Bowler Metcalf Limited

REG NO : 1972/005921/06 | ALPHA CODE : BCF | ISIN CODE : ZAE000030797

CONDENSED UNAUDITED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

R mil	31-12-11	31-12-10	% Change	30-06-11
STATEMENT OF FINANCIAL POSITION				
Non-current Assets	**193.4**	163.9		158.0
Property , plant & equipment	**162.2**	143.5		137.6
Deferred tax	**4.5**	3.2		3.2
Intangible assets	**15.9**	15.9		15.9
Investments	**10.8**	1.3		1.3
Current Assets	**362.5**	335.1		331.6
Inventories	**67.0**	59.2		67.3
Trade and other receivables	**157.4**	171.8		99.7
Prepayments	**41.5**	7.8		31.9
Cash and cash equivalents	**92.5**	85.3		128.9
Taxation	**4.1**	11.0		3.8
Total Assets	**555.9**	499.0	+ 11	489.6
Total Equity	**421.5**	375.8	+ 12	407.6
Non-current liabilities	**29.0**	23.0		19.6
Deferred Tax	**14.6**	16.4		15.3
Borrowings -interest bearing	**14.4**	6.6		4.3
Current Liabilities	**105.4**	100.2		62.4
Trade and other payables	**83.4**	84.6		44.4
Bank overdrafts	**18.2**	-		12.8
Borrowings - interest bearing	**2.6**	1.9		3.7
Taxation	**1.2**	13.7		1.5
Total Equity & Liabilities	**555.9**	499.0		489.6
STATEMENT OF COMPREHENSIVE INCOME				
Revenue	**342.1**	297.3	+ 15	591.1
Other income	**6.1**	3.3		5.7
Operating costs	**(223.7)**	(181.6)		(350.0)
Depreciation	**(15.9)**	(16.0)		(31.2)
Impairments	**-**	-		-
Rent & property finance	**(2.3)**	(2.7)		(2.7)
Staffing costs	**(60.1)**	(48.2)		(99.5)
Profit from operations	**46.2**	52.1		113.4
Net finance income	**0.3**	2.4		1.1
- income	**1.4**	2.7		1.8
- costs	**(1.1)**	(0.3)		(0.7)
Net profit before tax	**46.5**	54.5	- 15	114.5
Income tax expense	**(12.8)**	(14.7)		(31.4)
Total profit and comprehensive income	**33.7**	39.8		83.1
Attributable to non-controlling interests	**(0.9)**	(2.7)		(5.6)
Attributable to parent	**32.8**	37.1	- 12	77.5
Earnings & diluted earnings per share (c)	**40.30**	46.20	- 13	96.28
HEADLINE EARNINGS				
Earnings attributable to parent	**32.8**	37.1		77.5
Impairments	**-**	-		-
Profit on disposal of plant & equipment	**-**	-		(0.2)
profit	**-**	-		(0.4)
tax and outside interests	**-**	-		0.2
Headline earnings	**32.8**	37.1	- 12	77.3
Earnings per share	**40.30**	46.20		96.28
Disposal of assets	**-**	-		(0.27)
Impairments	**-**	-		-
Basic & diluted headline earnings (c)	**40.30**	46.20	- 13	96.01
ADDITIONAL INFORMATION				
Dividend/share paid (c)	**20.00**	15.00	+ 33	30.60
Ordinary Dividend proposed (c)	**16.00**	15.60	+ 3	35.60
Dividend cover (times)	**2.52**	2.96		2.70
Weighted shares in issue (mil)	**81.331**	80.425		80.476
Capital expenditure (Rmil)	**39.80**	6.40		15.90
Capital commitments (Rmil)	**6.00**	-		14.70
Current ratio	**3.44**	3.34		5.31
Return on equity (%)	**16.08**	20.33		19.64
Closing share price (cents	**875**	805		930

R mil

STATEMENT OF CHANGES IN EQUITY

	Share Capital	Retained Earnings	Treasury Shares	Share Based Payments	Non-controlling Interests	Total Equity
30 Jun 10	21.50	352.60	(36.00)	1.20	8.70	348.00
Comprehensive Income		37.10			2.70	39.80
Dividends		(12.30)				(12.30)
Other		-	0.70	0.20	(0.60)	0.30
31 Dec 10	21.5	377.4	(35.3)	1.4	10.8	375.8
Comprehensive Income	-	40.4	-	-	2.9	43.3
Dividends		(12.3)			(1.3)	(13.6)
Other		0.3	1.2	-	0.6	2.1
30 Jun 11	21.5	405.8	(34.1)	1.4	13.0	407.6
Comprehensive Income	**-**	**32.8**	**-**	**-**	**0.9**	**33.7**
Dividends		**(16.6)**			**(0.3)**	**(16.9)**
Other		**0.4**	**(3.0)**	**(0.3)**		**(2.9)**
31 Dec 11	**21.5**	**422.4**	**(37.1)**	**1.1**	**13.6**	**421.5**

