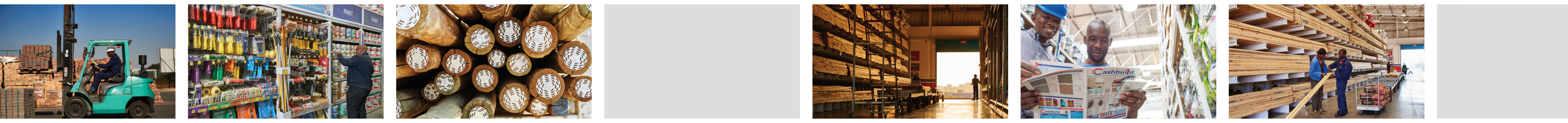
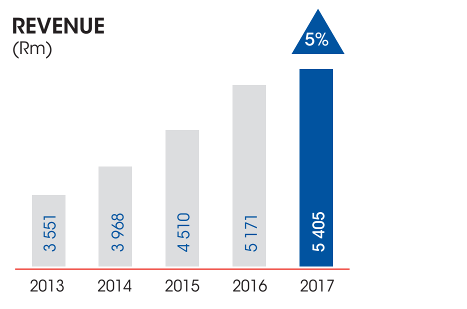
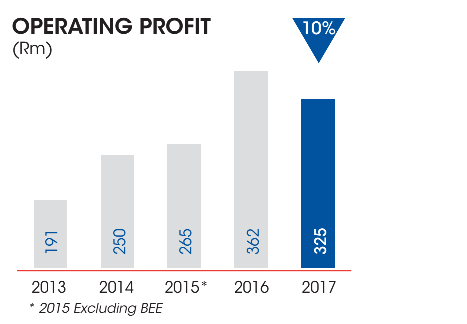
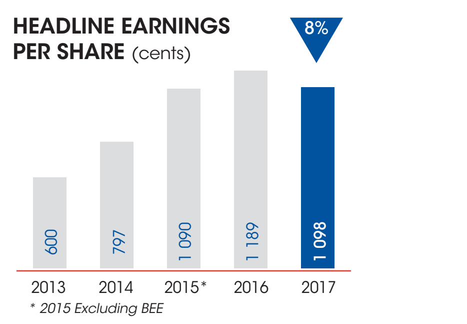


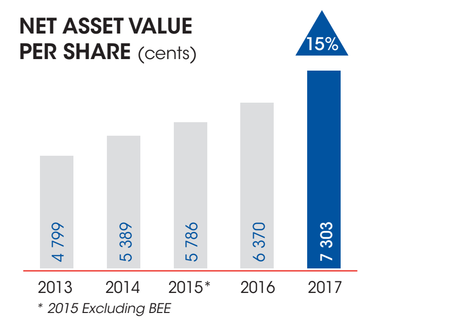
Cashbuild

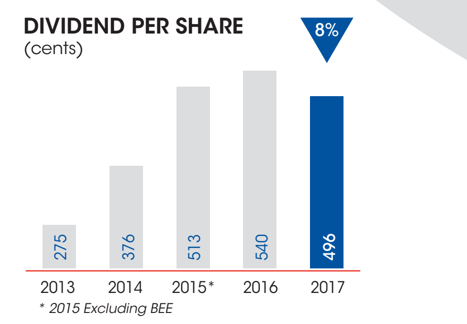
AUDITED INTERIM RESULTS AND DIVIDEND DECLARATION December 2017

