

AUDITED INTERIM RESULTS
AND DIVIDEND DECLARATION
for the six months ended 31 December 2019

SUMMARY CONSOLIDATED INTERIM INCOME STATEMENT – AUDITED					
R'000	Six months ended 31 December 2019 (26 weeks)	Six months ended 31 December 2018 (26 weeks)	% change	Year ended 30 June 2019 (52 weeks)	
Revenue	5 510 188	5 563 231	(1)	10 821 235	
Cost of sales	(4 141 614)	(4 168 975)	(1)	(8 101 229)	
Gross profit	1 368 574	1 394 256	(2)	2 720 006	
Selling and marketing expenses	(917 060)	(968 961)	(5)	(1 884 034)	
Administrative expenses	(154 611)	(137 343)	13	(279 056)	
Other operating expenses	(2 404)	(9 808)	(75)	(13 288)	
Other income	4 950	6 725	(26)	15 397	
Operating profit	299 449	284 869	5	559 025	
Finance cost	(90 495)	(2 966)	>100	(4 190)	
Finance income	39 164	30 717	27	57 878	
Profit before income tax	248 118	312 620	(21)	612 713	
Income tax expense	(75 305)	(92 868)	(19)	(180 294)	
Profit for the period	172 813	219 752	(21)	432 419	
Profit attributable to:					
– Owners of the company	169 957	217 196	(22)	427 357	
– Non-controlling interests	2 856	2 556	12	5 062	
	172 813	219 752	(21)	432 419	
Earnings per share (cents)	748.0	956.2	(22)	1 881.3	
Diluted earnings per share (cents)	747.8	955.8	(22)	1 880.6	

SUMMARY CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME – AUDITED				
R'000	Six months ended 31 December 2019 (26 weeks)	Six months ended 31 December 2018 (26 weeks)	Year ended 30 June 2019 (52 weeks)	
Profit for the period	172 813	219 752	432 419	
Other comprehensive income:				
Total movement in foreign currency translation reserve (‘FCTR’)	5 287	8 148	4 708	
Attributable to:				
– Owners of the company	4 496	7 161	5 083	
– Non-controlling interests	791	987	(375)	
Total comprehensive income for the period	178 100	227 900	437 127	
Total comprehensive income attributable to:				
– Owners of the company	174 453	224 357	432 440	
– Non-controlling interests	3 647	3 543	4 687	
	178 100	227 900	437 127	

