

Cashbuild



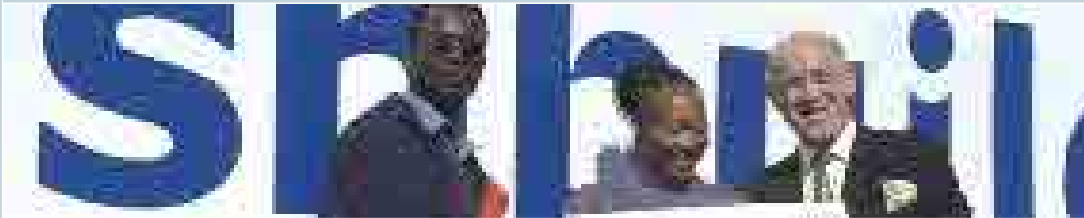
Annual Report 2004



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Mission

We are the leading mass retailer of building materials and associated products and services, predominantly for cash, to the full spectrum of consumers, in urban and rural areas of southern Africa.

We continuously seek to maximise returns to all our stakeholders through:

- Our ability to understand our customers and markets, which enables us to offer a focused range of products and services suited to the specific requirements of each of these markets;
- Our mutually beneficial relationships with our suppliers, substantial buying power and ability to control costs which enables us to offer quality products at the lowest prices to our customers at all times;
- Our responsible human resources practices, which make us an employer of choice, and create a challenging and productive working environment, where all our people develop to their fullest potential and are recognised and rewarded for outstanding performance;
- Bringing to the communities in which we trade, lowest priced quality building materials and associated products and services, employment opportunities, and providing support to selected community projects;
- Optimally utilising all our resources thereby providing a superior, sustainable financial return to our shareholders;
 - A responsible expansion programme and continued growth in profitable market share;
- Applying the highest standards of business ethics in all our dealings in line with appropriate corporate governance and international accounting standards and acting in an environmentally and socially responsible manner; and
 - Applying business processes in line with international best practices through "The Cashbuild Way".

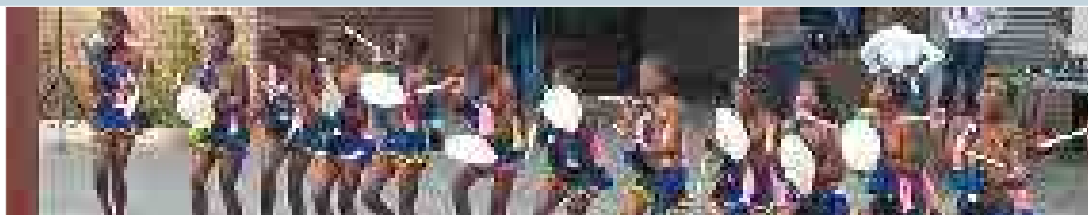


Vision



Our vision is to be the first choice retailer and supplier of building materials and associated products and services in every region of southern Africa and selected regions in African countries, and to make a positive contribution in every community in which we trade.

Prospects



Cashbuild strives to continue to increase its revenue by profitably growing market share to a minimum of 30%. Our prime target customer remains the cash-paying individual intent on necessary domestic improvements and structural repairs – and the contractor who services him.

We are also making headway in our efforts to increase the volume of revenue generated from government-related contracts.

Management is confident that Cashbuild's markets will continue to grow, supported by government drives to increase home ownership, and the continued striving of private home builders and developers to meet the aspirations of more and more home owners for larger homes and better housing.

In all of the countries in which Cashbuild trades, home ownership is increasingly seen as a dependable and profitable investment.

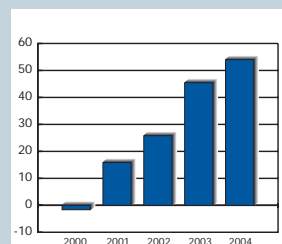
Cashbuild is the first-choice supplier of quality building materials in all the markets in which it is represented.

Our permanent strategy of expansion, store relocations and refurbishments continually increases the size of the market to which we have access.

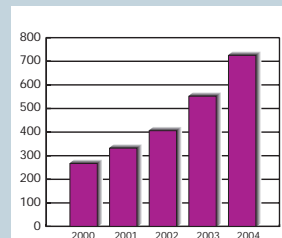
The group is confident that it will be able to maintain its record of rewarding its stakeholders and share owners with consistently improving and sustainable results into the foreseeable future.

Group financial highlights

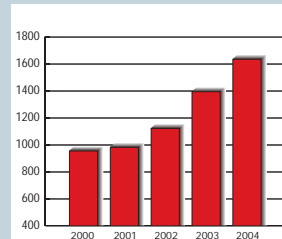
Headline earnings
(Rm)



Net asset value per share
(cents)



Revenue
(Rm)



Group summary (R'000)

Revenue	1 635 233	1 394 783
Operating profit before financing income	81 888	63 907
Profit before taxation	89 890	73 396
Attributable earnings	53 329	45 552
Headline earnings	53 990	45 450
Net increase/(decrease) in cash and cash equivalents	37 006	(16 200)
Market capitalisation*	534 171	333 276
Total assets	580 562	476 729
Cash and cash equivalents	143 396	106 390
Interest-bearing borrowings	492	63

Share performance (cents per share)

Headline earnings**	251.4	224.1
Dividends	78	65
Cash and cash equivalents*	617.4	458.1
Net asset value*	725	552
Market price - high	2 300	1 445
Market price - low	1 430	435
Market price - at year-end	2 300	1 435

Statistics

Number of employees	1 978	1 812
Number of stores	124	113
Number of trading weeks	52	52
Revenue per employee (R'000)	827	770
Profit before tax on revenue (%)	5.5	5.3
Return on shareholders' funds (%)	31.7	35.5

* Calculations based on ordinary issued share capital prior to consolidation of treasury shares (see note 8 of annual financial statements)

** Calculations based on weighted average number of ordinary shares in issue (net of treasury shares) (see note 8 of annual financial statements)



Chairman's report



It is a pleasure to be associated with the people of Cashbuild and a privilege to once again be able to report an excellent financial year thanks to their efforts.

Cashbuild has increased its revenue by 17% and its operating profit by 28%. The problems of 2000 are now a distant memory and the last four years have shown that

Cashbuild's management has built an enterprise that is poised for substantial growth and is based on a sustainable business model.

The home construction and improvements market remains buoyant and will continue to be so for the next decade or so in line with the government's objective of ensuring that every citizen has a roof over his head.

Black-empowered procurement will lead to many more builders catering to the construction market. Many black contractors however, are not able to take full advantage of these opportunities due to lack of finance. We have taken note of the initiative by the National African Federation for the Building Industry in launching its own bank to finance these contractors. We strongly support this initiative and trust that it will receive the government support it deserves.

It is appropriate that I briefly restate Cashbuild's business philosophy and Code of Ethics.

- We sell mainly for cash at the lowest prices in each community in which we trade.
- Credit is given to selected V.I.C. (very important customer) cardholders.
- Quality is never compromised and we do not sell seconds or reject goods.
- Items in our predetermined range are always in stock.
- Our staff are largely recruited from the community in which they are trading, are well-trained and are able to understand and satisfy their customers' needs.
- We are in partnership with our suppliers.

We retain our faith in the business model that has made us southern Africa's leading retailer of building materials, associated products and services.

We will continue to provide superior sustainable financial returns to our shareholders. To achieve this we will continue to invest in new stores (approximately 10 per year) and refurbish or relocate all pre-existing stores over a period of five years.



Chairman's report *continued*

To meet the demands of the increased administrative burden placed on the group by its growth, it has become necessary to spend considerable amounts of time, effort and money on a new information technology system.

We estimate that we will spend about R145 million on the system over the next five years. It will go into operation at support office and one store at the end of September 2004 and will be introduced at our stores at the rate of eight to 10 stores per month for the next 18 months. The upgrading of our IT systems is essential to the long-term viability of Cashbuild and will allow us to meet our targets with respect to both volumes and profits.

Cashbuild is committed to and broadly complies with the Code of Corporate Practices and Conduct enunciated in the King Report on Corporate Governance for South Africa 2002.

I am pleased to announce that on 1 September 2004 we enlarged our board to include two non-executive directors: Nomahlubi Simamane and Jeff Molobela. They will make a considerable contribution to Cashbuild's knowledge of the market and will enable us to be a truly grassroots organisation, responsive to the needs of the majority of the people we serve and supportive of their aspirations.

PROSPECTS

Cashbuild will continue to grow at a steady and more than satisfactory pace. Shareholders should however, bear in mind that the Reserve Bank has succeeded in reining in inflation and our profit growth will therefore be at a more modest pace in future. The board has set management the goal of achieving 7% to 10% real growth and I have no doubt that this will be achieved.

I congratulate and thank management and staff for another excellent performance. My sincere thanks also to all our other stakeholders — shareholders, customers, suppliers and outsource partners — without whom our continued success would not be possible.

D MASSON

Chairman

23 August 2004



Chief executive's report



This year's objectives and key initiatives were to:

- aggressively protect and grow profitable market share;
 - reduce overall cost base;
 - ensure the ability of the supply chain to cope with Cashbuild's expansion;
 - optimise outsourcing relationships;
 - develop and implement a comprehensive HR strategy;
 - ensure that "The Cashbuild Way" is understood and implemented;
- optimise stock holding;
 - successfully implement the new IT system; and
 - improve the effectiveness and efficiency of Tradebuild, our small importing division.

OVERVIEW OF PERFORMANCE

Revenue and profits for the financial year under review were in line with management's budget and once more, the best ever in the 25 year history of the company.

Revenue of R1.6 billion, an improvement of 17% (9% attributable to new stores and 8% to pre-existing stores) on the previous year equates to a respectable 12% compound growth over the last five years.

Gross profit percentage of 22% was achieved and management believes this to be sustainable going forward.

Operating expenses of R271.4 million were 9% higher than the previous year and are continuously tightly controlled and challenged for improvement.

Operating profit of R81.9 million before financing income was a 28% improvement on the previous year's figure resulting in a 35% compound growth over the past five years.

Fully diluted headline earnings per share of 232.5 cents (before share incentive trust consolidation) on a comparable basis is up 19% on last year's 195.7 cents.

Total dividends per share for the full year of 78 cents have been declared which is a 20% increase on last year's 65 cents.

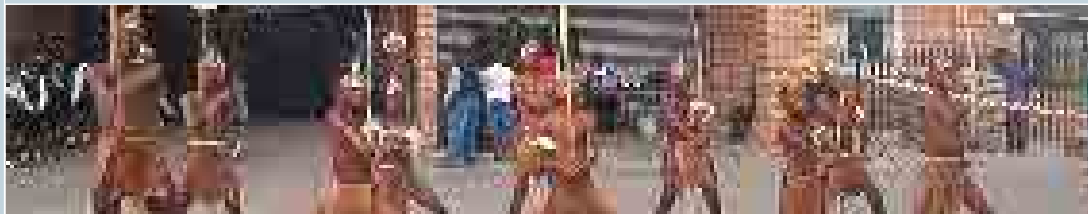
Cash in the bank amounted to R143.4 million (2003: R106.4 million). This increase was due to good trading and well-managed working capital.

Return on average capital employed is a creditable 55% for the year.

NATURE OF BUSINESS

Cashbuild is southern Africa's largest retailer of quality building materials and associated products, selling direct to a cash-paying customer base through its constantly expanding chain of stores (124 at the end of this reporting year). Cashbuild carries an in-depth quality product range tailored to the specific needs of the communities it serves.

Customers are typically home builders and improvers, contractors (plumbers, electricians, general builders and decorators), farmers, traders and increasingly, large construction companies and government-related infrastructure developers, as well as any person looking for quality building materials at lowest prices.



Chief executive's report *continued*

Cashbuild has built its credibility and reputation by never failing to offer quality products fit for purpose at the lowest everyday prices, and through a purchasing and inventory policy that ensures that customers' requirements are always in stock.

Our store staff continue to play an invaluable role in our success through their commitment to a consistently outstanding level of customer service.

CASH FLOW AND WORKING CAPITAL MANAGEMENT

Working capital receives constant focus and management attention, resulting in inventories and trade liabilities being in line with management plans.

Cashbuild's successful "always in stock" policy and organic store expansion programme is as a direct result of management's business knowledge and well honed and practiced inventory option levels and supply chain management policies and processes.

Cashbuild continued to utilise excess cash particularly in the second half of the financial year to negotiate beneficial settlement terms with suppliers.

The group had a cash balance of R143.4 million at year-end. This improvement is as a direct result of our optimum stocking model explained more fully in last year's annual report. Management expects the business to continue to be adequately cash positive and capable of funding expansion and the installation of the new IT system.

GROWING PROFITABLE MARKET SHARE

Cashbuild will continue to grow revenue and profit each year by implementing the business strategy through "The Cashbuild Way" process (aligned with ISO 9001 standards) and fulfilling the needs of the customer in every facet of our business.

We are committed and determined that all our customers, whether rural or urban, in southern Africa will find Cashbuild a pleasure to do business with.

Store management and staff are employed from the communities in which we trade and therefore have a thorough understanding of their local customer needs. All employees are fully trained to carry out their specific duties and responsibilities, which include product knowledge, reading of building plans and providing customers with priced quotations.

Each store prices its products to be the most competitive in the catchment area and offers a dependable delivery service with the flexibility to meet the needs of all customers.

Divisional managers are employed in the countries and regions in which they live, each division being managed (with the exception of Namibia and Malawi at present) by a local citizen of the country.

GROWING OUR CUSTOMERS

Customers are the lifeblood of our business.

Cashbuild management and staff are fully aware that our customers have a choice on where and how to spend their money. Once again Cashbuild has succeeded in growing its shopping transactions from 4.6 million to 5.5 million, a growth of 19% in the past 12 months.

Cashbuild attributes its consistent customer shopping transaction growth to:

- focused micro-marketing;
- clearly identifying and meeting the specific needs of our customers in each of the areas in which we trade;
- delivering consistent quality customer service;
- everyday lowest prices (will beat any price or quotation);



Richard Molewa from Makeke Primary School opening the Groblersdal store - August 2004

Chief executive's report

continued

- stocking quality product fit for purpose (never sell seconds);
- always in stock;
- convenient and dependable delivery service at each store; and
- management and staff trained, passionate about quality service to each customer and the Cashbuild business.

Cashbuild's customer strategy has encouraged and enabled communities to build, renovate, repair and decorate their homes and businesses. Cashbuild is without doubt the first choice retailer of building materials throughout southern Africa.

Cashbuild will continue to deliver sustainable growth through well developed business models, its people, cash flow and information technology, and grow profitable market share by continuing to employ and challenge the right people, plus the careful selection of value-adding outsource business partners.

Our proven methods of communicating to all our customers will continue, together with greater emphasis on exposing more people to Cashbuild and how to carry out their own home building and improvements through written simple steps, the production of instruction videos and the broadcasting of "Cashbuild Building Your Dream" series on SABC 2 for 11 weeks.

Our chosen outsource professional specialised retail advertising partner works effectively and carries out regular customer surveys throughout our stores which enables our company to be proactive in establishing shopping trends and customer expectations.

MANAGING THE BUSINESS AT STORE LEVEL

Cashbuild is totally customer focused and our stores are located, merchandised, stocked, staffed and equipped to meet the needs of a particular store customer base.

Revenue and overhead expense budgets, together with business plans, are developed each year by the store manager for presentation in detail, by the appropriate divisional manager to the operations manager and the executive directors prior to submission to the board for approval. Operations, divisional and store managers are held accountable for delivery of their budgets.

Store systems are in place to enable the store and divisional manager to monitor performance from summary to detail levels enabling swift corrective action.

Product ranging selection and selling price setting are the responsibility of the store manager under the strict control of the relevant divisional manager, who is fully conversant with company pricing policy and local market needs.

The operating of stores has been greatly simplified, tram-lined and disciplined by the introduction of a standard store layout, product ranges which are adjusted by line items based on previous revenue and planograms (which provide detailed product line positioning on racks). Racking is designed to cater for products and incorporates a product display and a "How to Use" guide for customers.

Each store reports daily on its performance. The relevant divisional manager carries out a performance review on a monthly basis and formal two-day store visits at least eight times per year.

PROTECTION AND MANAGING OF ASSETS

At Cashbuild, growing a successful business is about day-in and day-out managing and protection of assets.

During the recent past Cashbuild has developed and implemented policies, processes, procedures and disciplines which are incorporated in "The Cashbuild Way" (aligned with ISO 9001 quality standards) ensuring the protection of assets.



Chief executive's report *continued*



Each Cashbuild store carries approximately 3 200 different line items varying in size from 13.2 metres of corrugated iron to 100 mm carpentry pencil, with a price range of 75 cents for a brick to R4 000 for a quality 5 000 litre water tank.

All stock is checked and tracked from point of receipt (Cashbuild takes ownership) to point of sales or delivery to customer's residence (customer takes ownership). Between these two stages there are varying time scales and processes for handling and stocking the product. These processes, which are incorporated in "The Cashbuild Way" are designed to eliminate product damage and stock loss (shrinkage).

Cashbuild has developed and instituted policy processes and procedures to ensure that every line item in each store is counted on a cyclical basis not exceeding six weeks, with lines recognised as vulnerable, counted daily. All variances are investigated by store management. Wall-to-wall stock counts take place in every store at least once per quarter. Unsatisfactory variances result in immediate investigation, which could lead to the imposition of monthly stock counts, disciplinary action, and possible dismissals. As a result of our zero tolerance of breaches of company procedures, Cashbuild has reduced shrinkage to 0.4% of revenue and has maintained this level for the past four years.

In line with good corporate governance and to ensure there is limited room for non-adherence, Cashbuild's internal audit and loss prevention department periodically carries out a five day extensive audit at each store at least three times per year. Non-compliance with company policy and "The Cashbuild Way" is addressed swiftly by the appropriate line management. The Cashbuild internal audit manager reports directly to the chief executive and also reports at all audit committee meetings.

Cashbuild is proud to be recognised as a cash business, but this requires discipline in cash handling and recording policies, processes and procedures. Each night cash is reconciled with daily sales and again within two working days of the return of banking slips.

Strict segregation of duties is in place in paying out money, whether for payrolls or creditors.

The entire company is subjected to a full external audit each half-year, carried out by PricewaterhouseCoopers Inc. prior to publication of results.

SUPPORT OFFICE MANAGEMENT

Cashbuild support office is located, equipped, staffed and managed to support the stores and operations management as they strive to grow profitable market share. All costs associated with running the support office are challenged and allocated to each store in line with a strict transfer pricing accounting policy. As per stores, support office department heads and line management are responsible for submitting detailed budgets to the executive directors for scrutiny and justification prior to presentation to the board for approval.

Department and line management are accountable for managing their budgets plus achieving the objectives and goals of the department function.

The total personnel based in support office is 126 and the total cost of running the support office including professional and audit fees for the year under review was R40.8 million (3% of revenue).

MANAGEMENT STRUCTURE

Cashbuild's success is attributable to its business and people culture, work ethic and in particular, living what we preach. Wherever possible we promote

Chief executive's report

continued

from within, appointing the right people for the job, empowering management to make decisions, creating a culture where everyone takes responsibility and accountability, constructively challenging and taking swift corrective action for non-compliance with policy or falling short in terms of service level agreements. It is our policy to openly recognise and acknowledge a job well done together with long-term rewards for excellence.

"The Cashbuild Way", managing and holding outsourced partners responsibly, together with the culture of doing things right first time, is enabling and supporting the business to grow on all fronts without creating additional and unnecessary layers of management.

