Cashbuild

INTEGRATED ANNUAL REPORT 2011

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 enable us to offer quality products at the lowest prices to our customers at all times;
- our responsible human resource 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.

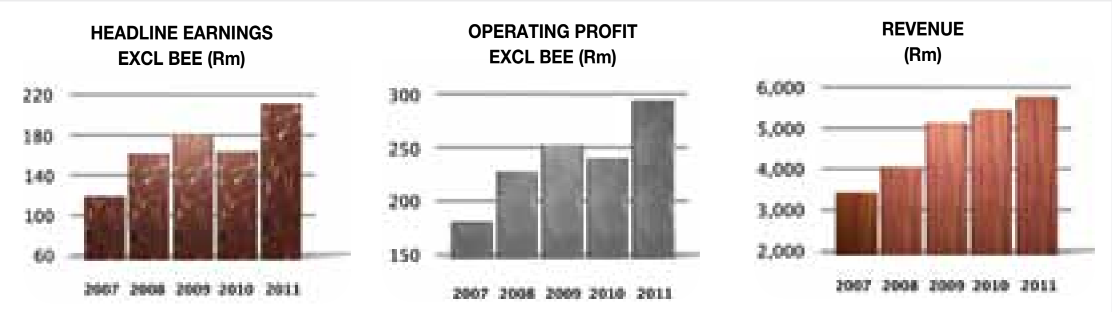
Botswana - Art-at-Heart winning picture

GROUP FINANCIAL AND NON-FINANCIAL HIGHLIGHTS

Group financial highlights

	June 2011	June 2010
Group summary (R'000)		
Revenue	**5 667 494**	5 369 146
Operating profit before financing income (Excluding BEE transaction)	**290 543**	239 444
Profit before taxation (Excluding BEE transaction)	**319 598**	255 680
Attributable earnings (Excluding BEE transaction)	**206 489**	163 776
Headline earnings (Excluding BEE transaction)	**208 083**	162 874
Net increase in cash and cash equivalents	**178 280**	197 908
Market capitalisation*	**2 393 032**	1 935 917
Total assets	**2 136 536**	1 861 261
Cash and cash equivalents	**720 560**	542 280
Interest-bearing borrowings	**2 657**	2 427
Share performance (cents per share)		
Headline earnings (Excluding BEE transaction)	**916.4**	717.2
Dividends	**296**	233
Cash and cash equivalents	**3 173**	2 388
Net asset value*	**3 109**	2 703
Market price - high	**10 000**	8 150
Market price - low	**6 500**	6 400
Market price - at year-end	**9 500**	7 502
Statistics		
Number of employees	**4 381**	4 430
Number of stores	**191**	189
Number of trading weeks	**52**	52
Turnover per employee (R'000)	**1 290**	1 212
Profit before tax on sales (%)	**5.6**	4.8
Return on shareholders' funds (%)	**26.4**	23.5

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



CHAIRMAN'S REPORT

IN SPITE OF VERY TOUGH TRADING CONDITIONS WITH A RESULTANT DROP IN EARNINGS (R7.17 TO R6.69 HEADLINE EARNINGS PER SHARE), WE STILL HAVE LOTS TO BE THANKFUL FOR, AND ALL CONCERNED CAN BE PROUD OF WHAT HAS BEEN ACHIEVED, PARTICULARLY AS ALL STAFF BENEFITED FROM A BEE PAYOUT OF R50 MILLION.

The major financial yardsticks have performed satisfactorily:

- revenue up to R5.7 billion (2009 – R5.4 billion);
- operating profit R239 million (R291 million excl BEE);
- headline earnings R9.16 (excl BEE) per share (2010 – R7.17);
- dividends R2.96 per share (2010 – R2.33);
- net asset value R31.09 per share (2010 – R27.03); and
- cash holdings up to R721 million (2010 – R542m).

CONSISTENCY OF EARNINGS

INCL BEE: Cashbuild has managed to report a growth in earnings of 13% per annum over the last five years (661.6 cps from 536.3 cps).
EXCL BEE: Cashbuild has managed to report a growth in earnings of 20% per annum over the last five years (909.4 cps from 536.3 cps).

These results are due to the chief executive and senior staff being passionate about their business and remaining focused on their main objectives of ensuring that the customer is treated with respect and that we meet the basic building needs of the home owner.

The business model applied at Cashbuild is based on the following fundamentals:

- lowest prices (we do not have special promotions);
- best quality products, fit for purpose;
- excellent service;
- free local deliveries;
- extended trading hours;
- always in stock;
- adequate basic range; and
- "ready for business" at all times.

TRADING/FINANCIAL MODEL

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

During this session we consciously and objectively review the financial ratios required to ensure the long-term sustainability of the company after reconsidering all the permanent changes in the business and political environment.

After these reviews our plans for the company are finalised and objectives/targets are set for each individual store and each employee. These targets are reviewed on a regular basis (at least every three months) and corrective action is taken where the results vary from these objectives.

Our financial model ensures that although the opening of new stores (approximately 10 per annum) remains a long-term strategic objective, it is never done at the expense of profitability.

The financial model which aims to achieve a 10% return on sales at store level is now incorporated in a major incentive scheme which gives each store manager the opportunity to earn both cash and shares in Cashbuild.

Our recruitment of new and capable staff with potential to grow and progress is conducted in line with our strategic objectives regarding new store openings.

It is our intention to spend considerably more attention and resources in future in developing our staff – so essential to our long-term sustainability.

CORPORATE GOVERNANCE

Cashbuild is committed to and broadly complies with the Code of Corporate Practices and Conduct as enunciated in the King III Report.

It is our intention to spend considerably more attention and resources in future in developing our staff.

CHAIRMAN'S REPORT CONTINUED

Some of the areas of King III where we do not comply 100% include the following:

- At present there exists an equal number of executive and non-executive directors and we will probably have a majority of non-executives by 2012;
- The chairman of the board acts as chairman of the remuneration committee. (We believe this to be an enhancement of King III, because it ensures that all staff remuneration and succession planning matters are continuously and consistently monitored so as to ensure long-term availability of quality personnel); and
- The chairman in his private capacity acts as an independent business advisor to management and attends Exco meetings as an observer on a regular basis. This arrangement is formally approved by the board on an annual basis. Shareholders can be assured that this arrangement in no way effects the independence of the chairman.

REMUNERATION POLICY

Cashbuild has formal remuneration policies which are known to all staff and applied rather rigidly. The policy includes the following criteria, inter alia:

- policies are discussed and negotiated in the employee forum, which represents all staff throughout all regions and support office;
- no one has a long-term employment contract;
- no retention money or any restraint of trade is paid;
- staff are paid in accordance with proposals in a formal salary survey as conducted by PE Corporate Services;
- these pre-determined job grades are known to all staff;
- the salaries paid are by way of a cost-to-company method;
- incentives are paid to senior staff on a profit sharing basis on a pre-approved trigger exceeding the previous year's profit;
- varying weights are given to specific non-arithmetic targets set for individuals;
- the incentives in total for each individual do not exceed 12 months salary;
- ex-gratia incentives can be paid in exceptional circumstances (to facilitate motivation and retention);
- all store staff are incentivised and paid monthly on a specific store and/or divisional target;
- annual salary increases are agreed to between management and the employee forum. The agreed salary increase with effect from 1 July 2011 is 5% across all levels of staff;
- rural and urban staff salaries have since 2009 been equalised;

CHAIRMAN'S REPORT CONTINUED

- at a specific time during the year, and after a thorough review of performance versus KPIs, adjustments can be made to specific individuals' remuneration;
- all members of the staff share equally in dividends paid to the Empowerment Trust (7.8% of share capital). To date we have paid R33.8 million in dividends to staff;
- During 2010/11 R50 million of value created by BEE Trust was paid out to in excess of 4 000 employees on a basis of length of service (the individual amounts per quarter were between R370.15 and R3 913.77 per employee);
- a few senior and long-serving members of staff were allocated stock options on a modest basis (maximum 100 000 shares); and
- all non-executive directors' remuneration is reviewed annually and approved at the annual general meeting.

IT REVIEW

The actual decision to go live has taken a lot longer than originally anticipated.

Insistence that each and every aspect of the new system is completely integrated and that no matters initially scoped have been ignored, have partly resulted in the delay.

We do not regret or apologise for taking our time to ensure full compliance with our requirements.

We are now almost ready to roll-out the systems to all our stores. After successfully implementing the systems at our support office and the two

Botswana - Phaphane children dancing

I would like to thank all concerned for their patience and massive effort to have managed to bring the implementation to this advanced stage.

CHAIRMAN'S REPORT CONTINUED

pilot stores and soon introducing it at four more stores we are ready to "go live" at all our stores starting in January 2012. The final implementation should occur by end 2012.

I would like to thank all concerned for their patience and massive effort to have managed to bring the implementation to this advanced stage.

Once fully implemented the new system will allow our operational staff to be able to make day-to-day marketing decisions based on real facts and should result in us running a much more efficient business.

RISK AND AUDIT

These functions are continuing to be managed in a professional and efficient manner.

Compliance audits are done at each and every store at least four times per annum and the results are showing continuous improvement. We now have 38% of all stores being 95% compliant.

The audit and risk manager also ensures that our standards are continuously upgraded to meet international best practices.

All risks are documented, regularly appraised and action taken.

FUTURE PROSPECTS AND LONG-TERM SUSTAINABILITY

I am convinced and confident that management will continue to produce acceptable growth in profitability, albeit by means of an appropriately adjusted business model.

The factors contributing to this confidence on my part, include the following:

- a positive forecast of South Africa's long-term trading conditions;
- 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;
- Refitting of existing stores on a regular basis (five years at present);
- 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 from our trading operations.

APPOINTMENT OF CHIEF EXECUTIVE

As previously announced, Pat Goldrick has indicated that he will retire at the normal retiring age of 63 and will leave our employ on 2 March 2012.

Provision has been made internally to have adequate succession.

The board has however decided that we should also spread our search to the general market. This process is now being followed.

It is anticipated that an announcement as to Pat's successor will be made by January 2012 at the latest.

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
19 September 2011

CHIEF EXECUTIVE'S REPORT

FOREWORD

AS A FOREWORD TO MY CHIEF EXECUTIVE REPORT, (MY LAST AS I RETIRE IN MARCH 2012) CASHBUILD HAS ALWAYS SET OUT TO ENSURE THEIR ANNUAL REPORT IS ALIGNED WITH BEST PRACTICES.

With the introduction of King III, Cashbuild contracted PWC Advisory Services to review the structure of the content of the 2011 Annual Report to assist in identifying specific areas for improvement.

PWC findings have been formalised and will be addressed more fully or explained in the 2012 Annual Report.

Cashbuild is in the process of defining a sustainability strategy in conjunction with the recommendations of the King III report on corporate governance and the PWC findings.

We will build on this 2011 Annual Report assisted by the PWC findings as we move forward to our first fully Integrated Annual Report for the year ending 30 June 2012.

CASHBUILD'S EXECUTIVE MANAGEMENT RECOGNISED UPFRONT THAT 2010/11 FINANCIAL YEAR WOULD BE DEMANDING AND REQUIRE AN EXORBITANT AND COORDINATED EFFORT FROM ALL CASHBUILD'S DIRECTORS, MANAGEMENT AND STAFF TO PROTECT AND GROW PROFITABLE MARKET SHARE.

Cashbuild's executive management recognised upfront that 2010/11 financial year would be demanding and require an exorbitant and coordinated effort from all Cashbuild's directors, management and staff to protect and grow profitable market share.

The objectives and key initiatives for the year under review, were to:

- continue to grow profitable market share; and
- increase gross profit rands and % of sales, addressing:
  - ~ key categories market share – protect & grow;
  - ~ manage and improve mix of products;
  - ~ existing store market - protect and grow;
  - ~ refurbish and relocate existing stores in line with strategy;
  - ~ new store growth - in line with strict financial and operational requirements;
  - ~ specific focus on growing stores in southern KwaZulu-Natal and Western Cape;
  - ~ number of shopping customers growth by a minimum of 5% overall;

With emphasis on

- ~ stores always Ready for Business;
- ~ improving customer service throughout the organisation;

Specific focus on:

- aligning earnings growth drivers within the proven business model;
- managing the delivery of business financial and operational models;
- identifying the key management skills required throughout the organisation;
- putting in place an initiative to improve management business skill;
- identifying and appointing two non-executive directors to the board who have the skills, time and passion to coach and support a young and competent executive board and management team; and
- put in place and manage the process to appoint the replacement chief executive for January 2012.

(Pat Goldrick retires in March 2012 at 63 years of age in line with Cashbuild Retirement policy).

BEE TRANSACTION

In terms of a special resolution adopted by shareholders on 6 December 2010, shares to the value of R50 million were repurchased by the company from the Cashbuild Empowerment Trust ("the Trust"). The value realised by this transaction

CHIEF EXECUTIVE'S REPORT CONTINUED

was distributed to the beneficiaries of the Trust. The associated transaction costs, including the effects of the transaction have been accounted for in this year's results.

OVERVIEW OF PERFORMANCE

This year's financial and operational results are the best in the 33 year history of Cashbuild, which bears testimony to Cashbuild Business Model, the excellent and correct management within Cashbuild, together with 4 381 employees who day to day strive to make Cashbuild a pleasure to do business with.

Cashbuild recognises and rewards its management and employees whilst modestly boasting but reverently practicing broad based distribution of wealth which fosters entrepreneurship and encourages excellence and teamwork throughout the organisation.

Once again, particularly in this tough trading environment, the results were excellent, the best ever: Revenue of R5.7 billion and 14.1 million customers shopping in our stores for the year.

Revenue of R5.7 billion, an improvement of 6% (3% attributable to new stores and 3% to pre-existing stores) on the previous year equates to 16% compound growth over the last five years. This modest but important revenue growth was achieved as a result of our focus on customer service and ensuring our Ready for Business proven core strategies were constantly in place:

- always in stock;
- quality branded products at lowest prices;
- everyday lowest prices in each community in which we trade;
- free local customer delivery service; and
- micro managing our advertising of our product range to our customers.

Operating expenses of R1.0 billion (incl BEE) and R983.2 million (excl BEE) were 13% and 8% higher respectively than the previous year, which we tightly control and challenge for improvement, enabling our company to achieve operating profit before financing income of R239.3 million (incl BEE) and R290.5 million (excl BEE). Operating profit before financing income incl BEE remained at similar levels to the prior year, however excl

Cashbuild recognises and rewards its management and employees.

CHIEF EXECUTIVE'S REPORT CONTINUED

BEE showed a positive 21% increase on the prior year. Compound growth over the previous five years was 17% (excl BEE).

Headline earnings per share of 668.6 cents (incl BEE) and 916.4 cents (excl BEE) resulted in a decrease of 7% (incl BEE) and increase of 28% (excl BEE) on last year's 717.2 cents.

The dividend policy was unchanged at:

- 1st half: 3 times cover based on 1st half results; 157 cents, 48% improvement on corresponding period;
- 2nd half: 2.5 times cover based on 2nd half results; 139 cents, 9% improvement on corresponding period.

The total dividend for the year of 296 cents per share improved by 27% on the prior year and is the best ever! The total value of rand dividend paid to shareholders for the year is R74.6 million, an improvement of 24% on the previous year.

The Cashbuild board of directors recognises the importance of treating its shareholders responsibly and to this end have developed a policy to ensure all cash minus a contingency surplus to the strategic requirement of the business will be distributed to its shareholders via twice yearly dividends and avoid paying a special dividend.

With immediate effect the dividend distribution will be based on 2.5 times cover and thereafter in line with it's revised dividend policy to be announced by the board at the upcoming AGM.

INTEGRATED NATURE OF CASHBUILD'S BUSINESS

Cashbuild has a responsible integrated strategy for communities in which it trades and sets out to:

- enable communities to have sustainable access to quality building materials at everyday lowest prices;
- products are sourced wherever possible locally bringing and supporting employment in the community;
- employ from the community to manage and staff the store;
- hire local delivery contractors to deliver building materials to Cashbuild customers in the community;
- pay these contractors timeously;
- assisting the contractors to avoid falling foul of the tax laws;
- allocate space outside the Cashbuild store free of charge to locally appointed person or persons who are trained to cut and fit glass;
- source existing local brick and block manufacturers, and if existing brick and block markets are not present in the community Cashbuild over a non-specific period of time will endeavour to locate, train and establish a small brick and block manufacturer in the community;
- Cashbuild will support these small brick and block makers with cement (on credit where credit is due) procure the bricks and blocks and pay the brick/block maker in line with agreed trading terms varying from 10 to 30 days which enables these start-up brick/block makers to have sufficient cash flow with which to pay employees and transportation.

Cashbuild is southern Africa's largest retailer of quality building materials (measured on market share of structural building materials) and associated products, selling direct to a cash-paying customer (limited credit where credit is due) base through its constantly expanding chain of stores (191 at the end of this reporting year). Cashbuild stocks leading brands, quality product ranges in depth, tailored to meet the specific needs of the communities in which we trade. Customers are typically home owners, 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 leading brands in quality building materials at everyday lowest prices. Cashbuild has built its credibility and reputation by continuously offering quality (and in recent years more leading brands) products fit for purpose at the lowest everyday prices through a purchasing and inventory policy that ensures customers' requirements are always

CHIEF EXECUTIVE'S REPORT CONTINUED

met and can be confidently depended upon, and without resorting to limited special offers, and 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 consistent level of outstanding customer service.

GROWING OUR CUSTOMERS

To work at Cashbuild you must like people and always be willing to help others. 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. We openly acknowledge our customers pay our wages. Once again Cashbuild has succeeded in growing its shopping transactions albeit it much less than previous years (I believe this smaller growth is as a consequence of a tough trading climate) for the financial year from 13.6 million to 14.1 million, a growth of 4%. This sustainable customer shopping transaction growth is attributed to:

- trusted and respected Cashbuild brand;
- correctly located Cashbuild stores;
- focused and clearly translated 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), but never sell below cost or debase the market;
- always in stock;
- stocking quality product fit for purpose (never sell seconds);
- manufactured by local quality manufacturers (we do not import);
- convenient and dependable customer delivery service at each store;
- management and staff recruited from the local communities;
- all management and staff being trained to give predictable and quality service to all customers, both externally and within the business; and
- Cashbuild setting out to be honourable in all its dealings and a pleasure to do business with.

Cashbuild's customer strategy has encouraged and enabled communities to build, renovate, repair and decorate their homes and businesses throughout southern Africa. Cashbuild is keen and works tirelessly to support local councils and government bodies to build schools, clinics and housing in every community of each country where we trade. Cashbuild is without doubt the first choice retailer of quality branded building materials. Cashbuild will for the foreseeable future, continue to deliver sustainable growth through well-developed financial, operational and people development business models, its large geographic spread of existing stores (which are refurbished every five years), plus planned store expansion, local empowered people, cash flow and information technology. We will grow profitable market share by continuing to employ, develop, empower and challenge the right people for Cashbuild 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 and supporting people to carry out their own home building and improvements, facilitating workshops to coach smaller builders to grow their business. Our chosen proactive outsource professional specialised retail advertising and corporate branding partners work tirelessly and effectively strategising, researching and piloting initiatives, which enables Cashbuild to be more accurate in establishing shopping trends, and exceeding customer expectations.

GROWING PROFITABLE MARKET SHARE

Cashbuild will continue to grow sales and profit each year by updating and implementing the business strategy through The Cashbuild Way

Inventory availability is key and critical to the business. It is not just about volume of units.

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 honourable in all its dealings and 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 customers' priorities and needs. All employees are fully trained and certified to carry out their specific duties and responsibilities, which include product knowledge 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 (by hiring local truck owner drivers) free local and subsidised non-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.

INVENTORY MANAGEMENT

Inventory availability is key and critical to the business. It is not just about volume of units. It is also about having the correct quantities and balance of each stock keeping unit to enable any customer to complete a project.

Offering customers a choice of good, better and best in product quality is also important as customers need to have a choice of fit for purpose product range priced competitively.

Inventory stocking model is documented:

- six weeks of stock for every line item should be held by each store except for cement, which should be one week only;
- resulting on average R3.0 million of inventory per store;
- Cashbuild has a holistic inventory management plan in place, involving suppliers and Cashbuild's operations and procurement management. This plan should address overstocking issues within a maximum period of two years.

Achieving of Cashbuild inventory model will bring greater operating efficiencies and profit improvement through:

- a reduction in working capital requirements;
- less multi-handling of inventory from point of receiving, storing, merchandising and counting at stocktakes;
- a reduction in damage;
- a reduction in shrinkage;
- a reduction in storage racking; and
- less resources required at physical stocktakes.

CASH AND CASH MANAGEMENT

Positive cash balances are a fundamental result of managing a retail cash business, but a well managed cash retail business utilises its cash to invest and grow a sustainable business.

Cashbuild proudly and positively practices good management and investing of all its cash by:

- investing in new stores;
- relocating old stores;
- refurbishing existing stores every five years. Currently this refurbishing period is been reviewed as it may be better practice to refurbish high volume stores every five years and medium and low volume stores every six years;
- paying suppliers as per agreed terms to enable suppliers to procure and manufacture to meet Cashbuild business needs;
- investing cash in a risk averse bank account to generate interest;
- pay rent early to improve (lower) property rental cost and working with our store developers on a funding model where Cashbuild would consider funding its stores developers from cash resources to develop and build new stores (thus substantially reducing the cost of funding to developer currently imposed by banks).

Cashbuild executive directors will continue to work smartly to utilise cash to reduce the future rental

CHIEF EXECUTIVE'S REPORT CONTINUED

cost of its stores which will positively enhance the profitability of Cashbuild and benefit all its stakeholders.

This initiative of Cashbuild working closely with funding of developers will create opportunities for Cashbuild to open stores in communities with less than 20 000 households and bring quality building to more communities throughout South Africa.

MANAGEMENT STRUCTURE

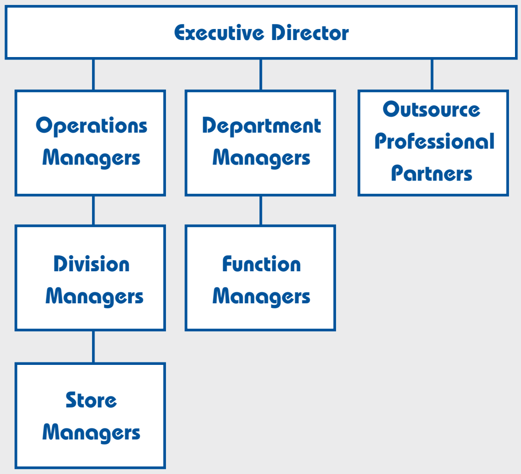
Cashbuild's success can be attributed to its simple business model and the excellent people culture, work ethic and in particular, living what we preach. Cashbuild is continuously recognised as one of the top companies to work for.

At the November 2009 AGM I advised the board that in line with Cashbuild's Retirement Policy, I will retire during 2012 at the age of 63. The board will announce my successor in January 2012 and I will retire in March 2012. At the time of preparing this report the nominations committee has short listed six candidates including internal candidates for assessment and panel interviews by all board members and senior line management.

Wherever possible we promote from within the organisation - 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 26 divisional managers are driving our business forward, backed by a competent and capable support office team and professional outsource partners.

