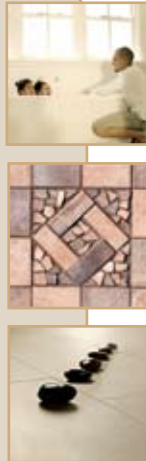




Living the lifestyle



Interim Profit Announcement unaudited group results for the six months ended 31 December 2007

SYSTEM WIDE TURNOVER ANALYSIS

For the period ended 31 December 2007 (Rand millions unless otherwise stated)

	% Increase	Unaudited six months to 31 December 2007	Unaudited six months to 31 December 2006	Audited year to 30 June 2007
Group and franchised turnover				
– By group owned stores		834	747	1 477
– By franchise owned stores (Unaudited)		582	577	1 101
TOTAL	7	1 416	1 324	2 578

ABRIDGED GROUP INCOME STATEMENTS

For the period ended 31 December 2007 (Rand millions unless otherwise stated)

	% Increase	Unaudited six months to 31 December 2007	Unaudited six months to 31 December 2006	Audited year to 30 June 2007
Trading profit before depreciation		227	195	427
Depreciation		(21)	(10)	(34)
Profit on sale of property, plant and equipment		2	—	—
Trading profit	12	208	185	393
Investment income		9	8	17
Profit before interest paid		217	193	410
Interest paid		(7)	(1)	(2)
Profit before taxation	9	210	192	408
Taxation		(67)	(61)	(131)
Profit for the year	9	143	131	277
Attributable to:				
Equity holders of the parent		142	126	270
Minority interests		1	5	7
	9	143	131	277
Number of shares in issue (000's)*		796 308	798 524	797 336
Earnings per share (cents)	13	17,8	15,8	33,9
Headline earnings per share (cents)	11	17,5	15,8	33,9
Diluted earnings per share (cents)	13	17,7	15,7	33,5
Diluted headline earnings per share (cents)	11	17,4	15,7	33,6
Dividends per share (cents)	(23)	4	5,2	11,4
RECONCILIATION OF HEADLINE EARNINGS				
Earnings attributable to ordinary shareholders		142	126	270
Profit on sale of property, plant and equipment		2	—	—
Headline earnings		140	126	270
RECONCILIATION OF SHARES IN ISSUE*				
Total number of shares issued (000's)		821 800	821 800	821 800
Share incentive trust shares (000's)		25 492	23 276	24 464
Shares in issue to external parties (000's)		796 308	798 524	797 336

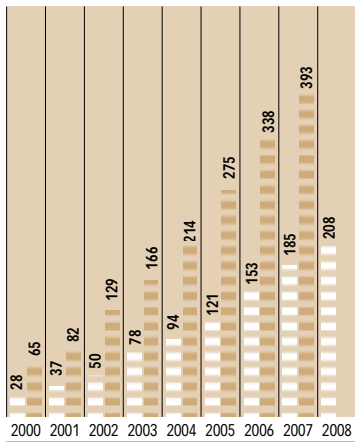
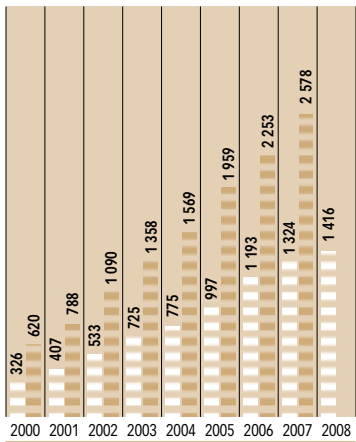
*Comparative shares in issue have been adjusted to reflect the impact of the 44:1 share split effected on 5 November 2007.

