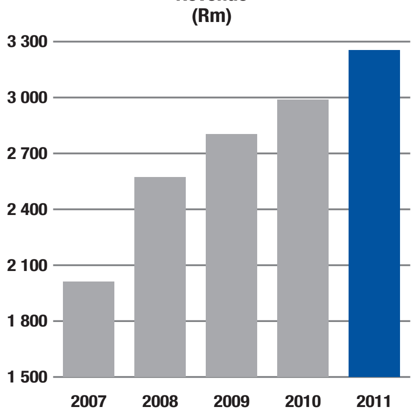
Audited Interim Results and Dividend Declaration December 2011

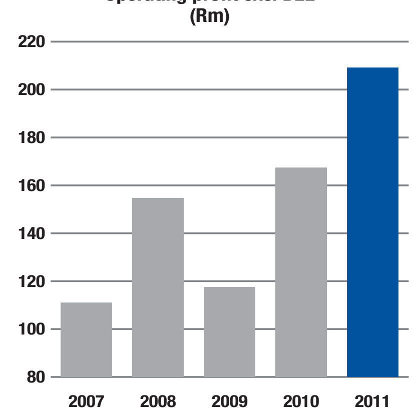
Cashbuild

- REVENUE ⬆ 9%
- OPERATING PROFIT ⬆ 80% • OPERATING PROFIT EXCL BEE ⬆ 25%
- HEADLINE EARNINGS ⬆ 134% • HEADLINE EARNINGS EXCL BEE ⬆ 24%
- NET ASSET VALUE PER SHARE ⬆ 22% • INTERIM DIVIDEND ⬆ 89%

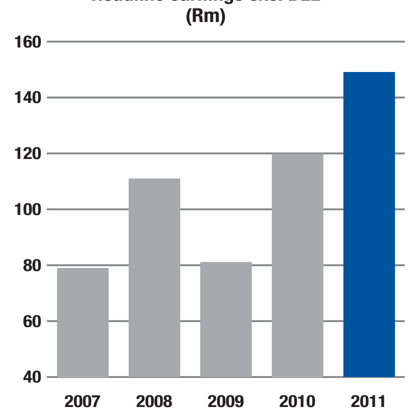
Revenue
(Rm)



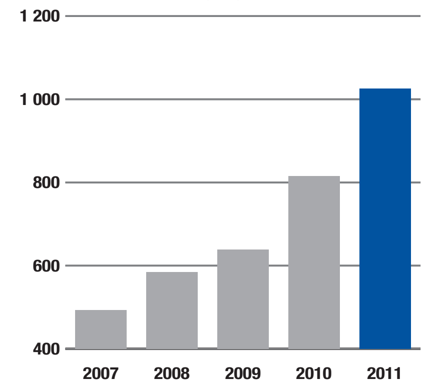
Operating profit excl BEE
(Rm)



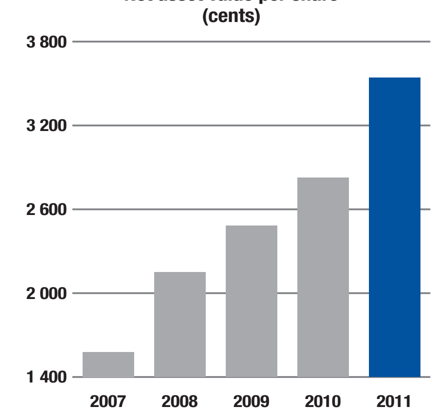
Headline earnings excl BEE
(Rm)



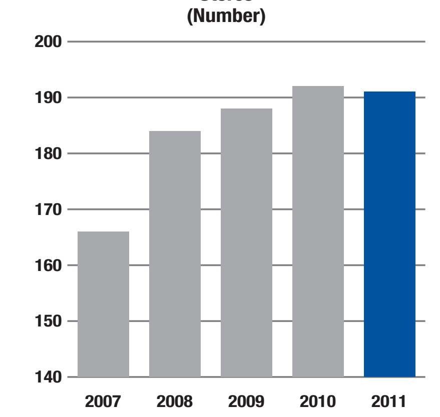
Cash and cash equivalents
(Rm)



