



Company Secretary: Corporate Governance Leaders CC
Registered Office: 101 Northern Parkway, Ormonde, Johannesburg, 2091,
 PO Box 90115, Berfsham, 2013
Transfer Secretaries: Computershare Investor Services Proprietary
 Limited, Rosebank Towers, 15 Bierman Avenue, Rosebank, Johannesburg, 2196
Auditor: PricewaterhouseCoopers Inc.
Sponsor: Nedbank CIB
CASHBUILD LIMITED
 (Registration number: 1986/001503/06)
 (Incorporated in the Republic of South Africa)
JSE code: CSB **ISIN:** ZAE000028320

www.cashbuild.co.za

R'000	Year ended 30 June 2017 (52 weeks)	Year ended 30 June 2016 (52 weeks)	% change
Revenue	9 729 640	8 669 643	12
Cost of sales	(7 248 711)	(6 404 966)	13
Gross profit	2 480 929	2 264 677	10
Selling and marketing expenses	(1 595 510)	(1 418 609)	12
Administrative expenses	(278 953)	(241 142)	16
Other operating expenses	(2 172)	(3 123)	(30)
BEE transaction expense (note 4)	-	(63 052)	(100)
Other income	15 703	9 773	61
Operating profit	619 997	548 524	13
Finance cost	(3 785)	(921)	>100
Finance income	40 814	71 084	(43)
Profit before income tax	657 026	618 687	6
Income tax expense	(187 540)	(176 685)	6
Profit for the year	469 486	442 002	6
Attributable to:			
– Owners of the company	464 991	437 442	6
– Non-controlling interests	4 495	4 560	(1)
	469 486	442 002	6
Earnings per share (cents)	2 047.7	1 920.4	7
Diluted earnings per share (cents)	2 046.7	1 919.5	7

R'000	Year ended 30 June 2017 (52 weeks)	Year ended 30 June 2016 (52 weeks)
Profit for the year	469 486	442 002
Other comprehensive income reclassifiable to profit or loss:		
Total movement in foreign currency translation reserve (FCTR)	(20 833)	12 898
Attributable to:		
- Owners of the company	(18 974)	14 934
- Non-controlling interests	(1 859)	(2 036)
Total comprehensive income for the year	448 653	454 900
Total comprehensive income attributable to:		
- Owners of the company	446 017	452 376
- Non-controlling interests	2 636	2 524
	448 653	454 900

£'000	Year ended 30 June 2017	Year ended 30 June 2016
Net asset value per share (cents)	6 642	5 776
Net asset value per share (excluding treasury shares)	7 309	6 337
Ordinary shares ('000s):		
- In issue	24 990	24 990
- Weighted-average	22 708	22 779
- Diluted weighted-average	22 719	22 789
Capital investment	193 271	592 155
Depreciation of property, plant and equipment	122 425	117 181
Amortisation of intangible assets	11 870	11 590
Capital commitments	303 380	83 697
Property operating lease commitments	1 656 394	1 484 197
Contingent liabilities	38 908	41 727

	Attributable to owners of the company								
R'000	Share capital	Treasury share capital	Share premium	Treasury share premium	Share-based payments reserve	FCTR	Retained earnings	Non-controlling interests	Total equity
Balance at 1 July 2014	252	(23)	65 823	(85 694)	35 815	(6 083)	1 198 071	15 450	1 223 611
Total comprehensive income for the year	-	-	-	-	-	1 794	356 703	4 950	363 447
Shares purchased by The Cashbuild Shares Incentive Trust and The Cashbuild Operations Management Member Trust	-	(8)	-	(161 229)	-	-	-	-	(161 237)
Shares sold by The Cashbuild Share Incentive Trust	-	6	-	54 541	-	-	-	-	54 547
Increase in shareholding of subsidiary	-	-	-	-	-	-	(1 063)	1 063	-
Dividends paid	-	-	-	-	-	-	(143 630)	(980)	(144 610)
Recognition of share-based payments	-	-	-	-	9 276	-	-	-	9 276
Balance at 30 June 2015	252	(25)	65 823	(192 382)	45 091	(4 289)	1 410 081	20 483	1 345 034
Total comprehensive income for the year	-	-	-	-	-	14 934	437 442	2 524	454 900
Buy-back of shares for empowerment transaction	(2)	2	(61 888)	61 888	-	-	-	-	-
Shares purchased by The Cashbuild Share Incentive Trust and Cashbuild (South Africa) Proprietary Limited	-	(7)	-	(244 534)	-	-	-	-	(244 541)
Shares sold by The Cashbuild Share Incentive Trust	-	7	-	95 709	-	-	-	-	95 716
Dividends paid	-	-	-	-	-	-	(192 519)	(1 059)	(193 578)
Recognition of share-based payments	-	-	-	-	7 894	-	-	-	7 894
Balance at 30 June 2016	250	(23)	3 935	(279 319)	52 985	10 645	1 655 004	21 948	1 465 425
Total comprehensive income for the year	-	-	-	-	-	(18 974)	464 991	2 636	448 653
Shares purchased by The Cashbuild Operations Management Member Trust	-	-	(2 561)	-	-	-	-	-	(2 561)
Shares sold by The Cashbuild Share Incentive Trust	-	-	2 526	-	-	-	-	-	2 526
Dividends paid	-	-	-	-	-	-	(234 023)	(1 376)	(235 399)
Recognition of share-based payments	-	-	-	-	4 332	-	-	-	4 332
Balance at 30 June 2017	250	(23)	3 900	(279 319)	57 317	(8 329)	1 885 972	23 208	1 682 976

