
	Cost R'000	Accumulated Depreciation R'000	Balance R'000	Cost R'000	Accumulated Depreciation R'000	Balance R'000
<b>2 Property, plant and equipment</b>						
<b>30 Jun 2005</b>						
Land and buildings	70,156	11,065	59,091	-	-	-
Plant, equipment and other	196,466	91,200	105,266	117,277	61,023	56,254
	<b>266,622</b>	<b>102,265</b>	<b>164,357</b>	<b>117,277</b>	<b>61,023</b>	<b>56,254</b>
<b>30 Jun 2004</b>						
Land and buildings	51,315	9,069	42,246	-	-	-
Plant, equipment and other	165,089	73,520	91,569	102,050	51,360	50,690
	<b>216,404</b>	<b>82,589</b>	<b>133,815</b>	<b>102,050</b>	<b>51,360</b>	<b>50,690</b>
<b>Reconciliation of net book value</b>						
	Land & Buildings R'000	Plant, equip & other R'000	Total R'000	Land & Buildings R'000	Plant, equip & other R'000	Total R'000
<b>30 Jun 2005</b>						
Net balance at beginning of year	42,246	91,569	133,815	-	50,690	50,690
Additions	18,841	32,057	50,898	-	15,337	15,337
	<b>61,087</b>	<b>123,626</b>	<b>184,713</b>	<b>-</b>	<b>66,027</b>	<b>66,027</b>
Depreciation	(1,996)	(17,687)	(19,683)	-	(9,757)	(9,757)
Disposals	-	(673)	(673)	-	(16)	(16)
Net balance at end of year	<b>59,091</b>	<b>105,266</b>	<b>164,357</b>	<b>-</b>	<b>56,254</b>	<b>56,254</b>
<b>30 Jun 2004</b>						
Net balance at beginning of period	25,779	50,056	75,835	-	35,494	35,494
Additions	18,826	61,267	80,093	-	26,379	26,379
	<b>44,605</b>	<b>111,323</b>	<b>155,928</b>	<b>-</b>	<b>61,873</b>	<b>61,873</b>
Depreciation	(2,359)	(19,604)	(21,963)	-	(11,156)	(11,156)
Disposals	-	(150)	(150)	-	(27)	(27)
Net balance at end of period	<b>42,246</b>	<b>91,569</b>	<b>133,815</b>	<b>-</b>	<b>50,690</b>	<b>50,690</b>

Certain plant and equipment with a carrying value of R6 565 845 (2004: R8 044 242) is encumbered (see note 10)

	GROUP		COMPANY	
	30 Jun 2005 R'000	30 Jun 2004 R'000	30 Jun 2005 R'000	30 Jun 2004 R'000
<b>Land and Buildings</b>				
Freehold land and buildings consist of:				
<b>2.1</b> erven 3308 and 3808 of Ottery, Harris Drive, Ottery, Cape. (mortgaged in terms of note 10),				
- Land at cost December 1994	1,580	1,580		
- Buildings erected in 1995	7,340	7,340		
- Additions in 1998	430	430		
<b>2.2</b> erf 3309 of Ottery, Harris Drive, Ottery, Cape.				
- Land and buildings acquired in September 2002	1,262	1,262		

