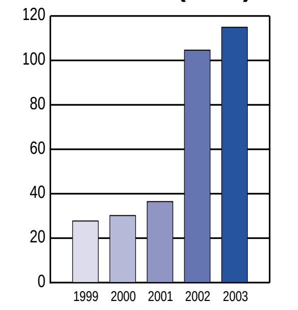
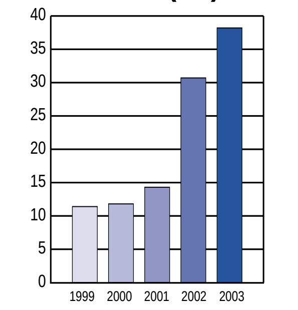
AUDITED INTERIM RESULTS DECEMBER 2003

Cashbuild

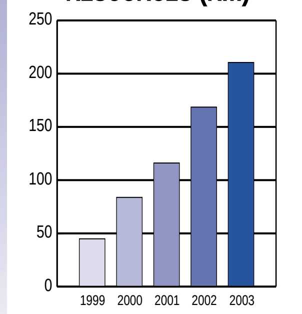
HEADLINE EARNINGS PER SHARE ⇧ 10%
OPERATING PROFIT ⇧ 25%
CASH RESOURCES ⇧ 25%
REVENUE ⇧ 16%



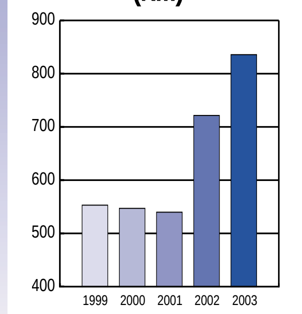
HEADLINE EARNINGS PER SHARE (cents)



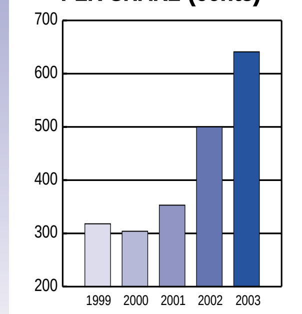
OPERATING PROFIT (Rm)



CASH RESOURCES (Rm)



REVENUE (Rm)



NET ASSET VALUE PER SHARE (cents)

SUMMARISED GROUP INCOME STATEMENT

R'000	26 weeks ended December 2003	26 weeks ended December 2002	% Change	52 weeks ended June 2003
Revenue	835 646	721 475	16	1 394 783
Cost of sales	663 068	565 831	17	1 081 880
Gross profit	172 578	155 644	11	312 903
Operating expenses	134 342	124 993	7	249 366
Operating profit before financing income	38 236	30 651	25	63 537
Net financing income	3 615	6 316	(43)	9 489
Profit before taxation	41 851	36 967	13	73 026
Taxation	13 405	11 116		23 039
Profit after taxation	28 446	25 851	10	49 987
Minority interest	2 261	2 272		4 792
Attributable earnings	26 185	23 579	11	45 195
Reconciliation of attributable earnings to headline earnings:				
Attributable earnings	26 185	23 579		45 195
Amortisation of goodwill	100	–		133
Impairment of property	307	–		–
Loss/(profit) on sale of assets after taxation	103	57		(235)
Headline earnings	26 695	23 636	13	45 093
Earnings per share (cents):				
Fully diluted headline	114.9	101.8	13	194.2
Headline	114.9	104.6	10	196.8
Fully diluted basic	112.7	101.5	11	194.6
Basic	112.7	104.3	8	197.3
Dividend per share (cents):				
– interim (note 6)	29	25	16	25
– final				40
Number of shares in issue (000s)	23 225	23 225		23 225
Weighted number of shares (000s)	23 225	22 604		22 912
Fully diluted number of shares (000s)	23 225	23 225		23 225

