Annual Report

2008

Cashbuild

Contents

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.

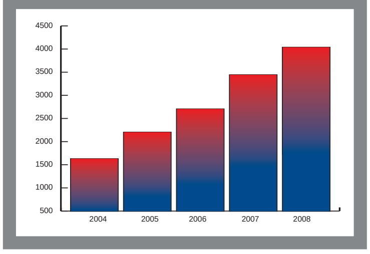
The group is confident that it will be able to maintain its record of rewarding its stakeholders and share owners with consistently improving and sustainable results into the foreseeable future.

Group financial highlights

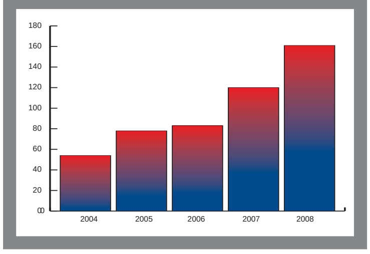
	June 2008	June 2007
Group summary (R'000)		
Revenue	**4 043 493**	3 448 386
Operating profit before financing income	**227 415**	182 348
Profit before taxation	**244 729**	191 671
Attributable earnings	**160 768**	121 640
Headline earnings	**161 159**	119 751
Net increase/(decrease) in cash and cash equivalents	**281 797**	(32 444)
Market capitalisation*	**1 244 850**	1 599 932
Total assets	**1 604 765**	1 034 304
Cash and cash equivalents	**381 377**	99 580
Interest-bearing borrowings	**1 867**	1 645
Share performance (cents per share)		
Headline earnings	**709.7**	528.0
Dividends	**229**	173
Cash and cash equivalents	**1 679.4**	439.0
Net asset value*	**1 825**	1 361
Market price - high	**6 725**	6 500
Market price - low	**4 000**	3 875
Market price - at year-end	**4 824**	6 200
Statistics		
Number of employees	**3 975**	3 681
Number of stores	**173**	164
Number of trading weeks	**52**	53
Turnover per employee (R'000)	**1 017**	970
Profit before tax on sales (%)	**6.1**	5.6
Return on shareholders' funds (%)	**34.1**	34.6

* Calculations based on issued share capital prior to consolidation of treasury shares (see note 12 of annual financial statements)

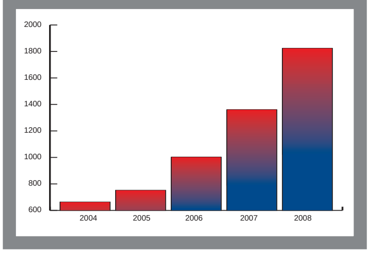
Revenue
(Rm)



Headline earnings
(Rm)



Net asset value per share
(cents)



Chairman's report

ANOTHER EXCELLENT YEAR OF FINANCIAL RESULTS

It is with a measure of pride that I wish to congratulate the management and staff of Cashbuild on another excellent year of trading.

Many notable firsts were achieved, namely:
- turnover over R4 billion;
- operating profit over R200 million;
- headline earnings of over R7 per share; and
- dividend over R2 per share (both interim and final over R1 per share).

Shareholders are reminded of the fact that the prior year (2006/7) was a 53 weeker and on a comparative basis (52 weeks versus 52 weeks) 2007/8 was an unusually good year with:
- turnover up 20%;
- operating profit up 35%; and
- headline earnings per share up 46%.

CONSISTENCY OF EARNINGS

The management is passionate about Cashbuild and the fundamentals and basics of the business are diligently and consistently applied and practiced.

The basic rules are not open to discussion or negotiation.

They are:
- lowest prices;
- best quality products (we do not sell seconds);
- fit for purpose products;
- excellent service;
- free local deliveries;
- extended trading hours;
- always in stock; and
- adequate basic range.

By consistently applying these basic core values our customers love and trust us - they continue to give us their support.

These sales at store level coupled with a support office that constantly reduces and eliminates unnecessary overheads that leads to consistency of earnings and assures sustainability of the enterprise.

TRADING/FINANCIAL MODEL

The management and board meet annually for a strategic review of our values and objectives.

We revisit our financial and growth objectives, and if necessary fine tune and revise our plans.

Simultaneously, each store reviews its position in the local market and reconciles its own plans with Cashbuild overall. This methodology ensures that all our staff (approximately 4 000) have a common objective and we all maintain momentum and progress.

Our financial model for the opening of new stores ensures that, although we have a long-term vision and objective to continue growing at about 20 stores per annum we do not place our growth objectives above the financial feasibility of an individual store.

IT REVIEW

Some time ago we identified the need for a fully integrated (store/support office) IT system and identified this as a necessity to enable us to take Cashbuild to the next level. In last year's report we mentioned that we had decided to install the SAP All-in-One system for support office and Active Retail for our stores. We have subsequently appointed UCS Group as our main service provider. UCS Group and its affiliates will be responsible for the call centre, maintenance, IT training, infrastructure requirements, etc.

Although the implementation of this system has been slow, it has been encouraging to see senior management take control of the process and the way we are progressing on a thorough step-by-step basis towards the implementation stage. I am confident that the roll-out of the systems to all of approximately 180 stores will go according to plan and we should during the financial 2009/10 year, start enjoying the fruits of our endeavours. We should then have a modern store and support office IT environment.

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.

Due to us having appointed two (2) additional executive directors during 2007 we are aware of an imbalance between executive and non-executive directors.

Although this imbalance has in no way affected our board discussions or decisions we realise what is required by the code and are diligently recruiting to appoint two additional non-executives (preferably black and/or female). We hope to shortly make an announcement in this regard.

All members of the board attend board meetings when possible (See page 47) and participate in sub-committees in addition to the annual strategic review.

During the year the chairman completed our first ever review of directors' performance and contribution on the basis of a one-on-one interview. The results of this review are contained in a written report which was discussed in detail at a subsequent board meeting. All directors found this exercise stimulating and worthwhile.

We will endeavour to complete a similar review on an annual basis.

I am convinced and confident that the present management will continue to produce continuous growth in profitability

An area of non-compliance which the board is satisfied does not impair the governance integrity, is that the chairman of the board is also the chairman of the remuneration committee. The importance which Cashbuild ascribes to its staff makes it almost imperative that the chairman is absolutely au fait with and closely related to all human resources policies and relevant matters i.e. retention of senior management and operational managers, succession planning, market related salaries, performance criteria and incentives, etc.

The chairman's position on the remuneration committee ensures that these matters are continuously monitored and allows the chairman to co-ordinate the remuneration and staff welfare policies to the company's strategic objectives.

The chairman in his private capacity acts as an independent business advisor to management and attends certain exco meetings on a regular basis.

Chairman's report continued

I wish to give shareholders the assurance that this advisory function has in no way affected my independence as a director. Conversely it allows me to be aware of what is happening in the company on a day-to-day basis. Shareholders should feel comforted by this arrangement.

Succession planning is addressed in a detailed and formal manner.

RISK AND AUDIT
The senior appointment of a group risk and audit manager announced last year has already shown positive results and has expanded to include proposals whereby each of our processes and procedures (The Cashbuild Way) are benchmarked against international best practice.

During the year we have conducted numerous specific workshops at which various layers of management have been included to identify the major risk items in human resources, IT, store operations, profitability, inventory control, etc.

These risks are contained in a "Risk Register" which is continuously updated, prioritised and action plans introduced.

The next year will see us acquiring the appropriate software which will enable us to prioritise the risk areas and to monitor and report on transgressions on a more formalised basis. Action to correct any mistakes or non-compliance can be taken timeously and immediately.

Cashbuild does suffer from criminal activity and we will remain vigilant.

FUTURE PROSPECTS AND LONG-TERM SUSTAINABILITY
I am convinced and confident that the present management will continue to produce continuous growth in profitability.

The factors contributing to this confidence on my part has not changed since last year but deserves repeating:-
- New store development programme;
- The strict application of certain basic financial criteria in determining new sites;
- The ruthless control of costs in line with budgets;
- The immediate reaction to any deviations of certain financial/operational ratios;
- The application and continued enhancement of the IPM process;
- The commitment of all staff to the values and objectives of Cashbuild through the intervention of the democratically elected employee forum;
- The quality and enthusiastic attitude of management at all levels; and
- The positive cash flow of our trading operations.

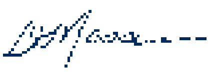
The excellent results experienced, particularly during the last few years is a direct result of:
- good planning;
- clear objectives;
- implementing these plans; and
- dedicated and enthusiastic staff.

I wish to thank all our stakeholders viz suppliers, customers, outsource partners for their continued support. Without them we cannot be successful.

I wish to thank all staff for their individual and collective efforts.

A special word of thanks to the irrepressible, passionately motivated Pat Goldrick and his senior management for a particularly successful year under difficult circumstances.

I salute you!



D MASSON
Chairman
15 September 2008

Chief executive's report

The objectives and key initiatives for the year were to:

- Develop a 3 year comprehensive business plan by geographical area that addresses:
  - i. existing store market growth;
  - ii. new store growth;
  - iii. people requirements;
  - iv. product availability management; and
  - v. other resources availability;
- Develop comprehensive plans per functional department to support the business plans of the different geographical areas;
- Continue with process to replace the total IT platform in the business; and
- Focus on risk management throughout the business.

OVERVIEW OF PERFORMANCE

For the year under review, Cashbuild was back to a normal 52 weeks trading, but the prior year reflects 53 weeks trading. All the comparisons to prior year are done on this 52 weeks versus 53 weeks basis and once again, with all modesty the results were excellent and the best ever in the 30 year history of the company, achieving four key milestones:

- For the first time 11.6 million customers shopping transactions in our stores;
- revenue exceeded R4 billion for the first time;
- profit before tax exceeded R240 million for the first time;
- also for the first time a dividend of over 200 cents was declared.

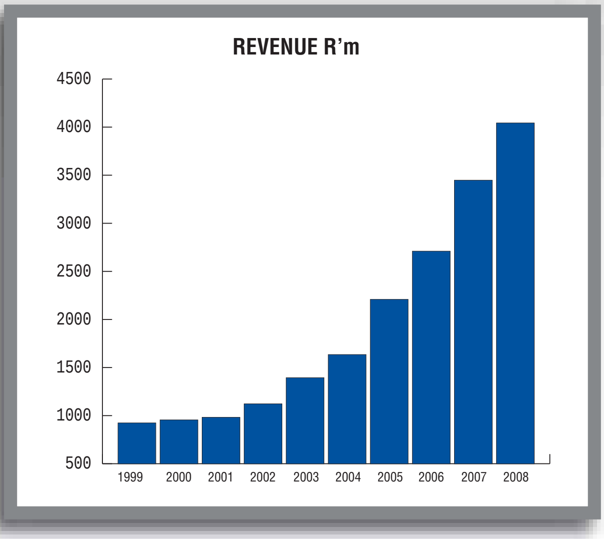
The results were excellent and the best ever in the 30 year history of the company

Revenue of R4 billion, an improvement of 17% (6% attributable to new stores and 11% to pre-existing stores) on the previous year equates to 24% compound growth over the last five years. This revenue growth was achieved as a result of our focus on customer service and ensuring our proven core strategies were constantly in place:

- always in stock;
- quality products;
- lowest prices; and
- free local customer delivery service.

Chief executive's report continued

Operating expenses of R644.4 million were 16% higher than the previous year, which we tightly control and challenge for improvement, enabling our company to achieve operating profits before financing income of R227.4 million which was an improvement of 25% on the previous year and 29% compound growth over the previous five years. Headline earnings per share of 709.7 cents improved by 34% on last year's 528.0 cents.



The dividend policy was unchanged at

- 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 229 cents per share was declared, an improvement of 32%.

The total value of rand dividend paid to shareholders for the year is R59.1 million, a growth of 32% on the previous year.

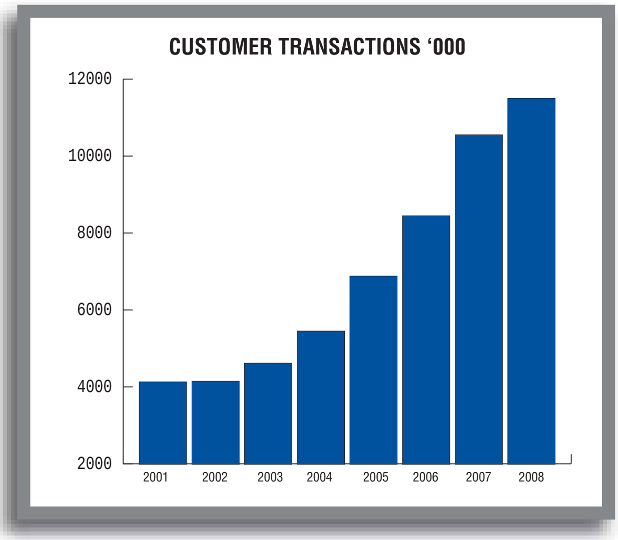
NATURE OF BUSINESS

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 (173 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 continuously offering quality products fit for purpose at the lowest prices through a purchasing and inventory policy that ensures customers' requirements are always in stock and not resorting to limited special offers or short-term crazy deals, which confuses customers and debases markets. Our store staff continues to play an invaluable role in our success through their commitment to a consistently outstanding level of customer service.

GROWING OUR CUSTOMERS

To work at Cashbuild one must like people and always be willing to help. Cashbuild values its customers who 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 10.6 million to 11.6 million, a growth of 9%. This consistent customer shopping transaction growth is attributed to:

- trusted and respected brand;
- correctly located stores;
- focused micro-marketing;
- clearly identifying and meeting the specific needs of all customers in each of the locations in which we trade;
- providing 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 to give 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's focused 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 quality 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 store 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, with greater emphasis on exposing more people to Cashbuild, encouraging people to carry out their own home building and improvements. Our chosen proactive outsource professional specialised retail advertising partner works tirelessly and effectively strategising, researching and piloting initiatives, which enables Cashbuild to be proactive in establishing shopping trends and delivering customer expectations.

GROWING PROFITABLE MARKET SHARE

Cashbuild will continue to grow sales and profit each year by implementing the business strategy through The Cashbuild Way process (aligned with ISO 9001 standards) and fulfilling the needs of the customer in every facet of our business. We are committed and determined that all our customers, whether rural or urban in southern Africa, will find Cashbuild a pleasure to do business with. Store management and staff are employed from the communities in which we trade and therefore have a thorough understanding of their local customer needs. All employees are fully trained 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.

CASH FLOW AND WORKING CAPITAL MANAGEMENT

Working capital continues to receive management focus and attention resulting in inventories and trade liabilities being in line with the Cashbuild 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, strategically maximise opportunities to purchase extra weeks of inventory prior to price increase, enabling our stores to offer our customers lower prices for longer periods. 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.

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 one of the best companies to work for. For the year under review Cashbuild was again recognised as one of the top companies to work for. Wherever possible we promote from within - during this year 16% of our staffing complement was promoted 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.

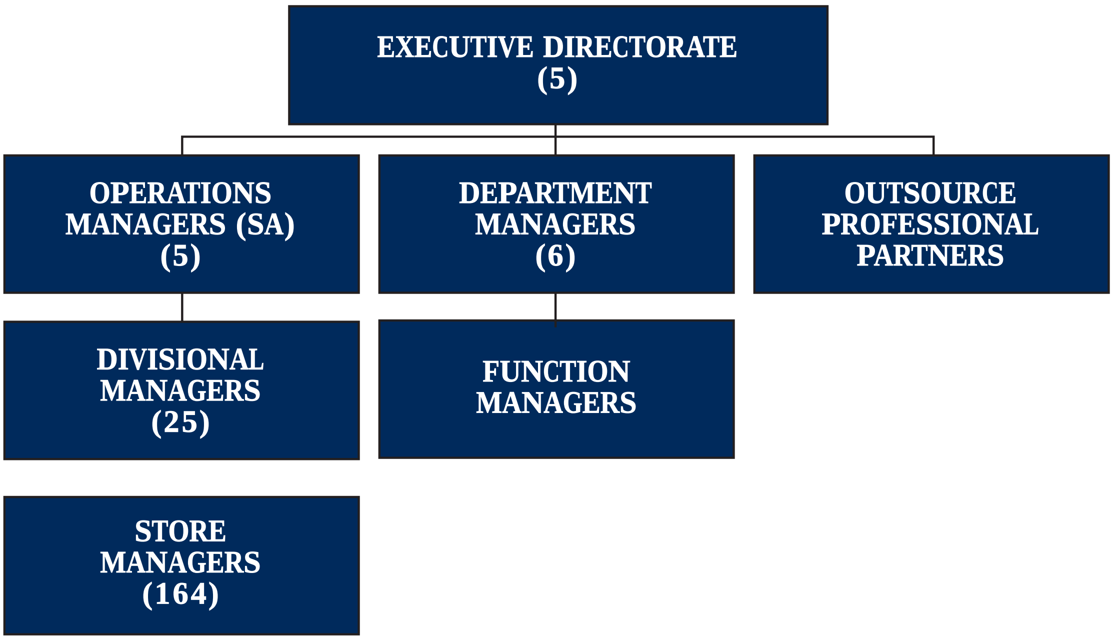
The Cashbuild Way, managing and holding outsource partners responsible, together with the culture of doing things right first time, is enabling and supporting the business to grow on all fronts without creating additional and unnecessary layers of management. Our current 27 divisional managers (another six in training) are driving our business forward, backed by a competent and capable support office team and professional outsource partners.

Chief executive's report continued

MANAGEMENT STRUCTURE

Promotion from within the company is expected and widely practiced. During the past year 32 store managers (including four ladies) were promoted from within the company. There are currently 86 store managers (including 12 ladies) in training.

The flat management structure works effectively at Cashbuild.



To support our expanding store base and ensure adequate senior management succession planning, Cashbuild has further enhanced its operating structure by creating a structure of having five geographic operations managers to focus on driving store expansion, customer service, improving compliance to The Cashbuild Way process and training of management and staff at divisional and store level.

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 operational and divisional manager to the executive directors prior to submission to the board for approval. Operations directors (South Africa and neighbouring countries), operations managers, divisional and store managers are held accountable for delivery of their budgets. Store systems are in place to enable the store, divisional operations managers and operational directors to monitor performance from summary to detail levels enabling swift corrective action. Product ranging selection and selling price setting are the responsibility of the store manager under the strict control of the relevant divisional manager, who is fully conversant with company pricing policy and local market needs. The operating of stores has been greatly simplified, streamlined and disciplined by the introduction of a standard store layout, product ranges which are adjusted by line items based on previous revenue volumes 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 to three day store visits approximately eight times per annum.

The enhanced operations structure will support the business in growing profitable market share in all geographical areas.

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 with 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 188 and the total cost of running the support office including professional and audit fees for the year under review was R93.2 million (2.3% of revenue).

EMPLOYEES AND MANAGEMENT

Cashbuild employs 3 975 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 is bringing benefits across the entire business. The purpose of the steering committee is to align all employees as to ensure policy processes are adhered 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 within 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 at the Cashbuild Hall of Fame, annual prestigious awards are made for 20 years plus service in Cashbuild, 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 and retained over the years 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

Chief executive's report continued

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 1.0% with total staff turnover of 20.7% (voluntary staff turnover: 12.5% and dismissals: 8.2%). Whilst these statistics are better than the industry norm, they fall well short of our business requirements and initiatives are in place, and are constantly honed to address these weaknesses. All employees are informed of developments within Cashbuild through a weekly newsletter.

