Bowler Metcalf Limited

Integrated Annual Report 30 June 2017

VISION STATEMENT

Together we make a difference

MISSION STATEMENT

We affirm our commitment to:

- Seamlessly integrate into the supply chain of our customers , providing the quality of service and goods at a cost which will help them prosper with ourselves.
- Provide our employees with an inclusive environment to develop to the best of their potential in line with the needs of the business.
- Promote sustainable resource management based on environmentally responsible practices through an integrated system of waste reduction, reuse, recycling, innovative technology including customer and community awareness development.
- Conduct our business at all times in accordance with our value system.
- Appropriately reward stakeholders for their support and commitments to the business.
- Continually embrace innovations in products, technologies, methods and knowledge to provide excellence in solutions.

VALUES

- Trust
- Respect
- Honesty
- Caring

Cover

Bowler Metcalf celebrates its forty five years of being in business and thirty years of JSE listing this year. The front cover is a collage display of all prior results subsequent to listing in a modern day take of the bowler hat.

Directors

Non-executive:

Brian James Frost (73) BCom *!
Non-executive Independent Chairman
Appointed June 1998

Michael Brain (70) BSc (Eng) !
Non-executive Independent Director
Appointed June 1984

Finlay Craig Mac Gillivray (50) CA(SA) !*
Non-executive Independent Director
Appointed March 2011

Sarah Jane Gillett (44) BCom *#
Non-executive Independent Director
Appointed September 2012

Executive :

Paul Friederich Sass (54) BSc (Eng) #
Chief Executive Officer (CEO)
Appointed November 2009

Grant Andrew Böhler (46) CA(SA) #
Chief Financial Officer (CFO)
Appointed December 2011

Michael Allan Olds (65) BSc (Eng)
Executive Director
Appointed November 2012

Prescribed Officers

Carin Andri Bothma, Professional Accountant (SA) #
Company Secretary &
Group Financial Manager

Administration

Secretary
Carin Andri Bothma

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

Bankers
First National Bank
Cape Town Corporate Branch
Ground Floor, Great Westerford
240 Main Road, Rondebosch, 7700

Sponsors
Arbor Capital Sponsors (Pty) Ltd
20 Stirrup Lane, Woodmead Office Park
c/o Woodmead Drive & Van Reenen Avenue
Woodmead, 2157

Country of Incorporation
Republic of South Africa

! Remuneration Committee ** Audit & Risk Committee* *# Social and Ethics Committee*

Bowler Metcalf Limited

Integrated Annual Report
For the year ended 30 June 2017

This Integrated Annual report, including the Annual Financial Statements, has been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act 2008, Act 71 of 2008. The elements of the Annual Financial Statements, as identified in the auditors report, have been audited in compliance with this act.

Prepared by :	CA Bothma, Professional Accountant (SA)
Produced on :	29 September 2017

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Members' Diary

Financial Year End	30 June
Annual General Meeting	November 2017

Reports	**Date Published**
Interim for half year	March 2017
Preliminary profit announcement	September 2017
Annual Report	September 2017

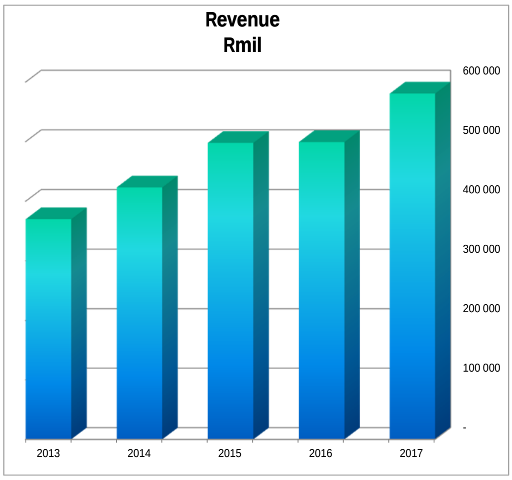
Dividends	**Date of Declaration**	**Date of payment**
Interim	March 2017	April 2017
Final	September 2017	October 2017

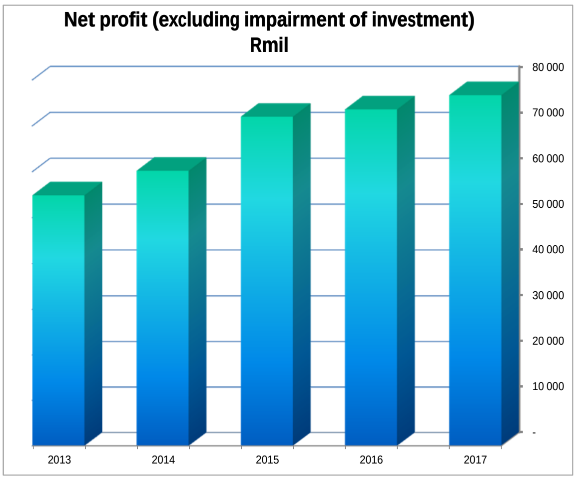
* The shareholders Profile includes the shareholders analysis which is unaudited

FINANCIAL HIGHLIGHTS

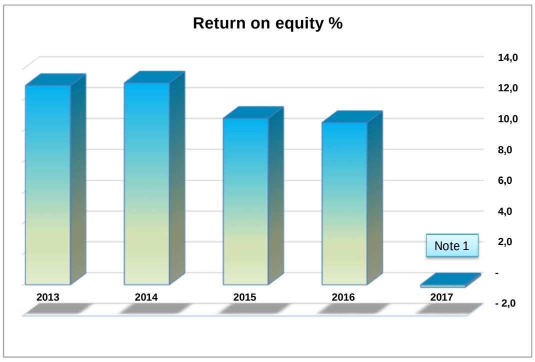
Years ending 30 June

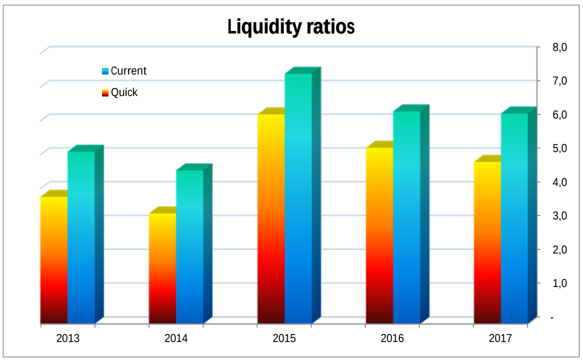
TRADING	2017	2016	2015	2014	** 2013	** 2012
Revenue (R'000)	580 665	499 376	498 037	423 347	369 855	382 951
Operating (loss)/profit (R'000)	(9 300)	79 319	88 011	75 267	69 924	71 270
Operating (loss)/profit excluding impairment of investment (R'000)	48 389	79 319	88 011	75 267	69 924	71 270
Net (loss)/profit (R'000)	(1 072)	73 575	71 988	60 202	54 863	57 230
Net profit excluding impairment of investment (R'000)	76 691 *	73 575	71 988	60 202	54 863	57 230
Year-on-year growth in net profit excluding impairment of investment (%)	4,2	2,2	19,6	9,7	(5,8)	(24,9)
5 Year compound growth in net (loss)/profit excluding impairment of investment (%)	6,0	3,3	1,5	(3,6)	2,2	4,5





BALANCE SHEET	2017	2016	2015	2014	2013	2012
Shareholders equity (R'000)	661 247	699 046	667 752	459 854	424 344	420 592
Capital employed (R'000)	701 009	759 698	721 130	474 853	454 723	449 020
Total assets (R'000)	758 540	823 499	770 593	553 515	513 880	513 457
Return on shareholders equity (%)	-0,2 Note 1	10,5	10,8	13,1	12,9	13,8
Return on capital employed (%)	-0,2	9,7	10,0	12,7	12,1	13,0
Current ratio	6,2	6,3	7,4	4,5	5,1	4,3
Quick ratio	4,8	5,2	6,2	3,3	3,8	3,3



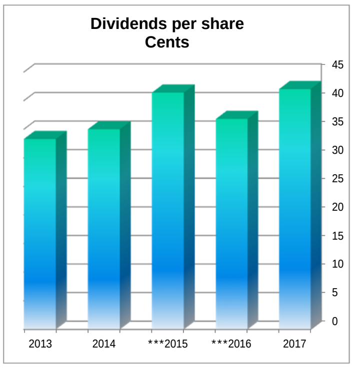


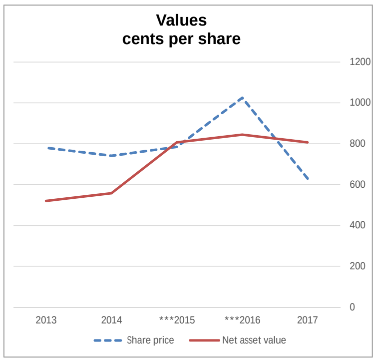
Note 1 Affected by impairment of investment in associate

FINANCIAL HIGHLIGHTS - continued

Years ending 30 June

SHARE FACTS	2017		***2016	***2015	2014	2013	2012
(LPS)/EPS (cents)	(1,29)		88,86	87,28	73,26	67,35	71,72
HEPS (cents)	92,59		88,75	87,33	74,87	67,50	70,32
5 Year compound growth in HEPS (%)	5,7	****	(1,6)	3,1	5,0	3,7	7,9
Net asset value per share (cents)	806,4		844,3	806,5	557,7	519,8	535,0
Proposed dividends per share (cents)	42,0		36,8	41,4	35,0	33,3	36,0
Dividend cover (times)	(0,03)		2,4	2,1	2,1	2,0	2,3
Share price (cents)	630		1 025	785	741	780	778
Price earnings ratio	(488,37)		11,5	9,0	10,1	11,6	10,8
Shares traded (000's)	16 968		19 427	13 588	9,880	15,853	17 061
Weighted number of shares in issue ('000)	82 795		82 799	82 481	82 179	81 458	81 172





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
EPS	Earnings per share
HEPS	Headline earnings per share
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 headline 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
Net profit	Total comprehensive income attributable to equity holders of the parent.

*	Impairment value includes a revaluation of a subsidiary company within the associate investment which is included in the share profit / (loss) of associate.
**	Restated for comparative purposes to reflect the results of continuing operations only, following the disposal of the beverage division in 2015.
***	Continuing operations only.
****	Prior year compound growth has been realligned to HEPS

DIRECTOR PROFILES

Independent Non-Executive

Brian James Frost (73) Audit and Risk Committee Remuneration Committee Chairman of the Board	Brian Frost B.Com, AMP (Harvard), retired from his position as Executive Joint Managing Director at Woolworths in 2000, continuing service as a non-executive director with them until 2010. Brian joined the Bowler Board as an independent non-executive director in 1998 and is now the Chairman of the Board.
Finlay Craig Mac Gillivray (50) Audit and Risk Committee Remuneration Committee	Craig Mac Gillivray CA(SA), previously a senior partner of a national audit practice, holds a B. Com degree, postgraduate diplomas in accounting and tax law, and currently holds executive and non-executive positions within various business sectors including property, healthcare, education and farming. He joined Bowler Metcalf as an independent non-executive director in March 2011 and chairs the Remuneration Committee and the Audit and Risk Committee.
Michael Brain (70) Remuneration Committee	Michael Brain, qualified with a B.Sc. in engineering from UCT and was a founder member of engineering company, Brain and Howarth, in 1975 and in 1977, marketing company SA Historical Mint. He joined Bowler Metcalf in 1984 and held the position of financial director until 1999 when he took over as managing director. He moved into the dual role of vice-chairman and chief financial officer in 2011 and retired from executive duties in November of that year.
Sarah Jane Gillett (44) Audit and Risk Committee Social and Ethics Committee	Sarah Jane Gillett qualified with a B.Com from Stellenbosch (accounting and economics) in 1994 and has further specialised into marketing and negotiations. She has worked nationally and internationally in marketing and sales and has run, as MD, the family business of the importation and distribution of products into the printing and architectural industries since 2010. Sarah joined the Board in November 2012 and chairs the Social and Ethics Committee.

Executive

Paul Friedrich Sass (54) Chief Executive Officer Social and Ethics Committee	Friedel Sass has a B.Sc. Mechanical Engineering from Cape Town and worked as a design and industrial engineer before completing an internship in Europe in the plastics industry. He joined Bowler Metcalf in 1991, was appointed to the Bowler Board as an executive director in 1998 for 7 years and then again in 2009. He was appointed chief executive officer in March 2011.
Grant Andrew Böhler (46) Chief Financial Officer Social and Ethics Committee	Grant Böhler obtained his B.Acc (Hons) from Stellenbosch University and qualified as a Chartered Accountant after completing articles at Ernst & Young. He has experience in the manufacturing and service sectors and joined Bowler Plastics as CFO in November 2011 before being appointed to the Bowler Metcalf Board as Chief Financial Officer.
Michael Allan Olds (65) Executive Director	Michael Olds, BSc served as an executive director of Bowler Metcalf between 1985 and 2005 and since then as senior sales executive in the Plastics division and was re-appointed to the Bowler Metcalf Board as an executive director.

CHAIRMAN'S REPORT

Running a business in South Africa in the present climate is not for the fainthearted.

Daily revelations of corruption in all levels of government and respected institutions under the microscope for unethical behaviour added to policy uncertainty make for a very challenging environment.

Plastics

Our company like most others has not escaped the consequences but it has not diverted us from our purpose. In my last report I mentioned the untiring efforts of our executive team and this year has been no different.

In spite of consumers being under severe financial pressure, negatively impacting on retail growth the plastics team has been able to attract new customers through the application of the latest technology and our solutions based approach.

They can justifiably take great pride in producing a sparkling set of results with revenue increasing by 16% and profits increasing by 41%.

Filling Operations

The Chief Executive's report covers in some detail the key challenges facing our associate company Softbev. Your board is conscious of the concerns many of our shareholders have regarding its performance and the knock on effect it has on the overall results of Bowler Metcalf Ltd. I can assure shareholders that our top team has applied their collective knowledge and business acumen to assist the SoftBev team in guiding the business back on track.

There are signs of some green shoots appearing following the re-alignment of the strategy and a significant reduction in operating costs.

Prospects

In my report last year I made reference to the fact that significant steps were being taken to improve the depth of management in the plastics division. I am pleased to report that that the plastics division is well placed to continue growing market share in a fast changing market.

When I reflect on the underlying technical, operational and financial strengths of Bowler Plastics I am confident that the company is well placed to unlock the underlying value.

