

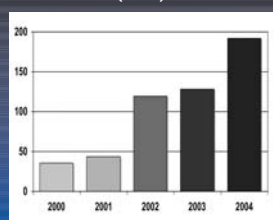


# Cashbuild

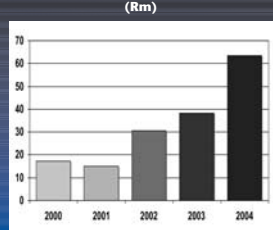
## AUDITED INTERIM RESULTS DECEMBER 2004

HEADLINE EARNINGS PER SHARE ↑51% • OPERATING PROFIT ↑66%  
CASH RESOURCES ↑15% • REVENUE ↑27% • DIVIDEND PER SHARE ↑83%

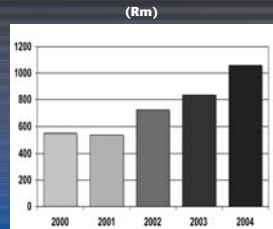
### HEADLINE EARNINGS PER SHARE (Cents)



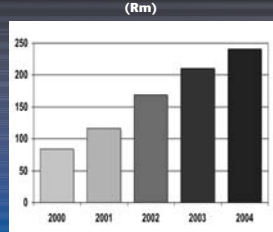
### OPERATING PROFIT (Rm)



### REVENUE (Rm)



### CASH RESOURCES (Rm)



### NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL INFORMATION

**1. Audit opinion.** The condensed announcement of interim results has been derived from the group 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 group interim financial statements and their unqualified audit report as well as their report on the condensed announcement are available for inspection at the registered office of the company.

**2. Accounting policies.** The accounting policies used in the preparation of the group interim financial statements are consistent with those used in the annual financial statements for the year ended 30 June 2004, but differ from December 2003 as noted below.

**3. Change in accounting policy.** In accordance with the recommendations of the JSE Securities Exchange South Africa, the group has consolidated The Cashbuild Share Incentive Trust ("trust"). The trust has been consolidated as if it were a subsidiary from date of formation of the trust. The loan to the trust has been eliminated on consolidation and the shares held by the trust have been deducted as treasury shares from the issued number of ordinary shares in determining the weighted average number of ordinary shares. The trust held 1 455 296 Cashbuild shares as at 31 December 2004 (December 2003: 1 908 496 shares; June 2004: 1 269 946 shares). As per the requirements of AC103: "Net profit or loss for the period, fundamental errors and changes in accounting policies", the relevant comparative information has been restated. The effect of the restatement is reflected below and in the statement of changes in equity.

R'000	Distributable reserves	Share capital	Share premium	Trade & other receivables	Loan
Balance at 31 December 2003 as previously reported	104 895	232	40 966	25 707	3 452
Opening balance adjusted for trust consolidation	9 542				
Dividend received on treasury shares in trust	503				
Consolidation of treasury shares in trust	(19)	(12 893)			
Consolidation of loan to trust					(3 452)
Staff loans in trust				585	
Restated balance at 31 December 2003	114 940	213	28 073	26 292	-

**4. Employee benefits.** The group changed the benefit structure of the long service awards payable to employees in the latter half of the June 2004 year resulting in a write-back to profits before taxation of R2.6 million.

**5. Reporting period.** The group adopts the retail accounting calendar, which comprises the reporting period ending on the last Saturday of the month (2004: 25 December (26 weeks); 2003: 27 December (26 weeks); June 2004: 26 June (52 weeks)).

**6. Weighted average number of shares.**

Number of shares reconciliation:	Dec-04	Dec-03	Jun-04
Shares in issue/fully diluted number of shares	23 224 812	23 224 812	23 224 812
Weighted number of treasury shares	(1 799 217)	(2 316 296)	(1 748 021)
Weighted number of shares	21 425 595	20 908 516	21 476 791

**7. Earnings per share.** Basic earnings per share is calculated by dividing the earnings attributable to shareholders by the weighted average number of 21 425 595 ordinary shares in issue during the period (December 2003: 20 908 516; June 2004: 21 476 791 shares). To calculate the headline earnings per share, the earnings attributable to shareholders is adjusted for the loss on sale of assets after taxation, impairment of property and the amortisation of goodwill. It is also calculated net of treasury shares acquired or sold by The Cashbuild Share Incentive Trust, which are included in the calculation from the date of acquisition. This headline earnings calculation is in compliance with SAICA Circular 7/2002 as directed by the JSE Securities Exchange South Africa.

In terms of the BEE transaction approved by shareholders on 7 February 2005, 2 580 535 shares were issued to the Cashbuild Empowerment Trust, bringing the total issued shares to 25 805 347 (December 2004: 23 224 812).

**8. Declaration of dividend.** The board has declared an interim dividend (No. 24) of 53 cents per ordinary share to all shareholders of Cashbuild Limited. The dividend per share is calculated based on three times earnings cover and 25 805 347 shares in issue at date of dividend declaration.

