Cashbuild

ANNUAL REPORT

2009

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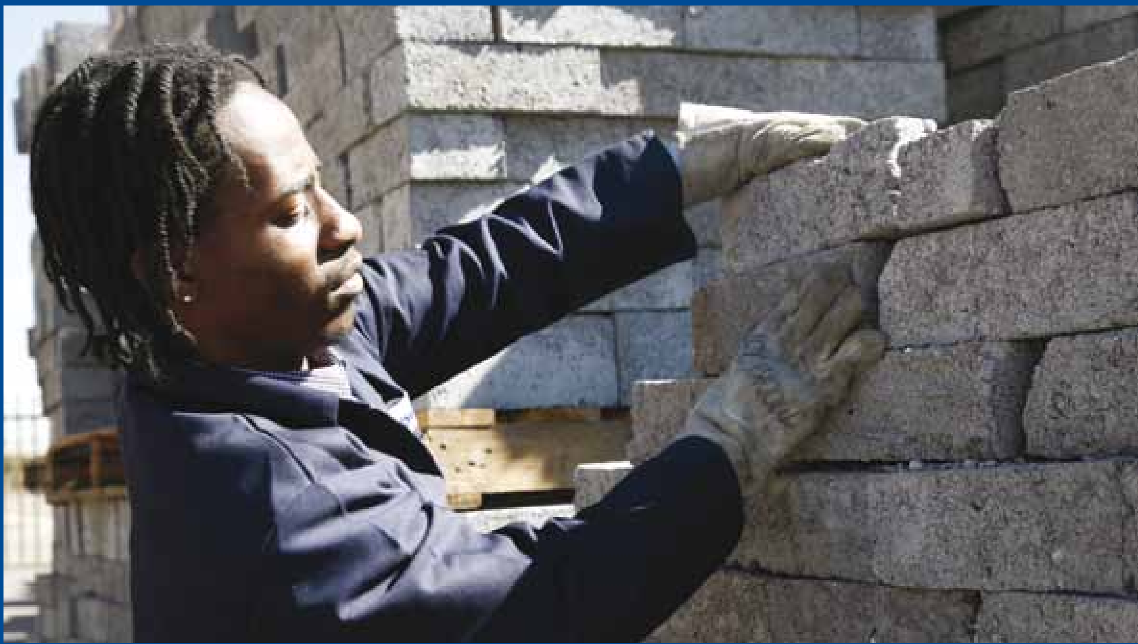
MISSION



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

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

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

VISION

Our vision is to be the first-choice retailer and supplier of building materials and associated products and services in every region of southern Africa and selected regions in African countries and to make a positive contribution in every community in which we trade.

PROSPECTS

Cashbuild strives to continue to increase its revenue by profitably growing market share to a minimum of 30%. Our prime target customer remains the cash-paying individual intent on necessary domestic improvements and structural repairs and the contractor who services him. We are also making headway in our efforts to increase the volume of revenue generated from government-related contracts.

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

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

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

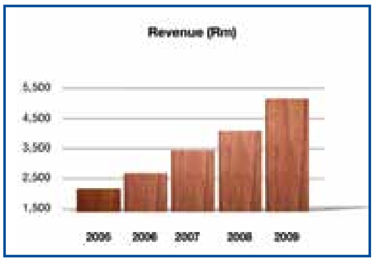
Our permanent strategy of expansion, store relocations and refurbishments continually increases the size of the market to which we have access.

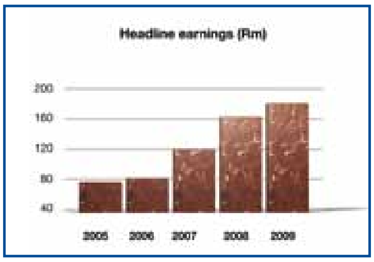
The group is confident that it will be able to maintain its record of rewarding its stakeholders and share owners with consistently improving and sustainable results into the foreseeable future.

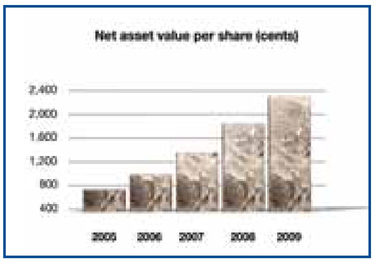
GROUP FINANCIAL HIGHLIGHTS

	June 2009	June 2008
Group summary (R'000)		
Revenue	**5 065 843**	4 043 493
Operating profit before financing income	**251 278**	227 415
Profit before taxation	**275 036**	244 729
Attributable earnings to equity holders of the company	**177 056**	160 768
Headline earnings	**177 409**	161 159
Net (decrease)/increase in cash and cash equivalents	**(33 247)**	281 797
Market capitalisation*	**1 651 542**	1 244 850
Total assets	**1 718 396**	1 604 765
Cash and cash equivalents	**348 130**	381 377
Borrowings	**2 126**	1 867
Share performance (cents per share)		
Headline earnings	**781.2**	709.7
Dividends	**246**	229
Cash and cash equivalents	**1 533**	1 679.4
Net asset value*	**2 265**	1 825
Market price - high	**7 000**	6 725
Market price - low	**4 000**	4 000
Market price - at year-end	**6 400**	4 824
Statistics		
Number of employees	**4 633**	3 975
Number of stores	**183**	173
Number of trading weeks	**52**	52
Turnover per employee (R'000)	**1 093**	1 017
Profit before tax on sales (%)	**5.4**	6.1
Return on shareholders' funds (%)	**30.3**	34.1

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







CHAIRMAN'S REPORT

In spite of a financial recession and very tough market conditions, Cashbuild can report another good year with all financial criteria showing growth:

- revenue over R5 billion;
- operating profit over R250 million;
- headline earnings over R7.50 per share; and
- dividends over R2 per share
  (both interim and final over R1 per share).

CONSISTENCY OF EARNINGS

Cashbuild has managed to report a growth in earnings of 26% per annum over the last five years (248.2 cps to 779.7 cps).

This is due to a chief executive and senior staff being passionate about their focused business model. These fundamentals and basics are diligently pursued.

They are:

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

TRADING/FINANCIAL MODEL

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

Once the plans are finalised and targets set, they are consistently (at least monthly) reviewed and corrective action taken if necessary.

Our financial model ensures that although opening of new stores (a long-term strategic objective) is enthusiastically pursued, it is not done at the expense of profitability.

Owing to the tough trading conditions, e.g. deflation in steel prices, the profitability of our new stores has dropped during the year under review and actually resulted in negative returns. Special efforts will be initiated to turn them around and they should be adding to our earnings in future years.

We are also cautious about opening stores unless we are sure we have an ample number of experienced and competent store managers and back-up staff.

CORPORATE GOVERNANCE

Cashbuild is committed to and broadly complies with the Code of Corporate Practices and Conduct enunciated in the King Report of Corporate Governance 2002 (subsequently replaced by King III).

The few matters where we do not comply 100% include the following:

- There exists an imbalance between executive and non-executive directors;
- The chairman of the board also acts as chairman of the remuneration committee;
- The chairman's position on this committee ensures that all staff remuneration and succession planning matters are continuously and consistently monitored so as to ensure long-term availability of quality personnel; and
- The chairman in his private capacity acts as an independent business advisor to management and attends certain Exco meetings on a regular basis. I wish to give shareholders the assurance that this advisory function in no way affects my independence. Conversely it allows me to be aware of management activities on a day-to-day basis.

The board of directors formally approves this arrangement on an annual basis.

REMUNERATION POLICY

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

- no one has a long term employment contract;
- no retention money or any restraint of trade is paid;
- staff are paid in line with proposals expressed in a formal salary survey as conducted by PE Corporate Services;
- the salaries paid are by way of a cost-to-company system;
- incentives are paid to senior staff on a strictly profit sharing basis on a pre-approved trigger exceeding the previous year's profit;
- these incentives do not exceed 12 months salary;
- all store staff are incentivised and paid monthly on a specific store and/or divisional target;
- annual salary increases are agreed to between management and the employee forum (representing all staff);
- rural and urban staff salaries were traditionally differentiated but have since 2009 been equalised;
- at a specific time during the year, and after a thorough review of performance versus

K.P.I.s, adjustments can be made to individuals' remuneration;
- all members of staff share equally in dividends paid to the staff incentive trust (10% of share capital);
- a few senior and long-serving members of staff were allocated stock options on a modest basis; and
- all non-executive directors' remuneration is reviewed annually and approved at the annual general meeting.

IT REVIEW

Some time ago we identified the need for a fully integrated (store/support office) IT system and decided this new system would be an integral part of our longer term growth plans.

We decided to install the SAP All-in-One system for support office and Active Retail for our stores with UCS as our main service provider.

Unfortunately the implementation has been slower than anticipated, but we do believe that insisting on "belts and braces" will mean that we will have a far more robust system with fewer future problems.

The present plan is to go-live at two pilot stores during the last quarter of 2009 with a full roll-out of stores being completed by June 2010.

Once installed we should be in an excellent position to inter alia, make marketing decisions more expeditiously. It should also give us a modern and efficient system to see us through many years without major changes.

RISK AND AUDIT

The appointment of a senior audit and risk manager has resulted in these functions being performed in a professional and effective manner.

Due to the general increase in crime and the undoubted drop in moral values the monetary value of theft and fraud has increased alarmingly.

This crime spree has forced us to step up our store compliance inspections to four times per annum and has resulted in us having to increase the number of internal auditors.

Cashbuild will remain vigilant and will show no sympathy to the criminals (whether external or internal).

FUTURE PROSPECTS AND LONG-TERM SUSTAINABILITY

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

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

- a positive forecast of South African trading conditions;
- new store development programme;
- the strict application of certain basic financial criteria in determining new sites;
- the ruthless control of costs in line with budgets;
- the immediate reaction to any deviations of certain financial/operational ratios;
- the application and continued enhancement of the IPM process;
- the commitment of all staff to the values and objectives of Cashbuild through the intervention of the democratically elected employee forum;
- the quality and enthusiastic attitude of management at all levels; and
- the positive cash flow of our trading operations.

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

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

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

I salute you!

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D Masson
Chairman
14 September 2009

CHIEF EXECUTIVE'S REPORT

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

- update the three-year comprehensive business plan by geographical area which addresses:
  1. key categories market share – protect & grow;
  2. existing store market growth;
  3. new store growth;
  4. people requirement and development;
  5. product availability; and
  6. emphasis on customer communication.
- align earnings growth drivers with the proven business model; and
- continued focus on risk management.

OVERVIEW OF PERFORMANCE

With all modesty, particularly in this trading environment, the results were excellent - the best ever in the 31 year history of the company - again achieving four key milestones:

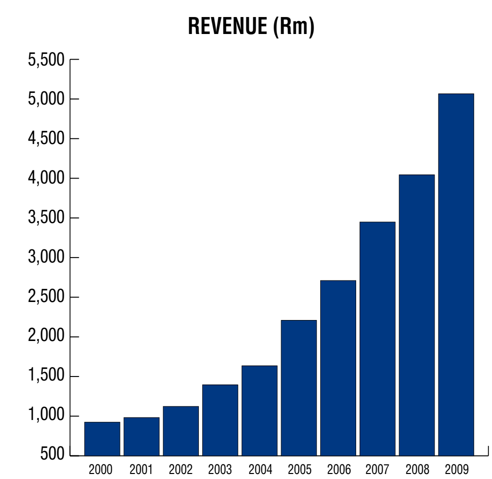
- 12.5 million customers shopping in our stores for the first time;
- revenue exceeded R5 billion for the first time;

- profit before tax exceeded R275 million for the first time; and
- also for the first time, a dividend of over 240 cents was declared.

Revenue of R5 billion, an improvement of 25% (7% attributable to new stores and 18% to pre-existing stores) on the previous year equates to 25% compound growth over the last five years. This revenue growth was achieved as a result of our focus on customer service and ensuring our proven core strategies were constantly in place:

- always in stock;
- quality products at lowest prices;
- free local customer delivery service; and
- revitalised and greater focused advertising campaign to our customers implemented prior to peak trading.

Operating expenses of R811.4 million were 26% higher than the previous year, which we tightly control and challenge for improvement, enabling our company to achieve operating profit before financing income of R251.3 million. This was a 10% improvement on the previous year and 25% compound growth over the previous five



years. Headline earnings per share of 781.2 cents improved by 10% on last year's 709.7 cents.

The dividend policy was unchanged at:

1st half: 3 times cover based on 1st half results;

2nd half: 2.5 times cover based on 2nd half results;

A total dividend of 246 cents per share was declared, an improvement of 7%.

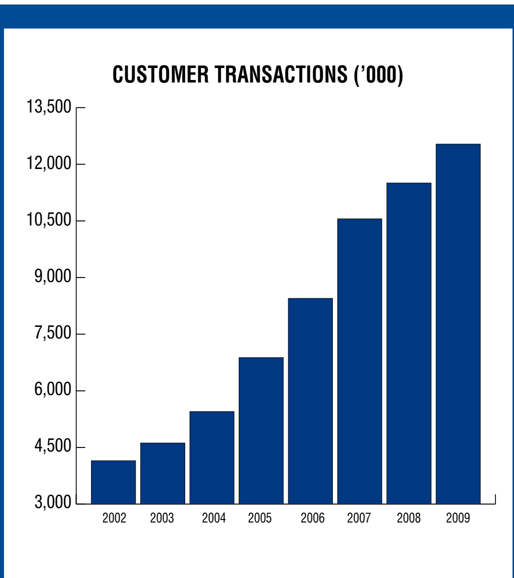
The total value of rand dividend paid to shareholders for the year is R63 million, a growth of 7% on the previous year.

NATURE OF BUSINESS

Cashbuild is southern Africa's largest retailer of quality building materials and associated products, selling direct to a cash-paying customer base through its constantly expanding chain of stores (183 at the end of this reporting year). Cashbuild carries an in-depth quality product range tailored to the specific needs of the communities it serves. Customers are typically home builders and improvers, contractors (plumbers, electricians, general builders and decorators), farmers, traders and increasingly, large construction companies and government-related infrastructure developers, as well as any person looking for quality building materials at lowest prices. Cashbuild has built its credibility and reputation by continuously offering quality products fit for purpose at the lowest prices through a purchasing and inventory policy that ensures customers' requirements are always met and can be confidently depended upon, without resorting to limited special offers or short-term crazy deals, which confuses customers and debases markets. Our store staff continues to play an invaluable role in our success through their commitment to a consistently outstanding level of customer service.