SUMMARISED GROUP BALANCE SHEET

R'000	December 2003	December 2002	June 2003
Assets			
Non-current assets	104 690	82 470	95 225
Property, plant and equipment	89 444	62 014	73 676
Intangible assets	1 796	3	1 875
Loans receivable	3 452	7 658	6 882
Deferred taxation	1 343	2 020	3 097
Other non-current assets	8 655	10 775	9 695
Current assets	501 507	461 000	385 156
Inventories	265 218	266 933	249 263
Trade and other receivables	25 707	25 421	29 503
Tax paid in advance	82	87	–
Cash and cash equivalents	210 500	168 559	106 390
Total assets	606 197	543 470	480 381
Equity and liabilities			
Shareholders' funds	148 823	116 119	131 928
Minority interest	14 178	9 398	11 918
Non-current liabilities	279	329	297
Interest-bearing borrowings	–	64	–
Deferred taxation	279	265	297
Current liabilities	442 917	417 624	336 238
Short-term borrowings	–	60	63
Tax liability	9 875	7 058	16 433
Trade and other liabilities	428 492	407 460	315 446
Employee benefits	4 550	3 046	4 296
Total liabilities	443 196	417 953	336 535
Total equity and liabilities	606 197	543 470	480 381
Capital expenditure	22 245	17 066	35 184
Depreciation of property, plant and equipment	5 010	3 609	8 028
Amortisation of intangible assets	102	1	134
Net asset value per share (cents)	641	500	568
Capital commitments	20 853	17 633	8 107
Contingent liabilities	1 996	7 265	1 576

SUMMARISED GROUP CASH FLOW STATEMENT

R'000	26 weeks ended December 2003	26 weeks ended December 2002	52 weeks ended June 2003
Net cash inflows from operating activities	121 996	60 388	15 283
Net cash (outflows) from investing activities	(17 823)	(19 731)	(36 734)
Net cash (outflows)/inflows from financing activities	(63)	5 312	5 251
Net increase/(decrease) in cash and cash equivalents	104 110	45 969	(16 200)
Cash and cash equivalents at beginning of period	106 390	122 590	122 590
Cash and cash equivalents at end of period	210 500	168 559	106 390

GROUP STATEMENT OF CHANGES IN EQUITY

R'000	Share capital	Share premium	Foreign currency translation reserve	Distributable reserves	Total
Opening balance at 1 July 2002	226	35 606	2 730	56 617	95 179
Effect of change in accounting policy				(97)	(97)
Attributable earnings for the year				45 195	45 195
Dividends paid				(13 936)	(13 936)
Dividend received on repurchased shares				221	221
Repurchased shares sold	6	2 446			2 452
Surplus on sale of repurchased shares		2 914			2 914
Balance at 30 June 2003	232	40 966	2 730	88 000	131 928
Attributable earnings for the period				26 185	26 185
Dividend paid				(9 290)	(9 290)
Closing balance at 31 December 2003	232	40 966	2 730	104 895	148 823

SUMMARISED GROUP SEGMENTAL ANALYSIS

R'000	South Africa 26 weeks ended December 2003	South Africa 26 weeks ended December 2002	South Africa 52 weeks ended June 2003	Botswana 26 weeks ended December 2003	Botswana 26 weeks ended December 2002	Botswana 52 weeks ended June 2003	Other countries 26 weeks ended December 2003	Other countries 26 weeks ended December 2002	Other countries 52 weeks ended June 2003	Group 26 weeks ended December 2003	Group 26 weeks ended December 2002	Group 52 weeks ended June 2003
Income statement												
Revenue												
- External	621 843	506 897	984 425	95 875	106 085	198 606	117 928	108 493	211 752	835 646	721 475	1 394 783
- Internal	18 440	15 349	30 662									
Operating profit before financing income	24 668	16 914	28 484	6 322	6 040	20 026	7 246	7 697	15 027	38 236	30 651	63 537
Balance sheet												
Segment assets	497 242	422 217	375 371	53 002	64 699	54 732	55 953	56 554	50 278	606 197	543 470	480 381
Segment liabilities	334 715	298 684	255 992	45 445	59 377	36 525	63 036	59 892	44 018	443 196	417 953	336 535
Depreciation	4 180	2 804	6 383	564	475	1 048	266	330	597	5 010	3 609	8 028
Amortisation	101	–	133	1	1	1	–	–	–	102	1	134
Capital expenditure	21 663	13 224	29 134	254	3 701	5 544	328	141	506	22 245	17 066	35 184

NOTES TO THE SUMMARISED GROUP INTERIM FINANCIAL INFORMATION

1. Audit opinion. The summarised announcement of interim results has been derived from the consolidated interim financial statements, prepared in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act. PricewaterhouseCoopers Inc. have audited the consolidated interim financial statements and their unqualified audit report as well as their report on the summarised announcement are available for inspection at the registered office of the company.