Thanks

Thanks once again are due to my board for their energetic and wise counsel and of course to our executive team. Finally thank you to you our shareholders for your continued support of our company, we are determined to repay your patience and belief in our team.

B.J. FROST
Non-Executive Independent Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

Overview

Lamenting the South African political and economic environments is so “in vogue” that the many good stories seem to miss the radar– or should I say the twitter screens. I, for one, admire those many voices that are creating forums to stand up for principle and justice, providing much needed guiding light and hope for our rainbow nation. Leading organisations with courage during this VUCA (Volatile, Uncertain, Complex, Ambiguous) reality demands resolve and integrity while still simultaneously implementing and delivering on sustainable business solutions. This surely must bear testimony to the character and makeup of good teams. I experience good news in my many dealings with companies in our supply chain who display this courage.

In this fast changing environment Bowler Metcalf's two key business interests have commendably mastered their respective challenges, be it at different levels of visibility. The Bowler Plastics Packaging business has excelled with a 16% revenue growth on the back of good opportunity development in an otherwise flat sector.

The associate business SoftBev has been cause for much speculation. The economic realities dampened the merger projections therefore slowing progress, particularly in the Gauteng market. While remaining tactically alert to the market dynamics, management required space to steer a strategic and bold process of competitive positioning in a short period. The business incurred significant planned costs in this process as a consequence of the intensely competitive and sieged nature of the Carbonated Soft Drinks (CSD) Beverages industry in a difficult economy. The teams did well to finalise the necessary consolidations while also growing market share across their wide spectrum of brands. These costs, however, bear heavily on the final earnings. The reshaped business is mainly cause for the total pre-tax impairment of R100.2m, including the impairment incurred within SoftBev.

Both businesses emerge with strength. Bowler Plastics (Pty) Ltd acquired a further R5.5mil treasury shares which at 14% discount to NAV of 793c/share represented good opportunity.

Plastic Packaging – Bowler Plastics

All plants have achieved high activity levels – managing a remarkable 15% organic unit growth in this period. Good cost controls combined with new manufacturing approaches have reinforced the company's focus on furthering good supply chain integrations. This exciting development is a wonderful credit to the Bowler teamwork.

The business is adjusting to the rapid changes in the South African FMCG market. In this period, 2 large global converters have entered the commodity rigid plastics packaging supply market by acquisition. It will change the industry landscape in the years to come. Bowler Plastics remains focussed and believes itself well positioned in its niche packaging field.

Some multinational FMCG Personal Care and Household brand holders have discussed moving manufacturing sites for their products elsewhere. This development needs to be strongly discouraged and only collaborative strategies between government, labour and industry stakeholders can make a difference. Initiatives are currently underway to position the industry competitively and protect the employment which it sustains.

A Capex spend of R33m in the past year focussed on capacity expansion and modernisation.

Beverages – SoftBev

A perfect storm was brewing in the B-Brand CSD market, catalysed by the strategies implemented after The Coca-Cola Beverages Africa merger, along with uncertainties surrounding the sugar tax proposals, and stirred by significant sugar price increases. As followers in the sector, these Brands have endured immense pricing pressures in a depressed economic environment.

SoftBev chose to focus on and protect its brands even if it was to the short term detriment of margins, meanwhile it consolidated its operations and positioned the brands appropriately in the new environment. Pleasingly, all brands have shown good to exceptional growth driving a turnover increase by 20% on 2016. Incidental costs of over R100mil flowing from the completed strategies of organisational restructure, product reformulations and plant optimisations are all accounted for in this period. The interventions have had a positive effect.

The R100mil capacity build in Gauteng is complete and operational, while the Cape Town plant upgrade was satisfactorily finalised. Economies of scale for Gauteng have improved after the successful procurement of contract filling for another national retailer brand and good growth in the licensed brands.

The SoftBev energy drink brand Reboost continues its exceptional growth.

Outlook

The economic realities of South Africa demand a focussed management approach. Bowler Metcalf believes in progressing the next phase of expansion of the Plastic Business. This will require investment into expansion of facilities and business opportunities. The management is critically appraising its continued involvement in the beverages business.

P.F. SASS
Chief Executive Officer

CORPORATE GOVERNANCE

King Code

The Bowler Group is committed to the principles of transparency, integrity, fairness, responsibility and accountability as advocated in the King Code of Governance Principles (“King III”). The Group has endeavoured to apply the principles of King III in a practical manner, and in 2017 the Group continued to review its practices based on these principles. Where King III principles are not applied, this is clearly explained to stakeholders and, where necessary, other controls are put in place to ensure sound governance.

Board of Directors

Full details of the directorate, inclusive of remuneration and shareholdings are as set out elsewhere in this report. The directors endeavour to act in the best interest of the company at all times.

There is a clear division of responsibilities at Board level to ensure a balance of power and authority, such that no one individual has unfettered powers of decision making. The majority of directors are non-executive, all of whom are also classified as independent. The responsibilities of the Chairman and Chief Executive Officer have been clearly defined by the Board.

The Chairman of the Board, Mr B Frost, is an independent non-executive director.

The full Board endeavours to meet four times per annum. The non-executive directors retire in rotation, have no long-term contracts, and are not automatically reappointed. 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. Directors financial interests are tabled at every meeting.

The Board has assessed that the independence, character and judgement of Brian Frost has not been impaired or affected by his length of service, which is in excess of nine years.

The induction of directors is conducted through a formal process.

The board, committee and individual director evaluations have been completed and the results thereof are under consideration by the board.

Director Nominations

Due to the size of the company and limited number of directors there is no separate nomination committee. This function is fulfilled by the Board as and when the need arises. The procedure for the appointment of directors includes the review of cv's, interviews by a majority of directors and decision by the whole Board.

Corporate Governance

The Board is the focal point and custodian of corporate governance.

Going Concern

Based on solvency and liquidity tests, budgets and cash flows, the Board of Directors believes that the Group has adequate resources and facilities available to continue to operate in the foreseeable future. The Board, therefore, continues to apply the going-concern basis in preparing the annual financial statements.

Internal Controls and Audit

The directors have responsibility for the Group’s systems of internal controls. These are designed to provide reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations. Operational and financial responsibilities are delegated to CEOs, CFOs and executives of the principal operating divisions.

The Group’s system of internal controls is designed to provide reasonable, but not absolute, assurance against the risk of material errors, fraud or losses occurring. Furthermore, because of changing internal and external factors, the effectiveness of an internal control system may vary over time and must be continually reviewed and adapted.

The system of internal controls is monitored throughout the Group by the Audit Committee, management and employees as an integrated approach. The Board reports that

- to the best of its knowledge and belief, no material malfunction of the Group’s internal control system occurred during the period under review;
- it is satisfied with the effectiveness of the Group’s internal controls and risk management;
- it has no reason to believe that the Group’s code of ethics has been transgressed in any material respect; and
- to the best of its knowledge and belief, no material breaches have occurred during the period under review, of compliance with any laws and regulations applicable to the Group.

The Board has to date not established an internal audit function due to the small size of the administration and intimate involvement of senior management but is reviewing the need therefore on an on-going basis.

Stakeholder Relationships

It is Group policy to pursue dialogue with institutional shareholders. To achieve this dialogue, the executive directors have conducted a number of presentations to, and meetings with, investors and analysts to communicate the strategy and performance of the Group.

The quality of this information is based on the standards of promptness, relevance and transparency.

The Group encourages all shareholders to attend its annual general meeting, which provides shareholders with the opportunity to pose questions to the Board of Directors.

No requests for information were lodged with the Group in terms of the Promotion of Access to Information Act.

Ethical Leadership

The Group's value system expects all its employees to maintain high standards of integrity and ethics in dealings with suppliers, customers, business partners, stakeholders, government and society at large. The Board does not tolerate any form of corruption, violation of law or unethical business practices. It also advocates confidentiality in respect of information regarding employees and information regarding the Group itself.

Additional assurance on matters ethical is provided from audits of some large customers on the Group. The need for additional assurance will be reviewed by the Social and Ethics Committee on an ongoing basis.

There were no recurring regulatory penalties imposed on the Group or any of it's directors during the year under review.

Audit and Risk Committee

Members	Category
Craig Mac Gillivray - Chairman	Non-executive Independent
Brian James Frost	Non-executive Independent
Sarah Jane Gillett	Non-executive Independent

This Committee operates under formal terms of reference. The terms of reference are confirmed by the Board and reviewed every year. The terms of reference are available to the shareholders, on request, at the registered office of the company.

The main purpose of the committee is to assist the Board in monitoring the integrity of the financial statements, overseeing the process of the integrated report, being responsible for the financial internal controls and overseeing the external audit function.

In addition the committee has been appointed to perform the duties of an audit committee on behalf of all the company's subsidiaries.

The Board has also delegated to the committee the responsibility of overseeing the risk management process.

The duties performed in respect of risk are as follows:
- approval of the risk process
- consideration of the risk profile
- consideration of the risk mitigation actions
- report to the Board on the risk process and the major risks

The members are all independent Non-executive directors, who are suitably qualified. The Chief Executive Officer, Chief Financial Officer and external auditors of the company attend the meetings by invitation. The Board deems it appropriate that Mr Frost, the Chairman of the Company, continues to serve on this committee given his extensive experience.

The committee met three times during the year.

The duties performed in respect of audit are contained in the Audit and Risk Committee report on page 17.

Remuneration Committee

Members	Category
Craig Mac Gillivray - Chairman	Non-executive Independent
Brian James Frost	Non-executive Independent
Michael Brain	Non-executive Independent

The main purpose of the Remuneration Committee is to assist the Board in fulfilling their responsibilities in establishing formal and transparent remuneration policies which are aligned with the company strategies and linked to its performance in the short and long term.

The Committee’s terms of reference have been approved by the Board and the Committee is satisfied that it has carried out its responsibilities for the year in compliance with its terms of reference.

Membership consists of three Non-executive directors, all of whom are independent.

The Committee met thrice during the year and the Chairman reported back to the Board on the activities of the Committee.

During the year, the committee performed the following activities:

- Reviewed and addressed the guaranteed pay of executive directors and senior management and related short-term incentive structures.
- Reviewed performance targets applicable to the short-term incentives.
- Reviewed the succession plan presented by the executive directors.

Remuneration Policy

Bowler aims to recruit and retain a diverse workforce who have the necessary skills, knowledge and commitment to meet Bowler's goals. Underpinning this is a policy which supports the organizational culture and values within the greater South African context of scarce skills and the importance of fair pay for fair work. Fundamentally we aim to provide a 'total reward' package that balances pay, benefits and personal development with affordability while managing internal and external equity. A system where good performance is rewarded and poor performance is managed, career progression is enabled and achievement is recognized.

The purpose of this policy therefore is to ensure that Bowler's business needs are balanced with fair and consistent treatment of our employees within a cost aware framework.

Remuneration Philosophy

Our remuneration policy reflects our intention to attract and retain critical talent while motivating current employees to continually perform to their best ability in a team, in the best interest of the company and our stakeholders. It provides a basis for an appropriate and fair rate of pay for each function and to apply it consistently across the group. We aim to maintain a balance between fixed and variable pay and between short-and long-term incentives, where applicable. The remuneration committee ensures an appropriate level of transparency and monitors a level of equity and consistency across the group.

Transparency and Accountability

The remuneration committee is an independent and objective body responsible for assessing remuneration structures of all employees. It reviews pay structures for group executives and balances these against the financial health of the group. Specific responsibilities include:

- Evaluating the board, subsidiary boards and individual director's performances annually
- Ensuring that directors are fairly rewarded for their respective contributions to the group performance

Remuneration Components

Base Pay

All employees have a basic pay component that is market related. Annual increases for employees who do not form part of a collective bargaining unit (in our instance the Plastics Negotiating Forum (PNF)) are determined with reference to the nature of the employee's role, personal performance, contribution and consumer price index (CPI) movements.

Annual increases for employees who fall within the scope of the PNF are determined in accordance with agreements reached within the collective bargaining unit and are awarded across -the-board to the members. The executive management proposes the recommendations to the remunerations committee for approval.

Executive Director's annual increases are determined by the remunerations committee with reference to the above and are benchmarked in line with the size and performance of the entity.

Short Term Incentive Scheme

The board may, on the recommendation of the remuneration committee, elect to pay an incentive to employees based upon criteria relevant at the time of consideration. Employees who fall within this consideration may be eligible to earn a bonus. Bonus payments are usually paid after availability of audited results.

Criteria defining the value to be paid are determined by the remuneration committee, upon due consideration of the following:

- Performance of the company to target;
- Individual performance and level of influence and responsibility in terms of attaining company targets;
- Continuous employment within the financial period and status of employment at the time of payout; and,
- Any proposed bonus payment is debated and either confirmed, adjusted or declined by the committee.

Annual bonuses for employees included in collective bargaining units are determined in accordance with agreements reached with the collective bargaining units and are mostly awarded across-the -board to the members.

Long Term Incentive Scheme

The board has control over treasury shares which it may from time to time consider offering to eligible employees as a form of wealth creation linked to the company's performance. Going forward Bowler will be reconsidering the issue of options. Alternatively, a long term phased cash incentive linked to the achievement of the company's strategic objectives and regular performance reviews will form the basis of this scheme overseen by the remunerations committee.

Retirement Benefits

All employees are required to be members of the Bowler pension fund or any other approved industry or union fund. Both employer and employee make contributions in respect of the employee's membership of the fund for the duration of his/her employment in the group. All funds are defined contribution funds. Non-executive directors do not participate in the Bowler pension fund.

Term of Employment

Terms of employment are governed by the employee's contract of employment with the company. Notice periods for both fixed-term contract and permanent employees are as follows:

- One week if employed for less than six months;
- Two weeks if employed for more than six months but less than twelve months;
- One to three months if employed by Bowler for more than twelve months, dependent upon the role performed and the scarcity of skill; and,
- The Executive Directors' service contracts do not contain notice periods exceeding twelve months

Severance arrangements for all employees and directors are governed by either the PNF agreements or the applicable legislation.

All senior members of management and executives have restraint of trade (non-compete) agreements for varying periods, depending on the individual circumstances.

Policy Review

This policy is owned by the remuneration committee of Bowler Metcalf Ltd and is reviewed on an annual basis to ensure relevance within the business and market context.