GROWING OUR CUSTOMERS

To work at Cashbuild one must like people and always be willing to help. Cashbuild values its customers who are and will always be the lifeblood of our business. Cashbuild management and staff are fully aware that our customers have the choice of where and how to spend their money. We openly acknowledge our customers pay our wages. Once again Cashbuild has succeeded in growing its shopping transactions for the financial year from 11.6 million to 12.5 million, a growth of 9%.



This consistent customer shopping transaction growth is attributed to:

- trusted and respected brand;
- correctly located stores;
- focused micro-marketing;
- clearly identifying and meeting the specific needs of all customers in each of the locations in which we trade;
- providing consistent quality customer service;
- everyday lowest prices (will beat any local price or quotation);
- always in stock;
- stocking quality product fit for purpose (never sell seconds);
- convenient and dependable delivery service at each store;
- management and staff are trained to give predictable and quality service to all customers, both external and within the business; and
- Cashbuild sets out to be a pleasure to do business with.

Cashbuild customer strategy has encouraged and enabled communities to build, renovate, repair and decorate their homes and businesses throughout southern Africa. Cashbuild is without doubt the first choice retailer of quality building materials. Cashbuild will for the foreseeable future, continue to deliver sustainable growth through well-developed business models, its large geographic spread of existing stores (which are refurbished every five years), plus planned store expansion, people, cash flow and information technology. We will grow profitable market share by continuing to employ, develop and challenge the right people 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 people to carry out their own home building and improvements. Our chosen proactive outsource

professional specialised retail advertising partner works tirelessly and effectively strategising, researching and piloting initiatives, which enables Cashbuild to be proactive in establishing shopping trends, and delivering customer expectations.

GROWING PROFITABLE MARKET SHARE

Cashbuild will continue to grow sales and profit each year by implementing the business strategy through The Cashbuild Way process (aligned with ISO 9001 standards) and fulfilling the needs of the customer in every facet of our business. We are committed and determined that all our customers, whether rural or urban in southern Africa, will find Cashbuild a pleasure to do business with. Store management and staff are employed from the communities in which we trade and therefore have a thorough understanding of their local customers' priorities and needs. All employees are fully trained and certified to carry out their specific duties and responsibilities, which include product knowledge, reading of building plans and providing customers with priced quotations. Each store prices its products to be the most competitive in the catchment area but never debases a market and offers a dependable, free local delivery service with the flexibility to meet the needs of all customers. Divisional managers are employed in the countries and regions in which they live, each division being managed by a local citizen of the country.

CASH FLOW AND WORKING CAPITAL MANAGEMENT

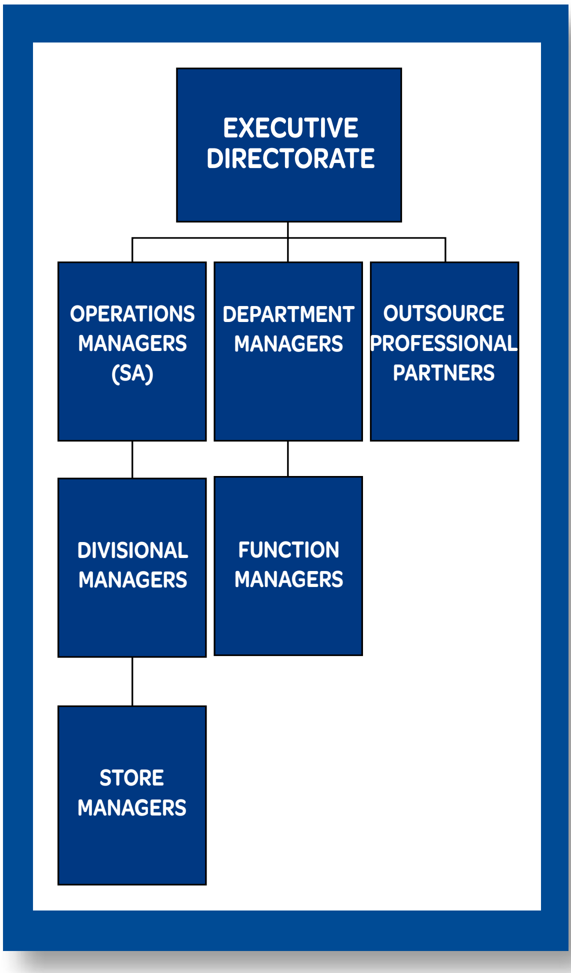
Working capital continues to receive management focus and attention resulting in inventories and trade liabilities being in line with the Cashbuild business model. Cashbuild's successful policy of 'always in stock' plus store organic expansion and refurbishment/relocation programme is now entrenched throughout the organisation and practices as per The Cashbuild Way. Cashbuild continues to utilise excess cash to negotiate beneficial settlement discounts for the group, strategically maximise opportunities to purchase extra weeks inventory prior to price increases, enabling our stores to offer our customers lower prices for longer periods. Management expects the business to continue to be adequately cash positive and capable of funding store expansion, refurbishment/relocation and the installation of the new IT system.

MANAGEMENT STRUCTURE

Cashbuild's success can be attributed to its simple business model and the excellent people culture, work ethic and in particular, living what we preach. For a number of years Cashbuild has been recognised as one of the best companies to work for. For the year under review Cashbuild was again recognised as one of the top companies to work for. Wherever possible we promote from within - during this year 16% of our staffing complement was promoted from within - appointing the right people for the job, empowering management to make decisions, creating a culture where everyone takes responsibility and accountability, constructively challenging and taking swift corrective action for non-compliance with policy or falling short in terms of service level agreements. It is our policy to openly recognise and acknowledge a job well done together with long-term reward for excellence.

The Cashbuild Way, managing and holding outsource partners responsible, together with the culture of doing things right first time, is enabling and supporting the business to grow on all fronts without creating additional and unnecessary layers of management. Our current 19 divisional managers (another nine trainee divisional managers) are driving our business forward, backed by a competent and capable support office team and professional outsource partners.

The flat management structure works effectively at Cashbuild.



Promotion from within the company is expected and widely practised. During the past year 27 store managers (including 4 ladies) were promoted from within the company. There are currently 104 store managers (including 18 ladies) in training.

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

PEOPLE DEVELOPMENT

In the financial year under review Cashbuild has implemented a learnership programme through W & R Seta with 93 unemployed learners being trained. We will be continuing this initiative in the forthcoming financial year with an additional 20 unemployed learners to be trained.

In the year ahead all Cashbuild employees will undergo SAP and Active Retail training in preparation for the implementation of these IT systems into the business. The Active Retail programme is to be accredited by the W & R Seta as an NQF level 2 accredited programme, enabling all employees the opportunity to gain credit towards a national retail qualification.

To ensure the company remains abreast of and continues to maintain a constant pool of trained and qualified managers to support the growth strategy of the business a revamped Management Development Programme is being implemented.

MANAGING THE BUSINESS AT STORE LEVEL

Cashbuild is totally customer-focused and all our stores are located, merchandised, stocked, staffed and equipped to meet the needs of a particular store customer base. Revenue and overhead expense budgets, together with business plans, are developed each year by the store managers for presentation in detail, by the appropriate operational and divisional managers to the executive directors prior to submission to the board for approval. Operations directors, operations managers, divisional and store managers are held accountable for delivery of their budgets. Store systems are in place to enable the store, divisional and operations managers to monitor performance from summary to detail levels enabling swift corrective action. Product ranging selection and selling price setting are the responsibility of the store managers under the strict control of the relevant divisional managers, who are fully conversant with company pricing policy and local market needs. The operating of stores has been greatly simplified, streamlined and disciplined by the introduction of a standard store layout, product ranges which are adjusted by line items based on previous revenue and planograms (which provide detailed product line positioning on racks). Racking is designed to cater for products and incorporates a product display and a "How to Use" guide for customers. Each store and divisional manager reports daily on its performance. The relevant operational divisional managers carry out performance reviews on a monthly basis and formal two to three day store visits approximately eight times per annum at each store.

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

SUPPORT OFFICE MANAGEMENT

Cashbuild support office is located, equipped, staffed and managed to support the stores and operations management as they strive to grow profitable market share. All costs associated with running the support office are challenged and allocated to each store in line with a strict cost allocation policy. As with stores, support office department heads and line management are responsible for submitting detailed budgets to the executive directors for scrutiny and justification prior to presentation to the board for approval. Department and line management are accountable for managing their budgets plus achieving the objectives and goals of the department function. The total personnel based in

CASHBUILD SENIOR MANAGEMENT
Standing L to R: Schalk Coetzee, Ian Mc Kay, André Havenga
Seated L to R: Etienne Prowse, Peter Champion, Wimpie van Aswegen, Crous de Beer

support office is 219 and the total cost of running the support office including professional and audit fees for the year under review was R121.7 million (2.4% of revenue).

EMPLOYEES AND MANAGEMENT

Cashbuild employs 4 633 excellent permanent people who have demonstrated through their understanding of our customers' needs, that they are the right people for the Cashbuild business. The employee forum, put in place during the 2004 financial year, is bringing benefits across the entire business. The purpose of the steering committee is to identify business opportunities, eliminate any weaknesses, manage and protect all assets, develop our people further and have the resources to grow the company into the foreseeable future. All our employees are fully trained and certificated to carry out the functions for which they are employed and are encouraged to become multi-skilled to enhance their prospects for career advancement within the company. Continued adherence to The Cashbuild Way and the incentive and reward schemes based on revenue and profitable growth have improved productivity. Cashbuild acknowledges and rewards exceptional performance throughout the business. In particular, the employees of the month in each store are recognised. At the Cashbuild Hall of Fame, annual prestigious awards are made for 20-plus years service, exceptional performance by individuals and teams throughout our business, including our outsource partners. As mentioned earlier in my report, Cashbuild is proud that it can promote from the growing wealth of enthusiastic, committed and capable talent it has attracted and retained over the years at all levels throughout the business. The company continues to outsource its industrial relations support needs to private specialist organisations. Cashbuild has appointed a group human resources manager who is 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. An employment equity task team, comprised of employees of all occupational categories and levels, is the custodian of the employment equity plan, as submitted to the Department of Labour. The plan is reviewed regularly and reports progress to the board. Cashbuild is proactively committed to the principles of The Employment Equity Act. I am extremely proud of our employees and it gives me a great sense of pride to meet such committed, dedicated and good people when I visit our stores and other work places throughout our organisation. I am confident that, with this unrelenting commitment from our people, our company will continue to deliver sustainable growth into the future for the benefit of all Cashbuild stakeholders. Absenteeism for the year under review was 1.6% with total staff turnover of 21.8% (voluntary staff turnover: 11.8% and dismissals: 10.0%). Whilst these statistics are better than the industry norm, they fall well short of our business requirements and plans are in place to address these weaknesses. All employees are informed of developments within Cashbuild through a weekly newsletter.

CASHBUILD RECRUITMENT

In the last financial year Cashbuild recruited 1 636 new employees, the majority of whom were recruited via the internet-based recruitment methodology, e-recruit, adopted by Cashbuild. To date we have 17 718 CVs registered on our recruitment portal, covering all geographical areas within southern Africa, and all career paths and levels offered within Cashbuild. This methodology has allowed Cashbuild to build up a significant in-house pool of prospective employees to cater for the planned expansion of the company and the required succession plan that goes with this growth strategy.

CARING FOR OUR EMPLOYEES

The same philosophy is well-practised within the organisation when it comes to rewarding our complement of 4 600-plus employees. All employees (including management) share equally in the empowerment trust which owns 10% of the company and receives the full dividend twice a year. The dividend is equally distributed, regardless of status or years of service. Employees have during the last 12 months, shared R6.3 million in dividends. This trust was the first equally-sharing, genuine broad-based black empowerment trust in the country. Annual cost-of-living increases are discussed and motivated by the steering committee of the Cashbuild employee forum. This year (2010 financial year), a 12% cost-of-living increase was applied to all non-managerial staff, with management receiving lower cost-of-living increases. These grades were scientifically developed and are reviewed annually. An additional percentage increase was added to rural salary bands to close the wage gap which had developed between rural and urban areas over the years. Recognition and reward is practised widely in different forms, the most distinctive of those during the past 12 months being over-target performance bonuses in excess of R21 million being paid to around 4 201 members of the workforce. Cashbuild's annual Hall of Fame Awards Ceremony, celebrated in October, is talked about throughout the organisation and inspires the full workforce. Employees celebrating 20 years service are rewarded and this year (2009), for the first time, employees with 30 years service will be honoured. Approximately 60 further coveted awards are ceremoniously bestowed on deserving candidates, accompanied by their proudly supportive spouses or partners. Cashbuild strongly believes that many of its successes are attributable to the manner in which it puts its communities and employees at the heart of its strategy. The strategy is sincere, modest and whilst it can be copied, there are few organisations that have the same determination and passion to deliver with such modesty and professionalism. Cashbuild's competencies will gather even more momentum as it expands its organisation and philosophies into communities which have been neglected for so long.

RISK MANAGEMENT AND COMPLIANCE

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 ongoing process that responds to all types of risks in all parts of the company and is an inherent part of the management philosophy of Cashbuild.

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

Cashbuild's top 20 risks being managed within the company's risk register can be categorised into the six generic areas listed below:

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

Ongoing monitoring by group 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.

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

The department consists of the following service lines:

- enterprise risk management;
- operational compliance internal audit;
- support office compliance internal;
- process improvement audit;
- The Cashbuild Way administration; and
- issues administration.

All internal audits conducted within Cashbuild are based on a risk based internal audit approach and methodology, thereby ensuring efficiency and effectiveness in addressing prioritised risks with the potential of hampering the achievement of Cashbuild's business objectives. Cashbuild has completed a successful upgrade of its in-house developed internal audit software package towards the end of 2008/9. Further enhancement planned for 2009/10 is the sourcing of a more efficient and effective ERM software tool replacing the existing risk register, and enabling an integrated real time on-line monitoring, tracking and reporting on the status of potential risks that could hamper the achievement of Cashbuild's business objectives.

