



# Audited Interim Results and Dividend Declaration December 2016

## SUMMARY CONSOLIDATED INTERIM INCOME STATEMENT – AUDITED

R'000	Six months ended 31 December 2016 (26 weeks)	*Restated Six months ended 31 December 2015 (26 weeks)	% change	Year ended 30 June 2016 (52 weeks)
Revenue	5 170 907	4 509 710	15	8 669 643
Cost of sales	(3 859 712)	(3 370 211)	15	(6 404 966)
Gross profit	1 311 195	1 139 499	15	2 264 677
Selling and marketing expenses	(812 037)	(710 398)	14	(1 418 609)
Administrative expenses	(138 296)	(111 218)	24	(241 142)
Other operating expenses	(801)	(1 061)	(25)	(3 123)
BEE transaction expense (note 7)	-	(63 052)	(100)	(63 052)
Other income	1 944	11 472	(83)	9 773
Operating profit	362 005	265 242	36	548 524
Finance cost	(3 365)	(317)	>100	(921)
Finance income	24 507	33 987	(28)	71 084
Profit before income tax	383 147	298 912	28	618 687
Income tax expense	(110 593)	(105 743)	5	(176 685)
Profit for the period	272 554	193 169	41	442 002
Profit attributable to:				
- Owners of the company	269 963	191 240	41	437 442
- Non-controlling interests	2 591	1 929	34	4 560
	272 554	193 169	41	442 002

Earnings per share (cents)	1 189.0	843.8	41	1 920.4
Diluted earnings per share (cents)	1 188.3	838.2	42	1 919.5

\* Certain comparative amounts shown do not correspond to the 2015 interim financial statements and reflect adjustments made. Refer to note 2.

## SUMMARY CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME – AUDITED

R'000	Six months ended 31 December 2016 (26 weeks)	*Restated Six months ended 31 December 2015 (26 weeks)	Year ended 30 June 2016 (52 weeks)
Profit for the period	272 554	193 169	442 002
Other comprehensive income:			
Total movement in foreign currency translation reserve (FCTR)	(15 483)	12 071	12 898
Attributable to:			
- Owners of the company	(14 621)	13 385	14 934
- Non-controlling interests	(862)	(1 314)	(2 036)
Total comprehensive income for the period	257 071	205 240	454 900
Total comprehensive income attributable to:			
- Owners of the company	255 342	204 625	452 376
- Non-controlling interests	1 729	615	2 524
	257 071	205 240	454 900

\* Certain comparative amounts shown do not correspond to the 2015 interim financial statements and reflect adjustments made. Refer to note 2.

## ADDITIONAL INFORMATION – AUDITED

R'000	Six months ended 31 December 2016	*Restated Six months ended 31 December 2015	Year ended 30 June 2016
Net asset value per share (cents)	6 370	5 786	5 776
Net asset value per share (excluding treasury shares)	7 011	6 431	6 337
Ordinary shares ('000s):			
- In issue	24 990	25 190	24 990
- Weighted-average	22 706	22 665	22 779
- Diluted weighted-average	22 719	22 815	22 789
Capital investment	90 926	98 469	592 155
Depreciation of property, plant and equipment	63 931	54 500	117 181
Amortisation of intangible assets	6 378	7 857	11 590
Capital commitments	293 998	697 367	83 697
Property operating lease commitments	1 436 346	1 443 571	1 484 197
Contingent liabilities	35 526	1 411	41 727

\* Certain comparative amounts shown do not correspond to the 2015 interim financial statements and reflect adjustments made. Refer to note 2.

