



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 2019 AND DIVIDEND DECLARATION

HEPS Continued Operations up 19%

Interim Dividend up 13%

	Notes	R mil 31-12-19	% Change	R mil 30-06-19
CONDENSED STATEMENT OF FINANCIAL POSITION				
Non-current Assets		177.1	1	175.2
Property, plant & equipment		159.1		161.8
Investment properties		5.0		5.1
Intangible assets		4.9		4.9
Right of use asset		4.7		-
Deferred taxation		3.4		3.4
Current Assets		558.7	-4	579.1
Inventories	1	93.7		79.1
Trade and other receivables		97.0		101.7
Prepayments		3.3		3.1
Other Investments	2	10.7		10.3
Cash and cash equivalents		350.1		382.9
Taxation		3.9		2.0
Total Assets		735.8	-2	754.3
Total Equity		663.0	-2	679.0
Non-current Liabilities		26.6	8	24.7
Long-term lease obligation		1.9		-
Deferred taxation		24.7		24.7
Current Liabilities		46.2	-9	50.6
Trade and other payables		43.0		50.2
Short term lease obligation		3.1		-
Taxation		0.1		0.4
Total Equity & Liabilities		735.8	-2	754.3

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2019**

	Notes	31-12-19 R mil	% Change	31-12-18 R mil
Continuing operations				
Revenue	3	296.8	11	267.7
Other income		0.2		0.2
Operating costs		(157.8)	4	(151.1)
Depreciation		(11.5)		(11.5)
Rental cost		(3.5)		(2.9)
Staffing Cost	4	(79.5)	13	(70.5)
Profit from operations		44.8	41	31.9
Net finance income	5	14.6	-24	19.2
Profit before tax		59.4	16	51.1
Taxation		(16.6)		(14.3)
Profit for the period - continuing operations		42.8	16	36.8
Discontinued operations				
Profit on disposal of investment in associate		-		183.8
Operating cost in respect of disposal of associate		-		(3.7)
Profit before tax		-	-100	180.1
Taxation		-		(41.2)
Profit for the period - discontinued operations		-	-100	138.9
Attributable to equity holders of parent		42.8	-76	175.7

NOTES TO THE CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Related party transactions

Quality Beverages 2000 (Pty) Ltd (other related party)

- revenue	-	6.3
- rental income	-	0.8

Receipt of related party loan receivable - 64.1

The related party relationship with SoftBev (Pty) Ltd and Quality Beverage 2000 (Pty) Ltd ceased during the prior year.

Other than the above information on related parties, there have been no other dealings with related parties that are material to an understanding of these results.

Disaggregate revenue sources

Plastic Packaging and Related Products	291.4	264.9
Property Leases	5.4	2.8
	296.8	267.7

CONDENSED STATEMENT OF CHANGES IN EQUITY (R mil)

	Share Capital	Retained Earnings	Treasury Shares	Total Equity
Balance as at 30 June 2018	16.1	780.2	(30.2)	766.1
Purchase of treasury shares	-	-	(19.0)	(19.0)
Cancellation of treasury shares	(16.1)	(3.0)	19.1	-
Comprehensive profit for the year to 30 June 2019	-	211.9	-	211.9
Dividends paid	-	(280.0)	-	(280.0)
Balance as at 30 June 2019	-	709.1	(30.1)	679.0
Comprehensive profit for the six months ending 31 December 2019	-	42.8	-	42.8
Purchase of treasury shares	-	-	(40.4)	(40.4)
Cancellation of treasury shares	-	(34.6)	34.6	-
Dividends paid	-	(18.4)	-	(18.4)
Balance as at 31 December 2019	-	698.9	(35.9)	663.0

