Cashbuild

Annual Report

2006

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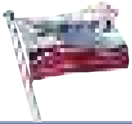
MISSION

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.

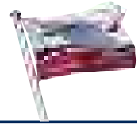
Management is confident that Cashbuild's markets will continue to grow, supported by government's drive to increase home ownership and the continued striving of private home builders and developers to meet the aspirations of more and more home owners for larger homes and better housing.

In all the countries in which Cashbuild trades, home ownership is increasingly seen as a reliable 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.

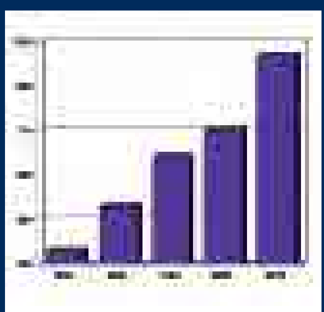


GROUP FINANCIAL HIGHLIGHTS

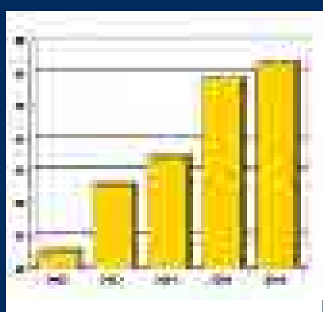
	June 2006	June 2005 (Restated)
Group summary (R'000)		
Revenue	2 710 417	2 208 902
Operating profit before financing income	131 942	119 756
Profit before taxation	135 413	126 710
Attributable earnings	82 700	78 191
Headline earnings	82 778	78 380
Net (decrease)/increase in cash and cash equivalents	(35 146)	23 774
Market capitalisation*	1 083 825	990 925
Total assets	893 132	768 058
Cash and cash equivalents	132 024	167 170
Non interest-bearing borrowings	1 454	1 416
Share performance (cents per share)		
Headline earnings*	366.7	357.8
Dividends	116	107
Cash and cash equivalents*	511.6	647.8
Net asset value*	1 003	753
Market price - high	5 600	3 980
Market price - low	3 750	2 250
Market price - at year-end	4 200	3 840
Statistics		
Number of employees	3 162	2 712
Number of stores	150	134
Number of trading weeks	52	52
Turnover per employee (R'000)	857	814
Profit before tax on sales (%)	5.0	5.7
Return on shareholders' funds (%)	31.3	39.1

* Calculations based on issued share capital prior to consolidation of treasury shares (see note 13 of annual financial statements)

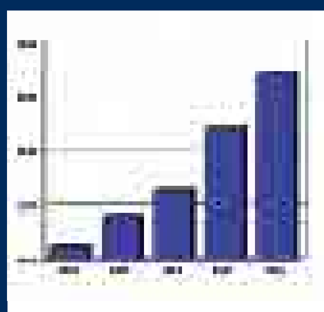
Net asset value per share (cents)



Headline earnings (Rm)



Revenue (Rm)



CHAIRMAN'S REPORT

A year in which our earnings have shown a temporary blip in its normal strong growth pattern – that is the year under review.

The growth in revenue (23%) continued. This growth in revenue is a direct result of our decision to continue opening new stores (17 during the current financial year) in areas where we are still under represented.

Our customers continue to show their support for those core concepts which distinguish Cashbuild from other retailers namely:

- lowest prices;
- best quality products (no seconds or rejects);
- best service;
- free national deliveries (now changed to free local deliveries);
- extended trading hours; and
- always in stock.

Although there was a slight slowdown in property prices in the second half of the financial year, the demand for houses in the lower to middle categories continues unabated and government will continue to have to meet this demand. This will underpin the renovation and/or maintenance sector.

It would be remiss of me not to say something about the problems experienced in the IT sector of our business.

We had planned to introduce a complete new IT solution to our business. Unfortunately due to incorrect implementation we found ourselves unable to trust the support office system and were forced into many manual interventions resulting in an almost inordinate load on our accounting staff. The final outcome is that we intend abandoning the present support office system and installing a new system from scratch.

We had also intended phasing in a new store system once the support office system was fully operational. Fortunately our store system, although old, is extremely robust and our present service provider could continue to support us and we could thus limit the impact to our business.

I wish to thank this service provider for its support and am pleased to know that they will be able to keep the store system working until a new system is installed (approximately two years).

Although we were thus able to continue trading, this breakdown of systems took its toll on costs, lack of immediate and up-to-date business information and above all management and staff morale due to frustration.

I wish to thank all who assisted in "damage control" and I trust that the anticipated introduction of a correct and appropriate system in the future will be smooth and to the benefit of all.

CORPORATE GOVERNANCE

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

All members of the board regularly attend board meetings and participate in sub-committees such as the audit and remuneration committees. They have all enthusiastically participated in ad-hoc meetings covering the "IT dilemma" – for this I thank them.

The board has appointed a "Risk Advisor" and we look forward to building on the initial findings. One major risk identified, is the increase in fraud, theft and violent robberies - Cashbuild has not escaped this scourge. I appeal to government to take this problem more seriously. If not, the economy will be affected negatively.

LONG-TERM SUSTAINABILITY

I am convinced that allowing for this year's temporary set-back in profit growth, the company and its shareholders can look forward to a long-term prospect of growth giving a cumulative return of between 7 - 10% real growth.

The factors contributing to the confidence on my part include:

- the enhanced programme of stores being opened;
- the ruthless control of costs in line with budgets;
- the application and adherence to the basic fundamentals of the business by management at all levels;
- the introduction of Integrated Performance Management (IPM) which results in everybody in the company understanding his/her part in the company's success;
- the commitment by the Employee Steering Committee to the Values and Objectives of Cashbuild;
- the eventual roll-out of an integrated store and support office IT system; and
- the quality of management (at all levels) in the company.

I wish to thank all the stakeholders for their continuous contribution to the success of Cashbuild.

I congratulate and thank all staff and management for their specific and dedicated efforts during this tough financial year. I am sure these efforts will show pleasant results in the forthcoming year.

D MASSON
Chairman
18 September 2006

CHIEF EXECUTIVE'S REPORT

The objectives and key initiatives for the year were to:

- continue to aggressively protect and grow market share;
- continue to drive customer service improvement;
- continue to build the Cashbuild brand;
- optimise sales mix;
- focus on buying margin;
- formalise succession planning for key positions;
- finalise implementation of IT systems;
- implement Integrated People Management (IPM) strategy; and
- update financial model and drive down costs.

OVERVIEW OF PERFORMANCE

The results for the year were solid and the best ever in the 27 year history of the company, achieving three key milestones:

- revenue exceeded R 2.7 billion for the first time;
- profit before tax exceeded R 135 million for the first time;
- also for the first time a dividend of 116 cents was paid.

Revenue of R 2.7 billion, an improvement of 23% (12% attributable to new stores and 11% to pre-existing stores) on the previous year which equates to 19% compound growth over the last five years.

This growth was achieved as a result of our focus on customer service and ensuring our proven core and new strategies were constantly in place:

- always in stock;
- always lowest price;
- free local customer delivery service; and
- extended shopping hours.

Operating expenses of R 464.6 million were 27.6% higher than the previous year. Whilst we continuously tightly control and challenge for improvement, this year and particularly the first half, has seen much higher operating costs as a result of new key initiatives to drive our business forward which required extra resources, for example:

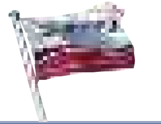
- brand building once-off;
- free national customer delivery service (now changed to free local delivery service);
- extra staffing to service our customers during extended trading hours;
- additional professional costs as a result of running behind and bringing back on track, our support office new IT implementation;
- additional people employed and extra shifts worked in our creditors department to ensure our suppliers were paid timeously whilst trying to pull the IT implementation back on track.

Operating profits before financing income of R 131.9 million was a 10% improvement on the previous year and 31% compound growth over the previous five years.

Diluted headline earnings per share of 366.7 cents on a comparable basis, is up 3% on last year's 357.8 cents.

The dividend policy was consistent for the year as follows:

- 1st half: 3 times cover based on 1st half results;
- 2nd half: 2.5 times cover based on 2nd half results;
- A total dividend of 116 cents per share was declared, an improvement of 8%.



CHIEF EXECUTIVE'S REPORT CONTINUED

The total value of Rand dividend paid to shareholders for the year is R 29.9 million, a growth of 8.3% on the previous 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 (150 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.

Cashbuild has built its credibility and reputation by never failing to offer quality products fit for purpose at the lowest prices everyday 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 continues to receive constant management focus and attention resulting in inventories and trade liabilities being in line with management plans and business model.

Cashbuild's successful stocking policy of "always in stock" plus store organic expansion and refurbishment/relocation programme is now entrenched throughout the organisation and practices as per the Cashbuild Way.

Cashbuild continues to utilise excess cash to negotiate beneficial settlement discounts for the group.

Management expects the business to continue to be adequately cash positive and capable of funding store expansion, refurbishment/relocation and the installation of the new IT system.

GROWING PROFITABLE MARKET SHARE

Cashbuild will continue to grow sales and profit each year by implementing the business strategy through its 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 and certified 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 but never debases a market and offers a dependable, free local 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 by a local citizen of the country.

Brightest Young Minds

Photographer: Michael Hammond

CHIEF EXECUTIVE'S REPORT CONTINUED

GROWING OUR CUSTOMERS

Customers are and will always be the lifeblood of our business.

Cashbuild management and staff are fully aware that our customers have the choice of where and how to spend their money. Once again Cashbuild has succeeded in growing its shopping transactions for the financial year from 6.9 million to 8.4 million, a growth of 23%.

This consistent customer shopping transaction growth is attributed to:

- trusted and respected brand;
- focused micro-marketing;
- clearly identifying and meeting the specific needs of all our customers in each of the locations in which we trade;
- delivering consistent quality customer service;
- everyday lowest prices (will beat any local price or quotation);
- always in stock;
- stocking quality product fit for purpose (never sell seconds);
- convenient and dependable delivery service at each store;
- management and staff are trained and passionate about giving predictable and quality service to all customers both external and within the business; and
- Cashbuild sets out to be a pleasure to do business with.

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

Cashbuild will for the foreseeable future, continue to deliver sustainable growth through well-developed business models, its large geographic spread of existing stores, plus planned expansion, people, cash flow and information technology. We will grow profitable market share by continuing to employ, develop and challenge the right people as well as the careful selection of value-adding outsource business partners.

Our proven methods (which are constantly refined and updated) of communicating to all our customers will continue, together with greater emphasis on exposing more people to Cashbuild and encouraging people to carry out their own home building and improvements.

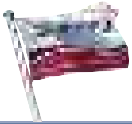
Our chosen proactive outsource professional specialised retail advertising partner works tirelessly and effectively carrying out regular customer surveys throughout our stores, which enables Cashbuild to be proactive in establishing shopping trends and customer expectations.

MANAGING THE BUSINESS AT STORE LEVEL

Cashbuild is totally customer-focused and all 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 executive directors prior to submission to the board for approval. Operations director, neighbouring countries operations manager, divisional and store managers are held accountable for delivery of their budgets.

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



CHIEF EXECUTIVE'S REPORT CONTINUED

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, streamlined 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 and divisional manager 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 annum.

PROTECTION AND MANAGING OF ASSETS

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

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.

Each Cashbuild store carries about 3 200 different line items varying in size from 13.2 metres of corrugated iron to 100mm carpentry pencil, with a price range of 65 cents for a brick to R6 125 for a quality 10 000 litre water tank.

All stock is checked and tracked from point of receipt (Cashbuild takes ownership) to point of sale 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 monthly stock counts, disciplinary action and possible dismissals. As a result of our zero tolerance of breaches of company procedures, Cashbuild has budgeted to reduce and maintain shrinkage to 0.4% of revenue and to keep it down to this level, which has been achieved frequently during the past five years.

All movable assets are tagged and bar coded and tracked throughout the business.

In line with good corporate governance and to ensure there is limited room for non-adherence, the Cashbuild internal audit and loss prevention department carries out a five day extensive audit at each store at least three times per annum. 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 is also present and 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 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 158 and the total cost of running the support office including professional and audit fees for the year under review was R72.5 million (2.7% of revenue).

MANAGEMENT STRUCTURE

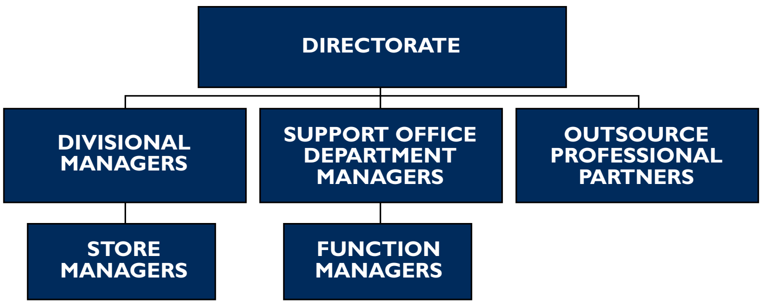
Cashbuild's success can be attributed to its simple business model and the excellent people culture, work ethic and in particular living what we preach. For a number of years Cashbuild has been recognised as being one of the best companies to work for and achieved sixth position in SA's Best Companies 2006, published by the Corporate Research Foundation in association with Business Report.

Wherever possible we promote 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 reward for excellence.

"The Cashbuild Way", managing and holding outsourced partners responsible, 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 22 divisional managers (another five 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 19 store managers (including one woman) were promoted from within the company. There are currently 51 store managers (including 11 women) in training.

THE MARKET

The market for the supply of quality building materials is worth in the region of R 60 billion per annum and is being driven forward, which is evident from the ever growing value of building plans passed on many fronts, for example:

- 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 four to five years ago, today a home is more important;
- The majority of the population having cash or access to funds to build or extend their homes;
- The ability to obtain title or formal permission to occupy land on which to live and build a home;
- The government's renewed efforts to build or make funds available for housing is a higher priority; and
- The feel good factor and positive vibe from most people throughout our country.

STORE EXPANSION/RELOCATION/REFURBISHMENT

Cashbuild is committed to aggressively protect and grow profitable market share. Critical to the success of our business growth is the number of stores, and the physical location of each store within its catchment area.

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

During the year under review 17 new stores were added. At the end of the financial year 150 stores were trading. Since the year-end (now at the end of September) a further two stores have opened, with eight more planned to open by the end of 2006.

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.

Cashbuild's strategy is to refurbish/upgrade all stores on a rolling five year period. During the financial year six stores (Nhlangano, Gaborone, Richards Bay, Tradebuild, Thaba Nchu and Polokwane Central) were refurbished and three relocated (Makopane, Brackenfell and Polokwane Industrial). Since the financial year-end one store (Montague Gardens) has been relocated. All six stores, since their refurbishment have traded in line with or ahead of expectations. At the end of September 2006 one store (Maseru) is in the process of being refurbished and four in the process of being relocated (Tshaneni, Kroonstad, Nqutu and Kabokweni). A further 32 stores are at different stages of planning for refurbishment or relocation.

Refurbishment/relocation is only approved if it meets strict operational and financial criteria.

PRODUCT

Suppliers

Cashbuild has a policy of purchasing products from local suppliers in the areas and countries in which it trades. By implementing this policy it supports local employment, distribution of wealth, reduces transport costs and enables Cashbuild to offer local store customers more competitive prices, provided those local suppliers are committed and capable, together with our support, to provide a predictable supply of quality products at competitive prices.

Cashbuild also purchases products from national brand suppliers. However, due to the demographical spread of our expanding store base, the number of suppliers who are capable of supplying product to all our stores is limited. Those suppliers are selected on a strict basis on their ability to produce and deliver timeously, products of consistently high quality at competitive prices direct to a selection of stores.

Art-at-Heart Manager's Choice Award winner

Supply Chain Management

Total availability of all ranged products within all our stores is critical to Cashbuild's success and is a constant top of mind awareness.

In the interest of good consistent practices and to avoid any misunderstanding all our suppliers are given written contracts clearly setting out both parties' commitments and responsibilities with regard to the supply of quality products, trading and payment terms.

To enable all our suppliers to plan and ensure continuity of quality 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 specific for each store and a supplier's failure to comply will lead to corrective action and possible delisting of a non-performing supplier.

Importing of product is a last resort and is only considered when local manufacturers are incapable or unwilling to supply quality products fit for purpose on a dependable basis at competitive prices.

PRODUCT BRANDS AND PRODUCT PRICE

Cashbuild is committed to supplying its customers with quality products (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 customer's needs. Recognised quality brands are always important. The market is driven by the consumer with aspirations and the need to get value for money. During the past 10 years Cashbuild has developed Cashbuild branded quality products to meet the needs of customers at competitive prices. The Cashbuild brand is strong and is respected as a retailer of quality and integrity.

PRICE INCREASES AND THE CONSUMER

Inflation for the financial year over the product range was in the region of 6 - 7%. However this was not the case with timber and copper related products, with price increases during the year resulting in a total price increase of 22% and 27% respectively, which is disappointing.

EMPLOYEES AND MANAGEMENT

Cashbuild employs 3 162 excellent permanent people who have demonstrated through their understanding of our customers' needs, that they are the right people for the Cashbuild business.

The Employee Steering Committee put in place during the 2004 financial year has settled in well and is bringing benefits across the entire business. The purpose of the steering committee 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" 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 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, comprised of 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 1.2% with total staff turnover of 25% (excluding dismissals: 15%). Whilst these statistics are better than the industry norm, there will be incentives put in place to improve.

All employees are informed of developments within Cashbuild through a weekly newsletter and will be further enhanced in the forthcoming financial year.

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 constantly increasing its support of black economic empowerment initiatives. Cashbuild is continuing a programme that initiates projects within 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. Cashbuild's free local customer delivery service which once again created local employment by utilising local labour and transport services 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.

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

Photographer: Michael Hammond

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 and support office departments. The outsource partner provides the audit guidelines and checklists for ensuring compliance with all issues, not only legal requirements. With the use of the guidelines and checklists, internal audits are used 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.

INNOVATIONS, THE CASHBUILD WAY AND EMPLOYEE STEERING COMMITTEE

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 work flow and quality of output and is resulting in greater customer satisfaction in all aspects of our business.

Cashbuild has in place an Employee Steering Committee comprising staff and management across the entire business. The purpose of the committee 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 to 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. 310 employees were dismissed from the company's employment as a results of such proceedings during the year under review, as against last year's 188. 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.

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 at the end of September has 152 stores, all trading successfully, and is in its best ever position to grow profitable market share.

Our experienced operations director, operations manager and 22 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 (six 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 on their current structures. Each of our host countries' governments are 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 stake holders.

