

## Summary consolidated income statement – audited

R'000	Year ended 30 June 2017 (52 weeks)	Year ended 30 June 2016 (52 weeks)	% change
Revenue	9 729 640	8 669 643	12
Cost of sales	(7 248 711)	(6 404 966)	13
<b>Gross profit</b>	<b>2 480 929</b>	<b>2 264 677</b>	<b>10</b>
Selling and marketing expenses	(1 595 510)	(1 418 609)	12
Administrative expenses	(278 953)	(241 142)	16
Other operating expenses	(2 172)	(3 123)	(30)
BEE transaction expense (note 4)	–	(63 052)	(100)
Other income	15 703	9 773	61
<b>Operating profit</b>	<b>619 997</b>	<b>548 524</b>	<b>13</b>
Finance cost	(3 785)	(921)	>100
Finance income	40 814	71 084	(43)
<b>Profit before income tax</b>	<b>657 026</b>	<b>618 687</b>	<b>6</b>
Income tax expense	(187 540)	(176 655)	6
<b>Profit for the year</b>	<b>469 486</b>	<b>442 002</b>	<b>6</b>
Attributable to:			
– Owners of the company	464 991	437 442	6
– Non-controlling interests	4 495	4 560	(1)
<b>469 486</b>	<b>442 002</b>	<b>6</b>	
<b>Earnings per share (cents)</b>	<b>2 047.7</b>	<b>1 920.4</b>	<b>7</b>
<b>Diluted earnings per share (cents)</b>	<b>2 046.7</b>	<b>1 919.5</b>	<b>7</b>

## Summary consolidated statement of financial position – audited

R'000	30 June 2017	30 June 2016
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>1 481 122</b>	<b>1 430 879</b>
Investment property	–	1 900
Property, plant and equipment	978 615	929 163
Intangible assets	397 015	399 689
Rent prepayments	80 328	81 339
Deferred income tax assets	25 164	18 788
<b>Current assets</b>	<b>2 232 120</b>	<b>2 108 067</b>
Assets held for sale	4 345	4 510
Inventories	1 289 491	1 225 580
Trade and other receivables	122 462	90 994
Prepayments	14 402	11 029
Cash and deposits	801 420	775 954
<b>Total assets</b>	<b>3 713 242</b>	<b>3 538 946</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>	<b>1 682 976</b>	<b>1 465 425</b>
Share capital and reserves	1 659 768	1 443 477
Non-controlling interests	23 208	21 948
<b>Non-current liabilities</b>	<b>198 469</b>	<b>184 432</b>
Finance lease obligation	1 052	2 243
Deferred operating lease liability	137 051	118 475
Deferred income tax liability	37 480	30 706
Contingent consideration	22 886	33 008
<b>Current liabilities</b>	<b>1 831 797</b>	<b>1 889 089</b>
Trade and other liabilities	1 768 942	1 789 406
Finance lease obligation	1 191	1 110
Current income tax liabilities	61 664	71 858
Bank overdraft	–	26 715
<b>Total equity and liabilities</b>	<b>3 713 242</b>	<b>3 538 946</b>

## Summary consolidated statement of comprehensive income – audited

R'000	Year ended 30 June 2017 (52 weeks)	Year ended 30 June 2016 (52 weeks)
<b>Profit for the year</b>	<b>469 486</b>	<b>442 002</b>
<b>Other comprehensive income reclassifiable to profit or loss:</b>		
Total movement in foreign currency translation reserve (FCTR)	(20 833)	12 898
Attributable to:		
– Owners of the company	(18 974)	14 934
– Non-controlling interests	(1 859)	(2 036)
<b>Total comprehensive income for the year</b>	<b>448 653</b>	<b>454 900</b>
Total comprehensive income attributable to:		
– Owners of the company	446 017	452 376
– Non-controlling interests	2 636	2 524
<b>448 653</b>	<b>454 900</b>	

