QUALITY BUILDING MATERIALS AT THE LOWEST PRICES

Cashbuild

2012 INTEGRATED ANNUAL REPORT

CONTENTS

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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.

MISSION

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

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

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



VALUES

- We follow through to be successful
- We strive to do it right first time, every time
- We take responsibility in contributing to the company's success
- We recognise and reward outstanding performance
- We listen attentively
- We communicate and share all relevant information
- We encourage people to seek ways to improve and innovate
- We deliver exceptional service and total customer satisfaction
- We show respect, honesty and integrity in all our dealings
- We empower our people to develop to their fullest potential
- We have pride in our work, our company and ourselves
- We contribute to the communities in which we trade
- We treat people fairly and equitably
- We manage our business by the "Cashbuild Way"

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

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

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

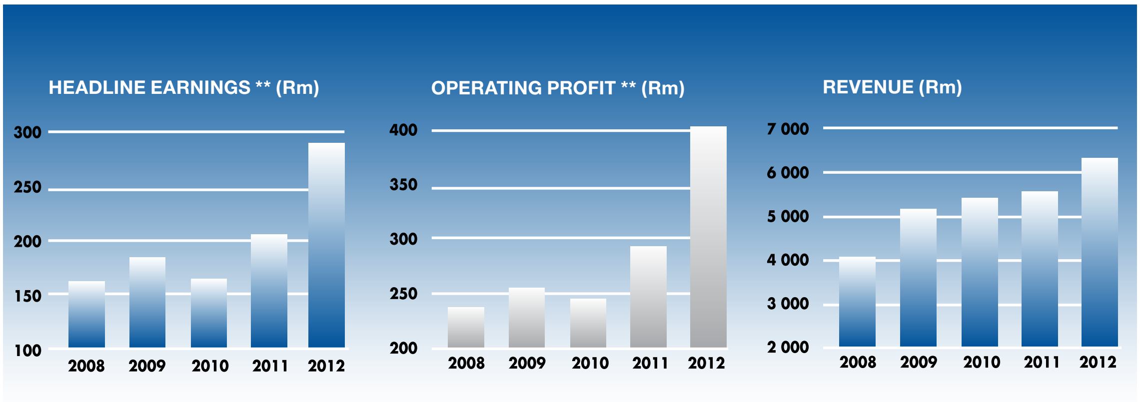
Cashbuild is the first-choice supplier of quality building materials in all the markets in which it is represented.

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

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

GROUP FINANCIAL HIGHLIGHTS

	June 2012	June 2011
Group summary (R'000)		
Revenue	6 310 052	5 667 494
Operating profit before financing income**	400 475	290 543
Profit before taxation**	433 330	319 598
Attributable earnings**	286 832	206 489
Headline earnings**	285 568	208 083
Net (decrease)/increase in cash and cash equivalents	(232 614)	178 280
Market capitalisation*	3 451 004	2 393 032
Total assets	1 926 068	2 136 536
Cash and cash equivalents	487 946	720 560
Interest-bearing borrowings	2 472	2 657
Share performance (cents per share)		
Headline earnings**	1 255.7	916.4
Dividends	569	296
Cash and cash equivalents	2 146	3 173
Net asset value*	3 877	3 109
Market price - high	13 800	10 000
Market price - low	8 980	6 500
Market price - at year-end	13 700	9 500
Statistics		
Number of employees	4 453	4 381
Number of stores	191	191
Number of trading weeks	53	52
Turnover per employee (R'000)	1 417	1 290
Profit before tax on sales (%)	6.9	5.6
Return on shareholders' funds (%)	29.4	26.4

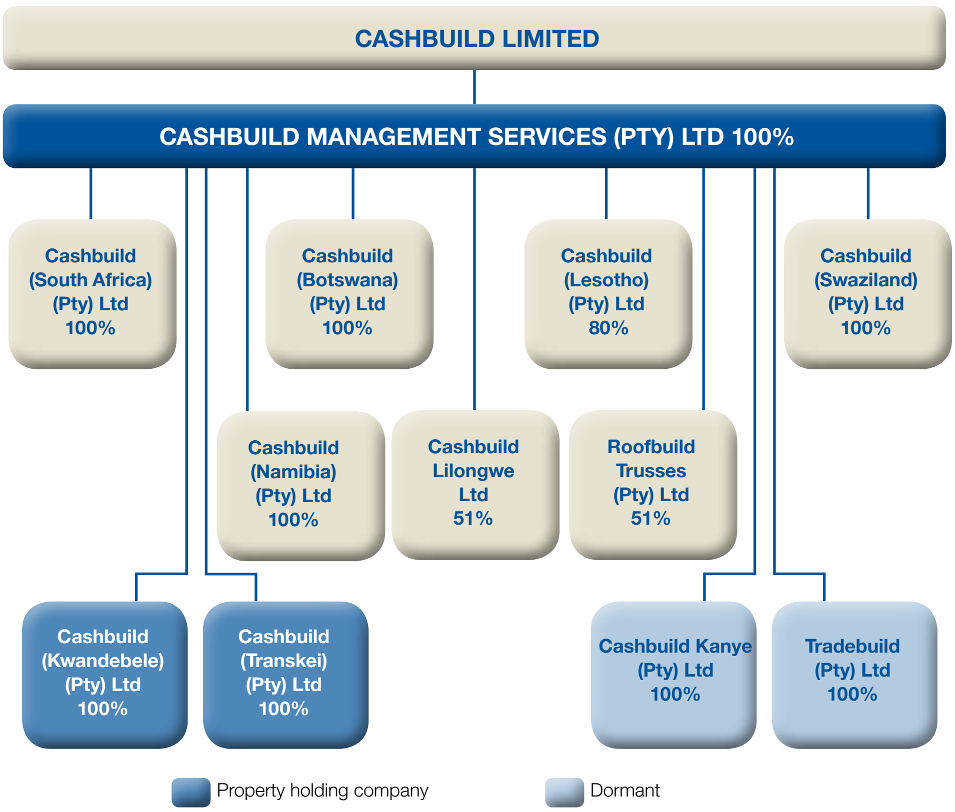


* Calculations based on issued share capital prior to consolidation of treasury shares (see note 12 of integrated annual financial statements)

** 2011 Excludes BEE transaction

ORGANISATIONAL STRUCTURE

Cashbuild Limited is the JSE listed investment holding company for the Cashbuild group of companies, owning 100% of Cashbuild Management Services (Pty) Ltd which owns majority stakes in various entities as shown below.



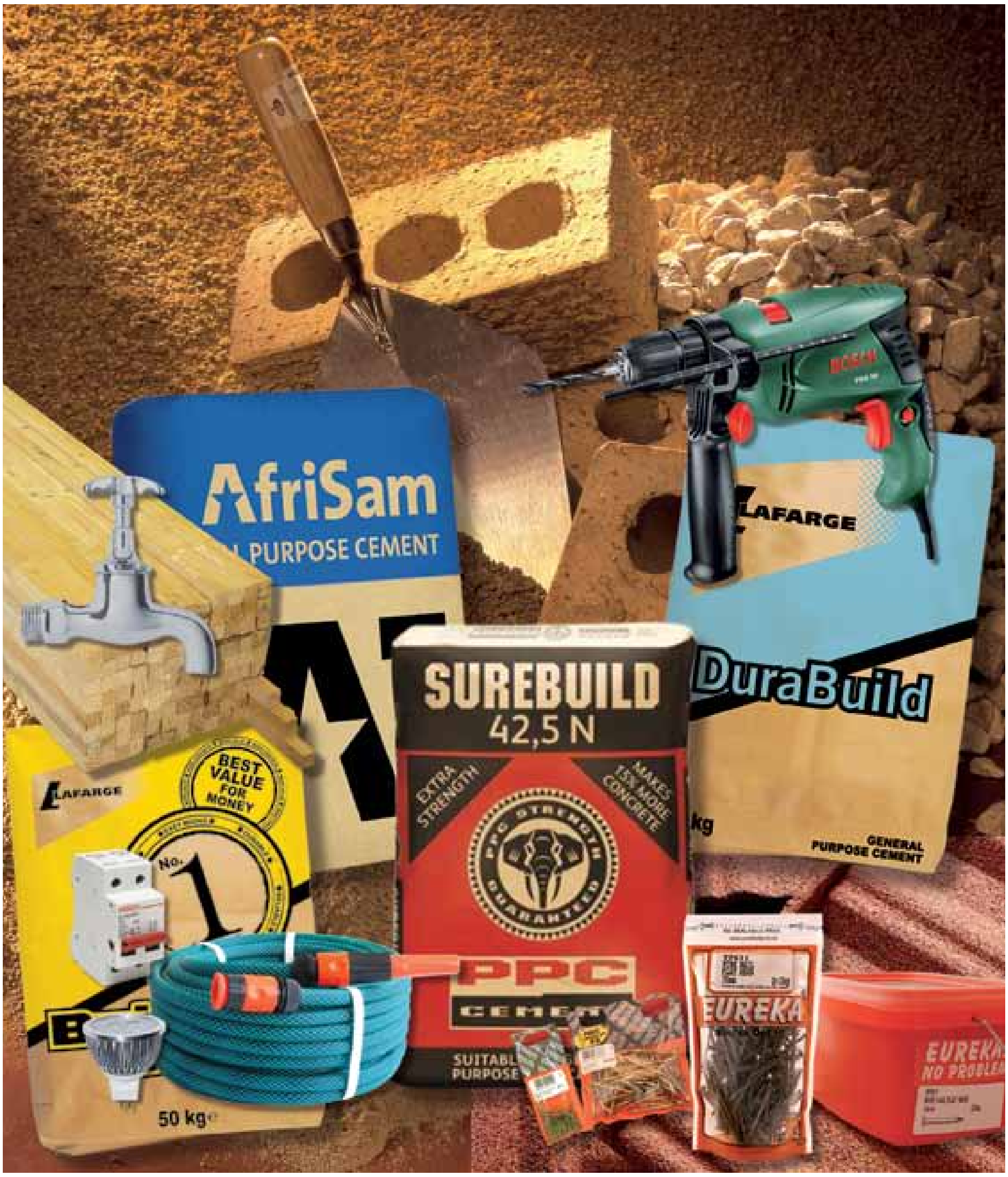
SEGMENTAL RESULTS

The below table is a representation of the regional analysis

	Group	South Africa	Botswana	Lesotho	Swaziland	Namibia	Malawi
No of stores	191	166	10	5	6	3	1
Turnover (R million)	6 310	5 506	254	172	253	99	26
Contribution to total	100%	87%	4%	3%	4%	2%	-%
Profit before tax (R million)	433	369	19	15	20	4	6
Contribution to total	100%	86%	4%	3%	5%	1%	1%
Staff employed	4 453	3 885	198	99	186	68	17

PRIMARY PRODUCTS

Product	Sales mix%	Product	Sales mix%
Cement	22.6%	Hardware	4.1%
Plumbing	7.2%	Electrical	3.3%
Roof covering	9.0%	Openings	8.9%
Timber	9.0%	Decorative	8.2%
Bricks	6.3%	Tools	2.9%
Ceilings	2.8%	Remainder (<1%)	15.7%



STAKEHOLDER ENGAGEMENT

STAKEHOLDER	ACTION IDENTIFIED AND EXECUTED
EMPLOYEES	
Employee forum consulted with: - Negotiation of annual company wide cost of living salary adjustment - Approval of Annual Employment Equity plan - Approval of annual workplace skills plan and annual training report	The structure of the forum was identified as non-conducive for effective communication, and this has now been replaced with a hierarchical structure The Forum, in drafting the three year Employment Equity plan identified the following issues to be investigated: - Align the company HIV(Aids) policy to the Best Practice document published by the Department of Labour in June 2012 - Focus on possible employment of persons with disabilities so as to increase the current representation of this group of employees
Care meetings at store & department level focus on: - Asset control - Staff issues - Health & Safety	The care meetings identify various store specific issues and implement specific action plans to rectify issues. Specific issues identified have been: shrinkage, audit results, staff training and development
Cashbuild Hall of Fame	Recognition of top performing - Divisional Manager - Store Manager Merit and winner awards for employees identified as going beyond the call of duty, not necessarily based on financial results
Incentive schemes for top performing store and staff	Monthly store bonuses for all store staff Annual store & divisional manager bonuses A new scheme was introduced during 2012 - Operational management incentive scheme
COMMUNITIES IN WHICH WE TRADE	
Support to schools - Donation of building materials to needy schools at each revamp, relocation or opening of a new store	Survey conducted has identified that more regular interaction would be advantageous and should be pursued
Employment opportunities - Cashbuild employs store staff from the communities in which we trades	Continue involvement with community leaders
New business opportunities - We support the creation and growth of delivery contractors, brick and block makers	Continued identification of viable contractor opportunities in support of store growth targets Assist with entrepreneurial skills in support of their business growth
Business support - We support above business by providing them with skills to produce building materials and Cashbuild buys back their production	Assist with entrepreneurial skills in support of their business growth

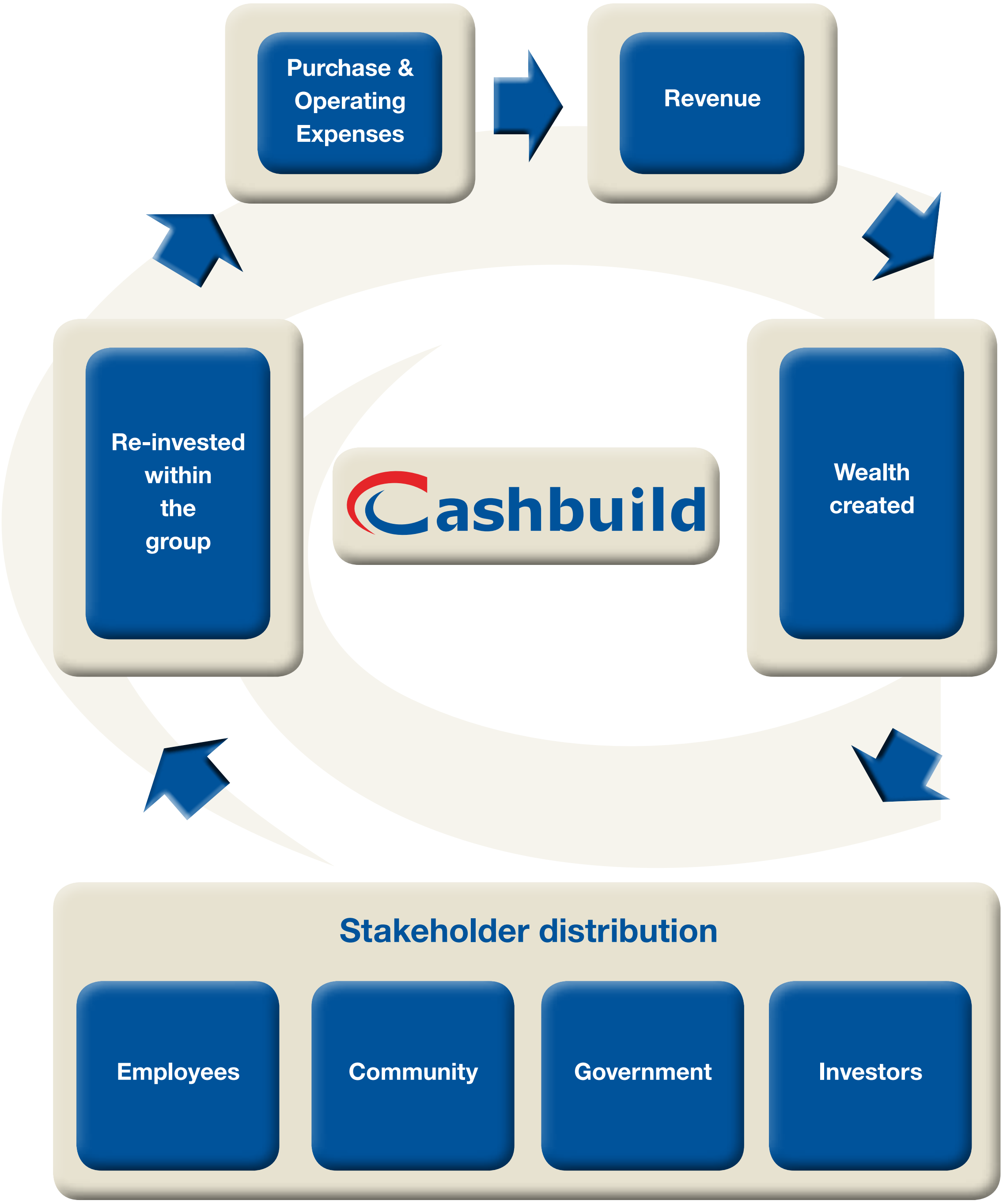
STAKEHOLDER	ACTION IDENTIFIED AND EXECUTED
SUPPLIERS	
Site visits	All new suppliers listed to ensure they are responsible suppliers Ensure redundancy in supplier's manufacturing capabilities
Price negotiation	Fair and sustainable pricing for all relevant parties
Dependence on suppliers	Alternative suppliers for major product categories to manage risks for both Cashbuild and supplier to not become reliant on one another
CUSTOMERS	
Care line	All contacts through care line/Cashbuild website/ www.hellopeter are responded to within 24 hrs and resolved within 48 hrs Delivery service to be improved
Surveys In store customer surveys relating to: - Service and shopping experience - Delivery service	Board has approved the budget for survey identifying: - Segmentation of customer base - Customer requirements of each segment
INVESTMENT COMMUNITY	
Results presentations - Survey performed by corporate sponsor	Updated survey to be conducted
Investor meetings	Regular one on one with chief executive and financial director

AWARDS

During the past year:

- Cashbuild has been judged top performing share on the JSE for the past 10 years;
- Best Employer - CRF Institute 2009, 2010 and 2011;
  (based on our HR practices being benchmarked against international best practice);
- placed 4th in Deloitte's Best Employers Standard of Excellence Award 2012, in the Large Company Category;
- Best Retailer in Hardware and Building Section in the Sowetan Times 2010 and 2011.

BUSINESS MODEL



CHAIRMAN'S REPORT

In spite of very tough trading conditions we have had a good year and all concerned can be proud of what has been achieved. The major financial yardsticks have performed satisfactorily. Please note that this year is a 53 week financial year.

- **Revenue up to R6.3 billion (2011 – R5.7 billion);**
- **Operating profit R400 million (2011 – R239 million, R291 million Excl BEE);**
  (The 53rd week accounts for an amount of R34 million at the operating profit level)
- **Headline earnings R12.56 per share (2011 – R9.16(Excl BEE));**
- **Dividends R5.69 per share (2011 – R2.96);**
- **Net asset value R38.77 per share (2011 – R31.09);**
- **Cash holdings R488 million (2011 – R721m); and**
- **Normalised headline earnings for 52 week year = R11.50 per share.**

Consistency of earnings

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.

Trading/financial model

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

During this session we 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 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

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.

INCL BEE: Cashbuild has managed to report a growth in earnings of 78% over the last five years (1 261.3 cps from 709.7 cps)

EXCL 53rd week: Cashbuild has managed to report a growth in earnings of 63% over the last five years (1 155.2 cps from 709.7 cps)

Corporate governance

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

We believe that good governance is achieved by applying the principles of integrity, fairness, transparency and accountability in all our business activities.

When establishing the values by which we conduct our daily lives and by which we serve our customers these fundamentals are applied and insisted upon. These values are not only displayed in our stores but staff are continuously encouraged to apply them in our conduct.

Unethical and dishonest conduct is ruthlessly dealt with at all levels.

One minor matter where we do not comply 100% is that 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 and retention of quality personnel.

Board of directors

As intimated in the previous annual report, there did exist an imbalance between executive and non-executive board members.

This anomaly has now been largely corrected by the appointment of Stefan Fourie and Hester Hickey with effect from 1st July 2012.

Our board now consists of six (6) non-executives (all independent) and four (4) executives with adequate representation regarding gender and colour.

We have also taken the opportunity to reshuffle our various board committees and trusts so as to spread the workload more evenly and to utilise the various particular skills of the individuals concerned.

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 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 (Integrated Performance Management) process;
- refitting of existing stores on a regular basis (every five years);
- 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.

It is a duty of all businesses in South Africa to support the government in its efforts to give jobs to all those who wish to work. Cashbuild ensures that where we open new stores, people from the immediate vicinity are given first option to be trained and employed.

We have also commenced with a "learnership" programme where suitable matriculants are employed for a period of 12 months so as to give them experience and exposure to the retail environment.

During 2011/2012 we inducted matriculants and hope to employ 25 during 2012/2013.

In memory of Francois Rossouw

Francois Rossouw, who contributed to the success of Cashbuild over the past 10 years, passed away in December 2011 after a period of illness. His contributions will be sorely missed and we extend our condolences to his wife, Reta and family.

Tribute to Pat Goldrick

As previously announced Pat Goldrick retired on 1 March 2012 and was succeeded by Werner de Jager (previously procurement and marketing director as well as financial director).

It would be seriously remiss of me as chairman not to pay a particular tribute to the magnificent job done by Pat during his stay as chief executive of Cashbuild. Without his passionate enthusiasm, basic business sense and attention to detail we would not have progressed to the elevated standing we now enjoy in business circles and the JSE.

Some of the highlights of his period of chief executive are:

	1996	**2012**
Revenue (R'000)	882 043	6 310 052
Operating profit (R'000)	10 998	400 475
Earnings per share (cents)	7,9	1 261,3
Net asset value (cents)	236	3 877
Share price	R3.95	R137.00
No. of stores	100	191

Although these statistics are ample reflection of his success, I believe he will always be remembered for introducing a truly enlightened BEE Share Empowerment Scheme in which ALL our 4 104 employees have already shared equally in a capital payout of R50 million and dividends of R46 million to date of this report.

Pat and his wife Rosalind will always be remembered with a special fondness and respect by all of us.

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.

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

All risks are documented and regularly appraised and action taken.

Acknowledgement

I wish to thank all our stakeholders viz suppliers, customers and 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 who retired on 1 March 2012, Werner de Jager, our new CEO and his senior management team for a particularly successful year under difficult circumstances.

I salute you!

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D Masson
Chairman
17 September 2012

CHIEF EXECUTIVE'S REPORT

Foreword

It gives me great pleasure to be writing this report, my first as chief executive. I would like to start by expressing my gratitude to our previous chief executive Pat Goldrick, for his leadership and dedicated service to all the stakeholders of Cashbuild over the last 15 years. He was and still is a great inspiration to all of us. I wish him well in his retirement.

At the outset I wish to point out that this year's results are enhanced by a 53rd week's trading. This 53rd week added R131.1 million to revenue, R33.8 million to operating profit and R24.1 million to attributable earnings. It should also be noted that the comparable figures are influenced by the cost of the BEE transaction during the prior year. The comparable trading results are highlighted on page 64 of this integrated annual report.

Overview of performance

This year's financial and operational results are the best in the 34 year history of Cashbuild which bears testimony to Cashbuild's business model, the excellent management within all levels in Cashbuild, together with 4 453 employees whose daily task is to make Cashbuild a pleasure to do business with.

Cashbuild recognises and rewards its management and employees and reverently practices broad based distribution of wealth which fosters entrepreneurship, encourages excellence and teamwork throughout the organisation.

Once again the results were excellent - the best ever, notwithstanding the particularly tough trading environment.

Revenue of R6.3 billion, an improvement of 11% (1% attributable to new stores and 10% to pre-existing stores) on the previous year, equates to 13% compound growth over the last five years. When excluding the 53rd week, revenue increased by 9% and 13% compound over the last five years. This modest but important revenue growth was achieved as a result of our focus on customer service, ensuring that our stores are "ready for business" and that our proven core strategies are 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 the advertising of our product range to our customers.

Dividends

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

The dividend distribution was therefore changed to 2 times cover during the year under review.

This year's financial and operational results are the best in the 34 year history of Cashbuild which bears testimony to Cashbuild's business model, the excellent management within all levels in Cashbuild, together with 4 453 employees whose daily task is to make Cashbuild a pleasure to do business with

Integrated nature of the Cashbuild business

Cashbuild has a responsible integrated strategy for the 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 locally wherever possible providing and supporting employment in the community;
- managers and store staff employed from the community;
- hiring local delivery contractors to deliver building materials to Cashbuild customers in the community and paying these contractors timeously;
- allocating space outside the Cashbuild store, free of charge to a locally appointed person or persons who are trained to cut and fit glass;
- sourcing 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), and
- procure the bricks and blocks and pay the brick/block market in line with agreed trading terms varying from 10 to 30 days which enables those start-up brick/block makers to have sufficient cash flow with which to pay employees and transportation.