2. Accounting policies. The accounting policies used in the preparation of the consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 30 June 2003.

3. Reporting period. The group adopts the retail accounting calendar, which comprises the reporting period ending on the last Saturday of the month (2003: 27 December (26 weeks); 2002: 28 December (26 weeks); June 2003: 28 June (52 weeks)).

4. Repurchased shares. The company purchased 631 296 ordinary shares of Cashbuild Limited through its subsidiary Cashbuild (South Africa) (Pty) Limited during the period December 2001 to February 2002. These shares were sold to The Cashbuild Share Incentive Trust in December 2002. The surplus realised on the sale of shares and the dividend received on these shares were transferred directly to equity.

Number of shares reconciliation:	Dec 03	Dec 02	Jun 03
Shares in issue/fully diluted number of shares	23 224 812	23 224 812	23 224 812
Weighted number of shares repurchased	–	(621 003)	(313 054)
Weighted number of shares	23 224 812	22 603 809	22 911 758

5. Earnings per share. Basic earnings per share is calculated by dividing the earnings attributable to shareholders by the weighted average number of 23 224 812 ordinary shares in issue during the period (December 2002: 22 603 809; June 2003: 22 911 758 shares). To calculate the headline earnings per share, the earnings attributable to shareholders is adjusted for the loss/(profit) on sale of assets after taxation, the impairment of property and the amortisation of goodwill. This headline earnings calculation is in compliance with SAICA Circular 7/2002 as directed by the JSE Securities Exchange South Africa.

6. Declaration of dividend. The board has declared an interim dividend (No. 22), of 29 cents per ordinary share to all shareholders of Cashbuild Limited.

Date dividend declared:	09/02/2004
Last day to trade "CUM" the dividend:	27/02/2004
Date commence trading "EX" the dividend:	01/03/2004
Record date:	05/03/2004
Date of payment:	08/03/2004

Share certificates may not be dematerialised or rematerialised between Monday, 1 March 2004 and Friday, 5 March 2004, both dates inclusive.

On behalf of the board

DONALD MASSON
Chairman

PAT GOLDRICK
Chief executive

Johannesburg
11 February 2004

COMMENTS

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 (118 at the end of this reporting period). 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 and, increasingly, large construction companies and government-related infrastructure developers, as well as all discerning customers looking for quality building materials at lowest prices.

Cashbuild has built its credibility and reputation by consistently offering lowest everyday prices, and through a purchasing and inventory policy that ensures that customers' requirements are always in stock.

FINANCIAL HIGHLIGHTS

Headline earnings per share have increased by 10% and operating profit (before financing income) improved by 25% for the 26 weeks ended 27 December 2003. Net asset value per share has increased by 28%, from 500 cents (December 2002) to 641 cents. The board has declared an interim dividend (No. 22) of 29 cents per share.

Revenue amounted to R836 million, a healthy increase of 16% on the comparative period. Half of the increase is attributable to stores in existence since the beginning of the prior reporting period (pre-existing stores) and half to the 16 stores the company has opened since the end of the 2002 financial year (new stores).

