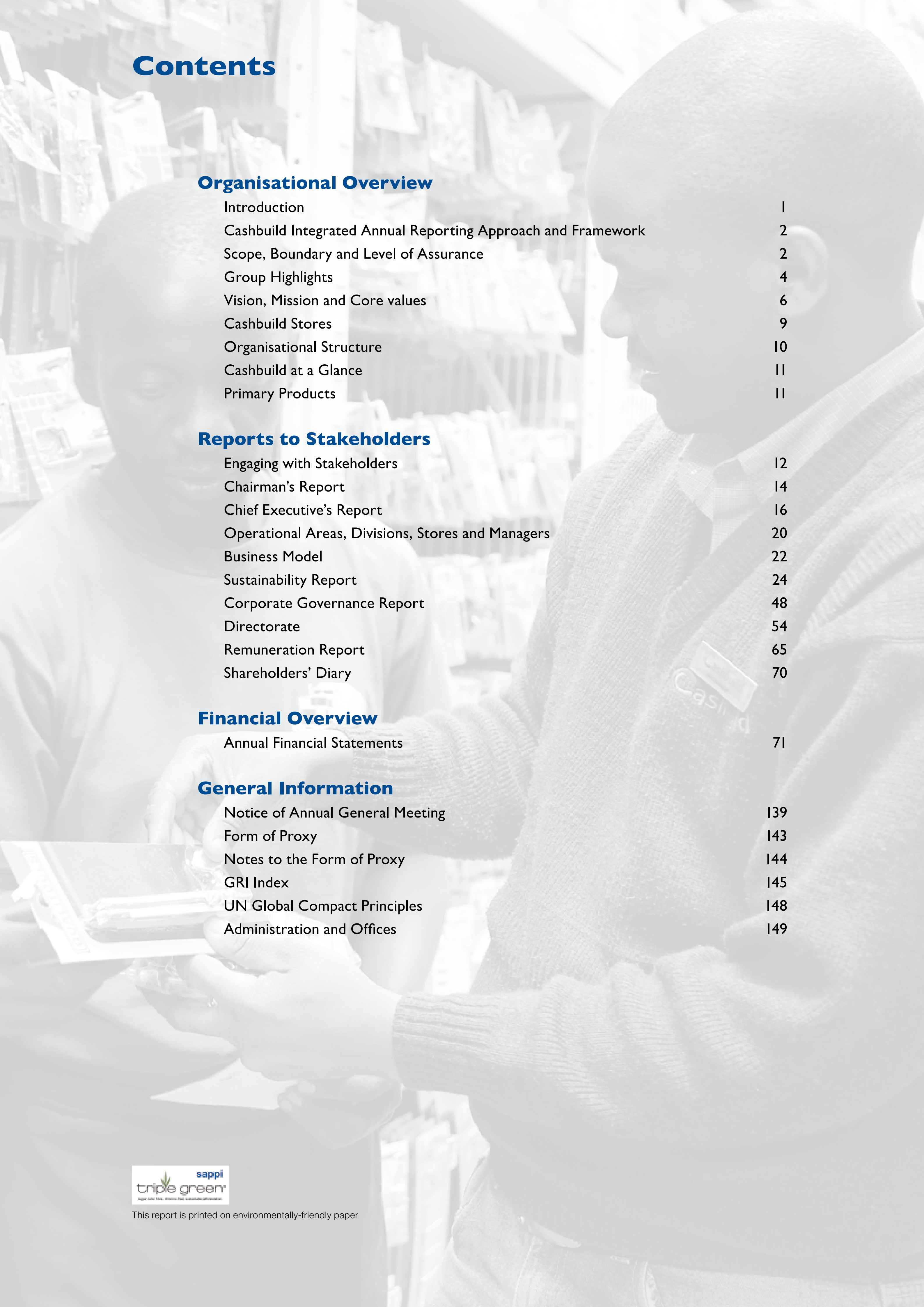
Cashbuild

INTEGRATED ANNUAL REPORT 2013



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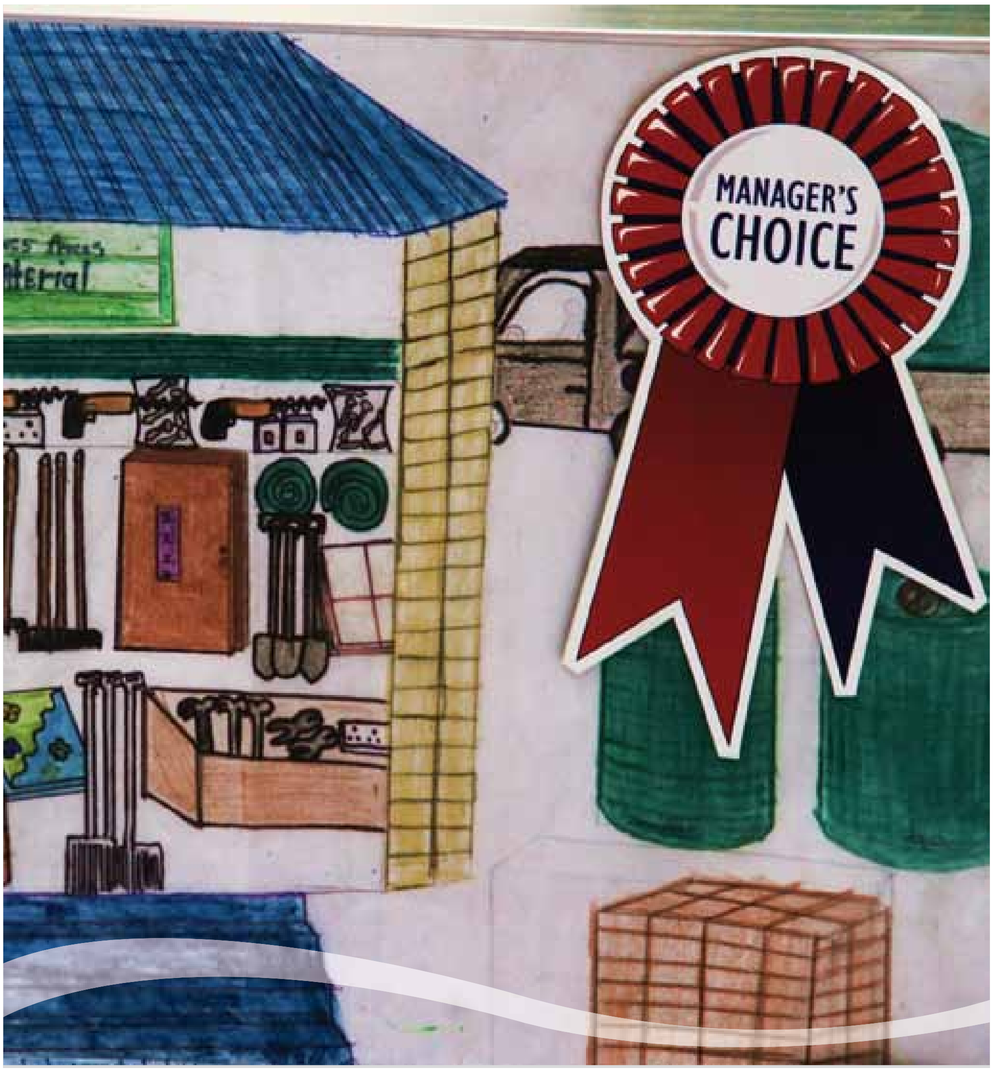
This report is printed on environmentally-friendly paper

Organisational Overview

Introduction

Cashbuild Limited ('Cashbuild') is a South African based retailer of building materials and associated products with 35 years experience in providing quality building materials at the lowest prices, direct to the public. Our footprint encompasses 200 stores (and growing) in the southern African region. We employ 4 552 committed employees and contract 281 equally committed delivery contractors. We are proud of the relationships we have built in the past and of those we continue to build through our commitment to mutual growth and our sound strategies for sustainability.

Throughout this report, unless otherwise noted, 'Cashbuild', the 'company' and the 'group' refers to Cashbuild Limited. Please refer to the Organisational Chart on page 10 for the full list of Cashbuild wholly-owned and subsidiary companies.



Organisational Overview

Cashbuild Integrated Annual Reporting approach and framework

Cashbuild's 2013 integrated annual report is compiled and presented in line with the requirements of the King Code and Report on Governance for South Africa ('King III'). It is a departure from previous reporting styles in which we aim to give the reader valuable and balanced information about the company, and enough information to provide surety about our ability to grow sustainably along with our stakeholders into the future.

In this report we aim to provide to all of our stakeholders a balanced, clear and transparent understanding of our business and how we sustainably create value. We trust that this report addresses your interests and key areas of concern, and that it serves to strengthen our current and future relationships with all our stakeholders who play an integral part in Cashbuild succeeding into the future (refer to sustainability model on page 24). Stakeholders are invited to actively participate by posting their questions, comments and concerns on our website: www.cashbuild.co.za.

This report seeks to show the integrated nature and inherent sustainability of our activities, not due to current reporting trends and requirements by various governing bodies, but how we have always chosen to do business during our 35 years in southern Africa. We see this approach to business as part of our continued success and aligning our reporting to show this integral interdependence.

Equally as important as relationship building, Cashbuild supports the value of transparency about the sustainability of organisational activities. This is in the interest of a diverse range of investors, stakeholders and the general public in the areas in which we trade. We ensure that our management approach and business activities are aligned to our financial, environmental and socio-economic targets intrinsic to the way we do business. In order for us to successfully trade, it is crucial to maintain the trust of our stakeholders, and thereby our licence to trade, in a wide range of culturally and geographically diverse environments. This trust can only be ensured by responsibly maximising profit and having a positive impact on communities and employees while minimising any negative impact on the environment, and further influencing our value chain where possible to do the same. Part of the Cashbuild culture is the proactive and long-term approach which we take in all our dealings, to positively impact stakeholders and specifically to build the communities in which we trade, thereby ensuring future economic stability and ultimately sustainability for the company.

Materiality (that which is of material importance to the company) was defined by the board, based on input of the various board and operational committees and representatives, who took into account Cashbuild's strategic risks and opportunities. Key strategic risks (see the top 10 risks as well as the macro-environmental risk table on pages 61 and 26 respectively) and issues affecting the sustained success of Cashbuild as determined by the board and its various board committees (audit and risk, as well as social and ethics committees more specifically), as well as input from a wide range of on-going stakeholder engagement for the year, have defined and focused our material issues. As Cashbuild's internal structures follow a decentralised model, with a centralised support office the importance of employee forums at store level and operational committees which advise these board committees cannot be underestimated in terms of ultimately defining our material issues and primary stakeholder concerns.

Refer to Corporate Governance Framework and structure at a glance on page 48.

Our integrated annual report is prepared in line with the Global Reporting Initiative ('GRI') G3.1 and G4 Sustainability Reporting Guidelines where appropriate, and is compliant with and committed to adherence of the UN Global Compact Principles ('UNGC') as laid out on page 148.

The GRI guidelines use a globally shared framework of indicators which encourage companies to report on practices and performance in a manner that is clear and open. The GRI works towards a sustainable global economy by providing organisational reporting guidelines, which are also supported by the UNGC. Cashbuild aims to report in line with a 'C Application Level' as defined by the GRI, which includes standard disclosures and a minimum of ten key sustainability performance indicators. A copy of the GRI index is available at the back of this report on page 145 which assists the reader in locating information related to the GRI indicators.

Scope, Boundary and Level of Assurance

This report covers the strategic objectives, financial, environmental and social performance, and operational highlights of Cashbuild and its subsidiaries.

The scope of reporting on sustainability issues and performance is specific to Cashbuild only and does not refer to any subcontractor or joint venture or partnership, unless specifically stated. Where mention is made of Cashbuild having influenced its extended value chain for positive social or environmental outcomes, through partnership initiatives for example, credit must be given as well to the partnering companies. Analysis of Cashbuild's carbon foot-print has been based on the Equity Share Approach, as per the Green House Gas ('GHG') Protocol for Scope 1 emissions (refer to page 45), which accounts for sources which are owned, as opposed to those which are controlled by the company.

This report covers the period of the Cashbuild financial year ended June 2013.

Cashbuild has acted in good faith and has made every reasonable effort to ensure the accuracy and completeness of the information contained in this report, including all information that may be defined as 'forward-looking statements'.

Forward-looking statements, as defined by the JSE's Listings Requirements, may be identified by words such as 'believe', 'anticipate', 'expect', 'plan', 'estimate', 'intend', 'project', 'target', 'predict' and 'hope'. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future, involve known and unknown risks, uncertainties and other facts or factors which may cause the actual results, performance or achievements of the group, or its sector to be materially different from any results, performance or achievement expressed or implied by such forward-looking statements.

Forward-looking statements are based on assumptions regarding the group's present and future business strategies and the environments in which it operates now and into the future, and as such, cannot in any way be guarantees of future performance. No assurance can be given that forward-looking statements will prove to be correct and undue reliance should not be placed on such statements.

Cashbuild does not undertake to update any forward-looking statements contained in this document and does not assume responsibility for any loss or damage whatsoever and howsoever arising as a result of the reliance by any party thereon.

The enclosed annual financial statements have been audited by our external auditor PricewaterhouseCoopers Inc. in compliance with the applicable requirements of the Companies Act of South Africa, 2008. Please refer to page 81 for the Independent Auditor's Report.

This report is found in its entirety on our website in electronic copy at: www.cashbuild.co.za or may be accessed by smart-scanning the QR code on the back cover of this report.

External Assurance

The integrity of the integrated annual report was overseen by the board in conjunction with the audit and risk committee. By setting up appropriate teams, structures and processes to undertake the integrated reporting process and then performing a thorough review of the resulting document, we aim to provide the reader with as much pertinent, relevant and clear information as possible in ascertaining a balanced and clear view of the sustainability of Cashbuild. We actively invite the reader to provide feedback as indicated on page 2.

Formalised external assurance for the current year is limited to the audit opinion on the financial statements only.

Group Highlights

Financial Highlights

	June 2013 (52 weeks)	June 2012 (53 weeks)	% change
Group summary (R'000)			
Revenue	**6 376 945**	6 310 052	1
Operating profit before financing income	**322 540**	400 475	(19)
Profit before taxation	**352 033**	433 330	(19)
Attributable earnings	**245 490**	286 832	(14)
Headline earnings	**237 444**	285 568	(17)
Net decrease in cash and cash equivalents	**(364 128)**	(232 614)	(57)
Market capitalisation*	**3 350 245**	3 451 004	(3)
Total assets	**2 069 000**	1 926 068	7
Investments, cash and cash equivalents	**249 446**	487 946	(49)
Interest-bearing borrowings	**2 488**	2 472	1
Profit before tax on revenue (%)	**5.5**	6.9	(20)
Return on shareholders' funds (%)	**22.3**	29.4	(24)
Share performance (cents per share)			
Headline earnings	**1 028.3**	1 255.7	(18)
Dividends	**487**	569	(14)
Net asset value*	**4 379**	3 877	13
Market price - high	**16 800**	13 800	22
Market price - low	**11 491**	8 980	28
Market price - at year-end	**13 300**	13 700	(3)
Statistics			
Number of trading weeks	**52**	53	(2)
Average basket size (Rands)	**450**	440	2
Total wealth created/distributed (R'000)	**926 732**	987 027	(6)
Rental prepayments on store developer contract (R'000) (refer page 31)	**9 715**	14 192	(32)

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

Non-Financial Highlights

Statistics	June 2013 (52 weeks)	June 2012 (53 weeks)
People:		
Number of employees	**4 552**	4 453
Learnerships granted	**20**	50
Turnover per employee (R'000)	**1 401**	1 417
BEE contributor level	**Level 5**	Level 4
New employees	**747**	559
Community investment:		
Value of school contributions (R'000)	**3 100**	2 000
Schools contributed to	**258**	167
Payments for delivery driver employment (R'000)	**119 000**	93 000
Other:		
Number of stores	**200**	191
Number of revenue transactions ('000)	**14 166**	14 131
Formal customer complaints	**707**	624
Number of stores converted through energy conservation projects	**12**	-

Vision, Mission and Core Values

Cashbuild VISION - what we are striving for

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.

Cashbuild MISSION - our undertaking

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".

Cashbuild CORE VALUES - our Principles

- 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"

"The Cashbuild Way" - How we do things

"The Cashbuild Way" is our comprehensive set of procedures which underpins every process in the company and which is aligned with ISO 9001.

During the period, we have further enhanced usability of and access to "The Cashbuild Way" by making these procedures electronically available to all employees via our recently implemented intranet site. This is seen as greatly enhancing on-the-job training and coaching received by employees at stores in our decentralised model. It is also envisioned that this method of storage, retrieval and access to Cashbuild's processes and procedures will improve overall compliance and uniformity of store operations.

Our Differentiators –

We know who our stakeholders are and we actively engage and involve them.

1. Our focus on **our customers:**
   - ensuring that our stores are "ready for business";
   - 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
   - honourable in all our dealings and ready to go the extra mile.
2. Our focus on **our communities:**
   - Cashbuild part of the community, build Cashbuild and community together for mutual benefit;
   - brand loyalty, vested interest and pride;
   - approach each new region with cultural sensitivity and awareness;
   - developing and empowering sustainably; and
   - creation of direct and indirect employment opportunities.
3. Our focus on **our people:**
   - pride in the Cashbuild brand, live the brand, live the core values;
   - vested interest in success of the company (we profit, you profit – share schemes);
   - decentralised management style, empowered store managers, employee forums, supported by centralised support office;
   - strong culture of working hard and contributing;
   - fair internal growth and development opportunities supported by best in class HR systems, policies, processes; and
   - consistent management approach.
4. Our focus on **our suppliers:**
   - proven strategic sourcing strategy;
   - use local suppliers and support them in growth and development;
   - long-term relationships built over many years, based on common value sets;
   - influence positively upstream value chain to benefit profit, people, planet; and
   - creation of opportunities to partner in mutual growth.
5. Our focus on sound **governance and compliance:**
   - zero tolerance – anonymous tip off system controlled by external 3rd party;
   - The Cashbuild Way aligned to ISO9001;
   - triple catch system - Internal audit team, audit and risk committee, external auditors; and
   - new governance IT system ('GAI') monitor, control and report.

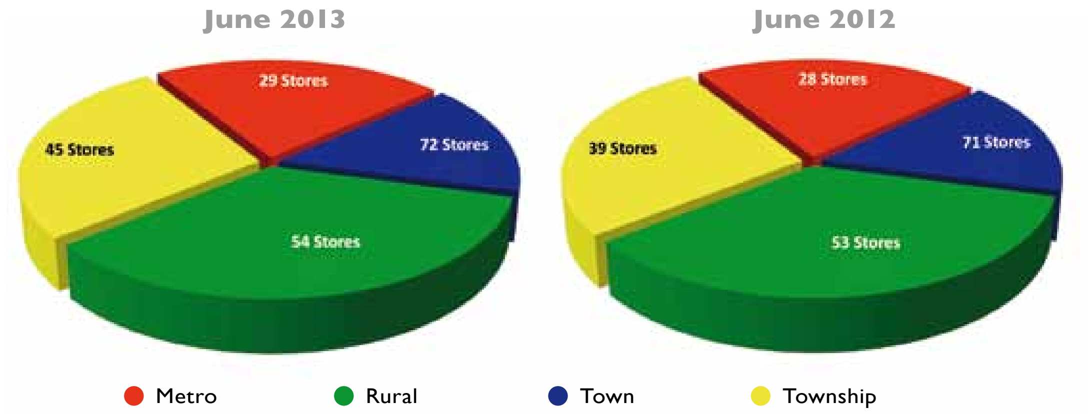
14.2 million customer transactions through our till points

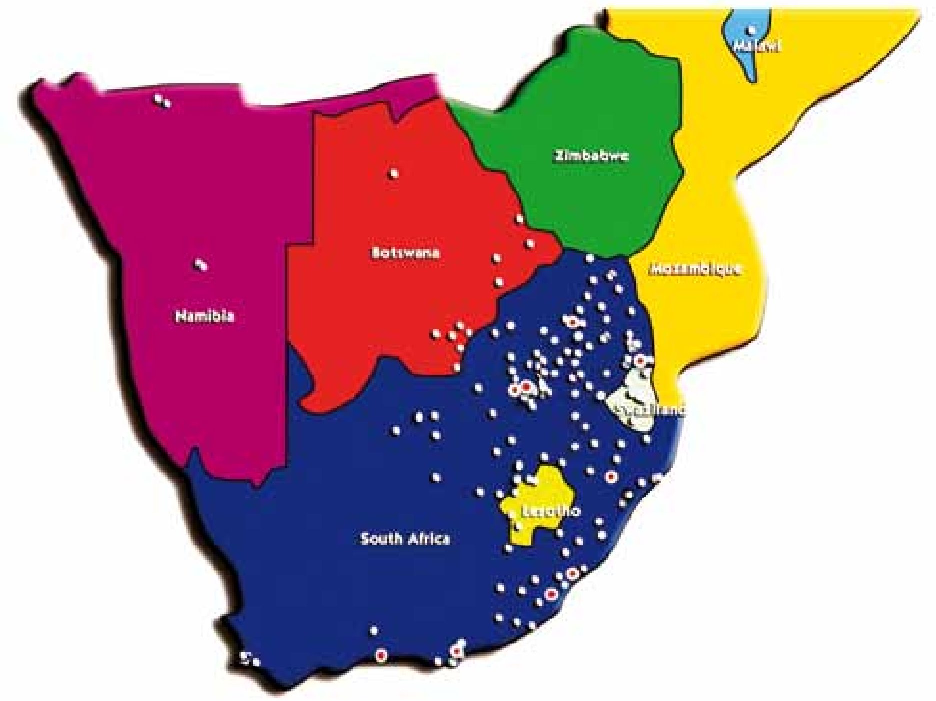
Cashbuild Stores

Based on in-depth feasibility studies and on stakeholder engagement, Cashbuild positions its stores to bring quality building material at lowest prices to local communities and strives to enhance each community in which it trades. Cashbuild will continue its store expansion, relocation and refurbishment strategy in a controlled manner, applying the same rigorous process as in the past.

Country	Number of stores		Staff employed	
	2013	2012	2013	2012
South Africa	175	166	4 008	3 885
Botswana	10	10	173	198
Lesotho	5	5	94	99
Swaziland	6	6	178	186
Namibia	3	3	67	68
Malawi	1	1	32	17
Total	200	191	4 552	4 453

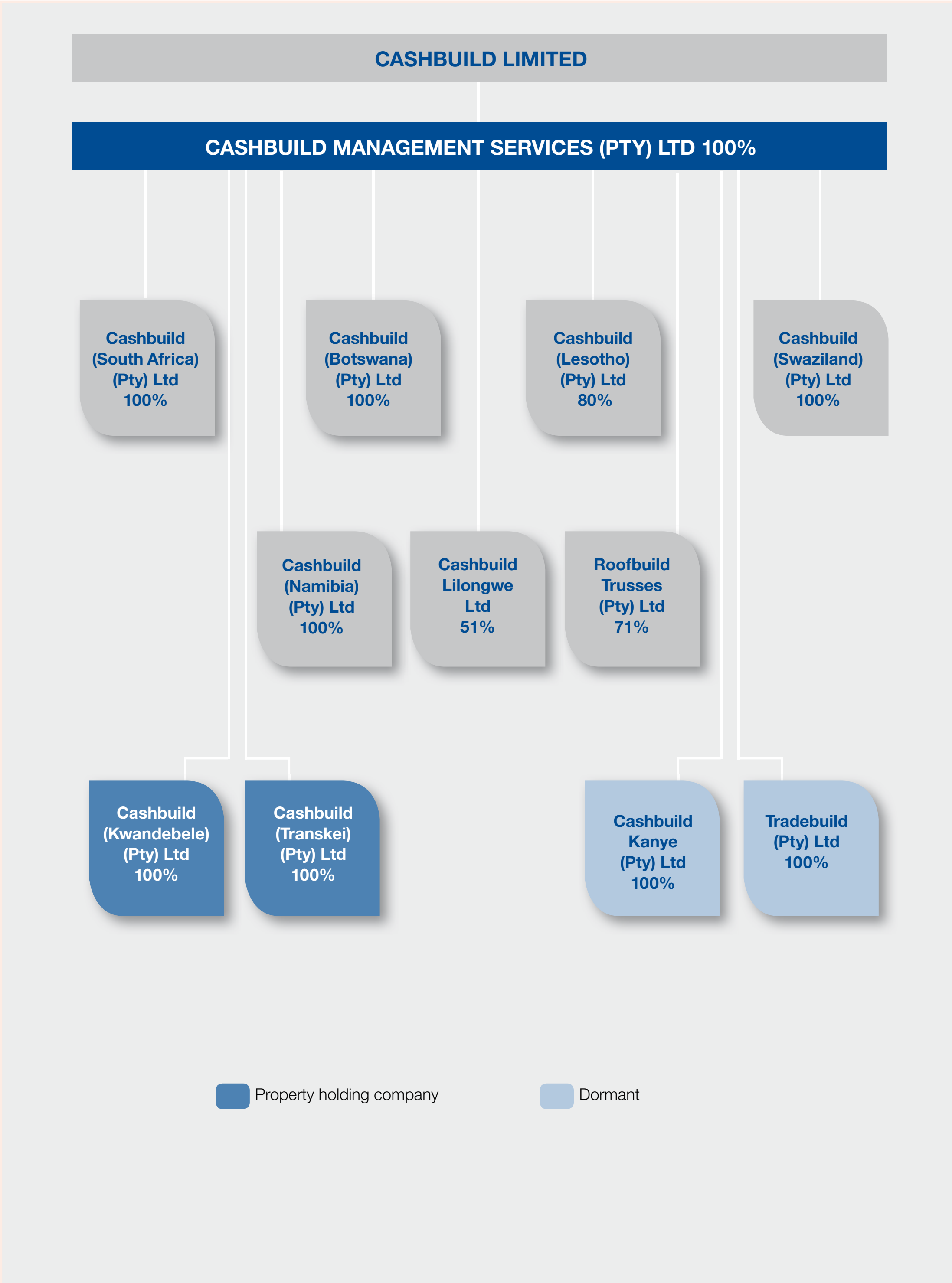
Store type:





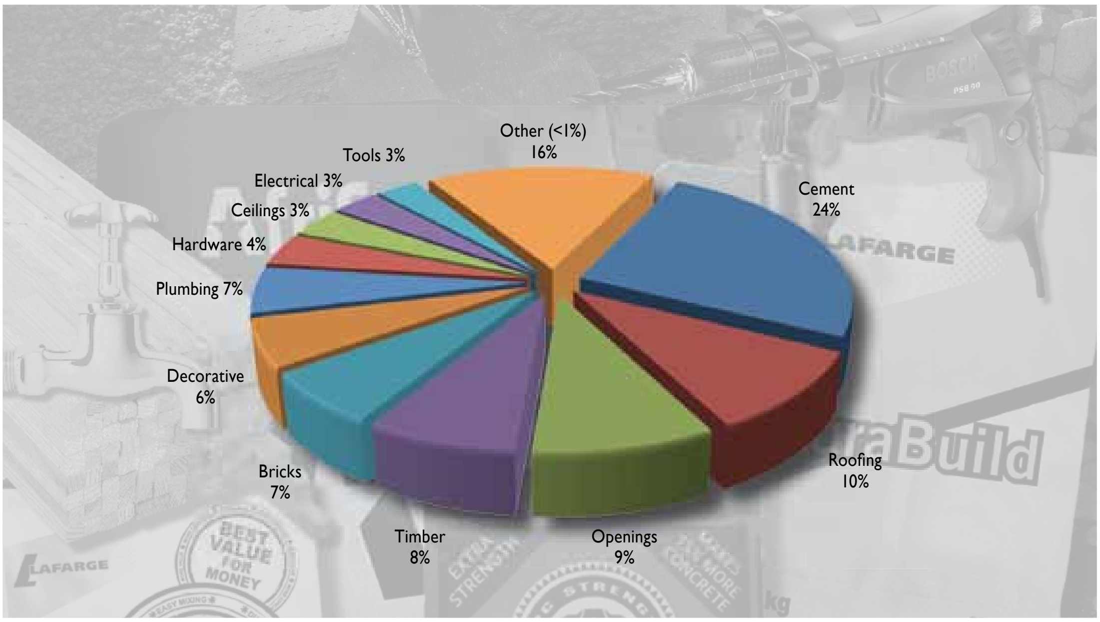
Organisational Structure

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:



Cashbuild at a Glance

Primary Products



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ANNUAL FINANCIAL STATEMENTS
NOTICE OF ANNUAL GENERAL MEETING
FORM OF PROXY
GRI INDEX
UN GLOBAL COMPACT PRINCIPLES
ADMINISTRATION AND OFFICES

Engaging with Stakeholders

Who are our stakeholders?	How do we engage with our stakeholders?	What are their expectations and concerns?
Employees, learners, contractors, sub-contractors	• Employee forums • Employee surveys • Management roadshows • Health, safety and wellness forums • Employee trust funds	• Fair remuneration and career development • Safe working conditions • Fair work practices and transformation • Strong and clear leadership • Support for social issues such as crime
Customers and communities	• Direct engagement at store openings • Marketing surveys • In-store kiosks and customer care and feedback mechanisms • Small Builders Workshops	• Competitive pricing and availability of quality products • Service levels • Sustainability of community investment and economic empowerment
Shareholders, investors, analysts and media	• Analyst presentations • Bi-annual results roadshows • Annual general meetings • Television and radio interviews • Investor relations	• Return on investment through market share and growth • Sound business practice, transparency, governance and compliance • Sustainable dividend and share growth
Local and provincial government and regulatory bodies (Labour, Education, Health and Social Services, SARS)	• Partnering at builders workshops with SARS for business coaching for the development of subcontractors • National builders forums • Audit and related meetings	• Legal compliance • Community upliftment
Suppliers, service providers, specialists, industry partners	• Strategic sourcing meetings • Meetings and correspondence • Industry conferences and functions	• Timeous payments and contract terms, preferential procurement
JSE and other local and international regulatory/listing bodies	• Business associations • Written communications and presentations	• Statutory and legal compliance, while complying with governance guidelines (Companies Act, King III, CSI, GRI)
Joint ventures and other formal and informal partners	• Business partner and industry forums • Co-facilitation sessions	• Long-term value maximisation, joint growth and development opportunities

How do we meet their expectation and concerns?	Where does this link into our PPP sustainability strategy? Profit (Economic) Page 27	People (Social) Page 32	Planet (Environment) Page 44
We are proudly an employer of choice with our HR model providing a firm foundation for growth and development and respond to the needs of our staff/contractors and build loyalty among all.		✓	
A health and safety representative has been appointed and a first-aider is appropriately trained and qualified at each store and support office department, outsourced partners ensure compliance with latest regulations.		✓	
Cashbuild encourages broad based economic empowerment in all communities in which it operates (opportunities to become independent business owners for subcontractors). Although not heavily unionised for the most part, Cashbuild engages unions where necessary to encourage stability regarding labour issues.		✓	
Our decentralised model enables our divisional and store managers to be on site every day, our support office at the centre offers strategic and functional best in class support and drives the growth of the business centre.		✓	
Independent third party counselling is provided for employees and customers who have been victims of crime at our stores.		✓	
Sourcing products from local suppliers on a strict basis on their ability to produce and deliver timeously, products of consistently high quality at competitive prices direct to stores. We stock our stores based on the needs of the local area, ensuring availability of in demand products.	✓	✓	
Our customer care line is monitored by a strict policy whereby divisional and operational management are involved to ensure complaint resolution within 48 hours.	✓	✓	
Our proven track record of decades of successful store openings and continued investment within the communities in which we trade. Initiatives include Art-at-Heart, builder workshops, local delivery driver employment and building supplies donations to local schools.	✓	✓	✓
Cashbuild continues to investigate the feasibility of further growth models, and potential for ancillary income streams, to complement the current business strategy. The Cashbuild strategy ensures sustained and controlled growth by providing a more holistic and transparent view of the company and its operations and by showing actual consistent growth in market share.	✓	✓	
The board and its respective committees oversee compliance with all applicable laws, regulations and codes of business practice. The board continues to 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.	✓	✓	✓
We have documented and consistently applied our dividend policy.	✓	✓	✓
Cashbuild has built and maintained relationships with local, provincial and national authorities, while maintaining its status as a good corporate citizen. Regular workshops and training provided to ensure correct labour and health and safety guidelines are adhered to.	✓	✓	
Providing bridge funding and credit to contractors to deliver on low cost mass housing projects for government. Regulatory bodies are invited and made aware of community initiatives and store opening ceremonies.		✓	
We ensure engagement and on-going long-term relationship building and partnership with our suppliers to negotiate favourable pricing and terms. We build relationships based on quality, trust and open communication. We consider our suppliers and service providers as partners in our ability to deliver on our sustainability strategy.	✓		
We aim to comply fully with regulations and engage with regulatory bodies should there be gaps in our compliance for any reason.	✓	✓	
To support sustained growth for each partner based on terms which are agreed to and adhered to, we ensure that accurate, relevant, proactive communications are provided to all partners and that mechanisms for on-going feedback and participation are in place. We ensure skills and knowledge are shared and transferred to the benefit of both parties. We co-manage risk using defined processes to ensure best possible outcomes. We encourage openness and transparency in our dealings and promote fair business practices.	✓	✓	

Chairman's Report

During my tenure as chairman of Cashbuild, I have witnessed the company grow and mature through difficult times by virtue of the tireless efforts and commitment of Cashbuild employees in support of the board. In the year under review, we experienced the effects of a turbulent macro-economic environment, resulting in tough trading conditions for Cashbuild as well as increased pressure by our competitors. These challenges provided us with opportunities to learn, to innovate and grow. With our medium and long-term strategy firmly in place to steadily gain market share and to take advantage of the opportunities availing themselves to us, we are cautious but optimistic about the future.

Cashbuild has been a proudly sustainable investor in the communities in which we trade, for 35 years. We have been proactively involved and engaged in on-going sustainability initiatives pre the coining of the term, simply because we understand our trading environment and aim wherever possible, to build lasting relationships with our stakeholders. It is part of the Cashbuild culture and part of our strategy for success. We have however, not previously reported to this level of detail on our CSI initiatives, nor shown the existing links to our strategy, risks and opportunities. The notable difference in the level and quality of disclosure of this year's report is not only due to changing reporting requirements and trends, but also as a result of our on-going engagement with stakeholders and understanding their informational requirements, which we aim to meet in this report.

The macro issues affecting Cashbuild's results are documented in macro issues on page 26 and were anticipated and minimised through our robust strategic risk processes. Furthermore, the transport strike in October 2012, increased lending requirements for unsecured lenders in the second half and social unrest throughout the year were successfully dealt with. The guidance provided through our various board committees to chart the course through these turbulent times was extremely valuable.

In line with our strategy to grow our market share to 30%, we have increased our reach through store numbers during the current year by nine (2012: four) and have, relative to our competitors, performed well. With these store openings, we increased our staff complement to 4 552 (2012: 4 453) and invested in the communities in which we trade, with a CSI commitment of R122.1 million (2012: R95 million).

Cashbuild is proud to have won the Best Retailer in the Hardware and Building Section, in The Times and Sowetan. This proves that we are on the right track in terms of brand loyalty building in this extremely competitive environment.

To the divisional, store and support office managers, I salute your efforts in leading the employees of Cashbuild through difficult times and value the excellent job done over the period.

Appreciation goes to our stakeholder community including community leaders and members, school children, local and provincial government, our supply partners and above all our loyal customers.

Donald Masson
Chairman

16 September 2013

Chief Executive's Report

Strategic and Operational Overview

I can state with confidence that our executive and management team supported by our entire staff complement of 4 552 at Cashbuild pulled out all stops during this reporting period to achieve growth in difficult trading conditions. Highlights for us were the successful roll-out of the new IT-system and opening of the 200th Cashbuild store in Ontdekkers Road Roodepoort with approximately 15 new stores being planned for the coming financial year.

This financial year showed however, the results of continuing tough trading conditions for Cashbuild. This was a reflection of the greater macro-economic environment which negatively affected many industries, but had, in the cash trading environments especially, a significant although delayed effect, due to less cash availability in the market in general and Cashbuild customers in particular. The recent focus on curtailing unsecured lending has further contributed towards consumers being under pressure.

Unwavering commitment to our proven long-term strategies and business model, along with efforts to streamline overheads of R1 133 million stood us in good stead over this difficult period and eased the effects the unsecured lending regulation changes had on our primary markets. These effects are evidenced in our financial results, with turnover of R6 377 million (1% up on prior year) and profit before taxation of R352 million (down on prior year by 19%).

Highlights for us were the successful roll-out of the new IT-system and opening of the 200th Cashbuild store in Ontdekkers Road Roodepoort with approximately 15 new stores being planned for the coming financial year

In the short to medium term, we continue to focus on current business because of its proven success: to expand our store base following processes which result in us building the foundation for solid, long-term and strategically important relationships, and partnering our suppliers and strengthening our understanding of our client base and their specific needs. Our on-going stakeholder engagement, which has grown as part of the culture of Cashbuild over time, as simply 'the way we do business', has provided us with opportunities to learn, grow and to improve the way we do business. We regard our investment and re-investment into the southern African region with pride and expectation of further future growth of the company and in the regions in which we operate.

The executive and management team at Cashbuild geared itself to proactively assess and respond to the medium to long-term challenges and risks of operating in the southern African markets and to avail itself to potential opportunities which complement our current business model and strategy.

We recently launched our American Depositary Receipt (ADR) Level I Programme on the over-the-counter market in the United States through a sponsored ADR programme with Bank of New York Mellon. This enables US investors to directly buy Cashbuild shares and to participate in the growth of Cashbuild as a whole new stakeholder group.

Challenges faced and lessons learned

Social unrest and the South African context

During the period, challenges in the form of social unrest in the rural environments in which we trade in South Africa, such as the Marikana incident and the protest actions related to service delivery (Zamdela incident), had a negative impact and resulted in losses of R2.3 million over the period between January 2013 and July 2013 with our stores being unable to trade for 139 days. While insurance covered financial losses to property and product range, the effects of these incidents were not simply short-term and financial. It became apparent through these incidents that our trading may be severely impacted by the geo-political and socio-economic environments and cannot be separated from them.

The sustainability of the numerous social investment channels into Cashbuild's trading communities have to date generally provided returns. Brand loyalty and community inclusiveness, were highlighted as a focus area. We found, for example, that building materials donated were not always effectively utilised for a variety of reasons. These incidents provided us with the opportunity to learn and to respond proactively to potential risk areas as well as to investigate the effectiveness of our model for investment and CSI spend, ensuring that the necessary support provided was actually what was required. This has resulted in us exploring initiatives for continuity, to get commitment and ownership, by partnering and involving schools, community leaders, ward councillors, government department 'circuit managers' and the store employees themselves, whom we expect to act as mitigators and tacit insurance in the event of future unrest. We believe strongly that our strategically implemented structure and decentralised model with its potential to yield further value through vitally important and enduring local relationships - supported by the strong backbone of the Cashbuild support office - differentiates us from our competitors. We intend however to place attention in these areas to ensure our CSI spend will succeed further in building strategically important relationships, as originally intended.

We recently grouped all our CSI activities under one umbrella and have also branded it as such:

Cashbuild
Community Support Initiative

Looking ahead - Opportunities

Cashbuild strives to continue to increase its revenue by profitably growing market share through our primary strategy of expansion via store openings, as well as exploring ancillary initiatives and fast-tracking pilot projects to achieve the same result.

During the year we spent time and effort through third party formal marketing surveys, to better understand the demographics and needs of our prime target customers, which we believe remain primarily the cash-paying individuals making necessary domestic improvements and structural repairs as well as the contractors who service them. The results, which we have already used to improve and streamline our marketing and advertising spend, yielded interesting avenues for potential exploration and growth, brought about by an overall depressed market in an environment with ever-present housing shortages and building needs.

Management is confident that, even in a depressed economic climate with relatively slow growth, Cashbuild's markets will continue to grow steadily, 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 home owners for larger and better housing. Our investment and re-investment into communities, via development and support of local suppliers and providing local opportunities for wealth creation, we see as a crucial part of our strategy for our sustained growth and stability in some tough operational regions.

Home ownership and improvement is still seen as the most reliable and profitable investment in all the regions in which Cashbuild trades.

Recent market research has confirmed that Cashbuild is still the first-choice supplier of quality building materials in all the markets in which it is represented.

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

Awards

- 3rd in Deloitte's 'best employer to work for' survey in 2013
- Best Retailer in the Hardware and Building Section - The Times and Sowetan in 2012 and 2013

Dividends

The board recognises the importance of treating its shareholders responsibly. We have previously developed a dividend policy which is consistently applied. The current policy is two times cover as in the previous financial year.

Acknowledgement

The strength of our partnerships is testimony to the years of building enduring relationships with our key stakeholders and taking their issues and concerns into account.

In these tough economic times, I extend sincere thanks to all of our stakeholders who form an integral part of our continued sustainability and our success.

The contribution of hard work by each and every staff member, backed by supportive families and communities, is felt and recognised. Their input and enthusiasm is the foundation for our growth and success. The association of committed, positive and friendly employees to our Cashbuild brand is synonymous.

To our industry partners, suppliers, contractors and formal and informal partners, a heartfelt thank you for offering and accepting opportunities for mutual growth and success.

To our shareholders and customers, we thank you for your continued loyalty, confidence and investment. We strive to take Cashbuild ever further along the road in this journey and are excited by future prospects to increase value to our brand and shares.

Last but not least, I wish to acknowledge the hard work of my executive team and the guidance and contribution of our non-executive directors. I believe that it is through these tough trading times that we learn and grow, that we find ways to cut unnecessary costs and to do business better and smarter. As a team, we are solid and united and one in our aim to see Cashbuild succeed into the future.

Werner de Jager
Chief Executive
16 September 2013

Operational Areas, Divisions, Stores and Managers

OPS AREA 1 - ANDRÉ VAN ONSELEN / ANTON HATTINGH

GAUTENG NORTH WEST	
Divisional Manager	**Eddie Prollius**
Pretoria West	Jaco Bester
Montana	David Sesoko
Tembisa North	Wandile Mqanto
Tembisa Plaza	Frans Mahlangu
Centurion	Klinton Pietersen
Silvertondale	Victor Dlamini
Wonderpark	Louis van der Walt
CENTRAL EAST GAUTENG	
Divisional Manager	**Vacant**
Benoni	Abel Makwakwa
Cavendish Glen	Danie du Pisanie
Springs	Vacant
Edenvale	Keith Ncube
Greenstone Hill	Johan Voster
Kempton Park	Werner Visser
Kwa -Thema	Nico Matlhake
Tsakane	George Musinyari
GAUTENG SOUTH (SOWETO)	
Divisional Manager	**David Makhuvele (Trainee)**
Highgate	Ben Molobela
Meadowlands	Millen Mathebula
Protea Gardens	Ester Mashume
Protea Glen	Bigboy Manamela
Diepkloof	Simunikiwe Luvalo
VAAL TRIANGLE	
Divisional Manager	**Tyron Myburgh**
Everton	Tsietsi Lengoabala
Orange Farm Town Square	Michael Lechela
Orange Farm Central	Innocent Myolwa
Chris Hani	Simon Mafolagela
Katlehong	Andries Mahlaba
Vosloorus	Sarah Mdhluli
Sebokeng	Sobi Moropoli
Vereeniging	Joggie van Vreden
Zamdela	Elias Mathiso

MPUMALANGA SOUTH	
Divisional Manager	**Ian McKay**
Bethal	Jabulani Mthembu
Emalahleni Central	Veronica Kamfer
Emalahleni Industrial	Frans Lekala
Ermelo	Joseph Phula
Middelburg	Thapelo Motlhatlhedi
Elukwatini	Khaugelo Sebashe
Piet Retief	Pieter Visagie
Standerton	Louise Stols
NORTHERN NATAL	
Divisional Manager	**Wayne Graven**
Empangeni Relocation	Kenneth Madonsela
Eshowe Central	Leonard Mavundla
Nqutu Central	Dolly Dlamini
Richards Bay	Kathy Runjan
Ulundi	Agrippa Biyela
Mkuze	Alton Ngwenya
Pongola	Mbongiseni Khumalo
Vryheid Central	Siva Moodley
Stanger	Vusi Mthethwa
Nongoma	Gordon Mtshali
KWAZULU-NATAL	
Divisional Manager	**Tommy Naidoo (Trainee)**
Kwa Mashu	Meshack Buthelezi
Umlazi	Ellis Mngomeni
Howick	Sonnyboy Dlamini
Ladysmith	Sithunywa Manele
Newcastle	Sipho Mlangeni
MALAWI	
Divisional Manager	**Hennie Roos**
Malawi - Lilongwe	Alfred Pangani
Malawi - Blantyre	Joseph Malili
GAUTENG SOUTH	
Divisional Manager	**Ryno van Staden (Trainee)**
Aeroton	Brian Allie
Hillfox Relocation	Gift Gumede (Acting)
Northriding	Leon van Wyk
Ontdekkers	Kefiloe Tlhomedi

OPS AREA 3 - WILLIE DREYER

EASTERN CAPE	
Divisional Manager	**Jeff Maas**
Uitenhage Central	Pierre Marais
Ziyabuya	Matthew Stocks
Daku	Krisan Padayachie
Kwanobuhle	Kenneth Rooibaard
Humansdorp	Jaco Smith
Oudtshoorn	Wilco Benade
Thembalethu	Alby Carolus
New Brighton	Elsa Van Der Walt
WESTERN CAPE	
Divisional Manager	**Bennie Van Graan**
Brackenfell Central	Norman Labuschagne
Gugulethu	Nasreen Jacobs
Mitchells Plein	Brian Mcpherson
Makhaza	Ryan Brandt
Montague Gardens Central	Arthur Harty
Nyanga	Hadley Donough
NORTH WEST	
Divisional Manager	**Musa Mkhwebane (Trainee)**
Brits	FC Eloff
Hebron	William Motaung
Lethlabile	Joseph Dube
Mabopane	Thamae Retshidisitsoe
Soshanguve Plaza	Edward Rakgokong
Soshanguve Industrial	Nomonde Menziwa
Soshanguve Batho Plaza	Andrew Matjiu
Soshanguve Thorntree	Hendrick Mkhwebane

NORTH WEST	
Divisional Manager	**Hennie Roos**
Klerksdorp	Pieter Potgieter
Klerksdorp Central	Frikkie Barnard
Lichtenburg	Petrus Padiri (Acting)
Mafikeng	Isaac Semango
Mmabatho Central	Peter Mogoje
Mogwase	Terence Selepe
Northam	Elizabeth Ndhlovu
Lephalale	Fanie Craggs
Rustenburg	Hennie Van Wyk
Boitekong	Margaret Ramatja

Operational Areas, Divisions, Stores and Managers

OPS AREA 2 - SHANE THORESSON

MPUMALANGA NORTH	
Divisional Manager	**Attie Nel**
Acornhoek	Fanie Makofane
Bushbuckridge Central	Michael Sekgobela
Hazyview	Willem Coetzee
Thulamahashe	Godfrey Dzimba
Lydenburg	Jaqui Pretorius
Mkhuhlu Central	William Mothutsi
Wonderpark	Louis van der Walt
MPUMALANGA EAST	
Divisional Manager	**Andre van der Walt**
Naas	Vincent Khoza
Nelspruit Plaza	Dries Van Wyk
Schoemansdal	Brutus Ngwamba
Kabokweni Central	Bongani Leyane
Kanyamazane	Michael Mashile
White River	Wayne George
Tonga	Alex Mabuza
SWAZILAND	
Divisional Manager	**Zamani Tsabedze (Trainee)**
Manzini	Themba Matsebula
Matsapha	Themba Tsabedze
Mbabane	Faith Mkhatshwa
Nhlangano	Michael Magongo
Piggs Peak	Sipho Shongwe
Tshaneni Central	January Ngwenya
GAUTENG NORTH	
Divisional Manager	**Christo Basson**
Dennilton	George Robbertse
Hammanskraal	Silas Tsetsewa
Moloto	Patrick Baloyi
Bela Bela	Willy Funchal
Tweefontein	Emma Ngubeni
Jubilee Mall	Phoni Dubazana
Siyabuswa Mall	Thelma Boshomane
GROBLERSDAL	
Divisional Manager	**Johan Lamprecht**
Apel	Michael Mokoena
Burgersfort Central	Joseph Masete
Koringpunt	Harold Mahlabegwane
Lebowakgomo	Reuben Mothutsi
Lebowakgomo Central	Arnous Thaba

Malaita	Sonny Mogadime
Steelpoort	Vacant
Groblersdal	Stephan Fourie
LIMPOPO NORTH	
Divisional Manager	**Renier Smith**
Giyani Central	Benjamin Ithumileng
Louis Trichardt Central	Benniie Pretorius
Makhado	Michael Nare
Mukula	Watson Singo
Mussina	Christopher Makhomo
Sibasa	Maurice Mdabula
Bochum	Simon Mahlaule
Botlokwa	Dixi Moloto
Steiloop	Piet Kekana
Thohoyandou	Nick Venter
LIMPOPO	
Divisional Manager	**Callie Coetzee (Trainee)**
Maake	Zodwa Sithole
Polokwane Central	Louis Wolmarans
Phalaborwa	Hendri Van Aswegen
Seshego	Ronnie Viljoen
Mokopane	Sipho Rakgoale (Acting)
Tzaneen	Riaan Groenewald
Mahwelereng	Flippie Du Plessis
BOTSWANA NORTH	
Divisional Manager	**Alec Mandevu**
Francistown	Shathani Majumane
Mahalapye	Olga Ngwenya
Maun (New)	Kennedy Mpitse
Selebi Phikwe	Vacant
Serowe Central	Mpho Ntobedzi
BOTSWANA SOUTH	
Divisional Manager	**Andre Phillips**
Gaborone West	Benson Ramangwegape
Gaborone North	Raymond Monyake
Jwaneng	Kotlhao Keiretswe
Lobatse	Yame Kgari (Acting)
Molepolole Central	Dee Kgomo
NAMIBIA	
Divisional Manager	**Derick Klugkist**
Ondangwa	Robine May
Oshakati	Nuno Certo
Windhoek Central	Gerold Van Der Westhuizen

OPS AREA 4 - CROUS DE BEER

EAST LONDON	
Divisional Manager	**Mark Scholes**
Mthata East	Ricardo Roskruge
Mthata Central	Chris Mostert
Mount Frere	Buyisile Bonisano
Butterworth	Raymond Coetzee
Lusikisiki	Hilton Matha
Mqanduli	Johnson Dlamini
EASTERN CAPE	
Divisional Manager	**Mark Sutherland**
Kokstad Central	Trevor Samuel
Matatiele Central	Jonas Ndluvu
Port Shepstone	Allister Lottering
Harding	Zolile Dasoyi
Umzimkulu	Alex Ngwenya
Amalinda	Coenrad Venter
Mdantsane	Amedee Prollius
East London Relocation	Alfonso Fortuin
Bizana	Herbert Mutinhima
LESOTHO	
Divisional Manager	**Norbert Mokobori**
Mafeteng	Sidwell
Maseru H/C	Khomo Khomongoe
Mohale'shoek	Thabang
Leribe	Lucas Ramakotla
Maputsoe	Even Sello
FREESTATE	
Divisional Manager	**Gerrit Viljoen**
Bethlehem Central	Christina Roos
Ficksburg Central	Wickus Badenhorst

Kroonstad Central	PJ Pretorius
Qwa Qwa Phutaditjaba	January Tsotetsi
Qwa Qwa Central Setsing	Christo Strydom/Lydia
Qwa Qwa H/C	Daisy Motaung
Welkom Industrial	Charl Van Der Berg
Ladybrand	Gaffie Ackermann
Welkom Central	Kobus Venter
FREESTATE/NORTHERN CAPE	
Divisional Manager	**Adriaan van der Berg**
Hartswater	Gawie Griesel
Kuruman	Johan Van Der Walt
Mothibistad Relocation	Ambition Foromane
Taung Central	JP Smith
Vryburg Central	Roland Lucas
Rocklands	Pieter Rautenbach
Thaba Nchu	Christiaan Venter
Bloemfontein	Duann Viljoen
Botshabelo	Sam Pejane
Ganyesa	Thabo Lehihi
EASTERN CAPE	
Divisional Manager	**Jacques van Rooyen**
Cofimvaba	Mpho Mafako
King William's Town	Brian Myburg
Engcobo	Taninxolo Mlanjana
Lady Frere	Derick Potselo
Sterkspruit	Zelna Theron
Queenstown Central	Juliet Mcpherson
Alice	Stefan Blom
Fort Beaufort	Kevin Lentz

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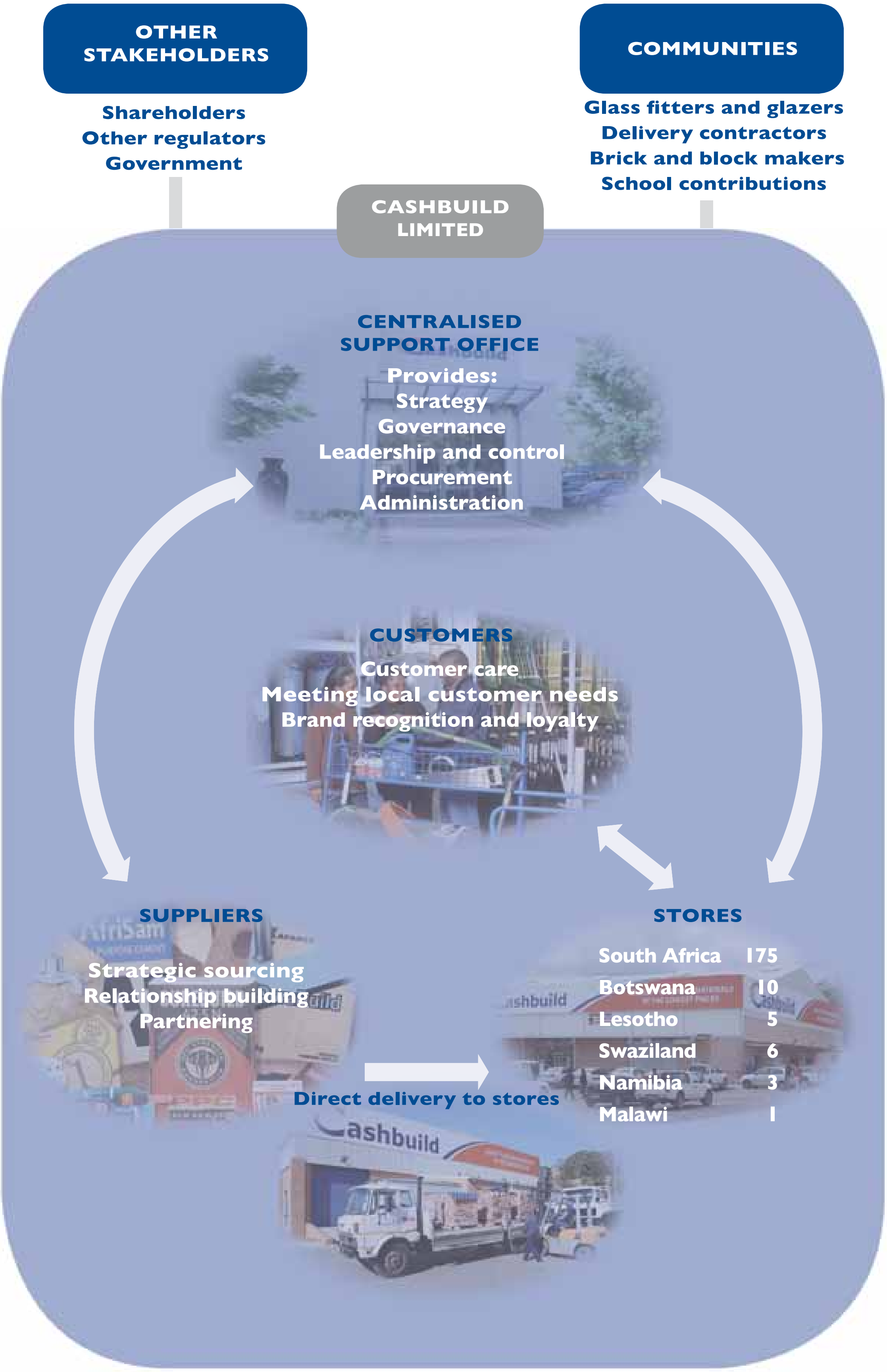
Business Model