CONDENSED STATEMENT OF CASH FLOWS

	R mil 31-12-19	R mil 31-12-18
Operating Activities	16.1	(242.3)
Profit before tax	59.4	231.2
Non-cash items *	10.9	(168.4)
Working capital changes	(17.1)	(22.0)
Dividends paid	(18.4)	(267.7)
Taxation paid	(18.7)	(15.4)
Investing Activities	(7.2)	467.9
Property, plant and equipment - additions	(7.0)	(8.8)
Net proceeds on disposal of associate held for sale	-	413.4
Movement in prepayments	(0.2)	(1.5)
Repayment on related party loans	-	64.8
Financing Activities	(41.7)	-
Decrease in lease obligation	(1.3)	-
Acquisition of treasury shares	(40.4)	-
Net (decrease)/increase in cash and cash equivalents	(32.8)	225.6
Opening balance	382.9	202.9
Closing balance	350.1	428.5
Comprising:		
Cash & cash equivalents	350.1	428.5
Net cash flows from discontinued operations included in above cash flow	-	478.2
Investing Activities	-	478.2
*Non cash items	-	(180.1)
Profit on disposal of investment in associate	-	11.5
Depreciation	11.5	0.2
Other	(0.6)	(168.4)

HEADLINE EARNINGS RECONCILIATION

	R mil 31-12-19	% Change	R mil 31-12-18
Continuing operations			
Profit for the period - continuing operations	42.8		36.8
Adjustments	-		-
Headline earnings - continuing operations	42.8	16	36.8
Discontinued operations			
Profit for the period from discontinued operations	-		138.9
Net profit on disposal of investment in associate	-		(138.9)
Profit on disposal of investment in associate	-		(180.1)
Taxation	-		41.2
Headline earnings - discontinued operations	-		-
Headline earnings - attributable to holders of the parent	42.8	16	36.8

BASIC & DILUTED HEADLINE EARNINGS PER SHARE (c)

	31-12-19 CPS		31-12-18 CPS
Earnings & diluted earnings per share (c)			
- Continuing operations	53.5	19	44.9
- Discontinued operations	-		169.4
	53.5	-75	214.3

HEADLINE EARNINGS PER SHARE RECONCILIATION (c)

Continuing operations			
Earnings per share	53.5		44.9
Adjustments	-		-
Basic & diluted headline earnings per share-continuing operations	53.5	19	44.9
Discontinued operations			
Earnings per share	-		169.4
Net profit on disposal of investment in associate	-		(169.4)
Basic & diluted headline earnings per share-discontinued	-		-
Basic & diluted headline earnings per share - attributable to holders of the parent	53.5	19	44.9

CONDENSED SEGMENTAL ANALYSIS (Rmil)

	Plastic Packaging	Discontinued Beverages	Property Investment	Holdings	Eliminations	Total
Revenue						
Jul-Dec 19	293.9	-	2.9	-	-	296.8
- total revenue	293.9	-	13.7	-	-	307.6
- intersegment	-	-	(10.8)	-	-	(10.8)
Jul-Dec 18	264.9	-	2.8	-	-	267.7
- total revenue	264.9	-	12.9	-	-	277.8
- intersegment	-	-	(10.1)	-	-	(10.1)
Operating Profit						
Jul-Dec 19	35.9	-	10.9	(0.4)	(1.6)	44.8
- continuing operations	35.9	-	10.9	(0.4)	(1.6)	44.8
- discontinued operations	-	-	-	-	-	-
Jul-Dec 18	46.6	180.1	4.4	(0.7)	(18.4)	212.0
- continuing operations	46.6	-	4.4	(0.7)	(18.4)	31.9
- discontinued operations	-	180.1	-	-	-	180.1
Attributable Profit						
Jul-Dec 19	26.5	-	7.8	10.1	(1.6)	42.8
- continuing operations	26.5	-	7.8	10.1	(1.6)	42.8
- discontinued operations	-	-	-	-	-	-
Jul-Dec 18	38.9	138.9	3.2	13.1	(18.4)	175.7
- continuing operations	38.9	-	3.2	13.1	(18.4)	36.8
- discontinued operations	-	138.9	-	-	-	138.9
Total Assets						
31 Dec 19	633.7	-	50.3	349.4	(297.6)	735.8
- total assets	355.1	-	31.3	349.4	-	735.8
- intersegment	278.6	-	19.0	-	(297.6)	-
30 Jun 19	683.6	-	102.9	405.7	(378.0)	814.2
- total assets	374.3	-	34.2	405.7	-	814.2
- intersegment	309.3	-	68.7	-	(378.0)	-
Total Liabilities						
31 Dec 19	72.4	-	0.8	278.6	(278.1)	73.6
- total liabilities	72.4	-	0.8	278.6	(278.1)	73.6
30 Jun 19	95.4	-	0.8	303.3	(324.2)	75.3
- total liabilities	95.4	-	0.8	303.3	(324.2)	75.3
Capital Expenditure						
Jul-Dec 19	6.9	-	0.1	-	-	7.0
Jul-Dec 18	5.0	-	3.8	-	-	8.8

