ITALTILE Limited

Reviewed Condensed Group Results for the six months ended 31 December 2015, cautionary announcement and dividend declaration

System-wide turnover

R3,08 billion

2014: R2,72 billion
13% increase

Trading profit

R531 million

2014: R459 million
16% increase

Earnings per share

44,3 cents

2014: 36,7 cents
21% increase

Headline earnings per share

43,4 cents

2014: 35,7 cents
22% increase

Corporate information

Italtile Limited

Share code: ITE **ISIN:** ZAE000099123
Registration number: 1955/000558/06

Incorporated in the Republic of South Africa
("Italtile" or "the Group" or "the Company")

Registered office: The Italtile Building, cnr William Nicol Drive and Peter Place, Bryanston (PO Box 1689, Randburg 2125)

Transfer secretaries: Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107)

Executive directors: N Booth (Chief Executive Officer), B G Wood (Chief Financial Officer), J N Potgieter (Chief Operating Officer)

Non-executive directors: G A M Ravazzotti (Non-executive Chairman), S M du Toit, S I Gama, N Medupe, S G Pretorius, A Zannoni* (*Italian)

Company Secretary: E J Willis
Sponsor: Merchantec Capital
Auditors: Ernst & Young Inc.

Commentary

Overview for the six months ended 31 December 2015

Italtile Limited is a franchisor and retailer of local and imported tiles, sanitaryware, bathware, laminated flooring and other related home-finishing products. The Group's retail brands are CTM, Italtile Retail and TopT, represented through a total network of 133 stores, 16 of which are located in the rest of Africa. The Group's offering targets homeowners in the LSM 4 to 10 categories.

The Group's Retail brand operation is strategically supported by a vertically integrated Supply Chain, investments in key suppliers, and an extensive property portfolio.

The performance reported by the Group for the six months under review is primarily attributable to:

- management's commitment to instilling retail excellence across the key customer-facing components of the Group's offering, which resulted in improved levels of customer satisfaction and increased sales for the period;
- the benefits realised from implementation of the Business Optimisation Programme ("BOP") in the Group's Supply Chain and Support Services divisions and expansion of the programme into the Retail brand operations; and
- the Group's strategic investments in its principal local suppliers, Ceramic Industries Proprietary Limited ("Ceramic") and Ezeetile, which delivered pleasing returns and continued to support the business's growth agenda.

Trading environment

The trading environment in the six months under review remained consistent with recent years, featuring moderate demand in the renovation and commercial projects markets, with little improvement experienced in the new build segment as public and private sector spend continued to stall.

The reporting period was characterised by general economic uncertainty, currency volatility and constrained disposable income, all factors which served to subdue consumer confidence. Price competition among industry participants intensified.

In this context, consumers gravitated to value for money offerings (consistent availability of high-quality products, good service and reputable brands). The Group's high profile offering, sound balance sheet and integrated Supply Chain provided a competitive advantage in retaining and gaining market share.

Results

Financial highlights

- System-wide turnover increased 13% to R3,08 billion (2014: R2,72 billion), while same store revenue improved 11%. Average selling price inflation was 4,7%. During the period, six new TopT stores and one CTM store were opened bringing the total network to 133 stores from 126 stores as at 30 June 2015 (2014: 119).
- Reported trading profit rose 16% to R531 million (2014: R459 million), while profit from associates grew 63% to R44 million (2014: R27 million), translating into a 21% increase in profit after tax to R430 million (2014: R355 million).
- Basic earnings per share ("EPS") increased 21% to 44,3 cents (2014: 36,7 cents per share), while headline earnings per share ("HEPS") grew 22% to 43,4 cents (2014: 35,7 cents per share).
- Inventories increased 8% to R532 million (2014: R494 million), to support stronger sales growth. Continued prioritisation of good stock management was reflected by the notable improvement in availability of high-demand items, enhanced range matrix and increased stock turn. Optimum stock management across the business remains a key strategic discipline aimed at promoting customer satisfaction.