Donations of building materials and time to St Francis Care Centre on Mandela Day

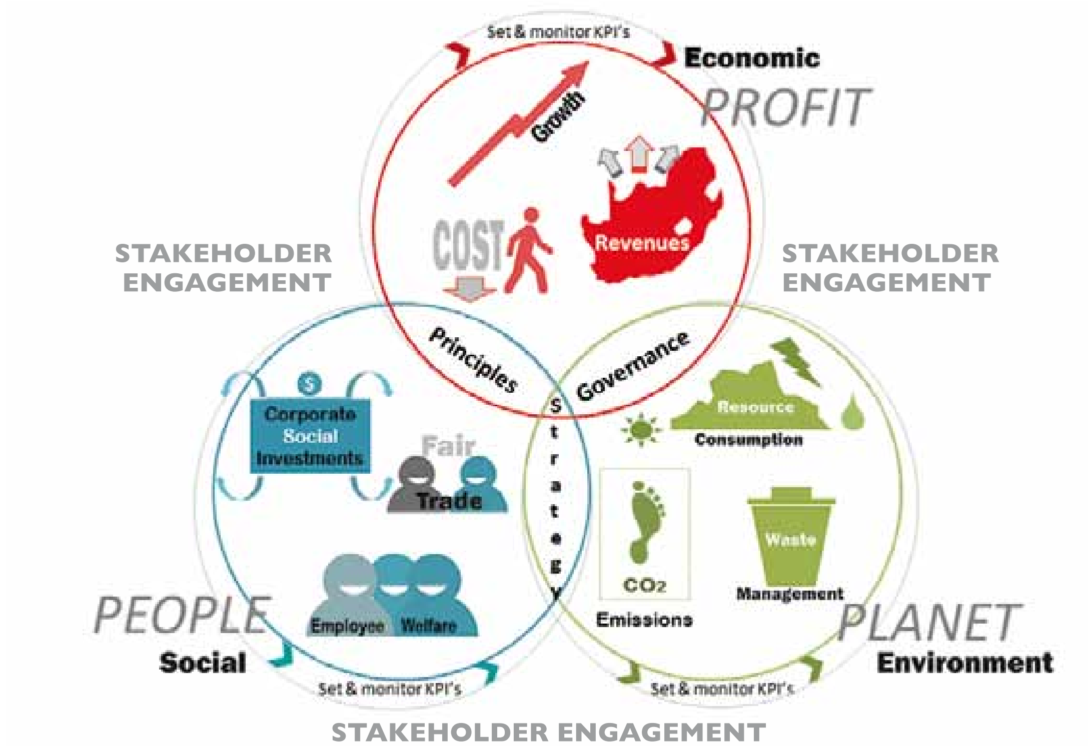
Art-at-heart
Cashbuild Community Support Initiative

Sustainability Report

Our model for sustainability

Cashbuild's chosen model guiding our sustainability strategy is termed the 'Profit, People, Planet Model' ('PPP') and is often referred to as the 'triple bottom line'. Ensuring that the company is focusing on all three of these areas and taking into account the impact these different aspects have on the potential performance of the company, as well as the impact the company has on these different aspects, ensures a balanced holistic approach and better chances of sustained success for the company.

Cashbuild Sustainability Model



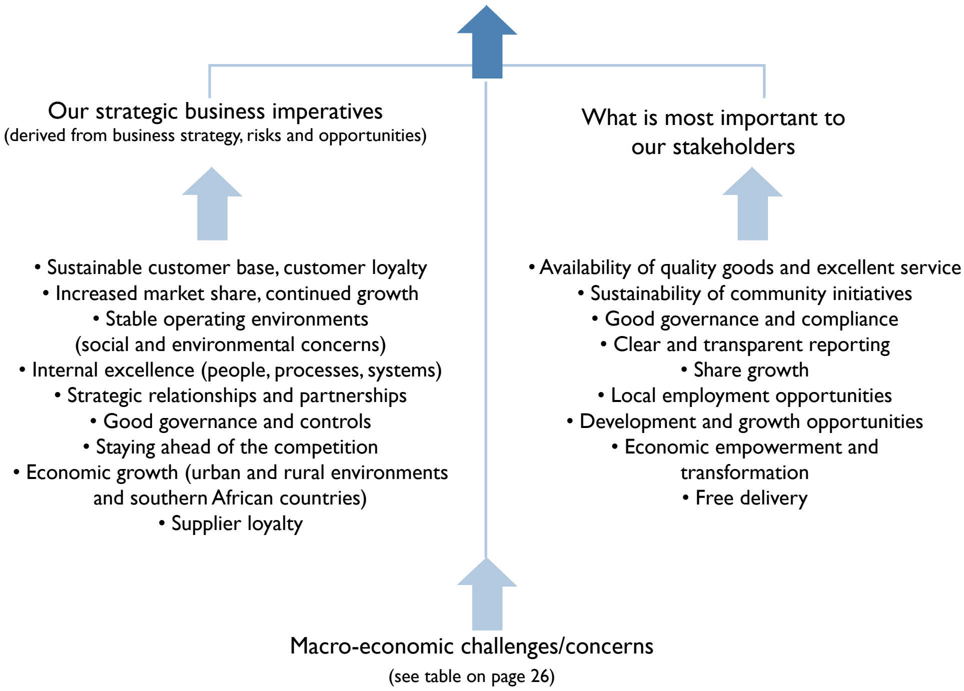
Adapted from 'Triplebottomline' 2012. This model is licensed under the Creative Commons Attribution-Share Alike 3.0 Unported license.

Materiality: What is most important to us and to our stakeholders

Our strategic business imperatives illustrated on the opposite page, are inherently material to and geared towards sustainability of the company. They reflect key mutual interests in terms of all of our stakeholders and as a response to strategic risks and opportunities facing the company (see page 12 for stakeholder engagement matrix).

- Growing current and emerging market share for sustainable growth;
- Investing and contributing positively to the communities in which we operate as they are our reason to exist;
- Building brand loyalty through consistently high quality products and best service;
- Building and growing strategic relationships and partnerships;
- Growing, empowering our people and retaining key skills;
- Upholding good governance and compliance with sound management practices; and
- Minimising negative impact on the environment.

Cashbuild Sustainability Strategy



Strategic Business Sustainability

Sustainability is often defined as the utilisation of current resources without detriment to future generations. It is not only about our impact on the environment, but also how environmental concerns may affect our ability to sustain ourselves and those dependent on our success. All these interdependencies play a role in our efforts to grow our business into the future. We realise that the macro-socio-economic and geo-political climate may ultimately support or hinder our efforts for success and, in response, we proactively and consistently monitor these indicators as part of our strategic decision-making through our operational and board committees (specifically with regard to risk – see risk management process in our corporate governance report on page 59).

By following the precautionary approach, we acknowledge that careful consideration, with proper feasibility and impact studies (including current cause and future effect), be taken into account before we embark on any sustainability initiatives. Our experience to embark on and learn from pilot projects before we implement changes, has stood us in good stead in all areas of our business. In the complex southern African context in which we operate, we have learned many valuable lessons over our 35 year history, specifically in terms of multi-cultural sensitivities, differing priorities and the absolute necessity to build lasting, open relationships with stakeholders. We have consistently found that our decentralised model and local recruitment policy, which empowers local managers with greatest understanding of the nuances of the local community, as one of the greatest assets as well as potential risk mitigation in successfully bringing Cashbuild to new, and often challenging environments.

A number of Cashbuild's suppliers have been supplying us for more than 30 years. The main ingredient for the mutually beneficial partnership is to ensure that Cashbuild delivers a quality product at the right time at a competitive price. A lot of time is invested by Cashbuild to ensure that we have mutually beneficial relationships with our suppliers. When the economy is under pressure we work with our suppliers to ensure that we remain competitive and grow market share as much as the market allows. We will only engage with suppliers if the relationship is mutually beneficial. We will ensure that we get the best possible purchase price, and retail the product at a competitive price. This in turn ensures that we can procure the necessary volumes from our suppliers to make the relationship profitable for them as well.

Our management approach and principles for mutually beneficial sustainability initiatives:

- use common sense;
- must ultimately tie into company strategic objectives (i.e. benefit the company as well as its stakeholders) or address strategic risks or opportunities;
- do business with reputable suppliers, who hold good and like-minded values and follow similar principles;
- influence value chain (up and down-stream) to improve, partner and grow according to our model for sustainability;
- invest holistically, don't just spend or donate (avoid 'once-offs' and unsustainable 'hand-outs');
- adapt and change where necessary, be flexible, allow for evolutionary process, learn from what does and does not work;
- be sensitive to different cultures in communication with diverse stakeholders, show respect;
- build, nurture and grow long-term solid relationships with all stakeholders and partner communities, and engage stakeholders effectively to understand concerns; and
- embody responsible corporate citizenship and influence others to do the same.

Macro environment

No company operates in isolation. Understanding the complexities, effects and impacts the macro socio-economic and geo-political environment may have on our operations and proactively responding where appropriate to potential threats, risks and stakeholder concerns, ensures that we are placed in the best position possible to deal with future uncertainties.

The following table details our strategic and operational responses to macro-socio-economic issues which are both relevant and current, as well as those which have been highlighted as key concerns by our various stakeholders. Due to the complexities and volatility in our environment, these challenges and our responses can change, as Cashbuild responds to its constantly changing environment.

Macro-economic challenges/concerns and Cashbuild's response to them

National and global issues and potential concerns	Issue type (Profit, People, Planet)	Potential Impact (HML)	Probability (HML)	Our response/mitigation	Results
Global energy crisis, Electricity supply shortages, rising electricity costs (expected 24% over next 3 years)	Environmental issue with economic impact	M	H	Implementation of pilot project in 12 stores. All new stores will use energy saving lights and natural lighting. Support office lighting refitted to energy saving. Installed solar pilot at Highgate store. Viability of model to be monitored and decided	In excess of 50% saving at stores installed with energy saving lighting. Estimate of 33 000g CO2 emissions saved per annum
Financial crisis, global recession and unsecured lending curtailment	Economic issue with social impact	H	H	Controlled growth through tough trading conditions, tighten overheads & streamline operations where possible, implement cost-saving innovations	Expense growth contained to 6%
Water scarcity in SA, specifically Gauteng water issues (Building industry heavy reliance on, and use of water)	Environmental issue with economic impact	M	M	Small builders workshops to educate builders around environmental issues and concerns (including water conservation); Engage stakeholders to influence value chain	On-going and effectiveness to be monitored
Socio-economic climate in SA (rising unemployment, skills shortages, strike action, and social unrest)	Social issue with economic impact	M	H	Stakeholder engagement and involvement - building better on-going relationships with local communities with their input to CSI spend; Local employment, empowerment and development policy; learnership programme; employee education	99 locally employed and 20 learnerships. Too soon to ascertain effectiveness of initiatives
Rising fuel costs and potential global fuel shortages	Environmental issue with economic impact	M	M	Better route planning and scheduling system implemented. We will continue to improve on this following recent fuel price increases.	Delivery expenses have increased from 1.2% to 1.5% of turnover. Emissions have reduced
National Carbon Tax implementation in response to global warming	Environmental issue with economic impact	M	H	Efficient lighting, better route planning and investigating solar power generation for stores	Reduction in emissions proven

Management awarding Art-at-Heart winner and *'cutting the beam'* to officially open the new store

Art-at-heart
Cashbuild Community Support Initiative

Profit - Economic Sustainability

Store expansion, relocation and refurbishment

Cashbuild is committed to 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 at least 10 additional stores per year. Additional stores are only approved when identified locations show clear potential to meet strict financial and operational criteria. Furthermore Cashbuild experienced store and operations management needs to be in place to manage and grow this investment. During the year under review nine additional stores were added. 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. During the financial year 20 stores were refurbished and six relocated. Relocation is only approved if it meets strict operational and financial criteria.

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.

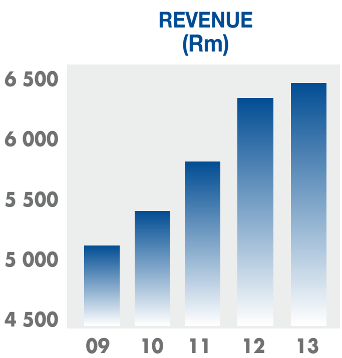
Supply chain management

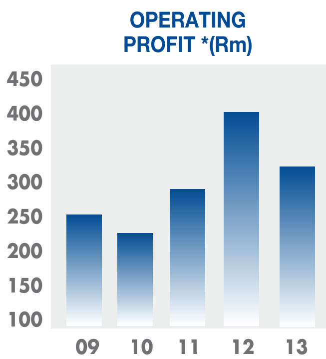
Cashbuild has a policy of, where possible, purchasing products from local suppliers in the areas in which it trades. By implementing this policy it supports local employment, distribution of wealth, reduces transport costs and enables Cashbuild to offer local store customers more competitive prices, 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.

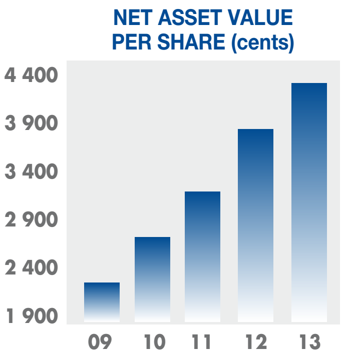
Total availability of all ranged products within all our stores is critical to Cashbuild's success and is a top priority. In the interest of good consistent practices and to avoid any misunderstanding, all our suppliers are given written contracts clearly setting out both parties' commitments and responsibilities 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. We do not import products but rather buy from responsible local importers.

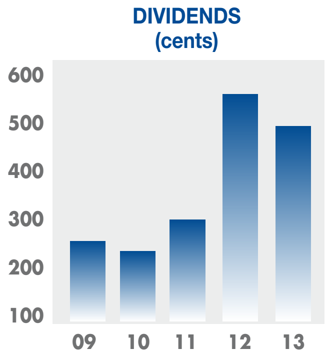
Five Year Financial Review

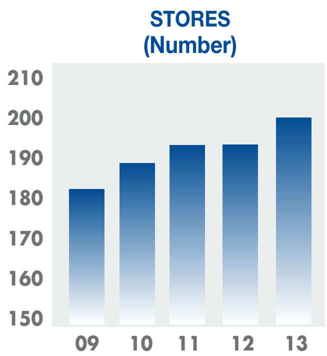
R'000	Five year compound growth % p.a.	June 13 (52 weeks)	June 12 (53 weeks)	June 11 (52 weeks)	June 10 (52 weeks)	June 09 (52 weeks)
INCOME STATEMENT						
Revenue	**10**	**6 376 945**	6 310 052	5 667 494	5 369 146	5 065 843
Profit before taxation*	**8**	**352 033**	433 330	319 598	255 680	275 036
Earnings attributable to shareholders*	**9**	**245 490**	286 832	206 489	163 776	177 056
STATEMENT OF FINANCIAL POSITION						
Shareholders' funds	**19**	**1 102 976**	976 674	839 524	697 466	584 555
Non-controlling interests	**(17)**	**13 460**	11 408	54 863	52 140	43 679
Interest-bearing borrowings	**6**	**2 488**	2 472	2 657	2 427	2 126
TOTAL EQUITY AND INTEREST-BEARING BORROWINGS	**17**	**1 118 924**	990 554	897 044	752 033	630 360
Tangible and intangible assets	**18**	**668 930**	558 693	541 106	453 442	366 456
Net deferred tax asset	**(24)**	**3 238**	11 157	10 461	9 321	11 301
Current and other assets	**1**	**1 396 832**	1 356 218	1 584 844	1 398 498	1 340 639
TOTAL ASSETS	**5**	**2 069 000**	1 926 068	2 136 411	1 861 261	1 718 396
TOTAL LIABILITIES	**(3)**	**952 564**	937 986	1 298 293	1 111 655	1 090 162
NET ASSETS	**17**	**1 116 436**	988 082	838 118	749 606	628 234











*2011 Excludes BEE transaction

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Share Performance Review

	Five year compound growth % p.a.	**June 13 (52 weeks)**	June 12 (53 weeks)	June 11 (52 weeks)	June 10 (52 weeks)	June 09 (52 weeks)
Share performance (cents per share)						
Headline earnings per share	**8**	**1 028.3**	1 255.7	916.4	717.2	781.2
Dividends per share	**16**	**487**	569	296	233	246
Net asset value per share (cents)	**19**	**4 379**	3 877	3 109	2 703	2 265
Returns and productivity						
Profit before tax on revenue (%)*		**5.52**	6.87	5.64	4.76	5.43
Return on shareholders' funds (%)*		**22.26**	29.66	25.94	23.48	30.04
Return on average capital employed (%)*		**23.61**	32.60	27.89	25.55	33.55
Total asset turn (times)		**3.08**	3.30	2.65	2.88	2.95
Turnover per employee (R'000)	**7**	**1 401**	1 417	1 294	1 212	1 093
Profit before taxation per employee (R'000)*	**5**	**77**	97	73	58	59
Total assets per employee (R'000)	**3**	**455**	430	488	420	371
Solvency and liquidity						
Dividend cover (times)		**2.18**	2.22	2.23	3.10	3.17
Current ratio		**1.61**	1.58	1.30	1.35	1.30
Total liabilities to total shareholders' funds		**0.86**	0.96	1.66	1.59	1.86
Interest-free liabilities to total assets		**0.46**	0.49	0.61	0.60	0.63
Stock exchange performance						
Number of shares in issue ('000)		**25 190**	25 190	25 190	25 805	25 805
Market price						
- high (cents)		**16 800**	13 800	10 000	8 150	7 000
- low (cents)		**11 491**	8 980	6 500	6 400	4 000
- at year end (cents)		**13 300**	13 700	9 500	7 502	6 400
Price earnings ratio at year-end*		**12.51**	10.80	10.45	10.40	8.21
Market capitalisation at year-end (R'000)	**22**	**3 350 245**	3 451 004	2 393 032	1 935 917	1 651 542
Other statistics						
Number of employees		**4 552**	4 453	4 381	4 432	4 633
Number of stores		**200**	191	191	189	183

*2011 Excludes BEE transaction

Value Added Statement

R'000	June 2013	%	June 2012	%
Revenue	**6 376 945**		6 310 052	
Less: Cost of merchandise and expenses	**(5 480 931)**		(5 356 586)	
Value added from trading operations	**896 014**		953 466	
Interest received on investments	**30 718**		33 561	
Total wealth created	**926 732**	**100.0**	987 027	100.0
To employees - salaries and benefits	**499 503**	**53.9**	487 421	49.4
To government - company taxation:	**95 673**	**10.3**	141 070	14.3
- Normal	**95 673**	**10.3**	130 112	13.2
- Secondary tax on companies	**-**	**-**	10 958	1.1
To providers of capital:	**136 048**	**14.7**	105 724	10.7
- Dividend to shareholders	**131 762**	**14.2**	98 817	10.0
- Interest on borrowings	**1 225**	**0.2**	706	0.1
- Minority shareholders' share	**3 061**	**0.3**	6 201	0.6
To retain for reinvestment in the group	**195 508**	**21.1**	252 812	25.6
- Depreciation, amortisation and impairment of property	**81 780**	**8.8**	64 797	6.6
- Income retained in the business	**113 728**	**12.3**	188 015	19.0
Total wealth distribution	**926 732**	**100.0**	987 027	100.0

Customer satisfaction

Our customers, with their 14.2 million transactions during the past year, are important and upholding Cashbuild's brand and growing customer loyalty is of utmost importance to us. Our customers are encouraged to provide feedback on their shopping experience with us through a number of platforms.

All complaints received are addressed to the divisional managers and resolved within 24 hours. In rare circumstances complaints are escalated to the operations managers for resolution within 48 hours. Cashbuild continues to provide training to our employees and store managers to reduce formal customer complaints in future.

Summary of formal customer complaints:

	June 2013	June 2012
Delivery related	**320**	308
In store related (till point, service, other)	**375**	309
Stock related	**12**	7
	707	624

Contractor funding

To ensure enhanced future profits of our new stores, Cashbuild has continued with the initiative whereby, we team up with our store developers and replace their funding from banks with our own cash resources. In essence, it's a prepayment of the rental for the term, allowing the landlord to offer a reduced rental and escalation throughout the rental term. This will ensure improved profitability of our stores into the future. Limited opportunities of this nature arise and in the past year we have concluded another two of these transactions bringing to date five successful contracts of this nature. We will continue to offer this to all new store developers.

People - Social Sustainability

One of Cashbuild's community projects is allowing glass cutters and glazers the opportunity to work rent-free on Cashbuild premises

Glass Cutters
Cashbuild Community Support Initiative

People – Social Sustainability

Cashbuild's HR strategy is closely linked to and supports our short-medium and long-term business sustainability strategy.

It takes advantage of the company's mature foundation of processes and procedures through the Cashbuild Way, while simultaneously driving necessary internal culture change to encourage the entrepreneurship and innovation necessary for our sustained growth and strive towards internal excellence. External broad based distribution of wealth is a vitally important part of Cashbuild's strategy to facilitate buy-in, involvement and commitment from our communities via our Corporate Social Investment ('CSI') initiatives.

We have been recognised as a 'best employer to work for', for four years in a row, as well our most recent 3rd position in Deloittes employee survey, which shows the strength of our commitment to our people.

We pursue employee excellence through the recognition and reward of our people, via our employee share scheme and Operations Management Member Trust, implemented in 2012 in the form of performance linked bonuses (50% bonus in cash, 50% in shares). Through this scheme we actively encourage excellent standards and teamwork through all levels of the company simultaneously creating empowerment and wealth, as well as strategy for retention.

Our three year view, regarding recruitment planning, which is tied to succession and manpower planning, based on the transformation agenda and short-medium term strategy of the company, ensure successful store development, and the competencies and capacities .

Employment

Cashbuild employs 4 552 excellent permanent people, through direct employment, who have demonstrated through their understanding of our customers' needs, that they are the right people for the Cashbuild business. The employee steering committee, put in place during the 2004 financial year, is bringing benefits across the entire business. The purpose of the steering committee is to identify business opportunities, eliminate any weaknesses, manage and protect all assets, develop our people further and have the resources to grow the company into the foreseeable future. All our employees are fully trained and certificated to carry out the functions for which they are employed and are encouraged to become multi-skilled to enhance their prospects for career advancement within Cashbuild. Continued adherence to The Cashbuild Way and the incentive and reward schemes based on revenue and profitable growth have improved productivity. Cashbuild acknowledges and rewards exceptional performance throughout the business. Each store recognises an employee of the month. At the annual Cashbuild Hall of Fame, 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. 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. 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.

Annual staff turnover within Cashbuild is 15.75%, a reduction of 5.5% over the last three years and 0.5% down on 2012.

Challenges

- General skills shortage in the South African job market as well as the issues of retention once employees have been hired, is a common problem for companies.
- Our policies, which support sustainability of the business through forging an organisational culture based on employee loyalty and growth, is to promote from within the company, which impacts our ability to transform the support office structures. Our medium-long term HR strategy and plans provide for the development of our current employee base to suitably fill these positions over time.
- Opening up channels for share participation at managerial levels in Cashbuild stores has not yet yielded the expected results.
- Cashbuild's influence over suppliers regarding their transformation is limited, and priority must still be given to preferential pricing.

Where the challenge still exists to transform internally at the pace expected of South African companies, the emerging market of women in construction appears to be promising and Cashbuild is committed to supporting government in their agenda to empower women and sustainably promote ownership of small and medium enterprises in and related to the construction industry. In the Small Builders Workshops, hosted by Cashbuild at store openings and re-openings after refurbishments, on average 10-20% of attendees are women business owners. It is exciting to see how these businesses and contracting companies, with the right support, can grow and flourish, providing employment to further community members.

We have been successful in developing people from the community to grow a skilled and loyal work force to ultimately mature into more sound senior positions, being part of the culture and with the necessary skills to continue Cashbuild's growth curve and serve Cashbuild's shareholders.

We:

- employ direct and local;
- use employee forums in a decentralised model to promote fair internal growth and development, supported by our social and ethics committee at support office with a transformation portfolio as part of that agenda;
- continue with our on-going learnership programme with the intention that our learners once qualified are absorbed into the company as permanent employees; and
- deviating from our business model, only where it makes financial sense to do so, have piloted models to provide small business owners and women in construction with bridging finance and 'cushion credit' to complete government low cost housing construction projects.

Transformation

Cashbuild is committed to, and is a driver of the principles of empowerment and transformation throughout the organisation. The wide geographical footprint of our 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.

We have continued to apply our HR strategy to continue to drive the necessary internal culture change, our commitment to transformation and the broad based distribution of wealth.

Our workforce has increased year on year with 99 new employees (net of appointments, dismissals and resignations), mainly due to our store expansion during the year.

The demographics of our staff complement is detailed as follows;

	June 2013	June 2012
Number of employees - beginning of financial year	4 453	4381
Employees dismissed	(361)	(343)
Employees resigned	(287)	(144)
New employees;	747	559
African	663	494
Coloured	47	31
White	27	34
Indian	10	-
Number of employees - end of financial year	4 552	4 453
African	4 003	3 880
Coloured	259	275
White	241	249
Indian	49	49
Employees by gender;		
Female - newly employed	211	123
- total employed	1 095	1 025
Male - newly employed	536	436
- total employed	3 457	3 428

Cashbuild is an equal opportunity employer, promoting fair treatment in our employment practices. While we acknowledge the challenges in transforming our work-force internally at the pace expected by government of South African companies, we have attained a contribution level 5, with a procurement recognition rating of 80% (as externally accredited by Empowerdex).