R'000	South Africa						Other members of common monetary area*			
	Group		Cashbuild business		P&L Hardware business				Botswana, Malawi and Zambia	
	Year ended 30 June 2017	Year ended 30 June 2016	Year ended 30 June 2017	Year ended 30 June 2016**	Year ended 30 June 2017	Year ended 30 June 2016**	Year ended 30 June 2017	Year ended 30 June 2016	Year ended 30 June 2017	Year ended 30 June 2016
Income statement										
Revenue	9 729 640	8 669 643	7 787 042	7 587 742	960 454	61 458	595 995	601 403	386 149	419 040
Operating profit	619 997	548 524	535 387	453 292	32 378	1 601	38 378	51 995	13 454	41 636
Statement of financial position										
Segment assets	3 713 242	3 538 946	2 407 381	2 357 562	540 125	474 719	496 554	434 769	269 182	271 896
Segment liabilities	2 030 266	2 073 521	1 509 869	1 631 174	249 770	202 747	173 217	148 937	97 410	90 663
Other segment items										
Depreciation	122 425	117 181	107 428	104 970	2 823	298	6 038	5 600	6 136	6 313
Amortisation	11 870	11 590	11 622	11 389	-	-	93	68	155	133
Capital investment	193 271	592 155	106 024	564 443	13 437	677	42 548	15 442	31 262	11 593

1. Basis of preparation. The summary consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), the presentation and disclosure requirements of IAS 34 – Interim Financial Reporting as required by JSE Limited, and the SAGE Financial Reporting Guides as issued by the Accounting Practices Committee. Financial statements are issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa applicable to summary annual financial statements. The accounting policies applied in the preparation of the consolidated annual financial statements from which these summary consolidated annual financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements. The annual financial statements have been prepared under the supervision of the Finance Director, Mr AE Prowse CA(SA), and approved by the board on 28 August 2017.

2. Independent audit by the auditor. These summary consolidated annual financial statements for the year ended 31 March 2017 have been audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the consolidated annual financial statements from which these summary consolidated annual financial statements were derived. A copy of their unqualified audit report is available for inspection at the registered office of the company.

3. Reporting period. The group adopts the retail accounting calendar, which comprises the reporting period ending on the last Sunday of the month (21: 25 June (52 weeks); 26: 26 June (52 weeks)).

4. BEE transaction. A special resolution in terms of a specific repurchase was adopted by shareholders on 30 November 2015 whereby 200 000 shares were repurchased from The Cashbuild Empowerment Trust ("the Trust"). The related cost of R61.890 million was classified as a personnel expense in the prior years group results and the related transaction costs were R1.162 million. The specific repurchase of shares was effected on 29 January 2016.

The financial impact at year end can be summarised as follows:

R'000	June 2017	June 2016 excl BEE	% 2017 increase on 2016	June 2016 incl BEE	% 2017 increase on 2016
Operating profit	619 997	611 576	1	548 524	13
Attributable earnings	464 991	500 494	(7)	437 442	6
Net asset value per share (cents)	6 642	5 981	11	5 776	15
Headline earnings	464 433	493 928	(6)	430 876	8
Headline earnings per share (cents)	2 045.2	2 168.3	(6)	1 891.5	8