# NOTES TO THE FINANCIAL STATEMENTS - continued

At 30 June 2005

	GROUP		COMPANY	
	30 Jun 2005 R'000	30 Jun 2004 R'000	30 Jun 2005 R'000	30 Jun 2004 R'000
<b>2 Property, plant and equipment - continued</b>				
<b>Land and Buildings - continued</b>				
<b>2.3</b> erf 4396 of Ottery, Clifford Street, Ottery, Cape				
- Land at cost October 2003	1,504	1,504		
- Buildings erected in 2004	6,393	6,393		
<b>2.4</b> erf 723 Spartan, Loper Ave, Spartan, Isando (mortgaged in terms of note 10),				
- Land at cost June 1994	1,416	1,416		
- Buildings erected in 1995	6,061	6,061		
- Additions 2001	2,616	2,616		
- Additions 2002	36	36		
<b>2.5</b> portion 1 of farm 1460, City of Cape Town				
- Land at cost February 2000	3,792	3,792		
- Buildings erected 2001	7,955	7,955		
- Additions 2004	78	78		
<b>2.6</b> Stands 84,85,86 Allandale ext9, Midrand, Johannesburg				
- Land at cost August 2004	3,968	-		
- Buildings under construction 2005	14,873	-		
<b>2.7</b> erf 166802 of Epping, Benbow Ave, Epping, Cape Town (mortgaged in terms of note 10),				
- Land and buildings acquired in November 2003	5,541	5,541		
- Improvements 2003	5,311	5,311		
	<b>70,156</b>	51,315		
Directors' valuation	<b>101,499</b>	74,972		
<b>3 Intangible Assets</b>				
Goodwill on acquisition of subsidiaries				
- balance at beginning of period	5,448	-		
- on acquisition	-	6,074		
- amortised during the period	(608)	(626)		
- balance at end of period	<b>4,840</b>	5,448		
<b>4 Investments</b>				
The Bowler Metcalf Share Trust			40	40
In terms of the share trust scheme there were 450 000 ordinary shares of no par value available for sale to staff, of which 134 502 ( 2004: 134 502) are unissued.				
<b>5 Inventories</b>				
Finished goods	15,026	9,491	5,951	4,095
Work in progress	3,985	3,562	2,822	2,545
Consumable stores	7,508	2,791	2,908	175
Raw materials	18,271	11,596	6,771	4,969
	<b>44,790</b>	27,440	18452	11784
R14 304 801 of group inventory is subject to a general notarial bond of R1 200 000.				
<b>6 Trade and other receivables</b>				
Trade receivables	53,783	49,092	21,205	21,381
Other receivables	13,866	8,304	1,026	1,219
	<b>67,649</b>	57,396	22,231	22,600
Trade receivables amounting to R29 809 753 have been ceded as security for banking facilities.				

# NOTES TO THE FINANCIAL STATEMENTS - continued

At 30 June 2005

	GROUP		COMPANY	
	30 Jun 2005 R'000	30 Jun 2004 R'000	30 Jun 2005 R'000	30 Jun 2004 R'000
<b>7 Subsidiary investments and loans</b>				
Loans are unsecured, interest free and stated at cost as there are no fixed dates of repayment.				
Refer to the directors report on page 9 for details of investments and loans				
<b>8 Stated capital</b>				
<i>Authorised</i>				
189 850 000 Ordinary shares of no par value				
<i>Issued</i>				
86 928 066 (2004: 86 928 066) Ordinary shares of no par value	11,065	11,065	11,065	11,065
<i>The Bowler Metcalf Share Trust</i>				
134 502 (2004: 134 502) Ordinary shares	(40)	(40)		
	<b>11,025</b>	<b>11,025</b>	<b>11,065</b>	<b>11,065</b>
Until the forthcoming annual general meeting:				
- the unissued shares are under the control of the directors				
- the directors have a general authority to repurchase shares				
<b>9 Minority Interest</b>				
Balance at beginning of period	4,625	-		
On acquisition of subsidiaries	-	3,860		
Net income for the period	4,224	765		
Balance at the end of the period	<b>8,849</b>	<b>4,625</b>		
<b>10 Borrowings - interest bearing</b>				
<b>10.1</b> Definite period loan repayable at interest rates linked to banker acceptance rates, secured over fixed property (see note 2.1 & 2.4)	-	-		
<b>10.2</b> Mortgage bond over land and buildings in favour of ABSA Bank Ltd, repayable in monthly instalments of R101 900 (2004: R107 369) inclusive of interest at a rate of 9.1% pa (2004: 10.1%), terminating in December 2013 (see note 2.7). - current portion	7,220 (636)	7,746 (519)		
	<b>6,584</b>	<b>7,227</b>		
<b>10.3</b> Instalment sale agreements secured over assets in favour of Bankfin, repayable in monthly instalments of R 78 726 (2004: R141 623), inclusive of interest at rates between 10.6% and 10.8% (2004: 11.6% and 13.2%), terminating between July 2005 and May 2007. - current portion	722 (586)	2,326 (1,558)		
	<b>136</b>	<b>768</b>		
<b>10.4</b> Instalment sale agreements secured over assets in favour of Wesbank, repayable in monthly instalments of R327 844 (2004: R160 975), inclusive of interest at rates between 8.5% and 9.4% (2004: 9.0% and 12.0%), terminating between November 2005 and April 2010 - current portion	3,692 (1,795)	4,008 (1,580)		
	<b>1,897</b>	<b>2,428</b>		
<b>10.5</b> Instalment sale agreements secured over assets in favour of Nedbank, repayable in monthly instalments of R12 882 (2004: R25 274), inclusive of interest at rates between 6.7 and 9.4%, terminating between July 2005 and December 2007. - current portion	233 (90)	371 (168)		
	<b>143</b>	<b>203</b>		
	<b>8,760</b>	<b>10,626</b>		