		2013		2012	
Element of scorecard	**Target Score**	**Score**	**Points**	**Score**	**Points**
Ownership	**20**	A	19,13	A	18,61
Management and control*	**10**	E	1,33	D	2,20
Employment equity**	**15**	E	2,66	D	5,44
Skills development	**15**	D	5,31	E	2,50
Preferential procurement	**20**	A	17,53	A	17,44
Enterprise development	**15**	A	15,00	A	15,00
Socio-economic development***	**5**	B	3,76	A	4,86
Overall score	**100**	**BBB**	**64,72**	A	66,05

2013 score lower due to:
- * Non-executive directors was not considered for management and control purposes
- ** The qualification score for this element of the scorecard being increased in the current year
- *** Fewer female employees participating in the Cashbuild learnership programme in the current year

Empowerdex	Contribution Level	Qualification	Procurement Recognition Level
AAA+	Level One Contributor	≥100 points on the Scorecard	135%
AAA	Level Two Contributor	≥85 but < 100 points on the Scorecard	125%
AA	Level Three Contributor	≥75 but < 85 points on the Scorecard	110%
A	Level Four Contributor	≥65 but < 75 points on the Scorecard	100%
BBB	Level Five Contributor	≥55 but < 65 points on the Scorecard	80%
BB	Level Six Contributor	≥45 but < 55 points on the Scorecard	60%
B	Level Seven Contributor	≥40 but < 45 points on the Scorecard	50%
C	Level Eight Contributor	≥30 but < 40 points on the Scorecard	10%
D	Non-compliant Contributor	< 30 points on the Scorecard	0%

Learnership programme

In recent years Cashbuild implemented a learnership programme through W&R Seta, with an additional 20 unemployed learners being trained in the current period. Since implementation we have trained 240 learners. We are continuing with this initiative.

Staff training and development

A number of Cashbuild employees were exposed to SAP and Active Retail training in preparation for the implementation of the new IT systems into the business. Over the years we trained 4 215 employees, which was in excess of 6 000 man-days of training invested in our people. There is a holistic approach and implementation of the developing of people to continuously focus on the growing of the business profitably, through giving excellent customer service.

In addition to the above, we provided job specific training to 3 010 employees. We also held training workshops for our managers, to develop core competencies to facilitate our store expansion programme and ensure the continued success of the business. A total of 325 management staff underwent this training, which contributed to in excess of 17 000 man-days of training during the year.

Counselling

We acknowledge that crime and theft at our stores is an ongoing challenge, and encourage vigilance at our stores to prevent, as far as possible, instances of crime which affect our community members and employees. We continue to offer trauma counselling through an outsourced service provider on both an individual and a group basis, mainly where employees and customers have been exposed to armed robberies at our stores.

Community investment

We view our communities as part of our Cashbuild family and are committed to working together for mutual benefit. During the year we continued to achieve this through upliftment of communities in which we trade by providing employment and investing in our communities infrastructure. We constantly endeavour to provide branded products at the lowest prices to our loyal communities.

We invest in our communities mainly through community projects, employment for local customer delivery and school contributions.

A major trigger point to initiate a number of these strategic imperatives is the new store openings, whereby an entire sequence of events follows a predictable process, with appropriate governance and controls, to yield the maximum benefit to both Cashbuild and communities in which stores are opened (or reopened in cases of refurbishments). The impacts these store openings have on these communities is felt for years.

For every new store opened:

- Between 14 and 20 locally sourced jobs are created and provided with training opportunities for growth and development;
- R96 000 of building material is donated to and benefit eight schools in the local community;
- Art-at-Heart prize winners' artwork from the schools becomes a permanent fixture in the local store until refurbishment in five years time, proudly on display for all customers to see;
- A number of local 'bakkie owners' and delivery drivers are given the opportunity to earn income (as well as obtain key skills and knowledge for running their own businesses) via Cashbuild's uniquely partnered outsourcing of customer deliveries to members of the local community;
- At least one glass cutter is given the opportunity to set up shop at the entrance to each store with free space to operate his trade;
- Brick and block makers are given the opportunity and mentoring to set up shop in close proximity to the store with Cashbuild initially its main customer; and
- Local community (and where relevant tribal and ward) leaders, who are considered key to the success of stores in their communities are included in the proceedings and engaged extensively prior to the openings with relationships being maintained and grown into the future.

Delivery driver employment

Cashbuild's free local customer delivery service which further creates local employment by using local labour and transport services, provides a value added service to our customers and supports local job creation.

Small Builders Workshops

Cashbuild has partnered with various suppliers to host in-depth knowledge sharing, coaching style workshops to benefit small builders and business owners around building, business ownership and legislative requirements which business owners have to adhere to. During the year we held 23 workshops at a total cost of R961 077 (2012: five workshops at a total cost of R250 572).

Local brick makers, cutters and glazers

Cashbuild is continuing its programme that initiates projects within the communities in which we trade, offering entrepreneurs the opportunity to produce bricks, blocks and lintels. These products are then purchased and on-sold by Cashbuild. We also offer glass cutters and glazers the opportunity to work rent-free on Cashbuild premises. At the end of the period we had 165 (2012:156) glass cutters operating from our stores.

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.

Win a Business Competition

Cashbuild, together with a number of supply partners held two competitions, whereby customers purchasing above a qualifying amount, could enter to win one of two start-up businesses. Each prize included a light commercial vehicle, building supplies, tools and skills training worth approximately R210 000. The purpose was not simply to give away a prize, but to empower the winners to start their own business and they in turn could employ more people to create wealth in the winners' respective communities.

School contributions

During the year, Cashbuild donated building materials to the value of R3.1 million (2012: R2 million) to 256 schools, one orphanage and a day care centre in the communities in which we opened our nine new stores. During the past 14 years, 1 666 schools have benefitted from building supplies donated to the value of R18.1 million.

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

Cashbuild is proud to be continuing this development, and looks forward to the future reward of employing learners from these schools in our stores.

Art-at-heart
Cashbuild Community Support Initiative

The following is the list of schools to which we have donated to during the year:

Store name	School name	Date	Province
Polokwane Central refurbishment	Pietersburg Laerskool	19/07/12	Limpopo
	Laerskool Ivypark		
	Grace and Hope LSEN School		
	Piet Hugo Primary School		
	Kaputla Nkoana Primary School		
	Pietersburg Comprehensive School		
	Utjane Primary School		
	Luthuli Park Primary School		
Lethlabile refurbishment	Khothalo Primary School	25/07/12	Northwest
	Tshetolo Primary School		
	Moleliuaheng Primary School		
	Komatie Primary School		
	Itumeleng Primary School		
	Phuthamans Primary School		
	Sehibidu Primary School		
	BK Guma Primary School		
Ficksburg refurbishment	Ficksburg Primary School	26/07/12	Freestate
	Ramafutsana Primary School		
	St Joseph Primary School		
	Mehoping Primary School		
	Caledon Park Primary School		
	Meqheleng Primary School		
	Masaleng Primary School		
	Qhowaneng Primary School		
Emalahleni Central refurbishment	Laerskool Kragbron	06/09/12	Mpumalanga
	Laerskool Panorama		
	Clewer Primary School		
	Carissa Primary School		
	Witbank Primary School		
	Vuma Combined School		
	Alex Mampana Primary School		
	Jeremia Mdaka Primary		
Siyabuswa relocation	Mareleng Primary School	25/09/12	Gauteng
	Hosea Aphane Primary School		
	Kabenziwa Primary School		
	Vulindlela Junior Primary School		
	Velangezwi Primary School		
	Thembeka Primary School		
	Phakgamang Primary School		
	Siyabuswa Primary School		
Orange Farm relocation	AHA Thuto Secondary School	27/09/12	Gauteng
	Laus Deo Primary School		
	Jabulile Secondary School		
	Leshata Secondary School		
	Madume Primary School		
	Imbali Primary School		
	Inhlonipho Primary School		
	Zonkizizwe Primary Shool		

Store name	School name	Date	Province
Thembalethu new store	Pacaltsdorp Primary School	27/09/12	Eastern Cape
	Parkdene Primary School		
	Tyholora Primary School		
	Heidedal Primary School		
	Conville Primary School		
	New Dawn Primary School		
	Mzoxolo Primary School		
	Thembalethu Primary School		
Nqutu refurbishment	Isisburusabasha Primary School	09/10/12	KZN
	Esibanini Primary School		
	Mgombane Primary School		
	Batshe Primary School		
	Luvisi Primary School		
	Patsoana Primary School		
	Fahlaza Primary School		
	Ntatshana Primary School		
Kanyamazane refurbishment	Shishila Primary School	11/10/12	Mpumalanga
	Lekazi Primary School		
	Msogwaba Primary School		
	Vulamasango Primary School		
	Mbongeni Primary School		
	Ndlaphu Primary School		
	Buhlebuyeta Primary School		
	Sizakele Stimulation Centre		
Evaton refurbishment	Botlehadi Primary School	18/10/12	Gauteng
	Thabeng Primary School		
	Mofolo Primary School		
	Lindisa Primary School		
	Tsokolibane Primary School		
	Bulatsela Primary School		
	Itsebeng Primary School		
	Mosioa Primary School		
Alice relocation	Davidson Primary School	31/10/12	Eastern Cape
	Alice Primary School		
	Melani Junior Primary School		
	Alice Primer		
	Umzamomhle Special Day Care		
	Elethu Primary School		
	Crabbush Primary School		
	Lovedale Primary School		
Windhoek Central refurbishment	Auas Primary School	01/11/12	Namibia
	Marti Ahtisaari Primary School		
	MH Greeff Primary School		
	Moses//Garoeb Primary School		
	Otjomuise Project School		
	Theo Katjimuine Primary School		
	Baum Garts Brunn Primary School		
	Aris Primary School		

Store name	School name	Date	Province
Mothibistad relocation	Moraladi Primary School	07/11/12	Northern Cape
	Maikaelelo Intermediate School		
	Vlakfontein Primary School		
	Bogare Primary School		
	A.B. Kolwane Primary School		
	T.T. Lekalake Primary School		
	Segonyana Primary School		
	Lareng Primary School		
Soshanguve Plaza refurbishment	Phumzile Primary School	08/11/12	Gauteng
	Refilwe Primary School		
	Ikhwezilethemba Primary School		
	Vukani Primary School		
	Nchapeu Primary School		
	RS Maluleka Primary School		
	Dithabaneng Primary School		
	Padisago Primary School		
Zamdela refurbishment	Malakabeng Intermediate School	16/11/12	Gauteng
	Isaac Mhlambi Primary School		
	Credo Primary School		
	Theha Setjhaba Primary School		
	Bokantsho Primary School		
	Lehutso Primary School		
	Tsatsi P Primary School		
	Kopanelang Thutho Primary School		
Katlehong refurbishment	Abram Hlophe Primary School	22/11/12	Gauteng
	Realeboha Primary School		
	Thulisa Primary School		
	Kwanele Primary School		
	Thabotona Primary School		
	Palmridge Secondary School		
	Pheasant Folly Primary School		
	Chivirikani Primary School		
Mqanduli new store	Matokazini Junior Secondary School	22/11/12	Eastern Cape
	Maqanyeni Senior Primary		
	Ngcwala Junior Secondary School		
	Sea View Primary School		
	Gengqe Senior Seconday School		
	Gwebinkundla Junior Secondary School		
	Sea View Secondary School		
	Holomisa Senior Secondary School		
Seshego refurbishment	Letlotlo Primary School	28/11/12	Limpopo
	Mashupye Tladi Primary School		
	Alf Makaleng Primary School		
	Morwasethula Primary School		
	Bosemahla Primary School		
	Prenora Primary School		
	Morupahale Primary School		
	Good Hope Primary School		

Store name	School name	Date	Province
Diepkloof new store	Mangwele Primary School	29/11/12	Gauteng
	Khomannani Primary School		
	Nanadi Primary School		
	Qhoboshiane Primary School		
	Thabisile Primary School		
	Elitheni Primary School		
	Leresche Primary School		
	Iplokeng Primary School		
Apel refurbishment	Tshweele Primary School	30/11/12	Limpopo
	Moshiane Primary School		
	Lerajane Primary School		
	Maphuthe Primary School		
	Maebe Primary School		
	Masehleng Primary School		
	Seroka Primary School		
	Saint Peters School		
Thembi Mall new mini store	Lungile Day Care Centre	21/12/12	Gauteng
	BulaMahlo Orphanage		
Tonga Mall new store	Mzinti Primary School	14/02/13	Mpumalanga
	Phiva Primary School		
	Tonga View Primary School		
	Mjejane Primary School		
	Kwalodakada Primary School		
	Iklangemabala Secondary School		
	Lugedlane Primary School		
	Luvolwethu Primary School		
Vosloorus refurbishment	Mampudi Primary School	19/03/13	Gauteng
	Bopang Kgotso Primary School		
	Zimele Primary School		
	Mklelenhle Primary School		
	Orhovelani Primary School		
	Abinala Primary School		
	Mthimkhulu Primary School		
	Fortune Kunene Primary School		
Mahwelereng new store	Madiphatlokdomo Primary School	2703/13	Limpopo
	Moshupsa Higher Primary School		
	Vaaltyn Primary School		
	Segooakgala Primary School		
	Kgatelopele Primary School		
	Ithuteng LP School		
	Nonchimudi Primary School		
	Leshoba Primary School		
Giyani refurbishment	Leneni Primary School	18/03/13	Limpopo
	Maloba Primary School		
	Tlharihani Primary School		
	Sukani Primary School		
	Comprehensive Primary School		
	MK Khambani Primary School		
	Maswanganyi Primary School		
	Mhlanganisweni Primary School		

Store name	School name	Date	Province
Nongoma new store	Nkosiyethu Primary School	25/03/13	KZN
	Mandlezulu Primary School		
	Ngethule Primary School		
	Martha Beyers Academy		
	Nongoma Intermediate School		
	Manqwashu Primary School		
	Kwanongcoyi CP School		
	Holinyoka CP School		
New Brighton new store	Tjaart van der Walt School	25/03/13	Eastern Cape
	Jarvis Gqamland School		
	Seyisi Primary School		
	Emsengeni Primary School		
	Gertrude Shope Primary School		
	Stephan Mazungula Primary School		
	Lamani Primary School		
	Kama Primary School		
Springs refurbishment	Bakerton Primary School	16/03/13	Gauteng
	Selection Park Primary School		
	Welgedacht Primary School		
	Werda Primary School		
	Selpark Primary School		
	Christiaan Beyers Primary School		
	Pam Brink Primary School		
	Pine Grove Primary School		
Vryburg Central refurbishment	Dryharts Primary School	23/03/13	North West
	Thuto Lesedi Primary School		
	Colinda Primary School		
	Moeti Primary School		
	Molemoeng Primary School		
	Mokgosi Primary School		
	Kismet Combined School		
	Voorbereiding Skool Vryburg		
Bizana new store	Plangeni Junior Secondary School	13/03/13	Eastern Cape
	Ntola Junior Secondary School		
	Mzamba Combined High School		
	Zamokuhle Junior Secondary School		
	Embobeni Junior Secondary School		
	Bizana Village Junior Secondary School		
	Fre-Methodist Primary School		
	Luna Junior Secondary School		
Mkuze refurbishment	Mtwazi Combined School	13/03/13	KZN
	Ubombo Primary School		
	Obani Primary School		
	Mkuze Primary School		
	Mgabadeli Primary School		
	Vulamehlo Primary School		
	Inkuthazelo Primary School		
	Mhlekazi Primary School		

Store name	School name	Date	Province
Lebowakgomo Central refurbishment	Sekutupu Primary School	19/06/13	Limpopo
	Phisoane Primary School		
	Eureka Project School		
	Ndlovu Primary School		
	Lenting Primary School		
	Lafata Primary School		
	Hlagatse Primary School		
	Mamaolo Primary School		
Elukwatini relocation	Eluwatini Primary School	27/06/13	Mpumalanga
	Makhosonke Primary School		
	Khulangelwati Primary School		
	Lamagadlela Primary School		
	Tsatsimfundvo Primary School		
	Imbali Primary School		
	Vuka Primary School		
	Mkhomozane Primary School		

	SUMMARY OF CONTRIBUTIONS		
	Schools (256 x R12 000)		R3 072 000
	Orphanage		R30 000
	Day care centre		R40 000
	TOTAL CONTRIBUTED - 2013		**R3 142 000**
	- To date		**R18 132 000**

Planet - Environmental Sustainability

The electricity saving from our energy saving lighting project is in excess of 50% at stores where the project has been implemented

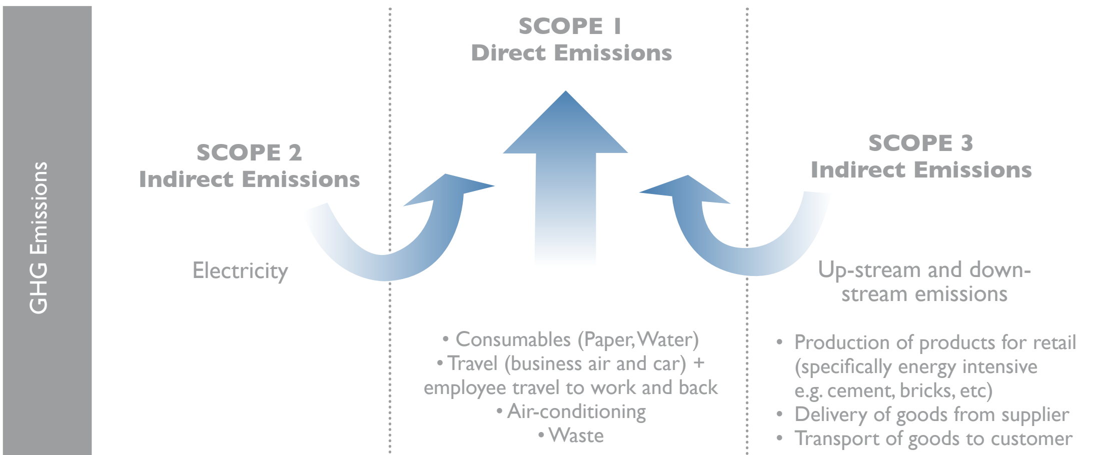
Planet – Environmental Sustainability

Although retail organisations have less impact on the environment when compared with their direct manufacturing or processing counterparts, Cashbuild recognises the need to minimise its carbon footprint and encourage its industry partners to do the same.

Project to reduce electricity usage (energy saving lighting)

Cashbuild implemented a new project to reduce electricity consumption and cost of our stores and support office, by replacing existing incandescent lightbulbs with energy efficient energy saving lights. The pilot project was carried out successfully at our support office, and rolled out to 12 of our stores. Cashbuild has initially focused this project on stores which have a monthly electricity cost over R8 000. The expected electricity saving (based on preliminary figures) from this project is a decrease in excess of 50% in energy cost at stores where the project has been implemented. Subsequent to year-end, we have converted another five stores and plan to convert a further six stores during the up coming period. We have upgraded the specifications on our new stores and as and when we do refurbishments, to use energy efficient lighting.

Cashbuild Carbon Footprint - GHG Emissions



What we are doing to reduce our carbon footprint		Scope 2		Scope 1	Scope 3	
		Stores	Support office	Stores and Support office	Up-stream	Down-stream
	Current	Begun replacing incandescent lightbulbs with energy saving lighting	Conventional incandescent lightbulbs replaced with energy saving lighting	Reduction of paper purchased through electronic communication implemented; Increased focus on paper recycling	Agreement with certain suppliers to supply on an EOQ basis, thereby delivering smaller quantities to reduce emissions from using oversize heavy vehicles	Sales delivery route planning at stores, to reduce distance travelled and have fuller loads per trip
	Current		Double glazing installed on windows to promote efficient air conditioning	Reduction of plastic wastage by using 40l water dispensers and 1.5l water bottles in place of 500ml bottles		Investigation into alternate building methods at selected stores to allow for re-use/trade-in of used building supplies
	Future target	All stores to use energy saving lighting within 3 years		Focus on reducing paper consumption by utilising electronic alternatives	Extend this agreement to all suppliers of smaller goods	Enforce route planning across all stores for sales deliveries
	Future target	Reduce electricity costs by 50% over the next 3 years		Reduce electricity costs by 50% over the next 3 years		Have alternate building method at all stores to allow for re-use/ trade-in of used building supplies

Waste Management

During Cashbuild's implementation of the new IT system and current year rollout of the system to the individual stores, a large amount of old IT equipment was replaced. Cashbuild actively engaged our IT partners to ensure that all redundant IT equipment was responsibly disposed of, in line with the Waste Electrical and Electronic Equipment (WEEE) Directive of 2003. WEEE is the fastest growing element in the municipal waste stream, containing many hazardous substances including lead, cadmium, mercury, bromine compounds and arsenic. The WEEE Directive sets the target that 65% of IT equipment must be recycled, with materials such as CRT's, LCD displays, circuit boards, batteries and other flame retardant plastics requiring pre-treatment before disposal.

Through this initiative, Cashbuild disposed of 44,848 kg of IT equipment comprising 83% of all IT equipment which was identified as outdated. The remainder of these items were able to be reused to support the new IT system.

As part of Cashbuild's delivery driver employment programme, in order to reduce emissions Cashbuild implemented route planning to reduce fuel and travel costs. Through this route planning initiative Cashbuild has saved an estimated R14.6 million and reduced carbon dioxide emissions by almost one ton.

Working with Stakeholders to Influence our Value Chain

Because Cashbuild, as a retailer of building materials, does not directly manufacture these materials, nor own the fleet of vehicles to either transport goods from supplier to stores, nor from stores to customers, its impact on the environment may be perceived as limited. We do however take cognisance of the fact that the building industry, upon which our business is dependent, is highly resource-intensive in its consumption of energy and water. Considered a major part of our Scope 3 indirect upstream emissions are bricks and cement, which are primary products for Cashbuild, which use intense heat and therefore require high volumes of electricity in their production processes.

The building styles prevalent in the southern African context, i.e. bricks and mortar, are fundamentally dependent on water and uses large volumes of it for construction. South Africa as well as the rest of the southern African region, is considered a water scarce region. As part of our 'responsible corporate citizenship', we aim where possible to encourage others within our sphere of influence to affect positive change, specifically regarding the:

- reduction of carbon emissions;
- conservation of water;
- optimised usage of electricity;
- product responsibility;
- correct waste management; and
- understanding of environmental impacts in construction.

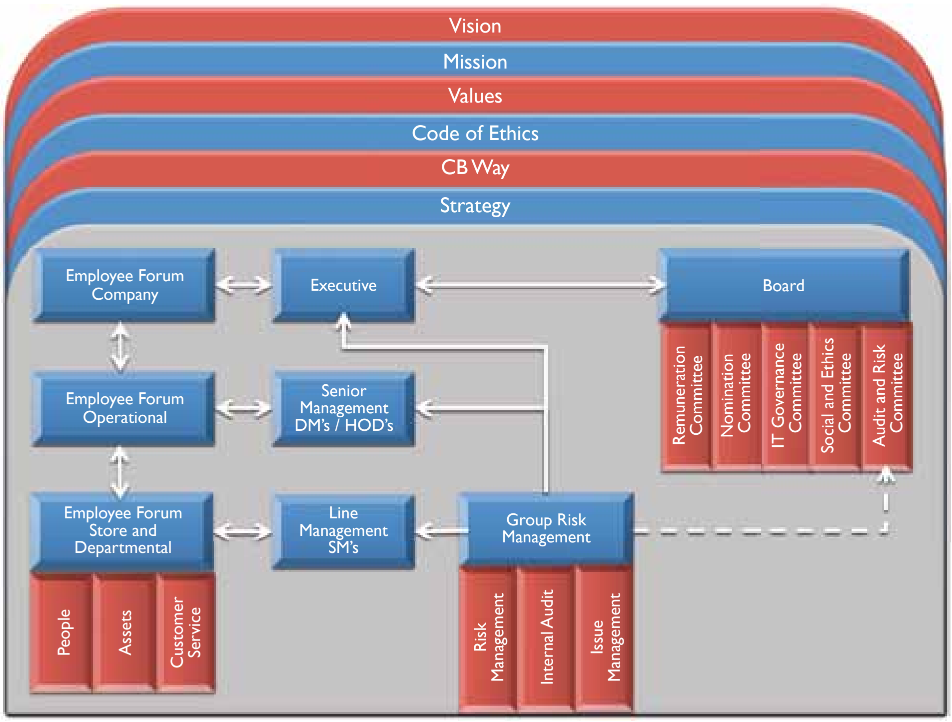
Payments of R119 million were made during the year to community contract delivery drivers

Delivery Drivers
Cashbuild Community Support Initiative

Corporate Governance Report

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 all the countries and jurisdictions where we conduct business.

Governance framework and structure at a glance



Name	Board	Board Committees				
		Social and Ethics Committee	IT Governance Committee	Audit and Risk Committee	Remuneration Committee	Nomination Committee
D Masson	C; INE		M	I	M	C
IS Fourie	INE			C	M	
HH Hickey	INE	M		I		
AGW Knock	INE		C	I	C*	M
DSS Lushaba	INE			M		M
NV Simamane	INE	C		M		M
WF de Jager	E	M		I		
AE Prowse	E	M		I		
SA Thoresson	E			I		
A Van Onselen	E			I		

Legend:
INE = Independent non-executive director
E = Executive director
C = Chair
M = Member of board committee
I = Attendance by invitation
* = AGW Knock appointed as chairman on 16 September 2013

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 Cashbuild 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.

Based on the outcome of an independent corporate governance compliance review facilitated by PwC during September 2011, Cashbuild committed to action plans for the improvement of the status at that time and recorded these in a three year roadmap. Successful completion of activities contained in this roadmap are:

- Ethical Leadership and Corporate Citizenship
  - Consolidate related "behavioural" policies into one ethics charter.
- Boards and Directors
  - Terms of reference of board and board committees reviewed and updated; and
  - Consideration given to annual board and board committee evaluations.
- Audit and Risk Committee
  - Noted and acted on requirements for AGM;
  - Addressed new roles of committee (e.g. Integrated Reporting oversight); and
  - Formulate and minute existing processes.
- Governance of Risk
  - Formalise and minute existing processes (updated the Cashbuild Way).
- Governance of Information Technology
  - Assessed the need for a CIO in future; and
  - Clarified the roles of the IT governance committee.
- Compliance with Laws, Rules, Codes and Standards
  - Include as part of the ongoing board agenda.
- Internal Audit
  - Obtaining an independent assessment of internal audit; and
  - Exploring the need for enhanced reporting to the audit and risk committee on internal controls and risk management.
- Governing Stakeholder Relationships
  - None.
- Integrated Reporting and Disclosure
  - Addressed the need for a fresh approach to the way in which information is categorised and delivered.

Activities contained in the previous three year roadmap still in progress are:

- formulating 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;
- independence assessment process for chairman and directors;
- mapping risks to combined assurance procedures;
- enhancing external reporting through use of governance systems and processes;
- satisfying the need for greater group oversight and a consolidated view through combined assurance assessment of the various aspects of compliance; and
- considering various assurance options for material key performance indicators.

In its continued quest to improve its approach to corporate governance, Cashbuild subscribed to the Institute of Directors Southern Africa's governance assessment instrument – "GAI" - (refer to http://www.iodsa-gai.co.za). Cashbuild made this decision in the knowledge that by applying the GAI, the stakeholders of the company will gain assurance that the principles of good governance as laid out in King III have been applied, as evidenced by the process of a complete and credible standardised review of all the supportive practices. A further consideration prompting this decision was the fact that the IoDSA GAI also encompasses the JSE Listings requirements and the South African Companies Act (2008) as these pertain to corporate governance.

The process of completing the governance assessment is cyclical in nature and will be repeated annually with action steps stemming from that.

Cashbuild received an AA compliance rating which indicates a High Application of King III principles.

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 gatherings.

Board Composition

The board operates a unitary board and commenced the year consisting of four executive and six independent non-executive directors. The board chairman is an independent non-executive director. The non-executive directors, who are trained and experienced, bring insight and expertise to board deliberations. The board believes it has sufficient skills and experience to balance compliance to governance and entrepreneurial performance.

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

- Stefan Fourie (non-executive director) was appointed to the board on 1 July 2012 and appointed chairman of the audit and risk committee and member of the remuneration committee on 17 September 2012; and
- Hester Hickey (non-executive director) was appointed to the board on 1 July 2012 and appointed member of the social and ethics committee on 17 September 2012.