COMMUNITY RELATIONS

Building material donations made from 1 July 2005 to 30 June 2006

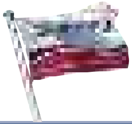
	Store	New/refurbished relocated	Date	No. of schools	Total
1	**Vryburg Central**	New	07 July 2005	8	**R 80 000**
	Thagamoso Primary				R 10 000
	Armoedsvlakte Primary				R 10 000
	Grootpan Intermediate				R 10 000
	Molemoeng Primary				R 10 000
	Molale Primary				R 10 000
	Molehbangwe Middle School				R 10 000
	Tigerkloof				R 10 000
	Kismet Combined				R 10 000
2	**Kwamashu**	New	25 August 2005	8	**R 80 000**
	Sifunimfundo Pre-Primary School				R 10 000
	Thandukwazi Senior School				R 10 000
	Imbaliyamazulu Primary School				R 10 000
	Dr B.W. Vilakazi Junior Primary				R 10 000
	Khuphukani Junior Primary				R 10 000
	Tholamandla Senior Primary				R 10 000
	Mukelani Senior Primary				R 10 000
	Ikusasalentsha Primary School				R 10 000

CHIEF EXECUTIVE'S REPORT CONTINUED

	Store	New/refurbished relocated	Date	No. of schools	Total
3	**Windhoek Central**	New	01 September 2005	8	**R 80 000**
	Gammas Primary School				R 10 000
	Augeikhas Primary School				R 10 000
	Michelle Mclean Primary School				R 10 000
	St Barnabas Primary School				R 10 000
	A.I. Steenkamp Primary School				R 10 000
	Rehoboth Primary School				R 10 000
	Holy Cross Convent				R 10 000
	Bethold Himumuine Primary School				R 10 000
4	**Mokopane**	Relocation	06 September 2005	7	**R 70 000**
	Sepedi School				R 10 000
	Kgatabela School				R 10 000
	Mageme Primary School				R 10 000
	Pepps Preparatory School				R 10 000
	Mmamangina Primary School				R 10 000
	Raphela Higher Primary School				R 10 000
	Makgubuketja Primary School				R 10 000
5	**Nhlangano**	Refurbished	27 September 2005	7	**R 70 000**
	Mahamba Primary School				R 10 000
	Evelyn Baring Primary School				R 10 000
	Nsongweni Primary School				R 10 000
	Nkhungwini Primary School				R 10 000
	Engudzeni Primary School				R 10 000
	Ngwane Central Primary School				R 10 000
	Mashobeni South Methodist Primary School				R 10 000
6	**Piggs Peak**	New	28 September 2005	8	**R 80 000**
	Ekujabuleni Community Primary School				R 10 000
	Rosenberg Primary School				R 10 000
	Cetjwayo Primary School				R 10 000
	Peak Central Primary School				R 10 000
	St. Peregrines Primary School				R 10 000
	Luhlangotsini Primary School				R 10 000
	Peak Nazarene Primary School				R 10 000
	The Peak School Primary				R 10 000
7	**Witbank Central**	New	30 September 2005	5	**R 60 000**
	New Harvest Primary School				R 12 000
	Dedian Primary School				R 12 000
	SAVF Wonderland				R 12 000
	Cambridge Academy				R 12 000
	Greendale School				R 12 000

	Store	New/refurbished relocated	Date	No. of schools	Total
8	**Benoni**	New	26 October 2005	5	**R 60 000**
	Ekukhanyeni Primary School				R 12 000
	Lesabe Primary School				R 12 000
	Benoni Junior School				R 12 000
	Rynfield Primary School				R 12 000
	Isaac Makau Primary School				R 12 000
9	**Ka-Nyamazane**	New	27 October 2005	6	**R 60 000**
	Catfulani Primary School				R 10 000
	Tenteleni Primary School				R 10 000
	Masihambisane Combined School				R 10 000
	Buhlebuyeta Primary School				R 10 000
	Lekazi Primary School				R 10 000
	Vulumasango Primary School				R 10 000
10	**Kuruman**	New	22 February 2006	6	**R 60 000**
	T.T. Lekalake Primary School				R 10 000
	Moraladi Primary School				R 10 000
	Mahikaneng Primary School				R 10 000
	Gasehubane Middle School				R 10 000
	Segonyana Primary School				R 10 000
	Isagontle Primary School				R 10 000
11	**Wonderpark**	New	24 March 2006	6	**R 60 000**
	Gottfried Christian School				R 10 000
	Theresapark Laerskool				R 10 000
	Voortrekker Eeufees Laerskool				R 10 000
	Saamspan Laerskool				R 10 000
	Bergsig Laerskool				R 10 000
	Akasia Laerskool				R 10 000
12	**Umlazi**	New	30 March 2006	7	**R 70 000**
	Nyanisweni Junior Primary School				R 10 000
	Inkonkoni Higher Primary School				R 10 000
	Umzwilili Junior Primary School				R 10 000
	Isikhumbuzo Junior Primary School				R 10 000
	Umlazi Junior Primary School				R 10 000
	Zimsele Primary School				R 10 000
	Umgijimi Junior Primary School				R 10 000

	Store	New/refurbished relocated	Date	No. of schools	Total
13	**Brackenfell Central**	Relocated	13 April 2006	7	**R 70 000**
	Brackenfell Primary School				R 10 000
	Bastion Primary School				R 10 000
	Eikendal Primary School				R 10 000
	Rainbow Primary School				R 10 000
	Brooklands Primary School				R 10 000
	Watsonia Primary School				R 10 000
	Sawco Pre-Primary School				R 10 000
14	**Bochum**	New	19 April 2006	6	**R 60 000**
	Nanedi Primary School				R 10 000
	Rommutlo Primary School				R 10 000
	Senwabarwana Primary School				R 10 000
	Tefu Primary School				R 10 000
	Maphetsa Primary School				R 10 000
	Bothanang Primary School				R 10 000
15	**Northam**	New	25 April 2006	8	**R 80 000**
	Mooinong Primary School				R 10 000
	Mokgalwana Primary School				R 10 000
	Matlametlo Primary School				R 10 000
	Northam Primary School				R 10 000
	Rankae Primary School				R 10 000
	Thaalapitse Primary School				R 10 000
	Sefikile Primary School				R 10 000
	Chrome Mine Primary School				R 10 000
16	**Orange Farm - Palm Centre**	New	26 April 2006	5	**R 60 000**
	Moloantoa Primary School				R 12 000
	Qedilizwe High School				R 12 000
	Bafokeng Primary School				R 12 000
	Lakeside High School				R 12 000
	Tharabollo High School				R 12 000
17	**Soshanguve Plaza**	New	28 April 2006	8	**R 80 000**
	Padisago Primary School				R 10 000
	Tsaroua Primary School				R 10 000
	Mmamasianoka Primary School				R 10 000
	Rethomile Junior Secondary School				R 10 000
	Vukani Primary School				R 10 000
	Redibone Primary School				R 10 000
	Thulasizwe Primary School				R 10 000
	Tiphuxeni Primary School				R 10 000



CHIEF EXECUTIVE'S REPORT CONTINUED

	Store	New/refurbished relocated	Date	No. of schools	Total
18	**Rocklands (Mangaung)**	New	03 May 2006	8	**R 80 000**
	Rekgonne Primary School				R 10 000
	Keato Primary School				R 10 000
	Mothusi Primary School				R 10 000
	Maboleka Primary School				R 10 000
	Shannon Intermediate School				R 10 000
	Monyatsi Public School				R 10 000
	Nzame Primary School				R 10 000
	Kgabane Primary School				R 10 000
19	**Richards Bay**	Refurbished	11 May 2006	6	**R 60 000**
	Bay Primary School				R 10 000
	Floraton Primary School				R 10 000
	Arboretum Primary School				R 10 000
	Muzivukile Primary School				R 10 000
	Kati Primary School				R 10 000
	Umzingwenya Primary School				R 10 000
20	**Gaborone North**	Refurbished	17 May 2006	7	**R 84 000**
	Tsholofelo Primary School				R 12 000
	Itumeleng Primary School				R 12 000
	Baobab Primary School				R 12 000
	Boitumelo Primary School				R 12 000
	Ledumang Primary School				R 12 000
	Alnur Primary School				R 12 000
	Ikageng Primary School				R 12 000
21	**Polokwane Central**	Refurbished	01 June 2006	8	**R 80 000**
	Matshelane Mothapo Primary School				R 10 000
	Mothiba Primary School				R 10 000
	Moria Primary School				R 10 000
	Kgampi Primary School				R 10 000
	Mmantshe Primary School				R 10 000
	Kgetsa Primary School				R 10 000
	Megoring Primary School				R 10 000
	Ngwanamago Primary School				R 10 000
22	**Nelspruit Plaza**	New	02 June 2006	6	**R 60 000**
	Valencia Combined School				R 10 000
	Laerskool Bergland				R 10 000
	Laerskool Laeveld				R 10 000
	Nelsville Combined School				R 10 000
	John Mdluli School				R 10 000
	Likhweti Primary School				R 10 000

	Store	New/refurbished relocated	Date	No. of schools	Total
23	**Seshego**	Relocation	08 June 2006	8	**R 80 000**
	Boiketlo Primary School				R 10 000
	Phishego Primary School				R 10 000
	Mponegele Primary School				R 10 000
	Millenium Combined School				R 10 000
	Mochocho Primary School				R 10 000
	Letlotlo Primary School				R 10 000
	Motlapetoi High School				R 10 000
	Ernest Matlou Primary School				R 10 000
24	**Thaba Nchu**	Refurbished	15 June 2006	8	**R 80 000**
	Ratau Primary School				R 10 000
	Moipone Primary School				R 10 000
	Refentse Primary School				R 10 000
	Ereskuld Primary School				R 10 000
	Tshipinare Primary School				R 10 000
	Mokwena Primary School				R 10 000
	Mokae Primary School				R 10 000
	Emang Primary School				R 10 000
25	**Mthatha East**	New	21 June 2006	10	**R 100 000**
	Highbury Junior Secondary School				R 10 000
	Ntshele Junior Secondary School				R 10 000
	Nobantu Secondary Primary School				R 10 000
	Gxwalibomvu Junior Secondary School				R 10 000
	Khanyisa Junior Secondary School				R 10 000
	Macosa Junior Secondary School				R 10 000
	Matheko Lower School				R 10 000
	Viegesville Secondary Primary School				R 10 000
	Ndibela Senior Secondary School				R 10 000
	Jongisizwe Junior Secondary School				R 10 000
	Total				**R 1 804 000**

The donation of building material 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.

INSTALLATION AND IMPLEMENTATION OF NEW IT SYSTEM

Cashbuild set out in the 2003 financial year, to upgrade the information technology system to support the growth of the business. Unfortunately this installation did not go as intended and has had a severe impact

CHIEF EXECUTIVE'S REPORT CONTINUED

on the managing of the business, plus unnecessary cost at our support office, not stores, and is currently running at least two years behind schedule.

This unacceptable situation has now been fully addressed and Cashbuild's management presented to the board during the June 2006 strategic meeting, that the current selection solution was not capable of supporting the business going forward. An independent review has confirmed management's view and is now in the process of selecting a retail proven solution to support the business going forward.

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 long standing 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 shareholders, private and institutions, I thank you for your investment in Cashbuild and be assured of my commitment to manage Cashbuild responsibly and smartly to protect your investment and strive to continue to grow your stake.

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 and are fully aware and acknowledge with thanks that it is you who pay all our wages.

P K GOLDRICK
Chief executive
18 September 2006

Official North Riding store opening

DIRECTORATE

EXECUTIVE DIRECTORS

P K Goldrick (57) (Irish)
Chief executive
Appointed 19 August 1996
- Over 43 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. Joined Cashbuild in 1996.

A van Onselen (44)
Operations director
Dip MDP Unisa Business School
Appointed 20 September 2004
- Over 21 years of retail experience.

W F de Jager (35)
Finance director
CA (SA)
Appointed 1 December 2004
- Completed board exam 1994 and completed articles with PwC. 10 years experience working specifically in the retail sector.

C T Daly (39)
Commercial director
CA (SA)
Resigned 31 December 2005.

* Member of the remuneration committee

** Member of the audit committee

*** Member of the audit and remuneration committees

NON-EXECUTIVE DIRECTORS

D Masson* (75)
Chairman, ACIS
Appointed 22 June 1988
- Has 38 years experience as CEO, director and chairman of companies in a variety of business sectors and parastatals. Currently a director of Bidvest, Faritec and Mc Carthy Ltd. Serves as a trustee on various pension funds and share trusts.

N V Simamane** (47)
BSc (Hons) Chemistry and Biology
Appointed 1 September 2004
- Currently an executive director of Zanusi Investments, Zanusi Marketing Consultants and non-executive director of Primedia Face-2-Face.

F M Rossouw*** (69)
CA (SA)
Appointed 7 May 2001
- Prior to his semi-retirement in 2001, was a senior executive and a member of the board of Oceana, Fedfood, Premier Group, Checkers, The Airports Company. Joined Cashbuild in 2001. Mr Rossouw remains a director of various private companies.

J Molobela** (50)
Bsc Eng. (Hons), MBA
Appointed 1 September 2004
- Currently a non-executive director of CSB Property Portfolio Ltd, Decillion, N3TC and many others. Audit committee member of CEF and SFF state-owned entities within the energy sector. Appointed to the audit committee on the 19 September 2005.

D Masson

P K Goldrick

F M Rossouw

N V Simamane

J Molobela

A van Onselen

W F de Jager

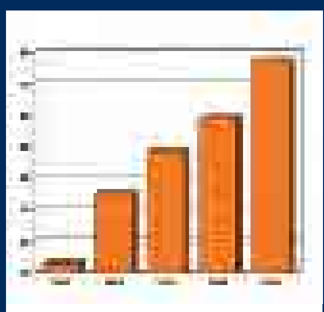
GROUP FIVE YEAR FINANCIAL REVIEW

as at 30 June 2006

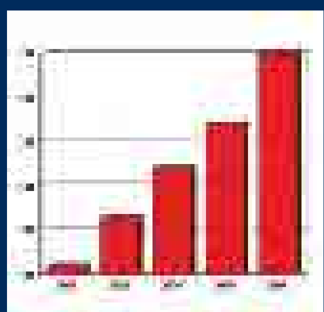
R'000	Five year growth % p.a.	**June 06 (52 weeks)**	June 05 (52 weeks) Restated	June 04 (52 weeks)	June 03 (52 weeks)	June 02 (52 weeks)
GROUP INCOME STATEMENT						
Revenue	19	**2 710 417**	2 208 902	1 635 233	1 394 783	1 122 692
Profit before taxation	28	**135 413**	126 710	89 858	73 345	39 372
Earnings attributable to shareholders	27	**82 700**	78 191	53 303	45 548	24 685
GROUP BALANCE SHEET						
Shareholders' funds	26	**258 909**	194 346	154 238	114 253	80 389
Minority interest	29	**27 936**	20 850	16 350	11 586	7 966
Non interest-bearing borrowings	52	**1 454**	1 416	492	63	178
TOTAL EQUITY AND NON INTEREST-BEARING BORROWINGS	27	**288 299**	216 612	171 080	125 902	88 533
Tangible and intangible assets	33	**211 946**	164 726	111 852	75 551	50 737
Net deferred tax asset	(18)	**3 080**	4 805	6 169	8 663	8 125
Current assets	13	**678 106**	598 527	468 996	398 324	364 077
TOTAL ASSETS	16	**893 132**	768 058	587 017	482 538	422 939
TOTAL LIABILITIES	12	**606 287**	552 862	415 937	356 636	334 406
NET ASSETS	29	**286 845**	215 196	171 080	125 902	88 533

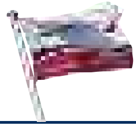
Operating profit (Rm)

Capital investment (Rm)



Number of stores (Number)



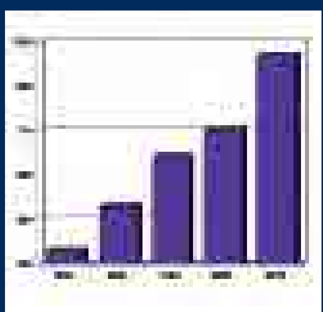


GROUP FIVE YEAR FINANCIAL REVIEW

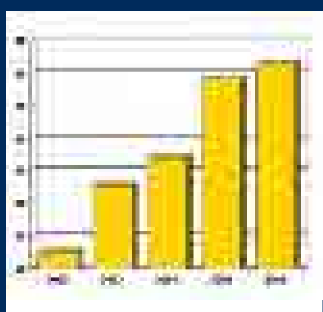
as at 30 June 2006

	Five year growth % p.a.	**June 06 (52 weeks)**	June 05 (52 weeks) Restated	June 04 (52 weeks)	June 03 (52 weeks)	June 02 (52 weeks)
Share performance (cents per share)						
Headline earnings per share	24	**366.7**	357.8	251.3	224.1	126.8
Dividends per share	27	**116**	107	78	65	35
Net asset value per share	24	**1 003**	753	664	492	346
Returns and productivity						
Profit before tax on revenue (%)	7	**5.00**	5.74	5.50	5.26	3.51
Return on shareholders' funds (%)	0	**31.33**	39.11	34.56	39.87	30.71
Return on average capital employed (%)	1	**36.49**	45.00	39.71	46.80	34.38
Total asset turn (times)	3	**3.03**	2.88	2.79	2.89	2.65
Turnover per employee (R'000)	4	**857**	814	827	770	707
Profit before taxation per employee (R'000)	12	**43**	47	45	40	25
Total assets per employee (R'000)	1	**282**	283	297	266	266
Solvency and liquidity						
Dividend cover (times)		**3.16**	3.34	2.94	3.00	3.04
Current ratio		**1.18**	1.14	1.13	1.12	1.09
Total liabilities to total shareholders' funds		**2.34**	2.84	2.70	3.12	4.16
Interest-free liabilities to total assets		**0.68**	0.72	0.71	0.74	0.79
Stock exchange performance						
Number of shares in issue ('000)		**25 805**	25 805	23 225	23 225	23 225
Market price						
- high (cents)	63	**5 600**	3 980	2 300	1 445	489
- low (cents)	98	**3 750**	2 250	1 430	435	220
- at year end (cents)	57	**4 200**	3 840	2 300	1 435	435
Price earnings ratio at year-end	27	**11.46**	10.76	9.15	6.40	3.43
Market capitalisation at year-end (R'000)	61	**1 083 825**	990 925	534 175	333 279	101 029
Other statistics						
Number of employees		**3 162**	2 712	1 978	1 812	1 589
Number of stores		**150**	134	124	113	102

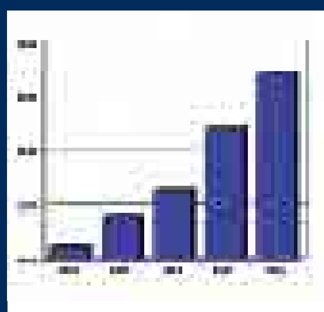
Net asset value per share (cents)



Headline earnings (Rm)



Revenue (Rm)