CASHBUILD RECRUITMENT

In the last financial year Cashbuild recruited 1 218 new employees, the majority of which were recruited via the internet based recruitment methodology, e-recruit, adopted by Cashbuild.

To date we have 9 604 CV's registered on our recruitment portal, covering all geographical areas within southern Africa, and all career paths and levels offered within Cashbuild.

This methodology has allowed Cashbuild to build up a significant in-house pool of prospective employees to cater for the planned expansion of the company and the required succession plan that goes with this growth strategy.

CARING FOR OUR EMPLOYEES

The same philosophy is well-practised within the organisation when it comes to rewarding our complement of 3 900-plus employees. All employees (including management) share equally in the empowerment trust which owns 10% of the company and receives the full dividend twice a year. The dividend is equally distributed, regardless of status or years of service. Employees have during the last 12 months, shared R5.9 million in dividends. This trust was the first equally sharing, genuine broad-based black empowerment trust in the country. Annual cost-of-living increases are discussed and motivated by the Steering Committee of the Cashbuild Employee Forum. This year (2009 financial year), a 10% cost-of-living increase was applied to all job grades. These grades were scientifically developed and are reviewed annually. An additional percentage increase was added to rural salary bands to close the wage gap which had developed between rural and urban areas over the years. Recognition and reward is practiced widely in different forms, the most distinctive of those during the past 12 months being over-target performance bonuses in excess of R20 million being paid to around 3 800 members of the workforce. Cashbuild's annual Hall of Fame Awards Ceremony, celebrated in September, is talked about throughout the organisation and inspires the full workforce. Employees celebrating 20 years service are rewarded, and another approximately 40 coveted awards are ceremoniously bestowed on deserving candidates accompanied by their proudly supportive spouses or partners. Cashbuild strongly believes that many of its successes are attributable to the manner in which it puts its communities and employees at the heart of its strategy. The strategy is sincere, modest and whilst it can be copied, there are few organisations that have the same determination and passion to deliver with such modesty and professionalism. Cashbuild's competencies will gather even more momentum as it expands its organisation and philosophies into communities which have been neglected for so long.

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) maximising 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 a 100mm carpentry pencil, with a price range of 82 cents for a brick, to R 5 500 for a quality 10 000 litre water tank. All stock is checked and tracked from point

L to R standing: André Havenga, Wimpie van Aswegen, Matthew Earle-Robertson

Seated: Etienne Prowse, Peter Champion

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 policies, 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.

The customer must always be able to obtain quality building materials wherever required, at the lowest prices

All movable assets are tagged and barcoded and tracked throughout the business. In line with good corporate governance and to ensure there is limited room for non-adherence, the Cashbuild risk, internal audit and loss prevention

Chief executive's report continued

department carries out a five day extensive audit, which now incorporates customer service and satisfaction 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 risk manager reports directly to the chief executive and is also present and reports at all audit committee meetings.

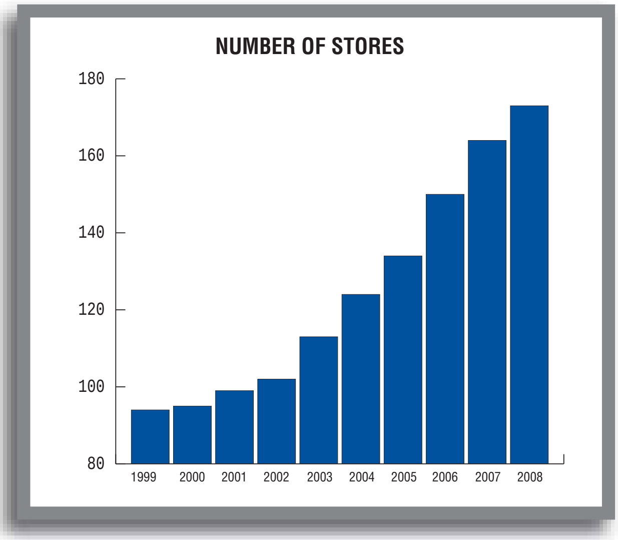
Cashbuild is proud to be recognised as a cash business, but this requires discipline in cash handling and recording policies, processes and procedures. Each night cash is reconciled with daily sales and again within two working days of the return of banking slips. Strict segregation of duties is in place in paying out money, whether for payroll 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.

THE MARKET

The market for the supply via distribution of quality building materials is worth in the region of R75 billion per annum and is being driven forward, which is evident from the ever growing number of buildings recently been completed or in the process of being built, as well as:

- owning or buying a family home is very high on the list of aspirations of the people;
- 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;
- the higher employment and greater distribution of wealth; and
- despite the recent lack of power, xenophobic attacks, change in presidency there's a 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 additional 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 nine additional stores were added. At the end of the financial year 173 stores were trading. Since the year-end (now at the end of September) one new store has opened, but nine are planned to open by the end of 2008. A further six stores are in construction phase. 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 five stores (Hammanskraal, Vosloorus, Edenvale, Umtata Central and Springs) were refurbished and three relocated (Thoyandou, Vryheid and Bethlehem). 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 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.

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 2nd half of the financial year manufacturers were greatly hampered by the inability of Eskom to supply constant power. 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 the possible delisting of a non-performing supplier. Cashbuild has stopped all direct importing of products. Non SA manufactured products are purchased from selected responsible and dependable importers who are capable of distribution to our store network 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 'crazy deals', special offers with limited quantities 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 its quality product range 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

During this financial year a major disappointment was the irresponsible 104% increase in steel prices that accrued to the latter part of the financial year. This has had a major impact on affordability of steel products required for house building and steel related products required by consumers.

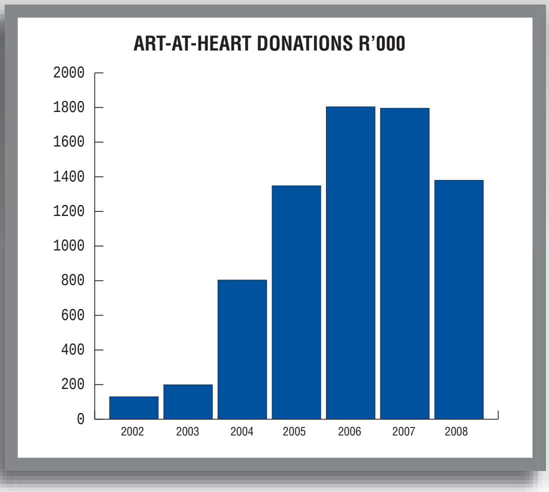
TRANSFORMATION AND SOCIAL IMPACT

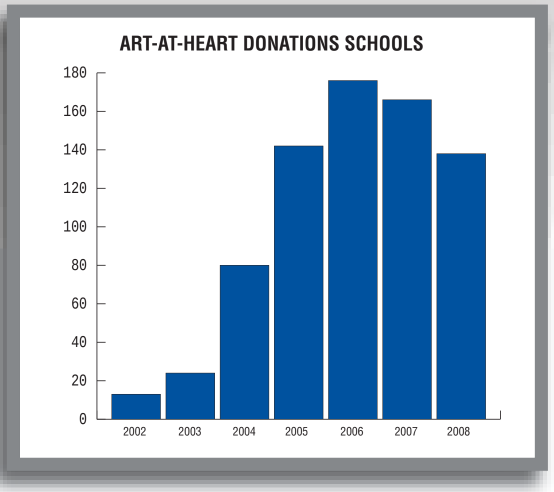
Cashbuild is committed to the principles of empowerment and transformation throughout the organisation. The wide geographical footprint of the Cashbuild stores provides us with a richly diverse workforce. We focus on recruiting local people into all our stores and employ all divisional managers from 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. During the past 12 months R53 million was paid to local community delivery contractors for this service. 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.

COMMUNITY RELATIONS

We are passionate about Cashbuild's 30 year history! Cashbuild always has been and will continue to be a community and people-focused organisation. Its social investments and the development of its people (with particular emphasis on the distribution of wealth) are visible, but modestly spoken about. Throughout the financial year, Cashbuild donated building material to the value of R1.4 million to 140 schools in the communities in which it opened its nine new stores (a further eight stores were either relocated or refurbished).

Chief executive's report continued





Building material donations made from 1 July 2007 to 30 June 2008.

STORE/ SCHOOL NAME	REGION	NEW/ REFURBISHED/ RELOCATED	DATE	NUMBER OF SCHOOLS	TOTAL
1 LEPHALALE	**GAUTENG/ NORTH WEST**	**NEW**	**22 AUG 2007**	**7**	**R 70 000**
IKETSENG PRIMARY SCHOOL					R 10 000
DITHEKU PRIMARY SCHOOL					R 10 000
BAKGALAKA PRIMARY SCHOOL					R 10 000
RAMOJAPUDI PRIMARY SCHOOL					R 10 000
SHONGOANE PRIMARY SCHOOL					R 10 000
NELSONSKOP PRIMARY SCHOOL					R 10 000
BOSVELD PRIMARY SCHOOL					R 10 000
2 BELA BELA	**GAUTENG/ NORTH WEST**	**NEW**	**24 AUG 2007**	**8**	**R 80 000**
SPA PARK PRIMARY SCHOOL					R 10 000
LAERSKOOL WARMBAD					R 10 000
MMAMAPATILE PRIMARY SCHOOL					R 10 000
HLENKETANI PRIMARY SCHOOL					R 10 000
KHABELE PRIMARY SCHOOL					R 10 000
ALBERT LUTHULI PRIMARY SCHOOL					R 10 000
MMAMAKWA PRIMARY SCHOOL					R 10 000
JINNAH PARK PRIMARY SCHOOL					R 10 000
3 DENNILTON	**LIMPOPO**	**NEW**	**30 AUG 2007**	**8**	**R 80 000**
MOROATHEBE PRIMARY SCHOOL					R 10 000
KAU - MAGANA PRIMARY SCHOOL					R 10 000
PALADI PRIMARY SCHOOL					R 10 000
MOTHIBEDI PRIMARY SCHOOL					R 10 000
MARAPONG PRIMARY SCHOOL					R 10 000
BANTWANA PRIMARY SCHOOL					R 10 000
UAMTHOMBO- WEMFUNDO PRIMARY SCHOOL					R 10 000
NJINGA SINDANE PRIMARY SCHOOL					R 10 000

STORE/ SCHOOL NAME	REGION	NEW/ REFURBISHED/ RELOCATED	DATE	NUMBER OF SCHOOLS	TOTAL
4 HAMMANSKRAAL	**GAUTENG/ NORTH WEST**	**REFURB**	**26 OCT 2007**	**8**	**R 80 000**
MATJIBOSANE PRIMARY SCHOOL					R 10 000
KWA-MOCHA PRIMARY SCHOOL					R 10 000
MABU-A-TLOU PRIMARY SCHOOL					R 10 000
MAKGAKE PRIMARY SCHOOL					R 10 000
FATHLOGANG PRIMARY SCHOOL					R 10 000
MAROKOLONG PRIMARY SCHOOL					R 10 000
RAMATLA PRIMARY SCHOOL					R 10 000
LEBELO PRIMARY SCHOOL					R 10 000
5 BETHAL	**LIMPOPO**	**NEW**	**31 OCT 2007**	**7**	**R 70 000**
THANDANANI PRIMARY SCHOOL					R 10 000
SAKHISIZWE PRIMARY SCHOOL					R 10 000
LAERSKOOL MARIETJIE VAN NIEKERK					R 10 000
ENKUNDLENI COMBINED SCHOOL					R 10 000
LAERSKOOL H.M SWART					R 10 000
M.D COOVADIA COMBINED SCHOOL					R 10 000
VUKANINI PRIMARY SCHOOL					R 10 000
6 THOYANDOU	**LIMPOPO**	**RELOCATION**	**02 NOV 2007**	**8**	**R 80 000**
THIVHILAELI SECONDARY SCHOOL					R 10 000
NBAENZO SECONDARY SCHOOL					R 10 000
DZINDI PRIMARY SCHOOL					R 10 000
DAMBALWASHE PRIMARY SCHOOL					R 10 000
MUTSHIPISI PRIMARY SCHOOL					R 10 000
MUTAVHE PRIMARY SCHOOL					R 10 000
TSHILIDZINE SPECIAL SCHOOL					R 10 000
FULUFHELE SPECIAL SCHOOL					R 10 000
7 LADYBRAND	**FREE STATE**	**NEW**	**08 NOV 2007**	**7**	**R 70 000**
LADYBRAND PRIMARY SCHOOL					R 10 000
NEWVALE INTERMEDIATE SCHOOL					R 10 000
HERMANA PRIMARY SCHOOL					R 10 000
COENRAAD SNYMAN SCHOOL					R 10 000
MANYATSENG PUBLIC SCHOOL					R 10 000
LE ROUX PUBLIC SCHOOL					R 10 000
LESA CHINESE SCHOOL					R 10 000
8 VOSLOORUS	**GAUTENG WEST**	**REFURB**	**15 NOV 2007**	**9**	**R 90 000**
ZIMELE PRIMARY SCHOOL					R 10 000
FORTUNE KUNENE PRIMARY SCHOOL					R 10 000
KHAYELIHLE PRIMARY SCHOOL					R 10 000
THEMBAKAZI PRIMARY SCHOOL					R 10 000
NDLELENHLE PRIMARY SCHOOL					R 10 000
THABANG PRIMARY SCHOOL					R 10 000
NAGENG PRIMARY SCHOOL					R 10 000
JONGIMFUNDO PRIMARY SCHOOL					R 10 000
POLOKWANE PRIMARY SCHOOL					R 10 000

Chief executive's report continued

STORE/ SCHOOL NAME	REGION	NEW/ REFURBISHED/ RELOCATED	DATE	NUMBER OF SCHOOLS	TOTAL
9 EDENVALE	**CENTRAL AND EAST GAUTENG**	**REFURB**	**16 NOV 2007**	**8**	**R 80 000**
ITHEMBELIHLE LSEN SCHOOL					R 10 000
LAERSKOOL DIE PRESIDENT					R 10 000
HOME OF HOPE PRE-PRIMARY SCHOOL					R 10 000
LYNNS PRE-PRIMARY SCHHOL					R 10 000
ABC PRE-PRIMARY SCHOOL					R 10 000
AVRIL ELIZABETH SPECIAL NEEDS SCHOOL					R 10 000
SUNNYRIDGE PRIMARY SCHOOL					R 10 000
NOAH'S ARK PRE-PRIMARY SCHOOL					R 10 000
10 UMTATA CENTRAL	**TRANSKEI**	**REFURB**	**21 NOV 2007**	**8**	**R 80 000**
LOTANA JUNIOR SECONDARY SCHOOL					R 10 000
KHAMBI JUNIOR SECONDAY SCHOOL					R 10 000
SIGOYO JUNIOR SECONDARY SCHOOL					R 10 000
CINGCO JUNIOR SECONDARY SCHOOL					R 10 000
BAMBILANGA JUNIOR SECONDARY SCHOOL					R 10 000
MKANKATHO JUNIOR SECONDARY SCHOOL					R 10 000
NTSIMBINI JUNIOR SECONDARY SCHOOL					R 10 000
NGCANGUBA JUNIOR SECONDARY SCHOOL					R 10 000
11 SPRINGS	**CENTRAL AND EAST GAUTENG**	**REFURB**	**23 NOV 2007**	**7**	**R 70 000**
VUKUCINGE PRIMARY SCHOOL					R 10 000
JAN VAN RIEBEECK PRIMARY SCHOOL					R 10 000
LAERSKOOL WERDA					R 10 000
SELECTION PARK PRIMARY SCHOOL					R 10 000
PAM BRINK PRIMARY SCHOOL					R 10 000
GRACELAND PRIMARY SCHOOL					R 10 000
MORESTER PRIMARY SCHOOL					R 10 000
12 AMALINDA	**BORDER**	**NEW**	**29 FEB 2008**	**8**	**R 80 000**
NKCUBEKA DAY CARE CENTRE					R 10 000
NOBUNTU DAY CARE CENTRE					R 10 000
GCOBANI INTERMEDIATE SCHOOL					R 10 000
CREW PRIMARY SCHOOL					R 10 000
CRANBERRY PRIMARY SCHOOL					R 10 000
PEFFERVILLE PRIMARY SCHOOL					R 10 000
NEW GENERATION PRIMARY SCHOOL					R 10 000
SUNBEAM DAY CARE					R 10 000
13 VRYHEID	**NORTHERN NATAL**	**RELOCATION**	**07 MAR 2008**	**7**	**R 70 000**
LAKESIDE PARK PRIMARY SCHOOL					R 10 000
BESTERSPRUIT SENIOR PRIMARY SCHOOL					R 10 000
KLEIN-EDEN COMBINED SCHOOL					R 10 000
KHAWULEZA PRIMARY SCHOOL					R 10 000
MPHAZIMA PRIMARY SCHOOL					R 10 000
MTHONJENI PRIMARY SCHOOL					R 10 000
LINDAKAHLE PRIMARY SCHOOL					R 10 000

STORE/ SCHOOL NAME	REGION	NEW/ REFURBISHED/ RELOCATED	DATE	NUMBER OF SCHOOLS	TOTAL
14 BETHLEHEM	**FREE STATE**	**RELOCATION**	**12 MAR 2008**	**8**	**R 80 000**
JORDANIA PRIMARY SCHOOL					R 10 000
THABANG PUBLIC SCHOOL					R 10 000
NTUTE PRIMARY SCHOOL					R 10 000
GRAANVELD PRIMARY SCHOOL					R 10 000
TRUIDA KESTELL PRIMARY SCHOOL					R 10 000
MATSWATHAKA PUBLIC SCHOOL					R 10 000
IMPUCUKO PUBLIC SCHOOL					R 10 000
IMPUMELELO PRIMARY SCHOOL					R 10 000

Chief executive's report continued

STORE/ SCHOOL NAME	REGION	NEW/ REFURBISHED/ RELOCATED	DATE	NUMBER OF SCHOOLS	TOTAL
15 LEBOWAKGOMO CENTRAL	**LIMPOPO NORTH**	**NEW**	**14 MAR 2008**	**10**	**R 100 000**
SEROKOLOSENYANE PRIMARY SCHOOL					R 10 000
KGAGANOKO PRIMARY SCHOOL					R 10 000
MOGODI PRIMARY SCHOOL					R 10 000
SEROBANENG PRIMARY SCHOOL					R 10 000
MOLAPO - MATEBELE PRIMARY SCHOOL					R 10 000
THAMAGANE PRIMARY SCHOOL					R 10 000
RUSPLAAS CHRISTIAN MODEL SCHOOL					R 10 000
DR DIXON MPHAHLELE PRIMARY SCHOOL					R 10 000
MAKGWATHANE PRIMARY SCHOOL					R 10 000
PHALALONG PRIMARY SCHOOL					R 10 000
16 GREENSTONE	**CENTRAL AND EAST GAUTENG**	**NEW**	**17 APR 2008**	**8**	**R 80 000**
LYNDHURST PRIMARY SCHOOL					R 10 000
EDENGLEN PRIMARY SCHOOL					R 10 000
ZENZELENI PRIMARY SCHOOL					R 10 000
GLENHAZEL PRIMARY SCHOOL					R 10 000
NOBEL PRIMARY SCHOOL					R 10 000
SUMMERWOOD PRIMARY SCHOOL					R 10 000
INKAGE PRIMARY SCHOOL					R 10 000
REMBRANDT PRIMARY SCHOOL					R 10 000
17 MDANTSANE	**BORDER**	**NEW**	**24 APR 2008**	**8**	**R 80 000**
INKQUBELA JUNIOR PRIMARY SCHOOL					R 10 000
DICKSON DYANI PRIMARY SCHOOL					R 10 000
FANTI GAQA PRIMARY SCHOOL					R 10 000
DALUKUKHANYA JUNIOR PRIMARY SCHOOL					R 10 000
DUMISA JUNIOR PRIMARY SCHOOL					R 10 000
GLOBANI JUNIOR PRIMARY SCHOOL					R 10 000
ISIBANE JUNIOR PRIMARY SCHOOL					R 10 000
NKANGELEKO INTERMEDIATE SCHOOL					R 10 000
18 FORT BEAUFORT	**BORDER**	**NEW**	**18 JUN 2008**	**6**	**R 60 000**
NEWTON PRIMARY SCHOOL					R 10 000
ST. JOSEPH'S PRIMARY SCHOOL					R 10 000
BOUNDARY HILL PRIMARY SCHOOL					R 10 000
MZAMOMHLE PRE-SCHOOL					R 10 000
KWEZILESIZWE PRIMARY SCHOOL					R 10 000
LUKHANYO PRE-PRIMARY SCHOOL					R 10 000
TOTAL				**140**	**R1 400 000**

Chief executive's report continued

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

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

OCCUPATIONAL HEALTH AND SAFETY

As chief executive I understand and perform my role as custodian of occupational health and safety. In fulfilling my duty I have delegated responsibility to all levels of staff within the organisation. This has been achieved through proper training of staff by supporting 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. During the year an incident occurred at one of our stores, where an employee of a subcontractor was fatally injured. Although not an employee of Cashbuild, management is saddened by this tragic incident. Specific measures were introduced to ensure an increased awareness and compliance to occupational health and safety requirements. Cashbuild maintains its commitment to applicable legal occupational safety and health requirements.