Our current 17 divisional managers (another four in training) are driving our business forward, backed by a competent and capable support office team and professional outsource partners.

The flat management structure works effectively at Cashbuild.



Promotion from within the company is expected and widely practiced. During the past year nine divisional managers, 19 store managers (of which two are women) were promoted from within the company and there are currently 25 store managers (including 10 women) in training.

THE MARKET

The market for the supply of quality building material is worth in the region of R30 - R60 billion per annum and is being driven forward on many fronts, for example (and in no particular order):

- the feel good factor and positive vibe from most people throughout our country;
- the ability to obtain title or formal permission to occupy land on which to live and build a home;
- the majority of the population having cash or access to funds to build or extend their homes; and
- owning or buying a family home is very high on the list of aspirations of the people and comes before a car or other luxuries. Where the cell phone was a must three years ago, today a home is more important.

STORE EXPANSION/RELOCATION/REFIT

Cashbuild is committed to the continual growth of its profitable market share. Critical to the success of our business are the number of stores, store locations and product presentation.

Cashbuild plans to add a minimum of 10 extra stores per year. New stores are approved only when identified locations show clear potential to meet strict financial and operational criteria.

During the period under review 12 new stores were added and one store relocated, bringing the total number of stores trading at year-end to 124. Since



Chief executive's report

continued

the year-end a further two stores were opened, bringing the total to 126 trading as at the end of August 2004. The existing store base is constantly reviewed and critically analysed as leases come up for renewal. At that time, a decision is made on whether to extend the lease or relocate to a site with greater potential. Since year-end one store (Groblersdal) has been relocated.

Cashbuild plans to refurbish/upgrade all stores on a rolling five-year period. During the year under review four stores (King Williams Town, Rustenburg, Witbank and White River) were refurbished and the Tzaneen store shortly after year-end. Since completion of their refurbishment all five stores have traded in line with and ahead of expectations. As at the end of August 2004, four stores were in the process of being refurbished, with a further 15 in different stages of planning. Refurbishment is approved only if it meets strict operational and financial criteria.

PRODUCT

Suppliers

Cashbuild has a policy of supporting local suppliers in the areas in which we trade, thus offering local employment and distribution of wealth, provided these local suppliers are capable and committed, together with our support, to provide a predictable supply of quality products at competitive prices.

Cashbuild also purchases products from national brand suppliers. Due to the demographic spread of our expanding store base, the number of suppliers who supply a product range to all stores is limited. These suppliers are selected based on their ability to produce and deliver timeously, products of consistently high quality at competitive prices direct to a selection of stores.

Supply chain management

Availability of all ranged products in all our stores is critical to Cashbuild's success and is top of mind awareness.

To avoid any misunderstanding and in the interests of good practice, all our suppliers are given written contracts, setting out Cashbuild's commitment and responsibilities with regard to product supply, trading and payment terms.

To ensure continuity of product supply to all our stores, Cashbuild gives each supplier a volume commitment by line item and a rolling three-month forecast. Delivery lead times are specified for each store and failure to comply will lead to corrective action and possible de-listing of a non-performing supplier. Importing of products is a last resort and is considered only when local manufacturers are incapable or unwilling to supply quality product (fit for purpose) on a dependable basis at competitive prices.

PRODUCT BRANDS AND PRODUCT PRICE

Cashbuild is committed to supplying its customers with quality product (fit for purpose) at competitive and value-for-money prices everyday and does not offer limited special offers or otherwise debase the market. The customer must always be able to obtain quality building materials wherever required, at the lowest prices. Cashbuild is committed to meeting and fulfilling the local customers' needs. Recognised quality brands are always important. The market is driven by the consumer with aspirations and the need to get value for money. The Cashbuild brand is strong and is respected as a retailer of quality and integrity.

During the past five years we have developed Cashbuild branded quality products to meet the needs of customers at competitive prices.

PRICE INCREASES AND THE CONSUMER

Whilst little or no inflation was experienced during the year under review, this has not been the case with steel, timber and in some instances cement. Once again suppliers of these three critical structural ingredients are applying in excess of inflation price increases which is, to say the least, disappointing.



"Art-at-Heart" prize giving at Mkhuhlu - May 2004



Chief executive's report *continued*



EMPLOYEES AND MANAGEMENT

Cashbuild employs 1 978 excellent permanent full-time people who have demonstrated through their understanding of our customers' needs that they are the right people for the Cashbuild business.

During the past 12 months Cashbuild has put in place an Employee Forum comprising staff and management across the entire business. The purpose of the forum is to identify business opportunities, eliminate any weaknesses, manage and protect all assets, develop our people further and have the resources to grow the company into the foreseeable future.

All our employees are fully trained and certificated to carry out the functions for which they are employed and are encouraged to become multi-skilled to enhance their prospects for career advancement throughout the company. Continued adherence to "The Cashbuild Way" (a quality standard aligned to ISO 9001) and the incentive and reward schemes based on revenue and profitable growth have improved productivity.

Cashbuild acknowledges and rewards exceptional performance throughout the business. In particular, the employees of the month in each store are recognised and there are annual prestigious awards for exceptional performance by individuals and teams throughout our business, including our outsource partners.

As mentioned earlier in my report, Cashbuild is proud that it can promote from the growing wealth of enthusiastic, committed and capable talent it has attracted over the years, and retained at all levels throughout the business.

The company continues to outsource its human resources and industrial relations support needs to a private specialist organisation, but line management is responsible for employment, training and development of all employees. Cashbuild strongly promotes and supports the training and development of its people.

At Cashbuild, an employment equity task team, comprising employees of all occupational categories and levels, is the custodian of the employment equity plan, as submitted to the Department of Labour. The plan is reviewed regularly and reports progress to the board. Cashbuild is proactively committed to the principles promoted by The Employment Equity Act.

I am extremely proud of our employees and it gives me a great feeling of pride to meet such committed, dedicated and good people when I visit our stores and other work places throughout our organisation. I am confident that, with this unrelenting commitment from our people, our company will continue to deliver sustainable growth into the future for the benefit of all Cashbuild stakeholders.

Absenteeism for the year under review was 1% with staff turnover excluding dismissals of 9%. Whilst these statistics are better than the industry norm, there will be incentives put in place to improve.

An employee satisfaction survey is conducted twice yearly, with strategic matters referred to board level and operational matters handled by line management.

All employees are informed of developments within Cashbuild through a weekly newsletter.

Chief executive's report

continued

TRANSFORMATION AND SOCIAL IMPACT

Cashbuild is committed to the principles of empowerment and transformation throughout the organisation. The geographical distribution of the Cashbuild stores provides us with a richly diverse workforce. We focus on recruiting local people into all our stores and employ all divisional managers from the regions in which we trade.

Cashbuild continues to give preference to the use of local suppliers and is planning to increase its support of black economic empowerment initiatives. Cashbuild is continuing a programme that initiates projects in the communities within which we trade, offering entrepreneurs the opportunity to produce bricks, blocks and lintels. These products are then purchased and on-sold by Cashbuild. Cashbuild also currently offers glass-cutters and fitters the opportunity to work on Cashbuild premises and in this way provides a service to Cashbuild customers and supports local job creation. These and other projects will continue to be supported by Cashbuild as we contribute to the development of the communities surrounding our stores.

Cashbuild's vision recognises the need to make a positive contribution to every community in which we trade and we consider involvement in selected community projects to be a key aspect of our mission. Responsibility for corporate social investment initiatives has been delegated to divisional management.

HIV AND AIDS

Recognising the impact that HIV and AIDS could have on the organisation, Cashbuild has approved a corporate HIV and AIDS strategy and an actuarial impact analysis has been developed from this strategy. Cashbuild has also obtained the services of a short-term project co-ordinator with many years of experience in this field. The co-ordinator reports directly to the finance director and has the responsibility to initiate the strategic programme and train a

replacement to take over project management responsibilities at the end of the contract.

The first phase of the strategy was the performance of an actuarial impact analysis, which took place during the previous year. An estimation from the study shows a prevalence rate of 13%, with a high concentration in the lower job grades. This estimate was based on national and provincial models, the demographic composition of the workforce, and the experience of the actuaries. A second phase of the study will measure the impact of HIV and AIDS on Cashbuild's markets. This analysis will take place within the coming financial year.

The financial impact to Cashbuild of employee benefits and health care is strictly contained by Cashbuild's "cost to company" compensation package. It is expected that the costs of these benefits will increase as HIV and AIDS escalates, but Cashbuild's participation in the increased costs is contained and will be completely discretionary.

The HIV and AIDS strategy going forward incorporates the following important steps:

- an HIV and AIDS committee and working group have been established. Members of these forums include directors and senior executive management, as well as staff at all levels of the business. All decisions with regards to policy, interventions, and roll-out of the finalised HIV and AIDS strategy will be the responsibility of these forums;
- determination of the HIV and AIDS policy within the group;
- determination of the final operational strategy and the relevant interventions;
- roll-out mechanisms; and
- investigating partnership with the government and with private and non-governmental organisations to support the process.



Feathered dancers at the opening of Acornhoek - November 2003

Chief executive's report

continued

OCCUPATIONAL HEALTH AND SAFETY

As chief executive, I understand and perform my role as custodian of occupational health and safety. In fulfilling my duty I have delegated responsibility to all levels of staff within the organisation. This has been achieved through proper training of staff by the company's outsource partner with specialist skills in health and safety. A health and safety representative has been appointed and a first-aider is appropriately trained and qualified at each store. The outsource partner provides the audit guidelines and checklists for ensuring compliance with all issues, as well as legal requirements. With the use of the guidelines and checklists, internal audits are performed to ensure compliance. Cashbuild maintains its commitment to applicable legal occupational safety and health requirements. No breaches of the legal requirements were identified during the year under review.

ENVIRONMENTAL IMPACT

Our business puts demands on natural resources and we are aware of the need to educate both our consumers and suppliers in the best management of these resources throughout their lifecycle. Cashbuild seeks to ensure that, to the best of its ability, its activities and those of its suppliers have minimal adverse environmental impact. Cashbuild has developed a corporate governance handbook, which contains key environmental guidelines, policies and a number of possible interventions. At the board's strategic planning session in December 2004 the board will deliberate and structure Cashbuild's most appropriate approach to environmental protection.

INNOVATIONS, "THE CASHBUILD WAY" AND EMPLOYEE FORUM

Continued improvement and finding smart ways of doing business are part of the Cashbuild culture. Cashbuild has in place a process aligned with the ISO 9001 quality standard known as "The Cashbuild Way" which is designed to formalise change, improvement and innovation, and to ensure compliance with

these set standards throughout the organisation. This greatly benefits the workflow and quality of output and is resulting in greater customer satisfaction in all aspects of our business.

During the past 12 months Cashbuild has put in place an Employee Forum comprising staff and management across the entire business. The purpose of the forum is to identify business opportunities, eliminate any weaknesses, manage and protect all assets, develop our people further and have the resources to grow the company into the foreseeable future.

CASHBUILD CODE OF ETHICS

Cashbuild has a documented Code of Ethics with which all employees are expected to comply. The code is effectively enforced throughout the organisation by the board, and by all line management. As chief executive, I have overall responsibility for ethical behaviour within Cashbuild. Line management throughout the organisation is responsible for ensuring compliance with the company's Code of Ethics.

Each store and support office department facilitates communication and training programmes for employees on values, standards and compliance procedures. Proficiency in these areas is taken into consideration when assessing the suitability of prospective employees and candidates for promotion, and in delegating discretionary authority. Cashbuild adopts a zero-tolerance approach to non-adherence of our Code of Ethics. Any employee found behaving in a manner contrary to our Code of Ethics is subject to disciplinary proceedings, which can lead to dismissal. 175 employees were dismissed from the company's employment as a result of such proceedings during the year under review, as against last year's 59. These dismissals relate to fraud, unauthorised removal of company property, absenteeism, non-conformance to company policy and procedures and non-adherence to Cashbuild's Code of Ethics.



Chief executive's report *continued*

Cashbuild has contracted Tip-offs Anonymous, which provides a secure system for the reporting of unethical or risky behaviour. This in turn assists the internal audit and loss prevention department with the monitoring and auditing of compliance with our Code of Ethics.

PROSPECTS

Cashbuild now has 126 stores, all trading successfully, and is in its best ever position to grow profitable market share.

Our experienced operations manager and the current 17 divisional managers are focused on improving results in existing stores while adding new stores on a planned and controlled basis.

Cashbuild's experienced and well managed procurement department concentrates on sourcing quality products at competitive prices to meet our customers' needs.

Our small but efficient store development team (four people) is professional and qualified to cater for our store expansion and refit programme.

The need for quality building materials is growing. As the rate of new home-building increases in all the countries in which we trade, the market is further enhanced as home owners' aspirations lead them to extend and improve their current structures. Each of our host country's governments is committed to supporting home ownership and this will continue to increase the size of the market.

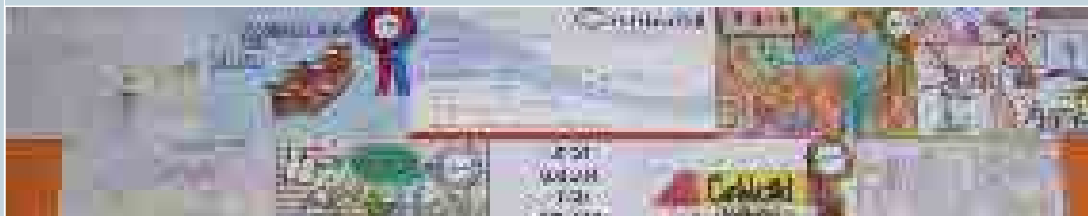
Cashbuild's culture of excellence and commitment will continue to have a positive impact on the profits of the organisation, leading to improved growth for the foreseeable future in returns for all our stakeholders.

COMMUNITY RELATIONS

Cashbuild is committed to the upliftment of all the communities in which we trade, employing staff, utilising contractors, and purchasing product and services.

For each new/relocated/refitted store opened, Cashbuild donates building materials on average, to the value of R50 000 to build or extend schools within the community. During the past 12 months Cashbuild has donated building materials to the value of R804 000 to schools in southern Africa.

Store	New/ refitted	Date	No. of schools	Total R
1 Middelburg	New	17 July 2003	5	50 000
<i>Nyenye Combined School</i>				10 000
<i>Sizani Combined School</i>				10 000
<i>Middelburg Christian School</i>				10 000
<i>Makhathini Combined School</i>				10 000
<i>Mount Nebo Primary School</i>				10 000
2 Protea Glen	New	24 July 2003	5	50 000
<i>Basa Primary School</i>				10 000
<i>Itemogele Primary School</i>				10 000
<i>Protea South Primary School</i>				10 000
<i>Parkside Primary School</i>				10 000
<i>Tholimfundo Primary School</i>				10 000
3 Elukwatini	New	1 Aug 2003	5	50 000
<i>Diepgezet Primary School</i>				10 000
<i>Dlomodlomo High School</i>				10 000
<i>Elukhanyeni Primary School</i>				10 000
<i>Letsakuthula Primary School</i>				10 000
<i>Siyeta Primary School</i>				10 000
4 Boksburg	New	30 Oct 2003	7	49 000
<i>Arbor Primary School</i>				7 000
<i>Martin School</i>				7 000
<i>Laerskool Baanbreker</i>				7 000
<i>Laerskool Northmead</i>				7 000
<i>Summerfields Primary School</i>				7 000
<i>St. Dominic's School for Girls</i>				7 000
<i>Wit Deep Primary School</i>				7 000



Chief executive's report

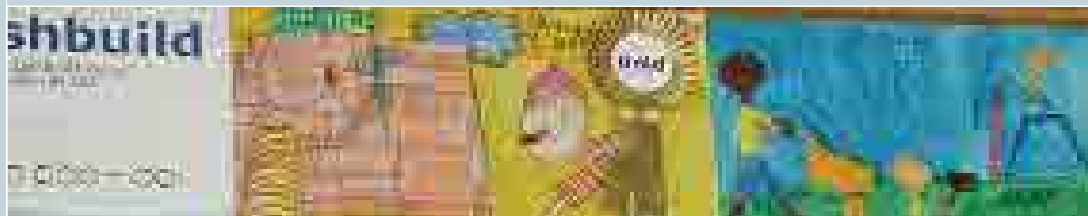
continued

Store	New/ refitted	Date	No. of schools	Total R
5 Rustenburg	Refitted	5 Nov 2003	6	75 000
Fields College				12 500
Laerskool Rustenburg				12 500
Laerskool Vastrap				12 500
Laerskool Proteapark				12 500
Tsitsing Primary School				12 500
Seolo Junior Secondary School				12 500
6 Acornhoek	New	28 Nov 2003	5	50 000
Funjwa Primary School				10 000
Lumukisa Preparatory School				10 000
Chue Lower and Higher Primary School				10 000
Eckson Masotja Primary School				10 000
Maphuthaditshaba Secondary School				10 000
7 Thulamahashe	New	29 Nov 2003	5	50 000
Flora Phophe Primary School				10 000
Wisani Primary School				10 000
Daniye Primary School				10 000
Mpikaniso Primary School				10 000
Sabeka Primary School				10 000
8 White River	Refitted	29 Nov 2003	4	40 000
Kamagugu Inclusive School				10 000
Siyafundza Primary School				10 000
Easthigh College of Excellence				10 000
The Kings School				10 000
9 Witbank	Refitted	29 Jan 2004	5	50 000
Laerskool Klipfontein				10 000
New Harvest Primary School				10 000
Moruti Makuse Primary School				10 000
Laerskool Kragbron Primary				10 000
Khayaletu Intermediate School				10 000
10 Mitchell's Plain	New	26 Feb 2004	7	50 000
A.Z. Berman Primary School				12 000
Oval North Secondary School				8 000
Caradale Primary School				6 000
Caravelle Primary School				6 000
Beacon View Primary School				6 000
Hazeldene Primary School				6 000
Jamaicaway Primary School				6 000

Store	New/ refitted	Date	No. of schools	Total R
11 King Williams Town	Refitted	23 April 2004	4	50 000
Stutterheim Primary School				12 500
West Bank Primary School				12 500
Zwelitsha Senior Primary School				12 500
Bisho Lower Higher Primary School				12 500
12 Phalaborwa	New	6 May 2004	5	50 000
Laerskool Phalaborwa				10 000
Vuxeni High School				10 000
Meridian College				10 000
Mashavela Primary School				10 000
Drakensig Primary School				10 000
13 Humansdorp	New	13 May 2004	3	50 000
Nico Malan High School				20 000
Jeffrey's Bay Primary School				15 000
Vukani Combined School				15 000
14 Mkhuhlu	New	28 May 2004	8	80 000
Makhosana Manzini High School				10 000
Matikwana Primary School				10 000
Mkhumbini Primary School				10 000
Homuzeya Primary School				10 000
Mbatini L.P. School				10 000
Hokisa Primary School				10 000
Magashule L.P. School				10 000
Shalamuka Primary School				10 000
15 Botlokwa	New	3 June 2004	6	60 000
Makgato High School				10 000
Letheba Senior Secondary School				10 000
Maswahlene Junior Primary School				10 000
Kgwadu Primary School				10 000
Mosima Primary School				10 000
Searle Secondary School				10 000
Total			80	R804 000



Pat Goldrick with members of the Thulamahashe community - December 2003



Chief executive's report *continued*

The donation of building materials is strictly controlled and is only allocated to selected schools in need in each area when a new store is opened, relocated or refurbished.

