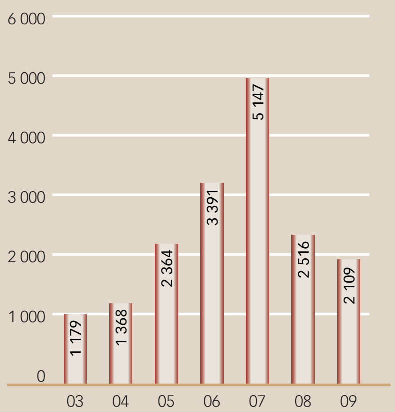
Financial highlights

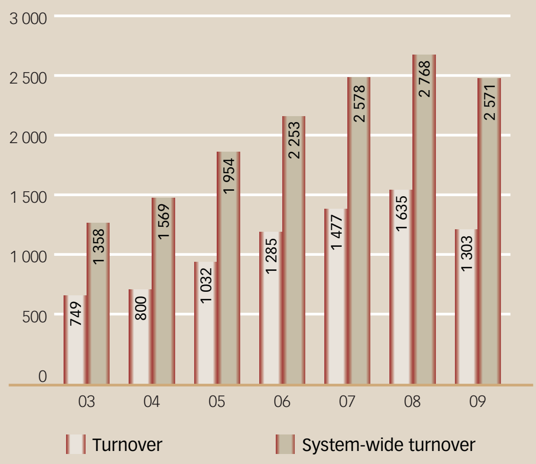
	% change from 2008	2009	2008
GROUP AND FRANCHISED RESULTS			
Turnover (Rm's)			
– by Group-owned stores	(20)	1 303	1 635
– by franchised-owned stores (unaudited)	12	1 268	1 133
System-wide turnover (Rm's)	(7)	2 571	2 768
Number of stores	6	104	98
Group results			
Turnover (Rm's)	(20)	1 303	1 635
Normalised trading profit (Rm's)*	(15)	361	424
Total assets (Rm's)	23	1 933	1 570
Cash and cash equivalents (Rm's)	137	667	281
Number of shares in issue (000's)*	—	909 800	909 800
Headline earnings per share (cents)	(6)	32	34
Normal dividends declared per share (cents)	(8)	11	12
Net asset value per share (cents)	13	169	149
Number of employees	(23)	447	582

Trading profit excluding BEE share option expense of R25 million in 2008.

Market capitalisation *(Rm's)*



Turnover and system-wide turnover *(Rm's)*



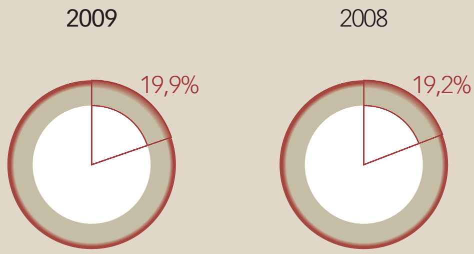
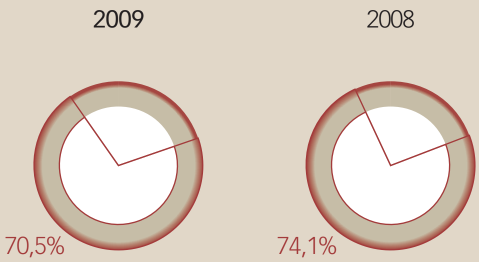
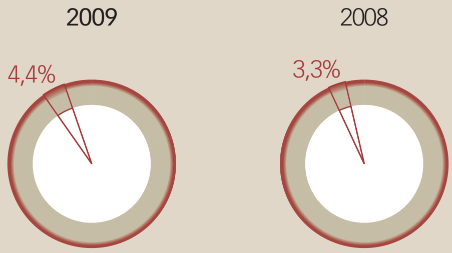
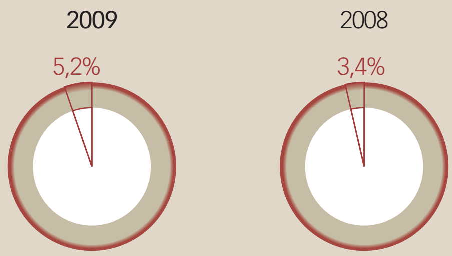
Group structure

