



CONDENSED GROUP INCOME STATEMENT				
for the year ended 30 June				
R'000	June 2004	Restated June 2003	% Change	As previously reported June 2003
Revenue	1 635 233	1 394 783	17	
Cost of sales	1 281 919	1 081 880		
Gross profit	353 314	312 903		
Operating expenses	271 426	248 996	9	
Operating profit before financing income	81 888	63 907	28	
Net financing income	8 002	9 489	(16)	
Profit before taxation	89 890	73 396	22	
Taxation	31 909	23 052		
Profit after taxation	57 981	50 344	15	
Minority interest	4 652	4 792		
Attributable earnings	53 329	45 552	17	
Reconciliation of attributable earnings to headline earnings:				
Attributable earnings	53 329	45 552	45 195	
Loss/(profit) on sale of assets after taxation	137	(235)	(235)	
Impairment of property	307			
Amortisation of goodwill	217	133	133	
Headline earnings	53 990	45 450	19	45 093
Earnings per share (cents):				
– Headline	251.4	224.1	12	196.8
– Fully diluted headline	232.5	195.7	19	194.2
– Basic	248.3	224.6	11	197.3
– Fully diluted basic	229.6	196.1	17	194.6
Dividend per share (cents):				
– Interim paid	29	25	25	
– Final (note 8)	49	40	40	
Number of shares in issue (000s)	23 225	23 225	23 225	
Weighted number of shares (000s)	21 477	20 283	22 912	
Fully diluted number of shares (000s)	23 225	23 225	23 225	

CONDENSED GROUP BALANCE SHEET			
as at 30 June			
R'000	June 2004	June 2003	
Assets			
Non-current assets	120 149	88 343	
Property, plant and equipment	103 331	73 676	
Intangible assets	8 521	1 875	
Deferred taxation	608	3 097	
Other non-current assets	7 689	9 695	
Current assets	460 413	388 386	
Inventories	279 141	249 263	
Trade and other receivables	37 876	32 733	
Cash and cash equivalents	143 396	106 390	
Total assets	580 562	476 729	
Equity and liabilities			
Shareholders' funds	168 343	128 276	
Minority interest	16 570	11 918	
Non-current liabilities	564	297	
Interest-bearing borrowings	203	–	
Deferred taxation	361	297	
Current liabilities	395 085	336 238	
Short-term borrowings	289	63	
Tax liability	17 787	16 433	
Trade and other liabilities	375 794	315 446	
Employee benefits (note 4)	1 215	4 296	
Total liabilities	395 649	336 535	
Total equity and liabilities	580 562	476 729	
Capital expenditure	48 697	35 184	
Depreciation of property, plant and equipment	10 664	8 028	
Amortisation of intangible assets	220	134	
Net asset value per share (cents)	725	552	
Capital commitments	53 221	8 107	
Contingent liabilities	3 044	1 576	

NOTES TO THE CONDENSED GROUP ANNUAL FINANCIAL INFORMATION

**1. Audit opinion.** The condensed announcement of results has been derived from the consolidated financial statements, prepared in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act. PricewaterhouseCoopers Inc. have audited the consolidated annual financial statements and their unqualified audit report as well as their report on the condensed announcement are available for inspection at the registered office of the company.

**2. Accounting policies.** The accounting policies used in the preparation of the annual financial statements are consistent with those used in the annual financial statements for the year ended 30 June 2003 except as noted below.

**3. Change in accounting policy.** As a result of a recent ruling by the JSE Securities Exchange South Africa, the group has consolidated The Cashbuild Share Incentive Trust ("trust"). The trust has been consolidated as if it were a subsidiary from date of formation of the trust. The loan to the trust has been eliminated on consolidation and the shares held by the trust have been deducted as treasury shares from the issued number of shares in determining the weighted average number of shares. The trust held 1 269 946 Cashbuild shares as at 30 June 2004 (2 306 646 shares as at 30 June 2003). The comparative figures have been appropriately restated. In addition to the changes evident from the statement of changes in equity and the earnings per share calculations, the following items have been restated:

R'000	Opening distributable reserves	Attributable earnings	Distributable reserves	Share capital	Share premium	Trade & other receivables	Loan
Balance at 30 June 2003 as previously reported	56 617	45 195	88 000	232	40 966	29 503	6 882
Opening balance adjusted for trust consolidation	8 152		8 152				
Reversal of provision against loans receivable in trust		370	370				
Taxation in trust		(13)	(13)				
Dividend received on treasury shares in trust			1 033				
Consolidation of treasury shares in trust				(23)	(13 171)		(6 882)
Consolidation of loan to trust							3 230
Staff loans in trust							
<b>Restated balance at 30 June 2003</b>	<b>64 769</b>	<b>45 552</b>	<b>97 542</b>	<b>209</b>	<b>27 795</b>	<b>32 733</b>	<b>–</b>

**4. Employee benefits.** The group has changed the benefit structure of the long service awards paid to employees resulting in a reduction of R2.6 million before taxation in employee benefits.

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

**6. Repurchased shares.** The company purchased 631 296 ordinary shares of Cashbuild Limited through its subsidiary Cashbuild (South Africa) (Pty) Limited during the period December 2001 to February 2002. These shares were sold to The Cashbuild Share Incentive Trust in December 2002. The surplus realised on the sale of shares and the dividend received on these shares were transferred directly to equity.

**Number of shares reconciliation:**

	June 2004	June 2003
Shares in issue/fully diluted number of shares	23 224 812	23 224 812
Weighted number of treasury shares	(1 748 021)	(2 629 194)
Weighted number of shares repurchased	–	(313 054)
Weighted number of shares	<b>21 476 791</b>	<b>20 282 564</b>

**7. Earnings per share.** Basic earnings per share is calculated by dividing the earnings attributable to shareholders by the weighted average number of 21 476 791 ordinary shares in issue during the year (June 2003 : 20 282 564 shares). To calculate the headline earnings per share, the earnings attributable to shareholders is adjusted for the loss/(profit) on sale of assets after taxation, impairment of property and the amortisation of goodwill. It is also calculated net of treasury shares acquired or sold by The Cashbuild Share Incentive Trust, which are included in the calculation from the date of acquisition. This headline earnings calculation is in compliance with SAICA Circular 7/2002 as directed by the JSE Securities Exchange South Africa.

**8. Declaration of dividend.** The board has declared a final dividend (No. 23), of 49 cents per ordinary share to all shareholders of Cashbuild Limited. Date dividend declared: Monday, 23/08/2004. Last day to trade "CUM" the dividend: Friday, 10/09/2004. Date commence trading "EX" the dividend: Monday, 13/09/2004. Record date: Friday, 17/09/2004. Date of payment: Monday, 20/09/2004. Share certificates may not be dematerialised or rematerialised between Monday, 13 September 2004 and Friday, 17 September 2004, both dates inclusive.

On behalf of the board  
**DONALD MASSON** – Chairman  
Johannesburg

PAT GOLDRICK – Chief Executive  
23 August 2004

CONDENSED GROUP CASH FLOW STATEMENT			
for the year ended 30 June			
R'000	June 2004	June 2003	
Cash flows from operating activities			
Cash receipts from customers	1 637 186	1 393 419	
Cash paid to suppliers and employees	(1 520 304)	(1 364 941)	
Cash generated from operations	116 882	28 478	
Interest received	8 683	10 040	
Interest paid	(681)	(551)	
Dividend received	–	221	
Dividends paid	(15 300)	(14 043)	
Taxation paid	(28 002)	(8 585)	
Net cash inflows from operating activities	81 852	15 560	
Cash flows from investing activities			
Additions to property, plant and equipment	(41 042)	(33 178)	
Excess of purchase price over net asset value	–	(2 000)	
Additions to system implementation	(6 442)	–	
Additions to trademarks	(22)	(6)	
Acquisition of subsidiary	4	–	
Proceeds on disposal of property, plant and equipment	1 024	2 443	
Net cash (outflows) from investing activities	(46 478)	(32 741)	
Cash flows from financing activities			
Increase in shareholders' funds due to share buyback	–	2 914	
Increase in shareholders' funds due to resale of shares purchased	–	2 452	
Net treasury shares movement	2 038	(4 270)	
(Decrease) in long-term borrowings	(30)	(63)	
(Decrease) in short-term borrowings	(106)	(52)	
Net cash inflows from financing activities	1 902	981	
Net increase/(decrease) in cash and cash equivalents	37 006	(16 200)	
Cash and cash equivalents at beginning of year	106 390	122 590	
Cash and cash equivalents at end of year	143 396	106 390	

