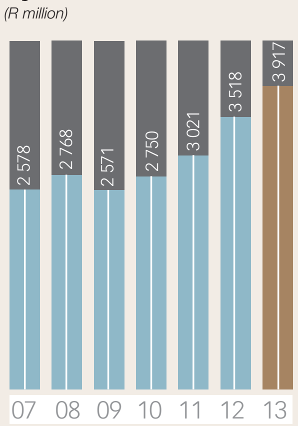
ITALTILE Limited

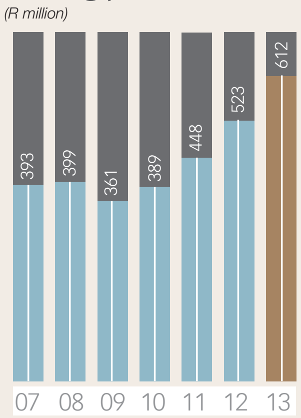
Preliminary profit announcement and reviewed Group results for the year ended 30 June 2013

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 (Pty) Limited, 70 Marshall Street, Johannesburg 2001. (PO Box 61051, Marshalltown 2107)
Executive directors: G A M Ravazzotti (Chief Executive Officer), B G Wood (Chief Financial Officer) P Langenhoven#
Non-executive directors: S G Pretorius (Non-executive chairman), S M Du Toit, S I Gama, P D Swatton*, A Zannoni**
(*British **Italian #Australian)
Company secretary: E J Willis **Sponsor:** KPMG Services (Pty) Limited.

System-wide turnover
(R million)



Trading profit*
(R million)



System-wide turnover analysis*

For the year ended 30 June 2013 (Rand millions unless otherwise stated)	% increase	Reviewed year to 30 June 2013	Audited year to 30 June 2012
Group and franchised turnover *(continuing operations)*			
– By Group-owned stores and entities		2 047	1 759
– By franchise-owned stores (unaudited)		1 776	1 673
Total	11	3 823	3 432

*Including discontinuing operations

Store network

At 30 June 2013 Region	2013 Franchise	2013 Other	2013 Total	2012 Franchise	2012 Other	2012 Total
South Africa						
– Italtile	—	8	8	—	8	8
– CTM	39	27	66	42	22	64
– TopT	11	8	19	7	8	15
Rest of Africa	12	5	17	13	4	17
Australia	—	7	7	—	8	8
	62	55	117	62	50	112

Condensed Group statement of comprehensive income

For the year ended 30 June 2013 (Rand millions unless otherwise stated)	% increase	Reviewed year to 30 June 2013	Audited year to 30 June 2012
Continuing operations			
Turnover		2 047	1 759
Cost of sales		(1 241)	(1 063)
Gross profit	16	806	696
Other operating income		241	228
Operating expenses		(451)	(405)
Profit on sale of property, plant and equipment		15	1
Trading profit	18	611	520
Financial revenue		26	46
Financial cost		(17)	(24)
Income from associates		11	5
Profit before taxation from continuing operations	15	631	547
Taxation		(168)	(155)
Profit for the period from continuing operations	18	463	392
Discontinued operations			
Profit after taxation for the year from discontinued operations		1	3
Profit for the period	17	464	395
Other comprehensive income, net of taxation			
Items that may be re-classified subsequently to profit or loss:			
Currency translation difference		13	31
Total comprehensive income for the period, net of taxation	12	477	426
Profit attributable to:			
– Equity shareholders of the parent		444	378
– Non-controlling interests		20	17
	17	464	395
Total comprehensive income attributable to:			
– Equity shareholders of the parent		457	409
– Non-controlling interests		20	17
	12	477	426
Earnings per share: (all figures in cents)			
– Earnings per share	17	48,3	41,1
– Headline earnings per share	16	47,4	41,0
– Diluted earnings per share	18	48,2	41,0
– Diluted headline earnings per share	16	47,3	40,8
Earnings per share from continuing operations (all figures in cents):			
– Earnings per share	18	48,2	40,8
– Headline earnings per share	16	47,3	40,7
– Diluted earnings per share	18	48,1	40,6
– Diluted headline earnings per share	17	47,2	40,5
– Dividends per share	14	16,0	14,0