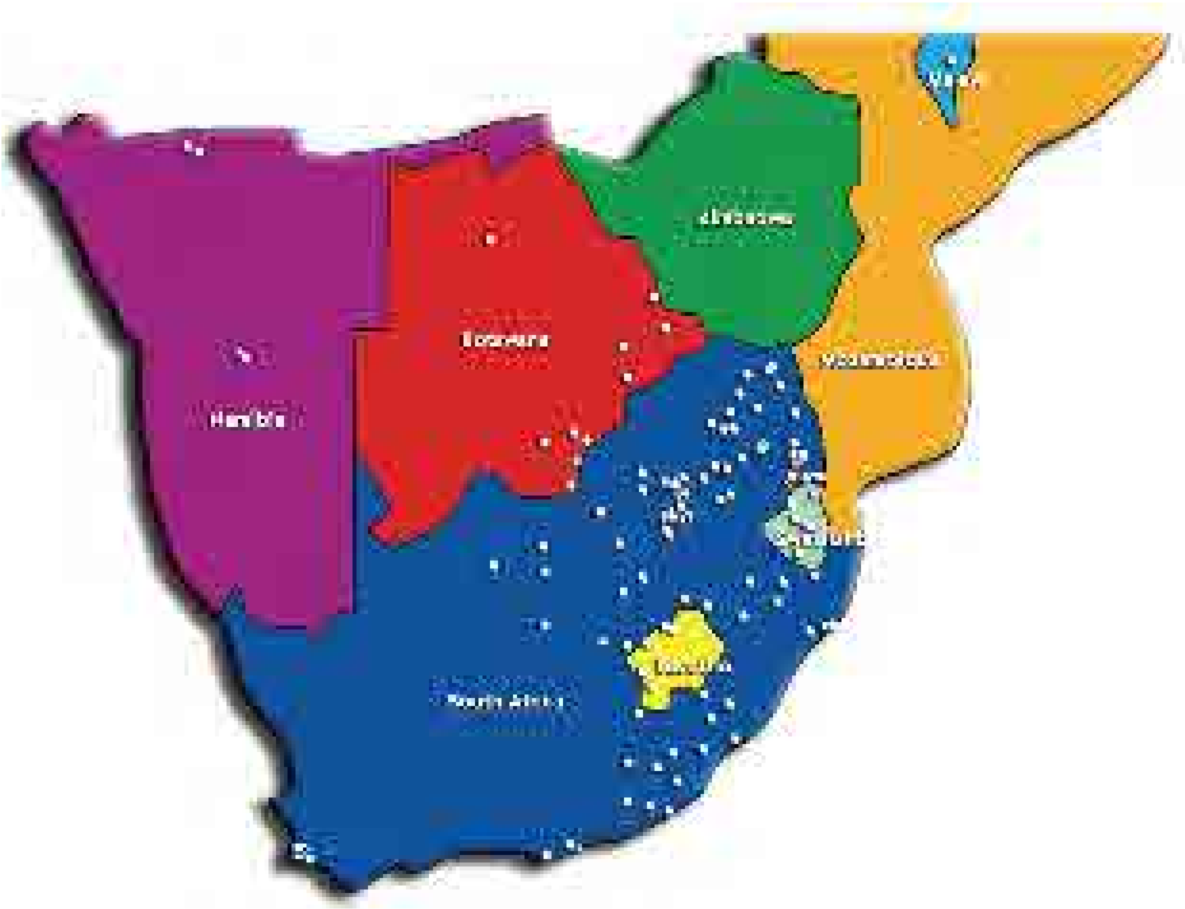
GROUP VALUE-ADDED STATEMENT

R'000	2006	%	2005	%
Revenue	2 710 417		2 208 902	
Less: Cost of merchandise and expenses	(2 364 483)		(1 919 771)	
Value added from trading operations	345 934		289 131	
Interest received on investments	4 807		7 599	
Total wealth created	350 741		296 730	
To employees - salaries and benefits	192 790	55.0	154 558	52.1
To government - company taxation:	44 612	12.7	41 339	13.9
- Normal	39 744	11.3	36 904	12.4
- Deferred	1 255	0.4	1 303	0.4
- Secondary tax on companies	3 613	1.0	3 132	1.1
To providers of capital:	33 852	9.6	29 598	10.0
- Dividend to shareholders	25 350	7.2	22 980	7.7
- Interest on borrowings	1 336	0.4	645	0.2
- Minorities' interest	7 166	2.0	5 973	2.0
To retain for reinvestment in the group	79 487	22.7	71 235	24.0
- Depreciation, amortisation and impairment of property	22 137	6.3	16 024	5.4
- Income retained in the business	57 350	16.4	55 211	18.6
Total wealth distribution	350 741	100.0	296 730	100.0

CASHBUILD STORES

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	2006	2005
South Africa	124	110
Botswana	10	10
Lesotho	5	5
Swaziland	6	5
Namibia	4	3
Malawi	1	1
Total	150	134

DIVISIONS, STORES & MANAGERS

CAPE TOWN

DIVISIONAL MANAGER - ROELF PRINSLOO
BRACKENFELL CENTRAL - NAUDE BLIGNAUT
PHILLIPI - PIERRE FOURIE
MAKHAZA - SIBOSISO MANGI
MITCHELLS PLEIN - RAVI CHETTY
MONTAGUE GARDENS - TRACY MEYER
STRAND - WAYNE REES

EASTERN CAPE

DIVISIONAL MANAGER - JEFF MAAS
DAKU - BERNO MACCARIO
HUMANSDORP - ELSA VAN DER WALT
UITENHAGE - MARIETTE JOUBERT
ZIYABUYA - SIZAKELE VENA

BORDER

DIVISIONAL MANAGER - MARK SUTHERLAND
ALICE - KEITH PERILS
BUTTERWORTH - MVEZA MANA
COFIMVABA - JOHNSON DLAMINI
EAST LONDON - JACQUES VAN ROOYEN
ENGCOBO - PAUL TSHATSHU
KOMANI - DRIES VAN DER WALT
KING WILLIAM'S TOWN - EDDIE PROLLIUS
QUEENSTOWN - JULIET McPHERSON

TRANSKEI

DIVISIONAL MANAGER - MANOJ RAMBOROSA
KOKSTAD - GOODMAN NKOSIYAPANTSI
LUSIKISIKI - TERENCE BILOSE
MATATIELE - THEO JANTJIES
MOUNT FRERE - TREVOR SAMUELS
MTHATA CENTRAL - WAYNE THURSTON
MTHATA EAST - EARL HARPER
MTHATA - THANDO HOYANA

FREE STATE

DIVISIONAL MANAGER - GERRIT VILJOEN
BETHLEHEM - MARLENE ELS
FICKSBURG CENTRAL - JOHN VAUGHN
KROONSTAD - KOBUS VENTER
QWA QWA C/B - JANUARY TSOTETSI
QWA QWA H/C - WILIAM TSABALALA
STERKSPRUIT - JAN DE BEER
THABA NCHU - ZORRO MOLETE
WELKOM - CROUS KRUGER

NORTH WEST / NORTHERN CAPE

DIVISIONAL MANAGER - CROUS DE BEER
BLOEMFONTEIN - ADRIAAN VAN DEN BERG
KIMBERLEY - THYS SMITH
KLERKSDORP - GERT PRETORIUS
KURUMAN - ROLAND LUCAS
MOTHIBISTAD - THABO LEHIHI
ROCKLANDS - CHARLES SNOER
TAUNG - ALBERT ESTERHUIZEN
VRYBURG CENTRAL - KETTA DU PLOOY
VRYBURG - JOHAN VAN DER WALT

KWAZULU-NATAL

DIVISIONAL MANAGER - WAYNE GRAVEN
EMPANGENI - NAVIN GOVENDER
ESHOWE CENTRAL - AGRIPPA BIYELA
LADYSMITH - RYNO VAN STADEN
KWA MASHU - ELLIS MNGOMENI
NEWCASTLE - SIPHO MLANGENI
NQUTU - SIVA MOODLEY
PONGOLA - BONGANI NTSHANGASE
RICHARDS BAY - FREDDY MEYER
VRYHEID - MARK WILLIAMS
UMLAZI - ABED KHUMALO

MPUMALANGA

DIVISIONAL MANAGER - ANDRÉ VAN DER WALT
BURGERSFORT - HENDRICK MKHWEBANE
BURGERSFORT CENTRAL - REUBEN MOTHUTSI
ELUKWATINI - MARIA FAKUDE
KAMHLUSHWA - FRANK MOKGOMOGANE
NELSPRUIT PLAZA - DRIES VAN WYK
NELSPRUIT - WAYNE GEORGE
NAAS - ALEX MABUZA
SCHOEMANSDAL - MDUDUZE MANSHINSHI
STEELPOORT - AMOS NARE

LIMPOPO SOUTH

DIVISIONAL MANAGER - ANDRÉ VAN DER MERWE
ACORNHOEK - FANIE MAKOFANE
BUSHBUCKRIDGE - JOSEPH LEBJANE
HAZYVIEW - WILLEM COETZEE
KABOKWENI - BONGANI LEYANE
KANYAMAZANE - MICHAEL MASHILE
MKHUHLU CENTRAL - WIILIAM MOTHUTSI*
MKHUHLU - ZODWA SITHOLE
PHALABORWA - CAROLINA COETZEE
THULAMAHASHE - RICHARD KHOSA
WHITE RIVER - ALEX CONRADIE*

LIMPOPO

DIVISIONAL MANAGER - JOHAN LAMPRECHT
GROBLERSDAL - RENIER SMITH
MALAITA - SONNY MOGADIME
MIDDELBURG - JOHANN VAN DER BERG
SIYABUSWA - THELMA BOSHOMANE
TWEEFONTEIN - CLIFTON MPOBANE
WITBANK CENTRAL- JUAN SCOTT
WITBANK - FRANCOIS GREYLING

LIMPOPO NORTH

DIVISIONAL MANAGER - LEN RAUTENBACH
BOCHUM - RICH TEMPHANI
KORINGPUNT - DANIEL MACHETHE
LEBOWAKGOMO - ARNOUS THABA
MOKOPANE (Potgietersrus) - BENNIE VAN DER MERWE
SESHEGO - REBECCA MAKGATO
POLOKWANE CENTRAL - SUSAN WHELAN
TZANEEN - WYNAND LOMBARD

DIVISIONS, STORES & MANAGERS

LIMPOPO NORTH

DIVISIONAL MANAGER - MICHAEL NGOBENI
BOTLOKWA - RONALD NELUHENI
GIYANI - RICH PEMPHANI*
GIYANI CENTRAL - ANDRÉ STEENKAMP
LOUIS TRICHARDT CENTRAL - FRIK DELPORT
MUKULA - MAURICE MDABULA
SIBASA - PRINCE BALOYI
SIBASA H/C - STANLEY MUSHIANA*

GAUTENG EAST

DIVISIONAL MANAGER - GLEN GILBERT
BENONI - YOLISWA MPEPE
BOKSBURG - PIETER VENTER
EDENVALE - POTIPHAR ESAU
KEMPTON PARK - JONAS MVUNDLA
KWA -THEMA - FRANS MAHLANGU
SPRINGS - NICO MATLHAKE
TEMBISA - MUSA MKHWEBANE

GAUTENG WEST

DIVISIONAL MANAGER - LEROY NGWENYA
AEROTON - JOHANNES MASILELA
HIGHGATE - GORDON MTSHALI
HILLFOX - BRIAN FRAZENBURG
MEADOWLANDS - LEON VAN WIJK
VOSLOORUS - ABEL MAKWAKWA

GAUTENG NORTH WEST

DIVISIONAL MANAGER - CHRISTO BASSON
HAMMANSKRAAL - ANDREW MATJIU
LETHLABILE - TOBIAS WILLIS*
MORETELE - PAUL ZONDO
HEBRON - ZANELE MEYIWA
MABOPANE - AHMED KHUMALO
PRETORIA WEST - GERT MARAIS
SILVERTONDALE - ROBERT HOFFMAN
SOSHANGUVE PLAZA - WILLY MOTAUNG
SOSHANGUVE - MATHEW NTHITE
WONDERPARK - JOSEPH LUCAS

GAUTENG SOUTH

DIVISIONAL MANAGER - JOE DESAI
PROTEA GARDENS - BRIAN FRAZENBURG
PROTEA GLEN - TITO GOVENDER
ORANGE FARM CENTRAL - SARAH MDLULI
ORANGE FARM - TSIETSI LENGOABALA
SEBOKENG - DAVID MAKHUVELA
VEREENIGING - CASPER COETZER

NORTH WEST

DIVISIONAL MANAGER - HENNIE ROOS
NORTHAM - ISAAC SEMANGO
LICHTENBURG - STEPHEN SMITH
MAFIKENG - PETER MEGOJE
MMABATHO - SAM PEJANE
MOGWASE - EDWARD RAKGOKONG
RUSTENBURG - JOHAN VAN DER MERWE

LESOTHO

DIVISIONAL MANAGER - NORBERT MOKOBORI
LERIBE- SIMON SEPHOFANE
MAFETENG - ARIEL LEKHOOANA
MAPUTSOE - KHOMO KHOMONGOE
MASERU H/C - SIDWELL MALEFETSANE
MOHALE'S HOEK - KENNETH KHATI

SWAZILAND

DIVISIONAL MANAGER - VUSI DLAMINI
MANZINI - DES HENWOOD
MATSAPHA - MATSEBULA THEMBA
MBABANE - SIMON NDZINISA
NHLANGANO - THEMBA TSABEDZE
PIGGS PEAK - SIPHO SHONGWE
TSHANENI- JANUARY NGWENYA

NAMIBIA

DIVISIONAL MANAGER - LUCKY NAMUPOLO
ONDANGWA - JOHN ALFRED
OSHAKATI - KAUTA TJIENDA
WINDHOEK CENTRAL - SIGI LANGE
WINDHOEK INDUSTRIAL - FRIEDA IIKWA

BOTSWANA

DIVISIONAL MANAGER - ALEC MANDEVU
FRANCISTOWN - SHATANI MAJUMANE
MAHALAPYE - LAURENCE GIDDIE
MAUN - MOFFAT LUNGIFINE
SELEBI PHIKWE - ALEC MANDEVU
SEROWE - BOOYSEN KELEBOPETSWE

BOTSWANA

DIVISIONAL MANAGER - BENSON RAMANGWEGAPE
LOBATSE - NKOTSO PHETO
GABORONE WEST - TEFO DAMBE
GABORONE NORTH - EDWIN PHUTEGO
JWANENG - MASEGO MABE
MOLEPOLOLE - MARANG SEBELE

MALAWI

DIVISIONAL MANAGER - A. VAN ONSELEN
MALAWI - JOSEPH MALILI

* in training

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.

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 three executive and four independent non-executive directors, one of whom is the board chairman.

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 fulfil 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.

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 26 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 26 of this report.

Board meetings

The board met six 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 48.

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, Messrs D Masson (committee chair) and 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 48.

Audit committee

Messrs F M Rossouw, J Molobela and Ms N V Simamane are members of the audit committee and 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 48. The chief executive and the finance director were invited and attended meetings as per the directors' report on page 48. The internal and external auditors were invited and attended all meetings during the year under review.

Nomination committee

Messrs D Masson (committee chair) and F M Rossouw are members of the nomination committee. The nomination committee is responsible for developing selection criteria and identifying appropriate candidates for application to the board. Details of each director's attendance at committee meetings for the year under review are detailed in the directors' report on page 48.

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. 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 87 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. 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, with the exception of the implementation problems experienced with the creditors IT module. Management implemented compensating controls to ensure that the operational and financial risks in the creditors IT module were adequately identified and managed. The system of internal control is risk based, designed and regularly reviewed and tested 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 audit committee. It contains a formal definition of the function. Currently the internal audit function focuses primarily on identifying deficient or ineffective controls, and 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. 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, occupational health and safety and environmental impact can be found on pages 6 to 25 of the chief executive's report.

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.

CORPORATE GOVERNANCE CONTINUED

DISCLOSURE PRACTICES

The 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 44 to 91 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 International Financial Reporting Standards (IFRS). The standards include amounts based on judgements and estimates made by management. In terms of the JSE Limited Listings Requirements, compliance with IFRS is required for financial years beginning on or after 1 January 2005. Accordingly, the group initiated a project last year to ensure full compliance. The statements contained on pages 44 to 91 contain disclosures as required by IFRS and reconciliations between SA GAAP and IFRS. All disclosures and reassessments where applicable have been complied with.

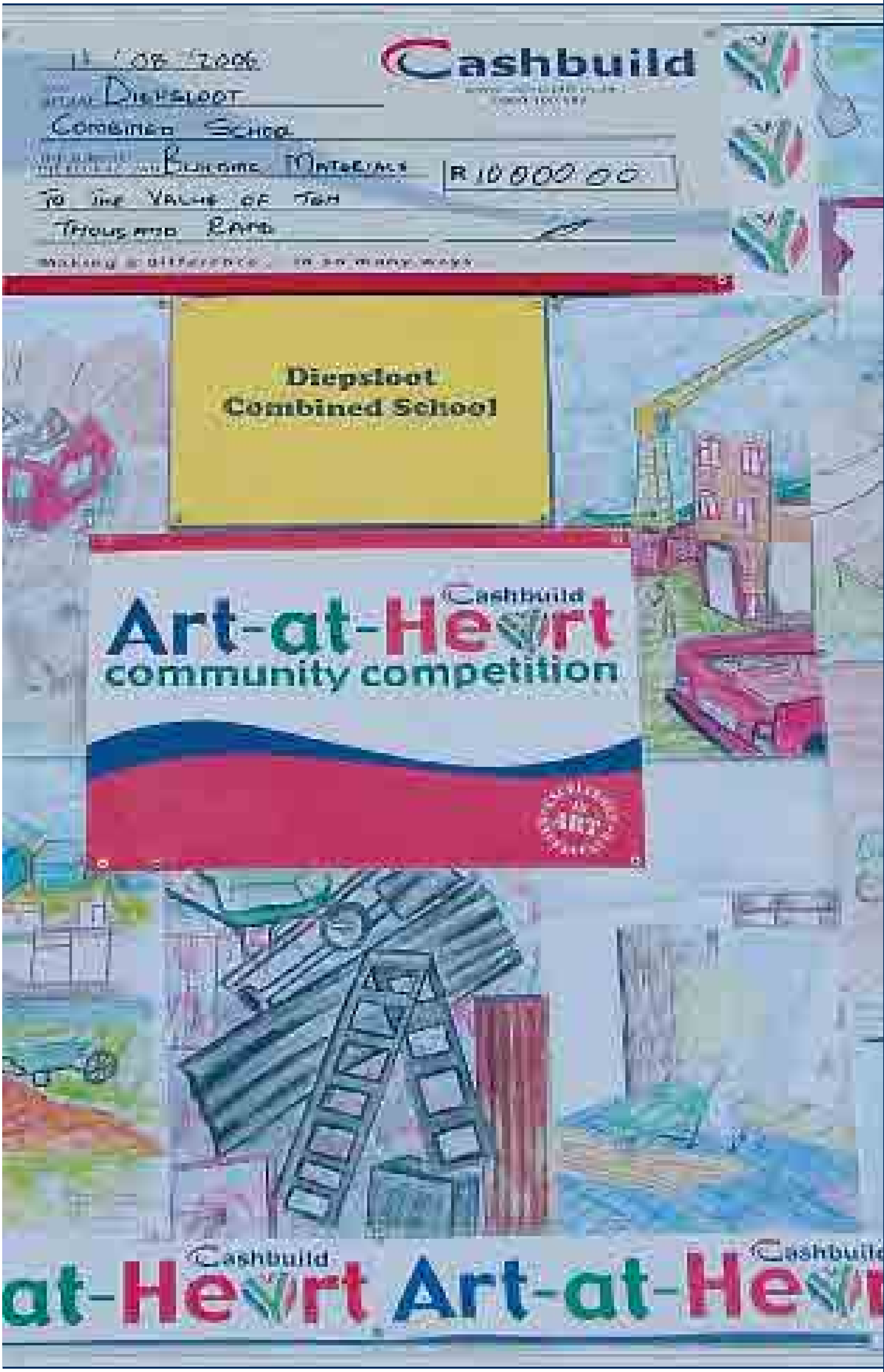
Cashbuild releases regular and timely communication with regard to the prohibition on dealing in company securities during closed periods.