Net asset value per share
(cents)



Stores
(Number)



CONDENSED GROUP INCOME STATEMENT – AUDITED

R'000	Six months ended 31 December 2011 (26 weeks)	2010 (26 weeks)	% change	Year ended 30 June 2011 (52 weeks)
Revenue	3 252 822	2 986 823	9	5 667 494
Cost of sales	(2 511 908)	(2 322 104)	8	(4 393 705)
Gross profit	740 914	664 719	11	1 273 789
Share buy-back and distribution to BEE participants	–	(51 269)	(100)	(51 269)
Selling and marketing expenses	(451 951)	(421 023)	7	(814 558)
Administrative expenses	(78 041)	(76 293)	2	(166 613)
Other operating expenses	(2 761)	(2 227)	24	(7 060)
Other income	992	2 149	(54)	4 985
Operating profit	209 153	116 056	80	239 274
Finance cost	(117)	(538)	(78)	(704)
Finance income	14 298	15 563	(8)	29 759
Profit before income tax	223 334	131 081	70	268 329
Income tax expense	(70 660)	(62 333)	13	(107 207)
Profit for the period	152 674	68 748	122	161 122
Attributable to:				
Owners of the company	149 080	62 482	139	150 220
Non-controlling interests	3 594	6 266	(43)	10 902
	152 674	68 748	122	161 122
Earnings per share (cents)	656.5	275.2	139	661.6
Diluted earnings per share (cents)	651.2	273.4	138	657.5

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME – AUDITED

R'000	Six months ended 31 December 2011 (26 weeks)	2010 (26 weeks)	Year ended 30 June 2011 (52 weeks)
Profit for the period	152 674	68 748	161 122
Other comprehensive income:			
Foreign currency translation adjustments	3 823	(3 698)	(3 200)
Other comprehensive income for the period, net of tax	3 823	(3 698)	(3 200)
Total comprehensive income for the period	156 497	65 050	157 922
Total comprehensive income attributable to:			
Owners of the company	152 488	59 468	147 459
Non-controlling interests	4 009	5 582	10 463
	156 497	65 050	157 922

ADDITIONAL INFORMATION – AUDITED

R'000	Six months ended 31 December 2011 (26 weeks)	2010 (26 weeks)	Year ended 30 June 2011 (52 weeks)
Net asset value per share (cents)	3 542	2 894	3 109
Ordinary shares ('000):			
– In issue	25 190	25 190	25 190
– Weighted-average	22 707	22 707	22 707
– Diluted weighted-average	22 893	22 850	22 848
Capital expenditure	46 448	97 461	147 042
Depreciation of property, plant and equipment	29 576	26 561	55 207
Amortisation of intangible assets	462	357	707
Capital commitments	168 603	87 516	115 191
Property operating lease commitments	851 773	808 555	871 817
Contingent liabilities	34 557	30 303	97 743

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION – AUDITED

R'000	31 December 2011	2010	30 June 2011
ASSETS			
Non-current assets	554 410	529 957	551 692
Property, plant and equipment	510 901	489 980	509 395
Intangible assets	34 005	30 497	31 711
Deferred income tax assets	9 504	9 480	10 586
Current assets	1 975 804	1 723 063	1 584 844
Assets held for sale	13 577	659	659
Inventories	861 834	842 736	788 701
Trade and other receivables	74 081	76 813	74 924
Cash and cash equivalents	1 026 312	802 855	720 560
Total assets	2 530 214	2 253 020	2 136 536
EQUITY AND LIABILITIES			
Shareholders' equity	904 397	778 861	838 118
Share capital and reserves	892 299	728 939	783 255
Non-controlling interests	12 098	49 922	54 863
Non-current liabilities	85 184	76 218	80 196
Deferred operating lease liability	81 152	71 754	75 715
Deferred profit	1 673	1 725	1 699
Deferred income tax liability	–	143	125
Borrowings (non-interest-bearing)	2 359	2 596	2 657
Current liabilities	1 540 633	1 397 941	1 218 222
Trade and other liabilities	1 495 329	1 388 163	1 179 761
Current income tax liabilities	43 095	7 765	36 336
Employee benefits	2 209	2 013	2 125
Total equity and liabilities	2 530 214	2 253 020	2 136 536