The flat management structure works effectively at Cashbuild.



Promotion from within the company is expected and widely practised. During the past year 14 store managers (including three ladies) were promoted from within the company. There are currently 89 store managers (including twelve ladies) in training.

To support our expanding store base and ensure adequate senior management succession planning, Cashbuild has further enhanced its operating structure by creating four geographic operational areas. These operational areas are capable of supporting Cashbuild to open approximately 70 extra stores on the current base which should take approximately seven years. With this plan in place, operational directors and management will 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.

PEOPLE DEVELOPMENT

During the 2009/2010 financial year Cashbuild implemented a learnership programme through W & R Seta with 150 unemployed learners being

CHIEF EXECUTIVE'S REPORT CONTINUED

trained of which 96 were ultimately employed by Cashbuild. We are continuing with this initiative and have during the past financial year, trained an additional 20 learners with our target to train 50 in the year ahead.

A number of Cashbuild employees are exposed to SAP and Active Retail training in preparation for the implementation of the new IT systems into the business. The Active Retail programme is a skills programme aligned to W & R Seta standards at various NQF levels, enabling all employees the opportunity to gain credit towards a national retail qualification. There is a comprehensive holistic approach and implementation of the developing of people to continuously focus on the growing of the business's profitability, through giving excellent customer service.

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 quarter by the store managers for presentation in detail, by the appropriate operational and divisional managers to the executive directors of the board for approval. Operations directors, operations management, divisional and store managers are held accountable for delivery of their budgets. Store systems are in place to enable the store, divisional and operations directors and managers 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 managers under the strict control of the relevant divisional managers, who are fully conversant with the company pricing policy and local market needs. The operating of stores has been greatly simplified, streamlined and disciplined by the introduction of The Cashbuild Way Ready for Business, which is now incorporated in the quarterly internal audit of each store. A standard store layout supports product ranges which are adjusted by line items based on previous revenue and planograms (which provide detailed product line positioning on racks). Racking is designed to cater for products and incorporates a product display and a "How to use" guide for customers. Each store and divisional manager and operations executive

CHIEF EXECUTIVE'S REPORT CONTINUED

reports daily on its performance. The relevant operations executives and divisional managers carry out performance reviews on a monthly basis at formal store visits in their respective areas of responsibility.

The enhanced operations structure is intended to support the business in growing sustainable profitable market share in all geographical areas.

SUPPORT OFFICE MANAGEMENT

Cashbuild's new support office was relocated in December 2010 to within 4 km of the previous building, enabling all support office employees to continue working at Cashbuild's new premises. The new 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 cost allocation policy. As with stores, support office department heads and line management are responsible for submitting detailed quarterly budgets to the executive directors for scrutiny and justification 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 211 and the total cost of running the support office, including professional and audit fees for the year under review, was R150.2 million (2.6% of revenue) compared to last year (2.8% of revenue).

EMPLOYEES AND MANAGEMENT

Cashbuild employs 4 381 excellent permanent people (no labour brokers) 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 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 Cashbuild. 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, monthly at each store the employee of the month is recognised. At the Cashbuild Hall of Fame, annual prestigious awards are made for 20 and 30 plus years service, exceptional performance by individuals and teams, top five store managers and top three divisional managers. 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. Cashbuild has three people development managers who are responsible for the development and implementation of policies and supporting line managers but holding line management responsible for employment, training and development of all employees. Cashbuild strongly promotes and supports the training and development of its people. To ensure they reach their full potential an employment equity task team, (comprising of employees of all occupational categories and levels), is the custodian of the employment equity plan, as submitted to the Department of Labour. The plan is reviewed regularly and reports progress to the board. Cashbuild is proactively committed to the principles of The Employment Equity Act. I am extremely proud of our employees. I am confident that, with this unrelenting commitment from our people, Cashbuild will continue to deliver sustainable growth into the future for the benefit of all Cashbuild stakeholders. Absenteeism for the year under review was 1.4% with total staff turnover of 15.7% (voluntary staff turnover: 7.0% and dismissals: 8.7%). Whilst these statistics are

All our employees are fully trained and certificated to carry out the functions for which they are employed.

better than the industry norm, they fall well short of our business requirements and processes are in place to address these weaknesses. Cashbuild continues to outsource its industrial relations support needs to private specialist organisations. All employees are communicated to and are informed of developments within Cashbuild through a weekly newsletter.

CASHBUILD RECRUITMENT

In the last financial year Cashbuild recruited 599 new employees, the majority of whom were recruited via the internet-based recruitment methodology, e-recruit, adopted by Cashbuild. To date we have 25 526 CVs 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 4 300-plus employees. All employees (including management) share equally in the Empowerment Trust which owns 7.8% 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 R5.8 million in dividends and a total of R83.8 million since inception in 2005. This trust was the first equally-sharing, genuine broad-based black empowerment trust in the country. The Empowerment Trust was set up with an interest-free loan of R75 million from Cashbuild Management Services (Pty) Ltd to fund the purchase 10% of the issued shares. At the end of June the value of the shares in the empowerment trust was R194 million. The board and shareholders approved at the 2010 AGM, an efficient method of releasing R50 million from the Empowerment Trust to the beneficiaries (all

CHIEF EXECUTIVE'S REPORT CONTINUED

Cashbuild employees), which was paid our to staff in five equal amounts of R10m per quarter. Last payment is planned for 15th February 2012. Annual cost-of-living increases are discussed and motivated by the steering committee of the Cashbuild employee forum. This year (2011 financial year), a 5% cost-of-living increase was applied to all employees including management regardless of status. Recognition and reward is practised widely in different forms, the most distinctive of those during the past 12 months being over-target performance bonuses in excess of R17.2 million being paid to around 3 114 members of the workforce. Now for the second year since inception the top five store managers and three divisional managers shared in the profits of their respective stores and divisions where R0.6 million was paid. Cashbuild's annual Hall of Fame awards ceremony, celebrated in September/October, is talked about throughout the organisation and inspires the full workforce. Employees celebrating 20 years service are rewarded and this year one employee with 30 years service was honoured. Approximately 74 further 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 gather more momentum as it expands its organisation and philosophies into communities which have been neglected in the past.

RISK MANAGEMENT AND COMPLIANCE

Cashbuild Enterprise Risk Management and Compliance is a formal response to corporate risk with the potential of hampering the achievement of Cashbuild's strategic objectives excluding but not limited to:

- business vision;
- business model;
- Cashbuild Way process;
- business ethics;
- Companies Act; and
- King III compliance.

It is a structured systematic process integrated into existing executive management plus non-executives responsibilities. This is a continuous ongoing process that responds to all types of risks in all parts of the company and is an inherent part of the management philosophy of Cashbuild.

Cashbuild subscribes and adheres to a well functioning enterprise risk management approach and methodology which is driven by the company's strategic focus and business objectives, and encompasses risk identification and assessment, responsibilities, monitoring, measurement and reporting on the status of identified risks. A formal risk identification and assessment exercise is performed once a year. The result of this risk identification and assessment feeds into Cashbuild's risk register which is continuously maintained and updated during the course of the year and formally reported on during quarterly audit and risk committee meetings.

Cashbuild's risks managed within the company's risk register can be categorised into the seven generic areas listed below:

- strategy;
- procurement;
- inventory;
- information technology;
- human resources;
- operations; and
- external factors.

Ongoing monitoring by risk management of the status of action steps put in place by executive management to mitigate identified risks takes place with regular reporting to executive management and the board via quarterly audit and risk committee meetings.

CHIEF EXECUTIVE'S REPORT CONTINUED

Cashbuild's risk management, responsible for enterprise risk management and internal audit within Cashbuild, has a dotted line to the chairman of the audit committee and an administrative functional reporting line to the chief executive.

The department consists of the following service lines:

- enterprise risk management;
- operational compliance internal audit;
- operational ready for business in stores internal audit;
- support office compliance internal audit;
- The Cashbuild Way Administration; and
- issues administration.

All internal audits conducted within Cashbuild are based on a risk based internal audit approach and methodology, thereby ensuring efficiency and effectiveness in addressing prioritised risks with the potential of hampering the achievement of Cashbuild's business objectives.

PROTECTION AND MANAGING OF ASSETS

At Cashbuild, growing a successful business is about day-in and day-out communicating, involving and empowering its people in 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 3 300 different line items varying in size from 13.2 m corrugated iron to a 30mm cabinet knob, with a price range of 92 cents for a brick to R8 540 for a quality carved door. All stock is checked and tracked from point of receipt (Cashbuild takes ownership) to point of sale or delivery to customer's residence (customer takes ownership). Between these two stages there are varying time scales and processes for handling and stocking the product. These processes, which are incorporated in The Cashbuild Way, are designed to eliminate product damage and stock loss (shrinkage). Cashbuild has developed and instituted policy, processes and procedures to ensure that every line item in each store is counted on a cyclical basis not exceeding six weeks, with lines recognised as vulnerable, counted daily. All variances are investigated by store management. Wall-to-wall stock counts take place in every store at least once per quarter; unsatisfactory variances result in immediate investigation, which could lead to ongoing 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 0.3% of revenue and to keep it down to this level, which has been achieved frequently during the past five years.

All movable assets are tagged and bar-coded and tracked throughout the business. In line with good corporate governance and to ensure there is limited room for non-adherence, the Cashbuild risk internal audit and loss prevention department carries out a five day extensive audit at each store at least four times per annum. Non-compliance with company policy and The Cashbuild Way is addressed swiftly by the appropriate line management. The risk manager is also present and reports at all audit committee meetings.

Cashbuild is proud to be recognised as a cash business, but this requires discipline in cash-handling and recording policies, processes and procedures. Each night, cash is reconciled with daily sales and again within two working days of the return of banking slips. Strict segregation of duties is in place in paying out money, whether for payrolls or creditors. The entire company is subjected to a full external audit each half-year carried out by PricewaterhouseCoopers Inc. prior to publication of results.

THE MARKET

The market for the supply via distribution of quality building materials is worth in the region of R120 billion per annum and has grown rapidly, evident from the number of buildings completed in the recent past as:

CHIEF EXECUTIVE'S REPORT CONTINUED

- owning or buying a family home is very high on the list of aspirations of the people;
- the majority of the population have 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;
- unfortunately once again there is always a reason for under delivery;
- the drive to create higher employment and greater distribution of wealth; and
- despite the continuing world gloom, the feel good factor and positive vibe from most people throughout the countries in which we trade.

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 +-10 additional stores per year. Additional stores are only approved when identified locations show clear potential to meet strict financial and operational criteria and there is in place Cashbuild experienced store and operations management to manage and grow the investment. During the year under review five additional stores were added. At the end of the financial year 191 stores were trading. Since the year-end (now at the end of September) no new stores have opened, and one is planned to open by the end of 2011. A further seven stores are in construction phase. The existing store base is constantly reviewed and critically analysed as leases come up for renewal, at which 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 (currently under review). During the financial year 14 stores (Welkom, Sebokeng, Tembisa, Aeroton, Manzini, Mabopane, Gaborone West, Oshakati, Humansdorp, Daku, Ziyabuya, Mitchells Plein, Groblersdal and Kwa Thema) were refurbished and four relocated (Uitenhage, Maputsoe, Empangeni and Jubilee Mall). Relocation is only approved if it meets strict operational and financial criteria. During 2011/12, 30 stores are budgeted to be refurbished or relocated.

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 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

CHIEF EXECUTIVE'S REPORT CONTINUED

and a rolling three-month forecast. Delivery lead times are specific for each store and a supplier's failure to comply will lead to corrective action and possible delisting of a non-performing supplier. Cashbuild during 2008 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.

Mabopane - Manager's Choice Award Winner with the trophy - Stephans Sithole

CHIEF EXECUTIVE'S REPORT CONTINUED

PRODUCT BRANDS AND PRODUCT PRICE

Cashbuild is committed to supplying its customers with local manufacturer's quality products (fit for purpose) at competitive and value-for-money everyday lowest prices and does not offer 'crazy deals', special offers with limited quantities, clearance sales to reduce excess stock or otherwise debase the market. The customer must always be able to obtain quality building materials wherever required, at everyday lowest prices. Cashbuild is committed to meeting and fulfilling the local customers' needs. Recognised quality brands are always important. The market is driven by the consumer with aspirations and the need to get value for money. Cashbuild commenced trading as a wholesaler of building materials in 1978 and converted to retailing in July 1996. Today the Cashbuild brand is strong and is respected as a retailer supplying quality building materials at everyday lowest prices with integrity in all its dealings.

PRICE INCREASES AND THE CONSUMER

Cashbuild understands the needs of all its customers and continuously works in partnership with it's suppliers to give consumers quality building material at everyday lowest prices.

The year under review has seen product purchase inflation of 2% which is expected to be maintained as a result of manufacturing becoming more efficient and keen to protect market share in the current oversupply market.

Cement and steel producers in South Africa are now much more focused on becoming competitive in a tough local and international market.

TRANSFORMATION AND SOCIAL IMPACT

Cashbuild is committed and a driver of 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 employing 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 rent-free 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 R73 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 local corporate social investment initiatives has been delegated to operations executives and divisional management.

COMMUNITY RELATIONS

We are passionate about Cashbuild's 33 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 R2.4 million to 199 schools in the communities in which we opened our five new stores. (A further 18 stores were either relocated or refurbished). During the past 11 years 1 241 schools received building materials to the value of R13.4 million.

CHIEF EXECUTIVE'S REPORT CONTINUED

School name	Region	New/ refurbished/ relocated	Date	Number of schools	Total
Kwanobuhle	**Eastern Cape**	**New**	**24/06/2010**	**8**	**R96 000**
Sekotina Combined School					R12 000
Mlamonhle Special School					R12 000
Aston Gongtshi Primary School					R12 000
Ntonjene Primary School					R12 000
Mollie Blackburn Senior Secondary School					R12 000
Hombakazi Primary School					R12 000
Mjuleni Junior Primary School					R12 000
Mngcunube Primary School					R12 000
Tembisa	**Gauteng North West**	**Refurbished**	**22/07/2010**	**8**	**R96 000**
Nyiko Primary School					R12 000
Moduopo Primary School					R12 000
Isiziba Primary School					R12 000
Siphiwe Primary School					R12 000
Tshepisa Primary School					R12 000
Mpumelelo Primary School					R12 000
Shukumani Primary School					R12 000
Umthambeka Primary School					R12 000
Harding	**KwaZulu-Natal**	**New**	**04/08/2010**	**8**	**R96 000**
Rietvlei Junior Primary School					R12 000
Harding Primary School					R12 000
Ikhwezi Primary School					R12 000
Salem Primary School					R12 000
Sehole Primary School					R12 000
Bombasi Junior Primary School					R12 000
Embuzweni Junior Primary School					R12 000
Ntaba Junior Primary School					R12 000
Welkom	**Free State**	**Refurbished**	**13/08/2010**	**6**	**R72 000**
Thabong Primary School					R12 000
Welkom Volk Skool					R12 000
Ikemiseefeeng Primary School					R12 000
Ialuvuyo Primary School					R12 000
Golden Park Primary School					R12 000
Thembikile Primary School					R12 000

CHIEF EXECUTIVE'S REPORT CONTINUED

School name	Region	New/ refurbished/ relocated	Date	Number of schools	Total
Sebokeng	**Gauteng West**	**Refurbished**	**20/08/2010**	**8**	**R96 000**
Tshitso Primary School					R12 000
Tjhaba-Tsatsi Primary School					R12 000
Modishi Lekashu Primary School					R12 000
Tshemedi Primary School					R12 000
Motlotlo Primary School					R12 000
Qhoweng Primary School					R12 000
Tshediso Primary School					R12 000
Makgethe Primary School					R12 000
Aeroton	**Gauteng West**	**Refurbished**	**27/08/2010**	**8**	**R96 000**
Ditawana Primary School					R12 000
Boepakitso Primary School					R12 000
Vulamazibuko Primary School					R12 000
Freedom Primary School					R12 000
Bapedi Primary School					R12 000
Ikaneng Primary School					R12 000
Sinqobile Primary School					R12 000
Sabepuso Primary School					R12 000
Manzini	**Swaziland**	**Refurbished**	**02/09/2010**	**8**	**R96 000**
Beaufort Primary School					R12 000
St Joseph's Primary School					R12 000
Elwandle Primary School					R12 000
Luhlokohla Primary School					R12 000
St Philomina Primary School					R12 000
Sydney Williams Primary School					R12 000
Mphakamela Primary School					R12 000
Ethembeni Primary School					R12 000
Oudtshoorn	**Eastern Cape**	**New**	**22/10/2010**	**8**	**R96 000**
DeRust Primer					R12 000
De Villiers Primere Skool					R12 000
Van Rheede Laerskool					R12 000
Saturnus Primere Skool					R12 000
Bongelethu Primary School					R12 000
Oudtshoorn Noord					R12 000
Zoar Ek Primere					R12 000
Calitzdorp Primere Skool					R12 000

CHIEF EXECUTIVE'S REPORT CONTINUED

School name	Region	New/ refurbished/ relocated	Date	Number of schools	Total
Chris Hani	**Gauteng West**	**New**	**28/10/2010**	**8**	**R96 000**
Nageng Primary School					R12 000
Mthimkhulu Primary School					R12 000
Rebontsena Primary School					R12 000
Polokegong Primary School					R12 000
Zimele Primary School					R12 000
Abinala Primary School					R12 000
Kutloanong Primary School					R12 000
Mampudi Primary School					R12 000
Umzimkulu	**Eastern Cape**	**New**	**19/11/2010**	**8**	**R96 000**
Senzakahle Primary School					R12 000
Sunrise Primary School					R12 000
Ebuta Junior School					R12 000
Nguse Junior School					R12 000
Highlands Junior School					R12 000
Nyenyezi Senior Primary School					R12 000
Mahafana Primary School					R12 000
Emaus Junior School					R12 000
Mabopane	**Gauteng South**	**Refurbished**	**02/02/2011**	**8**	**R96 000**
St Joseph's Khulani Primary School					R12 000
Itseng Primary School					R12 000
Mahlwareng Primary School					R12 000
Selelo Primary School					R12 000
Kopa Dilalelo Primary School					R12 000
Manamelong Primary School					R12 000
Siamisang Primary School					R12 000
Dikgakologo Primary School					R12 000
Maputsoe	**Lesotho**	**Relocated**	**09/02/2011**	**8**	**R96 000**
Chaka Primary School					R12 000
St Luke Primary School					R12 000
Mafube English Medium Primary School					R12 000
Moselinyane Primary School					R12 000
Rachel Primary School					R12 000
Maboee Primary School					R12 000
Maputsoe ACL Primary School					R12 000
Eveline Primary School					R12 000

CHIEF EXECUTIVE'S REPORT CONTINUED

School name	Region	New/ refurbished/ relocated	Date	Number of schools	Total
Gaborone West	**Botswana**	**Refurbished**	**24/02/2011**	**8**	**R96 000**
Bophirima Primary School					R12 000
Diphetogo Primary School					R12 000
Kgosikgosi Primary School					R12 000
Phaphane Primary School					R12 000
Lady Mitchison Primary School					R12 000
St Condrads Primary School					R12 000
St Bernards Primary School					R12 000
Khuduga Primary School					R12 000
Uitenhage Central	**Eastern Cape**	**Relocated**	**01/03/2011**	**8**	**R96 000**
Winterberg Primary School					R12 000
Caritas Primary School					R12 000
Ilinge Primary School					R12 000
James Ndulula Primary School					R12 000
Innes Primary School					R12 000
Jubilee Park Primary School					R12 000
Dower Primary School					R12 000
Handhaaf Primary School					R12 000
Oshakati	**Namibia**	**Refurbished**	**17/03/2011**	**8**	**R96 000**
Ehenye Primary School					R12 000
Oshakati Primary School					R12 000
Ongwediva Control Primary School					R12 000
Okatana Primary School					R12 000
Oniimwamdi Primary School					R12 000
International Primary School					R12 000
Ondjola Combined School					R12 000
Oshakati West Primary School					R12 000
Empangeni	**Northern KwaZulu-Natal**	**Relocated**	**24/03/2011**	**8**	**R96 000**
Siyakhanyisa Primary School					R12 000
Bingoma Primary School					R12 000
Sigisi Primary School					R12 000
Ingweni Primary School					R12 000
Luhlanga Primary School					R12 000
Qhubandaba Primary School					R12 000
Empangeni Preparatory School					R12 000
Zululand Remedial School					R12 000

CHIEF EXECUTIVE'S REPORT CONTINUED

School name	Region	New/ refurbished/ relocated	Date	Number of schools	Total
Moretele	**Gauteng North West**	**Relocated**	**27/04/2011**	**8**	**R96 000**
Mmamotse Primary School					R12 000
Tlhaloganyo Primary School					R12 000
Masakane Primary School					R12 000
Phalesane Primary School					R12 000
Lefofa Primary School					R12 000
Itireleng Primary School					R12 000
Mabu A Tlou Primary School					R12 000
Motshegofadiwa Primary School					R12 000
Howick	**KwaZulu-Natal**	**New**	**25/05/2011**	**8**	**R96 000**
Sifisesihle Primary School					R12 000
Cosmo Primary School					R12 000
Curry's Post Primary School					R12 000
Qhamukile Primary School					R12 000
Cedara Primary School					R12 000
Nhlanhleni Primary School					R12 000
Isibongo Primary School					R12 000
Nogqaza Primary School					R12 000
Humansdorp	**Eastern Cape**	**Refurbished**	**09/06/2011**	**8**	**R96 000**
St Patrick's Primary School					R12 000
Kruisfontein Primary School					R12 000
Stulting Primary School					R12 000
Quagga Primary School					R12 000
Rainbow Primary School					R12 000
Mzingisi Primary School					R12 000
Jeffreys Bay Primary School					R12 000
Kate Van Der Merwe Pre Primary School					R12 000
Kwa Thema	**Central East Gauteng**	**Refurbished**	**15/06/2011**	**8**	**R96 000**
Theo Twala Primary School					R12 000
Ntokozweni Primary School					R12 000
Qedusizi Primary School					R12 000
Zamani Primary School					R12 000
Tsimong Primary School					R12 000
Fred Habedi Primary School					R12 000
Khangezile Primary School					R12 000
Masimini Primary School					R12 000

CHIEF EXECUTIVE'S REPORT CONTINUED

School name	Region	New/ refurbished/ relocated	Date	Number of schools	Total
Daku	**Eastern Cape**	**Refurbished**	**22/06/2011**	**8**	**R96 000**
Charles Duna Primary School					R12 000
Ilitha Public School					R12 000
Samuel Nongonga Primary School					R12 000
Nxanelwimfundo Primary School					R12 000
Phakama Primary School					R12 000
B J Mnyanda Primary School					R12 000
Ebangweni Primary School					R12 000
Sipho Hashe Combined School					R12 000
Mitchells Plein*	**Cape Town**	**Refurbished**	**21/07/2011**	**9**	**R108 000**
Alpine Primary School					R12 000
Ridgeville Primary School					R12 000
A Z Berman Primary School					R12 000
Lantana Primary School					R12 000
Westpoort Primary School					R12 000
Cornflower Primary School					R12 000
Hyacinth Primary School					R12 000
Merrydale Primary School					R12 000
Woodville Primary School					R 12 000
Ziyabuya*	**Eastern Cape**	**Refurbished**	**22/07/2011**	**8**	**R96 000**
Emsengeni Primary School					R12 000
Spencer Mabija Primary School					R12 000
Sithembile Junior Primary School					R12 000
Sivuyeseni Intermediate Primary School					R12 000
Funimfundo Primary School					R12 000
Mzimhlophe Public Primary School					R12 000
Joe Slovo Primary School					R12 000
Emafini Primary School					R12 000
Groblersdal*	**Mpumulanga**	**Refurbished**	**29/07/2011**	**8**	**R96 000**
Gromar School					R12 000
Groblersdal Primary School					R12 000
Kenneth Masekela Primary School					R12 000
Mamorake Primary School					R12 000
Matsepe Primary School					R12 000
Sindile Primary School					R12 000
Ikakeng Primary School					R12 000
Dynamique Primary School					R12 000

CHIEF EXECUTIVE'S REPORT CONTINUED

School name	Region	New/ refurbished/ relocated	Date	Number of schools	Total
Orange Farm Central*	**Gauteng West**	**Refurbished**	**16/09/2011**	**8**	**R96 000**
Lakeside Secondary School					R12 000
Phahamang Primary School					R12 000
Qedilizwe Secondary School					R12 000
Bakokeng Primary School					R12 000
Rekgutlile Primary School					R12 000
Tshepana Primary School					R12 000
Rutasetjhaba Secondary School					R12 000
Matiwane Combined Shool					R12 000
Total				**199**	**R2 388 000**

*Stores opened or refurbished as at 30 June 2011. Art-at-Heart occurring after 30 June 2011.