Grouping	Region	Company
Support services	South Africa	→ International Tap Distributors (Pty) Limited
		→ Earlyworks 191 (Pty) Limited
		→ Cladding Finance (Pty) Limited
		→ Majuba Aviation (Pty) Limited
	Italy	→ Ser Export s.p.a.
Retail	South Africa	→ Italtile Ceramics Limited
		→ Italtile Retail (Pty) Limited
		→ Ceramic Tile Projects (Pty) Limited
	Australia	→ Italtile Australia (Pty) Limited
	Africa	→ CTM Kenya Limited
		→ Italtile Zambia Limited
		→ Orban Investments 375 (Pty) Limited
Franchise	South Africa	→ Italtile Franchising (Pty) Limited
	Mauritius	→ Italtile Mauritius Limited
Property investment	South Africa	→ F.B. Ashman (Pty) Limited (Italtile Property Holdings)
		→ Allmuss Properties (Pty) Limited (CTM Property Holdings)
		→ Emerald Sky Trading 736 (Pty) Limited (TopT Property Holdings)
		→ Magnolia Ridge Properties 291 (Pty) Limited
		→ Penates Logistics (Pty) Limited
	Africa	→ Allmuss (Botswana) (Pty) Limited
		→ Allmuss Properties Namibia (Pty) Limited
		→ Allmuss Lesotho (Pty) Limited
		→ Allmuss Properties Kenya Limited
		→ Allmuss Properties (Uganda) Limited
		→ Allmuss Properties Zambia Limited

THE ACADEMY
Practical tiling and plumbing

CTM Plettenberg Bay store

CTM Bethlehem store

Nature of Business	Contribution to Group Revenue
→ Distributor of taps and accessories	
→ Distributor of tiling tools and accessories	
→ Outsourced debtors solutions	
→ Aircraft charter company	
→ Procurement specialist	
→ Retailers of tiles, taps, sanware and accessories	
→ Retailers of tiles, taps, sanware and accessories	
→ Suppliers of tiles, taps, sanware and accessories to contracts market	
→ Retailers of tiles, taps, sanware and accessories	
→ Retailers of tiles, taps, sanware and accessories	
→ Dormant. Retailers of tiles, taps, sanware and accessories	
→ Retailers of tiles, taps, sanware and accessories	
→ Bearer of South African trademarks	
→ Bearer of non-South African trademarks	
→ Property investments	
→ Property investments	
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Chairman's statement

The key to our enduring success has been our knowledge and passion for tiles and sanitaryware.

We have always taken decisions with a long-term time horizon, and resisted the temptation to simply respond to the current environment. This we will continue to do.

Introduction

This year marks a significant milestone for Italtile with the celebration of the company's 40th anniversary. Since we started Italtile in 1969, we have grown into the pre-eminent retailer of tiles and sanitaryware, with a retail network of more than 100 stores located in South Africa, Africa and Australia. Our well-established Italtile and CTM brands target consumers in the premium and middle segments of the market, while our newly established TopT brand is designed to capture the market segment below CTM. Underpinning our retail network is our extensive property portfolio which is valued at R1,1 billion.

Over our 40 year history the domestic consumption of tiles has grown by a factor of more than 20 times and in line with global trends, tiles have gained acceptance as the preferred floor finish. Across South Africa and Africa, where this trend is accentuated, tiles are aspired to by the emerging market, which has grown by more than half a million new consumers every year since the democratisation of our country.

Italtile is an organisation both knowledgeable and passionate about tiles and sanitaryware, and this has been the key to our long-standing success. While there is no denying that we are currently operating in what is certainly the toughest market in my memory, our passion and our long-term approach will ensure that we successfully steer through these challenging times. We have always taken decisions with a long-term time horizon, and resisted the temptation to simply respond to the current environment. This we will continue to do.

Results

We reported a 7% decline in system-wide turnover to R2,57 billion (2008: R2,77 billion) as consumer confidence was impacted by the downturn. Operating profit was affected by lower turnover as well as the poor performance and inefficiencies in a few stores, declining

by 10% to R361 million (2008: R399 million). The tangible net asset value per share has increased by 13% to 169 cents (2008: 149 cents).