PROTECTION AND MANAGING OF ASSETS

At Cashbuild, growing a successful business is about day-in and day-out managing and protection of assets. Cashbuild has developed and implemented policies, processes, procedures and disciplines which are incorporated in The Cashbuild Way (aligned with ISO 9001 quality standards) maximising the protection of assets. Each Cashbuild store carries about 3 200 different line items varying in size from 13.2 m corrugated iron to a 100mm carpentry pencil, with a price range of 84 cents for a brick to R6 756 for a quality 10 000 litre water tank. All stock is checked and tracked from point of receipt (Cashbuild takes ownership) to point of sale or delivery to customer's residence (customer takes ownership). Between these two stages there are varying time scales and processes for handling and stocking the product. These processes, which are incorporated in The Cashbuild Way, are designed to eliminate product damage and stock loss (shrinkage). Cashbuild has developed and instituted policy, processes and procedures to ensure that every line item in each store is counted on a cyclical basis not exceeding six weeks, with lines recognised as vulnerable, counted daily. All variances are investigated by store management. Wall-to-wall stock counts take place in every store at least once per quarter; unsatisfactory variances result in immediate investigation, which could lead to monthly stock counts, disciplinary action and possible dismissals. As a result of our zero tolerance of breaches of company procedures, Cashbuild has budgeted to reduce and maintain shrinkage to 0.4% of revenue and to keep it down to this level, which has been achieved frequently during the past five years.

All movable assets are tagged and bar-coded and tracked throughout the business. In line with good corporate governance and to ensure there is limited room for non-adherence, the Cashbuild risk internal audit and loss prevention department carries out a five day extensive audit at each store at least three times per annum (four times from July 2009). Non-compliance with company policy and The Cashbuild Way is addressed swiftly by the appropriate line management. The Cashbuild risk manager reports directly to the chief executive with a dotted line, to the audit committee chairman. The risk manager is also present and reports at all audit committee meetings.

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

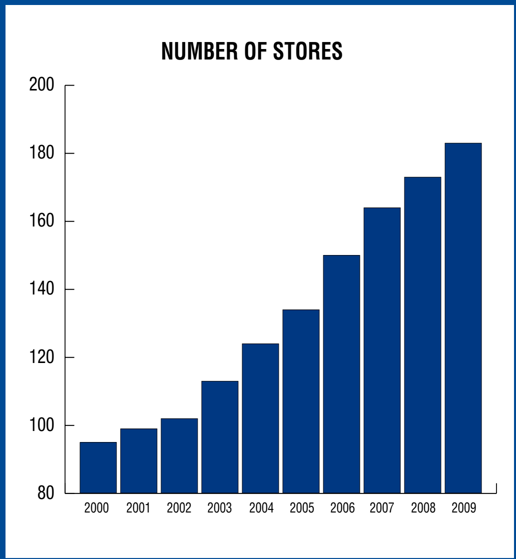
THE MARKET

The market for the supply via distribution of quality building materials is worth in the region of R100 billion per annum and is being driven forward, which is evident from the ever-growing number of buildings recently completed or in the process of being built, as well as:

- owning or buying a family home is very high on the list of aspirations of the people;
- the majority of the population having cash or access to funds to build or extend their homes;
- the ability to obtain title or formal permission to occupy land on which to live and build a home;
- the government's renewed efforts to build or make funds available for housing is a higher priority;
- the higher employment and greater distribution of wealth; and
- despite the world gloom, the feel good factor and positive vibe from most people throughout the countries in which we trade.

STORE EXPANSION/RELOCATION/ REFURBISHMENT

Cashbuild is committed to aggressively protect and grow profitable market share. Critical to the success of our business growth is the number of stores, and the physical location of each store within its catchment area. Cashbuild plans to add a minimum of 10 additional stores per year. Additional stores are only approved when identified locations show clear potential to meet strict financial and operational criteria. During the year under review thirteen additional stores were added. At the end of the financial year 183 stores were trading. Since the year-end (now at the end of September) one new store has opened, and five are planned to open by the end of 2009. A further three stores are in construction phase. The existing store base is constantly reviewed and critically analysed as leases come up for renewal, at which time a decision is made on whether to extend the lease or relocate to a site with greater potential. Cashbuild's strategy is to



refurbish/upgrade all stores on a rolling five-year period. During the financial year four stores (Naas, Protea Gardens, Middelburg and Tzaneen) were refurbished and four relocated (Mohales Hoek, Qwa Qwa, Mmabatho and Matatiele). Relocation is only approved if it meets strict operational and financial criteria.

PRODUCT SUPPLIERS

Cashbuild has a policy of purchasing products from local suppliers in the areas in which it trades. By implementing this policy it supports local employment, distribution of wealth, reduces transport costs and enables Cashbuild to offer local store customers more competitive prices, provided those local suppliers are committed and capable, together with our support, to provide a predictable supply of quality products at competitive prices. Cashbuild also purchases products from national brand suppliers. However, due to the demographical spread of our expanding store base, the number of suppliers who are capable of supplying product to all our stores is limited. Those suppliers are selected on a strict basis on their ability to produce and deliver timeously, products of consistently high quality at competitive prices direct to a selection of stores.

SUPPLY CHAIN MANAGEMENT

Total availability of all ranged products within all our stores is critical to Cashbuild's success and is a constant top of mind awareness. In the 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.

PRODUCT BRANDS AND PRODUCT PRICE

Cashbuild is committed to supplying its customers with quality products (fit for purpose) at competitive and value-for-money prices everyday and does not offer 'crazy deals', special offers with limited quantities, clearance sales to reduce excess stock or otherwise debase the market. The customer must always be able to obtain quality building materials wherever required, at the lowest prices. Cashbuild is committed to meeting and fulfilling the local customers' needs. Recognised quality brands are always important. The market is driven by the consumer with aspirations and the need to get value for money. During the past 10 years Cashbuild has developed its brand. Today the Cashbuild brand is strong and is respected as a retailer of quality and integrity.

PRICE INCREASES AND THE CONSUMER

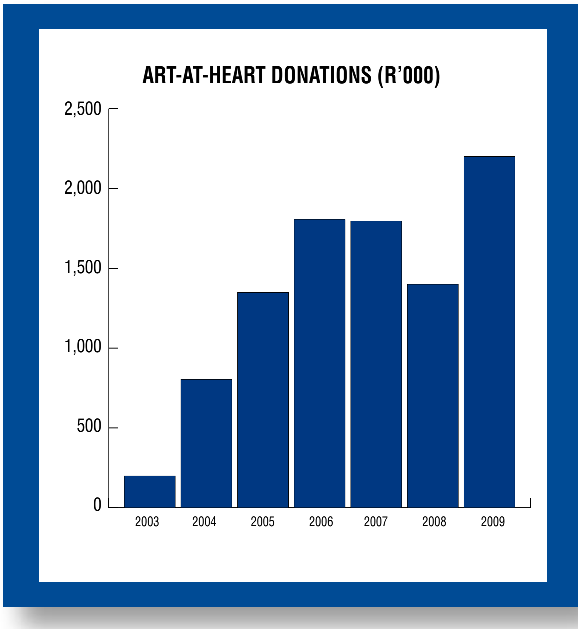
In the eight months from January 2008 a major disappointment was the greater than 100% increase in steel prices which had no justification and has had a major impact on affordability to South African consumers.

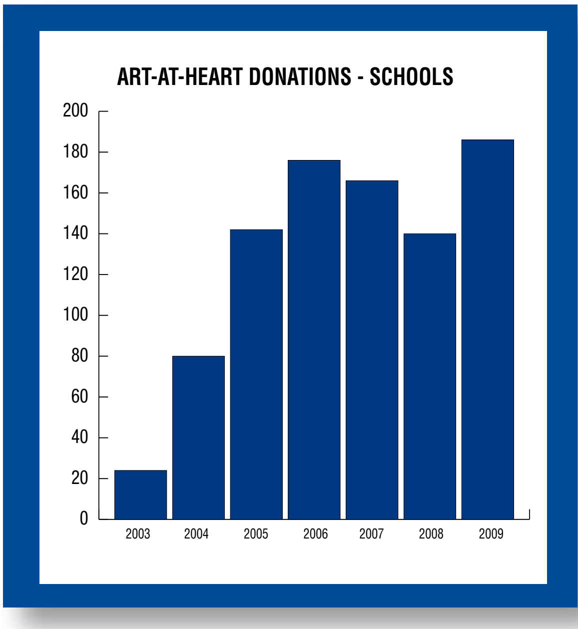
TRANSFORMATION AND SOCIAL IMPACT

Cashbuild is committed to the principles of empowerment and transformation throughout the organisation. The wide geographical footprint of the Cashbuild stores provides us with a richly diverse workforce. We focus on recruiting local people into all our stores and employ all divisional managers from the regions in which we trade. Cashbuild continues to give preference to the use of local suppliers and is constantly increasing its support of black economic empowerment initiatives. Cashbuild is continuing a programme that initiates projects within the communities within which we trade, offering entrepreneurs the opportunity to produce bricks, blocks and lintels. These products are then purchased and on-sold by Cashbuild. Cashbuild also currently offers glass-cutters and fitters the opportunity to work rent-free on Cashbuild premises. Cashbuild's free local customer delivery service which once again created local employment by utilising local labour and transport services provides a service to Cashbuild customers and supports local job creation. During the past 12 months R68 million was paid to local community delivery contractors for this service. These and other projects will continue to be supported by Cashbuild as we contribute to the development of the communities surrounding our stores. Cashbuild's vision recognises the need to make a positive contribution to every community in which we trade and we consider involvement in selected community projects to be a key aspect of our mission. Responsibility for corporate social investment initiatives has been delegated to divisional management.

COMMUNITY RELATIONS

We are passionate about Cashbuild's 31 year history! Cashbuild always has been and will continue to be a community and people-focused organisation. Its social investments and the development of its people (with particular emphasis on the distribution of wealth) are visible, but modestly spoken about. Throughout the financial year, Cashbuild donated building material to the value of R2.2 million to 187 schools in the communities in which we opened our 13 new stores. (A further eight stores were either relocated or refurbished).





Building material donations made from 1 July 2008 to 30 June 2009:

Store/school name	Region	New/ refurbished/ relocated	Date	Number of schools	Total
1 Lydenburg	**Mpumalanga**	**New**	**24 Jul 2008**	**8**	**R 80 000**
Wenakker Primary School					R 10 000
Marambane Primary School					R 10 000
Lesodi Primary School					R 10 000
Sizo Primary School					R 10 000
Kelly's Ville Primary School					R 10 000
Marifaan Primary School					R 10 000
Spekboom Primary School					R 10 000
Coromandel Primary School					R 10 000
2 Mohales Hoek	**Lesotho**	**Relocated**	**21 Aug 2008**	**8**	**R 96 000**
St Patricks Primary School					R 12 000
St Stephens Primary School					R 12 000
Mohales Hoek English Medium School					R 12 000
Mohales Hoek LEC Primary School					R 12 000
Naleli Primary School					R 12 000
Potsane Primary School					R 12 000
Mesitsaneng Primary School					R 12 000
Matsatseng Primary School					R 12 000
3 Lady Frere	**Eastern Cape**	**New**	**28 Aug 2008**	**8**	**R 96 000**
Nompumelelo Junior Secondary School					R 12 000
Lady Frere Junior Secondary School					R 12 000
Luthuthu Junior Secondary School					R 12 000
Ngqanda Junior Secondary School					R 12 000
Bomeni Junior Secondary School					R 12 000
Quthubeni Junior Secondary School					R 12 000
Zwelixolile Junior Secondary School					R 12 000
Mount Arthur Junior Secondary School					R 12 000
4 Qwa Qwa - Setsing Crest	**Free State**	**New**	**04 Sep 2008**	**8**	**R 96 000**
Matsieng Primary School					R 12 000
Iteboheleng Primary School					R 12 000
Sentinel Primary School					R 12 000
Mojatshole Primary School					R 12 000
Lepanya Primary School					R 12 000
Phamong Primary School					R 12 000
Kgopjane Primary School					R 12 000
Sedibeng Primary School					R 12 000

Store/school name	Region	New/ refurbished/ relocated	Date	Number of schools	Total
5 Port Shepstone	**Natal**	**New**	**16 Oct 2008**	**8**	**R 96 000**
Marburg Primary School					R 12 000
Port Shepstone Primary School					R 12 000
RA Angar Primary School					R 12 000
Louisiana Primary School					R 12 000
Siphakamile Primary School					R 12 000
Bashise Primary School					R 12 000
Ezwelihle Primary School					R 12 000
Ohlangeni Primary School					R 12 000
6 Tsakane	**Central and East Gauteng**	**New**	**30 Oct 2008**	**10**	**R 120 000**
Nchabeleng Primary School					R 12 000
Vuyani Primary School					R 12 000
Mandlethu Primary School					R 12 000
Shadrack Mbambo Primary School					R 12 000
Tsakane Primary School					R 12 000
Letsie Primary School					R 12 000
Lebone Primary School					R 12 000
Michael Zulu Primary School					R 12 000
Khombindlela Primary School					R 12 000
Mangosuthu Primary School					R 12 000
7 Tembisa North – Phumulani Mall	**Central and East Gauteng**	**New**	**30 Oct 2008**	**8**	**R 96 000**
Sedibeng Primary School					R 12 000
Mthambeka Primary School					R 12 000
Khulasizwe Primary School					R 12 000
Reagile Primary School					R 12 000
Isekelo Primary School					R 12 000
Sunrised Combined College					R 12 000
Khatlaming Primary School					R 12 000
Siphiwe Primary School					R 12 000
8 Maake	**Limpopo North**	**New**	**31 Oct 2008**	**9**	**R 108 000**
Mhangweni Primary School					R 12 000
Marumofase Primary School					R 12 000
Sepeke Primary School					R 12 000
Thimangeni Primary School					R 12 000
Khopo Primary School					R 12 000
Montsheng Primary School					R 12 000
Maroboni Primary School					R 12 000
Maake Primary School					R 12 000
Gavaza Primary School					R 12 000

Store/school name	Region	New/ refurbished/ relocated	Date	Number of schools	Total
9 Ulundi	**Northern Natal**	**New**	**27 Nov 2008**	**8**	**R 96 000**
Ulundi Primary School					R 12 000
Gabangaye Primary School					R 12 000
Mkhazane Primary School					R 12 000
Thengisangaye Primary School					R 12 000
Vumabakushoyo Primary School					R 12 000
Kwazikhonele Primary School					R 12 000
Sivananda Primary School					R 12 000
Mahlabathini Primary School					R 12 000
10 Klerksdorp Central	**Gauteng/ North West**	**New**	**28 Nov 2008**	**8**	**R 96 000**
Akofang Primary School					R 12 000
Mokolokotoane Primary School					R 12 000
Laerskool Lahoff					R 12 000
Klerksdorp Primary School					R 12 000
Alabama Primary School					R 12 000
Bathabile Primary School					R 12 000
Laerskool PA Theron					R 12 000
ARE-Ipeleng Public School					R 12 000
11 Brits	**Gauteng/ North West**	**New**	**06 Feb 2009**	**8**	**R 96 000**
Brits Laerskool					R 12 000
De Kroon Laerskool					R 12 000
Olienpark Laerskool					R 12 000
Katakane Primary School					R 12 000
Odi Primary School					R 12 000
Mmatope Primary School					R 12 000
Morekolodi Primary School					R 12 000
Tlhophane Primary School					R 12 000
12 Ermelo	**Limpopo**	**New**	**18 Feb 2009**	**7**	**R 84 000**
Wesselton Primary School					R 12 000
Laerskool Ermelo					R 12 000
Phumula Primary School					R 12 000
Isiwebelo Primary School					R 12 000
Qambekile Primary School					R 12 000
Pieter Mabuza Primary School					R 12 000
Ishwileni Primary School					R 12 000