CONDENSED GROUP CASH FLOW STATEMENT – AUDITED

R'000	Six months ended 31 December 2011 (26 weeks)	2010 (26 weeks)	Year ended 30 June 2011 (52 weeks)
Cash flows from operating activities			
Cash generated from operations	491 911	454 525	464 568
Interest paid	(117)	(538)	(704)
Taxation paid	(62 944)	(74 365)	(91 792)
Net cash generated from operating activities	428 850	379 622	372 072
Cash flows from investing activities			
Net investment in assets	(46 005)	(96 681)	(146 622)
Interest received	14 298	15 563	29 759
Net cash used in investing activities	(31 707)	(81 118)	(116 863)
Cash flows from financing activities			
(Decrease)/increase in borrowings	(298)	169	230
Dividends paid			
– own equity	(31 563)	(28 834)	(64 488)
– non-controlling interests	–	(7 800)	(7 740)
Acquisition of non-controlling interest in subsidiary	(62 211)	–	–
Net cash used in financing activities	(94 072)	(36 465)	(71 998)
Net increase in cash and cash equivalents	303 071	262 039	183 211
Effect of exchange rate movements on cash and cash equivalents	2 681	(1 464)	(4 931)
Cash and cash equivalents at beginning of period	720 560	542 280	542 280
Cash and cash equivalents at end of period	1 026 312	802 855	720 560

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL INFORMATION

1. **Basis of preparation.** The condensed consolidated interim financial information ("financial information") announcement is based on the audited interim financial statements of the group for the period ended 31 December 2011 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the presentation and disclosure requirements of IAS 34 – Interim Financial Reporting, the Listings Requirements of the JSE and the South African Companies Act (2008) and consistently applied to the prior period. The financial statements have been prepared by the financial director, Mr AE Prowse CA(SA) and were approved by the board on 19 March 2012.
2. **Independent audit by the auditors.** These condensed consolidated interim results have been audited by our auditors PricewaterhouseCoopers Inc., who have performed their audit in accordance with the International Standards on Auditing. 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 Saturday of the month (2011: 24 December (26 weeks); 2010: 25 December (26 weeks); June 2011: 25 June (52 weeks)).
4. **Earnings per share.** Earnings per share is calculated by dividing the earnings attributable to owners of the company for the period by the weighted average number of 22 706 987 ordinary shares in issue during the period. (December 2010: 22 706 987 shares; June 2011: 22 706 987 shares).
5. **Headline earnings per ordinary share.** The calculations of headline earnings and diluted headline earnings per ordinary share are based on headline earnings of R149.3 million (December 2010: R63.7 million; June 2011: R151.8 million) and a weighted average of 22 706 987 (December 2010: 22 706 987; June 2011: 22 706 987) and fully diluted of 22 892 962 (December 2010: 22 849 556; June 2011: 22 847 567) ordinary shares in issue.

   Reconciliation between net profit attributable to the owners of the company and headline earnings:

R'000	December 2011	December 2010	% change	June 2011
Net profit attributable to the owners of the company	149 080	62 482	139	150 220
Loss on sale of assets after taxation	208	1 217		1 594
Headline earnings	149 288	63 699	134	151 814
Headline earnings per share (cents)	657.5	280.5	134	668.6
Diluted headline earnings per share (cents)	652.1	278.8	134	664.5

6. **BEE transaction.** In terms of a special resolution adopted by the shareholders on 6 December 2010, shares to the value of R50 million were repurchased by the company from the Cashbuild Empowerment Trust ("the Trust") in the prior financial period. The value realised by this transaction was distributed to the beneficiaries of the Trust. The associated transactional costs, including the tax effects of the transaction are also accounted for in the income statement. The financial effects can be summarised as follows:

R'000	December 2011	December 2010 (excl BEE)	% change	December 2010 (incl BEE)	% change
Operating profit	209 153	167 325	25	116 056	80
Attributable earnings	149 080	118 751	26	62 482	139
Net asset value per share (cents)	3 542	3 117	14	2 894	22
Headline earnings per share (cents)	657.5	528.3	24	280.5	134

   The financial highlights should be read in conjunction with this table.