The donation of building materials is strictly controlled and 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 learners 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 empowered and delegated responsibility to all levels of staff within the organisation. This has been achieved through proper training of staff plus utilising an 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 department. 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 measure compliance. Cashbuild maintains its commitment to applicable legal occupational safety and health requirements. No breaches of the legal requirements were identified during the year under review.

ENVIRONMENTAL IMPACT

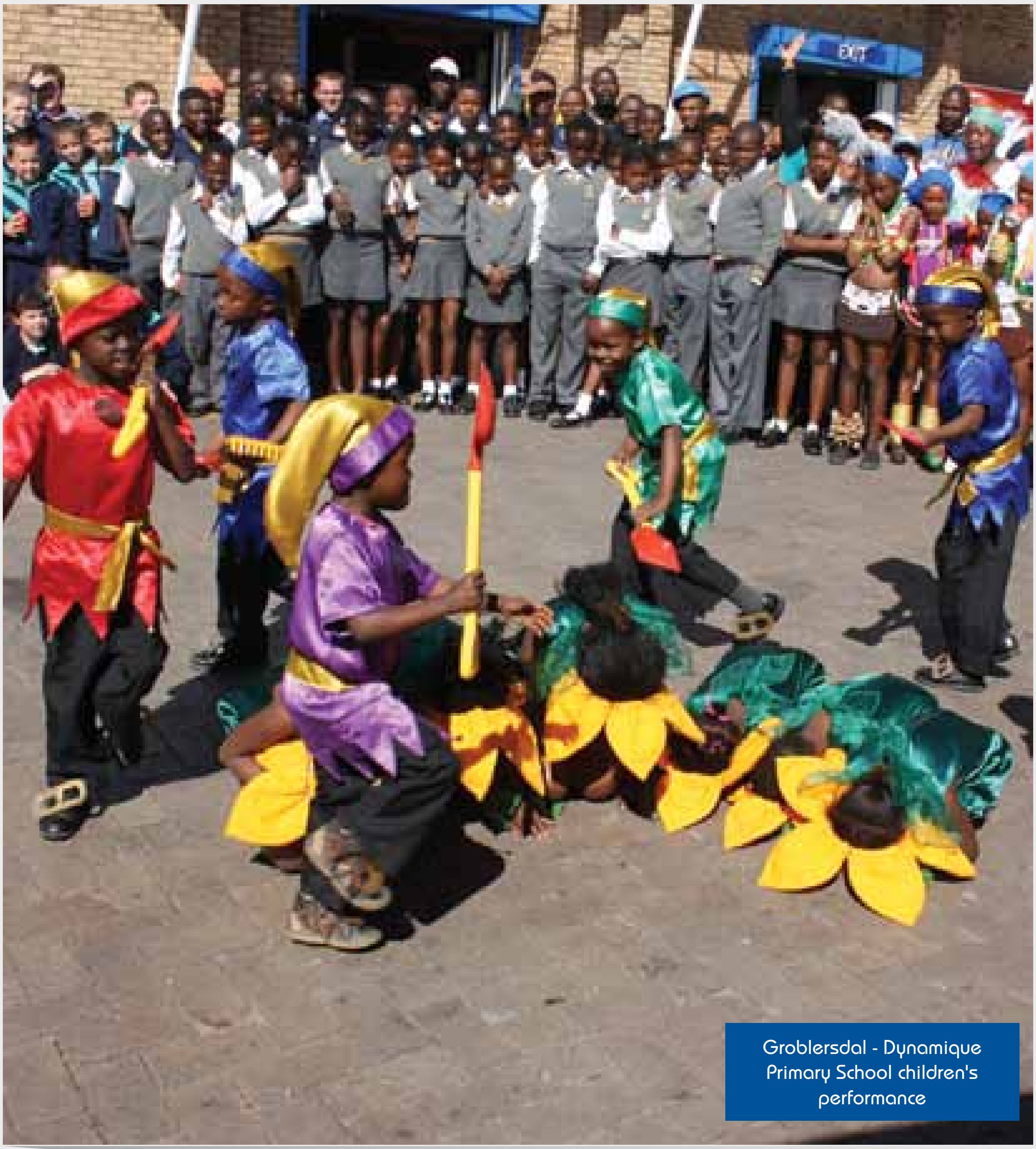
Our business, as a result of certain building materials mined or growing, puts demands on natural resources and we are aware of the need to educate both our consumers and suppliers in the best management of these resources throughout their life-cycle. Cashbuild seeks to ensure that, to the best of its 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 and directors are expected to comply. The code is effectively enforced throughout the organisation by the board and 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

CHIEF EXECUTIVE'S REPORT CONTINUED

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-compliance 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. 314 employees were dismissed from the company's employment as a result of such proceedings during the year under review, as against last year's 225. These dismissals relate to fraud, unauthorised removal of company property, absenteeism, non-compliance to company policy and procedures and non-adherence to Cashbuild's Code of Ethics.



Groblersdal - Dynamique Primary School children's performance

> **Today the Cashbuild brand is strong and is respected as a retailer supplying quality building materials at everyday lowest prices.**

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.

INNOVATIONS, THE CASHBUILD WAY AND EMPLOYEE FORUM

Continued improvement and finding smart ways of doing business are part of the Cashbuild culture. Cashbuild has in place a process aligned with the ISO 9001 quality standard known as The Cashbuild Way which is designed to formalise change, improvement and innovation and to ensure compliance with these set standards throughout the organisation. This greatly benefits the work flow and quality of output and is resulting in greater customer satisfaction in all aspects of our business. Cashbuild has an employee forum in place, 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 management presented to the board during the June 2006 strategic meeting, that the IT solution was not capable of supporting the business going forward. Cashbuild selected SAP All-in-One as its preferred system for the support office with our original selection of Active Retail remaining the preferred solution for the stores. These solutions are now fully developed and will be 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.

I know it has taken a long time but we are determined not only to select the right system but to:

- ensure pilot is working 100% prior to roll out;
- have full management buy-in and accountability;
- train users correctly; and
- most importantly, not allow new IT rollout to impact negatively on Cashbuild's business.

CURRENT STATUS

During the past four years we have completed the project preparation which confirmed the understanding of the parties regarding the scope of the project. The blueprint phase, which documents all the required processes in detail has been completed, plus the building (realisation) phase together with user acceptance testing. An IT governance team meets monthly to review progress on outstanding matters requiring resolution. This meeting has since its inception in 2008 been chaired by AGW Knock, who has been appointed a non-executive director from 1 July 2011.

Currently we have converted the support office and two pilot stores. A further four stores will be live in the second half of 2011. The roll-out to the entire store-base is planned to commence thereafter.

PROSPECTS

Our business vision and mission was developed in 1997 and the strategy has been built from the bottom up, taking cognisance of each market in which we currently trade and identifying locations where we have now and plan to 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 191 stores, all trading successfully, and we are in our best ever position to grow profitable market share. Our experienced two operations directors, two operations managers and 26 divisional managers are focused on improving results in existing stores while adding new stores on a planned and controlled basis. Cashbuild's experienced

CHIEF EXECUTIVE'S REPORT CONTINUED

Empangeni - Mrs Jean Sadler and learners of Zululand Remedial School alongside the Acting City Mayor Cllr Elphas Mbatha

Cashbuild is committed to bringing you quality products at everyday lowest prices.

and well-managed procurement department concentrates on sourcing quality products at competitive prices to meet our customers' needs. Our efficient store development team (three people) has been integrated into the geographical operational structure with one store development project manager reporting and accounting to an operational executive to cater for our store expansion and refit programme.

With the introduction of the new operations incentive scheme, Cashbuild will, from this financial year, be rewarding store, divisional and operations management for achieving its financial model. This is in addition to any existing incentives or rewards offered by Cashbuild.

OBJECTIVE

1. To promote the continued growth and profitability of stores by recognising and reward management through cash and Cashbuild shares;
2. to align the managers' interests with those of the Cashbuild shareholders;
3. to empower and retain management;
4. to develop an ethic and mindset of ownership, responsibility and accountability within the group; and
5. to further enhance Cashbuild's BEE credentials.

The need for quality building materials is growing. As the rate of new home building increases in all the countries in which we trade, the market is further enhanced as home owners' aspirations lead them to extend and improve their current structures. Each of our host countries' governments is committed to supporting home ownership and this will continue to increase the size of the market. Cashbuild's culture of excellence and commitment will continue to have a positive impact on the profits of the organisation, leading to improved growth in returns for all our stakeholders for the foreseeable future.

THANK YOU

During a tough trading year Cashbuild's management and all its employees have worked exceptionally hard and smart to produce exemplary customer satisfaction and again, grow profitable market share, despite a planet of continued doom and gloom riddled with failures. The entire team has worked cohesively with commitment and pride to take Cashbuild to the current levels whilst having fun and challenges 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. I look forward with great confidence and expectations from the organisation and its people for many years into my retirement. 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, our company's constructive challenging working relationships are going from strength to strength. I sincerely thank you for your commitment and willing support. You have developed relationships and partnerships with Cashbuild at all levels. I thank you and look forward to seeing continued support for generations to come. To our shareholders, private and institutions, I thank you for your investment in Cashbuild. Going forward, have confidence in the Cashbuild management commitment to manage Cashbuild responsibly and smartly to protect and grow your investment. To Cashbuild customers, a particular "thank you" for the many times you shopped in our stores. Cashbuild is committed to bringing you quality products at everyday lowest prices in each of your communities. We are fully aware and acknowledge with thanks, that it is you who pay all our wages.

PAT GOLDRICK
Chief executive
19 September 2011

DIRECTORATE
EXECUTIVE

PK GOLDRICK (62) (Irish)
Chief executive

Appointed 19 August 1996

Over 45 years retail experience with Thomas Archer Ltd and Joseph Murphy Ltd - Ireland, Selfridges Ltd and J W Carpenter Ltd and The Wickes Group - UK.

Joined Cashbuild in 1996

WF DE JAGER (40)
CA (SA)

Marketing & procurement director

Appointed 1 March 2011

Completed board exam 1994 and completed articles with PwC. 13 years experience working specifically in the retail sector.

Joined Cashbuild as financial director in December 2004.

AE PROWSE (47)
CA (SA)

Financial director

Appointed 1 March 2011

Completed board exam in 1990 and completed articles at Deloitte and Touché.
Joined Cashbuild as financial controller in June 2005.

SA THORESSON (48)
Operations director

Appointed 27 March 2007

27 years retail operations experience and 16 years operating in the neighbouring countries.

Joined Cashbuild in 2005

A VAN ONSELEN (49)
Dip MDP Unisa Business School

Operations director

Appointed 20 September 2004

Over 24 years retail experience.

Joined Cashbuild in 1997

DIRECTORATE
NON-EXECUTIVE

D MASSON *‡ (80)
ACIS Chairman

Appointed 22 June 1988

40 years experience as CEO, director and chairman of companies in a variety of business sectors and parastatals. Currently a director of Bidvest, Kumnandi Food Co Ltd, Valley Irrigation of Southern Africa (Pty) Ltd, and McCarthy Ltd. Serves as a trustee on various pension funds and share trusts.

AGW KNOCK **‡ (61)
Bsc Eng. (Hons), MBA
MSc (Engineering) (WITS);
MDP (Cape Town)

Appointed 1 July 2011

Former non-executive board member of Mining SETA; Executive chairman of SAP Africa User group NPA; Chairman Minerals and Mining Standards Generating Body; Council member Association of Mine Managers.

Appointed to the audit and risk management committee in 2011.

DR DSS LUSHABA **‡ (47)
BSc (Hons) (Zululand)
MBA (Wales), DBA (UKZN)

Appointed 1 July 2011

Current facilitator of corporate governance programs at the Institute of Directors of Southern Africa (IoDSA). Current directorships include: Harmony Gold Ltd, GVSC (Pty) Ltd., Talent Africa (Pty) Ltd., NEPAD Business Foundation. Member of Council – University of Johannesburg.
Appointed to the audit and risk management committee in 2011.

FM ROSSOUW ***‡ (74)
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. Mr Rossouw remains a director of various private companies.

NV SIMAMANE **‡ (52)
BSc (Hons) Chemistry and Biology

Appointed 1 September 2004

Currently an executive director of Zanusi Investments, Zanusi Marketing Consultants and non-executive director of Foschini and Oceana.Nomahlubi Simamane was named Top Businesswoman of the Year at the 2009 National Business Awards.

Appointed to the audit and risk management committee 19 September 2005.

* Member of the remuneration committee

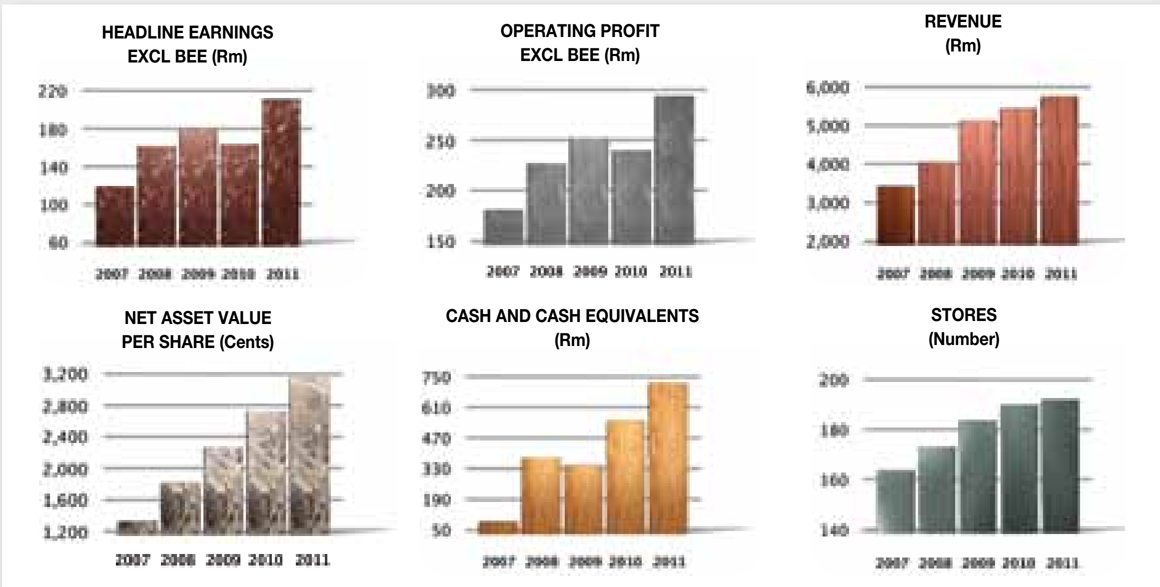
** Member of the audit committee

*** Member of the audit and remuneration committees

‡ Member of the nomination committee

GROUP FIVE YEAR FINANCIAL REVIEW

R'000	Five year compound growth % p.a.	**June 11 (52 weeks)**	June 10 (52 weeks)	June 09 (52 weeks)	June 08 (53 weeks)	June 07 (52 weeks)
GROUP INCOME STATEMENT						
Revenue	16	**5 667 494**	5 369 146	5 065 843	4 043 493	3 448 386
Profit before taxation (Excluding BEE transaction)	19	**319 598**	255 680	275 036	244 729	191 671
Earnings attributable to shareholders (Excluding BEE transaction)	20	**206 489**	163 776	177 056	160 768	121 640
GROUP STATEMENT OF FINANCIAL POSITION						
Shareholders' funds	27	**839 524**	697 466	584 555	470 967	351 218
Non-controlling interests	14	**54 863**	52 140	43 679	34 142	32 075
Interest-bearing borrowings	13	**2 657**	2 427	2 126	1 867	1 645
TOTAL EQUITY AND INTEREST-BEARING BORROWINGS	25	**897 044**	752 033	630 360	506 976	384 938
Tangible and intangible assets	21	**541 106**	453 442	366 456	287 344	253 481
Net deferred tax asset	28	**10 461**	9 321	11 301	12 627	8 240
Current assets	19	**1 584 844**	1 398 498	1 340 639	1 304 794	772 583
TOTAL ASSETS	19	**2 136 411**	1 861 261	1 718 396	1 604 765	1 034 304
TOTAL LIABILITIES	16	**1 298 293**	1 111 655	1 090 162	1 099 656	651 011
NET ASSETS	24	**838 118**	749 606	628 234	505 109	383 293



GROUP FIVE YEAR FINANCIAL REVIEW

Group five year financial review

	Five year compound growth % p.a.	June 11 (52 weeks)	June 10 (52 weeks)	June 09 (52 weeks)	June 08 (53 weeks)	June 07 (52 weeks)
SHARE PERFORMANCE (CENTS PER SHARE)						
Headline earnings per share	20	**916.4**	717.2	781.2	709.7	528.0
Dividends per share	21	**296**	233	246	229	173
Net asset value per share	25	**3 109**	2 703	2 265	1 825	1 361
RETURNS AND PRODUCTIVITY						
Profit before tax on revenue (%)*		**5.64**	4.76	5.43	6.05	5.55
Return on shareholders' funds (%)*		**25.94**	23.48	30.04	33.57	33.48
Return on average capital employed (%)*		**27.89**	25.55	33.55	39.11	39.87
Total asset turn (times)		**2.65**	2.88	2.95	2.52	3.33
Turnover per employee (R'000)	9	**1 294**	1 212	1 093	1 017	970
Profit before taxation per employee (R'000)*	11	**73**	58	59	62	54
Total assets per employee (R'000)	12	**488**	420	371	404	291
SOLVENCY AND LIQUIDITY						
Dividend cover (times)		**2.23**	3.10	3.17	3.09	3.10
Current ratio		**1.30**	1.35	1.30	1.23	1.26
Total liabilities to total shareholders' funds		**1.66**	1.59	1.86	2.33	1.85
Interest-free liabilities to total assets		**0.61**	0.60	0.63	0.68	0.63
STOCK EXCHANGE PERFORMANCE						
Number of shares in issue (000's)		**25 190**	25 805	25 805	25 805	25 805
Market price						
- high (cents)		**10 000**	8 150	7 000	6 275	6 500
- low (cents)		**6 500**	6 400	4 000	4 000	3 875
- at year end (cents)		**9 500**	7 502	6 400	4 824	6 200
Price earnings ratio at year-end*		**10.45**	10.40	8.21	6.81	11.56
Market capitalisation at year-end (R'000)	17	**2 393 032**	1 935 917	1 651 542	1 244 850	1 599 932
OTHER STATISTICS						
Number of employees		**4 381**	4 432	4 633	3 975	3 554
Number of stores		**191**	189	183	173	164

* based on results excluding the BEE transaction

GROUP VALUE-ADDED STATEMENT

R'000	2011	%	2010	%
Revenue	5 667 494		5 369 146	
Less: Cost of merchandise and expenses	(4 883 526)		(4 672 814)	
Value added from trading operations	783 968		696 332	
Interest received on investments	29 759		21 936	
Total wealth created	813 727	100.0	718 268	100.0
To employees - salaries and benefits	488 780	60.1	408 177	56.8
To government - company taxation:	107 207	13.2	82 005	11.4
- Normal	96 154	11.8	74 647	10.4
- Deferred	(1 179)	(0.1)	1 965	0.3
- Secondary tax on companies	12 232	1.5	5 393	0.8
To providers of capital:	76 094	9.4	63 065	8.8
- Dividend to shareholders	64 488	7.9	47 466	6.6
- Interest on borrowings	704	0.1	5 700	0.8
- Minorities' interest	10 902	1.3	9 899	1.4
To retain for reinvestment in the group	141 646	17.4	165 021	23.0
- Depreciation, amortisation and impairment of property	55 914	6.9	48 711	6.8
- Income retained in the business	85 732	10.5	116 310	16.2
Total wealth distribution	813 727	100.0	718 268	100.0

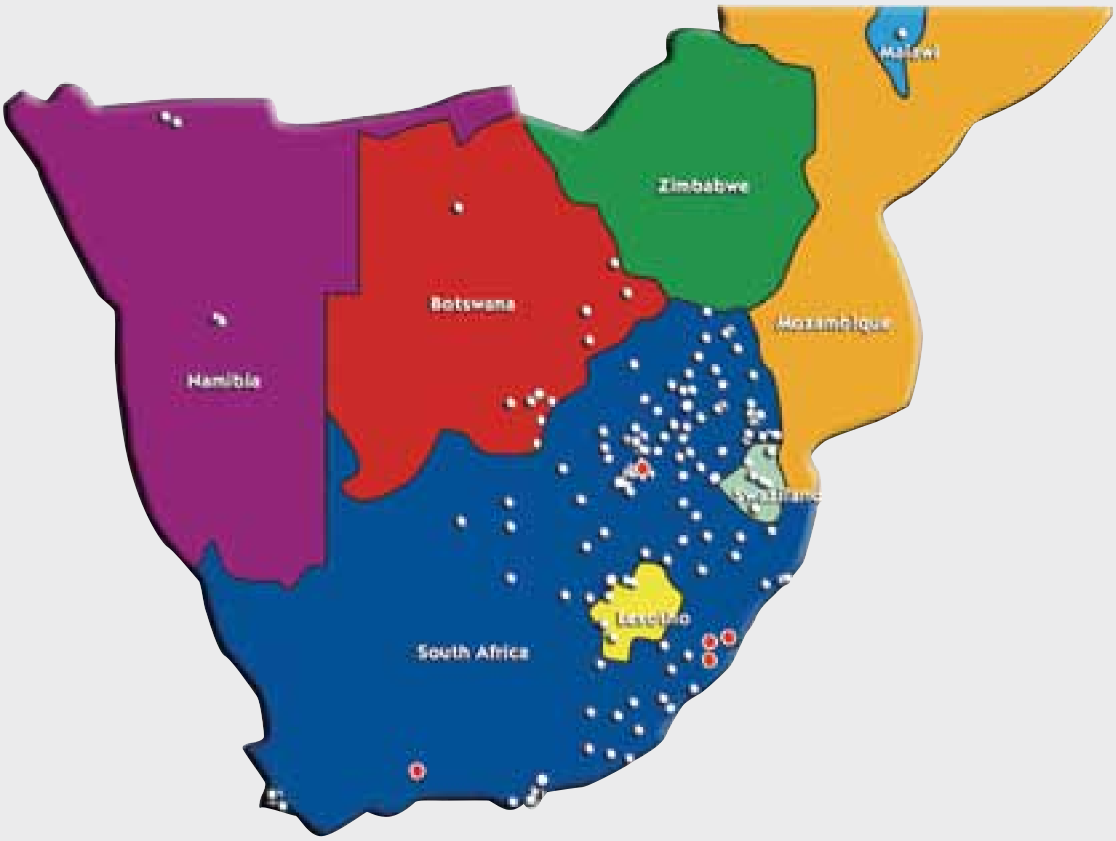
CASHBUILD STORES

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	2011	2010
South Africa	**165**	163
Botswana	**10**	10
Lesotho	**5**	5
Swaziland	**6**	6
Namibia	**4**	4
Malawi	**1**	1
Total	**191**	189



