



Bowler Metcalf Limited

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CONDENSED ABRIDGED REPORT OF AUDITED CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 2018 AND DIVIDEND DECLARATION

R mil	30 June 18	% Change	30 June 17
CONDENSED STATEMENT OF FINANCIAL POSITION			
Non-current Assets	169,7		400,4
Property, plant & equipment	158,0		147,7
Investment properties	5,6		5,7
Intangible assets	4,9		4,8
Investment in associate	-		162,3
Related party loans	-		79,1
Deferred tax	1,2		0,8
Current Assets	416,4		358,1
Related party loan	-		0,8
Inventories	86,6		82,4
Trade and other receivables	119,5		110,6
Prepayments	5,7		12,3
Cash and cash equivalents	202,9		152,0
Assets held for sale	298,2		-
Investment in associate	233,4		-
Related party loans	64,8		-
Total Assets	884,3	+ 17	758,5
Total Equity	766,1	+ 16	661,2
Non-current liabilities	61,0		39,8
Deferred Tax	61,0		39,8
Current Liabilities	57,2		57,5
Trade and other payables	56,0		54,5
Taxation	1,2		3,0
Total Equity & Liabilities	884,3		758,5

R mil	30 June 18	% Change	30 June 17
CONDENSED STATEMENT OF COMPREHENSIVE INCOME			
Continuing operations			
Revenue	577,3	- 1	580,7
Other income	0,5		0,8
Operating costs	(482,0)		(473,5)
Profit from operations	95,8	- 11	108,0
Net interest	13,2		11,7
Net profit before tax	109,0		119,7
Taxation	(30,7)		(35,3)
Total profit - continuing operations	78,3	- 7	84,4
Discontinued operations			
Share of profit/(loss) in discontinued operations	22,8		(51,9)
- share of post-tax profit/(loss) before impairments	13,3		(17,1)
- share of associate's impairment loss, net of tax	-		(42,5)
- net finance income from associate	9,4		7,7
Impairment of investment in associate	-		(57,7)
Reversal of impairment of investment in associate	57,7		-
Net profit/(loss) before tax	80,5		(109,6)
Taxation	(18,5)		24,1
Total profit/(loss) - discontinued operations	62,0		(85,5)
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO OWNERS OF PARENT	140,3	+13157	(1,1)
Earnings/(Loss) & diluted earnings/(loss) per share (c)			
Earnings/(Loss) & diluted earnings/(loss) per share (c)	171,08	+13262	(1,29)
- continuing operations	95,50		101,91
- discontinued operations	75,58		(103,20)

R mil

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Retained Earnings	Treasury Shares	Total Equity
30 June 16	21,5	707,8	(30,2)	699,1
Comprehensive Loss	-	(1,1)	-	(1,1)
Dividends	-	(31,3)	-	(31,3)
Purchase of treasury shares	-	-	(5,5)	(5,5)
30 June 17	21,5	675,4	(35,7)	661,2
Cancellation of treasury shares	(5,5)	-	5,5	-
Comprehensive Profit	-	140,3	-	140,3
Dividends	-	(35,4)	-	(35,4)
30 June 18	16,0	780,3	(30,2)	766,1

	30 June 18	%	30 June 17
		Change	
HEADLINE EARNINGS (R mil)			
Earnings attributable to parent:			
Continuing operations	78,3		84,4
Disposal of assets	(0,1)		-
- gross	(0,1)		-
- tax	-		-
Headline earnings - continuing operations	78,2	- 7	84,4
Earnings/(Loss) attributable to parent:			
Discontinued operations	62,0		(85,4)
Disposal of assets (beverages)	-		(0,1)
- gross	-		(0,1)
- tax	-		0,0
(44,8)			44,8
(Reversal of impairment)/Impairment of investment in associate			
- (reversal)/impairment	(57,7)		57,7
- tax	12,9		(12,9)
Impairment within equity accounted profits	-		33,0
- loss	-		42,5
- tax	-		(9,5)
Headline earnings/(loss) - discontinued operations	17,2		(7,6)
Headline earnings (R'mil)	95,4	+ 24	76,8
HEADLINE EARNINGS/(LOSS) PER SHARE (HEPS)			
Earnings attributable to parent:			
Continuing operations	95,50		101,91
Disposal of assets - net of outside interests	(0,14)		(0,03)
HEPS - continuing operations (cents)	95,36	- 6	101,88
Discontinued operations	75,58		(103,20)
Disposal of assets - net	-		(0,01)
(Reversal of impairment)/Impairment of investment in associate net of tax	(54,60)		54,07
Impairment within equity accounted profits	-		39,85
HEPS - discontinued operations	20,98		(9,29)
Basic & diluted headline earnings (c)	116,34	+ 26	92,59