Remuneration Policy for Non-executive Directors

Non-executive Directors receive fees for services on Board and Board Committees. These fees recognise the responsibilities of Non-executive Directors throughout the year and the total fee is inclusive of a base fee and a committee attendance fee. Fees are based on benchmarking with similar sized companies within our industry.

Non-executive Directors do not receive short term incentives and do not participate in any long term share incentive scheme.

The fees for Non-executive Directors have been recommended by the Remuneration Committee to the Board for their approval.

The proposed fees for 2018 have been based on benchmarking with similar sized listed companies. Consideration has also been given to the substantial increase in legal and regulatory oversight requirements.

Non-executive Directors Remuneration

Name	Date first appointed	Consultation fee R'000	Directors fees R'000	Committee fees R'000	Total 2017 R'000	Total 2016 R'000
Non-executive Independent						
B J Frost	Jun 1998	-	287	134	421	391
FC Mac Gillivray	Mar 2011	-	185	191	376	349
SJ Gillett	Sep 2012	-	185	134	319	295
M Brain	Jun 1984	-	184	67	251	232
Total		-	841	526	1 367	1 267
Paid by subsidiary		-	(841)	(526)	(1 367)	(1 267)
Paid by company		-	-	-	-	-

Executive Remuneration

The remuneration of all the directors and prescribed officers of the company is detailed in the notes to the annual financial statements.

Social and Ethics Committee

A company’s Social and Ethics Committee must comprise not less than three directors or prescribed officers of the company, at least one of whom must be a director who is not involved in the day-to-day management of the company’s business, and must not have been so involved within the previous three financial years.

Members	Category	Date first appointed	Date resigned
Sarah Jane Gillett - Chairperson	Non-executive Independent	Nov 2012	
Paul Friedrich Sass	Executive	Apr 2012	
Grant Andrew Böhler	Executive	Apr 2012	
Louis Vern Rowles	Prescribed officer - Bowler Plastics	Apr 2012	Nov 2016
Vanessa Shelver	Group HR manager	Jun 2013	
CA Bothma	Prescribed officer - Bowler Metcalf	Nov 2016	

This committee was established in April 2012 in terms of Section 72 (4) of the Companies Act, 2008 and regulation 43 (2) with the main function of monitoring the company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:

- Social and economic development
- Good corporate citizenship
- The environment, health and public safety
- Consumer relationships
- Labour and employment

The committee met thrice during the year. The terms of reference have been adopted by the committee together with an annual work plan (see Social and Ethics Committee report on page 18)

CORPORATE GOVERNANCE - continued

Meeting Attendances

Name	Category	Date first appointed	Date last appointed	Date of Termination	No of meetings	Attendance
Main Board						
BJ Frost	Non-Exec Indep Chairman	Jun 1998	Dec 2015		5	5
FC Mac Gillivray	Non-Exec Independent	Mar 2011	Dec 2015		5	5
SJ Gillett	Non-Exec Independent	Nov 2012	Nov 2016		5	4
M Brain	Non-Exec Independent	Jun 1984	Nov 2016		5	4
PF Sass	Chief Executive Officer	Nov 2009			5	4
GA Böhler	Chief Financial Officer	Dec 2011			5	5
MA Olds	Executive Director	Nov 2012			5	4
Audit & Risk Com						
Members:						
FC Mac Gillivray	Chairman	Mar 2011	Nov 2016		3	3
BJ Frost	Member	Jun 1998	Nov 2016		3	3
SJ Gillett	Member	Nov 2012	Nov 2016		3	3
Guests:						
PF Sass	Chief Executive Officer				3	3
GA Böhler	Chief Financial Officer				3	3
LV Rowles	Company Secretary				3	2
CA Bothma	Company Secretary				3	1
Mazars	External auditor				3	2
Remuneration Com						
FC Mac Gillivray	Chairman	Mar 2011			3	3
M Brain	Member	Oct 2013			3	2
BJ Frost	Member	Jun 1998			3	3
Guests:						
PF Sass	Chief Executive Officer				3	3
Social and Ethics						
SJ Gillett	Chairman	Nov 2012			3	3
PF Sass	Member	Apr 2012			3	3
GA Böhler	Member	Apr 2012			3	3
LV Rowles	Prescribed Officer	Apr 2012		Nov 2016	3	2
CA Bothma	Prescribed Officer	Nov 2016			3	1
V Shelver	Group HR Manager	Jun 2013			3	2

Integrated Annual Report

This Integrated Annual Report, combines financial and non-financial information. Our aim is that the integrated report will be incrementally improved over time, in line with developing global standards.

Information Technology (IT)

The Group's reliance on IT is principally in the area of administration, with some application to mould design and manufacture. The Board, through the Audit and Risk Committee, is responsible for IT governance. IT management forms part of the Group’s risk management system. The Group has appointed a suitably qualified and experienced IT manager responsible for the management of IT and reporting directly to senior management. The IT manager provides regular reports for consideration by the Audit and Risk Committee along with other matters of risk.

Social Responsibility

Health and safety conditions comply with industry standards and the minimization of industrial pollution is entrenched in the manufacturing process. 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 workforce profiles submitted to the Department of Labour are summarised hereunder.

	Management	Skilled & Other	Temporary Employees	Total	% of Total
Employment - September 2016					
Male					
African	-	91	117	208	24%
Coloured	10	181	84	275	32%
Indian	1	-	1	2	0%
White	28	12	3	43	5%
Foreign nationals	2	-	1	3	0%
Female					
African	1	28	111	140	16%
Coloured	3	114	61	178	21%
Indian	-	1	-	1	0%
White	12	3	-	15	2%
Foreign nationals	-	-	1	1	-
Total - September 2016	57	430	379	866	100%
Employment - December 2015					
Male					
African	-	80	2	82	16%
Coloured	8	184	8	200	39%
Asian	-	3	-	3	1%
White	31	13	3	47	9%
Foreign nationals	1	2	2	5	1%
Female					
African	-	24	3	27	5%
Coloured	4	122	2	128	25%
Asian	1	1	-	2	0%
White	8	7	-	15	3%
Foreign nationals	-	-	1	1	0%
Total - December 2015	53	436	21	510	100%

Gender diversity

In terms of paragraph 3.84(k) of the JSE Listings Requirements, the board is required to have a policy on the promotion of gender diversity at board level. At present, a formal policy has not been established but the board will formulate a policy during the financial period of 2018. The board is supportive of the need for, and importance of, gender diversity and will be considering this when making new appointments to the board.

Skills Development

Bowler Plastics is proud of the ongoing focus on Skills Development and Training. For the past financial period an excess of R4m has been spent on training interventions across a number of levels of the business, either by way of on-the-job training, apprenticeships or formal qualifications. This spend equates to more than 2 700 instances of training within the group. The recent provisional accreditation from MerSETA as a Training Provider is another step in our journey towards sustainable transformation.

BBBEE

Management is in the process assessing the companies compliance with broad-based black economic empowerment.

KING III GAP ANALYSIS

As required by the JSE Listings Requirements, the following table discloses the status of the Group's compliance with King III and reasons for non-compliance, if applicable.

ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP	APPLY	PARTIALLY APPLY	UNDER REVIEW / DO NOT APPLY
Effective leadership based on an ethical foundation	✓		
Responsible corporate citizen	✓		
Effective management of company's ethics	✓		
Assurance statement on ethics in integrated annual report			✓[1]
BOARDS AND DIRECTORS			
The Board is the focal point for and custodian of corporate governance	✓		
Strategy, risk, performance and sustainability are inseparable	✓		
Directors act in the best interest of the company	✓		
The Chairman of the Board is an independent non-executive director	✓		
Framework for the delegation of authority has been established	✓		
The Board comprises a balance of power, with a majority of non-executive directors, the majority of who are independent	✓		
Directors are appointed through a formal process	✓		
Formal induction and on-going training of directors is conducted	✓		
The Board is assisted by a competent, suitably qualified and experienced company secretary	✓		
Regular performance evaluation of the Board, its committees and the individual directors		✓[2]	
Appointment of well-structured committees and oversight of key functions	✓		
An agreed governance framework between the Group and its subsidiary Boards is in place	✓		
Directors and executives are fairly and responsibly remunerated	✓		
Remuneration of directors and senior executives is disclosed	✓		
The company's remuneration policy is approved by its shareholders	✓		

COMPLIANCE WITH LAWS, CODES, RULES AND STANDARDS	APPLY	PARTIALLY APPLY	UNDER REVIEW / DO NOT APPLY
The Board ensures that the company complies with relevant laws	✓		
The Board and directors have a working understanding of the relevance and implications of non-compliance	✓		
Compliance risk forms an integral part of the company's risk management process		✓[5]	
The Board has delegated to management the implementation of an effective compliance framework and processes	✓		
GOVERNING STAKEHOLDER RELATIONSHIPS			
Appreciation of stakeholders' relationships	✓		
There is an appropriate balance between its various stakeholder Groupings	✓		
Equitable treatment of stakeholders	✓		
Transparent and effective communication to stakeholders	✓		
Disputes are resolved effectively and timeously	✓		
THE GOVERNANCE OF INFORMATION TECHNOLOGY			
The Board is responsible for information technology (IT) governance	✓		
IT is aligned with the performance and sustainability objectives of the company	✓		
Management is responsible for the implementation of an IT governance framework	✓		
The Board monitors and evaluates significant IT investments and expenditure	✓		
IT is an integral part of the company's risk management	✓		
IT assets are managed effectively	✓		
The risk management committee and audit committee assist the Board in carrying out its IT responsibilities	✓		

KING III GAP ANALYSIS - continued

AUDIT COMMITTEE	APPLY	PARTIALLY APPLY	UNDER REVIEW / DO NOT APPLY
Effective and independent	✓		
Suitably skilled and experienced independent non-executive directors	✓		
Chaired by an independent non-executive director	✓		
Oversees integrated reporting	✓		
A combined assurance model is applied to improve efficiency in assurance activities		✓[3]	
Satisfies itself on the expertise, resources and experience of the company's finance functions	✓		
Oversees internal audit			✓[4]
Integral to the risk management process	✓		
Oversees the external audit process	✓		
Reports to the Board and shareholders on how it has discharged its duties	✓		

THE GOVERNANCE OF RISK	APPLY	PARTIALLY APPLY	UNDER REVIEW / DO NOT APPLY
The Board is responsible for the governance of risk and setting levels of risk tolerance	✓		
The risk management committee assists the Board in carrying out its risk responsibilities	✓		
The Board delegates the process of risk management to management.	✓		
The Board ensures that risk assessments and monitoring is performed on a continual basis	✓		
Frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	✓		
Management implements appropriate risk responses	✓		
The Board receives assurance on the effectiveness of the risk management process		✓[6]	
Sufficient risk disclosure to stakeholders	✓		
INTEGRATED REPORTING AND DISCLOSURE			
Ensures the integrity of the company's integrated annual report	✓		
Sustainability reporting and disclosure is integrated with the company's financial reporting	✓		
Sustainability reporting and disclosure is independently assured			✓[7]

NOTES TO KING III GAP ANALYSIS

✓[1] The Board has not commissioned an independent report for inclusion in the integrated report, but continues receiving some assurance through customer audits.

✓[2] The board, committee and individual director evaluations have been completed and the results thereof are under consideration by the board.

✓[3] While internal assurance activities are combined with those of external service providers (i.e. insurance, quality and other verification agencies), the development of a formal model for the collation of their activities is now the next step.

✓[4] There is no internal audit. See details under internal controls and audit section of the report on corporate governance.

✓[5] Senior management will be required to report directly to the audit & risk committee.

✓[6] The Board obtains assurance on its risk management processes from the audits conducted on the company by some large customers.

✓[7] The Board has not sought independent assurance on its sustainability reporting as it sees no cost benefit advantage at this time.

Bowler Metcalf recognises that it has not only the responsibility to be an excellent manufacturer in an integrated supply chain supplying quality goods, but also to share the skills it has developed and acquired in a constructive way that inspires people to make a positive difference in the environments they touch.

In this context the Bowler teams embrace regular reflections on their contributions and learnings from different stakeholders. To this point a recent culture survey conducted with the entire workforce achieved a commendable 78% participation rate. From this all teams took guidelines for areas of opportunity such that consciousness levels within the organisation can be reinforced speaking to the core values of Respect, Care, Trust and Honesty and the behaviours that underline each of these.

To facilitate an enabling environment is a key objective within the Bowler business community. To this end the past year channelled resources to provide 2700 training interventions thus developing our business family to skill levels ranging from NQF3 – NQF6. It strongly supports a continuous improvement culture not only in ability but also from a belief and behaviour perspective.

We recognise the growing impact of the socio- economic challenges that find their way into our structured and disciplined environment. This is required for a manufacturing business such as ours. We intend to reverse this trend and with the support of dedicated and committed staff have started a partnership with Famsa (www.famsa.org.za) and Poverty Stoplight (www.povertystoplight.org.za). Together we focus on the strength and unity of families. We continue to develop a programme of support and structure with the assistance of the “Bowler” ambassadors thereby reaching the communities and applying the “multiplier” effect.

These ambassadors are trained to use software in providing families with tools to “reflect, prioritise and plan” on how to resolve the poverty related problems that affects the family. Furthermore, they provide assistance by giving access to a network of organisations that have competencies relating to each indicator. This too is supported through the proverbial “grapevine”- a referral pathway in which the company provides various forms of support and acts as an enabler.

As a resource-hungry business, opportunities continue to arise in reducing waste. Good progress has been achieved in the areas of energy conservation by working smartly. This relates to power consumption per unit produced. A dedicated engineering team is operational in the organisation identifying, measuring and designing interventions that change method and behaviours for the better.

The company is very conscious of the detrimental effect that packaging can have on the environment when used irresponsibly. Whereas the world’s population would not be able to be supported were it not for the benefits of polymers, it is also these very same people who have not embraced the significant advantages of recyclability of this material to its fullest potential. Bowler Plastics continues to support both the very professionally managed initiatives PETCO (www.petco.co.za) and POLYCO (www.polyco.co.za) to advance the awareness of the polymer recycle loop. The company also actively encourages the use of recyclable material to various percentages in its products by sharing its expertise with its customers.

Bowler 4.0 is the start of a new consciousness towards smart manufacture in our business. The 4 principles underlining this approach are:

a. Interoperability: the process of creating or utilising the ability of machines and people to connect and communicate with each other via the internet of things.

b. Information transparency: the ability of information systems to create a virtual copy of the physical allowing higher context data interpretation.

c. Technical assistance: The ability to support humans by collecting and visualizing information thereby assisting in good decision making within short time periods.

d. Decentralised decisions: developing the environment to make advanced decisions and perform complex tasks as autonomously as possible.