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 43 of this report. The annual financial statements were approved by the board on 18 September 2006.


Cashbuild
DIEPSLOOT
COMBINED SCHOOL
BUILDING MATERIALS
R 10 000.00
TO THE VALUE OF TEN
THOUSAND RAND
Diepsloot
Combined School
Cashbuild
Art-at-Heart
community competition
Cashbuild
at-Heart
Art-at-Heart

SHAREHOLDERS' DIARY

Final dividend paid	-	16 October 2006
Annual general meeting	-	20 November 2006
Audited interim results	-	March 2007
Financial year-end	-	30 June 2007
Audited final results	-	September 2007

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STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors of the company are responsible for the preparation, integrity and fair presentation of the consolidated annual financial statements of Cashbuild Limited and its subsidiaries. The consolidated annual financial statements presented on pages 44 to 91 have been prepared in accordance with International Financial Reporting Standards, and the requirements of the South African Companies Act 1973, as amended and include amounts based on judgements and estimates made by management.

The going concern basis of accounting has been adopted in preparing the consolidated annual financial statements. Based on existing forecasts and available cash resources, the directors have every reason to believe that the group will be a going concern in the foreseeable future. These consolidated annual financial statements support the viability of the group.

The consolidated annual financial statements have been audited by the independent auditors, PricewaterhouseCoopers Incorporated, who were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The audit report of PricewaterhouseCoopers Incorporated is presented on page 43.

The consolidated annual financial statements were approved by the board of directors on 18 September 2006 in Johannesburg and are signed on its behalf by:

D MASSON
Chairman

P K GOLDRICK
Chief executive

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 2006, 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
18 September 2006

INDEPENDENT AUDITORS' REPORT

To the members of Cashbuild Limited

We have audited the annual financial statements and group annual financial statements of Cashbuild Limited set out on pages 44 to 91 for the year ended 30 June 2006. 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.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the group at 30 June 2006, and the results of their operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc.
Director: D J Fouché
Registered Auditor
2 Eglin Road, Sunninghill
18 September 2006

DIRECTORS' REPORT

for the year ended 30 June 2006

The directors have pleasure in presenting their report, which forms part of the audited annual financial statements of the group for the year ended 30 June 2006.

NATURE OF THE 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, 150 at the end of this reporting period (2005:134). 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 large construction companies and government-related infrastructure developers, as well as all discerning customers looking for quality building materials at lowest prices.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The group is reporting its annual audited results in accordance with International Financial Reporting Standards ("IFRS"). Results for the prior financial year (year ended 30 June 2005), have been restated accordingly. The conversion to IFRS has had a limited effect on the group's results.

GROUP RESULTS SUMMARY

	Year ended June 2006 R'000	Year ended June 2005 R'000	% change
Income statement			
Revenue	**2 710 417**	2 208 902	22.7
Operating profit before finance cost and income	**131 942**	119 756	10.2
Finance cost	**1 336**	645	107.1
Finance income	**4 807**	7 599	(36.7)
Attributable earnings	**82 700**	78 191	5.8
Headline earnings	**82 778**	78 380	5.6
Earnings per share (cents)	**366.3**	356.9	2.6
Headline earnings per share (cents)	**366.7**	357.8	2.5
Balance sheet			
Total assets (excluding cash and cash equivalents)	**761 108**	600 888	26.7
Cash and cash equivalents	**132 024**	167 170	(21.0)
Total liabilities	**606 287**	552 862	9.7
Total liabilities to shareholders' funds	**2.34**	2.84	(17.7)
Net asset value per share (cents)	**1 003**	753	33.2

The group results split by geographical segment are presented in note 34 of the financial statements.

The financial statements on pages 44 to 91 set out the financial position, results of operations and cash flows of the group for the year ended 30 June 2006 in more detail.

FINANCIAL HIGHLIGHTS

Revenue for the year increased by 23% whilst profit for the year increased by 7%. Operating profit increased by 10%. Headline earnings increased by 6%. Net asset value per share increased by 33%, from 753 cents (June 2005) to 1 003 cents.

Stores in existence since the beginning of July 2004 (pre-existing stores) accounted for 11% of the increase with the remaining 12% increase due to the 28 new stores the company has opened since July 2004. The increase for the year has been achieved on the back of a very positive first half with revenue growth for the second half of the year being a disappointing 11%. The result of the change from a free national delivery service to a free local service, as well as disappointing trading in our Botswana operations contributed to the revenue growth being lower than anticipated. Management has strategically addressed the second half revenue growth and is pleased with the trading since year-end. Gross profit margin for the year remained at acceptable levels with some downward pressure being experienced in the latter part of the fourth quarter, combined with a shift in sale mix.

Operational expenses for the second half of the financial year were well under control with existing stores increasing by only 1%. New stores contributed 13% with the total increase for the second half being 14%. This, linked to first half, resulted in an overall increase for the year of 28% (existing stores 14% and new stores 14%). The non-recurrence of certain once-off costs in the first half e.g. brand advertising and the focus on managing the free delivery cost without compromising service levels were the main contributors to the cost savings compared to the first.

The effective tax rate for the year of 33.6% is at the expected level with STC charges the main contributor to the higher rate.

Cashbuild's balance sheet remains solid. Stock levels have increased by 22% on the back of higher trading volumes (10% increase in the fourth quarter) with the Cashbuild stock model being adhered to by line management. This increase is further attributable to the stocking of 19 additional stores during this financial year (accounting for 15% of the increase). Overall stockholding remains well managed at 65 days (June 2005: 59 days). The company's cash levels decreased to R 132 million resulting from the set-up in the opening of new stores, the increase in operating expenses, as well as the utilisation of cash to early settle creditors at favourable discounts. Trade debtors balances remained well under control.

During the financial year Cashbuild opened a record number of 17 new stores. Cashbuild remains committed to open at least 10 new stores per year for the foreseeable future. Six stores were refurbished and three stores relocated during the financial year. The refurbishment plan and where the opportunity arises, relocating of certain stores, will remain an area of strategic focus.

PROSPECTS

Although indications are, based on lower building plans passed and lower bond granting, that the residential market will experience a slow-down, management is confident that, as in the past, the alteration and improvement segment will remain at solid growth levels, which should support revenue growth in the future. The first nine trading weeks after year-end have reported an increase in revenue of 20% on that of the comparative nine weeks.

INFORMATION TECHNOLOGY

An independent review of the current status of the IT within the business was commissioned at the end of the financial year. The findings of this review have confirmed management's belief regarding the unsuitability of the IT solution currently in place. A comprehensive strategic plan has been developed to address the matter.

NEW BUSINESS

In the reported year, Cashbuild Management Services (Pty) Ltd acquired 51% in newly-formed company Roofbuild Trusses (Pty) Ltd. Cashbuild acquired the shares at par value of R1 each and a capital injection of R 306 000 was placed into the business by way of a shareholder loan. This loan is unsecured, interest-free with no specific repayment terms. The nature of the business is to manufacture and supply roof trusses. The business is a South African business situated in the East Rand.

DIVIDENDS

Cashbuild's dividend policy is 3 times cover based on first half results, and 2.5 times cover based on second half results. The dividend declared by the board has been based on this policy.

The board has declared an ordinary dividend (No. 27) of 58 cents per ordinary share to all shareholders of Cashbuild (2005 (No. 25): a final dividend of 54 cents per ordinary share). The total dividend for the year amounts to 116 cents (June 2005: 107 cents) an 8% increase year-on-year.

Relevant dates for the declaration are as follows: Date dividend declared: 18 September 2006; Last day to trade "CUM" the dividend: Friday 6 October 2006; Date to commence trading "EX" the dividend: Monday 9 October 2006; Record date: Friday 13 October 2006; Date of payment: Monday 16 October 2006. Share certificates may not be dematerialised or rematerialised between Monday 9 October 2006 and Friday 13 October 2006, both dates inclusive.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

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

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	**June 2006**	June 2005
Income	**102 160**	92 610
Losses	**(2 323)**	(14 415)

Subsidiary companies are as follows:

Name of company		Issued capital	Effective holding Jun-06	Jun-05	Nature
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 Lilongwe Ltd	E	MK 100 000	**51%**	51%	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
Roofbuild Trusses (Pty) Ltd		R 100	**51%**	0%	2
Tradebuild (Pty) Ltd		R 4	**100%**	100%	3

Nature

1. Investment and management company
2. Trading company
3. Dormant

Domicile

South African, unless otherwise stated:

A. Botswana B. Lesotho

C. Namibia D. Swaziland E. Malawi

DIRECTORATE

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

Executive directors

P K Goldrick (57) (Irish)	Chief executive	Appointed 19 August 1996
A van Onselen (44)	Operations director	Appointed 20 September 2004
W F de Jager (35)	Finance director, CA (SA)	Appointed 1 December 2004

Non-executive directors

D Masson* (75)	Chairman, ACIS	Appointed 22 June 1988
J Molobela** (50)	BSc Eng (Hons), MBA	Appointed 1 September 2004
F M Rossouw*** (69)	CA (SA)	Appointed 7 May 2001
N V Simamane** (47)	BSc Chemistry & Biology (Hons)	Appointed 1 September 2004

* Remuneration committee member

** Audit committee member

*** Audit and remuneration committee

DIRECTORS' SHAREHOLDING

The directors held in aggregate, direct and indirect beneficial interests, and non-beneficial interests, of 9.5% (June 2005: 10.2%) 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 end of the financial period ended 30 June 2006 to the date of this report.

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

	Beneficial	Ordinary shares Non-beneficial	Options
At 30 June 2006	**1 316 800**	**1 141 017**	**-**
At 30 June 2005	1 505 400	1 135 478	50 000

	Beneficial	Ordinary shares Non-beneficial	Options
Comprising:			
Non-executive directors	**16 800**	**10 000**	**-**
J Molobela	15 600	-	-
F M Rossouw	-	10 000	-
N V Simamane	1 200	-	-
Executive directors	**1 300 000**	**1 131 017**	**-**
P K Goldrick	1 300 000	1 131 017	-
	1 316 800	**1 141 017**	**-**

DIRECTORS' INTEREST IN CONTRACTS

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

DIRECTORS' ATTENDANCE OF MEETINGS

Type of meeting	Audit committee attended/held	Directors board attended/held	Remuneration committee attended/held
Executive directors			
P K Goldrick	5/6*	5/6	1/1*
A van Onselen	5/6*	5/6	
W F de Jager	5/6*	5/6	
C T Daly (Resigned 31 December 2005)	3/3*	3/3	
Non-executive directors			
D Masson	6/6*	6/6	1/1
J Molobela	6/6	6/6	
F M Rossouw	6/6	6/6	1/1
N V Simamane	4/6	4/6	

* By invitation

DIRECTORS' REMUNERATION

Details of directors' remuneration are set out in note 36 to the financial statements.

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:

	2006	2005
Shares subject to the scheme at the beginning of year	**1 209 296**	2 233 796
Shares acquired in the scheme	**-**	360 500
Shares transferred to employees	**(444 300)**	(1 385 000)
Shares sold on open market	**(169 084)**	-
Shares subject to the scheme at the end of year	**595 912**	1 209 296
Dealt with as follows:		
Shares allocated to employees		
- Share purchase scheme	**43 900**	283 500
- Share option scheme	**-**	205 000
Shares held in Trust for future allocations	**552 012**	720 796
	595 912	1 209 296

Details of The Cashbuild Share Incentive Trust are set out in note 35 to the financial statements.

OTHER SPECIAL RESOLUTIONS

The following special resolutions were passed at the annual general meeting held on 28 November 2005:

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 on the JSE Limited from time to time.

Company secretary: Alan C Smith.

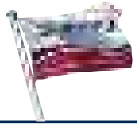
Registered office: Cnr Aeroton and Aerodrome Roads, Aeroton, Johannesburg 2001

Postal address: PO Box 90115, Bertsham 2013

Web site: www.cashbuild.co.za

Auditors: PricewaterhouseCoopers Incorporated

Country of incorporation: Republic of South Africa



BALANCE SHEETS

as at 30 June 2006

R'000	Note	Group 2006	Group 2005 (Restated)	Company 2006	Company 2005
ASSETS					
Non-current assets		215 026	169 531	114 206	96 648
Property, plant and equipment	5	205 094	157 078	-	-
Intangible assets	6	6 852	7 648	-	-
Investment in subsidiary	7	-	-	107 897	80 896
Loans receivable	8	-	-	6 309	15 752
Deferred income tax asset	15	3 080	4 805	-	-
Current assets		678 106	598 527	79	19
Asset held for sale	9	6 637	-	-	-
Inventories	10	482 836	394 747	-	-
Trade and other receivables	11	56 609	36 610	13	19
Cash and cash equivalents	12	132 024	167 170	66	-
TOTAL ASSETS		893 132	768 058	114 285	96 667
EQUITY					
Capital and reserves attributable to company's equity holders		258 909	194 346	114 039	96 500
Share capital	13	228	224	258	258
Share premium		29 819	22 161	112 906	112 906
Cumulative translation adjustment	14	(6 850)	(6 401)	-	-
Retained earnings		235 712	178 362	875	(16 664)
Minority interest		27 936	20 850	-	-
TOTAL EQUITY		286 845	215 196	114 039	96 500
LIABILITIES					
Non-current liabilities		29 358	26 247	-	-
Deferred operating lease liability		25 917	22 453	-	-
Deferred profit		1 959	2 011	-	-
Deferred income tax liability	15	28	414	-	-
Borrowings	17	1 454	1 369	-	-
Current liabilities		576 929	526 615	246	167
Trade and other liabilities	16	540 438	505 605	246	126
Current income tax liabilities		35 542	20 012	-	-
Borrowings	17	-	47	-	41
Employee benefits	18	949	951	-	-
TOTAL LIABILITIES		606 287	552 862	246	167
TOTAL EQUITY AND LIABILITIES		893 132	768 058	114 285	96 667

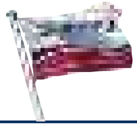
The notes on pages 54 to 91 are an integral part of these consolidated financial statements.

INCOME STATEMENTS

for the year ended 30 June 2006

R'000	Note	Group 2006 (52 weeks)	Group 2005 (52 weeks) (Restated)	Company 2006 (52 weeks)	Company 2005 (52 weeks)
Revenue	19	2 710 417	2 208 902	-	-
Cost of sales	20	(2 114 497)	(1 725 135)	-	-
Gross profit		595 920	483 767	-	-
Selling and marketing cost	20	(394 323)	(303 431)	-	-
Administrative expenses	20	(72 223)	(61 271)	(1)	(2)
Other operating expenses	20	(1 931)	(2 407)	-	-
Other income	21	4 499	3 098	50 054	24
Operating profit		131 942	119 756	50 053	22
Finance cost		(1 336)	(645)	-	-
Finance income	24	4 807	7 599	-	-
Profit before taxation		135 413	126 710	50 053	22
Income tax expense	26	(45 547)	(42 546)	(3 613)	(3 132)
Profit/(loss) for the year		89 866	84 164	46 440	(3 110)
Attributable to:					
Equity holders of the company		82 700	78 191	46 440	(3 110)
Minority interest		7 166	5 973	-	-
		89 866	84 164	46 440	(3 110)
Earnings per share for profit attributable to the equity holders					
- Basic	27	366.3	356.9	180.0	(12.8)
- Diluted	27	366.3	356.9	180.0	(12.8)

The notes on pages 54 to 91 are an integral part of these consolidated financial statements.



STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2006

Group

R'000	Note	Share capital	Share premium	Cumm. translation adjustment	Retained earnings	Minority interest	Total equity
		Attributable to equity holders of the company					
Balance at 1 July 2004		220	29 822	-	123 151	16 360	169 553
Profit for the year		-	-	-	78 191	5 973	84 164
Dividend paid - final 2004	29	-	-	-	(10 754)	(1 483)	(12 237)
Dividend paid - interim 2005	29	-	-	-	(12 226)	-	(12 226)
Issue of shares		26	75 042	-	-	-	75 068
Share issue expenses written off		-	(188)	-	-	-	(188)
Net treasury shares movement		(22)	(82 515)	-	-	-	(82 537)
Currency translation adjustments		-	-	(6 401)	-	-	(6 401)
Balance at 30 June 2005		224	22 161	(6 401)	178 362	20 850	215 196
Profit for the year		-	-	-	82 700	7 166	89 866
Dividend paid - final 2005	29	-	-	-	(12 200)	-	(12 200)
Dividend paid - interim 2006	29	-	-	-	(13 150)	(80)	(13 230)
Net treasury shares movement		4	7 658	-	-	-	7 662
Currency translation adjustments		-	-	(449)	-	-	(449)
Closing balance at 30 June 2006		**228**	**29 819**	**(6 850)**	**235 712**	**27 936**	**286 845**

Company

R'000	Note	Share capital	Share premium	Cumm. translation adjustment	Retained earnings	Minority interest	Total equity
		Attributable to equity holders of the company					
Balance at 1 July 2004		232	38 052	-	11 503	-	49 787
Loss for the year		-	-	-	(3 110)	-	(3 110)
Dividend paid - final 2004	29	-	-	-	(11 380)	-	(11 380)
Dividend paid - interim 2005	29	-	-	-	(13 677)	-	(13 677)
Issue of shares		26	75 042	-	-	-	75 068
Share issue expenses written off		-	(188)	-	-	-	(188)
Balance at 30 June 2005		258	112 906	-	(16 664)	-	96 500
Profit for the year		-	-	-	46 440	-	46 440
Dividend paid - final 2005	29	-	-	-	(13 934)	-	(13 934)
Dividend paid - interim 2006	29	-	-	-	(14 967)	-	(14 967)
Closing balance at 30 June 2006		**258**	**112 906**	**-**	**875**	**-**	**114 039**

The notes on pages 54 to 91 are an integral part of these consolidated financial statements.

CASH FLOW STATEMENTS

for the year ended 30 June 2006

		Group		Company	
R'000	Note	**2006**	2005 (Restated)	**2006**	2005
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	29.1	**84 324**	146 565	50 179	71
Interest paid	24	**(1 336)**	(645)	-	-
Taxation paid	29.4	**(28 678)**	(39 018)	(3 613)	(3 132)
Net cash generated from/(utilised in) operating activities		**54 310**	106 902	46 566	(3 061)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment	5	**(76 377)**	(58 883)	-	-
Purchases of computer software	6	**(972)**	(398)	-	-
Proceeds on disposal of property, plant and equipment		**816**	1 119	-	-
Interest received	24	**4 807**	7 599	-	-
Increase in subsidiary loan account		**-**	-	(27 001)	(41 098)
Decrease/(increase) in loans receivable		**-**	-	9 443	(5 783)
Net cash used in investing activities		**(71 726)**	(50 563)	(17 558)	(46 881)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of ordinary shares		**-**	74 880	-	74 880
Net treasury shares movement		**7 662**	(82 537)	-	-
Repayments of short-term borrowings		**(47)**	(242)	-	-
Increase/(decrease) of long-term borrowings		**85**	(203)	-	-
Dividends paid to company's shareholders	29.3	**(25 350)**	(22 980)	(28 901)	(25 057)
Dividends paid to minorities interest	29.3	**(80)**	(1 483)	-	-
Net cash used in financing activities		**(17 730)**	(32 565)	(28 901)	49 823
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(35 146)**	23 774	107	(119)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**167 170**	143 396	(41)	78
CASH AND CASH EQUIVALENTS AT END OF YEAR		**132 024**	167 170	66	(41)

The notes on pages 54 to 91 are an integral part of these consolidated financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated annual financial statements are set out below. Cashbuild has adopted International Financial Reporting Standards ("IFRS") for the first time in the current year, 1 July 2004 being the date of transition. Where required comparatives figures have accordingly been adjusted in line with the revised polices.