SEGMENTAL ANALYSIS

	Plastic	Filling	Property	Unallocated	Total
Revenue					
Jul-Dec 10	114.6	175.7	7.0	-	297.3
- total revenue	153.5	175.7	7.0	-	336.2
- intersegment	(38.9)	-	-	-	(38.9)
Jan-Jun 11	129.4	155.2	9.2	-	293.8
- total revenue	181.9	155.2	9.2	-	346.3
- intersegment	(52.5)	-	-	-	(52.5)
Jul-Dec 11	**137.2**	**195.9**	**9.0**	**-**	**342.1**
- total revenue	187.7	195.9	9.0	-	392.6
- intersegment	(50.5)			-	(50.5)
Attributable Profits					
Jul-Dec 10	26.0	7.7	3.4	-	37.1
Jan-Jun 11	27.1	7.6	5.7	-	40.4
Jul-Dec 11	**26.3**	**1.9**	**4.6**		**32.8**
Total Assets					
31 Dec 10	281.6	156.2	45.3	15.9	499.0
- total assets	340.7	159.5	87.0	15.9	603.1
- intersegment	(59.1)	(3.3)	(41.7)	-	(104.1)
30 Jun 11	305.0	124.7	44.0	15.9	489.6
- total assets	347.3	126.5	88.8	15.9	578.5
- intersegment	(42.3)	(1.8)	(44.8)	-	(88.9)
31 Dec 11	**317.0**	**179.6**	**43.3**	**16.0**	**555.9**
- total assets	338.0	180.8	91.1	16.0	625.9
- intersegment	(21.0)	(1.2)	(47.8)		(70.0)

STATEMENT OF CASH FLOWS	31-12-11	31-12-10	% Change	30-06-11
Operating Activities	**2.1**	7.5		46.8
Profit before tax	**46.5**	54.4		114.5
Non-cash items	**16.0**	16.2		31.4
Working capital changes	**(28.0)**	(38.3)		(38.6)
Taxation paid	**(15.5)**	(11.9)		(34.6)
Dividends paid	**(16.9)**	(12.9)		(25.9)
Investing Activities	**(50.0)**	(6.3)		(15.4)
Property plant and equipment	**(40.5)**	(6.3)		(15.4)
Investments	**(9.5)**	-		-
Financing Activities	**6.1**	2.5		3.1
Borrowings	**9.0**	1.8		1.3
Share transactions	**(2.9)**	0.7		1.8
Net Cash Flow	**(41.8)**	3.7		34.5
Opening balance	**116.1**	81.6		81.6
Closing balance	**74.3**	85.3	- 36	116.1
Comprising:				
Cash & cash equivalents	**92.5**	85.3	- 28	128.9
Bank Overdrafts	**(18.2)**	-		(12.8)

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COMMENT

The increased international business focus into Sub Sahara Africa appears to have catalysed the South African FMCG market supply chain management into performance expectations well beyond historic capabilities . In this environment the group has shown a first ever decline in its earnings on the back of a 15% increase in revenue, which in itself is a reasonable performance in the current pressurised FMCG market. Pre-production costs at the new beverages plant in Johannesburg, incentive bonuses and a protracted labour strike in July & August combined to dent our earnings growth performance for the first time in this 40th year of existence. Despite this, interim dividends have been slightly increased to 16 cents per share.

The increase in prepayments relates to the new Gauteng filling plant. The group has a net cash outflow for this period reflecting investment into the new beverages plant and other plant acquisitions as well as a substantial increase in dividends paid, leaving R74.3m on hand at the end of the period.

In November Mr Michael Brain retired from executive duties whilst remaining on as a non-executive director and Mr Grant Böhler was appointed as CFO.

Plastic Operations

Level earnings in plastics are indicative of the pressures evident in the FMCG market. For the first time in its operational history, Plastics incurred a loss in July/August resulting from protracted labour action in the FMCG sector over several weeks. The high levels of intimidation were of particular concern. Despite these setbacks, the business was able to show a 19.7% increase in revenue. Also affecting margins were large electricity increases and material price increases absorbed by the group. Capex spend this period amounted to R36.3m into capacity development. The order books reflect a stable continuation of the first half performance.

Filling Operations

The filling operation operation has built onto its record performance of 2011, showing a 11.5% growth in revenue, despite a cooler summer. Aggressive marketing expenses, a R3.2 mil incentive bonus payout based on the previous year's earnings, a CO2 shortage, commissioning and pre-production costs for the new Gauteng plant and changes in distribution logistic models have all considerably contributed to the lower earnings performance. The Western Cape operation is performing satisfactorily. The state of the art filling plant in Gauteng was commissioned in January 2012, with only minor capital expenditure outstanding. This new business will not meaningfully contribute to the filling operation's bottom-line for the following 2-3 seasons as resources are focused on developing the brand in the region.

Prospects

A dynamic FMCG market environment is challenging many entrenched operating principles. Herein lie multiple opportunities for the Group. Attention to increased capacity, infrastructure and systems development remains the focus for the immediate future.

BASIS OF PREPARATION

The condensed unaudited consolidated results have been prepared in accordance with the Framework concepts and the measurement and recognition requirements of the International Financial Reporting Standards, containing information required by the IAS 34 Interim Financial Reporting, the AC500 standards as issued by the Accounting Practices Board and in the manner required by the Companies Act and the JSE Limited's Listing Requirements.

This interim report has been prepared using the same accounting policies and methods of computation as used in the most recently issued annual financial statements, which should be read in conjunction with this interim report.

DIVIDEND DECLARATION

An interim dividend of 16.0c per share (2010: final dividend of 15.6c) has been declared and is payable to shareholders on Monday, 26 March 2012. The last day to trade will be Thursday, 15 March 2012. "Ex" dividend trading begins on Friday, 16 March 2012 and the record date will be Friday, 23 March 2012. Share certificates may not be dematerialised or re-materialised between Friday 16 March 2012 and Friday, 23 March 2012, both days inclusive. No tax consequences are expected.

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

H.W. SASS (Non-Exec Chairman)
P.F. SASS (Chief Executive Officer)
Cape Town, 1 March 2012

Prepared by: LV Rowles CA(SA)

Bowler Metcalf Limited

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CONDENSED UNAUDITED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

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