R mil

CONDENSED SEGMENTAL ANALYSIS

	Plastic Discontinued		Property	Holdings	Eliminations	Total
	Packaging	Beverages				
2018						
Continuing Operations						
Revenue	572,0	-	5,2	-	-	577,2
Reversal of impairment on investment	-	57,7	-	-	-	57,7
Intersegment revenue	-	-	19,0	-	(19,0)	-
Other income	3,0	-	-	-	(2,4)	0,6
Expenses	(493,9)	-	(6,7)	(0,5)	19,0	(482,1)
Share of loss of associate	-	13,3	-	-	-	13,3
Operating income/(loss)	81,1	71,0	17,5	(0,5)	(2,4)	166,7
Net finance income	3,6	9,4	-	9,7	-	22,7
Taxation	(23,2)	(18,6)	(4,9)	(2,6)	-	(49,3)
Profit for the year - continuing operations	61,5	61,8	12,6	6,6	(2,4)	140,1
Attributable to parent	61,5	61,8	12,6	6,6	(2,4)	140,1
		Held for sale				
Total assets	663,6	298,2 *	100,2	197,4	(375,0)	884,4
Total liabilities	150,2	38,5	1,5	315,4	(387,5)	118,1
2017						
Continuing Operations						
Revenue	575,9	-	4,8	-	-	580,7
Impairment on investment	-	(57,7)	-	-	-	(57,7)
Intersegment revenue	-	-	18,0	-	(18,0)	-
Other income	2,9	-	-	-	(2,1)	0,8
Expenses	(486,1)	-	(5,5)	-	18,0	(473,6)
Share of loss of associate	-	(59,6)	-	-	-	(59,6)
Operating income / (loss)	92,7	(117,3)	17,3	-	(2,1)	(9,4)
Net finance income	11,7	7,7 **	-	-	-	19,4
Taxation	(29,2)	22,1 **	(4,8)	0,8	0	(11,1)
Profit / (loss) for the year	75,2	(87,5)	12,5	0,8	(2,1)	(1,1)
Attributable to parent	75,2	(87,5)	12,5	0,8	(2,1)	(1,1)
Total assets	587,4	241,4 *	87,3	4,9	(162,6)	758,3
Total liabilities	236,1	23,5	1,3	-	(163,7)	97,2

* Investment in associate and loan

** Interest received from associate and related income tax in 2017 reallocated to discontinued beverages segment

*** This segment was previously reported as an unallocated segment. Due to the increased activity within this segment it was deemed appropriate to apply the relevant title to this segment

R mil

CONDENSED STATEMENT OF CASH FLOWS

	30 June 18		30 June 17
Operating Activities	61,4		50,4
Profit before tax	189,4		7,1
Non-cash items	(55,7)		133,2
Working capital changes	(5,0)		(25,2)
Taxation paid	(31,9)		(33,5)
Dividends paid	(35,4)		(31,2)
Investing Activities	(10,5)		(51,1)
Property plant and equipment	(24,0)		(32,7)
Proceeds on disposal of assets	1,5		-
Loan receipts/(advances)	12,0		(30,0)
Advance payments	-		11,6
Financing Activities	-		(5,5)
Treasury shares - acquisitions	-		(5,5)
Net Cash Flow	50,9		(6,2)
Opening balance	152,0		158,2
Closing balance	202,9		152,0
Comprising:			
Cash & cash equivalents	202,9		152,0
RELATED PARTY TRANSACTIONS			
Associate			
SoftBev (Pty) Ltd			
<i>Finance income</i>	9,4		4,9
Subsidiary of associate:			
Quality Beverages 2000 (Pty) Ltd			
<i>Revenue</i>	51,5		58,2
<i>Rental income</i>	4,8		4,8
<i>Finance income</i>	-		2,8
ADDITIONAL INFORMATION			
Ordinary dividend/share paid (c)	43,18		37,72
Ordinary dividend/share proposed (c)	42,02	+ 0	42,02
Basic dividend cover (times)	2,27		2,43
Weighted shares in issue (mil)	81,995		82,795
Capital expenditure (Rmil)	23,97	- 27	32,66
Capital commitments (Rmil)	6,04	+ 277	1,60