Commentary continued

- Capital expenditure of R242 million (2014: R109 million) was incurred primarily on enhancing the quality of the property portfolio through an ongoing store upgrade programme and property acquisitions. Investments were also made in IT requirements related to the BOP.
- Cash and cash equivalent reserves at the end of the period were R351 million (2014: R209 million) after capital expenditure (discussed above), increased stock holding and provisional tax payments totalling R109 million.
- The Group's net asset value was 332 cents per share (2014: 271 cents per share).

Operational review

The Group's BOP and management's parallel focus on inculcating attention to retail detail across the offering delivered good results. These initiatives are centred on creating an exceptional customer experience across all key customer contact points. During the period sound progress was made in:

- enhancing insight into and understanding of customer expectations, and establishing defined benchmarks and measurements to gauge and improve the retail experience. Regular and frequent surveys demonstrate consistently improving levels of customer satisfaction;
- investment in increasing operational capacity and improving competencies and capability of personnel at all levels, which has resulted in higher levels of staff morale and motivation, and impacted positively on the quality of customer engagement;
- upgrading IT systems, in-store devices and the online retail offering to support the drive for improved customer service and a seamless shopping experience across sales platforms; and
- improved use of business information to facilitate better stock management and logistics to ensure consistent levels of the right product, at the right time, place and price.

Retail brands

All three of the Group's brands, Italtile Retail, CTM and TopT, grew turnover and profit, and gained market share across most of their merchandise categories. Stores in the coastal markets and Limpopo province outperformed their counterparts: the coastal stores, well stocked with local product, enjoyed a competitive advantage over importers who had to contend with the deteriorating currency, while in the Limpopo region the improved performance was achieved through better execution of all key disciplines in-store.

Once again stronger growth was reported in the lower LSM segment of the business than the top end.

- Italtile Retail: homeowners in the high-end LSM categories adopted a measured approach to investment in their properties based on their concerns about economic stability in this country. In contrast, the brand's Commercial Projects division continued to deliver growth, gaining further market share in its non-residential market segment.
- Standardisation and improved execution of best practice disciplines in-store underpinned continued growth in the CTM business. Enhanced marketing of the brand's value for money proposition and tailored promotional activity, centred on private-label brands, served to entrench CTM's top-of-mind awareness as the sector market leader.
- TopT continued to gain traction in its market, opening six (2014: four) new stores in the review period, bringing the total network to 41 stores. Given consumers' positive response to this offering, management is optimistic that the brand's goal of opening five to ten new stores per year is achievable.

Supply Chain

The Group's Retail brand operation is underpinned by its vertically integrated Supply Chain businesses: International Tap Distributors, Distribution Centre and Cedar Point.

Each of these businesses recorded improved sales, although margin pressure was experienced as a result of the deliberate strategy to contain price increases to the stores to support their value offering to customers. This impact was offset by efficiencies achieved through substantially improved stock management and cost containment derived from the BOP.

Investment in associates

The total contribution from associates to Group profits for the period rose 63% to R44 million (2014: R27 million).

Ceramic, a manufacturer of tiles, sanitaryware and baths, reported double-digit growth in both its South African and Australian operations, contributing R36 million (2014: R21 million) to Group profit for the six months. This improved performance is attributable to higher production volumes (buoyed in the local operation by Rand weakness), which resulted in enhanced capacity utilisation and consequent efficiencies.

Ceramic's new tile plant, Gryphon, was commissioned in December 2015 and is expected to provide a significant alternative offering in the local market to imported large format glazed porcelain tiles.

Ezeetile, a manufacturer of grout, adhesive, paint and related products, grew sales to Italtile's store network as well as independent customers, contributing R8 million (2014: R6 million) to Group profit for the period.

Global property investment

The Retail brand operation gains strategic benefit from the Group's property investment portfolio which comprises high visibility, easily accessible sites and well-maintained, aesthetically pleasing stores designed to enhance the customer shopping experience.