# NOTES TO THE FINANCIAL STATEMENTS - continued

At 30 June 2005

	GROUP		COMPANY	
	30 Jun 2005 R'000	30 Jun 2004 R'000	30 Jun 2005 R'000	30 Jun 2004 R'000
<b>11 Borrowings - other</b>				
Unsecured interest free related party loans				
		Repayment Period		
- MS Parker		No fixed date		
	<b>307</b>			312
- The Sarang Family Trust		2 January 2006		35
	-			
- A & M Theron Family Trust		No fixed date		1,358
	<b>1,230</b>			
	<b>1,537</b>			<b>1,705</b>
T Parker is a director of Quality Beverages 2000 (Pty) Ltd and a trustee of The Sarang Family Trust				
A Theron is a director of Amcos Cosmetics International (Pty) Ltd and a trustee of A&M Theron Family Trust				
<b>12 Deferred taxation</b>				
Balance at beginning of period	<b>8,594</b>	7,275	<b>5,734</b>	4,190
Movements during year				
- rate adjustment	<b>(286)</b>	-	<b>(191)</b>	-
- current year provision	<b>4,651</b>	1,319	<b>2,463</b>	1,544
Balance at end of the period	<b>12,959</b>	8,594	<b>8,006</b>	5,734
Balance at end of the year comprises:				
- Capital allowances	<b>14,427</b>	11,236	<b>8,703</b>	6,705
- Provisions	<b>(863)</b>	(1,224)	<b>(697)</b>	(971)
- Assessed losses	<b>(605)</b>	(1,418)	-	-
	<b>12,959</b>	8,594	<b>8,006</b>	5,734
Consisting of:				
- liabilities	<b>13,408</b>	9,050	<b>8,006</b>	5,734
- assets	<b>(449)</b>	(456)	-	-
	<b>12,959</b>	8,594	<b>8,006</b>	5,734
<b>13 Trade and other payables</b>				
Trade payables	<b>18,835</b>	20,255	<b>6,024</b>	5,050
Other payables	<b>8,876</b>	10,090	<b>3,196</b>	2,360
	<b>27,711</b>	30,345	<b>9,220</b>	7,410
<b>14 Provisions</b>				
Leave pay				
- opening balance	<b>1,732</b>	1,357	<b>1,126</b>	1,259
- net movement	<b>121</b>	375	<b>(36)</b>	-133
- closing balance	<b>1,853</b>	1,732	<b>1,090</b>	1,126
The provision for leave pay has been raised for leave accruing to employees in accordance with standard company employment conditions.				

# NOTES TO THE FINANCIAL STATEMENTS - continued

At 30 June 2005

Notes	GROUP		COMPANY	
	12 Months 30 Jun 2005 R'000	18 months 30 Jun 2004 R'000	12 Months 30 Jun 2005 R'000	18 months 30 Jun 2004 R'000
<b>15 Profit before tax</b>				
Profit before tax is arrived at after taking into account the following items:				
<b>Income</b>				
Amortisation of negative goodwill	-	791	-	-
Dividends	<b>20</b>	25	<b>20</b>	25
Surplus on disposal of fixed assets	<b>403</b>	163	<b>35</b>	136
<b>Expenses</b>				
Amortisation of goodwill	<b>608</b>	626	-	-
Auditors' remuneration	<b>17</b> 509	451	<b>193</b>	193
Directors' emoluments	<b>19</b> 5,118	5,333	<b>4,305</b>	4,704
Foreign exchange losses	<b>186</b>	624	<b>232</b>	218
Leasing charges				
- operating leases on land and buildings	<b>1,067</b>	1,194	<b>5,076</b>	6,977
- financial leases on plant & equip	<b>147</b>	646	-	-
Retirement funding	<b>2,788</b>	2,187	<b>2,084</b>	1,752
<b>16 Taxation</b>				
Current taxation	<b>15,679</b>	21,586	<b>8,607</b>	13,441
Prior period taxation	<b>23</b>	-	-	-
Deferred taxation	<b>4,365</b>	1,319	<b>2,272</b>	1,544
Secondary tax on companies	<b>1,565</b>	1,890	<b>1,565</b>	1,890
	<b>21,632</b>	24,795	<b>12,444</b>	16,875
Reconciliation of rate of taxation				
SA normal tax rate	<b>29.0%</b>	30.0%	<b>29.0%</b>	30.0%
Adjusted for:				
Disallowable expenses/exempt income	<b>0.3</b>	(0.1)	-	(0.1)
Deferred tax rate reduction	<b>(0.4)</b>	-	<b>(0.5)</b>	-
Secondary tax on companies	<b>2.2</b>	2.5	<b>4.1</b>	3.8
Net (decrease)/increase	<b>2.1</b>	2.4	<b>3.6</b>	3.7
Effective tax rate	<b>31.1%</b>	32.4%	<b>32.6%</b>	33.7%
<b>17 Auditors' remuneration</b>				
Audit fees				
- current year	<b>414</b>	390	<b>150</b>	144
- prior year	<b>77</b>	(15)	<b>60</b>	(5)
Other fees	-	65	-	45
Expenses	<b>18</b>	11	<b>12</b>	9
	<b>509</b>	451	<b>222</b>	193

