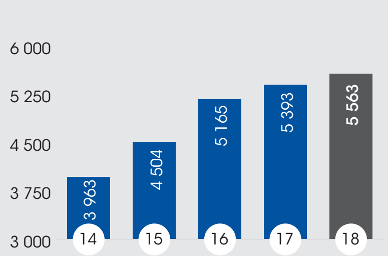
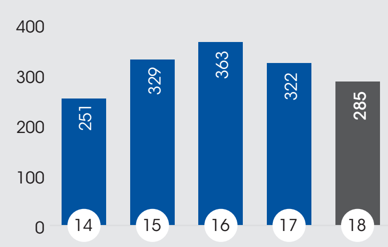
AUDITED INTERIM RESULTS AND DIVIDEND DECLARATION

for the six months ended 31 December 2018

REVENUE (restated) (Rm)
▲ 3%

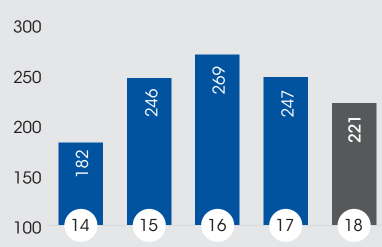


OPERATING PROFIT (restated) (Rm)
▼ 12%



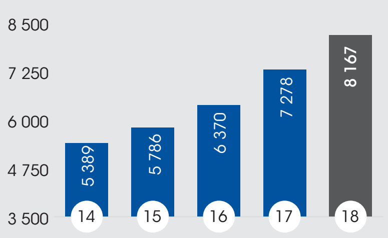
* 2015 excluding BEE

HEADLINE EARNINGS (restated) (Rm)
▼ 11%



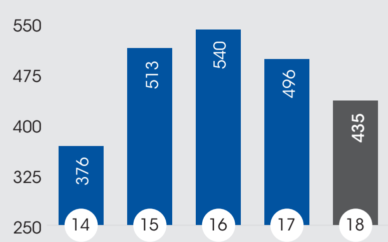
* 2015 excluding BEE

NAV PER SHARE (restated) (cents)
▲ 12%

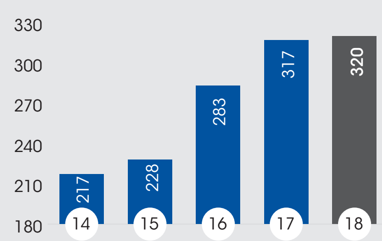


* 2015 excluding BEE

DIVIDEND (cents)
▼ 12%



SPACE GROWTH (stores)
▲ 1%



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 (320 at the end of this financial period which includes the four DIY stores and 62 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.

International Financial Reporting Standards

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

Financial highlights

Revenue for the period increased by 3%. Revenue for stores in existence prior to July 2017 (pre-existing stores – 287 stores) remained the same while our 33 new stores since July 2017 provided the 3% increase. Selling price inflation was 3%. Gross profit increased by 3% in tough trading conditions with gross profit percentages decreasing from 25.2% to 25.1%.

Operating expenses, including new stores, continue to be well controlled and increased by only 7% (existing stores 3%). Notwithstanding this, the increase in revenue did not compensate for the increased expenses, resulting in the operating profit decreasing by 12%. Earnings per share decreased by 12% and headline earnings per share decreased by 11%.

The effective tax rate of 29.7% is higher than the previous period of 28.9% due to a decrease in exempt income and an increase in disallowable charges relating to share-based payments.

Cash and cash equivalents increased by 3% to R1,067 million. Stock levels, including new stores, have increased by 12% with overall stockholding at 85 days (December 2017: 79 days) at period end. Net asset value per share has shown a 12% increase, from 7 278 cents (December 2017) to 8 167 cents.

During the first half, Cashbuild Group opened eight new stores, refurbished 15 stores, relocated three stores and closed six (three Cashbuild and three Cashbuild DIY stores). Cashbuild will continue its store expansion, relocation and refurbishment strategy in a controlled manner, applying the same rigorous process as in the past.