An internal team of professionals is focussed on guiding the business in various areas of this journey and mindset. Our Gauteng operation is the first beneficiary with the focus on simplicity.

DIRECTORS' STATEMENT

Preparation of Integrated Annual Financial Statements

The Directors are required by King III to prepare the Integrated Annual Financial Statements, which include the Annual Financial Statements as required by the Companies Act. These statements have been reviewed by the Audit and Risk Committee and the Board who are of the opinion that they fairly present the financial position of the Group as at the end of the financial year, and the financial performance and cash flows for that year, in conformity with International Financial Reporting Standards, the JSE Listings Requirements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Companies Act in South Africa.

The Directors consider that in preparing the financial statements, the Group has consistently used appropriate accounting policies supported by reasonable judgements and estimates. All applicable accounting standards have been followed.

Directors' Responsibility in Relation to Financial statements

The Directors are required by the Companies Act in South Africa to maintain adequate accounting records and are responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Annual Financial Statements fairly present the state of affairs of the company and Group as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

The Annual Financial Statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable judgments and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors have reviewed the Group's cash flow forecast for the year to 30 June 2018 and, in the light of this review and the current financial position, they are satisfied that the Group has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

Directors' approval of Annual Financial Statements
The Annual Financial Statements set out on pages 16 to 44 were approved by the Board of Directors on:
29 September 2017

Signed on their behalf by:

B J FROST
Chairman

P F SASS
Chief Executive Officer

Ottery
29 September 2017

SECRETARIAL CERTIFICATION

In accordance with section 88(2)(e)(d) of the Companies Act 2008 as amended, it is hereby certified that the company has lodged with the Companies and Intellectual Properties Commission 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.

CA Bothma
Company Secretary
29 September 2017

AUDIT AND RISK COMMITTEE REPORT

Membership

The committee comprises solely of independent, non-executive directors. They were:

Craig Mac Gillivray (Chairman)
Brian Frost
Sarah Gillett

Functions performed

The committee nominated for approval at the annual general meeting Mazars as the external auditor for the 2018 financial year, and Yolandie Ferreira as the designated auditor.

Recommendation of auditor

Independence of the auditor:

The committee has considered the independence requirements of the Independent Regulatory Board for Auditors and carried out procedures as considered necessary to satisfy itself that the auditor of Bowler Metcalf Limited was independent as defined by the Companies Act.

These procedures include:

Meeting with the auditors to consider the safeguards they have put in place to ensure their independence.

Determining the nature and extent of non-audit services which the auditor may perform for the company. There is a formal procedure in place that governs the process whereby the auditor is considered for non-audit services. Each engagement letter for such work is reviewed by the committee.

Pre-approving any contract for non-audit services to be performed by the auditor.

Agreeing the provisional audit fee for the year. The fee is considered appropriate for the work that is required to be performed. The final fee will be agreed on completion of the audit.

Ensuring that the appointment of auditor complies with the Companies Act and any other legislation relating to the appointment of auditors.

Other functions

The committee:

is to receive and deal with any complaint relating either to the accounting practices of the company or to the content or auditing of its financial statements, or to any related matter. No such complaint was received during the year.

is to consider, on an annual basis, and satisfy itself, of the appropriateness of the expertise and experience and adequacy of the finance function, the chief financial officer and his/her senior financial team. The committee is satisfied that the incumbent CFO has the appropriate experience and expertise and that the financial function of the Group is adequate.

in consultation with the external auditors, is to review with management, internal and/or external counsel, legal matters that could have a material impact on the Group and to review the effectiveness of the Group's legal compliance procedures and regulatory responsibilities. The Group's legal and regulatory compliance procedures were found to be adequate.

in consultation with the external auditors, is to review the Group's systems of internal control, and fraud detection and prevention, for compliance and improvement thereto. The Group's systems of internal control were found to be adequate and effective and to have been complied with.

is to ensure that management's processes and procedures are adequate to identify, assess and monitor enterprise-wide risks. The Group's risk identification processes and procedures were found to be adequate and effective.

is to review the accounting policies and practices on an annual basis

is to review the pro-active monitoring report and apply recommendations where necessary

Integrated Annual Report
The committee has recommended the integrated annual report, including the Annual Financial Statements, for approval by the Board. The Board has subsequently approved the financial statements, which will be laid before the members at the forthcoming annual general meeting.

C MAC GILLIVRAY
Chairman of the Audit and Risk Committee

29 September 2017

SOCIAL AND ETHICS COMMITTEE REPORT

This committee is constituted as a statutory committee of the company in respect of its statutory duties in terms of sections 72(4) of the Companies Act, 2008, read with regulation 43 (2) of the Companies Regulations, 2011, which states that all listed public companies must establish a Social and Ethics Committee.

Composition

The committee comprises, Sarah Jane Gillett as chairperson and two executive directors, Paul Friedrich Sass (CEO) and Grant Andrew Böhler (CFO) and two other office bearers as detailed on page 9.

Role of the Social and Ethics Committee and execution of its mandate

The committee performs an oversight, monitoring and reporting role to ensure that the Group's business is conducted in an ethical and properly governed manner and to develop and review policies, governance structures and existing practices which guide the company's approach to new and emerging challenges.

In particular the committee focuses on matters relating to:

- Social and economic development
- Good corporate citizenship
- The environment, health and public safety
- Consumer relationships
- Labour and employment

Meetings and procedures

The committee met three times during the year and attendances are tabled on page 11.

The committee has reviewed and reported to the Board during the course of the year on the following matters:

- The Group's code of Conduct to ensure it is aligned with statutory requirements as well as the culture of the organisation and that all ethical issues are comprehensively addressed. Bowler prides itself on its culture and value systems and has actively ensured that with the growth of the company this last year, that all new members of staff are inducted and embrace the code of conduct set out.
- Monitored the social and economic development plan taking into account the Employment Equity Act and the Broad-Based Black Economic Employment Act. Bowler have embraced the new codes and are due to be audited against these codes in 2017. In line with Bowler's strategy they continue to place tremendous emphasis on staff development and succession planning and are realising the benefits of these efforts.
- The committee has reviewed the compliance schedule and risk reports and will continue to develop these to ensure that they comply legally and that undue risks are mitigated timeously.
- Matters arising to its statutory obligation and good corporate governance and corporate citizenship.
- It has been identified that wherever possible, the Group will better utilise resources such as energy, water and fuel, this remains work in progress. It is also noted that Bowler actively participates in recycling initiatives as well as participating in PETCO/Polyco forums.

Conclusion

The committee is of the view that the Group takes its mandate seriously. No substantive non-compliance with legislation and regulation or non-adherence with codes of best practice, relevant to the areas within the committee's mandate, has been brought to its attention. The committee has no reason to believe that any such non-compliance or non-adherence has occurred.

The committee recognises the importance and responsibility that management have towards ensuring all responsibilities regarding transformation, corporate governance, social and economic development and maintaining an ethical corporate culture are met and worked on continuously. In line with last year the management team need to be commended for the developments and commitment as the business continues to grow.

SGillett

S GILLETT
Chairperson of the Social and Ethics Committee
29 September 2017

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Bowler Metcalf Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Bowler Metcalf Limited (the group) set out on pages 23 to 42, which comprise the statements of financial position as at 30 June 2017, and the statement of profit or loss and other comprehensive income, the statements of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 30 June 2017, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matter relate to the consolidated and separate financial statements.

Matter	Audit response
Valuation of investment in associate (note 5) The group's accounting policy in section 5 of the accounting policies in the financial statements states that the investment in associate is measured at cost less accumulated impairment losses in the company figures and is accounted for in terms of the equity method in the groups financial statements, which results in the investment in associate being adjusted for post-acquisition changes in the company's share of net assets of the associate less any dividends received, less any impairment losses. The value of the investment is material to the group comprising of 23.78% (2016: 33.95%) of the group total assets. As reported in the interim results, the investment in associate was impaired by a material amount, as a result of adverse economic conditions, challenges relating to changes in the sugar tax legislation and slower progress compared to projected progress as anticipated by the merger projections. The recoverable amount of the investment in associate has been determined by management using fair value less cost to sell calculations. The discounted cash flow methodology applied involves significant estimation and judgement by management which could potentially result in a material misstatement on a financial statement level. Some of these estimates and assumptions used in determining the discounted cash flow include : - discount rates; - future financial results including operating profits, working capital movements etc. - future capital outlay The significant estimatation, judgement involved, as well as the impairment adjustment required in the prior year resulted in this matter requiring specific audit attendtion in the current year.	We performed substantive tests of detail on the recoverable amount of the investment in associate. Our procedures included the following among others: - Recalculating management's valuation to assess the mathematical accuracy thereof; - Obtaining an auditor's expert assistance to assess the reasonability of management's valuation methods and assumptions which include the assessment of the discount rate and growth rates applied by management; - Assessing the competence, capability, objectivity and integrity of the auditor's expert; - Testing the sensitivity of the impairment calculation to changes in the key assumptions; and - Assessing the adequacy of disclosures, with the assistance of an IFRS specialist, relating to the investment in associate held in the financial statements. Having performed our audit procedures and evaluating the outcomes we concluded that our audit procedures appropriately address the key audit matter.

Other Information

The directors are responsible for the other information. The other information comprises the Director's Statement, Secretarial Certification, Audit and Risk Committee's Report, the Directors Report and Social and Ethics Committee Report as required by the Companies Act of South Africa, the Shareholders profile and the Integrated Annual Report, which we obtained prior to the date of this report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and / or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Mazars has been the auditor of Bowler Metcalf Limited for 29 years.

Mazars

Mazars
Registered Auditors
Partner: FJ Cronje
Registered Auditor
Chartered Accountant (SA)
29 September 2017
Cape Town

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 2017.

General Review of Business Operations and Results

The Group 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.

Investment in associate

The associate company, SoftBev Proprietary Limited ("SoftBev"), operates mainly in the carbonated soft drinks industry. As a result of the timing and convergence of many pressures in this industry and the challenges around gaining momentum as a national business operation, the financial results and structures of this business have unfortunately not yet lived up to the merger expectations. Particularly of note is the trading pressure in the KZN and Gauteng regions. Accordingly, the investment has been impaired in the year under review, with an element of that impairment flowing through the share of profit / (loss) from the associate as well as an impairment in the Group Annual Financial Statements. The SoftBev management team is well positioned to build momentum in the business from here onwards.

Events after the Reporting Date
Subsequent to year end Bowler Plastics (Pty) Ltd, a subsidiary, declared a dividend in specie to the company in the form of treasury shares which the company subsequently cancelled.

Stated Capital
There has been no change to the authorised share capital during the year. During the year Bowler Plastics (Pty) Ltd, a subsidiary, increased its shares held in the company on the open market in a treasury capacity (refer note 11).

Dividends
Interim dividends of 19.32 cents per share (2016: 18.4c) were paid to shareholders on 3 April 2017. A final cash dividend of 22.7 cents per share (2016: 16.4c) has been proposed in terms of the notice included in this report.

Property, Plant and Equipment
There has been no change in the nature of the property, plant and equipment of the Group. There has been a change in estimated useful lives of these assets during the financial period (refer note 16)

Borrowing Limitations
The borrowing powers of the Group are not limited by its memorandum of incorporation.

Directors and Secretary
Details of the present Board of Directors and the secretary appear on the inside front cover of this report. The previous company secretary resigned in November 2016 and was replaced by CA Bothma with immediate effect.

The company secretary performs the company secretarial function which ensures that Board procedures and relevant legislation and regulation is observed and complied with, and is responsible for preparing meeting agendas and recording the minutes of meetings. The company secretary also provides guidance to directors on governance, compliance and fiduciary responsibilities, reports directly to the Chairman of the Board with whom she has ongoing communication. The company secretary is not a director but stands on an equal footing with other executives and performs her duties without undue influence or pressure.

The Board has evaluated and is of the opinion, that the company secretary, who is a professional accountant (SA), has the requisite competence, knowledge and experience to carry out the duties of a company secretary of a public company, and in the performance of those duties, is able to maintain an arm's length relationship with other members of the Board.

Special Resolutions
The following special resolutions were passed at the annual general meeting, held on 9 November 2016:

1. The directors were given, until the next annual general meeting, a general authority to repurchase shares in the company as they may determine.
2. The directors of the company were authorised and empowered, as a general approval, to cause the company to provide any direct or indirect financial assistance to any company or inter-related company.
3. The annual fees payable by the company to its non-executive directors were approved for the financial years 2016 and 2017.

These same authorities will again be sought at the upcoming annual general meeting.

Directors' Interest in Shares
The directors' interests in the company's issued share capital at 30 June 2017 were as follows:

Directors' holdings ('000)		**Beneficial Direct**	**Beneficial Indirect**	**Total**	**%**
2017					
BJ Frost (Non-Executive Chairman)	**	**-**	**101**	**101**	**0,1**
M Brain (Non-Executive)	**	**66**	**3 046**	**3 112**	**3,5**
PF Sass (Executive)	**	**896**	**15 767**	**16 663**	**18,8**
MA Olds (Executive)		**1 801**	**-**	**1 801**	**2,0**
		2 763	**18 914**	**21 677**	**24,4**
Estate late HW Sass		**2 413**	**-**	**2 413**	**2,7**
		5 176	**18 914**	**24 090**	**27,2**
Directors' holdings ('000)				**88 428**	
2016					
BJ Frost (Non-Executive Chairman)	**	-	101	101	**0,1**
M Brain (Non-Executive)	**	66	3 046	3 112	**3,5**
PF Sass (Executive)	**	896	15 767	16 663	**18,8**
MA Olds (Executive)		1 801	-	1 801	**2,0**
		2 763	18 914	21 677	**24,4**
Estate late HW Sass		2 413	-	2 413	**2,7**
		5 176	18 914	24 090	**27,2**
Shares in issue ('000)				88 428	

There has been no change in these holdings up to the date of this report.