1.1 BASIS OF PREPARATION

The group has adopted IFRS for the first time for the year ending 30 June 2006, with the date of transition being 1 July 2004. The consolidated annual financial statements have been prepared in accordance with IFRS and accounting polices expected to be applicable at 30 June 2006. In preparing the financial information in accordance with IFRS 1: First-time adoption of IFRS, the application of the mandatory exceptions have not led to any restatements, and the optional exemptions that have been applied are discussed below.

Policies and procedures set out below have been consistently applied to all the periods presented. Reconciliations and descriptions of the effect of the transition from South Africa's Generally Accepted Accounting Principles ("SA GAAP") to IFRS, on the group's financial statements, are provided. These consolidated annual financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities.

Cashbuild's consolidated annual financial statements were prepared in accordance with SA GAAP until 30 June 2004. In preparing Cashbuild's 2006 consolidated annual financial statements, management has amended certain accounting methods applied in the SA GAAP financial statements to comply with IFRS. The comparative figures in respect of prior periods were restated to reflect these adjustments, except as described in the accounting polices.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying accounting polices.

a) Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1 January 2006 or later periods but which the group has not early adopted, as follows:

IAS 19 (Amendment), Employee benefits (effective from 1 January 2006). The group does not have any defined benefit plans therefore this is not applicable.

IAS 21 (Amendment), Net investment in a foreign operation (effective from 1 January 2006). The amendment clarifies that when a monetary item forms part of a reporting entity's net investment in foreign operations and is denominated in the functional currency of the reporting entity, an exchange difference arises in the foreign operation's individual financial statements. This amendment is not relevant to the group's operations, as there are no monetary amounts forming part of our net investment in foreign operations, denominated in the functional currency, in the consolidated annual financial statements as at 30 June 2006 and 30 June 2005.

IAS 39 (Amendment), Cash flow hedge accounting of forecast intragroup transactions (effective from 1 January 2006). The amendment allows the foreign currency risk of a highly probable forecast intragroup transaction to qualify as a hedged item in the consolidated financial statements, provided that: (a) the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction; and (b) the foreign currency risk will affect consolidated profit or loss. This amendment is not relevant to the group's operations, as the group does not have any intragroup transactions that would qualify as a hedged item in the consolidated annual financial statements as at 30 June 2006 and 30 June 2005.

IAS 39 (Amendment), The fair value option (effective from 1 January 2006). This amendment changes the definition of financial instruments classified as fair value through profit or loss and restricts the ability to designate financial instruments as part of this category. Management has considered this amendment to IAS 39 and conclude that it is not relevant to the group.

IAS 39 and IFRS 4 (Amendment), Financial guarantee contracts (effective from 1 January 2006). This amendment requires issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognised at their fair value, and subsequently measured at the higher of (a) the unamortised balance of the related fees received and deferred, and (b) the expenditure required to settle the commitment at the balance sheet date. Management has considered this amendment to IAS 39 and concluded that it is not relevant to the group.

IFRS 1 (Amendment), First-time adoption of International Financial Reporting Standards and IFRS 6 (Amendment), Exploration for and evaluation of mineral resources (effective from 1 January 2006). These amendments are not relevant to the group's operations, as the group does not carry out exploration for and evaluation of mineral resources.

IFRS 6, Exploration for and evaluation of mineral resources (effective from 1 January 2006). IFRS 6 is not relevant to the group's operations.

IFRS 7, Financial Instruments: Disclosures and a complementary amendment to IAS 1, presentation of financial statements - capital disclosures (effective from 1 January 2007). IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, disclosures in the financial statements of banks and similar financial institutions, and disclosure requirements in IAS 32, financial instruments: disclosure and presentation. It is applicable to all entities that report under IFRS/IAS (SA GAAP). The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The group will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 July 2007, if applicable.

IFRIC 4, Determining whether an arrangement contains a lease (effective from 1 January 2006). IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Management considers IFRIC 4 not applicable to the group's operations.

IFRIC 5, Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds (effective from 1 January 2006). IFRIC 5 is not relevant to the group's operations.

IFRIC 6, Liabilities arising from participating in a specific market – waste electrical and electronic equipment (effective from 1 December 2005). IFRIC 6 is not relevant to the group's operations.

IFRIC 7, Applying restatement approach under IAS 29 financial reporting in hyperinflation (effective from 1 March 2006). IFRIC 7 is not relevant to the group's operations

IFRIC 8, Scope of IFRS 2 (effective from 1 May 2006). IFRIC 8 is not relevant to the group's operations.

IFRIC 9, Reassessment of embedded derivatives (effective from 1 June 2006) IFRIC 9 is not relevant to the group's operations

AC 503 Accounting for Black Economic Empowerment ("BEE") transactions (effective from 1 January 2007). AC 503 is not applicable to the group's operations.

1.2 CONSOLIDATION

a) Subsidiaries

Subsidiaries are all entities (including special purpose 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 another entity, generally accompanied by one half of the voting rights, so as to obtain benefits from its activities. The existence and effect of potential voting rights exercisable are considered when assessing whether the group controls another entity. 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 fully 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, equity instruments issued and liabilities incurred or assumed at the date of acquisition plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

All inter-company transactions, balances and unrealised gains and impairments on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the group.

b) Transactions and minority interest

The group applies a policy of treating transactions with minority interest as transactions with parties external to the group. Disposals to minority interest result in gains and losses for the group that are recorded in the income statement. Purchases from minority interest result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

c) Cashbuild Share Incentive Trust

In accordance with the advice of the GAAP monitoring panel to the JSE Limited, The Cashbuild Share Incentive Trust has been consolidated in the group annual financial statements for all periods presented in the financial statements.

d) Cashbuild Empowerment Trust

In accordance with the advice of the GAAP monitoring panel to the JSE Limited, The Cashbuild Empowerment Trust has been consolidated in the group annual financial statements for all periods presented in the financial statements. Dividends paid to The Cashbuild Empowerment Trust are accounted for as a staff expense in the income statement.

1.3 SEGMENT REPORTING

Geographical segments split amongst South Africa, Botswana, Malawi and members of the 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.

1.4 FOREIGN CURRENCY TRANSLATION

a) Functional and presentation currency

Items included in the financial statements of each entity in the group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in rands, which is the functional and presentation currency of the parent.

b) *Transactions and balances*
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, are recognised in the income statement.

c) *Group companies*
The results of and financial positions of all companies in the group (none of which have the currency of a hyperinflation economy) that have a functional currency different from the presentation currency, are translated into the presentation currency on the following basis:

- assets and liabilities for each balance sheet presented are translated at the closing rates at the date of that balance sheet;
- income and expenses for each income statement are translated at the average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at date of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity, cumulative translation adjustments.

Exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders equity on consolidation. If a foreign entity were to be sold, such exchange differences would be recognised in the income statement as part of the gain or loss on sale.

If goodwill and fair value adjustments were to arise on the acquisition of foreign entities they would be treated as assets and liabilities of the foreign entity and translated at closing rates.

1.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets held by the group for use in the supply of goods or administrative purposes and are expected to be used during more than one year. Land and buildings comprise mainly of offices and warehousing. Property, plant and equipment are initially recorded at cost, and shown at cost less subsequent depreciation and impairment, except for land which is not depreciated as it is deemed to have an indefinite life. Cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on assets is calculated using the straight line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows:

- Buildings 25 - 50 years
- Furniture and equipment 3 - 10 years
- Vehicles 5 years

Expenditure on improvements to leasehold premises is carried at cost and depreciated on a straight-line basis over the shorter of the useful life of the assets, or the period of the lease.

The assets residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date. When the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately and an impairment loss is recognised in the income statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2006

1.6 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less cost to sell, the carrying amount is recoverable principally through a sale transaction rather than through a continuing use.

1.7 INTANGIBLE ASSETS

a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/business at the date of the acquisition. Goodwill is recognised and included in intangible assets. Goodwill is reviewed annually for impairment, and is carried at cost less accumulated impairment losses. Any impairment is recognised immediately in the income statement and is not subsequently reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of these cash-generating units represent the business operation from which goodwill was generated. Gains and losses on the disposal of an entity would include the carrying amount of goodwill relating to the entity sold.

b) Trademarks

Trademarks are recognised at cost. They have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives (ten years).

c) Computer software

Costs associated with the development and implementation of the new IT system are capitalised as intangible assets. These assets are amortised over their expected useful lives (five years) from the date they are brought into use. Costs that are directly associated with the production of identifiable and unique software products controlled by the group and that will probably generate economic benefits exceeding the costs beyond one year, are recognised as intangible assets. Direct costs include costs of software development employees.

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.

1.8 IMPAIRMENT OF ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

1.9 DEFERRED INCOME TAX

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. Deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction that at that time neither effect accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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 investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the group, and it is probable that the temporary difference will not reverse in the foreseeable future.

1.10 INVESTMENTS

The company's investment in the ordinary shares of its subsidiaries is carried at cost.

1.11 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. Cost includes the purchase price, related transport cost, import duties and taxes, excluding borrowing cost. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses.

1.12 TRADE AND OTHER RECEIVABLES

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Receivables are classified as 'trade and other receivables' in the balance sheet

Trade and other receivables are initially recognised at fair value, and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. 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 amount and recoverable amount, being the present value of expected future cash flows, discounted at the effective interest rates. The amount of the provision is recognised in the income statements with 'selling and marketing cost'. Bad debts are written off during the period in which they are incurred.

1.13 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 in 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.

1.14 SHARE CAPITAL

Ordinary shares are classified as equity. 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, except the dividends on which participants are entitled to in terms of The Cashbuild Empowerment Trust deed, which is accounted for as a staff expense in the income statement.

1.15 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds and redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liabilities for at least 12 months after the balance sheet date.

1.16 TRADE AND OTHER LIABILITIES

Trade and other liabilities are stated at amortised cost.

1.17 PROVISIONS

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events and it is more likely than not, 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 provision is measured at the present value of the expenditures expected to be required to settle the obligation using pre-tax rates that reflect the current market assessment and risk specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense in the income statement. 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.

1.18 EMPLOYEE BENEFITS

Pension fund obligations

The group provides for retirement benefits for employees by payments to independent defined contribution funds and contributions are charged against income as due. A defined contribution plan is a plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligation to pay further contributions, if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Other employment benefits obligations

The group has an obligation to pay long service awards to employees who reach certain predetermined milestone periods of service. Costs incurred in relation to the obligation are debited against the liability as incurred. Movements in the liability arising from the valuation are charged to income upon valuation. Gains and losses are recognised immediately in full.

Bonus scheme

The group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the revenue and profit before tax. The group recognises a provision where it is contractually obliged or where there is a past practice that has created a constructive obligation.

Share-based plans

Options issued before 7 November 2002

The group operates an employee incentive scheme through The Cashbuild Share Incentive Trust. Shares are offered under a share purchase and a share option scheme to executive directors and selected management. The scheme has a vesting period of three years. The impact is recognised directly in the income statement, with a corresponding adjustment to equity once options have been exercised. 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.

Empowerment trust dividends

Amounts paid to members of the trust, being employees of the company, are treated as staff cost and included in administration cost in the income statement. The amounts paid out by the members are equal to dividend received by the trust less specific cost incurred by the trust.

1.19 REVENUE RECOGNITION

Revenue comprises the fair value of sale goods to customers, net of value-added tax, general sales tax, rebates, discounts and after eliminating inter-group sales. Revenue and other income is recognised as follows:

Sale of goods

Revenue from the sale of goods is recognised, when all significant risk and rewards associated with ownership are transferred to the buyer, normally upon delivery and customer acceptance of goods.

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for the year ended 30 June 2006

Interest income
Interest income is recognised on a time-proportion basis using the effective interest method. When receivables are impaired the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired receivables is recognised using the original effective interest rate.

Dividend income
Dividend income is recognised when the shareholders' right to receive payment is established.

Rental income
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.

1.20 COST OF SALES
Cost of sales includes the historical cost of merchandise and overheads appropriate to the distribution thereof.

1.21 LEASES
The 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 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.

The group company is the lessor
Assets leased to third parties under operating lease are included in property, plant and equipment in the balance sheet. They are depreciated over the expected useful lives on a basis consistent with similar owned assets. Rental income is recognised on a straight-line basis over the term of the lease.

1.22 REPORTING PERIOD
The group adopts the retail accounting calendar, which comprises the reporting period ending on the last Saturday of the month (2006: 24 June - 52 weeks; 2005: 25 June - 52 weeks).

1.23 DIVIDEND DISTRIBUTION
Dividends are recorded and recognised as a liability in the consolidated annual financial statements in the period in which they are declared and approved by shareholders.

1.24 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.

2 FINANCIAL RISK MANAGEMENT

The group's activities expose it to a variety of financial risks: market risks (including currency risk); credit risks; liquidity risks and interest rate risks.

2.1 Financial risk factors

Market risk

Foreign currency risk

The group operates throughout southern Africa and is exposed to foreign exchange risk arising from various currency exposure, primarily the Botswana Pula and Malawi Kwacha. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investment in foreign subsidiaries. A portion of the group's income is earned in foreign currencies. The group did not hedge borrowings in foreign currencies as the intention is to repay these from its foreign earned income stream. The group also has a translation risk arising from the consolidation of foreign entities into South African Rands.

Exposure from exchange rate fluctuations on transactions denominated in foreign currency is managed by reviewing foreign exposure in order to determine if foreign exchange contracts should be utilised on an ongoing basis. 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 period end. The following uncovered positions existed at the end of the financial period: R Nil (June 2005: R Nil).

Credit risk

Potential concentrations of credit risk consist mainly of cash and cash equivalents, trade and other receivables, investments and derivatives. The group limits its counter party exposures from its money market investment operations by only dealing with well-established financial institutions of high quality credit standing. Where a legally enforceable right to offset a financial asset against a financial liability exists, the liability is presented on the balance sheet net of the financial asset. 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 concentrations of credit risk.

Liquidity risk

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 30.

Interest rate risk

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 24.

2.2 Fair value estimations

At 30 June 2006, the carrying amounts of cash and short-term deposits, trade accounts receivable, trade accounts payable, accrued expenses and short-term borrowings approximated their values due to the short-term maturities of these assets and liabilities.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are mainly the impairment of tangible and intangible assets; the estimation of useful lives of property, plant and equipment and intangible assets, establishing uniform depreciation and amortisation methods, the likelihood that deferred and income taxes can be realised and the probability of doubtful debts. The key estimates and assumptions relating to these areas are disclosed in the relevant notes to the financial statements.

All estimates and underlying assumptions are based on historical experience and various other factors that management believe are reasonable under the circumstances. The results of these estimates form the basis of judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any affected future periods.

4 TRANSITION TO IFRS

4.1 BASIS OF TRANSITION TO IFRS

4.1.1 APPLICATION OF IFRS 1

The group's financial statements for the year ended 30 June 2006 will be the first annual financial statements that comply with IFRS. These consolidated annual financial statements have been prepared as described in note 1.1 of accounting policy notes. The group has applied IFRS 1 in preparing these consolidated annual financial statements.

Cashbuild's transition to IFRS has been established as 1 July 2004. The group prepared it's opening IFRS balance sheet at that date. The reporting date of these consolidated annual financial statements is 30 June 2006. The group's IFRS adoption date is 1 July 2005.

In preparing the consolidated annual financial statements in accordance with IFRS 1, the group has applied the mandatory exceptions and certain optional exemptions from full retrospective application of IFRS.

4.1.2 EXEMPTIONS FROM FULL RETROSPECTIVE APPLICATION ELECTED BY THE GROUP

Cashbuild has elected to apply the following optional exemptions from full retrospective application:

a) Cumulative translation differences
b) Share-based payment transactions

The following exemptions are not applicable or have not been elected by the group:

a) Business combinations
b) Fair value or revaluation as deemed cost
c) Employee benefits
d) Compound financial instruments
e) Assets and liabilities of subsidiaries, associates and joint ventures
f) Insurance contracts
g) Designation of previously recognised financial instruments
h) Restatement of comparative information for IAS 39 and IFRS 4
i) Decommissioning liabilities included in cost of property, plant and equipment
j) Fair value measurement of financial assets or financial liabilities at initial recognition
k) Leases
l) Comparative disclosure for IFRS 6
m) Comparative disclosure for IFRS 7

4.1.3 EXCEPTIONS FROM FULL RETROSPECTIVE APPLICATION FOLLOWED BY THE GROUP

Cashbuild has applied the following mandatory exceptions from retrospective application:

a) Derecognition of financial assets and liabilities

The group does not carry any financial assets or liabilities to which this exception would be applicable. No adjustment is required.

b) Hedge accounting

The group does not apply hedge accounting. No adjustment is required.

c) Estimates

Estimates under IFRS at 1 July 2004 should be consistent with estimates made for the same data under previous GAAP, unless there is evidence that those estimates were in error.

d) Assets held for sale and discontinued operations

As at transition date the group did not have any assets that met the criteria of held-for-sale, nor were there any discontinued operations during the period presented. No adjustment was required.

4.2 RECONCILIATION BETWEEN IFRS AND SA GAAP

The following reconciliations provide a quantification of the effect of the transition to IFRS at 1 July 2004 and 30 June 2005. The following reconciliations provide details of the impact of the transition on:

- equity at 1 July 2004
- equity at 30 June 2005
- net income at 30 June 2005
- cash flow at 30 June 2005

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for the year ended 30 June 2006

R'000	Group 30 June 2005	Note	Company 1 July 2004	Note
4.2.1 SUMMARY OF EQUITY				
Total equity under SA GAAP	220 378		170 588	
Property, plant and equipment	1 290	a)	906	a)
Reclassification of leases	(107)	b)	(1 465)	b)
- Adjustment to accumulated depreciation	(3 196)		(2 914)	
- Reversal of operating lease expense	28 829		27 241	
- Reversal of straight-line lease adjustment	(894)		(894)	
- Adjustment to account for the profit on sale of assets	(2 010)		(2 062)	
- Adjustment for interest on finance lease	(22 836)		(22 836)	
Effect of change in foreign exchange rates	(5 463)	c)	-	
Deferred tax adjustments on all of the above	(902)		(476)	
TOTAL EQUITY UNDER IFRS	215 196		169 553	

The following explains the material adjustments to the total shareholders' equity in the balance sheet:

a) Adjustment due to reassessment of assets useful life and residual values.

b) Adjustment for the sale and leaseback transaction: accounting treatment changed to treat the transaction as a finance lease, due to a change in interpretation of IAS 17 (Leases).

c) Due to a re-assessment of the functional currency of our foreign subsidiaries, translation differences previously recognised in the income statement have been moved to the cumulative translation adjustment on the balance sheet. In addition the cumulative translation adjustment has been effected by a restatement of the foreign subsidiaries non-monetary assets at closing exchange rates, as required under IAS 21.

