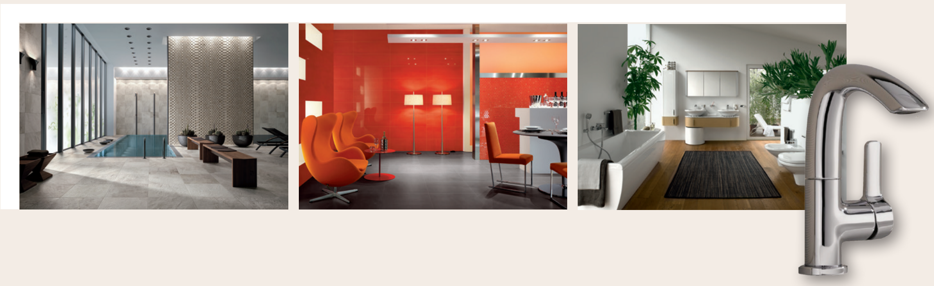
ITALTILE Limited



REVIEWED CONDENSED GROUP RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

ITALTILE LIVE BEAUTIFULLY

CTM

top T CASH & CARRY

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 2014

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 consist of CTM, Italtile Retail and TopT, represented through a total network of 119 stores, 16 of which are located in the rest of Africa. The combined brands target homeowners in LSM 4 to 10 categories.

The Group's retail operation is strategically supported by a vertically integrated supply chain, investments in key suppliers and an extensive property portfolio.

The improved performance reported in the review period is primarily attributable to continued implementation of the Group's business optimisation programme in key areas including IT systems, human resources management, the supply chain and in-store efficiencies, to enhance the customer shopping experience.

Trading environment

In the context of constrained discretionary income and cautious consumer sentiment, activity in the residential building and construction sector remained generally subdued, although the renovations market displayed resilience.

The devaluation of the Rand and freight capacity constraints experienced during the period impacted negatively on industry participants, resulting in reduction in stock holdings and emergence of range gaps, both in price and style. Aggressive price competition remained a constant feature.

While customers continued to display price sensitivity, their decisions regarding home improvement investments were made based on value offerings which combine consistent availability of quality merchandise and reputable brands.

In this environment, Italtile's experience, strategically integrated supply chain and in-house brands provided an important competitive advantage.

Financial highlights

- System-wide turnover from continuing operations increased 19% to R2,72 billion (2013: R2,30 billion), while same store revenue improved 18%. Average selling price inflation was approximately 8%. During the period four new TopT stores were opened.
- Reported trading profit from continuing operations rose 21% to R459 million (2013: R379 million), translating into a 37% increase in profit after tax from total operations to R355 million (2013: R260 million) as a result of the following:
  - Profit on sale of property of R11 million (2013: R7 million);
  - An IFRS 2 charge related to the Italtile Staff Share Scheme of R7 million (2013: R11 million);
  - The improved contribution from associates, Ceramic Industries Limited and Ezeetile, of R27 million (2013: R13 million);
  - Net finance revenue of R2 million compared with a net finance cost in the prior comparative period of R6 million related to the reduction in a long-term loan;
  - Once-off losses related to discontinued operations in the prior corresponding period of R12 million; and
  - A lower effective tax rate resulting from reduced consolidated dividend withholding tax charges compared with the prior comparative period.
- Basic earnings per share ("EPS") from continuing operations increased 28% to 36,7 cents (2013: 28,6 cents per share), while headline earnings per share ("HEPS") from continuing operations grew 28% to 35,7 cents (2013: 28,0 cents per share). HEPS have been adjusted for the post-taxation impact of R9 million (2013: R2 million) profit on sale of property.

- Inventory levels grew to R494 million in order to support increased sales and the deliberate strategy to facilitate customer satisfaction by ensuring constant availability of high-demand items. Optimum merchandise procurement and stock turn are key management disciplines which ensure that ranges remain current and track trends.
- Capital expenditure of R109 million (2013: R102 million) was incurred on improving the value of the property portfolio through an ongoing store upgrade programme and property acquisitions, as well as investment in IT infrastructure.
- Cash and cash equivalent reserves at the end of the period were R209 million reflecting capital expenditure (discussed above), higher inventory levels and the repayment of R100 million towards a long-term loan.