Store/school name	Region	New/ refurbished/ relocated	Date	Number of schools	Total
13 Centurion	**Gauteng/ North West**	**New**	**19 Feb 2009**	**7**	**R 84 000**
Springvale Primary School					R 12 000
Fluer Laerskool					R 12 000
Uitsig Primary School					R 12 000
Lyttleton Primary School					R 12 000
Wierdapark Laerskool					R 12 000
Reformia					R 12 000
Doringkloof Primary School					R 12 000
14 Kempton Park - Cavendish Glen	**Cental and East Gauteng**	**New**	**20 Feb 2009**	**9**	**R 108 000**
Aston Manor Primary School					R 12 000
Laerskool Kreft					R 12 000
Cresslawn Primary School					R 12 000
Norkem Park Primary School					R 12 000
Laerskool Kempton Park					R 12 000
Laerskool Birchleigh					R 12 000
Laerskool Kruinsig					R 12 000
Kempton Park Primary School					R 12 000
Tersia King Learning Academy					R 12 000
15 Qwa Qwa - Phutidijhaba	**Free State**	**Relocated**	**11 Mar 2009**	**8**	**R 96 000**
Letshalemaduke Primary School					R 12 000
Makhetheng Primary School					R 12 000
Naka Primary School					R 12 000
Makeneng Primary School					R 12 000
Teboho Primary School					R 12 000
Ntebohiseng Primary School					R 12 000
Witsieshoek Primary School					R 12 000
Edu-College Primary School					R 12 000
16 Mmbatho Central	**Gauteng/ North West**	**Relocated**	**13 Mar 2009**	**8**	**R 96 000**
Sol Plaaitjie Primary School					R 12 000
Mafikeng Primary School					R 12 000
Thutong Primary School					R 12 000
Signal Hill Primary School					R 12 000
Melorane Primary School					R 12 000
Danville Primary School					R 12 000
Senwalo Primary School					R 12 000
Senkgwe Primary School					R 12 000

Store/school name	Region	New/ refurbished/ relocated	Date	Number of schools	Total
17 Naas	**Mpumalanga**	**Refurbished**	**17 Apr 2009**	**8**	**R 96 000**
Tindzaleni Primary School					R 12 000
Matjeni Primary School					R 12 000
Evimbilanga Primary School					R 12 000
Maqhekeza Primary School					R 12 000
Ndindane Primary School					R 12 000
Khula Secondary School					R 12 000
Mjokwane Secondary School					R 12 000
Mambane High School					R 12 000
18 Matatiele	**Transkei**	**Relocated**	**13 May 2009**	**8**	**R 96 000**
Focused High School					R 12 000
ST Moniga Diocesan					R 12 000
Bethel JS School					R 12 000
Ntaqazijongene Junior School					R 12 000
Maluti Secondary School					R 12 000
Matatiele Primary School					R 12 000
Phuthatichaba School					R 12 000
Polokong Junior School					R 12 000
19 Welkom Central	**Free State**	**New**	**10 Jun 2009**	**8**	**R 96 000**
Welkom Preparatory School					R 12 000
St Dominics College					R 12 000
Riebeeckstad Kleuterskool					R 12 000
Bonville Pre-School					R 12 000
Dunamis Christiaan School					R 12 000
Moremaphofu School					R 12 000
Seabo Primary School					R 12 000
Mmantshebo Primary School					R 12 000
20 Middleburg	**Limpopo**	**Refurbished**	**18 Jun 2009**	**8**	**R 96 000**
Mhluzi Primary School					R 12 000
Mthombeni Primary School					R 12 000
Batlagae Primary School					R 12 000
Eastdene Primary School					R 12 000
Laerskool Dennisig					R 12 000
Tshwenyane Combined School					R 12 000
Laerskool Eikeboom					R 12 000
Mkhulu Combined School					R 12 000

Store/school name	Region	New/ refurbished/ relocated	Date	Number of schools	Total
21 Protea Gardens	**Gauteng West**	**Refurbished**	**19 Jun 2009**	**8**	**R 96 000**
Bonamelo Primary School					R 12 000
Rebone Primary School					R 12 000
Faranai Primary School					R 12 000
Itemogelo Combined School					R 12 000
Kuthalo Primary School					R 12 000
Mayibuye Primary School					R 12 000
Tholimfundo Primary School					R 12 000
Toekumsrus Primary School					R 12 000
22 Piet Retief	**Limpopo**	**New**	**24 Jun 2009**	**8**	**R 96 000**
Piet Retief Combined School					R 12 000
Mlilo Combined School					R 12 000
Harmony Park Combined School					R 12 000
Imizamoyethu School					R 12 000
Nqobile School					R 12 000
Qhubekani School					R 12 000
Sibahle School					R 12 000
Weeber School					R 12 000
23 Tzaneen	**Limpopo North**	**Refurbished**	**26 Jun 2009**	**9**	**R 108 000**
Dr Amacje Primary School					R 12 000
Ritani Primary School					R 12 000
Morutsi Primary School					R 12 000
Thapane Primary School					R 12 000
Tzaneen Primary School					R 12 000
Unity Primary School					R 12 000
Motupa Primary School					R 12 000
Botrudi Primary School					R 12 000
Duiwelskloof Primary School					R 12 000
Total				**187**	**R 2 228 000**

Art-at-Heart

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

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

OCCUPATIONAL HEALTH AND SAFETY

As chief executive I understand and perform my role as custodian of occupational health and safety. In fulfilling my duty I have delegated responsibility to all levels of staff within the organisation. This has been achieved through proper training of staff by supporting the company's outsource partner with specialist skills in health and safety. A health and safety representative has been appointed and a first-aider is appropriately trained and qualified at each store and support office 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 ensure compliance. Cashbuild maintains its commitment to applicable legal occupational safety and health requirements. No breaches of the legal requirements were identified during the year under review.

ENVIRONMENTAL IMPACT

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

CASHBUILD CODE OF ETHICS

Cashbuild has a documented code of ethics with which all employees are expected to comply. The code is effectively enforced throughout the organisation by the board and all line management. As chief executive, I have overall responsibility for ethical behaviour within Cashbuild. Line management throughout the organisation is responsible for ensuring compliance with the company's Code of Ethics. Each store and support office department facilitates communication and training programmes for employees on values, standards and compliance procedures. Proficiency in these areas is taken into consideration when assessing the suitability of prospective employees and candidates for promotion and in delegating discretionary authority. Cashbuild adopts a zero-tolerance approach to non-adherence to our Code of Ethics. Any employee found behaving in a manner contrary to our Code of Ethics is subject to disciplinary proceedings, which can lead to dismissal. 461 employees were dismissed from the company's employment as a result of such proceedings during the year under review, as against last year's 309. These dismissals relate to fraud, unauthorised removal of company property, absenteeism, non-conformance to company policy and procedures and non-adherence to Cashbuild's Code of Ethics. Cashbuild has contracted Tip-Offs Anonymous, which provides a secure system for the reporting of unethical or risky behaviour. This in turn assists the risk internal audit and loss prevention department with the monitoring and auditing of compliance with our Code of Ethics.

INNOVATIONS, THE CASHBUILD WAY AND EMPLOYEE FORUM

Continued improvement and finding smart ways of doing business are part of the Cashbuild culture. Cashbuild has in place a process aligned with the ISO 9001 quality standard known as The Cashbuild Way which is designed to formalise change, improvement and innovation and to ensure compliance with these set standards throughout the organisation. This greatly benefits the work flow and quality of output and is resulting in greater customer satisfaction in all aspects of our business. Cashbuild has an employee forum in place, comprising staff and management across the entire business. The purpose of the committee is to identify business opportunities, eliminate any weaknesses, manage and protect all assets, develop our people further and have the resources to grow the company into the foreseeable future.

INSTALLATION AND IMPLEMENTATION OF NEW IT SYSTEM

Cashbuild set out in the 2003 financial year, to upgrade the information technology system to support the growth of the business. Unfortunately this installation did not go as intended and has had a severe impact on the managing of the business, plus unnecessary cost at our support office, not stores. This unacceptable situation was fully addressed and Cashbuild's management presented to the board during the June 2006 strategic meeting, that the selected solution was not capable of supporting the business going forward. An independent review confirmed management's findings. Cashbuild selected SAP All-in-One as its preferred system for the support office with our original selection of Active Retail remaining the preferred solution for the stores. These solutions are now fully developed and will be implemented as an integrated "Vanilla" package by the UCS group that has extensive experience of installing similar solutions in the retail sector in southern Africa.

CURRENT STATUS

During the past two years we have completed the project preparation which confirmed the understanding of the parties regarding the scope of the project. The blueprint phase, which documents all the required processes in detail has been completed, plus the building (realisation) phase together with user acceptance testing. Currently we are in the process of the conversion of support office and two pilot stores for a two month period, after which the roll-out to the entire store-base is planned to commence in January 2010.

PROSPECTS

Our business strategy has been built from the bottom up, taking cognisance of each market in which we currently trade and identifying locations where we plan to have stores in the future. This strategy will be driven and managed at a realistic pace taking into account risk associated with too aggressive store growth. Notwithstanding the above, Cashbuild at the end of September, has 184 stores, all trading successfully, and we are in our best ever position to grow profitable market share. Our experienced operations directors, operations managers and 23 divisional managers are focused on improving results in existing stores while adding new stores on a planned and controlled basis. Cashbuild's experienced and well-managed procurement department concentrates on sourcing quality products at competitive prices to meet our customers' needs. Our small but efficient store development team (six people) is professional and qualified to cater for our store expansion and refit programme. The need for quality building materials is growing. As the rate of new home building increases in all the countries in which we trade, the market is further enhanced as home owners' aspirations lead them to extend and improve their current structures. Each of our host countries' governments are committed to supporting home ownership and this will continue to increase the size of the market. Cashbuild's culture of excellence and commitment will continue to have a positive impact on the profits of the organisation, leading to improved growth in returns for all our stakeholders for the foreseeable future.

THANK YOU

During the year Cashbuild management and all its employees have worked exceptionally hard and smart to produce exemplary customer satisfaction and again, grow profitable market share, despite a planet of doom and gloom riddled with failures. The entire team has worked cohesively with commitment and pride to take Cashbuild to the current levels whilst having fun in the process. I am proud of my Cashbuild team and say with sincerity and pride, a big "thank you" to each and every employee. I look forward with great confidence and expectation to the years ahead. To our long standing outsource partners, you kept us all professionally advised and helped us in our striving for excellence and smarter ways. Your knowledge, hard work, expert contributions and patience have done you proud. Well done and

thank you. To suppliers of products, particularly during the difficult months of excessive steel price increases and shortages, a demanding period, our company's constructive challenging working relationships are going from strength to strength. I sincerely thank you for your commitment and willing support and I look forward to our mutual profitable future growth together. To our shareholders, private and institutions, I thank you for your investment in Cashbuild. Be assured of my commitment to manage Cashbuild responsibly and smartly to protect your investment. We strive to continue to grow the returns on your stake. To our customers, a particular "thank you" for the many times you shopped in our stores. We at Cashbuild are committed to bringing you quality products at the best price every day in each of your communities and are fully aware and acknowledge with thanks, that it is you who pay all our wages.

Pat Goldrick
Chief executive
14 September 2009

DIRECTORATE

Executive directors

PK Goldrick (60) (Irish)
Chief executive

Appointed 19 August 1996
- Over 43 years of retail experience with Thomas Archer Ltd and Joseph Murphy Ltd - Ireland, Selfridges Ltd and J W Carpenter Ltd and The Wickes Group - UK. Joined Cashbuild in 1996

WF de Jager (38)
Finance director
CA (SA)

Appointed 1 December 2004
- Completed board exam 1994 and completed articles with PwC. 11 years experience working specifically in the retail sector. Joined Cashbuild in 2004

KB Pomario (36)
Store development director
NHDip Construction

Appointed 27 March 2007
- 14 years construction and project management experience of which 11 have been in the retail sector. Joined Cashbuild in 1996

SA Thoresson (46)
Operations director: neighbouring countries

Appointed 27 March 2007
- 25 years retail operations experience and 16 years operating in the neighboring countries. Joined Cashbuild in 2005

A van Onselen (47)
Operations director
Dip MDP Unisa Business School

Appointed 20 September 2004
- Over 22 years of retail experience. Joined Cashbuild in 1997

DIRECTORATE

Non-executive directors

D Masson *‡ (78)
Chairman, ACIS

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

J Molobela ** (53)
Bsc Eng. (Hons), MBA

Appointed 1 September 2004
- Chairman of Telkom SA. Currently a non-executive director of N3TC and many others. Appointed to the audit committee 19 September 2005.

FM Rossouw *‡ (72)**
CA (SA)

Appointed 7 May 2001
- Prior to his semi-retirement in 2001, was a senior executive and a member of the board of Oceana, Fedfood, Premier Group, Checkers and The Airports Company. Joined Cashbuild in 2001. Mr Rossouw remains a director of various private companies.

NV Simamane ** (50)
BSc (Hons) Chemistry and Biology

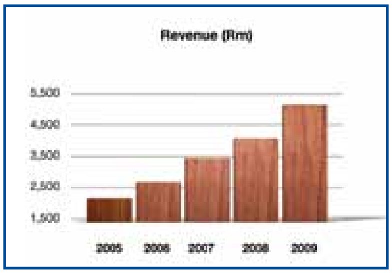
Appointed 1 September 2004
- Currently an executive director of Zanusi Investments, Zanusi Marketing Consultants and non-executive director of Foschini and Oceana.
- Nomahlubi Simamane was named Top Businesswoman of the Year at the 2009 National Business Awards.