Trading environment

There is no doubt that 2009 was an interesting year. As global demand for tiles and sanitaryware dropped off significantly as a result of the global economic malaise, our markets in South Africa, Africa and Australia were negatively affected. The decline in sanitaryware demand has been more accentuated than in the tile segment. In South Africa, the competition became extremely aggressive and customers increasingly selective in their pursuit of fashion and value. However we remain confident that the long-term fundamentals for the industry are positive.

On the supply side, Italtile has taken advantage of the excess supply in the international market, enabled by our entrenched network, to secure competitively priced products for the local market. To ensure that we have the right levels of stock and maintain our fashion leadership, we have heightened our ongoing evaluation of local market dynamics. In addition, our long-standing relationships with our local suppliers continues to stand us in good stead, especially during 2009 when we reduced imported purchases in order to offer our customers better value with shorter lead times, reduced freight costs etc.

Although the Group experienced a faster drop off in sales in traditional urban areas, the strong support of the black market continues. The larger urban stores have shown a substantial decline in foot traffic, resulting in lower turnover, a reflection perhaps of a market segment more exposed to the current economic difficulties.

Operating environment

In previous years we mentioned our good fortune at being able to trade successfully in a buoyant market. While this undoubtedly benefited our financial performance during those boom times, inefficiency and complacency crept into our retail network. In 2009, when trading conditions deteriorated substantially, we focused inwards to improve our operational systems, introducing further efficiencies and improved customer service. We have doubled our efforts to adjust the way our operators work, to ensure their ability to manage their operations optimally to trade through these tough times and ultimately gain market share. This introspective and self-critical approach will ensure a stronger and more streamlined business which is well positioned to participate in the inevitable turnaround. We are confident that our ongoing efforts to improve systems and efficiencies can introduce further savings in other areas.

Our decision last year to incentivise our top two performing Italtile store operators with equity has started to pay off. With their expertise and passion, the brand delivered a small improvement in market share.

Within our supply chain, we refined our business models and broadened our offering, adding new product in brassware (ITD), tools and hardware (Earlyworks) and laminated wooden flooring (ELF). Managed by our partners, the performance of these businesses is expected to show significant benefits. We also confronted inefficiencies in ITD during the year, through the introduction of more effective management systems, but there is still a way to go.

In line with our commitment to taking long-term decisions to support the sustainability of our business model, we continued to invest during the year, adding a further

R57 million to our property portfolio and completing the following key initiatives;

- Three years ago, we reinforced our training initiatives and in 2009, the number of employees participating in skills development programmes during the year increased by a factor of three. This will be supported by the construction of our dedicated Practical Training Centre for tiling and plumbing, which was completed at a total cost of R6 million. Training will start in October.
- In support of our strategy to position CTM as a destination with its own in-house brands, we launched the Kilimanjaro, Studio Ceramico and Tivoli ranges, which was supported by extensive brand building campaigns.

Our customer always comes first, and this commitment is underpinned by these ongoing investments both in our business model and our people. While our customer service levels have improved, these have not yet reached a satisfactory level.

Property portfolio

Returns from the R1,1 billion property portfolio are in line with the Group`s trading operations. During the reviewed period we continued to invest in new sites, store upgrades and relocations. In the current market, land prices have softened and we anticipate further declines. With our strong cash reserves of R667 million and borrowings of R227 million, we have the ability to benefit as the industry rationalises further.

Our customer always comes first, and this commitment is underpinned by ongoing investment in our business model and our people.

Foreign interests

The growth opportunity in Africa is considerable and we remain committed to our expansion into the region. However, as with all our business interests, we have adopted a long-term approach which is based on developing a solid understanding of each country in which we invest and identifying the right partners. At present we are evaluating opportunities in Zambia and Malawi where our Master Franchise licences have expired. We continue to explore opportunities in Kenya and Uganda and our operation in Tanzania is showing improvements.

Despite extremely difficult trading conditions, our Australian business, which comprises nine stores, produced an improved performance in the final three months of the review period to deliver a small trading profit.

Dividend

The Group has maintained its dividend cover of three times.

