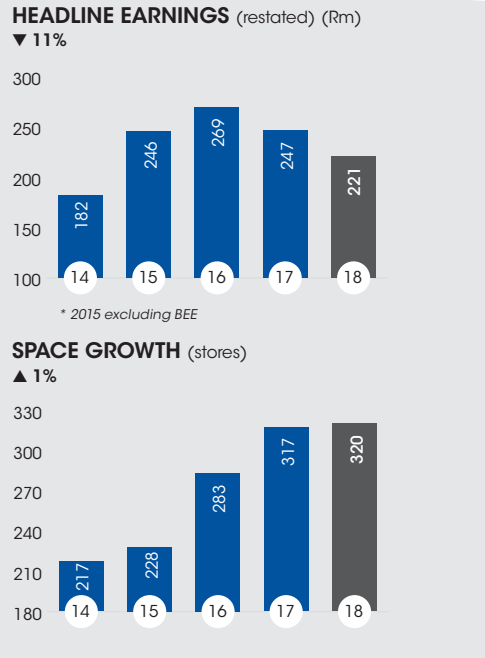
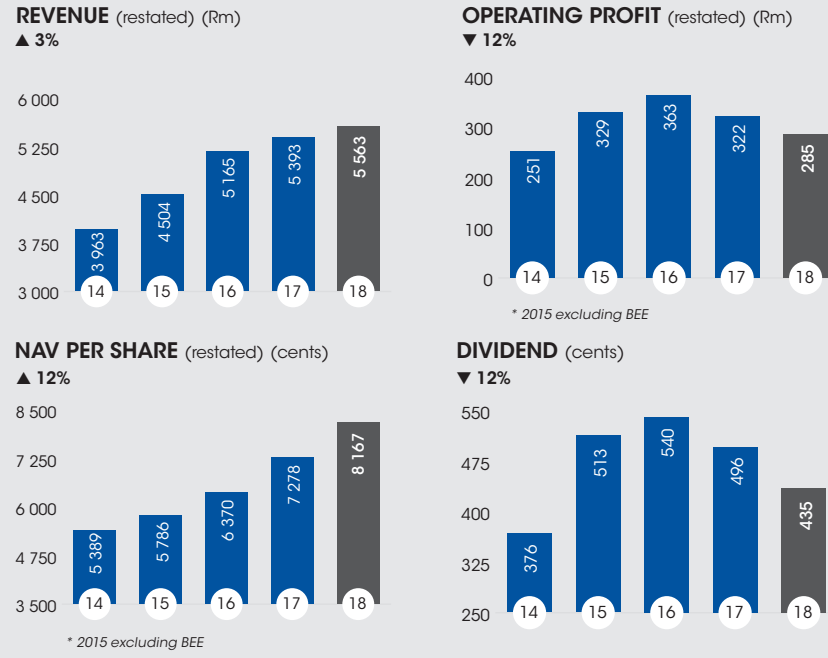


## AUDITED INTERIM RESULTS AND DIVIDEND DECLARATION for the six months ended 31 December 2018

CELEBRATING 40 YEARS

# 40



### 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 comparable 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)
<b>Gross profit</b>	<b>1 394 256</b>	<b>1 356 375</b>	<b>3</b>	<b>2 568 453</b>
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
<b>Operating profit</b>	<b>284 869</b>	<b>322 041</b>	<b>(12)</b>	<b>543 195</b>
Finance cost	(2 966)	(1 024)	>100	(3 143)
Finance income	30 717	27 975	10	54 128
<b>Profit before income tax</b>	<b>312 620</b>	<b>348 992</b>	<b>(10)</b>	<b>594 180</b>
Income tax expense	(92 868)	(100 723)	(8)	(169 027)
<b>Profit for the period</b>	<b>219 752</b>	<b>248 269</b>	<b>(11)</b>	<b>425 153</b>
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
<b>Earnings per share (cents)</b>	<b>956.2</b>	<b>1 083.1</b>	<b>(12)</b>	<b>1 851.6</b>
<b>Diluted earnings per share (cents)</b>	<b>955.8</b>	<b>1 082.5</b>	<b>(12)</b>	<b>1 850.9</b>

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

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

\* 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)
<b>Profit for the period</b>	<b>219 752</b>	<b>248 269</b>	<b>425 153</b>
<b>Other comprehensive income:</b>			
Total movement in foreign currency translation reserve (FCTR)	8 148	2 822	6 317
<b>Attributable to:</b>			
- Owners of the company	7 161	2 773	5 395
- Non-controlling interests	987	49	922
	219 752	248 269	425 153
<b>Total comprehensive income for the period</b>	<b>227 900</b>	<b>251 091</b>	<b>431 470</b>
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

R'000	Attributable to owners of the company						Total equity
	Share capital	Share premium	Share-based payments reserve	FCTR	Retained earnings	Non-controlling interests	
<b>Balance at 30 June 2017</b>	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
<b>Balance at 31 December 2017</b>	<b>227</b>	<b>(275 419)</b>	<b>60 873</b>	<b>(5 556)</b>	<b>2 038 650</b>	<b>24 989</b>	<b>1 843 764</b>
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
<b>Balance at 30 June 2018</b>	<b>227</b>	<b>(274 414)</b>	<b>65 509</b>	<b>(2 934)</b>	<b>2 101 206</b>	<b>27 725</b>	<b>1 917 319</b>
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
<b>Balance at 31 December 2018</b>	<b>227</b>	<b>(274 414)</b>	<b>71 660</b>	<b>4 227</b>	<b>2 239 323</b>	<b>30 120</b>	<b>2 071 143</b>

\* 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

R'000	South Africa												Other members of common monetary area**			Botswana, Malawi and Zambia		
	Group				Cashbuild business				P&L Hardware business									
	Six months ended 31 December 2018	*Restated 2017	*Restated 2018	Year ended 30 June 2018	Six months ended 31 December 2018	*Restated 2017	*Restated 2018	Year ended 30 June 2018	Six months ended 31 December 2018	*Restated 2017	*Restated 2018	Year ended 30 June 2018	Six months ended 31 December 2018	*Restated 2017	*Restated 2018	Year ended 30 June 2018	Six months ended 31 December 2018	*Restated 2017
<b>Income statement</b>	<b>5 563 231</b>	<b>5 392 841</b>	<b>10 206 730</b>	<b>4 338 290</b>	<b>4 261 486</b>	<b>8 043 313</b>	<b>670 900</b>	<b>582 496</b>	<b>1 136 053</b>	<b>313 914</b>	<b>320 760</b>	<b>606 637</b>	<b>240 127</b>	<b>228 099</b>	<b>420 727</b>			
Revenue	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			
Operating profit																		
<b>Statement of financial position</b>	<b>4 813 638</b>	<b>4 488 047</b>	<b>4 299 997</b>	<b>3 095 260</b>	<b>2 951 771</b>	<b>2 787 079</b>	<b>854 664</b>	<b>722 958</b>	<b>719 003</b>	<b>559 784</b>	<b>541 538</b>	<b>528 377</b>	<b>303 930</b>	<b>271 780</b>	<b>265 538</b>			
Segment assets	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			
Segment liabilities																		
<b>Other segment items</b>	<b>320</b>	<b>317</b>	<b>318</b>	<b>225</b>	<b>226</b>	<b>225</b>	<b>62</b>	<b>58</b>	<b>60</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>15</b>	<b>15</b>	<b>15&lt;/</b>			