Prospects

Group revenue for the subsequent six weeks after half year end has decreased by 1% on the comparable six week period. Management believe trading conditions will remain extremely challenging. This information has not been reviewed nor audited by the company's auditor.

SUMMARY CONSOLIDATED INTERIM INCOME STATEMENT – AUDITED

R'000	Six months ended 31 December 2018 (26 weeks)	*Restated Six months ended 31 December 2017 (26 weeks)	% change	*Restated Year ended 30 June 2018 (52 weeks)
Revenue	5 563 231	5 392 841	3	10 206 730
Cost of sales	(4 168 975)	(4 036 466)	3	(7 638 277)
Gross profit	1 394 256	1 356 375	3	2 568 453
Selling and marketing expenses	(968 961)	(894 962)	8	(1 778 355)
Administrative expenses	(137 343)	(147 522)	(7)	(267 566)
Other operating expenses	(9 808)	(1 428)	>100	(10 263)
Other income	6 725	9 578	(30)	30 926
Operating profit	284 869	322 041	(12)	543 195
Finance cost	(2 966)	(1 024)	>100	(3 143)
Finance income	30 717	27 975	10	54 128
Profit before income tax	312 620	348 992	(10)	594 180
Income tax expense	(92 868)	(100 723)	(8)	(169 027)
Profit for the period	219 752	248 269	(11)	425 153
Profit attributable to:				
– Owners of the company	217 196	245 972	(12)	420 514
– Non-controlling interests	2 556	2 297	11	4 639
	219 752	248 269	(11)	425 153
Earnings per share (cents)	956.2	1 083.1	(12)	1 851.6
Diluted earnings per share (cents)	955.8	1 082.5	(12)	1 850.9

* *Certain comparative amounts shown do not correspond to the prior period financial statements and reflect adjustments made. Refer to note 1.*

SUMMARY CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION – AUDITED

R'000	31 December 2018	*Restated 31 December 2017	*Restated 30 June 2018
ASSETS			
Non-current assets	1 684 111	1 614 077	1 665 001
Property, plant and equipment	1 128 254	1 052 109	1 100 132
Intangible assets	428 842	433 017	433 467
Rent prepayments	68 524	90 095	85 707
Deferred income tax assets	58 491	38 856	45 695
Current assets	3 129 527	2 873 970	2 634 996
Assets held for sale	25 206	4 477	4 510
Inventories	1 841 293	1 653 099	1 538 708
Trade and other receivables	164 246	138 294	118 489
Prepayments	32 064	39 019	20 360
Cash and deposits	1 066 718	1 039 081	952 929
Total assets	4 813 638	4 488 047	4 299 997
EQUITY AND LIABILITIES			
Shareholders' equity	2 071 143	1 843 764	1 917 319
Share capital and reserves	2 041 023	1 818 775	1 889 594
Non-controlling interests	30 120	24 989	27 725
Non-current liabilities	215 904	203 559	205 225
Finance lease obligation	–	516	115
Deferred operating lease liability	174 369	150 534	162 930
Deferred income tax liability	40 089	39 331	42 180
Contingent consideration	1 446	13 178	–
Current liabilities	2 526 591	2 440 724	2 177 453
Trade and other liabilities	2 445 748	2 350 582	2 102 343
Finance lease obligation	516	1 127	936
Current income tax liabilities	80 327	89 015	74 174
Total equity and liabilities	4 813 638	4 488 047	4 299 997

* *Certain comparative amounts shown do not correspond to the prior period financial statements and reflect adjustments made. Refer to note 1.*