At financial year-end, the board consisted of:

- Non-executive directors:
  - D Masson (Chairman)
  - IS Fourie
  - HH Hickey
  - AGW Knock
  - DSS Lushaba
  - NV Simamane

- Executive directors:
  - WF de Jager (Chief Executive)
  - AE Prowse (Finance Director)
  - SA Thoresson (Operations Director)
  - A van Onselen (Operations Director

Refer to pages 54 and 55 for a brief curriculum vitae of directors.

Board Meetings

The board met four times during the year. The chairman of the board and the chief executive meet monthly. A strategy meeting is also held annually. The chairman of the board and chief executive in consultation with the company secretary take 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 decision. 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.

The board has five board committees, namely the nomination; the remuneration; the audit and risk; the social and ethics; and the IT governance committees. 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 consists of three independent non-executive directors, namely Mr D Masson (committee chairman up until 16 September 2013), Mr AGW Knock (appointed to the committee on 17 September 2012), and Mr IS Fourie (appointed to the committee on 11 March 2013). The committee met five times during the financial year. On 16 September 2013, Mr AGW Knock was appointed as chairman of the committee in place of Donald Masson.

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 development of criteria for performance measurement and 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, for implementation with retrospective effect to the beginning of the financial year which is under review.

Audit and Risk Committee

The audit and risk committee is chaired by Mr IS Fourie with Dr DSS Lushaba, and Ms NV Simamane being members. All independent non-executive directors being members of the audit and risk committee are financially literate. The audit and risk committee met four times during the course of the year with all members attending each meeting.

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 the Companies Act of 2008, 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 and risk committee, include the need to prepare a report for inclusion with the published annual financial statements on the following matters:
  - how the audit and risk committee carries out its functions;
  - whether or not the external auditor is independent;
- its findings with regard to:
  - the integrated report;
  - accounting practices utilised in the preparation of the annual financial statements;
  - internal financial control; and
  - the going concern nature of the company.

Other duties of the audit and risk 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 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) and Mr AGW Knock are members of the nomination committee.

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

No meetings of this committee took place during the year.

IT Governance Committee

Cashbuild's IT governance committee commenced as an independent oversight committee chaired by Mr AGW Knock. The committee initially placed a primary focus on governance of Cashbuild's IT projects and through natural life cycle growth and maturity enhancement 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 met on a monthly basis during the 2013 financial year.

Directors elected as members of this committee are Messrs AGW Knock (Committee Chairman), D Masson, WF de Jager, AE Prowse, SA Thoresson, and A van Onselen.

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;
- IT resource management which includes optimising IT knowledge and infrastructure.

Social and Ethics Committee

The social and ethics committee consists of Ms NV Simamane (Committee Chair), Ms HH Hickey (appointed to this committee on 17 September 2012) and 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;
- 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.

This committee met four times during the 2013 financial year.

Directorate

Executive Directors

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

WF de Jager (42)

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, thereafter on1 March 2012 he was appointed chief executive.

AE Prowse (49)

CA(SA) • Finance 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 (50)

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 (51)

Dip MDP Unisa Business School • Operations director
Appointed 20 September 2004

Over 24 years retail experience.

Joined Cashbuild in October 1997.

Independent Non-Executive Directors

D Masson (82)#❖❋
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, Valley Irrigation of Southern Africa (Pty) Ltd., and McCarthy Ltd. Serves as a trustee on various pension funds and share trusts.

IS Fourie (66)◆❋
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 (59)❑
CA(SA)
Appointed 1 July 2012

Serves on various boards including Omnia Ltd., Pan African Resources PLC and African Dawn Capital Ltd. Also serves as audit and risk committee chairperson for several companies.

Appointed member of the social, ethics and transformation committee on 17 September 2012.

AGW Knock (62)#❖❋
Pr Eng, BSc (Eng) (Wits), MSc (Eng) (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 (47)◆
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 (54)◆❑
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 and risk 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 non-executive directors are provided on page 55 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 25 years. The board has assessed that the length of service of this director has not impaired his independence, character and judgements.

The matter of independence of directors is addressed during the recruitment 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 2013 financial year.

Director's attendance of meetings

Refer to the directors' report on page 79.

Prescribed officers

Prescribed officers are defined as Cashbuild employees who:

- 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; and
  - more than 15% of Cashbuild's total turnover.
- are eligible for appointment as a directors or prescribed officers in terms of Section 69 of the Companies Act (2008) as amended.

One member of the Cashbuild executive team, Crous de Beer (Operations Manager), is classified as a prescribed officer. He has formally acknowledged and accepted the designation 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 his 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 Mr CD Kneale.

Executive

The board continues to delegate relevant matters to the executive directors and senior management based on detailed authority levels. 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 (Finance Director)
- Mr A van Onselen (Operations Director)
- Mr SA Thoresson (Operations Director)
- Mr C de Beer (Operations Manager)
- Mr W Dreyer (Operations Manager)
- Mr AHS Havenga (Group Risk Manager)
- Mr P Champion (Human Resources Manager)
- Mr W van Aswegen (General Manager Procurement)
- Ms G Mead (General Manager Finance)

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.

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. None of the executive management team made any intentions known during the financial year to resign or retire.

IT Governance

Cashbuild IT Project

Cashbuild's IT Project consisting of the implementation of an integrated Active Retail and SAP All-in-One solution was successfully completed towards the end of May 2013 with the exception of deployment of Active Retail in the Malawi store. Roll out of Active Retail to Cashbuild stores being a primary focus during the 2013 financial year, was achieved within a timeframe of 14 months by a dedicated and focused team of specialists supported by Cashbuild management and staff.

Project governance was tightly controlled by the project team and supported by weekly updates provided to the executive management team, weekly project management sessions involving members of Cashbuild operations, finance and an external service provider, 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 a company-wide IT governance forum as a natural progressive evolution of the original IT project committee to a Cashbuild board sub-committee.

The decision made not to roll out Active Retail to the Malawi store is the result of unique business requirements associated with business in this country not catered for in the vanilla Active Retail application. Alternative solutions are being explored with the required controls currently in place for continued support of the legacy application utilised in this store.

In order to create further efficiencies in the business, several additional processes and activities have been identified since commencement of the project and these improvements to the SAP and Active Retail systems are ongoing. Business imperative items receiving continued and focused attention are those relating to daily balancing of transactional data between Active Retail and SAP.

INTRODUCTION
GROUP HIGHLIGHTS
VISION, MISSION AND CORE VALUES
CASHBUILD STORES
ORGANISATIONAL STRUCTURE
ENGAGING WITH STAKEHOLDERS
CHAIRMAN'S REPORT
CHIEF EXECUTIVE'S REPORT
OPERATIONAL AREAS, DIVISIONS, STORES AND MANAGERS
BUSINESS MODEL
SUSTAINABILITY REPORT
ECONOMIC SUSTAINABILITY
SOCIAL SUSTAINABILITY
ENVIRONMENTAL SUSTAINABILITY
CORPORATE GOVERNANCE REPORT
DIRECTORATE
REMUNERATION REPORT
SHAREHOLDERS' DIARY
ANNUAL FINANCIAL STATEMENTS
NOTICE OF ANNUAL GENERAL MEETING
FORM OF PROXY
GRI INDEX
UN GLOBAL COMPACT PRINCIPLES
ADMINISTRATION AND OFFICES

The integrated planning solution initially sourced to cater for Cashbuild's budgeting process requirements was found not to meet business specific requirements. An initiative is underway to simplify the existing Cashbuild process and to source and implement an alternate solution. Cashbuild is currently dependent on an interim solution to meet budgeting and forecasting needs with appropriate checks and balances in place to ensure that immediate business requirements are met.

IT Governance Framework

Development of an IT governance framework which amongst others includes enhanced business continuity and disaster recovery plans is well underway. 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 its 200 stores.

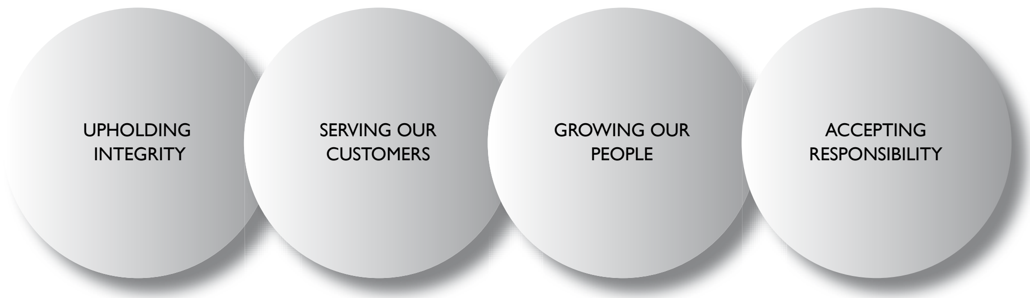
The recent contractual appointment of an independent IT executive further supports Cashbuild's commitment to establishing an IT governance framework.

IT governance forms an integral part of the company's business. 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, our mission, values and guarantees.

A formal Code of Ethics was prepared and rolled out in Cashbuild during 2013. The Code of Ethics was developed to build on our ethical foundation and contains principles that guides behaviour of all Cashbuild stakeholders. The Code of Ethics is underpinned by Cashbuild's core values. Our core values are:



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 continues to contract 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, aligned to ISO9001 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.

Risk Management Approach

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 risk governance within Cashbuild. Risk management has been delegated to the audit and risk committee. The role of the audit and 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 51 and 73 respectively.

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. A combined assurance process is currently being developed. 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 annual financial statements.

Cashbuild's Top 10 risks

Detailed below are Cashbuild's Top 10 risks as at the end of June 2013:

Ranking Number	Risk Title	Mitigation Plan
1	Integration and information flow of the IT solution as implemented not meeting business expectations documented and agreed upon during scoping phase of project	• Successful roll out of Active Retail with the exception of Malawi • Obtain an improved understanding of the required scope of service to be contracted with service provider • Consider alternatives to integration • Information flow provided by existing IT solution
2	Non payment of suppliers by creditors	• Detailed action plan (PIP) monitored by the finance director with a caretaker addressing this risk assigned until appointment of a GM Creditors
3	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
4	General decrease in transactions	• Attention to stores with unacceptable level of transactions. • Anomalies identified and action taken on each • Attention given to product pricing and ranging
5	Increased instances of community unrest taking place coupled with a projection of +/- 200 municipal demarcation events that could take place	• The Cashbuild Way providing guidelines on dealing with community unrest updated
6	Adequacy of Cashbuild model to address IT requirements and service delivery resulting in high reliance on external IT outsource partner	• Appointment of IT executive on a contractual basis. • Continued monitoring of performance of service provider against service level agreement. • Re-negotiation of IT service provider's contract
7	Increasing incidence of 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
8	Talent pool to meet Cashbuild's store expansion programme as per current store development plan	• Pro-actively source store management skills • Consider skill requirements for alternative store model • Focus on improvement of existing skills
9	Level of stockholding	• Targeted reduction of stock levels
10	Addressing loss-making stores	• Careful analysis per loss-making store with detailed store specific action plans put in place per store to address the situation

Assurance

Financial Statements

The directors accept ultimate responsibility for the preparation of the annual financial statements that fairly represent the results of the company in accordance with the Companies Act (2008) and International Financial Reporting Standards (IFRS).

External Audit

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

Internal Audit

The Cashbuild Internal Audit Charter has been updated during 2013.

The mission of the internal audit department is to provide independent, objective assurance and consulting services designed to add value and improve the company's operations. It helps Cashbuild to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The scope of work of the internal audit department is to determine whether Cashbuild's network of risk management, control and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- risks are appropriately identified and managed;
- interaction with the various governance groups occurs as needed;
- significant financial, managerial and operating information is accurate, reliable, and timely;
- employee's actions are in compliance with policies, standards, procedures including adhering to The Cashbuild Way and applicable laws and regulations;
- resources are acquired economically, used efficiently and adequately protected;
- programmes, plans, and objectives are achieved;
- quality and continuous improvement are fostered in Cashbuild's control process; and
- significant legislative or regulatory issues impacting the organisation are recognised and addressed appropriately.

The internal auditing department and its personnel report to the group risk manager, who reports functionally to the chief executive with a direct communication line to the chairman of the audit and risk committee.

Tip-offs Anonymous and Issues Management

Cashbuild subscribes to Tip-offs Anonymous, a service line provided by Deloitte. All tip-offs logged are investigated to identify the root cause thereof and address the issues 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

The 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 were imposed on the company or any of its directors or officers during the year.

Going Concern

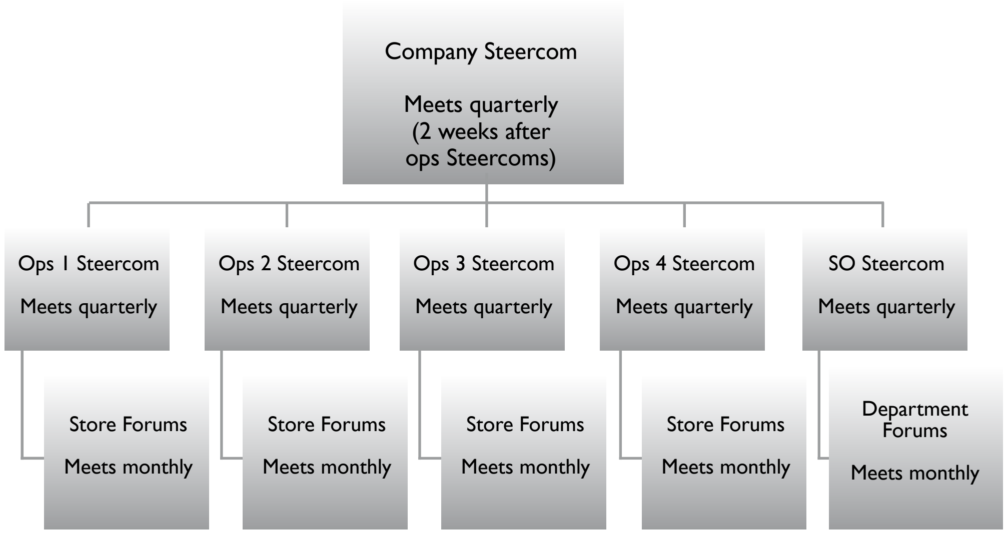
The board is satisfied that the company has adequate resources to continue operating for the next 12 months and into the foreseeable future. The financial statements have been prepared on a going concern basis. The board is apprised of the company's going concern status at the board meetings coinciding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

Employee Forum

Employee Forum meetings are established to facilitate interaction and consultation between management and employees in the workplace. The Employee Forum will consist of the following tiers:

- Company steering committee (1 representative per division, operations executive, human resource representative)
- Operations steering committee (2 representatives per operational area and support office, human resource executive, operations director, finance director (13 members))
- Store/department forum (store manager, people, assets, customer service)

Cashbuild Employee Forum Format



The role of the employee forum steering committees ('Steercom') is to discuss operational area specific issues, results and any other staff issues which may arise. The forums monitor implementation and achievement of agreed strategies. The forums constitute the company employment equity committee and training committee and consults with the company as required by legislation. In addition, the company employee forum steering committee consults with regard to company benefits and remuneration levels.

Employee forums form an integral part of the Cashbuild governance framework and aim to optimise the governance relationship between Cashbuild management and staff.

All permanently employed staff share in the success of the company through the Cashbuild Empowerment Trust

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 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.

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, as in previous years, increases were staggered with general staff and management receiving 6.5% and executive management receiving a 6.0% 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 individual's performance.

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

2. Governance

The directors are of the opinion that Cashbuild's remuneration policy is in line with that of the market and appropriately rewards our employees for their efforts. 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 51.

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.

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 directors' fees are recommended by the remuneration committee and agreed to at the annual general meeting. Fees are compared to market related fees obtained via salary surveys conducted by external remuneration specialists. Non-executive directors' fees are detailed in Note 36 of the annual financial statements.

Executive directors, senior managers

The performance of the chief executive is assessed, against set performance criteria, by the chairman and the board, while the performance of executive directors and senior managers is evaluated, also against set performance criteria, by the chief executive and reviewed by the remuneration committee. Any increases given over and above the July cost of living increase are directly related to the individual's performance.

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

Short-term incentive scheme

STI is conditional on the company's financial objectives being met and, depending 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

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 in note 14 of the annual financial statements.

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' remuneration are listed in note 36 of the annual financial statements.

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's financial performance and the individual's achievement of agreed upon non-financial objectives, of which 40% is based on company objectives and 60% on personal objectives being achieved.

4. Retention schemes

Share Incentive Trust

Executives and certain key positions participate in the company share incentive scheme with stock options being offered. Previous allocations were done by the remuneration committee, after careful consideration of retention and long-term incentive requirements. The remuneration committee has tasked management to develop a formal policy based on performance criteria. See note 14 of the annual financial statements for various scheme disclosure.

Cashbuild Empowerment Trust (the "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. The 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 R11.2 million was paid out to all staff members. Since inception of this trust in 2004 a total of R110 million has been distributed to staff.

The Operations Management Member Trust

In 2011 the 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 pre-determined 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 vest on the third anniversary date of the distribution on condition the manager is still employed by Cashbuild at the time of vesting. Dividends accrue with immediate effect.

In 2012, the first year the scheme was introduced, a total of R4.9 million (R2.45 million in cash and R2.45 million in shares after qualification of vesting period) was paid out to 28 store managers and one divisional manager.

In 2013 a total of R0.8 million is being paid out to four store managers and one divisional manager (R0.4 million in cash and R0.4 million in shares after qualification of vesting period). This is a total of R5.7 million (cash and shares combined) in the two years since its inception.

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. The management committee meets twice per year and consists of 50% employer and 50% employee elected representatives. The company finance 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.

Executive employee contracts

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

Innovative in-store kiosks – Adding value, forming connections

Cashbuild's pilot in-store kiosks are leading the way in terms of value add for both customers who need reputable contractors to effect home improvements and repairs, as well as for contractors in terms of creating viable work leads and opportunities. The kiosks, piloted in a number of stores, have already shown potential value in creating another channel for Cashbuild customer interaction, engagement and feedback.

Going the extra mile on Mandela Day

Cashbuild employees rolling up their sleeves and going the extra mile at St Francis Care Centre Children's Home, known as the Rainbow Cottage for HIV and Aids affected children in Boksburg on Mandela Day, using supplies donated by Cashbuild to paint colourful and educational roadways at the school to teach the children about traffic and safety. In addition, Cashbuild donated paint to brighten up the wards in the Hospice.

Win a business

CEO, Werner de Jager presenting the winners, Sylvia Lentsoana and Ntuthko Myesa with their prizes, together worth R438 000, which included a vehicle, building supplies, tools and skills training.

The winners with their prizes, worth approximately R210 000 each.

Cashbuild Community Support Initiative

Art-at-heart Cashbuild Community Support Initiative

Learnership Programme Cashbuild Community Support Initiative

Small Builder Workshops Cashbuild Community Support Initiative

Block, Brick Makers Cashbuild Community Support Initiative

Anti-corruption and Anonymous Tip-Off

Cashbuild recognises the adverse effect of corruption on communities, individuals, companies and the economy as a whole. It threatens economic stability, investor confidence, democratic development and human rights and freedoms. Through it's 'Anonymous Tip Off' system which is monitored and managed by an external third party, Cashbuild takes an active standpoint against all forms of corruption in its operations, support office, supplier, contractor and community dealings.

Small Builders Workshops – Building sturdy foundations for lasting relationships

From humble beginnings, our Small Builders' Workshop which was held at the opening of the Thembisa store in 2011, has rapidly grown as a concept to national level attended by ministers and other prominent guests. Much has been learned, the process refined and improved upon. The partnering of Cashbuild with suppliers and other industry members and government departments have, apart from the vitally important transferral of key knowledge and skills to builders, proven invaluable in terms of opportunities to engage our stakeholders and to build and strengthen our key relationships.

Building materials windfall for day-care centres

HAPPY DAYS: Lungile Day Care Centre and BulaMahlo Orphanage and Day Care each received a total of R70 000 to improve their centres.

Lungile Day Care Centre and BulaMahlo Orphanage

Lungile Day-Care Centre and Bula Mahlo Orphanage in Tembisa received an unforgettable Christmas present. They each received a donation of building materials and labour to the value of R70 000 from Cashbuild, to assist with the repair of their buildings. Lungile Day-Care Centre was established with the aim of stimulating balanced development in young children from under-resourced areas. Bula Mahlo cares for 49 children and also caters for newborn babies and children up to the age of six.

Community Recruitment – Cashbuild Community Support Initiative

Glass Cutters – Cashbuild Community Support Initiative

Handymen – Cashbuild Community Support Initiative

Enterprise Development – Cashbuild Community Support Initiative

Delivery Drivers – Cashbuild Community Support Initiative

Shareholders' diary

Final dividend paid	14 October 2013
Annual general meeting	2 December 2013
Audited interim results	March 2014
Financial year-end	30 June 2014
Audited annual results	September 2014

Index to 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 auditor is 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 of 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 81.

The consolidated financial statements set out on pages 82 - 138 were prepared under the supervision of the finance director, Mr AE Prowse CA (SA) and were approved by the board of directors on 16 September 2013 in Johannesburg and are signed on its behalf by:

DIRECTOR **DIRECTOR**

Certificate by Company Secretary

We declare that, to the best of our knowledge, in terms of the Companies Act of South Africa 2008, as amended, that for the year ended 30 June 2013, 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
16 September 2013

Audit and Risk Committee Report

for the year ended 30 June 2013

1 Introduction

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

2 Functions of the audit and risk committee

The functions of the audit and risk committee include:

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

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

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

2.4 Review of the integrated report;

2.5. In the course of its review the committee:

- takes appropriate steps to ensure that financial statements are prepared in accordance with International Financial Reporting Standards (IFRS);
- considers and, when appropriate, makes recommendations on internal financial controls 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 auditor;
- 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 annual financial statements; and
  - internal financial controls.

3 Members of the audit and risk committee

3.1. The audit and risk committee consists of three independent non-executive directors, namely Ms NV Simamane, Dr DSS Lushaba and Mr IS Fourie (chairman).

3.2 Since the end of the prior financial year, the board has appointed Mr IS Fourie to the audit and risk management committee, with the resignation of Mr AGW Knock.

3.3. 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. (Directors' attendance at committee meetings are detailed in the directors' report on page 79).

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, the chairman of the board and relevant senior managers join the meeting 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.

7 Independence of audit

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

Audit and Risk Committee Report

for the year ended 30 June 2013 (continued)

8 Expertise and experience of financial director

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

9 Internal control function

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

10 Adequacy of finance function

The audit and risk 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

for the year ended 30 June 2013

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 and risk 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;
- 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 the quarterly audit committee pack is designed in such a way as to provide the necessary information to members of the Cashbuild 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 with 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 supports the assertion that Cashbuild's system of internal controls and risk management is effective, and that any serious problem and or concern 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".

Directors' Report

for the year ended 30 June 2013

The directors have pleasure in presenting their report, which forms part of the financial statements of the group for the year ended 30 June 2013.

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, 200 at the end of this reporting period (2012:191). 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 and 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 2013 (52 weeks) R'000	Year ended June 2012 (53 weeks) R'000	% change
Statement of financial performance			
Revenue	**6 376 945**	6 310 052	1.1
Operating profit before finance cost and income	**322 540**	400 475	(19.5)
Finance cost	**1 225**	706	73.5
Finance income	**30 718**	33 561	(8.5)
Attributable earnings	**245 490**	286 832	(14.4)
(Profit)/loss on sale of assets after taxation (R'000)	**(8 046)**	(1 264)	
Headline earnings	**237 444**	285 568	(16.9)
Earnings per share (cents)	**1 063.2**	1 261.3	(15.7)
Headline earnings per share (cents)	**1 028.3**	1 255.7	(18.1)
Fully diluted basic earnings per share (cents)	**1 038.2**	1 257.5	(17.4)
Statement of financial position			
Total assets (excluding cash and cash equivalents)	**1 945 182**	1 438 122	35.3
Cash and cash equivalents	**123 818**	487 946	(74.6)
Total liabilities	**952 564**	937 986	1.6
Total liabilities to shareholders' funds	**0.86**	0.96	(10.1)
Net asset value per share (cents)*	**4 379**	3 877	13.0

* 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 82 to 138 set out the financial position, results of operations and cash flows of the group for the year ended 30 June 2013 in more detail.

TRADING WEEKS

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

FINANCIAL HIGHLIGHTS

The commentary below relates to statutory results. For a 52 week vs 52 week comparison, refer to the unaudited pro-forma information below.

Revenue for the year increased by 1% whilst gross profit decreased by 1%. Operating profit decreased by 19% largely due to operating expenses increasing by 6%. Basic earnings per share decreased by 16% and headline earnings per share decreased by 18%. Net asset value per share has shown a 13% increase, from 3 877 cents (June 2012) to 4 379 cents.

Directors' Report

for the year ended 30 June 2013

Cash, cash equivalents and financial assets have decreased by 49% to R249 million as a result of increased capital expenditure and stockholding.

Stores in existence since the beginning of July 2011 (pre-existing stores – 187 stores) decreased by 1% in revenue and the 13 new stores contributed 2%. This increase for the year has been achieved in tough trading conditions with selling price inflation of 2%.

As anticipated, gross margin percentage has decreased to more normalised levels of 22.8%.

Operational expenses for the year remained well controlled with existing stores accounting for 3% of the increase and new stores 3%. The total increase for the year amounted to 6%. The main contributor to the increase on existing stores were systems related, due to the roll-out of the new IT system that was completed during the year.

The effective tax rate for the year of 29% is 3% lower than that of the previous year, mainly due to the change from STC to a dividend withholding tax.

Cashbuild's statement of financial position remains solid. Stock levels have increased by 33%, with overall stockholding at 83 days (June 2012: 63 days). Trade receivables remain well under control.

During the financial year, Cashbuild opened nine new stores. 20 stores were refurbished and six stores were relocated. Cashbuild will continue its store expansion, relocation and refurbishment strategy in a controlled manner, applying the same rigorous process as in the past.

UNAUDITED PRO-FORMA INFORMATION ILLUSTRATING THE IMPACT OF THE 53RD WEEK ON THE ANNUAL RESULTS FOR THE YEAR ENDED JUNE 2012 COMPARED TO JUNE 2013

The group adopts the retail accounting calendar, which comprises the reporting period ending on the last Sunday of the month (2013: 30 June (52 weeks); 2012: 30 June (53 weeks)).

Although Cashbuild has reported financial results for the year (52 weeks) to 30 June 2013, it is appropriate and good practice to illustrate pro-forma information of the comparative 52 week prior period for the user of these financial statements.

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 ended 23rd June 2012. The directors of the company are responsible for the compilation, contents and preparation of the unaudited pro-forma financial information.

R'000	**AUDITED Actual 2013 (52 weeks)**	Comparable % change	UNAUDITED Actual 2012 (52 weeks)	53rd week	AUDITED Actual 2012 (53 weeks)
Revenue	**6 376 945**	3	6 178 907	131 145	6 310 052
Operating profit	**322 540**	(12)	366 710	33 765	400 475
Net profit attributable to owners of the company	**245 490**	(7)	262 723	24 109	286 832
Headline earnings	**237 444**	(9)	261 459	24 109	285 568
Earnings per share (cents)	**1 063.2**		1 155.2		1 261.3
Headline earnings per share (cents)	**1 028.3**		1 149.7		1 255.7
Net asset value per share (cents)	**4 379**		3 782		3 877

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 in the comparative period, represents the actual sales of product for the 53rd week and directly related costs, net of taxation for the one week period (24 - 30 June). Cost of sales and directly related variable operating expenses are calculated based on the actual percentages achieved during the prior 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 prior year-end.
3. The "Actual 2012 (52 weeks)" column in the opinion of the directors, fairly reflects the results of the 52-week period ended 23rd June 2012.

