



# Bowler Metcalf Limited

REG NO : 1972/005921/06

ALPHA CODE : BCF

ISIN CODE : ZAE000030797

## CONDENSED UNAUDITED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015 AND DIVIDEND DECLARATION

**Revenue + 6%      *Headline Earnings + 36%*      *Dividend 18.4 cps***

AS AT	R mil 31/12/15	% Change	R mil 30/06/15
<b>CONDENSED STATEMENT OF FINANCIAL POSITION</b>			
<b>Non-current Assets</b>	<b>435.9</b>	+ 8	405.2
Property, plant & equipment	138.8		122.4
Investment properties	6.4		6.7
Investment in associates	285.0		270.4
Deferred tax	0.8		0.8
Intangible assets	4.9		4.9
<b>Current Assets</b>	<b>352.2</b>	- 4	365.4
Inventories	53.1		56.9
Trade and other receivables	119.8		103.1
Prepayments	4.4		19.2
Cash and cash equivalents	124.5		139.6
Related party loan	50.3		46.5
Taxation	0.1		0.1
<b>Total Assets</b>	<b>788.1</b>	+ 2	770.6
<b>Total Equity</b>	<b>685.5</b>	+ 3	667.7
<b>Non-current liabilities</b>	<b>62.5</b>		53.4
Deferred Tax	62.5		53.4
<b>Current Liabilities</b>	<b>40.1</b>	- 19	49.5
Trade and other payables	39.3		45.1
Borrowings	-		1.2
Taxation	0.8		3.2
<b>Total Equity &amp; Liabilities</b>	<b>788.1</b>		770.6
<b>NOTES TO THE CONDENSED STATEMENT OF FINANCIAL POSITION</b>			
<b>Prepayments are comprised of:</b>			
- advance payments - capital	4.4		18.1
- advance payments - expenses	-		1.1

### CONDENSED STATEMENT OF CHANGES IN EQUITY (R mil)

	Share Capital	Retained Earnings	Treasury Shares	Share Based Payments	Total Equity
30 Jun 14	21.5	469.6	(31.6)	0.30	459.8
Comprehensive Income	-	235.30	-	-	235.3
Dividends	-	(28.90)	1.5	-	(27.4)
Other	-	0.30	-	(0.30)	-
30 Jun 15	21.5	676.3	(30.1)	-	667.7
Comprehensive Income	-	36.8	-	-	36.8
Dividends	-	(19.0)	-	-	(19.0)
31 Dec 15	21.5	694.1	(30.1)	-	685.5

SIX MONTHS ENDED	31/12/15 R mil	% Change	00/01/00 R mil
<b>CONDENSED STATEMENT OF COMPREHENSIVE INCOME</b>			
<b>Continuing operations</b>			
Revenue	254.8	+ 6	240.8
Other income	1.1		1.5
Operating costs	(148.6)		(137.2)
Depreciation	(11.0)		(10.3)
Rent & property finance	(1.1)		(1.0)
Staffing costs	(61.6)		(56.4)
Share of profit of associate	14.5		-
<b>Profit from operations</b>	<b>48.1</b>	<b>+ 29</b>	<b>37.4</b>
Net finance income	8.2		6.0
- income	8.2		6.0
<b>Net profit before tax</b>	<b>56.3</b>	<b>+ 30</b>	<b>43.4</b>
Income tax expense	(11.5)		(12.5)
<b>Profit for the period from continuing operations</b>	<b>44.8</b>	<b>+ 45</b>	<b>30.9</b>
<b>Discontinued operations</b>			
Revenue	-		240.4
Other income	-		0.1
Expenses	-		(237.5)
Pre-tax profit	-		3.0
Income tax expense	(8.0)		(0.8)
<b>Profit for the period from discontinued operations</b>	<b>(8.0)</b>		<b>2.2</b>
<b>Attributable to equity holders of parent</b>	<b>36.8</b>	<b>+ 11</b>	<b>33.1</b>
<b>Earnings &amp; diluted earnings per share (c)</b>			
	<b>CPS</b>		<b>CPS</b>
- Continuing operations	54.11	+ 44	37.48
- Discontinued operations	(9.66)		2.67
	44.44	+ 11	40.14
<b>NOTES TO THE CONDENSED STATEMENT OF COMPREHENSIVE INCOME</b>			
	<b>R mil</b>		<b>R mil</b>
<b>Related party transactions</b>			
Quality Beverages 2000 (Pty) Ltd (Subsidiary of associate)			
- revenue	33.1		-
- rental income	2.2		-
- finance income	2.9		-
<b>CONDENSED STATEMENT OF CASH FLOWS</b>			
<b>Operating Activities</b>			
Profit before tax	56.3		46.4
Non-cash items	(3.2)		15.7
Working capital changes	(7.90)		(19.8)
Taxation paid	(12.6)		(13.7)
Dividends paid	(19.0)		(13.7)
<b>Investing Activities</b>			
Property plant and equipment - additions	(37.5)		(23.9)
Property plant and equipment - disposals	9.9		-
<b>Financing Activities</b>			
Borrowings	(1.1)		(3.5)
<b>Net Cash Flow</b>	<b>(15.1)</b>		<b>(12.5)</b>
Opening balance	139.6		126.2
<b>Closing balance</b>	<b>124.5</b>		<b>113.7</b>
Comprising:			
Cash & cash equivalents	124.5		114.7
Bank Overdrafts	-		(1.0)
<b>Net cash flows from discontinued operations</b>			
Operating Activities	-		(19.5)
Investing Activities	-		1.3
Financing Activities	-		9.5
	-		(8.7)