# NOTES TO THE FINANCIAL STATEMENTS - continued

At 30 June 2005

	GROUP		COMPANY	
	12 Months 30 Jun 2005 R'000	18 months 30 Jun 2004 R'000	12 Months 30 Jun 2005 R'000	18 months 30 Jun 2004 R'000
<b>18 Depreciation</b>				
Land and buildings	1,996	2,359	-	-
Plant, equipment and other	17,687	19,604	9,757	11,156
	<b>19,683</b>	<b>21,963</b>	<b>9,757</b>	<b>11,156</b>

19 Directors' emoluments R'000	Fees for services	Basic salary	Allowances	Bonuses	Benefits	Share options	Total R'000
<b>12 months to 30 June 2005</b>							
<i>Executive</i>							
M Brain	-	719	68	190	35	-	1,012
MA Olds	-	668	68	93	33	-	862
LV Rowles	-	542	68	25	14	-	649
HW Sass	-	533	68	204	16	-	821
PF Sass	-	649	68	128	16	-	861
MS Parker	-	568	-	202	43	-	813
<i>Non-Executive</i>							
BJ Frost	100	-	-	-	-	-	100
	100	3,679	340	842	157	-	5,118
Paid by subsidiary	-	(568)	-	(202)	(43)	-	(813)
Paid by company	100	3,111	340	640	114	-	4,305
<b>18 months to 30 June 2004</b>							
<i>Executive</i>							
M Brain	-	851	102	91	54	-	1,098
MA Olds	-	803	102	84	42	-	1,031
LV Rowles	-	580	79	64	22	-	745
HW Sass	-	560	102	79	22	-	763
PF Sass	-	801	102	74	27	-	1,004
MS Parker	10	540	-	45	44	-	639
<i>Non-Executive</i>							
BJ Frost	53	-	-	-	-	-	53
	63	4,135	487	437	211	-	5,333
Paid by subsidiary	-	(540)	-	(45)	(44)	-	(629)
Paid by company	63	3,595	487	392	167	-	4,704

20 Contingent Liabilities				
Bank guarantees issued		177	660	137
<p>The company has ceded to ABSA Bank Ltd all rights to title and interest in loans to Postal Presents (Pty) Ltd and stood surety for R4 000 000 (see note 10.2) as cover for mortgage finance.</p> <p>The company has guaranteed the overdraft facilities of its subsidiaries in the amount of R1 500 000.</p> <p>Nedbank Ltd holds a cession of book debts and a notarial bond over the assets of Amcos Cosmetics International (Pty) Ltd for facilities granted.</p> <p>As security for vehicle and asset finance to Quality Beverages 2000 (Pty) Ltd, ABSA Bank hold an invoice discounting agreement, a reversionary cession of debtors and a general notarial bond over inventory and movable assets.</p> <p>The company has stood surety for R800 000 to First National Bank for facilities granted to subsidiaries</p>				