The market value of this portfolio is in excess of R2,20 billion (2014: R1,90 billion), with a carrying value of R1,50 billion (2014: R1,20 billion). Investments of R200 million (2014: R74 million) were incurred on store refurbishments, new build and acquisition of properties during the six months.

Staff share scheme

The Group's equity-settled Staff share scheme is structured to foster partnership with its employees and incentivise them to participate in the growth and profitability of the business. In the period under review, an allotment of 3,1 million shares (2014: 3,6 million) was made to 161 eligible local and foreign employees and franchisees.

Prospects

Historically, the Group has delivered a stronger performance in the first six months of the financial year than the latter half. This is a function of robust trading in the second quarter, based on consumers having access to additional funds from bonuses and stokvel pay-outs and capitalising on in-store festive season promotional activity. In the context of continued socio-economic uncertainty and further constraints on discretionary spend anticipated in the forthcoming period, it is highly likely that this trend will persist, with the second half proving increasingly challenging for all participants in the sector.

Notwithstanding this subdued trading environment, management is satisfied that there is clarity of strategy and structure across the company, which will enable the Group to capitalise on growth opportunities both within the business and in the marketplace. In the forthcoming period, the BOP will be further embedded in the Retail brand operations and should deliver improvements in line with management's expectations. In addition, subject to availability of suitable sites and operators, the store roll-out programme will continue apace.

Further investment will be made in expanding the business to achieve the Group's strategic growth goals, including expenditure on systems, technology and human resources. Italtile's cash reserves will support this strategy.

Commentary continued

Subsequent events

No events have occurred subsequent to the reporting period that require any additional disclosures or adjustments.

Cautionary announcement

Italtile shareholders are advised that the Company has entered into discussions regarding potential corporate actions, which, if successful, may have a material effect on the price of the Company's securities.

Accordingly, shareholders are advised to exercise caution when dealing in Italtile's securities until a further announcement in this regard is made.

Cash dividend

The Group has maintained its dividend cover of three times. The Board has declared an interim gross cash dividend of 14,0 cents per share (2014: 12,0 cents), an increase of 17%.

Dividend announcement

The Board has declared an interim gross cash dividend (number 99) for the six months ended 31 December 2015 of 14,0 cents per ordinary share to all shareholders recorded in the shareholder register of the Company.

In accordance with paragraphs 11.17(a)(i) to (x) and 11.17(c) of the JSE Listings Requirements, the following additional information is provided:

- The dividend has been declared out of income reserves.
- The local dividend withholding tax rate is 15% (fifteen percent).
- The gross local dividend amount is 14,00000 cents per share for shareholders exempt from the dividends tax.
- The net local dividend amount is 11,90000 cents per share for shareholders liable to pay the dividends tax.
- The local dividend withholding tax amount is 2,10000 cents per share for shareholders liable to pay the dividend tax.
- Italtile's income tax reference number is 9050182717.
- Italtile has 1 033 332 822 shares in issue including 19 533 492 shares held by the Share Incentive Trust and 88 000 000 shares held as BEE treasury shares.

The cash dividend timetable is structured as follows: the last day to trade cum dividend in order to participate in the dividend will be Friday, 26 February 2016. The shares will commence trading ex dividend from the commencement of business on Monday, 29 February 2016 and the record date will be Friday, 4 March 2016.
The dividend will be paid on Monday, 7 March 2016.
Share certificates may not be dematerialised or rematerialised between Monday, 29 February 2016 and Friday, 4 March 2016, both days inclusive.