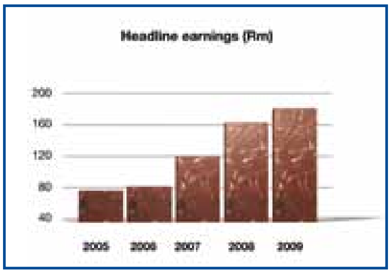
* Member of the remuneration committee
** Member of the audit committee
*** Member of the audit and remuneration committees
‡ Member of the nomination committee

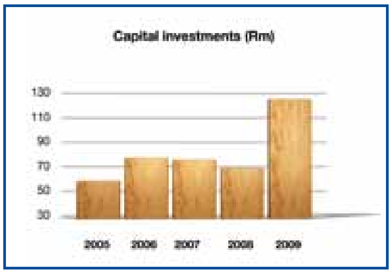
GROUP FIVE YEAR FINANCIAL REVIEW

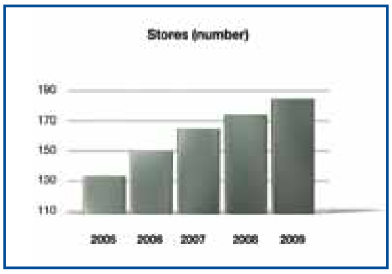
as at 30 June 2009

R'000	Five year compound growth % p.a.	June 09 (52 weeks)	June 08 (52 weeks)	June 07 (53 weeks)	June 06 (52 weeks)	June 05 (52 weeks) Restated
GROUP INCOME STATEMENT						
Revenue	25	5 065 843	4 043 493	3 448 386	2 710 417	2 208 902
Profit before taxation	25	275 036	244 729	191 671	135 413	126 710
Earnings attributable to shareholders	27	177 056	160 768	121 640	82 700	78 191
GROUP BALANCE SHEET						
Shareholders' funds	31	584 555	470 967	351 218	258 909	194 346
Minority interest	22	43 679	34 142	32 075	27 936	20 850
Interest-bearing borrowings	34	2 126	1 867	1 645	1 454	1 416
TOTAL EQUITY AND INTEREST-BEARING BORROWINGS	30	630 360	506 976	384 938	288 299	216 612
Tangible and intangible assets	27	366 456	287 344	253 481	211 946	164 726
Net deferred tax asset	13	11 301	12 627	8 240	3 080	4 805
Current assets	23	1 340 639	1 304 794	772 583	678 106	598 527
TOTAL ASSETS	24	1 718 396	1 604 765	1 034 304	893 132	768 058
TOTAL LIABILITIES	21	1 090 162	1 099 656	651 011	606 287	552 862
NET ASSETS	30	628 234	505 109	383 293	286 845	215 196









GROUP FIVE YEAR FINANCIAL REVIEW

as at 30 June 2009

	Five year compound growth % p.a.	June 09 (52 weeks)	June 08 (52 weeks)	June 07 (53 weeks)	June 06 (52 weeks)	June 05 (52 weeks) Restated
SHARE PERFORMANCE (CENTS PER SHARE)						
Headline earnings per share	25	**781.2**	709.7	528.0	366.7	357.8
Dividends per share	26	**246**	229	173	116	107
Net asset value per share	28	**2 265**	1 825	1 361	1 003	753
RETURNS AND PRODUCTIVITY						
Profit before tax on revenue (%)	(0)	**5.43**	6.05	5.55	5.00	5.74
Return on shareholders' funds (%)	(3)	**30.04**	33.57	33.48	31.33	39.11
Return on average capital employed (%)	(3)	**33.55**	39.11	39.87	36.49	45.00
Total asset turn (times)	1	**2.95**	2.52	3.33	3.03	2.88
Turnover per employee (R'000)	6	**1 093**	1 017	970	857	814
Profit before taxation per employee (R'000)	5	**59**	62	54	43	47
Total assets per employee (R'000)	5	**371**	404	291	282	283
SOLVENCY AND LIQUIDITY						
Dividend cover (times)		**3.17**	3.09	3.10	3.10	3.34
Current ratio		**1.30**	1.23	1.26	1.18	1.14
Total liabilities to total shareholders' funds		**1.86**	2.33	1.85	2.34	2.84
Interest-free liabilities to total assets		**0.63**	0.68	0.63	0.68	0.72
STOCK EXCHANGE PERFORMANCE						
Number of shares in issue ('000)		**25 805**	25 805	25 805	25 805	25 805
Market price						
- high (cents)	25	**7 000**	6 275	6 500	5 600	3 980
- low (cents)	23	**4 000**	4 000	3 875	6 750	2 250
- at year end (cents)	23	**6 400**	4 824	6 200	4 200	3 840
Price earnings ratio at year-end	(2)	**8.21**	6.81	11.56	11.46	10.76
Market capitalisation at year-end (R'000)	25	**1 651 542**	1 244 850	1 599 932	1 083 810	990 925
OTHER STATISTICS						
Number of employees		**4 633**	3 975	3 554	3 162	2 712
Number of stores		**183**	173	164	150	134

GROUP VALUE-ADDED STATEMENT

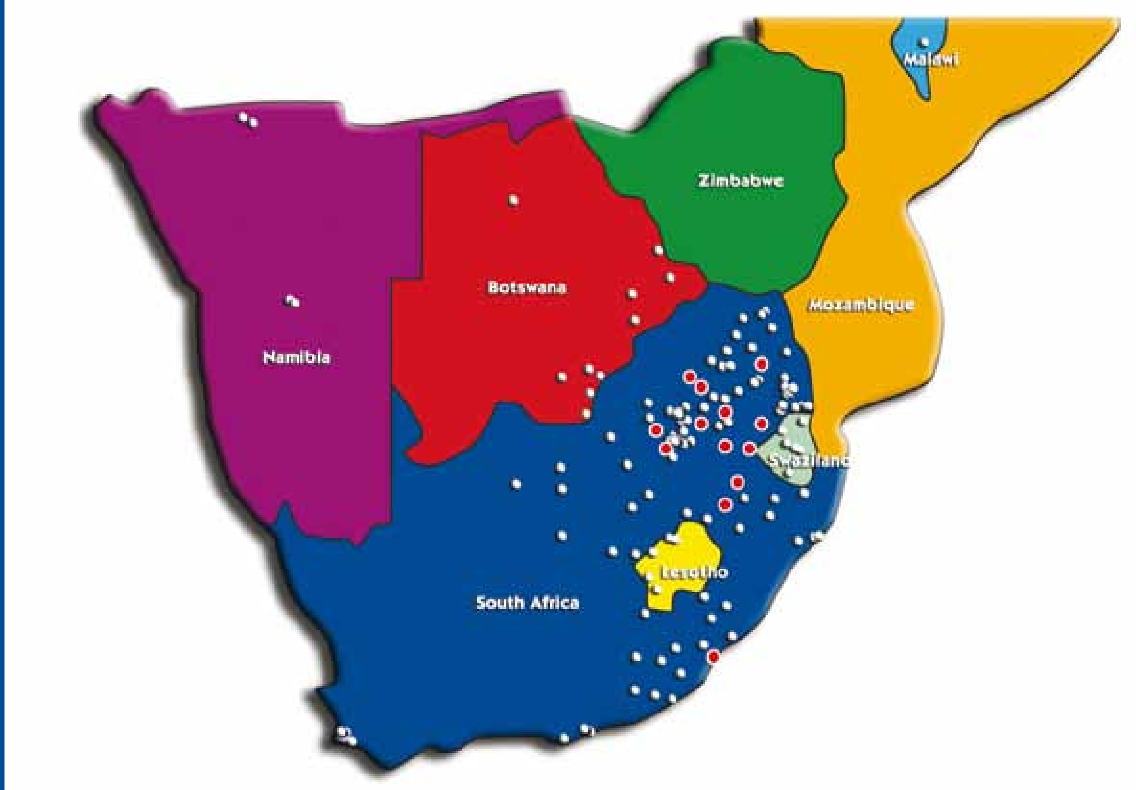
R'000	2009	%	2008	%
Revenue	5 065 843		4 043 493	
Less: Cost of merchandise and expenses	(4 410 606)		(3 486 114)	
Value added from trading operations	655 237		557 379	
Interest received on investments	25 622		20 200	
Total wealth created	680 859	100.0	577 579	100.0
To employees - salaries and benefits	361 539	53.1	294 296	51.0
To government - company taxation:	86 309	12.7	75 180	13.0
- Normal	77 994	11.5	73 860	12.8
- Deferred	1 319	0.2	(4 318)	(0.7)
- Secondary tax on companies	6 996	1.0	5 638	1.0
To providers of capital:	75 079	11.0	55 951	9.7
- Dividend to shareholders	61 544	9.0	44 284	7.7
- Interest on borrowings	1 864	0.3	2 886	0.5
- Minorities' interest	11 671	1.7	8 781	1.5
Retained for reinvestment in the group:	157 932	23.2	152 152	26.3
- Depreciation, amortisation and impairment of property	42 420	6.2	35 668	6.2
- Income retained in the business	115 512	17.0	116 484	20.2
Total wealth distribution	680 859	100.0	577 579	100.0

CASHBUILD STORES

Cashbuild positions its stores to bring quality building materials at lowest prices to local communities and strives to enhance each community in which it trades, by offering the local people employment and development.

Cashbuild plans to expand its business to more communities in southern Africa.

Number of outlets	**2009**	2008
South Africa	**157**	147
Botswana	**10**	10
Lesotho	**5**	5
Swaziland	**6**	6
Namibia	**4**	4
Malawi	**1**	1
Total	**183**	173



OPERATIONAL AREAS, DIVISIONS, STORES AND MANAGERS

SOUTH AFRICA

OPERATIONS AREA 1
SHANE THORESSON (OPERATIONS DIRECTOR)

LIMPOPO/MPUMALANGA WEST

DIVISIONAL MANAGER - JOHAN LAMPRECHT

DENNILTON - THELMA BOSHOMANE
GROBLERSDAL - JOGGIE VAN VREDEN
MOLOTO - EMMA NGUBENI
MALAITA - ANDRIES BOPAPE
SIYABUSWA - HERMAN BOTHA
TWEEFONTEIN - MICHAEL MOKOENA
APEL - ELLIOTH THOBEJANE

LIMPOPO NORTH

DIVISIONAL MANAGER - ETIENNE VILJOEN

LEPHALALE - ISAAC SEMANGO
KORINGPUNT - SIMON MAHLAOLE
LEBOWAKGOMO - DANIEL MACHETHE
LEBOWAKGOMO CENTRAL - ARNOUS THABA
MOKOPANE - LEN RAUTENBACH
SESHEGO - PRINCE BALOYI
POLOKWANE CENTRAL - BENNIE VAN DER MERWE
TZANEEN - PJ PRETORIUS
MAAKE - CLIFTON MPOBANE

GAUTENG NORTH WEST

DIVISIONAL MANAGER - CHRISTO BASSON

BRITS - QUENTIN VAN DER MERWE
BELA BELA - DRIES VAN ZYL
HAMMANSKRAAL - ANDREW MATJIU
LETHLABILE - TOBIAS WILLIS
MORETELE - AMON MABENA
HEBRON - EUNICE MOROPA
MABOPANE - ISAAC RAMABELE
SOSHANGUVE PLAZA - EDWARD RAKGOKONG
SOSHANGUVE - MATTHEWS NTHITE

LIMPOPO

DIVISIONAL MANAGER - MICHAEL NGOBENI

BOTLOKWA - DIXY MOLOTO
GIYANI CENTRAL - RICH MPHEPANE
BOCHUM - REBECCA MAKGATO
LOUIS TRICHARDT CENTRAL - MPHO MAPHOTSE
MAKHADO - LODWICH DE KLERK
MUKULA - ZODWA SITHOLE
THOHOYANDOU - FANELI RAVELE
SIBASA - MAURICE MDABULA

OPERATIONS AREA 2
IAN MCKAY (OPERATIONS MANAGER)

NORTHERN NATAL

DIVISIONAL MANAGER - WAYNE GRAVEN

EMPANGENI - NAVIN GOVENDER
ESHOWE CENTRAL - MARK SMITH
LADYSMITH - ZAKHELE ZAKWE
VRYHEID CENTRAL - SIVA MOODLEY
MKUZE - ALTON NGWENYA
NEWCASTLE - SIPHO MLANGENI
NQUTU CENTRAL - MESHACK BUTHELEZI
PONGOLA - SONNYBOY DLAMINI
ULUNDI - AGRIPPA BIYELA
RICHARDS BAY - RYNO VAN STAADEN

MPUMALANGA

DIVISIONAL MANAGER - ANDRÉ VAN DER WALT

BURGERSFORT CENTRAL - REUBEN MOTHUTSI
KAMHLUSHWA - FRANK MOKGOMOGANE
LYDENBURG - TIELA COETZEE
NELSPRUIT PLAZA - DRIES VAN WYK
NELSPRUIT - WAYNE GEORGE
NAAS - ALEX MABUZA
SCHOEMANSDAL - BRUTUS NGWAMBA
STEELPOORT - MARIUS VAN DER MERWE

LIMPOPO SOUTH

DIVISIONAL MANAGER - IAN MCKAY (OPERATIONS MANAGER)

ACORNHOEK - FANIE MAKOFANE
BUSHBUCKRIDGE - MICHAEL SEKGOBELA
HAZYVIEW - WILLEM COETZEE
KABOKWENI CENTRAL - BONGANI LEYANE
KANYAMAZANE - MICHAEL MASHILE
MKHUHLU CENTRAL - WIILLIAM MOTHUTSI
PHALABORWA - CALLIE COETZEE
THULAMAHASHE - RICHARD KHOSA
WHITE RIVER - ATTIE NEL

MPUMALANGA EAST

DIVISIONAL MANAGER - ANTON HATTINGH

BETHAL - FRANS LEKALA
MIDDELBURG - SIMON MAFOLOGELA
EMALAHLENI CENTRAL - VERONICA KAMFER
EMALAHLENI INDUSTRIAL - THAPELO MOTHLATLEHDI
ERMELO - JOHAN BOTHA
ELUKWATINI - STEVEN NKOSI
PIET RETIEF - KGAUGELO SEBASHE

OPERATIONS AREA 3
ANDRÉ VAN ONSELEN (OPERATIONS DIRECTOR)

CENTRAL EAST GAUTENG

DIVISIONAL MANAGER - TYRONE MYBURGH

BENONI - GEORGE MUSINYARI
BOKSBURG - CHARLES OTTEN
SPRINGS - PIETER VENTER

CENTRAL EAST GAUTENG

DIVISIONAL MANAGER - TYRONE MYBURGH

TEMBISA - HENDRIECK MKHWEBANE
KEMPTON PARK - FRIK VAN STADEN
GREENSTONE HILL - MARK KOEKEMOER
CAVENDISH GLEN - JACO VAN STADEN
EDENVALE - JOHANN VORSTER
HILLFOX - JAY VAN ROOYEN
NORTHRIDING - NICO VAN RENSBURG