** Some indirect holdings are as a beneficiary of a discretionary family trust.

STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Notes	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
Assets					
Non-current assets		**400 449**	422 186	**247 077**	281 281
Property, plant and equipment	**1**	**147 747**	130 655	**-**	-
Investment properties	**2**	**5 728**	6 207	**-**	-
Intangible assets	**3**	**4 862**	4 862	**-**	-
Investment in subsidiaries	**4**	**-**	-	**5 664**	5 664
Investment in associate	**5**	**162 349**	279 615	**162 349**	274 754
Related party loans	**6**	**79 064**	-	**79 064**	863
Deferred taxation	**12**	**699**	847	**-**	-
Current assets		**358 091**	401 313	**63**	-
Related party loans	**6**	**814**	46 821	**-**	-
Inventories	**7**	**82 383**	68 785	**-**	-
Trade and other receivables	**8**	**110 649**	106 255	**-**	-
Prepayments	**9**	**12 256**	21 269	**-**	-
Cash and cash equivalents	**10**	**151 973**	158 183	**46**	-
Taxation		**16**	-	**17**	-
Total assets		**758 540**	823 499	**247 140**	281 281
Equity and Liabilities					
Equity attributable to:					
Parent company equity holders		**661 247**	699 046	**116 494**	233 497
Stated capital	**11**	**21 565**	21 565	**21 565**	21 565
Retained earnings		**675 341**	707 646	**94 929**	211 932
Treasury shares	**11**	**(35 659)**	(30 165)	**-**	-
Total equity		**661 247**	699 046	**116 494**	233 497
Non-current liabilities		**39 762**	60 652	**22 603**	47 781
Related party loans	**6**	**-**	-	**-**	-
Deferred taxation	**12**	**39 762**	60 652	**22 603**	47 781
Current liabilities		**57 531**	63 801	**108 043**	3
Related party loans	**6**	**-**	-	**108 039**	-
Trade and other payables	**13**	**54 558**	59 217	**4**	3
Taxation		**2 973**	4 584	**-**	-
Total equity and liabilities		**758 540**	823 499	**247 140**	281 281

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2017

	Notes	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
COMPREHENSIVE INCOME					
Continuing operations					
Revenue	**14**	**580 665**	499 376	**4 972**	20 278
Cost of sales		**(406 200)**	(375 333)	**-**	-
Profit before operating costs		**174 465**	124 043	**4 972**	20 278
Other operating income		**744**	2 676	**-**	-
Operating costs		**(67 243)**	(56 594)	**(3)**	
Impairment of investment in associate		**(57 689)**	-	**(112 405)**	-
Share of (loss)/profit of associate	**5**	**(59 577)**	9 194	**-**	-
- share of post-tax (loss)/profit before impairments		**(17 057)**	9 194		
- share of associate's impairment loss, net of tax		**(42 520)**	-		
(Loss)/profit from operations	**15**	**(9 300)**	79 319	**(107 436)**	20 278
Net finance income/(costs)	**17**	**19 405**	17 526	**-**	-
- income		**19 441**	17 580	**-**	-
- costs		**(36)**	(54)	**-**	-
Profit/(loss) before tax - continuing operations		**10 105**	96 845	**(107 436)**	20 278
Taxation	**18**	**(11 177)**	(23 270)	**23 788**	(7 999)
(Loss)/profit for the year - continuing operations		**(1 072)**	73 575	**(83 648)**	12 279
Discontinued operations					
Profit from discontinued operations		**-**	-	**-**	-
Profit before tax - discontinued operations		**-**	-	**-**	-
Taxation (change in CGT inclusion rate)		**-**	(7 999)	**-**	-
Loss for the year - discontinued operations		**-**	(7 999)	**-**	-
(Loss)/profit for the year		**(1 072)**	65 576	**(83 648)**	12 279
OTHER COMPREHENSIVE INCOME		**-**	-	**-**	-
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**(1 072)**	65 576	**(83 648)**	12 279
(Loss)/Earnings per share - basic and diluted	**19**				
Continuing operations		**(1,29)**	88,86		
Discontinued operations		**-**	(9,66)		
		(1,29)	79,20		

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

Attributable to equity holders of the parent **R'000**	**Notes**	**Stated Capital** **11,1**	**Retained Earnings**	**Treasury Shares** **11,2**	**Total Equity**
Group					
Balance at 1 July 2015		21 565	676 352	(30 165)	667 752
Comprehensive income for the year to 30 June 2016		-	65 576	-	65 576
Dividends paid		-	(34 282)	-	(34 282)
Balance at 30 June 2016		21 565	707 646	(30 165)	699 046
Purchase of treasury shares		-	-	(5 494)	(5 494)
Comprehensive loss for the year to 30 June 2017		-	(1 072)	-	(1 072)
Dividends paid		-	(31 233)	-	(31 233)
Balance at 30 June 2017		21 565	675 341	(35 659)	661 247
Company					
Balance at 1 July 2015		21 565	236 262	-	257 827
Comprehensive income for the year to 30 June 2016		-	12 279	-	12 279
Dividends paid		-	(36 609)	-	(36 609)
Balance at 30 June 2016		21 565	211 932	-	233 497
Comprehensive loss for the year to 30 June 2017		-	(83 648)	-	(83 648)
Dividends paid		-	(33 355)	-	(33 355)
Balance at 30 June 2017		21 565	94 929	-	116 494

Group	**2017** **cents**	2016 cents
DIVIDENDS PER SHARE		
Dividends paid	**37,7**	41,4
Final previous year	**18,4**	23,0
Interim this year	**19,3**	18,4
Dividends proposed	**42,0**	36,8
Interim this year - actual	**19,3**	18,4
Final this year - proposed	**22,7**	18,4

STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	Notes	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
Cash flows arising from operating activities		**53 357**	52 611	**(29 793)**	(16 330)
Cash receipts from customers		**576 271**	496 220	**-**	-
Cash paid to suppliers and employees		**(477 541)**	(404 349)	**-**	-
Cash generated by operations	**21,1**	**98 730**	91 871	**4 970**	1
Dividends received	**21,2**	**-**	-	**-**	20 278
Interest received		**19 441**	17 580	**-**	-
Interest paid		**(36)**	(54)	**-**	-
Taxation paid	**21,3**	**(33 545)**	(22 504)	**(1 408)**	-
		84 590	86 893	**3 562**	20 279
Dividends paid		**(31 233)**	(34 282)	**(33 355)**	(36 609)
Cash flows arising from investing activities		**(54 072)**	(32 874)	**29 838**	17 465
Property, plant and equipment					
- proceeds on disposal	**21,4**	**44**	19 608	**-**	-
- additions	**21,5**	**(32 659)**	(51 061)	**-**	-
Movement in advance payments	**21,6**	**11 600**	(1 159)	**-**	-
		(21 015)	(32 612)	**-**	-
Related party loan		**(33 057)**	(262)	**29 838**	17 465
Cash flows arising from financing activities		**(5 494)**	(1 135)	**-**	(1 135)
Borrowings		**-**	(1 135)	**-**	(1 135)
Treasury shares					
- acquisitions	**11,2**	**(5 494)**	-	**-**	-
Net (decrease)/increase for the year		**(6 209)**	18 602	**45**	-
Balance at beginning of period		**158 183**	139 581	**-**	-
Cash and cash equivalents at end of the year		**151 974**	158 183	**45**	-
		151 974	158 183	**45**	-
Cash and cash equivalents comprise:					
Bank accounts and cash on hand		**151 973**	158 183	**46**	-
Cash and cash equivalents at end of the period		**151 973**	158 183	**46**	-

Group

1 Property, plant and equipment

	Cost R'000	Accumulated Depreciation R'000	Balance R'000
30 June 2017			
Land and buildings	**61 185**	**(35 763)**	**25 422**
Manufacturing plant and equipment	**373 501**	**(255 889)**	**117 612**
Non-manufacturing plant and equipment	**14 311**	**(9 598)**	**4 713**
	448 997	**(301 250)**	**147 747**
30 June 2016			
Land and buildings	59 730	33 644	26 086
Manufacturing plant and equipment	350 433	249 835	100 598
Non-manufacturing plant and equipment	13 904	9 933	3 971
	424 067	293 412	130 655

Reconciliation of net book value **Group**

	Land & Buildings R'000	Manufacturing Plant & Equipment R'000	Non-manufacturing Plant & Equipment R'000	Total R'000
30 June 2017				
Net balance at beginning of year	**26 086**	**100 598**	**3 971**	**130 655**
Additions	**1 455**	**30 016**	**1 188**	**32 659**
	27 541	**130 614**	**5 159**	**163 314**
Depreciation	**(2 119)**	**(12 994)**	**(446)**	**(15 559)**
Disposals	**-**	**(8)**	**-**	**(8)**
Net balance at end of year	**25 422**	**117 612**	**4 713**	**147 747**
30 June 2016				
Net balance at beginning of year	28 608	92 152	1 604	122 364
Additions	20	47 072	3 969	51 061
	28 628	139 224	5 573	173 425
Depreciation	(2 542)	(19 183)	(1 602)	(23 327)
Disposals	-	(19 443)	-	(19 443)
Net balance at end of year	26 086	100 598	3 971	130 655

	Group 2017 R'000	2016 R'000
1,1 Fair value of land and buildings		
Directors' valuation	**182 609**	192 259
Fair Value Hierarchy - Level 3 Applies inputs which are not based on observable market data.		
The valuation technique used in valuing the land and buildings is the capitalisation model, which capitalise a market-related rental income stream, net of operating costs. The key input used in measuring the fair values is: - capitalisation rate.	9.6% - 10,5%	9.2% - 9.6%
1,2 Disposals of manufacturing plant and equipment		
Disposal, at carrying value, of manufacturing plant in the plastic packaging segment, comprising blow moulding and ancillary equipment, was made, at arm's length, to an associated company and former subsidiary, Quality Beverages 2000 Proprietary Limited, in terms of the sale agreements initiated at the end of May 2015.	**-**	18 010

		Notes	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
2	**Investment properties**					
	Net balance at beginning of year		**6 207**	6 685		
	Additions		**-**	-		
			6 207	6 685		
	Depreciation		**(479)**	(478)		
	Net balance at end of year		**5 728**	6 207		
2,1	**Fair value of land and buildings**					
	Directors' valuation		**39 701**	38 908		
	Fair Value Hierarchy - Level 3 Applies inputs which are not based on observable market data.					
	The valuation technique used in valuing the land and buildings is the capitalisation model, which capitalises a market-related rental income stream, net of operating costs. The key input used in measuring the fair values is: - The capitalisation rate applied:		10,90%	9,20%		
2,2	**Income and expenses of investment properties**					
	Rental income		**4 794**	4 331		
	Direct operating expenses		**1 193**	1 037		
3	**Intangible assets**					
	Goodwill on acquisition of cash generating unit at carrying values					
	- balance at beginning of year		**4 862**	4 862		
	- balance at the end of the year		**4 862**	4 862		
	Goodwill comprises of					
	- cash generating unit trading in KZN		**4 862**	4 862		
			4 862	4 862		

Annual impairment tests, based on expected future earnings , discounted at fair rates of return, indicate that the goodwill arising on the acquisition of business in the KZN region is not impaired at the year end.

Valuation assumptions, derived from management's past experience within the industry are:
Pre-tax earnings based on short to mid-term budgets (1 to 5 years).
Growth rates of between 3 and 7 per cent.
Discount rate of 18 per cent
Expected future earnings are based on short to mid term operating budgets approved by management.

4 Investment in subsidiaries

Unlisted subsidiary companies

Incorporated and operating solely in South Africa	Number of Shares Held 2017 No	Number of Shares Held 2016 No	% of Issued Capital 2017 %	% of Issued Capital 2016 %		Shares at Carrying Value R'000 R	Shares at Carrying Value R'000 R
Subsidiaries - directly held							
Bowler Plastics (Pty) Ltd	105	105	100	100		**5 664**	5 664
Gad-Tek (Pty) Ltd	100	100	100	100	*	**-**	-
Hazra Properties Two (Pty) Ltd	300	300	100	100	*	**-**	-
Bowler Properties Two (Pty) Ltd	100	100	100	100	*	**-**	-
Postal Presents (Pty) Ltd	1	1	100	100	*	**-**	-
Investment in subsidiaries - at cost						**5 664**	5 664

* Shares are held at a nominal value of R1 each

		Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
5	**Investment in associates**				
5,1	**Unlisted associated companies**				
	SoftBev Proprietary Limited (Incorporated and operating solely in South Africa)				
	Number of shares ('000)	**274 754**	274 754	**274 754**	274 754
	- % of Issued Capital	**42,1%**	42,1%	**42,1%**	42,1%
	Carrying value				
	- opening balance	**279 615**	270 421	**274 754**	274 754
	- loss adjustment arising on shares issued	**-**	41	**-**	-
	- share of (loss)/profit	**(59 577)**	9 153	**-**	-
	- impairment	**(57 689)**	-	**(112 405)**	-
	- Carrying value	**162 349**	279 615	**162 349**	274 754

The investment represents the beverages segment (refer note 23). Uncertainties surrounding the implementation of a sugar tax, trading pressures resulting from a depressed consumer buying power and fuelled by aggressive competitor behaviour, together with substantial capital expenditure to establish the required national manufacturing capacity and overall business footprint, has led to a revised business valuation compared to that envisaged at the time of the merger. Accordingly, the carry value of the investment has been impaired to a value derived from a discounted cash flow model using a pre-tax weighted average cost of capital of 22,37%, applied to future free cash flow at a terminal growth rate of long term CPI of 5.1%. Working capital utilisation and the adequacy of capital expenditure to support future growth has been considered in determining the free cash flow. Growth rates commensurate to new business secure and own brand growth have been factored in. The recoverable amount for our share of the business has been determined using the value in use method and has been calculate at R162.35m.
While great care has been taken to carefully consider all valuation model inputs, the recoverable amount is sensitive to the methods, assumptions and estimates underlying the model.

		Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
5,2	**Summarised financial information**				
	Statement of comprehensive income				
	Revenue	**1 608 576**	1 339 278		
	(Loss)/Profit from operations	**(118 864)**	56 619		
	Pre-tax (loss)/profit before impairment	**(17 775)**	-		
	Impairment	**(101 089)**	-		
	(Loss)/Profit for the period	**(141 641)**	21 762		
	Post-tax (loss)/profit before impairment	**(40 552)**	-		
	Impairment net of tax	**(101 089)**	-		
	Total comprehensive (loss)/profit	**(141 641)**	21 762		
	Statement of financial position				
	Current assets	**382 998**	392 600		
	Non-current assets	**463 721**	509 523		
	Current liabilities	**(344 305)**	(374 629)		
	Non-current liabilities	**(260 976)**	(144 415)		
	Net assets of associate	**241 438**	383 079		
5,3	**Reconciliation of carrying amount**				
	Net assets of associate	**241 438**	383 079		
	Proportion of ownership interest	**42,1%**	42,1%		
	Proportion of net assets of associate	**101 553**	161 130		
	Goodwill arising:	**60 796**	118 485		
	- on acquisition	**121 182**	121 182		
	- dilution on shares issued	**(2 697)**	(2 697)		
	- subsequent impairment	**(57 689)**	-		
	Carrying amount of interest	**162 349**	279 615		

5,4 Nature of activities

SoftBev operates in the manufacturing, sales and distribution of non-alcoholic beverages, nationally. This investment is not considered strategic to the company's activities.