Cashbuild is proud to be associated with such development and we look forward to eventually employing students from the schools we have helped to develop.

THANK YOU

Once again, Cashbuild management and all its employees have worked exceptionally hard and smart to produce exemplary customer satisfaction and again, grow profitable market share.

The entire team has worked cohesively with commitment and pride to take Cashbuild to the current levels, whilst having fun in the process.

I am proud of my Cashbuild team and say with sincerity and pride a big "thank you" to each and every employee and I look forward with great confidence and expectation to the years ahead.

To our outsource partners, you kept us all professionally advised and helped us in our striving for excellence and smarter ways. Your knowledge, hard work, expert contributions and patience have done you proud. Well done and thank you.

To suppliers of products and contracting services, our companies' constructive challenging working relationships are going from strength to strength. I sincerely thank you for your commitment and willing support and I look forward to our mutual profitable future growth together.

To our customers, a particular "thank you" for the many times you shopped in our stores. We at Cashbuild are committed to bringing you quality products at the best price every day in each of your communities.

A blue ink signature of P K Goldrick.

P K GOLDRICK

Chief executive

23 August 2004



Directorate



EXECUTIVE DIRECTORS

PAT GOLDRICK (55) (Irish)

Chief executive

Appointed 19 August 1996

- Over 40 years of retail experience with Thomas Archer Ltd and Joseph Murphy Ltd - Ireland
- Selfridges Ltd, J W Carpenter Ltd and The Wickes Group - U K and since 1996, Cashbuild Limited

CRAIG DALY (37)

Finance director

CA (SA)

Appointed 1 December 2000

- Completed board exam 1990 and completed articles with KPMG
- 10 years experience in commerce working for AECL, Afrox, Malbak before joining Cashbuild Limited in 2000

NON-EXECUTIVE DIRECTORS

DONALD MASSON* (73)

Chairman

ACIS

Appointed 22 June 1988

- Has 36 years experience as CEO, director and chairman of companies in a variety of business sectors and parastatals
- Currently a director of Bidvest, Faritec and McCarthy Ltd
- Serves as a trustee on various pension funds and share trusts

FRANCOIS ROSSOUW* (67)

CA (SA)

Appointed 7 May 2001

- Prior to his semi-retirement in 2001, was a senior executive and member of the board of Oceana, Fedfood, Premier Group, Checkers, and The Airports Company
- Joined Cashbuild Limited in 2001 and remains a director of various private companies

JEFF MOLOBELA (48)

BSc Eng (Hons), MBA

Appointed 1 September 2004

- Chief executive of Black Top Holdings, market leaders in the road construction industry
- Has extensive experience in financial services in SA, Europe and the USA
- Currently serving as non-executive director on the boards of Growthpoint Properties Ltd, Decillion Ltd and N3TC Ltd

NOMAHLUBI SIMAMANE (45)

BSc Chemistry and Biology

Appointed 1 September 2004

- Has extensive marketing and advertising experience both locally and internationally
- Has served on the boards of the Association of Advertising Agencies (AAA) and Product Marketing Services (PMS), and has served as a member of Executive Operations Committee, ASA's Advertising Properties Committee and UNEP's Advisory Committee. A member of the Women's Housing Association
- Currently serving on the boards of Primedia, Oxygen Tank, SA Advertising and Research Foundation and Vega Brand Communication School

* Audit, Remuneration and Nomination Committee member



From left to right: Francois Rossouw, Pat Goldrick, Craig Daly and Donald Masson

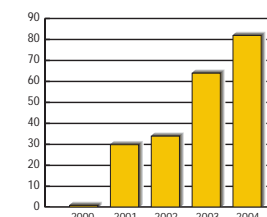


Group five year financial review

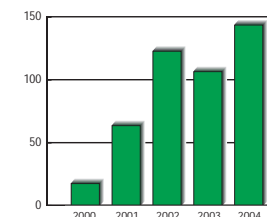
R'000	Five year compound growth % p.a.	2004 (52 weeks)	2003 (52 weeks)	2002 (52 weeks)	2001 (53 weeks)	2000 (52 weeks)
GROUP INCOME STATEMENT						
Revenue	12	1 635 233	1 394 783	1 122 692	982 544	955 576
Profit/(loss) before taxation	44	89 890	73 396	39 692	26 365	(143)
Attributable earnings	42	53 329	45 552	24 890	15 797	(1 770)
GROUP BALANCE SHEET						
Shareholders' funds	20	168 343	128 276	94 408	77 044	61 574
Minority interest	27	16 570	11 918	8 266	6 431	4 180
Interest-bearing borrowings	(49)	492	63	178	279	3 105
TOTAL EQUITY AND INTEREST-BEARING BORROWINGS						
	16	185 405	140 257	102 852	83 754	68 859
Tangible and intangible assets	17	111 852	75 551	50 737	47 359	45 794
Net deferred tax asset	(26)	247	2 800	2 276	2 586	4 110
Loans receivable	-	-	-	-	505	2 765
Current and non-current assets	17	468 102	398 081	364 077	266 986	244 150
TOTAL ASSETS	17	580 201	476 432	417 090	317 436	296 819
CURRENT LIABILITIES	17	394 796	336 175	314 238	233 682	227 960
NET ASSETS	16	185 405	140 257	102 852	83 754	68 859

Prior year comparative figures have been adjusted for the consolidation of The Cashbuild Share Incentive Trust.

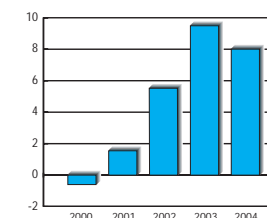
**Operating profit
(Rm)**



**Cash and cash equivalents
(Rm)**

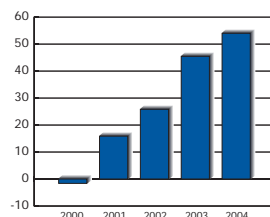


**Net financing income
(Rm)**

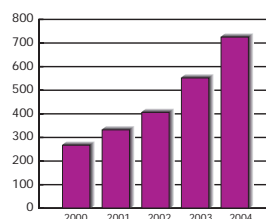


Group five year financial review

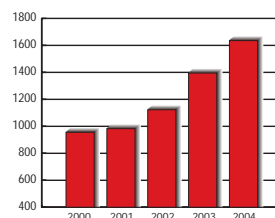
**Headline earnings
(Rm)**



**Net asset value per share
(cents)**



**Revenue
(Rm)**

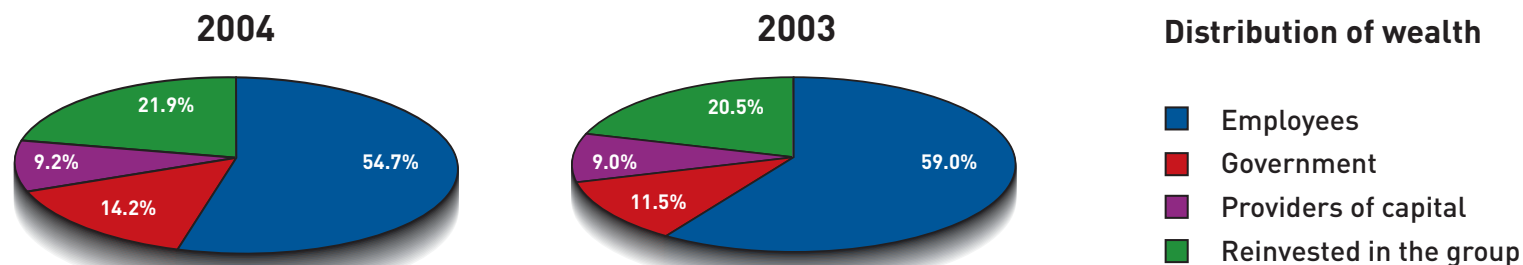


	Five year compound growth % p.a.	2004 (52 weeks)	2003 (52 weeks)	2002 (52 weeks)	2001 (53 weeks)	2000 (52 weeks)
Share performance (cents per share)						
Headline earnings	45	251.4	224.1	127.7	77.0	(7.5)
Dividends	39	78	65	35	24	-
Net asset value	20	725	552	406	332	267
Returns and productivity						
Profit/(loss) before tax on revenue (%)	28	5.50	5.26	3.54	2.68	(0.01)
Return on shareholders' funds (%)	18	31.68	35.51	26.36	20.50	(2.87)
Return on average capital employed (%)	21	35.96	40.91	29.03	22.79	(2.74)
Total asset turn (times)	(4)	2.82	2.93	2.69	3.10	3.22
Turnover per employee (R'000)	5	827	770	707	685	685
Profit before taxation per employee (R'000)	35	45	41	25	18	-
Total assets per employee (R'000)	10	293	263	262	221	213
Solvency and liquidity						
Dividend cover (times)		3.18	3.46	3.52	3.19	-
Current ratio		1.17	1.16	1.16	1.14	1.07
Debt equity ratio		-	-	-	-	0.05
Total liabilities to total shareholders' funds		2.35	2.62	3.34	3.04	3.84
Interest-free liabilities to total assets		0.68	0.71	0.75	0.74	0.77
Stock Exchange performance						
Number of shares in issue ('000)		23 225	23 225	23 225	23 225	23 225
Market price						
- high (cents)	40	2 300	1 445	489	350	410
- low (cents)	51	1 430	435	220	95	200
- at year-end (cents)	50	2 300	1 435	435	220	350
Price earnings ratio at year-end	4	9.26	6.39	3.53	2.87	-
Market capitalisation at year-end (R'000)	50	534 171	333 276	101 028	51 095	81 288
Other statistics						
Number of employees		1 978	1 812	1 589	1 435	1 396
Number of stores		124	113	102	98	94

Prior year comparative figures have been adjusted for the consolidation of The Cashbuild Share Incentive Trust.



Group value-added statement



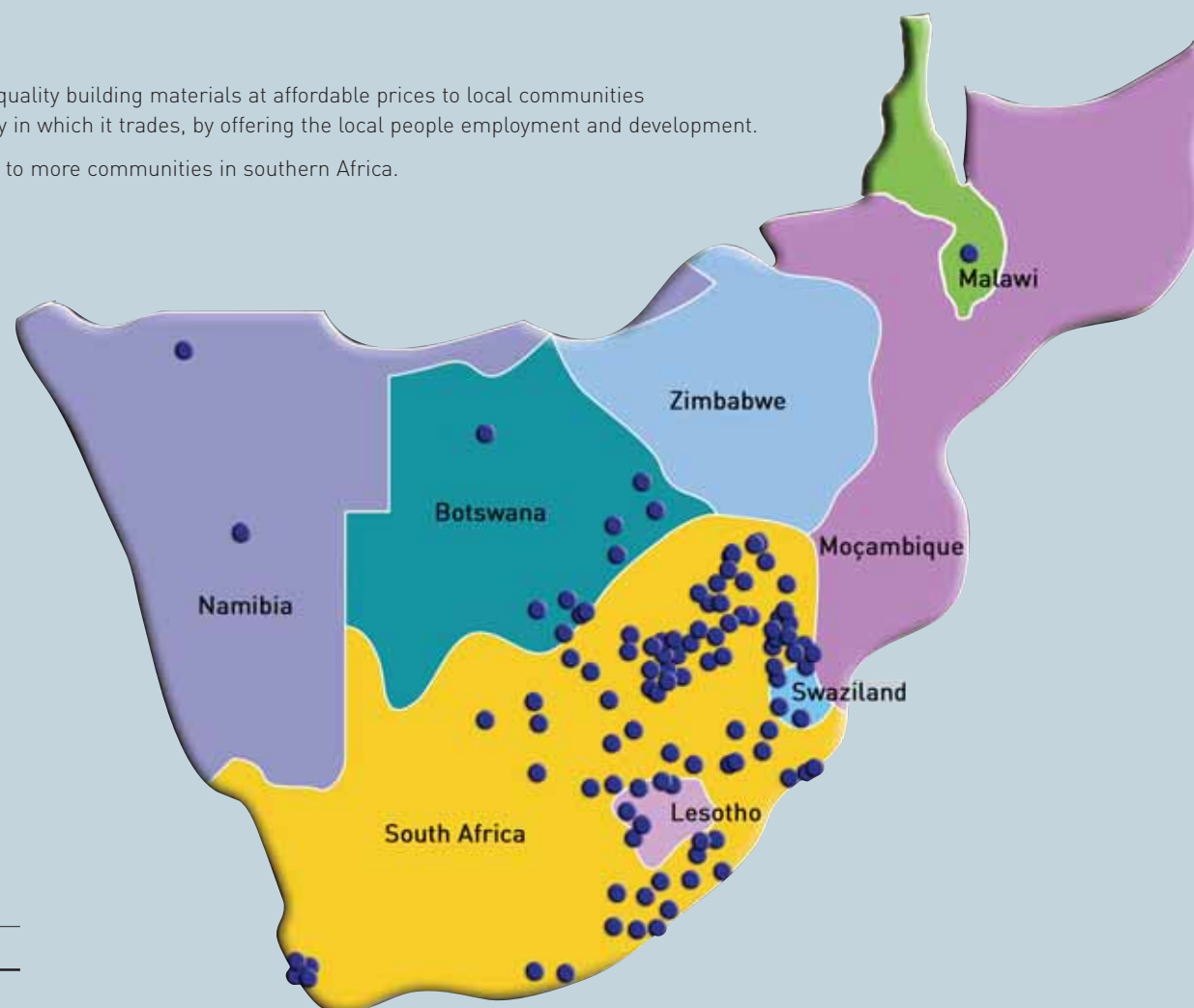
R'000	2004	%	2003	%
Revenue	1 635 233		1 394 783	
Less: cost of merchandise and expenses	(1 419 381)		(1 204 904)	
Value added from trading operations	215 852		189 879	
Interest received on investments	8 683		10 040	
Total wealth created	224 535		199 919	
To employees - salaries and benefits	122 773	54.7	117 810	59.0
To government - company taxation:	31 909	14.2	23 052	11.5
- Normal	27 105	12.1	23 593	11.8
- Deferred	2 535	1.1	(541)	(0.3)
- Secondary tax on companies	2 269	1.0	-	-
To providers of capital:	20 633	9.2	18 025	9.0
- Dividends to shareholders	15 300	6.8	12 682	6.3
- Interest on borrowings	681	0.3	551	0.3
- Minorities' interest	4 652	2.1	4 792	2.4
To retain for reinvestment in the group:	49 220	21.9	41 032	20.5
- Depreciation, amortisation and impairment of property	11 191	5.0	8 162	4.1
- Income retained in the business	38 029	16.9	32 870	16.4
Total wealth distribution	224 535	100.0	199 919	100.0

Cashbuild outlets

Cashbuild positions its stores to bring quality building materials at affordable prices to local communities and strives to enhance each community in which it trades, by offering the local people employment and development.

Cashbuild plans to expand its business to more communities in southern Africa.

Number of outlets	2004	2003
South Africa	100	90
Botswana	10	10
Lesotho	6	6
Swaziland	5	5
Namibia	2	2
Malawi	1	-
Total	124	113



Divisions, stores and managers



CAPE TOWN DIVISIONAL MANAGER - BILLY FOURIE

BRACKENFELL - NAUDE BLIGNAUT
PHILLIPI - MOHAMMED GHANY
MITCHELLS PLEIN - LEON ABRAHAMS
MONTAGUE GARDENS - RAVI CHETTY
STRAND - ROEBINA HENSHAW-DANN*

EASTERN CAPE DIVISIONAL MANAGER - JEFF MAAS

DAKU - ANGUS CARELSE
HUMANSDORP - PIERRE FOURIE
UITENHAGE - ADRIENNE KOOPMAN

BORDER DIVISIONAL MANAGER - CROUS DE BEER

ALICE - JULIET JANSEN
BUTTERWORTH - MYEZA MANA
COFIMVABA - JOHNSON DLAMINI
EAST LONDON - MARK SUTHERLAND
ENGCOBO - PAUL TSHATSHU
KING WILLIAMS TOWN - EDDIE PROLLIUS
QUEENSTOWN - DRIES VAN DER WALT

TRANSKEI DIVISIONAL MANAGER - MANOJ RAMBOROSA

KOKSTAD - GOODMAN NKOSIYAPANTSI
LUSIKISIKI - TERENCE BILOSE
MATATIELE - THEO JANTJIES
MOUNT FRERE - BERNO MACCARIO
UMTATA CENTRAL - WAYNE THURSTON
UMTATA - MARILYN GOODMAN*

FREE STATE DIVISIONAL MANAGER - GERRIT VILJOEN

BLOEMFONTEIN - CHARLES SNOER
BETHLEHEM - NEELS HERBST
FICKSBURG - GERHARDT STRYDOM
KROONSTAD - HENTIE KRIEL
QWA QWA C/B - JOHN VAUGHN
QWA QWA H/C - GLEN GILBERT
STERKSPRUIT - JAN DE BEER
THABA 'NCHU - JOHNNY NHLAPO
WELKOM - CROUS KRUGER

NORTHWEST/NORTHERN CAPE DIVISIONAL MANAGER - GERT PRETORIUS

KIMBERLEY - JACO MARITZ
KLERKSDORP - THYS SMITH
LICHTENBURG - KOBUS NORTJE
MAFIKENG - PETER MOGOJE
MMABATHO - SAM PEJANE
MOTHIBISTAD - ROLAND LUCAS
TAUNG - STEVEN SMIT
VRYBURG - JOHAN VAN DER WALT

NORTHERN NATAL DIVISIONAL MANAGER - WAYNE GRAVEN

EMPANGENI - ROB COLLUM
ESHOWE CENTRAL - TOMMY NAIDOO
LADYSMITH - CHRISTO STRYDOM
NEWCASTLE - ELLIOT NGEMA
NQUTU - THEMBA DLAMINI
PONGOLA - AGRIPPA BIYELA
RICHARDS BAY - GRAHAM PAGEWOOD
VRYHEID - MARK WILLIAMS

MPUMALANGA DIVISIONAL MANAGER - ANDRÉ VAN DER WALT

BURGERSFORT - REUBEN MOTHUTSI
ELUKWATINI - HENRY MATHEBULA
KABOKWENI - BONGANI LEYANE
KAMHLUSHWA - ZODWA KHUBAYI
NELSPRUIT - RIAAN DEDEKIND
NAAS - ALEX MABUZA
SCHOEMANSDAL - BABILE MBAMALI
STEELPOORT - AMOS NARE
WHITE RIVER - ANDRE VAN DER MERWE

LIMPOPO SOUTH DIVISIONAL MANAGER - ANDRÉ VAN DER WALT/WILLY MOTAUNG**

ACORNHOEK - FANIE MAKOFANE
BUSHBUCKRIDGE - MICHAEL MASHILE
HAZYVIEW - MDUDUZE MANTHINTSI
MKHUHLU CENTRAL - PETRUS NKUNA
MKHUHLU - ZODWA SITHOLE
PHALABORWA - WERNER SMIT
THULAMAHASHE - RICHARD KHOZA

* Acting store manager

** Divisional manager in training

Divisions, stores and managers

LIMPOPO

DIVISIONAL MANAGER - JOHAN LAMPRECHT

GROBLERSDAL	-	RENIER SMITH
KORINGPUNT	-	SCHOEMAN MAESELA
LEBOWAKGOMO	-	ARNOUS THABA
MALAITA	-	SONNY MOGADIME
MIDDELBURG	-	THYS SCHEEPERS*
SIYABUSWA	-	THELMA BOSHOMANE
TWEEFONTEIN	-	NOMUSA MALASA
WITBANK	-	WILLY FUNCHAL