OPERATIONAL AREAS, DIVISIONS, STORES AND MANAGERS

OPERATIONS AREA 1
ANDRE VAN ONSELEN (OPERATIONS DIRECTOR)

GAUTENG NORTH WEST

DIVISIONAL MANAGER	EDDIE PROLLIUS
PRETORIA WEST	MARTIN LABUSCHAGNE
MONTANA	JACO BESTER
TEMBISA NORTH	KHATHU NENGOVHELA
TEMBISA	FRANS MAHLANGU
CENTURION	JOSEPH LUCAS
SILVERTONDALE	VICTOR DLAMINI
WONDERPARK	RAVI NAICKER

CENTRAL EAST GAUTENG

DIVISIONAL MANAGER	LEN KLYNSMITH
BENONI	ABEL MAKWAKWA
BOKSBURG	GERRIE DU TOIT
CAVENDISH GLEN	MOSES SEBETOLA
SPRINGS	MARIUS EKSTEEN
EDENVALE	JOHAN VOSTER
GREENSTONE HILL	MARK KOEKEMOER
KEMPTON PARK	SIFISO DUBE
KWA-THEMA	VACANT
TSAKANE	GEORGE MUSINYANI

GAUTENG SOUTH

DIVISIONAL MANAGER	MUSA MKHWEBANE
AEROTON	MILLEN MATHEBULA
HIGHGATE	GIVEN MOTHIMELE
HILLFOX	VACANT
MEADOWLANDS	BIGBOY MANAMELA
NORTHRIDING	BRIAN ALLIE
PROTEA GARDENS	DAVID MAKHUBELE
PROTEA GLEN	MPUMI KHUMALO

GAUTENG SOUTH

DIVISIONAL MANAGER	TYRONE MYBURGH
BRITS	WENTZEL PRETORIUS
HEBRON	WILLIAM MOTAUNG
LETHLABILE	SYDNEY SIBIYA
MABOPANE	ISAAC RAMABELE
SOSHANGUVE PLAZA	EDWARD RAKGOKONG
SOSHANGUVE INDUSTRIAL	NOMONDE MENZIWA
SOSHANGUVE BATHO PLAZA	ANDREW MATJIU
SOSHANGUVE THORNTREE	WILLIAM CHAUKE

GAUTENG WEST

DIVISIONAL MANAGER	IAN MCKAY
EVERTON	TSIETSI LENGOABALA
ORANGE FARM	ELIAS MATHISO
ORANGE FARM CENTRAL	INNOCENT MYOLWA
CHRIS HANI	BERNO MACARIO
KATLEHONG	ANDRIES MAHLABA
VOSLOORUS	DAVID MAKHUVELE
SEBOKENG	MIKE LECHELA
VEREENIGING	CHRISTO VAN TONDER
ZAMDELA	MATOMI SEGOTA

MPUMALANGA SOUTH

DIVISIONAL MANAGER	ANTON HATTINGH
BETHAL	MORRIS MASHININI
EMALAHLENI CENTRAL	VERONICA KAMFER
EMALAHLENI INDUSTRIAL	FRANS LEKALA
ERMELO	IRENE MAKGOPA (ACTING)
MIDDELBURG	SIMON MAFOLOGELA
ELUKWATINI	KHAUGELO SEBASHE
PIET RETIEF	PIETER VISAGIE
STANDERTON	LOUISE STOLS

NORTHERN NATAL

DIVISIONAL MANAGER	WAYNE GRAVEN
EMPANGENI RELOCATION	NAVIN GOVENDER
ESHOWE CENTRAL	MARK SMITH
NQUTU CENTRAL	DAVID MASUKU
RICHARDS BAY	REYNO VAN STAADEN
ULUNDI	AGRIPPA BIYELA
MKUZE	ALTON NGWENYA
PONGOLA	KENNETH MADONSELA
VRYHEID CENTRAL	SIVA MOODLEY

NATAL

DIVISIONAL MANAGER	TOMMY NAIDOO
KWA MASHU	MESHACK BUTHELEZI
UMLAZI	SITHUNYWA MANELE
HOWICK	SONNYBOY DLAMINI
LADYSMITH	DUMISANI ZWANE
NEWCASTLE	SIPHO MLANGENI

MALAWI

DIVISIONAL MANAGER	HENNIE ROOS
MALAWI	JOSEPH MALILI

OPERATIONS AREA 2
SHANE THORESSON (OPERATIONS DIRECTOR)

MPUMALANGA NORTH

DIVISIONAL MANAGER	ATTIE NEL
ACORNHOEK	FANIE MAKOFANE
BUSHBUCKRIDGE	MICHAEL SEKGOBELA
HAZYVIEW	WILLEM COETZEE
THULAMAHASHE	KIMBER NGOBENI
LYDENBURG	DIRK PRETORIUS
MKHUHLU CENTRAL	WILLIAM MOTHUTSI

MPUMALANGA EAST

DIVISIONAL MANAGER	ANDRE VAN DER WALT
NAAS	ALEX MABUZA
NELSPRUIT PLAZA	DRIES VAN WYK
SCHOEMANSDAL	BRUTUS NGWAMBA
KABOKWENI CENTRAL	BONGANI LEYANE
KANYAMAZANE	MICHAEL MASHILE
WHITE RIVER	WAYNE GEORGE

SWAZILAND

DIVISIONAL MANAGER	BONGANI MAMBA
MANZINI	THEMBA MATSEBULA
MATSAPHA	DES HENWOOD
MBABANE	THEMBA TSABEDZE
NHLANGANO	MICHAEL MAGONGO
PIGGS PEAK	SIPHO SHONGWE
TSHANENI CENTRAL	FAITH SIMELANE

GAUTENG NORTH WEST

DIVISIONAL MANAGER	CHRISTO BASSON
DENNILTON	VACANT
HAMMANSKRAAL	SILAS TSETSEWA
MOLOTO	HERMAN BOTHA
SIYABUSWA	THELMA BOSHOMANE
BELA BELA	WILLY FUNCHAL
TWEEFONTEIN	EMMA NGUBENI
JUBILEE MALL	PHONI DUBAZANA

MPUMALANGA

DIVISIONAL MANAGER	JOHAN LAMPRECHT
APEL	ANDRIES KOLA
BURGERSFORT CENTRAL	REUBEN MOTHUTSI
KORINGPUNT	HAROLD MAHLABEGQANE
LEBOWAKGOMO	MICHAEL MOKOENA
LEBOWAKGOMO CENTRAL	ARNOUS THABA
MALAITA	SONNY MOGADIME
STEELPOORT	JOSEPH MASETE
GROBLERSDAL	STEPHAN FOURIE

OPERATIONAL AREAS, DIVISIONS, STORES AND MANAGERS

LIMPOPO NORTH

DIVISIONAL MANAGER	**RENIER SMITH**
GIYANI CENTRAL	PERCY MAHLAULE
LOUIS TRICHARDT CENTRAL	JACQUES VILJOEN
MAKHADO	BENNIIE PRETORIUS
MUKULA	DIXY MOLOTO
MUSINA	GEORGE MALELE
SIBASA	MAURICE MDABULA
THOHOYANDOU	NIC VENTER

LIMPOPO

DIVISIONAL MANAGER	**ETIENNE VILJOEN**
BOCHUM	SIMON MAHLAULE
BOTLOKWA	ZODWA SITHOLE
MAAKE	RIAAN GROENWALD
POLOKWANE CENTRAL	LOUIS WOLMERANS
PHALABORWA	CALLIE COETZEE
SESHEGO	FLIPPIE DU PLESSIS
STEILOOP	PHILLIP MASUKAMENG
MOKOPANE	SUSAN VILJOEN
TZANEEN	GERRIT PRETORIUS

BOTSWANA

DIVISIONAL MANAGER	**ALEC MANDEVU**
FRANCISTOWN	SHATHANI MAJUMANE
GABORONE WEST	BENSON RAMANGWEGAPE
GABORONE NORTH	RAYMOND MONYAKE
JWANENG	KOTLHAO KEIRETSWE
LOBATSE	TSWELELANG MANTSI
MAHALAPYE	OLGA NGWENYA
MAUN	BATLHOKOMEDI MONNAATSIE
MOLEPOLOLE CENTRAL	EDWIN PHUTEGO
SELEBI PHIKWE	KENNEDY MPITSE
SEROWE CENTRAL	MPHO NTOBEDZI

NAMIBIA

ACTING DIVISIONAL MANAGER	**DERICK KLUGKIST**
ONDANGWA	JOHN SANDERS
OSHAKATI	JOHN ALFRED
WINDHOEK CENTRAL	GAROLD VAN DER WESTHUIZEN
WINDHOEK INDUSTRIAL	FREDA MWETULUNDILA

OPERATIONS AREA 3
WILLIE DREYER (OPERATIONS MANAGER)

EASTERN CAPE SOUTH

DIVISIONAL MANAGER	**JEFF MAAS**
UITENHAGE	PIERRE MARAIS
ZIYABUYA	MATTHEW STOCKS
DAKU	ELSA VAN DER WALT
KWANOBUHLE	GEOVANI DAVIDS
HUMANSDORP	JACO SMITH
OUDTSHOORN	WILCO BENADE

WESTERN CAPE

DIVISIONAL MANAGER	**BENNIE VAN GRAAN**
BRACKENFELL CENTRAL	BRIAN MCPHERSON
GUGULETHU	ALBY CAROLUS
MITCHELLS PLEIN	PIERRE FOURIE
MAKHAZA	RYAN BRANDT
MONTAGUE GARDENS CENTRAL	ARTHUR HARTY
PHILLIPI	NAZREEN JACOBS
STRAND	NORMAN LABUSCHAGNE

OPERATIONS AREA 4
CROUS DE BEER (OPERATIONS MANAGER)

GAUTENG NORTH WEST

DIVISIONAL MANAGER	**HENNIE ROOS**
KLERKSDORP	PIETER POTGIETER
KLERKSDORP CENTRAL	FRIKKIE BARNARD
LICHTENBURG	ELLEN TIETIES
MAFIKENG	DEON LUCAS
MMABATHO CENTRAL	PETER MEGOJE
MOGWASE	MARGARET RAMATJA
NORTHAM	ELIZABETH NDHLOVU
LEPHALALE	JOHAN VAN ZYL
RUSTENBURG	HENNIE VAN WYK

EASTERN CAPE / TRANSKEI

DIVISIONAL MANAGER	**MARK SCHOLES**
MTHATA EAST	RAYMOND COETZEE
MTHATA CENTRAL	CHRIS MOSTERT
MOUNT FRERE	BUYISILE BONISANI
BUTTERWORTH	ROBBIE RASMUSSEN
LUSIKISIKI	HILTON MATHA

EASTERN CAPE / SOUTHERN KWAZULU-NATAL

DIVISIONAL MANAGER	**MARK SUTHERLAND**
KOKSTAD CENTRAL	MANOJ RAMBOROSA
MATATIELE CENTRAL	JOHNSON DLAMINI
UMZIMKULU	HERBERT MUTINHIMA
AMALINDA	COENRAD VENTER
MDANTSANE	WANDILE MQANTO
EAST LONDON	ALFONSO FORTUIN

LESOTHO

DIVISIONAL MANAGER	**NORBERT MOKOBORI**
MAFETENG	SIDWELL MALESETSANE
MASERU	KHOMO KHOMONGOE
MOHALE'SHOEK	VACANT
LERIBE	SIMON SEPHOFANE
MAPUTSOE	MOSES MOLAOA

FREE STATE

DIVISIONAL MANAGER	**GERRIT VILJOEN**
BETHLEHEM CENTRAL	CHRISTINA ROOS
FICKSBURG CENTRAL	WICKUS BADENHORST
KROONSTAD CENTRAL	PJ PRETORIUS
QWA QWA PHUTADITJABA	JANUARY TSOTETSI
QWA QWA CENTRAL SETSING	CHRISTO STRYDOM/ LYDIA MOTAUNG
QWA QWA HOME CENTRE	WILLIAM TSHABALALA
WELKOM	CHARL VAN DER BERG
LADYBRAND	GAFFIE ACKERMANN
WELKOM CENTRAL	KOBUS VENTER

NORTH WEST/NORTH CAPE

DIVISIONAL MANAGER	**ADRIAAN VAN DER BERG**
HARTSWATER	JP SMITH
KURUMAN	JOHAN VAN DER WALT
MOTHIBISTAD	AMBITION FOROMANE
TAUNG CENTRAL	ALBERT ESTERHUIZEN
VRYBURG	LOUWRENS J VAN VUUREN
VRYBURG CENTRAL	THABO LEHIHI
ROCKLANDS	PIETER RAUTENBACH
THABA NCHU	ANDRE VAN TONDER
BLOEMFONTEIN	DUANN VILJOEN

EASTERN CAPE / SOUTHERN TRANSKEI

DIVISIONAL MANAGER	**JACQUES VAN ROOYEN**
COFIMVABA	MPHO MAFAKO
KING WILLIAM'S TOWN	AMEDEE PROLLIUS
ENGCOBO	TANINXOLO MLANJANA
LADY FRERE	DERICK POTSELO
STERKSPRUIT	ALBERT BOTT
QUEENSTOWN CENTRAL	JULIET MCPHERSON

EASTERN CAPE / SOUTHERN KWAZULU-NATAL

DIVISIONAL MANAGER	**GARY LENTZ**
FORT BEAUFORT	MVEZA MANA
ALICE	LAWRENCE ANTHONY
PORT SHEPSTONE	ELLIS MNGOMENI
HARDING	TREVOR SAMUEL

CORPORATE GOVERNANCE

CASHBUILD COMPLIES BROADLY WITH THE PRINCIPLES AND SPIRIT OF THE CODE OF CORPORATE PRACTICES AND CONDUCT CONTAINED IN THE KING REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA ("KING III REPORT "). 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;
- maintains oversight over compliance and risk management, but delegates operational control to management;
- has defined levels of materiality;
- has delegated relevant matters to the executive directors and senior management based on detailed authority levels;
- believes it has full and effective control over the company and oversight of management activities; and
- has the commitment of individual directors to:
  - ~ act in good faith;
  - ~ perform in the best interests of the company;
  - ~ apply a high degree of skill and care; and
  - ~ avoid conflicts with personal interests.

Board constitution

The board operates a unitary board, consisting of five executive and five 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.

Company secretary

The company secretary provides guidance to the board as a whole and to individual directors, on compliance with legislative and regulatory requirements and on the discharge of their duties.

Access to information

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

Non-executive directors enjoy unrestricted access to executive management and frequently meet with executive management to discuss company affairs.

All directors have unrestricted access to independent professional advice at the company's expense, by arrangement with the chairman of the board.

Conflicts of interest

The directors declare actual and possible conflicts of interest to their co-directors and ensure that the declarations are included in the minutes of the board meeting. Should a conflict of interest occur, the directors have undertaken to comply with the requirement of the Companies Act that they shall recuse themselves from the relevant board meeting, while their co-directors take a decision on the matter.

Succession planning

The board regularly participates in the review of succession planning for key senior executive positions.

CORPORATE GOVERNANCE CONTINUED

The directors periodically discuss succession planning and are satisfied that, in the event of any executive and senior management change, there will be a smooth transition.

Following the managing director's declaration of his intention to resign early in 2012, the nomination committee has met on several occasions to consider the process for the selection of a successor.

Directors' appointments

Directors are appointed and re-appointed, by shareholders on a three-year cycle rotational basis. Full details of the board, including summary résumés are listed on pages 34 and 35 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 35 of this report.

Board meetings

The board has, during the year under review, met on a quarterly basis. All directors are encouraged to attend each meeting and gatherings.

Details of board attendance for the year under review are included in the directors' report on page 56.

The board has during the year under review conducted an evaluation of the audit & risk management committee, 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 the nomination, the remuneration and the audit and risk management committees, are chaired by an independent non-executive director and operate in accordance with the respective committee's terms of reference, which are approved by the board. The committees operate transparently and report to the full board. Details of each director's attendance at committee meetings for the year under review are detailed in the directors' report on page 56.

The board is satisfied that the committees have satisfactorily fulfilled their responsibilities in line with their respective terms of reference for the year under review.

Remuneration committee

The remuneration committee consists of two independent non-executive directors, namely Mr D Masson (committee chairman) and Mr FM Rossouw. The remuneration committee determines performance measurement criteria and remuneration packages for Cashbuild's executive management.

Cashbuild is committed to ensuring sustainable growth for the benefit of all stakeholders and to inspire, attract and offer a meaningful opportunity for reinforcement and equitable reward of its employees.

A remuneration committee, which meets a minimum of once per annum, consisting of at least two non-executive directors and advised where required by necessary experts, has been established to consider and approve the remuneration strategy for the company and to approve all executive management and director's remuneration.

In addition to the above remuneration committee an internal remuneration committee, comprising the financial director, human resource executive and group risk manager, has been established to consider and approve remuneration adjustments for general staff where required.

CORPORATE GOVERNANCE CONTINUED

Cashbuild applies a cost to company approach to remuneration. It is the stated intention of Cashbuild to remunerate employees between the 25th and the 50th percentile of the market as determined by salary surveys that are conducted by professional outsource partners at least every three years (refer chairman's report page 5).

Audit and risk management committee

Messrs FM Rossouw, Ms NV Simamane, Dr DSS Lushaba and Mr AGW Knock are members of the audit and risk management committee. The audit and risk management committee is responsible for reviewing the effectiveness of internal control systems and the activities of the group risk and internal audit function.

In line with the requirements of section 94 of the Companies Act 71 of 2008, as amended, the audit and risk committee confirms the following:

- the duties of the audit and risk management committee, which are specified in the report of the audit and risk management committee, include the need to prepare a report for inclusion with the published annual financial statements on the following matters:
  - ~ how the audit committee carries out its functions; and
  - ~ whether or not the external auditor is independent;
- its findings with regard to:
  - ~ the annual financial statements;
  - ~ accounting practices utilised in the preparation of the annual financial statements;
  - ~ internal financial control; and
  - ~ the going concern nature of the company.

Other duties of the audit and risk management committee include the following:

- nominating the external auditor for appointment as auditor of the company;
- verifying the independence of any proposed appointee as external auditor, before the appointment becomes final;
- approval of audit fees;
- specifying the nature and extent of non-audit services;
- 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; and
  - ~ internal financial controls.
- the effectiveness of risk management, internal controls and the governance processes; and
- the audit and risk management committee consists of four independent non-executive directors.

Two independent non-executive directors (D Masson and FM Rossouw) have served more than nine years. The board has assessed that these directors' length of service has not impaired their independence or character and judgements.

Nomination committee

Mr D Masson (committee chairman), Mr FM Rossouw, Ms NV Simamane, Dr DSS Lushaba and Mr AGW Knock are members of the nomination committee. The nomination committee is responsible for developing selection criteria and identifying appropriate candidates for appointment to the board.

The nomination committee is currently considering candidates for appointment as the new managing director, when the current incumbent retires.

Directors' and executive management performance evaluation and reward

Remuneration, in particular as it relates to executive management, is motivated by the dual criteria of delivering a sustainable financial return to shareholders and the recognition and reward for outstanding performance. Executive compensation is also linked to the achievement of the organisation's non-financial goals. The

CORPORATE GOVERNANCE CONTINUED

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.
Details of the remuneration of each individual director are provided on page 103 of the report.

The remuneration rates for non-executive directors, which are approved by the remuneration committee, are approved by shareholders at each annual general meeting, for implementation with retrospective effect to the beginning of the financial year which is under review.

Risk management and internal controls

The board is responsible and accountable for risk management and internal control.

Executive management, under the board's oversight, assumes responsibility for the integration of risk practices into operational activities.

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 the balanced assessment and management of significant risks through effective internal control systems.

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 of 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 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, mentioned above;
- advising management on improvements to operational procedures and risk management practices; and
- identifying stores which need assistance, in order to improve performance.

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.

The company risk register is maintained on a continuous basis with new risks added to the risk register when identified. Formal updates are scheduled for reporting at quarterly audit and risk committee meetings. Re-assessment of the residual risk status of risks takes place at least once per annum.

CORPORATE GOVERNANCE CONTINUED

Detailed below are the top 5 rated risks for Cashbuild as at the end of June 2011:

No	Risk	Mitigation Plan
1	Implementation of new IT system	• The implementation of SAP and Active Retail within Cashbuild is taking place within a strictly enforced governance and executive management framework. • Ownership of the implementation process is taken by the executive directors of Cashbuild who have been and remain closely involved.
2	Increasing rental escalations	• Every lease renewal is presented through the feasibility process where appropriate approval is provided by the executive management team. • Careful consideration to be given to return on investment and inflation increase considerations.
3	IT roll-out dependant mainly on Cashbuild staff	• Continued day to day management of the availability, capacity and deployment of Cashbuild staff.
4	Two systems being maintained concurrently during the implementation and roll-out of SAP and Active Retail in the company.	• Line management taking responsibility for ensuring compliance to documented processes and related internal controls.
5	The impact that the current international economic downturn can have on Cashbuild's profitability	• Economic trends are monitored on a continuous basis and action taken when required. • Continued management in terms of the Cashbuild business model. • Incentive launched to renew focus of operations management on Cashbuild benchmarks.

IT Governance

Apart from the team meeting monthly on the new IT system, mentioned in the chief executive's report page 31. Cashbuild is supported by external independent IT advisors who guide and highlight shortcomings in the current IT support companies being UCS Group and Datacentix. Service reviews are held monthly with these providers attended by an IT advisor.

Sustainability report

The need to ensure that the company continues to be sustainable has resulted in a review of the various matters which fall under the heading of sustainability.

The directors, who appreciate that these matters require on-going development and flexibility, have at the date of this report concluded:

- Safety — While the operations of stores do not pose a substantial occupational safety risk, management ensures that appropriate safety clothing and equipment is provided to employees.
- Health — The need to make medical assistance available for the detection and treatment of health and disease amongst

CORPORATE GOVERNANCE CONTINUED

employees and their families has led to the company making a variety of medical aid and hospital options available to employees and their families.