R'000	Note	SA GAAP	SA GAAP adjustment	Effect of transition to IFRS	Restated IFRS
4.2.2 RECONCILIATION OF EQUITY AT 1 July 2004					
ASSETS					
Non-current assets		126 965	3 767	636	131 368
Property, plant and equipment	a	103 331	12 555	906	116 792
Intangible assets		8 521	-	-	8 521
Deferred income tax asset	g	6 530	(205)	(270)	6 055
Other non-current asset	b	8 583	(8 583)	-	-
Current assets		460 413	(2 006)	-	458 407
Inventories		279 141	-	-	279 141
Trade and other receivables	c	37 876	(2 006)	-	35 870
Cash and cash equivalents		143 396	-	-	143 396
TOTAL ASSETS		587 378	1 761	636	589 775
EQUITY					
Capital and reserves attributable to company's equity holders		154 238	(1 671)	626	153 193
Share capital		220	-	-	220
Share premium		29 822	-	-	29 822
Cumulative translation adjustment	d	2 730	-	(2 730)	-
Retained earnings	h	121 466	(1 671)	3 356	123 151
Minority interest		16 350	-	10	16 360
TOTAL EQUITY		170 588	(1 671)	636	169 553
LIABILITIES					
Non-current liabilities		21 710	3 432	-	25 142
Deferred operating lease liability		21 146	-	-	21 146
Deferred profit	f	-	2 063	-	2 063
Deferred income tax liability		361	-	-	361
Borrowings	e	203	1 369	-	1 572
Current liabilities		395 080	-	-	395 080
Trade and other liabilities		375 789	-	-	375 789
Current income tax liabilities		17 787	-	-	17 787
Borrowings		289	-	-	289
Employee benefits		1 215	-	-	1 215
TOTAL LIABILITIES		416 790	3 432	-	420 222
TOTAL EQUITY AND LIABILITIES		587 378	1 761	636	589 775

Explanation of the effect on transition to IFRS

The following explains the material adjustments to the balance sheet and income statements

a) *Property, plant and equipment*	
i) Adjustment to depreciation based on change in residual value and useful lives	906
ii) Adjustment for sale and leaseback transaction	12 555
Total impact - increase in property plant and equipment	13 461
i) Adjustment due to reassessment of assets useful life and residual values	
ii) Adjustment for the sale and leaseback transaction: accounting treatment changed to treat the transaction as a finance lease due to a change in interpretation of IAS 17 (Leases)	
b) *Other non-current assets*	
Adjustment for sale and leaseback transaction	(8 583)
Total impact - decrease in other non-current assets	(8 583)
Reversal of pre-paid rental on sale and leaseback transaction used to offset finance lease liability	
c) *Trade and other receivables*	
Elimination of current portion of pre-paid rentals on sale and leaseback transaction	(2 006)
Total impact - decrease in trade and other receivables	(2 006)
Adjustment for the sale and leaseback transaction: accounting treatment changed to treat the transaction as a finance lease due to a change in interpretation of IAS 17 (Leases)	
d) *Cumulative translation adjustment*	
Reset of the cumulative currency translation adjustment reserve to zero	(2 730)
Total impact - decrease in cumulative translation adjustment	(2 730)
The group has elected to use the exemption to reset the cumulative translation adjustment at transition date to zero. This exemption has been applied to all subsidiaries where applicable	
e) *Borrowings*	
Adjustment for sale and leaseback transaction	1 369
Total impact - increase in borrowings	1 369
Adjustment for the sale and leaseback transaction: accounting treatment changed to treat the transaction as a finance lease due to a change in interpretation of IAS 17 (Leases)	
f) *Deferred profit*	
Deferred profit recognised on sale and leaseback assets held under finance lease	2 063
Total impact - increase in deferred profit	2 063
A profit recognised at inception on sale and leaseback transaction has been deferred over the life of the asset in line with the finance lease principles	
g) *Deferred taxation*	
Overall impact of recognising deferred tax in accordance with IAS12	(475)
Total impact - decrease in deferred tax assets	(475)
The group has recalculated deferred taxation in accordance with IAS 12. IAS 12 allows a net presentation of deferred tax assets and liabilities only when certain criteria are met. This adjustment recognises the gross presentation required by IAS 12	
h) *Distributable reserve*	
All above adjustments were recorded against the opening retained earnings at 1 July 2004	1 685
Total net impact - increase in distributable reserves	1 685

R'000	Note	SA GAAP	SA GAAP adjustment	Effect of transition to IFRS	Restated IFRS
4.2.3 RECONCILIATION OF EQUITY AT 30 June 2005					
ASSETS					
Non-current assets		167 012	1 616	903	169 531
Property, plant and equipment	a	146 154	9 635	1 289	157 078
Intangible assets	b	7 654	(6)	-	7 648
Deferred income tax asset	h	5 792	(601)	(386)	4 805
Other non-current asset	c	7 412	(7 412)	-	-
Current assets		602 848	(4 321)	-	598 527
Inventories	d	397 480	(2 733)	-	394 747
Trade and other receivables	e	38 198	(1 588)	-	36 610
Cash and cash equivalents		167 170	-	-	167 170
TOTAL ASSETS		769 860	(2 705)	903	768 058
EQUITY					
Capital and reserves attributable to company's equity holders		199 542	(6 085)	889	194 346
Share capital		224	-	-	224
Share premium		22 161	-	-	22 161
Cumulative translation adjustment	f	2 730	(6 401)	(2 730)	(6 401)
Retained earnings	j	174 427	316	3 619	178 362
Minority interest		20 836	-	14	20 850
TOTAL EQUITY		220 378	(6 085)	903	215 196
LIABILITIES					
Non-current liabilities		22 867	3 380	-	26 247
Deferred operating lease liability		22 453	-	-	22 453
Deferred profit	g	-	2 011	-	2 011
Deferred income tax liability		414	-	-	414
Borrowings	i	-	1 369	-	1 369
Current liabilities		526 615	-	-	526 615
Trade and other liabilities		505 605	-	-	505 605
Current income tax liabilities		20 012	-	-	20 012
Borrowings		47	-	-	47
Employee benefits		951	-	-	951
TOTAL LIABILITIES		549 482	3 380	-	552 862
TOTAL EQUITY AND LIABILITIES		769 860	(2 705)	903	768 058

Explanation of the effect on transition to IFRS

The nature of the adjustments from SA GAAP to IFRS at 30 June 2005 is similar to those at 1 July 2004, with the exception of additional adjustments to property, plant and equipment and intangible assets (see (a) and (b) below), inventories (see (d) below) and cumulative translation adjustments (see (f) below).

a) *Property, plant and equipment*	
Adjustment to depreciation based on change in residual value and useful lives	1 289
Cumulative translation adjustment	(2 638)
Adjustment for sale and leaseback transaction	12 273
Total impact - increase in property plant and equipment	10 924
Restatement of foreign subsidiaries non-monetary assets due to translation at closing exchange rates	
b) *Intangible assets*	
Cumulative translation adjustment	(6)
Total impact - decrease in intangible assets	(6)
Restatement of foreign subsidiaries non-monetary assets due to translation at closing exchange rates	
c) *Other non-current assets*	
Adjustment for sale and leaseback transaction	(7 412)
Total impact - decrease in other non-current assets	(7 412)
d) *Inventory*	
Cumulative translation adjustment	(2 733)
Total impact - decrease in inventory	(2 733)
Restatement of foreign subsidiaries non-monetary assets due to translation at closing exchange rates	
e) *Trade and other receivables*	
Elimination of current portion of pre-paid rentals on sale and leaseback transaction	(1 588)
Total impact - decrease in trade and other receivables	(1 588)
f) *Cumulative translation adjustment*	
Reset of the cumulative translation adjustment reserve to zero	(2 730)
Adjustment assessed on the basis of translation during the period	(6 401)
Total impact - decrease in cumulative translation adjustment	(9 131)
Due to a re-assessment of the functional currency of our foreign subsidiaries, translation differences previously recognised in the income statement have been moved to the cumulative translation adjustment on the balance sheet. In addition the cumulative translation adjustment has been effected by a restatement of the foreign subsidiaries non-monetary assets at closing exchange rates, as required under IAS 21	
g) *Deferred profit*	
Deferred profit recognised on sale and leaseback assets held under finance lease	2 011
Total impact - increase in deferred profit	2 011
h) *Deferred taxation*	
Overall impact of recognising deferred tax in accordance with IAS12	987
Total impact - decrease in deferred tax assets	987
i) *Borrowings*	
Adjustment for sale and leaseback transaction	1 369
Total impact - increase in borrowings	1 369
j) *Distributable reserve*	
All above adjustment were recorded against the opening retained earnings at 1 July 2004	3 935
Total net impact - increase in distributable reserves	3 935

R'000	Note	SA GAAP	SA GAAP adjustment	Effect of transition to IFRS	Restated IFRS
4.2.4 RECONCILIATION OF NET INCOME FOR YEAR ENDED 30 JUNE 2005					
Revenue		2 208 902	-	-	2 208 902
Cost of sales		(1 725 135)	-	-	(1 725 135)
Gross profit		483 767	-	-	483 767
Selling and marketing expenses		(303 047)	2 331	383	(300 333)
Administrative expenses		(61 271)	-	-	(61 271)
Other operating expenses		(2 459)	52	-	(2 407)
Other income		-	-	-	-
Operating profit	a	116 990	2 383	383	119 756
Finance cost		(645)	-	-	(645)
Finance income		7 599	-	-	7 599
Profit before taxation		123 944	2 383	383	126 710
Income tax expense	b	(42 034)	(396)	(116)	(42 546)
Profit for the year		81 910	1 987	267	84 164
Minority interest		(5 969)	-	(4)	(5 973)
Attributable earnings		75 941	1 987	263	78 191

a)	*Operating expenses*	
i)	Cumulative translation adjustment	1 025
ii)	Adjustment to depreciation based on change in residual value and useful lives	383
iii)	Adjustment to depreciation for the assets held under sale and leaseback transaction	(282)
iii)	Reversal of operating lease expenses	1 588
iii)	Recognising of deferred profit on sale of asset	52
	Total impact - decrease in operating expenses	2 766

i) Restatement of foreign subsidiaries non monetary assets due to translation at closing exchange rates
ii) Net effect of reassessment of residual values and useful life's as required under IFRS
iii) Restatement of the sale and leaseback transaction, accounting treatment changed to treat the transaction as a finance lease, as a result of a changes in the interpretation of IAS 17

b)	*Taxation*	
	Total effect of tax adjustment	(512)
	Total impact - increase in taxation expense	(512)

The total adjustment to income tax expense reflects the total effect of measuring deferred tax in accordance with IAS 12.

4.2.5 RECONCILIATION OF CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE 2005

The main IFRS transition effect presented by the group in its cash flow statement for year ended 30 June 2005 were:

- The creation of a deferred profit which has no impact on cash flow
- Under SA GAAP interest received was classified as 'generated from operating activities'. Interest received under IFRS should be classified as part of 'cash flows from investing activities'.

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for the year ended 30 June 2006

	Group					
R'000	Land & buildings	Improvements to leasehold premises	Furniture & equipment	Vehicles	Capital work in progress	Total
5 PROPERTY, PLANT AND EQUIPMENT						
As at 30 June 2006						
Cost	88 067	23 553	192 849	77	2 006	306 552
Accumulated depreciation	(11 488)	(15 059)	(74 886)	(25)	-	(101 458)
Net book value	**76 579**	**8 494**	**117 963**	**52**	**2 006**	**205 094**
Year ended 30 June 2006						
Opening net book value	64 808	6 403	81 148	38	4 681	157 078
Exchange differences	(279)	-	(144)	(4)	-	(427)
Additions	-	-	-	-	76 377	76 377
Transfers	19 297	3 943	54 328	30	(77 598)	-
Net book value of disposals	(659)	-	(235)	-	-	(894)
Depreciation	(1 405)	(1 852)	(17 134)	(12)	-	(20 403)
Less: Assets classified as held for sale	(5 183)	-	-	-	(1 454)	(6 637)
Closing net book value	**76 579**	**8 494**	**117 963**	**52**	**2 006**	**205 094**
As at 30 June 2005						
Cost	74 966	19 631	139 238	52	4 681	238 568
Accumulated depreciation	(10 158)	(13 228)	(58 090)	(14)	-	(81 490)
Net book value	**64 808**	**6 403**	**81 148**	**38**	**4 681**	**157 078**
Year ended 30 June 2005						
Opening net book value	52 858	6 464	57 421	49	-	116 792
Exchange differences	(2 184)	-	(584)	-	-	(2 768)
Additions	-	-	-	-	58 883	58 883
Transfers	16 396	1 281	36 525	-	(54 202)	-
Net book value of disposals	(1 033)	-	(36)	-	-	(1 069)
Depreciation	(1 229)	(1 342)	(12 178)	(11)	-	(14 760)
Closing net book value	**64 808**	**6 403**	**81 148**	**38**	**4 681**	**157 078**

A register giving details of land and buildings is available for inspection by shareholders 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 period end, the land and buildings, furniture and equipment had an insured value (based on estimated replacement cost) of R 470 280 000 (June 2005: R 330 532 929), which excludes input value-added tax where appropriate.

Land and building includes the following amounts where the group is a lessee under a finance lease:

	Group	
R'000	**2006**	2005
Cost - capitilised finance lease	**15 469**	15 469
Accumulated depreciation	**(3 496)**	(3 196)
Net book value	**11 973**	12 273
The following costs were expensed to the income statement, included in operating profits:		
Loss /(profit) on disposal of property, plant and equipment	**78**	(50)
Repairs and maintenance expenditure on property, plant and equipment	**7 912**	7 622

	Group			
R'000	Trademarks	Goodwill	Computer software	Total
6 INTANGIBLE ASSETS				
As at 30 June 2006				
Cost (net of impairment)	659	1 772	7 812	10 243
Accumulated amortisation	(639)	-	(2 752)	(3 391)
Net book value	**20**	**1 772**	**5 060**	**6 852**
Year ended 30 June 2006				
Opening net book value	23	1 806	5 819	7 648
Exchange differences	-	(34)	-	(34)
Additions	-	-	972	972
Impairment	-	-	-	-
Amortisation	(3)	-	(1 731)	(1 734)
Closing net book value	**20**	**1 772**	**5 060**	**6 852**
As at 30 June 2005				
Cost (net of impairment)	659	1 806	6 840	9 305
Accumulated amortisation	(636)	-	(1 021)	(1 657)
Net book value	**23**	**1 806**	**5 819**	**7 648**
Year ended 30 June 2005				
Opening net book value	27	2 052	6 442	8 521
Exchange differences	-	(7)	-	(7)
Additions	-	-	398	398
Impairment	-	(239)	-	(239)
Amortisation	(4)	-	(1 021)	(1 025)
Closing net book value	**23**	**1 806**	**5 819**	**7 648**

Impairment test for goodwill

Goodwill is allocated to the group's cash generating units (CGU's) identified according to country of operation.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections which have been extrapolated using the estimated growth rates stated below.

Gross margin	11%	1
Growth rate	5%	2
Discount rate	17.5%	3

The assumptions have been used for the analysis of each CGU.

1. Budgeted gross margin
2. Weighted average growth rate used to extrapolate cash flows beyond the budgeted period
3. Pre-tax discount rate applied to the cash flow projections

Management determined the budgeted gross margin based on past performance and its expectations for the market development. The discount rates used are pre-tax and reflect the risk relating to South African segments.

85% of the goodwill relates to a South African store and 15% to the Malawi store. No impairment charges arose in the current period as the calculated value in use exceeded the carry value at period end.

R'000	Group 2006	Group 2005 (Restated)	Company 2006	Company 2005
7 INVESTMENT IN SUBSIDIARIES				
Shares at cost	-	-	-	-
Loan accounts	-	-	107 897	80 896
	-	-	107 897	80 896
8 LOANS RECEIVABLE				
The Cashbuild Incentive Trust	-	-	7 617	17 060
Impairment	-	-	(1 308)	(1 308)
	-	-	6 309	15 752
9 ASSETS HELD FOR SALE				
Assets classified as held for sale	6 637	-	-	-
	6 637	-	-	-

9.1 Lonehill Property Ext. 88

Cashbuild acquired specific land with the initial intention to develop. However in the current year the intention has changed and management is currently actively marketing this property with the aim of selling it in the next financial year. The carrying value of the property at year-end is R 5 183 253.

9.2 Erf. 735 and 730 Greenstone Hill Ext. 12

Cashbuild was involved in a promotional event where by a number of houses were constructed by several couples as part of a promotional television show. Cashbuild purchased a few of the stands and sponsored all the building material. At year-end two of the houses constructed are owned by the company, with a carrying value of R 1 453 622. There are signed sale agreements for both properties at year-end totalling R 1 675 000.

R'000	Group 2006	Group 2005 (Restated)	Company 2006	Company 2005
10 INVENTORIES				
Merchandise at weighted average cost less provisions for impairment	482 836	394 747	-	-
	482 836	394 747	-	-

Cost of inventories recognised as an expense and included in 'cost of sales' amounted to R 2 204 764 912 (2005: R 1 818 906 057)

R'000	Group 2006	Group 2005 (Restated)	Company 2006	Company 2005
11 TRADE AND OTHER RECEIVABLES				
Trade accounts receivables	50 982	30 048	-	-
Provision for impairment of trade accounts receivable	(6 246)	(6 173)	-	-
Payments in advance	1 513	886	-	-
Staff loans receivable	177	51	-	-
Amount owing by participants of The Cashbuild Share Incentive Trust	61	1 181	-	-
Other accounts receivable	10 122	10 617	13	19
	56 609	36 610	13	19

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 R 42.00 per share (June 2005: R38.40 per share). The staff loans are interest-free.

Related party, trade and other receivables arise as a result of transactions between companies in the group. All of the companies are consolidated and all receivables are eliminated upon consolidation and excluded from the balances above. Refer to the related parties note 35 where related party receivables have been disclosed.

Fair value of receivables is deemed to be equal to the carrying values above. Trade receivables are impaired in accordance with the companies accounting polices. There is no concentration of credit risk in respect of trade receivables as our receivables are not significantly high. Credit terms are 30 days.

The group recognised a provision of R 6 246 000 (2005: R 6 173 000) for the impairment of its trade receivables during the year ended 30 June 2006. The group used provision for impaired receivables of R Nil (2005: Nil). The creation and usage of provision for impaired receivables has been included in 'selling and marketing cost' in the income statement.