Condensed Group statement of financial position

As at 30 June 2013 (Rand millions unless otherwise stated)	Reviewed year to 30 June 2013	Audited year to 30 June 2012
ASSETS		
Non-current assets	1 850	1 223
Property, plant and equipment	1 246	1 154
Investments	4	4
Investments in associates	553	24
Long-term assets	24	24
Goodwill	6	6
Deferred taxation	17	11
Current assets	777	1 400
Inventories	335	339
Trade and other receivables	121	126
Cash and cash equivalents	303	917
Taxation receivable	18	18
Assets classified as held for sale	26	—
TOTAL ASSETS	2 653	2 623
EQUITY AND LIABILITIES		
Share capital and reserves	2 307	2 008
Stated capital	818	818
Non-distributable reserves	93	82
Treasury shares	(474)	(478)
Share option reserve	40	9
Retained earnings	1 774	1 500
Non-controlling interests	54	77
Discontinued operations reserves	2	—
Non-current liabilities	53	323
Interest-bearing loans	44	315
Deferred taxation	9	8
Current liabilities	293	292
Trade and other payables	252	224
Provisions	39	39
Interest-bearing loans	—	26
Taxation	2	3
TOTAL EQUITY AND LIABILITIES	2 653	2 623
Net asset value per share (cents)	250	218

Group statement of changes in equity

(Rand millions unless otherwise stated)	Stated capital	Non-distributable reserves	Treasury shares	Share option reserve	Retained earnings	Discontinued operations	Total	Non-controlling interest	Total equity
Balance at 30 June 2011	818	51	(478)	5	1 241	—	1 637	70	1 707
Profit for the year					378		378	17	395
Other comprehensive income for the year		31					31		31
Total comprehensive income for the period	—	31	—	—	378	—	409	17	426
Dividends paid					(119)		(119)	(12)	(131)
Transactions with non-controlling interests							—	2	2
Share incentive costs				4			4		4
Balance at 30 June 2012	818	82	(478)	9	1 500	—	1 931	77	2 008
Profit for the year					444		444	20	464
Other comprehensive income for the year		13					13		13
Total comprehensive income for the period	—	13	—	—	444		457	20	477
Dividends paid					(141)		(141)	(4)	(145)
Discontinued operations		(2)				2	—		
Transactions with non-controlling interests							—	(39)	(39)
Reinstatement of BEE share incentive reserve				30	(30)		—		—
Share incentive costs (including vesting settlement)			4	1	1		(3)		(3)
Balance at 30 June 2013	818	93	(474)	40	1 774	2	2 244	54	2 298

Segmental report

For the period ended 30 June 2013 (Rand millions unless otherwise stated)	Retail	Franchising	Properties	Supply and support services	Intergroup eliminations	Group	Discontinued operations
Reviewed year to June 2013							
Turnover	1 597	—	—	1 072	(622)	2 047	94
Gross margin	585	—	—	116	—	701	36
Other income*	29	211	231	135	(245)	361	—
Overheads	(485)	(92)	(61)	(58)	245	(451)	(35)
Trading profit	129	119	170	193	—	611	1
Audited year to June 2012							
Turnover	1 365	—	—	939	(545)	1 759	86
Gross margin	500	—	—	105	—	605	36
Other income*	20	207	192	111	(210)	320	—
Overheads	(435)	(94)	(44)	(42)	210	(405)	(33)
Trading profit	85	113	148	174	—	520	3

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

Condensed Group statement of cash flows

For the period ended 30 June 2013 (Rand millions unless otherwise stated)	Reviewed year to 30 June 2013	Audited year to 30 June 2012
Cash flow from operating activities	376	226
Cash flow from investing activities	(694)	(148)
Cash flow from financing activities	(296)	—
Net movement in cash and cash equivalents for the period	(614)	78
Cash and cash equivalents at beginning of the period	917	839
Cash and cash equivalents at end of the period	303	917

Notes

1. 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 are no material contingent assets or liabilities at 30 June 2013 in addition to the above.

Capital commitments at 30 June 2013:	Rm
– Contracted	34
– Authorised, not contracted	92
Total	126

2. Changes in accounting policy

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 year ended 30 June 2013 and the financial position at 30 June 2013.

3. Investment in Ceramic Industries

As announced on 26 November 2012, the Group acquired a 20% stake in Ceramic Industries Limited ("Ceramic") for R529 million following the acceptance of a joint offer by Rallen Proprietary Limited and the Group to independent Ceramic shareholders. The investment is accounted for in accordance with the equity accounting requirements of IAS 28, Investments in associates. Included in the Group's results are seven months' earnings related to Ceramic, resulting in a R9 million contribution to earnings.