CHIEF EXECUTIVE'S REPORT CONTINUED

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 cash-paying customers (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 in depth range, 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 in each community in which we trade. 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 met and can be confidently depended upon, without resorting to limited special offers, and short-term "crazy deals," which confuses customers and debases markets. Our store staff continue 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 one 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 much less than previous years. I believe this smaller growth - from 14.1 million to 14.4 million, a growth of only 2%, - is as a consequence of a tough trading climate for the financial year.

Much attention will be given to improving this situation by:

- investing in our existing store base;
- opening up new stores;
- improving on our micro advertising activities;
- focusing on the best prices; and
- focusing on excellent customer service.

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 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, providing customers with priced quotations. Each store prices its products to be the most competitive in the catchment area but never debases a market. Each store offers a dependable, free local, and subsidised non-local, delivery service with the flexibility to meet the needs of all customers, by hiring local truck owner drivers. Divisional managers are employed in the countries and regions in which they live, each division being managed by a local citizen of the country.

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.

Wherever possible we promote from within the organisation - during this year 482 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.

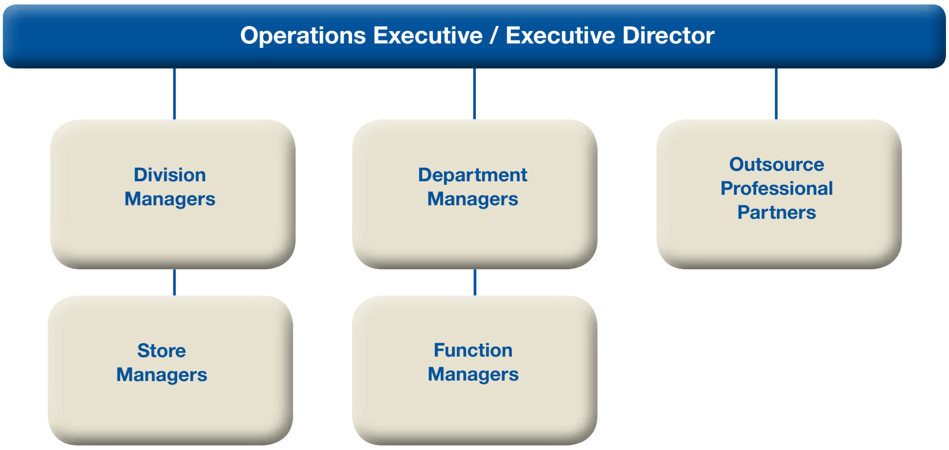
The Cashbuild Way, managing and holding outsource partners responsible, together with the culture of doing things right first time, is enabling and supporting the business to grow on all fronts without creating additional and


Trading hours
Services
Payments
GLASS CUTTING
LASS CUT TO SIZE • GLAZING SERVICE
QUALITY BUILDING MATERIALS

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.

Managing the business at store level



Executive directors, from left: Shane Thoresson, André van Onselen, Werner de Jager, Etienne Prowse

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 by the store managers for presentation in detail, by the appropriate operational and divisional managers, to the executive directors and 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 determination are the responsibility of the store managers under the strict control of the relevant divisional managers, who are fully conversant with company pricing policy and local market needs. The operating of stores has been greatly simplified, streamlined and disciplined by the introduction of The Cashbuild Way "ready for business". 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 reports daily on its performance. The relevant operational executive and divisional managers carry out performance reviews on a monthly basis and 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

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 R158.6 million, 2.5% of revenue compared to last year, 2.8% of revenue.

The market

The market for the supply via distribution of quality building materials is worth in the region of R120 billion per annum. Of this, in the region of R50 billion is distributed through large chain building merchants. This market has grown rapidly, evident from the number of buildings completed in the recent past, as:

- 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; and
- the drive to create higher employment and greater distribution of wealth.

Product brands and product price

Cashbuild is committed to supplying its customers with local manufacturers' 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 and integrity in all its dealings.

Price increases and the consumer

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

The year under review has seen inflation of 3% which is expected to be maintained as a result of current tough trading conditions, as well as imported product making it difficult for local producers to increase prices (e.g. cement industry).

Community relations

We are passionate about Cashbuild's 34 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. During the financial year, we donated building materials to the value of R2 million to 167 schools in the communities in which we opened our four new stores.

Cashbuild has initiatives within the communities which we trade, offering opportunities to entrepreneurs such as glass cutters and fitters, to work rent-free on Cashbuild premises, as well as free local customer delivery services to Cashbuild customers, using local labour and transport services.

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 forum is to identify business opportunities, eliminate any weaknesses, manage and protect all assets, develop our people further and have the resources to grow the company into the foreseeable future.

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 and well-managed procurement department concentrates on sourcing quality products at competitive prices to meet our customers' needs. Our efficient store development team (four 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.

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

In what was once again a tough, but at the same time rewarding year for Cashbuild, the most important thing is to remember to say thank you to all those who made it possible.

A sincere thank you to all the staff members of the organisation. Your long retail hours, positive attitude and commitment to the company is something to be proud of. Also a big thank you to all the families who support them and make it possible to give their best at work, in more ways than one, one big team effort.

To all stakeholders in Cashbuild contributing in their own unique way:

- suppliers - your commitment, reliability and willing support;
- shareholders - your investment and continued confidence in the management team;
- outsource partners - your professional advice and help in our striving towards excellence; and
- customers - your loyal support in the past, present and in the future.

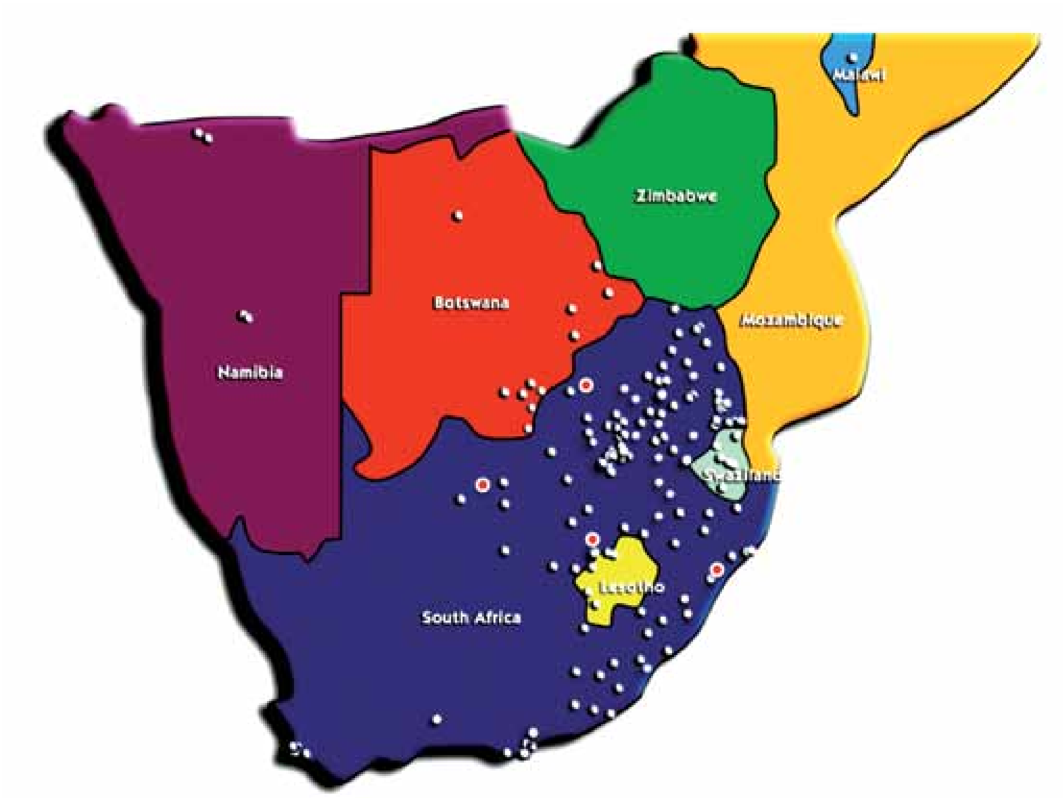
Last but not least I want to sincerely thank my executive team for their excellent support, especially during the transition phase. We all share the same passion for Cashbuild and as a team we will make a difference.

Werner de Jager
Chief executive
17 September 2012

CASHBUILD STORES

Cashbuild positions its stores to bring quality building materials at lowest prices to local communities and stives 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 stores	2012	2011
South Africa	166	165
Botswana	10	10
Lesotho	5	5
Swaziland	6	6
Namibia	3	4
Malawi	1	1
Total	191	191




motion
iSam
rpose Cement
A1
WE THA
Duram
White
HIGH HIDING
ACRYLIC PAINT

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 PLAZA	FRANS MAHLANGU
CENTURION	JOSEPH LUCAS
SILVERTONDALE	VICTOR DLAMINI
WONDERPARK	RAVI NAICKER

CENTRAL EAST GAUTENG

Divisional Manager	**LEN KLYNSMITH**
BENONI	ABEL MAKWAKWA
CAVENDISH GLEN	MOSES SEBETOLA
SPRINGS	LOUWRENS BESTER
EDENVALE	JOHAN VOSTER
GREENSTONE HILL	CAMERON AITKEN
KEMPTON PARK	GERRIE DU TOIT
KWA-THEMA	NICO MATLHAKE
TSAKANE	GEORGE MUSINYARI

GAUTENG SOUTH (SOWETO)

Divisional Manager	**MUSA MKHWEBANE**
AEROTON	GIVEN MOTEMELA
HIGHGATE	BRIAN ALLIE
HILLFOX RELOCATION	MARK KOEKEMOER
MEADOWLANDS	MILLEN MATHEBULA
NORTHRIDING	LEON VAN WYK
PROTEA GARDENS	ESTER MASHUME
PROTEA GLEN	BIGBOY MANAMELA

GAUTENG SOUTH

Divisional Manager	**TYRONE MYBURGH**
BRITS	ORI MOGALE
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

VAAL TRIANGLE

Divisional Manager	**ANTON HATTINGH**
EVERTON	TSIETSI LENGOABALA
ORANGE FARM	ELIAS MOSTHISE
ORANGE FARM CENTRAL	INNOCENT MYOLWA
CHRIS HANI	MIMI NJOKWANE
KATLEHONG	ANDRIES MAHLABA
VOSLOORUS	DAVID MAKHUVELE
SEBOKENG	SIMON MAFOLOGELA
VEREENIGING	JOGGIE VAN VREDEN
ZAMDELA	ELIAS MATHISO

MPUMALANGA SOUTH

Divisional Manager	**IAN MCKAY**
BETHAL	MORRIS MASHININI
EMALAHLENI CENTRAL	VERONICA KAMFER
EMALAHLENI INDUSTRIAL	FRANS LEKALA
ERMELO	JOSPEH PHULA
MIDDELBURG	THAPELO MOTLHATLHEDI
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
STANGER	VUSI MTHETHWA

NATAL

Divisional Manager	**TOMMY NAIDOO**
KWA MASHU	MESHACK BUTHELEZI
UMLAZI	ELLIS MNGOMENI
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	GODFREY DZIMBA
LYDENBURG	JAQUI PRETORIUS
MKHUHLU CENTRAL	WIILIAM 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	**ZAMENI TSABEDZE**
MANZINI	VACANT
MATSAPHA	THEMBA TSABEDZE
MBABANE	BONGANI MAMBA
NHLANGANO	MICHAEL MAGONGO
PIGGS PEAK	SIPHO SHONGWE
TSHANENI CENTRAL	FAITH SIMELANE

GAUTENG NORTH WEST

Divisional Manager	**CHRISTO BASSON**
DENNILTON	FRANK MOKGOMOGANE
HAMMANSKRAAL	SILAS TSETSEWA
MOLOTO	PATRICK BALOYI
SIYABUSWA	THELMA BOSHOMANE
BELA BELA	WILLY FUNCHAL
TWEEFONTEIN	EMMA NGUBENI
JUBILEE MALL	PHONI DUBAZANA

MPUMALANGA

Divisional Manager	**JOHAN LAMPRECHT**
APEL	MICHAEL MOKOENA
BURGERSFORT CENTRAL	ANDRIES KOLA
KORINGPUNT	VACANT
LEBOWAKGOMO	REUBEN MOTHUTSI
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	BENNIE PRETORIUS
MAKHADO	JACQUES VILJOEN
MUKULA	DIXY MOLOTO
MUSSINA	GEORGE MALELE
SIBASA	MAURICE MDABULA
THOHOYANDOU	NICK VENTER
BOCHUM	SIMON MAHLAULE
BOTLOKWA	ZODWA SITHOLE
STEILOOP	PHILLIP MASUKAMENG

LIMPOPO

Divisional Manager	**CALLIE COETZEE**
MAAKE	RIAAN GROENWALD
POLOKWANE CENTRAL	LOUIS WOLMERANS
PHALABORWA	HENRI VAN ASWEGEN
SESHEGO	JAN BOTHA
MOKOPANE	FLIPPIE DU PLESSIS
TZANEEN	DIRK PRETORIUS

BOTSWANA

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

NAMIBIA

Divisional Manager	**DERICK KLUGKIST**
ONDANGWA	ONESMUS HAUFIKU (Acting)
OSHAKATI	JOHN SANDERS
WINDHOEK CENTRAL	GEROLD VAN DER WESTHUIZEN

OPERATIONS AREA 3
WILLIE DREYER (OPERATIONS MANAGER)

EASTERN CAPE

Divisional Manager	**JEFF MAAS**
UITENHAGE CENTRAL	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	PIERRE FOURIE
GUGULETHU	NASREEN JACOBS
MITCHELLS PLEIN	BRIAN MCPHERSON
MAKHAZA	RYAN BRANDT
MONTAGUE GARDENS CENTRAL	ARTHUR HARTY
NYANGA	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 MOGOJE
MOGWASE	TERENCE SELEPE
NORTHAM	ELIZABETH NDHLOVU
LEPHALALE	FANIE CRAGGS
RUSTENBURG	HENNIE VAN WYK
BOITEKONG	MARGARET RAMATJA

EASTERN CAPE

Divisional Manager	**MARK SCHOLES**
MTHATA EAST	RAYMOND COETZEE
MTHATA CENTRAL	CHRIS MOSTERT
MOUNT FRERE	BUYISILE BONISANO
BUTTERWORTH	ROBBIE RASMUSSEN
LUSIKISIKI	HILTON MATHA

EASTERN CAPE

Divisional Manager	**MARK SUTHERLAND**
KOKSTAD CENTRAL	ALISTER LOTTERING
MATATIELE CENTRAL	JULIAN MARSHALL
UMZIMKULU	HERBERT MUTINHIMA
AMALINDA	COENRAD VENTER
MDANTSANE	WANDILE MQANTO
EAST LONDON	ALFONSO FORTUIN
HARDING	TREVOR SAMUEL
PORT SHEPSTONE	WERNER VENTER

LESOTHO

Divisional Manager	**NORBERT MOKOBORI**
MAFETENG	SIDWELL MALEFETSANE
MASERU H/C	KHOMO KHOMONGOE
MOHALE'SHOEK	THABANG NKOALE
LERIBE	SIMON SEPHOFANE
MAPUTSOE	EDITH MOHAPI

FREE STATE

Divisional Manager	**GERRIT VILJOEN**
BETHLEHEM CENTRAL	CHRISTINA ROOS
FICKSBURG CENTRAL	WICKUS BADENHORST
KROONSTAD CENTRAL	PETRUS PRETORIUS
QWA QWA PHUTADITJABA	JANUARY TSOTETSI
QWA QWA CENTRAL SETSING	CHRISTO STRYDOM
QWA QWA HOME CENTRE	DAISY MOTAUNG
WELKOM INDUSTRIAL	CHARL VAN DER BERG
LADYBRAND	GAFFIE ACKERMANN
WELKOM CENTRAL	KOBUS VENTER

NORTH WEST/NORTH CAPE

Divisional Manager	**ADRIAAN VAN DER BERG**
HARTSWATER	JEAN SMITH
KURUMAN	JOHAN VAN DER WALT
MOTHIBISTAD	AMBITION FOROMANE
TAUNG CENTRAL	ALBERT ESTERHUIZEN
VRYBURG CENTRAL	GAWIE GRIESEL
ROCKLANDS	PIETER RAUTENBACH
THABA NCHU	ANDRE VAN TONDER
BLOEMFONTEIN	DUANN VILJOEN
BOTSHABELO	SAM PEJANE
GANYESA	THABO LEHIHI

EASTERN CAPE

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
ALICE	LAWRENCE ANTHONY
FORT BEAUFORT	KEVIN LENTZ

CORPORATE GOVERNANCE

INTRODUCTION

Cashbuild is committed to embracing good corporate governance practices and subscribes to the philosophy of the Code of Corporate Practices and Conduct as set out in King III and related requirements of the JSE. Cashbuild is furthermore committed to complying with all legislation, regulations and best practices in every country and jurisdiction where we conduct business.

Governance structure at a glance

Board Members	Board Committees				
	Social and Ethics Committee	IT Governance Committee	Audit and Risk Committee	Remuneration Committee	Nomination Committee
D Masson		M	I	C	C
IS Fourie***			C+++	M+++	
HH Hickey***	M+++				
AGW Knock		C	M++	M+++	M
DSS Lushaba			M		M++
FM Rossouw*		M	C	M	M
NV Simamane	C+		M		M++
PK Goldrick**		I	I		
WF de Jager	M+	I	I		
AE Prowse	M+	I	I		
SA Thoresson		I	I		
A van Onselen		I	I		

Legend:
C Chair
M Member
I Attendance by Invitation

* Deceased December 2011
** Retired March 2012
*** Appointed as director on July 2012
\+ Commenced in May 2012
\++ Membership ceased May 2012
\+++ Appointed September 2012

Cashbuild's governance structure is underpinned by a framework consisting of:

- Memorandum of Incorporation
- Mission statement
- Strategy
- Core values
- Quality policy
- The Cashbuild Way (policies, procedures and guidelines)
- Laws and regulations of countries and areas in which Cashbuild trades.

King III

It is acknowledged by Cashbuild that King III represents a significant milestone in the evolution of Corporate Governance in South Africa and brings with it opportunities for organisations that embrace its principles where appropriate. In line with the "apply or explain" governance framework principle contained in King III, the board acknowledges that where it considers it to be in the best interests of the company, it can adopt a practice different from that recommended in King III, but must explain it. Cashbuild therefore carefully assessed the principles of the Code and where necessary tailored it as appropriate to the organisation.

Cashbuild performed a review during September 2011, facilitated by PwC, of their existing governance practices against the requirements of the King Report on Governance for South Africa 2009 (King III) with the intention to confirm the extent of adherence and identify areas for improvement or areas where new practices are required, and thereby ensure application of the King III principles which are appropriate to Cashbuild's business environment. The result of the formal King III compliance survey conducted in September 2011 confirmed that a number of good corporate governance processes, structures and mechanisms are already in place at Cashbuild – although in some cases these are not formally documented. Areas identified that require specific, prioritised management attention have been identified and are listed below in the format of a roadmap for phased enhancement and implementation. Where areas of non-compliance to King III have been identified, these have been placed on a three year roadmap towards the objective of full compliance.

Although no decision has been made not to apply any of the recommendations made by King III, this decision may still be made for some of these items listed on the three year compliance roadmap recorded below should the need to do so be identified.

King III Principle	Application Sept 2011	Action points requiring attention	Roadmap: C = complete P = Planned		
			'12	'13	'14
1. Ethical leadership and corporate citizenship		• Consolidate related "behavioural" policies into one ethics policy • Formulate a sustainable development strategy that takes into account corporate citizenship as well as economic, social and environmental risks and opportunities in terms of the overall business strategy		P P	
2. Boards and directors		• Terms of reference of board and board committees for review and revision • Independence assessment process for chairman and directors • Consider annual board evaluations	C	P P	
3. Audit committees		• Note requirements for AGM • Address new roles of committee (e.g. Integrated reporting oversight) • Formulate and minute existing processes	C C C		
4. Governance of risk		• Map risks to combined assurance procedures • Formalise and minute existing processes		P P	
5. Governance of information technology		• Assess the need for a CIO in future • Finalise the roles of the IT governance committee • Enhance external reporting of IT governance systems and processes		P P P	
6. Compliance with laws, rules, codes and standards		• Need for greater group oversight and a consolidated view of the various aspects of compliance • Include as part of the ongoing board agenda		P	P
7. Internal audit		• Obtain independent assessment of internal audit • Need for enhanced report to the audit committee on internal controls and risk management	C	P	
8. Governing stakeholder relationships		• Need for consolidated approach to stakeholder management and communication		P	
9. Integrated reporting and disclosure		• Need for a fresh approach to the way in which information is categorised and delivered • Consider various assurance options for material key performance indicators	C	P	

Status

- No or minor adjustments required to align with King III principles
- Specific gaps identified that require focussed management action to align with King III principles
- Non alignment with King III principles with significant management effort required.

BOARD

Responsibilities

The board is accountable and responsible for the performance and affairs of the company. The terms of reference outlining its responsibilities are contained in the board charter. The board 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. The board has defined levels of materiality, has delegated relevant matters to the executive directors and senior management based on detailed authority levels, and believes it has full and effective control over the company and oversight of management activities. The board meets on a quarterly basis. All directors are encouraged to attend each meeting and gathering.

Board composition

The board operates a unitary board, and commenced the year consisting of five executive and five independent non-executive directors. The board chairman is an independent non-executive director. The roles of the chairman and chief executive officer are seperated and clearly defined. 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 compliance to governance and entrepreneurial performance. At board level there is a clear division of responsibility and balance of power and authority to ensure that no one director has unfettered powers in decision making.

Changes to the board during the course of the financial year are the following:

- Francois Rossouw (non-executive director and chairman of the audit committee) passed away during December 2011;
- Pat Goldrick (chief executive) retired at the age of 63 and resigned as a director during March 2012; and
- Werner de Jager (marketing and procurement director) was appointed as chief executive effective from 1 March 2012 and continued taking responsibility for the marketing and procurement duties previously assigned to him.

At financial year end, the board consisted of:

- Non-executive directors:
  - D Masson (chairman);
  - AGW Knock;
  - DSS Lushaba;
  - NV Simamane; and
  - 2 Vacancies (filled in July 2012 with IS Fourie and HH Hickey).
- Executive directors:
  - WF de Jager (chief executive);
  - AE Prowse (financial director);
  - SA Thoresson (operations director); and
  - A van Onselen (operations director.

Refer to pages 32 and 33 for a brief curriculum vitae of directors.

BOARD MEMBER APPOINTMENTS

The nomination committee is responsible for the recommendation of new board appointments to the board, who will interview the recommended candidate before making the appointment. Cashbuild also involves executive management in the interview process thus ensuring total buy in by the executive team, be they directors or not.

Appointments to the board are done in a formal and transparent manner and are a matter of the board as a whole.

Non-executive board members are eligible for re-appointments after having served for a period of three years.

All non-executive board appointments are subject to ratification by the shareholders at the annual general meeting.

Appointment of chief executive

With the retirement of Pat Goldrick, the previous chief executive, a new chief executive was appointed. The succession planning for this commenced two years prior, with a number of possible internal candidates having been identified as possible successors and mentored accordingly.

In September 2011 possible external candidates for this position were approached. Those who showed an interest underwent a planned and formal selection process together with the identified internal candidates.

This selection process involved a battery of psychometric assessments, panel interviews with the nomination committee who provided a shortlist of suitable candidates to the executive management team and the board for interviews and consideration.

Following this extensive selection process the board appointed Werner de Jager, an internal applicant to the position of chief executive.

Board meetings

The board met five times during the year. Non-executive directors attended two additional strategy meetings held during the course of the year. The chairman of the board and the chief executive meet monthly. The chairman of the board and chief executive in consultation with the company secretary takes responsibility for setting the agenda of each board meeting. Board meetings are scheduled well in advance and management ensures that board members are timeously provided with all the relevant information and facts necessary to enable the board to reach objective and well informed decisions. The chairman of each committee reports back to the board on matters discussed in the committee after every meeting.

Professional advice

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

BOARD COMMITTEES

The directors have delegated specific functions to committees to assist the board in meeting its oversight responsibilities. The committees all have documented mandates which are reviewed annually. All board committees are chaired by independent non-executive directors.