SUMMARY CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS – AUDITED

R'000	Six months ended 31 December 2018	*Restated Six months ended 31 December 2017	*Restated Year ended 30 June 2018
Cash flows from operating activities			
Cash generated from operations	384 944	577 478	781 720
Interest paid	(2 966)	(1 024)	(3 143)
Interest received – non-investing	334	370	389
Taxation paid	(101 602)	(82 642)	(169 702)
Net cash generated from operating activities	280 710	494 182	609 264
Cash flows from investing activities			
Net investment in assets	(119 611)	(121 031)	(241 231)
Business combinations	–	(72 597)	(72 573)
Interest received	30 383	27 605	53 739
Net cash used in investing activities	(89 228)	(166 023)	(260 065)
Cash flows from financing activities			
Shares purchased by Cashbuild Trusts or subsidiary companies for share incentive schemes	–	–	(605)
Shares sold by The Cashbuild Share Incentive Trust	–	–	1 610
Finance lease payments	(535)	(600)	(1 192)
Dividends paid:			
– Own equity	(79 079)	(89 224)	(201 210)
– Non-controlling interests	(1 148)	(565)	(1 044)
Net cash used in financing activities	(80 762)	(90 389)	(202 441)
Net increase in cash and cash equivalents	110 720	237 770	146 685
Cash and cash equivalents at beginning of period	952 929	801 420	801 420
Effect of exchange rate movements on cash and cash equivalents	3 069	(109)	4 824
Cash and cash equivalents at end of period	1 066 718	1 039 081	952 929

* *Certain comparative amounts shown do not correspond to the prior period financial statements and reflect adjustments made. Refer to note 1.*

SUMMARY CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME – AUDITED

R'000	Six months ended 31 December 2018 (26 weeks)	*Restated Six months ended 31 December 2017 (26 weeks)	*Restated Year ended 30 June 2018 (52 weeks)
Profit for the period	219 752	248 269	425 153
Other comprehensive income:			
Total movement in foreign currency translation reserve (FCTR)	8 148	2 822	6 317
Attributable to:			
– Owners of the company	7 161	2 773	5 395
– Non-controlling interests	987	49	922
Total comprehensive income for the period	227 900	251 091	431 470
Total comprehensive income attributable to:			
– Owners of the company	224 357	248 745	425 909
– Non-controlling interests	3 543	2 346	5 561
	227 900	251 091	431 470

* *Certain comparative amounts shown do not correspond to the prior period financial statements and reflect adjustments made. Refer to note 1.*

SUMMARY CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY – AUDITED

	Attributable to owners of the company						
R'000	Share capital	Share premium	Share-based payments reserve	FCTR	Retained earnings	Non- controlling interests	Total equity
Balance at 30 June 2017	227	(275 419)	57 317	(8 329)	1 881 901	23 208	1 678 905
Total comprehensive income for the period (*Restated)	–	–	–	2 773	245 972	2 346	251 091
Dividends paid	–	–	–	–	(89 223)	(565)	(89 788)
Recognition of share-based payments	–	–	3 556	–	–	–	3 556
Balance at 31 December 2017	227	(275 419)	60 873	(5 556)	2 038 650	24 989	1 843 764
Total comprehensive income for the period	–	–	–	2 622	174 542	3 215	180 379
Shares purchased by The Cashbuild Operations Management Member Trust	–	(605)	–	–	–	–	(605)
Shares sold by The Cashbuild Operations Management Member Trust	–	1 610	–	–	–	–	1 610
Dividends paid	–	–	–	–	(111 986)	(479)	(112 465)
Recognition of share-based payments	–	–	4 636	–	–	–	4 636
Balance at 30 June 2018	227	(274 414)	65 509	(2 934)	2 101 206	27 725	1 917 319
Total comprehensive income for the period	–	–	–	7 161	217 196	3 543	227 900
Dividends paid	–	–	–	–	(79 079)	(1 148)	(80 227)
Recognition of share-based payments	–	–	6 151	–	–	–	6 151
Balance at 31 December 2018	227	(274 414)	71 660	4 227	2 239 323	30 120	2 071 143

* *Certain comparative amounts shown do not correspond to the prior period financial statements and reflect adjustments made. Refer to note 1.*