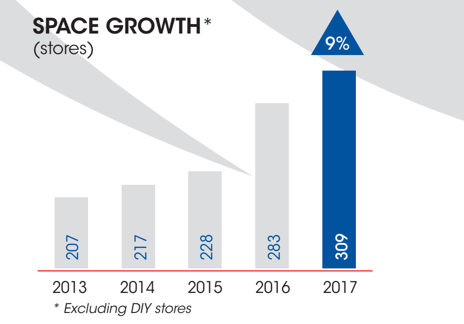












SUMMARY CONSOLIDATED INTERIM INCOME STATEMENT – AUDITED

R'000	Six months ended 31 December 2017 (26 weeks)	Six months ended 31 December 2016 (26 weeks)	% change	Year ended 30 June 2017 (52 weeks)
Revenue	**5 404 984**	5 170 907	5	9 729 640
Cost of sales	**(4 045 750)**	(3 859 712)	5	(7 248 711)
Gross profit	**1 359 234**	1 311 195	4	2 480 929
Selling and marketing expenses	**(894 962)**	(812 037)	10	(1 595 510)
Administrative expenses	**(147 522)**	(138 296)	7	(278 953)
Other operating expenses	**(1 428)**	(801)	78	(2 172)
Other income	**9 578**	1 944	>100	15 703
Operating profit	**324 900**	362 005	(10)	619 997
Finance cost	**(1 024)**	(3 365)	(70)	(3 785)
Finance income	**27 975**	24 507	14	40 814
Profit before income tax	**351 851**	383 147	(8)	657 026
Income tax expense	**(101 518)**	(110 593)	(8)	(187 540)
Profit for the period	**250 333**	272 554	(8)	469 486
Profit attributable to:				
– Owners of the company	**248 036**	269 963	(8)	464 991
– Non-controlling interests	**2 297**	2 591	(11)	4 495
	250 333	272 554	(8)	469 486
Earnings per share (cents)	**1 092.2**	1 189.0	(8)	2 047.7
Diluted earnings per share (cents)	**1 091.6**	1 188.3	(8)	2 046.7

SUMMARY CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME – AUDITED

R'000	Six months ended 31 December 2017 (26 weeks)	Six months ended 31 December 2016 (26 weeks)	Year ended 30 June 2017 (52 weeks)
Profit for the period	**250 333**	272 554	469 486
Other comprehensive income:			
Total movement in foreign currency translation reserve (FCTR)	**2 822**	(15 483)	(20 833)
Attributable to:			
– Owners of the company	**2 773**	(14 621)	(18 974)
– Non-controlling interests	**49**	(862)	(1 859)
Total comprehensive income for the period	**253 155**	257 071	448 653
Total comprehensive income attributable to:			
– Owners of the company	**250 809**	255 342	446 017
– Non-controlling interests	**2 346**	1 729	2 636
	253 155	257 071	448 653

ADDITIONAL INFORMATION – AUDITED

R'000	Six months ended 31 December 2017	Six months ended 31 December 2016	Year ended 30 June 2017
Net asset value per share (cents)	**7 303**	6 370	6 642
Net asset value per share (excluding treasury shares)	**8 036**	7 011	7 309
Ordinary shares ('000s):			
– In issue	**24 990**	24 990	24 990
– Weighted-average	**22 710**	22 706	22 708
– Diluted weighted-average	**22 722**	22 719	22 719
Capital investment (Including business combinations)	**186 982**	90 926	193 271
Depreciation of property, plant and equipment	**63 974**	63 931	122 425
Amortisation of intangible assets	**4 256**	6 378	11 870
Capital commitments	**259 668**	293 998	303 380
Property operating lease commitments	**1 905 706**	1 436 346	1 656 394
Contingent liabilities	**29 049**	35 526	38 908

SUMMARY CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION – AUDITED

R'000	31 December 2017	31 December 2016	30 June 2017
ASSETS			
Non-current assets	**1 611 715**	1 439 163	1 481 122
Property, plant and equipment	**1 052 109**	942 385	978 615
Intangible assets	**433 017**	396 946	397 015
Rent prepayments	**90 095**	79 769	80 328
Deferred income tax assets	**36 494**	20 063	25 164
Current assets	**2 839 542**	2 799 087	2 232 120
Assets held for sale	**4 477**	5 169	4 345
Inventories	**1 618 671**	1 605 660	1 289 491
Trade and other receivables	**138 294**	171 223	122 462
Prepayments	**39 019**	15 187	14 402
Cash and deposits	**1 039 081**	1 001 848	801 420
Total assets	**4 451 257**	4 238 250	3 713 242
EQUITY AND LIABILITIES			
Shareholders' equity	**1 849 898**	1 615 642	1 682 976
Share capital and reserves	**1 824 909**	1 591 965	1 659 768
Non-controlling interests	**24 989**	23 677	23 208
Non-current liabilities	**203 559**	199 582	198 469
Finance lease obligation	**516**	1 644	1 052
Deferred operating lease liability	**150 534**	126 558	137 051
Deferred income tax liability	**39 331**	36 905	37 480
Contingent consideration	**13 178**	34 475	22 886
Current liabilities	**2 397 800**	2 423 026	1 831 797
Trade and other liabilities	**2 307 658**	2 323 381	1 768 942
Finance lease obligation	**1 127**	1 169	1 191
Current income tax liabilities	**89 015**	76 398	61 664
Bank overdraft	**-**	22 078	–
Total equity and liabilities	**4 451 257**	4 238 250	3 713 242