The board had four board committees at commencement of the financial year covering defined aspects of its responsibilities namely the nomination, the remuneration, the IT governance and the audit and risk committees. A careful review of the company governance structure led to the creation of the social, ethics and transformation committee. All of these committees are chaired by an independent non-executive director and operate in accordance with the respective committees' terms of reference, which are approved by the board.
The committees operate transparently and report to the full board.

Remuneration committee

The remuneration committee consisted of two independent non-executive directors, namely Mr D Masson (committee chairman) and Mr FM Rossouw. The vacancy caused by the passing away of Mr Rossouw during the course of the year will be filled through nomination and election by board members during the 2013 financial year.

Remuneration, in particular as it relates to executive management, is motivated by the dual criteria of delivering 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 remuneration committee is responsible to the board for ensuring that the remuneration policy is kept current, for the determination of performance measurement criteria and 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. The remuneration rates for non-executive directors, which are approved by the remuneration committee, are approved by shareholders at each annual general meeting, or implementation with retrospective effect to the beginning of the financial year which is under review.

Audit and risk committee

The financial year commenced with Messrs FM Rossouw (committee chairman), AGW Knock, Dr DSS Lushaba, and Ms NV Simamane being members of the audit and risk committee. The audit and risk committee chairman vacancy caused by the passing away of Mr Rossouw was taken over as an interim measure by Mr D Masson until such time as a replacement had been identified. Mr S Fourie has been appointed as chairman of the audit committee with effect 17 September 2012. All independent non-executive directors being members of the audit and risk committee are financially literate.

The audit and risk 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(f) of the Companies Act,2008, as amended, the audit and risk committee confirms the following:

- The duties of the audit and risk committee [S94(7)], which are specified in the report of the audit committee, include the need to prepare a report for inclusion with the published integrated annual financial statements on the following matters:
  - how the audit committee carries out its functions;
  - whether or not the external auditor is independent; and
- its findings with regard to:
  - the integrated annual financial statements;
  - accounting practices utilised in the preparation of the integrated annual financial statements;
  - internal financial control; and
  - the going concern nature of the company.

Other duties of the audit and risk 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; and
- dealing with concerns or complaints relating to the following:
  - accounting policies;
  - internal audit;
  - the audit or content of integrated annual financial statements and;
  - internal financial controls;
- the effectiveness of risk management, internal controls and the governance processes.

Nomination committee

The independent non-executive directors, Mr D Masson (committee chairman), Mr FM Rossouw, Ms NV Simamane, Dr DSS Lushaba and Mr AGW Knock were members of the nomination committee at commencement of the 2012 financial year. The outcome of a detailed governance review resulted in committee membership being amended towards the end of the year with Mr D Masson (committee chairman) and Mr AGW Knock being the remaining members.

The nomination committee is responsible for developing selection criteria and identifying appropriate candidates for appointment to the board.

The nomination committee facilitated the appointment of Mr WF de Jager as the new managing director upon retirement of Mr PK Goldrick. As well as the appointment of two new non-executive directors to the board expected to assume their duties during the first quarter of the 2013 financial year.

IT governance committee

Cashbuild's IT governance committee commenced as an independent oversight committee chaired by Mr AGW Knock with a primary focus placed on governance of Cashbuild's IT projects. Through natural life cycle growth and maturity enhancement, this committee evolved into a company-wide IT governance committee, and was constituted as a board sub-committee towards the end of the 2012 financial year. This committee currently meets on a monthly basis and will continue doing so until completion of the Cashbuild IT project. Thereafter these meetings will become quarterly.

Directors elected as members of this committee are Messrs AGW Knock (committee chairman), and D Masson.

Responsibilities of the IT governance committee include monitoring of:

- governance of Cashbuild's IT project(s);
- strategic alignment of IT with the business and collaborative solutions;
- value delivery of IT concentrating on optimizing expenditure and proving the value of IT;
- risk management addressing the identification, assessment, monitoring and tracking of IT project and company-wide IT risks; and
- IT resource management which includes optimising IT knowledge and infrastructure.

Compilation and approval of an IT governance committee charter is a priority for the first quarter of the 2013 financial year.

Attended by:

- chairman of the board;
- chairman of IT governance; and
- executive management.

Social ethics and transformation committee

The social ethics and transformation committee formed in May 2012 consists of Ms NV Simamane (committee chairman), Mrs HH Hickey (appointed 17 September 2012), Messrs WF de Jager and AE Prowse. The committee operates in terms of section 72(8) of the Companies Act No. 71 of 2008, as amended, read with Regulation 43 of the Companies Regulations, 2011. Duties of the committee include:

- monitoring the company's activities, with regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:
    - social and economic development, including the company's standing in terms of the goals and purposes of:
        - the 10 principles set out in the United Nations Global Compact Principles;
        - the OECD (Organisation for European Economic Co-operation and Development) recommendations regarding corruption;
        - the Employment Equity Act; and
        - the Broad-Based Black Economic Empowerment Act;
    - good corporate citizenship, including the company's:
        - promotion of equality, prevention of unfair discrimination and reduction of corruption;
        - contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
        - record of sponsorships, donations and charitable giving;
    - the environment, health and public safety, including the impact of the company's activities and of its products or services;
    - consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws; and
    - labour and employment, including:
        - the company's standing in terms of the International Labour Organisation protocol on decent work and working conditions; and
        - the company's employment relationships, and its contribution towards the educational development of its employees;
- drawing matters within its mandate to the attention of the board as occasion requires; and
- reporting to the shareholders of the company's annual general meeting on the matters within its mandate.

DIRECTORATE – EXECUTIVE

WF de Jager (41)
CA(SA) • Chief executive
Appointed 1 December 2004

Completed his board exam in 1994 and completed his articles with PwC. On 1 December 2004 he joined Cashbuild as financial director, with 10 years working experience specifically in the retail sector. On 1 March 2011 he was appointed marketing and procurement director. On 1 March 2012 he was appointed chief executive.

AE Prowse (48)
CA(SA) • Financial director
Appointed 1 March 2011

Completed board exam in 1990 and completed articles at Deloitte and Touche.

Joined Cashbuild as financial controller in June 2005.

SA Thoresson (49)
Operations director
Appointed 27 March 2007

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

Joined Cashbuild in July 2005.

A van Onselen (50)
Dip MDP Unisa Business School • Operations director
Appointed 20 September 2004

Over 24 years retail experience.

Joined Cashbuild in October 1997.

DIRECTORATE – NON-EXECUTIVE

D Masson (81)#❖❋
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.

IS Fourie (65)◆❋
BCom, CA(SA)
Appointed 1 July 2012

Former chief operating officer of PricewaterhouseCoopers Southern Africa. Currently a non-executive director of Astral Foods Ltd. Appointed chairman of the audit and risk committee on 17 September 2012.

HH Hickey (58)❑
B.Compt.Hons., CA(SA)
Appointed 1 July 2012

Serves on various boards including Omnia Ltd., Pan African Resources PLC and African Dawn Ltd. Also serves as audit committee chairman for several companies. Appointed member of the social, ethics and transformation committee on 17 September 2012.

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 of Association of Mine Managers.

Dr DSS Lushaba (46)◆
BSc (Hons) (Zululand), MBA (Wales); DBA (UKZN)
Appointed 1 July 2011

Current facilitator of corporate governance programmes 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.

NV Simamane (53)◆❑
BSc (Hons) Chemistry and Biology
Appointed 1 September 2004

Currently the CEO of Zanusi Brand Solutions and non-executive director of The Foschini Group, Oceana Group and Etana. Nomahlubi Simamane was named Top Businesswoman of the Year at the 2009 National Business Awards and at the BBQ Awards.

Appointed as the chair of the social, ethics and transformation committee in May 2012.

❋ Member of the remuneration committee
\# Member of the nomination committee
◆ Member of the audit committee
❑ Member of social, ethics and transformation committee
❖ Member of the IT governance committee

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 company secretary's office, and on the approval of 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. They also recuse themselves from the relevant board meeting while their co-directors take a decision on the matter.

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 33 of this report.

Independence of directors

King III requires the board to review the independence of long-serving non-executive directors. This applies to the chairman of the board, Donald Masson, who has served as a director for 24 years. The board has assessed the length of service of this director has not impaired his independence, character and judgements.

The matter of independence of directors as addressed during the recruitments stage and revisited annually when directors are required to declare any conflict in their interests. No conflict of interest or any factor hampering independence of any director has been identified during the 2012 financial year.

Directors' attendance of meetings

Refer to directors report on page 68.

PRESCRIBED OFFICERS

Prescribed officers are defined as Cashbuild employees that:

- report to the chief executive officer;
- exercise general management control over members of Cashbuild senior management;
- have general management control over a significant portion of Cashbuild's business defined as:
  - more than 15% of Cashbuild's total number of stores;
  - more than 15% of Cashbuild's total turnover;
- are not disqualified for appointment as a director or prescribed officer in terms of Section 69 of the Companies Act.

A detailed assessment performed confirmed that one member of the Cashbuild executive team, Crous de Beer (operations manager), is classified as a prescribed officer. He was formally acknowledged and accepted the designation in September with all responsibilities and obligations associated with this designation.

COMPANY SECRETARY

The company secretary provides guidance to the board as a whole and to individual directors, in the discharge of their responsibilities. The company secretary is empowered to fulfil duties and the board is satisfied that the responsibilities of the company secretary are exercised in a meaningful and competent manner. Company secretarial duties have been outsourced to Corporate Governance Leaders CC with duties of the company secretary performed by CD Kneale.

EXECUTIVE

Authority has been granted by the board to the chief executive, supported by the executive management team, to determine and implement company strategy. The board is apprised of progress through board meetings and communication with management. The Cashbuild executive management team consisting of the following members takes full responsibility of corporate governance within the company:

- Mr WF de Jager (Chief executive)
- Mr AE Prowse (Financial director)
- Mr A van Onselen (Operations director)
- Mr SA Thoresson (Operations director)
- Mr P Champion (Human Resources executive)
- Mr C de Beer (Operations manager)
- Mr W Dreyer (Operations manager)
- Mr AHS Havenga (Group Risk manager)
- Mrs G Mead (General manager finance)
- Mr A Old (General manager creditors)
- Mr W van Aswegen (General manager procurement)

Formal executive management meetings chaired by the chief executive are held once a week (every Monday) with members of the executive management team invited on an as required basis to monitor and review achievement of business objectives which includes the appropriate discharge of corporate governance responsibilities in all areas of the business.

The senior management team, from left:
Willie Dreyer, Peter Champion, Andre Havenga, Gillian Mead, Crous de Beer, Wimpie van Aswegen Anthony Old

Succession planning and continuity of management

The board regularly participates in the review of succession planning for key senior executive positions. The directors periodically discuss succession planning and are comfortable that, in the event of any executive and senior management transition, plans are in place to ensure smooth transition. This was evident with the previous managing director's declaration of his intention to resign within a period of two years and the subsequent successful and timely recruitment and selection of a successor. None of the executive management team made any intentions known during the financial year to resign or retire.

IT GOVERNANCE

Cashbuild IT Project

Cashbuild set out in the 2003 financial year, to upgrade the information technology system to support the growth of the business. Unfortunately this installation did not go as intended and has had a severe impact on the managing of the business, plus unnecessary cost at our support office, not stores. This unacceptable situation was fully addressed and Cashbuild's management presented to the board during the June 2006 strategic meeting, that the selected solution was not capable of supporting the business going forward. An independent review confirmed management's findings. Cashbuild 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 were developed during 2008 and 2009 whereafter a phased implementation as an integrated "Vanilla" package by the UCS group commenced.

The Initial SAP ERP and BW rollout was done in October 2009 in Cashbuild support office. Several additional processes and activities have been added since and improvements to the SAP system are still ongoing. Outstanding issues receiving priority attention are daily cash clearing and stock balancing between Active Retail and SAP.

IP (Integrated Planning) was implemented in November 2009 but the current solution does not meet Cashbuild's business requirement and the system will be redeveloped.

Roll out of Active Retail commenced in October 2009 with two pilot stores (Orange Farm and Lobatse) to enable appropriate testing and correction of the system. This phase was followed with a ramp-up period during February 2012 with a further four stores (Evaton, Groblersdal, Bloemfontein, and Brackenfell) going live with Active Retail. The ramp up period was utilised to further refine the Active Retail functionality specific to Cashbuild business needs. Official roll out of the Active Retail Solution commenced during May 2012. At financial year-end 38 stores were rolled out on Active Retail. At the time of preparing this integrated report (August 2012), Active Retail was rolled out to 87 stores (46% of all stores) with completion of roll out expected in the second half of the current financial year.

Project governance is tightly controlled by the project team and is supported by weekly updates provided to the executive management team, weekly project management sessions involving members of Cashbuild operations, finance and UCS, monthly project risk management workshops attended by representatives of all stakeholders in the project, and monthly IT governance meetings. It should be noted that IT governance meetings commenced as project specific sessions, but are progressing towards as a company-wide IT governance forum as a natural progressive evolution of the original IT project committee to a Cashbuild board sub-committee.

IT governance framework

Cashbuild is in the process of developing an IT governance framework. This will incorporate a formalised disaster recovery and business continuity plan. Directors are of the opinion that disaster recovery is well managed within Cashbuild through appropriate off site back up of data. Business continuity risk is well mitigated through the distributed decentralised nature of Cashbuild's business throughout 191 stores. An internal review of the current status together with considering creation of a CIO position forms part of Cashbuild's strategic initiative of developing an IT governance framework.

IT governance process

IT governance forms an integral part of the company's business. Outsource partners contracted to assist directors with the discharge of their IT governance responsibility are UCS, OSI and Datacentrix. Achievement of IT governance objectives is monitored through monthly IT governance meetings chaired by an independent non-executive director and attended by representatives of all stakeholders having a part in Cashbuild's IT environment.

ETHICS

Cashbuild subscribes to the highest ethical standards of business practice. Cashbuild has a well-defined and entrenched business philosophy which is built around our customers, our team, our business partners, our systems and our finances. The business philosophy is underpinned by our vision, mission, values, guarantees and goals.

Ethical standards based on our values are lived out through adherence to the Cashbuild Way being ISO9001 aligned policies procedures and guidelines. These policies and guidelines require staff members to adhere to ethical business practices in their relationships with customers, one another, suppliers, intermediaries, shareholders, investors and the general public at large.

Each store and support office department facilitates communication and training programmes for employees on values, standards and compliance procedures. Proficiency in these areas is taken into consideration when assessing the suitability of prospective employees and candidates for promotion and in delegating discretionary authority. Cashbuild has a zero-tolerance approach towards fraud, theft, corruption, illegal behaviour, and non-compliance to our ethical standards as recorded in our philosophy, values, and The Cashbuild Way. Any employee found behaving in a manner contrary to our ethical standards is subject to disciplinary proceedings, which can lead to dismissal.

Compliance to The Cashbuild Way is monitored through internal audit who audits each store four times a year, at least once every quarter, and support office processes one to four times a year depending on the risk based priority allocated to these business support focus areas. Cashbuild has contracted Tip-offs Anonymous, which provides a secure system for the reporting of unethical or risky behaviour. All tip-offs logged are investigated and action taken to address any instances of non-compliance to ethical standards in the company.

Acceptance of gifts from third parties is governed by a policy requiring detailed declaration and approval that is targeted towards removing any potential conflicts of interest.

The directors are fully committed to the ethical principles entrenched in the company and supports unwavering enforcement thereof.

INTERNAL CONTROL

Cashbuild maintains internal controls and systems designed to provide reasonable assurance as to achievement of operational business objectives and reliability of financial statements while adequately protecting, verifying and maintaining accountability for assets. Controls within Cashbuild are based on established policies and procedures contained in The Cashbuild Way. The Cashbuild Way is ISO9001 aligned and provides a uniform company-wide standard regarding the defining, implementation, and maintenance of policies, procedures and templates within all Cashbuild support and operational areas. Internal controls as contained in The Cashbuild Way are communicated throughout the company and forms the baseline of training provided to staff members.

Internal audit within Cashbuild consists of a team of 21 members with two auditors dedicated to the auditing of support office based processes and 19 auditors dedicated to the auditing of key processes at stores. Cashbuild's internal audit approach and methodology is risk based in that key controls addressing identified business control risks are the focus areas driving internal audit service delivery. Cashbuild has a 95% target for compliance to key controls designed to mitigate business risk, and diligently monitors achievement of this target through review and follow up of internal audit results. Each Cashbuild store is audited four times a year (once a quarter) with detailed audit results shared with store management for follow-up and correction. Cashbuild's group risk manager heading up internal audit reports functionally to the chief executive with a reporting line to the chairman of the audit and risk committee. Internal audit results are reported to the audit and risk committee with emphasis placed on areas of high risk requiring management attention as identified in terms of non- compliance to key controls.

Cashbuild's annual internal audit plan is presented to the audit and risk committee on a quarterly basis with adjustments and revisions to the plan motivated and explained in sufficient detail to provide sufficient assurance as to the level of monitoring of compliance to internal controls designed to mitigate business risks. Internal audit does provide a written assessment of the effectiveness of the company's system of internal control and risk management as required by principle 7.3 of King III.

Nothing has come to the attention of the directors or the auditors that indicates any material breakdown in the effectiveness of internal controls and systems during the year under review. The relationship between internal and external auditors is mutually supportive and facilitates proper coverage of financial, operational and compliance controls.

RISK MANAGEMENT

Risk management process

Enterprise risk management and compliance is a formal response to corporate risk with the potential of hampering the achievement of Cashbuild's strategic objectives. It is a structured systematic process integrated into existing management responsibilities. This is a continuous on-going 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 has adopted a conservative approach to risk management and has a low tolerance for risk. Calculated risk taking is however acknowledged as an inherent part of business decision making.

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, monitoring, measurement and reporting on the status of identified risks. A formal risk identification and assessment exercise is performed four times 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.

Each risk identified and recorded on the company risk register is assigned an impact and a likelihood rating based on a standard ten point scale for each. The multiplied effect of the impact and likelihood rating provides the risk rating used to rank risks on a pre-defined ranking of high, medium and low with priority attention provided to the 10 highest ranked risks in the business at any given point in time.

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

Responsibility for risk management

The board is responsible for the oversight of risk management within Cashbuild. Responsibility for the monitoring thereof has been allocated to the audit and risk committee. The role of the risk committee is discussed in the portion of this document dealing with committees of the board and the audit and risk committee report on page 29.

Cashbuild management is responsible for the design, implementation and maintenance of a risk management approach, methodology and system. Monitoring of the status of risks is a management responsibility inherent in the responsibility of management assigned as risk owners. Formalised monitoring and updating on the status of risks by the executive management team takes place on a quarterly basis during scheduled company risk management review workshops.

Financial risks

Cashbuild is exposed to a range of financial risks with specific reference made to market risk (currency, interest rate and price risk), credit risk and liquidity risk. Exposure to these risks and policies for measuring and managing these risks are included in note 2 to the integrated annual financial statements.

Cashbuild's top 10 risks

Ranking	Risk	Mitigation Plan
1	Competition in industry growing	- Monitoring of threats are being managed on a case by case basis by operations management and addressed as and where required
2	Cashbuild business model not proactively and coherently pursued throughout the business	- Continued adherence to existing business plan - Monitoring of achievement of KPI's as measured by way of balanced scorecard, and taking action on any discrepancies identified
3	Increasing rental escalations	- Re-negotiation of existing lease conditions addressed as and when leases become due for renewal - Target to negotiate rental escalations at a lower rate - Consider purchasing sites due for renewal of rental contracts
4	Inadequate customer service	- Cashbuild complaints proactively addressed through formalised process - Monitoring customer satisfaction and taking action where areas of improvement are identified
5	Market share aspiration of 30% will not be achieved through normal store expansion programme	- Ability and capacity to deal with new opportunities is an objective to be managed. Focus is placed on growth of existing store base
6	General decrease in transactions	- Perform and act on a comprehensive product range project (survey) aimed at ensuring that the product range is aligned to customer needs in specific markets
7	Adequacy of Cashbuild model to address IT requirements and service delivery resulting in high reliance on external IT outsource partner	- Mapping of Cashbuild model against best practice to be performed - Consider appointment of CIO - Monitoring performance of service provider against service level agreement
8	Investment in marketing and advertising not achieving the desired return	- Retain current advertising strategy - Updates and revision to be considered upon conclusion of customer survey
9	Sub optimal utilisation of available marketing opportunities	- Capitalise chosen channels being traditional Cashbuild retail stores, store-in-a-box, and online retail - Identify and act on new opportunities identified through customer survey results
10	Business model not supporting achievement of business objectives optimally	- Continued review, analysis and improvement of the business model as part of its natural life cycle and evolution

ASSURANCE

Integrated financial statements

The directors accept ultimate responsibility for the preparation of the integrated annual financial statements that fairly represent the results of the company in accordance with the Companies Act and International Financial Reporting Standards.

External audit

The external auditors are responsible for independently auditing and reporting on the integrated financial statements of the company in conformance with statements of International Standards of Auditing and applicable laws.

Internal audit

Internal audit facilitates the monitoring and review of the status of internal control within the company which enables a stable and well maintained mitigation of control risks in the business.

Tip-offs Anonymous and issues management

Cashbuild subscribes to an anonymous tip-offs service line provided by Deloitte. All tip-offs logged are investigated to identify the root cause thereof and address the issue at hand. The status of tip-offs logged is administered by Cashbuild's group risk management department with regular updates provided to executive management and quarterly reporting done to the audit and risk committee.

Legislative and regulatory compliance

Cashbuild directors take full responsibility for legislative and regulatory compliance in the company. Monitoring thereof is facilitated by Cashbuild's legal outsource partner Van Der Heever and Associates. There were no cases of material legislative or regulatory non-compliance during the year and no penalties sanctions were imposed on the company or any of its directors or officers during the year.

Going concern

The board is satisfied that the company has adequate resources to continue operating for the next 12 months and into the foreseeable future. The integrated financial statements have been prepared on a going concern basis. The board is apprised of the company's going concern status at the board meetings coinciding with the interim and final results.

Review of integrated report

The audit committee has received and approved the contents of the annual integrated report.

REPORT OF THE AUDIT AND RISK COMMITTEE

1. Introduction

The audit and risk committee has pleasure in submitting this report, as required by section 94(f) of the Companies Act, 2008, as amended.

2. Functions of the audit and risk committee

The functions of the audit and risk committee carried out include:

- review of the interim and year-end integrated financial statements, culminating with a recommendation to the board;
- review of the external audit reports, after audit of the interim and year-end integrated financial statements;
- review of the internal audit and risk management reports, with relevant recommendations being made to the board; and
- in the course of its review the committee:
  - takes appropriate steps to ensure that integrated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS);
  - considers and, when appropriate, makes recommendations on internal financial controls and the going concern concept analysis;
  - verifies the independence of the external auditor and of any nominee for appointment as external auditor;
  - authorises the audit fees in respect of both the interim and year-end audits;
  - specifies guidelines and authorises contract conditions for the award of non-audit services to the external auditors;
  - evaluates the effectiveness of risk management, controls and the governance processes; and
  - deals with concerns or complaints relating to the following:
    - accounting practices;
    - internal audit;
    - the audit or content of integrated annual financial statements; and
    - internal financial controls.

3. Members of the audit and risk committee

The audit and risk committee consisted of three independent non-executive directors, namely Ms NV Simamane, Dr DSS Lushaba and Mr FM Rossouw, chairman. The position of chairman of the audit committee, left vacant with the passing away of Mr Rossouw during December 2011, was temporarily taken over by Mr D Masson until the vacancy was filled and a new chairman of the audit committee elected Mr S Fourie. The members of the audit and risk committee have at all times acted in an independent manner.

4. Frequency of meetings

The audit and risk 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 committee. Group risk management matters are discussed at meetings of the audit and risk committee. Executive directors and relevant senior managers attended meetings on a “by invitation” basis.

6. All meetings commence with confidential meetings

Audit and risk committee meetings commence with a confidential meeting between the committee members and the internal and external auditors. Executive directors, the chairman of the board and relevant senior managers join the meeting for the formal meeting.

7. Independence of audit

During the year under review the audit and risk committee reviewed reports by the external auditor and based on its own review, confirmed the independence of the auditor.

8. Expertise and experience of financial director

As required by JSE Listings Requirement 3.84(h), the audit and risk 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 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.

ASSESSMENT OF INTERNAL CONTROLS AND RISK MANAGEMENT PROVIDED BY INTERNAL AUDIT

In terms of principle 7.3 of the King III report, internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management. The principle further states that internal audit should provide an assessment regarding internal financial controls which should be reported specifically to the audit committee.