ABRIDGED GROUP BALANCE SHEETS

As at 31 December 2007 (Rand millions unless otherwise stated)

	Unaudited six months to 31 December 2007	Unaudited six months to 31 December 2006	Audited year to 30 June 2007
ASSETS			
Non-current assets	827	655	771
Property, plant and equipment	803	643	753
Other Long-term assets	15	9	11
Goodwill	6	—	4
Deferred tax	3	3	3
Current assets	641	578	573
Inventories	322	192	224
Trade and other receivables	102	91	91
Cash and cash equivalents	217	295	258
Total assets	1 468	1 233	1 344
EQUITY AND LIABILITIES			
Capital and reserves	1 053	874	976
Stated capital	27	27	27
Non-distributable reserve	29	21	28
Treasury shares	(64)	(45)	(54)
Retained profit	1 037	842	943
Outside shareholders' interest	24	29	32
Long-term liabilities	119	11	11
Current liabilities	296	348	357
Trade and other payables	241	282	334
Taxation	55	66	23
	1 468	1 233	1 344
Net asset value per share (cents)	132	109	122

■ Year
□ 6 months



CASH FLOW STATEMENT

For the period ended 31 December 2007 (Rand millions unless otherwise stated)

	Unaudited six months to 31 December 2007	Unaudited six months to 31 December 2006	Audited year to 30 June 2007
Cash flow from operating activities	(52)	69	168
Cash flow from investing activities	(95)	(114)	(255)
Cash flow from financing activities	106	(3)	2
Net movement in cash and cash equivalents	(41)	(48)	(85)
Cash and cash equivalents at beginning of period	258	343	343
Cash and cash equivalents at end of period	217	295	258

STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2007 (Rand millions unless otherwise stated)

Group	Stated capital	Non-distributable reserve	Treasury shares	Minority interest	Retained profit	Total
Balance at 30 June 2006	27	17	(48)	30	768	794
Net profit for the year				7	270	277
Dividends paid				(4)	(95)	(99)
Currency translation difference		10				10
Share option costs		1				1
Unallocated shares in share trust			(6)			(6)
Accumulated surplus in share trust			—			—
Share capital increase				1		1
Purchase of additional share in subsidiary				(2)		(2)
Balance at 30 June 2007	27	28	(54)	32	943	976
Net profit for the period				1	142	143
Dividends paid				(1)	(48)	(49)
Currency translation difference		—				—
Share option costs		1				1
Unallocated shares in share trust			(13)			(13)
Accumulated surplus in share trust			3			3
Purchase of additional share in subsidiary				(8)		(8)
Balance at 31 December 2007	27	29	(64)	24	1 037	1 053

SEGMENTAL REPORTING

For the period ended 31 December 2007 (Rand millions unless otherwise stated)

	Retail	Franchising	Properties	Supply support services	Group
Unaudited period to December 2007					
Revenue*	721	49	77	137	984
Segment results	82	37	57	30	206
Unaudited period to December 2006					
Revenue*	636	43	58	126	863
Segment results	82	33	44	26	185

*Revenue includes turnover, rentals and royalties.

Notes

- There are no material contingent liabilities or assets at 31 December 2007
- Capital commitments at 31 December 2007
- Contracted
- Authorised, not contracted

– In terms of the articles of association, the company's borrowing facilities are unlimited.

Results

ItalTile Limited reported acceptable results for the six months ended 31 December 2007. An industry wide downturn in demand during the traditionally heightened trading months of November and December 2007 dampened the group's performance.

ItalTile Limited reported a 7% increase in system wide turnover to R1 416 billion (2006: R1 324 billion), showing 6% real growth from its existing store network as price inflation was contained to less than 1% in an endeavour to offer value to customers who remain spoilt for choice due to the proliferation of new competitors in the market.

Trading profit, which increased by 12% to R208 million (2006: R185 million), reflects the benefits of the group's ongoing focus on efficiencies.

The group reported earnings per share growth of 13% to 17,8 cents (2006: 15,8 cents) with headline earnings per share increasing by 11% to 17,5 cents (2006: 15,8 cents).

Inventory increased by R98 million to R322 million in the last six months, largely as a consequence of increased volumes in the supply chain. These were purchased in anticipation of the traditional peak trading period which failed to materialise.