GAUTENG WEST

DIVISIONAL MANAGER - CHRISTOPHER VENGESA

MEADOWLANDS - DAVID MAKUVELE
AEROTON - LEON VAN WIJK
PROTEA GLEN - MATTHEWS MBABANE
PROTEA GARDENS - BRIAN FRAZENBURG
HIGHGATE - MPUMI KHUMALO

GAUTENG WEST

DIVISIONAL MANAGER - KEVIN HELLYER

VOSLOORUS - ELIAS MATHISO
KATLEHONG - ANDRIES MAHLABA
TSAKANE - FRANS MAHLANGU
KWA-THEMA - SIPHO MBATHA
VEREENIGING - CASPER COETZER
SEBOKENG - HEINRICH RALPH
ORANGE FARM CENTRAL - SARAH MDLULI
ORANGE FARM - JOSEPH DUBE
EVERTON - TSIETSI LENGOABALA
ZAMDELA - SAM RAMPAI

GAUTENG NORTH WEST

DIVISIONAL MANAGER - EDDIE PROLLIUS

MONTANA - GERHARDT GROENEWALD
PRETORIA WEST - JOHN MOREANA
SILVERTONDALE - VICTOR DLAMINI
WONDERPARK - HERMAN GROBLER
CENTURION - JOSEPH LUCAS
TEMBISA NORTH - THIAGARAJAN NAICKER

OPERATIONAL AREAS, DIVISIONS, STORES AND MANAGERS

OPERATIONS AREA 4
CROUS DE BEER (OPERATIONS MANAGER)

FREE STATE

DIVISIONAL MANAGER - GERRIT VILJOEN
BETHLEHEM CENTRAL - GARVEY ACKERMAN
FICKSBURG CENTRAL - JAQUES BOUWER
LADYBRAND - JJ VENTER
KROONSTAD CENTRAL - MARTHA MOFOKENG
QWA QWA PHUTADITJABA - JANUARY TSOTETSI
QWA QWA CENTRAL SETSING - CHRISTO STRYDOM/LYDIA
QWA QWA H/C - WILLIAM TSABALALA
WELKOM - CHARL VAN DER BERG
WELKOM CENTRAL - KOBUS VENTER

NORTH WEST/NORTH CAPE

DIVISIONAL MANAGER - ADRIAAN VAN DER BERG
BLOEMFONTEIN - PIETER RAUTENBACH
THABA NCHU - THYS SMITH
HARTSWATER - JP SMITH
KIMBERLEY - ROLAND LUCAS
ROCKLANDS - DUANN VILJOEN
TAUNG - ALBERT ESTERHUIZEN

NORTH WEST/NORTH CAPE

DIVISIONAL MANAGER - ADRIAAN VAN DER BERG
KURUMAN - JOHAN VAN DER WALT
MOTHIBISTAD - MILLEN MATHEBULA
VRYBURG CENTRAL - THABO LEHIHI
VRYBURG - LOUWRENS J VAN VUUREN

GAUTENG NORTH WEST

DIVISIONAL MANAGER - HENNIE ROOS
NORTHAM - ELIZABETH NDHLOVU
LICHTENBURG - ELLEN TIETIES
MAFIKENG - MOJALEFA SEKOALA
MMABATHO CENTRAL - PETER MEGOJE
MOGWASE - MARGARET RAMATJA
RUSTENBURG - HENNIE VAN WYK
KLERKSDORP - FRIKKIE BARNARD
KLERKSDORP CENTRAL - CROUS KRUGER

OPERATIONS AREA 5
CROUS DE BEER (OPERATIONS MANAGER)

BORDER

DIVISIONAL MANAGER - MARK SCHOLES
BUTTERWORTH - CHARLES JACKSON
ENGCOBO - TANDUXOLO MLANJANA
MTHATA CENTRAL - JOHNSON DLAMINI
MTHATA EAST - ANGUS CARELSE

TRANSKEI

DIVISIONAL MANAGER - GARY LENTZ
KOKSTAD CENTRAL - MANOJ RAMBOROSA
LUSIKISIKI - HILTON MATHA
MATATIELE - ROLAND RITCHIE
MOUNT FRERE - BUYISILE BONISANI

EASTERN CAPE

DIVISIONAL MANAGER - MARK SUTHERLAND
STERKSPRUIT - JOHN VAUGHN
QUEENSTOWN - TONY ALLCOCK
QUEENSTOWN CENTRAL - JULIET MCPHERSON
LADY FRERE - DERICK POTSELO
COFIMVABA - PINDI MPAMBANI
KING WILLIAM'S TOWN - AMADEE PROLLIUS

BORDER

DIVISIONAL MANAGER - JACQUES VAN ROOYEN
ALICE - LAWRENCE ANTHONY
AMALINDA - COENRAD VENTER
EAST LONDON - ALFONSO FORTUIN
MDANTSANE - MVEZA MANA
FORT BEAUFORT - CINDA LOTTERING

OPERATIONS AREA 6
ANDRÉ VAN ONSELEN (OPERATIONS DIRECTOR)

NATAL

DIVISIONAL MANAGER - TOMMY NAIDOO
KWA MASHU - NTOBEKO SIBIYA
PORT SHEPSTONE - ELLIS MNGOMENI
UMLAZI - SITHUNYWA MANELE

WESTERN CAPE

DIVISIONAL MANAGER - KOBUS GREYLING
BRACKENFELL CENTRAL - JOHAN GROBLER
MONTAGUE GARDENS
CENTRAL - ARTHUR HARTY
STRAND - BRIAN MCPHERSON

WESTERN CAPE

DIVISIONAL MANAGER - BENNIE VAN GRAAN
MAKHAZA - GIVEN PAULSEN
PHILLIPI - NAUDE BLIGNAUT
MITCHELLS PLEIN - HADLEY DONOUGH

EASTERN CAPE

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

COUNTRIES
SHANE THORESSON (OPERATIONS DIRECTOR)

LESOTHO

DIVISIONAL MANAGER - NORBERT MOKOBORI
LERIBE - SIMON SEPHOFANE
MAFETENG - SIDWELL MALESETSANE
MAPUTSOE - LUCAS RAMOKOTLA
MASERU H/C - KHOMO KHOMONGOE
MOHALES HOEK - THABANG NKOALE

SWAZILAND NORTH

DIVISIONAL MANAGER - THEMBA MATSEBULA
MBABANE – SIMON NDZINISA
PIGGS PEAK – SIPHO SHONGWE
TSANENI CENTRAL – MICHAEL MAGONGO

SWAZILAND SOUTH

DIVISIONAL MANAGER - BONGANI MAMBA
MANZINI – DES HENWOOD
MATSAPA – THEMBA TSABEDZE
NHLANGANO – JOEL NDLANGAMANDLA

NAMIBIA

DIVISIONAL MANAGER - RONNIE VARKEVISSER
ONDANGWA - JOHN ALFRED
OSHAKATI - KAUTA TJIJENDA
WINDHOEK CENTRAL - EUGENE THOMAS
WINDHOEK INDUSTRIAL - DERICK KLUGKIST

BOTSWANA

DIVISIONAL MANAGER - ALEC MANDEVU
FRANCISTOWN - SHATHANI MAJUMANE
MAHALAPYE - OLGA NGWENYA
MAUN - MOFFAT LUNGISANE
SELEBI PHIKWE - SEFI MORIMA
SEROWE CENTRAL - MPHO NTOBEDZI

BOTSWANA

DIVISIONAL MANAGER - GODFREY GABORONE
LOBATSE - BATLHOKOMEDI MONNAATSIE
GABORONE WEST - RAYMOND MONYAKE
GABORONE NORTH - BILL DALTON
JWANENG - KOTLHAO KEIRETSWE
MOLEPOLOLE - EDWIN PHUTEGO

MALAWI

DIVISIONAL MANAGER - HENNIE ROOS
MALAWI - JOSEPH MALILI

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STATEMENT

Cashbuild complies broadly with the principles and spirit of the Code of Corporate Practices and Conduct contained within the King Report on Corporate Governance for South Africa 2002 ("King Report 2002") subsequently replaced by King III. Variations from compliance are outlined below. Directors are well briefed and actively involved in the company's activities and direction.

THE CONSTITUTION AND OPERATION OF THE BOARD OF DIRECTORS

The board:

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

Board constitution

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

The board chairman is an independent non-executive director.

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

The board has engaged in a search process to identify two additional independent, non-executive directors, in order to comply with the King Report 2002 (Refer to the chairman's report page 4 for instances of non-compliance).

Company secretary

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

Access to information

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

Non-executive directors enjoy unrestricted access to executive management and meet with them to discuss company affairs on a frequent basis.

All directors have unrestricted access to independent professional advice at the company's expense.

Conflicts of interest

The directors declare possible conflicts of interest, recuse themselves from further discussion or voting on the matter, and ensure that such declarations are recorded in the minutes. No conflicts of interest were declared during the year under review.

Succession planning

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

The directors periodically discuss succession planning and are comfortable that in the event of executive and senior management transition, plans are in place to ensure smooth transition.

Directors' appointments

Directors are appointed and re-appointed, on a three-year cycle rotational basis, by shareholders. Full details of the board, including summary résumés are listed on page 101 of this report.

Other directorships

Executive directors do not hold directorships outside the Cashbuild group.

The board believes that other directorships held by non-executive directors do not affect their ability to fully discharge their responsibilities as Cashbuild directors. Details of other directorships held by Cashbuild directors are provided on page 29 of this report.

Board meetings

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

Details of board attendance for the year under review are included in the directors' report on page 51.

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

Board committees

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

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

Professional advice

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

Remuneration committee

The remuneration committee comprises two non-executive directors: Messrs D Masson (committee chairman) and FM Rossouw. It determines performance measurement criteria and remuneration packages for Cashbuild's executive management. Details of each director's attendance at committee meetings for the year under review are detailed in the directors' report on page 51.

Audit committee

The audit committee consists of three independent non-executive directors, Messrs FM Rossouw, J Molobela and Ms NV Simamane. The members of the audit committee and are financially literate. The audit committee is responsible for reviewing the effectiveness of internal control systems and the activities of the group risk and internal audit function.

In line with the requirements of section 269A of the Companies Act, the audit committee confirms the following:

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

Nomination committee

Messrs D Masson (committee chairman) and FM Rossouw are members of the nomination committee. The nomination committee is responsible for developing selection criteria and identifying appropriate candidates for appointment to the board.

Directors and executive management performance evaluation and reward

Remuneration, in particular as it relates to executive management, is highly motivated by the dual criteria of delivering sustainable financial return to shareholders and also recognition and reward for outstanding performance. Executive compensation is also linked to the achievement of the organisation's non-financial goals. The remuneration committee is responsible to the board for ensuring that the remuneration policy is kept current, for the development of criteria for performance measurement and determination of remuneration packages for Cashbuild's executive management. In addition, the committee facilitates a transparent process of performance review and evaluation for executive directors within the full board.

No share options have been granted to non-executive directors.

Share options were granted to executive directors, who had not previously been granted options, in the course of the year under review.

Details of the remuneration of each individual director are provided on page 95 of the report.

Risk management and internal control

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

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

The board is satisfied that management is attuned to both the negative and positive aspects of business risk. The board believes it has adequate information to facilitate the balanced assessment and management of significant risks through effective internal control systems.

The board believes that in the year under review and up to the date of approval of annual reports and financial statements, Cashbuild operated an adequate system of internal control to identify and manage operational and financial risks. Management has maintained compensating controls to ensure that the operational and financial risks in the creditors IT module were adequately managed. The system of internal control is risk based, designed and regularly reviewed and tested to sufficiently manage the company risks that have a significant impact on the business. The board believes that the system of internal control provides reasonable, but not absolute, assurance of the effectiveness and efficacy of controls, throughout the business.

Cashbuild has a documented and tested information technology business continuity plan, designed to secure a key aspect of the company's operational capability in the event of a disaster.

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

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

Currently the internal audit function focuses primarily on:

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

The board believes that the relationship between the internal and external auditors is mutually supportive and facilitates proper coverage of financial, operational and compliance controls.

Sustainability

Cashbuild has, during the year under review, placed an increased emphasis on the non-financial value drivers of business, including, but not restricted to, stakeholders such as shareholders, customers, employees, government agencies.

The focus includes socio-economic issues such as community and individual development, employment equity, occupational health and safety.

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

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

Sustainability reports with regards to human capital development, transformation, social responsibility, occupational health and safety and environmental impact can be found on pages 7 to 27 of the chief executive's report.

The company continuously strives to be a leader in the management of safety, health, environment, social upliftment and ethics.

Organisational integrity and the Cashbuild Code of Ethics

Cashbuild operates in line with established and well-established organisational values.

The chief executive assumes responsibility and ownership for organisational compliance.

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

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

A Tip-Offs Anonymous hotline enables employees to anonymously provide information on omissions and wrong-doing, by a process generally known as "whistle-blowing".

Accounting and auditing

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

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

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

Disclosure practices

The directors are responsible for the preparation of financial statements of Cashbuild and its subsidiaries. The directors believe that the financial statements, which are presented on pages 48 to 100 fairly present the state of affairs at Cashbuild at the end of the financial year.

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

Cashbuild releases regular and timely reminders with regard to the prohibition of dealings in company securities during closed and price sensitive periods.

Going Concern

The audit committee and board believe that Cashbuild will continue to be a going concern in the foreseeable future, based on the existing forecasts and current cash resources.

Auditors

PricewaterhouseCoopers Inc, the external auditor of Cashbuild for the reporting year, has reported that the financial statements fairly present the financial position of the company and of the group as at 30 June 2009.

The board is satisfied that the financial statements fairly present the financial position of Cashbuild and the profit and loss and cash flows for the financial year ended 30 June 2009.

The audit report of PricewaterhouseCoopers Inc. is presented on page 47 of this report.

The annual financial statements were approved by the board on 14 September 2009.

SHAREHOLDERS' DIARY

Final dividend paid	12 October 2009
Annual general meeting	23 November 2009
Interim report	March 2010
Financial year-end	30 June
Audited results	September 2010

REPORT OF THE AUDIT COMMITTEE

1 INTRODUCTION

The audit committee has pleasure in submitting this report, as required by sections 269A and 270A of the Companies Act.