	R mil 31/12/15	% Change	R mil 00/01/00
<b>HEADLINE EARNINGS (Rmil)</b>			
<b>Continuing operations</b>			
Profit for the period from continuing operations	44.80		30.90
Profit on disposal of plant & equipment profit	0.20		0.10
tax	(0.10)		(0.10)
<b>Headline earnings - continuing operations</b>	<b>45.00</b>	+ 45	31.00
<b>Discontinued operations</b>			
Loss for the period from discontinued operations	(8.00)		2.20
Tax rate adjustment - disposal of subsidiary	8.00		-
<b>Headline earnings - discontinued operations</b>	<b>-</b>		2.20
<b>Headline earnings - attributable to holders of the parent</b>	<b>45.00</b>	+ 36	33.20
<b>BASIC &amp; DILUTED HEADLINE EARNINGS PER SHARE (c)</b>			
<b>Continuing operations</b>			
Earnings per share(c)	54.11		37.48
Profit on disposal of plant & equipment (c)	0.24		0.14
<b>Basic &amp; diluted headline earnings per share-continuing operations (c)</b>	<b>54.35</b>	+ 44	37.62
<b>Discontinued operations</b>			
Earnings per share(c)	(9.66)		2.67
Tax rate adjustment - disposal of subsidiary (c)	9.66		-
<b>Basic &amp; diluted headline earnings per share-discontinued operations (c)</b>	<b>-</b>		2.67
<b>Basic &amp; diluted headline earnings per share - attributable to holders of the parent (c)</b>	<b>54.35</b>	+ 35	40.28
<b>ADDITIONAL INFORMATION</b>			
Dividend/share paid (c)	23.00	+ 39	16.60
Ordinary dividend proposed (c)	18.40	+ 0	18.40
Dividend cover (times)	2.95		2.19
Weighted shares in issue (mil)	82.80		82.45
Capital commitments (Rmil)	10.90		20.50
Current ratio	8.78		7.70
Return on equity (%)	10.74		13.81
Closing share price (cents)	1,060		840

CONDENSED SEGMENTAL ANALYSIS (Rmil)	Plastic Packaging	Beverages	Property Investment	Un-allocated & Eliminations	Total
<b>Revenue</b>					
Jul-Dec 14	178.4	240.4	0.1	-	418.9
- total revenue	238.7	240.4	10.1	-	489.2
- intersegment	(60.3)	-	(10.0)	-	(70.3)
<b>Jul-Dec 15</b>	<b>252.6</b>	<b>-</b>	<b>2.2</b>	<b>-</b>	<b>254.8</b>
- total revenue	252.6	-	10.7	-	263.3
- intersegment	-	-	(8.5)	-	(8.5)
<b>Operating Profit</b>					
Jul-Dec 14	30.0	4.8	7.6	(0.1)	42.3
- continuing operations	30.0	-	7.6	(0.1)	37.5
- discontinued operations	-	4.8	-	-	4.8
<b>Jul-Dec 15</b>	<b>26.9</b>	<b>14.5</b>	<b>8.0</b>	<b>(1.3)</b>	<b>48.1</b>
- continuing operations	26.9	14.5	8.0	(1.3)	48.1
- discontinued operations	-	-	-	-	-
<b>Attributable Profit</b>					
Jul-Dec 14	25.6	2.2	5.4	(0.1)	33.1
- continuing operations	25.6	-	5.4	(0.1)	30.9
- discontinued operations	-	2.2	-	-	2.2
<b>Jul-Dec 15</b>	<b>25.8</b>	<b>6.5</b>	<b>5.8</b>	<b>(1.3)</b>	<b>36.8</b>
- continuing operations	25.8	14.5	5.8	(1.3)	44.8
- discontinued operations	-	(8.0)	-	-	(8.0)
<b>Total Assets</b>					
30 Jun 15	464.4	270.7	69.4	(33.9)	770.6
- total assets	458.1	270.7	37.2	4.6	770.6
- intersegment	6.3	-	32.2	(38.5)	-
<b>31 Dec 15</b>	<b>470.9</b>	<b>285.0</b>	<b>73.2</b>	<b>(40.8)</b>	<b>788.3</b>
- total assets	413.0	285.0	35.0	0.1	733.1
- intersegment	57.9	-	38.2	(40.9)	55.2
<b>Capital Expenditure</b>					
Jul-Dec 14	22.2	1.3	0.4	-	23.9
<b>Jul-Dec 15</b>	<b>37.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37.5</b>

## CEO'S COMMENTARY

Despite restructuring activities to implement the Group's realignment strategies, the business posted a pleasing 45% earnings growth from continued operations, including profit from associates, on the back of a 6% revenue improvement.