Date dividend declared: Monday, 25 April 2005, Last day to trade "CUM" the dividend: Friday, 13 May 2005, Date commence trading "EX" the dividend: Monday, 16 May 2005, Record date: Friday, 20 May 2005, Date of payment: Monday, 23 May 2005. Share certificates may not be dematerialised or rematerialised between Monday, 16 May 2005 and Friday, 20 May 2005, both dates inclusive.

On behalf of the board  
**DONALD MASSON**  
Chairman  
Johannesburg

**PAT GOLDRICK**  
Chief executive  
25 April 2005

### CONDENSED GROUP INCOME STATEMENT - AUDITED

R'000	Six months ended 31 December 2004	Six months ended 31 December 2003	% Change	Year ended 30 June 2004
Revenue	1 058 850	835 646	27	1 635 233
Cost of sales	825 128	663 068	24	1 281 919
Gross profit	233 722	172 578	35	353 314
Operating expenses	170 306	134 342	27	271 426
Operating profit before financing income	63 416	38 236	66	81 888
Net financing income	4 138	3 615	14	8 002
Profit before taxation	67 554	41 851	61	89 890
Taxation	23 764	13 405	77	31 909
Profit after taxation	43 790	28 446	54	57 981
Minority interest	2 693	2 261	19	4 652
Attributable earnings	41 097	26 185	57	53 329

#### Reconciliation of attributable earnings to headline earnings:

Attributable earnings	41 097	26 185		53 329
Loss on sale of assets after taxation	9	103		137
Impairment of property	-	307		307
Amortisation of goodwill	120	100		217
Headline earnings	41 226	26 695	54	53 990

#### Earnings per share (cents):

- Headline	192.4	127.7	51	251.4
- Fully diluted headline	177.5	114.9	54	232.5
- Basic	191.8	125.2	53	248.3
- Fully diluted basic	177.0	112.7	57	229.6

#### Dividend per share (cents):

- interim (note 8)	53	29	83	29
- final (note 8)	-	-	-	49

Number of shares in issue (000s)	23 225	23 225		23 225
Weighted number of shares (000s)	21 426	20 909		21 477
Fully diluted number of shares (000s)	23 225	23 225		23 225

#### Effect of BEE transaction approved on 7 February 2005 (note 7):

Number of shares in issue (000s)	25 805			
- Fully diluted headline earnings per share (cents)	159.8			
- Fully diluted basic earnings per share (cents)	159.3			
- Dividend per share (cents)	53			

### GROUP STATEMENT OF CHANGES IN EQUITY - AUDITED

R'000	Share capital	Share premium	Foreign currency translation reserve	Distributable reserves	Total
Opening balance at 1 July 2003 as previously reported	232	40 966	2 730	88 000	131 928
Effect of consolidating the share incentive trust (note 3)	(23)	(13 171)		9 542	(3 652)
Restated opening balance at 1 July 2003	209	27 795	2 730	97 542	128 276
Attributable earnings for the year				53 329	53 329
Dividends paid				(15 300)	(15 300)
Net treasury shares movement	11	2 027			2 038
Closing balance at 30 June 2004	220	29 822	2 730	135 571	168 343
Attributable earnings for the period				41 097	41 097
Dividends paid				(10 754)	(10 754)
Net treasury shares movement	(2)	(9 500)			(9 502)
Closing balance at 31 December 2004	218	20 322	2 730	165 914	189 184

### CONDENSED GROUP SEGMENTAL ANALYSIS

	South Africa			Other members of common monetary area			Botswana and Malawi			Group		
R'000	Six months ended 31 December 2004	Six months ended 31 December 2003	Year ended 30 June 2004	Six months ended 31 December 2004	Six months ended 31 December 2003	Year ended 30 June 2004	Six months ended 31 December 2004	Six months ended 31 December 2003	Year ended 30 June 2004	Six months ended 31 December 2004	Six months ended 31 December 2003	Year ended 30 June 2004
<b>Income statement</b>												
Revenue	826 893	621 843	1 239 762	125 110	117 928	215 291	106 847	95 875	180 180	1 058 850	835 646	1 635 233
- External	18 020	18 440	33 161									
- Internal	50 858	24 668	65 668	7 011	7 246	13 774	5 547	6 322	2 446	63 416	38 236	81 888
Operating profit before financing income												
<b>Balance sheet</b>												
Segment assets	646 704	494 375	472 317	75 764	55 953	51 648	76 717	53 002	56 597	799 185	603 330	580 562
Segment liabilities	514 427	334 715	306 529	26 230	63 036	43 568	51 564	45 445	45 552	592 221	443 196	395 649
<b>Other segment items</b>												
Depreciation	5 914	4 180	8 945	406	266	566	585	564	1 153	6 905	5 010	10 664
Amortisation	444	101	202	-	-	-	20	1	18	464	102	220
Impairment of property	-	307	307	-	-	-	-	-	-	-	307	307
Capital expenditure	23 102	21 663	42 438	5 256	328	4 307	110	254	1 952	28 468	22 245	48 697

### 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 (127 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 requiring 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 increased by 51% and operating profit (before financing income) by 66% for the six months ended 31 December 2004. Net asset value per share has increased by 30%, from 628 cents (Dec 2003) to 815 cents. The board has increased its interim dividend by 83% to 53 cents per share.