The group's cash reserves decreased by R41 million to R217 million (2006: R95 million), largely due to the increased inventories as well as investments of R69 million in fixed assets as showrooms and properties were upgraded in line with the group imperative to deliver quality customer service. The board approved borrowings of R100 million to fund properties in order to release working capital to fund operations.

Trading environment

While trading from stores in exclusively black residential areas was buoyed by high volume, spending from middle income earners in the group's traditional stores has come under some pressure.

Operational review

As a result of the group's substantial investments to upgrade and relocate stores, resulting in significantly expanded average trading areas, and the transient migration from franchises to group owned stores, ItalTile embarked on several initiatives to consolidate its dominant position in the South African market. These will also ensure the resilience and sustainability of the business model in a tougher local economic environment which seems increasingly likely.

- A systematic approach has been adopted to formalise and enhance back office and retail floor structures to manage the larger stock holdings and support decision-making;
- Future talent is being nurtured and given formal training to enhance the group's strategy to reframe the 14 stores which are currently owned; and
- Master franchises have been introduced to reward the best performing managers and offer mentorship to emerging leaders.

The group's operations in Africa continue to trade, albeit at a marginal level due to regional unrest.

During the period, progress was made with the Australian operations which remain profitable.

Property portfolio

The group has maintained its conservative stance with regard to investments in its property portfolio, which increased, in carrying value, by R32 million to R617 million.

During the six months ended 31 December 2007, the group's property portfolio continued to deliver returns which were in line with those of its trading operations.

Black Economic Empowerment

Shareholders are referred to the announcement dated 12 July 2007 and are advised that section 38(2A) of the Companies Act came into effect on 14 December 2007. Accordingly, the BEE transaction will be effective as soon as the remaining administrative conditions and requirements have been finalised.

Directorate

The group welcomes Messrs Giuseppe Zannoni and Gary Morolo who were appointed to the board of ItalTile with effect from 1 December 2007.

Mr John Couzis resigned as a non-executive director of ItalTile with effect from 1 December 2007. The board thanks Mr Couzis for his valuable contribution during the years of his involvement with the ItalTile Group.

Prospects

The group expects demand to continue slowing as a result of the present uncertainty in the South African economy. While projections in the current environment are difficult, the board anticipates a lower rate of revenue growth for the full year.

Basis of preparation

The interim financial statements have been prepared in accordance with the listing requirements of the JSE Limited, the South African Companies Act, 1973 and International Financial Reporting Standards (IAS 34 – Interim Financial Reporting). The accounting policies applied have been consistent with those of the previous year ended 30 June 2007.

Dividend

The group has increased the dividend cover to 4 times, due to the prevailing uncertainty in the operating environment.

The board has declared an interim dividend of 4 cents per share (2006: 5,2 cents), a decrease of 23%.

Dividend announcement

The Board has declared an interim dividend (number 83) of 4 cents per share to all shareholders recorded in the books of ItalTile Limited. The last day to trade cum the dividend will be Friday, 29 February 2008. The shares of ItalTile Limited will commence trading ex dividend from the commencement of business on Monday, 3 March 2008 and the record date will be Friday, 7 March 2008. Payment will be made on Monday, 10 March 2008.

Share certificates may not be rematerialised or dematerialised between Monday, 3 March 2008 and Friday, 7 March 2008, both days inclusive.

For and on behalf of the board

G P E Ravazzotti Chief Executive Officer P D Swatton Chief Financial Officer 13 February 2008

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

Transfer Secretaries: Computershare Investor Services 2004 (Pty) Limited 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107)

Directors: G A M Ravazzotti (Chairman), G P E Ravazzotti (Chief Executive Officer), *P D Swatton (Chief Financial Officer).

Non-executive Directors: S I Gama, G Morolo, D H Rabin, **G Zannoni. (*British ** Italian)

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