		Notes	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
6	**Related parties**					
6,1	**Loans receivable/(payable)**					
	Subsidiary:					
	Bowler Plastics (Pty) Ltd		**-**	-	**(108 039)**	863
	The loan is unsecured, interest free with no fixed term of repayment					
	Associate:					
	SoftBev (Pty) Limited					
	- at cost		**79 064**	-	**79 064**	-
	The loan is unsecured, bears interest at rates linked to the prime rate with no fixed term of repayment.					
	Subsidiary of associate:					
	Quality Beverages 2000 (Pty) Limited					
	- at cost		**814**	46 821		
	The loan is unsecured, bears interest at rates linked to the prime rate and repayable on demand.					
6,2	**Related party transactions**					
	Subsidiaries					
	Dividends received:					
	Bowler Plastics (Pty) Ltd		**-**	-	**-**	20 055
	Plus Plastik (Pty) Ltd		**-**	-	**-**	223
	Associate					
	SoftBev (Pty) Ltd					
	Finance income		**4 925**	-	**4 925**	-
	Subsidiary of associate					
	Quality Beverages 2000 (Pty) Ltd					
	Revenue		**58 238**	63 688	**-**	-
	Rental income		**4 794**	4 330	**-**	-
	Finance income		**2 785**	6 117	**-**	-
7	**Inventories**					
	Finished goods		**47 165**	29 970		
	Work in progress		**2 156**	5 044		
	Consumable stores		**10 723**	8 468		
	Raw materials		**22 339**	25 303		
			82 383	68 785		
8	**Trade and other receivables**					
	Trade receivables		**110 034**	104 837		
	Other receivables		**615**	1 418		
			110 649	106 255		
8,1	**Analysis of trade receivables**					
	Plastic packaging segment					
	Neither past due nor impaired		**98 353**	80 441		
	Past due but not impaired >60 days		**5 328**	10 635		
	Past due but not impaired >90 days		**6 353**	13 761		
	Past due and impaired		**7 743**	6 480		
			117 777	111 317		
	Allowances (incl. provision for credit notes)		**(7 743)**	(6 480)		
			110 034	104 837		
	Allowances					
	Balance at beginning of year		**6 480**	5 844		
	Allowances		**2 643**	636		
	Reversals		**(1 380)**	-		
	Balance at end of year		**7 743**	6 480		

Customers are all manufacturing entities supplying into the wholesale and retail sectors.

Provision for allowances is against specific customers based on individual circumstances and where there is no likelihood of recovering against personal sureties, where held. Allowance is made for doubtful debts as to the ageing of past due receivables. Management considers the credit risk relating to trade and other receivables past due but not impaired to be acceptable based on credit evaluations performed.

		Group 2017 R'000	Group 2016 R'000
8,2	**Related party trade receivables**		
	Subsidiary of associate		
	Quality Beverages 2000 (Pty) Ltd	**12 070**	17 690
9	**Prepayments**		
	Prepayments consist of:		
	Advance payments - capital	**7 695**	19 295
	Advance payments - expenses	**4 561**	1 974
		12 256	21 269

		Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
10	**Cash and cash equivalents**				
	Bank accounts and cash on hand	**151 973**	158 183		
	Bank facilities				
	As of 21 July 2016 the company has been released by ABSA Bank from the limited surety for R20.9mil for facilities granted to Quality Beverages 2000 (Pty) Ltd.				
	The company has stood surety, limited to R20 mil, for facilities granted to Bowler Plastics (Pty) Ltd.				
11	**Stated capital**				
11,1	*Authorised*				
	189 850 000 Ordinary shares of no par value				
	Issued	**21 565**	21 565	**21 565**	21 565
11,2	*Treasury shares*				
	Balance at beginning of year	**(30 165)**	(30 165)		
	Acquisitions	**(5 494)**	-		
	Balance at end of year	**(35 659)**	(30 165)		
	Number of shares				
	Balance at beginning of year	**82 799 063**	82 799 063	**88 428 066**	88 428 066
	Treasury shares acquired	**(803 958)**	-	**-**	-
	- market trades	**(803 958)**	-	**-**	-
	Balance at end of year	**81 995 105**	82 799 063	**88 428 066**	88 428 066
	Comprising:				
	Issued shares	**88 428 066**	88 428 066	**88 428 066**	88 428 066
	Treasury shares	**(6 432 961)**	(5 629 003)	**-**	-
	Percentage of issued shares	**7,3%**	6,4%		
	803,958 (2016 : nil) shares were acquired during the year at an average purchase price of R6,84 (2016 : Rnil) per share. Subsequent to year end these shares were cancelled				
11,3	*Weighted number of shares*				
	Balance at beginning of year	**82 799 063**	82 799 063		
	Treasury shares - weighted	**(4 405)**	-		
	Weighted number of shares in issue during the year	**82 794 658**	82 799 063		
12	**Deferred taxation**				
	Balance at end of the year	**39 063**	59 805	**22 603**	47 781
	Balance at end of the year comprises:				
	- capital allowances	**21 644**	16 209	**-**	-
	- accruals	**(5 183)**	(3 286)	**-**	-
	- CGT profits/(losses)	**22 602**	46 882	**22 603**	47 781
		39 063	59 805	**22 603**	47 781
	Consisting of:				
	- liabilities	**39 762**	60 652	**22 603**	47 781
	- assets	**699**	847	**-**	-
13	**Trade and other payables**				
	Trade payables	**27 684**	31 296	**-**	-
	Accruals and other payables	**26 874**	27 921	**4**	3
		54 558	59 217	**4**	3
13,1	**Related party trade payables**				
	Subsidiary of associate				
	- Quality Beverages 2000 (Pty) Ltd	**93**	4 720	**-**	-

		Notes	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
14	**Revenue**					
	Sale of goods		**575 871**	495 046	**-**	-
	Rental income		**4 794**	4 330	**-**	-
	Dividends received		**-**	-	**-**	20 278
	Interest received		**-**	-	**4 972**	-
			580 665	499 376	**4 972**	20 278
15	**(Loss)/profit before tax**					
	Profit before tax is arrived at after taking into account the following items:					
	Income					
	Surplus on disposal of fixed assets		**36**	165	**-**	
	Foreign exchange gains		**91**	-	**-**	
	Expenses					
	Directors' emoluments	**20**	**9 794**	9 157	**-**	
	Employee costs		**124 157**	117 376	**-**	
	Foreign exchange losses		**-**	35	**-**	
	Impairment of assets					
	- investments		**57 689**	-	**112 405**	
	Maintenance		**20 453**	22 590	**-**	
	Leasing charges					
	- operating leases on land and buildings		**3 128**	2 184	**-**	
	Retirement funding		**3 275**	2 933	**-**	
	Transport		**16 279**	11 670	**-**	
16	**Depreciation**					
	Property, plant and equipment	**1**				
	Land and buildings		**2 119**	2 542		
	Manufacturing plant and equipment		**12 994**	19 183		
	Non-manufacturing plant and equipment		**446**	1 602		
	Investment properties	**2**	**479**	478		
			16 038	23 805		
	Manufacturing		**12 994**	19 183		
	Non-manufacturing		**3 044**	4 622		
	There has been a change in the estimated useful lives of identified assets. The change in estimate impacted the net profit before tax of the Plastics Packaging segment positively to the value of R9,289,325,					
17	**Finance income and costs**					
	Income					
	Financial institutions - banks		**11 731**	11 463	**47**	
	Other		**7 710**	6 117	**4 925**	
			19 441	17 580	**4 972**	
	Costs					
	Financial institutions - banks		**36**	54	**-**	
			36	54	**-**	
18	**Taxation**					
	Income tax - current		**31 691**	24 174	**1 391**	-
	Income tax - prior		**228**	(178)	**-**	-
	Deferred taxation - current		**(20 742)**	(575)	**(25 179)**	-
	Deferred taxation - rate change		**-**	(151)	**-**	7 999
			11 177	23 270	**(23 788)**	7 999
	Reconciliation of rate of taxation					
	SA normal tax rate		**28,0%**	28,0%	**28,0%**	28,0%
	Adjusted for:					
	Disallowable expenses/exempt income		**20,2**	(3,7)	**-**	(28,0)
	Prior periods		**0,4**	(0,1)	**-**	-
	Rate adjustment		**-**	(0,2)	**-**	39,4
	Capital Gains Tax		**62,0**	-	**(5,9)**	-
	Net (decrease)/increase		**82,6**	(4,0)	**(5,9)**	11,4
	Effective tax rate		**110,6%**	24,0%	**22,1%**	39,4%

19	**Headline earnings**			
19,1	**Reconciliation of headline earnings**			
	Continuing operations			
	Attributable to holders of the parent - (loss)/earnings		**(1 072)**	73 575
	Adjustments to share of associate profit - (profit)/loss on disposal of assets - Beverages		**(5)**	32
	(profit)/loss on disposal of plant & equipment		**(7)**	104
	tax		**2**	(29)
	outside interests		**-**	(43)
	Adjustments net of tax and outside interests - profit on disposal of assets - Plastic Packaging		**(28)**	(128)
	profit on disposal of plant & equipment		**(36)**	(165)
	tax		**8**	37
	- Impairment of investment in associate		**44 767**	-
	loss		**57 689**	-
	tax		**(12 922)**	-
	- Impairment within equity accounted profits		**32 996**	-
	loss		**42 520**	-
	tax on equity accounted losses		**(9 524)**	-
	Headline earnings - continuing operations		**76 658**	73 479
	Discontinued operations			
	Attributable to holders of the parent - earnings		**-**	(7 999)
	Adjustments net of tax			
	- disposal of subsidiary		**-**	7 999
	gross		**-**	-
	tax		**-**	7 999
	Headline earnings - discontinued operations		**-**	-
	Headline earnings - total		**76 658**	73 479
19,2	**Weighted number of shares in issue**	**11**	**82 794 658**	82 799 063
19,3	**(Loss)/Earnings per share (cents)**			
	(Loss)/Earnings per share (cents) - total		**(1,29)**	79,20
	Continuing operations		**(1,29)**	88,86
	- profit on disposal of assets - Plastic Packaging		**(0,03)**	(0,15)
	- (profit)/loss on disposal of assets - Beverages		**(0,01)**	0,04
	- Impairment of investment in associate		**54,07**	-
	- Impairment within equity accounted profits		**39,85**	-
	Headline earnings per share (cents) - continuing operations		**92,59**	88,75
	Discontinued operations		**-**	(9,66)
	- disposal of subsidiary		**-**	9,66
	Headline earnings per share (cents) - discontinued operations		**-**	-
	Headline earnings per share (cents) - total		**92,59**	88,75

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, net of tax.

	Notes	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000

20 Emoluments of directors, prescribed officers and other employees

R'000	Fees for services	Basic salary (Short-term Employee Benefits)	Allowances & Benefits (Short-term Employee Benefits)	Bonuses	Share based payments (Other Benefits)	Retirement Benefits (Other Benefits)	Total R'000
30 June 2017							
Executive directors							
PF Sass	-	2 847	249	608	-	201	3 905
GA Böhler	-	2 210	101	380	-	158	2 849
MA Olds	-	474	-	-	-	-	474
Non-Executive directors							
M Brain	251	-	-	-	-	-	251
BJ Frost	421	-	-	-	-	-	421
FC Mac Gillivray	376	-	-	-	-	-	376
SJ Gillett	319	-	-	-	-	-	319
Prescribed officers							
LV Rowles	-	600	17	-	-	-	617
CA Bothma	-	466	-	77	-	39	582
	1 367	6 597	367	1 065	-	398	9 794
Paid by subsidiaries	(1 367)	(6 597)	(367)	(1 065)	-	(398)	(9 794)
Paid by company	-	-	-	-	-	-	-
30 June 2016							
Executive directors							
PF Sass	-	2 414	216	-	-	180	2 810
GA Böhler	-	1 893	78	-	-	145	2 116
MA Olds	-	1 495	195	-	-	94	1 784
Non-Executive directors							
M Brain	232	-	-	-	-	-	232
BJ Frost	391	-	-	-	-	-	391
FC Mac Gillivray	349	-	-	-	-	-	349
SJ Gillett	295	-	-	-	-	-	295
Prescribed officers							
LV Rowles	-	1 082	71	-	-	27	1 180
	1 267	6 884	560	-	-	446	9 157
Paid by subsidiary	(1 267)	(6 884)	(560)	-	-	(446)	(9 157)
Paid by company	-	-	-	-	-	-	-

There are no fixed period service contracts.

		Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
21	**Cash Flow**				
21,1	**Cash generated by operations**				
	Profit before tax	**10 105**	96 845	**(107 436)**	20 278
	Non cash items	**133 268**	14 446	**112 405**	-
	- depreciation	**16 038**	23 805	**-**	-
	- impairment of investment	**57 689**	-	**112 405**	-
	- share of (profit)/loss of associate	**59 577**	(9 194)	**-**	-
	- surplus on disposal of fixed assets	**(36)**	(165)	**-**	-
	Adjustments for items shown separately	**(19 405)**	(17 526)	**-**	(20 278)
	Interest paid	**36**	54	**-**	-
	Dividends received	**-**	-	**-**	(20 278)
	Interest received	**(19 441)**	(17 580)	**-**	-
	Working capital changes	**(25 238)**	(1 894)	**1**	1
	Inventories	**(13 598)**	(11 950)	**-**	-
	Trade and other receivables	**(4 394)**	(3 156)	**-**	-
	Advance payments - expenses	**(2 587)**	(890)	**-**	-
	Trade and other payables	**(4 659)**	14 102	**1**	1
		98 730	91 871	**4 970**	1
21,2	**Reconciliation of dividends received**				
	Included in comprehensive income	**-**	-	**-**	20 278
	Dividends received	**-**	-	**-**	20 278
21,3	**Reconciliation of taxation paid**				
	Charged to the statement of comprehensive income	**(11 177)**	(31 269)	**23 788**	-
	Adjustment for deferred taxation	**(20 742)**	7 274	**(25 179)**	-
	Movement in taxation liability	**(1 626)**	1 491	**(17)**	-
	Payments made	**(33 545)**	(22 504)	**(1 408)**	-
21,4	**Proceeds on disposal of property, plant & equipment**				
	Book value of assets disposed of	**8**	19 443		
	Profit on disposal	**36**	165		
	Proceeds received	**44**	19 608		
21,5	**Additions to property, plant and equipment**				
	To maintain and expand operations				
	- land and buildings	**1 455**	20		
	- manufacturing plant and equipment	**30 016**	47 072		
	- other plant and equipment	**1 188**	3 969		
		32 659	51 061		
21,6	**Movement in prepayments**				
	Advance payments - capital	**11 600**	(1 159)		
	Advance payments - expenses	**(2 587)**	(890)		
	Total movement	**9 013**	(2 049)		
22	**Financial Instruments**				
22,1	**Credit Risk**				
	Financial assets exposed to credit risk are:				
	Trade and other receivables	**110 034**	104 445	**-**	-
	Related party loans	**79 878**	46 821	**79 064**	863
	Cash and cash equivalents	**151 973**	158 183	**-**	-
		341 885	309 449	**79 064**	863
	Guarantees				
	Limited sureties given to:				
	FNB for bank facilities granted to the group	**-**	-	**20 000**	20 000
	ABSA Bank Limited for bank facilities guaranteed to a subsidiary of an associated company	**-**	20 900	**-**	20 900
		-	20 900	**20 000**	40 900

22,1 Credit Risk - continued

The Group has no identifiable or abnormal concentrations of credit risk, either to specific customers, any industry or sector. The carrying amounts of financial assets in the financial statements represent the Group's maximum exposure to credit risk.

The credit quality of cash at bank, other deposits can be regarded at the highest rating as the Group only deposits cash surpluses with major banks and financial institutions of high standing.

The credit quality of related party loan has been assessed with reference to the underlying net assets in each company.

Extensive credit evaluations are performed on all prospective customers and on an on-going basis for existing customers. Personal sureties are sought for smaller or newly established customers.

The Group considers all concentration of credit risk to be adequately provided for at the statement of financial position date.

22,2 Fair Value

The carrying amounts of cash and cash equivalents, trade receivables, loans, borrowings and trade payables approximate their fair value at the statement of financial position date.

22,3 Foreign Exchange Risk

Foreign exchange risk arises on the acquisition of plant and machinery from abroad. Foreign Exchange Contracts (FEC's) are used to reduce exposure to currency fluctuations. As capital orders are normally long term in nature and are paid for over the period of manufacture, risk exposure is averaged over the longer period.

		Group		Company	
		2017	2016	**2017**	2016
		R'000	R'000	**R'000**	R'000
22,4	**Interest Rate Risk**				
	Borrowings are secured at the best prevailing rates, the movement of which is monitored and managed on an on-going basis.				
	Variable-rate interest bearing assets	**231 851**	205 004	**79 110**	-
	Net assets (liabilities)	**231 851**	205 004	**79 110**	-
	Estimated interest rate change	**0,5%**	0,5%	**0,5%**	0,5%
	Net after tax profit sensitivity	**835**	738	**285**	-
22,5	**Liquidity Risk**				
	The Group manages its liquidity risk by monitoring cash flows and ensuring that adequate liquid funds are available.				
	The amounts disclosed in this table are the contractual undiscounted cash flows:				
	Payable within the next 12 months				
	Trade and other payables	**28 332**	33 490	**-**	-
	Guarantees	**-**	20 900	**20 000**	40 900
	The risk of the guarantees being called upon is considered by the directors to be low.				
	Total financial liabilities	**28 332**	54 390	**20 000**	40 900
22,6	**Financial Asset Categories**				
	Loans and receivables				
	Trade and other receivables	**110 034**	104 445	**-**	-
	Related party loans	**79 878**	46 821	**79 064**	863
	Cash and cash equivalents	**151 973**	158 183	**46**	-
		341 885	309 449	**79 110**	863
22,7	**Financial Liability Categories**				
	Financial liabilities at amortised cost				
	Related party loans	**-**	-	**-**	-
	Trade and other payables	**28 332**	33 490	**4**	3
		28 332	33 490	**4**	3

23 Segmental Report

Primary Format - Business Segments R'000	**Plastic Packaging**	**Beverages**	**Property Investment**	**Unallocated**	**Eliminations**	**Total**
30 June 2017						
Continuing operations						
Revenue	575 871	-	4 794	-	-	580 665
Intersegment revenue	-	-	18 023		(18 023)	-
Impairment on investment	-	(57 689)	-	-	-	(57 689)
Other income	2 866	-	-	-	(2 122)	744
Operating costs (excluding depreciation)	(472 524)	-	(2 900)	(4)	18 023	(457 405)
Depreciation	(13 440)	-	(2 598)	-	-	(16 038)
Share of profit/(loss) of associate	-	(59 577)	-	-	-	(59 577)
	92 773	(117 266)	17 319	(4)	(2 122)	(9 300)
Finance income	14 466	-	3	4 972	-	19 441
Finance costs	(26)	-	(10)	-	-	(36)
Profit before tax	107 213	(117 266)	17 312	4 968	(2 122)	10 105
Taxation	(29 220)	24 281	(4 847)	(1 391)	-	(11 177)
Profit for the year - continued operations	77 993	(92 985)	12 465	3 577	(2 122)	(1 072)
Attributable to:						
Equity holders of the parent	77 993	(92 985)	12 465	3 577	(2 122)	(1 072)
Total Assets	587 433	241 415 *	87 392	4 922	(162 622)	758 540
Total Liabilities	236 163	23 500	1 350	3	(163 721)	97 295
Capital Expenditure	31 204	-	1 455	-	-	32 659
Customers with greater than 10% of Group revenue:						
- customer 1	58 238	-	-	-	-	58 238
30 June 2016						
Continuing operations						
Revenue	495 046	-	4 330	-	-	499 376
Intersegment revenue	-	-	17 003		(17 003)	-
Other income	5 006	-	-	-	(2 330)	2 676
Operating costs (excluding depreciation)	(422 721)	-	(2 403)	-	17 003	(408 121)
Depreciation	(20 785)	-	(3 021)	-	-	(23 806)
Share of profit/(loss) of associate	-	9 194	-	-	-	9 194
	56 546	9 194	15 909	-	(2 330)	79 319
Finance income	17 574	-	6	-	-	17 580
Finance costs	(54)	-	-	-	-	(54)
Net income before tax	74 066	9 194	15 915	-	(2 330)	96 845
Taxation	(18 814)	-	(4 456)	-	-	(23 270)
Profit for the year - continued operations	55 252	9 194	11 459	-	(2 330)	73 575
Discontinued operations						
Profit from disposal of subsidiary	-	-	-	-	-	-
Profit from discontinued operations	-	-	-	-	-	-
Net income before tax	-	-	-	-	-	-
Taxation	-	(7 999)	-	-	-	(7 999)
Net income for the year - discontinued operations	-	(7 999)	-	-	-	(7 999)
Attributable to:						
Equity holders of the parent	55 252	1 195	11 459	-	(2 330)	65 576
Total Assets	461 415	326 438 ** *	78 025	4 862	(47 241)	823 499
Total Liabilities	125 640	47 781	4 448	3	(53 420)	124 452
Capital Expenditure	51 041	-	20	-	-	51 061

* Investment in associate and loan
** The related party loan previously included in the Plastic Packaging segment, has been reallocated to the Beverages segment

Customers with greater than 10% of Group revenue:						
- customer 1	67 844	-	-	-	-	67 844
- customer 2	53 064					53 064

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
24 Commitments				
Capital				
Plant	**1 599**	14 395		
	1 599	14 395		
The expenditure will be financed from cash generated from normal business operations and loan finance.				
Leases				
Operating leases on property	**5 393**	2 939		
Due within one year	**4 683**	2 281		
Due between one and five years	**710**	658		
	5 393	2 939		
The main terms of lease agreements are:				
Rental escalations (%)	**8,00**	8,00		
Number of months outstanding (months)	**6 - 24**	14-16		
Renewal option (months)	**0 - 12**	0 - 60		

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
25 Contingent Liabilities				
Bank guarantees issued	**1 618**	540	**257**	257

The directors do not believe these contingent liabilities are likely to materialise into full liabilities.

26 Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
The capital structure of the company consists of:				
Equity	**661 247**	699 046		
Borrowings	**-**	-		
Total equity and borrowings	**661 247**	699 046		
Cash and cash equivalents	**151 973**	158 183		

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group monitors capital on the basis of the gearing ratio:

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents.

At the reporting date the group had no borrowings and at the end of the previous reporting period the group's cash and cash equivalents exceeded it's borrowings.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

27 Correction of error

In the prior year, the company presented dividend income as other operating income in the statement of comprehensive income. In the current year, it reclassified dividend income to the "revenue" line item to reflect the fact that the company's ordinary activities are investing activities.

The effect of the correction on prior year figures has been as follows:

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
Revenue				20 278
Other operating income				(20 278)
Net effect				-

Presentation of Annual Financial Statements

The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards, the JSE Listings Requirements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Companies Act of South Africa. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Significant estimates include:

Impairment

The group assesses at the end of each reporting period whether there is objective evidence that the investment in its associate, SoftBev (Pty) Ltd, is impaired. The assessment in the current year led to the consideration of factors impacting operational and financial cash flows, such as changes in the SA retail trading environment and the effect of challenges including the pending sugar tax and delaying the targets that formed the basis of merger profitability projections in respect of SoftBev. The assumptions applied in the resulting impairment test is disclosed in note 5.

1 Property, plant and equipment

Property, plant and equipment is initially measured at cost and subsequently at cost less accumulated depreciation and any impairment losses.

Depreciation is provided on the straight line basis over their expected useful lives to their estimated residual value. There has been a change in the estimated useful lives of identified assets. (Refer note 16)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	**Years**
Land and buildings:	
Land	n/a
Industrial buildings	20
Manufacturing plant and equipment:	
Plant and machinery	7 to 20
Moulds	5 to 10
Non-manufacturing plant and equipment:	
Motor vehicles	5 to 15
Office equipment, furniture and fittings	10
Computers	6

2 Investment Properties

Investment properties are held to earn rental income and appreciate in capital value and are recorded at cost less subsequent depreciation of buildings.

Investment property is initially recognised at cost and subsequently at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on the straight-line method to write off the cost of buildings to their residual values over their estimated useful lives. Land is not depreciated.

Industrial buildings are depreciated at a rate of 5% per annum.

3 Goodwill

All business combinations are accounted for by applying the acquisition method. The acquisition method entails the following:
(a) - identify which entity is the acquiring entity in the transaction;
(b) - determining the date of the acquisition;
(c) - recognising and measuring the assets acquired and the liabilities assumed;
(d) - recognising and measuring any non-controlling interest; and
(e) - recognising:
   1. goodwill, representing the excess of the consideration paid and the non-controlling interest over the Group's interest in (c) above; and
   2. a gain on bargain purchase, in the event that the consideration paid and the non-controlling interest amounts to less than the Group's interest in (c) above.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill is allocated to cash-generating units (CGUs) and is tested annually for impairment or more frequently when there is an indication that the unit may be impaired.

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4 Investment in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment.

5 Investment in associates

Company Financial Statements
Investments in associates are carried at cost less any accumulated impairment.

Group Financial Statements

An investment in an associate is accounted for using the equity method. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the company's share of net assets of the associate less any dividends received, less any impairment losses.

Goodwill on acquisition is included in the carrying amount of the associate. This goodwill is not amortised but is assessed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

Profits or losses on transactions between the company and an associate are eliminated to the extent of the company's interest therein.

6 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis~~.~~

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

7 Trade and other receivables

Trade and other receivables are classified as loans and receivables.

8 Prepayments

Prepayments occur when an amount has been paid in advance but the goods or services have not yet been received by the Group. Prepayments are recognised as assets in the statement of financial position.

9 Treasury shares

Shares held by subsidiaries in Bowler Metcalf Limited are recorded at cost, including any external costs of acquisition, and are deducted from equity as treasury shares.

When shares are subsequently sold or re-issued, the related proceeds is added to equity under "treasury shares".

10 Revenue

Revenue from the sale of manufactured goods is recognised upon delivery to the customer.

Interest is recognised, in profit or loss, using the effective interest rate method.

11 Dividends received

Dividends received are recognised, in profit or loss, when the dividends are declared.

Dividends received on treasury shares are eliminated on consolidation.

12 Dividends paid

Dividends are recognised as a liability in the period in which they are declared.

13 Finance costs

Finance costs are recognised as an expense in the period in which they are incurred.

14 Translation of foreign currencies

A foreign currency transaction is recorded in Rands at the spot exchange rate on initial recognition.

At the end of the reporting period foreign currency monetary items are translated using the closing rate.

Foreign exchange differences are recognised in profit or loss.

15 Employee benefits

15,1 Short-term employee benefits

Short-term employee benefits include basic salaries, bonuses and allowances. The cost of short term employee benefits is recognised in the period in which the service is rendered and is not discounted.

15,2 Defined contribution plans

The Group operates a provident and pension fund to which substantially all salaried staff belong. The fund is a defined contribution plan and is not required to be actuarially valued.

Current contributions to the pension and provident funds are charged against income as they are incurred.

The fund is governed by the Pension Funds Act.

16 Leases

16,1 Operating leases - lessee

Operating lease payments are recognised as an expense on the straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease liability. This liability is not discounted.

16,2 Operating leases - lessor

Operating lease income earned on the rental of property is recognised as an income on a straight-line basis over the lease term. The difference between the amounts recognised as income and the contractual receipts is recognised as an operating lease asset that it not discounted.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the property and recognised as an expense over the lease term on the same basis as the lease income. Income for leases is disclosed under revenue in profit or loss.

17 Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiaries. 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.

18 Segment report

The segment report is based on the business segments of the Group according to products and services sold, as regularly reviewed by management.

19 Financial instruments

19,1 Initial recognition and measurement

Financial instruments are measured initially at fair value.

Transaction costs are included in the initial measurement of the instrument as follows:

- Added to the initial fair value of financial assets
- Deducted from the initial fair value of financial liabilities

Financial assets are recognised at trade date, when the group commits to purchase or sell the asset.