ADDITIONAL INFORMATION – AUDITED

R'000	Six months ended 31 December 2018	*Restated Six months ended 31 December 2017	*Restated Year ended 30 June 2018
Net asset value per share (cents)	8 167	7 278	7 561
Net asset value per share (excluding treasury shares)	8 986	8 009	8 320
Ordinary shares ('000s):			
– In issue	24 990	24 990	24 990
– Weighted-average	22 714	22 710	22 711
– Diluted weighted-average	22 723	22 722	22 720
Capital investment	124 491	186 982	243 999
Depreciation of property, plant and equipment	66 286	63 974	130 356
Amortisation of intangible assets	3 399	4 256	7 631
Capital commitments	221 672	259 668	231 083
Property operating lease commitments	1 998 506	1 905 706	1 948 239
Contingent liabilities	14 618	29 049	16 022

* *Certain comparative amounts shown do not correspond to the prior period financial statements and reflect adjustments made. Refer to note 1.*

SUMMARY CONSOLIDATED INTERIM SEGMENTAL ANALYSIS – AUDITED

	Group			South Africa: Cashbuild business			South Africa: P&L Hardware business			Other members of common monetary area**			Botswana, Malawi and Zambia		
	Six months ended 31 December		Year ended 30 June	Six months ended 31 December		Year ended 30 June	Six months ended 31 December		Year ended 30 June	Six months ended 31 December		Year ended 30 June	Six months ended 31 December		Year ended 30 June
R'000	2018	*Restated 2017	*Restated 2018	2018	*Restated 2017	*Restated 2018	2018	*Restated 2017	*Restated 2018	2018	*Restated 2017	*Restated 2018	2018	*Restated 2017	*Restated 2018
Income statement															
Revenue	5 563 231	5 392 841	10 206 730	4 338 290	4 261 486	8 043 313	670 900	582 496	1 136 053	313 914	320 760	606 637	240 127	228 099	420 727
Operating profit	284 869	322 041	543 195	248 114	277 547	478 776	16 535	17 771	21 388	15 456	22 179	36 266	4 764	4 544	6 765
Statement of financial position															
Segment assets	4 813 638	4 488 047	4 299 997	3 095 260	2 951 771	2 787 079	854 664	722 958	719 003	559 784	541 538	528 377	303 930	271 780	265 538
Segment liabilities	2 742 495	2 644 283	2 382 678	1 998 559	1 828 618	1 418 988	371 341	447 624	635 375	190 365	199 380	172 615	182 230	168 661	155 700
Other segment items															
Number of stores	320	317	318	225	226	225	62	58	60	18	18	18	15	15	15
Depreciation	66 286	63 974	130 356	52 020	53 590	107 108	6 037	3 350	8 388	4 093	3 477	7 496	4 136	3 557	7 364
Amortisation	3 399	4 256	7 631	3 271	4 126	7 377	–	–	–	47	52	103	81	78	151
Capital investment	124 491	186 982	243 999	109 797	92 065	119 772	9 182	72 665	81 638	4 254	13 592	23 954	1 258	8 660	18 635

* *Certain comparative amounts shown do not correspond to the prior period financial statements and reflect adjustments made. Refer to note 1.*
** *Includes Namibia, Swaziland and Lesotho.*

NOTES TO THE SUMMARY CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. **Basis of preparation.** The summary consolidated interim 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 the JSE Limited Listings Requirements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa applicable to summary interim financial statements. The accounting policies applied in the preparation of the consolidated interim financial statements from which the summary consolidated interim 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. There are three significant new accounting standards which will impact the Group's reporting. The group has adopted the following standards that are effective for reporting periods commencing on or after 1 July 2018:
   - IFRS 15 Revenue from Contracts with Customers
   - IFRS 9 Financial Instruments

   IFRS 15 – Revenue from Contracts with Customers replaces IAS 18 – Revenue, and provides a single comprehensive model for revenue recognition based on the satisfaction of performance obligations and additional disclosures in respect of revenue. The adoption relates to the expected sale returns and the impact has been applied to the comparative figures to create a fair presentation for each period.

   IFRS 9 – Financial Instruments replaces IAS 39 Financial Instruments. The adjustments have taken into account the impairment allowance of receivables which were estimated on the incurred loss model and now estimated on an expected credit loss model. No restatement has been done for prior periods as there is no material impact.