Operational review

The business optimisation programme introduced at the end of the prior period is in the process of being bedded down and ongoing implementation will continue to deliver good results. Among the initiatives underway are:

- Investment in and improved utilisation of systems and technology to better align the supply chain and the retail operation. This is aimed at improving procurement and stock management practices to enhance customer service; and
- Investment in a comprehensive human resources programme designed to overcome the significant deficit of personnel with adequate, relevant skills experienced by retailers in the industry, thereby developing a fit-for-purpose workforce which is best suited to achieving the Group's growth objectives.

Retail brands

The Group's brands, Italtile Retail, CTM and TopT reported growth across their trading regions and across most merchandise categories.

The business's intensified focus on improving insight into and understanding of market demand also assisted in greater alignment of stockholding and merchandising with customer expectations, driving sales volumes.

Individually, the brands reported the following achievements:

- Italtile Retail's Commercial Projects division made good progress in gaining market share in its new, non-residential market segment;
- CTM benefited from improved execution of seasonal promotions and product marketing campaigns, growing customer affinity for its private-label brands including Kilimanjaro, Elf and Tivoli; and
- TopT continued to gain traction in its market, opening four new stores in the review period.

A key focus area for all three brands in the forthcoming period will be to capitalise on opportunities to improve tile sales in the local market.

The Group's private-label Tivoli brassware brand was recently awarded SABS accreditation. Tivoli enjoys growing customer recognition.

Supply chain

The Group's vertically integrated supply chain businesses, International Tap Distributors, Distribution Centre and Cedar Point, underpin the retail operation. Increased turnover reported by this division is a reflection of affording the stores improved availability of the right stock at the right time to enhance customer service. While the currency devaluation had a notable effect on imported product prices, long-standing international supplier relations assisted in ensuring the Group delivered a competitive value offering for customers.

Investment in associates

The Group's strategic investments in its key suppliers, Ceramic Industries Limited ("Ceramic"), a manufacturer of tiles, sanitaryware and baths, and Ezeetile, a manufacturer of grout, adhesive and related products, delivered good returns for the six months under review.

The negative impact of the weaker Rand on imported merchandise during the period strengthened Ceramic's sales volumes, translating into improved margins. The business contributed R21 million (2013: R10 million) to Group profit for the six months.

Ezeetile reported improved sales to both Italtile's store network and independent customers, contributing R6 million (2013: R3 million) to Group profit for the six months.

Global property investment

The Group's property investment portfolio affords significant strategic advantage to the retail operation through its high profile, easily accessible sites and aesthetically pleasing stores designed to improve the customer shopping experience.

During the period R74 million (2013: R58 million) was incurred on store refurbishments, new build and acquisition of properties. The market value of this portfolio, determined by an independent valuator in June 2014, is in excess of R1,90 billion (2013: R1,65 billion), with a carrying value of R1,20 billion (2013: R1,20 billion).

Staff share scheme

The Group implements an equity-settled staff share scheme, which is consistent with Italtile's ethos of promoting partnership with its employees and incentivising them to participate in the growth and profitability of the business. During the reporting period an allotment of 3,6 million shares (2013: 15 million) was allocated to 170 eligible local and foreign employees of the Group and franchisees.

Directorate: Resignation of Board members

At the annual general meeting held on 28 November 2014, Mr Pierre Langenhoven resigned as an executive director of the Board and Mr Peter Swatton resigned as a non-executive director and member of the Social and Ethics Committee, with immediate effect.

The Board thanks Mr Langenhoven and Mr Swatton for their contribution to the Group and wishes them well in their future endeavours.

Prospects

Management does not foresee a notable improvement in the economy in the short term and anticipates trading conditions to remain consistent with recent prior years. In the current environment, homeowners will remain cautious in their investment decisions and the allocation of discretionary spend.