Service delivery by the group risk management department which includes risk management, issues management and internal audit aims towards achieving the following best practice guidelines during performance of its internal control assessment process:

- identify strategic, sustainability, operational, compliance and financial objectives;
- assess the risks that prevent the achievement of these objectives; and
- perform tests and gather evidence relating to the internal controls in place to manage these risks and as to the effectiveness of such internal controls.

The content of quarterly audit committee pack is designed in such a way as to provide the necessary information to members of the audit and risk committee to obtain a level of assurance of the company's system of internal control and risk management. In order to do this, the content of each quarterly audit committee pack is aimed at providing the reader sufficient information on the following topics:

- the scope of internal auditing activities, which includes the appropriate level and quality of work based on the company's risks;
- the cycle on which audit plans are based;
- consideration of the control components and limitations of control;
- the status of follow-up activities;
- An expression on the pervasive effects being considered;
- A discussion of serious problems and solutions; and
- The overall assessment statement for the year.

Considering all of these factors, the following assessment statement is presented by Cashbuild internal audit: **"Work performed by the Cashbuild group risk management department during the current reporting period (June 2011 to July 2012) supports the assertion that Cashbuild's system of internal controls and risk management is effective, and that any serious problems and or concerns identified by the group risk management department during performance of their risk management, issues management and internal audit duties are reported on, as well as corrective action, in quarterly audit and risk committee reports".**

SUSTAINABILITY REPORT

Cashbuild acknowledges that although it does not have a major impact on the environment as a result of the products and services we sell, it recognises the fact of considering sustainability of operations. The need to ensure that the company continues to be sustainable has resulted in a review of the "three P's" 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:

Profit (economic sustainability)

We have a responsible expansion programme which enables us to ensure continued growth and to maintain a profitable market share. Our quality products and reliable delivery service provides us with a leading edge which has resulted in customer satisfaction and a continuing growth in profits.
Continued focus on our key drivers is required together with targeted investigations in the following areas:

- further accelerating the past years store expansion programme;
- improving the store relocation and re-fit plan; and
- alternative funding models with contractors who build our stores.

People (social sustainability)

We continue to apply the highest ethical standards and business processes in all our dealings.

The need to make medical assistance available for the detection and treatment of health and disease amongst employees and their families has led to the company making a variety of medical aid and hospital options available to employees and their families. Whilst the operations of stores do not pose a substantial occupational safety risk, management ensures that appropriate safety clothing and equipment is provided to employees. Our training enables employees to improve their skills and status.

In our quest to uplift the communities in which we trade, Cashbuild has donated substantial quantities of building materials to schools. It is our objective to make a positive contribution in every community in which we trade. To this end, our campaign entitled ART-AT-HEART continues to assist people of the communities where our stores operate.

Planet (environment sustainability)

While the nature of operations does not result in environmental degradation, management constantly monitors the effect of business on the environment.

In recognition of our impact on the environment the following initiatives are currently underway:

- enhanced electricity consumption through the use of more energy efficient lighting at stores and support office; and
- Cashbuild continuously searches with suppliers for new energy efficient products that become available, i.e. energy saving light bulbs. Following affordability considerations, we arrange and provide additional space in stores for such products.

PROFIT

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 approximately 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 four 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) one new store has been opened, and four are planned to open by the end of 2012. A further 10 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 13 stores (Protea Gardens, Orange Farm Central, KwaMashu, Umlazi, Highgate, Lethlabile, Richards Bay, Maun, Gaborone North, Botlokwa, Bochum, Polokwane Central and Nelspruit Plaza) were refurbished and three relocated (Nyanga, Hillfox, Bushbuckridge Central). Relocation is only approved if it meets strict operational and financial criteria. During the 2012/2013 financial year, 38 stores are budgeted to be refurbished or relocated.

Customer growth

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 businesses. Our chosen proactive outsource professional making sense of regional demographics specialised retail advertising and corporate branding partners works tirelessly and effectively, strategising, researching and piloting initiatives, which enables Cashbuild to be more accurate in establishing shopping trends, and exceeding customer expectations.

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 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.

Contractor funding

To ensure enhanced future profits of our new stores we have embarked on an initiative whereby, we team up with our store developers and replace their funding from banks with our own cash resources. In turn, we receive lower rental, lower rental escalation resulting in the stores being more profitable into the future. Limited opportunities of this nature arise, but where developers are willing, we make use of this initiative. Three such transactions were completed this financial year with several under discussions for new stores underway.

PEOPLE

People development

In recent years Cashbuild implemented a learnership programme through W&R Seta with 35 unemployed learners being trained. We are continuing with this initiative.

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 profitably, through giving excellent customer service.

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 employ all divisional managers from the regions in which we trade. Cashbuild continues to give preference to the use of local suppliers and is constantly increasing its support of black economic empowerment initiatives. Cashbuild is continuing a programme that initiates projects within the communities within which we trade, offering entrepreneurs the opportunity to produce bricks, blocks and lintels. These products are then purchased and on-sold by Cashbuild. Cashbuild also currently offers glass-cutters and fitters the opportunity to work 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 R93 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.

Employees and management

Cashbuild employs 4 453 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 the 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 the 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. Cashbuild is confident that, with this unrelenting commitment from our people, we will continue to deliver sustainable growth into the future for the benefit of all Cashbuild stakeholders. Absenteeism for the year under review was 1.1% with total staff turnover of 16.0% (voluntary staff turnover: 7.2%; and dismissals: 8.8%). Whilst these statistics are 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 informed of developments within Cashbuild through a weekly newsletter.

Counselling

Cashbuild offers trauma counselling through an outsourced service provider. This service is offered to both individual employees and in group sessions, specifically for when they have been exposed to or experienced armed robberies at our stores.

Community relations

Throughout the financial year, Cashbuild donated building materials to the value of R2.0 million to 167 schools in the communities in which we opened our four new stores. (A further 16 stores were either relocated or refurbished). During the past 13 years 1 408 schools received building materials to the value of R14.990 million.

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.

Store name School name	Region	New refurbished/ relocated	Date	No. of schools	Total
Mitchells Plein	**Western Cape**	**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					R12 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	**Mpumalanga**	**Refurbished**	**29/07/2011**	**8**	**R96 000**
Gromar Primary 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
Orange Farm Central	**Gauteng**	**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 School					R12 000

Store name School name	Region	New refurbished/ relocated	Date	No. of schools	Total
Nyanga	**Western Cape**	**Relocated**	**21/10/2011**	**12**	**R144 000**
Siyazakha Primary School					R12 000
Bongolethu Primary School					R12 000
Faku Primary School					R12 000
Sikelela Primary School					R12 000
Vukani Primary School					R12 000
Zanemfundo Primary School					R12 000
Heinz Park Primary School					R12 000
Mkhanyiseli Primary School					R12 000
Naluxolo Primary School					R12 000
Liwa Primary School					R12 000
Samora Machel Primary School					R12 000
John Pama Primary School					R12 000
Hillfox	**Gauteng**	**Relocated**	**27/10/2011**	**8**	**R96 000**
Constantia Kloof Primary School					R12 000
Boikanyo Sernior Primary School					R12 000
Thathezako Primary Shool					R12 000
Phakamani Primary School					R12 000
DSJ Primary School					R12 000
Makoarane Primary School					R12 000
Panorama Primary School					R12 000
Ithebalihle Primary School					R12 000
Stanger	**KwaZulu-Natal**	**New**	**11/11/2011**	**8**	**R96 000**
Enkukwini Primary School					R12 000
Glenhills Primary School					R12 000
Melville Primary School					R12 000
Lloyd Primary School					R12 000
Kearsney Primary School					R12 000
Stanger Manor Primary School					R12 000
L. Bodasing Primary School					R12 000
Gledhow Primary School					R12 000
Umlazi	**KwaZulu-Natal**	**Refurbished**	**02/12/2011**	**8**	**R96 000**
Kwathambo Combined Primary School					R12 000
Siyathokoza Primary School					R12 000
Cola Primary School					R12 000
Ngilozi Junior Primary School					R12 000
Fundakahle Junior Primary School					R12 000
Orient Hills Primary School					R12 000
Incophelelo Junior Primary School					R12 000
Isidingo Combined Primary School					R12 000

Store name School name	Region	New refurbished/ relocated	Date	No. of schools	Total
Botshabelo	**Free State**	**New**	**26/012012**	**8**	**R96 000**
Phallang Intermediate School					R12 000
Ntebaleng Intermediate School					R12 000
Dibeng SA Tshebo Intermediate School					R12 000
Sebabatso Intermediate School					R12 000
Nthapelleng Intermediate School					R12 000
Khothatso Intermediate School					R12 000
Nteboheng Intermediate School					R12 000
Semomothela Intermediate School					R12 000
Bushbuckridge	**Mpumalanga North**	**Relocated**	**15/03/2012**	**8**	**R96 000**
Twalakule Primary School					R12 000
Ntsie Primary School					R12 000
Sediba SA Thuto Primary School					R12 000
Dilayi Primary School					R12 000
Mathule Primary School					R12 000
Nkwenkwezi Primary School					R12 000
SH Nyalunga Primary School					R12 000
Boilutso Primary School					R12 000
Nelspruit Plaza	**Mpumalanga**	**Refurbished**	**15/03/2012**	**8**	**R96 000**
Valencia Combined School					R12 000
Laeveld Laerskool					R12 000
Laerskool Nelspruit					R12 000
Nelsville Combined School					R12 000
Tekwane Primary School					R12 000
Laerskool Bergland					R12 000
Nelspruit Primary School					R12 000
Kamagugu Inclusive School					R12 000
Kwa Mashu	**KwaZulu-Natal**	**Refurbished**	**19/04/2012**	**8**	**R96 000**
Ekuthuleni Primary School					R12 000
Phuthumani Primary School					R12 000
Dukemini Primary School					R12 000
Gobhogobho Junior Primary School					R12 000
Zamokuhle Junior Primary School					R12 000
Ngazana Junior Primary School					R12 000
Ethekwini Junior Primary School					R12 000
Dumani Junior Primary School					R12 000

Store name School name	Region	New refurbished/ relocated	Date	No. of schools	Total
Bochum	**Free State**	**Refurbished**	**26/04/2012**	**8**	**R96 000**
Kawene Primary School					R12 000
Rataneng Special School					R12 000
Radibolotje Primary School					R12 000
Tlhakauma Primary School					R12 000
Tefu Primary School					R12 000
Moneybodi Primary School					R12 000
Letswatla Primary School					R12 000
Kobe Primary School					R12 000
Boitekong	**Northern Cape**	**New**	**10/05/2012**	**8**	**R96 000**
Letsibogo Primary School					R12 000
Tshirologang Primary School					R12 000
Paardekraal Primary School					R12 000
Boikagong Primary School					R12 000
Abana Primary School					R12 000
Bana Pele Primary School					R12 000
Noka Ya Lerato Primary School					R12 000
Retlakgona Primary School					R12 000
Gaborone North	**Botswana**	**Refurbished**	**16/05/2012**	**8**	**R96 000**
Notwane Primary School					R12 000
Bosele Primary School					R12 000
Ikageng Primary School					R12 000
Itumeleng Primary School					R12 000
Tsogang Primary School					R12 000
Phillip Moshotle Memorial School					R12 000
Tsholofelo Primary School					R12 000
Segoditshane Public School					R12 000
Maun	**Botswana**	**Refurbished**	**24/05/2012**	**8**	**R96 000**
Andrew Wellio Primary School					R12 000
Boseja Primary School					R12 000
Gxhabara Primary School					R12 000
Thamalakane Primary School					R12 000
Chanoga Primary School					R12 000
Makalamabedi Primary School					R12 000
Matlapana Primary School					R12 000
Sekgoma Primary School					R12 000

SUSTAINABILITY REPORT CONTINUED

Store name School name	Region	New refurbished/ relocated	Date	No. of schools	Total
Botlokwa	**Limpopo**	**Refurbished**	**30/05/2012**	**8**	**R96 000**
Maswahlene School					R12 000
Puledi School					R12 000
Mautswi Primary School					R12 000
Lephalala Primary School					R12 000
Ramothlale Primary School					R12 000
Tladi Primary School					R12 000
Botlokwa Primary School					R12 000
Mosima Primary School					R12 000
Richards Bay	**KwaZulu-Natal**	**Refurbished**	**13/06/2012**	**8**	**R96 000**
Maqhama Primary School					R12 000
Brackenham Primary School					R12 000
Mzingazi Primary School					R12 000
Monzampofu Primary School					R12 000
Esikhawini Primary School					R12 000
Velden Vlei Primary School					R12 000
Sinaye Primary School					R12 000
Gobandlovu Primary School					R12 000
Ganyesa	**North West**	**New**	**21/06/2012**	**10**	**R120 000**
Kegakilwe Primary School					R12 000
Seitsang Primary School					R12 000
Tshanake Primary School					R12 000
Monnaaphang Sebogodi Primary School					R12 000
Mochware Primary School					R12 000
Maamogwa Primary School					R12 000
Shupu Primary School					R12 000
Thibogang Primary School					R12 000
Ramadile Primary School					R12 000
Makalaathutlwa Primary School					R12 000
Highgate	**Gauteng**	**Refurbished**	**22/06/2012**	**8**	**R96 000**
Bernard Isaacs Primary School					R12 000
T.C. Esterhuysen Primary School					R12 000
Dowling Primary School					R12 000
Wilhelmina Hoskins Primary School					R12 000
Newclare Primary School					R12 000
G.R. Harris Primary School					R12 000
Riverlea Primary School					R12 000
Tembalihle Primary School					R12 000
TOTAL				**167**	**R2 004 000**

A new look for an old school

Broken toilets, unsecured feeding schemes and dirty classroom walls will all soon be things of the past for some schools in the Highgate area.

Altogether, eight schools in the Highgate area have received Cashbuild building material vouchers to the value of R12 000 each on June 22 at the Cashbuild Highgate Store Opening Ceremony.

"As a new principal to the school, I am very proud that our school is flourishing and has been chosen as one of the winners.

"The learners' toilets are in a bad state.

"We would like to use our prize to renovate the toilets and also paint the outside of the school," said Trudy Khala from G.R. Harris Primary School.

The Principal of Newclare Primary, was thrilled that his school has won, "We are planning to use the bulk of the voucher to fix the stoops on the premises, cement eroded, and classrooms need to be painted because we ran out of paint.

"If there was any money left, we would fix the toilets and the broken windows".

Marcelle Elephant from Riverlea Primary said "Any donation is a huge deal for our school, we are very happy that Cashbuild chose the work of our learners.

"At current, our soup kitchen is running smoothly but we would like to enclose it with four walls and a fence".

At the official Cashbuild Highgate store opening ceremony on June 22, when the building material vouchers totaling R96 000 were presented to all eight schools, the children entertained everyone with singing, cultural dances and theatrical performances.

The Cashbuild Art-at-Heart competition entails learners from each school submitting their best artwork to Cashbuild.

This artwork is displayed at the ceremony, and then remains on display in the Cashbuild store for the next five years.

Artwork was judged and three winners from each school were named.

Winners received Cashbuild Art-at-Heart gold, silver and bronze certificates for first, second and third place respectively.

The Manager's Choice award was also presented to the lucky winner, Kaamila Sissing from Dowling Primary School, for the artwork competition.

This award was announced on the day and the winner received a stationery pack and a glass trophy.

The schools and children that benefited from the Cashbuild Art-at-Heart donations were Bernard Isaacs Primary School, Dowling Primary School, T.C Esterhuysen Primary School, Wilhelmina Hoskins Primary School, Newclare Primary School, G.R. Harris Primary School, Riverlea Primary School and Tembalihle Primary School

Since the Art-at-Heart campaign was launched 10 years ago, Cashbuild has helped more than 1 200 schools in Southern Africa with over R12-million worth of building materials.

Cashbuild is BEE compliant and every time a store is opened, relocated or refurbished, Cashbuild not only makes donations to local schools, but also creates jobs for community members.

The Art-at-Heart competition is a Southern African Cashbuild initiative whereby donations are made to some of the region's most needy schools.

Occupational health and safety

The chief executive understands and performs his role as custodian of occupational health and safety. The chief executive has 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.

PLANET

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 acknowledges that, although limited, we utilised limited natural resources. To this end, we have embarked on a pilot investigation whereby we review the lighting usage and requirements at a few of our stores. Once completed the results will be analysed for potential roll-out to all our stores in the year ahead.

REMUNERATION REPORT

Cashbuild's remuneration philosophy is based on the "total cost to company" principle, irrespective of seniority or length of service.

All positions are graded using the Patterson grading methodology. Remuneration packages are benchmarked every three years via formal salary surveys using external remuneration specialists. The last survey was conducted in 2009. The company is finalising the 2012 survey and is due for completion by October 2012. Cashbuild's policy is to remunerate staff at the 50th percentile, with scarce skills being pitched at the 75th percentile.

1. Aligning remuneration policy with company strategy.

In order to achieve the company strategy and maintain the high performance expected of individuals within a high performing organisation, the attraction, motivation and retention of staff at all levels is critical. Reward and recognition play an important role in the achievement of these objectives.

All permanent employees qualify for two salary increases per annum. The first one being in July of each year, aligned to the financial year, where an annual cost of living increase is given to all staff, irrespective of individual performance.

Cashbuild has less than 10% union representation, however communication with all staff is of paramount importance to the continued success of the business. As a result an employee elected employee forum, (a body elected by the employees representing all races and gender across all occupational categories) is used to discuss and agree on staff related issues.

The average CPI % over the preceding 12 months plus an agreed factor is used as the basis for the calculation of the annual cost of living increase. This formula and final % cost of living increase is discussed with and agreed to by the company employee forum.

This year increases were staggered with general staff receiving 7% and management receiving a 6.5% increase.

In October of each year, based on individual performance, employees are eligible for a performance based salary increase. This increase varies between 1% and 5%, depending on the individuals' performance.

In addition there are monthly, quarterly and annual bonuses employees can earn based on store, division or company performance.

2. Governance

The remuneration policy is governed by the remuneration committee which consists of three non-executive directors. The chief executive and financial director are invited guests. The invited guests are excused from any meetings where their individual remuneration and performance is discussed.

The members of this committee and their responsibilities are set out in the corporate governance report on page 29.

3. Remuneration structure

The guaranteed cost to company package for all employees is set in line with the three yearly salary survey conducted by an external remuneration specialist. Executive directors and senior management packages are benchmarked against medium sized market capitalisation companies on the JSE Limited.

Over and above the annual cost of living increase, as agreed to with the employee forum, given in July, performance increases given in October are directly related to the individual's performance and aligned to the agreed performance increase parameters.

Non-executive directors

Non-executive director fees are recommended by the remuneration committee and agreed to at the annual general meeting. Fees are based on market related fees obtained via salary surveys conducted by external remuneration specialists. Non-executive fees are detailed on page 122.

Executive directors, senior managers

Executive directors and senior management participate in a short and long-term incentive scheme. This ensures alignment to and with shareholder interests.

The performance of the chief executive is assessed by the chairman and the board, while the performance of executive directors and senior managers is evaluated by the chief executive and reviewed by the remuneration committee.

Short-term incentive scheme (STI)

STI are on condition that the company's financial objectives are met, dependent on the occupational level an incentive of between 25% - 75% of annual cost to company can be achieved of which 40% is based on company objectives and 60% on personal objectives being achieved.

Long-term incentive scheme (LTI)

Executives and identified key positions participate in the Cashbuild share incentive scheme with share options being offered.

Allocations of shares vary between 25k - 100k with a vesting period of three years.

Shares offered and options exercised are detailed on page 113 and 116.

The sustainability of the business is paramount in determining remuneration. The board is satisfied that the current structure of remuneration for executive directors and senior management does not encourage undue or increased risk taking.

Details of all executive and non-executive directors' remunerations are listed on page 115.

Management and staff

Management and staff are paid on a cost to company basis with short-term performance incentives being offered. This ensures alignment to company strategic objectives.

Operations management and staff participate in a monthly, quarterly and annual short-term incentive scheme which is directly related to the financial performance of their operating unit.

Support office management and staff participate in the annual short-term incentive scheme which is based upon the company financial performance and the individuals achievement of agreed upon non-financial objectives.

4. Retention schemes

Share incentive scheme

Executives and certain key positions participate in the company share incentive scheme with stock options being offered. See page 98 for various scheme disclosure.

Cashbuild Empowerment Trust

The philosophy of having all staff share in the success of the company, and in so doing create a sense of belonging and ownership, is embodied in the Cashbuild Empowerment Trust to which all permanently employed staff, irrespective of seniority or length of service belong. This Trust owns 7.8% of the share capital. Dividends are paid twice per year to all members of the Trust.

In the last financial year a total of R8.5 million was paid out to all staff members, over and above the R30 million remaining of the prior years' BEE transaction. The BEE transaction was approved at the 2010 annual general meeting, whereby R50 million was to be paid to our staff in five equal amounts of R10 million per quarter.

Store Operations Management Member Trust

In 2011 the Store Operations Management Member Trust was established. The objectives of this trust being to:

- promote the continued growth and profitability of stores within the group and growth of the group by recognising and rewarding qualifying members;
- empower and retain management members in the group;
- develop an ethic and mindset of ownership, responsibility and accountability within the group; and
- promote black economic empowerment and increased broad based and effective participation in the group by previously disadvantaged persons.

This trust relates to stores, divisions and operations areas achieving predetermined hurdles for the financial year and the managers of these areas receiving a bonus on achievement of these hurdles divided equally into cash and shares. The share portion will only vest on the 3rd anniversary date of the distribution on condition the manager is still employed by Cashbuild at the time of vesting. Dividends will be payable with immediate effect.

2012 is the first year that qualifying members will be benefiting from this scheme.

29 store managers and two divisional managers qualified for this scheme with a total value of R6.2 million being paid out of which R3.1 million is to be paid out in cash and R3.1 million in shares after qualification of vesting period.

5. Employee benefits

Retirement funds

Membership of the retirement fund is compulsory for all permanent employees. The retirement fund is part of the Alexander Forbes umbrella fund. There is a management committee that meets twice per year and consists of 50% employer and 50% employee elected representatives. The company financial director is an employer elected member to facilitate financial decision making.

Medical Aid

Membership of a medical aid is optional. The medical schemes offered in South Africa are Discovery and Momentum. Approximately 4% of employees have elected to join these medical schemes. The sourcing of affordable health care is a focus area for the future.

The Cashbuild remuneration structure is aimed at attracting, motivating and retaining the required skills and talent to achieve the company short and long-term operational and strategic objectives.

Annual staff turnover within Cashbuild is 16.35%, a reduction of 5% over the last three years.

6. Executive employee contracts

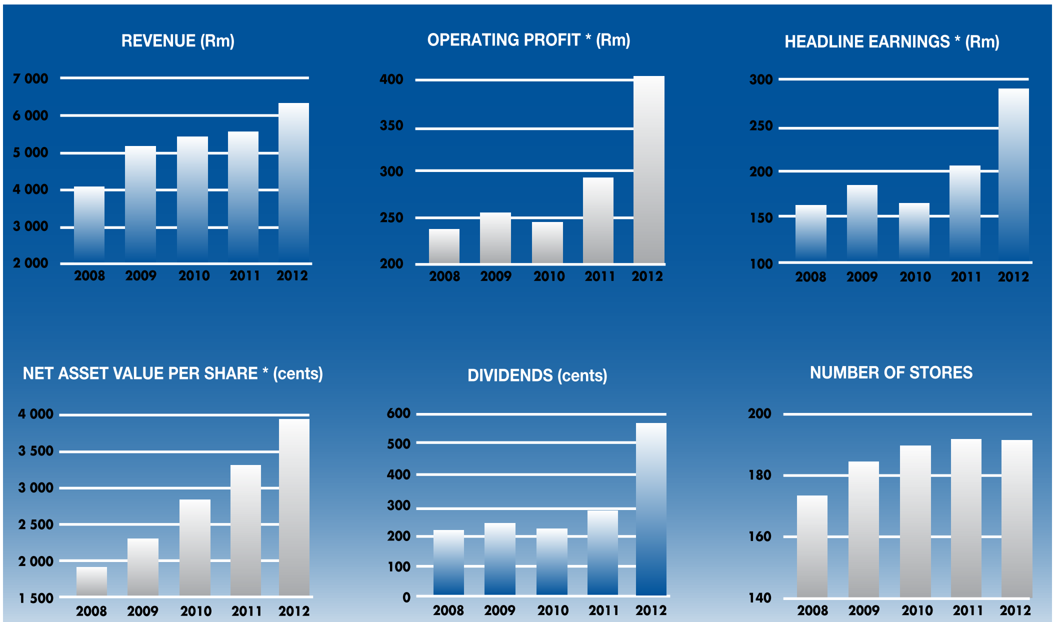
All executive directors and managers have employment contracts requiring one months’ notice of resignation and do not contain any restraint clauses.