- Environment — While the nature of operations does not result in environmental degradation, management constantly monitors the effect of business on the environment.
- Social — The need to uplift the communities in which we live:
  - Cashbuild has donated substantial quantities of building materials to schools, in the areas in which we operate.
  - It is our objective to make a positive contribution in every community in which we trade.
  - A campaign entitled ART-AT-HEART has been implemented to assist the people of the communities in which we operate.
  - Our training enables employees to improve their skills and status.
- Economic
  - Cashbuild's vision is to become the first choice retailer and supplier of quality building materials and associated products and services in every region of southern Africa.
  - We have a responsible expansion programme which enables us to ensure continued growth and to maintain a profitable market share.
  - In the course of growth we continue to apply the highest ethical standards and business processes.
  - Our quality products and dependable delivery service provides us with a leading edge which has resulted in customer satisfaction and in a continuing growth in profits.

SHAREHOLDERS' DIARY

Final dividend paid	17 October 2011
Annual general meeting	28 November 2011
Interim results	March 2012
Financial year-end	30 June 2012
Audited annual results	September 2012

REPORT OF THE AUDIT COMMITTEE

1. INTRODUCTION

The audit and risk management committee has pleasure in submitting this report, as required by section 94.7(f), (g) and (h) of the Companies Act, 71 of 2008, as amended.

2. FUNCTIONS OF THE AUDIT AND RISK COMMITTEE

The functions of the audit and risk committee include:

2.1. Review of the interim and year-end financial statements and accounting practices, 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, which, when relevant, culminate in recommendations being made to the board of directors; and

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, makes recommendations to the board on internal financial controls and the going concern concept analysis;
- verifies the independence of the external auditor;
- authorises the audit fees in respect of both the interim and year-end audits;
- specifies guidelines on the nature and extent and pre-approves agreements with the auditors, for the provision of non-audit services;
- evaluates the effectiveness of risk management, controls and the governance processes, in all group companies;
- evaluates the performance of the financial director, as required by JSE Listings Requirement 3.84(i); and
- deals with concerns or complaints relating to the following:
  - ~ accounting practices;
  - ~ internal audit;
  - ~ the audit or content of annual financial statements; and
  - ~ internal financial controls.

3. MEMBERS OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

3.1. The audit and risk management committee has, during the year under review, consisted of two independent non-executive directors, namely Ms NV Simamane and Mr FM Rossouw, chairman.

3.2. Since the end of the financial year, the board has appointed Dr DSS Lushaba and Mr AGW Knock to the audit and risk management committee.

3.3. The current members of the audit and risk management committee have at all times acted in an independent manner.

4. FREQUENCY OF MEETINGS

The audit and risk management committee met in each quarter of 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 and risk management committee.

The directors who are not members of the audit and risk management committee, including the chairman of the board, and relevant senior managers attended meetings on a "by invitation" basis.

6. ALL MEETINGS COMMENCE WITH CONFIDENTIAL MEETINGS

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

The directors who are not members of the audit and risk management committee, including the chairman of the board and relevant senior managers join the formal meetings of the audit and risk management committee, which follows the confidential meeting, on a "by invitation" basis.

7. INDEPENDENCE OF AUDIT

During the year under review the audit and risk management committee reviewed reports and, after conducting its own review, confirmed the independence of the auditor.

8. EXPERTISE AND EXPERIENCE OF FINANCIAL DIRECTOR

As required by JSE Listing Requirement 3.84(i), the audit and risk management committee has satisfied itself that the financial director has appropriate expertise and experience.

9. INTERNAL CONTROL FUNCTION

The audit committee has overseen a process by which internal audit performed a written assessment of the effectiveness of the company's system of internal control and risk management, including internal financial controls.

10. ADEQUACY OF FINANCE FUNCTION

The audit committee has considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the financial function.

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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 2008 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 52.

The consolidated financial statements set out on pages 53 - 108 were prepared by the financial director, Mr AE Prowse CA (SA) and were approved by the board of directors on 19 September 2011 in Johannesburg and are signed on its behalf by:

D MASSON
Chairman
19 September 2011

PAT GOLDRICK
Chief executive
19 September 2011

CERTIFICATE BY THE COMPANY SECRETARY

We declare that, to the best of our knowledge, in terms of the Companies Act in South Africa 2008, as amended, that for the year ended 30 June 2011, 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.
COMPANY SECRETARY
Johannesburg
19 September 2011

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CASHBUILD LIMITED

We have audited the group annual financial statements and annual financial statements of Cashbuild Limited, which comprise the consolidated and separate statements of financial position as at 30 June 2011, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 53 to 108.

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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 management, 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 consolidated and separate financial position of Cashbuild Limited as at 30 June 2011, and its consolidated and separate financial performance and its consolidated and separate 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: DJ Fouche
Registered Auditor
2 Eglin Road
Sunninghill
19 September 2011

DIRECTORS' REPORT

THE DIRECTORS HAVE PLEASURE IN PRESENTING THEIR REPORT, WHICH FORMS PART OF THE AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 30 JUNE 2011.

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, 191 at the end of this reporting period (2010: 189). 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 met.

GROUP RESULTS SUMMARY

	Year ended June 2011 R'000	Year ended June 2010 R'000	% change
Income statement			
Revenue	**5 667 494**	5 369 146	5.6
Operating profit before finance cost and income	**239 274**	239 444	(0.1)
Finance cost	**704**	5 700	(87.6)
Finance income	**29 759**	21 936	35.7
Attributable earnings	**150 220**	163 776	(8.3)
Headline earnings	**151 814**	162 874	(6.8)
Earnings per share (cents)	**661.6**	721.2	(8.3)
Headline earnings per share (cents)	**668.6**	717.2	(6.8)
Statement of financial position			
Total assets (excluding cash and cash equivalents)	**1 415 976**	1 318 981	7.4
Cash and cash equivalents	**720 560**	542 280	32.9
Total liabilities	**1 298 418**	1 111 655	16.8
Total liabilities to shareholders' funds	**1.66**	1.59	4.0
Net asset value per share (cents) *	**3 109**	2 703	15.1

* Based on ordinary number of shares in issue

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

The financial statements on pages 58 to 108 sets out the financial position, results of operations and cash flows of the group for the year ended 30 June 2011 in more detail.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

DIRECTORS' REPORT CONTINUED

TRADING WEEKS

For the year under review Cashbuild had the normal 52 trading weeks compared to the prior year's 52 weeks.

FINANCIAL HIGHLIGHTS

Revenue for the year increased by 6% whilst operating profit showed no growth compared to the prior year. This profit was as a result of an increase in gross profit of 10%, whilst operating expenses increased by 13%, largely as result of the BEE transaction. Basic earnings per share decreased by 8% and headline earnings per share decreased by 7%. Net asset value per share has shown a 15% increase, from 2 703 cents (June 2010) to 3 109 cents. Cash and cash equivalents increased by 33% to R721 million.

Stores in existence since the beginning of July 2009 (pre-existing stores – 178 stores) accounted for 3% of the increase in revenue with the remaining 3% increase due to the 13 new stores the group has opened since July 2009. This increase for the year has been achieved in tough trading conditions with selling price inflation of 2%. The growth in customer transactions of 4% (of which 1% is from the existing store base) is encouraging.

Despite the competitive environment, gross profit percentage margin increased to 22.5% during this year and was 1.0% higher in percentage terms than the 21.5% achieved for the comparative period of the prior year.

Operational expenses (excluding BEE transaction) for the year remained well controlled with existing stores accounting for 5% of the increase and new stores 3%. The total increase for the year amounted to 8%. The main contributor to the increase on existing stores is the people cost component in order to maintain and improve customer service standards.

The effective tax rate for the year of 40% is 8% higher than that of the previous year, largely due to the non deductibility of the BEE transaction.

Cashbuild's statement of financial position remains solid. Stock levels have increased by 1%. This increase is due mainly to the stocking of seven additional stores since the previous year-end. Overall stockholding at 72 days (June 2010: 72 days) is in line with the stock position as at June 2010. Trade receivables remain well under control.

During the period, Cashbuild opened five new stores. Fourteen stores were refurbished and four stores relocated. Three stores (trading in close proximity to other Cashbuild stores) were closed during the year. Cashbuild will continue its store expansion, relocation and refurbishment strategy in a controlled manner, applying the same rigid process as in the past.

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 a final dividend (No. 37) of 139 cents per ordinary share to all shareholders of Cashbuild (2010 (No. 35): a final dividend of 127 cents per ordinary share). The total dividend for the year amounts to 296 cents (June 2010: 233 cents) a 27% increase year on year.

Relevant dates for the declaration are as follows: Date dividend declared Monday, 19 September 2011; Last day to trade "CUM" the dividend: Friday, 7 October 2011; Date to commence trading "EX" the dividend: Monday, 10 October 2011; Record date: Friday, 14 October 2011; Date of payment: Monday, 17 October 2011. Share certificates may not be dematerialised or rematerialised between Monday 10 October 2011 and Friday 14 October 2011, both dates inclusive.

EVENTS SUBSEQUENT TO STATEMENT OF FINANCIAL POSITION DATE

During the period Cashbuild Limited made an offer to acquire the non-controlling shareholders' interest in Cashbuild Swaziland (Pty) Ltd for an amount of R62 million. The suspensive conditions have been met subsequent to year-end and the transactions accounted for.

SUBSIDIARY COMPANIES

Subsidiary companies are as follows:

Name of company		Issued capital	Effective holding June 11	Effective holding June 10	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
Cashbuild (Kwandebele) (Pty) Ltd		R 200 000	**100%**	0%	4
Cashbuild (Transkei) (Pty) Ltd		R 250 000	**100%**	0%	4

NATURE

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

DOMICILE

South African, unless otherwise stated:

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

DIRECTORATE

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

EXECUTIVE DIRECTORS

P K Goldrick (62) (Irish)	Chief executive	Appointed 19 August 1996
WF de Jager (40)	Marketing and procurement director CA (SA)	Appointed 1 December 2004
KB Pomario (38)	Store development director	Resigned 31 March 2011
A E Prowse (47)	Financial director, CA (SA)	Appointed 1 March 2011
SA Thoresson (48)	Operations director	Appointed 27 March 2007
A van Onselen (49)	Operations director	Appointed 20 September 2004

NON-EXECUTIVE DIRECTORS

D Masson* (80)	Chairman, ACIS	Appointed 22 June 1988
AGW Knock** (60)	Professional engineer	Appointed 1 July 2011
DSS Lushaba** (45)	BSc Advanced biochemistry (Hons)	Appointed 1 July 2011
J Molobela** (55)	BSc Eng (Hons), MBA	Resigned 6 December 2010
FM Rossouw*** (74)	CA (SA)	Appointed 7 May 2001
NV Simamane** (52)	BSc Chemistry and Biology (Hons)	Appointed 1 September 2004

* Remuneration committee member
** Audit committee member
*** Audit and remuneration committee

DIRECTORS' REPORT CONTINUED

DIRECTORS' SHAREHOLDING

The directors held in aggregate, direct and indirect beneficial interests, and non-beneficial interests, of 9.7% (June 2010: 9.5%) in the issued share capital of the company at the statement of financial position date. The company has not been notified of any material change in these interests from the end of the financial period ended 30 June 2011 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	Non-beneficial	Options
At 30 June 2011	**1 301 200**	**1 136 017**	**-**
At 30 June 2010	1 301 200	1 136 017	-

	Ordinary shares		
	Beneficial	Non-beneficial	Options
Comprising:			
Non-executive directors	**1 200**	**5 000**	**-**
FM Rossouw	-	5 000	-
NV Simamane	1 200	-	-
Executive directors	**1 300 000**	**1 131 017**	**-**
PK Goldrick	1 300 000	1 131 017	-
	1 301 200	**1 136 017**	**-**

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	Nomination committee attended/held
Executive directors				
PK Goldrick	5/5*	5/5		
A van Onselen	5/5*	5/5		
W F de Jager	5/5*	5/5		
KB Pomario#	3/3*	3/3		
AE Prowse^	2/2*	2/2		
SA Thoresson	5/5*	5/5		
Non-executive directors				
D Masson		5/5	1/1	6/6
J Molobela+	2/2	2/2		1/1
FM Rossouw	5/5	5/5	1/1	6/6
NV Simamane	5/5	5/5		5/6

* By invitation

Resigned 31 March 2011

^ Appointed 1 March 2011

+ Resigned 6 December 2010

DIRECTORS' REPORT CONTINUED

DIRECTORS' REMUNERATION

Details of director's 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:

	2011	2010
Shares subject to the scheme at the beginning of year	**515 325**	522 625
Shares transferred or to be transferred to employees	**-**	(7 300)
Shares transferred back to the trust	**2 500**	-
Shares sold on open market	**-**	-
Shares subject to the scheme at the end of year	**517 825**	515 325
Dealt with as follows:		
Shares allocated to employees		
- Share purchase scheme	**-**	-
- Share option scheme	**400 000**	400 000
Shares held in trust for future allocations	**117 825**	115 325
	517 825	515 325

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

OTHER SPECIAL RESOLUTIONS

At the annual general meeting, held on the 6th of December 2010, a special resolution was passed which was for the specific repurchase of ordinary shares from the Cashbuild Empowerment Trust.

On 19 September 2011 the directors signed a special resolution approving the implementation of a performance-related BEE transaction.

Company secretary

Corporate Governance Leaders CC.

Registered office

101 Northern Parkway
Ormonde
Johannesburg
2091

Postal address

PO Box 90115
Bertsham
2013

Web site

www.cashbuild.co.za

Auditors

PricewaterhouseCoopers Incorporated

Country of incorporation

Republic of South Africa

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

		Group		Company	
R'000	Notes	**2011**	2010	**2011**	2010
ASSETS					
Non-current assets		**551 692**	462 763	**52 986**	183 530
Property, plant and equipment	4	**509 395**	425 293	**-**	-
Intangible assets	5	**31 711**	28 149	**-**	-
Investment in subsidiary	6	**-**	-	**52 986**	183 403
Loans receivable	7	**-**	-	**-**	127
Deferred income tax asset	8	**10 586**	9 321	**-**	-
Current assets		**1 584 844**	1 398 498	**1 911**	1 382
Non-current assets held for sale	9	**659**	659	**-**	-
Inventories	10	**788 701**	784 445	**-**	-
Trade and other receivables	11	**74 924**	71 114	**4**	17
Cash and cash equivalents	12	**720 560**	542 280	**1 907**	1 365
TOTAL ASSETS		**2 136 536**	1 861 261	**54 897**	184 912
EQUITY					
Capital and reserves attributable to owners of the company		**783 255**	697 466	**51 827**	183 572
Ordinary share capital	13	**229**	229	**252**	258
Share premium		**32 131**	32 131	**62 912**	112 906
Share-based payment reserve	14	**4 969**	2 151	**4 969**	2 151
Cumulative translation adjustment	15	**(14 402)**	(11 641)	**-**	-
Retained earnings		**760 328**	674 596	**(16 306)**	68 257
Non-controlling interests		**54 863**	52 140	**-**	-
TOTAL EQUITY		**838 118**	749 606	**51 827**	183 572
LIABILITIES					
Non-current liabilities		**80 196**	71 496	**1 338**	-
Deferred operating lease liability	16	**75 715**	67 318	**-**	-
Deferred profit	17	**1 699**	1 751	**-**	-
Deferred income tax liability	8	**125**	-	**-**	-
Loans payable	7	**-**	-	**1 338**	-
Borrowings	18	**2 657**	2 427	**-**	-
Current liabilities		**1 218 222**	1 040 159	**1 732**	1 340
Trade and other payables	19	**1 179 761**	1 018 360	**1 410**	1 018
Current income tax liabilities		**36 336**	19 781	**322**	322
Employee benefits	20	**2 125**	2 018	**-**	-
TOTAL LIABILITIES		**1 298 418**	1 111 655	**3 070**	1 340
TOTAL EQUITY AND LIABILITIES		**2 136 536**	1 861 261	**54 897**	184 912

The notes on pages 62 to 108 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

		Group		Company	
R'000	Notes	2011	2010	2011	2010
Revenue	21	5 667 494	5 369 146	-	-
Cost of sales	22	(4 393 705)	(4 216 241)	-	-
Gross profit		1 273 789	1 152 905	-	-
Share buy-back and distribution to BEE participants		(51 269)	-	-	-
Selling and marketing cost	22	(814 558)	(776 838)	-	-
Administrative expenses	22	(166 613)	(132 470)	(149)	(41)
Other operating expenses	22	(7 060)	(5 398)	-	-
Other income	23	4 985	1 245	139	80 184
Operating profit		239 274	239 444	(10)	80 143
Finance costs	25	(704)	(5 700)	-	-
Finance income	25	29 759	21 936	-	-
Profit before income tax		268 329	255 680	(10)	80 143
Income tax expense	27	(107 207)	(82 005)	(12 232)	(5 394)
Profit for the year		161 122	173 675	(12 242)	74 749
Attributable to:					
Owners of the company		150 220	163 776	(12 242)	74 749
Non-controlling interests		10 902	9 899	-	-
		161 122	173 675	(12 242)	74 749
Earnings per share for profit attributable to the owners of the company during the year:					
- Basic	28	661.6	721.2	(48.1)	289.7
- Diluted	28	657.5	717.7	(47.8)	288.4

The notes on pages 62 to 108 are an integral part of these consolidated financial statements.

Annual financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

		Group		Company	
R'000	Notes	2011	2010	2011	2010
Profit for the year		161 122	173 675	(12 242)	74 749
Other comprehensive income:					
Foreign currency translation adjustments	15	(3 200)	(5 075)	-	-
Other comprehensive income for the year, net of tax		(3 200)	(5 075)	-	-
Total comprehensive income for the year		157 922	168 600	(12 242)	74 749
Total comprehensive income attributable to:					
Owners of the company		147 459	158 701	(12 242)	74 749
Non-controlling interests		10 463	9 899	-	-
		157 922	168 600	(12 242)	74 749

The notes on pages 62 to 108 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

Group										
		Attributable to owners of the company								
R'000	Notes	Share capital	Treasury share capital	Share premium	Treasury share premium	Share based payments reserve	Cum. translation adjustment	Retained earnings	Non-controlling interests	Total equity
Balance at 1 July 2009		258	(29)	115 817	(83 686)	475	(6 566)	558 286	43 679	628 234
Dividend paid - final 2009	30	-	-	-	-	-	-	(23 270)	(1 438)	(24 708)
Dividend paid - interim 2010	30	-	-	-	-	-	-	(24 196)	-	(24 196)
Share based payment	14	-	-	-	-	1 676	-	-	-	1 676
Total comprehensive income for the year		-	-	-	-	-	(5 075)	163 776	9 899	168 600
Balance at 30 June 2010		**258**	**(29)**	**115 817**	**(83 686)**	**2 151**	**(11 641)**	**674 596**	**52 140**	**749 606**
Dividend paid - final 2010	**30**	**-**	**-**	**-**	**-**	**-**	**-**	**(28 838)**	**(7 740)**	**(36 578)**
Dividend paid - interim 2011	**30**	**-**	**-**	**-**	**-**	**-**	**-**	**(35 650)**	**-**	**(35 650)**
Share buy-back		**(6)**	**6**	**(49 994)**	**49 994**	**-**	**-**	**-**	**-**	**-**
Share based payment	**14**	**-**	**-**	**-**	**-**	**2 818**	**-**	**-**	**-**	**2 818**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**(2 761)**	**150 220**	**10 463**	**157 922**
Balance at 30 June 2011		**252**	**(23)**	**65 823**	**(33 692)**	**4 969**	**(14 402)**	**760 328**	**54 863**	**838 118**

Company										
		Attributable to owners of the company								
R'000	Notes	Share capital	Treasury share capital	Share premium	Treasury share premium	Share based payments reserve	Cum. translation adjustment	Retained earnings	Non-controlling interests	Total equity
Balance at 1 July 2009		258	-	112 906	-	475	-	47 442	-	161 081
Dividend paid - final 2009	30	-	-	-	-	-	-	(26 580)	-	(26 580)
Dividend paid - interim 2010	30	-	-	-	-	-	-	(27 354)	-	(27 354)
Share based payment	14	-	-	-	-	1 676	-	-	-	1 676
Total comprehensive income for the year		-	-	-	-	-	-	74 749	-	74 749
Balance at 30 June 2010		**258**	**-**	**112 906**	**-**	**2 151**	**-**	**68 257**	**-**	**183 572**
Dividend paid - final 2010	**30**	**-**	**-**	**-**	**-**	**-**	**-**	**(32 773)**	**-**	**(32 773)**
Dividend paid - interim 2011	**30**	**-**	**-**	**-**	**-**	**-**	**-**	**(39 548)**	**-**	**(39 548)**
Share buy-back		**(6)**		**(49 994)**	**-**	**-**	**-**	**-**	**-**	**(50 000)**
Share based payment	**14**	**-**	**-**	**-**	**-**	**2 818**	**-**	**-**	**-**	**2 818**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**-**	**(12 242)**	**-**	**(12 242)**
Balance at 30 June 2011		**252**	**-**	**62 912**	**-**	**4 969**	**-**	**(16 306)**	**-**	**51 827**

The notes on pages 62 to 108 are an integral part of these consolidated financial statements.

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CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

		Group		Company	
R'000	Notes	**2011**	2010	**2011**	2010
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	30	**464 568**	448 595	**3 213**	81 748
Interest paid	25	**(704)**	(5 700)	**-**	-
Income tax paid	30	**(91 792)**	(83 947)	**(12 232)**	(5 394)
Net cash generated from operating activities		**372 072**	358 948	**(9 019)**	76 354
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment	4	**(142 741)**	(131 251)	**-**	-
Purchases of computer software	5	**(4 301)**	(6 598)	**-**	-
Proceeds on disposal of property, plant and equipment	30	**420**	176	**-**	-
Proceeds on disposal of assets held for sale	30	**-**	3 300	**-**	-
Interest received	25	**29 759**	21 936	**-**	-
Increase in share options	6	**-**	-	**(4 969)**	-
Increase in subsidiary loan account		**-**	-	**135 386**	(23 403)
Decrease in loans receivable		**-**	-	**127**	1 094
Net cash used in investing activities		**(116 863)**	(112 437)	**130 544**	(22 309)
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase in long-term borrowings		**230**	301	**-**	-
Increase in loans payable		**-**	-	**1 338**	-
Share buy-back		**-**	-	**(50 000)**	
Dividends paid to owners of the company	30	**(64 488)**	(47 466)	**(72 321)**	(53 934)
Dividends paid to non-controlling interests	30	**(7 740)**	(1 438)	**-**	-
Net cash used in financing activities		**(71 998)**	(48 603)	**(120 983)**	(53 934)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**183 211**	197 908	**542**	111
EFFECT OF EXCHANGE RATE MOVEMENTS ON CASH AND CASH EQUIVALENTS		**(4 931)**	(3 758)	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**542 280**	348 130	**1 365**	1 254
CASH AND CASH EQUIVALENTS AT END OF YEAR		**720 560**	542 280	**1 907**	1 365

The notes on pages 62 to 108 are an integral part of these consolidated financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

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"). 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 judgment in the process of applying the group's accounting polices.