GROUP STATEMENT OF CHANGES IN EQUITY						
for the year ended 30 June						
R'000	Share capital	Share premium	Foreign currency translation reserve	Distributable reserves	Total	
Balance at 1 July 2002						
as previously reported	226	35 606	2 730	56 617	95 179	
Effect of consolidating the share incentive trust (note 3)	(27)	(8 897)	–	8 152	(772)	
Restated opening balance at 1 July 2002	199	26 709	2 730	64 769	94 407	
Effect of change in accounting policy	–	–	–	(97)	(97)	
Attributable earnings for the year	–	–	–	45 552	45 552	
Dividends paid	–	–	–	(12 903)	(12 903)	
Dividend received on repurchased shares	–	–	–	221	221	
Net treasury shares movement (note 3)	4	(4 274)	–	–	(4 270)	
Repurchased shares sold (note 6)	6	2 446	–	–	2 452	
Surplus on sale of repurchased shares	–	2 914	–	–	2 914	
Restated balance at 1 July 2003	209	27 795	2 730	97 542	128 276	
Attributable earnings for the year	–	–	–	53 329	53 329	
Dividends paid	–	–	–	(15 300)	(15 300)	
Net treasury shares movement	11	2 027	–	–	2 038	
Closing balance at 30 June 2004	220	29 822	2 730	135 571	168 343	

COMMENTS	
<b>NATURE OF BUSINESS</b> Cashbuild is southern Africa's largest retailer of quality building materials and associated products, selling direct to a cash-paying customer base through our constantly expanding chain of stores (124 at the end of this reporting period). Cashbuild carries an in-depth quality product range tailored to the specific needs of the communities we serve. Our customers are typically homebuilders and improvers, contractors, farmers, traders and increasingly, large construction companies and government-related infrastructure developers, as well as all discerning customers looking for quality building materials at lowest prices. Cashbuild has built its credibility and reputation by consistently offering lowest everyday prices, and through a purchasing and inventory policy that ensures that customers' requirements are always in stock.	
<b>FINANCIAL HIGHLIGHTS</b> Profit from operations increased by 28% to R81.9 million from the previous year's R63.9 million. Cash resources improved by 35% to R143.4 million. Headline earnings of R54.0 million improved by 19% on the prior year's R45.5 million. Headline earnings per share affected by the change in the weighted average number of shares as the result of the consolidation of The Cashbuild Share Incentive Trust (see note 3 to financial information), has increased by 12%. The board has declared a final dividend of 49 cents per share, which together with the interim dividend brings the full year's dividend to 78 cents per share. This represents a 20% increase on the comparative year. The company has traded well during the year with annual revenue in comparison to the prior year having increased by an encouraging 17%, with 8% attributable to pre-existing stores and 9% to new stores. These results are due to a continued strong and well publicised macroeconomic environment, consumer confidence and the continued property culture arising from government's drive to increase home ownership, and private homeowners striving for larger and better housing. Particularly encouraging, is the fact that this growth has been achieved, not out of price increases but out of real organic growth from our existing store infrastructure as evidenced by the increase in units sold and volumes of transactions through the tills, as well as growth in market share through our new store expansion. For the year, Cashbuild has experienced growth in units sold of 26% (12% from pre-existing stores and 14% from new stores) and growth in the number of transactions recorded through the tills, increasing by 19% (7% attributable to pre-existing stores and 12% from new stores). Cashbuild had experienced deflation during most of the year, with inflation only returning late in the fourth quarter. This deflationary environment had a negative impact on percentage margins as Cashbuild maintained lower selling prices on stock purchased at pre-deflationary prices. Inflation has returned in the fourth quarter largely as a result of increases in timber and Iscor steel prices. Cashbuild has also seen a shift in product mix during the year, particularly to lower margin commodity items such as cement and bricks. This indicates a shift in the market to building additions and improvements rather than just property maintenance and is further evidence of the property culture and overall consumer confidence referred to earlier. This is particularly encouraging for Cashbuild as it shows that the company continues to be recognised in the market place as a complete supplier for projects ranging from construction and additions to general maintenance. The drop in margin percentage due to the above is more than compensated for by the increase in volumes of units sold, with an overall positive impact on Rand margins. Operating costs remained well managed and controlled and although a 9% increase is recorded for the year, this is largely due to the costs added by the new stores. Operating cost increases other than those added by the new stores have been well managed to below inflationary levels. In terms of AC 116, Cashbuild has in the past been required to provide for the liability arising from future costs for long service awards which were paid based on a percentage of salary. The company's policy, after consultation with employees, has changed and the awards are now paid at more significant levels of service in small fixed sums. On this basis the company has written back to profits, from provisions, R2.6 million before taxation in the current year. Interest income from cash held in the business was adversely affected in the current year by lower interest rates. This has had less of an impact on results in the second half of 2004, as during the comparative year rates had already decreased. Cashbuild's balance sheet remains solid. Working capital continues to be well managed with stock levels for existing stores (excluding the stocking of 12 new stores opened during the year) increasing by only 1% in relation to the prior year. This has been achieved with the implementation of the company's "optimum stock model" determined through a project completed in the first half of 2003. The implementation of this model has resulted in the reduction of stock days from 92 days in June 2003 to 84 days in June 2004, whilst ensuring customer requirements are always met. The success of this approach can be seen in the lower stock levels whilst experiencing strong growth in transactions, unit sales and revenue. Trade receivables and payables remain well managed. In February 2004 the first of Cashbuild's Malawi stores was opened in Lilongwe, supported by local shareholders who, it is anticipated, will support and grow the business. In the store's short term of trading it has become apparent that a good market exists and management is confident this venture will prove successful. Cashbuild continues to expand conservatively, with 12 new stores opened, four existing stores refurbished and one store relocated in the year under review. Commitments of R53.2 million is attributable to the new IT systems due for implementation in September 2004 (see notes under prospects) and to new store developments.	