## Summary consolidated statement of cash flows – audited

R'000	Year ended 30 June 2017	Year ended 30 June 2016
<b>Cash flows from operating activities</b>		
Cash generated from operations	651 625	761 718
Interest paid	(3 785)	(921)
Interest received – non-investing	–	11 781
Taxation paid	(197 336)	(150 157)
<b>Net cash generated from operating activities</b>	<b>450 504</b>	<b>622 421</b>
<b>Cash flows from investing activities</b>		
Net investment in assets	(181 472)	(163 434)
Business combinations	(5 740)	(378 901)
Interest received	40 814	59 303
<b>Net cash used in investing activities</b>	<b>(146 398)</b>	<b>(483 032)</b>
<b>Cash flows from financing activities</b>		
Shares purchased by Cashbuild Trusts or subsidiary companies for share incentive schemes	(2 561)	(244 541)
Shares sold by The Cashbuild Share Incentive Trust	2 526	95 716
Finance lease payments	(1 110)	–
Dividends paid:		
– Own equity	(234 023)	(192 519)
– Non-controlling interests	(1 376)	(1 059)
<b>Net cash used in financing activities</b>	<b>(236 544)</b>	<b>(342 403)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>67 562</b>	<b>(203 014)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>749 239</b>	<b>938 917</b>
<b>Effect of exchange rate movements on cash and cash equivalents</b>	<b>(13 381)</b>	<b>13 336</b>
<b>Cash and cash equivalents at end of year</b>	<b>801 420</b>	<b>749 239</b>

## Additional information – audited

R'000	Year ended 30 June 2017	Year ended 30 June 2016
Net asset value per share (cents)	6 642	5 776
Net asset value per share (excluding treasury shares)	7 309	6 337
Ordinary shares ('000s):		
– In issue	24 990	24 990
– Weighted-average	22 708	22 779
– Diluted weighted-average	22 719	22 789
Capital investment	193 271	592 155
Depreciation of property, plant and equipment	122 425	117 181
Amortisation of intangible assets	11 870	11 590
Capital commitments	303 380	83 697
Property operating lease commitments	1 656 394	1 484 197
Contingent liabilities	38 908	41 727

## Summary consolidated statement of changes in equity – audited

R'000	Attributable to owners of the company							Non-controlling interests	Total equity
	Share capital	Treasury share capital	Share premium	Treasury share premium	Share-based payments reserve	FCTR	Retained earnings		
<b>Balance at 1 July 2014</b>	252	(23)	65 823	(85 694)	35 815	(6 083)	1 198 071	15 450	1 223 611
Total comprehensive income for the year	–	–	–	–	–	1 794	356 703	4 950	363 447
Shares purchased by The Cashbuild Share Incentive Trust and The Cashbuild Operations Management Member Trust	–	(8)	–	(161 229)	–	–	–	–	(161 237)
Shares sold by The Cashbuild Share Incentive Trust	–	6	–	54 541	–	–	–	–	54 547
Increase in shareholding of subsidiary	–	–	–	–	–	–	(1 063)	1 063	–
Dividends paid	–	–	–	–	–	–	(143 630)	(980)	(144 610)
Recognition of share-based payments	–	–	–	–	9 276	–	–	–	9 276
<b>Balance at 30 June 2015</b>	252	(25)	65 823	(192 382)	45 091	(4 289)	1 410 081	20 483	1 345 034
Total comprehensive income for the year	–	–	–	–	–	14 934	437 442	2 524	454 900
Buy-back of shares for empowerment transaction	(2)	2	(61 888)	61 888	–	–	–	–	–
Shares purchased by The Cashbuild Share Incentive Trust and Cashbuild (South Africa) Proprietary Limited	–	(7)	–	(244 534)	–	–	–	–	(244 541)
Shares sold by The Cashbuild Share Incentive Trust	–	7	–	95 709	–	–	–	–	95 716
Dividends paid	–	–	–	–	–	–	(192 519)	(1 059)	(193 578)
Recognition of share-based payments	–	–	–	–	7 894	–	–	–	7 894
<b>Balance at 30 June 2016</b>	250	(23)	3 935	(279 319)	52 985	10 645	1 655 004	21 948	1 465 425
Total comprehensive income for the year	–	–	–	–	–	(18 974)	464 991	2 636	448 653
Shares purchased by The Cashbuild Operations Management Member Trust	–	–	(2 561)	–	–	–	–	–	(2 561)
Shares sold by The Cashbuild Share Incentive Trust	–	–	2 526	–	–	–	–	–	2 526
Dividends paid	–	–	–	–	–	–	(234 023)	(1 376)	(235 399)
Recognition of share-based payments	–	–	–	–	4 332	–	–	–	4 332
<b>Balance at 30 June 2017</b>	250	(23)	3 900	(279 319)	57 317	(8 329)	1 885 972	23 208	1 682 976