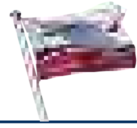
R'000	Group 2006	Group 2005 (Restated)	Company 2006	Company 2005
12 CASH AND CASH EQUIVALENTS				
Cash at banks and in hand	132 024	167 170	66	-
	132 024	167 170	66	-
Rate of interest earned on cash in bank varies between 1.5% - 9.9%				
13 SHARE CAPITAL				
Authorised				
35 000 000 (June 2005: 35 000 000) ordinary shares of 1 cent each	350	350	350	350
Issued				
25 805 347 (June 2005: 25 805 347) ordinary shares of 1 cent each	258	258	258	258
Less: Treasury shares held by The Cashbuild Share Incentive Trust and the Cashbuild Empowerment Trust	(30)	(34)	-	-
Opening balance: 3 356 081(June 2005: 1 209 296)	34	12	-	-
Issue of shares to trust: Nil (June 2005: 2 580 535)	-	26	-	-
(Options exercised): 175 000 (June 2005: 745 000)	(2)	(8)	-	-
(Shares sold): 169 000 (June 2005: 239 600)	(2)	(2)	-	-
Shares transferred: 300 (June 2005: 190 800)	-	2	-	-
Shares purchased: Nil (June 2005: 360 050)	-	4	-	-
	228	224	258	258

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 Limited. The directors have the authority from the shareholders to repurchase up to 20% of the issued share capital of the company.

The Cashbuild Share Incentive Trust holds 595 912 (June 2005: 1 209 296) ordinary shares. The Cashbuild Empowerment Trust holds 2 580 535 (June 2005: 2 580 535) ordinary shares. The shares held by these trusts are eliminated on consolidation.

14 CUMULATIVE TRANSLATION ADJUSTMENT	Translation
Balance at 1 July 2004	-
Currency translation differences:	(6 401)
Balance at 30 June 2005	(6 401)
Currency translation differences:	(449)
Balance at 30 June 2006	**(6 850)**

The cumulative translation reserves arise as a result of foreign exchange differences calculated on the conversion of foreign operations in the group's reporting currency and are accounted for directly in the statement of changes in equity.



R'000	Group 2006	Group 2005 (Restated)	Company 2006	Company 2005
15 DEFERRED INCOME TAX				
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 to be recovered after 12 months	68	2 220	-	-
Deferred tax assets to be recovered within 12 months	3 012	2 585	-	-
Total deferred tax asset	3 080	4 805	-	-
Deferred tax liability to be recovered after 12 months	(28)	(480)	-	-
Deferred tax liability to be recovered within 12 months	-	66	-	-
Total deferred tax liability	(28)	(414)	-	-
TOTAL NET DEFERRED TAX ASSET	3 052	4 391	-	-
Deferred tax comprises:				
Property, plant and equipment	(7 571)	(4 493)	-	-
Prepayments	(167)	(119)	-	-
Accruals	2 223	2 770	-	-
Assessed loss	1 166	-	-	-
Straight-lining of leases	7 610	6 233	-	-
Unrealised foreign exchange difference on intercompany loans	(209)	-	-	-
	3 052	4 391	-	-
The net movement on the deferred income tax account is as follows:				
At 1 July 2004				5 694
Income statement charge (note 26)				(1 303)
Year ended 30 June 2005				4 391
At 1 July 2005				4 391
Exchange differences				(84)
Income statement charge (note 26)				(1 255)
Year ended 30 June 2006				**3 052**
Should all non-distributable reserves be declared as a dividend it would result in STC tax of R 29.7 million				
16 TRADE AND OTHER LIABILITIES				
Trade liabilities	448 830	460 504	-	-
Accruals	91 608	45 101	246	126
	540 438	505 605	246	126

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

R'000	Group 2006	Group 2005 (Restated)	Company 2006	Company 2005
17 BORROWINGS				
Non-current				
Finance lease liability	1 454	1 369	-	-
	1 454	1 369	-	-
Current				
Bank borrowings	-	47	-	41
	-	47	-	41
Total borrowings	1 454	1 416	-	41

17.1 National Finance Company Limited

The loan was unsecured, bearing interest at a variable rate of 49,5 % per annum and was repayable in monthly instalments of R 41 450 (2004: R41 450) This loan was entered into in Malawi for the opening of the Lilongwe store.

17.2 Rand Merchant Bank

Based on the reinterpretation of IAS 17 in respect of classification of operating leases as finance leases the Rand Merchant Bank sale and leaseback transaction was reclassified as a finance lease. The reclassification resulted in the recognition of assets and liabilities of R 12 million and R 1.5 million respectively on the balance sheet. The above amount represents the present value of the future minimum lease payment of the transaction.

Interest rate applied to the finance lease is 16.5%

17.3 Finance lease liabilities - minimum lease payments:

R'000	Group 2006	Group 2005 (Restated)	Company 2006	Company 2005
- Due in 1 year	-	-	-	-
- Due from 1 - 5 years	125	-	-	-
- Thereafter	175 834	175 959	-	-
	175 959	175 959	-	-
Future finance charges on finance leases	(174 505)	(174 590)	-	-
Present value of finance lease liabilities	1 454	1 369	-	-
The present value of finance lease liabilities is as follows:				
- Due in 1 year	-	-	-	-
- Due from 1 - 5 years	53	-	-	-
- Thereafter	1 401	1 369	-	-
	1 454	1 369	-	-

R'000	Group 2006	Group 2005 (Restated)	Company 2006	Company 2005
18 EMPLOYEE BENEFITS OBLIGATION				
18.1 Long service awards				
The amounts recognised in the balance sheet are as follows:				
Present value of the obligation	**949**	951	**-**	-
Reconciliation of movement:				
Balance at beginning of period	**951**	1 215	**-**	-
Long service awards paid	**(2)**	(670)	**-**	-
Amount charged to the income statement	**-**	406	**-**	-
Balance at end of period	**949**	951	**-**	-
The amounts recognised in the income statement are as follows:				
Interest cost	**-**	-	**-**	-
Service cost	**-**	406	**-**	-
Movement in actuarial liability	**-**	-	**-**	-
Total included in employee benefit expense (refer note 23)	**-**	406	**-**	-
The principal actuarial assumptions used are as follows:				
Discount rate	**12% p.a.**	12% p.a.		
Salary inflation	**6% p.a.**	6% p.a.		
Average retirement age:				
Males	65	65		
Females	63	63		

18.2 Retirement Fund

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 2006, there were 3 060 (June 2005: 2 639) members, equal to 97% (June 2005: 97 %) of staff, who were members of the retirement fund.

18.3 Post-retirement medical aid benefit

The group has no post-retirement medical aid liability.

R'000	Group 2006	Group 2005 (Restated)	Company 2006	Company 2005
19 REVENUE				
Revenue comprises the sale of merchandise	**2 710 417**	2 208 902	**-**	-
	2 710 417	2 208 902	**-**	-

R'000	Group 2006	Group 2005 (Restated)	Company 2006	Company 2005
20 EXPENSES BY NATURE				
Depreciation, amortisation and impairment charges	22 137	16 024	-	-
Employee benefit expense	192 790	154 558	-	-
Cost of goods sold (material cost)	2 114 497	1 725 135	-	-
Net creation of provision for impaired receivables	73	1 580	-	-
Receivables impaired	-	-	-	-
Consumables	1 631	2 215	-	-
Transportation	55 908	44 090	-	-
Advertising	12 198	4 802	-	-
Auditors' remuneration:	6 746	5 885	-	-
- Audit services	5 321	4 180	-	-
- Taxation services	531	842	-	-
- Consultation services	503	575	-	-
- Technical services	391	288	-	-
Operating lease charges:	49 057	36 842		
- Premises	46 215	34 627	-	-
- Equipment	2 842	2 215	-	-
Outsourced services:	13 073	7 866		
- Administrative	7 230	5 479	-	-
- Technical	5 222	1 590	-	-
- Secretarial	621	797	-	-
Other expenses	114 864	93 247	1	2
Other income	(4 499)	(3 098)	(50 054)	(24)
Total	2 578 475	2 089 146	(50 053)	(22)
Classified as:				
Cost of sales	2 114 497	1 725 135	-	-
Selling and marketing expenses	394 323	303 431	-	-
Administrative expenses	72 223	61 271	1	2
Other operating expenses	1 931	2 407	-	-
Other income	(4 499)	(3 098)	(50 054)	(24)
	2 578 475	2 089 146	(50 053)	(22)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED
for the year ended 30 June 2006

R'000		Group 2006	Group 2005 (Restated)	Company 2006	Company 2005
21	**OTHER INCOME**				
	Rental income	**309**	238	-	-
	Sundry income	**4 190**	2 860	54	24
	Dividend income	**-**	-	50 000	-
		4 499	3 098	50 054	24
22	**OPERATING LEASES**				
	Operating leases - where group company is the lessor				
	The future minimum lease payments receivable under non-cancellable operating leases are as follows:				
	- Due in 1 year	**240**	222	-	-
	- Due from 1 - 5 years	**236**	476	-	-
	- Thereafter	**-**	-	-	-
	Total future cash flows	**476**	698	-	-
	Straight-lining of leases already accrued in balance sheet	**-**	-	-	-
	Future income	**476**	698	-	-
23	**EMPLOYEE BENEFIT EXPENSES**				
	Salary cost	**166 433**	136 492	-	-
	Pension fund contributions - defined contribution fund	**23 578**	16 376	-	-
	Employee benefits - long service awards	**-**	406	-	-
	Dividends paid to participants of The Cashbuild Empowerment Trust	**2 779**	1 284	-	-
		192 790	154 558	-	-
	The number of persons employed by the group at 30 June 2006 are 3 162 (June 2005: 2 712).				
24	**FINANCE (COST)/INCOME**				
	Interest expense:				
	- bank borrowings	**(977)**	(170)	-	-
	- other	**(359)**	(475)	-	-
		(1 336)	(645)	-	-
	Interest income:				
	- bank balances	**4 806**	7 430	-	-
	- other	**1**	169	-	-
		4 807	7 599	-	-
25	**NET FOREIGN EXCHANGE (LOSS)/GAIN**				
	The exchange differences (charged)/credited to the income statement are included as follows:				
	Cost of goods sold	**(3 138)**	676	-	-
		(3 138)	676	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2006

R'000	Group 2006	Group 2005 (Restated)	Company 2006	Company 2005
26 INCOME TAX EXPENSE				
26.1 Taxation charge				
South African	33 792	25 970	-	-
Normal taxation				
- Current	31 263	23 809	-	-
- Under provision in prior periods	442	1 044	-	-
Deferred taxation				
- Current period temporary differences	2 038	1 366	-	-
- Prior period adjustments	49	(249)	-	-
Foreign	7 207	12 237	-	-
Normal taxation				
- Current	8 136	12 101	-	-
- Over provision in prior periods	(97)	(50)	-	-
Deferred taxation				
- Current period temporary differences	(790)	188	-	-
- Prior period adjustments	(42)	(2)	-	-
Non-resident shareholders' tax	935	1 207	-	-
Secondary tax on companies	3 613	3 132	3 613	3 132
- Current	3 613	3 132	3 613	3 132
- Prior period adjustment	-	-	-	-
Taxation	45 547	42 546	3 613	3 132
26.2 Reconciliation of tax rate	%	%	%	%
South African normal rate	29.0	29.0	29.0	29.0
Allowances and disallowable expenses	0.7	0.3	(29.0)	(29.0)
Foreign tax at different rates	0.1	0.2	-	-
Non-resident shareholders' tax	0.7	1.0	-	-
Secondary tax on companies	2.7	2.5	7.2	14 236.4
Under provision in prior periods	0.3	0.6	-	-
Unutilised tax losses	0.1	0.0	-	-
Effective tax rate	33.6	33.6	7.2	14 236.4

27 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit attributable to equity holders by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares in issue is calculated net of treasury shares acquired/sold during the year. The Cashbuild Share Incentive Trust has been included in the calculation from date of acquisition and The Cashbuild Empowerment Trust has been included in the calculation from 7 February 2005.

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company only has one category of dilutive potential ordinary shares being share options.

note 27 continued	Group		Company	
R'000	**2006**	2005 (Restated)	**2006**	2005
27.1 Weighted average number of ordinary shares in issue ('000)	**22 575**	21 906	**25 805**	23 225
Number of ordinary shares in issue	**25 805**	23 225	**25 805**	23 225
Weighted average number of ordinary shares issued during the year	**-**	1 075	**-**	1 075
Weighted average number of ordinary shares issued at end of year	**25 805**	24 300	**25 805**	24 300
Less: Weighted average number of treasury shares:				
- The Cashbuild Share Incentive Trust	**(649)**	(1 319)	**-**	-
- The Cashbuild Empowerment Trust	**(2 581)**	(1 075)	**-**	-
Weighted number of ordinary shares in issue	**22 575**	21 906	**25 805**	24 300
27.2 Fully diluted weighted average number of ordinary shares in issue ('000)	**22 575**	21 906	**25 805**	24 300
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.				
27.3 Basic earnings per share (cents)	**366.3**	356.9	**180.0**	(12.8)
Attributable earnings (R'000)	**82 700**	78 191	**46 440**	(3 110)
Weighted average number of ordinary shares in issue ('000)	**22 575**	21 906	**25 805**	24 300
27.4 Fully diluted basic earnings per share (cents)	**366.3**	356.9	**180.0**	(12.8)
Attributable earnings (R'000)	**82 700**	78 191	**46 440**	(3 110)
Fully diluted weighted average number of ordinary shares in issue ('000)	**22 575**	21 906	**25 805**	24 300
27.5 Headline earnings per share (cents)	**366.7**	357.8	**180.0**	(12.8)
Attributable earnings (R'000)	**82 700**	78 191	**46 440**	(3 110)
Headline earnings adjusting items:				
Impairment of goodwill (R'000)	**-**	239	**-**	-
Loss/(profit) on sale of assets after taxation (R'000)	**78**	(50)	**-**	-
Headline earnings (R'000)	**82 778**	78 380	**46 440**	(3 110)
Weighted average number of ordinary shares in issue ('000)	**22 575**	21 906	**25 805**	24 300
27.6 Fully diluted headline earnings per share (cents)	**366.7**	357.8	**180.0**	(12.8)
Headline earnings (R'000)	**82 778**	78 380	**46 440**	(3 110)
Fully diluted weighted average number of ordinary shares in issue ('000)	**22 575**	21 906	**25 805**	24 300

28 DIVIDENDS PER SHARE			**Cents**	Cents
Interim				
No. 26 paid on 15 May 2006 (2004: No. 24 paid 23 May 2005)			**58**	53
Final				
No. 27 payable 16 October 2006 (2005: No. 25 paid 24 October 2005)			**58**	54

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

	Group		Company	
R'000	2006	2005 (Restated)	2006	2005
29 CASH GENERATED FROM OPERATIONS				
29.1 Reconciliation of profit before taxation to cash generated from operations				
Profit before taxation	135 413	126 710	50 053	22
Adjustments for:				
Depreciation of property, plant and equipment	20 403	14 760	-	-
Amortisation of intangible assets	1 734	1 025	-	-
Impairment of goodwill	-	239	-	-
Movement in employee benefits	-	406	-	-
Cumulative translation adjustment movement	(449)	(6 401)	-	-
Exchange differences on non-current assets	461	2 775	-	-
Interest received	(4 807)	(7 599)	-	-
Interest paid	1 336	645	-	-
Loss/(profit) on disposal of property, plant and equipment	78	(50)	-	-
Employee benefits paid	(2)	(670)	-	-
Decrease in deferred profit	(52)	(52)	-	-
Increase in deferred operating lease liability	3 464	1 307	-	-
Operating profit before working capital changes	157 579	133 095	50 053	22
(Increase) in inventories	(88 089)	(115 606)	-	-
(Increase)/decrease in trade and other receivables	(19 999)	(740)	6	(19)
Increase in trade and other liabilities	34 833	129 816	120	68
Working capital changes	(73 255)	13 470	126	49
Cash generated from operations	84 324	146 565	50 179	71
29.2 Proceeds from disposal of property, plant and equipment				
Net book value	894	1 069	-	-
(Loss)/profit on disposal of property, plant and equipment	(78)	50	-	-
Proceeds on disposal of property, plant and equipment	816	1 119	-	-
29.3 Dividends paid				
Amounts charged to distributable reserves	(25 350)	(22 980)	(28 901)	(25 057)
Amounts paid to minority shareholders	(80)	(1 483)	-	-
Cash amounts paid	(25 430)	(24 463)	(28 901)	(25 057)
29.4 Taxation paid				
Taxation owing at beginning of the year	(20 012)	(17 787)	-	-
Amount charged to income statement	(45 547)	(42 546)	(3 613)	(3 132)
Movement in deferred taxation	1 339	1 303	-	-
Amount owing at end of the year	35 542	20 012	-	-
Cash amounts paid	(28 678)	(39 018)	(3 613)	(3 132)
30 BORROWING POWERS				
Total gross borrowings	1 454	1 416	-	41
Banking facilities:				
Flexible term general banking facilities	60 000	40 000	-	-
Unutilised banking facilities	60 000	40 000	-	-

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

R'000	Group 2006	Group 2005 (Restated)	Company 2006	Company 2005
31 LEASES				
The group previously accounted for operating leases by recognising the lease expense in the year in which the financial obligation arose. Due to the change in interpretation of the accounting standard regarding leases, lease payments under operating leases are now recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.				
32 COMMITMENTS				
32.1 Capital commitments				
Capital expenditure to be funded from internal resources as approved by the directors				
- Authorised and contracted for	3 243	39 977	-	-
- Authorised by directors, but not contracted for	49 390	-	-	-
Total commitments	52 633	39 977	-	-
Capital commitments for the 12 months after accounting date	47 818	551	-	-
32.2 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 % (June 2005: 9%) per annum.				
The future minimum lease payments under non-cancellable operating leases for premises and equipment are as follows:				
- Due in 1 year	56 906	39 228	-	-
- Due from 1 - 5 years	242 549	153 254	-	-
- Thereafter	257 398	164 556	-	-
Total future cash flows	556 853	357 038	-	-
Straight-lining of leases already accrued in balance sheet	(25 917)	(22 453)	-	-
Future expenses	530 936	334 585	-	-
33 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 bank guarantees amounting to:	7 078	1 874	-	-

R'000	South Africa	*Other members of common monetary area	Botswana and Malawi	Group
34 SEGMENTAL INFORMATION **				
Primary reporting format - geographical segments				
The group's business is divided into three main geographical areas:				
- South Africa				
- Common monetary countries (Swaziland, Lesotho and Namibia)				
- Non-common monetary countries (Botswana and Malawi)				
34.1 Segmental information for the year ended 30 June 2006				
Income statement				
Revenue				
- External	2 197 666	332 807	179 944	2 710 417
- Internal	30 144	-	-	-
Operating profit	111 068	16 800	4 074	131 942
Finance cost				(1 336)
Finance income				4 807
Profit before tax				135 413
Income tax expense				(45 547)
Profit for the period				89 866
Balance sheet				
Segment assets	693 185	116 145	83 802	893 132
Segment liabilities	498 203	47 048	61 036	606 287
Depreciation	17 355	2 066	982	20 403
Amortisation	1 699	-	35	1 734
Impairment	-	-	-	-
Capital expenditure	57 129	13 377	6 843	77 349
34.2 Segmental information for the year ended 30 June 2005				
	(Restated)	(Restated)	(Restated)	(Restated)
Income statement				
Revenue				
- External	1739 638	263 224	206 040	2 208 902
- Internal	34 566	-	-	
Operating profit before financing income	90 097	13 786	15 873	119 756
Finance cost				(645)
Finance income				7 599
Profit before tax				126 710
Income tax expense				(42 546)
Profit for the period				84 164
Balance sheet				
Segment assets	619 900	83 719	64 439	768 058
Segment liabilities	474 913	22 428	55 521	552 862
Depreciation	12 778	985	997	14 760
Amortisation	1 025	-	-	1 025
Impairment	198	-	41	239
Capital expenditure	49 421	9 486	374	59 281

* Includes Namibia, Swaziland and Lesotho

** Cashbuild applies the cost plus method in determining transfer pricing between group companies.

35 RELATED PARTIES

Cashbuild Limited is the ultimate holding company, holding 100% directly in Cashbuild Management Services (Pty) Ltd. Cashbuild Management Services (Pty) Ltd holds shares in several other companies, shareholding varies between 50% to 100%. All the companies are subsidiaries of Cashbuild Management Services (Pty) Ltd and sub-subsidiaries of Cashbuild Limited.