Directors' Report

for the year ended 30 June 2013 (continued)

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. 41), of 191 cents (June 2012: 273 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 2012: 25 189 811) shares in issue at date of dividend declaration. Net local dividend amount is 162.35 cents per share for shareholders liable to pay Dividends Tax and 191 cents per share for shareholders exempt from paying Dividends Tax. The total dividend for the year amounts to 487 cents (June 2012: 569 cents). Local dividends 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 16 September 2013; Last day to trade "CUM" the dividend: 4 October 2013; Date to commence trading "EX" the dividend: 7 October 2013; Record date: 11 October 2013; Date of payment: 14 October 2013. Share certificates may not be dematerialised or rematerialised between 7 October 2013 and 11 October 2013, both dates inclusive.

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 June 13	Effective holding June 12	Nature
DIRECTLY HELD					
Cashbuild Management Services (Pty) Ltd		R 1	**100%**	100%	1
INDIRECTLY HELD					
Cashbuild (Botswana) (Pty) Ltd	A	P 1 500 000	**100%**	100%	2
Cashbuild Kanye (Pty) Ltd	A	P 2	**100%**	100%	3
Cashbuild (Lesotho) (Pty) Ltd	B	M 100 000	**80%**	80%	2
Cashbuild Lilongwe Ltd	E	MK 100 000	**51%**	51%	2
Cashbuild (Namibia) (Pty) Ltd	C	N$ 1	**100%**	100%	2
Cashbuild (South Africa) (Pty) Ltd		R 54 000	**100%**	100%	2
Cashbuild (Swaziland) (Pty) Ltd	D	E 500	**100%**	100%	2
Roofbuild Trusses (Pty) Ltd		R 100	**71%**	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

Directors' Report

for the year ended 30 June 2013

DIRECTORATE

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

Executive directors		
WF de Jager (42)	Chief executive, CA (SA)	Appointed 1 December 2004
AE Prowse (49)	Finance director, CA (SA)	Appointed 1 March 2011
SA Thoresson (50)	Operations director	Appointed 27 March 2007
A van Onselen (51)	Operations director	Appointed 20 September 2004
Non-executive directors		
D Masson (82)	Chairman, ACIS	Appointed 22 June 1988
IS Fourie (66)	CA (SA)	Appointed 1 July 2012
HH Hickey (59)	CA (SA)	Appointed 1 July 2012
AG W Knock (62)	BSc Eng (Hons); MBA; MSc (Engineering); MDP	Appointed 1 July 2011
DSS Lushaba (47)	BSc Advanced Biochemistry (Hons), MBA, DBA	Appointed 1 July 2011
NV Simamane (54)	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 2012: 0.005%) 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 2013 to the date of this report.

The beneficial interest both direct and indirect and non-beneficial interest of the directors in office at the date of this report are disclosed 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.

DIRECTORS' ATTENDANCE OF MEETINGS

Type of meeting	Directors board attended/held	Audit and risk committee attended/held	Remuneration committee attended/held	Social and ethics committee attended/held
Executive directors				
WF de Jager	4/4	4/4*	5/5*	3/3
AE Prowse	4/4	4/4*	5/5*	3/3
SA Thoresson	4/4	4/4*		
A van Onselen	4/4	4/4*		
Non-executive directors				
D Masson	4/4	4/4*	5/5	
IS Fourie	4/4	4/4	1/1**	
HH Hickey	4/4	4/4*		1/2****
AG W Knock	4/4	4/4*	4/4***	
DSS Lushaba	4/4	4/4		
NV Simamane	3/4	3/4		3/3

* By invitation
** Number of meetings since being appointed to the remuneration committee on 11 March 2013
*** Number of meetings since being appointed to the remuneration committee on 17 September 2012
**** Number of meetings since being appointed to the social and ethics committee on 17 September 2012

DIRECTORS' REMUNERATION

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

Directors' Report

for the year ended 30 June 2013 (continued)

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:

	2013	2012
Shares subject to the scheme at the beginning of year	**167 825**	517 825
Shares transferred or to be transferred to employees	**-**	-
Shares transferred back to the Trust	**-**	-
Shares sold on open market	**(50 000)**	(350 000)
Shares subject to the scheme at the end of year	**117 825**	167 825
Dealt with as follows:		
Shares allocated to employees		
- Share purchase scheme	**-**	-
- Share option scheme	**-**	50 000
Shares held in trust for future allocations	**117 825**	117 825
	117 825	167 825

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 Operations Management Member Trust (referred to as the "Ops Trust") was introduced during the 2012 financial 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 R1.1m was recognised as an expense in respect of the qualifying stores, being R397k in cash and R729k as a share-based payment expense (June 2012: R3.9m recognised as an expense being R3.1m in cash and R800k as a share-based payment expense).

OTHER SPECIAL RESOLUTIONS

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 remain solvent and liquid during and after the transaction was concluded.

Company secretary
Corporate Governance Leaders CC.

Registered office
101 Northern Parkway Drive, Ormonde, Johannesburg, 2091

Postal address
PO Box 90115, Bertsham, 2013

Website
www.cashbuild.co.za

Auditor
PricewaterhouseCoopers Incorporated

Country of incorporation
Republic of South Africa

Independent Auditor's Report

for the year ended 30 June 2013

TO THE SHAREHOLDERS OF CASHBUILD LIMITED

We have audited the consolidated and separate financial statements of Cashbuild Limited set out on pages 82 to 138, which comprise the statements of financial position as at 30 June 2013, and the income statement, 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 consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Cashbuild Limited as at 30 June 2013, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2013, we have read the Certificate by the Company Secretary, the Audit and Risk Committee Report and the Directors' Report for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate 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 consolidated and separate 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
16 September 2013

Consolidated Statement of Financial Position

as at 30 June 2013

		Group		Company	
R'000	Note	**2013**	2012	**2013**	2012
ASSETS					
Non-current assets		**692 725**	583 333	**116 505**	104 887
Property, plant and equipment	4	**618 597**	517 006	**-**	-
Intangible assets	5	**50 333**	41 687	**-**	-
Investment in subsidiary	6	**-**	-	**116 505**	104 887
Rent prepayments	10	**20 557**	13 483	**-**	-
Deferred income tax asset	7	**3 238**	11 157	**-**	-
Current assets		**1 376 275**	1 342 735	**3 138**	2 078
Non-current assets held for sale	8	**15 645**	18 225	**-**	-
Inventories	9	**986 709**	744 606	**-**	-
Trade and other receivables	10	**115 196**	91 958	**4**	4
Financial assets at fair value	11	**125 628**	-	**-**	-
Cash and cash equivalents	12	**123 818**	487 946	**3 134**	2 074
Current income tax assets		**9 279**	-	**-**	-
TOTAL ASSETS		**2 069 000**	1 926 068	**119 643**	106 965
EQUITY					
Capital and reserves attributable to owners of the company		**1 102 976**	976 674	**97 207**	87 940
Ordinary share capital	13	**232**	232	**252**	252
Share premium		**35 712**	37 491	**62 912**	62 912
Share-based payment reserve	14	**21 887**	12 618	**21 887**	12 618
Cumulative translation adjustment	15	**(10 336)**	(14 842)	**-**	-
Retained earnings		**1 055 481**	941 175	**12 156**	12 158
Non-controlling interests		**13 460**	11 408	**-**	-
TOTAL EQUITY		**1 116 436**	988 082	**97 207**	87 940
LIABILITIES					
Non-current liabilities		**96 099**	89 241	**-**	-
Deferred operating lease liability	16	**92 016**	85 122	**-**	-
Deferred profit	17	**1 595**	1 647	**-**	-
Borrowings	18	**2 488**	2 472	**-**	-
Current liabilities		**856 465**	848 745	**22 436**	19 025
Trade and other payables	19	**853 929**	837 661	**2 590**	1 529
Current income tax liabilities		**-**	8 768	**322**	322
Loans payable	19	**-**	-	**19 524**	17 174
Employee benefits	20	**2 536**	2 316	**-**	-
TOTAL LIABILITIES		**952 564**	937 986	**22 436**	19 025
TOTAL EQUITY AND LIABILITIES		**2 069 000**	1 926 068	**119 643**	106 965

The notes on pages 87 to 138 are an integral part of these consolidated financial statements.

Consolidated Income Statement

for the year ended 30 June 2013

		Group		Company	
R'000	Note	**2013 (52 weeks)**	2012 (53 weeks)	**2013 (52 weeks)**	2012 (53 weeks)
Revenue	21	**6 376 945**	6 310 052	**-**	-
Cost of sales	22	**(4 921 664)**	(4 837 024)	**-**	-
Gross profit		**1 455 281**	1 473 028	**-**	-
Selling and marketing cost	22	**(966 965)**	(894 960)	**-**	-
Administrative expenses	22	**(163 700)**	(177 745)	**(2)**	(2)
Other operating expenses	22	**(4 154)**	(4 491)	**-**	-
Other income	23	**2 078**	4 643	**143 330**	149 000
Operating profit		**322 540**	400 475	**143 328**	148 998
Finance costs	25	**(1 225)**	(706)	**-**	-
Finance income	25	**30 718**	33 561	**-**	-
Profit before income tax		**352 033**	433 330	**143 328**	148 998
Income tax expense	27	**(103 482)**	(140 297)	**-**	(10 958)
Profit for the year		**248 551**	293 033	**143 328**	138 040
Attributable to:					
Owners of the company		**245 490**	286 832	**143 328**	138 040
Non-controlling interests		**3 061**	6 201	**-**	-
		248 551	293 033	**143 328**	138 040

Earnings per share for profit attributable to the owners of the company during the year:

- Basic	28	**1 063**	1 261	**569**	548
- Diluted	28	**1 038**	1 258	**557**	547

The notes on pages 87 to 138 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2013

		Group		Company	
R'000	Note	**2013 (52 weeks)**	2012 (53 weeks)	**2013 (52 weeks)**	2012 (53 weeks)
Profit for the year		**248 551**	293 033	**143 328**	138 040
Other comprehensive income:					
Re-classifiable to profit or loss:					
Foreign currency translation adjustments	15	**4 240**	(2 753)	**-**	-
Other comprehensive income for the period, net of tax		**4 240**	(2 753)	**-**	-
Total comprehensive income for the period		**252 791**	290 280	**143 328**	138 040
Total comprehensive income attributable to:					
Owners of the company		**249 996**	286 392	**143 328**	138 040
Non-controlling interests		**2 795**	3 888	**-**	-
		252 791	290 280	**143 328**	138 040

The notes on pages 87 to 138 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2013

		Group								
		Attributable to owners of the company								
R'000	Note	Share capital	Treasury share capital	Share premium	Treasury share premium	Share based pay-ments reserve	Cum. trans-lation adjust-ment	Retained earnings	Non-controlling interests	Total equity
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		-	-	-	-	-	-	(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	14	-	-	-	-	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**
Dividend paid - final 2012	30	**-**	**-**	**-**	**-**	**-**	**-**	**(62 955)**	**(680)**	**(63 635)**
Dividend paid - interim 2013	30	**-**	**-**	**-**	**-**	**-**	**-**	**(68 807)**	**(500)**	**(69 307)**
Increase in shareholding of subsidiary	35	**-**	**-**	**-**	**-**	**-**	**-**	**(497)**	**437**	**(60)**
Shares purchased by The Cashbuild Operations Management Member Trust	13	**-**	**(1)**	**-**	**(2 545)**	**-**	**-**	**-**	**-**	**(2 546)**
Shares sold by The Cashbuild Share Incentive Trust	13	**-**	**1**	**-**	**766**	**-**	**-**	**1 075**	**-**	**1 842**
Share-based payment	14	**-**	**-**	**-**	**-**	**9 269**	**-**	**-**	**-**	**9 269**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**4 506**	**245 490**	**2 795**	**252 791**
Balance at 30 June 2013		**252**	**(20)**	**65 823**	**(30 111)**	**21 887**	**(10 336)**	**1 055 481**	**13 460**	**1 116 436**

		Company								
		Attributable to owners of the company								
R'000	Note	Share capital	Treasury share capita	Share premium	Treasury share premium	Share based pay-ments reserve	Cum. trans-lation adjust-ment	Retained earnings	Non-controlling interests	Total equity
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	14	-	-	-	-	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**
Dividend paid - final 2012	30	**-**	**-**	**-**	**-**	**-**	**-**	**(68 768)**	**-**	**(68 768)**
Dividend paid - interim 2013	30	**-**	**-**	**-**	**-**	**-**	**-**	**(74 562)**	**-**	**(74 562)**
Share based payment	14	**-**	**-**	**-**	**-**	**9 269**	**-**	**-**	**-**	**9 269**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**-**	**143 328**	**-**	**143 328**
Balance at 30 June 2013		**252**	**-**	**62 912**	**-**	**21 887**	**-**	**12 156**	**-**	**97 207**

The notes on pages 87 to 138 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

for the year ended 30 June 2013

		Group		Company	
R'000	Note	**2013**	2012	**2013**	2012
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	30	**156 378**	151 553	**153 658**	149 117
Interest paid	25	**(1 225)**	(706)	**-**	-
Income tax paid	30	**(113 610)**	(168 561)	**-**	(10 958)
Net cash generated from/(used in) operating activities		**41 543**	(17 714)	**153 658**	138 159
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment	4	**(182 627)**	(99 031)	**-**	-
Purchases of computer software	5	**(15 415)**	(11 878)	**-**	-
Proceeds on disposal of property, plant and equipment	30	**4 052**	13 332	**-**	-
Proceeds on disposal of assets held for sale	30	**14 247**	-	**-**	-
Interest received	25	**30 718**	33 561	**-**	-
Increase in investments	11	**(125 628)**	-	**-**	-
Increase in subsidiary loan account		**-**	-	**(11 618)**	(44 252)
Net cash used in investing activities		**(274 653)**	(64 016)	**(11 618)**	(44 252)
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase/(decrease) in long-term borrowings		**16**	(185)	**-**	-
Increase in loans payable	19	**-**	-	**2 350**	15 836
Shares purchased by The Cashbuild Operations Management Trust	13	**(2 546)**	-	**-**	-
Shares sold by The Cashbuild Share Incentive Trust	13	**1 842**	13 632	**-**	-
Dividends paid to owners of the company	30	**(131 762)**	(98 817)	**(143 330)**	(109 576)
Dividends paid to non-controlling interests	30	**(1 180)**	(569)	**-**	-
Increase in shareholding in subsidiary	35	**(60)**	(62 211)	**-**	-
Net cash used in financing activities		**(133 690)**	(148 150)	**(140 980)**	(93 740)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(366 800)**	(229 880)	**1 060**	167
EFFECT OF EXCHANGE RATE MOVEMENTS ON CASH AND CASH EQUIVALENTS		**2 672**	(2 734)	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**487 946**	720 560	**2 074**	1 907
CASH AND CASH EQUIVALENTS AT END OF YEAR		**123 818**	487 946	**3 134**	2 074

The notes on pages 87 to 138 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the Companies Act 2008 of South Africa. 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 2013.

a) ***Amendments to published standards effective in 2013***
There are no amendments to published standards effective in 2013 that are relevant to the group.

b) ***Standards early adopted by the group***
The group has not chosen to early adopt any standards.

c) ***Standards, amendments and interpretations effective in 2013 relevant to the group***
The following standards, amendments or interpretations effective in 2013 that are relevant to the group:

Amendments to IAS 1, 'Presentation of Financial Statements', on presentation of items of OCI (effective 1 July 2012)
The IASB has issued an amendment to IAS 1, 'Presentation of financial statements'. The main change resulting from these amendments is 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). The amendments do not address which items are presented in OCI.

Amendment to IAS 12,'Income taxes' on deferred tax (effective 1 January 2012)
Currently IAS 12, 'Income taxes', requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. Hence 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. As a result of the amendments, SIC 21, 'Income taxes- recovery of revalued non-depreciable assets', would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is accordingly withdrawn.

d) ***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:

Amendments to IAS 19, 'Employee benefit' (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.

Amendment to IFRS 7 Financial Instruments: Disclosures – Asset and Liability offsetting (effective 1 January 2013)
The IASB has published an amendment to IFRS 7, 'Financial instruments: Disclosures', reflecting the joint requirements with the FASB to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013 (continued)

Note 1 (continued)

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 2015)
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 2015)
The IASB has updated IFRS 9, Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss.

Amendments to IFRS 9 – Financial Instruments (2011) (effective 1 January 2015)
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. The original effective date was for annual periods beginning on or after from 1 January 2013. This amendment is a result of the board extending its timeline for completing the remaining phases of its project to replace IAS 39 (for example, impairment and hedge accounting) beyond June 2011, as well as the delay in the insurance project. The amendment confirms the importance of allowing entities to apply the requirements of all the phases of the project to replace IAS 39 at the same time. The requirement to restate comparatives and the disclosures required on transition have also been modified.

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. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

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. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

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.

Notes to the Consolidated Financial Statements
for the year ended 30 June 2013

Note 1 (continued)

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 - for example, 1 January 2013 for a calendar-year entity that adopts IFRS 10 in 2013. Entities adopting IFRS 10 should assess control at the date of initial application; the treatment of comparative figures depends on this assessment. The amendment also requires certain comparative disclosures under IFRS 12 upon transition.

Amendments to IAS 32 – Financial Instruments: Presentation (effective 1 January 2014)
The IASB has issued amendments to the application guidance in IAS 32, 'Financial instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. However, the clarified offsetting requirements for amounts presented in the statement of financial position continue to be different from US GAAP.

Amendments to IFRS 10, consolidated financial statements', IFRS 12 and IAS 27 for investment entities (effective 1 January 2014)
The amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made in IFRS 12 to introduce disclosures that an investment entity needs to make.

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. The amendment clarifies that the treatment is in accordance with IAS 12. So, income tax related to distributions is recognised in the income statement, and income tax related to the costs of equity transactions is recognised in equity.

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'. A measure of total assets and liabilities is required for an operating segment in interim financial statements if such information is regularly provided to the CODM and there has been a material change in those measures since the last annual financial statements.

e) 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.

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for the year ended 30 June 2013 (continued)

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Note 1 (continued)

IFRIC 20 - Stripping costs in the production phase of a surface mine (effective 1 January 2013)

In surface mining operations, entities may find it necessary to remove mine waste materials ('overburden') to gain access to mineral ore deposits. This waste removal activity is known as 'stripping'. The Interpretation clarifies there can be two benefits accruing to an entity from stripping activity: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. The Interpretation 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.

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

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

b) *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.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

Note 1 (continued)

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) ***Cashbuild Operations Management Member Trust***
The Cashbuild Operations Management Member 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 through other comprehensive income.

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. Exchange differences arising are recognised in other comprehensive income.

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.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013 (continued)

Note 1 (continued)

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.

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 the income statement.

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 separately purchased software packages are capitalised as intangible assets.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

Note 1 (continued)

Criteria to capitalise development cost related to computer software 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 – for example, 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 the 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. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013 (continued)

Note 1 (continued)

1.11 FINANCIAL ASSETS

1.11.1 Loans and receivables

Classification

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.

Recognition and measurement

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.

1.11.2 Financial assets at fair value through profit or loss

Classification

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Recognition and measurement

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other operating expenses in the period in which they arise.

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.

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 statement of financial position date. Foreign exchange gains and losses resulting from the revaluation of these balances are recognised in the income statement.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

Note 1 (continued)

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, Cashbuild Share Incentive Trust and Cashbuild Management Member 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.

Note 1 (continued)

Bonus scheme

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

Share-based plans

The group operates a number of equity-settled, share-based compensation plans. 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 dividends received by the trust less specific cost incurred by the trust.

Management incentive scheme

Referred to as the "operational managers scheme" which entitles qualifying management members to receive a bonus 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.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

Note 1 (continued)

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.

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.

Sale and leaseback transactions

If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount shall not be immediately recognised as income by a seller-lessee. Instead, it shall be deferred and amortised over the lease term. If a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss shall be recognised immediately. If the sale price is below fair value, any profit or loss shall be recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value shall be deferred and amortised over the period for which the asset is expected to be used. For operating leases, if the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the asset, a loss equal to the amount of the difference between the carrying amount and fair value shall be recognised immediately.

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 Sunday of the month (2013: 1 July 2012 to 30 June 2013 (52 weeks); June 2012: 27 June 2011 to 30 June 2012 (53 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.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013 (continued)

Note 1 (continued)

1.26 RELATED PARTIES

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity');

a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
(iii) Both entities are joint ventures of the same third party;
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
(vi) The entity is controlled or jointly controlled by a person identified in (a); and
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

1.27 OFFSETTING OF FINANCIAL INSTRUMENTS

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

2 FINANCIAL RISK MANAGEMENT

	Group		Company	
R'000	**June 2013**	June 2012	**June 2013**	June 2012
Financial assets				
Loans and receivables	**238 449**	573 058	**3 138**	2 078
Financial assets at fair value through profit and loss	**125 628**	-	**-**	-
Financial liabilities carried at amortised cost	**(829 712)**	(871 544)	**(22 436)**	(19 025)
Loans and receivables				
Cash and cash equivalents	**123 818**	487 946	**3 134**	2 074
Trade and other receivables (excluding prepayments)	**105 352**	85 112	**4**	4
Current income tax assets	**9 279**	-	**-**	-
	238 449	573 058	**3 138**	2 078

Financial assets at fair value through profit and loss

All financial instruments are carried at fair value through profit or loss, and are classified in three categories by valuation method. The different levels have been defined as follows:

Level 1	-	Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	-	Inputs that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
Level 3	-	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

As at 30 June 2013, the group held the following financial instruments measured at fair value;

	Level 2
Money Market Account	**125 628**

Financial liabilities carried at amortised cost

Trade liabilities and accruals**	**(827 224)**	(860 304)	**(2 590)**	(1 529)
Loans payable	**-**	-	**(19 524)**	(17 174)
Finance lease liability	**(2 488)**	(2 472)	**-**	-
Current income tax liabilities	**-**	(8 768)	**(322)**	(322)
	(829 712)	(871 544)	**(22 436)**	(19 025)

** Included in trade liabilities and accruals (note 19) are items to the value of (Group) R26 704 855; (Company) R nil (June 2012: (Group): R63 087 704; (Company): R nil) which do not meet the definition of a financial liability.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013 (continued)

Note 2 (continued)

Overview

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

Market risk
Price risk
Liquidity risk
Credit risk

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

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

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

The group audit and risk 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 and risk 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 and risk 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, financial assets at fair value 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 2013	June 2012	**June 2013**	June 2012
Rating				
Financial institutes (rating F2)	**121 984**	485 997	**3 134**	2 074
Cash on hand and in transit	**1 834**	1 949	**-**	-
	123 818	487 946	**3 134**	2 074

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

Note 2 (continued)

Trade and other receivables

Credit is only given to a small number of customers and therefore debtors are a small portion of the business. Accordingly the group has no significant concentrations of credit risk.

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

For smaller customers, surety from directors is required.

Cash and cash equivalents

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

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 2013**	June 2012	**June 2013**	June 2012
Financial assets at fair value	**125 628**	-	**-**	-
Loans and receivables	**238 449**	573 058	**3 138**	2 078
Guarantees	**6 307**	14 337	**-**	-
The maximum exposure to credit risk for trade and other receivables (excluding prepayments) at the reporting date by geographic region was:				
South Africa	**87 722**	55 584	**3 134**	2 074
Other members of common monetary area	**15 194**	12 243	**-**	-
Botswana and Malawi	**2 437**	3 802	**-**	-
	105 352	71 629	**3 134**	2 074

Impairment losses

The ageing of trade receivables at the reporting date was:

	Group			
R'000	**June 2013 Gross**	**June 2013 Impairment**	June 2012 Gross	June 2012 Impairment
Not past due	**74 572**	**-**	58 234	-
Past due 1-30 days	**9 327**	**-**	9 922	-
Past due 31-60 days	**5 086**	**(977)**	2 676	(1 105)
Past due 61-90 days	**2 869**	**(2 869)**	396	(396)
Past due 91-120 days	**4 528**	**(4 528)**	881	(881)
More than 120 days	**12 152**	**(12 152)**	10 601	(10 601)
Total	**108 534**	**(20 526)**	82 710	(12 983)

The payment terms for receivables is 30 days.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013 (continued)

Note 2 (continued)

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

	Group		Company	
R'000	**June 2013**	June 2012	**June 2013**	June 2012
Balance at beginning of year	**12 983**	9 728	**-**	-
Creation of provision for impaired receivables	**9 426**	3 255	**-**	-
Utilisation	**(1 883)**	-	**-**	-
Balance at end of year	**20 526**	12 983	**-**	-

Liquidity risk

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

Credit facilities

The group manages liquidity risk through the compilation and monitoring of cash flow forecasts, as well as ensuring that adequate borrowing facilities are maintained. Borrowing powers are disclosed in note 31.

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

30 June 2013
Non-derivative financial liabilities

	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
Finance lease liabilities	**(2 488)**	**(175 208)**	**-**	**(378)**	**(1 533)**	**(173 297)**
Trade liabilities and accruals	**(827 224)**	**(827 224)**	**(176 023)**	**(651 201)**	**-**	**-**
Guarantees	**(6 307)**	**(6 307)**	**-**	**-**	**(6 307)**	**-**
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)
Current income tax liabilities	(8 768)	(8 768)	-	(8 768)	-	-

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

Note 2 (continued)

	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 2013						
Non-derivative financial liabilities						
Trade liabilities and accruals	**(2 590)**	**(2 590)**	**(2 590)**	**-**	**-**	**-**
Loans payable	**(19 524)**	**(19 524)**	**-**	**-**	**-**	**(19 524)**
Current income tax liabilities	**(322)**	**(322)**	**-**	**(322)**	**-**	**-**
30 June 2012						
Non-derivative financial liabilities						
Trade liabilities and accruals	(1 529)	(1 529)	(1 529)	-	-	-
Loans payable	(17 174)	(17 174)	-	-	-	(17 174)
Current income tax liabilities	(322)	(322)	-	(322)	-	-

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.

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 year-end.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013 (continued)

Note 2 (continued)

Exposure to currency risk

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

R'000	Group: Rand exposed to Pula	Group: Rand exposed Kwacha	Company: Rand exposed to Pula	Company: Rand exposed Kwacha
30 June 2013				
Trade receivables	**2 359**	**349**	**-**	**-**
Cash and cash equivalents	**35 530**	**10 087**	**-**	**-**
Trade payables	**43 799**	**4 256**	**-**	**-**
30 June 2012				
Trade receivables	3 360	1 032	-	-
Cash and cash equivalents	33 646	8 486	-	-
Trade payables	33 813	8 300	-	-

The following significant exchange rates applied during the year

	Average rates		Reporting date	
	June 2013	June 2012	**June 2013**	June 2012
Kwacha	**40.21**	23.96	**35.23**	36.06
Pula	**1.11**	1.08	**1.14**	1.07

Sensitivity analysis

A 10 percent strengthening of the functional currency against the following currencies as at 30 June would have 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 2012.

R'000	Group: Rand exposed to Pula	Group: Rand exposed Kwacha	Company: Rand exposed to Pula	Company: Rand exposed Kwacha
30 June 2013				
Profit and loss	**537**	**(562)**	**-**	**-**
30 June 2012				
Profit and loss	(290)	(111)	-	-

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

Cash flow and fair value interest rate risk

As the group is operating with a small gearing ratio, interest rate risk on borrowings is minimised. Surplus funds are invested in call and other notice accounts in order to maximise interest potential.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

Note 2 (continued)

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 2013**	June 2012	**June 2013**	June 2012
Variable rate instruments				
Financial assets (bank account balances)	**123 818**	487 946	**3 134**	2 074

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 2012.