ADDITIONAL INFORMATION	31-12-19	% Change	31-12-18
Ordinary dividend / share paid (c)	25.00	16	21.50
Special dividend / share paid (c)	-		305.00
Ordinary dividend / proposed (c)	17.00	13	15.00
Dividend cover (times) from continuing operations	3.15		2.99
Weighted shares in issue (mil)	79.97		82.00
Capital commitments (Rmil)	8.20		5.70
Closing share price (c)	750		790

CEO'S COMMENTARY

The past reporting period was thankfully relatively stable on all important fronts. This stability has contributed to an encouraging improvement in operating profit of 41% against a volatile prior year with cost tightly managed. The Gauteng operation has recovered from the prior year's industrial action. It is stable and set to grow in its customer offerings. The market however remained lacklustre reflecting a strained consumer base. A number of new projects have positively contributed to the stable base of our business. On the back of this, the company posted a headline earnings improvement of 16%. This is an encouraging step in the journey of recovery from the difficult 2019 year with its labour and exchange rate volatilities.

The recently held industry leading plastics fair, K2019, focused heavily on the Circular Economy and it was encouraging to witness the collective uptake of industry on this hot topic. I believe it provides much needed cohesion and directive for the industry. As a consequence, new concepts, enabling technologies and changing mind sets can drive positive outcomes, if the entire supply chain co-operates.

As significant energy dependants, we will experience the consequences of load shedding in the time ahead, not only on costs but also likely in demand. The new projects are likely to trigger investments in a number of new technologies later in the year. The site development of the Phillippi manufacturing facility has progressed and a commitment for a R51 million expansion is imminent.

A total of 5 559 734 shares were repurchased during the period at a cost of R40.4m, representing 6.5% of the share capital. Management will continue to work within the treasury share mandate and execute share cancellations where this enhances shareholder value. The board has proposed a dividend of 17 cps in line with its dividend policy.

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 Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and in the manner required by the Companies Act (Act 71 of 2008) 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, except for the changes on the adoption of IFRS 16 Leases. The condensed report has not been audited or reviewed by the auditors.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. INVENTORIES

Increase in finished goods and raw materials levels due to seasonal peak demand.

2. OTHER INVESTMENTS

The investment is in the Ashburton stable Income Fund portfolio, under the management of Ashburton Investments which is part of the FirstRand Group. The fund is an actively managed cash fund with the underlying investments being mainly floating rate notes and cash, which can be liquidated within 48 hours and has annualised returns of 8.1% for the year.

The fair value of the investment is derived from the market value of the underlying shares in the unit trust portfolio (as traded on the stock exchange), but not traded itself.

The investment has been classified as a level 2 fair value in terms of the hierarchy.

3. REVENUE

The revenue increase was driven by a slight increase in volume and an improved product mix as a result of various projects coming to fruition during the period, coupled with the temporary subletting of leased space.

4. STAFFING COST

Inflationary increases coupled with the recovery of operations from last year's strike has led to double digit increases in payroll year on year.