ENVIRONMENTAL IMPACT

Our business puts demands on natural resources and we are aware of the need to educate both our consumers and suppliers in the best management of these resources throughout their lifecycle. Cashbuild seeks to ensure that, to the best of its ability, its activities and those of its suppliers have minimal adverse environmental impact.

CASHBUILD 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. 309 employees were dismissed from the company's employment as a result of such proceedings during the year under review, as against last year's 315. 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 risk, internal audit and loss prevention department with the monitoring and auditing of compliance with our Code of Ethics.

Each store and support office department facilitates communication and training programmes for employees on values, standards and compliance procedures

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.

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 on the managing of the business, plus unnecessary cost at our support office, not stores. This unacceptable situation was fully addressed and Cashbuild's management presented to the board during June 2006 strategic meeting that the selected solution was not capable of supporting the business going forward. An independent review confirmed management's findings. Cashbuild has selected SAP All-in-One as its preferred system for the support office with our original selection of Active Retail remaining our preferred solution for the stores. These solutions are currently being implemented as an integrated "Vanilla" package by the UCS group that has extensive experience of installing similar solutions in the retail sector in southern Africa.

CURRENT STATUS

During the past year we have completed the project preparation which confirmed the understanding of the parties regarding the scope of the project. Furthermore, the blueprint phase, which documents all the required processes in detail has been largely completed. Currently we are in the building (realisation) phase with the following phases to follow:

- user acceptance testing;
- conversion of support office and two pilot stores for a two month period; whereafter
- the roll-out to the entire store-base will commence.

We aim to have the project completed by the end of 2009/2010 financial year.

PROSPECTS

Our business strategy has been built from the bottom up, taken cognisance of each market in which we currently trade and identifying locations where we must have stores in the future. This strategy will be driven and managed at a realistic pace taking into account risk associated with too aggressive store growth. Notwithstanding the above, Cashbuild at the end of September has 172 stores, all trading successfully, and is in its best ever position to grow profitable market share. Our experienced operations directors, operations managers and 27 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 stakeholders.

THANK YOU

During the year 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, particularly during the electricity shortages, a demanding period, our company's 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 the returns on 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.

Pat Goldrick
Chief executive
15 September 2008

Directorate

EXECUTIVE DIRECTORS

P K Goldrick (59) (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

W F de Jager (37)
Finance director
CA (SA)
Appointed 1 December 2004
- Completed board exam 1994 and completed articles with PwC. 11 years experience working specifically in the retail sector.
  Joined Cashbuild in 2004

K B Pomario (35)
Store development director
NHDip Construction
Appointed 27 March 2007
- 14 years construction and project management experience of which 11 have been in the retail sector.
  Joined Cashbuild in 1996

S A Thoresson (45)
Operations director: neighbouring countries
Appointed 27 March 2007
- 25 years retail operations experience and 16 years operating in the neighboring countries.
  Joined Cashbuild in 2005

A van Onselen (46)
Operations director
Dip MDP Unisa Business School
Appointed 20 September 2004
- Over 22 years of retail experience.
  Joined Cashbuild in 1997

NON-EXECUTIVE DIRECTORS

D Masson *‡ (77)
Chairman, ACIS
Appointed 22 June 1988
- 39 years experience as CEO, director and chairman of companies in a variety of business sectors and parastatals. Currently a director of Bidvest, Faritec and McCarthy Ltd. Serves as a trustee on various pension funds and share trusts.

J Molobela ** (52)
Bsc Eng. (Hons), MBA
Appointed 1 September 2004
- Currently a non-executive director of N3TC and many others. Audit committee member of CEF and SFF state-owned entities within the energy sector. Appointed to the audit committee 19 September 2005.

F M Rossouw *‡ (71)**
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 and The Airports Company. Joined Cashbuild in 2001. Mr Rossouw remains a director of various private companies.

N V Simamane ** (49)
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.

* Member of the remuneration committee
** Member of the audit committee
*** Member of the audit and remuneration committees
‡ Member of the nominations committee

Cashbuild directors

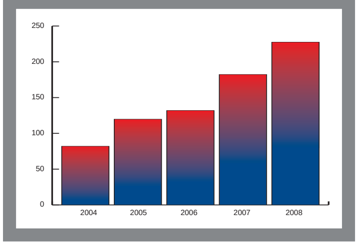
L to R standing: J Molobela, W F de Jager, A van Onselen, S A Thoresson, K B Pomario
Seated: F M Rossouw, D Masson, P K Goldrick, N V Simamane

Group five year financial review

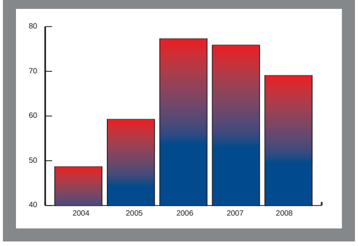
as at 30 June 2008

R'000	Five year compound growth % p.a.	June 08 (52 weeks)	June 07 (53 weeks)	June 06 (52 weeks)	June 05 (52 weeks) Restated	June 04 (52 weeks)
GROUP INCOME STATEMENT						
Revenue	24	**4 043 493**	3 448 386	2 710 417	2 208 902	1 635 233
Profit before taxation	27	**244 729**	191 671	135 413	126 710	89 858
Earnings attributable to shareholders	29	**160 768**	121 640	82 700	78 191	53 303
GROUP BALANCE SHEET						
Shareholders' funds	33	**470 967**	351 218	258 909	194 346	154 238
Minority interest	24	**34 142**	32 075	27 936	20 850	16 350
Interest-bearing borrowings	97	**1 867**	1 645	1 454	1 416	492
TOTAL EQUITY AND INTEREST-BEARING BORROWINGS	32	**506 976**	384 938	288 299	216 612	171 080
Tangible and intangible assets	31	**287 344**	253 481	211 946	164 726	111 852
Net deferred tax asset	8	**12 627**	8 240	3 080	4 805	6 169
Current assets	27	**1 304 794**	772 583	678 106	598 527	468 996
TOTAL ASSETS	27	**1 604 765**	1 034 304	893 132	768 058	587 017
TOTAL LIABILITIES	25	**1 099 656**	651 011	606 287	552 862	415 937
NET ASSETS	32	**505 109**	383 293	286 845	215 196	171 080

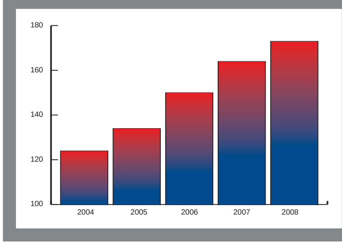
Operating profit (Rm)



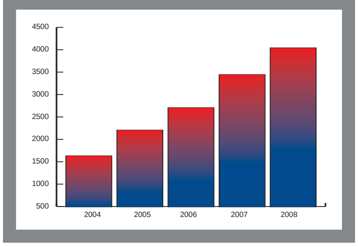
Capital investment (Rm)



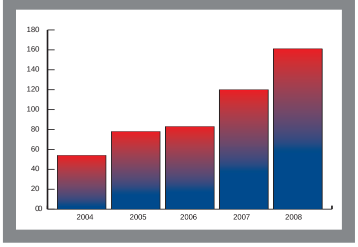
Stores (number)



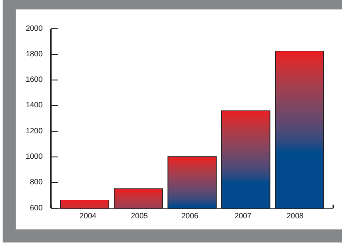
Revenue (Rm)



Headline earnings (Rm)



Net asset value per share (cents)



Group five year financial review

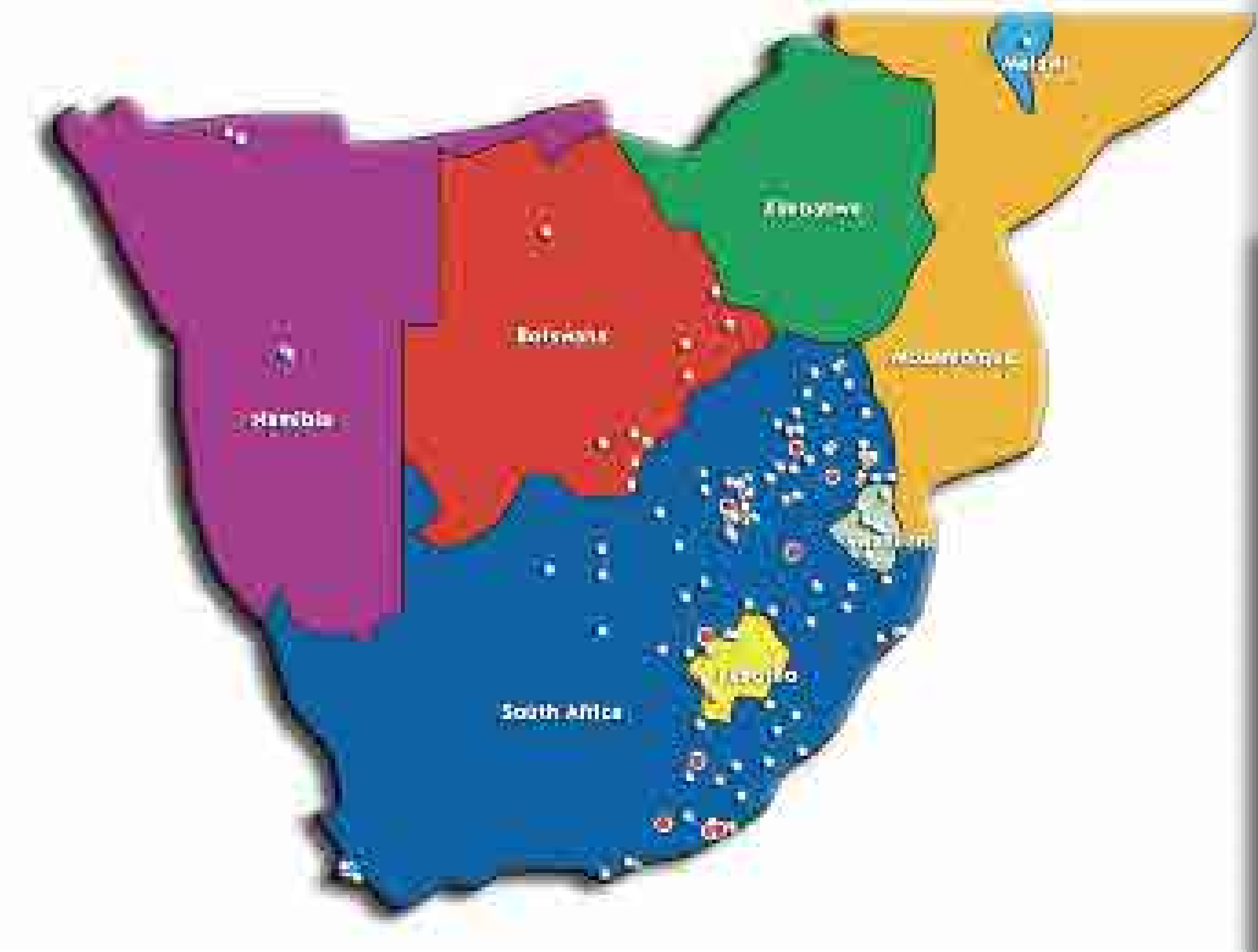
as at 30 June 2008

	Five year compound growth %p.a.	**June 08 (52 weeks)**	June 07 (53 weeks)	June 06 (52 weeks)	June 05 (52 weeks) Restated	June 04 (52 weeks)
Share performance (cents per share)						
Headline earnings per share	26	**709.7**	528.0	366.7	357.8	251.3
Dividends per share	29	**229**	173	116	107	78
Net asset value per share	30	**1,825**	1 361	1 003	753	664
Returns and productivity						
Profit before tax on revenue (%)	3	**6.05**	5.55	5.00	5.74	5.50
Return on total shareholders' funds (%)	(3)	**33.57**	33.48	31.33	39.11	34.56
Return on average capital employed to equity holders (%)	(4)	**39.11**	39.87	36.49	45.00	39.71
Total asset turn (times)	(3)	**2.52**	3.33	3.03	2.88	2.79
Turnover per employee (R'000)	6	**1 017**	970	857	814	827
Profit before taxation per employee (R'000)	9	**62**	54	43	47	45
Total assets per employee (R'000)	9	**404**	291	282	283	297
Solvency and liquidity						
Dividend cover (times)		**3.09**	3.10	3.10	3.34	2.94
Current ratio		**1.23**	1.26	1.18	1.14	1.13
Total liabilities to total shareholders' funds		**2.33**	1.85	2.34	2.84	2.70
Interest-free liabilities to total assets		**0.68**	0.63	0.68	0.72	0.71
Stock Exchange performance						
Number of shares in issue ('000)		**25 805**	25 805	25 805	25 805	23 225
Market price						
- high (cents)	36	**6 275**	6 500	5 600	3 980	2 300
- low (cents)	56	**4 000**	3 875	6 750	2 250	1 430
- at year end (cents)	27	**4 824**	6 200	4 200	3 840	2 300
Price earnings ratio at year-end	1	**6.81**	11.56	11.46	10.76	9.15
Market capitalisation at year-end (R'000)	30	**1 244 850**	1 599 932	1 083 810	990 925	534 175
Other statistics						
Number of employees		**3 975**	3 554	3 162	2 712	1 978
Number of stores		**173**	164	150	134	124

Group value-added statement

	Group		Company	
R'000	**2008**	%	2007	%
Revenue	**4 043 493**		3 448 386	
Less: Cost of merchandise and expenses	**(3 486 114)**		(2 988 322)	
Value added from trading operations	**557 379**		460 064	
Interest received on investments	**20 200**		11 856	
Total wealth created	**577 579**	**100.0**	471 920	100.0
To employees - salaries and benefits	**294 296**	**51.0**	248 498	52.7
To government - company taxation:	**75 180**	**13.0**	62 121	13.2
- Normal	**73 860**	**12.8**	62 907	13.3
- Deferred	**(4 318)**	**(0.7)**	(5 205)	(1.0)
- Secondary tax on companies	**5 638**	**1.0**	4 419	0.9
To providers of capital:	**55 951**	**9.7**	40 293	8.5
- Dividend to shareholders	**44 284**	**7.7**	31 062	6.6
- Interest on borrowings	**2 886**	**0.5**	2 533	0.5
- Minorities' interest	**8 781**	**1.5**	6 698	1.4
To retain for reinvestment in the group	**152 152**	**26.3**	121 008	25.6
- Depreciation, amortisation and impairment of property	**35 668**	**6.2**	30 430	6.4
- Income retained in the business	**116 484**	**20.2**	90 578	19.2
Total wealth distribution	**577 579**	**100.0**	471 920	100.0

Cashbuild stores



Cashbuild positions its stores to bring quality building materials at lowest 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	**2008**	2007
South Africa	**147**	138
Botswana	**10**	10
Lesotho	**5**	5
Swaziland	**6**	6
Namibia	**4**	4
Malawi	**1**	1
Total	**173**	164

Divisions, stores and managers

WESTERN CAPE

DIVISIONAL MANAGER - ADRIENNE PARGETER (ACTING)
BRACKENFELL CENTRAL - JOHAN GROBLER
PHILLIPI - NAUDE BLIGNAUT
MITCHELLS PLEIN - ADRIENNE PARGETER
MONTAGUE GARDENS CEN - LINDY DE KLERK
MAKHAZA - SIBOSISO MANGI
STRAND - MARNITZ VAN DER MERWE

EASTERN CAPE

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

BORDER

DIVISIONAL MANAGER - MARK SCHOLES
BUTTERWORTH - MVEZA MANA
COFIMVABA - PINDI MPAMPANI
LADY FRERE - DERICK POTSELO
ENGCOBO - MVUSI FIHLA
QUEENSTOWN - TONY ALLOCOCK
QUEENSTOWN CENTRAL - JULIET MCPHERSON

TRANSKEI

DIVISIONAL MANAGER - MARK SCHOLES (ACTING)
KOKSTAD CENTRAL - TREVOR SAMUELS
LUSIKISIKI - HILTON MATHA
MATATIELE - CHRIS DRAAI
MOUNT FRERE - BUYISILE BONISANO

MTHATHA

DIVISIONAL MANAGER - THEO JANTJIES
MTHATA CENTRAL - WAYNE THURSTON
MTHATA EAST - JOHNSON DLAMINI
MTHATA - THANDOXOLO MLANJANA

FREE STATE

DIVISIONAL MANAGER - GERRIT VILJOEN
BETHLEHEM - GARVEY ACKERMAN
FICKSBURG CENTRAL - CHRISTO STRYDOM
LADYBRAND - WICKUS BADENHORST
KROONSTAD CENTRAL - MARTHA MOFOKENG
QWA QWA C/B - JANUARY TSOTETSI
QWA QWA CENTRAL - WILLIAM TSABALALA
QWA QWA H/C - LYDIA MOTAUNG
STERKSPRUIT - JOHN VAUGHN
THABA NCHU - REGINALD LONG
WELKOM - KOBUS VENTER

NORTH WEST/NORTHERN CAPE

DIVISIONAL MANAGER - ADRIAAN VAN DER BERG
BLOEMFONTEIN - PIETER RAUTENBACH
HARTSWATER - J.P. SMITH
KIMBERLEY - ROLAND LUCAS
KURUMAN - JOHAN VAN DER WALT
MOTHIBISTAD - MILLEN MATHEBULA
ROCKLANDS - SAM PEJANE
VRYBURG CENTRAL - THABO LEHINI
VRYBURG - LOUWREND J VAN VUUREN
TAUNG - ALBERT ESTERHUIZEN