This Reviewed Condensed Group Results Announcement has been released on SENS and is available for viewing on the Company's website (www.italtile.com); furthermore, it is available for inspection at the registered offices of Italtile and its sponsors, Merchantec Capital, during business hours. Copies of the full announcement are available at no cost on request and may be obtained from the Company Secretary who is contactable on: +27 11 882 8200 or: lizw@rootginger.co.za

For and on behalf of the Board

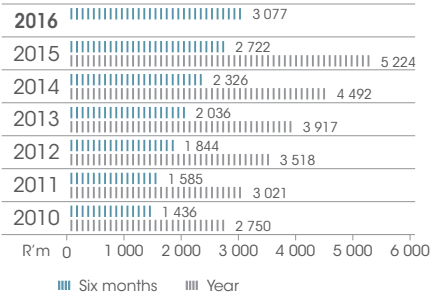
N Booth	**B Wood**
Chief Executive Officer	Chief Financial Officer

The Reviewed Condensed Group Results Announcement for the six months ended 31 December 2015 has been reviewed by Ernst & Young Inc. ("EY"). EY's unmodified review conclusion does not necessarily report on all of the information contained in this Condensed Group Results Announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of auditors' engagement, they should obtain a copy of EY's unmodified review opinion together with the accompanying financial information from the Company Secretary at the Company's registered office.

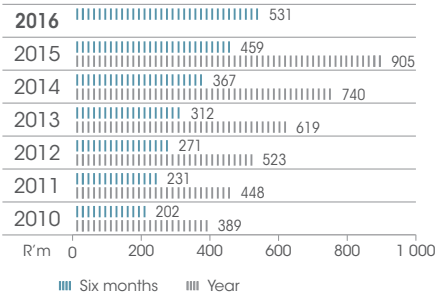
Johannesburg

10 February 2016

System-wide turnover



Trading profit



System-wide turnover analysis

For the six months ended 31 December 2015

(Rand millions unless otherwise stated)

	% increase	Reviewed six months to 31 December 2015	Reviewed six months to 31 December 2014	Audited year to 30 June 2015
GROUP AND FRANCHISED TURNOVER				
– By Group owned stores and entities		**1 798**	1 611	3 115
– By franchise owned stores (unaudited)		**1 279**	1 111	2 109
Total	13	**3 077**	2 722	5 224

Store network

	At 31 December 2015			At 30 June 2015		
		2016			2015	
Region	Franchise	Corporate	Total	Franchise	Corporate	Total
South Africa						
– Italtile	**–**	**9***	**9**	–	9*	9
– CTM	**31**	**36***	**67**	32	34*	66
– TopT	**32**	**9**	**41**	29	6	35
Rest of Africa	**10**	**6**	**16**	10	6	16
	73	**60**	**133**	71	55	126

*Includes webstore.

Condensed Group statements of comprehensive income

For the six months ended 31 December 2015

(Rand millions unless otherwise stated)

	% increase	Reviewed six months to 31 December 2015	Reviewed six months to 31 December 2014	Audited year to 30 June 2015
Turnover		**1 798**	1 611	3 115
Cost of sales		**(1 094)**	(984)	(1 911)
Gross profit	12	**704**	627	1 204
Other operating income		**182**	157	330
Operating expenses		**(366)**	(336)	(636)
Profit on sale of property, plant and equipment		**11**	11	7
Trading profit	16	**531**	459	905
Financial revenue		**12**	7	17
Financial cost		**(1)**	(5)	(6)
Profit from associates – after tax		**44**	27	62
Profit before taxation	20	**586**	488	978
Taxation		**(156)**	(133)	(247)
Profit for the period	21	**430**	355	731
OTHER COMPREHENSIVE INCOME				
Items that may be re-classified subsequently to profit or loss:				
Foreign currency translation difference		**25**	5	21
Other comprehensive income from associates		**10**	(2)	(3)
Total comprehensive income for the period	30	**465**	358	749
PROFIT ATTRIBUTABLE TO:				
– Equity shareholders		**410**	338	700
– Non-controlling interests		**20**	17	31
	21	**430**	355	731
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
– Equity shareholders		**445**	341	718
– Non-controlling interests		**20**	17	31
	30	**465**	358	749
EARNINGS PER SHARE (all figures in cents):				
– Earnings per share	21	**44,3**	36,7	75,9
– Headline earnings per share	22	**43,4**	35,7	71,6
– Diluted earnings per share	21	**43,8**	36,3	75,0
– Diluted headline earnings per share	21	**42,8**	35,4	70,8
– Dividends per share	17	**14,0**	12,0	25,0