	Group	
R'000	**June 2013 Profit or loss 100 bp increase**	June 2012 Profit or loss 100 bp increase
Variable rate instruments	**1 238**	4 879

	Company	
R'000	**June 2013 Profit or loss 100 bp increase**	June 2012 Profit or loss 100 bp increase
Variable rate instruments	**31**	21

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			
	2013		2012	
R'000	**Carrying amount**	**Fair Value**	Carrying amount	Fair Value
Loans and receivables	**238 449**	**238 449**	573 058	75 505
Financial assets at fair value through profit and loss	**125 628**	**125 628**	-	-
Finance lease liabilities	**(2 488)**	**(2 488)**	(2 472)	(2 472)
Trade and other payables	**(827 224)**	**(827 224)**	(860 304)	(860 304)
Current income tax liabilities	**-**	**-**	(8 768)	(8 768)

Notes to the Consolidated Financial Statements
for the year ended 30 June 2013 (continued)

Note 2 (continued)

	Company			
	2013		2012	
R'000	**Carrying amount**	**Fair Value**	Carrying amount	Fair Value
Loans and receivables	**3 138**	**3 138**	92 273	92 273
Trade and other payables	**(22 114)**	**(22 114)**	(19 025)	(19 025)
Current income tax liabilities	**(322)**	**(322)**	(322)	(322)

The carrying amount approximates fair value

Price risk

The group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated balance sheet at fair value.
The group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

The table below summarises the impact of increases/decreases of the equity indexes on the group's post-tax profit for the year and on equity. The analysis is based on the assumption that the equity indexes had increased/decreased by 5% with all other variables held constant and all the group's equity instruments moved according to the historical correlation with the index:

	Carrying amount			
	Group		Company	
R'000	**June 2013**	June 2012	**June 2013**	June 2012
Financial assets at fair value through profit and loss	**125 628**	-	**-**	-

	Group	
R'000	**June 2013 Profit or loss 5% increase**	June 2012 Profit or loss 5% increase
Variable rate instruments	**6 281**	-

	Company	
R'000	**June 2013 Profit or loss 5% increase**	June 2012 Profit or loss 5% increase
Variable rate instruments	**-**	-

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

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 0.23% (2012: 0.25%) on the statement of financial position date.

The group's target is to maintain a dividend cover of 2 times 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) *Useful 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.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013 (continued)

4 PROPERTY, PLANT AND EQUIPMENT

	Group					
	Land and buildings R'000	Improvements to leasehold premises R'000	Furniture and equipment R'000	Vehicles R'000	Capital work in progress R'000	Total R'000
As at 30 June 2013						
Cost	260 605	83 086	635 637	114	-	979 442
Accumulated depreciation	(25 948)	(29 904)	(304 915)	(78)	-	(360 845)
Net book value	**234 657**	**53 182**	**330 722**	**36**	**-**	**618 597**
Year ended 30 June 2013						
Opening net book value	208 242	30 001	260 302	45	18 416	517 006
Exchange differences	857	91	771	1	9	1 729
Additions	-	-	22	-	182 605	182 627
Transfers	29 179	29 022	142 829	-	(201 030)	-
Net book value of disposals	-	-	(7 757)	-	-	(7 757)
Depreciation charge	(3 621)	(5 932)	(65 445)	(10)	-	(75 008)
Closing net book value	**234 657**	**53 182**	**330 722**	**36**	**-**	**618 597**
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

A register giving details of land and buildings is available for inspection by shareholders or their representatives at the registered office of the company. The directors are of the opinion that the open market value of land and buildings is at least equal to their net book value.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

Note 4 (continued)

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

R'000	Group 2013	2012
Cost - capitalised finance lease	**15 469**	15 469
Accumulated depreciation	**(6 038)**	(5 722)
Net book value	**9 431**	9 747

Refer to note 18.

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

	2013	2012
Profit on disposal of property, plant and equipment	**(7 915)**	(1 755)
Repairs and maintenance expenditure on property, plant and equipment	**17 927**	16 753

5 INTANGIBLE ASSETS

	Trademarks R'000	Goodwill R'000	Computer software R'000	Total R'000
As at 30 June 2013				
Cost	660	1 164	67 508	69 332
Accumulated amortisation	(659)	-	(18 340)	(18 999)
Net book value	**1**	**1 164**	**49 168**	**50 333**
Year ended 30 June 2013				
Opening net book value	4	1 160	40 523	41 687
Exchange differences	-	4	-	4
Additions	-	-	15 415	15 415
Amortisation charge	(3)	-	(6 770)	(6 773)
Closing net book value	**1**	**1 164**	**49 168**	**50 333**
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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013 (continued)

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	
	2013		2012	
	South Africa	Malawi	South Africa	Malawi
	R'000	R'000	R'000	R'000
Opening	**1 002**	**158**	1 002	266
Exchange differences	**-**	**4**	-	(108)
Closing	**1 002**	**162**	1 002	158

The recoverable amount of a CGU is determined based on value-in-use pre tax calculations. These calculations use cash flow projections which have been extrapolated using the estimated growth rates stated below for 5 years.

		2013		2012	
	Note	South Africa	Malawi	South Africa	Malawi
Gross margin	1	**18%**	**27%**	17%	28%
Growth rate	2	**6%**	**28%**	6%	11%
Discount rate	3	**13%**	**24%**	21%	9%

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

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

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

86% (2012: 86%) of the goodwill relates to a South African store and 14% (2012: 14%) to the Malawi store.

6 INVESTMENT IN SUBSIDIARIES

	Group		Company	
R'000	**2013**	2012	**2013**	2012
Shares at cost	**-**	-	**-**	-
Share-based payment capital contribution	**-**	-	**21 887**	12 618
Loan account	**-**	-	**94 618**	92 269
	-	-	**116 505**	104 887

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

Refer to note 14 for share option scheme.

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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	**2013**	2012	**2013**	2012
Deferred income tax assets to be recovered after more than 12 months	**(7 559)**	(3 412)	**-**	-
Deferred income tax assets to be recovered within 12 months	**10 797**	14 569	**-**	-
TOTAL NET DEFERRED INCOME TAX ASSET	**3 238**	11 157	**-**	-
Deferred income tax comprises:				
Property, plant and equipment	**(33 107)**	(27 164)	**-**	-
Prepayments	**(1 129)**	(3 635)	**-**	-
Accruals	**11 185**	16 862	**-**	-
Assessed loss	**1 442**	1 176	**-**	-
Income received in advance	**-**	165	**-**	-
Straight-lining of leases	**25 548**	23 753	**-**	-
Unrealised foreign exchange difference on intergroup loans	**(701)**	-	**-**	-
	3 238	11 157	**-**	-
Should all distributable reserves be declared as a dividend, it would result in dividend tax of 15% (2012 - 15%):	**158 322**	141 176	**-**	-

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

	At 1 July 2012	Exchange differences	Income statement charge (note 27)	**Year ended 30 June 2013**
Property, plant and equipment	(27 164)	-	(5 943)	**(33 107)**
Prepayments	(3 635)	-	2 506	**(1 129)**
Accruals	16 862	-	(5 677)	**11 185**
Assessed loss	1 176	-	266	**1 442**
Income received in advance	165	-	(165)	**-**
Straight-lining of leases	23 753	-	1 795	**25 548**
Unrealised foreign exchange difference on intergroup loans	-	(61)	(640)	**(701)**
Total	11 157	(61)	(7 858)	**3 238**

	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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8 NON-CURRENT ASSETS HELD FOR SALE

	Group		Company	
R'000	**2013**	2012	**2013**	2012
Assets classified as held for sale	**15 645**	18 225	**-**	-
	15 645	18 225	**-**	-

8.1 Land for sale

	Carrying amount at the year end
Plot 2461 Serowe - Botswana	**754**
Portion 934 of Farm no 2, Mbabane - Swaziland	**5 903**

The land and buildings were initially purchased as the location for a Cashbuild store. The store was relocated and the land and buildings were left vacant. These land and buildings were placed on the market after approval by the board.

8.2 Buildings for sale

The following buildings were put up for sale in the previous period and are yet to be sold:

Oshakati, Namibia	**38**
Strand, South Africa	**3 689**
Worcester, South Africa	**5 261**

These buildings were placed on the market after approval by the board. The group still has the intention to sell these assets and is engaged in an active plan to sell these assets.

9 INVENTORIES

	Group		Company	
Merchandise at lower of cost or net realisable value	**986 709**	744 606	**-**	-
	986 709	744 606	**-**	-

Cost of inventories recognised as an expense and included in 'cost of sales' amounted to R5 258 163 260 (2012: R5 172 974 927).

The provision for write-down of inventories increased by R17 237 563 (2012: R11 312 442) and recognised as an expense for the year.

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10 TRADE AND OTHER RECEIVABLES

	Group		Company	
R'000	**2013**	2012	**2013**	2012
Trade accounts receivable	**108 534**	87 703	**-**	-
Less: Provision for impairment of trade accounts receivable	**(20 526)**	(12 983)	**-**	-
Other accounts receivable	**13 474**	6 653	**4**	4
Prepayments	**30 402**	20 329	**-**	-
VAT receivables	**3 869**	3 739	**-**	-
Less non-current portion: Rental prepayments	**(20 557)**	(13 483)	**-**	-
	115 196	91 958	**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 R22.4m, 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	**1 859**	828	**-**	-
Non-current portion: Rental prepayment	**20 557**	13 483	**-**	-
	22 416	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 R20 526 361 (June 2012: R12 982 825) for the impairment of its trade receivables during the period ended 30 June 2013. 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.

11 FINANCIAL ASSETS AT FAIR VALUE

	Group		Company	
R'000	**2013**	2012	**2013**	2012
Financial assets at fair value through profit and loss	**125 628**	-	**-**	-
	125 628	-	**-**	-
Reconciliation of movements in financial assets at fair value:				
Opening balance	**-**	-	**-**	-
Initial investment in financial assets	**180 000**	-	**-**	-
Fair value loss for the period	**(2 372)**	-	**-**	-
Disinvestments during the period	**(52 000)**	-	**-**	-
Closing balance	**125 628**	-	**-**	-

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12 CASH AND CASH EQUIVALENTS

	Group		Company	
R'000	**2013**	2012	**2013**	2012
Cash at banks and on hand	**123 818**	487 946	**3 134**	2 074
	123 818	487 946	**3 134**	2 074

Included in cash and cash equivalents is restricted cash of R Nil (June 2012: R 6 662 071).

Rate of interest earned on cash in bank varies between 1% - 5.80% (2012: 3% - 5.70%).

13 SHARE CAPITAL

	Group		Company	
R'000	**2013**	2012	**2013**	2012
Authorised				
35 000 000 (June 2012: 35 000 000) ordinary shares of 1 cent each	**350**	350	**350**	350
Issued				
25 189 811 (June 2012: 25 189 811) ordinary shares of 1 cent each	**252**	252	**252**	252
Less: Treasury shares held by The Cashbuild Share Incentive Trust and the Cashbuild Empowerment Trust	**(20)**	(20)	**-**	-
Opening balance: 2 480 324 (June 2012: 2 480 324)	**20**	23	**-**	-
Less: Shares disposed of by The Cashbuild Share Incentive Trust 50 000 (June 2012: 350 000)	**(1)**	(3)	**-**	-
Add: Shares purchased by The Cashbuild Operations Management Member Trust: 16 760 (refer to Note 14)	**1**	-	**-**	-
	232	232	**252**	252

The Cashbuild Share Incentive Trust holds 117 825 (June 2012: 167 825) ordinary shares. The Cashbuild Empowerment Trust holds 1 964 999 (June 2012: 1 964 999) ordinary shares. The Cashbuild Operations Management Member Trust holds 16 760 (June 2012: Nil). The shares held by these trusts are eliminated on consolidation.

14 SHARE-BASED PAYMENTS

The group has put in place share option schemes which are operated through the Cashbuild Share Incentive Trust ("The Trust"). 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	
	2013	2012	**2013**	2012
Opening balance	**950 000**	1 125 000	**950 000**	1 125 000
New options granted	**802 500**	175 000	**802 500**	175 000
Options exercised	**(50 000)**	(350 000)	**(50 000)**	(350 000)
Options forfeited	**(75 000)**	-	**(75 000)**	-
Closing balance	**1 627 500**	950 000	**1 627 500**	950 000

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Note 14 (continued)

	Group	
R'000	**2013**	2012
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:	**118**	168

The first share option was completed during the 2012 financial year. The remaining contractual life for the second option scheme is 11 months, the third scheme 1 year and 5 months, the fourth scheme 1 year and 9 months and the fifth scheme 2 years and 10 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	5th Scheme
Grant date	16 May 2009	27 May 2011	13 December 2011	20 March 2012	18 April 2013
Vesting date	16 May 2012	27 May 2014	13 December 2014	20 March 2015	18 April 2016
Exercise price/weighted average price	52.03	92.27	106.75	114.14	126.35
Expected option lifetime	4 years	4 years	4 years	4 years	4 years
Rolling volatility	33%	32%	32%	31%	24%
Dividend yield	2.9%	3.4%	3.4%	3.4%	3.2%
Risk-free rate	7.3%	5.4%	5.2%	5.1%	5.5%
Options remaining at 30 June 2013	-	675 000	50 000	100 000	802 500

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

The Operations Management Member 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.
The first year scheme qualified for 16 760 shares in June 2012, the second year scheme qualified for 2 980 shares in June 2013.

Share-based payment expense:

	Group		Company	
R'000	**2013**	2012	**2013**	2012
Opening balance	**12 618**	4 969	**-**	-
Share options expensed for the year				
- first scheme	**-**	1 459	**-**	-
- second scheme	**5 661**	4 716	**-**	-
- third scheme	**351**	397	**-**	-
- fourth scheme	**1 107**	303	**-**	-
- fifth scheme	**1 421**	-	**-**	-
- operational managers scheme*	**729**	774	**-**	-
Total expensed - 30 June 2013	**21 887**	12 618	**-**	-

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Note 14 (continued)

The following directors have been granted share options. The share options are contingent on the person retaining their employment by the vesting date. The movement in the share option schemes per director is summarised as follows;

1st Scheme	WF de Jager	AE Prowse	SA Thoresson	A van Onselen	Total
30 June 2012	-	50 000	-	-	50 000
Options granted	-	-	-	-	-
Exercised	-	(50 000)	-	-	(50 000)
30 June 2013	**-**	**-**	**-**	**-**	**-**
2nd Scheme					
30 June 2012	100 000	100 000	100 000	100 000	400 000
Options granted	-	-	-	-	-
Exercised	-	-	-	-	-
30 June 2013	**100 000**	**100 000**	**100 000**	**100 000**	**400 000**
3rd Scheme					
Options granted to directors	-	-	-	-	-
4th Scheme					
30 June 2012	100 000	-	-	-	100 000
Options granted	-	-	-	-	-
Exercised	-	-	-	-	-
30 June 2013	**100 000**	-	-	-	**100 000**
5th Scheme					
30 June 2012	-	-	-	-	-
Options granted	100 000	75 000	75 000	75 000	325 000
Exercised	-	-	-	-	-
30 June 2013	**100 000**	**75 000**	**75 000**	**75 000**	**325 000**
NET SHARE OPTIONS - 30 JUNE 2013	**300 000**	**175 000**	**175 000**	**175 000**	**825 000**

15 CUMULATIVE TRANSLATION ADJUSTMENT

	R'000
Balance at 30 June 2011	(14 402)
Currency translation differences:	(440)
Balance at 30 June 2012	(14 842)
Currency translation differences:	4 506
Balance at 30 June 2013	**(10 336)**

The cumulative translation reserves arise as a result of foreign exchange differences calculated on the conversion of foreign operations in the group's reporting currency, accounted for directly in the statement of other comprehensive income.

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16 DEFERRED OPERATING LEASE LIABILITY

	Group		Company	
R'000	**2013**	2012	**2013**	2012
Deferred operating lease liability	**92 016**	85 122	**-**	-
	92 016	85 122	**-**	-

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

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

17 DEFERRED PROFIT

Opening balance	**1 647**	1 699	**-**	-
Recognised in income statement	**(52)**	(52)	**-**	-
Closing balance	**1 595**	1 647	**-**	-

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

18 BORROWINGS

Non-current				
Finance lease liability	**2 488**	2 472	**-**	-
	2 488	2 472	**-**	-

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	**378**	377	**-**	-
- later than 1 - no later than 5 years	**1 533**	1 908	**-**	-
- later than 5 years	**173 297**	173 299	**-**	-
	175 208	175 584	**-**	-
Future finance charges on finance leases	**(172 720)**	(173 112)	**-**	-
Present value of finance lease liabilities	**2 488**	2 472	**-**	-

The present value of finance lease liabilities is as follows:

- not later than 1 year	**358**	405	**-**	-
- later than 1 - no later than 5 years	**637**	861	**-**	-
- later than 5 years	**1 493**	1 206	**-**	-
	2 488	2 472	**-**	-

19 TRADE AND OTHER PAYABLES

	Group		Company	
R'000	**2013**	2012	**2013**	2012
Trade payables	**577 487**	546 897	**-**	-
Provisions and accruals	**276 442**	290 764	**2 590**	1 529
Total trade and other payables	**853 929**	837 661	**2 590**	1 529

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

LOANS PAYABLE				
The Cashbuild Share Incentive Trust	**-**	-	**19 524**	17 174
Total loans payable	**-**	-	**19 524**	17 174

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

20 EMPLOYEE BENEFITS OBLIGATION

20.1 Long service awards

The amounts recognised in the balance sheet are as follows:

Present value of the obligation	**2 536**	2 316	**-**	-

Reconciliation of movement:				
Balance at beginning of period	**2 316**	2 125	**-**	-
Amount charged to the income statement - current service charge	**220**	191	**-**	-
Balance at end of year	**2 536**	2 316	**-**	-

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 2013, there were 4 436 (June 2012: 4 345) members, equal to 97% (June 2012: 98 %) of staff, who were members of the retirement fund.

21 REVENUE

Revenue comprises the sale of merchandise	**6 376 945**	6 310 052	**-**	-
	6 376 945	6 310 052	**-**	-

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22 EXPENSES BY NATURE

	Group		Company	
R'000	**2013**	2012	**2013**	2012
Depreciation and amortisation	**81 780**	64 797	**-**	-
Employee benefit expense	**499 503**	487 421	**-**	-
Cost of goods sold	**4 921 664**	4 837 024	**-**	-
Net creation of provision for impaired receivables	**7 543**	3 255	**-**	-
Consumables	**3 978**	3 603	**-**	-
Delivery charges	**101 797**	84 287	**-**	-
Auditor's remuneration:	**9 561**	8 361	**-**	-
- Audit services	**9 371**	7 816	**-**	-
- Taxation services	**190**	545	**-**	-
Operating lease charges - premises	**147 266**	134 470	**-**	-
Outsourced services:	**17 305**	18 078	**-**	-
- Administrative	**10 640**	8 175	**-**	-
- Technical	**5 670**	9 076	**-**	-
- Secretarial	**995**	827	**-**	-
Other expenses	**266 086**	272 924	**2**	2
Other income	**(2 078)**	(4 643)	**(143 330)**	(149 000)
Total	**6 054 405**	5 909 577	**(143 328)**	(148 998)
Classified as:				
Cost of sales	**4 921 664**	4 837 024	**-**	-
Selling and marketing expenses	**966 965**	894 960	**-**	-
Administrative expenses	**163 700**	177 745	**2**	2
Other operating expenses	**4 154**	4 491	**-**	-
Other income	**(2 078)**	(4 643)	**(143 330)**	(149 000)
	6 054 405	5 909 577	**(143 328)**	(148 998)

23 OTHER INCOME

Rental income	**144**	1 298	**-**	-
Sundry income	**434**	1 086	**-**	-
Insurance recoveries	**1 500**	2 259	**-**	-
Dividend income	**-**	-	**143 330**	149 000
	2 078	4 643	**143 330**	149 000

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24 EMPLOYEE BENEFIT EXPENSES

	Group		Company	
R'000	**2013**	2012	**2013**	2012
Salary cost	**413 401**	413 882	**-**	-
Pension fund contributions - defined contribution fund	**65 433**	57 151	**-**	-
Share-based payments	**9 269**	7 649	**-**	-
Employee benefits - long service awards	**220**	191	**-**	-
Dividends paid to participants of The Cashbuild Empowerment Trust	**11 180**	8 548	**-**	-
	499 503	487 421	**-**	-

The number of persons employed by the group at 30 June 2013 are 4 552 (June 2012: 4 453).

25 FINANCE (COST)/INCOME

Interest expense:				
- bank borrowings	**(44)**	(25)	**-**	-
- other	**(117)**	(38)	**-**	-
- finance lease and loan interest	**(801)**	(643)	**-**	-
- taxes	**(263)**	-	**-**	-
	(1 225)	(706)	**-**	-
Interest income:				
- bank balances	**30 052**	33 222	**-**	-
- other	**666**	339	**-**	-
	30 718	33 561	**-**	-

26 NET FOREIGN EXCHANGE LOSS

The exchange differences charged to the income statement	**1 576**	2 652	**-**	-

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27 INCOME TAX EXPENSE

	Group		Company	
R'000	**2013**	2012	**2013**	2012
South African	**85 985**	108 889	**-**	-
Normal taxation				
- Current	**83 768**	110 446	**-**	-
- Under provision in prior periods	**(3 468)**	(102)	**-**	-
Deferred taxation				
- Current period temporary differences	**4 927**	(1 547)	**-**	-
- Prior period adjustments	**758**	92	**-**	-
Foreign	**13 323**	19 352	**-**	-
Normal taxation				
- Current	**10 294**	17 097	**-**	-
- Over provision in prior periods	**905**	1 573	**-**	-
Deferred taxation				
- Current period temporary differences	**1 606**	1 303	**-**	-
- Prior period adjustments	**518**	(621)	**-**	-
- Tax rate change	**-**	-	**-**	-
Non-resident shareholders' tax	**4 174**	1 098	**-**	-
Secondary tax on companies	**-**	10 958	**-**	10 958
- Current	**-**	10 958	**-**	10 958
Taxation	**103 482**	140 297	**-**	10 958

27.2 Reconciliation of tax rate	**%**	%	**%**	%
South African normal rate	**28.0**	28.0	**28.0**	28.0
Allowances and disallowable expenses *	**0.8**	0.9	**(28.0)**	(28.0)
Foreign tax at different rates	**(0.2)**	0.4	**-**	-
Non-resident shareholders' tax	**1.2**	0.3	**-**	-
Secondary tax on companies	**-**	2.5	**-**	7.4
Under provision in prior periods	**(0.4)**	0.3	**-**	-
Effective tax rate	**29.4**	32.4	**-**	7.4

* Company non-taxable income

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28 EARNINGS PER SHARE

	Group		Company	
	2013	2012	**2013**	2012

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 and The Cashbuild Operations Management Member Trust has been included in the calculation from date of acquisition. 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 2013	Group 2012	Company 2013	Company 2012
28.1 Weighted average number of ordinary shares in issue ('000)	**23 091**	22 742	**25 190**	25 190
Number of ordinary shares in issue	**25 190**	25 190	**25 190**	25 190
Weighted average number of ordinary shares issued at end of year	**25 190**	25 190	**25 190**	25 190
Less : Weighted average number of treasury shares:				
- The Cashbuild Share Incentive Trust	**(118)**	(483)	**-**	-
- The Cashbuild Empowerment Trust	**(1 965)**	(1 965)	**-**	-
- The Cashbuild Operations Management Member Trust	**(16)**	-	**-**	-
Weighted number of ordinary shares in issue	**23 091**	22 742	**25 190**	25 190
28.2 Fully diluted weighted average number of ordinary shares in issue ('000)	**23 646**	22 809	**25 746**	25 257
Number of ordinary shares in issue	**23 091**	22 742	**25 190**	25 190
Share options	**556**	67	**556**	67
28.3 Basic earnings per share (cents)	**1 063**	1 261	**569**	548
Profit attributable to owners of the company (R'000)	**245 490**	286 832	**143 328**	138 040
Weighted average number of ordinary shares in issue ('000)	**23 091**	22 742	**25 190**	25 190
28.4 Fully diluted basic earnings per share (cents)	**1 038**	1 258	**557**	547
Attributable earnings (R'000)	**245 490**	286 832	**143 328**	138 040
Fully diluted weighted average number of ordinary shares in issue ('000)	**23 646**	22 809	**25 746**	25 257
28.5 Headline earnings per share (cents)	**1 028**	1 256	**569**	548
Attributable earnings (R'000)	**245 490**	286 832	**143 328**	138 040
Headline earnings adjusting items:				
Profit on sale of assets after taxation (R'000)	**(8 046)**	(1 264)	**-**	-
Headline earnings (R'000)	**237 444**	285 568	**143 328**	138 040
Weighted average number of ordinary shares in issue ('000)	**23 091**	22 742	**25 190**	25 190
28.6 Fully diluted headline earnings per share (cents)	**1 004**	1 252	**557**	547
Headline earnings (R'000)	**237 444**	285 568	**143 328**	138 040
Fully diluted weighted average number of ordinary shares in issue ('000)	**23 646**	22 809	**25 746**	25 257

Notes to the Consolidated Financial Statements
for the year ended 30 June 2013

29 DIVIDENDS PER SHARE

	Group		Company	
R'000	**2013**	2012	**2013**	2012
	Cents	Cents	**Cents**	Cents
Interim				
No 40 paid on 15 April 2013 (2012 : No 38 paid on 16 April 2012)	**296**	296	**296**	296
Final				
No 41 payable on 14 October 2013 (2012: No 39 payable on 15 October 2012)	**191**	273	**273**	273

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

30 CASH GENERATED FROM OPERATIONS

	Group		Company	
R'000	**2013**	2012	**2013**	2012
30.1 Reconciliation of profit before taxation to cash generated from operations				
Profit before income tax	**352 033**	433 330	**143 328**	148 998
Adjustments for:				
Depreciation of property, plant and equipment	**75 008**	62 921	**-**	-
Amortisation of intangible assets	**6 773**	1 876	**-**	-
Movement in employee benefits	**220**	191	**-**	-
Exchange differences on non-current assets	**(1 781)**	(618)	**-**	-
Interest received	**(30 718)**	(33 561)	**-**	-
Interest paid	**1 225**	706	**-**	-
Loss/(profit) on disposal of property, plant and equipment	**3 705**	(1 755)	**-**	-
Profit on disposal of assets held for sale	**(11 620)**	-	**-**	-
Share-based payment	**9 269**	7 649	**9 269**	-
Decrease in deferred profit	**(52)**	(52)	**-**	-
Increase in deferred operating lease liability	**6 894**	9 407	**-**	-
Operating profit before working capital changes	**410 956**	480 094	**152 597**	148 998
(Increase)/decrease in inventories	**(241 112)**	45 706	**-**	-
Increase in trade and other receivables	**(30 273)**	(28 269)	**-**	-
Increase/(decrease) in trade and other liabilities	**16 807**	(345 978)	**1 061**	119
Working capital changes	**(254 578)**	(328 541)	**1 061**	119
Cash generated from operations	**156 378**	151 553	**153 658**	149 117

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013 (continued)

Note 30 (continued)

	Group		Company	
R'000	**2013**	2012	**2013**	2012
30.2 Proceeds from disposal of property, plant and equipment				
Net book value	**7 757**	11 577	**-**	-
(Loss)/profit on sale of property, plant and equipment	**(3 705)**	1 755	**-**	-
Proceeds on sale of property, plant and equipment	**4 052**	13 332	**-**	-
30.3 Proceeds from disposal of assets held for sale				
Net book value	**2 627**	-	**-**	-
Profit on sale of assets held for sale	**11 620**	-	**-**	-
Proceeds on sale of assets held for sale	**14 247**	-	**-**	-
30.4 Dividends paid				
Amounts charged to distributable reserves;				
Final dividend - prior year	**(62 955)**	(31 562)	**(68 768)**	(35 014)
Interim dividend - current year	**(68 807)**	(67 255)	**(74 562)**	(74 562)
Amounts paid to minority shareholders	**(1 180)**	(569)	**-**	-
Cash amounts paid	**(132 942)**	(99 386)	**(143 330)**	(109 576)
30.5 Taxation paid				
Taxation owing at beginning of the year	**(8 768)**	(36 336)	**(322)**	(322)
Amount charged to income statement	**(103 482)**	(140 297)	**-**	(10 958)
Movement in deferred taxation	**7 919**	(696)	**-**	-
Amount (receivable)/owing at end of the year	**(9 279)**	8 768	**322**	322
Cash amounts paid	**(113 610)**	(168 561)	**-**	(10 958)

31 BORROWING POWERS

	Group 2013	Group 2012	Company 2013	Company 2012
Total gross borrowings	**2 488**	2 472	**-**	-
Banking facilities:				
Flexible term general banking facilities	**60 660**	74 390	**-**	-
Unutilised banking facilities	**60 660**	74 390	**-**	-

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

32 COMMITMENTS

R'000	Group 2013	Group 2012	Company 2013	Company 2012
32.1 Capital commitments				
Capital expenditure to be funded from internal resources as approved by the directors				
- Authorised and contracted for	**30 362**	62 613	**-**	-
- Authorised by directors, but not contracted for	**164 995**	204 831	**-**	-
Total commitments	**195 357**	267 444	**-**	-
Capital commitments for the 12 months after accounting date	**164 995**	197 281	**-**	-

Nedbank Limited has issued guarantees of R3 990 000 (June 2012: R6 264 600) on behalf of the group for contracts entered into by the group. The group has other bond guarantees of R2 317 000.