LIMPOPO NORTH

DIVISIONAL MANAGER - BARRY JOHNSON

BOTLOKWA	-	REBECCA MAKGATO*
GIYANI	-	WYNAND LOMBARD
LOUIS TRICHARDT CENTRAL	-	MICHAEL NGUBENI
MUKULA	-	MAURICE MDABULA*
POLOKWANE CEN.	-	LEN RAUTENBACH
POLOKWANE IND.	-	BENNIE VAN DER MERWE
MOKOPANE	-	LEON WESSELS
SIBASA	-	PRINCE BALOYI
SIBASA H/C	-	CHRIS DEMANA
TZANEEN	-	PETER SELEPE*

CENTRAL EAST GAUTENG

DIVISIONAL MANAGER - BERNIE HARBANA

AEROTON	-	LEROY NGWENYA
BOKSBURG	-	PIETER VENTER
EDENVALE	-	POTIPHAR ESAU
HILLFOX	-	ZAIN MIA
KWA THEMA	-	FRANS MAHLANGU
SPRINGS	-	ARTHUR DESAI
VOSLOORUS	-	MUSA MKHWEBANE

GAUTENG WEST

DIVISIONAL MANAGER - TYRON MYBURG

HIGHGATE	-	ADIAAN RICHARDS
MEADOWLANDS	-	LEON VAN WYK
PROTEA GLEN	-	BRIAN FRAZENBURG
SEBOKENG	-	SARAH MDLULI
VEREENIGING	-	SUSAN HATTINGH

MALAWI

DIVISIONAL MANAGER - ANDRÉ VAN ONSELEN

LILONGWE	-	HENNIE ROOS
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GAUTENG/NORTH WEST

DIVISIONAL MANAGER - CLYDE HENRY

HAMMANSKRAAL	-	ANDREW MATJIU
LETHLABILE	-	TOBIAS WILLIS*
RUSTENBURG	-	JOHAN VAN DER MERWE
MOGWASE	-	EDWARD RAKGOKONG
MORETELE	-	JOHN MOREANA
HEBRON	-	ABRAHAM THUTLWA
MABOPANE	-	AHMED KHUMALO
PRETORIA WEST	-	GERT MARAIS
SILVERTONDALE	-	ROBERT HOFFMAN
SOSHANGUVE	-	MATHEW NTHITE

LESOTHO

DIVISIONAL MANAGER - NORBERT MOKOBORI

LERIBE	-	SIMON SEPHOFANE
MAFETENG	-	ARIEL LEKHOANA
MAPUTSOE	-	KHOMO KHOMONNGE
MASERU C/B	-	EVEN SELLO SELLO
MASERU H/C	-	SIDWELL MALEFETSANE
MOHALE'S HOEK	-	KENNETH KHATI

SWAZILAND

DIVISIONAL MANAGER - WAYNE GRAVEN/VUSI DLAMINI**

MANZINI	-	DES HENWOOD
MATSAPHA	-	SIMON NDZINISA
MBABANE	-	ALFRED TSABEDZE
NHLANGANO	-	THEMA MATSEBULA
TSHANENI	-	JANUARY NGWENYA

NAMIBIA

DIVISIONAL MANAGER - ROELF PRINSLOO

OSHAKATI	-	LUCKY NAMUPOLO
WINDHOEK	-	HENNIE RUST

BOTSWANA

DIVISIONAL MANAGER - TEFO DAMBE

FRANCISTOWN	-	SHATANI MAJUMANE
GABORONE WEST	-	CLEMENT MOOKETSI
GABORONE NORTH	-	EDWIN PHUTHEGO
JWANENG	-	MASEGO MABE
LOBATSE	-	NKOTSO PHETO
MAHALAPYE	-	KEFILWE MOALOSI
MAUN	-	BENSON RAMANGWEGAPE
MOLEPOLOLE	-	NTSHELELANG KELEBOPETSWE
SELEBI PHIKWE	-	ALEC MANDEVU
SEROWE	-	REUBEN SITHELO



Corporate governance



CORPORATE GOVERNANCE STATEMENT

Cashbuild complies in all material respects to the principles and spirit of the Code of Corporate Practices and Conduct contained within the King Report on Corporate Governance for South Africa 2002 ("King Report 2002"). Variations from compliance are outlined below. Directors are well briefed on the company's activities and active in the discharge of its direction and oversight. During the reporting year, the board commissioned a review of its governance practices to obtain a better understanding of the governance framework at Cashbuild. In the upcoming financial year, the board will embark on a formal process to address the recommendations provided by the review.

THE CONSTITUTION AND OPERATION OF THE BOARD OF DIRECTORS

Responsibility and compliance

The board is accountable and responsible for the performance and affairs of the company. The board has adopted a charter outlining its responsibilities. The Cashbuild board takes responsibility for guiding and monitoring compliance with all applicable laws, regulations and codes of business practice. The board delegates responsibilities for compliance on an operational basis to senior management and maintains oversight thereof. It has defined levels of materiality for the business and has delegated relevant matters to senior management based on detailed authority levels. The board believes it has full and effective control over the company and oversight of management activities.

Board constitution

Cashbuild operates a unitary board, consisting of two executive and four independent non-executive directors, one of whom is the board chairman. Mr J Molobela and Ms N Simamane joined the board as independent non-executive directors effective 1 September 2004 (summary resumés are provided in the directors' report on page 22). The new directors will participate in a thorough induction programme designed to familiarise them with the company's

operations and senior management. The board believes that the addition of two directors will enhance its capacity and add to the skills, experience and diversity of the board. Non-executive directors are sufficiently experienced and bring considerable insight and expertise to board deliberations. The board believes it has sufficient skills and experience to balance conformance to governance and entrepreneurial performance. The roles of chief executive and chairman are separated.

Company secretary

The company secretary provides guidance to the board as a whole and individual directors in the discharge of their responsibilities. The board believes that the company secretary is empowered to fulfill his duties and is satisfied that he discharges his responsibilities in a meaningful and complete manner.

Access to information

Directors have full and unrestricted access to all company information they require. Non-executive directors enjoy unrestricted access to executive management and meet with them to discuss company affairs on a frequent basis. All directors have unrestricted access to independent professional advice at the company's expense whenever necessary. No professional external advice was sought during the year under review.

Conflicts of interest

The directors are required to declare possible conflicts of interest on the register which is maintained by the company secretary for that purpose. There were no conflicts of interest declared during the year under review.

Succession planning

The board actively participates in the succession planning for key senior executive positions. The directors periodically discuss succession planning among themselves and are comfortable that in the event of executive and senior management transition, plans are in place to ensure smooth transition.

Corporate governance

continued

Directors' appointments

Directors are appointed and re-appointed on a staggered, rotational basis on a three-year cycle by shareholders. Full details of the board, including summary resumés are listed on page 22 of this report.

Other directorships

Executive directors do not hold other directorships outside the Cashbuild group, other than in relation to companies established relating to the structure of their personal finances. The board believes that other directorships held by non-executive directors do not affect their ability to fully discharge their responsibilities as Cashbuild directors. Details of other directorships held by Cashbuild directors are provided on page 22 of this report.

Board meetings

The board met four times during the year under review. All directors are encouraged to attend each meeting and gatherings where their presence is required. Board members are well-briefed in advance of each board meeting. Details of board attendance for the year under review are included in the directors' report on page 41.

Board committees

The board has established three board committees covering defined aspects of its responsibilities. The committees, namely remuneration, audit and nomination committees are each chaired by a non-executive director and operate to terms of reference approved by the board. The committees operate transparently and report to the full board as required. Each committee has unimpeded access to independent outside professional advice whenever required. The board is satisfied that the committees fulfilled their responsibilities under their respective terms of reference for the year under review. There is no formal process for evaluating committees' performance. However, because of the size and interaction between the board and executive management, the board believes that a process to monitor committee effectiveness is in place.

Remuneration committee

The remuneration committee comprises two non-executive directors, Mr D Masson (committee chair) and Mr F M Rossouw. It determines performance measurement criteria and remuneration packages for Cashbuild's executive management. Details of each director's attendance at committee meetings for the year under review are detailed in the directors' report on page 41.

Audit committee

Mr F M Rossouw (committee chair) and Mr D Masson, both non-executive directors, are members of the audit committee. Both directors are financially literate. The audit committee is responsible for review of effectiveness of internal control systems and the activities of the internal audit function. The audit committee reports to the board on matters relating to financial information. Details of each director's attendance at committee meetings for the year under review are detailed in the directors' report on page 41. The chief executive and the finance director were invited and attended meetings as per the directors' report on page 41. The internal and external auditors were invited and attended all meetings during the year under review.

Nomination committee

Mr D Masson (committee chair) and Mr F M Rossouw are members of the nomination committee. The nomination committee was responsible for developing selection criteria and identifying appropriate candidates for application to the board, resulting in the appointment of Mr J Molobela and Ms N Simamane. Details of each director's attendance at committee meetings for the year under review are detailed in the directors' report on page 41.

DIRECTORS' AND EXECUTIVE MANAGEMENT PERFORMANCE EVALUATION AND REWARD

Remuneration, in particular as it relates to executive management, is highly motivated by the dual criteria of delivering sustainable financial return to shareholders and also recognition and reward for outstanding performance.



Corporate governance *continued*



Executive compensation is also linked to the achievement of the organisation's non-financial goals. The remuneration committee is responsible to the board for ensuring that the remuneration policy is kept current, for the development of criteria for performance measurement and determination of remuneration packages for Cashbuild's executive management. In addition, the committee facilitates a transparent process of performance review and evaluation for executive directors within the full board.

No share options have been granted to non-executive directors. All executive directors are on contracts requiring one month's notice.

Details of the remuneration of each individual director are provided on page 59 of the report.

RISK MANAGEMENT AND INTERNAL CONTROL

The board is responsible and accountable for risk management and internal control. Executive management assumes responsibility for the integration of risk practices into operational activities while the board maintains oversight. In the year under review the board, together with 38 senior managers, identified key risks and adopted an action plan, progress of which is reviewed at least quarterly by senior management. The board is satisfied that management is attuned to both the negative and positive aspects of business risk. The board believes it has adequate information to facilitate a balanced assessment of significant risks and the effectiveness of the internal control systems to manage those risks.

The board believes that in the year under review and up to the date of approval of annual reports and financial statements, Cashbuild operated an adequate system of internal control to identify and manage operational and financial risks. The system of internal control is risk based and designed to sufficiently manage the company risks that have a significant impact on the business. The board believes that the system of internal control provides reasonable, but not absolute assurance, on the effectiveness and efficacy of controls throughout the business.

Cashbuild has a documented and tested information technology business continuity plan, designed to secure a key aspect of the company's operational capability in the event of a disaster. Cashbuild intends to develop a group-wide business continuity plan to cover the support office.

Responsibility for monitoring and reviewing controls lies with the internal audit department whose head reports directly to the chief executive. The internal audit function also reports at all audit committee meetings. The internal audit function operates to a charter approved by the internal audit committee. It contains a formal definition of the function. Currently the internal audit function focuses primarily on identifying deficient or ineffective controls, but plays a lesser role in advising management on improvements to risk management practices and operational efficiency.

The board believes that the relationship between the internal and external auditors is mutually supportive and facilitates proper coverage of financial, operational and compliance controls.

SUSTAINABILITY

The board appreciates that it needs to continually develop its understanding of the non-financial value drivers of business, including its stakeholders – customers, employees, government agencies and communities and socio-economic issues such as employment equity, occupational health and safety and HIV and AIDS. The board has developed clear supporting principles or standards to guide future operational management and reporting practices in a sustainability context. However, more importantly, Cashbuild will strive to behave and report to its stakeholders in a manner that reflects how it practices its values on an operational basis, conforming to defined principles and in alignment with business strategy.

Sustainability reports with regards to human capital development, transformation, social responsibility, HIV and AIDS, occupational health and safety and environmental impact can be found on pages 6 to 21 of the chief executive's report.

Corporate governance

continued

ORGANISATIONAL INTEGRITY AND THE CASHBUILD CODE OF ETHICS

Cashbuild operates to established and well-entrenched organisational values. The chief executive assumes responsibility and ownership for organisational compliance. Compliance to the code is encouraged and monitored through training and communication programmes for employees. The code is used to assess suitability of employees, specifically in the areas of values, standards and compliance. Every Cashbuild employee is expected to comply with the code. Cashbuild has a zero-tolerance approach to deviations from compliance and employees are subject to disciplinary hearings which can lead to dismissal. To enable employees to freely inform the company of transgressions to the code, Cashbuild has contracted with the Tip-offs Anonymous hotline. This system is linked to the internal audit and loss prevention departments to provide monitoring and auditing of compliance within our code.

ACCOUNTING AND AUDITING

The audit committee plays an active role in deliberations relating to the appointment of external auditors. The board is aware of its responsibility pertaining to the preparation and contents of the financial statements of Cashbuild and its subsidiaries. It believes the company maintains adequate accounting records, which are supported by an effective system of internal controls and risk management. The board is satisfied that there is good co-operation between the internal and external auditors and external and internal auditors enjoy unrestricted access to the audit committee.

Cashbuild audits its interim and year-end results, which are both subject to review by both the audit committee and the board.

There is currently no formal policy related to the use of the external auditor for the provision of non-audit services, however, the board is satisfied with the ethical standards and independence demonstrated by the external auditor.

Cashbuild currently does not subject non-financial aspects of reporting to external validation or assurance.

DISCLOSURE PRACTICES

Directors are responsible for the preparation of financial statements of Cashbuild and its subsidiaries. The directors believe that the financial

statements which are presented on pages 38 to 75 fairly present the state of affairs at Cashbuild as at the end of the financial year. The financial statements have been prepared in accordance with, and are compliant to, South African Statements of Generally Accepted Accounting Practice. The statements include amounts based on judgements and estimates made by management. In the next financial year, Cashbuild plans to report according to the International Financial Reporting Standards.

Cashbuild releases regular and timely communication with regard to the prohibition on dealing in company securities during closed periods.

The board believes that Cashbuild will be a going concern in the foreseeable future, based on the existing forecasts and current cash resources.

PricewaterhouseCoopers Inc. was the external auditor of Cashbuild during the reporting year. They are responsible for reporting on whether the financial statements are fairly presented. Cashbuild has provided the auditors with unrestricted access to all financial records and data as required.

The board is satisfied that the financial statements fairly present the state of affairs of Cashbuild as at the end of the financial year and the profit and loss and cash flows for the financial year.

The audit report of PricewaterhouseCoopers Inc. is presented on page 37 of this report.

The annual financial statements were approved by the board on 23 August 2004 and signed on its behalf.



D MASSON
Chairman



P K GOLDRICK
Chief executive



Young dancers at the opening of our Acornhoek store - November 2003



Shareholders' diary

Final dividend payable	-	20 September 2004
Annual general meeting	-	6 December 2004
Interim report	-	February 2005
Financial year-end	-	30 June 2005
Audited results	-	August 2005



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Report of the independent auditors

TO THE MEMBERS OF CASHBUILD LIMITED

We have audited the annual financial statements and group annual financial statements of Cashbuild Limited for the year ended 30 June 2004, set out on pages 38 to 75. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

SCOPE

We conducted our audit in accordance with Statements of South African Auditing Standards. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

AUDIT OPINION

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and the group at 30 June 2004, and the results of its operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the South African Companies Act 1973, as amended.



PricewaterhouseCoopers Inc.

Registered Accountants and Auditors

Chartered Accountants (SA)

Johannesburg

23 August 2004

Certificate by company secretary

In my opinion, as company secretary, I hereby confirm, in terms of the South African Companies Act 1973, as amended, that for the year ended 30 June 2004, the company has lodged with the Registrar of Companies, all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.



ALAN C SMITH

Company secretary

Johannesburg

23 August 2004

Directors' report



The directors have pleasure in presenting their report, which forms part of the audited financial statements of the group for the year ended 30 June 2004.

NATURE OF BUSINESS

Cashbuild is southern Africa's largest retailer of quality building materials and associated products, selling direct to a cash-paying customer base through our constantly expanding chain of stores, 124 at the end of this reporting year, (2003: 113). Cashbuild carries an in-depth quality product range tailored to the specific needs of the communities we serve. Our customers are typically home builders and improvers, contractors, farmers, traders and, increasingly, large construction companies and government-related infrastructure developers, as well as all discerning customers looking for quality building materials at lowest prices.

GROUP RESULTS SUMMARY

R'000	2004	2003	% change
Income statement			
Revenue	1 635 233	1 394 783	17
Operating profit before financing income	81 888	63 907	28
Net financing income	8 002	9 489	(16)
Attributable earnings	53 329	45 552	17
Headline earnings	53 990	45 450	19
Basic earnings per share (cents)	248.3	224.6	11
Basic headline earnings per share (cents)	251.4	224.1	12
Balance sheet			
Total assets (excluding cash and cash equivalents)	437 166	370 339	18
Cash and cash equivalents	143 396	106 390	35
Total liabilities	395 649	336 535	18
Total liabilities to shareholders' funds	2.35	2.62	(10)
Net asset value per share (cents)	725	552	31

The group results split by geographical segment are presented in note 27 of the financial statements.

The financial statements on pages 38 to 75 set out the financial position, results of operation and cash flows of the group for the year ended 30 June 2004 in more detail.

Revenue

The company has traded well during the year with annual revenue in comparison to the prior year having increased by an encouraging 17% (2004: R1.6 billion; 2003: R 1.4 billion), with 8% attributable to pre-existing stores and 9% to new stores. These results are due to a continued strong and well publicised macroeconomic environment, consumer confidence and the continued property culture arising from government's drive to increase home ownership, and private homeowners striving for larger and better housing. Particularly encouraging, is the fact that this growth has been achieved, not out of price increases but out of real organic growth from our existing store infrastructure as evidenced by the increase in units sold and volumes of transactions through the tills, as well as growth in market share through our new store expansion. For the year, Cashbuild has experienced growth in units sold of 26% (12% from pre-existing stores and 14% from new stores) and growth in the number of transactions recorded through the tills, increasing by 19% (7% attributable to pre-existing stores and 12% from new stores).

Operating profit before financing income

Operating profit before financing income increased by 28% to R81.9 million from the previous year's R63.9 million.

Cashbuild had experienced deflation during most of the year, with inflation only returning late in the fourth quarter. This deflationary environment had a negative impact on percentage margins as Cashbuild maintained lower selling prices on stock purchased at pre-deflationary prices. Inflation has returned in the fourth quarter largely as a result of increases in timber and Iscor steel prices. Cashbuild has also seen a shift in product mix during the year, particularly to lower margin commodity items such as cement and bricks.

Directors' report

continued

The drop in margin percentage due to the aforementioned is more than compensated for by the increase in volumes of units sold, with an overall positive impact on Rand margins.

Operating expenses remained well managed and controlled throughout the year ended 30 June 2004 and although a 9% increase is recorded for the year, this is largely due to the overheads added by the new stores. Operating expenses increases other than those added by the new stores have been well managed to below inflationary levels. In terms of AC 116: Employee benefits, Cashbuild has in the past been required to provide for the liability arising from future costs for long service awards which were paid based on a percentage of salary. The company's policy, after consultation with employees, has changed and the awards are now paid at more significant levels of service in small fixed sums. On this basis the company has written back to profits, from provisions, R2.6 million before taxation in the current year.

Net financing income

Interest income from cash held in the business was adversely affected in the current year by lower interest rates.