The Board has declared a final dividend of 5 cents per share (2008: 8 cents), which together with the interim ordinary dividend of 6 cents, produces a total ordinary dividend declared for the year of 11 cents (2008: 12 cents), a decrease of 8%.

Prospects

The short-term performance of the Group will remain muted in line with the adverse trading environment which is set to persist in the coming financial year. During our 40 year history, we have proved our resilience and we are confident in Italtile's ability to continue delivering value in the long-term.

Our immediate focus is to drive the initiatives which we have set in motion and which will result in a leaner, more customer focused business.

Directorate

We welcome Ms Susan Maria du Toit who was appointed as an independent non-executive director of Italtile, with effect from 6 March 2009. We are pleased that she accepted the invitation to join our Board and are confident that she will make a positive contribution to our Company.

Appreciation

I am grateful to all those involved with Italtile during 2009 for their commitment and efforts in overcoming the hurdles which were imposed by the tougher environment. It has been a privilege for me to work with all our people, our team at Peter Place, as well as our franchisees, joint venture partners and our suppliers. My heartfelt thanks for your steadfast commitment during the year; you have all contributed to Italtile's long-term success.

To our customers, thank you for your continued loyalty to our brands and we look forward to welcoming you in our stores for many years to come.

As we embark on the next 40 years, we maintain our focus on improving Italtile so that we will again be able to look back and celebrate our long-term successes.

G A M Ravazzotti

The Academy

Practical tiling and plumbing

The Group recently launched its R6 million state-of-the-art Tiling and Plumbing Academy in Zenzele Park, Gauteng. This environmentally friendly facility is heated with gas, features a water filtering and purifying system, and optimises on natural light through its large contemporary-styled glass doors and windows.

The training course which has been developed for the new premises is geared to provide practical tiling and plumbing experience for learners enabling them to better understand the products they sell, thereby equipping them to offer competent and informed advice which will enhance our customers' shopping experience.

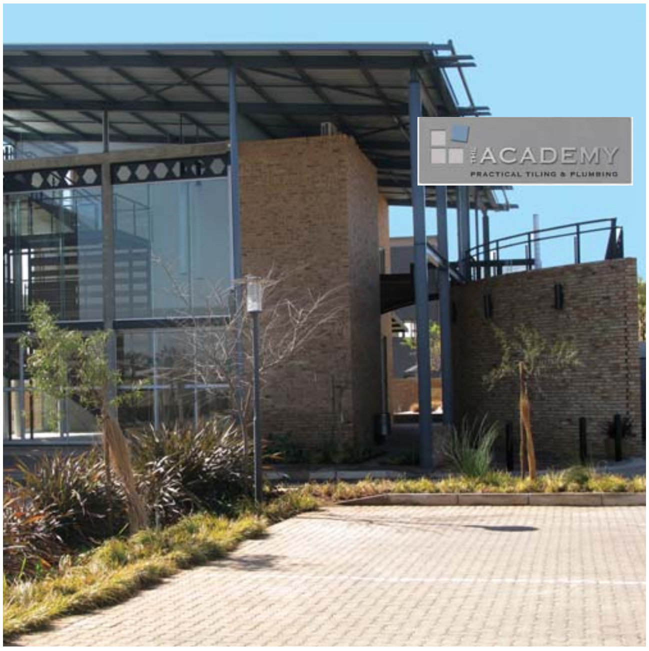
Training commences in October 2009.

Students will be taught tiling techniques ranging from basic to extremely complicated methods, including interpretation of drawings, practical plastering, cutting and tiling and sophisticated layout and design.

Plumbing training is conducted in a wet room which facilitates practical installation of sanitaryware and showers.

Students will also be taught basic plumbing techniques, tap assembly and general plumbing trouble shooting.

Customer service is of paramount importance to the Group and our commitment to continual improvement underpins this latest investment in our people.



Our commitment to continually improving customer service underpins the investment in our new Academy. Development of our people will be to the benefit of all our stakeholders.

The Group's success is based on passion for our brands.

Despite the adverse economic environment, the Group delivered a sound performance, with a modest gain in market share and results in line with expectations.

