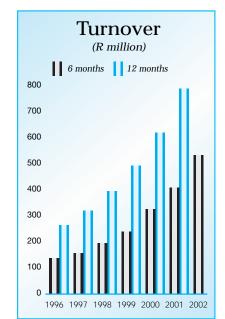
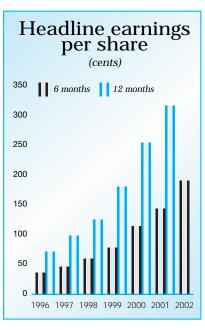
UNAUDITED GROUP RESULTS
FOR THE SIX MONTHS
ENDED 31 DECEMBER 2001





Trading profit (R million) 6 months 12 months 12 months 40 40 30 20 10



COMMENTARY

he group reported turnover of R533,2 million for the six months ended 31 December 2001, an improvement of 31% over the prior comparable reporting period (2000: R407,4 million). Trading profit increased 35% to R50,1 million (2000: R37,0 million), while headline earnings per share improved 33% to 191 cents (2000: 144 cents). The group remains ungeared, with the balance sheet reflecting cash reserves of R92 million.

A significant portion of turnover growth continues to be derived from established operations. Management believes that the ceramic tile market in South Africa is still evolving and offers potential in both the developed and undeveloped sectors of the market. Margins firmed during the period under review and cost control remains a continuous focus.

Italtile remains the leading global purchaser of ceramic tiles, which affords the group a competitive edge in securing the best products at the best prices. In its procurement activities, the company is consistently vigilant in its search for enhanced value in new products and markets.

AFRICAN OPERATIONS

An ongoing programme of in-store enhancements and system improvements, complemented by improved product mix, contributed to sound results for our local operations.

The group's strategy of holding quality stock to support forward sales proved prudent, given the sustained high demand for product over this reporting period.

CTM continues to be the brand of choice in the value-for-money segment of the market, evidenced by the division's sound performance over the past six months.

In order to entrench its position as the fashion leader in the premium-end market, the Italtile division will continue to secure leading-edge product for the discerning customer. Management foresees significant potential in this market segment.

In the company's preliminary profit announcement dated 14 August 2001, it was announced that the group had launched an empowerment vehicle, consisting of 50/50 partnerships between existing franchisees and black partners, aimed at increasing black ownership, while ensuring mentoring and skills transfer.

The group now trades out of 16 group-owned CTM stores, 44 franchised CTM stores, four empowered franchise CTM stores and 11 group-owned Italtile stores.



The group is currently represented in South Africa, Botswana, Namibia, Swaziland, Lesotho and Tanzania. Further expansion into Africa will be realised with the introduction of operations in Malawi and Zambia, scheduled for 2002. The group continues to actively explore opportunities in other sub-Saharan markets.



The group made further investments in its property portfolio, bringing the value to R199 million. This investment is in line with company philosophy that group-owned and franchised stores should operate out of company-owned premises. The highly visible store locations situated in prime positions serve to support group brands. CTM's first Super-Store will be located in Fourways, Johannesburg, and is expected to be trading by mid-2002.

INTERNATIONAL OPERATIONS

The company has been trading in Australia for 30 months and has completed the first phase of penetration, namely creating and establishing brand presence, and consolidating operations. Set-up costs have been absorbed, and in line with management forecasts, the Australian operations reported a profit. Management is confident that profitability is sustainable and is positive about the growth potential of this market.

The group retains its nine CTM store presence across three states, Queensland, New South Wales and Victoria, having closed one poorly located store in Melbourne. The company does not anticipate opening any further stores during the current year, but is considering franchising certain of the operations in due course.

PROSPECTS

Italtile reported in its preliminary profit announcement that it would be enhancing its existing franchise model to incorporate a joint venture element. This arrangement aims to add value to the business while encouraging entrepreneurship. Negotiations have been finalised to convert existing group owned stores to this model, and by June 2002 it is anticipated that two CTM and three Italtile joint venture franchises will be operational.

The second phase of this programme will be implemented after July 2002 and will see further group owned stores converted to joint ventures. Having consolidated its position as a major franchisor, the company's long term goal is to ensure that the bulk of the business vests in the hands of franchisees. This strategy is centred on the improved responsiveness with which franchises react to a changing market.

In addition to the proposed joint venture store expansion, further strong growth is projected from the empowered-franchise vehicle, with significant opportunities forecast in the short to medium term.

It is anticipated that the trading environment will remain challenging, aggravated by the unfavourable exchange rate. Management is satisfied that with continued focus on its core business, the group should deliver steady growth.

ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the prior reporting period.