## Summary consolidated segmental analysis – audited

R'000	Group	South Africa									
		Cashbuild business		P&L Hardware business		Other members of common monetary area*		Botswana, Malawi and Zambia			
		Year ended 30 June 2017	Year ended 30 June 2016	Year ended 30 June 2017	Year ended 30 June 2016**	Year ended 30 June 2017	Year ended 30 June 2016**	Year ended 30 June 2017	Year ended 30 June 2016	Year ended 30 June 2017	Year ended 30 June 2016
<b>Income statement</b>											
Revenue		9 729 640	8 669 643	7 787 047	7 587 742	960 454	61 458	595 995	601 403	386 149	419 400
Operating profit		619 997	548 524	535 782	453 292	32 378	1 601	38 378	51 995	13 454	41 636
<b>Statement of financial position</b>											
Segment assets		3 713 242	3 538 946	2 407 381	2 357 562	540 125	474 719	496 554	434 769	269 182	271 896
Segment liabilities		2 030 266	2 073 521	1 509 869	1 631 174	249 770	202 747	173 217	148 937	97 410	90 663
<b>Other segment items</b>											
Depreciation		122 425	117 181	107 428	104 970	2 823	298	6 038	5 600	6 136	6 313
Amortisation		11 870	11 590	11 622	11 389	–	–	93	68	155	133
Capital investment		193 271	592 155	106 024	564 443	13 437	677	42 548	15 442	31 262	11 593

\* Includes Namibia, Swaziland and Lesotho  
\*\* June 2016 results reflected South Africa combined

## Notes to the summary consolidated financial information

- Basis of preparation.** The summary consolidated annual 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 Guidelines 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 annual financial statements. The accounting policies applied in the preparation of the consolidated annual financial statements from which these summary consolidated annual 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 annual financial statements have been prepared under the supervision of the Finance Director, Mr AE Prowse CA(SA), and approved by the board on 28 August 2017.
- Independent audit by the auditor.** These summary consolidated annual financial statements for the year ended 30 June 2017 have been audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the consolidated annual financial statements from which these summary consolidated annual financial statements were derived. A copy of their unqualified audit report is available for inspection at the registered office of the company.
- Reporting period.** The group adopts the retail accounting calendar, which comprises the reporting period ending on the last Sunday of the month (2017: 25 June (52 weeks); 2016: 26 June (52 weeks)).
- BEE transaction.** A special resolution in terms of a specific repurchase was adopted by shareholders on 30 November 2015, whereby 200 000 shares were repurchased from The Cashbuild Empowerment Trust ("the Trust"). The related cost of R61.890 million was classified as a personnel expense in the prior years group results and the related transaction costs were R1.162 million. The specific repurchase of shares was effected on 29 January 2016. The financial impact of year end can be summarised as follows:

R'000	June 2017	June 2016 excl BEE	% 2017 increase on 2016	June 2016 incl BEE	% 2017 increase on 2016
Operating profit	619 997	611 576	1	548 524	13
Attributable earnings	464 991	500 494	(7)	437 442	6
Net asset value per share (cents)	6 642	5 981	11	5 776	15
Headline earnings	464 433	493 928	(6)	430 876	8
Headline earnings per share (cents)	2 045.2	2 168.3	(6)	1 891.5	8

- Acquisition of business.** On 1 June 2016 the group acquired 100% of the business of P&L Hardware for a consideration of R350 million and a further R80 million (fair value: R23 million) payable if certain profit targets are met over a three-year period. In line with Cashbuild's strategy for growing market share, the rationale for the acquisition is to expand Cashbuild's geographical footprint and market share. It is intended that P&L Hardware will remain and grow as a separate brand to Cashbuild. There were no measurement adjustments made from the provisional values determined in the prior year.