   The following table summarises the impact of the adoption of IFRS 15 on the results of the comparative reporting periods:

IFRS 15	Previously reported R'000	Adjustment IFRS 15 R'000	Restated R'000
December 2017			
Non-current assets			
Deferred tax assets	36 494	2 362	38 856
Current assets			
Inventories	1 618 671	34 428	1 653 099
Current liabilities			
Trade and other payables	2 307 658	42 924	2 350 582
Retained earnings	2 044 784	(6 134)	2 038 650
June 2018			
Non-current assets			
Deferred tax assets	44 090	1 605	45 695
Current assets			
Inventories	1 512 823	25 885	1 538 708
Current liabilities			
Trade and other payables	2 070 688	31 655	2 102 343
Retained earnings	2 105 371	(4 165)	2 101 206

   The interim financial statements have been prepared under the supervision of the Finance Director, Mr AE Prowse CA(SA), and approved by the board on 25 February 2019.

2. **Independent audit by the auditor.** These summary financial statements were derived from the consolidated interim financial statements for the six months ended 31 December 2018. The consolidated interim financial statements have been audited by PricewaterhouseCoopers Inc. who expressed an unmodified opinion thereon. 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 (2018: 23 December (26 weeks); 2017: 24 December (26 weeks); June 2018: 25 June (52 weeks)). The Group closed on the second last Sunday for the period ending December 2018. This was done to ensure a comparable 26 weeks year on year.

4. **Declaration of dividend.** The board has declared an interim dividend (No. 52), of 435 cents (2017: 496 cents) per ordinary share out of income reserves to all shareholders of Cashbuild Limited. The dividend per share is calculated based on 24 989 811 (2017: 24 989 811) shares in issue at date of dividend declaration. Net local dividend amount is 348 cents per share for shareholders liable to pay Dividends Tax and 435 cents per share for shareholders exempt from paying Dividends Tax. Local dividend tax is 20%.

   Cashbuild Limited's tax reference number is 9575168712.

Date dividend declared:	Monday, 25 February 2019
Last day to trade "CUM" the dividend:	Monday, 18 March 2019
Date to commence trading "EX" the dividend:	Tuesday, 19 March 2019
Record date:	Thursday, 22 March 2019
Date of payment:	Tuesday, 25 March 2019

   Share certificates may not be dematerialised or rematerialised between Tuesday, 19 March 2019 and Thursday, 22 March 2019, both dates inclusive.

5. **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 22 714 257 ordinary shares in issue at period end (2017: 22 709 554 shares; June 2018: 22 710 768).

6. **Headline earnings per ordinary share.** The calculations of headline earnings and diluted headline earnings per ordinary share are based on headline earnings of R221 million (2017: R247 million; June 2018: R423 million) and a weighted-average of 22 714 257 (2017: 22 709 554 shares; June 2018: 22 710 768) shares and fully diluted of 22 723 330 (2017: 22 721 970; June 2018: 22 719 842) ordinary shares in issue.

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

R'000	Six months ended December 2018	Six months ended December 2017	% change	Year ended June 2018
Net profit attributable to the owners of the company	217 196	245 972	(12)	420 514
Loss/(profit) on sale of assets after taxation	2 034	1 306	>100	3 457
Impairment on intangible assets	1 620	–	>100	–
Headline earnings	220 850	247 278	(11)	423 971
Headline earnings per share (cents)	972.3	1 088.9	(11)	1 866.8
Diluted headline earnings per share (cents)	971.9	1 088.3	(11)	1 866.1

On behalf of the board

Stefan Fourie
Chairman

Werner de Jager
Chief Executive

Johannesburg

Directors: IS Fourie* (Chairman), AGW Knock (British)*, Dr DSS Lushaba*, NV Simamane*, HH Hickey*, GM Tapon Njamo*, WF de Jager (Chief Executive), AE Prowse, SA Thoresson, A Hattingh, WP van Aswegen (*Non-executive)
Company Secretary: T Nengovhela
Registered Office: 101 Northern Parkway, Ormonde, Johannesburg, 2091, PO Box 90115, Bertsham, 2013
Transfer Secretaries: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann 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