4. Purchase of non-controlling interests in Cedar Point Trading 326 Proprietary Limited

During the financial year, the Group acquired the 45% non-controlling stake held by the three previous business partners of Cedar Point Trading 326 Proprietary Limited at a cost of R39 million. Subsequent to year end, a 20% stake was sold to two new business partners identified during the financial year.

5. Italtile Australia

Following a thorough review of the Group's retail operations in Australia, management has decided to sell the retail operations and was actively searching for a buyer at year end. The retail operations have thus been recorded as discontinued operations in these results. Further, given the adverse economic conditions in Australia, the Group has recorded a R5 million impairment on Australian property.

	Reviewed year to 30 June 2013	Audited year to 30 June 2012
6. Earnings per share		
Reconciliation of shares in issue: (all figures in millions):		
– Total number of shares issued	1 033	1 033
– Shares held by Share Incentive Trust	25	26
– BEE treasury shares	88	88
Shares in issue to external parties	920	919
Share numbers used for earnings per share calculations (all figures in millions):		
– Weighted average number of shares	919	919
– Diluted weighted average number of shares	921	923
Reconciliation of headline earnings: (Rand millions):		
– Profit attributable to equity shareholders	444	378
– Profit on sale of property, plant and equipment	(13)	(1)
– Impairment of Australian Property	5	—
Headline earnings	436	377
Reconciliation of headline earnings for continuing operations (Rand millions):		
– Profit attributable to equity shareholders	443	375
– Profit on sale of property, plant and equipment	(13)	(1)
– Impairment of Australian Property	5	—
Headline earnings for continuing operations	435	374

ITALTILE LIVE BEAUTIFULLY   CTM   top T CASH & CARRY

OVERVIEW FOR THE YEAR ENDED 30 JUNE 2013

Italtile is the leading franchisor and retailer of local and imported tiles, sanitaryware, bathware, laminated flooring and other related home-finishing products in South Africa. The Group's national branded retail store network comprises 117 CTM, Italtile Retail and TopT stores and has appeal for homeowners in the LSM categories 3 to 10. The brands are supported by a property investment portfolio and vertically integrated supply chain.

TRADING ENVIRONMENT

General economic uncertainty continued to constrain public and private sector investment in the new-build segment of the industry, although some improvement in the renovations market was experienced.

In the context of subdued global trading conditions, a sustained influx of imported product remained a feature of the local industry as international suppliers sought new markets for their merchandise. Particularly evident in the port cities, independent opportunist traders entered the market, many of them with minimal investment and unsustainable offerings. The instability created by these players impacted negatively on more established businesses, contributing to further downsizing and closures in the industry.

Currency volatility experienced during the period served to strain working capital of smaller businesses with the result that orders were only placed upon payment. The Group's policy of ensuring consistent levels of stock on hand, supported by its strong statement of financial position, proved to be an important competitive advantage.

FINANCIAL HIGHLIGHTS – CONTINUING OPERATIONS

- System-wide turnover increased 11% to R3,82 billion (2012: R3,43 billion).
- Revenue from Group-owned stores and entities grew 16% to R2,05 billion (2012: R1,76 billion).
- Reported trading profit improved 18% to R611 million (2012: R520 million). For the full year, gross margins declined slightly, a function of the Group's decision to absorb increased costs and currency fluctuations to support franchisees and customers and demonstrate Italtile's everyday value positioning.

  After a number of years of limited price inflation, average selling prices were increased in certain of the Group's operations, including CTM, TopT and ITD, to offset significantly higher input cost pressures in the supply chain, while Italtile Retail's average selling prices were deflationary.
- Basic earnings per share for continuing operations increased 18% to 48,2 cents (2012: 40,8 cents per share) while headline earnings per share ('HEPS') for continuing operations rose 16% to 47,3 cents (2012: 40,7 cents per share). HEPS have been adjusted for a R13 million profit achieved on the disposal of property in South Africa and a R5 million impairment on Group property in Australia.
- Inventory remained stable at R335 million (2012: R339 million), this level of stock-holding is part of the deliberate strategy to ensure consistent availability of a large range of merchandise, and a function of adding new ranges while continuing to sell out older ranges. Average stock turn improved across most operations.
- Capital expenditure of R168 million (2012: R120 million) was incurred, primarily related to enhancing the Group's property investment portfolio and revamping showrooms.
- Notwithstanding the capital expenditure, the repayment of a R300 million long-term loan, and the acquisition of a 20% stake in Ceramic Industries, cash reserves were R303 million (2012: R917 million), reflecting Italtile's strong cash generative nature.
- Net asset value per share increased by 15% to 250 cents (2012: 218 cents).