A balanced and resilient business model

Although the Group faced lower foot traffic across its stores, it benefited from its high levels of diversification within its niche in the tile and sanitaryware market. The Group services a broad range of consumers from the entry level through to mid tier and super affluent customers from its three retail brands which are balanced between rural and urban areas. Italtile services the discerning customer with its high quality product, CTM targets the middle segment of the market and the latest addition to the fold, TopT's merchandise is suited to entry level consumers. In addition, the Group has developed a robust and diverse product range to suit its broad client base.

During the year under review, existing homeowners continued to upgrade their homes, despite pressure on discretionary spending. While first time buyers in the black market supported demand, especially in rural areas, the Group has witnessed a marked downturn in spending in the established market. Worst affected were the metropolitan centres in the Western Cape, Durban and Gauteng. These were balanced by sound growth from outlying regions such as the Free State, Mpumalanga and Limpopo.

The Group's long-standing alliances with its major local suppliers of tiles, taps and other decor products has been particularly beneficial during these challenging times. By working together, the Group and its partners are better positioned to withstand the economic downturn. CTM significantly reduced its imported tiles during the period and successfully substituted imports with high quality local products which further entrenched these local associations.

The Group's conservative and measured approach to investing in new properties during the height of the consumer boom also proved fortuitous as its mature and well located network of stores has shown resilience despite the deteriorating environment. The Group's property portfolio is valued at R1,1 billion.

Financial review

Despite the adverse economic environment, the Group delivered a sound performance, with a marginal increase in market share and results which were in line with market expectations. The Group reported a 7% decline in organic system-wide turnover to R2,57 billion compared to R2,77 billion in the previous year.

Operational review

continued

Price inflation was restricted to 2,5% as the Group benefited from its solid partnerships with local suppliers, so that the negative impact on imports of short-term currency movements was not passed on to customers.

Reported trading profit decreased by 10% to R361 million (2008: R399 million). The Group operating margin remained firm. The contribution to revenue from tile sales grew, while the bathware contribution declined. Despite reduced consumer traffic in general, the Group benefited from an increase in average selling price as customers sought out higher quality products. This trend indicates that, whilst price sensitive, discerning customers are prepared to pay for quality.

Inventory management continued to improve throughout the review period and improved stock turn remained a priority, both at store level and in the supply chain. Each successive quarter has witnessed a reduction in stockholding, resulting in a strong balance sheet and improved product mix. In December 2007, inventories were valued at R322 million. In June 2008 this was reduced to R263 million, and further reduced to R224 million by December 2008. The Group's current inventory of R191 million reflects a decrease of 27% over the reporting period.

Cash reserves increased from R281 million in 2008 to R667 million, an improvement of 137%. This positions the Group to capitalise on opportunities in the current market.

The tangible net asset value per share has increased by 13% to 169 cents (2008: 149 cents).

Italtile

The Italtile brand reported an improvement in turnover relative to the sector and a gain in market share.

Italtile, with its high quality product and first-rate reputation for service, appeals to a discerning market which aspires to quality and style. While its sales from the mid-tier market were hit by the poor economy, its super affluent customers continued to spend. As a result, the brand has been more defensive than CTM in the current downturn.

In line with consumers' increasing levels of sophistication in relation to the fashion trends associated with bathware, Italtile experienced increased volumes from this segment while tile volumes declined for the period.

The Group's decision to equity-incentivise its two top performing store operators during 2008 has paid off, as evidenced by the brand's relative improved performance. During the year, Italtile's overhead structure was streamlined bringing greater cohesion to the brand. The seven store operators are increasingly working as a team, sharing ideas and adopting uniform standards throughout. The brand also heightened its focus on training to improve the quality of its customer interactions to reinforce the quality of its service. Several new training courses were launched and minimum skills standards were introduced for all retail staff to ensure consistent service levels.

Italtile successfully managed its ranges during the year, capitalising on the slowdown in global demand, to secure stock lots of high quality and fashionable products at competitive prices from Spanish suppliers and passing these savings on to customers.

The Italtile brand widened its leadership against its small, owner run competitors through its high quality of service, extensive product range and strategy of carrying stock to immediately fulfil customers' orders. The consumers' tendency to shop around before making a purchase has played to these strengths as Italtile has the capacity and capability to meet its customers increasing service requirements.