GROUP VALUE ADDED STATEMENT

R'000	2012	%	2011	%
Revenue	**6 310 052**		5 667 494	
Less: Cost of merchandise and expenses	**(5 356 586)**		(4 882 347)	
Value added from trading operations	**953 466**		785 147	
Interest received on investments	**33 561**		29 759	
Total wealth created	**987 027**	100.0	814 906	100.0
To employees - salaries and benefits	**487 421**	49.4	488 780	60.1
To government - company taxation:	**141 070**	14.3	108 386	13.3
- Normal	**130 112**	13.2	96 154	11.8
- Secondary tax on companies	**10 958**	1.1	12 232	1.5
To providers of capital:	**105 724**	10.7	76 094	9.4
- Dividend to shareholders	**98 817**	10.0	64 488	7.9
- Interest on borrowings	**706**	0.1	704	0.1
- Minorities' interest	**6 201**	0.6	10 902	1.3
To retain for reinvestment in the group	**252 812**	25.6	141 646	17.4
- Depreciation, amortisation and impairment of property	**64 797**	6.6	55 914	6.9
- Income retained in the business	**188 015**	19.1	85 732	10.5
Total wealth distribution	**987 027**	100.0	814 906	100.0

GROUP FIVE YEAR FINANCIAL REVIEW

R'000	Five year compound growth %p.a.	June 12 (53 weeks)	June 11 (52 weeks)	June 10 (52 weeks)	June 09 (52 weeks)	June 08 (52 weeks)
GROUP INCOME STATEMENT						
Revenue	13	6 310 052	5 667 494	5 369 146	5 065 843	4 043 493
Profit before taxation	18	433 330	319 598	255 680	275 036	244 729
Earnings attributable to shareholders	19	286 832	206 489	163 776	177 056	160 768
GROUP STATEMENT OF FINANCIAL POSITION						
Shareholders' funds	23	976 674	839 524	697 466	584 555	470 967
Non-controlling interests	(19)	11 408	54 863	52 140	43 679	34 142
Interest-bearing borrowings	8	2 472	2 657	2 427	2 126	1 867
TOTAL EQUITY AND INTEREST-BEARING BORROWINGS	21	990 554	897 044	752 033	630 360	506 976
Tangible and intangible assets	17	558 693	541 106	453 442	366 456	287 344
Net deferred tax asset	6	11 157	10 461	9 321	11 301	12 627
Current assets	12	1 342 735	1 584 844	1 398 498	1 340 639	1 304 794
TOTAL ASSETS	13	1 912 585	2 136 411	1 861 261	1 718 396	1 604 765
TOTAL LIABILITIES	8	937 986	1 298 293	1 111 655	1 090 162	1 099 656
NET ASSETS	21	974 599	838 118	749 606	628 234	505 109



* 2011 excludes BEE transaction

GROUP FIVE YEAR FINANCIAL REVIEW

R'000	Five year compound growth %p.a	June 12 (53 weeks)	June 11 (52 weeks)	June 10 (52 weeks)	June 09 (52 weeks)	June 08 (52 weeks)
Share performance (cents per share)						
Headline earnings per share	19	**1 255.7**	916.4	717.2	781.2	709.7
Dividends per share	27	**569**	296	233	246	229
Net asset value per share	23	**3 877**	3 109	2 703	2 265	1 825
Returns and productivity						
Profit before tax on revenue (%)*		**6.87**	5.64	4.76	5.43	6.05
Return on shareholders' funds (%)*		**29.66**	25.94	23.48	30.04	33.57
Return on average capital employed (%)*		**32.60**	27.89	25.55	33.55	39.11
Total asset turn (times)		**3.30**	2.65	2.88	2.95	2.52
Turnover per employee (R'000)	8	**1 417**	1 294	1 212	1 093	1 017
Profit before taxation per employee (R'000)*	13	**97**	73	58	59	62
Total assets per employee (R'000)	8	**430**	488	420	371	404
Solvency and liquidity						
Dividend cover (times)		**2.22**	2.23	3.10	3.17	3.09
Current ratio		**1.58**	1.30	1.35	1.30	1.23
Total liabilities to total shareholders' funds		**0.96**	1.66	1.59	1.86	2.33
Interest-free liabilities to total assets		**0.49**	0.61	0.60	0.63	0.68
Stock Exchange performance						
Number of shares in issue ('000)		**25 190**	25 190	25 805	25 805	25 805
Market price						
- high (cents)		**13 800**	10 000	8 150	7 000	6 275
- low (cents)		**8 980**	6 500	6 400	4 000	4 000
- at year-end (cents)		**13 700**	9 500	7 502	6 400	4 824
Price earnings ratio at year-end*		**10.8**	10.45	10.40	8.21	6.81
Market capitalisation at year-end (R'000)	17	**3 451 004**	2 393 032	1 935 917	1 651 542	1 244 850
Other statistics						
Number of employees		**4 453**	4 381	4 432	4 633	3 975
Number of stores		**191**	191	189	183	173

*2011 Excludes BEE transaction

SHAREHOLDERS' DIARY

Final dividend paid	15 October 2012
Annual general meeting	19 November 2012
Interim results	March 2013
Financial year-end	30 June 2013
Audited annual results	September 2013

INDEX TO ANNUAL FINANCIAL STATEMENTS

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible to report on the fair presentation of the financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act in South Africa 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 page 61.

The consolidated financial statements set out on pages 62 - 120 were prepared by the financial director, Mr AE Prowse CA (SA) and were approved by the board of directors on 17 September 2012 in Johannesburg and are signed on its behalf by:

Chairman

Chief executive

CERTIFICATE BY THE COMPANY SECRETARY

We declare that, to the best of our knowledge, in terms of the Companies Act in South Africa 2008, as amended, that for the year ended 30 June 2012, 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
17 September 2012

REPORT OF THE INDEPENDENT AUDITORS

FOR THE YEAR ENDED 30 JUNE 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASHBUILD LIMITED

We have audited the group annual financial statements and annual financial statements of Cashbuild Limited set out on pages 70 to 117, which comprise the statement of financial position as at 30 June 2012, and the consolidated and separate statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

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 the requirements of the Companies Act of South Africa, 2008, 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.

Auditor's 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 about 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 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, 2008.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 30 June 2012, we have read the directors' report, the audit committee's report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Diederik Fouche
Registered Auditor
2 Eglin Road
Sunninghill
17 September 2012

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2012

The directors have pleasure in presenting their report for the year ended 30 June 2012.

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 (2011:191). 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, large construction companies and government-related infrastructure developers, as well as all other customers requiring 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 2012 R'000	Year ended June 2011 R'000	% change
Income statement			
Revenue	6 310 052	5 667 494	11.3
Operating profit before finance cost and income	400 475	239 274	67.4
Finance cost	706	704	0.3
Finance income	33 561	29 759	12.8
Attributable earnings	286 832	150 220	90.9
(Profit)/loss on sale of assets after taxation (R'000)	(1 264)	1 594	
Headline earnings	285 568	151 814	88.1
Earnings per share (cents)	1 261.3	661.6	90.6
Headline earnings per share (cents)	1 255.7	668.6	87.8
Fully diluted basic earnings per share (cents)	1 257.5	657.5	91.3
Statement of financial position			
Total assets (excluding cash and cash equivalents)	1 438 122	1 415 976	1.6
Cash and cash equivalents	487 946	720 560	(32.3)
Total liabilities	937 986	1 298 418	(27.8)
Total liabilities to shareholders' funds	0.96	1.66	(42.1)
Net asset value per share (cents) *	3 877	3 109	24.8

* 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 70 to 117 set out the financial position, results of operations and cash flows of the group for the year ended 30 June 2012 in more detail.

FOR THE YEAR ENDED 30 JUNE 2012

INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

TRADING WEEKS

For the year under review Cashbuild had 53 trading weeks compared to the prior year's 52 weeks.

FINANCIAL HIGHLIGHTS

Revenue for the year increased by 11% and gross profit increased by a pleasing 16%. Operating expenses increased by 9% (excluding the effects of the BEE transaction in the prior year) resulting in an operating profit of 67%. Basic earnings per share increased by 91% and headline earnings per share increased by 88%. Net asset value per share has shown a 25% increase, from 3 109 cents (June 2011) to 3 877 cents.

Stores in existence since the beginning of July 2010 (pre-existing stores – 182 stores) accounted for 10% of the increase in revenue with the remaining 1% increase due to the nine new stores the group has opened since July 2010. This increase for the year has been achieved in tough trading conditions with selling price inflation of 3%. The growth in customer transactions of 2% (of which 1% is from the existing store base) remains an area of focus for management.

Despite the competitive environment, gross profit percentage margin increased to 23.3% during this year and was 0.8% higher in percentage terms than the 22.5% achieved for the prior financial year.

Operational expenses for the year remained well controlled with existing stores accounting for 7% of the increase and new stores 2%, bringing the total increase for the year to 9%. 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 32% is 8% lower than that of the previous year, largely due to the non deductibility and related STC effect of the BEE transaction in the prior year.

Cashbuild's statement of financial position remains solid. Stock levels have decreased by 6%. Overall stockholding at 63 days (June 2011: 72 days) is in line with management's expectations. Trade receivables remain well under control. Cash and cash equivalents decreased by 32% to R488 million as a result of payments to suppliers affected prior to year-end close, resulting from the 53rd week.

During the affected period, Cashbuild opened four new stores, 13 stores were refurbished and three stores were relocated. Four 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 rigorous process as in the past, however expecting an increase in the number of new stores compared to the prior two years.

Unaudited pro-forma information illustrating the impact of the 53rd week on the annual results for the year ended 30 June 2012 and the impact of the BEE Transaction on the annual results for the year ended 30 June 2011.

The group adopts the retail accounting calendar, which comprises the reporting period ending on the last Saturday of the month (2012: 30 June (53 weeks); 2011: 25 June (52 weeks)). Although Cashbuild has reported financial results for the year (53 weeks) to 30 June 2012, it is appropriate and good practice to illustrate pro-forma information of the comparative 52 week period for the user of these financial statements.

During the 2011 financial year, the company concluded a BEE transaction, the impact of which is reversed within the unaudited pro-forma results for the year to 30 June 2011.

The unaudited pro-forma information presented below has been prepared for illustrative purposes only, to indicate how such information compares to the unaudited pro-forma results of the group for the prior 52-week period ended 25 June 2011. The directors of the company are responsible for the compilation, contents and preparation of the unaudited pro-forma financial information.

FOR THE YEAR ENDED 30 JUNE 2012

R'000	Audited Actual 2012 (53 weeks)	53rd week	Unaudited Actual 2012 (52 weeks)
Revenue	6 310 052	131 145	6 178 907
Operating profit	400 475	33 765	366 710
Net profit attributable to owners of the company	286 832	24 109	262 723
Headline earnings	285 568	24 109	261 459
Earnings per share (cents)	1 261.3		1 155.2
Headline earnings per share (cents)	1 255.7		1 149.7
Net asset value per share (cents)	3 877		3 782

	Unaudited 2012 vs Unaudited 2011 % Change	Unaudited Actual 2011 (52 weeks)	BEE Transaction	Audited Actual 2011 (52 weeks)
Revenue	9	5 667 494	-	5 667 494
Operating profit	26	290 543	(51 269)	239 274
Net profit attributable to owners of the company	27	206 489	(56 269)	150 220
Headline earnings	26	208 083	(56 269)	151 814
Earnings per share (cents)		909.4		661.6
Headline earnings per share (cents)		916.4		668.6
Net asset value per share (cents)		3 333		3 109

Notes:

1. The accounting policies adopted in the latest audited annual financial statements, which have been prepared in accordance with IFRS, have been used in preparing the unaudited pro-forma information.
2. The "53rd week" column represents the actual sales of product for the 53rd week less directly related costs, net of taxation. Cost of sales and directly related variable operating expenses are calculated based on the actual percentages achieved during the current financial year. The cost of sales of the 53rd week also includes an additional month's settlement discount relating to the trade suppliers' payment at the year-end.
3. The "BEE Transaction" column relates to a BEE transaction in which shares to the value of R50 million were repurchased by the company from the Cashbuild Empowerment Trust. The value realised by this transaction was distributed to the beneficiaries of the Trust. This distribution was reported as a personnel expense in the condensed group income statement. The associated transactional cost, including the tax effects of the transaction were also accounted for.
4. Our auditors have issued a limited assurance report on the unaudited pro-forma financial information. A copy of their report is available for inspection at the registered office of the company.

FOR THE YEAR ENDED 30 JUNE 2012

DIVIDENDS

Cashbuild's dividend policy is 2 times cover based on first and second half results. The dividend declared by the board has been based on this policy.

The board has declared a final dividend (No 39), of 273 cents (June 2011: 139 cents) per ordinary share out of income reserves to all shareholders of Cashbuild Limited. The dividend per share is calculated based on 25 189 811 (June 2011: 25 189 811) shares in issue at date of dividend declaration. Net local dividend amount is 232.05 cents per share for shareholders liable to pay Dividends Tax and 273 cents per share for shareholders exempt from paying Dividends Tax.

The total dividend for the year amounts to 569 cents (June 2011: 296 cents), a 92% increase year on year. Local dividend tax is 15% and there are no STC credits available for use. Cashbuild Limited's tax reference number is 9575168712.

Relevant dates for the declaration are as follows: Date dividend declared 17 September 2012; Last day to trade "CUM" the dividend: 5 October 2012; Date to commence trading "EX" the dividend: 8 October 2012; Record date: 12 October 2012; Date of payment: 15 October 2012. Share certificates may not be dematerialised or rematerialised between Monday, 8 October 2012 and Friday, 12 October 2012, both dates inclusive.

FOR THE YEAR ENDED 30 JUNE 2012

EVENTS SUBSEQUENT TO STATEMENT OF FINANCIAL POSITION DATE

There were no material events that have been noted subsequent to year end.

SUBSIDIARY COMPANIES

Subsidiary companies are as follows:

Name of company		Issued capital	Effective holding		Nature
			June 12	June 11	
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	100%	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%	100%	4
Cashbuild (Transkei) (Pty) Ltd		R 250 000	100%	100%	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

FOR THE YEAR ENDED 30 JUNE 2012

DIRECTORATE

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

EXECUTIVE DIRECTORS

WF de Jager (41)	Chief executive, CA (SA)	Appointed 1 December 2004
PK Goldrick (63) (Irish)	Previous chief executive	Retired 1 March 2012
AE Prowse (48)	Financial director, CA (SA)	Appointed 1 March 2011
SA Thoresson (49)	Operations director	Appointed 27 March 2007
A van Onselen (50)	Operations director	Appointed 20 September 2004

NON-EXECUTIVE DIRECTORS

D Masson* (81)	Chairman, ACIS	Appointed 22 June 1988
IS Fourie (65)	CA (SA)	Appointed 1 July 2012
HH Hickey (58)	CA(SA)	Appointed 1 July 2012
AGW Knock (61)	Professional engineer	Appointed 1 July 2011
D Lushaba (46)	BSc Advanced Biochemistry (Hons)	Appointed 1 July 2011
FM Rossouw	CA (SA)	Passed away 31 December 2011
NV Simamane (53)	BSc Chemistry and Biology (Hons)	Appointed 1 September 2004

DIRECTORS' SHAREHOLDING

The directors held in aggregate, direct and indirect beneficial interests, and non-beneficial interests, of 0.005% (June 2011: 9.68%) 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 2012 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 as diclosed in note 36.3

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.

FOR THE YEAR ENDED 30 JUNE 2012

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				
WF de Jager	4/4*	4/4		
PK Goldrick ***	2/2*	2/2		
AE Prowse	4/4*	4/4		
SA Thoresson	4/4*	4/4		
A van Onselen	4/4*	4/4		
Non-executive directors				
D Masson	4/4*	4/4	3/3	12/13
FM Rossouw **	2/2	2/2	1/1	6/12
D Lushaba	4/4	4/4		3/13
A Knock	4/4	4/4		12/13
NV Simamane	4/4	4/4		6/13

* By invitation
** Passed away on 31 December 2011
*** Retired 1 March 2012

DIRECTORS' REMUNERATION

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

THE CASHBUILD SHARE INCENTIVE TRUST

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

	2012	2011
Shares subject to the scheme at the beginning of year	517 825	515 325
Shares transferred or to be transferred to employees	-	-
Shares transferred back to the trust	-	2 500
Shares sold on open market	(350 000)	-
Shares subject to the scheme at the end of year	167 825	517 825
Dealt with as follows:		
Shares allocated to employees		
- Share purchase scheme	-	-
- Share option scheme	50 000	400 000
Shares held in trust for future allocations	117 825	117 825
	167 825	517 825

Details of The Cashbuild Share Incentive Trust are set out in note 35.4 to the financial statements.

CASHBUILD STORE OPERATIONS MANAGEMENT MEMBER TRUST

The store manager incentive trust (referred to as the "Ops Trust") was introduced during the current year as a performance incentive to store managers, divisional managers and operations directors.

The incentive scheme considers all stores that generate an operating margin in excess of 10%. The profit share amount is determined with reference to a specified hurdle rate that takes into account the prior period operating margin of the qualifying store. The calculated profit share is split equally between a cash bonus and an amount utilised for the purchase of Cashbuild Limited shares. The cash bonus is recognised as an expense in the period in which the store qualifies. The attributable equity portion is treated as an equity-settled share based payment expense and recognised equally over the four year period which is linked to employment.

At the end of the period (third anniversary of the date of distribution) the shares will vest to the employees.

During the current year, an amount of R3.9m was recognised as an expense in respect of the qualifying stores (R3.1m in cash and R0.8m as a share based payment expense).

OTHER SPECIAL RESOLUTIONS

At the annual general meeting, held on 6 December 2010, a special resolution was passed which was for the specific repurchase of ordinary shares from the Cashbuild Empowerment Trust. This transaction relates to the prior period and was successfully concluded.

On 19 September 2011 the directors signed a special resolution approving the intercompany loan balances. The directors acted with due care to ensure the company remained solvent and liquid during and after the transaction was concluded.

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 2012

		Group		Company	
R'000	Note	2012	2011	2012	2011
ASSETS					
Non-current assets		583 333	551 692	104 887	52 986
Property, plant and equipment	4	517 006	509 395	-	-
Intangible assets	5	41 687	31 711	-	-
Investment in subsidiary	6	-	-	104 887	52 986
Rent prepayments	10	13 483	-	-	-
Deferred income tax asset	7	11 157	10 586	-	-
Current assets		1 342 735	1 584 844	2 078	1 911
Non-current assets held for sale	8	18 225	659	-	-
Inventories	9	744 606	788 701	-	-
Trade and other receivables	10	91 958	74 924	4	4
Cash and cash equivalents	11	487 946	720 560	2 074	1 907
TOTAL ASSETS		1 926 068	2 136 536	106 965	54 897
EQUITY					
Capital and reserves attributable to owners of the company		976 674	783 255	87 940	51 827
Ordinary share capital	12	232	229	252	252
Share premium		37 491	32 131	62 912	62 912
Share-based payment reserve	13	12 618	4 969	12 618	4 969
Cumulative translation adjustment	14	(14 842)	(14 402)	-	-
Retained earnings		941 175	760 328	12 158	(16 306)
Non-controlling interests		11 408	54 863	-	-
TOTAL EQUITY		988 082	838 118	87 940	51 827
LIABILITIES					
Non-current liabilities		89 241	80 196	-	1 338
Deferred operating lease liability	15	85 122	75 715	-	-
Deferred profit	16	1 647	1 699	-	-
Deferred income tax liability	7	-	125	-	-
Loans payable	17	-	-	-	1 338
Borrowings	18	2 472	2 657	-	-
Current liabilities		848 745	1 218 222	19 025	1 732
Trade and other payables	19	837 661	1 179 761	1 529	1 410
Current income tax liabilities		8 768	36 336	322	322
Loans payable	17	-	-	17 174	-
Employee benefits	20	2 316	2 125	-	-
TOTAL LIABILITIES		937 986	1 298 418	19 025	3 070
TOTAL EQUITY AND LIABILITIES		1 926 068	2 136 536	106 965	54 897

The notes on pages 74 to 120 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

		Group		Company	
R'000	Note	2012 (53 weeks)	2011 (52 weeks)	2012 (53 weeks)	2011 (52 weeks)
Revenue	21	6 310 052	5 667 494	-	-
Cost of sales	22	(4 837 024)	(4 393 705)	-	-
Gross profit		1 473 028	1 273 789	-	-
Share buy-back and distribution to BEE participants	35	-	(51 269)	-	-
Selling and marketing cost	22	(894 960)	(814 558)	-	-
Administrative expenses	22	(177 745)	(166 613)	(2)	(149)
Other operating expenses	22	(4 491)	(7 060)	-	-
Other income	23	4 643	4 985	149 000	139
Operating profit		400 475	239 274	148 998	(10)
Finance costs	25	(706)	(704)	-	-
Finance income	25	33 561	29 759	-	-
Profit before income tax		433 330	268 329	148 998	(10)
Income tax expense	27	(140 297)	(107 207)	(10 958)	(12 232)
Profit for the year		293 033	161 122	138 040	(12 242)
Attributable to:					
Owners of the company		286 832	150 220	138 040	(12 242)
Non-controlling interests		6 201	10 902	-	-
		293 033	161 122	138 040	(12 242)
Earnings per share for profit attributable to the owners of the company during the year:					
- Basic	28	1 261	662	548	(48)
- Diluted	28	1 258	657	547	(48)

The notes on pages 74 to 120 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

		Group		Company	
R'000	Note	2012 (53 weeks)	2011 (52 weeks)	2012 (53 weeks)	2011 (52 weeks)
Profit for the year		293 033	161 122	138 040	(12 242)
Other comprehensive income:					
Foreign currency translation adjustments	14	(2 753)	(3 200)	-	-
Other comprehensive income for the period, net of tax		(2 753)	(3 200)	-	-
Total comprehensive income for the period		290 280	157 922	138 040	(12 242)
Total comprehensive income attributable to:					
Owners of the company		286 392	147 459	138 040	(12 242)
Non-controlling interests		3 888	10 463	-	-
		290 280	157 922	138 040	(12 242)

The notes on pages 74 to 120 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

Group										
		Attributable to owners of the company								
R'000	Note	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 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	13	-	-	-	-	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
Dividend paid - final 2011	30	-	-	-	-	-	-	(31 562)	-	(31 562)
Dividend paid - interim 2012	30	-	-	-	-	-	-	(67 255)	(569)	(67 824)
Buy-out of minority in subsidiary	35	-	-	-	-	-	-	(15 437)	(46 774)	(62 211)
Shares sold by The Cashbuild Share Incentive Trust	13	-	3	-	5 360	-	-	8 269	-	13 632
Share based payment	13	-	-	-	-	7 649	-	-	-	7 649
Total comprehensive income for the year		-	-	-	-	-	(440)	286 832	3 888	290 280
Balance at 30 June 2012		252	(20)	65 823	(28 332)	12 618	(14 842)	941 175	11 408	988 082

Company										
		Attributable to owners of the company								
R'000	Note	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 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	13	-	-	-	-	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
Dividend paid - final 2011	30	-	-	-	-	-	-	(35 014)	-	(35 014)
Dividend paid - interim 2012	30	-	-	-	-	-	-	(74 562)	-	(74 562)
Share based payment	13	-	-	-	-	7 649	-	-	-	7 649
Total comprehensive income for the year		-	-	-	-	-	-	138 040	-	138 040
Balance at 30 June 2012		252	-	62 912	-	12 618	-	12 158	-	87 940

The notes on pages 74 to 120 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

		Group		Company	
R'000	Note	2012	2011	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	30	151 553	464 568	149 117	3 213
Interest paid	25	(706)	(704)	-	-
Income tax paid	30	(168 561)	(91 792)	(10 958)	(12 232)
Net cash generated from operating activities		(17 714)	372 072	138 159	(9 019)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment	4	(99 031)	(142 741)	-	-
Purchases of computer software	5	(11 878)	(4 301)	-	-
Proceeds on disposal of property, plant and equipment	30	13 332	420	-	-
Interest received	25	33 561	29 759	-	-
Increase in share options	6	-	-	-	(4 969)
Increase in subsidiary loan account		-	-	(44 252)	135 386
Decrease in loans receivable		-	-	-	127
Net cash used in investing activities		(64 016)	(116 863)	(44 252)	130 544
CASH FLOWS FROM FINANCING ACTIVITIES					
Decrease in long-term borrowings		(185)	230	-	-
Increase in loans payable		-	-	15 836	1 338
Share buy-back		-	-	-	(50 000)
Shares sold by The Cashbuild Share Incentive Trust		13 632	-	-	-
Dividends paid to owners of the company	30	(98 817)	(64 488)	(109 576)	(72 321)
Dividends paid to non-controlling interests	30	(569)	(7 740)	-	-
Increase in shareholding in subsidiary		(62 211)	-	-	-
Net cash used in financing activities		(148 150)	71 998	(93 740)	(120 983)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(229 880)	183 211	167	542
EFFECT OF EXCHANGE RATE MOVEMENTS ON CASH AND CASH EQUIVALENTS		(2 734)	(4 931)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		720 560	542 280	1 907	1 365
CASH AND CASH EQUIVALENTS AT END OF YEAR		487 946	720 560	2 074	1 907

The notes on pages 74 to 120 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

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 policies.