2 FUNCTIONS OF THE AUDIT COMMITTEE

The functions of the audit committee include:

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

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

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

2.4. In the course of its review the committee:

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

3 MEMBERS OF THE AUDIT COMMITTEE

3.1. The membership of the audit committee consists of three independent non-executive directors, Ms NV Simamane, Mr J Molobela and Mr FM Rossouw, chairman.

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

4 FREQUENCY OF MEETINGS

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

5 PERSONS "IN ATTENDANCE" AND "BY INVITATION"

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

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

6 ALL MEETINGS COMMENCE WITH CONFIDENTIAL MEETINGS

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

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

7 INDEPENDENCE OF AUDIT

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

8 EXPERTISE AND EXPERIENCE OF FINANCIAL DIRECTOR

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

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STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

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

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

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

The audit report of PricewaterhouseCoopers Incorporated is presented on pages 47.

The consolidated financial statements set out on pages 48 to 100 were approved by the board of directors on 14 September 2009 in Johannesburg and are signed on its behalf by:

D MASSON
Chairman

PK GOLDRICK
Chief executive

CERTIFICATE BY THE COMPANY SECRETARY

We declare that, to the best of our knowledge, in terms of the Companies Act, 1973, as amended, that for the year ended 30 June 2009, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up-to-date.

Corporate Governance Leaders cc
Chartered secretaries
14 September 2009

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CASHBUILD LIMITED

We have audited the group annual financial statements and annual financial statements of Cashbuild Limited, which comprise the consolidated and separate balance sheets as at 30 June 2009, and the consolidated and separate income statements, the consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 48 to 97.

Directors' responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Cashbuild Limited as at 30 June 2009, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: DJ Fouché
Registered Auditor
2 Eglin Road, Sunninghill
14 September 2009

DIRECTORS' REPORT

The directors have pleasure in presenting their report, which forms part of the audited financial statements of the group for the year ended 30 June 2009.

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, 183 at the end of this reporting period (2008:173). 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 2009 R'000	Year ended June 2008 R'000	% change
Income statement			
Revenue	**5 065 843**	4 043 493	25.3
Operating profit before finance cost and income	**251 278**	227 415	10.5
Finance cost	**1 864**	2 886	(35.4)
Finance income	**25 622**	20 200	26.8
Attributable earnings	**177 056**	160 768	10.1
Headline earnings	**177 409**	161 159	10.1

	Year ended June 2009 R'000	Year ended June 2008 R'000	% change
Earnings per share (cents)	**779.7**	707.9	10.1
Headline earnings per share (cents)	**781.2**	709.7	10.1
Balance sheet			
Total assets (excluding cash and cash equivalents)	**1 370 266**	1 223 388	12.0
Cash and cash equivalents	**348 130**	381 377	(8.7)
Total liabilities	**1 090 162**	1 099 656	(0.9)
Total liabilities to shareholders' funds	**1.86**	2.33	(20.0)
Net asset value per share (cents)	**2 265**	1 825	24.1

The group results split by geographical segment are presented in note 33 of the financial statements.

The financial statements on pages 48 to 100 sets out the financial position, results of operations and cash flows of the group for the year ended 30 June 2009 in more detail.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

FINANCIAL HIGHLIGHTS

Revenue for the year increased by 25% whilst profit increased by 11%. Basic earnings per share, as well as headline earnings per share improved by 10%. Net asset value per share has shown a 24% increase, from 1 825 cents (June 2008) to 2 265 cents. Cash and cash equivalents decreased by 9% to R348 million. This decrease was as a result of an amount of R55 million being paid to suppliers before the year-end cut-off (normalised 6% increase).

Stores in existence since the beginning of July 2007 (pre-existing stores) accounted for 18% of the increase in revenue with the remaining 7% increase due to the 22 new stores the group has opened since July 2007. The increase for the year has been achieved by good revenue growth during the first three quarters of the financial year with 4th quarter growth slightly lower in percentage terms.

As mentioned in the fourth quarter update, the reductions in the price of steel in several months resulted in the prices of steel related products decreasing accordingly. Steel related products are a large portion of Cashbuild's business and this, together with the high level of stockholding, had a short-term severely negative effect on gross margins, resulting in gross profit margins for the year decreasing in percentage terms to 21% (June 2008: 21.6%), but in rand terms, increasing by a pleasing 22%.

Operational expenses for the year remained well controlled with existing stores accounting for 17% of the increase and new stores 9%. The total increase for the year amounted to 26%. The main contributor to the higher than inflation increase on existing stores, is the continued investment in people to maintain and improve customer service standards, as well as intensive customer-focused advertising, undertaken in the run-up to and during the Christmas trading period.

The effective tax rate for the year of 31% is in line with that of the previous year.

Cashbuild's balance sheet remains solid. Stock levels have increased by 9%. This increase is attributable to the stocking of 13 additional stores since the previous year-end (accounting for an increase of 10%), with existing stores decreasing by 1%. Overall stockholding at 84 days (June 2008: 87 days) showed an improvement on the position as at June 2008. Management of stock will remain a focus area for the year to come. Trade receivables remain well under control.

During the year Cashbuild opened 13 new stores. Three stores were closed (in towns where two stores were trading in close proximity). Four stores were refurbished and four relocated. Cashbuild will continue its store expansion, relocation and refurbishment strategy in a controlled manner.

DIVIDENDS

Cashbuild's dividend policy is 3 times cover based on first half results, and 2.5 times cover based on second half results. The dividend declared by the board has been based on this policy.

The board has declared an ordinary dividend (No. 33) of 103 cents per ordinary share to all shareholders of Cashbuild (2008 (No. 31): a final dividend of 128 cents per ordinary share). The total dividend for the year amounts to 246 cents (June 2008: 229 cents) a 7.4% increase year on year.

Relevant dates for the declaration are as follows: Date dividend declared: Monday, 14 September 2009; Last day to trade "CUM" the dividend: Friday, 2 October 2009; Date to commence trading "EX" the dividend: Monday, 5 October 2009; Record date: Friday, 9 October 2009; Date of payment: Monday, 12 October 2009. Share certificates may not be dematerialised or rematerialised between Monday 5 October 2009 and Friday 9 October 2009, both dates inclusive.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

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

SUBSIDIARY COMPANIES

Subsidiary companies are as follows:

Name of company		Issued capital	Effective holding June 09	Effective holding June 08	Nature
DIRECTLY HELD					
Cashbuild Management Services (Pty) Ltd		R 1	100%	100%	1
INDIRECTLY HELD					
Cashbuild (Botswana) (Pty) Ltd	A	P 1 500 000	100%	100%	2
Cashbuild Kanye (Pty) Ltd	A	P 2	100%	100%	3
Cashbuild (Lesotho) (Pty) Ltd	B	M 100 000	80%	80%	2
Cashbuild Lilongwe Ltd	E	MK 100 000	51%	51%	2
Cashbuild (Namibia) (Pty) Ltd	C	N$ 1	100%	100%	2
Cashbuild (South Africa) (Pty) Ltd		R 54 000	100%	100%	2
Cashbuild (Swaziland) (Pty) Ltd	D	E 500	50%	50%	2
Roofbuild Trusses (Pty) Ltd		R 100	51%	51%	2
Tradebuild (Pty) Ltd		R 4	100%	100%	3

Nature

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

Domicile

South African, unless otherwise stated:

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

DIRECTORATE

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

Executive directors

PK Goldrick (60) (Irish) Chief executive
Appointed 19 August 1996

A van Onselen (47) Operations director
Appointed 20 September 2004

WF de Jager (38) Finance director, CA (SA)
Appointed 1 December 2004

KB Pomario (36) Store development director
Appointed 27 March 2007

SA Thoresson (46) Operations director - neighbouring countries
Appointed 27 March 2007

Non-executive directors

D Masson*# (78)Chairman, ACIS
Appointed 22 June 1988

J Molobela** (53) BSc Eng (Hons), MBA
Appointed 1 September 2004

FM Rossouw***# (72) CA (SA)
Appointed 7 May 2001

NV Simamane** (50) BSc Chemistry and Biology (Hons)
Appointed 1 September 2004

* Remuneration committee member
** Audit committee member
*** Audit and remuneration committee
\# Nomination committee members

DIRECTORS' SHAREHOLDING

The directors held in aggregate, direct and indirect beneficial interests, and non-beneficial interests, of 9.4% (June 2008: 9.5%) in the issued share capital of the company at the balance sheet date. The company has not been notified of any material change in these interests from the end of the financial year ended 30 June 2009 to the date of this report.

The beneficial interest both direct and indirect and non-beneficial interest of the directors in office at the date of this report, are as follows:

	Ordinary shares		
	Beneficial	Non-beneficial	Options
At 30 June 2009	**1 301 200**	**1 136 017**	**200 000**
At 30 June 2008	1 301 200	1 151 315	-
Comprising:			
Non-executive directors	**1 200**	**5 000**	**-**
FM Rossouw	-	5 000	-
NV Simamane	1 200	-	-
Executive directors	**1 300 000**	**1 131 017**	**200 000**
PK Goldrick	1 300 000	1 131 017	-
WF de Jager			100 000
SA Thoresson			100 000
	1 301 200	1 136 017	200 000

DIRECTORS' INTEREST IN CONTRACTS

No material contracts involving directors' interest were entered into in the current period. A register of other directorships and interests are disclosed and circulated at every board meeting.

DIRECTORS' ATTENDANCE OF MEETINGS

Type of meeting	Audit committee attended/ held	Directors board attended/ held	Remu-neration committee attended/ held
Executive directors			
PK Goldrick	4/4*	4/4	4/5*
A van Onselen	4/4*	4/4	
WF de Jager	4/4*	4/4	4/5*
KB Pomario	4/4*	4/4	
SA Thoresson	3/4*	3/4	
Non-executive directors			
D Masson	4/4*	4/4	5/5
J Molobela	4/4	4/4	
FM Rossouw	4/4	4/4	4/5
NV Simamane	4/4	4/4	

* By invitation

DIRECTORS' REMUNERATION

Details of director's remuneration are set out in note 35 to the financial statements.

THE CASHBUILD SHARE INCENTIVE TRUST

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

	2009	2008
Shares subject to the scheme at the beginning of year	529 225	529 225
Shares transferred to employees	(6 600)	-
Shares sold on open market	-	-
Shares subject to the scheme at the end of year	522 625	529 225
Dealt with as follows:		
Shares allocated to employees		
- Share purchase scheme	7 300	13 900
- Share option scheme	400 000	-
Shares held in trust for future allocations	115 325	515 325
	522 625	529 225

Details of The Cashbuild Share Incentive Trust are set out in note 34 to the financial statements.

OTHER SPECIAL RESOLUTIONS

No special resolutions were passed at the annual general meeting held on 24 November 2008.

Company secretary:
Corporate Governance Leaders CC.

Registered office:
Corner Aeroton and Aerodrome Roads
Aeroton, Johannesburg 2001

Postal address:
PO Box 90115, Bertsham 2013

Website:
www.cashbuild.co.za

Auditors:
PricewaterhouseCoopers Incorporated

Country of incorporation:
Republic of South Africa

BALANCE SHEETS

as at 30 June 2009

		Group		Company	
R'000	Notes	2009	2008	2009	2008
ASSETS					
Non-current assets		377 757	299 971	161 221	154 118
Property, plant and equipment	4	344 176	276 070	-	-
Intangible assets	5	22 280	11 274	-	-
Investment in subsidiary	6	-	-	160 000	151 506
Loans receivable	7	-	-	1 221	2 612
Deferred income tax asset	16	11 301	12 627	-	-
Current assets		1 340 639	1 304 794	1 271	658
Assets held for sale	8	2 740	2 740	-	-
Inventories	9	907 712	832 449	-	-
Trade and other receivables	10	82 057	88 228	17	6
Cash and cash equivalents	11	348 130	381 377	1 254	652
TOTAL ASSETS		1 718 396	1 604 765	162 492	154 776
EQUITY					
Capital and reserves attributable to company's equity holders		584 555	470 967	161 081	153 981
Ordinary share capital	12	229	229	258	258
Share premium		32 131	32 131	112 906	112 906
Share-based payment reserve		475	-	475	-
Cumulative translation adjustment	13	(6 566)	(4 167)	-	-
Retained earnings		558 286	442 774	47 442	40 817
Minority interest		43 679	34 142	-	-
TOTAL EQUITY		628 234	505 109	161 081	153 981
LIABILITIES					
Non-current liabilities		58 338	43 052	-	-
Deferred operating lease liability	14	54 409	39 330	-	-
Deferred profit	15	1 803	1 855	-	-
Borrowings	17	2 126	1 867	-	-
Current liabilities		1 031 824	1 056 604	1 411	795
Trade and other payables	18	1 005 771	1 022 140	1 089	795
Current income tax liabilities		23 703	33 224	322	-
Employee benefits	19	2 350	1 240	-	-
TOTAL LIABILITIES		1 090 162	1 099 656	1 411	795
TOTAL EQUITY AND LIABILITIES		1 718 396	1 604 765	162 492	154 776

The notes on pages 56 to 100 are an integral part of these consolidated financial statements.