19,2 Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

19,3 Impairment of financial assets

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Trade receivables are impaired through use of an allowance account. The amount of the loss is recognised in profit or loss within operating expenses. . Subsequent recoveries of amounts previously written off are credited to other operating income.

19,4 Loans to subsidiaries and associates

These loans are recognised initially at fair value plus direct transaction costs.

Loans to Group companies are classified as loans and receivables.

19,5 Trade and other payables

Trade payables are classified as financial liabilities at amortised cost.

19,6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are classified as loans and receivables.

19,7 Loans from subsidiaries

Loans from subsidiaries are classified as liabilities at amortised cost.

20 International reporting standards

20,1 Standards adopted during the year

No standards that had a material impact on the financial statements were adopted, or applied, for the first time during the year by the Group.

20,2 Standards issued but not yet effective

IFRS 9 - Financial Instruments

New standard that replaces IAS 39. The standard incorporates classification and measurement requirements that are driven by cash flow characteristics and the group business model. Financial instruments are classified into one of three classes: amortised cost, fair value through profit or loss and fair value through other comprehensive income. The standard also incorporates a forward looking 'expected loss' impairment model. Hedge accounting has been substantially modified and is more aligned with risk management activities.

The group does not expect the adoption of this standard to have a material impact on its financial position or results. It is expected to result in additional disclosure. The group will adopt the new standard on its mandatory effective date which is for years beginning on or after 1 January 2018.

IFRS 15 Revenue from contracts with customers

The Group is in the process of assessing the impact of the new standard on its revenue recognition and measurement and does not currently expect it to have a material effect on its financial position and results, other than as it relates to sales with a right of return.

Where a right to return exists, IFRS 15 requires sales revenue to be reduced to reflect the expected value of returns. A refund liability is recognised accordingly. The inventory cost of items expected to be returned are also excluded from cost of sales and instead remain within inventory, adjusted for any potential impairment or restocking costs.

The group also expects the adoption of the new standard to result in additional disclosure. The group will adopt the new standard on its mandatory effective date which is for years beginning on or after 1 January 2018

IFRS 16 Leases

New standard that introduces a single accounting model for lessees, while the accounting for lessors is left largely unchanged from its predecessor (IAS 17 Leases).

The amendment will result in the capitalisation of operating leases that are currently expensed onto the group's statement of financial position. The group will adopt the new standard on its mandatory effective date which is for years beginning on or after 1 January 2019.

IAS 1 Presentation of Financial Statements (amendment)

IAS 1 was adopted in 2017.

20,3 IAS 7 Statement of Cash Flows (amendment)

New disclosure requirements for liabilities arising from financing activities:

- Changes from financing cash flows
- Changes from obtaining or losing control of subsidiaries
- Effect of changes in foreign exchange rates
- Changes in fair values
- And other changes

The amendment will result in additional disclosures relating to the group's liabilities. The effective date of the amendment is for years beginning on or after 01 January 2017.

No other standards or interpretations relevant to the Group's operations have been published which were mandatory for accounting periods beginning on or after 1 July 2017.

SHAREHOLDER PROFILE

At 30 June 2017

Size of Holding	2017 No of Holders	2017 % of Holders	2017 % of Capital	2016 No of Holders	2016 % of Holders	2016 % of Capital
Shareholdings						
1 - 5 000	943	58,2	0,2	1 121	61,9	2,0
5 001 - 10 000	253	15,6	2,2	253	14,0	1,9
10 001 - 50 000	301	18,6	7,9	295	16,3	6,5
50 001 - 100 000	51	3,1	4,1	57	3,1	4,1
100 001 and above	72	4,5	85,6	86	4,8	85,4
Total	1 620	100,0	100,0	1 812	100,0	100,0
Spread						
Public - South African	1 598	98,6	66,0	1 790	98,8	65,7
Public - Non Residents	16	1,0	0,1	16	0,9	0,7
Treasury	1	0,1	7,3	1	0,1	6,4
Directors	5	0,4	26,7	5	0,3	27,2
Total	1 620	100,0	100,0	1 812	100,0	100,0
Status						
Dematerialised	1 478	91,2	97,8	1 667	92,0	97,8
Certificated	142	8,8	2,2	145	8,0	2,2
Total	1 620	100,0	100,0	1 812	100,0	100,0
Other Large Investors						
Aylett & Co			9,16			9,10
Coronation			0,00			1,72
FNT Allan Gray			2,76			2,76
Investec			5,54			6,11
Kagiso			5,17			4,71
Old Mutual			1,29			2,15
Past directors			0,74			0,76
Sanlam			7,47			8,62
Standard Bank			4,94			5,66

There are no undisclosed members with beneficial holdings of greater than 5% of the number of issued shares.

GROUP AND ASSOCIATED COMPANIES

At 30 June 2017

		2017			2016		
	Direct / Indirect	**Shares Held**	**Shares Issued**	**% of Shares Issued**	**Shares Held**	**Shares Issued**	**% of Shares Issued**
A Subsidiaries							
Plastic Packaging Segment *manufacture of plastic packaging*							
Bowler Plastics Proprietary Ltd Reg. No. 1997/012522/07	Direct	105	105	100,0%	105	105	100,0%
Gad-Tek Proprietary Ltd T/A Bowler Plastics KZN Reg. No. 2005/017408/07	Indirect	100	100	100,0%	100	100	100,0%
Property Segment *property owning*							
Hazra Properties Two Proprietary Ltd Reg. No. 1986/004497/07	Direct	300	300	100,0%	300	300	100,0%
Bowler Properties Two Proprietary Ltd Reg. No. 2000/000793/07	Direct	100	100	100,0%	100	100	100,0%
Postal Presents Proprietary Ltd Reg. No. 1983/011982/07	Direct	1	1	100,0%	1	1	100,0%
Number of entities by principal activity							
- plastic packaging				2			2
- property				3			3
All subsidiaries in the group are: - wholly owned - incorporated in South Africa							
Beverage Segment *SoftBev operates in the manufacturing, sales and distribution of non-alcoholic beverages, nationally. This investment is not considered strategic to the company's activities.*							
B Associated companies Proprietary 2012/03184		274 754 093	653 213 008	42,06%	274 754 093	653 213 008	42,06%
- incorporated in South Africa - principle activity - beverages							

C Structured entities

There are no structured entities in the group.

DIVIDEND DECLARATION

Notice is hereby given that a cash dividend of 22.7 cents per share ("cps") (2016: 18.4 cps) has been declared payable to shareholders on Monday, 30 October 2017.

The directors have confirmed that the company will satisfy the solvency and liquidity test immediately after the distribution. The dividend will be reflected in the interim results for the six months ended 31 December 2017.

Additional information pertaining to the cash dividend:

			cps
	Dividend declared		
○	Gross local cash dividend		22,70
○	STC credits set off (see below)		-
	Taxable dividend		22,70
○	Dividend Withholding Tax (DWT) at	20,0%	(4,54)
			18,16
○	STC credits add back		-
○	Net local cash dividend to shareholders liable for DWT		18,16
○	Shareholders exempt from DWT will receive a gross dividend of		22,70
	Other information		
○	The local cash dividend, as defined by the Income Tax Act, will be made from income reserves		
○	Income Tax reference number		9775130710
○	Number of ordinary shares in issue		88 428 066
○	Company registration number		1972/005921/06

Salient dates for the cash dividend are:

Last day to trade "cum" dividend	Tuesday	24 October 2017
List date	Wednesday	25 October 2017
Record date	Friday	27 October 2017
Payment date	Monday	30 October 2017

Share certificates may not be dematerialised or re-materialised from Wednesday, 25 October 2017 to Friday, 27 October 2017, both days inclusive.

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. Shareholders are urged to supply their banking details to the Transfer Secretaries and receive future payments by electronic transfer.

By order of the Board

CA Bothma
Secretary

Ottery
29 September 2017

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given in terms of the Companies Act No 71 of 2008, as amended ("the Act") that the twenty seventh Annual General Meeting (AGM) of shareholders of the company will be held at the company's head office, Harris Drive, Ottery, Cape at 09h00 on Wednesday 8 November 2017 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.

Salient dates for the AGM

Last day to trade to be eligible to participate and vote	Tuesday	31 October 2017
Record date to determine shareholder's eligibility to vote	Friday	03 November 2017
Notification of intention of electronic participation	Monday	06 November 2017
Proxies to be submitted to the transfer secretaries by 09h00	Tuesday	07 November 2017
Date of AGM	Wednesday	08 November 2017

Ordinary Resolutions

Ordinary resolutions require the support of at least 50% of votes exercised by shareholders present or represented by proxy.

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 2017, be and are hereby approved."

2 Ordinary Resolution Number Two (Approval of directors remuneration policy)

"Resolved that the company's remuneration policy as set out on pages 9 to 10 of this report for the year ended 30 June 2017, be and is hereby approved by way of a non-binding advisory vote."

3 Ordinary Resolution Number Three (Re-election of Director)
(refer page 4 for his abridged curricula vitae)

"Resolved that Mr Brian Frost, who retires as a director in terms of the company's memorandum of incorporation, but being eligible, and who offers himself for re-election, be and is hereby re-elected as director of the company."

4 Ordinary Resolution Number Four (Re-election of Director)
(refer page 4 for his abridged curricula vitae)

"Resolved that Mr Craig MacGillivray, who retires as a director in terms of the company's memorandum of incorporation, but being eligible, and who offers himelf for re-election, be and is hereby re-elected as director of the company."

5 Ordinary Resolution Number Five (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 Five is considered."

6 Ordinary Resolution Number Six (Reappointment of auditors)

On the recommendation of the Audit and Risk Committee, "It is resolved that Mazars be and are hereby reappointed as auditors until the conclusion of the next annual general meeting of the company."

7 Ordinary Resolution Number Seven (Reappointment of Audit and Risk Committee)

The Audit and Risk Committee consists of at least three non-executive directors as set out on the inside front cover whose appointment needs to be approved annually.

7,1 "Resolved that Mr Craig Mac Gillivray, an incumbent member and chairman of the Audit and Risk Committee, be and is hereby reappointed to the committee until the conclusion of the next annual general meeting of the company."

7,2 "Resolved that Mr Brian Frost, an incumbent member of the Audit and Risk Committee and chairman of the Board, be and is hereby reappointed to the committee until the conclusion of the next annual general meeting of the company."

7,3 "Resolved that Ms Sarah Gillett, an incumbent member of Audit and Risk Committee, be and is hereby reappointed to the committee until the conclusion of the next annual general meeting of the company."

Special Resolutions

Special resolutions require the support of at least 75% of votes exercised by shareholders present or represented by proxy.

8 Special Resolution Number One (General authority to repurchase shares)

"Resolved that the company or any of its subsidiaries be and are hereby authorised to acquire, from time to time, of the issued ordinary shares of the company from any person whatsoever (including any director or prescribed officer of the company or any person related to any director or prescribed officer of the company), upon such terms and conditions and in such amounts as the directors of the Company from time to time may determine, in terms of and subject to the Act and the Listings Requirements from time to time of the JSE Securities Exchange South Africa ("JSE"), and:

8,1 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;

8,2 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;

8,3 a paid press announcement will be published as soon as the Company has acquired ordinary shares constituting, on a cumulative basis, 3% (three per cent) of the number of ordinary shares in issue prior to the acquisition pursuant to which the 3% (three per cent) threshold is reached, which announcement shall contain full details of such acquisitions;

8,4 acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty per cent) of the Company's issued ordinary share capital from the date of the grant of this general authority;

8,5 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 per cent) 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;

8,6 the consolidated assets of the Company, valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the Company;

8,7 the Company shall have adequate capital; and

8,8 the working capital of the Company will be adequate for the Company's next year's operations."

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 it's 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 it's 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 annual general meeting of the Company, unable to fully comply with paragraph 5.133 (c) (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 International Financial Reporting Standards, will be in excess of consolidated liabilities of the

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.

9 Special Resolution Number Two (Provision of financial assistance)

"Resolved as a special resolution pursuant to Section 45(3) of the Companies Act, as amended ("the 2008 Act"), that the directors of the company be and are hereby authorised and empowered, as a general approval contemplated in Sections 45(3) of the 2008 Act, to cause the company to provide any direct or indirect financial assistance to any company or other legal entity which is related or inter-related to the company, subject and in accordance with the provisions of Section 45(3)(b) of the 2008 Act."

10 Special Resolution Number Three (Non-executive directors fees)

"Resolved as a special resolution that, unless otherwise determined by the company in a general meeting, the annual fees payable by the company to its non-executive directors be approved as follows:

Years ending	**30-Jun-17 R'000**	**30-Jun-18 R'000**	**30-Jun-19 R'000**
Board			
Chair	282	298	314
Vice Chair	282	298	314
Member	180	190	200
Audit/Risk Committee			
Chair	101	107	112
Member	67	71	75
Remuneration Committee			
Chair	90	95	100
Member	67	71	75
Social and Ethics Committee			
Chair and member	67	71	75

NOTICE OF ANNUAL GENERAL MEETING - continued

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
- nominee

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 (Pty) Limited, 70 Marshall Street, Johannesburg (P O Box 61051, Marshalltown, 2107, 2000) by 09h00 on Tuesday, 7 November 2017. [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 ten 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

CA Bothma
Secretary
Ottery
29 September 2017

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 DEMATERIALISED SHAREHOLDERS AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD AT 09:00 ON WEDNESDAY, 8 NOVEMBER 2017 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 Wednesday, 8 November 2017 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	Agai	Abstain
Ordinary Resolution Number One (Approval of Annual Financial Statements)			
Ordinary Resolution Number Two (Approval of directors remuneration policy)			
Ordinary Resolution Number Three (Re-election of Director)			
Ordinary Resolution Number Four (Re-election of Director)			
Ordinary Resolution Number Five (Director's authority to negotiate and sign)			
Ordinary Resolution Number Six (Reappointment of auditors)			
Ordinary Resolution Number Seven (Reappointment of Audit and Risk Committee)			
7,1 Mr Craig Mac Gillivray			
7,2 Mr Brian Frost			
7,3 Ms Sarah Gillett			
Special Resolution Number One (General authority to repurchase shares)			
Special Resolution Number Two (Provision of financial assistance)			
Special Resolution Number Three (Non-executive directors fees)			

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 (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 09:00 on Tuesday, 7 November 2017.

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.