The business optimisation programme, which to date has focused on leveraging the relationship between the supply chain and the retail operations, will continue to be rolled out to all key strategic areas across the Group. Further investment will be made in systems, technology and human resources to achieve the programme's goals; it is anticipated that full implementation of the optimisation programme will take up to three years.

The Group traditionally delivers a stronger performance in the first half of the financial year than the second half. In this regard, management is mindful that the results of the second six months of the prior reporting year were unusually robust.

Furthermore, certain items which positively impacted on net profit during the review period will not repeat in the second half.

Subsequent events

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

Cash dividend

The Group has maintained its dividend cover of three times. The Board has declared an interim gross cash dividend of 12,0 cents per share (2013: 9,0 cents), an increase of 33%.

Dividend announcement

The Board has declared an interim gross cash dividend (number 97) for the six months ended 31 December 2014 of 12,0 cents per ordinary share to all shareholders recorded in the books of Italtile Limited, as at the record date Friday, 13 March 2015.

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);
- There are secondary tax on companies ("STC") credits to be utilised to the amount of R500 000 or 0,05036 cents per share;
- The gross local dividend amount is 12,00000 cents per share for shareholders exempt from the dividends tax;
- The net local dividend amount is 10,20755 cents per share for shareholders liable to pay the dividends tax;
- The local dividend withholding tax amount is 1,79245 cents per share for shareholders liable to pay the dividend tax;
- Italtile's income tax reference number is 9050182717; and
- Italtile has 1 033 332 822 shares in issue including 21 663 952 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, 6 March 2015. The shares will commence trading ex dividend from the commencement of business on Monday, 9 March 2015 and the record date will be Friday, 13 March 2015. The dividend will be paid on Monday, 16 March 2015. Share certificates may not be dematerialised or rematerialised between Monday, 9 March 2015 and Friday, 13 March 2015, both days inclusive.

The full Reviewed 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 the 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

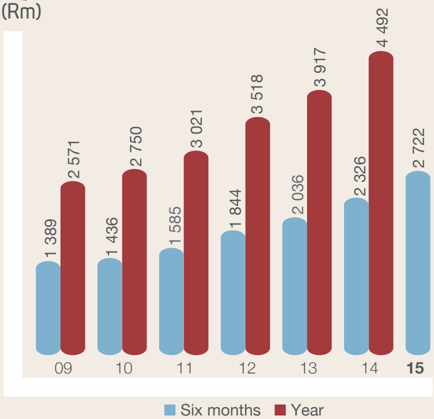
N Booth	**B Wood**
Chief Executive Officer	Chief Financial Officer

The Reviewed Condensed Group Results Announcement for the six months ended 31 December 2014 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 Reviewed 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 unqualified review opinion together with the accompanying financial information from the Company Secretary at the company's registered office.

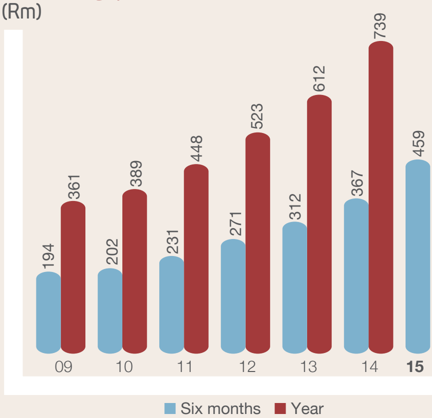
Johannesburg

13 February 2015

System-wide turnover*
(Rm)



Trading profit*
(Rm)



Includes discontinued operations.