7. **Increase in shareholding in subsidiaries.** During the period the Swaziland Competition Commission approved the sale of share agreement between Cashbuild Management Services Proprietary Limited ("CMS") and Swaki Investment Corporation Limited in terms of which CMS acquired the remaining 50% shareholding in Cashbuild (Swaziland) Proprietary Limited for R62 211 000. This purchase resulted in a decrease in non-controlling interests of R46 774 656. The remaining purchase price was allocated directly to equity.
8. **Change in dividend policy.** The board has changed the dividend policy to 2 times cover (previously 3 times on first half and 2.5 times on second half) on both first and second half results.
9. **Declaration of dividend.** The board has declared an interim dividend (No. 38), of 296 cents (December 2010: 157 cents) per ordinary share to all shareholders of Cashbuild Limited. The dividend per share is calculated based on 25 189 811 shares in issue at date of dividend declaration.

Date dividend declared:	Monday, 19/03/2012
Last day to trade "CUM" the dividend:	Wednesday, 4/04/2012
Date commence trading "EX" the dividend:	Thursday, 5/04/2012
Record date:	Friday, 13/04/2012
Date of payment:	Monday, 16/04/2012

   Share certificates may not be dematerialised or rematerialised between Thursday, 5 April 2012 and Friday, 13 April 2012, both dates inclusive.

On behalf of the board

Donald Masson
Chairman

Werner de Jager
Chief Executive

Johannesburg
19 March 2012

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY – AUDITED

R'000	Share capital	Treasury share capital	Share premium	Treasury share premium	Share-based payments reserve	Cum. translation adjustment	Retained earnings	Non-controlling interests	Total equity
	Attributable to owners of the company								
Balance at 1 July 2010	258	(29)	115 817	(83 686)	2 151	(11 641)	674 596	52 140	749 606
Total comprehensive income for the period	–	–	–	–	–	(3 014)	62 482	5 582	65 050
Dividend paid	–	–	–	–	–	–	(28 834)	(7 800)	(36 634)
Share buyback and distribution to BEE participants	(6)	6	(49 994)	49 994	–	–	–	–	–
Recognition of share based payments	–	–	–	–	839	–	–	–	839
Balance at 31 December 2010	252	(23)	65 823	(33 692)	2 990	(14 655)	708 244	49 922	778 861
Total comprehensive income for the period	–	–	–	–	–	253	87 738	4 881	92 872
Dividend paid	–	–	–	–	–	–	(35 654)	60	(35 594)
Recognition of share based payments	–	–	–	–	1 979	–	–	–	1 979
Balance at 30 June 2011	252	(23)	65 823	(33 692)	4 969	(14 402)	760 328	54 863	838 118
Total comprehensive income for the period	–	–	–	–	–	3 408	149 080	4 009	156 497
Acquisition of non-controlling interest in subsidiary	–	–	–	–	–	–	(15 437)	(46 774)	(62 211)
Dividend paid	–	–	–	–	–	–	(31 563)	–	(31 563)
Recognition of share based payments	–	–	–	–	3 556	–	–	–	3 556
Balance at 31 December 2011	252	(23)	65 823	(33 692)	8 525	(10 994)	862 408	12 098	904 397

CONDENSED GROUP SEGMENTAL ANALYSIS – AUDITED

R'000	South Africa: Six months ended 31 December 2011	2010	Year ended 30 June 2011	Other members of common monetary area*: Six months ended 31 December 2011	2010	Year ended 30 June 2011	Botswana and Malawi: Six months ended 31 December 2011	2010	Year ended 30 June 2011	Group: Six months ended 31 December 2011	2010	Year ended 30 June 2011
Income statement												
Revenue	2 834 633	2 566 826	4 882 594	277 589	271 192	505 390	140 600	148 805	279 510	3 252 822	2 986 823	5 667 494
Operating profit	177 831	94 079	194 025	18 482	17 221	33 039	12 840	4 756	12 210	209 153	116 056	239 274
Statement of financial position												
Segment assets	2 052 645	1 876 151	1 731 567	325 496	234 436	280 092	152 073	142 433	124 877	2 530 214	2 253 020	2 136 536
Segment liabilities	1 373 690	1 278 059	1 091 717	180 334	115 021	149 582	71 793	81 079	57 119	1 625 817	1 474 159	1 298 418
Other segment items												
Depreciation	26 962	24 045	49 721	1 529	1 590	3 537	1 085	926	1 949	29 576	26 561	55 207
Amortisation	462	357	707	–	–	–	–	–	–	462	357	707
Capital expenditure	39 596	82 080	125 342	6 562	13 043	17 122	290	2 338	4 578	46 448	97 461	147 042