- Declaration of dividend.** The board has declared a final dividend (No. 49), of 390 cents (June 2016: 488 cents) per ordinary share out of income reserves (prior year excluded the effects of the BEE transaction) to all shareholders of Cashbuild Limited. The dividend per share is calculated based on 24 989 811 (June 2016: 24 989 811) shares in issue at date of dividend declaration. Net local dividend amount is 312 00 cents per share for shareholders liable to pay Dividends Tax and 390 cents per share for shareholders exempt from paying Dividends Tax. The total dividend for the year amounts to 930 cents (June 2016: 1 001 cents) a 7% decrease on the prior year. Local Dividends Tax is 20%.
- Cashbuild Limited's tax reference number is 9575168712.
- | | |
|---|------------------------------|
| Date dividend declared: | Monday, 28 August 2017 |
| Last day to trade "CUM" the dividend: | Tuesday, 19 September 2017 |
| Date to commence trading "EX" the dividend: | Wednesday, 20 September 2017 |
| Record date: | Friday, 22 September 2017 |
| Date of payment: | Tuesday, 26 September 2017 |
- Share certificates may not be dematerialised or rematerialised from Wednesday, 20 September 2017 and Friday, 22 September 2017, both dates inclusive.
6. **Earnings per share.** Earnings per share is calculated by dividing the earnings attributable to owners of the company for the year by the weighted average number of 22 708 147 ordinary shares in issue at year end (June 2016: 22 779 353 shares).
7. **Headline earnings per ordinary share.** The calculations of headline earnings and diluted headline earnings per ordinary share are based on headline earnings of R464.4 million (June 2016: R430.9 million) and a weighted average of 22 708 147 (June 2016: 22 779 353) shares and fully diluted of 22 719 432 (June 2016: 22 788 839) ordinary shares in issue.

R' 000	June 2017	June 2016	% change
Net profit attributable to the owners of the company	464 991	437 422	6
Profit on sale of assets after taxation	(558)	(6 566)	
Headline earnings	464 433	430 876	8
Headline earnings per share (cents)	2 045.2	1 891.5	8
Diluted headline earnings per share (cents)	2 044.2	1 890.7	8

2000	30 June 2017	30 June 2016
ASSETS		
Non-current assets	1 481 122	1 430 879
Investment property	-	1 900
Property, plant and equipment	978 615	929 163
Intangible assets	397 015	399 689
Rent prepayments	80 328	81 339
Deferred income tax assets	25 164	18 788
Current assets	2 232 120	2 108 067
Assets held for sale	4 345	4 510
Inventories	1 289 491	1 225 580
Trade and other receivables	122 462	90 994
Prepayments	14 402	11 029
Cash and deposits	801 420	775 954
Total assets	3 713 242	3 538 946
EQUITY AND LIABILITIES		
Shareholders' equity	1 682 976	1 465 425
Share capital and reserves	1 659 768	1 443 477
Non-controlling interests	23 208	21 948
Non-current liabilities	198 469	184 432
Finance lease obligation	1 052	2 243
Deferred operating lease liability	137 051	118 475
Deferred income tax liability	37 480	30 706
Contingent consideration	22 886	33 008
Current liabilities	1 831 797	1 889 089
Trade and other liabilities	1 768 942	1 789 406
Finance lease obligation	1 191	1 110
Current income tax liabilities	61 664	71 858
Bank overdraft	-	26 715
Total equity and liabilities	3 713 242	3 538 946

R' 000	Year ended 30 June 2017	Year ended 30 June 2016
Cash flows from operating activities		
Cash generated from operations	651 625	761 718
Interest paid	(3 785)	(921)
Interest received – non-investing	-	11 781
Taxation paid	(197 336)	(150 157)
Net cash generated from operating activities	450 504	622 421
Cash flows from investing activities		
Net investment in assets	(181 472)	(163 434)
Business combinations	(5 740)	(378 901)
Interest received	40 814	59 303
Net cash used in investing activities	(146 398)	(483 032)
Cash flows from financing activities		
Shares purchased by Cashbuild Trusts or subsidiary companies for share incentive schemes	(2 561)	(244 541)
Shares sold by The Cashbuild Share Incentive Trust	2 526	95 716
Finance lease payments	(1 110)	-
Dividends paid:		
– Own equity	(234 023)	(192 519)
– Non-controlling interests	(1 376)	(1 059)
Net cash used in financing activities	(236 544)	(342 403)
Net increase/(decrease) in cash and cash equivalents	67 562	(203 014)
Cash and cash equivalents at beginning of year	749 239	938 917
Effect of exchange rate movements on cash and cash equivalents	(15 381)	13 336
Cash and cash equivalents at end of year	801 420	749 239

Share premium	Treasury share premium	Share-based payments reserve	FCTR	Retained earnings	Non-controlling interests	Total equity
65 823	(85 694)	35 815	(6 083)	1 198 071	15 450	1 223 611
-	-	-	1 794	356 703	4 950	363 447
-	(161 229)	-	-	-	-	(161 237)
-	54 541	-	-	-	-	54 547
-	-	-	-	(1 063)	1 063	-
-	-	-	-	(143 630)	(980)	(144 610)
-	-	9 276	-	-	-	9 276
65 823	(192 382)	45 091	(4 289)	1 410 081	20 483	1 345 034
-	-	-	14 934	437 442	2 524	454 900
(61 888)	61 888	-	-	-	-	-
-	(244 534)	-	-	-	-	(244 541)
-	95 709	-	-	-	-	95 716
-	-	-	-	(192 519)	(1 059)	(193 578)
-	-	7 894	-	-	-	7 894
3 935	(279 319)	52 985	10 645	1 655 004	21 948	1 465 425
-	-	-	(18 974)	464 991	2 636	448 653
(2 561)	-	-	-	-	-	(2 561)
2 526	-	-	-	(234 023)	-	2 526
-	-	-	-	-	(1 376)	(235 399)
-	-	4 332	-	-	-	4 332
3 900	(279 319)	57 317	(8 329)	1 885 972	23 208	1 682 976