NORTHERN NATAL

DIVISIONAL MANAGER - WAYNE GRAVEN
EMPANGENI - NAVIN GOVENDER
ESHOWE CENTRAL - AGRIPPA BIYELA
LADYSMITH - ZAKHELE ZAKWE
VRYHEID CENTRAL - SIVA MOODLEY
MKUZE - ALTON NGWENYA
NEWCASTLE - SIPHO MLANGENI
NQUTU CENTRAL - MESHACK BUTHELEZI
PONGOLA - SONNYBOY DLAMINI
RICHARDS BAY - REYNO VAN STAADEN

NATAL

DIVISIONAL MANAGER - TOMMY NAIDOO
KWA MASHU - NTOBEKO SIBIYA
PORT SHEPSTONE - ELLIS MNGOMENI
UMLAZI - ABED KHUMALO

BORDER

DIVISIONAL MANAGER - JACQUES VAN ROOYEN
ALICE - LAWRENCE ANTHONY
AMALINDA - COENRAD VENTER
EAST LONDON - CHARLES JACKSON
KING WILLIAM'S TOWN - AMADEE PROLLIUS
MDANTSANE - ZANOXOLO NGAKIE
FORT BEAUFORT - THEMBANI TOM

MPUMULANGA

DIVISIONAL MANAGER - ANDRE VAN DER WALT
BURGERSFORT CENTRAL - REUBEN MOTHUTSI
ELUKWATINI - MARIA FAKUDE
KAMHLUSHWA - FRANK MOKGOMOGANE
LYDENBURG - ALEX CONRADIE
NELSPRUIT PLAZA - DRIES VAN WYK
NELSPRUIT - WAYNE GEORGE
NAAS - ALEX MABUZA
SCHOEMANSDAL - ALVIN FILDES
STEELPOORT - KLINTON PIETERSEN

MPUMULANGA (LIMPOPO SOUTH)

DIVISIONAL MANAGER - ANDRE VAN DER MERWE
ACORNHOEK - FANIE MAKOFANE
BUSHBUCKRIDGE - JOSEPH LEBJANE
HAZYVIEW - WILLEM COETZEE
KABOKWENI CENTRAL - BONGANI LEYANE
KANYAMAZANE - MICHAEL MASHILE
MKHUHLU CENTRAL - WIILIAM MOTHUTSI
PHALABORWA - CALLIE COETZEE
THULAMAHASHE - RICHARD KHOSA
WHITE RIVER - ATTIE NEL

LIMPOPO/MPUMALANGA WEST

DIVISIONAL MANAGER - JOHAN LAMPRECHT
DENNILTON - MOSES MASANGO
GROBLERSDAL - JOGGIE VAN VREDEN
MOLOTO - MICHAEL MOKOENA
MALAITA - EMMA NGUBENI
SIYABUSWA - THELMA BOSHOMANE
TWEEFONTEIN - SONNY MAGADIME

LIMPOPO NORTH

DIVISIONAL MANAGER - MATTHEW EARLE-ROBERTSON (ACTING)
APEL - ALIOT THOBEJANE
BOCHUM - REBECCA MAKGATO
KORINGPUNT - SIMON MOHLAOLA
LEBOWAKGOMO - ARNOUS THABA
LEBOWAKGOMO CENTRAL - DANIEL MACHETHE
MOKOPANE - BENNIE VAN DER MERWE
SESHEGO - PRINCE BALOYI
POLOKWANE CENTRAL - RICHARD MPHEPANE
TZANEEN - ALAN RYAN
MAAKE - CLIFTON MPOBANE

CENTRAL EAST GAUTENG

DIVISIONAL MANAGER - TYRON MYBURGH
BENONI - HENDRICK MKHWEBANE
BOKSBURG - PIETER VENTER
EDENVALE - RAVI NAICKER
GREENSTONE HILL - MARK KOEKEMOER
KEMPTON PARK - FRIK VAN STADEN
KWA-THEMA - SIPHO MBATHA
SPRINGS - JOHAN BESTER
TEMBISA - BIGBOY MANAMELA

Divisions, stores and managers

GAUTENG WEST

DIVISIONAL MANAGER - KEVIN HELLYER

AEROTON - ELLIOT NGEMA
KATLEHONG - ANDRIES MAHLABA
HIGHGATE - MPUMI KHUMALO
HILLFOX - JAY VAN ROOYEN
MEADOWLANDS - DAVID MAKHUVELE
NORTHRIDING - TITO GOVENDER
VOSLOORUS - LEON VAN WIJK

GAUTENG NORTH WEST

DIVISIONAL MANAGER - CHRISTO BASSON

HAMMANSKRAAL - ANDREW MATJIU
LETHLABILE - TOBIAS WILLIS
MORETELE - PHONI DUBAZANA
HEBRON - ISAAC RAMABELE
MABOPANE - EUNICE MAROPA
SOSHANGUVE PLAZA - EDWARD RAKGOKONG
SOSHANGUVE - MATTHEWS NTHITE

GAUTENG NORTH WEST

DIVISIONAL MANAGER - HENNIE ROOS

BELA BELA - DRIES VAN WYK
LEPHALALE - ISAAC SEMANGO
NORTHAM - ELIZABETH NDHLOVU
LICHTENBURG - ALLEN TIETIES
MAFIKENG - MOJALEFA SEKOALA
MMABATHO - PETER MEGOJE
MOGWASE - MARGARET RAMATJA
RUSTENBURG - HENNIE VAN WYK
KLERKSDORP - GERT PRETORIUS
KLERKSDORP (NEW) - KETTA DU PLOOY
BRITS - QUENTIN VAN DER MERWE

LIMPOPO

DIVISIONAL MANAGER - MICHAEL NGOBENI

BOTLOKWA - DIXY MOLOTO
GIYANI CENTRAL - PAUL MARITZ
LOUIS TRICHARDT CENTRAL - HANIF KADDER
MAKHADO - HENDRICK SPIES
MUKULA - ZODWA SITHOLE
THOHOYANDOU - FANELI RAVELE
SIBASA - MAURICE MDABULA

GAUTENG

DIVISIONAL MANAGER - JOE DESAI

EVERTON - TSIETSI LENGOABALA
PROTEA GARDENS - BRIAN FRAZENBURG
PROTEA GLEN - MATTHEWS MTHABANE
ORANGE FARM CENTRAL - SARAH MDLULI
ORANGE FARM - JOSEPH DUBE
SEBOKENG - HENDRICH RALF
VEREENIGING - CASPER COETZER
ZAMDELA - SAM RAMPI

LIMPOPO

DIVISIONAL MANAGER - ANTON HATTINGH

BETHAL - MICHAEL ANDRE
MIDDELBURG - JOHAN VAN DER BERGH
EMALAHLENI CENTRAL - VERONICA KAMFER
EMALAHLENI INDUSTRIAL - FRANCOIS GREYLING

GAUTENG NORTH WEST

DIVISIONAL MANAGER - EDDIE PROLLIUS

MONTANA - GERHARDT GROENEWALD
PRETORIA WEST - JOHN MOREANA
SILVERTONDALE - VICTOR DLAMINI
WONDERPARK - EDDIE PROLLUS (ACTING)
CENTURION - REINHARDT BRANDT

LESOTHO

DIVISIONAL MANAGER - NORBERT MOKOBORI

LERIBE - SIMON SEPHOFANE
MAFETENG - SIDWELL MATESETSANE
MAPUTSOE - LUCAS RAMOKOTLA
MASERU H/C - SELLO KHOMOHNGOE
MOHALE'S HOEK - THABANG NKOALE

SWAZILAND

DIVISIONAL MANAGER - THEMBA MATSEBULA

MANZINI - DES HENWOOD
MATSAPHA - THEMBA TSABEDZE
MBABANE - SIMON NDZINISA
NHLANGANO - JOEL NDLANGANANDLA
PIGGS PEAK - SIPHO SHONGWE
TSHANENI CENTRAL - MICHAEL MAGONGO

NAMIBIA

DIVISIONAL MANAGER - LUCKY NAMUPOLO

ONDANGWA - JOHN ALFRED
OSHAKATI - KAUTA TJIENDA
WINDHOEK CENTRAL - EUGENE THOMAS
WINDHOEK INDUSTRIAL - DERICK KLUGKIST

BOTSWANA NORTH

0DIVISIONAL MANAGER - ALEC MANDEVU

FRANCISTOWN - SHATHANI MAJUMANE
MAHALAPYE - OLGA NGWENYA
MAUN - MOFFAT LUNGISANE
SELEBI PHIKWE - SEFI MORIMA
SEROWE CENTRAL - CLEANBOY KAELO

BOTSWANA

DIVISIONAL MANAGER - BENSON RAMANGWEGAPE

LOBATSE - RAYMOND MONYAKE
GABORONE WEST - MARANG SEBELE
GABORONE NORTH - BILL DALTON
JWANENG - MASEGO MABE
MOLEPOLOLE - EDWIN PHUTEGO

MALAWI

DIVISIONAL MANAGER - HENNIE ROOS

MALAWI - JOSEPH MALILI

Corporate governance

CORPORATE GOVERNANCE STATEMENT

Cashbuild complies broadly 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 and actively involved in the company’s activities and direction.

THE CONSTITUTION AND OPERATION OF THE BOARD OF DIRECTORS

The board:

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

Board constitution

The board operates a unitary board, consisting of five executive and four independent non-executive directors.

The board chairman is an independent non-executive director.

The non-executive directors, who are trained and experienced, bring insight and expertise to board deliberations. The board believes it has sufficient skills and experience to balance conformance to governance and entrepreneurial performance.

The board has engaged in a search process to identify two additional independent, non-executive directors, in order to comply with the King Report 2002 (Refer to the chairman’s report page 5, for instances of non-compliance).

Company secretary

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

Access to information

Directors have full and unrestricted access to all relevant company information.

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.

Conflicts of interest

The directors declare possible conflicts of interest and ensure that such declarations are recorded in the minutes. There were no conflicts of interest declared during the year under review.

Succession planning

The board 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 three-year cycle rotational basis, by shareholders. Full details of the board, including summary resumés are listed on page 97 of this report.

Other directorships

Executive directors do not hold directorships outside the Cashbuild group.

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 24 of this report.

Board meetings

The board met four times during the year under review. All directors are encouraged to attend each meetings and gatherings where their presence is required. Board members are briefed in advance of each board meeting.

Details of board attendance for the year under review are included in the directors' report on page 47.

The board has during the year under review implemented a board evaluation process, to identify training needs, missed opportunities and governance matters.

Board committees

The board has three board committees covering defined aspects of its responsibilities. The committees, namely nomination, remuneration and audit committees, which are each chaired by an independent non-executive director and operate in accordance with terms of reference approved by the board. The committees operate transparently and report to the full board.

The board is satisfied that the committees fulfilled their responsibilities as set out in their respective terms of reference for the year under review.

Professional advice

The board and its committees have unimpeded access to independent outside professional advice.

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 47.

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 reviewing the effectiveness of internal control systems and the activities of the group risk and internal audit function.

Corporate governance continued

In line with the requirements of section 269A of the Companies Act, as contained in the Corporate Laws Amendment Act 2006, the audit committee confirms the following:

- The duties of the Audit Committee [S94(7)] include the need to prepare a report for the annual financial statements on:
  - how the audit committee carries out its functions;
  - whether or not the auditor is independent;
  - its findings with regard to:
    - the annual financial statements;
    - accounting practices utilised in the preparation of the annual financial statements; and
    - internal financial control.
- Other duties of the audit committee include the following:
  - nominating the external auditor for appointment as auditor of the company;
  - verifying the independence of any proposed appointee as auditor, before the appointment becomes final;
  - approval of the audit fees;
  - specifying the nature and extent of non-audit services; and
  - pre-approval of contracts for non-audit services;
- Dealing with concerns or complaints relating to the following:
  - accounting policies;
  - internal audit;
  - the audit or content of annual financial statements;
  - internal financial controls; and
  - the effectiveness of risk management, controls and governance processes.

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.

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 91 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 group risk and audit executve's independence is assured, as he reports directly to the chairman of the audit committee and has unimpeded access to the chief executive.

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. Management has maintained compensating controls to ensure that the operational and financial risks in the creditors IT module were adequately 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.

Responsibility for monitoring and reviewing controls lies with the internal audit department whose head, the group risk and audit executive, reports directly to the chief executive.

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 internal audit function, which reports at all audit committee meetings, operates to a charter approved by the audit committee. The charter contains a formal definition of the function.

Currently the internal audit function focuses primarily on:

- verifying the effectiveness of controls, and as mentioned above
- advising management on improvements to operational procedures and risk management practices.

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.

Corporate governance continued

Sustainability

Cashbuild has, during the year under review, placed an increased emphasis on the non-financial value drivers of business including, but not restricted to, stakeholders such as shareholders, customers, employees and government agencies. The focus includes socio-economic issues such as community and individual development, employment equity, occupational health and safety.

Clear supporting principles or standards have been developed to guide future operational management and to report on practices which could develop and sustain the communities in which we operate.

Cashbuild will strive to behave and report to its stakeholders in a manner that reflects how it practices its values on an operational basis in conformity with defined principles in all activities. Cashbuild's business strategy is developing to keep pace with the changes in the societies in which we operate.

Sustainability reports with regard to human capital development, transformation, social responsibility, occupational health and safety and environmental impact can be found on pages 7 to 23 of the chief executive's report.

Organisational integrity and the Cashbuild Code of Ethics
Cashbuild operates in line with well-established organisational values.

The chief executive assumes responsibility and ownership for organisational compliance.

Compliance to Cashbuild's code is encouraged and monitored through employee training and communication programmes in the areas of values, standards and compliance with which all Cashbuild employees are expected to comply.

Cashbuild has a zero-tolerance approach to deviations from the agreed values and standards set out in its code of ethics which is known as The Cashbuild Way.

Cashbuild has contracted the Tip-offs Anonymous hotline to enable employees to anonymously provide information on omissions and wrong-doing, by a process generally known as "whistle-blowing".

Accounting and auditing
The audit committee plays an active role in deliberations relating to the appointment of and non-audit services provided by the external auditors. The board is aware of its responsibility pertaining to the preparation and contents of the financial statements. The external and internal auditors enjoy unrestricted access to the audit committee, the chairman of the audit committee and the chairman of the board.

Cashbuild's interim and year-end results are both subject to audit and review by both the audit committee and the board.

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

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 93 fairly present the state of affairs at Cashbuild as at the end of the financial year.

In terms of the JSE Limited Listings Requirements, compliance with International Financial Reporting Standards (IFRS) is required for financial years beginning on or after 1 January 2005. Accordingly the financial statements have been prepared in accordance with and are compliant to IFRS. The standards include amounts based on the judgments and estimates of management.

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

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

Auditors
PricewaterhouseCoopers Inc, the external auditor of Cashbuild during the reporting year, has reported that the financial statements fairly present the financial position of the company and of the group as at 30 June 2008.

The board is satisfied that the financial statements fairly present the financial position of Cashbuild as at 30 June 2008 and the profit and loss and cash flows for the financial year ended 30 June 2008.

The audit report of PricewaterhouseCoopers Inc is presented on page 43 of this report.

The annual financial statements were approved by the board on 15 September 2008.

Shareholders' diary

Final dividend paid	-	13 October 2008
Annual general meeting	-	24 November 2008
Interim report	-	March 2009
Financial year-end	-	30 June 2009
Audited results	-	September 2009

Report of the audit committee

1. Introduction

The audit committee has pleasure in submitting this report, as required by sections 269A and 270A of the Companies Act, which was promulgated in the course of the year, as part of the measures contained in the Corporate Laws Amendment Act 2006.

2. Functions of the audit committee

The functions of the audit committee include:

2.1. Review of the interim and year-end financial statements, culminating with a recommendation to the board;

2.2. Review of the external audit reports, after audit of the interim and year-end financial statements;

2.3. Review of the internal audit and risk management reports, with, when relevant, recommendations being made to the board;

2.4. In the course of its review the committee:

- takes appropriate steps to ensure that financial statements are prepared in accordance with International Financial Reporting Standards (IFRS);
- considers and, when appropriate, makes recommendations on internal financial controls;
- verifies the independence of the external auditor and of any nominee for appointment as external auditor;
- authorises the audit fees in respect of both the interim and year-end audits;
- specifies guidelines and authorises contract conditions for the award of non-audit services to the external auditors;
- evaluates the effectiveness of risk management, controls and the governance processes;
- deals with concerns or complaints relating to the following:
  - accounting policies;
  - internal audit;
  - the audit or contend of annual financial statements; and
  - internal financial controls.

3. Members of the audit committee

3.1. The membership of the audit committee consists of three independent non-executive directors, Ms N V Simamane, Mr J Molobela and Mr F M Rossouw (chairman).

3.2. The members of the audit committee have at all times acted in an independent manner.

4. Frequency of meetings

The audit committee met four times in the financial year under review. Provision is made for additional meetings to be held, when and if necessary.

5. Persons "in attendance" and "by invitation"

The internal and external auditors, in their capacity as auditors to the company, attended and reported to all meetings of the audit committee. The group risk management function was also represented.

Executive directors and relevant senior managers attended meetings on a "by invitation" basis.

6. All meetings commence with confidential meetings

Audit committee meetings commence with a confidential meeting between the committee members and the internal and external auditors.

Executive directors, the chairman of the board and relevant senior managers join the meeting for the formal meeting.

7. Independence of audit

During the year under review the audit committee reviewed a report by the external auditor and, after conducting its own review, confirmed the independence of the auditor.

8. Expertise and experience of financial director

As required by JSE Listings Requirement 3.84(h), the audit committee has satisfied itself that the financial director has appropriate expertise and experience.

Index to annual financial statements

Statement of responsibility by the board of directors

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible to report on the fair presentation of the financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act in South Africa 1973 as amended.

The directors are also responsible for the company's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

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

The consolidated financial statements set out on pages 44 - 93 were approved by the board of directors on 15 September 2008 in Johannesburg and are signed on its behalf by:

D Masson
Chairman

PK Goldrick
Chief executive

Certificate by the company secretary

We declare that, to the best of our knowledge, in terms of the Companies Act in South Africa 1973, as amended, that for the year ended 30 June 2008, 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.

Corporate Governance Leaders CC
Chartered secretaries
15 September 2008

Independent auditors' report

To the members of Cashbuild Limited

We have audited the annual financial statements and group annual financial statements of Cashbuild Limited, which comprise the directors' report, the balance sheet and the consolidated balance sheet as at 30 June 2008, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 44 to 93.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the group as of 30 June 2008, and of their financial performance and their 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.

PricewaterhouseCoopers Inc.
Director: D J Fouché
Registered Auditor
2 Eglin Road, Sunninghill
15 September 2008

Directors' report

for the year eanded 30 June 2008

The directors have pleasure in presenting their report, which forms part of the audited financial statements of the group for the year ended 30 June 2008.

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, 173 at the end of this reporting year (2007:164). 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.

Cashbuild has built its credibility and reputation by consistently offering its customers quality building materials at the lowest prices and through a purchasing and inventory policy that ensures customers' requirements are always in stock.