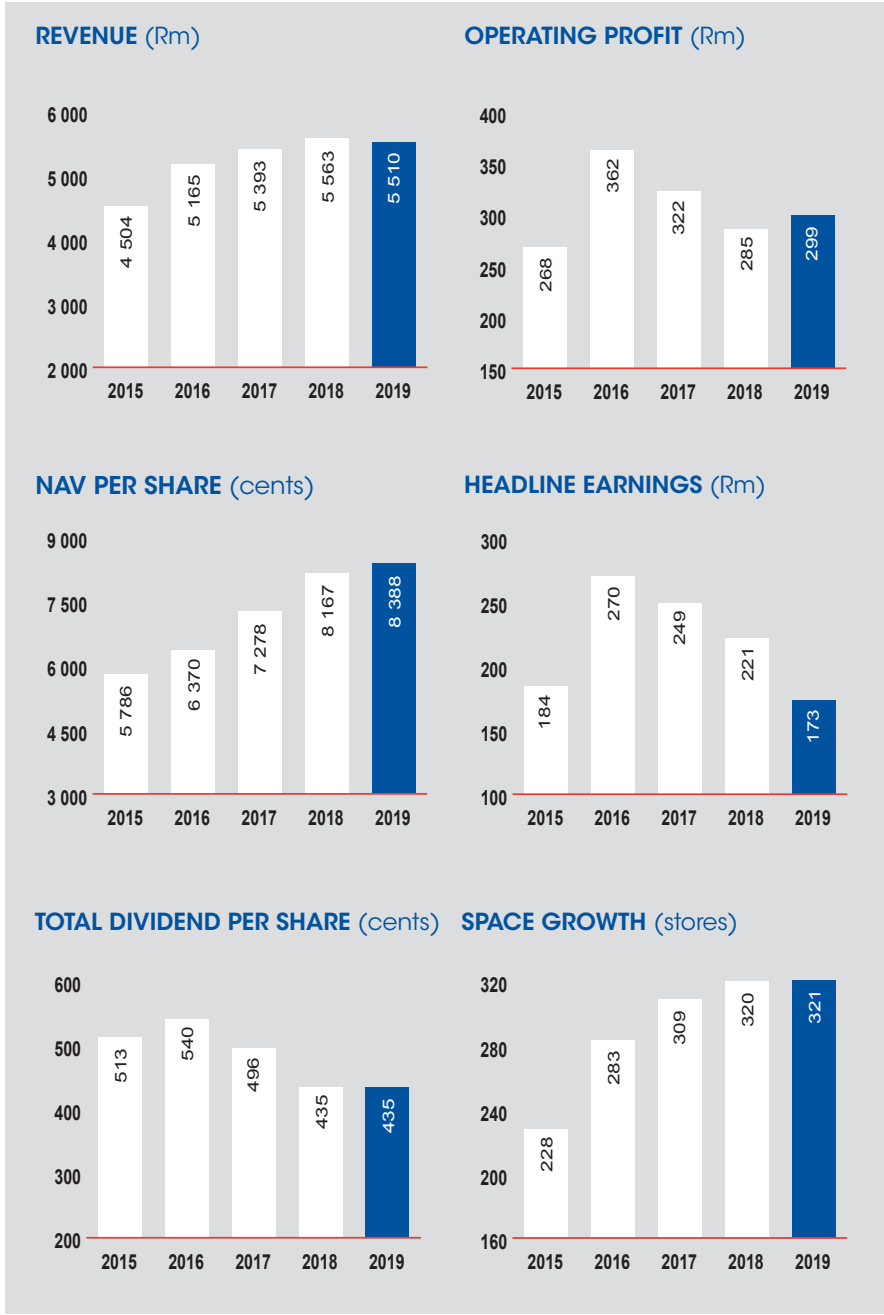
SUMMARY CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION – AUDITED				
R'000	31 December 2019	31 December 2018	30 June 2019	
ASSETS				
Non-current assets	3 013 288	1 684 111	1 716 090	
Property, plant and equipment	2 430 394	1 128 254	1 129 283	
Investment Property	54 435	–	28 158	
Intangible assets	424 285	428 842	426 398	
Rent prepayments	–	68 524	66 470	
Deferred income tax assets	104 174	58 491	65 781	
Current assets	3 261 062	3 129 527	2 278 575	
Assets held for sale	6 080	25 206	3 576	
Inventories	1 678 499	1 841 293	1 541 295	
Trade and other receivables	148 929	164 246	117 807	
Prepayments	23 802	23 064	25 747	
Cash and deposits	1 403 752	1 066 718	590 150	
Total assets	6 274 350	4 813 638	3 994 665	
EQUITY AND LIABILITIES				
Shareholders' equity	2 129 229	2 071 143	2 187 400	
Share capital and reserves	2 096 141	2 041 023	2 156 701	
Non-controlling interests	33 088	30 120	30 699	
Non-current liabilities	1 466 097	215 904	224 285	
Lease liabilities	1 434 039	–	–	
Deferred operating lease liability	–	174 369	187 378	
Deferred income tax liability	32 058	40 089	36 907	
Contingent consideration	–	1 446	–	
Current liabilities	2 679 024	2 526 591	1 582 980	
Trade and other liabilities	2 425 419	2 445 748	1 554 567	
Lease liabilities	189 520	516	–	
Current income tax liabilities	64 085	80 327	28 413	
Total equity and liabilities	6 274 350	4 813 638	3 994 665	

ADDITIONAL INFORMATION – AUDITED				
R'000	Six months ended 31 December 2019	Six months ended 31 December 2018	Year ended 30 June 2019	
Net asset value per share (cents) – unaudited	8 388	8 167	8 636	
Net asset value per share (excluding treasury shares) – unaudited	9 225	8 986	9 500	
Ordinary shares ('000s):				
– In issue	24 990	24 990	24 990	
– Weighted-average	22 723	22 714	22 716	
– Diluted weighted-average	22 728	22 723	22 725	
Capital investment	82 221	124 491	203 556	
Depreciation of property, plant and equipment	177 523	66 286	131 380	
Amortisation of intangible assets	2 921	3 399	6 517	
Capital commitments	158 857	221 672	142 854	
Property operating lease commitments	–	1 998 506	1 988 949	
Contingent liabilities	16 022	14 618	16 022	

SUMMARY CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS – AUDITED				
R'000	Six months ended 31 December 2019	Six months ended 31 December 2018	Year ended 30 June 2019	
Cash flows from operating activities				
Cash generated from operations	1 187 845	384 944	213 079	
Interest paid	(90 495)	(2 966)	(4 190)	
Interest received – non-investing	803	334	337	
Taxation paid	(42 337)	(101 602)	(251 414)	
Net cash generated from operating activities	1 055 816	280 710	(42 188)	
Cash flows from investing activities				
Net investment in assets	(75 928)	(119 611)	(195 503)	
Increase in investments	(26 511)	–	–	
Interest received	38 361	30 383	57 541	
Net cash used in investing activities	(64 078)	(89 228)	(137 962)	
Cash flows from financing activities				
Shares sold by Cashbuild Trusts	1 266	–	–	
Finance lease payments	(79 415)	(535)	(1 051)	
Dividends paid:				
– Own equity	(96 437)	(79 079)	(178 960)	
– Non-controlling interests	(1 258)	(1 148)	(1 713)	
Net cash used in financing activities	(175 844)	(80 762)	(181 724)	
Net increase in cash and cash equivalents	815 894	110 720	(361 874)	
Cash and cash equivalents at beginning of period	590 150	952 929	952 929	
Effect of exchange rate movements on cash and cash equivalents	(2 292)	3 069	(905)	
Cash and cash equivalents at end of period	1 403 752	1 066 718	590 150	