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 7.28% (June 2012: 7.38%) 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:

R'000	Group 2013	Group 2012	Company 2013	Company 2012
- Not later than in 1 year	**237 030**	244 121	**-**	-
- Later than 1 year - not later than 5 years	**488 986**	476 659	**-**	-
- Later than 5 years	**319 363**	295 197	**-**	-
Total future cash flows	**1 045 379**	1 015 977	**-**	-
Straight-lining of leases already accrued in balance sheet	**(92 016)**	(85 122)	**-**	-
Future expenses	**953 363**	930 855	**-**	-

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.

R'000	Group 2013	Group 2012	Company 2013	Company 2012
Bank guarantees	**6 307**	7 675	**-**	-
Sundry restricted cash	**-**	6 662	**-**	-
	6 307	14 337	**-**	-

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013 (continued)

34 SEGMENTAL INFORMATION **

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 perspective. 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 2013

R'000	South Africa	*Other members of common monetary area	Botswana and Malawi	Group
Income statement				
Revenue				
- External	5 583 424	505 499	288 022	6 376 945
- Internal	11 078	-	-	11 078
Operating profit	277 733	31 610	13 197	322 540
Finance cost	(866)	(295)	(64)	(1 225)
Finance income	21 911	6 744	2 063	30 718
Profit before tax	298 777	38 060	15 196	352 033
Income tax expense				(103 482)
Profit for the year				248 551
Statement of financial position				
Segment assets	1 626 670	299 468	142 862	2 069 000
Segment liabilities	786 355	121 066	45 143	952 564
Depreciation	67 159	4 688	3 161	75 008
Amortisation	6 773	-	-	6 773
Capital expenditure	179 506	13 259	5 277	198 042

* Includes Namibia, Swaziland and Lesotho

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

Note 34 (continued)

34.2 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.

35 RELATED PARTIES

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

35.1 Subsidiaries

			Effective holding		Nature
Name of company	Domicile	Issued share capital	Jun-13	Jun-12	
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	C	MK 100 000	**51%**	51%	2
Cashbuild (Namibia) (Pty) Ltd	D	N$ 1	**100%**	100%	2
Cashbuild (South Africa) (Pty) Ltd		R 54 000	**100%**	100%	2
Cashbuild (Swaziland) (Pty) Ltd	E	E 500	**100%**	100%	2
Roofbuild Trusses (Pty) Ltd		R 100	**71%**	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

During the period Cashbuild Management Services (Ltd) Ltd bought a further 20% in Roofbuild for R60 000. At which date the non-controlling interest carrying value was a debit of R1 069 508, the difference has been treated in equity. During the prior 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 774 656, 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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

Note 35 (continued)

2013 R'000	Sales	Purchases	Receivable balance	Payables balance	Loan/ equity liabilities	Loan/ equity assets
Cashbuild Limited	-	-	-	-	26 702	94 866
Cashbuild (South Africa) (Pty) Ltd	11 078	-	7 216	113	72 457	36 572
Cashbuild Management Services (Pty) Ltd	-	-	-	-	94 866	127 002
Cashbuild (Botswana) (Pty) Ltd	-	-	-	2 302	-	10 374
Cashbuild (Lesotho) (Pty) Ltd	-	-	-	749	-	1 447
Cashbuild Lilongwe Ltd	-	-	113	1 306	2 956	-
Cashbuild (Namibia) (Pty) Ltd	-	-	-	693	30 111	3 352
Cashbuild (Swaziland) (Pty) Ltd	-	-	-	1 847	-	6 255
Roofbuild Trusses (Pty) Ltd	-	11 078	-	319	4 411	-
Tradebuild (Pty) Ltd	-	-	-	-	-	-
Cashbuild (Kwandebele) (Pty) Ltd	-	-	-	-	-	-
Cashbuild (Transkei) (Pty) Ltd	-	-	-	-	-	-
The Cashbuild Share Incentive Trust	-	-	-	-	-	26 702
Cashbuild Empowerment Trust	-	-	-	-	75 068	-
	11 078	**11 078**	**7 329**	**7 329**	**306 570**	**306 570**

2012 R'000	Sales	Purchases	Receivable balance	Payables balance	Loan/ equity liabilities	Loan/ equity assets
Cashbuild Limited	-	-	-	-	24 106	92 269
Cashbuild (South Africa) (Pty) Ltd	10 050	-	47	-	61 882	37 757
Cashbuild Management Services (Pty) Ltd	-	-	-	-	92 269	120 482
Cashbuild (Botswana) (Pty) Ltd	-	-	-	-	-	8 878
Cashbuild (Lesotho) (Pty) Ltd	-	-	-	-	1 197	1 504
Cashbuild Lilongwe Ltd	-	-	-	-	2 897	-
Cashbuild (Namibia) (Pty) Ltd	-	-	-	-	30 111	2 862
Cashbuild (Swaziland) (Pty) Ltd	-	-	-	-	-	2 793
Roofbuild Trusses (Pty) Ltd	-	10 050	-	268	3 506	387
Tradebuild (Pty) Ltd	-	-	-	-	-	-
Cashbuild (Kwandebele) (Pty) Ltd	-	-	-	-	-	-
Cashbuild (Transkei) (Pty) Ltd	-	-	-	-	-	-
The Cashbuild Share Incentive Trust	-	-	-	-	-	24 106
Cashbuild Empowerment Trust	-	-	-	-	75 068	-
	10 050	10 050	47	268	291 038	291 038

The inter-company 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.

Note 35 (continued)

35.2 Directors

Executive	Non-executive
WF de Jager	D Masson
AE Prowse	IS Fourie
SA Thoresson	HH Hickey
A van Onselen	AGW Knock
	DSS Lushaba
	NV Simamane

Directors information is fully disclosed in note 36.

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

35.3 Key management compensation

R'000	**June 2013**	June 2012
Short-term employee benefits	**7 800**	7 280
Bonus/bonus accruals	**-**	1 897
Pension fund contributions	**670**	628

Prescribed officer, paid by the subsidiary company Cashbuild (South Africa) (Pty) Ltd, for the 12 months ended 30 June 2013:

R'000	Basic salary	Bonus	Expenses & travelling allowance	Other material benefits	Pension scheme contributions	Total
C de Beer	1 095	-	348	38	100	**1 581**

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

Top three earners other than directors and prescribed officers for the year ended 30 June 2013

R'000	Basic Salary	Bonus	Expenses & travelling allowances	Other material benefits	Company's pension scheme contributions	Share options exercised	Total
P Champion	910	-	151	83	94	-	**1 238**
A Havenga	1 076	-	66	1	103	-	**1 246**
W van Aswegen	1 141	-	139	-	113	-	**1 393**
	3 127	-	356	84	310	-	**3 877**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

Note 35 (continued)

The following share options have been granted, but not yet vested to the following key managers for the year ended 30 June 2013:

	Balance at 30 June 2011	Movement for the year	Balance at 30 June 2012	Movement for the year	Balance at 30 June 2013
C de Beer	75 000	-	75 000	50 000	**125 000**
P Champion	100 000	(50 000)	50 000	37 500	**87 500**
A Havenga	100 000	(50 000)	50 000	37 500	**87 500**
W van Aswegen	100 000	(50 000)	50 000	37 500	**87 500**
	375 000	(150 000)	225 000	162 500	**387 500**

	1st Scheme	**2nd Scheme**	**3rd Scheme**	**4th Scheme**	**5th Scheme**
Exercise price	52.03	92.27	106.75	114.14	126.35
Grant date	16 May 2009	27 May 2011	13 December 2011	20 March 2012	18 April 2013
Vesting date	16 May 2012	27 May 2014	13 December 2014	20 March 2015	18 April 2016

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

Top three earners other than directors and prescribed 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**

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 2013**	June 2012
Shares subject to the scheme at beginning of year	**167 825**	517 825
Shares transferred or to be transferred to employees	**-**	-
Shares transferred back to the Trust	**-**	-
Shares sold on open market	**(50 000)**	(350 000)
Shares subject to the scheme at end of year	**117 825**	167 825
Dealt with as follows:		
Shares allocated to employees:		
- Share purchase scheme	**-**	-
- Share option scheme	**-**	50 000
Shares held in the Trust for future allocations	**117 825**	117 825
	117 825	167 825

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013 (continued)

Note 35 (continued)

35.5 The Cashbuild Empowerment Trust

In terms of the broad-based BEE transaction approved by the shareholders on 7 February 2005, 2 580 535 shares were issued to the Cashbuild Empowerment Trust. 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. As at 30 June 2013, Cashbuild Limited had 25 189 811 (2012: 25 189 811) shares in issue.

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 share repurchase were distributed as a dividend to beneficiaries of the Trust, equal to R20 million as at statement of financial position date. As at 30 June 2013, The Cashbuild Empowerment Trust held 1 964 999 (2012: 1 964 999) shares in Cashbuild Limited. Refer to Note 37.

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

R'000	**June 2013**	June 2012
Dividend paid to the Trust		
- Final 2012 (2011)	**5 364**	2 731
- Interim 2013 (2012)	**5 816**	5 817
	11 180	8 548

35.6 The Operational Management Members Incentive Trust

The operational management members 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 vesting period which is linked to employment. Refer to note 14.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

36 DIRECTORS' INFORMATION

36.1 Directors' emoluments for the year ended 30 June 2013

R'000	Fees	Basic salary	Bonus #	Expenses & travelling allowance	Other material benefits ■	Company's pension scheme contri-butions	Share options exercised	Total
Executive directors								
WF de Jager	-	2 371	-	123	85	226	-	2 805
AE Prowse	-	1 615	-	138	5	129	5 025	6 912
S Thoresson	-	1 453	-	256	-	134	-	1 843
A van Onselen	-	1 807	-	187	31	163	-	2 188
30 June 2013	-	7 246	-	704	121	652	5 025	13 748
Non-executive directors								
D Masson	545	-	-	-	-	-	-	545
IS Fourie ♦	306	-	-	-	-	-	-	306
HH Hickey ♦	251	-	-	-	-	-	-	251
AGW Knock ❖	394	-	-	-	-	-	-	394
DSS Lushaba ❖	268	-	-	-	-	-	-	268
NV Simamane	284	-	-	-	-	-	-	284
30 June 2013	2 048	-	-	-	-	-	-	2 048
Total directors' emoluments								
30 June 2013	2 048	7 246	-	704	121	652	5 025	15 796

The following share options have been granted, but not yet vested to the following directors for the year ended June 2013:

Executive directors	Balance at 30 June 2012	New options granted	Options exercised	Balance at 30 June 2013
WF de Jager	200 000	100 000	-	**300 000**
AE Prowse	150 000	75 000	(50 000)	**175 000**
S Thoresson	100 000	75 000	-	**175 000**
A van Onselen	100 000	75 000	-	**175 000**
	550 000	325 000	(50 000)	**825 000**

	1st Scheme	2nd Scheme	3rd Scheme	4th Scheme	5th Scheme
Exercise price	52.03	92.27	106.75	114.14	126.35
Grant date	16 May 2009	27 May 2011	13 December 2011	20 March 2012	18 April 2013
Vesting date	16 May 2012	27 May 2014	13 December 2014	20 March 2015	18 April 2016

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013 (continued)

Note 36 (continued)

36.2 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	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
SA 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	889	-	-	-	-	-	-	889
DSS Lushaba ❖	305	-	-	-	-	-	-	305
AGW Knock ❖	492	-	-	-	-	-	-	492
FM Rossouw ●	234	-	-	-	36	-	-	270
NV Simamane	303	-	-	-	-	-	-	303
30 June 2012	2 223	-	-	-	36	-	-	2 259
Total directors' emoluments								
30 June 2012	2 223	8 275	4 466	782	235	588	15 139	31 708

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 2011	New options granted	Options exercised	Balance at 30 June 2012
WF de Jager	200 000	100 000	(100 000)	200 000
AE Prowse	150 000	-	-	150 000
S Thoresson	200 000	-	(100 000)	100 000
A van Onselen	100 000	-	-	100 000
30 June 2012	**650 000**	**100 000**	**(200 000)**	**550 000**

Bonuses refer to bonuses paid and accrued for and are authorised by the remuneration committee.
■ "Other material benefits" include contributions to medical aid.
● Passed away on 31 December 2011
☐ Appointed 1 March 2011
❖ Appointed 1 July 2011
❍ Retired on 1 March 2012
♦ Appointed 1 July 2012

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

Note 36 (continued)

36.3 Directors' shareholding

The directors held in aggregate, direct and indirect beneficial interests and non-beneficial interests of 0.005% in the issued share capital of the company at 30 June 2013. The direct and indirect beneficial interest and non-beneficial interests of the directors in office at 30 June 2013 are as follows:

	Ordinary shares	
	Beneficial	**Non-beneficial**
Ordinary shares	**1 200**	**-**
Comprising:		
Non-executive directors	**1 200**	**-**
NV Simamane	**1 200**	**-**
Total ordinary shares held	**1 200**	**-**

The directors held in aggregate, direct and indirect beneficial interests and non-beneficial interests of 0.005% 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	
	Beneficial	**Non-beneficial**
Ordinary shares	1 200	-
Comprising:		
Non-executive directors	1 200	-
NV Simamane	1 200	-
Total ordinary shares held	1 200	-

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013 (continued)

37 ANALYSIS OF SHAREHOLDERS

37.1 Listed below is an analysis of holdings extracted from the register of ordinary shareholders at 30 June 2013:

	% 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	0.47	117 825	1
The Cashbuild Empowerment Trust	7.80	1 964 999	1
Public			
Banks	17.64	4 443 412	42
Brokers	1.45	366 052	11
Close Corporations	6.21	1 564 882	52
Endowment Funds	0.33	83 424	23
Individuals	9.38	2 366 084	2 815
Insurance Companies	2.47	622 377	21
Investment Companies	0.15	38 860	4
Medical Aid Schemes	0.16	39 641	5
Mutual Funds	13.86	3 490 583	92
Nominees and Trusts	21.48	5 409 626	584
Other Corporations	0.49	123 708	50
Pension Funds	13.04	3 285 690	114
Private Companies	4.13	1 040 031	126
Public Companies	0.92	231 417	13
	100.00	**25 189 811**	**3 955**
37.1.2 Portfolio size			
1 - 1 000	4.15	1 044 611	2 944
1 001 - 5 000	6.52	1 642 902	729
5 001 - 100 000	20.92	5 270 008	244
100 001 - 1 000 000	45.00	11 336 274	34
1 000 000 - over	23.41	5 896 016	4
	100.00	**25 189 811**	**3 955**

37.2 The following shareholders held in excess of 5% of the shares of the company at 30 June 2013:

	% holding	No. of shares
Goldrick, PK	10.05	2 531 017
The Cashbuild Empowerment Trust	7.80	1 964 999
Government Employees Pension Fund	7.42	1 869 514
SRA Investments CC	5.95	1 500 000

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

Note 37 (continued)

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 the register of ordinary shareholders at 30 June 2012:

	% holding	No. of shares	No. of shareholders
37.4.1 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
37.4.2 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
	100.00	25 189 811	2 739

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013 (continued)

Note 37 (continued)

37.5 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

37.6 Directors' shareholding in main register

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

Notice of the 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 group" or "the company")

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF MEMBERS OF CASHBUILD WILL BE HELD IN THE CASHBUILD BOARDROOM, 101 NORTHERN PARKWAY, ORMONDE, JOHANNESBURG ON MONDAY, 2 DECEMBER 2013 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 (Auditor's report)**
   To resolve that the auditor's 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 2013, together with the reports of the directors and auditor.

3. **Ordinary resolution number three (Re-election of director: AGW Knock)**
   MR AGW KNOCK (independent non-executive director) who became a director on 1 July 2011.

   Qualifications: BSc MSc (Engineering) (WITS): MDP (Cape Town) Pr.Eng

   Work experience: Mr Knock's work experience includes:
   - Non-executive board member of the Mining SETA for 12 years
   - Executive chairman of the SAP Africa User group NPA for five years
   - Chairman Minerals and Mining Standards Generating body for eight years
   - Council member association of Mine Managers for two years
   - Prior to his retirement he was a general manager of a mine in the Anglo Platinum group

4. **Ordinary resolution number four (Re-election of director: DSS Lushaba)**
   DR DSS LUSHABA (independent non-executive director) who became a director on 1 July 2011.

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

   Work Experience: Dr Lushaba's work experience includes:
   - General manager operations (Spoornet)
   - Chief executive (Rand Water)
   - Vice president (Lonmin Platinum)
   - Current facilitator of corporate governance programmes of the Institute of Directors Southern Africa

   Directorships:
   - Harmony Gold Ltd
   - GVSC (Pty) Ltd
   - Talent Africa (Pty) Ltd
   - NEPAD Business Foundation
   - Member of Council – University of Johannesburg

Notice of the Annual General Meeting

(continued)

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

To approve the remuneration for the non-executive directors, with effect from 1 July 2013 to 30 June 2014, as follows:

Type	Position	Fee	Period
Annual Retainer	Chairman Director	R180 000 R127 000	Annually Annually
Board and Strategy Meetings	Chairman Director	R29 000 R19 000	Per meeting Per meeting
Audit and Risk Management Committee Meetings	Chairman Director	R14 000 R11 000	Per meeting Per meeting
All other Meetings *	Chairman Director	R12 000 R 9 000	Per meeting Per meeting

* Remuneration Committee
Nomination Committee
Share Incentive Trust
Pension Fund
Social and Ethics Committee

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.

6. Ordinary resolution number five (Re-appointment of auditor)

Subject to the audit and risk committee being satisfied as to the auditor's independence, to re-appoint PricewaterhouseCoopers Inc. as the auditor for the current financial year ending 30 June 2014, with Mr I Buys being the individual 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 and risk 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.

Notice of the Annual General Meeting

The authorisation of any such financial assistance will be and remains 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 number six, seven and eight [Re-election of Audit and Risk Management Committee members]**
Section 94 of the Companies Act requires each annual general meeting of a public company to elect an audit and risk 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 six**
MR IS FOURIE
8.2 **Ordinary resolution number seven**
MS NV SIMAMANE.
8.3 **Ordinary resolution number eight**
DR DSS LUSHABA

9. **Ordinary resolution number nine [Non-binding shareholders vote in favour of the Company's remuneration policy] (Refer to Remuneration report on page 65)**
To approve

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, 29 November 2013.

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.

Notice of the Annual General Meeting

(continued)

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

16 September 2013

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 group" 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, 2 DECEMBER 2013 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, 2 December 2013 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 resolution number three: Re-election of director: MR AGW KNOCK			
4. Ordinary Resolution number four: Re-election of director DR D S S LUSHABA			
5. Special resolution number one: Remuneration of non-executive directors			
6. Ordinary resolution number five: Re-appointment of auditor			
7. Special resolution number two: Board authority to grant inter-company loans			
8. Ordinary resolutions numbers six to eight By separate resolutions, to appoint the following members to the Audit and Risk Committee			
8.1. Ordinary resolution number six MR IS FOURIE			
8.2. Ordinary resolution number seven MS NV SIMAMANE			
8.3. Ordinary resolution number eight DR DSS LUSHABA			
9. Ordinary resolution number nine Non-binding vote in favour of the company's remuneration policy			

Signed at ……………………………………………… on ………………………………………..2013

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

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

Notes to 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. 2000

   OR POSTAL DELIVERIES:
   P O Box 61051
   MARSHALLTOWN, 2107

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

   OR FACSIMILE:
   011 688 5238

   OR EMAIL:
   proxy@computershare.co.za
   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.

GRI Index

Profile disclosure	Description	Reference in report	Page in report
Part I	**Standard disclosures**		
1.1	Statement from the most senior decision-maker of the organisation	Chairman's report	14
		Chief executive's report	16
2.1	Name of the organisation	Introduction	1
2.2	Primary brands, products and/or services	Organisational overview	2
		Business model	22
		Cashbuild at a glance and products	11
2.3	Operational structure of the organisation including main divisions, operating companies, subsidiaries and joint ventures	Introduction	1
		Organisational structure	10
2.4	Location of organisation's headquarters	Directors' report	80
2.5	Number of countries where organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Cashbuild stores	9
2.6	Nature of ownership and legal form	Introduction	1
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	Cashbuild stores	9
		Cashbuild at a glance and products	11
2.8	Scale of operating organisation	Introduction	1
		Organisational structure	10
		People - Social Sustainability - Employment	32
2.9	Significant changes during the reporting period regarding size, structure or ownership	There were no significant changes during the reporting period regarding size, structure and ownership.	
2.10	Awards received in the reporting period	Chairman's report	14
		Chief executive's report	16
3.1	Reporting period for information provided	Organisational overview	2
3.2	Date of most recent previous report	The most recent previous report followed the company's 2012 financial year end	
3.3	Reporting cycle	Directors' report	76
3.4	Contact point for questions	Organisational overview	2
3.5	Process for defining report content	Organisational overview	2
		Engaging with stakeholders	12
		Sustainability overview - Our model for sustainability	24
3.6	Boundary of the report	Organisational overview	2
3.7	State any specific limitations on the scope or boundary of the report	There are no specific limitations on the scope or boundary of the report	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period between organisations	Scope, boundary and level of assurance	2
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	Where possible and where data was available, the GRI (G3.1) and where possible G4 Indicator Protocols, were followed	
		Organisational overview	2
3.10	Explanation of the effect of any restatements of information provided in earlier reports and the reasons for such restatements	There are no restatements of information for the period	
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report	Organisational overview	2

GRI Index

Profile disclosure	Description	Reference in report	Page in report
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight	Corporate governance report - Corporate governance framework and structure at a glance	48
4.2	Indicate whether the chair of the highest governance body is also an executive officer	Corporate governance report - Board composition	50
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members	Directorate	54
		Corporate governance report - Corporate governance framework and structure at a glance	48
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Form of proxy	143
		Organisational overview	2
4.11	Explanation of whether and how the precautionary principle or approach is addressed by the organisation.	Strategic business sustainability	25
4.14	List of stakeholder groups engaged by the organisation	Engaging with stakeholders	12
4.15	Basis for the identification and selection of stakeholders with whom to engage	Sustainability report - Materiality: What is most important to us and to our stakeholders	24
Part II	**Performance indicators**		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	Value-added statement	31
Market presence			
EC7	Procedures for local hiring and proportion of senior management and all direct employees, contractors and subcontractors hired from the local community at locations of significant operation	People - Social Sustainability	33 - 37
Indirect economic impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	People - Social Sustainability	33 - 43
Energy			
EN5	Energy saved due to conservation and efficiency improvements	Planet - Environmental Sustainability	45
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Planet - Environmental Sustainability	45
Emissions, effluent and waste			
EN22	Total weight of waste by type and disposal method	Planet - Environmental Sustainability - Waste management	46
Products and services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Planet - Environmental Sustainability	45
Employment			
LA2	Total number of new employee hires and employee turnover by age group, gender and region	People - Social Sustainability - Transformation	34

GRI Index

Profile disclosure	Description	Reference in report	Page in report
Occupational health and safety			
CRE6	Percentage of the organisation operating in verified compliance with an internationally recognised health and safety management system	People - Social Sustainability - Occupational health and safety	37
		Sustainability Overview	24
Training and development			
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career paths	People - Social Sustainability - Small business workshops	37
		People - Social Sustainability - Win a business competition	37
Diversity and equal opportunity			
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Directorate	54
		People - Social Sustainability - Transformation	34
Local communities			
SO1	Nature, scope and effectiveness of any programmes and practices which assess and manage the impacts of operations on communities, including entering, operating and exiting	Sustainability report - Macro environment	26
SO10	Operations with potential or actual negative or positive impacts on local communities	Sustainability report - Macro environment	26
Public Policy			
SO2	Public policy positions and participation in public policy development and lobbying	Engaging with stakeholders	12

UN Global Compact Principles

UN Global Compact (UNGC) requires companies and their subsidiaries to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption:

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Administration and 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

AUDITOR

PricewaterhouseCoopers Inc.

BANKERS

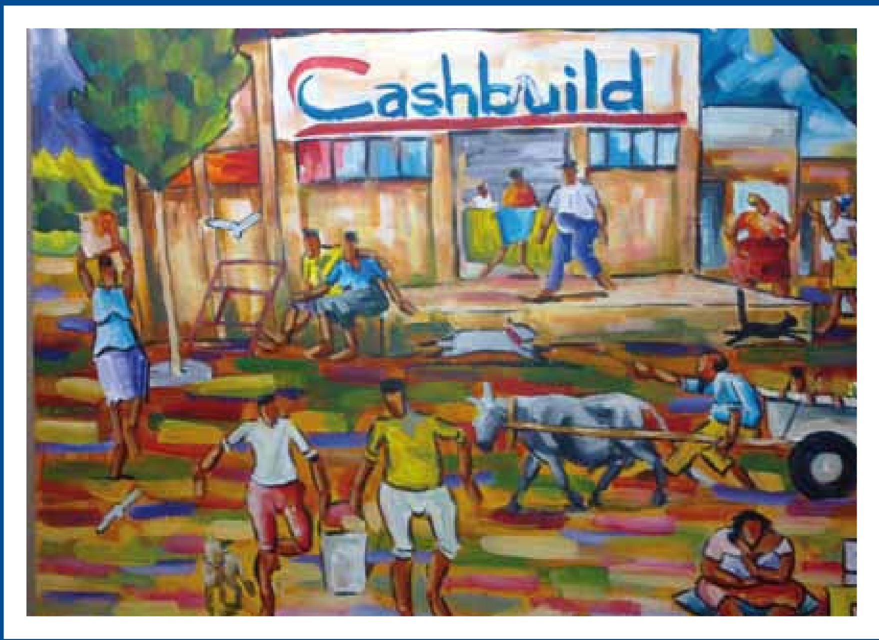
Nedcor Limited
Standard Bank of South Africa Limited
First National Bank

SPONSOR

Nedbank Capital

WEBSITE

www.cashbuild.co.za


Cashbuild


Cashbuild
QUALITY BUILDING MATERIALS AT THE LOWEST PRICES