The accounting policies are consistent with those used in the annual financial statements for the financial period ended June 2010.

a) Amendments to published standards effective in 2011

IFRS 2 (Amended) - Group cash-settled share-based payment transactions: The amendment clarifies the accounting for group cash-settled share-based payment transactions. The entity receiving the goods or services shall measure the share-based payment transaction as equity-settled only when the awards granted are its own equity instruments, or the entity has no obligation to settle the share-based payment transaction.

The entity settling a share-based payment transaction when another entity in the group receives the goods or services recognises the transaction as equity-settled only if it is settled in its own equity instruments. In all other cases, the transaction is accounted for as cash-settled.

Improvements to IFRSs (Issued April 2009)

Improvements to IFRSs (Issued April 2009) were issued by the IASB as part of 'annual improvements process' resulting in the following amendments to standards effective for the first time for 30 June 2011 year-ends:

IFRS 2 Share-based Payments

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

IFRS 8 Operating Segments

IAS 1 Presentation of Financial Statements

IAS 7 Statement of Cash Flows

IAS 17 Leases

IAS 18 Revenue

IAS 36 Impairment of Assets

IAS 38 Intangible Assets

IAS 39 Financial Instruments: Recognition and Measurement

IFRIC 9 Reassessment of Embedded Derivatives

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

None of the above improvements have had a material impact on the group financial statements in the current year.

b) **Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group**

The following standards, amendments and interpretations to existing standards have been published that are mandatory but that the group has not early adopted:

Improvements to IFRSs (Issued May 2010) This is a collection of amendments to IFRSs that are, unless otherwise specified, effective for annual periods beginning on or after 1 January 2011. These amendments are the result of conclusions the IASB reached on proposals made in its annual improvements project. The possible impact of these amendments is currently being assessed by the group.

IFRS 9 Financial instruments - Classification and measurement (effective 1 January 2013): This standard introduces new methods for classifying and measuring financial assets. The IASB intends to expand IFRS 9 during 2011 to add new requirements for classifying and measuring financial liabilities, derecognition of financial instruments, impairment, and hedge accounting.

IFRS 10 Consolidated Financial Statements (effective 1 January 2013): The ammendments build on the existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated Financial Statements.

IFRS 12 (Revised), Disclosure of interests in other entities (effective 1 January 2013): This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

IFRS 13 Fair Value Measurement (effective 1 January 2013): This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure.

IAS 19 (Amended) Employee Benefits (effective 1 Januar 2013): The amendment makes significant changes to the recognition and measurement of defined benefit expense and termination benefits and to the disclosure for all employee benefits.

IAS 24 Related party disclosures (effective 1 January 2011): The amendment provided for certain disclosure exemption requirements as well as definition clarifications of related party and related party transactions.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

IAS 27 (Revised), Consolidated and Separate Financial Statements (effective 1 January 2013): The amendment includes provisions on separate financial statements that are left after the control provisions have been included in the new IFRS 10.

c) **Standards, amendments and interpretations to existing standards that are not yet effective and not relevant for the group's operations**

The following standards, amendments and interpretations to existing standards have been published that are not yet effective and not applicable to the group's operations:

IFRS 1 (Amended) First-time adoption of International Financial Reporting Standards - Replacement of fixed dates; additional exemption for entities ceasing to suffer severe hyperinflation (effective 1 July 2011)

IFRS 7 (Revised), Financial Instruments: Disclosure (effective 1 January 2011)

IFRS 11 (Revised), Joint agreements (effective 1 January 2013)

IFRIC 14 Pre-payments of a minimum funding requirement (effective for annual periods beginning on or after 1 January 2011)

IAS 1 (Amendment) Presentation of Financial statements on presentation of items of OCI (effective 1 January 2012)

IAS 12 (Amendment) Income taxes (effective 1 January 2012)

IAS 28 (Revised), Investment in associates (effective 1 January 2013)

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 more than 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 statement of financial position and income statements respectively. The results of subsidiaries are fully consolidated from the date on which control is transferred to the group and are no longer consolidated from the date that control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill.

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 treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

c) Cashbuild Share Incentive Trust

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

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

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions. This is in accordance with IFRS 8.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in rands, which is the group's functional currency and the 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.

Foreign currency balances are translated into the functional currency using the exchange rates prevailing at the financial position date. Foreign exchange gains and losses resulting from the revaluation of these balances are recognised in the income statement and this applies to both monetary and non-monetary balances.

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 financial position presented are translated at the closing rates at the date of that financial position;
- 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 the 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 is stated at historical cost less depreciation and impairment, except for land which is not

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

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
- Leasehold improvements	10 years
- Vehicles	5 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each financial position 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.

Assets are classified as capital work in progress when the group has ownership of the asset, but it is not yet ready in the necessary location and condition for use. Capital work in progress is carried at cost until transfer is completed.

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

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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.

b) Trademarks

Trademarks are initially recognised at historical cost and subsequently measured at cost less accumulated amortisation and accumulated impairment and have a finite useful life. 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 purchase and implementation of the new IT system, as well as seperately purchased software packages 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. Maintenance costs that do not meet the capitalisation criteria will be expensed.

1.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to amortisation and depreciation 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 CURRENT AND 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 financial position 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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

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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 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.

1.11 FINANCIAL ASSETS

Loans and 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 financial position date. These are classified as non-current assets. Receivables are classified as 'trade and other receivables' in the statement of financial position.

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 is 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.

1.12 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.

Foreign currency bank accounts are translated into the functional currency using the exchange rates prevailing at the financial position date. Foreign exchange gains and losses resulting from the revaluation of these balances are recognised in the income statement.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

1.13 INVESTMENTS

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

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.

The shares held by The Cashbuild Empowerment Trust and the Share Incentive Trust, are classified as treasury shares.

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 financial position 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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

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

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

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

Share-based plans
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.

Share-based payments
The group allows directors and key-management the option of acquiring shares in Cashbuild Limited.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Fair value is based on a Black Scholes option pricing model.

At each financial position date, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. A vested share option is exercised when the Group delivers the share to the director or employee on receipt of payment of the grant (strike) price.

The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

Empowerment trust dividends
Amounts paid to members of the trust, being employees of the company, are treated as staff cost in the income statement. The amounts paid out by the

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

members is equal to 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.

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 and is applicable only to finance sale and leaseback transactions.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

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.

1.22 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

1.23 REPORTING PERIOD

The group adopts the retail accounting calendar, which comprises the reporting period ending on the last Saturday of the month 2011: 26 June - 52 weeks (27 June 2010 - 52 weeks).

1.24 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.

1.25 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.

1.26 OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

	Group		Company	
R'000	**June 2011**	June 2010	**June 2011**	June 2010
2 FINANCIAL RISK MANAGEMENT				
Financial income and expenses				
Recognised in profit and loss				
Interest income on bank deposits	**28 605**	21 936	**-**	-
Interest expense on financial liabilities measured at amortised cost	**(229)**	(302)	**-**	-
Net foreign exchange loss	**5 822**	8 530	**-**	-
Statement of financial position				
Cash and cash equivalents	**720 560**	542 280	**1 907**	1 365
Loans and receivables	**71 754**	67 763	**48 021**	183 547
Financial liabilities carried at amortised cost	**(1 151 195)**	(998 737)	**(1 410)**	(1 018)
Loans and receivables				
Trade accounts receivable	**61 596**	79 193	**-**	-
Provision for impairment of trade accounts receivable	**(9 728)**	(17 293)	**-**	-
* Other accounts receivable	**19 886**	5 863	**48 021**	183 547
	71 754	67 763	**48 021**	183 547

* Included in other accounts receivable (note 11) are items to the value of (Group): R3 170 033; (Company): R nil (June 2010: (Group): R3 351 191; (Company): R nil) which do not meet the definition of a financial asset.

	Group		Company	
R'000	**June 2011**	June 2010	**June 2011**	June 2010
Financial liabilities carried at amortised cost				
** Trade liabilities and accruals	**(1 148 538)**	(996 310)	**(1 410)**	(1 018)
Finance lease liability	**(2 657)**	(2 427)	**-**	-
	(1 151 195)	(998 737)	**(1 410)**	(1 018)

** Included in trade liabilities and accruals (note 19) are items to the value of (Group) R31 222 718; (Company) R nil (June 2010: (Group): R22 049 907; (Company): R nil) which do not meet the definition of a financial liability.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

Overview

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

Market risk

Liquidity risk

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. Furthermore, credit insurance is taken out for certain receivables balances.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

note 2 continued

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:

R'000	Group June 2011	Group June 2010	Company June 2011	Company June 2010
Cash and cash equivalents	**720 560**	542 280	**1 907**	1 365
Loans and receivables	**71 754**	67 763	**48 021**	183 547
Guarantees	**97 743**	17 910	**-**	-
The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:				
South Africa	**59 660**	58 313	**48 021**	183 547
Other members of common monetary area	**3 637**	1 495	**-**	-
Botswana and Malawi	**8 457**	7 955	**-**	-
	71 754	67 763	**48 021**	183 547

R'000	Group June 2011 Gross	Group June 2011 Impairment	Group June 2010 Gross	Group June 2010 Impairment
Impairment losses				
The ageing of trade receivables at the reporting date was:				
Not past due	**44 701**	**-**	50 605	-
Past due 1-30 days	**6 898**	**-**	10 104	-
Past due 31-60 days	**1 336**	**(1 067)**	1 172	-
Past due 61-90 days	**250**	**(250)**	202	(202)
Past due 91-120 days	**116**	**(116)**	121	(121)
More than 120 days	**8 295**	**(8 295)**	16 989	(16 970)
Total	**61 596**	**(9 728)**	79 193	(17 293)

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:

R'000	Group June 2011	Group June 2010	Company June 2011	Company June 2010
Balance at beginning of year	**17 293**	14 443	**-**	-
(Reversal)/creation of provision for impaired receivables	**(7 565)**	2 850	**-**	-
Balance at end of year	**9 728**	17 293	**-**	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

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.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Group					
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
30 June 2011						
Non-derivative financial liabilities						
Finance lease liabilities	**(2 657)**	**(175 834)**	**-**	**(376)**	**(1 902)**	**(173 556)**
Trade liabilities and accruals	**(1 148 538)**	**(1 148 538)**	**(408 178)**	**(740 360)**	**-**	**-**
Guarantees	**(97 743)**	**(97 743)**	**(97 743)**	**-**	**-**	**-**
30 June 2010						
Non-derivative financial liabilities						
Finance lease liabilities	(2 427)	(175 959)	-	(125)	(1 894)	(173 940)
Trade liabilities and accruals	(996 310)	(996 310)	(301 795)	(694 515)	-	-
Guarantees	(17 910)	(17 910)	(17 910)	-	-	-

	Company					
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
30 June 2011						
Non-derivative financial liabilities						
Trade liabilities and accruals	**(1 410)**	**(1 410)**	**(1 410)**	**-**	**-**	**-**
30 June 2010						
Non-derivative financial liabilities						
Trade liabilities and accruals	(1 018)	(1 018)	(1 018)	-	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

note 2 continued

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.

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 period end. Refer below for the uncovered positions at period end.

Exposure to currency risk

The group's exposure to foreign currency risk was as follows based on notional amounts:

R'000	Functional currency Rand exposed to Pula	Functional currency Pula exposed to Rand	Functional currency Kwacha exposed to Rand
30 June 2011			
Trade receivables	**468**	**-**	**-**
Cash and cash equivalents	**-**	**30 132**	**-**
Trade payables	**-**	**10 376**	**3 761**
30 June 2010			
Trade receivables	8 130	-	272
Cash and cash equivalents	-	26 904	-
Trade payables	-	23 140	-

The following significant exchange rates applied during the year

	Average rates		Reporting date	
	June 2011	June 2010	**June 2011**	June 2010
Kwacha	**21.85**	19.25	**22.91**	19.65
Pula	**1.05**	1.11	**1.04**	1.08

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 2010.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

R'000	Group Profit and loss	Company Profit and loss
30 June 2011		
Companies with a functional currency in Rands		
Pula	**45**	**-**
Companies with a functional currency in Pula		
Rand	**(2 310)**	**-**
Companies with a functional currency in Kwacha		
Rand	**16**	**-**
30 June 2010		
Companies with a functional currency in Rands		
Pula	813	-
Companies with a functional currency in Pula		
Rand	(343)	-
Companies with a functional currency in Kwacha		
Rand	27	-

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.

Cash flow and fair value 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	**June 2011**	June 2010	**June 2011**	June 2010
Variable rate instruments				
Financial assets (bank account balances)	**720 560**	542 280	**1 907**	1 365

Cashflow 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 2010.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

note 2 continued

R'000	Group June 2011 Profit or loss 100 bp increase	Group June 2010 Profit or loss 100 bp increase
Variable rate instruments	**7 206**	5 423

R'000	Company June 2011 Profit or loss 100 bp increase	Company June 2010 Profit or loss 100 bp increase
Variable rate instruments	**19**	14

A 100 bp (basis points) decrease 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.

Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Group			
	2011		2010	
R'000	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	**720 560**	**720 560**	542 280	542 280
Loans and receivables	**71 754**	**71 754**	67 763	67 763
Finance lease liabilities	**(2 657)**	**(2 657)**	(2 427)	(2 427)
Trade and other payables	**(1 148 538)**	**(1 148 538)**	(996 310)	(996 310)

	Company			
	2011		2010	
R'000	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	**1 907**	**1 907**	1 365	1 365
Loans and receivables	**48 021**	**48 021**	183 547	183 547
Trade and other payables	**(1 410)**	**(1 410)**	(1 018)	(1 018)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

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.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

	Group					
R'000	Land and buildings	Improvements to leasehold premises	Furniture and equipment	Vehicles	Capital work in progress	Total
4 PROPERTY, PLANT AND EQUIPMENT						
As at 30 June 2011						
Cost	226 675	29 873	489 447	160	41 033	787 188
Accumulated depreciation	(21 397)	(19 569)	(236 747)	(80)	-	(277 793)
Net book value	**205 278**	**10 304**	**252 700**	**80**	**41 033**	**509 395**
Year ended 30 June 2011						
Opening net book value	153 553	12 603	227 421	109	31 607	425 293
Exchange differences	(483)	(3)	(298)	(14)	-	(798)
Additions	-	-	-	-	142 741	142 741
Transfers	55 328	137	77 850	-	(133 315)	-
Net book value of disposals	(102)	(498)	(2 034)	-	-	(2 634)
Depreciation charge	(3 018)	(1 935)	(50 239)	(15)	-	(55 207)
Closing net book value	**205 278**	**10 304**	**252 700**	**80**	**41 033**	**509 395**
As at 30 June 2010						
Cost	172 109	32 586	424 318	181	31 607	660 801
Accumulated depreciation	(18 556)	(19 983)	(196 897)	(72)	-	(235 508)
Net book value	**153 553**	**12 603**	**227 421**	**109**	**31 607**	**425 293**
Year ended 30 June 2010						
Opening net book value	101 112	10 999	215 094	146	16 825	344 176
Exchange differences	(1 178)	(8)	(456)	(14)	-	(1 656)
Additions	-	-	-	-	131 251	131 251
Transfers	56 180	3 653	56 636	-	(116 469)	-
Net book value of disposals	-	-	(472)	(4)	-	(476)
Depreciation charge	(2 561)	(2 041)	(43 381)	(19)	-	(48 002)
Closing net book value	**153 553**	**12 603**	**227 421**	**109**	**31 607**	**425 293**

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

	Group	
R'000	**2011**	2010
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	**(5 406)**	(5 138)
Net book value	**10 063**	10 331
Refer to note 18.		
The following costs were expensed to the income statement, included in operating profits:		
Loss on disposal of property, plant and equipment	**2 214**	300
Repairs and maintenance expenditure on property, plant and equipment	**14 408**	15 701

	Group			
R'000	Trademarks	Goodwill	Computer software	Total
5 INTANGIBLE ASSETS				
As at 30 June 2011				
Cost	660	1 268	40 360	42 288
Accumulated amortisation	(653)	-	(9 924)	(10 577)
Net book value	**7**	**1 268**	**30 436**	**31 711**
Year ended 30 June 2011				
Opening net book value	10	1 300	26 839	28 149
Exchange differences	-	(32)	-	(32)
Additions	-	-	4 301	4 301
Amortisation charge	(3)	-	(704)	(707)
Closing net book value	**7**	**1 268**	**30 436**	**31 711**
As at 30 June 2010				
Cost	660	1 300	36 059	38 019
Accumulated amortisation	(650)	-	(9 220)	(9 870)
Net book value	**10**	**1 300**	**26 839**	**28 149**
Year ended 30 June 2010				
Opening net book value	15	1 318	20 947	22 280
Exchange differences	(2)	(18)	-	(20)
Additions	-	-	6 598	6 598
Amortisation charge	(3)	-	(706)	(709)
Closing net book value	**10**	**1 300**	**26 839**	**28 149**

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 cashflow projections which have been extrapolated using the estimated growth rates stated below for 5 years.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

note 5 continued

	2011		2010		
	South Africa	**Malawi**	South Africa	Malawi	Note
Gross margin	**16%**	**14%**	13%	21%	1
Growth rate	**6%**	**7%**	7%	7%	2
Discount rate	**4%**	**17%**	15%	21%	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 cashflow 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.

79% (2010: 77%) of the goodwill relates to a South African store and 21% (2010: 23%) to the Malawi store.

		Group		Company	
	R'000	**June 2011**	June 2010	**June 2011**	June 2010
6	**INVESTMENT IN SUBSIDIARIES**				
	Shares at cost	**-**	-	**-**	-
	Share-based payment contribution	**-**	-	**4 969**	2 151
	Loan account	**-**	-	**48 017**	181 252
		-	-	**52 986**	183 403
	The loan is unsecured, non-interest bearing and has no repayment terms.				
	Refer to note 14 for share option scheme.				
7	**LOANS (PAYABLE) / RECEIVABLE**				
	The Cashbuild share incentive trust	**-**	-	**(1 338)**	127
		-	-	**(1 338)**	127
	The loan is unsecured, non-interest bearing and has no repayment terms.				

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

R'000	Group June 2011	Group June 2010	Company June 2011	Company June 2010
8 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	**(1 700)**	(1 820)	**-**	-
Deferred income tax assets to be recovered within 12 months	**12 286**	11 141	**-**	-
Total deferred income tax asset	**10 586**	9 321	**-**	-
Deferred income tax liability to be recovered after more than 12 months	**(244)**	-	**-**	-
Deferred income tax liability to be recovered within 12 months	**119**	-	**-**	-
Total deferred income tax liability	**(125)**	-	**-**	-
TOTAL NET DEFERRED INCOME TAX ASSET	**10 461**	9 321	**-**	-
Deferred income tax comprises:				
Property, plant and equipment	**(25 440)**	(21 651)	**-**	-
Prepayments	**(530)**	(625)	**-**	-
Accruals	**12 980**	11 863	**-**	-
Assessed loss	**2 285**	930	**-**	-
Straight-lining of leases	**21 211**	18 900	**-**	-
Unrealised foreign exchange difference on intergroup loans	**(45)**	(96)	**-**	-
	10 461	9 321	**-**	-
Should all distributable reserves be declared as a dividend, it would result in STC tax of:	**76 033**	67 460	**-**	6 826

The net movement on the deferred income tax account is as follows:	
At 1 July 2009	11 301
Exchange differences	(15)
Income statement charge (note 27)	(1 925)
Rate change	(40)
Year ended 30 June 2010	9 321
At 1 July 2010	**9 321**
Exchange differences	**(39)**
Income statement charge (note 27)	**1 179**
Rate change	**-**
Year ended 30 June 2011	**10 461**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

	Group		Company	
R'000	**June 2011**	June 2010	**June 2011**	June 2010
9 NON-CURRENT ASSETS HELD FOR SALE				
Assets classified as held for sale	**659**	659	**-**	-
	659	659	**-**	-

9.1 Plot 2461 Serowe - Botswana

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

	Group		Company	
10 INVENTORIES				
Merchandise at lower of cost or net realisable value	**788 701**	784 445	**-**	-
	788 701	784 445	**-**	-

Cost of inventories recognised as an expense and included in 'cost of sales' amounted to R4 651 908 016 (2010: R4 451 380 669).

A provision for write-down of inventories of R959 056 (2010: R4 633 769) was recognised for the year.

	Group		Company	
11 TRADE AND OTHER RECEIVABLES				
Trade accounts receivable	**61 596**	79 193	**-**	-
Less: Provision for impairment of trade accounts receivable	**(9 728)**	(17 293)	**-**	-
Other accounts receivable	**23 056**	9 214	**4**	17
	74 924	71 114	**4**	17

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

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 R9 728 255 (June 2010: R17 293 393) for the impairment of its trade receivables during the period ended 30 June 2011. The creation and usage of the provision for impaired receivables has been included in 'selling and marketing cost' in the income statement.

	Group		Company	
12 CASH AND CASH EQUIVALENTS				
Cash at banks and on hand	**720 560**	542 280	**1 907**	1 365
	720 560	542 280	**1 907**	1 365

Included in cash and cash equivalents is restricted cash of R75 260 334 (June 2010: R15 377 909). R62 741 363 relates to the purchase of the remaining shareholding in Cashbuild Swaziland (Pty) Ltd by the group. The cash is being held in an Escrow account pending all suspensive conditions being met. The remaining restricted cash balance relates to bank guarantees.

Rate of interest earned on cash in bank varies between 1% - 5.30%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

R'000	Group June 2011	Group June 2010	Company June 2011	Company June 2010
13 SHARE CAPITAL				
Authorised				
35 000 000 (June 2010: 35 000 000) ordinary shares of 1 cent each	**350**	350	**350**	350
Issued				
25 805 347 (June 2010: 25 805 347) ordinary shares of 1 cent each	**258**	258	**258**	258
Less: Share buy back: 615 536 (June 2010: nil) ordinary shares of 1 cent each	**(6)**	-	**(6)**	-
Less: Treasury shares held by The Cashbuild Share Incentive Trust and the Cashbuild Empowerment Trust	**(23)**	(29)	**-**	-
Opening balance: 3 095 860 (June 2010: 3 095 860)	**29**	29	**-**	-
Less: Share buy back: 615 536 (June 2010: nil)	**(6)**	-	**-**	-
	229	229	**252**	258

The Cashbuild Share Incentive Trust holds 517 825 (June 2010: 515 325) ordinary shares. The Cashbuild Empowerment Trust holds 1 964 999 (June 2010: 2 580 535) ordinary shares. The shares held by these trusts are eliminated on consolidation.

14 SHARE BASED PAYMENTS

The group has put in place share option schemes which are operated through the Cashbuild Share Incentive Trust ("The Trust"). Both option schemes issued by the trust vest over a period of 3 years from grant date and expire 5 years from grant date. All of the options vest after 3 years provided the employee or director remain in the employ of the group for that period of time. The share options are forfeited if the employee or director leaves the group before vesting date. The group has no legal or constructive obligation to repurchase or settle the options in cash.