KEY TO THE GROUP'S GROWTH

Italtile's improved results are a reflection of its commitment to continuous and consistent improvement in the business and the dedication of our people.

- A range of structured best practice benchmarks across all core areas were refined, which delivered encouraging results.
- Each of the brands focused greater attention on in-store efficiency improvements and training.
- Ranges were revisited and refreshed and ambitious targets implemented to maximise the average basket and sales of complete solutions.
- Cost containment and profitability were instilled as key performance indicators, assisting operators to build more lucrative businesses.
- Throughout the supply chain improvements were evident in inventory and range management.
- Innovations in technology were a focus during the period, including improvements in the Group's online web-shopping capabilities, streamlined automated ordering systems, and in-store point-of-sales functionality.
- The policy of ensuring constant availability of the right stock at the right price afforded the Group a significant competitive advantage.

OPERATIONAL REVIEW

The Group's improved results were derived largely from organic growth, since a net increase of only five stores, mostly opened in the latter part of the review period, was recorded. Both the retail operations and the supply chain grew revenue and profitability and gained market share amongst new and existing customers. Higher sales volumes were achieved primarily in the DIY/renovations and Commercial projects markets. Central to this growth were more fashionable ranges, a deliberate strategy to upsell complete solutions of products, and ensuring that these brands remained leaders in offering best value (defined by consumers as fashion, quality, price and service).

In general, consumers remained cost conscious, and whilst the upper and lower LSM segments were reasonably buoyant, middle income consumers were less resilient. This price sensitivity was responded to across the brand network: Italtile Retail broadened its range to include appeal to the top end of the middle market, while CTM moved to increase its commodity-priced range for the cost-conscious and contract markets. TopT, which operates in the entry-level sector has developed its offering extensively for lower income earners.

Gauteng, North West, Mpumalanga and the Free State regions recorded good growth, while Limpopo and the coastal markets lagged the other provinces.

Towards and after period end there was a transition of franchised stores to Group-owned stores as franchise agreements ended. This development has provided an opportunity to re-invigorate underperforming regions.

Italtile Retail Italtile Retail is widely recognised as the industry fashion icon in the sophisticated home improvement market and leading buyer of exclusive high quality fashionable international and local products. The brand has a strong reputation as a trend-setter, and is the acknowledged front-runner in environmentally sensitive products.

Key achievements:

- A pleasing rise in turnover, with particularly strong sales growth in the Bath Shop, and a gain in market share across the recently expanded product offering.
- Noteworthy success recorded in the Commercial projects market, including the healthcare industry; corporate head offices; the hotel industry; and local and regional shopping centres. It is particularly rewarding to report that products across the range were supplied, including tiles, sanitaryware and brassware.
- A new store will be opened at The Glen, in Johannesburg South, in the first quarter of the 2014 financial year.

CTM Catering for middle income DIY customers and small builders, CTM is the leading volume retailer of tiles, laminated flooring, brassware, sanitaryware, bathroom furniture and accessories.

Key achievements:

- Satisfactory sales growth, and a meaningful increase in operating profit in Group-owned stores based on efficiency improvements in the business.
- Expansion of the range of imported merchandise as well as the contemporary natural stone-, wood- and cement-look tile offering and new size formats, differentiating the brand from its competitors.
- In-store enhancements and intensified training and education of staff to ensure more beautiful displays and increased product knowledge.
- The refinement of an operating model – The 9 Key Disciplines – which served to deliver improvements across all critical areas of the business in four major categories.
- Upgrade of the internet shopping facility to serve as a fully functional operational online trading store which is integrated into the Group's SAP system and all CTM stores nationwide.
- The opening of two new stores, one in North Riding in Gauteng (October 2012) and the other in Crossroads in the Western Cape (May 2013).
- CTM's Operator Training Programme launched in 2012 in conjunction with the University of Stellenbosch yielded 11 graduates – prospective store operators well qualified to manage successful businesses in the network.