On behalf of the board

**STEFAN FOURIE**  
Chairman  
Johannesburg  
28 August 2017

**WERNER DE JAGER**  
Chief Executive  
Johannesburg  
28 August 2017

## 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 (297 at the end of this financial year which includes the nine DIY stores and 46 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 producers, 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 annual audited results in accordance with International Financial Reporting Standards ("IFRS").

### Financial highlights

Revenue for the year increased by 12% whilst gross profit increased by 10%. Revenue for stores in existence prior to July 2015 (pre-existing stores – 219 stores, plus the nine Cashbuild DIY pilot stores) decreased by 2% while our 23 new stores contributed 4% and P&L Hardware contributed 10% to revenue growth. This increase for the year has been achieved in tough trading conditions with selling price inflation of 2%. Gross profit percentage has decreased to 25.5% from the 26.1% of the prior year, mainly due to including P&L Hardware for the full year.

Operating expenses, excluding the BEE transaction in the prior year, increased by 13% which resulted in an operating profit increase of 1%. New stores contributed 5% and P&L Hardware 8% of the increase in operating costs, while existing stores remained well controlled at similar levels.

The effective tax rate for the year is similar to that of the previous year.

Cash and cash equivalents increased by 3% to R801 million. Stock levels have increased by 5% with stockholding at 78 days (June 2016: 77 days) at the end of the year. Net asset value per share has shown a 15% increase, from 5 776 cents (June 2016) to 6 642 cents.

During the financial year, Cashbuild opened 12 new stores, 12 stores were refurbished, two stores were relocated and four P&L Hardware stores were opened. Two stores were closed, one traded in close proximity to another Cashbuild store and the other reached the end of its lease term. The DIY pilot continues with nine Cashbuild DIY pilot stores. Cashbuild will continue its store expansion, relocation and refurbishment strategy in a controlled manner, applying the same rigorous process as in the past.

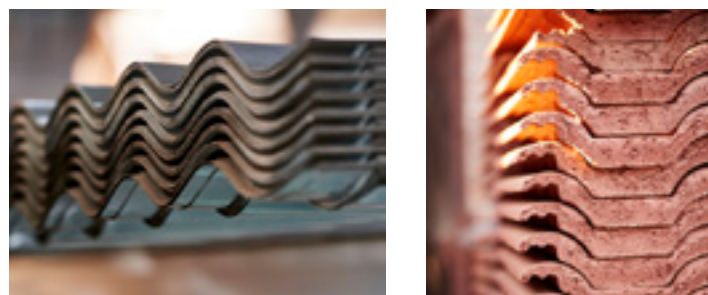
### Change in accounting policy in Cashbuild's annual financial statements for the year ended 30 June 2016 ("the 2016 Annual Financial Statements")

The JSE has undertaken a proactive monitoring review of the 2016 Annual Financial Statements which detected that the change in accounting policy relating to the treatment of advertising rebates as disclosed in the 2016 Annual Financial Statements was incorrectly dealt with. The JSE's proactive monitoring process involved a referral to the Financial Reporting Investigation Panel and concluded that the change in accounting policy should have been dealt with as a correction of a prior period error. Cashbuild has accepted the JSE's decision in this matter. On the basis that the previous application by Cashbuild was also applied retrospectively in 2016, the clarification of a prior period error does not change any amounts that were reported in the 2016 results.

### Prospects

Group revenue for the subsequent six weeks after year end has increased by 6% on the comparable six week period. Management believe trading conditions will remain extremely challenging. This information has neither been reviewed nor audited by the company's auditor.

28 August 2017



**Directors:** IS Fourie\* (Chairman), WF de Jager (Chief Executive), HH Hickey\*, AGW Knock (British)\*, Dr DSS Lushaba\*, AE Prowse, NV Simamane\*, SA Throsson, A van Onselen\* (\*Non-Executive)

**Company Secretary:** Corporate Governance Leaders CC  
**Registered Office:** 101 Northern Parkway, Ormonde, Johannesburg, 2091, PO Box 90115, Bertsiam, 2013

**Transfer Secretaries:** Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Bierman 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:** ZAE00026320

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