	Group June 2011	Group June 2010	Company June 2011	Company June 2010
Share options outstanding at year-end are as follows:				
Opening balance	**400 000**	400 000	**400 000**	400 000
New options granted	**725 000**	-	**725 000**	-
Options taken up	**-**	-	**-**	-
Options forfeited	**-**	-	**-**	-
Closing balance	**1 125 000**	400 000	**1 125 000**	400 000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

note 14 continued

'000	**2011**	2010
The Cashbuild Share Incentive Trust, which administers the first share option scheme, holds the following number of ordinary shares as a hedge against options to be granted by the scheme:	**518**	515
The remaining contractual life for the first share option scheme is 2 years and 9 months and for the second option scheme is 4 years and 11 months.		
The fair values of these options were calculated using a Black Scholes option pricing model. The following inputs were used in the valuation model:		

	1st scheme	2nd scheme
Grant date	16 March 2009	27 May 2011
Vesting date	16 March 2012	27 May 2014
Exercise price/weighted average price	52.03	92.27
Expected option lifetime	4 years	4 years
Rolling volatility	33%	32%
Dividend yield	2.9%	3.4%
Risk-free rate	7.3%	5.4%

The volatility was calculated with reference to the movement of the share price in prior periods.

	Group		Company	
R'000	**June 2011**	June 2010	**June 2011**	June 2010
Share-based payment expense:				
Opening balance	**2 151**	475	**-**	-
Share options expensed for the year - First scheme	**2 442**	1 676	**-**	-
Share options expensed for the year - Second scheme	**376**	-	**-**	-
Total expensed - 30 June 2011	**4 969**	2 151	**-**	-

15	CUMULATIVE TRANSLATION ADJUSTMENT	R'000
	Balance at 1 July 2009	(6 566)
	Currency translation differences	(5 075)
	Balance at 30 June 2010	**(11 641)**
	Currency translation differences	**(2 761)**
	Balance at 30 June 2011	**(14 402)**

The cumulative translation reserves arise as a result of foreign exchange differences calculated on the conversion of foreign operations in the groups reporting currency, accounted for directly in the statement of changes in equity.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

R'000		Group June 2011	Group June 2010	Company June 2011	Company June 2010
16	**DEFERRED OPERATING LEASE LIABILITY**				
	Deferred operating lease liability	**75 715**	67 318	**-**	-
		75 715	67 318	**-**	-
	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.				
17	**DEFERRED PROFIT**				
	Deferred profit	**1 699**	1 751	**-**	-
		1 699	1 751	**-**	-
	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.				
18	**BORROWINGS**				
	Non-current				
	Finance lease liability	**2 657**	2 427	**-**	-
		2 657	2 427	**-**	-
	18.1 Finance lease liability				
	The Rand Merchant Bank sale and leaseback transaction is classified as a finance lease.				
	18.2 Finance lease liabilities - minimum lease payments:				
	- not later than 1 year	**376**	125	**-**	-
	- later than 1 - no later than 5 years	**1 902**	1 894	**-**	-
	- later than 5 years	**173 556**	173 940	**-**	-
		175 834	175 959	**-**	-
	Future finance charges on finance leases	**(173 177)**	(173 532)	**-**	-
	Present value of finance lease liabilities	**2 657**	2 427	**-**	-
	The present value of finance lease liabilities is as follows:				
	- not later than 1 year	**299**	90	**-**	-
	- later than 1 - no later than 5 years	**877**	975	**-**	-
	- later than 5 years	**1 481**	1 362	**-**	-
		2 657	2 427	**-**	-
19	**TRADE AND OTHER PAYABLES**				
	Trade payables	**902 075**	795 409	**-**	-
	Accruals	**277 686**	222 951	**1 410**	1 018
		1 179 761	1 018 360	**1 410**	1 018
	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 ENDED 30 JUNE 2011

R'000	Group June 2011	Group June 2010	Company June 2011	Company June 2010
20 EMPLOYEE BENEFITS OBLIGATION				
20.1 Long service awards				
The amounts recognised in the balance sheet are as follows:				
Present value of the obligation	**2 125**	2 018	**-**	-
Reconciliation of movement:				
Balance at beginning of period	**2 018**	2 350	**-**	-
Amount charged to the income statement - current service charge	**107**	(332)	**-**	-
Balance at end of year	**2 125**	2 018	**-**	-
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:	**63**	63		

20.2 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 2011, there were 4 228 (June 2010: 4 303) members, equal to 97% (June 2010: 97%) of staff, who were members of the retirement fund.

R'000	Group June 2011	Group June 2010	Company June 2011	Company June 2010
21 REVENUE				
Revenue comprises the sale of merchandise	**5 667 494**	5 369 146	**-**	-
	5 667 494	5 369 146	**-**	-
22 EXPENSES BY NATURE				
Depreciation and amortisation	**55 914**	48 711	**-**	-
Employee benefit expense	**488 780**	408 177	**-**	-
Cost of goods sold	**4 393 705**	4 216 241	**-**	-
Net (reversal)/creation of provision for impaired receivables	**(7 565)**	2 850	**-**	-
Consumables	**3 668**	3 156	**-**	-
Transportation expenses	**78 126**	78 124	**-**	-
Auditors' remuneration:	**8 088**	7 350	**-**	-
- Audit services	**7 880**	7 050	**-**	-
- Taxation services	**208**	300	**-**	-
Operating lease charges:	**129 199**	120 873	**-**	-
- Premises	**126 681**	117 554	**-**	-
- Equipment	**2 518**	3 319	**-**	-
Outsourced services:	**21 309**	20 463	**149**	40
- Administrative	**9 615**	5 847	**127**	-
- Technical	**11 022**	13 830	**-**	-
- Secretarial	**672**	786	**22**	40
Other expenses	**261 981**	225 002	**-**	1
Other income	**(4 985)**	(1 245)	**(139)**	(80 184)
Total	**5 428 220**	5 129 702	**10**	(80 143)

Annual financial statements

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

note 22 continued

		Group		Company	
R'000		**June 2011**	June 2010	**June 2011**	June 2010
	Classified as:				
	Cost of sales	**4 393 705**	4 216 241	**-**	-
	Share buy-back and distribution to BEE participants	**51 269**	-	**-**	-
	Selling and marketing expenses	**814 558**	776 838	**-**	-
	Administrative expenses	**166 613**	132 470	**149**	41
	Other operating expenses	**7 060**	5 398	**-**	-
	Other income	**(4 985)**	(1 245)	**(139)**	(80 184)
		5 428 220	5 129 702	**10**	(80 143)
23	**OTHER INCOME**				
	Rental income	**1 978**	425	**-**	-
	Sundry income	**3 007**	820	**139**	184
	Dividend income	**-**	-	**-**	80 000
		4 985	1 245	**139**	80 184
24	**EMPLOYEE BENEFIT EXPENSES**				
	Salary cost	**425 599**	349 693	**-**	-
	Pension fund contributions - defined contribution fund	**53 894**	51 880	**-**	-
	Share-based payments	**2 818**	1 676	**-**	-
	Employee benefits - long service awards	**107**	(332)	**-**	-
	Dividends paid to participants of The Cashbuild Empowerment Trust	**6 362**	5 260	**-**	-
		488 780	408 177	**-**	-
	The number of persons employed by the group at 30 June 2011 are 4 381 (June 2010: 4 633).				
25	**FINANCE (COST) / INCOME**				
	Interest expense:				
	- bank borrowings	**(51)**	(7)	**-**	-
	- other	**(653)**	(969)	**-**	-
	- taxes	**-**	(4 724)	**-**	-
		(704)	(5 700)	**-**	-
	Interest income:				
	- bank balances	**28 605**	21 936	**-**	-
	- other	**1 154**	-	**-**	-
		29 759	21 936	**-**	-
26	**NET FOREIGN EXCHANGE (GAIN) / LOSS**				
	The exchange differences (credited)/ charged to the income statement are included as follows:				
	Revaluation of trading account	**1 298**	5 670	**-**	-
	Revaluation of foreign bank accounts	**4 524**	2 860	**-**	-
		5 822	8 530	**-**	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

	Group		Company	
R'000	**June 2011**	June 2010	**June 2011**	June 2010
27 INCOME TAX EXPENSE				
27.1 Taxation charge				
South African	**78 275**	62 080	**-**	-
Normal taxation				
- Current	**80 031**	59 854	**-**	-
- Under provision in prior periods	**(352)**	187	**-**	-
Deferred taxation				
- Current period temporary differences	**(1 227)**	2 038	**-**	-
- Prior period adjustments	**(177)**	1	**-**	-
Foreign	**14 671**	13 548	**-**	-
Normal taxation				
- Current	**14 033**	13 749	**-**	-
- Over provision in prior periods	**413**	(127)	**-**	-
Deferred taxation				
- Current period temporary differences	**231**	(313)	**-**	-
- Prior period adjustments	**(6)**	199	**-**	-
- Tax rate change	**-**	40	**-**	-
Non-resident shareholders' tax	**2 029**	984	**-**	-
Secondary tax on companies	**12 232**	5 393	**12 232**	5 394
- Current	**12 232**	5 393	**12 232**	5 394
Taxation	**107 207**	82 005	**12 232**	5 394
27.2 Reconciliation of tax rate	**%**	%	**%**	%
South African normal rate	**28.0**	28.0	**28.0**	28.0
Allowances and disallowable expenses	**6.7**	1.5	**(28.0)**	(28.0)
Foreign tax at different rates	**0.0**	(0.1)	**-**	-
Non-resident shareholders' tax	**0.8**	0.4	**-**	-
Secondary tax on companies	**4.6**	2.1	**(122 320.0)**	7.0
Under provision in prior periods	**(0.1)**	0.1	**-**	-
Effective tax rate	**40.0**	32.1	**(122 320.0)**	7.0

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

28 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit attributable to owners of the company 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 by adjusting the weighted average number of ordinary shares in issue to assume the conversion of all dilutive potential ordinary shares.

	Group		Company	
R'000	**June 2011**	June 2010	**June 2011**	June 2010
28.1 Weighted average number of ordinary shares in issue ('000)	**22 707**	22 709	**25 458**	25 805
Number of ordinary shares in issue	**25 190**	25 805	**25 190**	25 805
Adjustment for weighted average number of ordinary shares disposed of during the year	**268**	-	**268**	-
Weighted average number of ordinary shares issued at end of year	**25 458**	25 805	**25 458**	25 805
Less: Weighted average number of treasury shares:				
- The Cashbuild Share Incentive Trust	**(518)**	(515)	**-**	-
- The Cashbuild Empowerment Trust	**(2 233)**	(2 581)	**-**	-
Weighted number of ordinary shares in issue	**22 707**	22 709	**25 458**	25 805
28.2 Fully diluted weighted average number of ordinary shares in issue ('000)	**22 848**	22 821	**25 599**	25 916
Number of ordinary shares in issue	**22 707**	22 709	**25 458**	25 805
Share options	**141**	111	**141**	111
28.3 Basic earnings per share (cents)	**661.6**	721.2	**(48)**	289.7
Profit attributable to owners of the company (R'000)	**150 220**	163 776	**(12 242)**	74 749
Weighted average number of ordinary shares in issue ('000)	**22 707**	22 709	**25 458**	25 805
28.4 Fully diluted basic earnings per share (cents)	**657.5**	717.7	**(48)**	288.4
Attributable earnings (R'000)	**150 220**	163 776	**(12 242)**	74 749
Fully diluted weighted average number of ordinary shares in issue ('000)	**22 848**	22 821	**25 599**	25 916

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

note 28 continued

	Group		Company	
R'000	**June 2011**	June 2010	**June 2011**	June 2010
28.5 Headline earnings per share (cents)	**668.6**	717.2	**(48)**	289.7
Attributable earnings (R'000)	**150 220**	163 776	**(12 242)**	74 749
Headline earnings adjusting items:				
(Profit)/loss on sale of assets after taxation (R'000)	**1 594**	(902)	**-**	-
Headline earnings (R'000)	**151 814**	162 874	**(12 242)**	74 749
Weighted average number of ordinary shares in issue ('000)	**22 707**	22 709	**25 458**	25 805
28.6 Fully diluted headline earnings per share (cents)	**664.5**	713.7	**(48)**	288.4
Headline earnings (R'000)	**151 814**	162 874	**(12 242)**	74 749
Fully diluted weighted average number of ordinary shares in issue ('000)	**22 848**	22 821	**25 599**	25 916

29 DIVIDENDS PER SHARE	**Cents**	Cents	**Cents**	Cents
Interim				
No. 36 payable on 24 April 2011 (2010: No.34 paid on 19 April 2010)	**157**	106	**157**	106
Final				
No. 37 payable on 17 October 2011 (2010: No.35 paid 18 October 2010)	**139**	127	**139**	127
For details of dividends declared after balance sheet date refer to the directors' report.				

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

	Group		Company	
R'000	June 2011	June 2010	June 2011	June 2010
30 CASH GENERATED FROM OPERATIONS				
30.1 Reconciliation of profit before taxation to cash generated from operations				
Profit before income tax	**268 329**	255 680	**(10)**	80 143
Adjustments for:				
Depreciation of property, plant and equipment	**55 207**	48 002	**-**	-
Amortisation of intangible assets	**707**	709	**-**	-
Movement in employee benefits	**107**	(332)	**-**	-
Exchange differences on non-current assets	**830**	1 676	**-**	-
Interest received	**(29 759)**	(21 936)	**-**	-
Interest paid	**704**	5 700	**-**	-
Loss on disposal of property, plant and equipment	**2 214**	300	**-**	-
Profit on disposal of assets held for sale	**-**	(1 219)	**-**	-
Share-based payment	**2 818**	1 676	**2 818**	1 676
Decrease in deferred profit	**(52)**	(52)	**-**	-
Increase in deferred operating lease liability	**8 397**	12 909	**-**	-
Operating profit before working capital changes	**309 502**	303 113	**2 808**	81 819
(Increase)/decrease in inventories	**(2 525)**	121 950	**-**	-
(Increase)/decrease in trade and other receivables	**(3 810)**	10 943	**13**	-
Increase/(decrease) in trade and other liabilities	**161 401**	12 589	**392**	(71)
Working capital changes	**155 066**	145 482	**405**	(71)
Cash generated from operations	**464 568**	448 595	**3 213**	81 748
30.2 Proceeds from disposal of property, plant and equipment				
Net book value	**2 634**	476	**-**	-
Loss on sale of property, plant and equipment	**(2 214)**	(300)	**-**	-
Proceeds on sale of property, plant and equipment	**420**	176	**-**	-
30.3 Proceeds from disposal of assets held for sale				
Net book value	**-**	2 081	**-**	-
Profit on sale of assets held for sale	**-**	1 219	**-**	-
Proceeds on sale of assets held for sale	**-**	3 300	**-**	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

note 30 continued

	Group		Company	
R'000	**June 2011**	June 2010	**June 2011**	June 2010
30.4 Dividends paid				
Amounts charged to distributable reserves				
Final dividend - prior year	**(28 838)**	(23 270)	**(32 773)**	(26 580)
Interim dividend - current year	**(35 650)**	(24 196)	**(39 548)**	(27 354)
Amounts paid to minority shareholders	**(7 740)**	(1 438)	**-**	-
Cash amounts paid	**(72 228)**	(48 904)	**(72 321)**	(53 934)
30.5 Taxation paid				
Taxation owing at beginning of the year	**(19 781)**	(23 703)	**(322)**	(322)
Amount charged to income statement	**(107 207)**	(82 005)	**(12 232)**	(5 394)
Movement in deferred taxation	**(1 140)**	1 980	**-**	-
Amount owing at end of the year	**36 336**	19 781	**322**	322
Cash amounts paid	**(91 792)**	(83 947)	**(12 232)**	(5 394)
31 BORROWING POWERS				
Total gross borrowings	**2 657**	2 427	**-**	-
Banking facilities:				
Flexible term general banking facilities	**20 000**	70 000	**-**	-
Unutilised banking facilities	**20 000**	70 000	**-**	-
In terms of the Articles of Association of the Company, the borrowing powers of Cashbuild Limited are unrestricted.				
32 COMMITMENTS				
32.1 Capital commitments				
Capital expenditure to be funded from internal resources as approved by the directors				
- Authorised and contracted for	**3 714**	41 550	**-**	-
- Authorised by directors, but not contracted for	**111 477**	63 195	**-**	-
Total commitments	**115 191**	104 744	**-**	-
Capital commitments for the 12 months after accounting date	**115 191**	84 647	**-**	-
Nedbank Limited has issued guarantees of R21 523 071 (June 2010: R17 899 488) on behalf of the group for contracts entered into by the group. The group has bond guarantees of R960 000 for custom duty imports in Swaziland.				

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

	Group		Company	
R'000	**June 2011**	June 2010	**June 2011**	June 2010
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 7.22% (June 2010: 7.03%) 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	**212 282**	202 106	**-**	-
- Later than 1 year - not later than 5 years	**445 287**	438 068	**-**	-
- Later than 5 years	**289 963**	319 051	**-**	-
Total future cash flows	**947 532**	959 225	**-**	-
Straight-lining of leases already accrued in balance sheet	**(75 715)**	(67 318)	**-**	-
Future expenses	**871 817**	891 907	**-**	-
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.				
Bank guarantees	**22 483**	17 910	**-**	-
Cash restricted for Swaziland buy out	**62 741**	-	**-**	-
Sundry restricted cash	**12 519**	-	**-**	-
	97 743	17 910		
R62 741 363 relates to the purchase of the remaining shareholding in Cashbuild Swaziland (Pty) Ltd by the group. The cash is being held in an Escrow account pending all suspensive conditions being met.				

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)

Management views the accounts based on a geographical perspecitve.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

note 34 continued

R'000	South Africa	*Other members of common monetary area	Botswana and Malawi	Group
34.1 Segmental information for the year ended 30 June 2011				
Income statement				
Revenue				
- External	**4 882 594**	**505 390**	**279 510**	**5 667 494**
- Internal	**7 153**	**-**	**-**	**-**
Operating profit	**194 025**	**33 039**	**12 210**	**239 274**
Finance cost				**(704)**
Finance income				**29 759**
Profit before tax				**268 329**
Income tax expense				**(107 207)**
Profit for the year				**161 122**
Statement of financial position				
Segment assets	**1 731 567**	**280 092**	**124 877**	**2 136 536**
Segment liabilities	**1 091 717**	**149 582**	**57 119**	**1 298 418**
Depreciation	**49 722**	**3 537**	**1 949**	**55 207**
Amortisation	**707**	**-**	**-**	**707**
Capital expenditure	**125 342**	**17 122**	**4 578**	**147 042**

* Includes Namibia, Swaziland and Lesotho

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

R'000	South Africa	*Other members of common monetary area	Botswana and Malawi	Group
34.2 Segmental information for the year ended 30 June 2010				
Income statement				
Revenue				
- External	4 533 300	521 264	314 582	5 369 146
- Internal	5 778	-	-	-
Operating profit	195 314	27 653	16 477	239 444
Finance cost				(5 700)
Finance income				21 936
Profit before tax				255 680
Income tax expense				(82 005)
Profit for the year				173 675
Statement of financial position				
Segment assets	1 543 791	196 137	121 333	1 861 261
Segment liabilities	976 272	75 096	60 287	1 111 655
Depreciation	43 447	2 795	1 760	48 002
Amortisation	674	-	35	709
Capital expenditure	131 755	1 967	4 127	137 849

* Includes Namibia, Swaziland and Lesotho

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

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

Name of company	Domicile	Issued share capital	Effective holding Jun-11	Effective holding Jun-10	Nature
DIRECTLY HELD					
Cashbuild Management Services (Pty) Ltd		R1	**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		R100	**51%**	51%	2
Tradebuild (Pty) Ltd		R4	**100%**	100%	3
Cashbuild (Kwandebele) (Pty) Ltd		R 200 000	**100%**	0%	4
Cashbuild (Transkei) (Pty) Ltd		R 250 000	**100%**	0%	4

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

Domicile

South African unless otherwise stated:

A. Botswana

B. Lesotho

C. Malawi

D. Namibia

E. Swaziland

Nature

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

note 35 continued

2011 **R'000**	Sales	Purchases	Receivable balance	Payables balance	Loan liabilities	Loan assets
Cashbuild Limited	-	-	-	-	-	**48 017**
Cashbuild (South Africa) (Pty) Ltd	**7 153**	-	**268**	-	**856**	**56 138**
Cashbuild Management Services (Pty) Ltd	-	-	-	-	**48 017**	**856**
Cashbuild (Botswana) (Pty) Ltd	-	-	-	-	**468**	-
Cashbuild (Lesotho) (Pty) Ltd	-	-	-	-	**4 281**	-
Cashbuild Lilongwe Ltd	-	-	-	-	**1 886**	-
Cashbuild (Namibia) (Pty) Ltd	-	-	-	-	**32 871**	-
Cashbuild (Swaziland) (Pty) Ltd	-	-	-	-	**12 771**	-
Roofbuild Trusses (Pty) Ltd	-	**7 153**	-	**268**	**3 861**	-
	7 153	**7 153**	**268**	**268**	**105 011**	**105 011**

2010 R'000	Sales	Purchases	Receivable balance	Payables balance	Loan liabilities	Loan assets
Cashbuild Limited	-	-	-	-	-	181 252
Cashbuild (South Africa) (Pty) Ltd	5 778	-	76	-	221 770	28 535
Cashbuild Management Services (Pty) Ltd	-	-	-	-	181 252	189 022
Cashbuild (Botswana) (Pty) Ltd	-	-	-	-	8 129	-
Cashbuild (Lesotho) (Pty) Ltd	-	-	-	-	-	22 881
Cashbuild Lilongwe Ltd	-	-	-	-	612	-
Cashbuild (Namibia) (Pty) Ltd	-	-	-	-	15 232	-
Cashbuild (Swaziland) (Pty) Ltd	-	-	-	-	-	9 190
Roofbuild Trusses (Pty) Ltd	-	5 778	-	76	3 885	-
	5 778	5 778	76	76	430 880	430 880

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 nil% (June 2010: 12.5% p.a.). The net interest income for the year is R nil (2010: net charge of R 1 560 446).

35.2 Directors

Executive

PK Goldrick

A van Onselen

WF de Jager

KB Pomario - Resigned 31 March 2011

SA Thoresson

AE Prowse - Appointed 1 March 2011

Non-executive

D Masson

FM Rossouw

NV Simamane

J Molobela - Resigned 6 December 2010

AGW Knock - Appointed 1 July 2011

DSS Lushaba - Appointed 1 July 2011

Directors information is fully disclosed in note 36.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

R'000	June 2011	June 2010
35.3 Key management compensation		
Short-term employee benefits	**5 806**	7 046
Bonus/bonus accruals	**1 709**	1 229
Pension fund contributions	**482**	570
There are no loans held between key management and any of the companies in the group.		

Top three earners other than directors and public officers for the year ended 30 June 2011:

R'000	Basic salary	Bonus**	Expenses & travelling allowance	Other material benefits	Company's pension scheme contributions	Total
C de Beer	**913**	**262**	**319**	**31**	**85**	**1 610**
A Havenga	**958**	**348**	**48**	**-**	**92**	**1 446**
AE Prowse*	**496**	**-**	**214**	**-**	**51**	**761**
W van Aswegen	**901**	**408**	**135**	**-**	**91**	**1 535**
	3 268	**1 018**	**716**	**31**	**319**	**5 352**

* The salary was earned prior to the appointment of AE Prowse as the financial director on 1 March 2011.
** Bonuses refer to bonuses paid and accrued for and are authorised by the remuneration committee.