** Includes Namibia, Swaziland and Lesotho.*

COMMENTARY

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, 191 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, large construction companies and government-related infrastructure developers, as well as all other customers requiring quality building materials at lowest prices.

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

FINANCIAL HIGHLIGHTS – EXCLUDING BEE

Revenue for the half year increased by 9% whilst operating profit increased by 25%, compared to the prior half year. This increase excludes the effects of the BEE transaction implemented in the prior comparative period. (See table above for reconciliation to statutory earnings). This profit was as a result of an increase in gross profit of 11%, whilst operating expenses increased by 7%. Basic earnings per share increased by 26% and headline earnings per share increased by 24%. Net asset value per share has shown a 14% increase, from 3 117 cents (December 2010) to 3 542 cents. Cash and cash equivalents increased by 28% to R1 026 million.

Stores in existence since the beginning of July 2010 (pre-existing stores – 185 stores) accounted for 8% of the increase in revenue with the remaining 1% increase due to the six new stores the group has opened since July 2010. This increase for the half year has been achieved in tough trading conditions with selling price inflation of 5%. Disappointing customer transaction growth (1% growth was from the new stores with a decline of 1% from existing stores) is an area of focus for management for the remainder of the year.

Despite the competitive environment, gross profit percentage margin increased to 22.8% during this half year and was higher in percentage terms than the 22.3% achieved for the comparative period of the prior year.

Operational expenses for the half year remained well controlled with existing stores accounting for 6% of the increase and new stores 1%. The main contributor to the increase on existing stores is the people cost component in order to maintain and improve customer service standards.

The effective tax rate for the period of 32% is 16% lower than that of the previous half year, mainly due to the non-deductibility and related STC effect of the BEE transaction in the prior comparative period.

Cashbuild's statement of financial position remains solid. Stock levels have increased by 2%. This increase is due mainly to the stocking of three additional stores since the previous half year. Overall stockholding at 60 days (December 2010: 61 days) is as result of continued focus on slow moving stocks. Trade receivables remain well under control.

During the period, Cashbuild opened one new store, four stores were refurbished and two stores relocated. One store trading in an unsustainable market was closed during the half year. Cashbuild will continue its store expansion, relocation and refurbishment strategy in a controlled manner, applying the same rigorous process as in the past.

Interim dividend declared has increased by 89% to 296 cents per share (2011: 157 cents) due to the change in dividend cover policy mentioned above, as well as the 26% increase in attributable earnings.

PROSPECTS

Management remains positive about the top line trading prospects for the next quarter. The first nine trading weeks since period-end have reported an increase in revenue of 10% on that of the comparable nine weeks.

Northern Graphics J12/00552

Cashbuild Limited (Registration number: 1986/001503/06) • (Incorporated in the Republic of South Africa) • **JSE code:** CSB • **ISIN:** ZAE000028320 • **Directors:** D Masson* (Chairman), WF de Jager (Chief executive), AGW Knock*, Dr DSS Lushaba*, AE Prowse, NV Simamane* SA Thoresson, A van Onselen (*non-executive) • **Company secretary:** Corporate Governance Leaders CC • **Registered office:** 101 Northern Parkway, Ormonde, Johannesburg 2091 • PO Box 90115, Bertsham 2013 • **Transfer secretaries:** Computershare Investor Services Proprietary Limited,70 Marshall Street, Johannesburg 2001 • PO Box 61051, Marshalltown 2107 • **Auditors:** PricewaterhouseCoopers Inc • **Sponsor:** Nedbank Capital