GROUP RESULTS SUMMARY

	Year ended June 2008 R'000	Year ended June 2007 R'000	% change
Income statement			
Revenue	**4 043 493**	3 448 386	17.3
Operating profit before finance cost and income	**227 415**	182 348	24.7
Finance cost	**2 886**	2 533	13.9
Finance income	**20 200**	11 856	70.4
Attributable earnings	**160 768**	121 640	32.2
Headline earnings	**161 159**	119 751	34.6
Earnings per share (cents)	**707.9**	536.3	32.0
Headline earnings per share (cents)	**709.7**	528.0	34.4
Balance sheet			
Total assets (excluding cash and cash equivalents)	**1 223 388**	934 724	30.9
Cash and cash equivalents	**381 377**	99 580	283.0
Total liabilities	**1 099 656**	651 011	68.9
Total liabilities to shareholders' funds	**2.33**	1.85	26.2
Net asset value per share (cents)	**1 825**	1 361	34.1

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

The financial statements on pages 44 to 93 sets out the financial position, results of operations and cash flows of the group for the year ended 30 June 2008 in more detail.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The group is reporting its audited results in accordance with International Financial Reporting Standards ("IFRS").

TRADING WEEKS

For the year under review Cashbuild had the normal 52 trading weeks compared to the prior year's 53 weeks. When comparing the year under review with the 52 weeks for the 2007 financial year the increase would have been as follows:

Revenue	Up 20%
Operating profit	Up 35%
Earnings per share	Up 42%
Headline earnings per share	Up 46%

FINANCIAL HIGHLIGHTS

Revenue for the period increased by a very healthy 17% whilst profit increased by 32% . This increase in profit was the result of an increase in operating profit of 25% as well as an 86% increase in net finance income. Basic earnings per share increased by 32% with headline earnings per share increasing by 34%. Net asset value per share increased by 34%, from 1 361 cents (June 2007) to 1 825 cents. Cash and cash equivalents increased by 283% mainly due to suppliers being paid after the cut-off for year-end.

Stores in existence since the beginning of July 2006 (existing stores) accounted for 11% of the increase in revenue with the remaining 6% increase due to the 24 new stores the group has opened since July 2006. The increase for the year has been achieved as a result of steady revenue growth in the first three quarters of this financial year, with excellent growth in the 4th quarter. Gross profit margins for the year were slightly higher in percentage terms at 21.6% (June 2007: 21.4%) but in rand terms have increased by a pleasing 18%.

Operational expenses for the period were well controlled with existing stores increasing by 11%. New stores contributed 5%, the total increase for the period being 16%. The main contributor to the increase on the existing stores is the continued investment in people to maintain and improve customer service standards, as well as customer focused advertising that was undertaken during the year.

The effective tax rate for the period of 31% is lower than the prior period, mainly due to the 1% reduction in the South African Companies tax rate from 29% to 28%.

Cashbuild's balance sheet remains solid. Stock levels have increased by 37% on the back of comparable growth of 29% during the 4th quarter. This increase is further attributable to the stocking of nine additional stores during this financial period (accounting for 8% of the increase). Some strategic decisions were made relating to stock levels on certain key line items which also resulted in higher stockholding. Overall stockholding at 87 days (June 2007: 72 days) showed a decline on the prior year due to the reasons referred to above. Trade receivables increased in line with expectations and remain well under control.

During the year Cashbuild opened nine new stores, three stores were relocated during the year as well as five stores refurbished. Cashbuild will continue its store expansion, relocation and refurbishment strategy in a controlled manner, with more than ten new stores planned to open during the next financial year.

INFORMATION TECHNOLOGY

The project whereby Cashbuild's total IT requirement will be replaced with a fully integrated SAP All-in-One and Active Retail solution, is progressing according to plan and is currently in the realisation phase. The project is expected to be completed during the 2009/2010 financial year.

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. 31) of 128 cents per ordinary share to all shareholders of Cashbuild (2007 (No. 29): a final dividend of 94 cents per ordinary share). The total dividend for the year amounts to 229 cents (June 2007: 173 cents) a 32% increase year-on-year.
Relevant dates for the declaration are as follows:
Date dividend declared: Monday, 15 September 2008;
Last day to trade "CUM" the dividend: Friday, 3 October 2008;
Date to commence trading "EX" the dividend: Monday, 6 October 2008;
Record date: Friday, 10 October 2008; and
Date of payment: Monday, 13 October 2008.
Share certificates may not be dematerialised or rematerialised between Monday 6 October 2008 and Friday 10 October 2008, both dates inclusive.

Directors' report continued

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

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

SUBSIDIARY COMPANIES

Subsidiary companies are as follows:

Name of company		Issued capital	Effective holding June 08	Effective holding June 07	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%	51%	2
Tradebuild (Pty) Ltd		R 4	100%	100%	3

Nature

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

Domicile

South Africa, 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 (59) (Irish), Chief executive	Appointed 19 August 1996
A van Onselen (46), Operations director	Appointed 20 September 2004
W F de Jager (37), Finance director, CA (SA)	Appointed 1 December 2004
K B Pomario (35), Store development director	Appointed 27 March 2007
S A Thoresson (45), Operations director - neighbouring countries	Appointed 27 March 2007

Non-executive directors

D Masson* (77), Chairman, ACIS	Appointed 22 June 1988
J Molobela** (52), BSc Eng (Hons), MBA	Appointed 1 September 2004
F M Rossouw*** (71), CA (SA)	Appointed 7 May 2001
N V Simamane** (49), BSc Chemistry and 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 2007: 10%) 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 year ended 30 June 2008 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:

	Ordinary shares Beneficial	Ordinary shares Non-beneficial	Options
At 30 June 2008	**1 301 200**	**1 151 315**	**-**
At 30 June 2007	1 301 200	1 283 415	-
Comprising:			
Non-executive directors	**1 200**	**20 298**	**-**
D Masson	-	15 298	-
F M Rossouw	-	5 000	-
N V Simamane	1 200	-	-
Executive directors	**1 300 000**	**1 131 017**	**-**
P K Goldrick	1 300 000	1 131 017	-
	1 301 200	**1 151 315**	**-**

DIRECTORS' INTEREST IN CONTRACTS

No material contracts involving directors' interest were entered into in the current period. A register of 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	4/4*	4/4	2/2*
A van Onselen	4/4*	4/4	
W F de Jager	4/4*	4/4	
K B Pomario	4/4*	4/4	
S A Thoresson	3/4*	3/4	
Non-executive directors			
D Masson	4/4*	4/4	2/2
J Molobela	4/4	4/4	
F M Rossouw	4/4	4/4	2/2
N V Simamane	3/4	3/4	

* 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:

	2008	2007
Shares subject to the scheme at the beginning of year	**529 225**	595 912
Shares transferred to employees	**-**	(30 000)
Shares sold on open market	**-**	(36 687)
Shares subject to the scheme at the end of year	**529 225**	529 225
Dealt with as follows:		
Shares allocated to employees		
- Share purchase scheme	**13 900**	13 900
Shares held in trust for future allocations	**515 325**	515 325
	529 225	529 225

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

OTHER SPECIAL RESOLUTIONS

No special resolutions were passed at the annual general meeting held on 26 November 2007.

Company secretary

Corporate Governance Leaders CC.

Registered office

Cnr Aeroton and Aerodrome Roads
Aeroton
Johannesburg
2001

Postal address

PO Box 90115
Bertsham
2013

Website

www.cashbuild.co.za

Auditors

PricewaterhouseCoopers Incorporated

Country of incorporation

Republic of South Africa

Balance sheets

as at 30 June 2008

R'000	Notes	Group 2008	Group 2007	Company 2008	Company 2007
ASSETS					
Non-current assets		**299 971**	261 721	**154 118**	138 904
Property, plant and equipment	4	**276 070**	248 434	**-**	-
Intangible assets	5	**11 274**	5 047	**-**	-
Investment in subsidiary	6	**-**	-	**151 506**	135 688
Loans receivable	7	**-**	-	**2 612**	3 216
Deferred income tax asset	16	**12 627**	8 240	**-**	-
Current assets		**1 304 794**	772 583	**658**	594
Assets held for sale	8	**2 740**	2 740	**-**	-
Inventories	9	**832 449**	609 308	**-**	-
Trade and other receivables	10	**88 228**	60 955	**6**	8
Cash and cash equivalents	11	**381 377**	99 580	**652**	586
TOTAL ASSETS		**1 604 765**	1 034 304	**154 776**	139 498
EQUITY					
Capital and reserves attributable to company's equity holders		**470 967**	351 218	**153 981**	139 190
Ordinary share capital	12	**229**	229	**258**	258
Share premium		**32 131**	32 131	**112 906**	112 906
Cumulative translation adjustment	13	**(4 167)**	(7 432)	**-**	-
Retained earnings		**442 774**	326 290	**40 817**	26 026
Minority interest		**34 142**	32 075	**-**	-
TOTAL EQUITY		**505 109**	383 293	**153 981**	139 190
LIABILITIES					
Non-current liabilities		**43 052**	35 537	**-**	-
Deferred operating lease liability	14	**39 330**	31 982	**-**	-
Deferred profit	15	**1 855**	1 907	**-**	-
Deferred income tax liability	16	**-**	3	**-**	-
Borrowings	17	**1 867**	1 645	**-**	-
Current liabilities		**1 056 604**	615 474	**795**	308
Trade and other payables	18	**1 022 140**	575 123	**795**	308
Current income tax liabilities		**33 224**	39 222	**-**	-
Employee benefits	19	**1 240**	1 129	**-**	-
TOTAL LIABILITIES		**1 099 656**	651 011	**795**	308
TOTAL EQUITY AND LIABILITIES		**1 604 765**	1 034 304	**154 776**	139 498

The notes on pages 52 to 93 are an integral part of these consolidated financial statements.

Income statements

for the year ended 30 June 2008

R'000	Notes	Group 2008 (52 weeks)	Group 2007 (53 weeks)	Company 2008 (52 weeks)	Company 2007 (53 weeks)
Revenue	20	**4 043 493**	3 448 386	**-**	-
Cost of sales	21	**(3 171 658)**	(2 709 854)	**-**	-
Gross profit		**871 835**	738 532	**-**	-
Selling and marketing cost	21	**(552 885)**	(474 334)	**-**	-
Administrative expenses	21	**(97 656)**	(85 404)	**(1)**	(144)
Other operating expenses	21	**(3 326)**	(3 674)	**-**	-
Other income	22	**9 447**	7 228	**71 542**	65 067
Operating profit		**227 415**	182 348	**71 541**	64 923
Finance costs	25	**(2 886)**	(2 533)	**(233)**	-
Finance income	25	**20 200**	11 856	**-**	-
Profit before income tax		**244 729**	191 671	**71 308**	64 923
Income tax expense	27	**(75 180)**	(63 333)	**(6 200)**	(4 419)
Profit for the year		**169 549**	128 338	**65 108**	60 504
Attributable to:					
Equity holders of the company		**160 768**	121 640	**65 111**	60 504
Minority interest		**8 781**	6 698	**-**	-
		169 549	128 338	**65 111**	60 504
Earnings per share for profit attributable to the equity holders of the company during the year					
- Basic	28	**707.9**	536.3	**252.3**	234.5
- Diluted	28	**707.9**	536.3	**252.3**	234.5

The notes on pages 52 to 93 are an integral part of these consolidated financial statements.

Statements of changes in equity

for the year eanded 30 June 2008

Group

		Attributable to equity holders of the company							
R'000	Notes	Share capital	Treasury share capital	Share premium	Treasury share premium	Cum. translation adjustment	Retained earnings	Minority interest	Total equity
Balance at 1 July 2006		258	(30)	115 817	(85 998)	(6 850)	235 712	27 936	286 845
Profit for the year		-	-	-	-	-	121 640	6 698	128 338
Dividend paid - final 2006	30	-	-	-	-	-	(13 150)	-	(13 150)
Dividend paid - interim 2007	30	-	-	-	-	-	(17 912)	(2 559)	(20 471)
Treasury shares movement		-	1	-	2 312	-	-	-	2 313
Currency translation adjustments		-	-	-	-	(582)	-	-	(582)
Balance at 30 June 2007		258	(29)	115 817	(83 686)	(7 432)	326 290	32 075	383 293
Profit for the year		-	-	-	-	-	160 768	8 781	169 549
Dividend paid - final 2007	30	-	-	-	-	-	(21 347)	(6 576)	(27 923)
Dividend paid - interim 2008	30	-	-	-	-	-	(22 937)	(138)	(23 075)
Currency translation adjustments		-	-	-	-	3 265	-	-	3 265
Balance at 30 June 2008		**258**	**(29)**	**115 817**	**(83 686)**	**(4 167)**	**442 774**	**34 142**	**505 109**

Company

		Attributable to equity holders of the company							
R'000	Note	Share capital	Treasury share capital	Share premium	Treasury share premium	Cum. translation adjustment	Retained earnings	Minority interest	Total equity
Balance at 1 July 2006		258	-	112 906	-	-	875	-	114 039
Profit for the year		-	-	-	-	-	60 504	-	60 504
Dividend paid - final 2006	30	-	-	-	-	-	(14 967)	-	(14 967)
Dividend paid - interim 2007	30	-	-	-	-	-	(20 386)	-	(20 386)
Balance at 30 June 2007		258	-	112 906	-	-	26 026	-	139 190
Profit for the year		-	-	-	-	-	65 111	-	65 111
Dividend paid - final 2007	30	-	-	-	-	-	(24 257)	-	(24 257)
Dividend paid - interim 2008	30	-	-	-	-	-	(26 063)	-	(26 063)
Balance at 30 June 2008		**258**	**-**	**112 906**	**-**	**-**	**40 817**	**-**	**153 981**

The notes on pages 52 to 93 are an integral part of these consolidated financial statements.

Cash flow statements

for the year eanded 30 June 2008

		Group		Company	
R'000	Notes	**2008**	2007	**2008**	2007
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	30	**469 508**	120 421	**71 797**	64 990
Interest paid	25	**(2 886)**	(2 533)	**-**	-
Income tax paid	30	**(85 568)**	(64 838)	**(6 200)**	(4 419)
Net cash generated from operating activities		**381 054**	53 050	**65 597**	60 571
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment	4	**(61 100)**	(75 918)	**-**	-
Purchases of computer software	5	**(8 006)**	-	**-**	-
Proceeds on disposal of property, plant and equipment	30	**425**	9 685	**-**	-
Interest received	25	**20 200**	11 856	**-**	-
(Increase) in subsidiary loan account		**-**	-	**(15 818)**	(27 791)
Decrease in loans receivable		**-**	-	**604**	3 093
Net cash used in investing activities		**(48 481)**	(54 377)	**(15 214)**	(24 698)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net treasury shares movement		**-**	2 313	**-**	-
Increase in long-term borrowings		**222**	191	**-**	-
Dividends paid to company's shareholders	30	**(44 284)**	(31 062)	**(50 320)**	(35 353)
Dividends paid to minorities' interest	30	**(6 714)**	(2 559)	**-**	-
Net cash used in financing activities		**(50 776)**	(31 117)	**(50 320)**	(35 353)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**281 797**	(32 444)	**63**	520
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**99 580**	132 024	**586**	66
CASH AND CASH EQUIVALENTS AT END OF YEAR		**381 377**	99 580	**649**	586

The notes on pages 52 to 93 are an integral part of these consolidated financial statements.

Notes to the annual financial statements

for the year eanded 30 June 2008

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

1.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and accounting polices expected to be applicable at 30 June 2008. These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities.

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 the group's accounting polices.

a) Amendments to published standards effective in 2008

There are no amendments to published standards effective in 2008 that are relevant to the group.

b) Standards early adopted by the group

The group has not chosen to early adopt any standards.

c) Standards, amendments and interpretations effective in 2008 relevant to the group

The following standards, amendments and interpretations are effective for the first time in the year ended June 2008 and have been applied by the group:

IFRIC 10, Interim financial reporting and impairment;

IFRS 7, Financial instruments: disclosures;

IAS 1 (Amendment), Presentation of financial statements - capital disclosures; and

IFRIC 11, IFRS 2 - group and treasury share transactions.

d) Standards, amendments and interpretations effective in 2008 not relevant to the company

The following standards, amendments and interpretations are effective for the first time in the year ended June 2008 but are not relevant to the company's operations:

IFRIC 11, IFRS 2 - Group and treasury share transactions;

IFRIC 12, Service concession arrangements; and

IFRIC 14, IAS 19 - The limit on a defined benefit asset.

e) Standards, amendments and interpretations effective in 2008 but not relevant

The following standards, amendments and interpretations are effective as at June 2008 but are not relevant to the group's operations:

IAS 19 (Amendment), Employee benefits;

IAS 21 (Amendment), Net investment in a foreign operation;

IAS 39 (Amendment), Cash flow hedge accounting of forecast intragroup transactions;

IAS 39 (Amendment), The fair value option;

IAS 39 and IFRS 4 (Amendment), Financial guarantee contracts;

IFRS 1 (Amendment), First-time adoption of International Financial Reporting Standards and IFRS 6 (Amendment), Exploration for and evaluation of mineral resources;

IFRS 6, Exploration for and evaluation of mineral resources;

IFRS 4, Financial instruments: revised implementation guidance;

IFRIC 5, Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds;

IFRIC 6, Liabilities arising from participating in a specific market – waste electrical and electronic equipment;

IFRIC 7, Applying restatement approach under IAS 29 financial reporting in hyperinflation;

IFRIC 8, Scope of IFRS 2;

IFRIC 9, Reassessment of embedded derivatives; and

IFRIC 14, IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction.

f) Interpretations to existing standards that are not yet effective and have not been early adopted by the group

The following interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1 July 2008 or later periods but that the group has not early adopted:

IFRS 8, Operating segments (effective 1 January 2009): IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures about segments of an enterprise and related information". The new standard requires a management approach, under which segment information is presented on the same basis as that used for internal reporting purposes. The group will apply IFRS 8 from 1 January 2009. The expected impact is still being assessed in detail by management, but is appears likely that the application of the standard will not have a material impact on the number of segments as well as the manner in which the segments are disclosed.

IAS 23 (Revised), Borrowing costs (effective 1 January 2009): It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The group will apply IAS 23 (Revised) from 1 January 2009 which is currently not applicable to the group, as acquisition of assets is currently funded from available cash reserves.

g) Interpretations to existing standards that are not yet effective and not relevant for the group's operations

The following interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1 July 2008 or later periods but are not relevant for the group's operations:

IFRIC 12, Service concession arrangements (effective from 1 January 2009): IFRIC 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. IFRIC 12 is not relevant to the group's operations because none of the group's companies provide infrastructure for public sector services.

IFRIC 13, Customer loyalty programmes (effective from 1 July 2008): IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. IFRIC 13 is not relevant to the group's operation because none of the group's companies operate any loyalty programmes.

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.

1.2 a) continued

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. 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 group's share of identifiable 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.

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. 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 company's 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 the group entities (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 as follows:

- 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.

On consolidation exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. 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 stated at historical cost less depreciation and impairment, except for land which is not depreciated as it is deemed to have an indefinite life. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

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

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.

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.

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

1.6 NON-CURRENT ASSETS HELD FOR SALE

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

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 on acquisition of subsidiaries is 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 profit or loss, in the income statement, and is not subsequently reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. Gains and losses on the disposal of an entity would include the carrying amount of goodwill relating to the entity sold.

1.7 b) Trademarks

Trademarks are initially recognised at historical cost and subsequently measured at cost less accumulated amortisation and accumulated impairment. They have a finite 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). 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. Costs include the employee cost incurred as a result of developing software and an appropriate portion of relevant overheads.

1.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

Income tax expense represents the sum of the current taxes charge and deferred tax. The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. 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 in the consolidated financial statements. However deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at that time of the transaction affects neither 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 income 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 income 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 IN SUBSIDIARIES

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

1.11 INVENTORIES

Inventories comprise merchandise held for resale and are stated 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 charges and import duties and taxes, excluding borrowing cost. Net realisable value is the estimated 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 of trade receivables 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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivables are impaired. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rates. The amount of the provision is recognised in the income statements with selling and marketing cost. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and marketing costs in the income statement.