The accounting policies are consistent with those used in the annual financial statements for the financial period ended June 2011.

a) Amendments to published standards effective in 2012

b) Standards early adopted by the group

The group has not chosen to early adopt any standards.

c) Standards, amendments and interpretations effective in 2012 relevant to the group

The following standards, amendments or interpretations effective in 2012 that are relevant to the group:

Amendment to IFRS 7 Financial Instruments: Disclosures – Transfer of financial assets (Effective 1 July 2011)

The amendments are intended to address concerns raised during the financial crisis by the G20, among others, that financial statements did not allow users to understand the ongoing risks the entity faced due to derecognised receivables and other financial assets.

d) Standards, amendments and interpretations effective in 2012 but not relevant to the group

The following standards, amendments or interpretations effective in 2012 that are not relevant to the group:

Amendment to IAS 24 - Related party disclosures (Effective 1 January 2011)
This amendment provides partial relief from the requirement for government related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of a related party.

e) 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:

Amendment to IAS 12,'Income taxes' on deferred tax (Effective 1 January 2012)
This amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value.

Amendments to IAS 1, 'Presentation of Financial Statements', on presentation of items of OCI (Effective 1 July 2012)
This amendments introduces a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

Amendments to IAS 19, 'Employee benefits' (effective 1 January 2013)
The IASB has issued an amendment to IAS 19, 'Employee benefits', which makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits.

IFRS 9 – Financial Instruments (2009) (Effective 1 January 2013)
IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

IFRS 9 – Financial Instruments (2010) (Effective 1 January 2013)
The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments.

Amendments to IFRS 9 – Financial Instruments (2011) (Effective 1 January 2013)
The IASB has published an amendment to IFRS 9, 'Financial instruments', that delays the effective date to annual periods beginning on or after 1 January 2015.

IFRS 10 – Consolidated financial statements (Effective 1 January 2013)
This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries.

IFRS 11 – Joint arrangements (Effective 1 January 2013)
This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.

IFRS 12 – Disclosures 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 requirements for use across IFRSs.

IAS 27 (revised 2011) – Separate financial statements (Effective 1 January 2013)
This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

IAS 28 (revised 2011) – Associates and joint ventures (Effective 1 January 2013)
This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

Amendment to the transition requirements in IFRS 10, 'Consolidated financial statements', IFRS 11, 'Joint Arrangements', and IFRS 12, 'Disclosure of interests in other entities' (Effective 1 January 2013)
The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10 is adopted. The amendment also requires certain comparative disclosures under IFRS 12 upon transition.

Amendments to IAS 32 – Financial Instruments: Presentation (Effective 1 January 2014)
These amendments clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

Amendment to IAS 1, 'Presentation of financial statements' (Effective 1 January 2013)
The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either: as required by IAS 8, 'Accounting policies, changes in accounting estimates and errors'; or voluntarily.

Amendment to IAS 16, 'Property, plant and equipment' (Effective 1 January 2013)
The amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment.

Amendment to IAS 32, 'Financial instruments: Presentation' (Effective 1 January 2013)
The amendment clarifies the treatment of income tax relating to distributions and transaction costs.

Amendment to IAS 34, 'Interim financial reporting' (Effective 1 January 2013)
The amendment brings IAS 34 into line with the requirements of IFRS 8, 'Operating segments'.

f) **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:

Amendment to IFRS 1, 'First time adoption' on government loans (Effective 1 January 2013)
This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008.

Amendments to IFRS 1, 'First time adoption of IFRS' (Effective 1 January 2013)
The amendment clarifies that an entity may apply IFRS 1 more than once under certain circumstances, clarifies that an entity can choose to adopt IAS 23, 'Borrowing costs', either from its date of transition or from an earlier date and clarifies that a first-time adopter should provide the supporting notes for all statements presented.

IFRIC 20 - Stripping costs in the production phase of a surface mine
The Interpretation clarifies there can be two benefits accruing to an entity from stripping activity and considers when and how to account separately for these two benefits arising from the stripping activity, as well as how to measure these benefits both initially and subsequently.

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. 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.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

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) Changes in ownership in subsidiary without change of control
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) Disposal of subsidiaries
When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

d) 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.

e) 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.

f) Management Incentive Trust
The Cashbuild Management Incentive Trust has been consolidated in the group annual financial statements for all periods presented in the financial statements.

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 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 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 or fair value less cost to sell.

FOR THE YEAR ENDED 30 JUNE 2012

1.7 INTANGIBLE ASSETS

a) Goodwill

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

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.
Criteria to capitalise computer sofware include:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

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 have an indefinite useful life (e.g. goodwill or intangible assets not ready to use) are not subject to amortisation and are tested annually for impairment.

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 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.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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 LOANS TO OWNERS OF LEASED PREMISES

Prepayments made to acquire leased premises are included in Trade and other receivables at cost and are amortised over the life of the lease.

1.13 CASH AND CASH EQUIVALENTS

In the consolidated cash flow statement and statement of financial position, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

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.

1.14 INVESTMENTS IN SUBSIDIARIES

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

1.15 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.

1.16 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.

1.17 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.

1.18 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.

1.19 EMPLOYEE BENEFITS

Pension fund obligations

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

Other employment benefits obligations

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

Bonus scheme

The group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the revenue and profit before tax. The group recognises a provision where 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. 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 grants 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 beneficiaries of the trust, being employees of the company, are treated as staff cost in the income statement. The amounts paid out by the members is equal to dividend received by the trust less specific cost incurred by the trust.

Management incentive scheme

Cashbuild has introduced a new type of scheme during the period called the Operations Management Members Trust which entitiles qualifying management members to receive a bouns that is split in equal proportion between cash and shares. The cash portion will be received immediately and the share portion will vest at the end of a three year period, or such earlier dates as provided in the Trust Deed.

1.20 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.

FOR THE YEAR ENDED 30 JUNE 2012

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.

1.21 COST OF SALES

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

1.22 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. Agreements entered into with store developers whereby advances are granted to the developers in exchange for reduced rentals, are treated as prepayments and amortised and recognised as a lease expense over the period of the lease.

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

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

1.23 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.

1.24 REPORTING PERIOD

The group adopts the retail accounting calendar, which comprises the reporting period ending on the last Saturday of the month (June 2012: 27 June 2011 to 30 June 2012 (53 weeks); June 2011: 28 June 2010 to 26 June 2011 (52 weeks)).

1.25 DIVIDEND DISTRIBUTION

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

1.26 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.

FOR THE YEAR ENDED 30 JUNE 2012

2. FINANCIAL RISK MANAGEMENT

R'000	Group June 2012	Group June 2011	Company June 2012	Company June 2011
Income statement				
Recognised in profit and loss				
Interest income on bank deposits	33 222	28 605	-	-
Interest expense on financial liabilities measured at amortised cost	(706)	(229)	-	-
Net foreign exchange loss	2 652	5 822	-	-
Financial instruments by category				
Cash and cash equivalents	487 946	720 560	2 074	1 907
Loans and receivables	75 505	71 754	92 273	48 021
Financial liabilities carried at amortised cost	(862 776)	(1 151 195)	(1 529)	(1 410)

R'000	Group June 2012	Group June 2011	Company June 2012	Company June 2011
Loans and receivables				
Trade accounts receivable	82 710	61 596	4	-
Provision for impairment of trade accounts receivable	(12 983)	(9 728)	-	-
* Other accounts receivable and loans	5 778	19 886	92 269	48 021
	75 505	71 754	92 273	48 021

* Included in other accounts receivable (note 10) are items to the value of (Group): R29 585 908; (Company): R nil (June 2011: (Group): R3 170 033; (Company): R nil) which do not meet the definition of a financial asset.

R'000	Group June 2012	Group June 2011	Company June 2012	Company June 2011
Financial liabilities carried at amortised cost				
**Trade liabilities and accruals	(860 304)	(1 148 538)	(1 529)	(1 410)
Finance lease liability	(2 472)	(2 657)	-	-
	(862 776)	(1 151 195)	(1 529)	(1 410)

** Included in trade liabilities and accruals (note 19) are items to the value of (Group) R63 087 704; (Company) R nil (June 2011: (Group): R31 222 718; (Company): R nil) which do not meet the definition of a financial liability.

Overview

The group has exposure to the following risks from its use of financial instruments:
Market risk
Liquidity risk
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.

FOR THE YEAR ENDED 30 JUNE 2012

Note 2 continued

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.

Funds are only invested with southern African financial institutions with a minimum Fitch short-term credit rating of F2. Due to the group's international operational requirements it is forced to transact with financial institutions in certain countries where independent internationally accredited credit ratings are not available. In these instances the group's exposure to credit risk at each of these financial institutions are evaluated by management on a case by case basis. Cash balances deposited with these financial institutions are kept to an operational minimum and are transferred, subject to exchange control regulations and available suitable foreign currency, to financial institutions with acceptable credit ratings. The group has policies that limit the amount of credit exposure to any one financial institution.

Sales to retail customers are settled in cash or using debit and credit cards. Except for the total exposure represented by the respective statement of financial position items, the group has no other significant concentration of credit risk. Accounts receivable comprise a wide-spread client base and the group has policies in place to ensure that all sales of goods and services on credit are made to customers with an appropriate credit history. These policies include reviewing the group's own credit history with the customer, verifying the credit history with an external credit bureau, as well as a formalised application process where the creditworthiness of the customer is assessed.

The table below shows the cash invested at the statement of financial position date at financial institutions grouped per Fitch short-term credit rating of the financial institutions.

	Group		Company	
	June 2012	June 2011	June 2012	June 2011
Rating				
F2	485 997	719 419	2 074	1 907
Cash on hand and in transit	1 949	1 141	-	-
	487 946	720 560	2 074	1 907

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. 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.

FOR THE YEAR ENDED 30 JUNE 2012

Note 2 continued

Cash and cash equivalents

The group limits its counter party exposures from its money market investment operations by only dealing with well-established financial institutions of high quality credit standing.

Exposure to credit risk

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

	Group		Company	
R'000	June 2012	June 2011	June 2012	June 2011
Cash and cash equivalents	487 946	720 560	2 074	1 907
Loans and receivables	75 505	71 754	92 273	48 021
Guarantees	14 337	97 743	-	-
The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:				
South Africa	59 459	59 660	92 273	48 021
Other members of common monetary area	12 244	3 637	-	-
Botswana and Malawi	3 802	8 457	-	-
	75 505	71 754	92 273	48 021

Impairment losses

The ageing of trade receivables at the reporting date was:

	Group		Company	
R 000	June 2012 Gross	June 2012 Impairment	June 2011 Gross	June 2011 Impairment
Not past due	58 234	-	44 701	-
Past due 1-30 days	9 922	-	6 898	-
Past due 31-60 days	2 676	(1 105)	1 336	(1 068)
Past due 61-90 days	396	(396)	250	(250)
Past due 91-120 days	881	(881)	116	(116)
More than 120 days	10 601	(10 601)	8 295	(8 294)
Total	82 710	(12 983)	61 596	(9 728)

The payment terms for receivables is 30 days.

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

	Group		Company	
R000	June 2012	June 2011	June 2012	June 2011
Balance at beginning of year	9 728	17 293	-	-
Creation/(reversal) of provision for impaired receivables	3 255	(7 565)	-	-
Balance at end of year	12 983	9 728	-	-

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.

FOR THE YEAR ENDED 30 JUNE 2012

Note 2 continued

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 2012						
Non-derivative financial liabilities						
Finance lease liabilities	**(2 472)**	**(175 584)**	**-**	**(377)**	**(1 908)**	**(173 299)**
Trade liabilities and accruals	**(860 304)**	**(860 304)**	**(103 965)**	**(756 339)**	**-**	**-**
Guarantees	**(14 337)**	**(14 337)**	**-**	**(13 826)**	**(360)**	**(151)**
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)	-	-	-

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 2012						
Non-derivative financial liabilities						
Trade liabilities and accruals	**(1 529)**	**(1 529)**	**(1 529)**	**-**	**-**	**-**
30 June 2011						
Non-derivative financial liabilities						
Trade liabilities and accruals	(1 410)	(1 410)	(1 410)	-	-	-

Market risk

Foreign exchange 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.

FOR THE YEAR ENDED 30 JUNE 2012

Note 2 continued

Exposure from exchange rate fluctuations on transactions denominated in foreign currency is managed by reviewing foreign currency 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:

	Group		Company	
R'000	Rand exposed to Pula	Rand exposed Kwacha	Rand exposed to Pula	Rand exposed Kwacha
30 June 2012				
Trade receivables	**3 360**	**1 032**	-	-
Cash and cash equivalents	**33 646**	**8 486**	-	-
Trade payables	**33 813**	**8 300**	-	-
30 June 2011				
Trade receivables	3 389	128	-	-
Cash and cash equivalents	38 475	8 865	-	-
Trade payables	45 282	7 563	-	-

The following significant exchange rates applied during the year

	Average rates		Reporting date	
	June 2012	June 2011	**June 2012**	June 2011
Kwacha	**23.96**	21.85	**36.06**	22.91
Pula	**1.08**	1.05	**1.07**	1.04

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 2011.

	Group		Company	
	Rand exposed to Pula	Rand exposed Kwacha	Rand exposed to Pula	Rand exposed Kwacha
30 June 2012				
Profit and loss	**(290)**	**(111)**	-	-
30 June 2011				
Profit and loss	311	(130)	-	-

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.

FOR THE YEAR ENDED 30 JUNE 2012

Note 2 continued

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 2012	June 2011	June 2012	June 2011
Variable rate instruments				
Financial assets (bank account balances)	487 946	720 560	2 074	1 907

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 2011.

	Group		Company	
R'000	June 2012 Profit or loss 100bp increase	June 2011 Profit or loss 100bp increase	June 2012 Profit or loss 100bp increase	June 2011 Profit or loss 100bp increase
Variable rate instruments	4 879	7 206	21	19

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			
	2012		2011	
R'000	Carrying amount	Fair Value	Carrying amount	Fair Value
Cash and cash equivalents	487 946	487 946	720 560	720 560
Loans and receivables	75 505	75 505	71 754	71 754
Finance lease liabilities	(2 472)	(2 472)	(2 657)	(2 657)
Trade and other payables	(860 304)	(860 304)	(1 148 538)	(1 148 538)

	Company			
	2012		2011	
R'000	Carrying amount	Fair Value	Carrying amount	Fair Value
Cash and cash equivalents	2 074	2 074	1 907	1 907
Loans and receivables	92 273	92 273	48 021	48 021
Trade and other payables	(1 529)	(1 529)	(1 410)	(1 410)

The carrying amount approximates fair value

Note 2 continued

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.

Due to the cash generative nature of the group's operations and current prevailing economic conditions, management has determined that the lowest possible gearing ratio will provide shareholders with the highest possible return on investment with the lowest possible exposure to financial risk. The gearing ratio is calculated as net debt borrowings divided by equity and was 0.25% (2011: 0.34%) on the statement of financial position date.

The group's target is to maintain a dividend cover of 2 times on final results.

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.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Inventory

Impairment allowances are raised against inventory when it is considered that the amount realisable from such inventory's sale is considered to be less than its carrying amount. The impairment allowance is made with reference to an inventory age analysis.

b) Income taxes

The group is subject to income tax in several jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Management has to exercise judgement with regards to deferred tax assets. Where the possibility exists that no future taxable income may flow against which these assets can be offset, the deferred tax assets are not recognised.

c) Fair value of share-based payments

The fair value of options granted are being determined using either a binominal, Black-Scholes or a Monte Carlo valuation model. The significant inputs into the model are: vesting period, risk-free interest rate, volatility, price on date of grant and dividend yield.

d) Usefull life of assets

In determining the depreciation and amortisation charge for property, plant and equipment and intangible assets, management applies judgment in estimating the useful lives and residual values of these different asset classes.

FOR THE YEAR ENDED 30 JUNE 2012

4. PROPERTY, PLANT AND EQUIPMENT

	Group					
R'000	Land and buildings	Improvements to leasehold premises	Furniture and equipment	Vehicles	Capital work in progress	Total
As at 30 June 2012						
Cost	222 566	54 381	533 163	113	18 416	828 639
Accumulated depreciation	(14 324)	(24 380)	(272 861)	(68)	-	(311 633)
Net book value	**208 242**	**30 001**	**260 302**	**45**	**18 416**	**517 006**
Year ended 30 June 2012						
Opening net book value	205 278	10 304	252 700	80	41 033	509 395
Exchange differences	369	7	245	(24)	-	597
Additions	-	-	-	-	99 031	99 031
Transfers	31 827	26 815	63 006	-	(121 648)	-
Net book value of disposals	(9 249)	(118)	(2 210)	-	-	(11 577)
Depreciation charge	(2 464)	(7 007)	(53 439)	(11)	-	(62 921)
Less classification as held for sale (Note 8)	(17 519)	-	-	-	-	(17 519)
Closing net book value	**208 242**	**30 001**	**260 302**	**45**	**18 416**	**517 006**
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

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.

FOR THE YEAR ENDED 30 JUNE 2012

Note 4 continued

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

	Group	
R'000	2012	2011
Cost - capitalised finance lease	15 469	15 469
Accumulated depreciation	(5 722)	(5 406)
Net book value	9 747	10 063

Refer to note 18.

The following costs were expensed to the income statement, included in operating profits:

	2012	2011
(Profit)/loss on disposal of property, plant and equipment	(1 755)	2 214
Repairs and maintenance expenditure on property, plant and equipment	16 753	14 408

5. INTANGIBLE ASSETS

	Group			
R'000	Trademarks	Goodwill	Computer software	Total
As at 30 June 2012				
Cost	660	1 160	52 093	53 913
Accumulated amortisation	(656)	-	(11 570)	(12 226)
Net book value	**4**	**1 160**	**40 523**	**41 687**
Year ended 30 June 2012				
Opening net book value	7	1 268	30 436	31 711
Exchange differences	-	(108)	82	(26)
Additions	-	-	11 878	11 878
Amortisation charge	(3)	-	(1 873)	(1 876)
Closing net book value	**4**	**1 160**	**40 523**	**41 687**
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

Note 5 continued

Impairment test for goodwill

Goodwill is allocated to the group's cash generating units (CGU's) identified according to country of operation. The following is a summary of goodwill allocation for each operating segment:

	Group		Group	
	2012		2011	
R'000	South Africa	Malawi	South Africa	Malawi
Opening	1 002	266	1 002	298
Exchange differences		(108)		(32)
Closing	**1 002**	**158**	**1 002**	**266**

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.

	2012		2011		
	South Africa	Malawi	South Africa	Malawi	Note
Gross margin	17%	28%	16%	14%	1
Growth rate	6%	11%	6%	7%	2
Discount rate	21%	9%	14%	17%	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.

86% (2011: 79%) of the goodwill relates to a South African store and 14% (2011: 21%) to the Malawi store.

	Group		Company	
R'000	2012	2011	2012	2011
6. INVESTMENT IN SUBSIDIARIES				
Shares at cost	-	-	-	-
Share based payment capital contribution	-	-	12 618	4 969
Loan account	-	-	92 269	48 017
	-	-	104 887	52 986

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

Refer to note 13 for share option scheme.

FOR THE YEAR ENDED 30 JUNE 2012

7. 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:

	Group		Company	
R'000	2012	2011	2012	2011
Deferred income tax assets to be recovered after more than 12 months	(3 412)	(1 700)	-	-
Deferred income tax assets to be recovered within 12 months	14 569	12 286	-	-
Total deferred income tax asset	**11 157**	**10 586**	**-**	**-**
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	11 157	10 461	-	-
Deferred income tax comprises:				
Property, plant and equipment	(27 164)	(25 440)	-	-
Prepayments	(3 635)	(530)	-	-
Accruals	16 862	12 980	-	-
Assessed loss	1 176	2 285	-	-
Income received in advance	165	-	-	-
Straight-lining of leases	23 753	21 211	-	-
Unrealised foreign exchange difference on intergroup loans	-	(45)	-	-
	11 157	10 461	-	-
Should all distributable reserves be declared as a dividend, it would result in dividend tax of 15% (2011 - STC tax of 10%):	141 176	76 033	-	-

* STC has been replaced by Dividend Tax on 1 April 2012

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

R'000	At 1 July 2011	Exchange differences	Income statement charge (note 27)	Year ended 30 June 2012
Property, plant and equipment	(25 440)	-	(1 724)	(27 164)
Prepayments	(530)	-	(3 105)	(3 635)
Accruals	12 980	-	3 882	16 862
Assessed loss	2 285	-	(1 109)	1 176
Income received in advance	-	-	165	165
Straight-lining of leases	21 211	-	2 542	23 753
Unrealised foreign exchange difference on intergroup loans	(45)	(94)	139	-
Total	**10 461**	**(94)**	**790**	**11 157**

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Note 7 continued				
R'000	At 1 July 2010	Exchange differences	Income statement charge (note 27)	Year ended 30 June 2011
Property, plant and equipment	(21 651)	-	(3 789)	(25 440)
Prepayments	(625)	-	95	(530)
Accruals	11 863	-	1 117	12 980
Assessed loss	930	-	1 355	2 285
Income received in advance		-	-	-
Straight-lining of leases	18 900	-	2 311	21 211
Unrealised foreign exchange difference on intergroup loans	(96)	(39)	90	(45)
Total	9 321	(39)	1 179	10 461

	Group		Company	
R'000	**2012**	2011	**2012**	2011
8. NON-CURRENT ASSETS HELD FOR SALE				
Assets classified as held for sale	**18 225**	659	**-**	-
	18 225	659	**-**	-

Non-current assets held for sale include land and buildings which were placed on the market after approval by the board.

The group is engaged in an active plan to sell these assets, it is highly probable that the assets will be sold in the next financial year.

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	Group		Company	
R'000	2012	2011	2012	2011
9. INVENTORIES				
Merchandise at lower of cost or net realisable value	744 606	788 701	-	-
	744 606	788 701	-	-
Cost of inventories recognised as an expense and included in 'cost of sales' amounted to R 5 172 974 927 (2011: R 4 651 908 016).				
A provision for write-down of inventories of R 11 312 442 (2011: R 959 056) was recognised for the year.				
10. TRADE AND OTHER RECEIVABLES				
Trade accounts receivable	87 703	61 596	-	-
Less: Provision for impairment of trade accounts receivable	(12 983)	(9 728)	-	-
Other accounts receivable	30 721	23 056	4	4
Less non-current portion: Rental prepayments	(13 483)	-	-	-
	91 958	74 924	4	4
Trade and other receivables will be realised within a period of 12 months.				
During the year, Cashbuild entered into agreements with store developers whereby advances were granted to the developers in exchange for reduced rentals over the period of the lease. The total advance at year end amounted to R14.3m, which will be amortised and recognised as a lease expense over the period of the lease.				
A breakdown of the total advances to developers between current and non-current is as follows:				
Current portion: Rental prepayment	828	-	-	-
Non-current portion: Rental prepayment	13 483	-	-	-
	14 311	-	-	-

Current rental prepayments relate to the portion of the advance that will realise within 12 months after year end
Non-current rental prepayments relate to the portion of the advance that will realise in 1 to 15 years.

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 R12 982 825 (June 2011: R9 728 255) for the impairment of its trade receivables during the period ended 30 June 2012. The creation and usage of the provision for impaired receivables has been included in 'selling and marketing cost' in the income statement.