Given deflation of 1% in relation to the comparative period, real growth in revenue in excess of 8%, and the growth in market share achieved through the opening of the new stores is considered satisfactory. The positive macro-economic environment has supported the improvement in revenue. Cashbuild has maximised the advantages of this environment by focusing, over the last 12 months, on the fundamentals of the business, i.e. customer service, "always in stock", "always lowest prices" and product ranging and merchandising. The company has developed and implemented a structured methodology and approach to customer service to ensure ongoing customer satisfaction. Continuous training, application and improvement in this regard is expected to ensure continued customer support and growth. Cashbuild has honed its product range within each store to ensure it meets the requirements of the local market, and as a consequence, the optimisation of our stock holding. Merchandising, layout and overall store structure has been improved with the research and implementation of appropriate planograms and store layouts specific to each market. Not only have these initiatives provided positive results to date but they are also expected to deliver future benefits. These initiatives were further enhanced by our focused micro-marketing specifically aimed at each target market within which we trade. This has resulted in the group (including new stores) growing transactions through the tills by an encouraging 19% and the number of units sold improving by an impressive 25%. Within pre-existing stores, customer transactions grew by a strong 6% and the number of units sold improved by 10%.

Cashbuild's continued commitment to its "always in stock" policy and to its "always lowest prices" strategy has placed the group's margins under pressure. Though deflation had adversely affected rand margins this has been more than compensated for by the growth in unit sales over the period.

Deflation on specific large commodity lines has, however, required Cashbuild to lower its prices on stock purchased at pre-deflationary prices with the result that the group's percentage margins have been adversely affected. The effect has been limited to a fall of 0.9% in percentage margin terms when compared to the prior period. This has been achieved whilst maintaining good overall stock management with shrinkage maintained at less than 0.4% of revenue and continued control of inventory ranging and obsolescence. Management is satisfied with this outcome as Cashbuild's policies and strategies have paid off in terms of customer satisfaction, which is apparent from the growth in transactions, unit sales and market share, as well as improving rand margins.

Operating expenses continue to be well managed and controlled.

Cashbuild is exceptionally cash generative, and previously enjoyed substantial earnings from its financing activities. The reduction in interest rates has severely impaired its ability to generate income from this source. With interest rates at almost half of last year's level, net financing income is 43% or R2.7 million down on the prior period.

Cashbuild's balance sheet remains solid. Working capital continues to be well managed with stock levels (in spite of the stocking of 10 new stores opened in the last year) in line with management's expectations and unchanged in relation to the prior period. This has been achieved with the implementation of the company's "optimum stock model" determined through a project completed in the first half of 2003. The implementation of this model has resulted in the reduction of stock days from 92 days in June 2003 (December 2002: 79 days) to 66 days and an overall reduction in stock levels in existing stores of R22 million or 8%, whilst ensuring customer requirements are always met. The success of this approach can be seen in the lower stock levels whilst experiencing strong growth in transactions, unit sales and revenue. These improvements were also supported by the initiatives mentioned earlier, i.e. better ranging and merchandising. Debtors' levels remain unchanged through improved debt collection management. The company's strong cash generating ability and its strict management of working capital resulted in an overall increase in cash levels to R210.5 million, representing a 25% improvement on the prior period (with no interest-bearing borrowings).

Commitments of R20.9 million is attributable to the new IT systems due for implementation by mid 2004 (see notes under prospects) and to new store developments.

PROSPECTS

The current market for total building materials is estimated to be between R30 and R60 billion per annum and growing. Cashbuild is currently achieving revenue of in excess of R1.5 billion, giving a market share of between 3% and 5%.

Cashbuild's objective is to grow profitable revenue over a period of time by:

- Ratcheting growth in existing store locations through continuous focus on the business fundamentals and core strategies, store refurbishments and store relocations;
- Cashbuild is aiming to either refurbish or relocate all pre-existing stores over a period of five years;
- Growing the store base each year by at least 10 stores;
- Cashbuild has a strategic and well-planned approach to the expansion of its store base. In the past three years the company has added an additional 20 new stores. Each new or relocated store has to have a local market to support the forecasted revenue and must also meet strict operational and financial criteria prior to approval. Each new store's progress is monitored monthly and corrective action is taken where required, to support growth and ensure success for all stakeholders.

Our prime target customer is unchanged and remains the cash-paying consumer intent on necessary domestic improvements and structural repairs plus the contractor who services the consumer. Cashbuild is also making headway in increasing the volume of revenue generated from contractors involved in government-related contracts.