# NOTES TO THE FINANCIAL STATEMENTS - continued

At 30 June 2005

	GROUP		COMPANY	
	12 Months Jun 2005 R'000	18 months Dec 2003 R'000	12 Months Jun 2005 R'000	18 months Dec 2003 R'000
<b>21 Cash Flow</b>				
<b>21.1 Cash generated by operations</b>				
Profit before tax	69,581	76,587	38,175	50,034
Non cash items	19,888	21,636	9,722	11,020
- depreciation	19,683	21,963	9,757	11,156
- amortisation of goodwill	608	(164)		
- net surplus on disposal of fixed assets	(403)	(163)	(35)	(136)
Adjustments for items shown separately	3,129	1,089	(730)	(2,037)
Interest paid	3,524	2,619	933	4
Dividends received	(20)	(25)	(20)	(25)
Interest received	(375)	(1,505)	(1,643)	(2,016)
Working capital changes	(30,118)	(20,297)	(30,061)	(8,436)
Inventories	(17,350)	2,345	(6,668)	(1,338)
Trade and other receivables	(10,253)	(9,987)	(27,960)	(7,856)
Trade and other payables	(2,515)	(12,655)	4,567	758
	<b>62,480</b>	<b>79,015</b>	<b>17,106</b>	<b>50,581</b>
<b>21.2 Reconciliation of taxation paid</b>				
Charged to the income statement	(21,632)	(24,795)	(12,444)	(16,875)
Adjustment for deferred taxation	4,365	1,319	2,272	1,544
Movement in taxation liability	(6,550)	13,234	(5,845)	6,365
Payments made	(23,817)	(10,242)	(16,017)	(8,966)
<b>21.3 Proceeds on disposal of property, plant &amp; equipment</b>				
Book value of assets disposed of	673	150	16	27
Profit (loss) on disposal	403	163	35	136
Proceeds received	1,076	313	51	163
<b>21.4 Additions to property, plant and equipment</b>				
To expand operations				
- Land and buildings	18,841	18,826	-	-
- Plant, equipment and other	32,057	45,586	15,337	26,379
	<b>50,898</b>	<b>64,412</b>	<b>15,337</b>	<b>26,379</b>

## 22 Financial Instruments

### Credit Risk

Potential concentrations of credit risk consist principally of cash and cash equivalents and trade receivables. The group only deposits cash surpluses with major banks of high standing.

Extensive credit evaluations are performed on all prospective customers and on an ongoing basis for existing customers.

The group considers all concentration of credit risk to be adequately provided for at the balance sheet date.



# NOTES TO THE FINANCIAL STATEMENTS - continued

At 30 June 2005

## 22 Financial Instruments - continued

### Liquidity Risk

The group manages its liquidity risk by monitoring cash flows and ensuring that adequate liquid funds are available, either in cash or from maintained borrowing facilities, to meet its foreseen needs.

Substantial liquid and near liquid resources were held by the group at the balance sheet date.

### Fair Value

The carrying amounts of liquid resources, trade receivables and trade payables approximate their fair value at the balance sheet date.

### Interest Rate Risk

Borrowings are secured at the best prevailing rates, the movement of which is monitored and managed on an ongoing basis.

### Foreign Exchange Risk

Foreign exchange risk arises on the acquisition of plant and machinery from abroad. Hedging instruments are used to reduce exposure to currency fluctuations.

	GROUP		COMPANY	
	12 Months Jun 2005 R'000	18 months Dec 2003 R'000	12 Months Jun 2005 R'000	18 months Dec 2003 R'000
<b>23 Commitments</b>				
<b>Capital</b>				
Plant	11,735	1,292	1,292	1,292
Land and buildings	1,356	16,592	-	-
	<b>13,091</b>	<b>17,884</b>	<b>1,292</b>	<b>1,292</b>
The commitment for plant includes items covered by forward exchange contracts:				
Euros at rates between 8.06 - 8.13 (2004: 9.186 - 9.282)	1,617	-	-	-
US \$ at a rate of 7.11	-	355	-	355
	<b>1,617</b>	<b>355</b>	<b>-</b>	<b>355</b>
The expenditure will be financed from cash generated from normal business operations and loan finance.				
<b>Leases</b>				
Operating leases on property, plant and equipment	587	273	11	11
Due within one year	356	253	11	11
Due between one and five years	231	20	-	-
Financial leases on property, plant and equipment	4,278	612	-	-
Due within one year	2,464	428	-	-
Due between one and five years	1,814	184	-	-
	<b>4,865</b>	<b>885</b>	<b>11</b>	<b>11</b>