SUMMARY CONSOLIDATED INTERIM SEGMENTAL ANALYSIS – AUDITED				
Group				
	Six months ended 31 December		Year ended 30 June	
R'000	2019	2018	2019	
Income statement				
Revenue	5 510 188	5 563 231	10 821 235	
Operating profit	299 449	284 869	559 025	
Statement of financial position				
Segment assets	6 274 350	4 813 638	3 994 665	
Segment liabilities	4 145 121	2 742 495	1 807 265	
Other segment items				
Number of stores	321	320	315	
Depreciation	177 523	66 286	131 380	
Amortisation	2 921	3 399	6 517	
Capital investment	82 221	124 491	203 556	

* 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. The Group has adopted IFRS 16 Leases effective for the reporting period commencing on 1 July 2019.
- IFRS 16 – Leases replaces IAS 17 – Leases, removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In adoption, the Group has applied the modified retrospective approach, whereby the comparative figures are not restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at 1 July 2019.
- The following table summarises the impact of the adoption of IFRS 16 on the results:
- | R'000 | Audited
June 2019 | IFRS 16 | 1 July 2019 |
|------------------------------------|----------------------|-------------|-------------|
| Financial position | | | |
| Property, plant and equipment | 1 129 283 | 1 224 547 | 2 353 830 |
| Deferred tax | 65 781 | 30 523 | 96 304 |
| Lease liabilities | – | (1 518 267) | (1 518 267) |
| Deferred operating lease liability | (185 380) | 185 380 | – |
| Opening retained earnings | (2 349 602) | 148 826 | (2 200 776) |
- The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases in terms of IAS 17. Where necessary, they have been applied on a lease by lease basis:
- when a portfolio of leases contained reasonably similar characteristics, the Group applied a single discount rate to that portfolio;
 - leases which were expiring within 12 months of 01 July 2019 were treated as short term leases, with remaining lease payments recognised as an expense on a straight-line basis;
 - initial direct costs were excluded from the measurement of right-of-use assets at the date of initial application;
 - hindsight was applied where appropriate. This was specifically the case for determining the lease term for leases which contained extension or termination options.
- When measuring lease liabilities, Group discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 10%.
- 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 2 March 2020.
2. **Independent audit by the auditor.** These summary consolidated interim financial statements were derived from the consolidated interim financial statements for the six months ended 31 December 2019. 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.

Directors: AGW Knock (British)* (Chairman), M Bosman*, WF de Jager (Chief Executive), A Hattingh, HH Hickey*, Dr DSS Lushaba*, AE Prowse, NV Simamane*, GM Tapon Njama*, SA Thoreson, WP van Aswegen (*Non-executive)	Auditor: PricewaterhouseCoopers Inc. Sponsor: Nedbank CIB
Company Secretary: T Nengovhela	Cashbuild Limited (Registration number: 1986/001503/06)
Registered Office: 101 Northern Parkway, Ormonde, Johannesburg, 2091, PO Box 90115, Bertsham, 2013	(Incorporated in the Republic of South Africa)
Transfer Secretaries: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196	JSE code: CSB ISIN: ZAE000028320
	Investor relations: Keyter Rech Investor Solutions CC

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
Balance at 30 June 2018	227	(274 414)	65 509	(2 934)	2 101 206	27 725
Total comprehensive income for the period	–	–	–	7 161	217 196	3 543
Dividends paid	–	–	–	–	(79 079)	(1 148)
Recognition of share-based payments	–	–	6 151	–	–	–
Balance at 31 December 2018	227	(274 414)	71 660	4 227	2 239 323	30 120
Total comprehensive income for the period	–	–	–	(2 078)	210 161	1 144
Dividends paid	–	–	–	–	(99 882)	(565)
Recognition of share-based payments	–	–	7 477	–	–	–
Balance at 30 June 2019	227	(274 414)	79 137	2 149	2 349 602	30 699
IFRS 16 adoption	–	–	–	–	(148 826)	–
Restated balance as at 1 July 2019	227	(274 414)	79 137	2 149	2 200 776	30 699
Total comprehensive income for the period	–	–	–	4 496	169 957	3 647
Shares sold by The Cashbuild Trusts	–	1 266	–	–	–	–
Dividends paid	–	–	–	–	(96 437)	(1 258)
Recognition of share-based payments	–	–	8 984	–	–	–
Balance at 31 December 2019	227	(273 148)	88 121	6 645	2 274 296	33 088

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 (321 at the end of this reporting period which includes 60 P&L Hardware stores and one DIY store). 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