Headline earnings and net asset value per share

Basic headline earnings per share has increased by 12%. Net asset value per share has increased by 31%, from 552 cents in 2003, to 725 cents in 2004.

Total assets and total liabilities

Cashbuild's balance sheet remains solid. Working capital continues to be well managed with stock levels for existing stores (excluding the stocking of 12 new stores opened during the year) increasing by only 1% in relation to the prior year. This has been achieved with the implementation of the company's "optimum stock model" determined through a project completed in the first half of 2003. The implementation of this model has resulted in the reduction of stock days from 92 days in June 2003 to 84 days in June 2004, whilst ensuring customer requirements are always met. The success of this approach can be seen in the lower stock levels whilst experiencing strong growth in transactions, unit sales and revenue. Trade receivables and payables remain well managed.

Commitments of R53.2 million is attributable to the new IT systems due for implementation in September 2004 (see IT strategy) and to new store developments.

Cash and cash equivalents

The company's strong cash generating ability and its strict management of working capital resulted in an overall increase in cash levels to R143.4 million, representing a 35% improvement on the prior year.

Share capital

The authorised share capital of 35 000 000 ordinary shares and the issued share capital remains unchanged at 23 224 812 ordinary shares. In terms of an ordinary resolution, the unissued shares were placed under the control of the directors until the forthcoming annual general meeting. The directors of the company will be seeking to renew authority from the shareholders to buy back and cancel up to a maximum of 20% of the issued share capital and renew the authority for all unissued shares to be placed under their control to the next annual general meeting.

As a result of a recent ruling by the JSE Securities Exchange South Africa, the group has consolidated The Cashbuild Share Incentive Trust ("trust"). The trust has been consolidated as if it were a subsidiary from date of formation of the trust. The loan to the trust has been eliminated and the shares held by the trust have been deducted as treasury shares from the issued number of shares in determining the weighted average number of shares. The trust held 1 269 946 Cashbuild shares as at 30 June 2004 (2003: 2 306 646) at an average carrying value of R8.30 (2003: R5.46) per share.

Dividends

The board has declared a final ordinary dividend (no. 23) of 49 cents per ordinary share to all shareholders of Cashbuild Limited (2003: (no.21) a final dividend of 40 cents per ordinary share). An interim dividend of 29 cents per share (no. 22) (2003: 25 cents (no. 20)) has also been paid. This represents an overall 20% increase on the comparative year. It is the intention of the board to continue with the payment of interim dividends.

The relevant dates for the dividend are as follows:- Date dividend declared: 23/08/2004; Last day to trade "CUM" the dividend: Friday, 10/09/2004; Date commence trading "EX" the dividend: Monday, 13/09/2004; Record date: Friday, 17/09/2004; Date of payment: Monday, 20/09/2004. Share certificates may not be dematerialised or rematerialised between Monday, 13/09/2004, and Friday, 17/09/2004, both dates inclusive.



Directors' report

continued

Events subsequent to balance sheet date

No events took place between the year-end and the date of the report that would have a material effect on the financial statements as disclosed.

IT STRATEGY

Cashbuild initiated a project 24 months ago to determine the company's IT requirements for the next five to ten years. Based on our findings we concluded that our current systems were unable to continue to provide the company with its information needs into the foreseeable future and at the same time posed certain risks. A strategic decision was made to outsource the entire solution i.e. hardware and software, networks and all associated maintenance. The project identified Datacentrix as the ideal outsource partner and the software solutions to be Great Plains at support office and UCS's ActiveRetail at store level. The proof of concept was successfully completed and the initial implementation plans have been put in place. Support office and one store will be rolled out in September 2004 and the remainder of the stores over a period of 18 months. The total cost of ownership for the new system is aligned with inflation growth and current cost trends and is expected to provide additional benefits.

SEGMENTAL ANALYSIS

Continued weakness in the Botswana Pula, particularly with the devaluation of the currency during the year, has had a negative effect on the Botswana results. This devaluation has negatively impacted operating profits in comparable terms by R9.9 million with the result that operating profits in Botswana, with the elimination of the forex variances has dropped by 14%. This decrease is attributable entirely to a drop of 2% in revenue (in Pula terms) as a result of Cashbuild not expanding its market share. The problem has been identified and addressed. At the same time the South African subsidiary has shown a R6.6 million profit as a result of the devaluation of the Pula with the net effect of a R3.2 million loss to the group.

SUBSIDIARY COMPANIES

The attributable interest of the holding company in the aggregate income earned and losses incurred after taxation by its subsidiaries, is as follows:

R'000	2004	2003
Income	57 658	45 217
Losses	(2 117)	(22)

U-Build (Pty) Ltd was sold in September 2003. Cashbuild (Lilongwe) Limited, incorporated in Malawi, was acquired on 19 February 2004. Cashbuild Management Services (Pty) Ltd will hold 51% of the shares.

Subsidiary companies are as follows:

Name of company	Issued capital	Effective holding		Nature
		2004	2003	
Directly held				
Cashbuild Management Services (Pty) Ltd	R 1	100%	100%	1
Indirectly held				
Cashbuild (Botswana) (Pty) Ltd - A	P 1 500 000	100%	100%	2
Cashbuild (Kanye) (Pty) Ltd - A	P 2	100%	100%	3
Cashbuild (Lesotho) (Pty) Ltd - B	M 100 000	80%	80%	2
Cashbuild (Namibia) (Pty) Ltd - C	N\$ 1	100%	100%	2
Cashbuild (South Africa) (Pty) Ltd	R 54 000	100%	100%	2
Cashbuild (Swaziland) (Pty) Ltd - D	E 500	50%	50%	2
Cashbuild (Lilongwe) Ltd - E	-	51%	-	2
Tradebuild (Pty) Ltd	R 4	100%	100%	3
U-Build (Pty) Ltd	R 1	-	100%	4

Nature

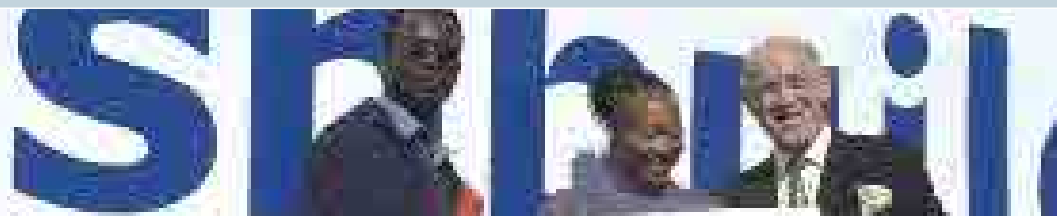
1. Investment and management company
2. Trading company
3. Dormant
4. Property-owning company

Domicile

South African, unless otherwise stated:

A. Botswana	B. Lesotho
C. Namibia	D. Swaziland
E. Malawi	

For further details refer to note 34 to the annual financial statements.



Directors' report

continued

DIRECTORATE

The names of the directors at the date of this report are as follows:

Executive directors

P K Goldrick (55) (Irish) - Chief executive Appointed 19 August 1996
C T Daly (37) - Finance director CA (SA) Appointed 1 December 2000

Non-executive directors

D Masson* (73) - Chairman ACIS Appointed 22 June 1988
F M Rossouw* (67) - CA (SA) Appointed 7 May 2001

* Audit and remuneration committee member

Directors' shareholding

The directors held in aggregate, direct and indirect beneficial interests, and non-beneficial interests, of 11% (2003: 16%) in the issued share capital of the company at the balance sheet date. The company has not been notified of any material change in these interests from the financial year ended 30 June 2004 to the date of this report.

The beneficial interests, direct and indirect, of the directors in office at the date of this report, and non-beneficial interests are as follows:

	Ordinary shares		
	Beneficial	Non-beneficial	Options
At 30 June 2004	1 300 000	1 135 230	200 000
At 30 June 2003	2 435 000	1 222 330	200 000
Comprising:			
Non-executive directors			
D Masson	-	25 200	-
Executive directors			
C T Daly	-	-	200 000
P K Goldrick	1 300 000	1 110 030	-
	1 300 000	1 135 230	200 000

For further details refer to note 16.2 of the annual financial statements.

Directors' interests in contracts

No material contracts involving directors' interest were entered into in the current year. A register on other directorships and interests is disclosed and circulated at every board meeting.

Directors' attendance at meetings

Type of meeting	Audit Committee Held/Attended	Directors' Board Held/Attended	Remuneration Committee Held/Attended	Nominations Committee Held/Attended
Executive directors				
P K Goldrick	4/4*	4/4	1/1*	2/2*
C T Daly	4/3*	4/3		
Non-executive directors				
D Masson	4/4	4/4	1/1	2/2
F M Rossouw	4/4	4/4	1/1	2/2

* By invitation

Directors' remuneration

Details of directors' remuneration are set out in note 16 to the financial statements.

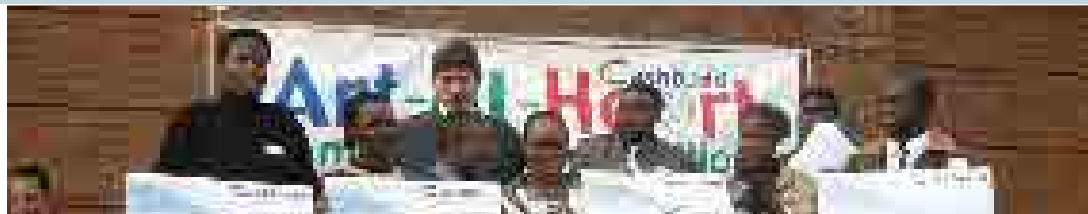
THE CASHBUILD SHARE INCENTIVE TRUST ("TRUST")

The trust makes shares available to executive directors and employees of the group in accordance with the rules of the trust. The shares subject to the trust have been dealt with as follows:

	2004	2003
Shares subject to the scheme at the beginning of year	3 989 546	3 448 750
Shares acquired in the scheme	46 500	631 296
Shares transferred to employees	(1 802 250)	(90 500)
Shares subject to the scheme at the end of year	2 233 796	3 989 546



Directors' report *continued*



Dealt with as follows:	2004	2003
Shares allocated to employees		
Share purchase scheme	963 850	1 682 900
Share option scheme	1 100 000	2 310 000
Utilised from authorised but unissued shares	-	(3 354)
Shares held in trust for future allocations	169 946	-
	2 233 796	3 989 546

SPECIAL RESOLUTIONS

The following special resolutions were passed at the annual general meeting held on 3 November 2003:

1. The company adopted a new set of Articles of Association to provide for recent changes to the Share TRANsactions Totally Electronic ("STRATE") requirement of the JSE, company law, and the interpretation thereof.
2. General approval was obtained for the company to acquire its own shares on terms and conditions and in amounts to be determined from time to time by the directors of the company, subject to certain statutory provisions and the Listings Requirements from time to time of the JSE Securities Exchange South Africa.
3. Amendment of Articles of Association
A special resolution was passed by the board of directors of the company to amend the Articles of Association of Cashbuild Management Services (Pty) Ltd to permit the company to make payments to its members in accordance with section 90 of the South African Companies Act 1973, as amended.

SHAREHOLDERS' SPREAD

An analysis of holdings extracted from the register of ordinary shareholders at the date of this annual report is listed below:

	% holding	No. of shares	No. of shareholders
Non-public			
Directors	11	2 435 230	2
Staff, The Cashbuild Share Incentive Trust	8	1 833 796	138
Public			
Insurance companies and pension funds	20	4 708 720	23
Investment and nominee companies	22	5 128 329	182
Other companies	23	5 367 082	189
General public	16	3 751 655	1 230
	100	23 224 812	1 764

Directors' report

continued

SECRETARIATE

The company secretary is Alan C Smith

REGISTERED OFFICE

Corner Aero-ton and Aerodrome Roads
Aeroton
Johannesburg
2001

POSTAL ADDRESS

PO Box 90115
Bertsham
2013

WEB SITE

www.cashbuild.co.za

AUDITORS

PricewaterhouseCoopers Incorporated will continue in office in accordance with Section 270(2) of the Companies Act in South Africa, 1973, as amended.

COUNTRY OF INCORPORATION

Republic of South Africa



Accounting policies



The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below and are consistent with those of the previous year, except as stated in note 24 of the consolidated financial statements.

BASIS OF PREPARATION

The consolidated financial statements are prepared in accordance with and comply with South African Statements of Generally Accepted Accounting Practice. The consolidated financial statements are prepared under the historical cost convention as modified by the restatement of certain financial assets and liabilities to fair value.

1 GROUP ACCOUNTING

Subsidiaries

Subsidiaries are entities which are, directly or indirectly, controlled by the group. Control is established where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The equity and net profit attributable to the minority shareholders are shown separately in the balance sheets and income statements respectively. The results of subsidiaries are consolidated from the date on which control is transferred to the group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of acquisition is measured as the fair value of the assets given up, shares issued, or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill.

All inter-group transactions, balances and unrealised surpluses and deficits on transactions between group entities are eliminated on consolidation. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the group. In accordance with the advice of the GAAP monitoring panel to the JSE Securities Exchange South Africa, The Cashbuild Share Incentive Trust has been consolidated in the group annual financial statements for all years presented in the financial statements.

2 FOREIGN CURRENCY TRANSLATION

Measurement currency

Items included in the financial statements of each entity in the group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the measurement currency"). The consolidated financial statements are presented in Rands, which is the measurement currency of the parent.

Transactions and balances

Foreign currency transactions are translated into measurement currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. The related monetary assets and liabilities are translated at the year-end exchange rates.

Group companies

The financial statements of the Botswana and Malawi subsidiary companies, classified as integrated foreign operations, are translated into the measurement currency on the following basis:

- non-monetary assets and liabilities at the rate ruling at the date of the transactions;
- monetary assets and liabilities at the ruling rate at year-end; and
- income statement items at the weighted average rate for the year.

Exchange rate gains and losses are accounted for in the income statement in the year in which they occur.

3 DEFERRED TAXATION

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Currently enacted tax rates are used to calculate deferred taxation.

Deferred tax liabilities and deferred tax assets are recognised for all temporary differences, unless arising from goodwill for which amortisation is not deductible for tax purposes.

Accounting policies

continued

The principal temporary differences arise from the depreciation on property, plant and equipment and accruals. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on the consolidation of investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets held by the group for use in supply of goods or administrative purposes and are expected to be used during more than one year. Property, plant and equipment is initially recorded at cost.

Freehold properties are carried at cost less depreciation to their residual value on a straight-line basis over their useful lives. Each building has been assessed to determine its useful life with a maximum useful life of 50 years applied to any one building. Land is not depreciated as it is deemed to have an indefinite life.

Expenditure on improvements to leasehold premises is carried at cost and depreciated on a straight-line basis over the period of the lease.

Furniture and equipment is carried at cost less depreciation to their residual value on the straight-line basis at rates estimated to write each asset off over the term of its useful life. Furniture and equipment is depreciated over a period of between three and ten years, depending on the nature of the asset.

Vehicles are carried at cost less depreciation to their residual value on the straight-line basis at rates estimated to write each asset off over the term of its useful life. Vehicles are depreciated over a period of five years.

The carrying value of assets is reviewed at each balance sheet date to assess whether there is an indication of impairment. If any indication exists, the recoverable amount of the asset is estimated. Where the carrying amount is greater than its estimated recoverable amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the income statement.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in operating profit.

Repairs and maintenance are charged to the income statement during the financial year in which they are incurred. The cost of major refurbishments is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the group. Major refurbishments are depreciated over the remaining useful life of the related asset.

5 INTANGIBLE ASSETS

Intangible assets are capitalised on acquisition and amortised on a straight-line basis over a period of the lesser of their economic life and 20 years.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of net identifiable assets acquired at the date of the acquisition. Goodwill is carried at cost less amortisation calculated on a straight-line basis over its estimated useful life.

Trademarks

Trademarks are stated at cost less amortisation calculated on a straight-line basis over ten years.

Computer software

Costs associated with the implementation and customisation of the new IT system are capitalised as intangible assets. These assets are amortised over their expected useful lives from the date they are brought into use.

The carrying amount of each intangible asset is reviewed at each balance sheet date and adjusted for impairment where it is considered necessary. Intangible assets are not revalued.

6 LEASES

A group company is the lessee

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Such assets are depreciated over the shorter of the useful life of the asset or the lease term. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the finance balance outstanding. The



Accounting policies

continued

corresponding rental obligations, net of finance charges, are included in other non-current liabilities. Lease finance charges are allocated to the income statement over the duration of the leases using the effective interest rate method.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as an expense in the period in which termination takes place.

7 BORROWING COSTS

Borrowing costs are charged against income in the period in which they are incurred on the effective interest rate method.

8 INVENTORIES

Inventories comprise merchandise for resale and are valued at the lower of cost or net realisable value. Cost is calculated using the weighted average cost method. Net realisable value is the estimate of the selling price in the ordinary course of business, less selling expenses.

9 EMPLOYEE BENEFITS

The group provides for retirement benefits for employees by payments to independent defined contribution funds and contributions are charged against income as incurred. A financial review of the Cashbuild Group Retirement Fund is undertaken annually.

The group has an obligation to pay long service awards to employees who reach certain predetermined milestone periods of service. This obligation is valued by an independent qualified actuary annually at year-end, using the discounted cash flow method. Costs incurred in relation to the obligation are debited against the liability as incurred. Movements in the liability arising from the actuarial valuation are charged to income upon valuation. Actuarial gains and losses are recognised immediately in full.

The group operates a staff incentive scheme through The Cashbuild Share Incentive Trust. Shares are offered under a share purchase and a share option

scheme and can be taken up after a period of three years. The beneficiaries under the scheme are executive directors and management. The effect of all options issued under the share option scheme is taken into account when calculating the diluted basic and headline earnings per share.

10 FINANCIAL ASSETS AND LIABILITIES

Measurement

Financial assets and liabilities are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these assets and liabilities are measured as set out below.

Trade and other receivables

Trade and other receivables are carried at original invoice amount less provision made for impairment of these receivables. The provision for impairment is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amounts and recoverable amount, being the present value of expected future cashflows. Bad debts are written off during the year in which they are identified.

Cash and cash equivalents

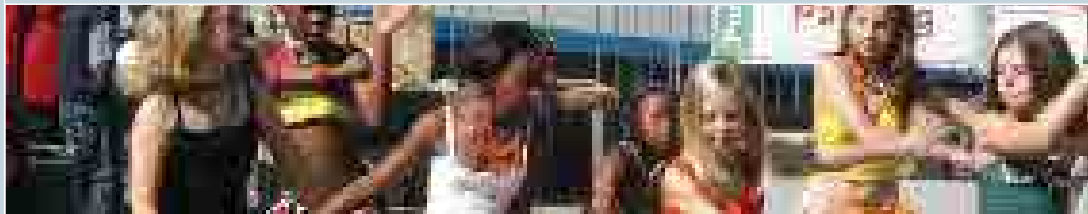
Cash and cash equivalents are carried at cost and if denominated in foreign currencies, are translated at closing rate. Cash comprises cash on hand and deposits held on call with banks. Actual bank balances are reflected. Outstanding cheques are included in trade and other liabilities and outstanding deposits in cash and cash equivalents.

Trade and other liabilities

Trade and other liabilities originated by the group are stated at amortised cost.

Derivative instruments

All foreign currency derivatives, including separated embedded derivatives, are stated at fair value. The fair values are calculated with reference to the current quoted market bid price for assets held or liabilities to be issued or the offer price for assets to be acquired or liabilities held. Gains and losses on subsequent measurement are recognised directly in net income or loss.