SUMMARY CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS – AUDITED

R'000	Six months ended 31 December 2017	Six months ended 31 December 2016	Year ended 30 June 2017
Cash flows from operating activities			
Cash generated from operations	**577 478**	512 752	651 625
Interest paid	**(1 024)**	(1 898)	(3 785)
Interest received – non-investing	**370**	282	–
Taxation paid	**(82 642)**	(101 129)	(197 336)
Net cash generated from operating activities	**494 182**	410 007	450 504
Cash flows from investing activities			
Net investment in assets	**(121 031)**	(83 244)	(181 472)
Business combinations	**(72 597)**	–	(5 740)
Interest received	**27 605**	24 225	40 814
Net cash used in investing activities	**(166 023)**	(59 019)	(146 398)
Cash flows from financing activities			
Shares purchased by Cashbuild Trusts or subsidiary companies for share incentive schemes	**-**	–	(2 561)
Shares sold by The Cashbuild Share Incentive Trust	**-**	2 526	2 526
Finance lease payments	**(600)**	(540)	(1 110)
Dividends paid:			
– Own equity	**(89 224)**	(110 933)	(234 023)
– Non-controlling interests	**(565)**	–	(1 376)
Net cash used in financing activities	**(90 389)**	(108 947)	(236 544)
Net increase in cash and cash equivalents	**237 770**	242 041	67 562
Cash and cash equivalents at beginning of period	**801 420**	749 239	749 239
Effect of exchange rate movements on cash and cash equivalents	**(109)**	(11 510)	(15 381)
Cash and cash equivalents at end of period	**1 039 081**	979 770	801 420

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 upcoming new accounting standards which could impact the Group's reporting. The following standards are effective for reporting periods commencing on or after 1 July 2018:
   - IFRS 15 Revenue from Contracts with Customers
   - IFRS 9 Financial Instruments

   The following standard is effective for reporting periods commencing on or after 1 July 2019:
   - IFRS 16 Leases

   The Group will adopt the above standards and interpretations when they become effective.

   The Group has been holding internal workshops to determine the potential impact of the adoption of IFRS 15, IFRS 9 and IFRS 16 on the Financial Statements.

   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 initial assessment indicates that there is a change expected for pending customer deliveries and the classification and disclosure of our VIC customers' rebates.

   IFRS 9 – Financial Instruments replaces IAS 39 Financial Instruments. The initial assessment indicates that the impairment allowance of receivables currently estimated on the incurred loss model will be estimated on an expected credit loss model.

   IFRS 16 – Leases replaces IAS 17 – Leases. This has introduced changes to lessee accounting, in particular, the requirement to recognise leases currently classified as operating leases on balance sheet. The initial assessment indicates that the present value of operating rental commitments will be recorded as a financial liability with a corresponding capitalised non-current asset on the Statement of Financial Position. The related amortised finance cost and non-current asset depreciation will be recorded in the Statement of Comprehensive Income, replacing the operating lease expenses currently recognised.