Condensed Group statements of financial position

As at 31 December 2015

(Rand millions unless otherwise stated)

	Reviewed six months to 31 December 2015	Reviewed six months to 31 December 2014	Audited year to 30 June 2015
ASSETS			
Non-current assets	**2 288**	1 934	2 023
Property, plant and equipment	**1 500**	1 354	1 296
Investment property	**115**	–	97
Investments in associates	**634**	543	591
Long-term assets	**15**	15	15
Goodwill	**6**	6	6
Deferred taxation	**18**	16	18
Current assets	**1 176**	953	1 079
Inventories	**532**	494	479
Trade and other receivables	**287**	248	202
Cash and cash equivalents	**351**	209	392
Taxation receivable	**6**	2	6
TOTAL ASSETS	**3 464**	2 887	3 102
EQUITY AND LIABILITIES			
Share capital and reserves	**3 068**	2 496	2 734
Stated capital	**818**	818	818
Non-distributable reserves	**124**	105	89
Treasury shares	**(457)**	(465)	(461)
Share option reserve	**88**	68	72
Retained earnings	**2 441**	1 917	2 154
Non-controlling interests	**54**	53	62
Non-current liabilities	**15**	44	44
Interest-bearing loans	**–**	30	29
Deferred taxation	**15**	14	15
Current liabilities	**381**	347	324
Trade and other payables	**263**	269	277
Provisions	**47**	37	43
Interest-bearing loans	**35**	33	–
Taxation	**36**	8	4
TOTAL EQUITY AND LIABILITIES	**3 464**	2 887	3 102
Net asset value per share (cents)	**332**	271	296

Group statement of changes in equity

For the six months ended 31 December 2014

(Rand millions unless otherwise stated)

	Stated capital	Non-distri-butable reserves	Treasury shares	Share option reserve	Retained earnings	Total	Non-con-trolling interest	Total equity
AUDITED BALANCE AT 30 JUNE 2014	818	102	(472)	55	1 676	2 179	51	2 230
Profit for the year					338	338	17	355
Other comprehensive income for the year		3				3		3
Total comprehensive income for the year	–	3	–	–	338	341	17	358
Dividends paid					(89)	(89)	(3)	(92)
Transactions with non-controlling interests						–	(12)	(12)
Share incentive costs (including vesting settlement)			7	13	(8)	12		12
REVIEWED BALANCE AT 31 DECEMBER 2014	818	105	(465)	68	1 917	2 443	53	2 496

For the six months ended 31 December 2015

AUDITED BALANCE AT 30 JUNE 2015	**818**	**89**	**(461)**	**72**	**2 154**	**2 672**	**62**	**2 734**
Profit for the year					**410**	**410**	**20**	**430**
Other comprehensive income for the year		**35**				**35**		**35**
Total comprehensive income for the year	**–**	**35**	**–**	**–**	**410**	**445**	**20**	**465**
Dividends paid					**(120)**	**(120)**	**(21)**	**(141)**
Transactions with non-controlling interests						**–**	**(7)**	**(7)**
Share incentive costs (including vesting settlement)			**4**	**16**	**(3)**	**17**		**17**
REVIEWED BALANCE AT 31 DECEMBER 2015	**818**	**124**	**(457)**	**88**	**2 441**	**3 014**	**54**	**3 068**

Condensed Group cash flow statement

For the six months ended 31 December 2015

(Rand millions unless otherwise stated)