Accounting policies *continued*

Investments

Unlisted equity investments are carried at fair value, which is determined by utilisation of an accepted valuation technique with reference to a recent market transaction. The company's investment in the ordinary shares of its subsidiary is carried at cost. Other investments are carried at amortised cost.

Borrowings

Borrowings are reported at amortised cost, namely original debt less principal repayments.

11 PROVISIONS

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation. The group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

12 COST OF SALES

Cost of sales includes the historical cost of merchandise and overheads appropriate to the distribution thereof.

13 REVENUE RECOGNITION

Revenue comprises invoiced sales to customers net of value-added tax, general sales tax and inter-group sales. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer.

Other income earned by the group is recognised on the following basis:

- Interest income is recognised as it accrues (taking into account the effective yield on the asset) unless collectability is in doubt;
- Dividend income is recognised when the shareholders' right to receive payment is established;
- Rental income from operating leases in respect of property is recognised in the income statement on a straight-line basis over the term of the lease.

14 SEGMENT REPORTING

Geographical segments split amongst South Africa, Botswana and Malawi, and members of common monetary area (includes Lesotho, Swaziland and Namibia), provide products within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments. No split is required for business segments as the group's business is uniform.

15 SHARE CAPITAL

Where group companies purchase the company's share capital, the consideration paid, including attributable transaction costs net of income taxes, is deducted from shareholders' funds as treasury shares until they are sold. Where such shares are subsequently sold or re-issued, any consideration received is included in shareholders' funds. Dividends received on treasury shares are eliminated on consolidation.

16 REPORTING PERIOD

The group adopts the retail accounting calendar, which comprises the reporting period ending on the last Saturday of the month (2004: 26 June - 52 weeks; 2003: 28 June - 52 weeks).

17 DIVIDENDS

Dividends are recorded in the consolidated financial statements in the period in which they are declared.

18 RELATED PARTIES

Individuals or entities are related parties if one party has the ability, directly or indirectly, to control the other party in making financial and/or operating decisions.

19 COMPARATIVES

Comparative figures have been adjusted for the consolidation of The Cashbuild Share Incentive Trust. Refer to note 24 of the consolidated financial statements for the effect of the change on prior year reported results.



Balance sheets as at 30 June 2004

		Group		Company	
R'000	Note	2004	2003	2004	2003
ASSETS					
Non-current assets		120 149	88 343	49 767	25 152
Property, plant and equipment	1	103 331	73 676	-	-
Intangible assets	2	8 521	1 875	-	-
Investment in subsidiary	3	-	-	39 798	18 270
Loans originated by the enterprise	4	-	-	9 969	6 882
Non-current receivable	5	7 689	9 695	-	-
Deferred tax assets	10	608	3 097	-	-
Current assets		460 413	388 386	78	86
Inventories	6	279 141	249 263	-	-
Trade and other receivables	7	37 876	32 733	-	85
Cash and cash equivalents		143 396	106 390	78	1
TOTAL ASSETS		580 562	476 729	49 845	25 238
EQUITY AND LIABILITIES					
Shareholders' funds		168 343	128 276	49 787	25 098
Share capital	8	220	209	232	232
Share premium		29 822	27 795	38 052	38 052
Foreign currency translation reserve		2 730	2 730	-	-
Distributable reserves		135 571	97 542	11 503	(13 186)
Minority interest		16 570	11 918	-	-
Non-current liabilities		564	297	-	-
Interest-bearing borrowings	9	203	-	-	-
Deferred taxation	10	361	297	-	-
Current liabilities		395 085	336 238	58	140
Short-term borrowings	9	289	63	-	-
Current tax liability	21.3	17 787	16 433	-	-
Trade and other liabilities	11	375 794	315 446	58	140
Employee benefits	12	1 215	4 296	-	-
TOTAL LIABILITIES		395 649	336 535	58	140
TOTAL EQUITY AND LIABILITIES		580 562	476 729	49 845	25 238

Income statements

for the year ended 30 June 2004

R'000	Note	Group		Company	
		2004 52 weeks	2003 52 weeks	2004 52 weeks	2003 52 weeks
Revenue	13	1 635 233	1 394 783	-	-
Cost of sales		1 281 919	1 081 880	-	-
Gross profit		353 314	312 903	-	-
Operating expenses/(income)	14	271 426	248 996	(43 000)	(9 999)
Operating profit before financing income		81 888	63 907	43 000	9 999
Net financing income/(expense)		8 002	9 489	(17)	-
Profit before taxation		89 890	73 396	42 983	9 999
Taxation	18	31 909	23 052	2 269	-
Profit after taxation		57 981	50 344	40 714	9 999
Minority interest		4 652	4 792	-	-
Attributable earnings for the year		53 329	45 552	40 714	9 999
Earnings per share (cents)					
- Basic	19	248.3	224.6	175.3	43.1
- Diluted	19	229.6	196.1	175.3	43.1
Headline earnings per share (cents)					
- Basic	19	251.4	224.1	175.3	43.1
- Diluted	19	232.5	195.7	175.3	43.1
Dividends per share (cents)					
- Interim	20			29	25
- Final	20			49	40



Statements of changes in equity for the year ended 30 June 2004

				Group		
R'000	Note	Share capital	Share premium	Foreign currency translation reserve	Distributable reserves	Total
Balance at 1 July 2002 as previously reported		226	35 606	2 730	56 617	95 179
Effect of consolidation of share incentive trust		(27)	(8 897)	-	8 152	(772)
Balance at 1 July 2002 restated		199	26 709	2 730	64 769	94 407
Effect of change in accounting policy		-	-	-	(97)	(97)
Attributable earnings for the year		-	-	-	45 552	45 552
Dividends paid	21.2	-	-	-	(12 903)	(12 903)
Dividend received on repurchased shares		-	-	-	221	221
Net treasury shares movement		4	(4 274)	-	-	(4 270)
Repurchased shares sold		6	2 446	-	-	2 452
Surplus on sale of repurchased shares		-	2 914	-	-	2 914
Balance at 1 July 2003 restated		209	27 795	2 730	97 542	128 276
Attributable earnings for the year		-	-	-	53 329	53 329
Dividends paid	21.2	-	-	-	(15 300)	(15 300)
Net treasury shares movement		11	2 027	-	-	2 038
Closing balance at 30 June 2004		220	29 822	2 730	135 571	168 343

Company						
R'000	Note	Share capital	Share premium	Foreign currency translation reserve	Distributable reserves	Total
Balance at 1 July 2002		232	38 052	-	(9 249)	29 035
Attributable earnings for the year		-	-	-	9 999	9 999
Dividends paid	21.2	-	-	-	(13 936)	(13 936)
Balance at 1 July 2003		232	38 052	-	(13 186)	25 098
Attributable earnings for the year		-	-	-	40 714	40 714
Dividends paid	21.2	-	-	-	(16 025)	(16 025)
Closing balance at 30 June 2004		232	38 052	-	11 503	49 787

Cash flow statements

for the year ended 30 June 2004

		Group		Company	
R'000	Note	2004	2003	2004	2003
Cash flows from operating activities					
Cash receipts from customers		1 637 186	1 393 419	36 080	9 970
Cash paid to suppliers and employees		(1 520 304)	(1 364 941)	(3)	(20)
Cash generated from operations	21.1	116 882	28 478	36 077	9 950
Interest received	14	8 683	10 040	-	-
Interest paid	14	(681)	(551)	(17)	-
Dividend received		-	221	-	-
Dividends paid	21.2	(15 300)	(14 043)	(16 025)	(13 936)
Taxation paid	21.3	(28 002)	(8 585)	(2 269)	-
Net cash inflows/(outflows) from operating activities		81 582	15 560	17 766	(3 986)
Cash flows from investing activities					
Additions to property, plant and equipment		(41 042)	(33 178)	-	-
Excess of purchase price over net asset value	2	-	(2 000)	-	-
Additions to system implementation	2	(6 442)	-	-	-
Additions to trademarks	2	(22)	(6)	-	-
Acquisition of subsidiary	22	4	-	-	-
Proceeds on disposal of property, plant and equipment		1 024	2 443	-	-
(Increase)/decrease in loan to subsidiary		-	-	(21 528)	7 979
Decrease/(increase) in loans originated by the enterprise		-	-	3 839	(3 993)
Net cash (outflows)/inflows from investing activities		(46 478)	(32 741)	(17 689)	3 986
Cash flows from financing activities					
Increase in shareholders' funds due to share buyback		-	2 914	-	-
Increase in shareholders' funds due to resale of shares purchased		-	2 452	-	-
Net treasury shares acquired		2 038	(4 270)	-	-
(Decrease) in long-term borrowings		(30)	(63)	-	-
(Decrease) in short-term borrowings		(106)	(52)	-	-
Net cash inflows from financing activities		1 902	981	-	-
Net increase/(decrease) in cash and cash equivalents		37 006	(16 200)	77	-
Cash and cash equivalents at beginning of year		106 390	122 590	1	1
Cash and cash equivalents at end of year		143 396	106 390	78	1



Notes to the annual financial statements for the year ended 30 June 2004

R'000	Group				
	Land and buildings	Improvements to leasehold premises	Furniture and equipment	Vehicles	Total
1. PROPERTY, PLANT AND EQUIPMENT					
As at 30 June 2004					
Cost	46 951	18 573	104 750	53	170 327
Accumulated depreciation	(6 648)	(12 109)	(48 235)	(4)	(66 996)
Net book value	40 303	6 464	56 515	49	103 331
Year ended 30 June 2004					
Opening net book value	34 949	2 744	35 983	-	73 676
Additions	7 072	4 865	29 841	53	41 831
Transfers	(34)	34	-	-	-
Net book value of disposals	(645)	(37)	(523)	-	(1 205)
Depreciation	(732)	(1 142)	(8 786)	(4)	(10 664)
Impairment charge	(307)	-	-	-	(307)
Closing net book value	40 303	6 464	56 515	49	103 331
As at 30 June 2003					
Cost	41 013	13 926	76 426	-	131 365
Accumulated depreciation	(6 064)	(11 182)	(40 443)	-	(57 689)
Net book value	34 949	2 744	35 983	-	73 676
Year ended 30 June 2003					
Opening net book value	28 172	2 658	19 904	-	50 734
Additions	9 728	1 314	22 136	-	33 178
Net book value of disposals	(2 136)	-	(72)	-	(2 208)
Depreciation	(815)	(1 228)	(5 985)	-	(8 028)
Closing net book value	34 949	2 744	35 983	-	73 676

A register giving details of land and buildings is available for inspection by members or their representatives at the registered office of the company. The directors are of the opinion that the open market value of land and buildings is at least equal to their net book value. At year-end, the land and buildings, furniture and equipment and vehicles had an insured value (based on estimated replacement cost) of R 280 237 140 (2003: R 222 354 000) which excludes value-added tax where appropriate. An impairment charge was recognised in the current year as a result of an independent valuation done to bring land and buildings comprising of Portion 96 (portion of portion 4) of the farm Doornrandje No. 386 Registration Division J.R. Province of Gauteng, in line with its recoverable amount. The valuation was done on the basis of open market value. The recoverable amount (the higher of the value in use and net selling price) was determined for the individual asset and represents the net selling price, determined by reference to market prices for equivalent assets.

Notes to the annual financial statements

for the year ended 30 June 2004

R'000	Group			
	Trademarks	Goodwill	System implementation	Total
2. INTANGIBLE ASSETS				
As at 30 June 2004				
Cost	660	2 402	6 442	9 504
Accumulated amortisation	(633)	(350)	-	(983)
Net book value	27	2 052	6 442	8 521
Year ended 30 June 2004				
Opening net book value	8	1 867	-	1 875
Additions	22	402	6 442	6 866
Amortisation	(3)	(217)	-	(220)
Closing net book value	27	2 052	6 442	8 521
As at 30 June 2003				
Cost	638	2 000	-	2 638
Accumulated amortisation	(630)	(133)	-	(763)
Net book value	8	1 867	-	1 875
Year ended 30 June 2003				
Opening net book value	3	-	-	3
Additions	6	2 000	-	2 006
Amortisation	(1)	(133)	-	(134)
Closing net book value	8	1 867	-	1 875



Notes to the annual financial statements

for the year ended 30 June 2004

	Group		Company	
R'000	2004	2003	2004	2003
3. INVESTMENT IN SUBSIDIARY				
Shares at cost	-	-	-	-
Loan accounts	-	-	39 798	18 270
	-	-	39 798	18 270
4. LOANS ORIGINATED BY THE ENTERPRISE				
The Cashbuild Share Incentive Trust	-	-	11 279	15 118
Impairment	-	-	(1 310)	(8 236)
	-	-	9 969	6 882
The loan to The Cashbuild Share Incentive Trust bears no interest, is unsecured and has no set date for repayment.				
5. NON-CURRENT RECEIVABLE				
Prepaid rental	9 695	11 934	-	-
Less: Current portion included under trade and other receivables (refer note 7)	(2 006)	(2 239)	-	-
	7 689	9 695	-	-
6. INVENTORIES				
Merchandise at weighted average cost less provisions	279 141	249 263	-	-
7. TRADE AND OTHER RECEIVABLES				
Trade accounts receivable	30 942	31 208	-	-
Less: Provision for impairment of trade accounts receivable	(4 593)	(5 772)	-	-
Payments in advance	735	310	-	-
Staff loans receivable	137	272	-	-
Amounts owing by participants of The Cashbuild Share Incentive Trust	2 153	3 230	-	-
Current portion of prepaid rental (refer note 5)	2 006	2 239	-	-
Other accounts receivable and debit balances	6 496	1 246	-	85
	37 876	32 733	-	85

Trade and other receivables will be realised within a period of 12 months.

Amounts owing by participants of The Cashbuild Share Incentive Trust are secured by Cashbuild ordinary shares with a market value of R23.00 per share (2003: R14.35 per share). The loans are interest-free.

Notes to the annual financial statements for the year ended 30 June 2004

R'000	Group		Company	
	2004	2003	2004	2003
8. SHARE CAPITAL				
Authorised				
35 000 000 (2003: 35 000 000) ordinary shares of 1 cent each	350	350	350	350
Issued				
23 224 812 (2003: 23 224 812) ordinary shares of 1 cent each	232	232	232	232
Less: Treasury shares held by The Cashbuild Share Incentive Trust	(12)	(23)	-	-
	220	209	232	232
<p>The remaining unissued shares are under the control of the directors until the forthcoming annual general meeting, subject to the rules and regulations of the JSE Securities Exchange South Africa. The directors have the authority from the shareholders to repurchase up to 20% of the issued share capital of the company.</p> <p>The Cashbuild Share Incentive Trust holds 2 233 796 (2003: 3 989 546) ordinary shares at an average cost of 830 cents each (2003: 546 cents each). The shares held by the trust are eliminated on consolidation.</p>				
9. INTEREST-BEARING BORROWINGS				
9.1 Swaziland National Provident				
Amount outstanding	-	63	-	-
Less: Current portion included in short-term borrowings	-	(63)	-	-
Non-current portion included in interest-bearing borrowings	-	-	-	-
<p>The loan was repaid in December 2003. Prior to repayment it was secured by a first mortgage over land and buildings included in the balance sheet at a net book value of R659 000 at 30 June 2003.</p>				
9.2 National Finance Company Limited				
Amount outstanding	492	-	-	-
Less: Current portion included in short-term borrowings	(289)	-	-	-
Non-current portion included in interest-bearing borrowings	203	-	-	-
<p>The loan is unsecured, bears interest at a variable rate of 49.5% per annum and is repayable in monthly instalments of R41 450 (2003: Rnil). This loan was entered into in Malawi for the opening of the Lilongwe store.</p>				
Non-current portion included in interest-bearing borrowings	203	-	-	-



Notes to the annual financial statements

for the year ended 30 June 2004

R'000	Group		Company	
	2004	2003	2004	2003
10. DEFERRED TAXATION				
Deferred taxation comprises:				
Property, plant and equipment	(2 493)	(1 762)	-	-
Prepayments	(204)	(80)	-	-
Accruals	2 944	4 642	-	-
Tax effect of temporary differences	247	2 800	-	-
Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:				
Deferred tax assets	608	3 097	-	-
Deferred tax liability	(361)	(297)	-	-
Net deferred taxation	247	2 800	-	-
Reconciliation of movement:				
Balance at beginning of year	2 800	2 276	-	-
Current year charge	(1 919)	1 269	-	-
Prior year adjustment	(616)	(728)	-	-
Foreign currency translation difference	(18)	(17)	-	-
Balance at end of year	247	2 800	-	-
11. TRADE AND OTHER LIABILITIES				
Trade liabilities	321 142	265 853	-	-
Accruals	54 652	49 593	58	140
	375 794	315 446	58	140

Trade and other liabilities are unsecured and are payable within a period of 12 months.

Notes to the annual financial statements for the year ended 30 June 2004

	Group		Company	
R'000	2004	2003	2004	2003
12. EMPLOYEE BENEFITS				
The group has an obligation to pay long service awards to employees who reach certain predetermined milestone periods of service.				
The company's policy, after consultation with the employees, has changed and the awards are now paid at more significant levels of service in small fixed sums. On this basis the company has written back to profits, from provisions R2.6 million before taxation in the current year.				
The amounts recognised in the balance sheet are as follows:				
Present value of the obligation	1 215	4 296	-	-
Reconciliation of movement:				
Balance at beginning of year	4 296	2 790	-	-
Long service awards paid	(522)	(327)	-	-
Amount (released)/charged to the income statement	(2 559)	1 833	-	-
Balance at end of year	1 215	4 296	-	-
The amounts recognised in the income statement are as follows:				
Interest cost	408	326	-	-
Service cost	519	332	-	-
Movement in actuarial liability	(3 486)	1 175	-	-
Total included in staff costs (refer note 15)	(2 559)	1 833	-	-
The principal actuarial assumptions used are as follows:				
Discount rate	12% p.a.	10.5% p.a.	-	-
Salary inflation	8.5% p.a.	7% p.a.	-	-
Average retirement age:				
Males	65	65	-	-
Females	63	63	-	-
13. REVENUE				
Revenue comprises the sale of merchandise	1 635 233	1 394 783	-	-



Notes to the annual financial statements

for the year ended 30 June 2004

R'000	Group		Company	
	2004	2003	2004	2003
14. PROFIT BEFORE TAXATION				
The following items have been charged in arriving at profit before taxation:				
Auditors' remuneration	3 360	2 357	-	-
- Current interim audit and year-end audit fees	2 002	892	-	-
- Prior year under provision	201	31	-	-
- Taxation services	502	406	-	-
- Consultation services	340	993	-	-
- Technical services	315	35	-	-
Dividend received	-	-	36 000	10 000
- Unlisted investment	-	-	36 000	10 000
Depreciation on property, plant and equipment	10 664	8 028	-	-
- Buildings	732	815	-	-
- Furniture and equipment	8 786	5 985	-	-
- Improvements to leasehold premises	1 142	1 228	-	-
- Vehicles	4	-	-	-
Impairment of property	307	-	-	-
Amortisation of intangible assets	220	134	-	-
- Goodwill	217	133	-	-
- Trademarks	3	1	-	-
Net foreign exchange rate loss/(gain)	2 808	(2 020)	-	-
Fair value gain on financial instruments (unrealised)	(122)	(97)	-	-
Loss/(profit) on disposal of property, plant and equipment	181	(235)	-	-
- Buildings	-	(231)	-	-
- Furniture and equipment	144	(4)	-	-
- Improvements to leasehold premises	37	-	-	-
Net financing income	(8 002)	(9 489)	17	-
- Interest received	(8 683)	(10 040)	-	-
- Interest paid	681	551	17	-
Operating lease charges	29 585	27 419	-	-
- Premises	27 758	25 560	-	-
- Furniture and equipment	1 827	1 859	-	-
Outsourced services	5 983	6 890	-	-
- Administrative	4 912	6 156	-	-
- Technical	493	286	-	-
- Secretarial	578	448	-	-
Repairs and maintenance expenditure on property, plant and equipment	5 529	4 681	-	-
Reversal of impairment on loans originated by the enterprise	-	-	6 926	-
Staff costs (refer note 15)	122 773	117 810	-	-

Notes to the annual financial statements for the year ended 30 June 2004

R'000	Group		Company	
	2004	2003	2004	2003
15. STAFF COSTS				
Salary cost	117 782	109 380	-	-
Pension fund contributions - defined contribution fund	7 550	6 597	-	-
Employee benefits	(2 559)	1 833	-	-
	122 773	117 810	-	-

The number of persons employed by the group at 30 June 2004 are 1 978 (2003: 1 812).