The following share options have been granted, but not yet vested to the following key managers for the year ended 30 June 2011:

	Balance at 01 July 2009	Movement for the year	Balance at 30 June 2010	Movement for the year	Balance at 30 June 2011
C de Beer	-	-	-	75 000	**75 000**
A Havenga	50 000	-	50 000	50 000	**100 000**
W van Aswegen	50 000	-	50 000	50 000	**100 000**
30 June 2011	**100 000**	**-**	**100 000**	**175 000**	**275 000**

	Scheme 1	Scheme 2
Exercise price	52.03	92.27
Grant date	16 March 2009	27 May 2011
Vesting date	16 March 2012	27 May 2014

Refer to note 14 for details of the share option schemes.

Top three earners other than directors and public officers for the year ended 30 June 2010:

R'000	Basic salary	Bonus**	Expenses & travelling allowance	Other material benefits	Company's pension scheme contributions	Total
C de Beer	710	191	319	39	70	1 329
A Havenga	901	188	48	-	87	1 224
W van Aswegen	843	226	120	-	86	1 275
30 June 2010	**2 454**	**605**	**487**	**39**	**243**	**3 828**

** Bonuses refer to bonuses paid and accrued for and are authorised by the remuneration committee.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

note 35 continued

R'000	June 2011	June 2010
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		
Shares subject to the scheme at beginning of year	**515 325**	522 625
Shares transferred or to be transferred to employees	**-**	(7 300)
Shares transferred back to the trust	**2 500**	-
Shares sold on open market	**-**	-
Shares subject to the scheme at end of year	**517 825**	515 325
Dealt with as follows:		
Shares allocated to employees:		
- Share purchase scheme	**-**	-
- Share option scheme	**400 000**	400 000
Shares held in the Trust for future allocations	**117 825**	115 325
	517 825	515 325
35.5 The Cashbuild Empowerment Trust		
In terms of the broad-based BEE transaction approved by the shareholders on 7 February 2005, 2 580 535 shares were issued to the Cashbuild Empowerment Trust, bringing the total issued shares to 25 805 535 (2010: 25 805 535). The shares were issued for a total consideration of R 75.1 million (R29.09 per share). The trust was funded by way of an interest-free loan from Cashbuild Management Services (Pty) Ltd.		
On 6 December 2010 a resolution was passed to repurchase 615 536 ordinary shares from the Cashbuild Empowerment Trust for a total consideration of R50 million (R81.23 per share). The proceeds on the repurchase would be distributed as a dividend to beneficiaries of the Trust. R20 million has been distributed to the beneficiaries as at statement of financial position date.		
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.		
Dividend paid to the trust		
- Final 2010 (2009)	**3 277**	2 735
- Interim 2011 (2010)	**3 085**	2 525
	6 362	5 260
Refer note 36 for directors' information and note 37.3 for directors' shareholding.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

36 DIRECTORS' INFORMATION

36.1 Directors' emoluments for the year ended 30 June 2011

R'000	Fees	Basic salary	Bonus*	Expenses & travelling allowance	Other material benefits**	Company's pension scheme contri-butions	Other***	Total
Executive directors								
PK Goldrick	-	2 219	1 873	110	68	39	-	4 309
WF de Jager	-	1 473	577	99	71	145	-	2 365
KB Pomario ****	-	817	-	55	27	73	-	972
AE Prowse *****	-	303	671	100	7	22	-	1 103
SA Thoresson	-	1 286	415	236	-	120	-	2 057
A van Onselen	-	1 610	518	145	73	145	-	2 491
30 June 2011	**-**	**7 708**	**4 054**	**745**	**246**	**544**	**-**	**13 297**
Non-executive directors								
D Masson	267	-	-	-	-	-	554	821
J Molobela ******	84	-	-	-	-	-	29	113
FM Rossouw	184	-	-	-	26	-	252	462
NV Simamane	184	-	-	-	-	-	112	296
30 June 2011	**719**	**-**	**-**	**-**	**26**	**-**	**947**	**1 692**
Total directors' emoluments								
30 June 2011	**719**	**7 708**	**4 054**	**745**	**272**	**544**	**947**	**14 989**

The following share options have been granted, but not yet vested to the following directors for the year ended June 2011:

Executive directors	Balance at 01 July 2009	Movement for the year	Balance at 30 June 2010	Movement for the year	Balance at 30 June 2011
PK Goldrick	-	-	-	-	**-**
WF de Jager	100 000	-	100 000	100 000	**200 000**
KB Pomario	-	-	-	-	**-**
AE Prowse	50 000	-	50 000	100 000	**150 000**
S Thoresson	100 000	-	100 000	100 000	**200 000**
A van Onselen	-	-	-	100 000	**100 000**
30 June 2011	250 000	-	250 000	400 000	**650 000**

	Scheme 1	Scheme 2
Exercise price	52.03	92.27
Grant date	16 March 2009	27 May 2011
Vesting date	16 March 2012	27 May 2014

Refer to note 14 for details of the share options schemes.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

note 36 continued

36 DIRECTORS' INFORMATION

36.2 Directors' emoluments for the year ended 30 June 2010

R'000	Fees	Basic salary	Bonus*	Expenses & travelling allowance	Other material benefits**	Company's pension scheme contri-butions	Other***	Total
Executive directors								
PK Goldrick	-	2 080	-	110	71	36	-	2 297
WF de Jager	-	1 385	-	100	67	137	-	1 689
KB Pomario	-	967	-	116	32	87	-	1 202
SA Thoresson	-	1 096	-	232	-	104	-	1 432
A van Onselen	-	1 518	-	155	66	137	-	1 876
30 June 2010	**-**	**7 046**	**-**	**713**	**236**	**501**	**-**	**8 496**
Non-executive directors								
D Masson	258	-	-	-	-	-	543	801
J Molobela	158	-	-	-	-	-	54	212
FM Rossouw	176	-	-	4	26	-	202	408
NV Simamane	158	-	-	-	-	-	54	212
30 June 2010	**750**	**-**	**-**	**4**	**26**	**-**	**853**	**1 633**
Total directors' emoluments								
30 June 2010	**750**	**7 046**	**-**	**717**	**262**	**501**	**853**	**10 129**

* Bonuses refer to bonuses paid and accrued for and are authorised by the remuneration committee.

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

*** "Other" generally includes amounts paid for meeting attendance and special consultation fees.

**** Resigned 31 March 2011

***** Appointed 1 March 2011

****** Resigned 6 December 2010

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

	Ordinary shares Beneficial	Ordinary shares Non-beneficial
36.3 Directors' shareholding		
The directors held in aggregate, direct and indirect beneficial interests and non-beneficial interests of 9.68% in the issued share capital of the company at 30 June 2011. The direct and indirect beneficial interest and non-beneficial interests of the directors in office at 30 June 2011 are as follows:		
Ordinary shares	**1 301 200**	**1 136 017**
Comprising:		
Non-executive directors	**1 200**	**5 000**
FM Rossouw	**-**	**5 000**
NV Simamane	**1 200**	**-**
Executive directors	**1 300 000**	**1 131 017**
PK Goldrick	**1 300 000**	**1 131 017**
Total ordinary shares held	**1 301 200**	**1 136 017**
The directors held in aggregate, direct and indirect beneficial interests and non-beneficial interests of 9.68% in the issued share capital of the company at 30 June 2010. The direct and indirect beneficial interest and non-beneficial interests of the directors in office at 30 June 2010 are as follows:		
Ordinary shares	1 301 200	1 136 017
Comprising:		
Non-executive directors	1 200	5 000
FM Rossouw	-	5 000
NV Simamane	1 200	-
Executive directors	1 300 000	1 131 017
PK Goldrick	1 300 000	1 131 017
Total ordinary shares held	1 301 200	1 136 017

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

note 37 continued

	% holding	No. of shares	No. of shareholders
37 ANALYSIS OF SHAREHOLDERS			
37.1 Listed below is an analysis of holdings extracted from register of ordinary shareholders at 30 June 2011:			
37.1.1 Category			
Non-public			
Directors	**9.68**	**2 437 217**	**3**
Staff, The Cashbuild Share Incentive Trust	**2.06**	**517 825**	**1**
The Cashbuild Empowerment Trust	**7.80**	**1 964 999**	**1**
Public			
Banks	**7.93**	**1 998 163**	**21**
Brokers	**0.18**	**46 372**	**8**
Close Corporations	**0.94**	**237 671**	**34**
Empowerment funds	**0.23**	**57 740**	**8**
Individuals	**4.96**	**1 249 027**	**1 406**
Insurance Companies	**2.53**	**638 324**	**12**
Investment Companies	**1.14**	**287 949**	**3**
Medical Aid Schemes	**0.03**	**8 041**	**1**
Mutual Funds	**19.04**	**4 795 860**	**78**
Nominees and Trusts	**21.19**	**5 336 700**	**289**
Other Corporations	**3.80**	**958 357**	**40**
Pension Funds	**10.19**	**2 567 906**	**59**
Private Companies	**7.15**	**1 802 154**	**57**
Public Companies	**1.13**	**285 506**	**13**
	100.00	**25 189 811**	**2 034**
37.1.2 Portfolio size			
1 - 1 000	**68.53**	**514 750**	**1 394**
1 001 - 5 000	**19.86**	**964 892**	**404**
5 001 - 100 000	**9.59**	**4 720 511**	**195**
100 001 - 1 000 000	**1.82**	**12 920 659**	**37**
1 000 001 - over	**0.20**	**6 068 999**	**4**
	100.00	**25 189 811**	**2 034**

	% holding	**No. of shares**
37.2 The following shareholders held in excess of 5% of the shares of the company at 30 June 2011:		
The Cashbuild Empowerment Trust	**7.80**	**1 964 999**
PK Goldrick	**9.68**	**2 431 017**
Government Employees Pension Fund	**5.39**	**1 358 299**
SRA Investments (Pty) Ltd	**5.95**	**1 500 000**

Annual financial statements

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

	Holders	No. of shares
37.3 Directors' shareholding in main register		
PK Goldrick	**1**	**2 431 017**
FM Rossouw	**1**	**5 000**
NV Simamane	**1**	**1 200**
	3	**2 437 217**

	% holding	No. of shares	No. of shareholders
37.4 Listed below is an analysis of holdings extracted from register of ordinary shareholders at 30 June 2010:			
37.4.1 Category			
Non-public			
Directors	9.44	2 437 217	3
Staff, The Cashbuild Share Incentive Trust	2.03	523 425	1
The Cashbuild Empowerment Trust	10.00	2 580 535	1
Public			
Banks	7.60	1 960 659	16
Brokers	0.22	55 622	10
Close corporations	0.92	237 211	34
Endowment funds	0.17	43 529	11
Individuals	5.90	1 522 634	1 496
Insurance companies	2.66	686 812	16
Investment companies	1.34	345 041	6
Medical aid schemes	0.03	8 041	1
Mutual funds	15.05	3 884 611	89
Nominees and trusts	19.66	5 072 215	288
Other corporations	3.66	944 538	40
Pension funds	12.99	3 351 833	87
Private companies	7.18	1 853 108	66
Public companies	1.16	298 316	15
	100.00	25 805 347	2 180
37.4.2 Portfolio size			
1 - 1 000	68.53	556 205	1 494
1 001 - 5 000	19.50	1 041 546	425
5 001 - 100 000	10.23	4 943 687	223
100 001 - 1 000 000	1.56	12 323 498	34
1 000 001 - over	0.18	6 940 411	4
	100.00	25 805 347	2 180

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

	% holding	No. of shares
37.5 The following shareholders held in excess of 5% of the shares of the company at 30 June 2010:		
The Cashbuild Empowerment Trust	10.00	2 580 535
PK Goldrick	9.42	2 431 017
Government Employees Pension Fund	6.69	1 725 940
SRA Investments (Pty) Ltd	5.81	1 500 000

	Holders	No of shares
37.6 Directors' shareholding in main register		
PK Goldrick	1	2 431 017
FM Rossouw	1	5 000
NV Simamane	1	1 200
	3	2 437 217

ADMINISTRATION & OFFICES

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

REGISTERED OFFICE
101 Northern Parkway
Ormonde
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.

BANKERS
Standard Bank of South Africa Limited
Nedcor Limited

SPONSOR
Nedbank Capital

WEBSITE
www.cashbuild.co.za

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF MEMBERS OF CASHBUILD WILL BE HELD IN THE CASHBUILD BOARDROOM, 101 NORTHERN PARKWAY, ORMONDE, JOHANNESBURG ON MONDAY, 28 NOVEMBER 2011 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 2011, 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, by separate resolution, Ms NV Simamane and Mr FM Rossouw who retire by rotation in terms of the company's memorandum of incorporation but, being eligible, offer themselves for re-appointment.

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

3.1 Ordinary resolution number three:

MS NV SIMAMANE (independent non-executive director) who became a director on 1 September 2004.

BSc (Hons) (Botswana & Swaziland)

Work experience:

Ms Simanane's work experience includes:

- Marketing manager (Unilever)
- Marketing director (British American Tobacco)

Directorships:

- Etana Insurance
- Foschini
- Oceana
- Zanusi Investments
- Zanusi Marketing Consultants

Top Businesswoman of the Year: 2009 National Business Awards

Member of the Cashbuild audit & risk management and nomination committee (2005)

3.2 Ordinary resolution number four:

MR FM ROSSOUW (independent non-executive director) who has served on Cashbuild's board and audit committee since 7 May 2001.

CA(SA) AEP (Unisa)

Work experience:

Mr Rossouw's work experience includes appointments as an executive director of:

- Oceana
- Fedfood
- Premier Group
- Checkers
- The Airports Company

Directorships:

Mr Rossouw is a director of several private companies.

His current Cashbuild related appointments include:

- Chairman of the audit & risk management committee (2001)

NOTICE OF THE ANNUAL GENERAL MEETING CONTINUED

- Director of Cashbuild (Namibia) (Pty) Ltd
- Director of Cashbuild (Botswana) (Pty) Ltd
- Director of Cashbuild (South Africa) (Pty) Ltd
- Trustee of the Cashbuild Empowerment Trust
- Trustee of the Cashbuild Share Incentive Trust
- Member of the Cashbuild Remuneration Committee
- Member of the Cashbuild Nomination Committee

4. Ordinary resolution numbers five and six (Election of directors):

By separate resolutions, appoint Mr AGW Knock and Dr DSS Lushaba, who joined the board on 1 July 2011.

4.1 Ordinary resolution number five:

MR AGW KNOCK (independent non-executive director) who became a director on 1 July 2011.

BSc, MSc (Engineering) (WITS); MDP (Cape Town) Pr.Eng

Work experience:

Mr Knock's work experience includes:

- Non-executive board member of the Mining SETA for 12 years
- Executive chairman of the SAP Africa User group NPA for 5 years
- Chairman Minerals and Mining Standards Generating body for 8 years
- Council member Association of Mine Managers for 2 years
- Prior to his retirement he was a general manager of a mine in the Anglo Platinum group.

Directorships:

- Member of the Cashbuild audit & risk management committee (July 2011)

4.2 Ordinary resolution number six:

DR DSS LUSHABA (independent non-executive director) who became a director on 1 July 2011.

BSc (Hons) (Zululand) MBA (Wales), DBA (UKZN)

Work experience:

Dr Lushaba's work experience includes:

- General manager operations (Spoornet)
- Chief executive (Rand Water)
- Vice president (Lonmin Platinum)
- Current facilitator of corporate governance programs at the Institute of Directors of Southern Africa

Directorships:

- Harmony Gold Ltd
- GVSC (Pty) Ltd
- Talent Africa (Pty) Ltd
- NEPAD Business Foundation
- Member of Council – University of Johannesburg
- Member of the Cashbuild audit & risk management committee (July 2011)

5. Special resolution number one (Remuneration of non-executive directors)

To approve the remuneration for the non-executive directors, with effect from 1 July 2011 to 30 June 2012, as follows:

			Payable
Annual retainer	Chairman Director	R160 000 R110 000	Annually
Board and strategy meetings	Chairman Director	R25 000 R17 000	Each meeting
Audit & risk management committee meetings	Chairman Director	R12 000 R9 000	Each meeting
All other meetings *	Chairman Director	R10 000 R7 500	Each meeting

* Remuneration committee
Nomination committee
Share incentive trust

NOTICE OF THE ANNUAL GENERAL MEETING CONTINUED

Pension fund

6. Ordinary resolution number seven (Re-appointment of auditors)

Subject to the audit committee being satisfied as to the auditors' independence, to re-appoint PricewaterhouseCoopers Inc. as the auditors for the current financial year, ending 30 June 2012, with Mr DJ Fouche being the individual registered auditor who undertakes the audit.

Audit fees

In terms of section 94(7)(b) of the Companies Act 71 of 2008, as amended, the audit committee is responsible for determining the audit fees and the auditors' terms of appointment.

7. Special resolution number two (Financial assistance in terms of section 45 of the Companies Act 71 of 2008, as amended ("the Companies Act")

"RESOLVED THAT, in accordance with section 45 of the Companies Act, the board be and is hereby authorised, by way of a general authority to, at any time and from time to time during the period of two years commencing on the date of this special resolution, provide any direct or indirect financial assistance (as contemplated in section 45(1) of the Companies Act) in any form or amount to any company which is related or inter-related to the company (from time to time and for the time being), as defined in the Companies Act, on such terms and conditions as the board may determine."

Explanatory note in respect of special resolution number two

Special resolution number two is required in order to authorise financial assistance by the company to other group companies. In terms of section 45 of the Companies Act, the Directors of the Company may not authorise the company to provide financial assistance by way of loans, guarantees, the provision of security or otherwise, to any company which is related or inter-related to Cashbuild, i.e. its subsidiaries, unless such financial assistance is pursuant to a special resolution of shareholders. This special resolution does not authorise the provision of financial assistance to a director or prescribed officer of the company.

In terms of the treasury management function and policies of the group, Cashbuild is required, from time to time, to provide financial assistance to other entities within the group to ensure that these entities maintain appropriate liquidity levels.

The authorisation of any such financial assistance will be and remain subject thereto that the board is satisfied that immediately after granting the financial assistance, the company will satisfy the solvency and liquidity test set out in the Companies Act and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

In accordance with section 45(5) of the Companies Act, the board hereby gives notice to its shareholders of the intention to pass a resolution authorising the company to provide financial assistance to certain related and/or inter-related companies which board resolution will take effect on the passing of special resolution number two set out above.

The percentage of voting rights that will be required for this special resolution to be adopted is 75% of the votes exercised on the resolution.

8. Section 94 of the Companies Act requires each annual general meeting of a public company to elect an audit committee comprising at least three members.

It is accordingly proposed that the following directors should be elected to serve as

NOTICE OF THE ANNUAL GENERAL MEETING CONTINUED

members of the audit committee:

8.1 Ordinary resolution number eight
MR FM ROSSOUW

8.2 Ordinary resolution number nine
MS NV SIMAMANE

8.3 Ordinary resolution number ten
MR AGW KNOCK

8.4 Ordinary resolution number eleven
DR DSS LUSHABA

Quorum for all resolutions

The quorum for all resolutions is sufficient persons being present to exercise, in aggregate, at least 25% of all of the voting rights.

Record date

The record date in terms of section 59 of the Companies Act, for shareholders to be recorded on the shareholders' register of the company in order to be able to attend, participate and vote at the annual general meeting is Friday, 18 November 2011.

Electronic participation

Should any shareholder (or any proxy for a shareholder) wish to participate in the annual general meeting by way of electronic participation, that shareholder should make application in writing (including details as to how the shareholder or its representative (including its proxy) can be contacted) to so participate to the transfer secretary, Computershare Investor Services (Proprietary) Limited, at its address below, to be received by the transfer secretary at least five business days prior to the annual general meeting in order for the transfer secretary to arrange for the shareholder (or its representative or proxy) to provide reasonably satisfactory identification to the transfer secretary for the purposes of section 63(1) of the Companies Act, and for the transfer secretary to provide the shareholder (or its representative) with details as to how to access any electronic participation to be provided. The company reserves the right to elect not to provide for electronic participation at the annual general meeting in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the company will be borne by the shareholder so accessing the electronic participation.

Voting and proxies

Shareholders are reminded that:

- a shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy (or more than one proxy) to attend, participate in and vote at the annual general meeting in the place of the shareholder, and shareholders are referred to the attached form of proxy;
- a proxy holder need not also be a shareholder of the company.
- in terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified.

For the convenience of certificated Shareholders and dematerialised shareholders with "own-name" registration, a form of proxy is attached hereto. Duly completed forms of proxy must be lodged with the transfer secretary at either of the below addresses 48 hours before the commencement of the annual general meeting (or any adjournment of the annual general meeting) or handed to the chairman of the annual general meeting before the appointed proxy exercises any of the relevant shareholder's rights at the annual general meeting (or any adjournment of the annual general meeting), provided that should a shareholder lodge a form of proxy with the transfer secretary at either of the below addresses less than 48 hours before the annual general meeting, such shareholder will also be

NOTICE OF THE ANNUAL GENERAL MEETING CONTINUED

required to furnish a copy of such form of proxy to the chairman of the annual general meeting before the appointed proxy exercises any of such shareholder's rights at the annual general meeting (or any adjournment of the annual general meeting).

Dematerialised shareholders without "own-name" registration who wish to attend the annual general meeting in person should request their CSDP or broker to provide them with the necessary letter of representation in terms of their custody agreement with their CSDP or broker. Dematerialised shareholders without "own- name" registration who do not wish to attend but wish to be represented at the annual general meeting must advise their CSDP or broker of their voting instructions. Dematerialised shareholders without "own-name" registration should contact their CSDP or Broker with regard to the cut-off time for their voting instructions.

By order of the board

CORPORATE GOVERNANCE LEADERS CC
CHARTERED SECRETARIES
Company secretary to Cashbuild Limited
19 September 2011

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, 28 NOVEMBER 2011 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, 28 November 2011 at 10h00 and at any adjournment thereof, in the Cashbuild boardroom, cnr Northern Parkway and Crownwood Roads, Ormonde, Johannesburg, and to vote for me/us in respect of the undermentioned resolutions in accordance with the following instructions.

	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 and four To elect the following directors who retire by rotation:			
3.1. Ordinary resolution number three: MS NV SIMAMANE			
3.2. Ordinary resolution number four: MR FM ROSSOUW			
4. Ordinary resolutions numbers five and six By separate resolutions, to appoint the following as directors:			
4.1. Ordinary resolution number five: MR AGW KNOCK			
4.2. Ordinary resolution number six: DR DSS LUSHABA			
5. Special resolution number one: Remuneration of non-executive directors			
6. Ordinary resolution number seven: Re-appointment of auditors			
7. Special Resolution number two: Board authority to grant inter-company loans.			
8. Ordinary resolutions numbers eight to eleven By separate resolutions, to appoint the following members to the Audit Committee			
8.1. Ordinary resolution number eight MR FM ROSSOUW			
8.2. Ordinary resolution number nine MS NV SIMAMANE			
8.3. Ordinary resolution number ten MR AGW KNOCK			
8.4. Ordinary resolution number eleven DR DSS LUSHABA			

Signed at ____on__________________________2011

Signature_____________________ Assisted by me _________________(where applicable – see note 7)

NOTES TO THE FORM OF PROXY

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.

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 member's 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.

NORTHERN GRAPHICS

W W W . C A S H B U I L D . C O . Z A