With its renewed energy, the Italtile brand is now well placed to extend its network into untapped markets. The Group is targeting one new store opening per year in the next few years to extend Italtile's current base of seven stores across South Africa. The brand will not compromise on its high standards, nor its position in the upper market segment. As such, the Group will ensure that these new stores are resourced with high calibre people who will be nurtured and developed to ensure their ability to take on leadership positions.

CTM

Purchasing trends across CTM stores, which showed an increase in the average selling price, demonstrate that consumers are making purchases to renovate their primary property rather than embarking on the renovations to achieve capital gains which characterised the market 18 months ago. Tile sales were characterised by higher selling prices, which buoyed the performance against the lower tile volumes. Contrary to the experience in Italtile, tile sales were more defensive relative to bathware, demonstrating the pressure on CTM customers' ability to invest in extensive renovations.

In addition, the South African property development market was more severely affected by the downturn in new residential development activity than individual residential consumers. This has played to CTM's strengths as it has traditionally targeted individual consumers rather than professional developers.

Increasingly, consumers are supporting CTM due to the value it has on offer. In order to capitalise on this trend, the brand biased its ranges towards local products during the year. Customers, acutely aware that it is a buyer's market, are more discerning of service and are demanding greater added value. Despite temporary supply interruptions in the bathware segment, CTM achieved a high standard with its store ranges during the year.

The brand's stock levels which consistently trended down during the past 18 months, afforded CTM the flexibility to respond quickly to its customers' ever changing fashion preferences as well as reducing inefficiencies resulting from excessive stock handling.

In the past few years, CTM, which has a network of 66 retail outlets, has undertaken extensive refurbishments to eight stores to differentiate these as shopping emporiums. The next step in CTM's evolution to becoming destination stores was the introduction of in-house brands in 2009. The Group launched three new brands, being Studio Ceramica, Kilimanjaro and Tivoli Taps which were supported with active marketing campaigns to build awareness. Consumers responded positively and CTM will continue to grow and invest in these.

The Group benefited from its high profile retail brands which appeal to a diverse customer base ranging from entry level to mid tier and affluent consumers.

CTM's marketing strategy has historically focused on recurring in-store promotions and discounting to accelerate sales, which resulted in staffing pressures and resource intensive planning during the height of these promotions, as well as high cyclical sales. The introduction of the in-house brands represents a new marketing strategy which will result in more predictable sales volumes year round, allowing for increased accuracy in planning and higher quality customer service. Although the change in marketing, which is driving new consumer buying patterns, dampened CTM's sales volumes in the second half of the year, the Group is confident that its investment in these new brands will yield significant long-term benefits.

In line with the Group's commitment to customer service as well as developing its people, CTM focused heavily on training to increase the competencies of its staff. The number of employees who were trained during 2009 increased by a multiple of 3,5 times the 2008 attendance as the brand took advantage of the lower foot traffic in its stores to upskill its people. With their improved understanding and knowledge, CTM's sales people have become more energised and equipped with the knowledge to provide high quality interactions with customers on the shop floor.

Looking forward, CTM will continue to invest in its in-house brands to promote its value proposition with customers. In addition, it will focus on motivating and energising its staff to capture the improvements in customer service which are well within its reach.

In order to focus on its larger Group-owned stores, the Group will pursue opportunities to franchise smaller company owned stores in 2010.

TopT

TopT, which fits in strategically below CTM, targets the developing rural towns and smaller markets. Having opened an additional four TopT stores during the year to bring the total to eight stores, the Group continued to explore the optimal business model for the fledgling brand.

International Tap Distributors

ITD made excellent inroads to improve its business during the year, emerging as a more efficient operation. These benefits were leveraged with its robotic warehouse and modular stacker tower which enabled increased accuracy of deliveries and lead times, with 67% of orders being delivered within 24 hours. The number of line items has increased and ITD has also improved its order fulfilment both within the Group and to external clients, with stock accuracy recording a level of 99%.

The focus in 2010 is to extend the product ranges which will deliver efficiency benefits in the warehouse.

Elf and Earlyworks

Elf and Earlyworks, which distribute laminated boards, cabinets and tools through CTM, concluded an agreement with three highly experienced new partners during the year and showed significant revenue growth. Operating margins also showed a substantial improvement as overheads were drastically reduced, inventories were cleared and the warehouse was relocated to Vereeniging. The business is now positioned to deliver on its inherent potential. It was rebranded as Cedar Point after year end.