Rest of Africa The Group is represented by 17 CTM stores in the rest of Africa region. Good growth was reported by CTM's recently opened store in Kenya, as well as its existing stores in Tanzania, Namibia, Botswana and Lesotho.

Congestion in the East African ports and general logistical constraints continue to restrict growth of the CTM network, despite robust demand from the region.

Australia The Group has elected to discontinue its retail operation in Australia, which currently comprises seven CTM stores, trading out of predominantly company-owned properties. Accordingly, a buyer for the retail brand component is currently being sought, and the Group's future focus will be concentrated on management of the properties.

Top T This brand is the Group's entry-level value offering, supplying home-finishing products including tiles, paint, ceiling décor, vinyl floor covering, taps, sanitaryware, hardware and accessories to under-serviced rural and outlying markets in close proximity to urban townships.

Key achievements:

- Following intensive refinement of the business model and strategy over several years, TopT delivered another strong performance, exceeding its budget and reporting record results and increased sales volumes across the product offering, demonstrating the brand's expansion potential.
- Operating in an extremely price sensitive market, the business succeeded in growing its average basket size based on a combination of aggressive pricing and pioneering new products and ranges. Increased focus was on expanding the home-finishing products offering.
- TopT opened a net of four new stores, and commenced its foray into the KwaZulu-Natal region. The brand will undertake an aggressive roll-out campaign in the next five years. Master Licensees will be appointed on a regional basis and they, in conjunction with local black equity partners, will be responsible for growing the brand in their designated regions.

Support services The Group's vertically integrated supply chain comprises International Tap Distributors ('ITD'), an importer of brassware and accessories, Cedar Point, an importer and distributor of laminated flooring, cabinets, tiling tools and accessories, and Distribution Centre, which procures imported tiles for the retail brands and provides warehousing, distribution and foreign exchange services to the Group.

Each of the suppliers played an important role in underpinning the brands by enhancing their fashion/value offering. The individual business units all reported improved sales and trading profit, although some margin squeeze was experienced as a result of the deliberate strategy to support the retail operations' pricing advantage.

A new Distribution Centre was established in Cape Town during the period; this facility will play an important role in streamlining distribution and logistics of imported product in the Western Cape and should assist in improving the Group's performance in the region. Management's key challenge will be to ensure that the appropriate product (in terms of design and price) is sourced for this particular market.

INVESTMENT IN ASSOCIATES

Ceramic Industries Limited ('Ceramic') As previously disclosed, during the period the Group acquired a 20% stake in its most significant supplier, Ceramic, a local manufacturer of tiles, sanitaryware and baths. This tactical investment to support Italtile's growth strategy has proved useful, particularly given the volatility of the currency related to imported product and the Group's stated goal to consistently carry optimum stock levels for customer convenience. Certain of Ceramic's factories experienced production shortcomings in the reporting period, and whilst these have subsequently been addressed, Ceramic's results for the seven months under-performed management's expectations, contributing R9 million to Group profit.

Ezeetile The Group has an effective 46% shareholding in Ezeetile, a national supplier of grout, adhesive and other products. During the year the business implemented SAP, facilitating alignment amongst Ezeetile's six factories, as well as with the Group. This development will ensure improved logistics and inventory management, and accordingly improved profitability is expected. Ezeetile contributed R3 million (2012: R5 million) to Group profitability for the reporting period. This decrease is attributable to the impact of commissioning new factory equipment, updating manufacturing processes, as well as the initial bedding-down of SAP; this trend should be reversed in the forthcoming period.

GLOBAL PROPERTY INVESTMENT

The Group's property portfolio supports its brands through high profile, easily accessible store locations, and well maintained aesthetically attractive shopping environments. Net of sale of properties the estimated current market value of this portfolio increased by R100 million to R1,6 billion. Capital expenditure in excess of R100 million was incurred on new and refurbished properties. An impairment of R5 million has been recorded on property in Australia, a reflection of adverse economic conditions in that country.