The Cashbuild Share Incentive Trust (CSIT) and The Cashbuild Empowerment Trust (CET) each holds shares in Cashbuild Limited. The CSIT has been set up to facilitate shareholding by directors, key management and employees and the CET has been set up for all employees (note 35.5).

Name of company	Domicile	Issued share capital	Effective holding Jun-06	Effective holding Jun-05	Nature
35.1 Subsidiaries					
DIRECTLY HELD					
Cashbuild Management Services (Pty) Ltd		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	C	MK100 000	51%	51%	2
Cashbuild (Namibia) (Pty) Ltd	D	N$1	100%	100%	2
Cashbuild (South Africa) (Pty) Ltd		R54 000	100%	100%	2
Cashbuild (Swaziland) (Pty) Ltd	E	E500	50%	50%	2
Roofbuild Trusses (Pty) Ltd		R 100	51%	0%	2
Tradebuild (Pty) Ltd		R4	100%	100%	3

A controlling interest is obtained in Cashbuild (Swaziland) (Pty) Ltd by virtue of a management agreement.

Domicile
South African unless otherwise stated:
A. Botswana
B. Lesotho
C. Malawi
D. Namibia
E. Swaziland

Nature
1. Investment and management company
2. Trading company
3. Dormant

R'000	Sales	Purchases	Receivable balance	Payables balance	Loan liabilities	Loan assets
Cashbuild Limited	-	-	-	-	-	107 897
Cashbuild (South Africa) (Pty) Ltd	5 590	-	2 261	-	102 033	40 981
Cashbuild Management Services (Pty) Ltd	-	-	-	-	107 897	55 271
Cashbuild (Botswana) (Pty) Ltd	-	1 886	-	847	17 435	-
Cashbuild (Lesotho) (Pty) Ltd	-	687	-	653	-	11 389
Cashbuild Lilongwe Ltd	-	157	-	86	-	4 022
Cashbuild (Namibia) (Pty) Ltd	-	1 063	-	267	23 143	-
Cashbuild (Swaziland) (Pty) Ltd	-	1 797	-	408	-	31 351
Roofbuild Trusses (Pty) Ltd	-	-	-	-	403	-
Tradebuild (Pty) Ltd	-	-	-	-	-	-
	5 590	5 590	2 261	2 261	250 911	250 911

Tradebuild, a division of Cashbuild (South Africa) (Pty) Ltd, has the sole purpose of purchasing stock and selling it on to other divisions and companies within the group. Tradebuild purchases its stock from non-related parties and they negotiate the terms, conditions and prices independently.

The selling price of stock to related parties is calculated on a cost-plus basis, allowing for a margin 20%.

All inter-company loans, except with Cashbuild (Swaziland) (Pty) Ltd, are unsecured and bear no interest.

The loan with Cashbuild (Swaziland) (Pty) Ltd is unsecured and bears interest at 10% p.a amounting to R 3 115 094 (2005: R 2 545 504)

35.2 Directors

Executive	Non-executive
P K Goldrick	D Masson
C T Daly (Resigned 31 December 2005)	F M Rossouw
A van Onselen	N V Simamane
W F de Jager	J Molobela

Directors' information is fully disclosed in note 36

There are no loans held between directors and the any of the companies in the group.

	June 2006	June 2005
35.3 Key management compensation		
Short-term employee benefits	2 390	1 105
Bonus/profit sharing	31	-
Pensions fund contributions	184	78
Share options exercised	2 100	3 079

There are no loans held between key management and the any of the companies in the group.

35.4 The Cashbuild Share Incentive Trust

Cashbuild (South Africa) (Proprietary) Limited, a wholly-owned subsidiary within the group, purchased shares in Cashbuild Ltd during the period December 2001 to February 2002. These shares were sold to The Cashbuild Share Incentive Trust in December 2002.

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:

	June 2006	June 2005
Shares subject to the scheme at beginning of year	1 209 296	2 233 796
Shares acquired in the scheme	-	360 500
Shares transferred to employees	(444 300)	(1 385 000)
Shares sold on open market	(169 084)	-
Shares subject to the scheme at end of year	595 912	1 209 296
Dealt with as follows:		
Shares allocated to employees:		
- Share purchase scheme	43 900	283 500
- Share option scheme	-	205 000
Shares held in the Trust for future allocations	552 012	720 796
	595 912	1 209 296

35.5 The Cashbuild Empowerment Trust

In terms of the broad-based BEE transaction approved by the shareholders on 7 February 2005, 2 580 535 shares were issued to the Cashbuild Empowerment Trust, bringing the total issued shares to 25 805 535 (June 2005: 25 805 535). The shares were issued for a total consideration of R 75.1 million (R29.09 per share). The trust was funded by way of an interest-free loan from Cashbuild Management Services (Pty) Ltd.

The aggregate number of shares which may be acquired by the trust shall not exceed 10% of the issued share capital of Cashbuild. The majority of Cashbuild employees are previously disadvantaged. In terms of income benefits, the empowered employees will share in the net dividend of the scheme shares underlying the trust on an equal basis. In addition to this, the empowered employees of Cashbuild will also benefit on an equitable basis should the capital of the trust be distributed following a corporate restructuring resulting in a change of control or liquidation.

	June 2006	June 2005
Dividend paid to the trust		
- Final 2004	1 393	-
- Interim 2005	1 497	1 368
	2 890	1 368

R'000	Fees	Basic salary	Bonus*	Expenses and travelling allowance	Other material benefits**	Company's pension scheme contri-butions	Other***	Total
36 DIRECTORS' INFORMATION								
36.1 Directors' emoluments, paid by the subsidiary company Cashbuild (South Africa) (Pty) Ltd, for the year ended 30 June 2006								
Executive directors								
P K Goldrick	-	1 606	-	111	35	23	-	1 775
A van Onselen	-	923	-	156	26	67	1 920	3 092
W F de Jager	-	788	-	91	22	51	-	952
C T Daly****	-	237	-	55	1	42	-	335
30 June 2006	**-**	**3 554**	**-**	**413**	**84**	**183**	**1 920**	**6 154**
Non-executive directors								
D Masson	95	-	-	-	1	-	417	513
J Molobela	63	-	-	-	-	-	123	186
F M Rossouw	63	-	-	-	-	-	104	167
N V Simamane	63	-	-	-	-	-	96	159
30 June 2006	**284**	**-**	**-**	**-**	**1**	**-**	**740**	**1 025**
Total directors' emoluments								
30 June 2006	**284**	**3 554**	**-**	**413**	**85**	**183**	**2 660**	**7 179**
36.2 Directors' emoluments, paid by the subsidiary company Cashbuild (South Africa) (Pty) Ltd, for the year ended 30 June 2005 are:								
Executive directors								
P K Goldrick	-	1 670	1 176	128	32	19	-	3 025
W F de Jager	-	340	-	53	10	36	-	439
A van Onselen	-	541	-	86	25	52	-	704
C T Daly	-	743	490	108	30	75	-	1 446
30 June 2005	-	3 294	1 666	375	97	182	-	5 614
Non-executive directors								
D Masson	90	-	-	-	-	-	442	532
J Molobela	60	-	-	-	-	-	102	162
F M Rossouw	60	-	-	-	-	-	161	221
N V Simamane	60	-	-	-	-	-	113	173
30 June 2005	270	-	-	-	-	-	818	1 088
Total directors' emoluments								
30 June 2005	270	3 294	1 666	375	97	182	818	6 702

* Bonuses are authorised by the remuneration committee.

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

*** "Other" generally includes amounts paid for meeting attendance and special consultation fees. "Other" amount paid specifically to A Van Onselen was for profit made on excercising of share options and sale of the shares on his behalf during the year.

**** C T Daly resigned form the group effective 31 December 2005

	Ordinary shares Beneficial	Non-beneficial	Options
36.3 Directors' shareholding			
The directors held in aggregate, direct and indirect beneficial interests and non-beneficial interests of 9.5% in the issued share capital of the company at 30 June 2006. The direct and indirect beneficial interest and non-beneficial interests of the directors in office at 30 June 2006 are as follows:			
Ordinary shares	**1 316 800**	**1 141 017**	**-**
Comprising:			
Non-executive directors	**16 800**	**10 000**	**-**
J Molobela	15 600	-	-
F M Rossouw	-	10 000	-
N V Simamane	1 200	-	-
Executive directors	**1 300 000**	**1 131 017**	**-**
P K Goldrick	1 300 000	1 131 017	-
Total ordinary shares held	**1 316 800**	**1 141 017**	**-**
The directors held in aggregate, direct and indirect beneficial interests, and non-beneficial interests, of 10.2% in the issued share capital of the company at 30 June 2005. The direct and indirect beneficial interest, and non-beneficial interests of the directors in office at 30 June 2005 are as follows:			
Ordinary shares	**1 505 400**	**1 135 478**	**50 000**
Comprising:			
Non-executive directors	**5 400**	**25 448**	**-**
D Masson	-	15 448	-
J Molobela	5 400	-	-
F M Rossouw	-	10 000	-
Executive directors	**1 500 000**	**1 110 030**	**50 000**
P K Goldrick	1 300 000	1 110 030	-
A van Onselen	-	-	50 000
C T Daly (Resigned 31 December 2005)	200 000	-	-
Total ordinary shares held	**1 505 400**	**1 135 478**	**50 000**

37 SHARE BASED PAYMENTS

Share options are granted to directors and senior management. The options vest after a period of three years.

Exercise price of granted options is equal to market price on date of grant.

The group has no legal or constructive obligation to repurchase or settle these options for cash.

	Year	Average grant price R	**2006 '000**	Average grant price R	2005 '000
37.1	**Options granted at 30 June 2006 may be taken up during the following financial years**				
	2006	-	**-**	3.49	205
	2007	-	**-**	0.00	-
			-		205
	These options vested during the 2006 financial year. The Cashbuild Share Incentive Trust, which administers the share option scheme, holds the following number of ordinary shares for future allocations		**552**		720

37.2 Summary of options granted at 30 June 2006

	A v Onselen No. of options	Issued price	C T Daly No. of options	Issued price	Managers No. of options	Issued price	Total No. of options	Issued price
Granted as at 1 July 2004	50 000	3.75	200 000	3.75	850 000	3.51	1 100 000	3.55
Granted during the year	-		-		-		-	
Exercised during the year	-		(200 000)	3.75	(545 000)	2.65	(745 000)	2.95
Switched to Share Purchase Scheme	-		-		(150 000)	6.65	(150 000)	6.65
Lapsed during the year	-		-		-		-	
Held at 30 June 2005	50 000		-		155 000	3.49	205 000	3.49
Granted during the period	-				-		-	
Exercised during the period	(50 000)	3.75	-		(155 000)	3.49	(205 000)	3.49
Switched to Share Purchase Scheme	-		-		-		-	
Transferred from director to senior management	-		-		-		-	
Lapsed during the year	-		-		-		-	
Held at 30 June 2006	-		-		-		-	

During the year 30 June 2006, 205 000 options were exercised (745 000 year ending 30 June 2005). No new options were issued, no options lapsed due to resignations and no options were transferred within The Cashbuild Share Incentive Trust from the share option scheme to the share purchase scheme.

38 ANALYSIS OF SHAREHOLDERS

38.1 Listed below is an analysis of holdings extracted from register of ordinary shareholders at 30 June 2006:

	% holding	No. of shares	No. of shareholders
38.1.1. Category			
Non-public			
Directors	9.52	2 457 817	4
Staff, The Cashbuild Share Incentive Trust	2.35	605 912	1
The Cashbuild Empowerment Trust	10.00	2 580 535	1
Public			
Banks	2.24	577 121	23
Close corporations	0.92	237 259	35
Endowment funds	0.46	118 881	12
Individuals	6.60	1 702 447	1 346
Insurance companies	7.53	1 941 989	14
Investment companies	2.49	643 413	9
Medical aid schemes	0.25	64 781	4
Mutual funds	21.90	5 652 582	64
Nominees and trusts	18.20	4 695 848	191
Other corporations	1.12	289 475	40
Pension funds	8.72	2 251 297	59
Private companies	7.50	1 936 635	67
Public companies	0.20	49 355	12
	100.00	**25 805 347**	**1 882**
38.1.2 Portfolio size			
1 - 1 000	1.77	455 865	1 242
1 001 - 5 000	3.79	977 895	400
5 001 - 100 000	15.76	4 067 610	197
100 001 - 1 000 000	49.63	12 806 906	38
1 000 000 - over	29.05	7 497 071	5
	100.00	**25 805 347**	**1 882**

38.2 The following shareholders held in excess of 5% of the shares of the company at 30 June 2006

	% holding	No. of shares
The Cashbuild Empowerment Trust	10.00	2 580 535
P K Goldrick	9.42	2 431 017
Old Mutual Group	6.12	1 580 087
Coronation	6.05	1 562 271
SRA Investments (Pty) Ltd	5.81	1 500 000
Investment Solutions	5.37	1 385 388

38.3 Directors' shareholding in main register

	Holders	Shares
P K Goldrick	1	2 431 017
J Molobela	1	15 600
F M Rossouw	1	10 000
N V Simamane	1	1 200
Move from other companies and general public to directors	4	2 457 817

38.4 Listed below is an analysis of holdings extracted from register of ordinary shareholders at 30 June 2005:

	% holding	No. of shares	No. of shareholders
38.4.1. Category			
Non-public			
Directors	10.23	2 640 878	5
Staff, The Cashbuild Share Incentive Trust	4.69	1 209 296	1
The Cashbuild Empowerment Trust	10.00	2 580 535	1
Own Pension Fund	0.39	100 500	1
Public			
Banks	1.05	271 926	16
Close corporations	0.97	250 376	31
Endowment funds	0.03	8 959	6
Individuals	7.16	1 848 863	1 336
Insurance companies	11.60	2 993 750	14
Investment companies	2.23	576 158	7
Medical aid schemes	0.03	7 661	4
Mutual funds	15.60	4 026 324	49
Nominees and trusts	18.29	4 719 388	210
Other corporations	1.15	294 460	36
Pension funds	8.66	2 235 885	48
Private companies	7.73	1 991 033	77
Public companies	0.19	49 355	12
	100.00	**25 805 347**	**1 854**
38.4.2 Portfolio size			
1 - 1 000	1.77	454 133	1 168
1 001 - 5 000	4.58	1 183 078	479
5 001 - 100 000	14.40	3 716 858	168
100 001 - 1 000 000	41.45	10 695 762	33
1 000 000 - over	37.80	9 755 516	6
	100.00	**25 805 347**	**1 854**

38.5 The following shareholders held in excess of 5% of the shares of the company at 30 June 2005

	% holding	No. of shares
Old Mutual Group	10.45	2 718 800
The Cashbuild Empowerment Trust	10.00	2 580 535
P K Goldrick	9.34	2 410 030
SRA Investments (Pty) Ltd	5.81	1 500 000
Investment Solutions	5.43	1 401 017
The Cashbuild Share Incentive Trust	4.69	1 209 296

38.6 Directors' shareholding in main register	Holders	Shares
P K Goldrick	1	2 410 030
D Masson	1	15 448
C T Daly (Resigned 31 December 2005)	1	200 000
F M Rossouw	1	10 000
J Molobela	1	5 400
Move from other companies and general public to directors	5	2 640 878

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, 20 November 2006 at 10h00 to transact the following business:

1. To consider and adopt the annual financial statements for the year ended 30 June 2006 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;
   3.2 Mr F M Rossouw; and
   3.3 Ms N V Simamane.
   An abbreviated curriculum vitae in respect of each director standing for re-election appears on page 26 of this annual report.
4. To authorise the directors to determine the remuneration of the auditors for the past year
5. To re-appoint the auditors PricewaterhouseCoopers Inc., for the ensuing year

To consider and if deemed fit, to pass with or without modification the following ordinary and special resolutions:

6. ORDINARY RESOLUTION NUMBER 1
   To place the unissued shares under the control of the directors
   "Resolved that 10% of the 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 next 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 Ltd. ("the JSE"), where applicable."
7. 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; and
   - 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 marke price at which such ordinary shares are traded on the JSE Ltd, 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 twelve months;
- the consolidated assets of the company and the group, being fairly valued in accordance with International Financial Reporting Standards, are in excess of the consolidated liabilities of the company and the group for the next twelve months;
- the ordinary capital and reserves of the company and the group are adequate for the next twelve months;
- the available working capital is adequate to continue the operations of the company and the group for the next twelve 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 Listing 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.

The JSE Listings Requirements require the following additional disclosures:

- directors and management - page 26;
- major shareholders of Cashbuild - page 90;
- directors' interests in securities - page 88; and
- share capital of Cashbuild - page 74.

7.1 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.

7.2 Directors' responsibility statement

The directors, whose names are given on page 26 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.

7.3 Litigation statement

In terms of section 11.26 of the JSE Listings Requirements, the directors whose names are given on page 26 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.

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.

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

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

8. 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 this 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 1 (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 10h00 on Friday, 17 November 2006.

By order of the board

Alan C Smith
Company secretary
18 September 2006

Registered office:
Cashbuild Limited
cnr Aeroton & 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 10h00 on Monday, 20 November 2006 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			
	3.3 Ms N V Simamane			
4	To authorise the directors to determine the remuneration of the auditors for the past year.			
5	Re-appointment of auditors PricewaterhouseCoopers			
6	Ordinary resolution number 1: to place unissued shares under the control of directors			
7	Special resolution number 1: approval to repurchase shares			

* 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.

** One vote for every ordinary share held.

Signed this ______________________________day of______________________________2006

Signature ______________________________

NOTES TO FORM OF PROXY

Notes:

1 This form of proxy must only be used by certificated ordinary shareholders or dematerialised ordinary shareholders who hold demateraillised 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 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 deem fit, in respect of all shareholder's votes exercisable thereat.

6 If the form of proxy is signed on behalf of a 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:	Postal deliveries:
Ground Floor	P O Box 61051
70 Marshall Street	Marshalltown 2107
Johannesburg 2001	

to be received no later than 10h00 on Friday, 17 November 2006.

ADMINISTRATION & OFFICES

CASHBUILD LIMITED
Incorporated in the Republic of South Africa
Registration number 1986/001503/06
JSE code: CSB
ISIN: ZAE000028320

REGISTERED OFFICE
Cnr 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
Nedcor Limited

SPONSOR
Nedbank Capital

WEBSITE
www.cashbuild.co.za

NORTHERN GRAPHICS

Cashbuild