SYSTEM-WIDE TURNOVER ANALYSIS

For the six months ended 31 December 2014 (Rand millions unless otherwise stated)

	% change	Reviewed six months to 31 December 2014	Reviewed six months to 31 December 2013	Audited year to 30 June 2014
GROUP AND FRANCHISED TURNOVER (CONTINUING OPERATIONS)				
– By Group owned stores and entities		**1 611**	1 372	2 714
– By franchise owned stores (unaudited)		**1 111**	923	1 747
TOTAL	19	**2 722**	2 295	4 461

STORE NETWORK

At 31 December 2014

	2014			2013		
Region	Franchise	Other	Total	Franchise	Other	Total
South Africa						
– Italtile	**–**	**8**	**8**	–	8	8
– CTM	**32**	**35***	**67**	31	36*	67
– TopT	**22**	**6**	**28**	18	6	24
Rest of Africa	**11**	**5**	**16**	11	5	16
	65	**54**	**119**	60	55	115

Includes CTM webstore.

CONDENSED GROUP STATEMENTS OF COMPREHENSIVE INCOME

For the six months ended 31 December 2014 (Rand millions unless otherwise stated)

	% change	Reviewed six months to 31 December 2014	Reviewed six months to 31 December 2013	Audited year to 30 June 2014
CONTINUING OPERATIONS				
Turnover		**1 611**	1 372	2 714
Cost of sales		**(984)**	(840)	(1 657)
Gross profit	18	**627**	532	1 057
Other operating income		**157**	128	245
Operating expenses		**(336)**	(288)	(560)
Profit on sale of property, plant and equipment		**11**	7	9
Trading profit	21	**459**	379	751
Financial revenue		**7**	5	11
Financial cost		**(5)**	(11)	(20)
Income from associates – after taxation		**27**	13	29
Profit before taxation from continuing operations	26	**488**	386	771
Taxation		**(133)**	(114)	(227)
Profit for the period from continuing operations	31	**355**	272	544
DISCONTINUED OPERATIONS				
Loss after taxation for the period from discontinued operations		**–**	(12)	(20)
Profit for the period	37	**355**	260	524
OTHER COMPREHENSIVE INCOME, NET OF TAXATION				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation difference		**3**	2	12
Total comprehensive income for the period, net of taxation	37	**358**	262	536
PROFIT ATTRIBUTABLE TO:				
– Equity shareholders		**338**	251	509
– Non-controlling interests		**17**	9	15
	37	**355**	260	524
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
– Equity shareholders		**341**	253	521
– Non-controlling interests		**17**	9	15
	37	**358**	262	536
EARNINGS PER SHARE (all figures in cents):				
– Earnings per share	34	**36,7**	27,3	55,3
– Headline earnings per share	28	**35,7**	27,8	57,6
– Diluted earnings per share	36	**36,3**	26,6	54,7
– Diluted headline earnings per share	31	**35,4**	27,1	57,1
EARNINGS PER SHARE FROM CONTINUING OPERATIONS (all figures in cents):				
– Earnings per share	28	**36,7**	28,6	57,4
– Headline earnings per share	28	**35,7**	28,0	58,7
– Diluted earnings per share	30	**36,3**	27,9	56,9
– Diluted headline earnings per share	29	**35,4**	27,4	58,1
– Dividends per share	33	**12,0**	9,0	19,0

CONDENSED GROUP STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014 (Rand millions unless otherwise stated)

	Reviewed six months to 31 December 2014	Reviewed six months to 31 December 2013	Audited year to 30 June 2014
ASSETS			
Non-current assets	**1 934**	1 839	1 856
Property, plant and equipment	**1 354**	1 290	1 296
Investments in associates	**543**	504	522
Long-term assets	**15**	20	14
Goodwill	**6**	6	6
Deferred taxation	**16**	19	18
Current assets	**953**	826	857
Inventories	**494**	449	408
Trade and other receivables	**248**	196	169
Cash and cash equivalents	**209**	177	249
Taxation receivable	**2**	4	31
Total assets	**2 887**	2 665	2 713
EQUITY AND LIABILITIES			
Share capital and reserves	**2 496**	2 049	2 230
Stated capital	**818**	818	818
Non-distributable reserves	**105**	97	102
Treasury shares	**(465)**	(474)	(472)
Share option reserve	**68**	53	55
Retained earnings	**1 917**	1 485	1 676
Non-controlling interests	**53**	70	51
Non-current liabilities	**44**	62	12
Interest-bearing loans	**30**	50	–
Deferred taxation	**14**	12	12
Current liabilities	**347**	554	471
Trade and other payables	**269**	264	261
Provisions	**37**	47	43
Interest-bearing loans	**33**	238	165
Taxation	**8**	5	2
TOTAL EQUITY AND LIABILITIES	**2 887**	2 665	2 713
Net asset value per share (cents)	**271**	223	242