CEO'S COMMENTARY

"It ain't over till it's over" – a very fitting expression for the 16,5 years excursion in beverages leading to the final disposal of SoftBev in August 2018 – at R1,7bil turnover, a formidable national beverages business. This all emanated from a millennium vision of vertical integration with a start-up customer and an entrepreneurial partner of note – Sharief Parker. At an impressive IRR of 21% on top of good operating profits from many years of bottle and preform supply – this return of some R360mil to Bowler Metcalf from a R61mil investment bears testimony to a focussed, dedicated and tenacious team effort playing to various strengths over many years. My acknowledgement and gratitude extends to all beverage partners who have made this journey a memorable and educational experience. Bowler Metcalf exits with a strong cash reserve, good balance sheet, resourcefulness and ambition providing the ideal springboard for future growth and expansion.

It is however high time to return full focus to the golden goose, Bowler Plastics. After all, Plastics provided the solid pillar of commercial, financial and technical support to the venture over all the years. Packaging remains the core business focus of Bowler Metcalf and the starting point for the next venture.

During the past accounting period Bowler Plastics endured the full brunt of the South Africa VUCA (volatile, uncertain, complex and ambiguous) business environment. The Personal Care niche market serviced with packaging by Bowler has been particularly hard hit from a combination of events ranging from depressed business volumes (up to 30% drop in icon brands), low margin product mix, material stock out "Force Majeure", downstream customer business failures and manufacturing exit from South Africa. On an unchanged revenue of R572mil to prior year with increased volumes of 1%, an operating profit of R 81mil (-12%) is returned. Fixed and overhead costs have been the main contributing drivers in a business structured for further growth. Admittedly the 2017 base was particularly good. It has been a tumultuous period and the Plastics performance was not unexpected in the context of the South African economy where disposable income is predominantly channelled towards life's essentials.

Market focus on the reduction of single-use plastic packaging as well as processing of recyclable and recycled plastics is an important development. Bowler Plastics does not supply single-use packaging. It has actively developed the use of recyclable and recycled plastics to a 95% product compliance within its current supply portfolio. This focus will continue as new solutions emerge and a zero waste circular economy is aspired to.

The now undivided resourcefulness of the executive team is directed towards long term key focus areas of partnership development with a vibrant new emerging customer base, process and product innovation, business diversification and lean manufacture. I expect this process to continue throughout the current accounting period, evidencing results in 2020 and beyond.

The Board has approved a final dividend of 21,54 cents and is intending to declare a further special dividend from the proceeds of the disposal by Q4 2018.

Our current Chairman of the Board, Mr B Frost will be retiring from the Board during the course of next year. The Nominations Committee has commenced the task of developing the profile for the next Chairman. The intention is to have the new Chairman elect in place prior to the end of the financial year.

Finally, I am grateful to the Bowler Metcalf Board for their advice, support, trust and many hours of engagement on this journey to completion of the Beverages Project. Michael Brain, who initiated the vertical integration beverages venture, deserves special mention for his invaluable contributions from cradle to grave.

BASIS OF PREPARATION AND AUDIT REPORT

The condensed consolidated results have been prepared in accordance with the Framework concepts, the measurement and recognition requirements of International Financial Reporting Standards and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee. They contain the information required by IAS 34 Interim Financial Reporting and have been prepared in the manner required by the Companies Act and the Johannesburg Stock Exchange Listings Requirements.