   Management is still in the process of assessing whether these changes will have a material impact to the Group. 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 5 March 2018.
2. **Independent audit by the auditor.** These summary consolidated interim financial statements for the six months ended 31 December 2017 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.
3. **Reporting period.** The Group adopts the retail accounting calendar, which comprises the reporting period ending on the last Sunday of the month (2017: 24 December (26 weeks); 2016: 25 December (26 weeks); June 2017: 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 22 709 554 ordinary shares in issue at period end (2016: 22 705 620 shares; June 2017: 22 708 147).
5. **Headline earnings per ordinary share.** The calculations of headline earnings and diluted headline earnings per ordinary share are based on headline earnings of R249.3 million (2016: R270.0 million; June 2017: R464.4 million) and a weighted-average of 22 709 554 (2016: 22 705 620 shares; June 2017: 22 708 147) shares and fully diluted of 22 721 970 (2016: 22 718 913; June 2017: 22 719 432) ordinary shares in issue.

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

R'000	December 17	December 16	% change	June 17
Net profit attributable to the owners of the company	**248 036**	269 963	(8)	464 991
Loss/(profit) on sale of assets after taxation	**1 307**	53	>100	(558)
Headline earnings	**249 343**	270 016	(8)	464 433
Headline earnings per share (cents)	**1 097.9**	1 189.2	(8)	2 045.2
Diluted headline earnings per share (cents)	**1 097.4**	1 188.5	(8)	2 044.2

6. **Acquisition of business.** In August 2017 the Group acquired the business of Build it Hunters Retreat and in September 2017 acquired Buffalo Building Supplies for a combined consideration of R72.6 million with the intention that the businesses trade as P&L Hardware stores. These acquisitions are in line with Cashbuild's strategy for growing the P&L Hardware brand. Property, plant and equipment of R18.3 million, trademarks of R2.2 million, inventories of R17.2 million, trade and other receivables of R0.5 million, trade and other payables of R1.6 million, deferred tax of R1.0 million and goodwill of R37.0 million has been recognised at date of acquisition. These values approximate the fair values as determined under IFRS 3. The acquired businesses contributed revenue of R25.4 million and a net loss of R0.4 million to the Group for the period. Had a full six-month results from 1 July 2017 to 31 December 2017 been included in the Group interim financial statements, the total revenue and net contribution would have been R43.5 million and R1.1 million respectively.
7. **Declaration of dividend.** The board has declared an interim dividend (No. 50), of 496 cents (2016: 540 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 (2016: 24 989 811) shares in issue at date of dividend declaration. Net local dividend amount is 396.80 cents per share for shareholders liable to pay Dividends Tax and 496 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, 5 March 2018
Last day to trade "CUM" the dividend:	Monday, 26 March 2018
Date to commence trading "EX" the dividend:	Tuesday, 27 March 2018
Record date:	Thursday, 29 March 2018
Date of payment:	Tuesday, 3 April 2018

Share certificates may not be dematerialised or rematerialised between Tuesday, 27 March 2018 and Thursday, 29 March 2018, both dates inclusive.

On behalf of the board

Stefan Fourie
Chairman

Werner de Jager
Chief Executive

Johannesburg
5 March 2018

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 (317 at the end of this financial period which includes the eight DIY stores and 58 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 5%. Revenue for stores in existence prior to July 2016 (pre-existing stores – 278 stores) remained the same while our 39 new stores since July 2016 provided the 5% increase. Selling price inflation was 3%. Gross profit increased by 4% in tough trading conditions with gross profit percentages decreasing from 25.4% to 25.1%.

Operating expenses, including new stores, remained well controlled and increased by only 9% (existing stores 3% and new stores 6%). Notwithstanding this, the increase in revenue did not compensate for the increased expenses, resulting in the operating profit decreasing by 10%. Earnings per share and headline earnings per share both decreased by 8%.

The effective tax rate of 29% for the period is similar to that of the previous period.

Cash and cash equivalents increased by 4% to R1 039 million. Stock levels, including new stores, have increased by 1% with overall stockholding at 79 days (December 2016: 83 days) at period end. Net asset value per share has shown a 15% increase, from 6 370 cents (December 2016) to 7 303 cents.