GROUP STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2013 (Rand millions unless otherwise stated)

	Stated capital	Non-distri-butable reserves	Treasury shares	Share option reserve	Retained earnings	Dis-continued operations	Total	Non-con-trolling interest	Total equity
BALANCE AT 30 JUNE 2013	818	93	(474)	36	1 774	2	2 249	54	2 303
Profit for the period					251		251	9	260
Other comprehensive income for the period		2					2		2
Total comprehensive income for the period	–	2	–	–	251	–	253	9	262
Dividends paid					(540)		(540)	(7)	(547)
Discontinued operations		2				(2)	–		–
Transactions with non-controlling interests							–	14	14
Share incentive costs (including vesting settlement)				17			17		17
BALANCE AT 31 DECEMBER 2013	818	97	(474)	53	1 485	–	1 979	70	2 049
For the six months ended 31 December 2014 (Rand millions unless otherwise stated)									
BALANCE AT 30 JUNE 2014	818	102	(472)	55	1 676	–	2 179	51	2 230
Profit for the period					338		338	17	355
Other comprehensive income for the period		3					3		3
Total comprehensive income for the period	–	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
BALANCE AT 31 DECEMBER 2014	818	105	(465)	68	1 917	–	2 443	53	2 496

CONDENSED GROUP CASH FLOW STATEMENT

For the six months ended 31 December 2014 (Rand millions unless otherwise stated)

	Reviewed six months to 31 December 2014	Reviewed six months to 31 December 2013	Audited year to 30 June 2014
Cash flow from operating activities	**152**	(344)	(127)
Cash flow from investing activities	**(90)**	(26)	(50)
Cash flow from financing activities	**(102)**	244	123
Net movement in cash and cash equivalents for the period	**(40)**	(126)	(54)
Cash and cash equivalents at the beginning of the period	**249**	303	303
Cash and cash equivalents at the end of the period	**209**	177	249

SEGMENTAL REPORT

(Rand millions unless otherwise stated)

	Retail	Franchising	Properties	Supply and support services	Inter-group eliminations	Group	Dis-continued operations
REVIEWED PERIOD TO DECEMBER 2014							
Turnover	**1 338**	**—**	**—**	**888**	**(615)**	**1 611**	**—**
Gross margin	**472**	**—**	**—**	**84**	**—**	**556**	**—**
Other income*	**20**	**157**	**165**	**94**	**(197)**	**239**	**—**
Overheads	**(391)**	**(12)**	**(32)**	**(98)**	**197**	**(336)**	**—**
Trading profit	**101**	**145**	**133**	**80**	**—**	**459**	**—**
REVIEWED PERIOD TO DECEMBER 2013							
Turnover	1 163	—	—	681	(472)	1 372	31
Gross margin	407	—	—	68	—	475	11
Other income*	20	130	134	82	(174)	192	—
Overheads	(338)	(12)	(29)	(83)	174	(288)	(23)
Trading profit	89	118	105	67	—	379	(12)
AUDITED YEAR TO JUNE 2014							
Turnover	2 249	—	—	1 337	(872)	2 714	31
Gross margin	812	—	—	127	(20)	919	11
Other income*	35	250	255	178	(326)	392	—
Overheads	(648)	(102)	(76)	(60)	326	(560)	(23)
Trading profit	199	148	179	245	(20)	751	(12)