DIRECTORATE: APPOINTMENT OF CHIEF EXECUTIVE OFFICER

On 10 June 2013, the Board of Directors of Italtile ('the Board') announced that the Group's Nominations Committee had been tasked with interviewing and appointing a Group Chief Executive Officer ('CEO'). Further to that announcement, the Board advised on 25 July 2013 that Mr Nicholas ('Nick') Booth had been appointed as Group CEO with effect from 1 July 2014. Italtile founder, Mr Giovanni Ravazzotti will serve as CEO of the Group until Mr Booth's effective appointment date, whereafter he will resume his position as non-executive Chairman.

PROSPECTS

Innovation in both products and technology is key to retaining and growing market share. The Group will continue to commit resources to furthering its goal to be at the forefront of leading-edge trends and developments in order to provide its customers with a superior shopping experience and its shareholders with a satisfying return on investment.

Efficiency and cost-containment drives will remain a priority, both in terms of improving profitability for the business as well as providing favourable pricing for customers based on a lower margin offering.

Only limited improvement in the local economy is anticipated in the near future. Continued difficult trading conditions will be exacerbated by Rand weakness, and competition in the industry is likely to intensify. Based on continued efforts to enhance the quality of the business, the supply chain and retail brands are expected to continue to deliver growth for the forthcoming period. A better than average contribution is anticipated from TopT specifically, as the impact of the aggressive planned store roll-out programme filters through.

The management and staff of Italtile responded enthusiastically to the difficult economic environment and strategic initiatives implemented across the Group in the year under review. Their continued commitment to the vision and goals of the business is to be acknowledged and congratulated.

Basis of preparation of accounting The Preliminary Profit Announcement has been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and contains the information required by International Accounting Standard 34, Interim Financial Reporting. These results have been prepared under the supervision of Chief Financial Officer, Mr B Wood CA(SA).

Ordinary dividend The Board has declared a final dividend (no 94) for the year ended 30 June 2013 of 8,0 cents per Italtile ordinary share ("share") (2012: 7,0 cents per share), which together with the interim dividend of 8,0 cents per share (2012: 7,0 cents per share), produces a total dividend declared for the year ended 30 June 2013 of 16,0 cents per share (2012: 14,0 cents per share), an increase of 14%, to all shareholders recorded in the books of Italtile at the close of business on Friday, 6 September 2013. The Group has maintained its dividend cover of three times.

Special cash dividend The Board has declared a special dividend of 50,0 cents per share (2012: 0,0 cents per share) payable to shareholders.

The special dividend is part of the Group's plan to optimally employ its capital structure. Italtile's highly cash generative nature supports this strategy. In addition, the Group has no acquisitions planned for the immediate term.

Cash dividend timetable for ordinary cash dividend and special cash dividend (collectively "the dividends")
The cash dividend timetable for the dividends is structured as follows: the last day to trade cum dividend in order to participate in the dividend will be Friday, 30 August 2013. The shares will commence trading ex dividend from the commencement of business on Monday, 2 September 2013 and the record date will be Friday, 6 September 2013. The dividend will be paid on Monday, 9 September 2013. Share certificates may not be rematerialised or dematerialised between Monday, 2 September 2013 and Friday, 6 September 2013, both days inclusive.

Dividend announcement for ordinary cash dividend and special cash dividend Shareholders are hereby advised that the dividends will be subject to the Dividends Tax that was introduced with effect from 1 April 2012. 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 tax rate is 15% (fifteen percent).
- There are Secondary Tax on Companies ("STC") credits to be utilised to the amount of R13 161 580,80 million or 1,27370 cents per share. TBC

	Ordinary cash dividend	Special cash dividend
Gross local dividend amount for shareholders exempt from the Dividends Tax	8,00000 cents per share	50,00000 cents per share
Net local dividend amount for shareholders liable to pay the Dividend Tax	6,99106 cents per share	42,50000 cents per share
Local dividend withholding tax amount for shareholders liable to pay the Dividend Tax	1,00894 cents per share	7,50000 cents per share

- Italtile's income tax reference number is 9050182717.
- The Group has 1 033 332 822 shares in issue including 25 488 781 shares held by the Share Incentive Trust and 88 000 000 shares held as BEE treasury shares.

For and on behalf of the Board

G A M Ravazzotti
Chief Executive Officer

B Wood
Chief Financial Officer

The Preliminary Profit Announcement has been reviewed by Ernst & Young Inc. ("EY"). EY's unqualified review opinion does not necessarily report on all of the information contained in this Preliminary Profit 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
14 August 2013

BASTION GRAPHICS