During the first half, Cashbuild opened 22 new stores (10 Cashbuild and 12 P&L Hardware stores), refurbished 10 stores and four Cashbuild stores were relocated. 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 increased by 7% 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 STATEMENT OF CHANGES IN EQUITY – AUDITED

R'000	Share capital (Attributable to owners of the company)	Share premium	Share-based payments reserve	FCTR	Retained earnings	Non-controlling interests	Total equity
Balance at 30 June 2016	227	(275 384)	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
Dividends paid	–	–	–	–	(110 933)	–	(110 933)
Shares sold by The Cashbuild Share Incentive Trust	–	2 526	–	–	–	–	2 526
Recognition of share-based payments	–	–	1 553	–	–	–	1 553
Balance at 31 December 2016	227	(272 858)	54 538	(3 976)	1 814 034	23 677	1 615 642
Total comprehensive income for the period	–	–	–	(4 353)	195 028	907	191 582
Shares purchased by The Cashbuild Operations Management Member Trust	–	(2 561)	–	–	–	–	(2 561)
Dividends paid	–	–	–	–	(123 090)	(1 376)	(124 466)
Recognition of share-based payments	–	–	2 779	–	–	–	2 779
Balance at 30 June 2017	227	(275 419)	57 317	(8 329)	1 885 972	23 208	1 682 976
Total comprehensive income for the period	**–**	**–**	**–**	**2 773**	**248 036**	**2 346**	**253 155**
Dividends paid	**–**	**–**	**–**	**–**	**(89 224)**	**(565)**	**(89 789)**
Recognition of share-based payments	**–**	**–**	**3 556**	**–**	**–**	**–**	**3 556**
Balance at 31 December 2017	**227**	**(275 419)**	**60 873**	**(5 556)**	**2 044 784**	**24 989**	**1 849 898**

SUMMARY CONSOLIDATED INTERIM SEGMENTAL ANALYSIS – AUDITED

R'000	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 2017	Six months ended 31 December 2016	Year ended 30 June 2017	Six months ended 31 December 2017	Six months ended 31 December 2016	Year ended 30 June 2017	Six months ended 31 December 2017	Six months ended 31 December 2016	Year ended 30 June 2017	Six months ended 31 December 2017	Six months ended 31 December 2016	Year ended 30 June 2017	Six months ended 31 December 2017	Six months ended 31 December 2016	Year ended 30 June 2017
Income statement															
Revenue	**5 404 984**	5 170 907	9 729 640	**4 271 340**	4 140 318	7 787 042	**583 894**	500 982	960 454	**321 089**	317 896	595 995	**228 661**	211 711	386 149
Operating profit	**324 900**	362 005	619 997	**278 610**	310 482	535 787	**18 883**	20 193	32 378	**22 431**	22 369	38 378	**4 976**	8 961	13 454
Statement of financial position															
Segment assets	**4 451 257**	4 238 250	3 713 242	**2 919 915**	3 172 813	2 407 381	**719 842**	312 054	540 125	**540 836**	478 581	496 554	**270 664**	274 802	269 182
Segment liabilities	**2 601 359**	2 622 608	2 030 266	**1 793 586**	2 104 550	1 509 869	**442 731**	247 164	249 770	**198 252**	170 105	173 217	**166 790**	100 789	97 410
Other segment items															
Depreciation	**63 974**	63 931	122 425	**53 590**	55 657	107 428	**3 350**	2 026	2 823	**3 477**	3 178	6 038	**3 557**	3 070	6 136
Amortisation	**4 256**	6 378	11 870	**4 126**	6 244	11 622	**–**	–	–	**52**	55	93	**78**	79	155
Capital investment	**186 982**	90 926	193 271	**92 065**	63 854	106 024	**72 665**	8 503	13 437	**13 592**	13 828	42 548	**8 660**	4 741	31 262

* Includes Namibia, Swaziland and Lesotho.

Directors: IS Fourie* (Chairman), WF de Jager (Chief Executive), HH Hickey*, AGW Knock (British)*, Dr DSS Lushaba*, NV Simamane*, AE Prowse, SA Thoresson, A Hattingh (*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, 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

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