Refer to note 2 for disclosure of credit risk of trade and other receivables.

FOR THE YEAR ENDED 30 JUNE 2012

	Group		Company	
R'000	**2012**	2011	**2012**	2011
11. CASH AND CASH EQUIVALENTS				
Cash at banks and on hand	**487 946**	720 560	**2 074**	1 907
	487 946	720 560	**2 074**	1 907
Included in cash and cash equivalents is restricted cash of R 6 662 071 (June 2011: R 75 260 334).				
Rate of interest earned on cash in bank varies between 3% - 5.70% (2011: 1% - 5.3%).				
12. SHARE CAPITAL				
Authorised				
35 000 000 (June 2011: 35 000 000) ordinary shares of 1 cent each	**350**	350	**350**	350
Issued				
25 189 811 (June 2011: 25 805 347) ordinary shares of 1 cent each	**252**	258	**252**	258
Less: Share buy back: nil (June 2011: 615 536) ordinary shares of 1 cent each	**-**	(6)	**-**	(6)
Less: Treasury shares held by The Cashbuild Share Incentive Trust and the Cashbuild Empowerment Trust	**(20)**	(23)	**-**	-
Opening balance: 2 480 324 (June 2011: 3 095 860)	**23**	29	**-**	-
Less: Share buy back: 0 (June 2011: 615 536)	**-**	(6)	**-**	-
Less: Shares disposed by The Cashbuild Share Incentive Trust 350 000	**(3)**	-	**-**	-
	232	229	**252**	252

The Cashbuild Share Incentive Trust holds 167 825 (June 2011: 517 825) ordinary shares. The Cashbuild Empowerment Trust holds 1 964 999 (June 2011: 1 964 999) ordinary shares. The shares held by these trusts are eliminated on consolidation.

13. SHARE BASED PAYMENTS

The group has put in place share option schemes which are operated through the Cashbuild Share Incentive Trust (“The Trust”). All the 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.

Share options outstanding at year-end are as follows:

	Group		Company	
R’000	2012	2011	2012	2011
Opening balance	1 125 000	400 000	1 125 000	400 000
New options granted	175 000	725 000	175 000	725 000
Options taken up	(350 000)	-	(350 000)	-
Options forfeited	-	-	-	-
Closing balance	950 000	1 125 000	950 000	1 125 000

R‘000	2012	2011
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:	168	518
The remaining contractual life for the first share option scheme is 1 years and 9 months, the second option scheme is 3 years and 11 months, the third scheme is 4 years and 5 months and the fourth scheme is 4 years and 9 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	3rd Scheme	4th Scheme
Grant date	16 May 2009	27 May 2011	13 December 2011	20 March 2012
Vesting date	16 May 2012	27 May 2014	13 December 2014	20 March 2015
Exercise price/weighted average price	52,03	92,27	106,75	114,14
Expected option lifetime	4 years	4 years	4 years	3 years
Rolling volatility	33%	32%	32%	31%
Dividend yield	2,9%	3,4%	3,40%	3,36%
Risk-free rate	7,3%	5,4%	5,20%	5,05%
Options outstanding at 30 June 2012	50 000	725 000	75 000	100 000
Exercisable at 30 June 2012	50 000	-	-	-
Options outstanding at 30 June 2011	400 000	725 000	-	-
Exercisable at 30 June 2011	-	-	-	-

FOR THE YEAR ENDED 30 JUNE 2012

Note 13 continued

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

The fair value of the share options granted during the year are R29 per option for the 3rd Scheme and R33.20 per option for the 4th Scheme.

350 000 options were exercised from 16 May 2012 to 29 May 2012 at a weighted average price of 128.08.

***The Operations Management Members Trust**

The operational managers scheme considers all stores that generate an operating margin in excess of 10%. The profit share amount is determined with reference to a specified hurdle rate that takes into account the prior period operating margin of the qualifying store. The calculated profit share is split equally between a cash bonus and an amount utilised for the purchase of Cashbuild Limited shares. The cash bonus is recognised as an expense in the period in which the store qualifies. The attributable equity portion is treated as an equity-settled share based payment expense and recognised equally over the four year period which is linked to employment.

At the end of the period (third anniversary of the date of distribution) the shares will vest to the employees.

Share-based payment expense:

	Group		Company	
R'000	2012	2011	2012	2011
Opening balance	4 969	2 151	-	-
Share options expensed for the year				
- first scheme	1 459	2 442	-	-
- second scheme	4 716	376	-	-
- third scheme	397	-	-	-
- fourth scheme	303	-	-	-
- operational managers scheme *	774	-	-	-
Total expensed - 30 June 2012	12 618	4 969	-	-

14. CUMULATIVE TRANSLATION ADJUSTMENT

	R'000
Balance at 30 June 2010	(11 641)
Currency translation differences	(2 761)
Balance at 30 June 2011	(14 402)
Currency translation differences	(440)
Balance at 30 June 2012	**(14 842)**

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.

FOR THE YEAR ENDED 30 JUNE 2012

	Group		Company	
R'000	2012	2011	2012	2011
15. DEFERRED OPERATING LEASE LIABILITY				
Deferred operating lease liability	85 122	75 715	-	-
	85 122	75 715	-	-
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.				
16. DEFERRED PROFIT				
Opening balance	1 699	1751	-	-
Recognised in income statement	(52)	(52)	-	-
Closing balance	1 647	1 699	-	-
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.				
17. LOANS PAYABLE				
The Cashbuild share incentive trust	-	-	17 174	1 338
	-	-	17 174	1 338
The loan is unsecured, non-interest bearing and has no repayment terms.				
18. BORROWINGS				
Non-current				
Finance lease liability	2 472	2 657	-	-
	2 472	2 657	-	-
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	377	376	-	-
- later than 1 - no later than 5 years	1 908	1 902	-	-
- later than 5 years	173 299	173 556	-	-
	175 584	175 834	-	-
Future finance charges on finance leases	(173 112)	(173 177)	-	-
Present value of finance lease liabilities	2 472	2 657	-	-

FOR THE YEAR ENDED 30 JUNE 2012

Note 18 continued

	Group		Company	
R'000	**2012**	2011	**2012**	2011
The present value of finance lease liabilities is as follows:				
- not later than 1 year	**405**	299	**-**	-
- later than 1 - no later than 5 years	**861**	877	**-**	-
- later than 5 years	**1 206**	1 481	**-**	-
	2 472	2 657	**-**	-

19. TRADE AND OTHER PAYABLES

	Group 2012	Group 2011	Company 2012	Company 2011
Trade payables	**546 897**	902 075	**-**	-
Accruals	**290 764**	277 686	**1 529**	1 410
	837 661	1 179 761	**1 529**	1 410

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

20. EMPLOYEE BENEFITS OBLIGATION

20.1 Long service awards

The amounts recognised in the balance sheet are as follows:

	Group 2012	Group 2011	Company 2012	Company 2011
Present value of the obligation	**2 316**	2 125	**-**	-
Reconciliation of movement:				
Balance at beginning of period	**2 125**	2 018	**-**	-
Amount charged to the income statement - current service charge	**191**	107	**-**	-
Balance at end of year	**2 316**	2 125	**-**	-
The principal actuarial assumptions used are as follows:				
Discount rate	**12% p.a.**	12% p.a.		
Salary inflation	**6% p.a.**	6% p.a.		
Average retirement age:				
Males	**63**	63		
Females	**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 2012, there were 4 345 (June 2011: 4 228) members, equal to 98% (June 2011: 97 %) of staff, who were members of the retirement fund.

21. REVENUE

	Group 2012	Group 2011	Company 2012	Company 2011
Revenue comprises the sale of merchandise	**6 310 052**	5 667 494	**-**	-
	6 310 052	5 667 494	**-**	-

FOR THE YEAR ENDED 30 JUNE 2012

	Group		Company	
R'000	2012	2011	2012	2011
22. EXPENSES BY NATURE				
Depreciation and amortisation	64 797	55 914	-	-
Employee benefit expense	487 421	488 780	-	-
Cost of goods sold	4 837 024	4 393 705	-	-
Net (reversal)/creation of provision for impaired receivables	3 255	(7 565)	-	-
Consumables	3 603	3 668	-	-
Transportation expenses	84 287	78 126	-	-
Auditors' remuneration:	8 361	8 088	-	-
- Audit services	7 816	7 880	-	-
- Taxation services	545	208	-	-
Operating lease charges:	134 470	129 199	-	-
- Premises	134 470	126 681	-	-
- Equipment	-	2 518	-	-
Outsourced services:	18 078	21 309	-	149
- Administrative	8 175	9 615	-	127
- Technical	9 076	11 022	-	-
- Secretarial	827	672	-	22
Other expenses	272 924	261 981	2	-
Other income	(4 643)	(4 985)	(149 000)	(139)
Total	5 909 577	5 428 220	(148 998)	10
Classified as:				
Cost of sales	4 837 024	4 393 705	-	-
Share buy-back and distribution to BEE participants	-	51 269	-	-
Selling and marketing expenses	894 960	814 558	-	-
Administrative expenses	177 745	166 613	2	149
Other operating expenses	4 491	7 060	-	-
Other income	(4 643)	(4 985)	(149 000)	(139)
	5 909 577	5 428 220	(148 998)	10
23. OTHER INCOME				
Rental income	1 298	1 978	-	-
Sundry income	3 345	3 007	-	139
Dividend income	-	-	149 000	-
	4 643	4 985	149 000	139

FOR THE YEAR ENDED 30 JUNE 2012

	Group		Company	
R'000	2012	2011	2012	2011
24. EMPLOYEE BENEFIT EXPENSES				
Salary cost	413 882	425 599	-	-
Pension fund contributions - defined contribution fund	57 151	53 894	-	-
Share-based payments	7 649	2 818	-	-
Employee benefits - long service awards	191	107	-	-
Dividends paid to participants of The Cashbuild Empowerment Trust	8 548	6 362	-	-
	487 421	488 780	-	-
The number of persons employed by the group at 30 June 2012 are 4 453 (June 2011: 4 381).				
25. FINANCE (COST) / INCOME				
Interest expense:				
- bank borrowings	(25)	(51)	-	-
- other	(681)	(653)	-	-
- taxes	-	-	-	-
	(706)	(704)	-	-
Interest income:				
- bank balances	33 222	28 605	-	-
- other	339	1 154	-	-
	33 561	29 759	-	-
26. NET FOREIGN EXCHANGE (GAIN) / LOSS				
The exchange differences charged to the income statement	2 652	5 822	-	-

	Group		Company	
R'000	2012	2011	2012	2011
27. INCOME TAX EXPENSE				
27.1 Taxation charge				
South African	108 889	78 275	-	-
Normal taxation				
- Current	110 446	80 031	-	-
- Under provision in prior periods	(102)	(352)	-	-
Deferred taxation				
- Current period temporary differences	(1 547)	(1 227)	-	-
- Prior period adjustments	92	(177)	-	-
Foreign	19 352	14 671	-	-
Normal taxation				
- Current	17 097	14 033	-	-
- Over provision in prior periods	1 573	413	-	-
Deferred taxation				
- Current period temporary differences	1 303	231	-	-
- Prior period adjustments	(621)	(6)	-	-
- Tax rate change	-	-	-	-
Non-resident shareholders' tax	1 098	2 029	-	-
Secondary tax on companies	10 958	12 232	10 958	12 232
- Current	10 958	12 232	10 958	12 232
Taxation	140 297	107 207	10 958	12 232
27.2 Reconciliation of tax rate	%	%	%	%
South African normal rate	28.0	28.0	28.0	28.0
Allowances and disallowable expenses*	0.9	6.7	(28.0)	(28.0)
Foreign tax at different rates	0.4	0.0	-	-
Non-resident shareholders' tax	0.3	0.8	-	-
Secondary tax on companies	2.5	4.6	7.4	(122 320.0)
Under provision in prior periods	0.3	(0.1)	-	-
Effective tax rate	32.4	40.0	7.4	(122 320.0)

* Company non-taxable income

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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	
	2012	2011	2012	2011
28.1 Weighted average number of ordinary shares in issue ('000)	22 742	22 707	25 190	25 458
Number of ordinary shares in issue	25 190	25 190	25 190	25 190
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	25 190	25 458	25 190	25 458
Less : Weighted average number of treasury shares:				
- The Cashbuild Share Incentive Trust	(483)	(518)	-	-
- The Cashbuild Empowerment Trust	(1 965)	(2 233)	-	-
Weighted number of ordinary shares in issue	22 742	22 707	25 190	25 458
28.2 Fully diluted weighted average number of ordinary shares in issue ('000)	22 809	22 848	25 257	25 599
Number of ordinary shares in issue	22 742	22 707	25 190	25 458
Share options	67	141	67	141
28.3 Basic earnings per share (cents)	1 261	662	548	(48)
Profit attributable to owners of the company (R'000)	286 832	150 220	138 040	(12 242)
Weighted average number of ordinary shares in issue ('000)	22 742	22 707	25 190	25 458
28.4 Fully diluted basic earnings per share (cents)	1 258	657	547	(48)
Attributable earnings (R'000)	286 832	150 220	138 040	(12 242)
Fully diluted weighted average number of ordinary shares in issue ('000)	22 809	22 848	25 257	25 599
28.5 Headline earnings per share (cents)	1 256	669	548	(48)
Attributable earnings (R'000)	286 832	150 220	138 040	(12 242)
Headline earnings adjusting items:				
(Profit)/loss on sale of assets after taxation (R'000)	(1 264)	1 594	-	-
Headline earnings (R'000)	285 568	151 814	138 040	(12 242)
Weighted average number of ordinary shares in issue ('000)	22 742	22 707	25 190	25 458
28.6 Fully diluted headline earnings per share (cents)	1 252	664	547	(48)
Headline earnings (R'000)	285 568	151 814	138 040	(12 242)
Fully diluted weighted average number of ordinary shares in issue ('000)	22 809	22 848	25 257	25 599

FOR THE YEAR ENDED 30 JUNE 2012

	Group		Company	
	2012	2011	**2012**	2011
29. DIVIDENDS PER SHARE	**Cents**	Cents	**Cents**	Cents
Interim				
No 38 payable on 16 April 2012 (2011: No. 36 payable on 24 April 2011)	**296**	157	**296**	157
Final				
No 39 payable on 15 October 2012 (2011: No. 37 payable on 17 October 2011)	**273**	139	**273**	139
For details of dividends declared after balance sheet date refer to the directors' report on page 65				
30. CASH GENERATED FROM OPERATIONS (R'000)				
30.1 Reconciliation of profit before taxation to cash generated from operations				
Profit before income tax	**433 330**	268 329	**148 998**	(10)
Adjustments for:				
Depreciation of property, plant and equipment	**62 921**	55 207	**-**	-
Amortisation of intangible assets	**1 876**	707	**-**	-
Movement in employee benefits	**191**	107	**-**	-
Exchange differences on non-current assets	**(618)**	830	**-**	-
Interest received	**(33 561)**	(29 759)	**-**	-
Interest paid	**706**	704	**-**	-
(Profit)/loss on disposal of property, plant and equipment	**(1 755)**	2 214	**-**	-
Share-based payment	**7 649**	2 818	**-**	2 818
Decrease in deferred profit	**(52)**	(52)	**-**	-
Increase in deferred operating lease liability	**9 407**	8 397	**-**	-
Operating profit before working capital changes	**480 094**	309 502	**148 998**	2 808
(Increase)/decrease in inventories	**45 706**	(2 525)	**-**	-
(Increase)/decrease in trade and other receivables	**(28 269)**	(3 810)	**-**	13
Increase/(decrease) in trade and other liabilities	**(345 978)**	161 401	**119**	392
Working capital changes	**(328 541)**	155 066	**119**	405
Cash generated from operations	**151 553**	464 568	**149 117**	3 213
30.2 Proceeds from disposal of property, plant and equipment				
Net book value	**11 577**	2 634	**-**	-
Profit/(loss) on sale of property, plant and equipment	**1 755**	(2 214)	**-**	-
Proceeds on sale of property, plant and equipment	**13 332**	420	**-**	-
30.3 Proceeds from disposal of assets held for sale				
Net book value	**-**	-	**-**	-
Profit on sale of assets held for sale	**-**	-	**-**	-
Proceeds on sale of assets held for sale	**-**	-	**-**	-

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	Group		Company	
R'000	2012	2011	2012	2011
30.4 Dividends paid				
Amounts charged to distributable reserves				
Final dividend - prior year	(31 562)	(28 838)	(35 014)	(32 773)
Interim dividend - current year	(67 255)	(35 650)	(74 562)	(39 548)
Amounts paid to minority shareholders	(569)	(7 740)	-	-
Cash amounts paid	(99 386)	(72 228)	(109 576)	(72 321)
30.5 Taxation paid				
Taxation owing at beginning of the year	(36 336)	(19 781)	(322)	(322)
Tax charge on disposal of shares in The Cashbuild Share Incentive Trust	-	-	-	-
Amount charged to income statement	(140 297)	(107 207)	(10 958)	(12 232)
Movement in deferred taxation	(696)	(1 140)	-	-
Amount owing at end of the year	8 768	36 336	322	322
Cash amounts paid	(168 561)	(91 792)	(10 958)	(12 232)
31. BORROWING POWERS				
Total gross borrowings	2 472	2 657	-	-
Banking facilities:				
Flexible term general banking facilities	74 390	20 000	-	-
Unutilised banking facilities	74 390	20 000	-	-
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	62 613	3 714	-	-
- Authorised by directors, but not contracted for	204 831	111 477	-	-
Total commitments	267 444	115 191	-	-
Capital commitments for the 12 months after accounting date	197 281	115 191	-	-
Nedbank Limited has issued guarantees of R6 264 600 (June 2011: R21 523 071) 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.				

FOR THE YEAR ENDED 30 JUNE 2012

	Group		Company	
R'000	2012	2011	2012	2011
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 7.38% (June 2011: 7.22%) 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	244 121	212 282	-	-
- Later than 1 year - not later than 5 years	476 659	445 287	-	-
- Later than 5 years	295 197	289 963	-	-
Total future cash flows	1 015 977	947 532	-	-
Straight-lining of leases already accrued in balance sheet	(85 122)	(75 715)	-	-
Future expenses	930 855	871 817	-	-
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	7 675	22 483	-	-
Cash restricted for Swaziland buy out	-	62 741	-	-
Sundry restricted cash	6 662	12 519	-	-
	14 337	97 743	-	-

R62 741 363 related to the purchase of the remaining shareholding in Cashbuild Swaziland (Pty) Ltd by the group in the prior period. The transaction was concluded in the current period.

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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. All operating segments are retailers of quality building materials and associated products, selling directly to a cash paying customer base.

34.1 Segmental information for the year ended 30 June 2012

R'000	South Africa	*Other members of common monetary area	Botswana and Malawi	Group
Income statement				
Revenue				
- External	5 505 910	523 871	280 271	6 310 052
- Internal	10 050	-	-	-
Operating profit	343 452	32 844	24 179	400 475
Finance cost	(652)	(35)	(19)	(706)
Finance income	25 943	6 239	1 379	33 561
Profit before tax	368 745	39 047	25 538	433 330
Income tax expense				(140 297)
Profit for the year				293 033
Statement of financial position				
Segment assets	1 519 637	279 636	126 795	1 926 068
Segment liabilities	768 834	124 740	44 412	937 986
Depreciation	56 356	3 847	2 718	62 921
Amortisation	1 869	-	7	1 876
Capital expenditure	98 466	5 144	7 299	110 909

* Includes Namibia, Swaziland and Lesotho

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

FOR THE YEAR ENDED 30 JUNE 2012

34.2 Segmental information for the year ended 30 June 2011

R'000	South Africa	*Other members of common monetary area	Botswana and Malawi	Group
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	(664)	(12)	(28)	(704)
Finance income	23 282	4 949	1 528	29 759
Profit before tax	216 643	37 976	13 710	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	49 721	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.

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 51% 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. A new trust, the Cashbuild Operations Management Members Trust, has been established during the year, it is anticipated that this trust will hold shares in Cashbuild Limited in the future. The trust has been set up to facilitate shareholding by directors, key management and employees.

FOR THE YEAR ENDED 30 JUNE 2012

35.1 Subsidiaries

			Effective holding		
Name of company	Domicile	Issued share capital	Jun-12	Jun-11	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	100%	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%	100%	4
Cashbuild (Transkei) (Pty) Ltd		R 250 000	100%	100%	4

During the year Cashbuild Management Services (Pty) Ltd bought out the minorities in Cashbuild Swaziland for R62 211 000 at which date the minority interest carrying value was R46 744 656, the difference has been treated in equity.

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

FOR THE YEAR ENDED 30 JUNE 2012

Note 35.1 continued

2012 R'000	Sales	Purchases	Receivable balance	Payables balance	Loan liabilities	Loan assets
Cashbuild Limited	-	-	-	-	-	92 269
Cashbuild (South Africa) (Pty) Ltd	10 050	-	47	-	45 268	37 711
Cashbuild Management Services (Pty) Ltd	-	-	-	-	92 269	45 108
Cashbuild (Botswana) (Pty) Ltd	-	-	-	-	-	-
Cashbuild (Lesotho) (Pty) Ltd	-	-	-	-	1 197	-
Cashbuild Lilongwe Ltd	-	-	-	-	2 737	-
Cashbuild (Namibia) (Pty) Ltd	-	-	-	-	30 111	-
Cashbuild (Swaziland) (Pty) Ltd	-	-	-	-	-	-
Roofbuild Trusses (Pty) Ltd	-	10 050	-	268	3 506	-
	10 050	10 050	47	268	175 088	175 088

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

The intercompany balances and transactions disclosed above exist on the individual company levels and are appropriately eliminated on consolidation.

All inter-company loans are unsecured and bear no interest.

35.2 Directors

Executive

W F de Jager
P K Goldrick - Retired 1 March 2012
A E Prowse - Appointed 1 March 2011
S A Thoresson
A van Onselen

Non-Executive

D Masson
A Knock - Appointed 1 July 2011
D S Lushaba - Appointed 1 July 2011
F M Rossouw - Deceased 31 December 2011
N V Simamane

Directors information is fully disclosed in note 36.

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

FOR THE YEAR ENDED 30 JUNE 2012

R'000	June 2012	June 2011
35.3 Key management compensation		
Short-term employee benefits	**7 280**	5 806
Bonus/bonus accruals	**1 897**	1 709
Pension fund contributions	**628**	482

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 2012:

R'000	Basic Salary	Bonus	Expenses & Travelling allowances	Other material benefits	Company's pension scheme contributions	Share options exercised	Total
P Champion	848	308	160	75	88	3 796	**5 275**
C de Beer	1 021	403	341	34	94	-	**1 893**
W van Aswegen	952	377	144	-	96	3 788	**5 357**
	2 821	1 088	645	109	278	7 584	**12 525**

The following share options have been granted, but not yet vested to the following key managers for the year ended 30 June 2012:

	Balance at 1 July 2010	Movement for the year	Balance at 30 June 2011	Movement for the year	Balance at 30 June 2012
C de Beer	-	75 000	75 000	-	**75 000**
A Havenga	50 000	50 000	100 000	(50 000)	**50 000**
W van Aswegen	50 000	50 000	100 000	(50 000)	**50 000**
P Champion	50 000	50 000	100 000	(50 000)	**50 000**
	150 000	225 000	375 000	(150 000)	**225 000**

	Scheme 1	Scheme 2	Scheme 3	Scheme 4
Exercise price	52.03	92.27	106.75	114.14
Grant date	16 May 2009	27 May 2011	13 Dec 2011	20 Mar 2012
Vesting date	16 May 2012	27 May 2014	13 Dec 2014	20 Mar 2015

Refer to note 13 for details of the share option schemes.

Note 35.3 continued

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

R'000	Basic Salary	Bonus	Expenses & Travelling allowances	Other material benefits	Company's pension scheme contributions	Share options exercised	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.

35.4 The Cashbuild Share Incentive Trust

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

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

Number of shares	June 2012	June 2011
Shares subject to the scheme at beginning of year	517 825	515 325
Shares transferred or to be transferred to employees	-	-
Shares transferred back to the trust	-	2 500
Shares sold on open market	(350 000)	-
Shares subject to the scheme at end of year	167 825	517 825
Dealt with as follows:		
Shares allocated to employees:		
- Share purchase scheme	-	-
- Share option scheme	50 000	400 000
Shares held in the Trust for future allocations	117 825	117 825
	167 825	517 825

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. The shares were issued for a total consideration of R75.1 million (R29.09 per share). The trust was funded by way of an interest-free loan from Cashbuild Management Services (Pty) Ltd.