Property

The Group's property strategy is pivotal to supporting the growth of its brands. As each brand's business evolves, its image adjusts and its trading philosophy becomes more refined. Being its own landlord, affords the Group the flexibility to modify its properties to reflect these changes.

With only a few regional gaps remaining in its portfolio, the Group is well placed to maintain its selective approach to finding the right properties. Having taken eight years to acquire its existing portfolio of 70 properties. The Group will remain prudent, taking its time to locate the remaining sites in those locations that have been earmarked to complete its portfolio. However, with approved funding to purchase properties, the Group is positioned to conclude a quick purchase should the opportunity arise.

Future priorities

Looking forward, the Group will continue to explore mechanisms to enhance its operating efficiencies. It will maintain the momentum of the training activities initiated in 2009, focusing on growing and mentoring its people to pass on knowledge from its long-standing team members.

Customer service remains the key, and in order to create the platform, the Group first had to ensure that the basics were in place by adjusting the operating model and optimising the stock turn and logistics. The next step is to make sure that the team on the shop floor is energised, is aware of the products which are in store, and understands them to actively sell them.

CTM will continue to develop and support its in-house ranges, driving sales with compelling merchandising in its store. There has been progress on this front during 2009, but there is a way to go and the Group will continue to improve the standards of in-store décor with additional imagery and displays to support and build its brands.

The Group is committed to driving these initiatives to capture the opportunities which the tile and bathware market presents in the long-term to drive value creation for shareholders.

Appreciation

The Italtile Group's successes in the past year have been based on the team efforts of all those involved in our Group – all those who care about our brands.

Heartfelt thanks go to everyone who has enabled us to make progress during such a challenging time. We appreciate the hard work of the dedicated people who, to mention a few, are running our stores, are providing invaluable advice to our customers, are giving us insights into improving the way we do things – each has played an important role in building Italtile.

The Group will continue to enhance its operating efficiencies, focus on growing and mentoring its people and strive to deliver an unparalleled customer experience.

Group review

for the year ended 30 June 2009

(All amounts in Rm's)	Seven-year compound growth %	2009	2008	2007	2006	2005	2004	2003*	2002*
OPERATIONS									
Turnover	11	**1 303**	1 635	1 477	1 285	1 032	800	749	620
Normalised trading profit#	16	**361**	424	393	338	274	214	166	129
Profit before taxation	16	**369**	405	408	352	285	222	174	133
Profit attributable to equity holders of the parent	15	**257**	275	270	233	191	151	118	95
Headline earnings	15	**258**	275	270	237	190	151	122	95
Dividends paid	29	**107**	84	95	114	60	26	21	18
FINANCIAL POSITION									
Non-current assets		**939**	890	772	550	446	330	265	257
Current assets		**994**	680	573	567	520	425	327	301
Equity attributable to equity holders of the parent		**1 306**	1 158	944	764	634	500	389	326
Non-current liabilities		**343**	101	12	11	12	9	10	12
Current liabilities		**244**	286	357	312	291	232	182	212
CASH FLOW									
Cash flows from operating activities		**228**	107	168	167	205	155	126	98
Cash flows utilised in investing activities		**(71)**	(138)	(249)	(121)	(137)	(88)	(67)	(59)
Cash flows from/(utilised by) financing activities		**229**	54	(4)	(4)	10	(2)	7	7
Cash and cash equivalents at end of year		**667**	281	258	343	301	223	158	92

**Historical ratios relating to financial years prior to and including 2003 were not restated to reflect subsequent changes in accounting policies.*

#Trading profit excluding BEE share option expense of R25 million in 2008.