The accounting policies and methods of computation applied in the preparation of the results are in terms of IFRS and are consistent with those applied in the audited annual financial statements for the year ended 30 June 2017 except for the restatement of the Statement of Cash Flows and the disclosure of Cost of Sales. With regards to the Statement of Cash Flows the cash movement in related party loan has been restated to reflect repayments and advances separately resulting in the prior year being restated as R30m advance in investment activities with R90m receipts and R27,9m payments made in financing activities opposed to prior disclosure of R29,9m net receipts from related party loans under investing activities. The previous interpretation of the IFRS standards allowed for an offset of these amounts at the prior year reporting date. This interpretation has been corrected in accordance with IAS7, therefore the prior year has been restated for comparative purposes with a Rnil net effect to the Statement of Cash Flow. The Cost of Sales figure has also been restated due to reallocation of intercompany rent offset in consolidation to operating expenses. The effect of this correction has resulted in R12,1m decrease in Cost of Sales and similar increase in operating costs with a Rnil net effect to the income statement in the full Integrated Annual Report. On this SENS announcement these lines are however combined in Operating costs.

This condensed report has been prepared using the same accounting policies and methods of computation as used in the audited annual financial statements from which the condensed report is extracted, and should be read in conjunction with the annual financial statements.

This results announcement, itself not audited, is extracted from the audited Annual Financial Statements (AFS). The AFS, together with the unqualified audit report of the company's auditors, Mazars, is available for inspection at the company's registered office. The auditor's report does not necessarily report on all of the information contained in this condensed report. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the company's registered office. The directors take full responsibility for this report correctly extracted from the underlying audited AFS.

CASH DIVIDEND DECLARATION

A final gross cash dividend, as defined by the Income Tax Act, of 21.54 cents per share ("cps") for the year ended 30 June 2018 (2017: 22.7 cps) has been declared and is payable to shareholders on Monday, 29 October 2018. The last day to trade will be Tuesday, 23 October 2018, the ex date is Wednesday, 24 October 2018 and the record date will be Friday, 26 October 2018. Share certificates may not be dematerialised or re-materialised between Wednesday, 24 October 2018 and Friday, 26 October 2018, both days inclusive.

This dividend will be made from income reserves. The gross dividend is 21.54cps. Dividend Withholding Tax (DWT) is 20%. The net local cash dividend to shareholders liable for DWT will therefore be 17.232 cps.

Number of shares in issue at the date of declaration is 87 624 108 shares.

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

SUBSEQUENT EVENTS

The sale agreement relating to the disposal of SoftBev was subject to the fulfilment of various suspensive conditions which were all met on the 3rd August 2018. This investment in associate has been classified as "asset held for sale" on the Statement of Financial Position and "discontinued operations" in the Statement of Comprehensive Income.

The final value that the Company will receive for this disposal, will be determined with reference to the actual EBITDA (including certain pre-determined adjustments) achieved by SoftBev for the year ended 30 June 2018 and after adjusting for the final net debt and working capital position of SoftBev as at 30 June 2018 and the final sellers' transaction costs. The final value for the disposal will be settled in two payments; a base consideration and a deferred consideration.

The base consideration in the amount of R349 436 073 and R64 841 610 for the shares and loan account respectively was received on the 6th August 2018 ("Closing Date").

The deferred consideration will be settled shortly after the completion of SoftBev's audited financial statements for the year ended June 2018. It is expected that this consideration will be between R40m and R55m, depending on the outcome of the final audit and the quantum of the adjustments and costs as mentioned above. The deferred consideration will be settled in cash. The application of such cash is addressed in the Chief Executive Officer's Report.

COMPANY TAX NUMBER

9775130710

ANNUAL REPORT

shareholders (AGM) will be held at the company's head office, Harris Drive, Ottery, Capé Town at 09:00 on Wednesday, 7 November 2018. The record date for purposes of determining which shareholders are entitled to participate and vote at the AGM is Friday, 2 November 2018. The last day to trade in order to be eligible to vote at the AGM will accordingly be Tuesday, 30 October 2018.

BJ Frost (Non-Exec Chairman)
PF Sass (Chief Executive Officer)
Cape Town
25 September 2018

Prepared by: CA Bothma PA (SA)

REGISTERED AUDITOR

Mazars - Partner Y Ferreira - Registered Auditor
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