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.

FOR THE YEAR ENDED 30 JUNE 2012

R'000	June 2012	June 2011
Dividend paid to theTrust		
- Final 2011 (2010)	2 731	3 277
- Interim 2012 (2011)	5 817	3 085
	8 548	6 362

35.6 The Operations Management Members Trust

The operational managers scheme considers all stores that generate an operating margin in excess of 10%. The profit share amount is determined with reference to a specified hurdle rate that takes into account the prior period operating margin of the qualifying store. The calculated profit share is split equally between a cash bonus and an amount utilised for the purchase of Cashbuild Limited shares. The cash bonus is recognised as an expense in the period in which the store qualifies. The attributable equity portion is treated as an equity-settled share based payment expense and recognised equally over the four year period which is linked to employment. At the end of the period (third anniversary of the date of distribution) the shares will vest to the employees. Refer to note 13.

36. DIRECTORS' INFORMATION

36.1 Directors' emoluments for the year ended 30 June 2012

R'000	Fees	Basic salary	*Bonus	Expenses & travelling allowance	**Other material benefits	Company's pension scheme contributions	Share Options exercised	***Other	Total
Executive directors									
WF de Jager	-	1 775	1 181	124	75	172	7 569	-	10 896
PK Goldrick ********	-	2 059	1 426	68	41	27	-	-	3 621
AE Prowse ******	-	1 394	690	170	1	110	-	-	2 365
S Thoresson	-	1 357	492	243	-	126	7 570	-	9 788
A van Onselen	-	1 690	677	177	82	153	-	-	2 779
30 June 2012	**-**	**8 275**	**4 466**	**782**	**199**	**588**	**15 139**	**-**	**29 449**
Non-executive directors									
D Masson	160	-	-	-	-	-	-	729	889
A Knock *******	110	-	-	-	-	-	-	382	492
D Lushaba *******	110	-	-	-	-	-	-	195	305
FM Rossouw ****	110	-	-	-	36	-	-	124	270
NV Simamane	110	-	-	-	-	-	-	193	303
30 June 2012	**600**	**-**	**-**	**-**	**36**	**-**	**-**	**1 623**	**2 259**
Total directors' emoluments									
30 June 2012	**600**	**8 275**	**4 466**	**782**	**235**	**588**	**15 139**	**1 623**	**31 708**

FOR THE YEAR ENDED 30 JUNE 2012

Note 36.1 continued

The following share options have been granted, but not yet vested to the following directors for the year ended June 2012:

Executive directors	Balance at 30 June 2010	Movement for the year	Balance at 30 June 2011	New options granted	Options exercised	Balance at 30 June 2012
WF de Jager	100 000	100 000	200 000	100 000	(100 000)	200 000
AE Prowse	50 000	100 000	150 000	-	-	150 000
S Thoresson	100 000	100 000	200 000	-	(100 000)	100 000
A van Onselen	-	100 000	100 000	-	-	100 000
30 June 2012	**250 000**	**400 000**	**650 000**	**100 000**	**(200 000)**	**550 000**

	Scheme 1	Scheme 2	Scheme 3	Scheme 4
Exercise price	52.03	92.27	106.75	114.14
Grant date	16 May 2009	27 May 2011	13 December 2011	20 March 2012
Vesting date	16 May 2012	27 May 2014	13 December 2014	20 March 2015

Refer to note 13 for details of the share options schemes.

36.2 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 contributions	***Other	Total
Executive directors								
WF de Jager	-	1 473	577	99	71	145	-	2 365
PK Goldrick ********	-	2 219	1 873	110	68	39	-	4 309
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 2012	-	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

* 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.
**** Passed away on 31 December 2011
***** Resigned 31 March 2011
****** Appointed 1 March 2011
******* Appointed 1 July 2011
******** Retired on 1 March 2012
********* Resigned 6 December 2010

36.3 Directors' shareholding

The directors held in aggregate, direct and indirect beneficial interests and non-beneficial interests of 0.01% in the issued share capital of the company at 30 June 2012. The direct and indirect beneficial interest and non-beneficial interests of the directors in office at 30 June 2012 are as follows:

	Ordinary shares	
2012	Beneficial	Non-beneficial
Ordinary shares	1 200	-
Comprising:		
Non-executive directors	1 200	-
N V Simamane	1 200	-
Total ordinary shares held	1 200	-

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	
2011	Beneficial	Non-beneficial
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

37. ANALYSIS OF SHAREHOLDERS

37.1 Listed below is an analysis of holdings extracted from register of ordinary shareholders at 30 June 2012:

	% holding	No. of shares	No. of shareholders
37.1.1 Category			
Non-public			
Directors	0.01	1 200	1
Staff, The Cashbuild Share Incentive Trust	0.67	167 825	1
The Cashbuild Empowerment Trust	7.80	1 964 999	1
Public			
Banks	3.23	813 396	31
Brokers	2.14	538 460	16
Close Corporations	6.95	1 751 300	40
Endowment Funds	0.30	74 935	13
Individuals	15.80	3 980 568	1 896
Insurance Companies	3.17	798 423	17
Investment Companies	0.09	22 310	4
Medical Aid Schemes	0.08	21 130	4
Mutual Funds	23.06	5 812 144	98
Nominees and Trusts	20.76	5 229 102	377
Other Corporations	0.61	153 697	43
Pension Funds	12.48	3 142 843	104
Private Companies	1.79	450 688	81
Public Companies	1.06	266 791	12
	100.00	**25 189 811**	**2 739**
37.1.2 Portfolio size			
1 - 1 000	2.83	712 136	1 896
1 001 - 5 000	5.19	1 308 207	553
5 001 - 100 000	23.11	5 820 911	248
100 001 - 1 000 000	45.46	11 452 541	38
1 000 000 - over	23.41	5 896 016	4
	100	**25 189 811**	**2 739**

FOR THE YEAR ENDED 30 JUNE 2012

37.2 The following shareholders held in excess of 5% of the shares of the company at 30 June 2012:

	% holding	No. of shares
Goldrick, PK	9.65	2 431 017
The Cashbuild Empowerment Trust	7.80	1 964 999
Government Employees Pension Fund	6.28	1 583 121
SRA Investments CC	5.95	1 500 000

37.3 Directors' shareholding in main register

	Holders	No of shares
NV Simamane	1	1 200
	1	1 200

37.4 Listed below is an analysis of holdings extracted from register of ordinary shareholders at 30 June 2011:

	% holding	No. of shares	No. of shareholders
37.4.1 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	4.98	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**
37.4.2 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
1 000 000 - over	0.20	6 068 999	4
	100.00	**25 189 811**	**2 034**

37.5 The following shareholders held in excess of 5% of the shares of the company at 30 June 2011:

	% holding	No. of shares
PK Goldrick	9.68	2 431 017
The Cashbuild Empowerment Trust	7.80	1 964 999
SRA Investments (Pty) Ltd	5.95	1 500 000
Government Employees Pension Fund	5.39	1 358 299

37.6 Directors' shareholding in main register

	Holders	No of shares
PK Goldrick	1	2 431 017
NV Simamane	1	1 200
FM Rossouw	1	5 000
	3	**2 437 217**

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, cnr Northern Parkway and Crownwood road, Ormonde, Johannesburg on Monday, 19 November 2012 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 2012, together with the reports of the directors and auditors.

3. **Ordinary resolution numbers three and four (Re-appointment of directors):**

   Individual appointments

   To re-appoint, by separate resolutions, Ms NV Simamane and Mr D Masson 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 set out below.

   3.1 Ordinary resolution number three:

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

   Qualifications: BSc (Hons) (Botswana & Swaziland)

   Work experience: Ms Simanane's work experience includes:
   - Marketing Manager (Unilever)
   - Marketing director (British American Tobacco)

   Directorships: Ms Simamane's current appointments include:
   - Foschini
   - Oceana
   - Zanusi Marketing Consultants

   Top Businesswoman of the Year: 2009 National Business Awards

   Member of the Cashbuild audit & risk management committee and chairman of the social and ethics committee.

   3.2 Ordinary resolution number four:

   MR D MASSON (independent non-executive director) who has served as Chairman of the Cashbuild Board since 22 June 1988.

   Qualifications: ACIS

   Directorships: Mr Masson's current appointments include:
   - Bidvest Group
   - McCarthy
   - Valley Irrigation of Southern Africa

   His current Cashbuild related appointments include:
   - Director of Cashbuild Management Services (Pty) Ltd
   - Director of Cashbuild (South Africa) (Pty) Ltd
   - 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 (Appointment of directors):

By separate resolutions, to appoint Mr IS FOURIE and Ms HH HICKEY, whom the board appointed to fill vacancies and expand the board since the previous annual general meeting.

4.1 Ordinary resolution number five:

MR IS FOURIE (independent non-executive director) who became a director on 1 July 2012.

Refer to page 33 for their brief CV.

4.2 Ordinary resolution number six:

MS HH HICKEY (independent non-executive director) who became a director on 1 July 2012.

Refer to page 33 for their brief CV

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

To approve the remuneration for the non-executive directors, with effect from 1 July 2012 to 30 June 2013, as follows:

			Payable
Annual retainer	Chairman	R170 000	Annually
	Director	R120 000	Annually
Board and strategy meetings	Chairman	R27 000	Each meeting
	Director	R18 000	Each meeting
Audit & risk management committee meetings	Chairman	R13 000	Each meeting
	Director	R10 000	Each meeting
All other meetings*	Chairman	R11 000	Each meeting
	Director	R8 000	Each meeting

* Remuneration committee
Nomination committee
Share Incentive Trust
Pension Fund
Social, ethics and transformation committee

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 2013, 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 Companies Act"), 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. Ordinary resolutions numbers eight, nine and ten

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 members of the audit and risk management committee:

8.1 Ordinary resolution number eight

Ms NV Simamane

8.2 Ordinary resolution number nine

Dr DSS Lushaba

8.3 Ordinary resolution number ten

Mr IS Fourie

9. Special resolution number three (Memorandum of Incorporation)

"RESOLVED THAT, in terms of section 16(1)(c)(ii) of the Companies Act 71 of 2008 and Item 4(2) of Schedule 5 to the Companies Act, the existing memorandum and articles of association of the company be and are hereby substituted in its entirety by the new memorandum of incorporation as tabled at the annual general meeting and signed by the chairperson of the annual general meeting on the first page thereof for identification purposes, with effect from the date of filing of the required notice of amendment and new memorandum of incorporation with the Companies and Intellectual Property Commission."

Special resolution number three is proposed in order to adopt a new memorandum of incorporation in substitution for the existing memorandum and articles of association of the company, which new memorandum of incorporation is in compliance with the provisions of the Companies Act, the Listings Requirements of the JSE Limited and King III Report on corporate governance.

A summary of the material changes made in the new memorandum of incorporation proposed for adoption by shareholders is attached page 126 Further, copies of the new memorandum of incorporation will be available for inspection by any person who has a beneficial interest in any securities of the company at Computershare Investor Services (Pty) Limited, Ground floor, 70 Marshall Street, Johannesburg, during normal office hours from the date of issue of this notice of annual general meeting up to and including the date of the annual general meeting or any adjourned meeting.

In order for special resolution number three to be passed the support of at least 75% (seventy-five per cent) of the voting rights exercised on the resolution by shareholders present in person, or represented by proxy, at the annual general meeting is required.

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

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, subject to three shareholders being present at the meeting.

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, 9 November 2012.

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 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
17 September 2012

SUMMARY OF MATERIAL CHANGES

Material amendments to the current Memorandum and Articles of Association of Cashbuild Limited ("the company")

The following is an overview of the material changes to the memorandum and Articles of Association of the Company, which are currently in force ("Current MOI") and which are to be substituted by the proposed memorandum of incorporation ("Proposed MOI"). Please note that this is intended as a summary for information purposes only and is not intended as a substitute for the thorough perusal of the document to which it relates. Shareholders are individually requested to familiarise themselves with the contents of the Proposed MOI, which is available for inspection at Computershare Investor Services (Pty) Ltd., Ground floor, 70 Marshall Street, Johannesburg from the date of issue of the notice of the annual general meeting up to and including the date of the annual general meeting or any adjourned meeting.

1. NEW ADDITIONS

The following items constitute additions to the provisions of the current MOI of the company (references to articles in brackets are to articles of the proposed MOI for the company) -

1.1 the requirements of Schedule 10 to the listings requirements ("Listings Requirements") of the JSE Limited ("JSE")

all provisions required to be included in the MOI of the Company in terms of the Listings Requirements of the JSE, insofar as these did not previously appear in the MOI, have been included and approved by the JSE, namely the following:

1.1.1 **alteration and amendment of the MOI**

1.1.1.1 no alteration or amendment may be effected to the MOI unless the JSE has approved the proposed amendment/s;

1.1.1.2 in addition, where an amendment relates to the variation of the preferences, rights and other terms attaching to a class of securities (where there are more than 1 (one) in issue), the affected securities holders may vote at the general meeting of ordinary shareholders provided that their votes shall carry no special rights or privileges and shall not exceed 24.99% (twenty-four point nine, nine per cent) of the aggregate voting rights of all shareholders at the meeting; and

1.1.1.3 the approvals contemplated above are not required if an amendment is ordered by a court in terms of section 16 of the Companies Act, 2008 ("Companies Act") (article 2.3.1);

1.1.2 **Company rules**

the board of the company may not make or amend any rules of the company (article 2.4);

1.1.3 **variation of rights and other terms attaching to shares in response to "external fact/s"**

the application of the provisions of sections 37(6) and 37(7) of the **Companies Act** have been excluded (article 3.2.1);

1.1.4 **pari passu**

1.1.5 all listed securities in each class rank pari passu (article 3.2.2.1);

1.1.6 for as long as there are cumulative or non-cumulative preference shares in issue, no further securities ranking in priority to or pari passu with preference shares may be created without a special resolution passed at a separate general meeting of such preference shareholders (article 3.2.2.2);

1.1.7 **rights attaching to ordinary shares**

ordinary shareholders shall have only one vote in respect of each ordinary share held (article 3.2.3.2);

1.1.8 **issue of debt instruments**

the granting of special privileges to holders of debt instruments is prohibited (article 3.2.4);

1.1.9 **alteration of authorised securities**

no alteration of share capital or authorised securities may be made except in compliance with the Listings Requirements (article 3.3);

1.1.10 **capitalisation shares**

the directors may grant shareholders the right to receive scrip dividends in lieu of cash dividends or cash dividends in lieu of capitalisation or bonus shares (article 3.4);

1.1.11 **issues of securities and options**

issues of securities, convertible securities or options may only be effected in compliance with the Listings Requirements (article 4.1);

1.1.12 **power of board to issue securities for special consideration restricted**

securities for which listings are sought must be fully paid up and transferable and the power of the board in section 40(5) of the Companies Act is excluded (article 4.2);

1.1.13 **right of pre-emption on issue of securities**

the manner and procedures for pre-emptive offers on issue are set out in detail (article 4.3);

1.1.14 **acquisition by the company of its own shares**

the board may not authorise the acquisition of its own securities unless such acquisition complies with the provisions of the Listings Requirements (article 7);

1.1.15 **no liens**

paid up securities of the company may not be subject to liens in favour of the company (article 8);

1.1.16 **record date**

record dates must be determined with reference to the Listings Requirements (article 11.1);

1.1.17 **compliance with the Listings Requirements**

the company is required to hold meetings to adhere to the Listings Requirements in addition to those contemplated in the Companies Act and is not restricted from doing so (articles 12.2.3 and 12.3);

1.1.18 **conduct of shareholders' meetings**

all shareholders' meetings required in terms of the Listings Requirements are to be held in person, and may not be conducted by means of a written resolution as contemplated in section 60 of the Companies Act (article 12.4.1);

1.1.19 **quorum for shareholders' meetings**

1.1.19.1 quorum for shareholders' meetings shall be at least 3 (three) shareholders, and shareholders holding at least 25% (twenty-five per cent) of the voting rights exercisable at the relevant meeting (article 12.5.1);

1.1.19.2 any shareholders' meeting which ceases to be quorate must be adjourned immediately (article 12.5.3);

1.1.20 **notices of shareholders' meetings**

1.1.20.1 the minimum number of days required for delivery of a notice of a shareholders' meeting is as per the Companies Act, namely 15 (fifteen) business days as at the date of the adoption of the MOI, and notice periods are not applicable where the company adheres to section 62(2A) of the Companies Act (article 12.6.1);

1.1.20.2 notices of general and annual general meetings must be delivered to each shareholder entitled to vote at such meeting and who has elected to receive such documents (article 12.6.2);

1.1.20.3 for as long as shares of the company remain listed, notices of shareholders' meetings must be sent to the JSE at the same time as they are sent to shareholders, and must be announced through SENS (article 12.6.3);

1.1.21 **ratification of ultra vires acts prohibited**

the ratification of ultra vires acts by shareholders is prohibited where this would be contrary to the Listings Requirements or the other provisions of the MOI (article 12.8);

1.1.22 **appointment of directors**

1.1.22.1 all non-executive directors must be elected by the shareholders entitled to exercise voting rights and shareholders shall have the right to nominate any person for appointment (article 13.2.1);

1.1.22.2 the appointment of any non-executive director by the board to fill a casual vacancy or as an addition to the board must be confirmed at the next annual general meeting of the company, failing which such person must vacate his or her office (article 13.2.7);

1.1.22.3 where the number of directors falls below the minimum number prescribed in the MOI, the remaining directors must within 3 (three) months fill such vacancies or call a general meeting to do so (article 13.2.8);

1.1.22.4 a failure to have such minimum number of directors during the 3 (three) month period does not limit or negate the authority of the board or invalidate anything done by the board during such period but, after such 3 (three) month period, the remaining directors shall only be permitted to act for the purpose of filling vacancies or calling general meetings of the company (article 13.2.8);

1.1.23 **life directorships**

life directorships and directorships for an indefinite period are not permitted (article 13.3);

1.1.24 **rotation of non-executive directors**

at each annual general meeting of the company, at least one-third of the non-executive directors (or, if their number is not a multiple of 3 (three), the number nearest to but not less than one-third) shall retire from office (article 13.4.1);

1.1.25 **retiring directors may be re-elected if eligible**

a retiring director may be re-elected if he or she is eligible, as recommended by the nomination committee of the company (article 13.4.2.4);

1.1.26 **directors' expenses**

directors shall be paid all their travelling and other expenses properly and necessarily incurred in and about inter alia the business of the company, as well as such remuneration for inter alia residing abroad, for any services performed in addition to any director's services as a director, as determined by a disinterested quorum of directors (article 13.9);

1.1.27 **payment policy**

1.1.27.1 the directors have the power to make any distribution in compliance with section 46 of the Companies Act and the Listings Requirements (article 14.1.1);

1.1.27.2 dividends are payable to shareholders registered as at a date subsequent to the declaration or confirmation of the dividend, whichever is later (article 14.1.2);

1.1.27.3 any dividend or payment due to shareholders on or in respect of a share must be held in trust by the company indefinitely (subject to the laws of prescription) (article 14.1.6.1);

1.1.27.4 payments to all holders of securities in the company must be made in accordance with the Listings Requirements and capital shall not be repaid on the basis that it may be called up again (article 14.2);

1.1.28 **financial statements**

a copy of the financial statements must be distributed to the shareholders by no less than 15 (fifteen) business days prior to the annual general meeting or in accordance with other, relevant provisions of the Listings Requirements (article 15);

1.2 other provisions included

1.2.1 **financial assistance**

the board may not authorise the provision of financial assistance in terms of section 44 of the Companies Act unless the provision thereof complies with the Listings Requirements (article 6);

1.2.2 **round robin resolutions**

round robin resolutions in respect of shareholders' meetings other than in terms of the Listings Requirements, conducted in compliance with section 60 of the Companies Act, shall be valid, and will be deemed to have been passed on the latest date on which it was signed by the requisite majority (articles 12.4.2 and 12.4.3);

1.2.3 **procedure on postponement and adjournment of shareholders' meetings**

the provisions of section 64(4) as regards postponements and adjournments due to a quorum of shareholders not being present have been included for the sake of clarity (article 12.5.2);

1.2.4 **the chairman shall not have a casting vote**

in the case of an equality of votes at a shareholders' meeting, the chairman shall not have a casting vote (article 12.9.1);

1.2.5 **alternate directors**

the Companies Act requires the MOI of a company to provide for the election of at least 50% (fifty per cent) of alternate directors to be elected by shareholders (article 13.2.3);

1.2.6 **eligibility requirements**

in addition to satisfying the eligibility requirements set out in section 69 of the Companies Act, as well as those contemplated in the current MOI, a director shall not be entitled to remain serving as such if he or she is employed by the company in terms of a contract of employment and such contract is terminated (article 13.2.4.1.1);

1.2.7 **payment policy**

1.2.7.1 any dividend or other monies payable on or in respect of a security shall not bear interest against the company (article 14.1.6.2);

1.2.7.2 various provisions relating to inter alia the treatment fractions of assets as a consequence of the declaration of dividends and the manner of payment of such dividends have been included (articles 14.1.3 to 14.1.5);

1.3 provisions amended

the following articles of the current MOI have been amended -

1.3.1 **voting by shareholders only by polling**

article 41.1 of the current MOI provides that, at a shareholders' meeting, voting may be by a show of hands or by polling: the proposed MOI provides that voting shall only be by polling (article 12.9.1);

1.3.2 **appointment of scrutineers**

article 45 of the current MOI provides that the chairman may appoint scrutineers and act on a certificate given by such scrutineers: the proposed MOI provides that this may be done by the company secretary (article 12.9.2);

1.3.3 **chairman of the board**

article 76.1 of the current MOI provides for the election of the chairman of the board: the proposed MOI provides that the chairman will be elected by the board from their own number and that, should the chairman be subject to rotation and not re-elected, he or she shall cease to hold such office immediately after the relevant annual general meeting and the board shall elect a new chairman (article 13.5)

1.3.4 **tied votes**

article 76.3 of the current MOI provides that the chairman of a directors' meeting will have a second or casting vote: the proposed MOI excludes the second or casting vote of the chairman (article 13.8); and

1.3.5 **indemnity**

article 100 of the current MOI provides for the indemnification of directors, and includes provisions that are not in compliance with the Companies Act: the proposed MOI provides that the authority of the Company to indemnify a director is as per the Companies Act, and that section 78 shall apply mutatis mutandis to the secretary, prescribed officers and employees of the company (article 17).

2. EXCLUSIONS

The proposed MOI excludes or departs from the provisions of the current MOI of the company in various aspects, either as a result of a direct conflict with the Companies Act and/or the Listings Requirements, or by virtue of the fact that such items unnecessarily duplicate the provisions of the Companies Act, and/or are no longer relevant or applicable to the company.

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

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, 19 NOVEMBER 2012 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, 19 November 2012 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 D MASSON			
4. Ordinary resolutions numbers five and six: By separate resolutions, to appoint the following as directors:			
4.1. Ordinary resolution number five: MR IS FOURIE			
4.2. Ordinary resolution number six: MS HH HICKEY			
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 ten: By separate resolutions, to appoint the following members to the audit committee			
8.1. Ordinary resolution number eight: Ms NV Simamane			
8.2. Ordinary resolution number nine: Dr DSS Lushaba			
8.3. Ordinary resolution number ten: Mr IS Fourie			
9. Special resolution number three: Memorandum of Incorporation			

Signed at ……………………………………………. on ………………………………………..2012

Signature ………….............................. Assisted by me ………………………… (where applicable – see note 7)

NOTES TO 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.

NOTES TO FORM OF PROXY

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

1. Only members who hold certificated shares and members who have dematerialised their shares in "own name" registrations may make use of this proxy form.
2. Each such ordinary member is entitled to appoint one or more proxyholders (none of whom needs to be a member of the company) to attend, speak and, on a poll, vote in place of that member at the annual general meeting, by inserting the name of a proxy or the names of two alternate proxies of the ordinary member's choice in the space provided, with or without deleting "the chairman of the meeting". The person whose name appears first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A member's instructions to the proxyholder must be indicated by the insertion of the relevant number of votes exercisable by that member in the appropriate box/es provided. Failure to comply with the above will be deemed to authorise the chairman of the meeting, if he is the authorised proxyholder, to vote in favour of the resolutions, or any other proxy to vote or to abstain from voting at the general meeting, as he deems fit, in respect of all the 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.

www.cashbuild.co.za

Northern Graphics


Cashbuild
QUALITY BUILDING MATERIALS AT THE LOWEST PRICES