(All amounts in Rm's)	Seven-year compound growth %	2009	2008	2007	2006	2005	2004	2003*	2002*
FINANCIAL RATIOS									
Returns									
Normalised trading profit to turnover (%)	4	27,7	25,9	26,6	26,3	26,5	26,7	22,1	20,9
Return on shareholders' interest (%)(1)		20,9	26,2	31,6	33,3	33,7	34,0	33,0	33,9
Average consumer price index (%)†		6,9	12,2	7,0	4,9	2,6	4,8	9,6	10,6
Earnings per share (cents)	15	32,3	34,6	33,9	29,3	24,4	19,4	15,2	11,8
Headline earnings per share (cents)	16	32,4	34,4	33,9	29,8	24,3	19,5	15,7	11,8
Dividends declared per share (cents)	25	11,0	12,0	11,4	9,8	6,1	3,6	3,0	2,3
Special dividend per share (cents)						7,5	3,2		
Productivity									
Turnover per employee (R000's)	7	2 915	2 809	2 499	2 596	2 572	2 122	2 171	1 797
Total assets per employee (R000's)	15	4 324	2 698	2 276	2 257	2 394	2 003	1 718	1 617
Normalised trading profit per employee (R000's)	12	808	729	665	683	681	566	479	375
Turnover growth (%)		(20,3)	10,7	14,9	24,5	29,6	6,8	20,9	36,1
Number of employees		447	582	591	495	403	377	345	345
Number of stores		104	98	93	98	101	97	94	91
– Owned and joint ventures		44	44	44	42	42	36	33	35
– Franchised		60	54	49	56	59	61	61	56
Solvency and liquidity									
Interest cover (times)(2)		9,0	28,5	196,5	112,7	219,8	144,2	96,1	71,8
Dividend cover (times)(3)		3,1	2,9	3,0	3,1	4,0	5,4	5,3	5,1
Gearing ratio (%)(4)		26,1	8,5	1,2	1,3	1,5	1,6	2,4	3,2
Current ratio (times)(5)		4,1	2,4	1,6	1,8	1,8	1,8	1,8	1,4
Acid test ratio (times)(6)		3,3	1,5	1,0	1,3	1,3	1,3	1,3	0,8

Definitions

(1) **Return on shareholders' interest:** Profit attributable to equity holders of the parent as a percentage of average equity attributable to equity holders of the parent.

(2) **Interest cover:** Trading profit divided by finance cost.

(3) **Dividend cover:** Headline earnings divided by dividends declared (excluding special dividends).

(4) **Gearing ratio:** Interest-bearing loans and borrowings as a percentage of equity attributable to equity holders of the parent.

(5) **Current ratio:** Current assets divided by current liabilities.

(6) **Acid test ratio:** Current assets, less inventory, divided by current liabilities.

**Historical ratios relating to financial years prior to and including 2003 were not restated to reflect subsequent changes in accounting policies.*

†As per Statistics South Africa.

ITALTILE Limited

Group review continued

for the year ended 30 June 2009

(All amounts in Rm's)	Seven-year compound growth %	2009	2008	2007	2006	2005	2004	2003*	2002*
FINANCIAL RATIOS *(continued)*									
Stock exchange performance									
Market capitalisation+ (Rm's)	15	**2 109**	2 516	5 147	3 391	2 364	1 368	1 179	842
Closing share price at year-end (cents)	15	**265**	317	645	427	302	176	152	105
Market value per share									
– High (cents)		**330**	727	727	475	318	179	152	107
– Low (cents)		**220**	250	414	302	173	116	105	80
Closing share price to net asset value per share		**1,57**	2,13	5,27	4,28	3,57	2,66	2,86	2,51
Price-earnings ratio (times)		**8,20**	9,16	19,06	14,57	12,40	9,07	10,0	8,9
Dividend yield (%)		**4,2**	3,8	1,8	2,3	2,6	2,1	1,9	2,2
Earnings yield (%)		**12,2**	10,9	5,2	6,9	8,1	11,0	10,0	11,3
Number of shares in issue (000 000's) (excluding treasury shares)		**796**	794	797	796	782	776	781	806
Volume of shares traded (000 000's)		**38**	58	37	23	31	18	11	26
Value of shares traded (R000's)		**103 082**	227 713	190 352	94 921	77 466	27 570	13 671	23 462
Volume of shares traded as a % of total issued shares		**4,8**	7,3	4,6	2,9	3,9	2,3	1,3	3,2

**Historical ratios relating to financial years prior to and including 2003 were not restated to reflect subsequent changes in accounting policies.*

+Excluding treasury shares.