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 equity attributable to the company's equity holders as treasury shares until they are cancelled, re-issued or sold. Where such shares are subsequently sold or re-issued, any consideration received net of directly attributable incremental transaction costs and related income tax effects 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 (net of transaction costs) 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 PAYABLES

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest rate.

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 probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. 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.

1.18 continued

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 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 the dividend received by the trust less specific cost incurred by the trust.

1.19 REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of 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:

The group recognises revenue when the amount of the revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration, the type of customer, the type of transaction and specifics of each arrangement.

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.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income

Dividend income is recognised when the 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. Rental income is classified as other income.

Deferred profit on sale and lease back transactions

Profit in respect of properties sold in terms of sale and leaseback transactions are 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 DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of derivatives are recorded in the income statement.

1.23 BORROWING COSTS

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

1.24 REPORTING PERIOD

The group adopts the retail accounting calendar, which comprises the reporting period ending on the last Saturday of the month: 2008: 28 June - 52 weeks, (2007: 30 June - 53 weeks 2006).

1.25 DIVIDEND DISTRIBUTION

Dividends are recorded and recognised as a liability in the group's financial statements in the period in which they are declared and approved by company's shareholders.

1.26 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, has an interest that provides significant influence or has joint control.

Notes to the annual financial statements

for the year eanded 30 June 2008

	Group		Company	
R'000	**2008**	2007	**2008**	2007
2 FINANCIAL RISK MANAGEMENT				
Financial income and expenses				
Recognised in profit and loss				
Interest income on bank deposits	**20 137**	11 332	**-**	-
Interest expense on financial liabilities measured at amortised cost	**(543)**	(812)	**-**	-
Net foreign exchange loss	**6 116**	4 111	**-**	-
Balance sheet				
Cash and cash equivalents	**381 377**	99 580	**652**	586
Loans and receivables	**84 400**	56 331	**154 124**	138 912
Financial liabilities carried at amortised cost	**(985 651)**	(548 202)	**(795)**	(308)
Loans and receivables				
Trade accounts receivable	**78 742**	53 779	**-**	-
Provision for impairment of trade accounts receivable	**(10 940)**	(7 852)	**-**	-
*Other accounts receivable	**16 598**	10 404	**154 124**	138 912
	84 400	56 331	**154 124**	138 912
* Included in other accounts receivable (note 10) are items to the value of R3 828 000 (June 2007: R4 624 000) which do not meet the definition of a financial asset.				
Financial liabilities carried at amortised cost				
**Trade liabilities and accruals	**(983 784)**	(546 557)	**(795)**	(308)
Finance lease liability	**(1 867)**	(1 645)	**-**	-
	(985 651)	(548 202)	**(795)**	(308)

** Included in trade liabilities and accruals (note 18) are items to the value of R38 356 000 (June 2007: R28 566 000) which do not meet the definition of a financial liability.

Overview

The group has exposure to the following risks from its use of financial instruments:

- Market risk;
- Liquidity risk; and
- Credit risk.

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes managing the risk and the methods used to measure the risk, and the group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The group audit committee oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The group audit committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers.

Potential concentrations of credit risk consist mainly of cash and cash equivalents and trade and other receivables.

Trade and other receivables

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.

A credit policy has been established where each new customer is analysed individually for creditworthiness before the group's standard payment and delivery terms are offered. The group review includes external ratings, bank references and credit reports are obtained. Purchase limits are established for each customer.

For smaller customers, surety from directors is required.

Cash and cash equivalents

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.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group		Company	
R'000	**2008**	2007	**2008**	2007
Cash and cash equivalents	**381 377**	99 580	**652**	586
Loans and receivables	**84 400**	56 331	**154 124**	138 912
Guarantees	**16 850**	12 376	**-**	-
The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:				
South Africa	**72 071**	48 631	**154 124**	138 912
Other members of common monetary area	**10 158**	6 926	**-**	-
Botswana and Malawi	**2 171**	774	**-**	-
	84 400	56 331	**154 124**	138 912

Notes to the annual financial statements continued

for the year eanded 30 June 2008

Note 2 continued

	Group			
	2008		2007	
R'000	Gross	Impairment	Gross	Impairment
Impairment losses				
The ageing of trade receivables at the reporting date was:				
Not past due	57 273	-	40 802	(228)
Past due 1-30 days	8 210	-	3 714	-
Past due 31-60 days	1 666	-	1 334	(43)
Past due 61-90 days	749	(96)	747	(528)
Past due 91-120 days	145	(145)	6 830	(6 770)
More than 120 days	10 699	(10 699)	352	(283)
Total	78 742	(10 940)	53 779	(7 852)

The payment terms for receivables is 30 days.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group		Company	
R'000	2008	2007	2008	2007
Balance at beginning of period	7 852	6 246	-	-
Creation of provision for impaired receivables	3 088	1 606	-	-
Receivables impaired	-	-	-	-
Balance at end of period	10 940	7 852	-	-

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Credit facilities

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 31.

Notes to the annual financial statements continued

for the year eanded 30 June 2008

R'000	Carrying amount	Contractual cash flows	30 days or less	More than 30 days but less than 1 year	1-5 years	More than 5 years
	Group					
30 June 2008						
Non-derivative financial liabilities						
Finance lease liabilities	**(1 867)**	**(175 959)**	**-**	**-**	**(877)**	**(175 082)**
Trade liabilities and accruals	**(983 784)**	**(983 784)**	**(335 225)**	**(648 559)**	**-**	**-**
30 June 2007						
Non-derivative financial liabilities						
Finance lease liabilities	(1 645)	(175 959)	-	-	(501)	(175 458)
Trade liabilities and accruals	(546 557)	(546 557)	(229 460)	(317 097)	-	-

R'000	Carrying amount	Contractual cash flows	30 days or less	More than 30 days but less than 1 year	1-5 years	More than 5 years
	Company					
30 June 2008						
Non-derivative financial liabilities						
Trade liabilities and accruals	**(795)**	**(795)**	**(795)**	**-**	**-**	**-**
30 June 2007						
Non-derivative financial liabilities						
Trade liabilities and accruals	(308)	(308)	(308)	-	-	-

Market risk

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 entities. 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.

The group also purchases inventory in currencies other than the operations functional currency, namely Euro and US Dollars.

Exposure from exchange rate fluctuations on transactions dominated 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 year-end. Refer below for the uncovered positions at year-end.

Notes to the annual financial statements continued

for the year eanded 30 June 2008

Note 2 continued

R'000	Functional currency Rand exposed to Pula	Functional currency Rand exposed to USD	Functional currency Pula exposed to Rand	Functional currency Kwacha exposed to Rand
Exposure to currency risk				
The group's exposure to foreign currency risk was as follows based on notional amounts:				
30 June 2008				
Trade receivables	**1 880**	**-**	**27 935**	**-**
Trade payables	**-**	**-**	**36 080**	**367**
30 June 2007				
Trade receivables	27 374	-	10 059	-
Trade payables	-	7 666	6 395	457

	Average rates		Reporting date	
	2008	2007	**2008**	2007
The following significant exchange rates applied during the year:				
USD	**7.30**	7.16	**7.96**	7.01
Kwacha	**19.09**	19.22	**17.35**	19.35
Pula	**1.17**	1.18	**1.23**	1.14

Sensitivity analysis

A 10 percent strengthening of the functional currency against the following currencies as at 30 June would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2007.

	Group		Company	
R'000	Equity	Profit and loss	Equity	Profit and loss
30 June 2008				
Companies with a functional currency in Rands				
USD	**-**	**-**	**-**	**-**
Pula	**(188)**	**(188)**	**-**	**-**
Companies with a functional currency in Pula				
Rand	**740**	**740**	**-**	**-**
Companies with a functional currency in Kwacha				
Rand	**28**	**28**	**-**	**-**
30 June 2007				
Companies with a functional currency in Rands				
USD	5 439	5 439	-	-
Pula	(2 737)	(2 737)	-	-

Notes to the annual financial statements continued

for the year eanded 30 June 2008

R'000	Equity	Profit and loss	Equity	Profit and loss
Companies with a functional currency in Pula				
Rand	(333)	(333)	-	-
Companies with a functional currency in Kwacha				
Rand	46	46	-	-

A 10 percent weakening of the rand against the above currencies as at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

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.

Profile

At the reporting date the interest rate profile of the group's interest-bearing financial instruments was:

	Carrying amount			
	Group		Company	
R'000	**2008**	2007	**2008**	2007
Variable rate instruments				
Financial assets (bank account balances)	**381 377**	99 580	**652**	586

Cash flow sensitivity analysis for variable rate instruments

A 100 bp (basis points) increase in the interest rate as at 30 June would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular exchange rates, remain constant. The analysis is performed on the same basis for 2007.

	Group			
R'000	**2008 Profit or loss 100 bp increase**	**2008 Equity 100 bp increase**	2007 Profit or loss 100 bp increase	2007 Equity 100 bp increase
Variable rate instruments	**3 814**	**3 814**	996	996

	Company			
R'000	**2008 Profit or loss 100 bp increase**	**2008 Equity 100 bp increase**	2007 Profit or loss 100 bp increase	2007 Equity 100 bp increase
Variable rate instruments	**7**	**7**	6	6

A 100 bp (basis points) movement in the interest rate at 30 June would have had the equal but opposite effect on the interest paid/received to the amounts shown above, on the basis that all other variables remain constant.

Notes to the annual financial statements continued

for the year eanded 30 June 2008

Note 2 continued

R'000	Group 2008 Carrying amount	Group 2008 Fair value	Group 2007 Carrying amount	Group 2007 Fair value
Fair values				
The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:				
Cash and cash equivalents	**381 377**	**381 377**	99 580	99 580
Loans and receivables	**84 400**	**84 400**	56 331	56 331
Finance lease liabilities	**(1 867)**	**(1 867)**	1 645	1 645
Trade and other payables	**(983 784)**	**(983 784)**	(546 557)	(546 557)

R'000	Company 2008 Carrying amount	Company 2008 Fair value	Company 2007 Carrying amount	Company 2007 Fair value
Cash and cash equivalents	**652**	**652**	586	586
Loans and receivables	**154 124**	**154 124**	138 912	138 912
Trade and other payables	**796**	**796**	(308)	(308)

Basis for determining fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments reflected in the table above.

Finance lease liabilities

The fair value of financial liabilities is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Trade and other payables

The carrying amounts are assumed to approximate their fair values.

Loans and receivables

The carrying amounts (less impairment provisions as relevant) are assumed to approximate their fair values.

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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, and 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.

Notes to the annual financial statements continued

for the year eanded 30 June 2008

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.

				Group				
R'000		Land	Buildings	Improvements to leasehold premises	Furniture and equipment	Vehicles	Capital work in progress	Total
4	**PROPERTY, PLANT AND EQUIPMENT**							
	As at 30 June 2008							
	Cost	17 310	85 351	24 673	290 083	173	15 944	433 534
	Accumulated depreciation	-	(14 243)	(18 118)	(125 070)	(33)	-	(157 464)
	Net book value	**17 310**	**71 108**	**6 555**	**165 013**	**140**	**15 944**	**276 070**
	Year ended 30 June 2008							
	Opening net book value	15 780	70 051	7 346	151 551	36	3 670	248 434
	Exchange differences	-	999	4	368	(1)	-	1 370
	Additions	-	-	-	-	-	61 100	61 100
	Transfers	1 530	10 902	684	44 567	143	(57 826)	-
	Net book value of disposals	-	(133)	(132)	(696)	(7)	-	(968)
	Depreciation charge	-	(1 711)	(1 347)	(30 777)	(31)	-	(33 866)
	Closing net book value	**17 310**	**80 108**	**6 555**	**165 013**	**140**	**6 944**	**276 070**
	As at 30 June 2007							
	Cost	15 780	82 357	24 450	249 402	77	3 670	375 736
	Accumulated depreciation	-	(12 306)	(17 104)	(97 851)	(41)	-	(127 302)
	Net book value	**15 780**	**70 051**	**7 346**	**151 551**	**36**	**3 670**	**248 434**
	Year ended 30 June 2007							
	Opening net book value	15 707	60 872	8 494	117 963	52	2 006	205 094
	Exchange differences	-	(747)	-	(173)	(1)	-	(921)
	Additions	-	-	-	-	-	75 918	75 918
	Transfers	73	14 280	951	58 950	-	(74 254)	-
	Net book value of disposals	-	-	(4)	(278)	-	-	(282)
	Depreciation charge	-	(1 614)	(2 095)	(24 911)	(15)	-	(28 635)
	Less: Assets classified as held for sale	-	(2 740)	-	-	-	-	(2 740)
	Closing net book value	**15 780**	**70 051**	**7 346**	**151 551**	**36**	**3 670**	**248 434**

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 year-end, the land and buildings, furniture and equipment had an insured value (based on estimated replacement cost) of R748 900 000 (June 2007: R489 081 000), which excludes input value-added tax where appropriate.

Notes to the annual financial statements continued

for the year eanded 30 June 2008

Note 4 continued

R'000	Group 2008	Group 2007
Land and buildings includes the following amounts where the group is a lessee under a finance lease:		
Cost - capitilised finance lease	**15 469**	15 469
Accumulated depreciation	**(4 132)**	(3 814)
Net book value	**11 337**	11 655
The following costs were expensed to the income statement, included in operating profits:		
Loss/(profit) on disposal of property, plant and equipment	**543**	(2 766)
Repairs and maintenance expenditure on property, plant and equipment	**8 232**	7 979

R'000	Group Trademarks	Group Goodwill	Group Computer software	Group Total
5 INTANGIBLE ASSETS				
As at 30 June 2008				
Cost	661	1 323	15 816	17 800
Accumulated amortisation	(645)	-	(5 881)	(6 526)
Net book value	**16**	**1 323**	**9 935**	**11 274**
Year ended 30 June 2008				
Opening net book value	17	1 300	3 730	5 047
Exchange differences	-	23	-	23
Additions	2	-	8 004	8 006
Impairment	-	-	-	-
Amortisation charge	(3)	-	(1 799)	(1 802)
Closing net book value	**16**	**1 323**	**9 935**	**11 274**
As at 30 June 2007				
Cost	659	1 300	7 812	9 771
Accumulated amortisation	(642)	-	(4 082)	(4 724)
Net book value	**17**	**1 300**	**3 730**	**5 047**
Year ended 30 June 2007				
Opening net book value	20	1 772	5 060	6 852
Exchange differences	-	(10)	-	(10)
Impairment	-	(462)	-	(462)
Amortisation charge	(3)	-	(1 330)	(1 333)
Closing net book value	**17**	**1 300**	**3 730**	**5 047**

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 pre tax calculations. These calculations use cash flow projections which have been extrapolated using the estimated growth rates stated below.

	South Africa	Malawi	Note
Gross margin	17%	15%	1
Growth rate	11%	11%	2
Discount rate	14%	12%	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. 72% of the goodwill relates to a South African store and 28% to the Malawi store.

		Group		Company	
R'000		**2008**	2007	**2008**	2007
6	**INVESTMENT IN SUBSIDIARIES**				
	Shares at cost	**-**	-	**-**	-
	Loan account	**-**	-	**151 506**	135 688
		-	-	**151 506**	135 688
	The loan is unsecured, non-interest bearing and has no repayment terms.				
7	**LOANS RECEIVABLE**				
	The Cashbuild Incentive Trust	**-**	-	**3 920**	4 524
	Impairment	**-**	-	**(1 308)**	(1 308)
		-	-	**2 612**	3 216

The loan is unsecured, non-interest bearing and has no repayment terms.

Notes to the annual financial statements continued

for the year eanded 30 June 2008

R'000	Group 2008	Group 2007	Company 2008	Company 2007
8 ASSETS HELD FOR SALE				
Assets classified as held for sale	**2 740**	2 740	**-**	-
	2 740	2 740	**-**	-

8.1 Plot 2461 Serowe - Botswana

The land and buildings were initially purchased as the location for a Cashbuild store. The store was relocated in the prior year and the land and buildings are vacant. These land and buildings were placed on the market in the prior year. The carrying amount of the asset at year-end is R659 032.

8.2 Erf 2987 Kabokweni - South Africa

The land and buildings were initially purchased as the location for a Cashbuild store. The store was relocated in the prior year and the land and buildings are vacant. These land and buildings were placed on the market in the prior year. The carrying amount of the asset at year-end is R2 081 068.

R'000	Group 2008	Group 2007	Company 2008	Company 2007
9 INVENTORIES				
Merchandise at lower of cost or net realisable value	**832 449**	609 308	**-**	-
	832 449	609 308	**-**	-
Cost of inventories recognised as an expense and included in 'cost of sales' amounted to R3 403 206 979 (2007: R2 882 989 439)				
10 TRADE AND OTHER RECEIVABLES				
Trade accounts receivable	**78 742**	53 779	**-**	-
Less: Provision for impairment of trade accounts receivable	**(10 940)**	(7 852)	**-**	-
Other accounts receivable	**20 426**	15 028	**6**	8
	88 228	60 955	**6**	8

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 R48 per share (June 2007: R62 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.

The group recognised a provision of R10 940 232 (June 2007: R7 852 000) for the impairment of its trade receivables during the year ended 30 June 2008. The creation and usage of the provision for impaired receivables has been included in 'selling and marketing cost' in the income statement.

Notes to the annual financial statements continued

for the year eanded 30 June 2008

R'000	Group 2008	Group 2007	Company 2008	Company 2007
11 CASH AND CASH EQUIVALENTS				
Cash at banks and on hand	**381 377**	99 580	**652**	586
	381 377	99 580	**652**	586
Rate of interest earned on cash in bank varies between 5.25% - 12.39%				
12 SHARE CAPITAL				
Authorised				
35 000 000 (June 2007: 35 000 000) ordinary shares of 1 cent each	**350**	350	**350**	350
Issued				
25 805 347 (June 2007: 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	**(29)**	(29)	**-**	-
Opening balance: 3 095 860 (June 2007: 3 132 547)	**29**	30	**-**	-
(Shares sold): Nil (June 2007: 36 687)	**-**	(1)	**-**	-
	229	229	**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 Cashbuild Share Incentive Trust holds 529 225 (June 2007: 529 225) ordinary shares. The Cashbuild Empowerment Trust holds 2 580 535 (June 2007: 2 580 535) ordinary shares. The shares held by these trusts are eliminated on consolidation.

13 CUMULATIVE TRANSLATION ADJUSTMENT	R'000
Balance at 1 July 2006	(6 850)
Currency translation differences:	(582)
Balance at 30 June 2007	(7 432)
Currency translation differences:	3 265
Balance at 30 June 2008	**(4 167)**

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, accounted for directly in the statement of changes in equity.

Notes to the annual financial statements continued

for the year eanded 30 June 2008

R'000	Group 2008	Group 2007	Company 2008	Company 2007
14 DEFERRED OPERATING LEASE LIABILITY				
Deferred operating lease liability	**39 330**	31 982	**-**	-
	39 330	31 982	**-**	-

The group has entered into various operating leases in respect of premises. Rentals comprise minimum monthly payments and additional payments based on turnover levels.

Operating leases with fixed escalation charges are recognised in the income statement on a straight-line basis and the liability has been allocated to deferred operating lease liability.