	Reviewed six months to 31 December 2015	Reviewed six months to 31 December 2014	Audited year to 30 June 2015
Cash generated by operations	**426**	340	864
Dividends paid	**(141)**	(92)	(212)
Taxation paid	**(124)**	(98)	(220)
Other	**11**	2	11
Cash flow from operating activities	**172**	152	443
Additions to property, plant and equipment	**(242)**	(109)	(219)
Proceeds on disposal of property, plant and equipment	**14**	26	49
Other	**5**	(7)	(5)
Cash flow from investing activities	**(223)**	(90)	(175)
Increase/(decrease) in loans and borrowings	**6**	(102)	(136)
Other	**4**	–	11
Cash flow from financing activities	**10**	(102)	(125)
Net movement in cash and cash equivalents for the period	**(41)**	(40)	143
Cash and cash equivalents at the beginning of the period	**392**	249	249
Cash and cash equivalents at the end of the period	**351**	209	392

Segmental report

For the six months ended 31 December 2015

(Rand millions unless otherwise stated)

	TURNOVER			GROSS MARGIN			NET PROFIT BEFORE TAX		
	Reviewed period to December 2015	Reviewed period to December 2014	% change	Reviewed period to December 2015	Reviewed period to December 2014	% change	Reviewed period to December 2015	Reviewed period to December 2014	% change
Retail	**2 799**	2 450	14	**539**	472	14	**140**	109	28
Franchising							**165**	146	13
Properties							**136**	126	8
Supply and Support Services	**947**	888	7	**86**	84	2	**111**	90	23
Associates							**44**	27	63
Total	**3 746**	3 338	12	**625**	556	12	**596**	498	20
Franchise stores	**(1 279)**	(1 111)	15						
Consolidation entries	**(669)**	(616)	9	**(10)**	(10)	–	**(10)**	(10)	–
Total Group	**1 798**	1 611	12	**615**	546	13	**586**	488	20

Audited year to 30 June 2015

	Turnover	Gross margin	Net profit
Retail	4 650	904	232
Franchising	–	–	190
Properties	–	–	223
Supply and Support Services	1 638	143	276
Associates			62
Total	6 288	1 047	983
Franchise stores	(2 109)	–	–
Consolidation entries	(1 064)	(5)	(5)
Total Group	3 115	1 042	978

Geographical analysis

(Rand millions unless otherwise stated)

	South Africa	Rest of Africa	Other*	Inter-group entries	Group
Reviewed period to 31 December 2015					
Turnover	**2 273**	**194**	**–**	**(669)**	**1 798**
Non-current assets	**2 682**	**103**	**116**	**(631)**	**2 270**
Reviewed period to 31 December 2014					
Turnover	2 101	125	–	(615)	1 611
Non-current assets	2 369	91	142	(684)	1 918
Audited year to 30 June 2015					
Turnover	3 863	246	70	(1 064)	3 115
Non-current assets	2 461	92	97	(645)	2 005

** Australia and Italy (Effective 1 July 2015 comprises only Australia).*

As a result of the change in the executive and the chief operating decision maker, the Group has updated the disclosures of the previously aggregated segments to align with the information reviewed by them regularly for the purpose of allocating resources.

In line with the Integrated Annual Report for the year ended 30 June 2015, the Group has disclosed two additional segments, associates and franchise stores, which had previously not been included in the segmental report. The prior year segmental reporting has been restated and is presented above.

Notes

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY

Basis of preparation

The Interim Condensed Consolidated Financial Statements for the six months ended 31 December 2015 have been prepared in accordance with IAS 34 *Interim Financial Reporting*, the Companies Act, 2008 (Act 71 of 2008), as amended, the SAICA Financial Reporting Guides, as issued by the Financial Reporting Standards Council and the Listings Requirements of the JSE. The Interim Condensed Consolidated Financial Statements do not include all information on disclosures required in the Annual Financial Statements and should be read in conjunction with the Group's Annual Financial Statements as at 30 June 2015. These results have been prepared under the supervision of Chief Financial Officer, Mr B Wood CA(SA).