DIVIDEND

The Board has declared an interim dividend of 35 cents, an improvement of 21% (2000: 29 cents). The group will retain its cover at approximately five times.

DIVIDEND ANNOUNCEMENT

The directors have declared an interim dividend (number 71) of 35 cents per share to all shareholders. The last day to trade ("CUM" the dividend) in order to participate in the dividend will be Friday, 1 March 2002. The shares of Italtile Limited will commence trading "EX" dividend from the commencement of business on Monday, 4 March 2002 and the record date will be Friday, 8 March 2002. Payment will be made on or about Monday, 11 March 2002. Share certificates may not be dematerialised or rematerialised between Monday, 25 February 2002 and Friday, 8 March 2002, both days inclusive.

For and on behalf of the Board

G A M Ravazzotti
Executive Chairman

P D Swatton Chief Financial Officer

14 February 2002

I N T E R I M P R O F I T A N N O U N C E M E N T

(Rand 000's unless otherwise stated)

Abridged group income statements	Unaudited six months to 31 December 2001	% increase	Unaudited six months to 31 December 2000	Audited year to 30 June 2001
TURNOVER - By group owned stores - By franchise owned stores	305 990 227 162		245 587 161 808	455 329 332 595
TOTAL	533 152	30,9	407 395	787 924
Trading profit before depreciation Depreciation	56 033 (5 923)		41 116 (4 049)	88 852 (6 497)
Trading profit Interest received Profit on sale of fixed property	50 110 1 005 0	35,2	37 067 712 568	82 355 1 983 568
Profit before taxation Taxation	51 115 (15 781)	33,3	38 347 (11 437)	84 906 (27 307)
Profit after taxation Outside shareholders' interest	35 334 (314)	31,3	26 910 (53)	57 599 1 011
Earnings attributable to ordinary shareholders	35 020	30,4	26 857	58 610
Number of shares in issue (000's) Earnings per share (cents) Headline earnings per share (cents) Dividends per share (cents)	18 311 191,3 191,3 35,0	30,4 33,2 20,7	18 311 146,7 143,6 29,0	18 311 320,1 317,0 60,0
RECONCILIATION OF HEADLINE EARNINGS Earnings attributable to ordinary shareholders Profit on sale of fixed property	35 020 0		26 857 (568)	58 610 (568)
Headline earnings	35 020		26 289	58 042

Cash flow statement	Unaudited	Unuadited	Audited
	six months to	six months to	year to
	31 December	31 December	30 June
	2001	2000	2001
Cash flows from operating activities	78 741	39 928	56 401
Trading adjusted for non-cash items	66 331	41 587	94 265
Working capital movements	39 954	15 930	(7 400)
Cash generated from operations	106 285	57 517	86 865
Interest received	1 005	712	1 983
Dividends paid	(5 676)	(5 917)	(10 907)
Taxation paid	(22 873)	(12 384)	(21 540)
Investing activities	(33 537)	(35 139)	(47 362)
To expand operations	(33 537)	(32 319)	(33 328)
To maintain operations	0	(2 820)	(14 034)
Investment of minorities in Italtile Australia	314	2 198	5 865
Net movement in cash and cash equivalents	45 517	6 987	14 904
Cash and cash equivalents at beginning of period	46 660	31 756	31 756
Cash and cash equivalents at end of period	92 177	38 743	46 660

Abridged group balance sheets	Unaudited six months to 31 December 2001	Unuadited six months to 31 December 2000	Audited year to 30 June 2001
EMPLOYMENT OF CAPITAL Non-current assets Net current assets	244 573 29 562	180 747 24 034	209 089 25 678
Current assets Liquid funds Current liabilities Other payables and accruals Shareholders for dividend	139 518 92 177 (179 487) (16 112) (6 534)	108 052 38 743 (105 074) (12 697) (4 990)	130 471 46 660 (123 355) (22 297) (5 801)
	274 135	204 781	234 767
CAPITAL EMPLOYED Ordinary shareholders' interest Outside shareholders' interest	266 768 7 367	200 331 4 450	227 714 7 053
	274 135	204 781	234 767
Net asset value per share (cents)	1 497	1 118	1 282

Statement of changes in shareholders' equity	Unaudited six months to 31 December 2001	Unuadited six months to 31 December 2000	Audited year to 30 June 2001
Balance at beginning of period	227 714	178 826	178 826
Net profit for the period	35 020	26 857	58 610
Dividends	(6 409)	(5 310)	(10986)
Currency translation reserve	10 443	(42)	1 389
Dividends paid to outside shareholders	0	0	(125)
Balance at end of period	266 768	200 331	227 714

Refer to Italtile's corporate website at www.Italtile.com