R'000	Group 2008	Group 2007	Company 2008	Company 2007
15 DEFERRED PROFIT				
Deferred profit	**1 855**	1 907	**-**	-
	1 855	1 907	**-**	-

Profit in respect of properties sold in terms of the sale and leaseback transaction is recognised in the income statement on a straight-line basis over the term of the lease.

	Group		Company	
R'000	**2008**	2007	**2008**	2007
16 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 offset amounts are as follows:				
Deferred income tax assets to be recovered after more than 12 months	**852**	375	**-**	-
Deferred income tax assets to be recovered within 12 months	**11 775**	7 865	**-**	-
Total deferred income tax asset	**12 627**	8 240	**-**	-
Deferred income tax liability to be recovered after more than 12 months	**-**	(13)	**-**	-
Deferred income tax liability to be recovered within 12 months	**-**	10	**-**	-
Total deferred income tax liability	**-**	(3)	**-**	-
TOTAL NET DEFERRED INCOME TAX ASSET	**12 627**	8 237	**-**	-
Deferred income tax comprises:				
Property, plant and equipment	**(11 848)**	(10 584)	**-**	-
Prepayments	**(732)**	(953)	**-**	-
Accruals	**12 518**	8 793	**-**	-
Assessed loss	**1 670**	1 685	**-**	-
Straight-lining of leases	**11 030**	9 260	**-**	-
Unrealised foreign exchange difference on intercompany loans	**(11)**	36	**-**	-
	12 627	8 237	**-**	-
Should all distributable reserves be declared as a dividend, it would result in STC tax of:	**44 277**	40 786	**4 082**	3 253

The net movement on the deferred income tax account is as follows:

	Group
At 1 July 2006	3 052
Exchange differences	(20)
Income statement charge (note 27)	5 205
Year ended 30 June 2007	8 237
At 1 July 2007	8 237
Exchange differences	72
Income statement charge (note 27)	4 522
Rate change	(204)
Year ended 30 June 2008	12 627

Notes to the annual financial statements continued

for the year eanded 30 June 2008

R'000	Group 2008	Group 2007	Company 2008	Company 2007
17 BORROWINGS				
Non-current				
Finance lease liability	**1 867**	1 645	**-**	-
	1 867	1 645	**-**	-
17.1 Finance lease liability				
The Rand Merchant Bank sale and leaseback transaction is classified as a finance lease.				
17.2 Finance lease liabilities - minimum lease payments:				
- not later than 1 year	**-**	-	**-**	-
- later than 1 - no later than 5 years	**877**	501	**-**	-
- later than 5 years	**175 082**	175 458	**-**	-
	175 959	175 959	**-**	-
Future finance charges on finance leases	**(174 092)**	(174 314)	**-**	-
Present value of finance lease liabilities	**1 867**	1 645	**-**	-
The present value of finance lease liabilities is as follows:				
- not later than 1 year	**-**	-	**-**	-
- later than 1 - no later than 5 years	**452**	237	**-**	-
- later than 5 years	**1 415**	1 408	**-**	-
	1 867	1 645	**-**	-
18 TRADE AND OTHER PAYABLES				
Trade payables	**850 886**	448 763	**-**	-
Accruals	**171 254**	126 360	**795**	308
	1 022 140	575 123	**795**	308

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

Notes to the annual financial statements continued

for the year eanded 30 June 2008

	Group		Company	
R'000	**2008**	2007	**2008**	2007
19 EMPLOYEE BENEFITS OBLIGATION				
19.1 Long service awards				
The amounts recognised in the balance sheet are as follows:				
Present value of the obligation	**1 240**	1 129	**-**	-
Reconciliation of movement:				
Balance at beginning of year	**1 129**	949	**-**	-
Amount charged to the income statement				
- current service charge	**111**	180	**-**	-
Balance at end of year	**1 240**	1 129	**-**	-
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		
19.2 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 2008, there were 3 881 (June 2007: 3 479) members, equal to 98% (June 2007: 95%) of staff, who were members of the retirement fund.				
19.3 Post-retirement medical aid benefit				
The group has no post-retirement medical aid liability.				
20 REVENUE				
Revenue comprises the sale of merchandise	**4 043 493**	3 448 386	**-**	-
	4 043 493	3 448 386	**-**	-

Notes to the annual financial statements continued

for the year eanded 30 June 2008

	Group		Company	
R'000	**2008**	2007	**2008**	2007
21 EXPENSES BY NATURE				
Depreciation, amortisation and impairment charges	**35 668**	30 430	**-**	-
Employee benefit expense	**294 296**	248 498	**-**	-
Cost of goods sold (material cost)	**3 171 658**	2 709 854	**-**	-
Net creation of provision for impaired receivables	**3 088**	1 606	**-**	-
Consumables	**1 918**	1 746	**-**	-
Transportation expenses	**63 460**	57 552	**-**	-
Auditors' remuneration:	**6 466**	6 358	**-**	-
- Audit services	**6 289**	5 317	**-**	-
- Taxation services	**177**	476	**-**	-
- Technical services	**-**	565	**-**	-
Operating lease charges:	**82 807**	67 406	**-**	-
- Premises	**79 186**	64 176	**-**	-
- Equipment	**3 621**	3 230	**-**	-
Outsourced services:	**16 808**	12 052	**-**	-
- Administrative	**11 456**	7 401	**-**	-
- Technical	**4 342**	4 057	**-**	-
- Secretarial	**1 010**	594	**-**	-
Other expenses	**149 356**	137 764	**1**	144
Other income	**(9 447)**	(7 228)	**(71 542)**	(65 067)
Total	**3 816 078**	3 266 038	**(71 541)**	(64 923)
Classified as:				
Cost of sales	**3 171 658**	2 709 854	**-**	-
Selling and marketing expenses	**552 885**	474 334	**-**	-
Administrative expenses	**97 656**	85 404	**1**	144
Other operating expenses	**3 326**	3 674	**-**	-
Other income	**(9 447)**	(7 228)	**(71 542)**	(65 067)
	3 816 078	3 266 038	**(71 541)**	(64 923)

Notes to the annual financial statements continued

for the year eanded 30 June 2008

	Group		Company	
R'000	**2008**	2007	**2008**	2007
22 OTHER INCOME				
Rental income	**352**	377	**-**	-
Sundry income	**206**	472	**42**	67
Advertisting over recovery	**8 889**	3 613	**-**	-
Dividend income	**-**	-	**71 500**	65 000
Profit on sale of assets	**-**	2 766	**-**	-
	9 447	7 228	**71 542**	65 067
23 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	**-**	140	**-**	-
- Due from 1 - 5 years	**-**	117	**-**	-
- Thereafter	**-**	-	**-**	-
Total future cash flows	**-**	257	**-**	-
Straight-lining of leases already accrued in balance sheet	**-**	-	**-**	-
Future income	**-**	257	**-**	-
24 EMPLOYEE BENEFIT EXPENSES				
Salary cost	**254 573**	217 153	**-**	-
Pension fund contributions - defined contribution fund	**34 695**	27 779	**-**	-
Employee benefits - long service awards	**111**	180	**-**	-
Dividends paid to participants of The Cashbuild Empowerment Trust	**4 917**	3 386	**-**	-
	294 296	248 498	**-**	-

The number of persons employed by the group at 30 June 2008 is 3 975 (June 2007: 3 681).

Notes to the annual financial statements continued

for the year eanded 30 June 2008

R'000	Group 2008	Group 2007	Company 2008	Company 2007
25 FINANCE (COST)/INCOME				
Interest expense:				
- bank borrowings	**(321)**	(622)	**-**	-
- other	**(558)**	(942)	**-**	-
- taxes	**(2 007)**	(969)	**(233)**	-
	(2 886)	(2 533)	**(233)**	-
Interest income:				
- bank balances	**20 137**	11 332	**-**	-
- other	**63**	524	**-**	-
	20 200	11 856	**-**	-
26 NET FOREIGN EXCHANGE (GAIN)/LOSS				
The exchange differences (credited)/charged to the income statement are included as follows:				
Revaluation of trading account	**(2 162)**	1 115	**-**	-
Revaluation of foreign bank accounts	**7 976**	2 990	**-**	-
Trade receivables and payables	**302**	6	**-**	-
	6 116	4 111	**-**	-

Notes to the annual financial statements continued

for the year eanded 30 June 2008

R'000	Group 2008	Group 2007	Company 2008	Company 2007
27 INCOME TAX EXPENSE				
27.1 Taxation charge				
South African	**55 064**	47 356	**562**	-
Normal taxation				
- Current	**57 317**	51 182	**-**	-
- Over provision in prior years	**(477)**	168	**562**	-
Deferred taxation				
- Current period temporary differences	**(1 973)**	(4 166)	**-**	-
- Prior year adjustments	**(7)**	-	**-**	-
- Tax rate change	**204**	172	**-**	-
Foreign	**12 841**	10 346	**-**	-
Normal taxation				
- Current	**16 665**	11 537	**-**	-
- Over provision in prior years	**(1 282)**	20	**-**	-
Deferred taxation				
- Current year temporary differences	**(1 503)**	(1 337)	**-**	-
- Prior year adjustments	**(1 039)**	24	**-**	-
- Tax rate change	**-**	102	**-**	-
Non-resident shareholders' tax	**1 637**	1 212	**-**	-
Secondary tax on companies	**5 638**	4 419	**5 638**	4 419
- Current	**5 638**	4 419	**5 638**	4 419
Taxation	**75 180**	63 333	**6 200**	4 419
27.2 Reconciliation of tax rate	**%**	%	**%**	%
South African normal rate	**28.0**	29.0	**29.0**	29.0
Allowances and disallowable expenses	**1.0**	0.7	**(29.0)**	(29.0)
Foreign tax at different rates	**(0.2)**	(0.9)	**-**	-
Non-resident shareholders' tax	**0.7**	0.7	**-**	-
Capital gains tax	**-**	0.9	**-**	-
Secondary tax on companies	**2.3**	2.3	**6.8**	6.8
(Over)/under provision in prior years	**(1.1)**	0.3	**-**	-
Effective tax rate	**30.7**	33.0	**6.8**	6.8

28 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 year. 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.

	Group		Company	
	2008	2007	**2008**	2007
28.1 Weighted average number of ordinary shares in issue ('000)	**22 709**	22 681	**25 805**	25 805
Number of ordinary shares in issue	**25 805**	25 805	**25 805**	25 805
Weighted average number of ordinary shares issued during the year	**-**	-	**-**	-
Weighted average number of ordinary shares issued at end of year	**25 805**	25 805	**25 805**	25 805
Less: Weighted average number of treasury shares:				
- The Cashbuild Share Incentive Trust	**(515)**	(543)	**-**	-
- The Cashbuild Empowerment Trust	**(2 581)**	(2 581)	**-**	-
Weighted number of ordinary shares in issue	**22 709**	22 681	**25 805**	25 805
28.2 Fully diluted weighted average number of ordinary shares in issue ('000)	**22 709**	22 681	**25 805**	25 805
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.				
28.3 Basic earnings per share (cents)	**707.9**	536.3	**252.3**	234.5
Profit attributable to equity holders of the company (R'000)	**160 768**	121 640	**65 108**	60 504
Weighted average number of ordinary shares in issue ('000)	**22 709**	22 681	**25 805**	25 805

Notes to the annual financial statements continued

for the year eanded 30 June 2008

	Group		Company	
	2008	2007	**2008**	2007
28.4 Fully diluted basic earnings per share (cents)	**707.9**	536.3	**252.3**	234.5
Attributable earnings (R'000)	**160 768**	121 640	**65 108**	60 504
Fully diluted weighted average number of ordinary shares in issue ('000)	**22 709**	22 681	**25 805**	25 805
28.5 Headline earnings per share (cents)	**709.7**	528.0	**252.3**	234.5
Attributable earnings (R'000)	**160 768**	121 640	**65 108**	60 504
Headline earnings adjusting items:				
Impairment of goodwill (R'000)	**-**	462	**-**	-
(Profit)/loss on sale of assets after taxation (R'000)	**391**	(2 351)	**-**	-
Headline earnings (R'000)	**161 159**	119 751	**65 108**	60 504
Weighted average number of ordinary shares in issue ('000)	**22 709**	22 681	**25 805**	25 805
28.6 Fully diluted headline earnings per share (cents)	**709.7**	528.0	**252.3**	234.5
Headline earnings (R'000)	**161 159**	119 751	**65 108**	60 504
Fully diluted weighted average number of ordinary shares in issue ('000)	**22 709**	22 681	**25 805**	25 805
29 DIVIDENDS PER SHARE	**Cents**	Cents	**Cents**	Cents
Interim				
No. 30 paid on 14 April 2008 (2007: No.28 paid on 16 April 2007)	**101**	79	**101**	79
Final				
No. 31 payable on 13 October 2008 (2007: No.29 paid 15 October 2007)	**128**	94	**128**	94

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

Notes to the annual financial statements continued

for the year eanded 30 June 2008

R'000	Group 2008	Group 2007	Company 2008	Company 2007
30 CASH GENERATED FROM OPERATIONS				
30.1 Reconciliation of profit before taxation to cash generated from operations				
Profit before income tax	**244 729**	191 671	**71 308**	64 923
Adjustments for:				
Depreciation of property, plant and equipment	**33 866**	28 635	**-**	-
Amortisation of intangible assets	**1 802**	1 333	**-**	-
Impairment of goodwill	**-**	462	**-**	-
Movement in employee benefits	**111**	180	**-**	-
Cumulative translation adjustment movement	**3 265**	(582)	**-**	-
Exchange differences on non-current assets	**(1 393)**	931	**-**	-
Interest received	**(20 200)**	(11 856)	**-**	-
Interest paid	**2 886**	2 533	**-**	-
Loss/(profit) on disposal of property, plant and equipment	**543**	(2 766)	**-**	-
Decrease in deferred profit	**(52)**	(52)	**-**	-
Increase in deferred operating lease liability	**7 348**	6 065	**-**	-
Operating profit before working capital changes	**272 905**	216 554	**71 308**	64 923
(Increase) in inventories	**(223 141)**	(126 472)	**-**	-
(Increase) in trade and other receivables	**(27 273)**	(4 346)	**2**	5
Increase in trade and other liabilities	**447 017**	34 685	**487**	62
Working capital changes	**196 603**	(96 133)	**489**	67
Cash generated from operations	**469 508**	120 421	**71 797**	64 990
30.2 Proceeds from disposal of property, plant and equipment				
Net book value	**968**	6 919	**-**	-
(Loss)/profit on sale of property, plant and equipment	**(543)**	2 766	**-**	-
Proceeds on sale of property, plant and equipment	**425**	9 685	**-**	-

Notes to the annual financial statements continued

for the year eanded 30 June 2008

	Group		Company	
R'000	**2008**	2007	**2008**	2007
30.3 Dividends paid				
Amounts charged to distributable reserves				
Final dividend - prior year	**(21 347)**	(13 150)	**(24 257)**	(14 967)
Interim dividend - current year	**(22 937)**	(17 912)	**(26 063)**	(20 386)
Amounts paid to minority shareholders	**(6 714)**	(2 559)	**-**	-
Cash amounts paid	**(50 998)**	(33 621)	**(50 320)**	(35 353)
30.4 Taxation paid				
Taxation owing at beginning of the year	**(39 222)**	(35 542)	**-**	-
Amount charged to income statement	**(75 180)**	(63 333)	**(6 200)**	(4 419)
Movement in deferred taxation	**(4 390)**	(5 185)	**-**	-
Amount owing at end of the year	**33 224**	39 222	**-**	-
Cash amounts paid	**(85 568)**	(64 838)	**(6 200)**	(4 419)
31 BORROWING POWERS				
Total gross borrowings	**1 867**	1 645	**-**	-
Banking facilities:				
Flexible term general banking facilities	**66 690**	220 000	**-**	-
Unutilised banking facilities	**66 690**	220 000	**-**	-

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

Notes to the annual financial statements continued

for the year eanded 30 June 2008

	Group		Company	
R'000	**2008**	2007	**2008**	2007
32 COMMITMENTS				
32.1 Capital commitments				
Capital expenditure to be funded from internal resources as approved by the directors				
- Authorised and contracted for	**27 101**	432	**-**	-
- Authorised by directors, but not contracted for	**142 911**	75 013	**-**	-
Total commitments	**170 012**	75 445	**-**	-
Capital commitments for the 12 months after accounting date	**102 295**	51 045	**-**	-
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 8.48 % (June 2007: 7.19%) per annum.				
The future minimum lease payments under non-cancellable operating leases for premises, equipment and cancellable arrangements with transport contractors which constitute an operating lease, are as follows:				
- Not later than in 1 year	**155 919**	133 619	**-**	-
- Later than 1 year - not later than 5 years	**349 342**	287 705	**-**	-
- Later than 5 years	**309 546**	344 530	**-**	-
Total future cash flows	**814 807**	765 854	**-**	-
Straight-lining of leases already accrued in balance sheet	**(39 330)**	(31 982)	**-**	-
Future expenses	**775 477**	733 872	**-**	-
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:	**16 850**	12 376	**-**	-

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)

R'000	South Africa	*Other members of common monetary area	Botswana and Malawi	Group
34.1 Segmental information for the year ended 30 June 2008				
Income statement				
Revenue				
- External	**3 346 359**	**411 623**	**285 511**	**4 043 493**
- Internal	**44 543**	**-**	**-**	**-**
Operating profit	**178 245**	**24 278**	**24 892**	**227 415**
Finance cost				**(2 886)**
Finance income				**20 200**
Profit before tax				**244 729**
Income tax expense				**(75 180)**
Profit for the period				**169 549**
Balance sheet				
Segment assets	**1 268 995**	**194 139**	**141 631**	**1 604 765**
Segment liabilities	**901 539**	**111 485**	**86 632**	**1 099 656**
Depreciation	**29 751**	**2 826**	**1 289**	**33 866**
Amortisation	**1 766**	**-**	**36**	**1 802**
Capital expenditure	**67 914**	**675**	**517**	**69 106**

* Includes Namibia, Swaziland and Lesotho

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

Note 34 continued

R'000	South Africa	*Other members of common monetary area	Botswana and Malawi	Group
34.2 Segmental information for the year ended 30 June 2007				
Income statement				
Revenue				
- External	2 843 136	382 039	223 211	3 448 386
- Internal	43 675	-	-	-
Operating profit	150 272	16 593	15 483	182 348
Finance cost				(2 533)
Finance income				11 856
Profit before tax				191 671
Income tax expense				(63 333)
Profit for the period				128 338
Balance sheet				
Segment assets	814 280	118 612	101 412	1 034 304
Segment liabilities	536 731	42 157	72 123	651 011
Depreciation	24 618	2 927	1 090	28 635
Amortisation	1 298	-	35	1 333
Impairment	462	-	-	462
Capital expenditure	66 926	6 476	2 516	75 918

* 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 and The Cashbuild Empowerment Trust each hold shares in Cashbuild Limited. The trust has been set up to facilitate shareholding by directors, key management and employees.