16. DIRECTORS' INFORMATION

R'000	Fees	Basic salary	Bonus*	Expenses and travelling allowance	Company		Other***	Total
					Other material benefits**	Company's pension scheme contributions		
16.1 Directors' emoluments, paid by the subsidiary company Cashbuild (South Africa) (Pty) Ltd, for the year ended 30 June 2004 are:								
Executive directors								
P K Goldrick	-	1 557	1 035	137	29	15	-	2 773
C T Daly	-	754	695	103	30	75	-	1 657
2004	-	2 311	1 730	240	59	90	-	4 430
2003	-	2 249	1 003	315	69	96	-	3 732
Non-executive directors								
D Masson	64	-	-	-	-	-	358	422
F M Rossouw	32	-	-	-	-	-	127	159
2004	96	-	-	-	-	-	485	581
2003	90	-	2	-	-	-	342	434
Total directors' emoluments								
2004	96	2 311	1 730	240	59	90	485	5 011
2003	90	2 249	1 005	315	69	96	342	4 166

* "Bonuses" are authorised by the remuneration committee

** "Other material benefits" include contributions to medical aid

*** "Other" includes meeting attendance and special consultation fees



Notes to the annual financial statements

for the year ended 30 June 2004

	2004			2003		
	Beneficial	Non-beneficial	Options	Beneficial	Non-beneficial	Options
16.2 Directors' shareholding						
The directors held in aggregate, direct and indirect beneficial interests and non-beneficial interests of 10.5% (2003: 15.8%) in the issued share capital of the company at 30 June 2004. The beneficial interests, direct and indirect, and non-beneficial interests of the directors in office at 30 June 2004 are as follows:						
Ordinary shares	1 300 000	1 135 230	200 000	2 435 000	1 222 330	200 000
Comprising:						
Non-executive directors	-	25 200	-	-	35 200	-
D Masson	-	25 200	-	-	25 200	-
F M Rossouw	-	-	-	-	10 000	-
Executive directors	1 300 000	1 110 030	200 000	2 435 000	1 187 130	200 000
C T Daly	-	-	200 000	260 000	-	200 000
P K Goldrick	1 300 000	1 110 030	-	2 175 000	1 187 130	-
Total ordinary shares held	1 300 000	1 135 230	200 000	2 435 000	1 222 330	200 000

17. SHARE OPTIONS

	Average grant price R	2004 '000
17.1 Options granted at 30 June 2004 may be taken up during the following financial years:		
2005	3.06	950
2006	6.65	150
		1 100
The Cashbuild Share Incentive Trust, which administers the share option scheme, holds the following number of ordinary shares as a hedge against options granted or to be granted by the scheme (refer note 32).		1 270

Notes to the annual financial statements for the year ended 30 June 2004

	P K Goldrick No. of options	Issued price	C T Daly No. of options	Issued price	Senior managers No. of options	Issued price	Total No. of options	Issued price
17.2 Summary of options granted at 30 June 2004:								
Granted at 1 July 2003	-	-	200 000	3.75	2 110 000	3.09	2 310 000	2.91
Exercised during the year	-	-	-	-	(360 000)	1.00	(360 000)	1.00
Transferred to share purchase scheme	-	-	-	-	(660 000)	2.81	(660 000)	2.81
Lapsed during the year	-	-	-	-	(190 000)	3.13	(190 000)	3.13
Held at 30 June 2004	-	-	200 000	3.75	900 000	3.51	1 100 000	3.55

During the year 360 000 options were exercised. Some options lapsed due to resignations and some options were transferred within The Cashbuild Share Incentive Trust. No movements apart from the aforementioned and no movements involving directors took place during the closed period of 14 May 2004 to 25 August 2004. Details of the share purchase scheme are disclosed in the directors' report (page 41-42).



Notes to the annual financial statements

for the year ended 30 June 2004

R'000	Group		Company	
	2004	2003	2004	2003
18. TAXATION				
18.1 Taxation charge				
18.1.1 South African	18 436	8 994	-	-
Normal taxation				
- Current	16 525	10 368	-	-
- (Over) provision in prior year	(520)	(1 182)	-	-
Deferred taxation				
- Current year temporary differences	1 826	(1 263)	-	-
- Prior year adjustments	605	634	-	-
Capital gains tax				
- Current	-	437	-	-
18.1.2 Foreign	10 974	13 811	-	-
Normal taxation				
- Current	10 512	12 749	-	-
- Under provision in prior year	358	974	-	-
Deferred taxation				
- Current year temporary differences	93	(6)	-	-
- Prior year adjustments	11	94	-	-
18.1.3 Non-resident shareholders' tax	230	247	-	-
18.1.4 Secondary tax on companies	2 269	-	2 269	-
- Current	2 003	-	2 003	-
- Prior year adjustment	266	-	266	-
	31 909	23 052	2 269	-
18.2 Reconciliation of tax rate	%	%	%	%
South African normal rate	30.0	30.0	30.0	30.0
Allowances and disallowable expenses	1.0	0.5	(30.0)	(30.0)
Exempt income	-	(1.3)	-	-
Foreign tax at different rates	0.6	1.2	-	-
Non-resident shareholders' tax	0.3	0.3	-	-
Section 9D imputation	0.6	-	-	-
Secondary tax on companies	2.2	-	5.6	-
Under provision in prior year	0.8	0.7	0.7	-
Effective tax rate	35.5	31.4	6.3	-

Notes to the annual financial statements for the year ended 30 June 2004

	Group		Company	
	2004	2003	2004	2003
19. EARNINGS PER SHARE				
Earnings per share is calculated by dividing the appropriate earnings by the weighted average number of ordinary shares in issue during the year (refer note 8). The weighted average number of shares in issue is calculated net of treasury shares acquired/sold by The Cashbuild Share Incentive Trust, which are included in the calculation from date of acquisition.				
19.1 Weighted average number of ordinary shares in issue ('000)	21 477	20 283	23 225	23 225
Number of ordinary shares in issue	23 225	23 225	23 225	23 225
Less: Weighted average number of treasury shares held by The Cashbuild Share Incentive Trust	(1 748)	(2 629)	-	-
Less: Weighted average number of ordinary shares held in a group company in terms of share repurchases	-	(313)	-	-
19.2 Fully diluted weighted average number of ordinary shares in issue ('000)	23 225	23 225	23 225	23 225
The fully diluted number of ordinary shares do not exceed the current number of ordinary shares in issue as the directors do not intend issuing shares from authorised ordinary share capital when share options are exercised.				
19.3 Basic earnings per share (cents)	248.3	224.6	175.3	43.1
Attributable earnings (R'000)	53 329	45 552	40 714	9 999
Weighted average number of ordinary shares in issue ('000)	21 477	20 283	23 225	23 225
19.4 Fully diluted basic earnings per share (cents)	229.6	196.1	175.3	43.1
Attributable earnings (R'000)	53 329	45 552	40 714	9 999
Fully diluted weighted average number of ordinary shares in issue ('000)	23 225	23 225	23 225	23 225
19.5 Headline earnings per share (cents)	251.4	224.1	175.3	43.1
Attributable earnings (R'000)	53 329	45 552	40 714	9 999
Headline earnings adjusting items:				
Amortisation of goodwill (R'000)	217	133	-	-
Impairment of property (R'000)	307	-	-	-
Loss/(profit) on sale of assets after taxation (R'000)	137	(235)	-	-
Headline earnings (R'000)	53 990	45 450	40 714	9 999
Weighted average number of ordinary shares in issue ('000)	21 477	20 283	23 225	23 225
19.6 Fully diluted headline earnings per share (cents)	232.5	195.7	175.3	43.1
Headline earnings (R'000)	53 990	45 450	40 714	9 999
Fully diluted weighted average number of ordinary shares in issue ('000)	23 225	23 225	23 225	23 225
20. DIVIDENDS PER SHARE			Cents	Cents
Interim				
No. 22 paid on 8 March 2004 (2003: No. 20 paid 10 March 2003)			29	25
Final				
No. 23 payable 20 September 2004 (2003: No. 21 paid 22 September 2003)			49	40

For details of dividends declared after balance sheet date refer to the directors' report on page 39.



Notes to the annual financial statements

for the year ended 30 June 2004

R'000	Note	Group		Company	
		2004	2003	2004	2003
21. CASH FLOW STATEMENT					
21.1 Reconciliation of profit before taxation to cash generated from operations					
Profit before taxation		89 890	73 396	42 983	9 999
Adjustments for:					
Depreciation of property, plant and equipment	1	10 664	8 028	-	-
Impairment of property	1	307	-	-	-
Amortisation of intangible assets	2	220	134	-	-
Actuarial movement in employee benefits	12	(2 559)	1 833	-	-
Effect of change in accounting policy		-	(97)	-	-
Interest received	13	(8 683)	(10 040)	-	-
Interest paid	13	681	551	17	-
Loss/(profit) on disposal of property, plant and equipment	13	181	(235)	-	-
Employee benefits paid	12	(522)	(327)	-	-
Reversal of impairment on loans originated by the enterprise		-	-	(6 926)	-
Operating profit before working capital changes		90 179	73 243	36 074	9 999
(Increase) in inventories		(27 656)	(51 025)	-	-
(Increase)/decrease in trade and other receivables		(4 703)	(1 864)	85	(31)
Increase/(decrease) in trade and other liabilities		57 056	5 885	(82)	(18)
Working capital changes		24 697	(47 004)	3	(49)
Decrease in long-term prepaid rental		2 006	2 239	-	-
Cash generated from operations		116 882	28 478	36 077	9 950
21.2 Dividends paid					
Amounts unpaid at beginning of year		-	-	-	-
Amounts charged to distributable reserves		(15 300)	(12 903)	(16 025)	(13 936)
Amounts paid to minority shareholders		-	(1 140)	-	-
Amounts unpaid at end of year		-	-	-	-
Cash amounts paid		(15 300)	(14 043)	(16 025)	(13 936)
21.3 Taxation paid					
Taxation owing at beginning of year		(16 433)	(1 442)	-	-
Amount charged to income statement		(31 909)	(23 052)	(2 269)	-
Movement in deferred taxation		2 553	(524)	-	-
Amount owing at end of year		17 787	16 433	-	-
Cash amounts paid		(28 002)	(8 585)	(2 269)	-

Notes to the annual financial statements for the year ended 30 June 2004

R'000	Group		Company	
	2004	2003	2004	2003
22. NET ACQUISITION OF SUBSIDIARY COMPANY				
On 19 February 2004 the company acquired 51% of Cashbuild (Lilongwe) Limited, a company incorporated in Malawi. This interest was consolidated in the current year financial statements. The acquired business contributed revenues of R1 837 315 and an operating loss of R633 824 to the group for the year from 19 February 2004 to 30 June 2004, and its assets and liabilities at 30 June 2004 were R4 031 539 and R4 380 325 respectively. The fair value of the net assets approximated to the book value of the net assets acquired, and no restructuring provisions were established.				
Net assets purchased are as follows:				
Borrowings	(565)	-	-	-
Goodwill	402	-	-	-
Property, plant and equipment	789	-	-	-
Inventories	2 222	-	-	-
Cash and cash equivalents	4	-	-	-
Trade and other liabilities	(3 292)	-	-	-
Trade and other receivables	440	-	-	-
Total cash consideration on acquisition	-	-	-	-
Less: Cash and cash equivalents in subsidiary acquired	(4)	-	-	-
Total net cash (inflow) on acquisition	(4)	-	-	-
23. BORROWING POWERS				
Total gross borrowings	492	63	-	-
Banking facilities:				
Flexible term general banking facilities	40 000	40 000	-	-
Utilised banking facilities	-	-	-	-
Unutilised banking facilities	40 000	40 000	-	-

In terms of the Articles of Association of the Company, the borrowing powers of Cashbuild are unrestricted.



Notes to the annual financial statements for the year ended 30 June 2004

R'000	Group						
	Opening distributable reserves	Attributable earnings	Distributable reserves	Share capital	Share premium	Trade and other receivables	Loan
24. CONSOLIDATION OF SHARE INCENTIVE TRUST							
In accordance with the recommendations of the JSE Securities Exchange South Africa, the group now consolidates The Cashbuild Share Incentive Trust ("trust"). The trust has been consolidated as if it were a subsidiary from date of formation of the trust. The loan to the trust has been eliminated on consolidation and the shares held by the trust have been deducted as treasury shares from the issued number of ordinary shares in determining the weighted average number of ordinary shares. As per the requirements of AC103: <i>Net profit or loss for the period, fundamental errors and changes in accounting policies</i> , the relevant comparative figures have been restated.							
The effect of the restatement is reflected below and in the statement of changes in equity.							
Balance at 30 June 2003 as previously reported	56 617	45 195	88 000	232	40 966	29 503	6 882
Opening balance adjusted for trust consolidation	8 152		8 152				
Reversal of provision against loans receivable in trust		370	370				
Taxation in trust		(13)	(13)				
Dividend received on treasury shares in trust			1 033				
Consolidation of treasury shares in trust				(23)	(13 171)		
Consolidation of loan to trust							(6 882)
Staff loans in trust						3 230	
Restated balance at 30 June 2003	64 769	45 552	97 542	209	27 795	32 733	-

Notes to the annual financial statements for the year ended 30 June 2004

R'000	Group		Company	
	2004	2003	2004	2003
25. COMMITMENTS				
25.1 Capital commitments				
Capital expenditure to be funded from internal cash resources as approved by the directors				
- Contracted for new IT system implementation	37 531	8 107	-	-
- Authorised by directors, but not contracted for	15 690	-	-	-
Total commitments	53 221	8 107	-	-
Capital commitments for the 12 months after accounting date	19 810	8 107	-	-
25.2 Operating lease commitments				
Leases on premises are contracted for periods between 5 and 15 years with renewal options for further 5 to 10 year periods. Rental escalations vary but average at a rate of 9% (2003: 9%) per annum.				
The future minimum lease payments under non-cancellable operating leases for premises and equipment are as follows:				
- Due in 1 year	31 633	26 842	-	-
- Due from 1 - 5 years	109 985	87 088	-	-
- Thereafter	96 798	73 259	-	-
	238 416	187 189	-	-
26. CONTINGENT LIABILITIES				
The group has contingent liabilities in respect of bank and other guarantees in the ordinary course of business from which it is anticipated that no material liabilities will arise.				
The group has granted guarantees amounting to:	3 044	1 576	-	-



Notes to the annual financial statements

for the year ended 30 June 2004

R'000	South Africa	Members of common monetary area	Botswana and Malawi	Group
27. SEGMENT INFORMATION				
Primary reporting format - geographical segments				
27.1 Segment information for the year ended 30 June 2004				
Income statement				
Revenue				
- External	1 239 762	215 291	180 180	1 635 233
- Internal	33 161			
Operating profit before financing income	65 668	13 774	2 446	81 888
Balance sheet				
Segment assets	472 317	51 648	56 597	580 562
Segment liabilities	306 529	43 568	45 552	395 649
Other segment items				
Depreciation	8 945	566	1 153	10 664
Amortisation	202	-	18	220
Impairment of property	307	-	-	307
Capital expenditure	42 438	4 307	1 952	48 697
27.2 Segment information for the year ended 30 June 2003				
Income statement				
Revenue				
- External	984 425	211 752	198 606	1 394 783
- Internal	30 662			
Operating profit before financing income	32 746	15 027	16 134	63 907
Balance sheet				
Segment assets	371 719	50 278	54 732	476 729
Segment liabilities	255 992	44 018	36 525	336 535
Other segment items				
Depreciation	6 383	597	1 048	8 028
Amortisation	133	-	1	134
Capital expenditure	29 134	506	5 544	35 184

Notes to the annual financial statements for the year ended 30 June 2004

28. FINANCIAL RISK MANAGEMENT

Fair value of financial assets and liabilities

At 30 June 2004, the carrying amounts of cash and short-term deposits, trade accounts receivable, trade accounts payable, accrued expenses and short-term borrowings approximated their fair values due to the short-term maturities of these assets and liabilities.

Interest rate risk management

As the group is operating with a small gearing ratio, interest rate risk on borrowings is minimised. Surplus funds are invested in call and other notice accounts in order to maximise interest potential. For exposure to interest rate risk on interest-bearing borrowings refer to note 9.

Credit risk management

Potential concentrations of credit risk consist mainly of cash and cash equivalents, trade and other receivables, investments and derivatives. The group limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high quality credit standing. Credit is only given to a small number of customers and therefore debtors are a small portion of the business. Accordingly the group has no significant concentration of credit risk.

Foreign currency risk management

The group is party to financial instruments that reduce exposure to fluctuations in foreign currency exchange rates. Foreign currency forward exchange contracts protect the group from movements in exchange rates by establishing the rates at which a foreign currency asset or liability will be settled. It is company policy to enter into forward exchange contracts when adverse exposure to foreign currency exchange rate fluctuations exist. There were no open forward exchange contracts at year-end. The following uncovered positions existed at the end of the financial year: \$18 636 (2003: \$nil).

Liquidity risk management

The group manages liquidity risk through the compilation and monitoring of cash flow forecasts, as well as ensuring that adequate borrowing facilities are maintained. Borrowing powers are disclosed in note 23.

29. RETIREMENT FUNDS

The retirement fund is a defined contribution fund established in terms of the Pension Funds Act, 1956, as amended. All employees who are eligible through qualifying service are members of the fund. At 30 June 2004, there were 1 750 (2003: 1 667) members, equal to 89% (2003: 92%) of staff, who were members of the retirement fund.

30. POST-RETIREMENT MEDICAL AID BENEFITS

The group has no post-retirement medical aid liability.



Notes to the annual financial statements for the year ended 30 June 2004

31. RELATED PARTY

Related party relationships exist between the companies in the group. All purchasing and selling transactions are concluded at cost price, except for Tradebuild (a division within the group) where transactions are concluded at arm's length.

Treasury shares

Cashbuild (South Africa) (Proprietary) Limited, a wholly-owned subsidiary within the group, purchased shares in Cashbuild Limited during the period December 2001 to February 2002. These shares were sold to The Cashbuild Share Incentive Trust in December 2002. The surplus realised on the sale of the shares has been transferred directly to equity.

Directors' emoluments

Directors' emoluments and interests in options are disclosed in notes 16 and 17.