New standards, interpretations and amendments adopted

The accounting policies adopted and methods of computation are in terms of International Financial Reporting Standards ("IFRS") and consistent with those of the previous financial year except for the adoption of new and amended IFRS and IFRIC interpretations which became effective during the current financial year. The application of these standards and interpretations did not have a significant impact on the Group's reported results and cash flows for the six months ended 31 December 2015 and the financial position at 31 December 2015.

2. COMMITMENTS AND CONTINGENCIES

There are no material contingent assets or liabilities at 31 December 2015.

Capital commitments (Rand millions)	31 December 2015	31 December 2014	30 June 2015
– Contracted	**32**	22	176
– Authorised but not contracted for	**148**	114	197
TOTAL	**180**	136	373

3. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group does not fair value its financial assets or liabilities in accordance with quoted prices in active markets or market observables, as there is no difference between their fair value and carrying value due to the short-term nature of these items, and/or existing terms are equivalent to market observables. There were no transfers into or out of Level 3 during the period.

4. TOPT CERAMICS PROPRIETARY LIMITED

The Group sold a 10% stake in TopT Ceramics Proprietary Limited at the beginning of the period under review, to a new business partner identified during the previous financial year. This stake was sold at a cost of R7 million, and reduces the Group's interest in this entity to 90%.

5. CEDAR POINT TRADING 326 PROPRIETARY LIMITED

The Group acquired a 10% non-controlling stake held by one of the previous business partners of Cedar Point Trading 326 Proprietary Limited at a cost of R12 million at the end of November 2015, and increases the Group's interest in this entity to 90%. An additional business partner has since been identified.

6. RECLASSIFICATION OF AUSTRALIAN PROPERTY

Given that the Group's property in Australia is now leased to third parties, it has been reclassified from property, plant and equipment to investment property. The carrying value of this property is determined using the cost model per IAS 40 *Investment Property*, and was R115 million at 31 December 2015.

Notes continued

7. STAFF SHARE SCHEME

During the 2014 financial year, the Group implemented a share incentive scheme for all employees of the Group and its franchisees that had been in the employ of the Group and/or franchise network for a period of three uninterrupted years at each allotment date in August every year from implementation date. As a result, 16,3 million of the Group's shares net of forfeitures were held by qualifying staff members at 31 December 2015 (2014: 15 million). Until vesting, the shares will continue to be accounted for as treasury shares and have an impact on the diluted weighted average number of shares.

The scheme is classified as an equity-settled scheme in terms of IFRS 2 *Share-based Payment*, and has resulted in a charge of R11 million (2014: R10 million) to the Group's income; R9 million (2014: R7 million) of this charge is a once-off accelerated expense for franchise staff.

8. EARNINGS PER SHARE

	Reviewed six months to 31 December 2015	Reviewed six months to 31 December 2014	Audited year to 30 June 2015
Reconciliation of shares in issue (all figures in millions):			
– Total number of share issued	**1 033**	1 033	1 033
– Shares held by Share Incentive Trust	**(19)**	(22)	(21)
– BEE treasury shares	**(88)**	(88)	(88)
Shares in issue to external parties	**926**	923	924
Reconciliation of share numbers used for earnings per share calculations (all figures in millions):			
Weighted average number of shares	**925**	921	923
– Dilution effect of share awards	**12**	12	11
Diluted weighted average number of shares	**937**	933	934
Reconciliation of headline earnings (Rand millions):			
– Profit attributable to equity shareholders	**410**	338	700
– Profit on sale of property, plant and equipment	**(9)**	(9)	(6)
– Fair value gain on SER–Export part disposal	**–**	–	(14)
– Reclassification of exchange difference to income	**–**	–	(19)
Headline earnings	**401**	329	661

No adjustments to earnings are required for diluted earnings per share calculations, as the share awards do not have an impact on diluted earnings.

ITALTILE Limited

For full financial results please visit our website:

www.italtile.com