# NOTES TO THE FINANCIAL STATEMENTS - continued

At 30 June 2005

## 24 Segmental Report

Primary Format - Business Segments R'000	Plastic Operations	Filling Operations	Property Invest	Unallocated and eliminations	Total
<b>12 months</b>					
<b>30 Jun 2005</b>					
Revenue	193,115	186,661	8,020	(35,314)	352,482
Other income	-	-	-	6,869	6,869
Costs (excl. depreciation)	(131,042)	(170,979)	(231)	35,314	(266,938)
Depreciation	(13,651)	(4,036)	(1,996)	-	(19,683)
	48,422	11,646	5,793	6,869	72,730
Net Finance Income/(Expenses)	-	-	-	(3,149)	(3,149)
Net income before tax	48,422	11,646	5,793	3,720	69,581
Taxation	(17,797)	(3,821)	(1,170)	1,156	(21,632)
Net income after tax	30,625	7,825	4,623	4,876	47,949
Minority interest	-	(4,157)	(67)	-	(4,224)
<b>Attributable income</b>	<b>30,625</b>	<b>3,668</b>	<b>4,556</b>	<b>4,876</b>	<b>43,725</b>
Total Assets	196,376	64,419	22,975	-	283,770
Total Liabilities	49,031	49,209	7,814	-	106,054
<b>18 months</b>					
<b>30 June 2004</b>					
Revenue	241,475	144,716	9,468	(28,997)	366,662
Other income	-	-	-	5,146	5,146
Costs (excl. depreciation)	(161,862)	(138,255)	(1,024)	28,997	(272,144)
Depreciation	(16,292)	(3,312)	(2,359)	-	(21,963)
	63,321	3,149	6,085	5,146	77,701
Net Finance Income/(Expenses)	-	-	-	(1,114)	(1,114)
Net income before tax	63,321	3,149	6,085	4,032	76,587
Taxation	(21,084)	(517)	(1,763)	(1,431)	(24,795)
Net income after tax	42,237	2,632	4,322	2,601	51,792
Associated company loss	-	(267)	-	-	(267)
Minority interest	-	(848)	83	-	(765)
<b>Attributable income</b>	<b>42,237</b>	<b>1,517</b>	<b>4,405</b>	<b>2,601</b>	<b>50,760</b>
Total Assets	146,131	57,741	21,335	-	225,207
Total Liabilities	31,905	41,462	9,557	-	82,924

## ***DECLARATION OF ORDINARY DIVIDEND***

Notice is hereby given that a final dividend of 7.6 cents per share has been declared payable to shareholders on 10 October 2005.

The last day to trade "cum" the dividend will be Friday, 30 September 2005. "Ex" dividend trading begins on Monday, 3 October 2005 and the record date will be Friday, 7 October 2005.

Share certificates may not be dematerialised or re-materialised from 3 October 2005 to 7 October 2005, both days inclusive.

*By order of the Board*

**L V ROWLES**  
*Secretary*

Ottery  
9 September 2005

# ***NOTICE OF ANNUAL GENERAL MEETING***

Notice is hereby given that the fifteenth Annual General Meeting of shareholders of the company will be held at the company's head office, Harris Drive, Ottery, Cape at 11h00 on Thursday, 27 October 2005 for the purposes of considering and passing, with or without modification, the resolutions set out below, and to transact any other business as may be transacted at an annual general meeting:

**1 Ordinary Resolution Number One (Approval of Annual Financial Statements)**

"Resolved that the Annual Financial Statements of the company for the year ended 30 June 2005, be and are hereby approved."

**2 Ordinary Resolution Number Two (Approval of directors emoluments)**

"Resolved that the directors emoluments as reflected in the Annual Financial Statements of the company for the year ended 30 June 2005, be and are hereby approved."

**3 Ordinary Resolution Number Three (Retirement of Director)**

"Resolved that the retirement of Mr MA Olds as a director in terms of the company's articles of association, be and is hereby accepted, without re-election."

**4 Ordinary Resolution Number Four (Retirement of Director)**

"Resolved that the retirement of Mr PF Sass as a director in terms of the company's articles of association, be and is hereby accepted, without re-election."

**5 Ordinary Resolution Number Five (Retirement of Director)**

"Resolved that the retirement of Mr L.V. Rowles as a director in terms of the company's articles of association, be and is hereby accepted, without re-election."

**6 Ordinary Resolution Number Six (Unissued shares under control of Directors)**

"Resolved that the authorised but unissued ordinary shares in the share capital of the company, be and are hereby placed under the control and authority of the Directors, to allot and issue, at such prices and to such persons and on such terms, as they deem fit."