Management is confident that Cashbuild's markets will continue to grow, supported by a property culture which has arisen from government's drives to increase home ownership and the continued striving of private home builders and developers to meet the aspirations of more and more home owners for larger and better housing. In all of the countries in which Cashbuild trades, home ownership is increasingly seen as a dependable and profitable investment.

Short-term outlook

Revenue growth since the end of December continued to be strong and trading conditions look positive for the remainder of the financial year.

Cashbuild's objective for the second half of the current financial year is to grow revenue by more than 16%. This will be achieved by maximising on the exisiting property culture and macro-economic environment and by continuing to focus on our business fundamentals and core strategies that have proven to be successful in the first half, i.e.:

- Lowest prices;
- Always in stock;
- Focused micro-marketing;
- Excellent in-store customer service.
- Quality products (never sell seconds quality);
- Product ranging;
- Customer delivery service;

Margins are expected to return to prior year levels as the deflationary environment abates and inflation albeit at low levels returns, largely as a result of the Rand/Dollar exchange rate and the world steel markets. With the stock model now firmly in place, lower levels of stock will, in future limit any deflationary impact on margins. Cashbuild has a proven strategy, as can be seen from the first half results, to deal with a deflationary environment and will continue to apply this strategy should the need arise.

Costs will continue to receive management's attention and will continue to be reduced or justified.

Financing income is a direct function of interest rates, and as shown in the last six months, will continue to have an impact on Cashbuild's results.

Working capital is well under control and Cashbuild will continue to apply its now tried and tested strategies and approach to working capital management.

Cashbuild will continue to utilise its excess cash for expansion, refurbishments, relocations and dividend flows.

Cashbuild's dividend policy of four times cover at half year and three times cover based on the full year's earnings, at year-end, will remain in place for the foreseeable future.

Information technology

Cashbuild initiated a project 18 months ago with the intention of determining the company's IT requirements for the next five to ten years. This project was initiated given the risks associated with the current systems and the planned future expansion of the company. The project concluded that the current systems were unable to provide Cashbuild with its information needs into the foreseeable future and at the same time posed certain risks to the company given its age, capacity and structure. The project went on to identify the systems that could take Cashbuild forward. A strategic decision was made to outsource the entire solution i.e. hardware and software, networks and all associated maintenance. The project identified Datacentrix as the ideal outsource partner and the software solutions to be Great Plains at head office and UCS's ActiveRetail at store level. The proof of concept has been successfully completed and the initial implementation plans have been put in place, with head office and one store being rolled out mid 2004. The remainder of the roll out to all other stores will be determined over the next six-month period. The total cost of ownership for the new system is aligned with inflation growth and current cost trends and is expected to provide additional benefits.

People

The results achieved within the business to date show a committed, experienced, dedicated and knowledgeable team of people. Our management and store staff play an invaluable role in our success through their commitment to a consistently outstanding level of customer service. Cashbuild remains committed to the training and development of its people and promotion from within the organisation. Expansion plans require detailed and comprehensive succession planning and this is performed at all levels of management. Cashbuild also believes in rewarding outstanding performance and structures are in place within the business to achieve this.

Cashbuild's management is confident of being able to deliver consistently improving, sustainable results into the future and will stay focused on its proven key business strategies.

Directors: D Masson* (*Chairman*), P K Goldrick (*Chief executive*) (Irish), C T Daly, F M Rossouw* (*Non-executive) • **Company secretary:** Alan C Smith • **Auditors:** PricewaterhouseCoopers Inc. • **Sponsor:** Nedbank Corporate
Registered office: cnr Aeroton and Aerodrome Roads, Aeroton, Johannesburg 2001 • PO Box 90115, Bertsham 2013 • **Transfer secretaries:** Computershare Limited, 70 Marshall Street, Johannesburg 2001 • PO Box 61051, Marshalltown 2107
Cashbuild Limited (Registration number: 1986/001503/06) • (Incorporated in the Republic of South Africa) • Listed on the JSE Securities Exchange South Africa • **JSE Share code:** CSB • ISIN: ZAE000028320

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