## SUMMARY CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY – AUDITED

R'000	Share capital	Treasury share capital	Share premium	Treasury share premium	Share-based payments reserve	FCTR	Retained earnings	Non-controlling interests	Total equity
Balance at 1 July 2015 (*Restated)	252	(25)	65 823	(192 382)	45 091	(4 289)	1 410 081	20 483	1 345 034
Total comprehensive income for the period (*Restated)	-	-	-	-	-	13 385	191 240	615	205 240
Dividends paid	-	-	-	-	-	-	(76 192)	-	(76 192)
Recognition of share-based payments	-	-	-	-	4 463	-	-	-	4 463
Balance at 31 December 2015	252	(25)	65 823	(192 382)	49 554	9 096	1 525 129	21 098	1 478 545
Total comprehensive income for the period	-	-	-	-	-	1 549	246 202	1 909	249 660
Buy-back of shares for empowerment transaction	(2)	-	(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	-	-	-	-	-	-	(116 327)	(1 059)	(117 386)
Recognition of share-based payments	-	-	-	-	3 431	-	-	-	3 431
Balance at 30 June 2016	250	(23)	3 935	(279 319)	52 985	10 645	1 655 004	21 948	1 465 425
Total comprehensive income for the period	-	-	-	-	-	(14 621)	269 963	1 729	257 071
Shares sold by The Cashbuild Share Incentive Trust	-	-	-	-	-	-	(110 933)	-	(110 933)
Recognition of share-based payments	-	-	2 526	-	-	-	-	-	2 526
Balance at 31 December 2016	250	(23)	3 935	(276 793)	54 538	(3 976)	1 814 034	23 677	1 615 642

\* Certain comparative amounts shown do not correspond to the 2015 interim financial statements and reflect adjustments made. Refer to note 2.

## SUMMARY CONSOLIDATED INTERIM SEGMENTAL ANALYSIS – AUDITED

R'000	South Africa						Botswana, Malawi and Zambia					
	Group			Cashbuild business			P&L Hardware business			Other members of common monetary area * *		
	Six months ended 31 December 2016	*Restated 2015	Year ended 30 June 2016	Six months ended 31 December 2016	*Restated 2015	Year ended 30 June 2016	Six months ended 31 December 2016	2015	Year ended 30 June 2016	Six months ended 31 December 2016	*Restated 2015	Year ended 30 June 2016
Income statement												
Revenue	5 170 907	4 509 710	8 669 643	4 140 318	3 985 947	7 587 742	500 982	-	61 458	317 896	315 062	601 403
Operating profit	362 005	265 242	548 524	310 482	220 934	453 292	20 193	-	1 601	22 369	20 485	51 995
Statement of financial position												
Segment assets	4 238 250	3 683 106	3 538 946	3 172 813	2 985 408	2 622 873	312 054	-	209 408	478 581	427 073	434 769
Segment liabilities	2 622 608	2 204 561	2 073 521	2 104 550	1 935 213	1 676 048	247 164	-	157 873	170 105	166 681	148 937
Other segment items												
Depreciation	63 931	54 500	117 181	55 657	48 695	104 970	2 026	-	298	3 178	2 787	5 600
Amortisation	6 378	7 857	11 590	6 244	7 857	11 389	8 503	-	-	55	58	79
Capital investment	90 926	98 469	592 155	63 854	78 902	564 443	-	-	677	13 828	9 244	15 442

\* Certain comparative amounts shown do not correspond to the 2015 interim financial statements and reflect adjustments made. Refer to note 2.

\*\* Includes Namibia, Swaziland and Lesotho

## NOTES TO THE SUMMARY CONSOLIDATED INTERIM FINANCIAL INFORMATION

- 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 interim financial statements have been prepared under the supervision of the Finance Director, Mr AE Prowse CA(SA), and approved by the board on 27 February 2017.
- Restatement of comparative figures and additional disclosures.** During the prior period, the group changed its accounting policy with respect to the treatment of advertising rebates in line with the guidance provided by the newly issued IFRS 15. The change in policy allows for symmetry in the accounting treatment of rebates by suppliers i.e. if the supplier is treating the rebate as a reduction of revenue, Cashbuild as the customer should account for rebates as a reduction in the purchase price of inventory, which will result in a reduction of cost of sales when inventory is sold. Cashbuild previously reflected these rebates as a reduction of its selling and marketing expenses. Further, in accordance with IAS 8, this results in information that is more relevant to the financial position and performance. The change in accounting policy was included in the June 2016 year-end annual financial statements and was applied retrospectively. This has therefore resulted in a restatement of the comparative 2015 and 2014 figures on the balance sheet and income statement, for which the impact on December 2015 is summarised as follows:

R'000	Restated 2015	Movement	Audited 2015
Statement of financial position			
Inventories	1 211 063	(27 959)	1 239 022
Retained income	1 524 552	(20 280)	1 544 832
Income statement			
Cost of sales	(3 370 211)	72 656	(3 442 867)
Gross profit	1 139 499	72 656	1 066 843
Gross profit percentage	25.3	1.6	23.7
Selling and marketing expenses	(710 398)	(75 223)	(635 175)
Operating profit	265 242	(2 567)	267 809
Attributable earnings	191 240	(1 928)	193 168
Net asset value per share (cents)	5 786	(81)	5 867
Earnings per share (cents)	843.8	(8.5)	852.3
Headline earnings per share (cents)	811.3	(8.5)	819.8

- Independent audit by the auditor.** These summary consolidated interim financial statements for the six months ended 31 December 2016 have been audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the consolidated interim financial statements from which these summary consolidated interim 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 (2016: 25 December (26 weeks); 2015: 27 December (26 weeks); June 2016: 26 June (52 weeks)).
- 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 22 705 620 ordinary shares in issue at period end (2015: 22 665 552 shares; June 2016: 22 779 353).
- Headline earnings per ordinary share.** The calculations of headline earnings and diluted headline earnings per ordinary share are based on headline earnings of R270.0 million (2015: R183.9 million; June 2016: R430.9 million) and a weighted average of 22 705 620 (2015: 22 665 552 shares; June 2016: 22 779 353) shares and fully diluted of 22 718 913 (2015: 22 815 173; June 2016: 22 788 839) ordinary shares in issue.

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

R'000	Dec 16	Dec 15	% change	June 16
Net profit attributable to the owners of the company	269 963	191 240	41	437 422
Loss/(Profit) on sale of assets after taxation	53	(7 356)	(>100)	(6 566)
Headline earnings	270 016	183 884	47	430 876
Headline earnings per share (cents)	1 189.2	811.3	47	1 891.5
Diluted headline earnings per share (cents)	1 188.5	806.0	47	1 890.7

- BEE transaction.** A special resolution was adopted by shareholders on 30 November 2015, whereby 200 000 shares were repurchased by the company from the Cashbuild Empowerment Trust ("the Trust"). The related cost of R61 890 million has been classified as a personnel expense in the prior periods 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 can be summarised as follows:

R'000	Dec 2016	Dec 2015 Before BEE	% 2016 increase on 2015	Dec 2015 After BEE	% 2016 increase on 2015
Operating profit	362 005	328 294	10	265 242	36
Attributable earnings	269 963	254 292	6	191 240	41
Net asset value per share (cents)	6 370	6 036	6	5 786	10
Headline earnings	270 016	246 936	9	183 884	47
Headline earnings per share (cents)	1 189.2	1 089.5	9	811.3	47

**Directors:** IS Fourie\* (Chairman), WF de Jager (Chief Executive), HH Hickey\*, AGW Knock (Brifts)\*, 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, Oranienburg, 2091, PO Box 90115, Benoni, 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:** ZAE000028320

## SUMMARY CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION – AUDITED

R'000	31 December 2016	*Restated 31 December 2015	30 June 2016
<b>ASSETS</b>			
<b>Non-current assets</b>	1 439 163	1 010 410	1 430 879
Investment property	-	-	1 900
Property, plant and equipment	942 385	873 028	929 163
Intangible assets	396 946	35 987	399 689
Rent prepayments	79 769	79 237	81 339
Deferred income tax assets	20 063	22 158	18 788
<b>Current assets</b>	2 799 087	2 672 696	2 108 067
Assets held for sale	5 169	916	4 510
Inventories	1 605 660	1 211 063	1 225 580
Trade and other receivables	171 223	104 858	90 994
Prepayments	15 187	14 910	11 029
Cash and deposits	1 001 848	1 340 949	775 954
<b>Total assets</b>	4 238 250	3 683 106	3 538 946
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>	1 615 642	1 478 545	