5. NET FINANCE INCOME

Reduction in net finance income primarily as a result of lower cash balances after the payment of the special dividend and capital gains tax on the disposal of the associate investment, SoftBev (Pty) Ltd.

ACQUISITIONS AND DISPOSALS

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

NEW STANDARDS AND INTERPRETATIONS

IFRS 16 LEASES

IFRS 16 provides for the principles for the recognition, measurement, presentation and disclosure of leases. The standard introduces a single accounting model for lessees building on the principle that all leases result in the lessee being entitled to use an asset and, if lease payments are made over time, obtaining financing. The standard eliminates the distinction of operating and finance leases for lessees resulting in a more true representation of the lessees assets and liabilities and improved transparency regarding the lessee's financial leverage and capital employed. Lessor accounting is largely left unchanged from its predecessor (IAS 17 Leases)

The group has adopted the standard using the modified retrospective approach, and has not restated comparatives for the 31 December 2018 and 30 June 2019 reporting periods. The group has recognised all right of use assets as at 1 July 2019 at amounts equal to the related lease liabilities, adjusted by the amount of operating lease payables relating to those leases recognised in the statement of financial position immediately before the date of initial application.

Amounts paid by the group during the year pertaining to lease liabilities under IFRS 16 have been disclosed in the statement of cash flows under the financing activities amounting to R1 341 694 and increased finance charges of R267 811 under operating activities.

The group applied a weighted average incremental borrowing rate to lease liabilities recognised during the year of 9.64%.

IFRS 16 LEASES (continued)

Impairment review of right of use asset

Instead of performing an impairment review on the right of use assets at the date of the initial application, the Group has made use of the practical expedient in IFRS 16, by doing an assessment of its existing lease agreements, prior to adopting IFRS 16, and where leases were onerous, the right of use assets for those agreements were adjusted by the onerous contract provision (if any) on initial application. Going forward, the impairment testing of the right of use assets will be done as part of the review of property, plant and equipment.

The impact of adopting IFRS 16 can be summarised as below:

	Six months ending 31 December 2019 R	At adoption date 01 July 2019 R
- increase in right of use asset	4 709 684	6 225 826
- increase in lease obligation	(5 017 851)	(6 359 545)
- decrease in operating lease payables	(133 719)	(133 719)
- increase in depreciation expense	1 516 142	
- decrease in operating lease expense	(1 609 507)	
- increase in finance cost	267 811	
- decrease in net profit	174 446	

Depreciation increased with R1 516 142 and finance cost with R267 811. Operating lease expense decreased with R1 609 507. The net profit for 2020 would therefore have decreased with R174 446 due to the adoption of IFRS 16.

The group adopted IFRS 16 under the mandatory effective date, being the 2020 financial period for the group.

ISSUE OF SHARES

There has been no new issues of ordinary shares during the period.

CASH DIVIDEND DECLARATION

An ordinary interim gross cash dividend as defined by the Income Tax Act, of 17.00 cents per share ("cps") (2018: 15.00 cps) for the six months ended 31 December 2019 and is payable to shareholders on Monday, 9 March 2020. The last day to trade will be Tuesday, 3 March 2020. "Ex" dividend trading begins on Wednesday, 4 March 2020 and the record date will be Friday, 6 March 2020. Share certificates may not be dematerialised or re-materialised between Wednesday, 4 March 2020 and Friday, 6 March 2020, both days inclusive. The 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 17.00 cps. Dividend Withholding Tax (DWT) is 20%. The net local cash dividend to shareholders liable for DWT will therefore be 13.60 cps.

The number of shares in issue (including treasury shares) at the date of declaration is 80 114 674

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.

BJ FROST (Non-Exec Chairman)
PF SASS (Chief Executive Officer)
Cape Town, 12 February 2020

Company Tax No: 9775130710
Prepared by: AC September (CA) SA

REGISTERED AUDITOR

Mazars
Partner: Yolande Ferreira (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
20 Stirrup Lane, Woodmead Office
Park, c/o Woodmead Drive and Van
Reenens Avenue, Woodmead