**7 Special Resolution Number One (General authority to repurchase shares)**

"Resolved that the Company hereby approves, as a general approval contemplated in sections 85(2) and 85(3) of the Companies Act, 1973 as amended ("the Act"), the acquisition by the Company from time to time of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company from time to time may determine, but subject to the articles of association of the Company, the provisions of the Act and the Listings Requirements from time to time of the JSE Securities Exchange South Africa ("JSE"), and:

7.1 any such acquisition of ordinary shares shall be implemented on the open market of the JSE on terms determined by the board of directors of the Company;

7.2 this general authority shall only be valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this Special Resolution Number One;

7.3 a paid press announcement will be published as soon as the Company has acquired ordinary shares constituting, on a cumulative basis, 3% (three percent) of the number of ordinary shares in issue prior to the acquisition pursuant to which the 3% (three percent) threshold is reached, which announcement shall contain full details of such

7.4 acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of the Company's issued ordinary share capital from the date of the grant of this general authority;

7.5 in determining the price at which the Company's shares are acquired by the Company in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) trading days immediately preceding the date of the repurchase of such ordinary shares by the Company;

7.6 the consolidated assets of the Company, valued in accordance with South African Statements of Generally Accepted Accounting Practice, will be in excess of the consolidated liabilities of the Company;

7.7 the Company shall have adequate capital; and

7.8 the working capital of the Company will be adequate for the Company's next year's operations."

7 **Special Resolution Number One (continued)**

**Statement by the board of directors of the Company**

Pursuant to and in terms of the Listings Requirements of the JSE, the directors of the Company hereby state that:

- a. the intention of the directors of the Company is to utilise the authority if at some future date the cash resources of the Company are in excess of its requirements. In this regard the directors will take account of, *inter alia*, an appropriate capitalisation structure for the Company, the long-term cash needs of the Company and will ensure that any such utilisation is in the interests of shareholders;
- b. the method by which the Company intends to re-purchase its shares, the maximum number of shares to be re-purchased and the date on which such re-purchase will take place, has not yet been determined; and
- c. after considering the effect of a maximum permitted re-purchase of shares, the company is, at the date of this notice convening the fifteenth annual general meeting of the Company, unable to fully comply with paragraph 5.133 (d) (referred to below) of the Listings Requirements of the JSE, however, at the time that the contemplated re-purchase is to take place, the directors of the Company will ensure that:  
the Company will be able to repay its debts;  
the consolidated assets of the Company, valued in accordance with South African Statements of Generally Accepted Accounting Practice, will be in excess of consolidated liabilities of the Company;  
the issued capital of the Company will be adequate for the purposes of the business of the Company and its subsidiaries for the next twelve months; and  
the working capital available to the Company and its subsidiaries will be sufficient for the Company's requirements for the next twelve months.

8 **Ordinary Resolution Number Seven (Director's authority to negotiate and sign)**

"Resolved that any one of the directors of the Company be and are hereby authorised to negotiate on behalf of the Company and sign all such documents and do all such things as may be necessary for or incidental to the registration or implementation of the resolutions set out in this notice convening the annual general meeting at which this Ordinary Resolution Number Eight is considered."

9 **Ordinary Resolution Number Eight (Reappointment of auditors)**

"Resolved that Moores Rowland be and are hereby reappointed as auditors until the conclusion of the next annual general meeting of the company."

**Proxies**

A proxy, who need not be a Bowler Metcalf shareholder, may be appointed to attend, speak and vote at the annual general meeting in the place of a shareholder who is entitled to attend and vote at the annual general meeting and who is not in a position to attend the annual general meeting.

A proxy may only be appointed by a Bowler Metcalf shareholder who falls within one of the following categories:

- a certificated shareholder; or
- CSDP nominee companies, stockbrokers' nominee companies and dematerialised shareholders who have elected "own name" registration.

A form of proxy is attached for the convenience of such a shareholder. The form of proxy should be completed and returned so as to reach the transfer secretaries, Computershare Investor Services 2004 (Pty) Limited, 70 Marshall Street, Johannesburg (P O Box 61051, Marshalltown, 2107, 2000) by 11h00 on Wednesday, 25 October 2005. If a form of proxy is not received by such date, it may be handed to the chairman of the general meeting not later than 10 minutes before the commencement of the annual general meeting.]

**Dematerialised shareholders other than dematerialised shareholders with "own name" registration** who are unable to attend the annual general meeting and wish to be represented thereat must provide their CSDP or stockbroker with their voting instruction in terms of the safe custody agreement entered into between themselves and the CSDP or stockbroker in the manner and time stipulated therein.