Substantial improvements in total earnings are tempered to 11% by a CGT inclusion rate change, affecting deferred tax, on a transaction relating to discontinued operations arising from the disposal of Quality Beverages in the prior year.

### Plastic Packaging - Bowler Plastics

Notwithstanding a subdued FMCG market and the exit of the substantial SoftBev bottle blowing business (which was taken in-house), Plastics has managed to not only replace this revenue, but also a 6% growth in revenue. Attributable profit remained unchanged at R25,8mil to the previous year despite a provision for penalties related to the SoftBev Bottle Blowing Plan triggered by implementation delays. The project is ongoing and the final outcome thereof will only unfold in the coming months.

Capex spend of R52,8 mil committed during this period to signed contracts illustrate the unprecedented activity levels. Additional new PET bottle manufacturing capacity was commissioned in Johannesburg with more projects to follow. The Rand devaluation did not have a substantial impact on the performance of the business during this period, however the negative cost impact was felt from January 2016. Bowler Plastics is continually entrenching and expanding its premiere niche position in the rigid plastics packaging field.

### Beverages - SoftBev

The good contribution by our newly-formed associate company, SoftBev Proprietary Limited, of R14,5mil was especially rewarding in the light of considerable challenges resulting from the "smelger" of Quality Beverages 2000 Proprietary Limited with Shoreline Sales and Distribution Proprietary Limited. The amalgamation of the KZN, Johannesburg and Cape Town businesses into a national unit was well achieved on various operational and reporting levels in time for the summer season. Short term supplier and capacity challenges as well as organisational constraints challenged productivity levels which affected stock availability. The hot weather contributed to favourable performances particularly in KZN.

### Outlook

While the SoftBev business continues its focus on establishing and entrenching its national profile by implementing its strategies in commanding significant "share of throat" for its wide range of offerings, the Bowler Group's primary focus is directed to its Plastics packaging operations. The FMCG market is experiencing a period of significant realignment and recapitalisation of the manufacturing capabilities and within this context the next months will continue to see the implementation of long term projects by Bowler Plastics. The devaluation of the Rand is likely to strongly influence further opportunities, as the aftermath effects are being felt at retailer level. This is resulting in a reassessment of the overall supply chain which should favour South African manufacture.

## BASIS OF PREPARATION

The condensed unaudited consolidated results have been prepared in accordance with and containing information required by IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and in the manner required by the Companies Act and the Johannesburg Stock Exchange Listings Requirements. The condensed report has been prepared using accounting policies and methods of computation that are in terms of IFRS and which are consistent with those of the previous annual financial statements. The condensed report has not been audited or reviewed by the auditors.

## ACQUISITIONS AND DISPOSALS

There have been no additions or disposals during the period under review.

## CHANGES TO THE BOARD

There were no changes to the Board during the period.

## ISSUE AND RE-PURCHASE OF TREASURY SHARES

There were no issues or re-purchases of treasury shares during the period.

## CASH DIVIDEND DECLARATION

An interim gross cash dividend, as defined by the Income Tax Act, of 18.4 cents per share ("cps") (2014: 18.4 cps) has been declared for the six months ended 31 December 2015 and is payable to shareholders on Monday, 25 April 2016. The last day to trade will be Friday, 15 April 2016. "Ex" dividend trading begins on Monday, 18 April 2016 and the record date will be Friday, 22 April 2016. Share certificates may not be dematerialised or re-materialised between Monday, 18 April 2016 and Friday, 22 April 2016, both days inclusive. Directors confirm that the solvency and liquidity test is satisfied at the date of this report.

This dividend will be made from income reserves. The gross dividend is 18.4 cps. Dividend Withholding Tax (DWT) is 15%. The net local cash dividend to shareholders liable for DWT will therefore be 15.640 cps.

The number of shares in issue at the date of declaration is 88 428 066 shares.

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

B.J. FROST (Non-Exec Chairman)  
P.F. SASS (Chief Executive Officer)  
Cape Town, 29 March 2016

Company Tax No: 9775130710  
Prepared by: L.V. Rowles CA(SA)

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### REGISTERED AUDITOR

Mazars - Partner Jaco Cronje - Registered Auditor  
Mazars House, Rialto Road,  
Grand Moorings Precinct, Century City, 7441

### TRANSFER SECRETARIES

Computershare Investor Services (Pty) Ltd  
P.O. Box 61051, Marshalltown, 2107

### SPONSORS

Arbor Capital Sponsors (Pty) Ltd  
Ground Fir, One Health Building  
54 Maxwell Drive, Woodmead, 2157

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