CONDENSED GROUP SEGMENTAL ANALYSIS							
R'000	South Africa		Other members of common monetary area		Botswana and Malawi		Group
	June 2004	June 2003	June 2004	June 2003	June 2004	June 2003	June 2004
	June 2003	June 2003	June 2003	June 2003	June 2003	June 2003	June 2003
Income statement							
Revenue							
– External	1 239 762	984 425	215 291	211 752	180 180	198 606	1 635 233
– Internal	33 161	30 662					
Operating profit before financing income	65 668	32 746	13 774	15 027	2 446	16 134	81 888
Balance sheet							
Segment assets	472 317	371 719	51 648	50 278	56 597	54 732	580 562
Segment liabilities	306 529	255 992	43 568	44 018	45 552	36 525	395 649
Other segment items							
Depreciation	8 945	6 383	566	597	1 153	1 048	10 664
Amortisation	202	133	–	–	18	1	220
Impairment of property	307	–	–	–	–	–	307
Capital expenditure	42 438	29 134	4 307	506	1 952	5 544	48 697

Directors: D Masson\* (Chairman), P.K. Goldrick (Chief executive) (Irish), C.T. Daly, F.M. Rossouw\* (Non-executive) • Company secretary: Alan C. Smith • Auditors: PricewaterhouseCoopers Inc. Sponsor: Nedbank Corporate • Registered office: cnr Aeroton and Aerodrome Roads, Aeroton, Johannesburg 2001 • PO Box 90115, Bertsam 2013 Transfer secretaries: Computershare Investor Services 2004 (Pty) Ltd, 70 Marshall Street, Johannesburg 2001 • PO Box 61051, Marshalltown 2107 Cashbuild Limited (Registration number: 1986/001503/06) • (Incorporated in the Republic of South Africa) • JSE Share code: CSB • ISIN code: ZAE000028320

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