Revenue exceeded R1 billion, a healthy increase of 27% on the comparative period. Stores in existence since the beginning of the prior reporting period (pre-existing stores) accounted for a healthy 18% of the increase with the remaining increase due to the 16 new stores the company has opened since the end of the 2003 financial year (new stores).

These improvements have been achieved largely as a result of the continued positive macro-economic environment, consumer confidence and the strong property culture permeating throughout southern Africa. Cashbuild's focus on its core strategies of 'always in stock', 'lowest everyday prices', our free delivery service, as well as our highly successful campaign based on "life offers no guarantees, but Cashbuild does", have had a positive impact on Cashbuild's revenue. Cashbuild has also initiated a loyalty programme to reward large revenue customers. This programme has proven very successful in attracting and retaining this targeted customer base. Cashbuild's strategy of constantly upgrading its existing stores via its store refurbishment and relocation programme has continued to support the organic growth from the pre-existing store base.

Management is further encouraged by the fact that the increase in revenue has arisen from real growth as illustrated by the 22% growth in transactions through our tills (including new stores) and the number of units sold improving by an impressive 31%. Whilst within pre-existing stores, customer transactions grew by 10% and the number of units sold by 22%.

It is also significant to note that this revenue growth has been achieved together with improved percentage margins. Deflation had a negative impact on margins during the prior year, which resulted in Cashbuild maintaining lower selling prices on stock purchased at pre-deflationary levels, and a shift in product mix. It is apparent, from the exceptional increase in units sold, the change in mix continues to play a role in Cashbuild's success, as high volume/low margin items continue to drive revenues higher. This change in mix is however, more than compensated for by the increase off the deflationary low base of the prior year. Cashbuild's continued focus on stock management, through shrinkage control (at the historically low level of 0.35% of revenue), obsolescence control and management of unwarranted markdowns at the till have further enhanced Cashbuild's margins.

Total overheads show an increase of 27% on the prior period, with existing stores accounting for 17% of the increase and the remainder due to new stores. This increase is attributable to costs associated with the pro-active employment and development of our people to support our planned future growth, our strategic advertising campaign and free customer delivery service. This, together with management's planned increase in the costs involved in the implementation of a new IT system has contributed to the rise in overheads.

With the full utilisation of STC tax credits and assessed losses in the prior period, the tax rate of the current period is somewhat higher than the comparable period, but at anticipated levels.

Cashbuild's balance sheet remains solid. Stock levels have increased in line with management's expectations, by 42%. This increase is attributable to the stocking of 10 new stores opened in the last year (accounting for 10% of the increase). The remainder of the increase is on the back of higher demand, our stockholding in relation to volume traded during our peak period and stock availability during supplier closures. Overall stockholding remains well managed at 70 days (Dec 2003: 66 days). Debtors' levels remain well under control. The company's strong cash generating ability resulted in an overall increase

in cash levels to R241 million, representing a 15% improvement on the prior period (with no long-term interest-bearing borrowings).

Cashbuild's expansion plans continue in a controlled manner with four new stores opened, one relocated and one refurbished in the first half of the reporting period.

#### PROSPECTS

Revenue growth in the third quarter of 2005 continues to show a further improvement, even on the growth levels experienced in the second quarter of 2005. We have every expectation that these growth levels, barring any unforeseen circumstances or significant macro-economic events, should continue into the final quarter of this financial year.

#### INFORMATION TECHNOLOGY

Cashbuild's new IT system implementation has been split into two phases, with the first phase being the roll out of a new IT platform at support office. This first phase which "went live" on 27 September 2004 is still in the process of being bedded down. The second phase, being the roll out of a new IT platform at store level is to begin when the first phase is complete. This roll out is expected to take two years and will begin during the 2006 calendar year.

#### BEE TRANSACTION

Cashbuild's broad based BEE transaction has now been successfully completed. This transaction has resulted in the introduction of its employee base of more than 2 000, of which more than 90% qualify as Historically Disadvantaged South Africans, as the broad-based black empowerment shareholder. Employees have, through this transaction effectively acquired 10% of the share capital of the company and will benefit through the earning of dividends and under specific limited circumstances capital appreciation. Employees will benefit from this transaction for the first time with the earning of dividends declared for this half-year.

#### DIVIDENDS

Cashbuild's board has resolved to change its dividend policy for this half-year declaration, to three times earnings cover from the previous four times cover. The 53 cents per share dividend declaration has been determined taking into account the dividends due on the additional shares issued for the BEE transaction.

Directors: D Masson\* (Chairman), P K Goldrick (Chief executive) (Irish), C T Daly, W F de Jager, J Molobela\*, F M Roussouw\*, N V Simamane\*, A van Onselen (\*Non-executive) • Company secretary: Alan C Smith

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Transfer secretaries: Computershare Investor Services 2004 (Pty) Limited, 70 Marshall Street, Johannesburg 2001 • PO Box 61051, Marshalltown 2107 • Auditors: PricewaterhouseCoopers Inc. • Sponsor: Nedbank Capital  
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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