**Dematerialised shareholders other than dematerialised shareholders with "own name" registration** who wish to attend the general meeting must instruct their CSDP or stockbroker to issue them with the necessary authority to attend.

*By order of the board*

**L V ROWLES**  
*Secretary*

Ottery  
9 September 2005

## BOWLER METCALF LIMITED

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

### FORM OF PROXY

**FOR USE BY CERTIFICATED AND OWN NAME DEMATERIALIZED SHAREHOLDERS AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD AT 09:00 ON THURSDAY, 27 OCTOBER 2005 AT THE COMPANY'S HEAD OFFICE, HARRIS DRIVE, OTTERY, CAPE TOWN.**

**Note:** Dematerialised shareholders without own name registration must **not** use this form. Dematerialised shareholders without own name registration who wish to vote by way of proxy at the general meeting, must provide their CSDP or broker with their voting instructions **by the cut-off time and date advised by the CSDP or broker for instructions of this nature** as specified in the custody agreement entered into between such shareholder and their CSDP or broker, in order for such CSDP or broker to vote in accordance with such instructions at the general meeting.

I/We \_\_\_\_\_

of \_\_\_\_\_

being the registered holder/s of

ordinary shares in Bowler Metcalf, appoint (see note 1):

1. \_\_\_\_\_ of \_\_\_\_\_ or, failing him/her, \_\_\_\_\_

2. \_\_\_\_\_ of \_\_\_\_\_ or, failing him/her, \_\_\_\_\_

3. the chairman of the annual general meeting,

as my/our proxy to act for me/us on my/our behalf at the general meeting which will be held at 09:00 on Thursday, 27 October 2005 for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof; and to vote for or against the said resolutions 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 one (Approval of Annual Financial Statements)			
Ordinary resolution number two (Approval of directors emoluments)			
Ordinary resolution number three (retirement of director)			
Ordinary resolution number four (retirement of director)			
Ordinary resolution number five (retirement of director)			
Ordinary resolution number six (Unissued shares under the control of Directors)			
Special resolution number one (General authority to repurchase shares)			
Ordinary resolution number seven (Directors authority to negotiate and sign)			
Ordinary resolution number eight (Reappointment of auditors)			

Signed at \_\_\_\_\_ on \_\_\_\_\_

Signature \_\_\_\_\_

Each shareholder is entitled to appoint one or more proxy(ies) (who need not be shareholders of the Company), to attend, speak and vote in his/her stead at the annual general meeting.

**Please read the notes on the reverse side hereof.**

**Notes:**

- 1 A shareholder may insert the name or names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the chairman of the annual general meeting". The person whose name appears first on the form of proxy and whose name has not been deleted will be entitled to act as proxy to the exclusion of those whose names follow.
- 2 A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided and the manner in which that shareholder wishes to vote. Failure to comply herewith will be deemed to authorise the proxy to vote at the annual general meeting as he/she deems fit in respect of the shareholder's votes exercisable thereat, but where the proxy is the chairman, failure to so comply will be deemed to authorise the chairman to vote in favour of the special resolutions and ordinary resolution. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy.
- 3 Forms of proxy must be lodged at or posted to the transfer secretaries, Computershare Investor Services 2004 (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 11:00 on Tuesday 25 October
- 4 The completion and lodging of this form of proxy will not preclude the shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
- 5 This form of proxy shall be valid for any adjournment of the general meeting as well as for the general meeting to which it relates, unless the contrary is stated therein.
- 6 A vote cast or act done in accordance with the terms of a form of proxy shall be deemed to be valid, notwithstanding:
  - the previous death, insanity, or any other legal disability of the person appointing the proxy; or
  - the revocation of the proxy; or
  - the transfer of a share in respect of which the proxy was given,unless notice as to any of the abovementioned matter shall have been received by the Company at its registered office or by the chairman of the general meeting at the place of the general meeting if not held at the registered office, before the commencement or resumption (if adjourned) of the general meeting at which the vote was cast or the act was done or before the poll on which the vote was cast.
- 7 The authority of a person signing this form of proxy:
  - 7.1 under a power of attorney; or
  - 7.2 on behalf of a company, must be attached to the form of proxy unless the full power of attorney has already been received by the transfer secretaries.
- 8 Where shares are held jointly, all joint holders must sign.
- 9 The chairman of the annual general meeting may accept or reject any form of proxy which is completed and/or received, other than in accordance with these notes and instructions, provided that the chairman is satisfied as to the manner in which the shareholder wishes to vote.