35.1 Subsidiaries

			Effective holding		
Name of company	Domicile	Issued share capital	Jun-08	Jun-07	Nature
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%	51%	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 Africa unless otherwise stated:

A. Botswana

B. Lesotho

C. Malawi

D. Namibia

E. Swaziland

Nature

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

Notes to the annual financial statements continued

for the year eanded 30 June 2008

Note 35 continued

2008 R'000	Sales	Purchases	Receivable balance	Payables balance	Loan liabilities	Loan assets
Cashbuild Limited	-	-	-	-	-	151 506
Cashbuild (South Africa) (Pty) Ltd	13 424	2 940	2 382	-	128 508	25 359
Cashbuild Management Services (Pty) Ltd	-	-	-	-	151 506	111 895
Cashbuild (Botswana) (Pty) Ltd	-	3 839	-	842	1 880	-
Cashbuild (Lesotho) (Pty) Ltd	-	1 369	-	446	-	16 616
Cashbuild Lilongwe Ltd	-	339	-	301	2 176	-
Cashbuild (Namibia) (Pty) Ltd	-	1 323	-	453	14 905	-
Cashbuild (Swaziland) (Pty) Ltd	-	2 655	-	340	5 643	-
Roofbuild Trusses (Pty) Ltd	2 940	3 899	-	-	758	-
Tradebuild (Pty) Ltd	-	-	-	-	-	-
	16 364	**16 364**	**2 382**	**2 382**	**305 376**	**305 376**

2007 R'000	Sales	Purchases	Receivable balance	Payables balance	Loan liabilities	Loan assets
Cashbuild Limited	-	-	-	-	-	135 688
Cashbuild (South Africa) (Pty) Ltd	6 549	2 684	2 409	-	136 338	52 397
Cashbuild Management Services (Pty) Ltd	-	-	-	-	135 688	89 121
Cashbuild (Botswana) (Pty) Ltd	-	2 830	-	1 070	27 374	-
Cashbuild (Lesotho) (Pty) Ltd	-	840	-	508	-	9 626
Cashbuild Lilongwe Ltd	-	107	-	29	228	-
Cashbuild (Namibia) (Pty) Ltd	-	848	-	299	18 036	-
Cashbuild (Swaziland) (Pty) Ltd	-	1 924	-	503	-	30 832
Roofbuild Trusses (Pty) Ltd	2 684	-	-	-	-	-
Tradebuild (Pty) Ltd	-	-	-	-	-	-
	9 233	9 233	2 409	2 409	317 664	317 664

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 of 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 12.5% p.a. The net interest income for the year is R819 534 (2007: net charge of R84 891)

35.2 Directors

Executive	Non executive
P K Goldrick	D Masson
A van Onselen	FM Rossouw
W F de Jager	N V Simamane
K B Pomario	J Molobela
S Thoresson	

Directors information is fully disclosed in note 36.

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

R'000	June 2008	June 2007
35.3 Key management compensation		
Short-term employee benefits	**3 126**	2 213
Bonus/bonus accruals	**1 522**	569
Pensions fund contributions	**256**	129
Share options exercised	**-**	

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:

Number of shares	June 2008	June 2007
Shares subject to the scheme at beginning of year	**529 225**	595 912
Shares transferred to employees	**-**	(30 000)
Shares sold on open market	**-**	(36 687)
Shares subject to the scheme at end of year	**529 225**	529 225
Dealt with as follows:		
Shares allocated to employees:		
- Share purchase scheme	**13 900**	13 900
Shares held in the Trust for future allocations	**515 325**	515 325
	529 225	529 225

Notes to the annual financial statements continued

for the year eanded 30 June 2008

Note 35 continued

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 25 805 347 (2007: 25 805 347). The shares were issued for a total consideration of R75.1 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.

R'000	June 2008	June 2007
Dividend paid to the trust		
- Final 2007 (2006)	**2 426**	1 497
- Interim 2008 (2007)	**2 606**	2 038
	5 032	3 535

Notes to the annual financial statements continued

for the year eanded 30 June 2008

R'000	Fees	Basic salary	Bonus*	Expenses & travelling allowance	Other material benefits**	Company's pension scheme contributions	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 2008								
Executive directors								
P K Goldrick	-	2 025	1 834	116	52	32	-	4 059
W F de Jager	-	1 106	786	92	49	111	-	2 144
K B Pomario****	-	669	340	117	11	61	-	1 198
S Thoresson****	-	709	446	227	-	71	-	1 453
A van Onselen	-	1 229	1 243	79	47	112	-	2 710
30 June 2008	**-**	**5 738**	**4 649**	**631**	**159**	**387**	**-**	**11 564**
Non-executive directors								
D Masson	120	-	-	-	-	-	414	534
J Molobela	80	-		-	-	-	94	174
F M Rossouw	80	-	-	21	-	-	141	242
N V Simamane	80	-	-	-	-	-	79	159
30 June 2008	360	-	-	21	-	-	728	1 109
Total directors' emoluments								
30 June 2008	**360**	**5 738**	**4 649**	**652**	**159**	**387**	**728**	**12 673**
36.2 Directors' emoluments, paid by the subsidiary company Cashbuild (South Africa) (Pty) Ltd, for the year ended 30 June 2007								
Executive directors								
P K Goldrick	-	1 768	1 483	105	46	26	-	3 428
W F de Jager	-	918	590	90	45	92	-	1 735
K B Pomario****	-	109	194	33	3	10	-	349
S Thoresson****	-	141	310	62	-	15	-	528
A van Onselen	-	1 058	1 657	110	40	96	-	2 961
30 June 2007	-	3 994	4 234	400	134	239	-	9 001
Non-executive directors								
D Masson	102	-	-	-	-	-	424	526
J Molobela	68	-	-	5	-	-	113	186
F M Rossouw	68	-	-	7	-	-	139	214
N V Simamane	68	-	-	4	-	-	96	168
30 June 2007	306	-	-	16	-	-	772	1 094
Total directors' emoluments								
30 June 2007	306	3 994	4 234	416	134	239	772	10 095

* Bonuses refer to bonuses accrued and 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.

**** Appointed 27 March 2007.

Note 36 continued

	Ordinary shares	
	Beneficial	Non-beneficial
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 2008. The direct and indirect beneficial interest and non-beneficial interests of the directors in office at 30 June 2008 are as follows:		
Ordinary shares	**1 301 200**	**1 151 315**
Comprising:		
Non-executive directors	**1 200**	**20 298**
D Masson	**-**	**15 298**
F M Rossouw	**-**	**5 000**
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	**1 301 200**	**1 151 315**
The directors held in aggregate, direct and indirect beneficial interests and non-beneficial interests of 10% in the issued share capital of the company at 30 June 2007. The direct and indirect beneficial interest and non-beneficial interests of the directors in office at 30 June 2007 are as follows:		
Ordinary shares	1 301 200	1 283 415
Comprising:		
Non-executive directors	1 200	25 298
D Masson	-	15 298
F M Rossouw	-	10 000
N V Simamane	1 200	-
Executive directors	1 300 000	1 258 117
P K Goldrick	1 300 000	1 258 117
Total ordinary shares held	**1 301 200**	**1 283 415**

37 SHARE BASED PAYMENTS

During the twelve months ended 30 June 2008, no options were exercised (30 June 2007: Nil). 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.

R'000	**2008**	2007
The Cashbuild Share Incentive Trust, which administers the share option scheme, holds the following number of ordinary shares as a hedge against options to be granted by the scheme.	**515**	515

Summary of options granted at 30 June 2008

	Directors No. of options	Issued price	Senior Managers No. of options	Issued price	Total No. of options	Issued price
Held at 1 July 2006	-	-	-	-	-	-
Held at 30 June 2007	-	-	-	-	-	-
Held at 30 June 2008	-	-	-	-	-	-

	% holding	No. of shares	No. of shareholders
38 ANALYSIS OF SHAREHOLDERS			
38.1 Listed below is an analysis of holdings extracted from register of ordinary shareholders at 30 June 2008:			
38.1.1 Category			
Non-public			
Directors	9.50	2 452 515	4
Staff, The Cashbuild Share Incentive Trust	2.05	529 225	1
The Cashbuild Empowerment Trust	10.00	2 580 535	1
Public			
Banks	8.57	2 212 185	20
Close corporations	0.96	247 313	20
Endowment funds	0.57	147 892	6
Individuals	4.58	1 179 605	1 235
Insurance companies	2.45	631 037	16
Investment companies	2.29	592 103	5
Medical aid schemes	0.41	105 645	3
Mutual funds	18.52	4 778 071	58
Nominees and trusts	19.75	5 097 665	193
Other corporations	3.09	798 073	40
Pension funds	9.47	2 444 036	44
Private companies	6.89	1 778 395	48
Public companies	0.90	231 052	12
	100.00	**25 805 347**	**1 706**

	% holding	No. of shares	No. of shareholders
38.1.2 Portfolio size			
1 - 1 000	1.53	394 369	1 164
1 001 - 5 000	5.39	1 390 552	404
5 001 - 100 000	12.77	3 294 734	98
100 001 - 1 000 000	50.90	13 136 254	35
1 000 000 - over	29.41	7 589 438	5
	100.00	**25 805 347**	**1 706**

	% holding	No. of shares
38.2 The following shareholders held in excess of 5% of the shares of the company at 30 June 2008		
The Cashbuild Empowerment Trust	**10.00**	**2 580 535**
PK Goldrick	**9.42**	**2 431 017**
SRA Investments (Pty) Ltd	**5.81**	**1 500 000**

	Holders	Shares
38.3 Directors' shareholding in main register		
P K Goldrick	**1**	**2 431 017**
D Masson	**1**	**15 298**
N V Simamane	**1**	**1 200**
F M Rossouw	**1**	**5000**
Move from other companies and general public to directors	**4**	**2 452 515**

	% holding	No. of shares	No. of shareholders
38.4 Listed below is an analysis of holdings extracted from Register of ordinary shareholders at 30 June 2007:			
38.4.1 Category			
Non-public			
Directors	10.02	2 584 615	4
Staff, The Cashbuild Share Incentive Trust	2.05	529 225	1
The Cashbuild Empowerment Trust	10.00	2 580 535	1
Public			
Banks	9.45	2 439 217	22
Close corporations	0.90	231 913	25
Endowment funds	0.03	7 074	3
Individuals	5.01	1 292 165	1 274
Insurance companies	2.42	623 287	7
Investment companies	2.48	639 606	4
Medical aid schemes	0.28	72 383	3
Mutual funds	18.50	4 774 735	55
Nominees and trusts	18.34	4 733 293	189
Other corporations	1.60	412 943	49
Pension funds	10.73	2 768 816	49
Private companies	7.25	1 871 425	64
Public companies	0.95	244 115	14
	100.00	**25 805 347**	**1 764**

Notes to the annual financial statements continued

for the year eanded 30 June 2008

Note 38 continued

38.4.2 Portfolio size

1	-	1 000	1.58	407 939	1 177
1 001	-	5 000	3.43	884 961	366
5 001	-	100 000	13.86	3 575 674	179
100 001	-	1 000 000	51.64	13 325 792	37
1 000 000	-	over	29.49	7 610 981	5
			100.00	**25 805 347**	**1 764**

	% holding	No. of shares
38.5 The following shareholders held in excess of 5% of the shares of the company at 30 June 2007		
The Cashbuild Empowerment Trust	10.00	2 580 535
P K Goldrick	9.42	2 558 117
SRA Investments (Pty) Ltd	5.81	1 500 000

	Holders	Shares
38.6 Directors' shareholding in main register		
P K Goldrick	1	2 558 117
D Masson	1	15 298
N V Simamane	1	1 200
F M Rossouw	1	10 000
Move from other companies and general public to directors	4	2 584 615

Notice of annual general meeting

Notice is hereby given that the annual general meeting of members of Cashbuild Limited will be held in the boardroom, 1st Floor, cnr Aeroton and Aerodrome Roads, Aeroton, Johannesburg on Monday, 24 November 2008 at 10h00 for the purposes of considering and, if deemed fit, passing with or without modification, the resolutions set out below:

1. **Ordinary resolution number one (auditors' report)**
   To resolve that the auditors' report be taken as read.

2. **Ordinary resolution number two (adoption of annual financial statements)**
   To receive the annual financial statements of the company and the group for the financial year ended 30 June 2008, together with the reports of the directors and auditors.

3. **Ordinary resolution numbers three to six (re-election of directors):**
   Individual appointments

   To re-appoint Ms N V Simamane, Messrs F M Rossouw, W F de Jager and A van Onselen, who retire by rotation but, being eligible, offer themselves for re-appointment.

   Summarised curriculum vitae of the directors who offer themselves for re-appointment are as follows:

   Resolution number three:
   MS N V SIMAMANE (49)
   Independent non-executive director. BSc Chemistry and Biology
   Appointed: 1 September 2004
   Member of the audit committee
   Nomahlubi is a non-executive director of Zanusi Investments, Zanusi Marketing Consultants and Zanusi Women's Investment Group.

   Resolution number four:
   MR F M ROSSOUW (71)
   Independent non-executive director. CA (SA)
   Appointed: 7 May 2001
   Chairman of the audit committee
   Prior to his semi-retirement, Francois was a director of Oceana, Fedfood, Premier Group, Checkers and the Airports Company. He remains a director of various private companies.

   Resolution number five:
   MR W F de JAGER (37)
   Finance director. CA (SA)
   Appointed: 1 December 2004
   Werner completed his board examination and articles in 1994, in the employ of PricewaterhouseCoopers Inc. He then, over a period of nine years, specialised in accounting in the retail sector.

   Resolution number six:
   MR A VAN ONSELEN (46)
   Operations director. Dip MDP – UNISA Business School
   Appointed: 20 September 2004
   André has in excess of 23 years retail experience.

Notice of annual general meeting continued

4. Ordinary resolution number seven (Remuneration of non-executive directors)

To fix the remuneration for the non-executive directors, with retrospective effect from 1 July 2008 to 30 June 2009, as follows:

	Chairman	Other directors/ members of committees
Annual retainer	R132 000	R88 000
Board and strategy meeting: Attendance fee	R20 000	R14 000
Audit committee: Attendance fee	R10 000	R7 000
Remuneration and other committees Attendance fee	R8 000	R5 500

5. Ordinary resolution number eight (Re-appointment of auditors)

Subject to the audit committee being satisfied as to the auditors' independence, to re-appoint Pricewaterhouse-Coopers Inc. as the auditors for the current financial year, ending 30 June 2009, with Mr D J Fouché being the individual registered auditor who undertakes the audit.

Audit fees

In terms of section 270A of the Companies Act, as amended by the Corporate Laws Amendment Act 2006, which became effective during the financial year under review, the audit committee is responsible for determining the audit fees and the auditors' terms of appointment.

A member entitled to attend and vote is entitled to appoint a proxy to attend, speak and vote in his stead, and such proxy need not also be a member of the company.

Forms of proxy should be lodged with the transfer secretaries, Computershare Investor Services (Pty) Limited, not less than 48 hours before the time appointed for the holding of the annual general meeting.

Corporate shareholders may, in writing, appoint a representative.

BY ORDER OF THE BOARD

CORPORATE GOVERNANCE LEADERS CC
CHARTERED SECRETARIES
Company secretary to Cashbuild Limited
15 September 2008

Form of proxy

Cashbuild Limited
(Incorporated in the Republic of South Africa)
REG NO. 1986/001503/06 • ISIN : ZAE 000028320
JSE Code: CSB • ("Cashbuild" or "the company")

For the use of members who hold certificated shares and members who have dematerialised their shares in "own name" registrations.

FOR THE ANNUAL GENERAL MEETING TO BE HELD ON MONDAY, 24 NOVEMBER 2008 AT 10H00

I/We ____

of ____

being a member/members of Cashbuild and entitled to ______________________ votes do hereby appoint

____ or failing him/her,
____ or failing him/her,

the chairman of the meeting as my/our proxy to act for me/us at the annual general meeting of the company to be held on Monday, 24 November 2008 at 10h00 and at any adjournment thereof, in the boardroom, 1st floor cnr Aeroton and Aerodrome Roads, Aeroton, Johannesburg, and to vote for me/us on my/our behalf in respect of the undermentioned resolutions in accordance with the following instructions (see note 2).

	Number of votes (one vote per share)		
	For	Against	Abstain
1. Ordinary resolution number one: Auditors' report			
2. Ordinary resolution number two: Adoption of annual financial statements			
3. Ordinary resolutions numbers three to six:			
To consider the proposals to elect the following directors:			
3.1. Ordinary resolution number three:			
MS N V SIMAMANE			
3.2. Ordinary resolution number four:			
MR F M ROSSOUW			
3.3. Ordinary resolution number five:			
MR W F de JAGER			
3.4. Ordinary resolution number six:			
MR A VAN ONSELEN			
4. Ordinary resolution number seven: Remuneration of non-executive directors			
5. Ordinary resolution number eight: Re-appointment of auditors			

Signed at ______________________ on ______________________________ 2008

Signature ____________________ Assisted by me ________________ (where applicable – see note 7)

A member qualified to attend and vote at the meeting is entitled to appoint a person to attend, speak and vote in his/her stead. A proxy holder need not be a member of the company.

Notes to the form of proxy

Members holding certificated shares or dematerialised shares registered in their own name.

1. Only members who hold certificated shares and members who have dematerialised their shares in "own name" registrations may make use of this proxy form.
2. Each such ordinary member is entitled to appoint one or more proxyholders (none of whom needs to be a member of the company) to attend, speak and, on a poll, vote in place of that member at the annual general meeting, by inserting the name of a proxy or the names of two alternate proxies of the ordinary member's choice in the space provided, with or without deleting "the chairman of the meeting". The person whose name appears first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A member's instructions to the proxyholder must be indicated by the insertion of the relevant number of votes exercisable by that member in the appropriate box/es provided. Failure to comply with the above will be deemed to authorise the chairman of the meeting, if he is the authorised proxyholder, to vote in favour of the resolutions, or any other proxy to vote or to abstain from voting at the general meeting, as he deems fit, in respect of all the members' votes.
4. A member or his or her proxy is not obliged to vote in respect of all the shares held or represented, but the total number of votes for or against the resolutions in respect of which any abstention is recorded may not exceed the total number of votes to which the ordinary member or his proxy is entitled.
5. Any power of attorney and any instrument appointing a proxy or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney shall be deposited at the office of the transfer secretaries not less than 48 (forty eight) hours before the time appointed for holding the meeting.
6. The completion and lodging of this form of proxy will not preclude the relevant member from attending the meeting and speaking and voting in person thereat to the exclusion of any proxyholder appointed.
7. Where there are joint holders of ordinary shares any one holder may sign the proxy form. The vote of only one holder in order of seniority (determined by sequence of names on the company register) will be accepted, whether in person or by proxy, to the exclusion of the vote(s) of other joint holders.
8. Members should lodge or post their completed proxy forms to:
   Computershare Investor Services (Proprietary) Limited
   HAND DELIVERIES:
   Ground floor, 70 Marshall Street, Johannesburg

   OR POSTAL DELIVERIES:
   P O Box 61051, Johannesburg 2000
   MARSHALLTOWN, 2107

   by not later than 48 hours before the meeting. Proxies not deposited timeously shall be treated as invalid.

   Members holding dematerialised shares

9. Members who have dematerialised their shares through a Central Securities Depository Participant (CSDP) or broker (except those members who have elected to dematerialise their shares in "own name" registrations) and all beneficial members holding their shares (dematerialised or certificated) through a nominee should provide such CSDP, broker or nominee with their voting instructions in sufficient time to allow them to advise the transfer secretaries of the company of their voting instructions before the closing time set out in 8 above.
10. All such members wishing to attend the meeting in person may do so only by requesting their CSDP, broker or nominee to issue the member with a letter of representation in terms of the custody agreement. Such letter of representation must also be lodged with the transfer secretaries before the closing time set out in 8 above.

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
Corporate Governance Leaders CC

TRANSFER SECRETARIES
Computershare Investor Services (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