Business	P&L Hardware business	Other members of common monetary area*		Botswana, Malawi and Zambia		
Year ended June 2016**	Year ended 30 June 2017	Year ended 30 June 2016**	Year ended 30 June 2017	Year ended 30 June 2016	Year ended 30 June 2017	Year ended 30 June 2016
7 587 742 453 292	960 454 32 378	61 458 1 601	595 995 38 378	601 403 51 995	386 149 13 454	419 040 41 636
2 357 562 1 631 174	540 125 249 770	474 719 202 747	496 554 173 217	434 769 148 937	269 182 97 410	271 896 90 663
104 970 11 389 564 443	2 823 - 13 437	298 - 677	6 038 93 42 548	5 600 68 15 442	6 136 155 31 262	6 313 133 11 593

8. **Acquisition of business.** On 1 June 2016 the group acquired 100% of the business of P&L Hardware for a consideration of R350 million and a further R80 million (fair value: R23 million) payable if certain profit targets are met over a three-year period. In line with Coshbuild's strategy for growing market share, the rationale for the acquisition is to expand Coshbuild's geographical footprint and market share. It is intended that P&L Hardware will remain and grow as a separate brand to Coshbuild. There were no measurement adjustments made from the provisional values determined in the prior year.

On behalf of the board

STEFAN FOURIE
Chairman
Johannesburg
28 August 2017

Nature of business

Cashbuild is southern Africa's largest retailer of quality building materials and associated products, selling direct to a cash-paying customer base through our constantly expanding chain of stores (297 at the end of this financial year which includes nine DIY stores and 46 P&L Hardware stores). Cashbuild carries an in-depth quality product range tailored to the specific needs of the communities we serve. Our customers are typically home-builders and improvers, contractors, farmers, traders, as well as all other customers requiring quality building materials at the best value.

Cashbuild has built its credibility and reputation by consistently offering its customers quality building materials at the best value and through a purchasing and inventory policy that ensures customers' requirements are always met.

The group is reporting its annual audited results in accordance with International Financial Reporting Standards ("IFRS").

Financial highlights

(pre-existing stores – 219 stores, plus the nine Cashbuild DIY pilot stores) decreased by 2% while our 23 new stores contributed 4% and P&L Hardware contributed 10% to revenue growth. This increase for the year has been achieved in tough trading conditions with selling price inflation of 2%. Gross profit percentage has decreased to 25.5% from the 26.1% of the prior year, mainly due to including P&L Hardware for the full year.

Operating expenses increase of 1%. New

The effective tax rate for the year of 29% is similar to that of the previous year.

(June 2016: 77 days) at the end of the year. Net asset value per share has shown a 15% increase, from 5 776 cents (June 2016) to 6 642 cents.

During the financial year, Cashbuild opened 12 new stores, 12 stores were refurbished, two stores were relocated and four P&L Hardware stores were opened. Two stores were closed, one traded in close proximity to another Cashbuild store and the other reached the end of its lease term. The DIY pilot continues with nine Cashbuild DIY pilot stores. Cashbuild will continue its store expansion, relocation and refurbishment strategy in a controlled manner, applying the same rigorous process as in the past.

Change in accounting policy in Cashbuild's annual financial statements for the year ended 30 June 2016 ("the 2016 Annual Financial Statements").

The JSE has undertaken a proactive monitoring review of the 2016 Annual Financial Statements which detected that the change in accounting policy relating to the treatment of advertising rebates as disclosed in the 2016 Annual Financial Statements was incorrectly applied with. The JSE's proactive monitoring process involved a referral to the Financial Reporting Investigation Panel ("the Panel") which concluded that the change in accounting policy should have been dealt with as a correction of a prior period error. Cashbuild has accepted the JSE's decision in this matter. On the basis that the previous application by Cashbuild was also applied retrospectively in 2016, the clarification of a prior period error does not change any amounts that were reported in the 2016 results.

Prospects

Group revenue for the subsequent six weeks after year end has increased by 6% on the comparable six week period. Management believe trading conditions will remain extremely challenging. This information has neither been reviewed nor audited by the company's auditor.

28 August 2017

28 August 2017