**Other income includes franchise fees, rentals, royalties and rebates received, as well as profit or loss on disposal of property, plant and equipment.*

Geographical analysis

(Rand millions unless otherwise stated)

	South Africa	Rest of Africa	Other**	Inter-group entities	Group	Dis-continued operations
REVIEWED PERIOD TO DECEMBER 2014						
Turnover	**2 101**	**125**	**—**	**(615)**	**1 611**	**—**
Non-current assets	**2 369**	**91**	**142**	**(684)**	**1 918**	**—**
REVIEWED PERIOD TO DECEMBER 2013						
Turnover	1 742	102	—	(472)	1 372	31
Non-current assets	2 335	96	159	(770)	1 820	—
AUDITED YEAR TO JUNE 2014						
Turnover	3 319	197	70	(872)	2 714	31
Non-current assets	2 303	87	143	(694)	1 838	—

***Australia and Italy.*

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 2014 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 2014. 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 2014 and the financial position at 31 December 2014.

2. Commitments and contingencies

As previously disclosed, legal proceedings have been instituted against Majuba Aviation Proprietary Limited, a subsidiary company of the Group providing aircraft charter services, for which there is insurance cover.

There were no material contingent assets or liabilities at 31 December 2014 in addition to the above.

(Rand millions)

Capital commitments	31 December 2014	31 December 2013	30 June 2014
– Contracted	**22**	10	68
– Authorised but not contracted for	**114**	108	107
TOTAL	**136**	118	175

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 material difference between the 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 acquired the 20% non-controlling stake held by the previous business partner of TopT Ceramics Proprietary Limited at a cost of R11 million in the current period. New business partners have been identified during this period.

5. Discontinued operations

The Group disposed of the following non-core businesses in the prior comparative period:
- Cladding Finance Proprietary Limited – the entity used to extend and manage credit to the contractors market;
- The seven store CTM retail operation in Australia; and
- Allmuss Properties Zambia Limited – a property holding company.

The results of these businesses were thus recorded as discontinued operations in the comparative period. Cladding Finance Proprietary Limited and Allmuss Properties Zambia Limited's contribution to Group earnings is immaterial, although R4 million profit was realised on the sale of the latter. The sale of the Australian retail operation was concluded via a management buyout, and was preceded by fixed asset impairment and other rationalisation costs totalling R9 million.

6. Staff Share Scheme

During the prior comparative period, 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, 15 million of the Group's shares net of forfeitures were held by qualifying staff members at 31 December 2014 (2013: 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 R10 million (2013: R14 million) to the Group's income; R7 million (2013: R11 million) of this charge is a once-off accelerated expense for franchise staff.

	Reviewed six months to 31 December 2014	Reviewed six months to 31 December 2013	Audited year to 30 June 2014
7. Earnings per share			
Reconciliation of shares in issue (all figures in millions):			
– Total number of shares issued	**1 033**	1 033	1 033
– Shares held by Share Incentive Trust	**22**	25	25
– BEE treasury shares	**88**	88	88
Shares in issue to external parties	**923**	920	920
Share numbers used for earnings per share calculations (all figures in millions):			
– Weighted average number of shares	**922**	920	921
– Diluted weighted average number of shares	**931**	941	929
Reconciliation of headline earnings (Rand millions):			
– Profit attributable to equity shareholders	**338**	251	509
– Profit on sale of property, plant and equipment	**(9)**	(5)	(8)
– Impairment of Australian property, plant and equipment	**—**	10	29
Headline earnings	**329**	256	530
Reconciliation of headline earnings for continuing operations (Rand millions):			
– Profit attributable to equity shareholders	**338**	263	529
– Profit on sale of property, plant and equipment – net of taxation	**(9)**	(5)	(8)
– Impairment of Australian property*	**—**	—	20
Headline earnings	**329**	258	541

**In the prior year, an impairment of R20 million was recorded on property in Australia, reflecting adverse economic conditions in that country.*

BASTION GRAPHICS

For full financial results please visit our website:

www.italtile.com