	2004	2003
32. THE CASHBUILD SHARE INCENTIVE TRUST		
The trust makes shares available to executive directors and employees of the group in accordance with the rules of the trust.		
The shares subject to the trust have been dealt with as follows:		
Shares subject to the scheme at beginning of year	3 989 546	3 448 750
Shares acquired in the scheme	46 500	631 296
Shares transferred to employees	(1 802 250)	(90 500)
Shares subject to the scheme at end of year	2 233 796	3 989 546
Dealt with as follows:		
Shares allocated to employees:		
- Share purchase scheme	963 850	1 682 900
- Share option scheme	1 100 000	2 310 000
Utilised from authorised but unissued shares	-	(3 354)
Shares held in the trust for future allocations	169 946	-
	2 233 796	3 989 546

Notes to the annual financial statements

for the year ended 30 June 2004

	% holding	No. of shares	No. of shareholders
33. ANALYSIS OF SHAREHOLDERS			
33.1 Listed below is an analysis of holdings extracted from the register of ordinary shareholders at 30 June 2004:			
33.1.1 Category			
Non-public			
Directors	10.49	2 435 230	2
Staff and The Cashbuild Share Incentive Trust	7.90	1 833 796	138
Public			
Insurance companies and pension funds	20.27	4 708 720	23
Investment and nominee companies	22.08	5 128 329	182
Other companies	23.11	5 367 082	189
General public	16.15	3 751 655	1 230
	100.00	23 224 812	1 764
33.1.2 Portfolio size			
1 - 1 000	1.83	424 150	1 135
1 001 - 5 000	4.68	1 087 824	433
5 001 - 100 000	13.65	3 169 414	162
100 001 - 1 000 000	46.49	10 797 668	30
1 000 000 - over	33.35	7 745 756	4
	100.00	23 224 812	1 764



Notes to the annual financial statements for the year ended 30 June 2004

	% holding	No. of shares
33.2 The following shareholders held in excess of 5% of the shares of the company at 30 June 2004:		
Old Mutual Group	15.30	3 552 382
The Cashbuild Share Incentive Trust	9.62	2 233 796
P K Goldrick	8.65	2 010 030
SRA Investments (Pty) Ltd	6.46	1 500 000
Investec	5.41	1 255 350
Investment Solutions	5.09	1 182 926
	Holders	Shares
33.3 Directors' shareholding in main register		
P K Goldrick	1	2 010 030
Non-executive non-beneficial	1	25 200
Move from other companies and general public to directors	2	2 035 230
In share trust register		
P K Goldrick	1	400 000
Move from The Cashbuild Share Incentive Trust to directors	1	400 000
Total	2	2 435 230

Notes to the annual financial statements for the year ended 30 June 2004

	% holding	No. of shares	No. of shareholders
33.4 Listed below is an analysis of holdings extracted from register of ordinary shareholders at 30 June 2003:			
33.4.1 Category			
Non-public			
Directors	15.75	3 657 330	4
Staff and The Cashbuild Share Incentive Trust	10.72	2 489 546	201
Public			
Insurance companies and pension funds	15.78	3 666 284	8
Investment and nominee companies	31.34	7 279 239	58
Other companies	8.72	2 024 410	52
General public	17.69	4 108 003	1 083
	100.00	23 224 812	1 406
33.4.2 Portfolio size			
1 - 1 000	1.29	299 544	951
1 001 - 5 000	3.25	753 079	295
5 001 - 100 000	12.50	2 903 778	131
100 001 - 1 000 000	27.26	6 331 887	21
1 000 000 - over	55.70	12 936 524	8
	100.00	23 224 812	1 406



Notes to the annual financial statements for the year ended 30 June 2004

	% holding	No. of shares
33.5 The following shareholders held in excess of 5% of the shares of the company at 30 June 2003:		
P K Goldrick	14.48	3 362 130
Old Mutual Group	12.60	2 926 984
The Cashbuild Share Incentive Trust	10.72	2 489 546
SRA Investments (Pty) Ltd	6.46	1 500 000
	Holders	Shares
33.6 Directors' shareholding in main register		
P K Goldrick	1	2 062 130
C T Daly	1	60 000
Non-executive non-beneficial	2	35 200
Move from other companies and general public to directors	4	2 157 330
In share trust register		
P K Goldrick	1	1 300 000
C T Daly	1	200 000
Move from The Cashbuild Share Incentive Trust to directors	2	1 500 000
Total	4	3 657 330

Notes to the annual financial statements

for the year ended 30 June 2004

Name of company	Amount receivable 2004 R'000	Amount receivable 2003 R'000	Domicile	Issued capital	Effective holding 2004	Effective holding 2003	Nature
34. SUBSIDIARIES							
DIRECTLY HELD							
Cashbuild Management Services (Pty) Ltd	39 798	18 270		R 1	100%	100%	1
INDIRECTLY HELD							
Cashbuild (Botswana) (Pty) Ltd			A	P1 500 000	100%	100%	2
Cashbuild (Kanye) (Pty) Ltd			A	P2	100%	100%	3
Cashbuild (Lesotho) (Pty) Ltd			B	M100 000	80%	80%	2
Cashbuild (Lilongwe) Ltd			E	-	51%	-	2
Cashbuild (Namibia) (Pty) Ltd			C	N\$1	100%	100%	2
Cashbuild (South Africa) (Pty) Ltd				R54 000	100%	100%	2
Cashbuild (Swaziland) (Pty) Ltd			D	E500	50%	50%	2
Tradebuild (Pty) Ltd				R4	100%	100%	3
U-Build (Pty) Ltd				R1	-	100%	4

Nature

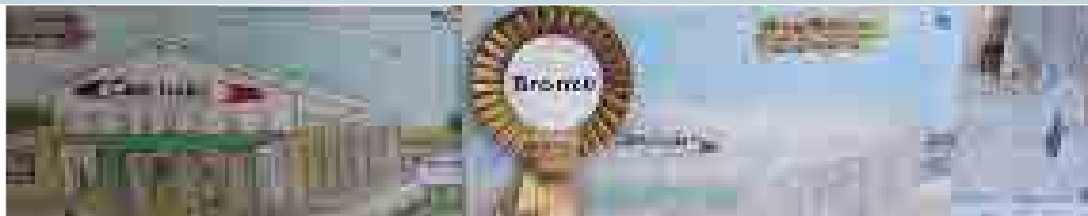
1. Investment and management company
2. Trading company
3. Dormant
4. Property-owning company

Domicile

South African unless otherwise stated:

- | | |
|-------------|--------------|
| A. Botswana | B. Lesotho |
| C. Namibia | D. Swaziland |
| E. Malawi | |

Notice of annual general meeting



Notice is hereby given that the annual general meeting of members of the company will be held at the registered office of the company, cnr Aeroton and Aerodrome Roads, Aeroton, Johannesburg, on Monday, 6 December 2004 at 10:00 to transact the following business:

1. To consider and adopt the annual financial statements for the year ended 30 June 2004 together with the directors' and auditors' reports;
2. To re-elect retiring directors by means of a single resolution;
3. To re-elect the following directors, who retire in accordance with the company's Articles of Association and, being eligible, offer themselves for re-election:
 - 3.1 Mr P K Goldrick; and
 - 3.2 Mr F M Rossouw

An abbreviated curriculum vitae in respect of each director offering himself for re-election appears on page 22 of this annual report.
4. To confirm the appointments of Mr J Molobela and Ms N V Simamane, who were appointed with effect from 1 September 2004 and who retire in accordance with the Company's Articles of Association and, being eligible, offer themselves for re-election.
5. To re-appoint the auditors, PricewaterhouseCoopers Inc., for the ensuing year.

6. ORDINARY RESOLUTION NUMBER 1

To place the unissued shares under the control of the directors; "Resolved that the entire authorised but unissued shares in the capital of the company be and are hereby placed under the control and authority of the directors of the company until the forthcoming annual general meeting and the directors of the company be and are hereby authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors of the company may from time to time and in their discretion deem fit, subject to the provisions of the Companies Act (Act 61 of 1973), as amended ("the Act"), the Articles of Association of the company and the Listings Requirements of the JSE Securities Exchange South Africa ("the JSE"), where applicable."

7. ORDINARY RESOLUTION NUMBER 2

That the Cashbuild Empowerment Trust, as proposed by Cashbuild's Employee Forum, the salient features and terms of which are set out in the circular to Cashbuild's shareholders, be and is hereby approved, provided that this motion shall only be deemed carried if 75% (seventy-five percent) or more of members voting in person or by proxy vote in favour of the resolution.

8. ORDINARY RESOLUTION NUMBER 3

That the company be and is hereby authorised to vote in favour of a resolution to be passed by Cashbuild's immediate subsidiary, Cashbuild Management Services (Pty) Limited, a company duly registered in the Republic of South Africa under registration No. 1986/001339/07 ("CMS"), whereby CMS is authorised to lend and advance (whether directly or indirectly) a non interest-bearing loan not exceeding R70 million (seventy million Rand) to the proposed Cashbuild Empowerment Trust on and upon the terms and conditions as set out in the circular and the draft loan agreement between CMS and the proposed trust, it being recorded that such loan shall be made without calling for security from the proposed trust, provided that this motion shall only be deemed carried if 75% (seventy-five percent) or more of members voting in person or by proxy vote in favour of the resolution.

9. ORDINARY RESOLUTION NUMBER 4

That the company be and is hereby authorised, if deemed appropriate between the trustees of the proposed empowerment trust and CMS, that in the event of the trustees extending an offer to purchase shares from The Cashbuild Share Incentive Trust ("CBSIT") for the acquisition of any surplus shares that are available, to accept such offer, provided that the proposed trust shall pay CBSIT a maximum price of R30.00 (thirty Rand) per share, provided further that this motion shall only be deemed carried if 75% (seventy-five percent) or more of members voting in person or by proxy vote in favour of the resolution.

10. ORDINARY RESOLUTION NUMBER 5

That the directors of the company be and are hereby authorised to act under the general share repurchase authorisation granted to the company by virtue of Special Resolution 2 passed at the company's annual general meeting of members held on 3 November 2003, as

Notice of annual general meeting *continued*

renewed at this annual general meeting, for purposes of acquiring for the benefit of the proposed trust such number of shares as may be required in order to capitalise the trust, whether in part or fully, in accordance with the provisions set out in the circular, it being recorded that before the formation of the trust, the directors of the company shall, if deemed necessary, be authorised to acquire the shares in the name of CMS who, in turn, shall transfer the scheme shares to the proposed empowerment trust within a reasonable time after registration of the deed of trust constituting the proposed trust by the Master of the High Court and, further that once the trust has been registered, the directors shall be authorised to assist the trustees of the proposed trust to acquire such number of scheme shares as may be required in terms of the circular, provided that this motion shall only be deemed carried if 75% (seventy-five percent) or more of members voting in person or by proxy vote in favour of the resolution.

11. SPECIAL RESOLUTION NUMBER 1

Approval to repurchase shares:

"Resolved that, as a general approval contemplated in section 85(2) and 85(3) of the Act, the acquisitions by the company or a subsidiary of the company, from time to time, of the issued ordinary shares of the company, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject to the Articles of Association of the company, the provisions of the Act and the JSE Listings Requirements, where applicable, and provided that:

- the repurchase of securities will be effected through the main order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter party;
- the acquisitions of ordinary shares in the aggregate in any one financial year do not exceed 20% of the company's issued ordinary share capital from the date of the grant of this general authority;
- in determining the price at which the company's ordinary shares are acquired by the company in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the five trading days immediately preceding the date of the repurchase of such ordinary shares by the company; and

- this general authority shall remain in force until the next annual general meeting of the company and, in any event, not later than 15 months from the date on which it was passed."

The directors, after considering the effects of the repurchase, are of the opinion that if such repurchase is effected:

- the company and the group are in a position to repay their debt in the ordinary course of business for the next 12 months;
- the consolidated assets of the company and the group, being fairly valued in accordance with Generally Accepted Accounting Practice, are in excess of the consolidated liabilities of the company and the group for the next 12 months;
- the ordinary capital and reserves of the company and the group are adequate for the next 12 months;
- the available working capital is adequate to continue the operations of the company and the group for the next 12 months;
- the company will ensure that the Sponsor has complied with its responsibilities in terms of the JSE Listings Requirements prior to the commencement of any repurchase of the company's shares on the open market;
- after such repurchase, the company will still comply with paragraphs 3.37 to 3.41 of the JSE Listings Requirements concerning shareholder spread requirements;
- the company or its subsidiaries will not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements;
- when the company has cumulatively repurchased 3% of the initial number of the relevant class of securities, and for each 3% in aggregate of the initial number of that class acquired thereafter, an announcement will be made; and
- the company only appoints one agent to effect any repurchase on its behalf.

12. The JSE Listings Requirements require the following additional disclosures:

- independent non-executive and executive directors- page 22;
- major shareholders of Cashbuild - page 72;
- directors' interests in securities - page 60; and
- share capital of Cashbuild - page 55.

Notice of annual general meeting *continued*



13. Material change

There have been no material changes in the financial position of Cashbuild and its subsidiaries since the date of signature of the audit report and the date of this notice.

14. Directors' responsibility statement

The directors, whose names are given on page 22 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this Special Resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution contains all such information.

15. Litigation statement

In terms of section 11.26 of the JSE Listings Requirements, the directors whose names are given on page 22 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have had in the recent past, being at least the previous 12 months, a material effect on Cashbuild's financial position.

16. Reasons for and effect of Special Resolution Number 1

The reasons for proposing this Special Resolution are to enable Cashbuild to reduce its capital in any way permitted by law, to permit and authorise Cashbuild to acquire its own shares, and to permit Cashbuild to make payments to its shareholders.

The effect will be to authorise the company to purchase shares in Cashbuild.

17. To transact any such other business as may be transacted at an annual general meeting.

Voting and proxies

A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend and speak and, on a poll, to vote in his/her stead.

A proxy need not be a member of the company.

On a show of hands, every member of the company present or represented by proxy shall have one vote only. On a poll, every member of the company present in person or represented by proxy shall have one vote for every ordinary share held in Cashbuild by such member.

The attached form of proxy is only to be completed by those shareholders who are:

- holding shares in certificated form; or
- dematerialised with "own name" registration.

All other beneficial owners who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker other than "own name" and who wish to attend the annual general meeting, must instruct their CSDP or broker to provide them with a Letter of Representation, or they must provide their CSDP or broker with voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Proxy forms must reach the office of the transfer secretaries, Computershare Investor Services 2004 (Pty) Limited, not later than 10:00 on Friday, 3 December 2004.

By order of the board

ALAN C SMITH

Company Secretary
23 August 2004

Registered office

Cashbuild Limited
cnr Aeroton and Aerodrome Roads
Aeroton
Johannesburg 2001

PO Box 90115
Bertsham 2013

Transfer secretaries

Computershare Investor
Services 2004 (Pty) Ltd
Ground Floor
70 Marshall Street
Johannesburg 2001

P O Box 61051
Marshalltown 2107

Form of proxy

CASHBUILD LIMITED

(Incorporated in the Republic of South Africa) • [Registration number 1986/001503/06] • JSE code: CSB • ISIN:ZAE000028320 • ("Cashbuild" or "the company")

For use only by Cashbuild ordinary certificated shareholders or ordinary dematerialised shareholders with "own name" registration, at the annual general meeting of members to be held at the registered office of the company, cnr Aeroton and Aerodrome Roads, Aeroton, Johannesburg at 10:00 on Monday, 6 December 2004 and at any adjournment thereof.

Dematerialised ordinary shareholders holding shares other than "own name" registration, must inform their CSDP or broker of their intention to attend the annual general meeting and request their CSDP or broker to issue them with the necessary Letter of Representation to attend the annual general meeting in person and vote or provide their CSDP or broker with voting instructions should they not wish to attend the annual general meeting in person, but wish to be represented thereat. These shareholders must not use this form of proxy.

I/We _____ of (address) _____
being the holder of* _____ Cashbuild ordinary shares, hereby appoint
1 _____ or failing him/her
2 _____ or failing him/her

3 the chairman of the annual general meeting
as my/our proxy to act for me/us and on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the Cashbuild ordinary shares registered in my/our name(s), in accordance with the following instructions:

	For**	Against**	Abstain**
1 Adoption of annual financial statements			
2 Re-election of directors by means of a single resolution			
3 Re-election of directors:			
3.1 Mr P K Goldrick			
3.2 Mr F M Rossouw			
4 Confirmation of appointment, effective 1 September 2004:			
4.1 Mr J Molobela			
4.2 Ms N V Simamane			
5 Re-appointment of auditors, PricewaterhouseCoopers Inc.			
6 Ordinary resolution number 1: to place unissued shares under the control of directors			
7 Ordinary resolution number 2: approval of the Cashbuild Empowerment Trust			
8 Ordinary resolution number 3: loan to Empowerment Trust			
9 Ordinary resolution number 4: CBSIT sale of shares to trust			
10 Ordinary resolution number 5: utilisation of buy-back shares			
11 Special resolution number 1: approval to repurchase shares			

* One vote for every ordinary share held.

** Please indicate with an "X" how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain at his/her discretion.

A direction to vote for any resolution authorises the proxy to vote in favour of the resolution with or without modification as a proxy may approve.

Signed this _____ day of _____ 2004

Signature _____



Form of proxy *continued*

NOTES:

1. This form of proxy must only be used by certificated ordinary shareholders or dematerialised ordinary shareholders who hold dematerialised ordinary shares with "own name" registration.

2. Dematerialised ordinary shareholders are reminded that the onus is on them to communicate with their CSDP or broker.

3. Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder(s) of the company) to attend, speak and, on a poll, vote in place of that shareholder at the annual general meeting.

4. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the chairman of the annual general meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those names that follow.

5. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the shareholder in the appropriate box(es) provided. Failure to comply with the above will be deemed to authorise the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of the ordinary or special resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting as he/she deemed fit, in respect of all shareholders' votes exercisable thereat.

6. If the form of proxy is signed on behalf of the company, the authority, unless previously registered with the company, must accompany this form of proxy.

7. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with

these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.

8. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).

9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof, should such shareholder wish to do so.

10. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company.

11. Where there are joint holders of any shares:

- any one holder may sign this form of proxy; and
- the vote(s) of the senior shareholder (for that purpose, seniority will be determined by the order in which the names of the shareholders appear in the company's register of members) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).

12. Forms of proxy should be lodged with or mailed to:
Computershare Investor Services 2004 (Pty) Ltd

Hand deliveries

Ground Floor
70 Marshall Street
Johannesburg 2001

Postal deliveries

P O Box 61051
Marshalltown 2107

to be received no later than 10:00 on Friday, 3 December 2004.



Administration and offices

CASHBUILD

Incorporated in the Republic of South Africa
Registration number 1986/001503/06

REGISTERED OFFICE

Corner Aeroton and Aerodrome Roads
Aeroton
Johannesburg
2001

POSTAL ADDRESS

PO Box 90115
Bertsham
2013

COMPANY SECRETARY

Alan C Smith

TRANSFER SECRETARIES

Computershare Investor Services 2004 (Pty) Ltd
Ground Floor
70 Marshall Street
Johannesburg
2001

PO Box 61051
Marshalltown
2107

AUDITORS

PricewaterhouseCoopers Inc.

ATTORNEYS

Van der Heever and Associates

BANKERS

Standard Bank of South Africa Limited
Southdale Branch

SPONSOR

Nedbank Capital

WEBSITE

www.cashbuild.co.za