INCOME STATEMENTS

for the year ended 30 June 2009

R'000	Notes	Group 2009 (52 weeks)	Group 2008 (52 weeks)	Company 2009 (52 weeks)	Company 2008 (52 weeks)
Revenue	20	5 065 843	4 043 493	-	-
Cost of sales	21	(4 003 162)	(3 171 658)	-	-
Gross profit		1 062 681	871 835	-	-
Selling and marketing cost	21	(694 145)	(552 885)	-	-
Administrative expenses	21	(114 001)	(97 656)	(46)	(1)
Other operating expenses	21	(3 883)	(3 326)	-	-
Other income	22	626	9 447	83 600	71 542
Operating profit		251 278	227 415	83 554	71 541
Finance costs	24	(1 864)	(2 886)	-	(230)
Finance income	24	25 622	20 200	-	-
Profit before income tax		275 036	244 729	83 554	71 311
Income tax expense	26	(86 309)	(75 180)	(6 996)	(6 200)
Profit for the year		188 727	169 549	76 558	65 111
Attributable to:					
Equity holders of the company		177 056	160 768	76 558	65 111
Minority interest		11 671	8 781	-	-
		188 727	169 549	76 558	65 111
Earnings per share for profit attributable to the equity holders of the company during the year:					
- Basic	27	779.7	707.9	296.7	252.3
- Diluted	27	779.5	707.9	296.6	252.3

The notes on pages 56 to 100 are an integral part of these consolidated financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2009

Group

		Attributable to equity holders of the company								
R'000	Notes	Share capital	Treasury share capital	Share premium	Treasury share premium	Share based payments reserve	Cum. translation adjustment	Retained earnings	Minority interest	Total equity
Balance at 1 July 2007		258	(29)	115 817	(83 686)	-	(7 432)	326 290	32 075	383 293
Profit for the year		-	-	-	-	-	-	160 768	8 781	169 549
Dividend paid - final 2007	29	-	-	-	-	-	-	(21 347)	(6 576)	(27 923)
Dividend paid - interim 2008	29	-	-	-	-	-	-	(22 937)	(138)	(23 075)
Currency translation adjustments		-	-	-	-	-	3 265	-	-	3 265
Balance at 30 June 2008		258	(29)	115 817	(83 686)	-	(4 167)	442 774	34 142	505 109
Profit for the year		-	-	-	-	-	-	177 056	11 671	188 727
Dividend paid - final 2008	29	-	-	-	-	-	-	(29 070)	(320)	(29 390)
Dividend paid - interim 2009	29	-	-	-	-	-	-	(32 474)	(1 814)	(34 288)
Recognition of share based payments	36	-	-	-	-	475	-	-	-	475
Currency translation adjustments		-	-	-	-	-	(2 399)	-	-	(2 399)
Balance at 30 June 2009		258	(29)	115 817	(83 686)	475	(6 566)	558 286	43 679	628 234

Company

		Attributable to equity holders of the company								
R'000	Notes	Share capital	Treasury share capital	Share premium	Treasury share premium	Share based payments reserve	Cum. translation adjustment	Retained earnings	Minority interest	Total equity
Balance at 1 July 2007		258	-	112 906	-	-	-	26 026	-	139 190
Profit for the year		-	-	-	-	-	-	65 111	-	65 111
Dividend paid - final 2007	29	-	-	-	-	-	-	(24 257)	-	(24 257)
Dividend paid - interim 2008	29	-	-	-	-	-	-	(26 063)	-	(26 063)
Balance at 30 June 2008		258	-	112 906	-	-	-	40 817	-	153 981
Profit for the year		-	-	-	-	-	-	76 558	-	76 558
Dividend paid - final 2008	29	-	-	-	-	-	-	(33 031)	-	(33 031)
Dividend paid - interim 2009	29	-	-	-	-	-	-	(36 902)	-	(36 902)
Recognition of share based payments	36	-	-	-	-	475	-	-	-	475
Balance at 30 June 2009		258	-	112 906	-	475	-	47 442	-	161 081

The notes on pages 56 to 100 are an integral part of these consolidated financial statements.

CASH FLOW STATEMENTS

for the year ended 30 June 2009

		Group		Company	
R'000	Notes	2009	2008	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	29	223 577	469 508	84 312	72 030
Interest paid	24	(1 864)	(2 886)	-	(230)
Income tax paid	29	(94 504)	(85 568)	(6 674)	(6 200)
Net cash generated from operating activities		127 209	381 054	77 638	65 600
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment	4	(109 257)	(61 100)	-	-
Purchases of computer software	5	(13 647)	(8 006)	-	-
Proceeds on disposal of property, plant and equipment	29	245	425	-	-
Interest received	24	25 622	20 200	-	-
Increase in subsidiary loan account		-	-	(8 494)	(15 818)
Decrease in loans receivable		-	-	1 391	604
Net cash used in investing activities		(97 037)	(48 481)	(7 103)	(15 214)
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase in long-term borrowings		259	222	-	-
Dividends paid to company's shareholders	29	(61 544)	(44 284)	(69 933)	(50 320)
Dividends paid to minorities interest	29	(2 134)	(6 714)	-	-
Net cash used in financing activities		(63 419)	(50 776)	(69 933)	(50 320)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(33 247)	281 797	602	66
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		381 377	99 580	652	586
CASH AND CASH EQUIVALENTS AT END OF YEAR		348 130	381 377	1 254	652

The notes on pages 56 to 100 are an integral part of these consolidated financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2009

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the group's accounting polices.

a) Amendments to published standards effective in 2009

There are no amendments to published standards effective in 2009 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 2009 relevant to the group

There are no standards, amendments and interpretations effective in 2009 that are relevant to the group.

d) Standards, amendments and interpretations effective in 2009 but not relevant to the group's operations

The following standards, amendments and interpretations are effective for the first time in the period ended June 2009 but are not relevant to the group's operations:

IFRIC 13 Customer loyalty programmes (effective from 1 July 2008); and

IFRIC 16 Hedges of a net investment in a foreign operation (effective from 1 October 2008).

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

The following standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1 January 2009 or later periods but that the group has not early adopted:

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

IAS 1 (Revised), Presentation of Financial Statements: The objective of IAS 1 is to prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. IAS 1 sets out the overall framework and responsibilities for the presentation of financial statements, guidelines for their structure and minimum requirements for the content of the financial statements. The revised statement involves amendments to presentation and terminology used for the financial statements. The group will apply IAS 1 (Revised) from 1 January 2009.

IAS 27 (Revised), Business combinations (effective from 1 July 2009): The amendment removes the limitation on allocation of losses to non-controlling interests (i.e. minorities). The group will apply these amendments from 1 January 2009, which is currently not applicable to the group. The implementation of this standard will not be material to the group.

IAS 19 (Revised), Employee benefits (effective from 1 January 2009): The amendment changes the wording of the timing of the expected settlement of short-term and long-term employee benefits due. The group will apply this amendment from 1 January 2009, which is currently not applicable to the group.

IAS 38 (Revised), Intangible assets – Advertising and promotional activities (effective from 1 January 2009): The amendment clarifies the timing of recognition of an expense for advertising and promotional activities. We do not expect this amendment to have a significant impact on our financial statements.

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

The following standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1 January 2009 or later periods but are not relevent for the group's operations:

Amendment to IAS 1 and IAS 32 (effective 1 January 2009);

Amendment to IAS 27 and IFRS 1 (effective 1 January 2009);

Amendment to IAS 39 and IFRS 7 (effective from 1 July 2009);

IFRS 3 (Revised), Business combinations (effective from 1 July 2009);

IFRS 5 (Revised), Non-current assets held for sale and discontinued operations (effective from 1 January 2009);

IFRIC 15 Agreements for the construction of real estate (effective from 1 January 2009);

IAS 16 (Revised), Property, plant and equipment (effective from 1 January 2009);

IAS 20 (Revised), Government grants (effective from 1 January 2009);

IAS 23 (Revised), Borrowing costs (effective from 1 January 2009);

IAS 28 (Revised), Investments in associates (effective from 1 January 2009);

for the year ended 30 June 2009

Note 1.1 continued

IAS 29 (Revised), Financial reporting in hyperinflationary economies (effective from 1 January 2009);

IAS 31 (Revised), Interests in joint ventures (effective from 1 January 2009);

IAS 36 (Revised), Impairment of assets (effective from 1 January 2009);

IAS 39 (Revised), Financial instruments: Recognition and measurement (effective from 1 January 2009);

IAS 40 (Revised), Investment property (effective from 1 January 2009); and

IAS 41 (Revised), Agriculture (effective from 1 January 2009).

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 balance sheets and income statements respectively. The results of subsidiaries are fully consolidated from the date on which control is transferred to the group and are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of acquisition plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the net group's share of identifiable assets of the subsidiary acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

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

b) Transactions and minority interest

The group applies a policy of treating transactions with minority interest as transactions with parties external to the group. Disposals to minority interest result in gains and losses for the group that are recorded in the income statement. Purchases from minority interest result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

c) **Cashbuild Share Incentive Trust**
The Cashbuild Share Incentive Trust has been consolidated in the group annual financial statements for all periods presented in the financial statements.

d) **Cashbuild Empowerment Trust**
The Cashbuild Empowerment Trust has been consolidated in the group annual financial statements for all periods presented in the financial statements. Dividends paid to The Cashbuild Empowerment Trust are accounted for as a staff expense in the income statement.

1.3 SEGMENT REPORTING

Geographical segments split amongst South Africa, Botswana, Malawi and members of the common monetary area (includes Lesotho, Swaziland and Namibia), provide products within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments. No split is required for business segments as the group's business is uniform.

1.4 FOREIGN CURRENCY TRANSLATION

a) **Functional and presentation currency**
Items included in the financial statements of each entity in the group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in rands, which is the company's functional 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 balance sheet date. Foreign exchange gains and losses resulting from the revaluation of these balances are recognised in the income statement.

c) **Group companies**
The results of and financial positions of all the group entities (none of which have the currency of a hyperinflation economy) that have a functional currency different from the presentation currency, are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rates at the date of that balance sheet;
- income and expenses for each income statement are translated at the average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at date of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

for the year ended 30 June 2009

Note 1.4 continued

On consolidation exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. If a foreign entity were to be sold, such exchange differences would be recognised in the income statement as part of the gain or loss on sale.

If goodwill and fair value adjustments were to arise on the acquisition of foreign entities they would be treated as assets and liabilities of the foreign entity and translated at closing rates.

1.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets held by the group for use in the supply of goods or administrative purposes and are expected to be used during more than one year. Land and buildings comprise mainly of offices and warehousing. Property, plant and equipment is stated at historical cost less depreciation and impairment, except for land which is not depreciated as it is deemed to have an indefinite life. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

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

The assets residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date. When the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately and an impairment loss is recognised in the income statement.

Expenditure on improvements to leasehold premises is carried at cost and depreciated on a straight-line basis over the shorter of the useful life of the assets, or the period of the lease.

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

1.6 NON-CURRENT ASSETS HELD FOR SALE

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

1.7 INTANGIBLE ASSETS

a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/business at the date of the acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is reviewed annually for impairment, and is carried at cost less accumulated impairment losses. Any impairment is recognised immediately in profit or loss, in the income statement, and is not subsequently reversed.

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

b) Trademarks

Trademarks are initially recognised at historical cost and subsequently measured at cost less accumulated amortisation and accumulated impairment. They have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives (ten years).

c) Computer software

Costs associated with the purchase, development and implementation of the new IT system are capitalised as intangible assets. These assets are amortised over their expected useful lives (five years). Costs that are directly associated with the production of identifiable and unique software products controlled by the group and that will probably generate economic benefits exceeding the costs beyond one year, are recognised as intangible assets. Maintenance costs that do not meet the capitalisation criteria will be expensed.

1.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to amortisation and depreciation 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). Assets which are not ammortised and carried at fair value are tested annually for impairment.

1.9 CURRENT AND DEFERRED INCOME TAX

Income tax expense represents the sum of the current taxes charge and deferred tax. The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at that time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

1.10 INVENTORIES

Inventories comprise merchandise held for resale and are stated at the lower of cost or net realisable value. Cost is calculated using the weighted average cost method. Cost includes the purchase price, related transport charges and import duties and taxes, excluding borrowing cost. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

1.11 FINANCIAL ASSETS

1.11.1 Trade and other receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Receivables are classified as 'trade and other receivables' in the balance sheet.

Trade and other receivables are initially recognised at fair value, and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. The provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivables 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 Cash and cash equivalents

Cash and cash equivalents are carried at cost and if denominated in foreign currencies, are translated at closing rate. Cash comprises cash in hand and deposits held on call with banks. Actual bank balances are reflected. Outstanding cheques are included in trade and other liabilities and outstanding deposits in cash and cash equivalents.

1.12 SHARE CAPITAL

Ordinary shares are classified as equity. Where group companies purchase the company's share capital, the consideration paid including attributable transaction costs (net of income taxes), is deducted from equity attributable to the company's equity holders as treasury shares until they are cancelled, re-issued or sold. Where such shares are subsequently sold or re-issued, any consideration received net of directly attributable incremental transaction costs and related income tax effects is included in shareholders' funds.

Dividends received on treasury shares are eliminated on consolidation, except the dividends on which participants are entitled to in terms of The Cashbuild Empowerment Trust deed, which is accounted for as a staff expense in the income statement.

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

1.13 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liabilities for at least 12 months after the balance sheet date.

1.14 TRADE AND OTHER PAYABLES

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

1.15 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.

1.16 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

Note 1.16 continued

employee service in the current and prior periods.

Other employment benefits obligations

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

Bonus scheme

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

Share-based payments

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

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

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

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

Empowerment trust dividends

Amounts paid to members of the trust, being employees of the company, are treated as staff cost in the income statement. The amounts paid out by the members is equal to dividend received by the trust less specific cost incurred by the trust.

1.17 REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods to customers, net of value-added tax, general sales tax, rebates, discounts and after eliminating inter-group sales. Revenue and other income is recognised as follows:

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

Sale of goods

Revenue from the sale of goods is recognised, when all significant risk and rewards associated with ownership are transferred to the buyer, normally upon delivery and customer acceptance of goods.

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

Dividend income
Dividend income is recognised when the right to receive payment is established.

Deferred profit on sale and lease back transactions
Profit in respect of properties sold in terms of sale and leaseback transactions are recognised in the income statement on a straight line basis over the term of the lease.

1.18 COST OF SALES

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

1.19 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.

1.20 BORROWING COSTS

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

1.21 REPORTING PERIOD

The group adopts the retail accounting calendar, which comprises the reporting period ending on the last Saturday of the month 2009: 27 June - 52 weeks (2008: 28 June - 52 weeks).

1.22 DIVIDEND DISTRIBUTION

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

1.23 RELATED PARTIES

Individuals or entities are related parties if one party has the ability, directly or indirectly, to control the other party in making financial and/or operating decisions, has an interest that provides significant influence or has joint control.

		Group		Company	
	R'000	2009	2008	2009	2008
2	**FINANCIAL RISK MANAGEMENT**				
	Financial income and expenses				
	Recognised in profit and loss				
	Interest income on bank deposits	25 343	20 137	-	-
	Interest expense on financial liabilities measured at amortised cost	(259)	(543)	-	-
	Net foreign exchange loss	3 996	6 116	-	-
	Balance sheet				
	Cash and cash equivalents	348 130	381 377	1 254	652
	Loans and receivables	79 667	84 400	161 238	154 124
	Financial liabilities carried at amortised cost	(1 019 196)	(985 651)	(1 089)	(795)
	Loans and receivables				
	Trade accounts receivable	87 479	78 742	-	-
	Provision for impairment of trade accounts receivable	(14 443)	(10 940)	-	-
	*Other accounts receivable	6 632	16 598	161 238	154 124
		79 667	84 400	161 238	154 124

* Included in other accounts receivable (note 10) are items to the value of R2 389 725 (June 2008: R3 828 000) which do not meet the definition of a financial asset.

	Group		Company	
R'000	2009	2008	2009	2008
Financial liabilities carried at amortised cost				
**Trade liabilities and accruals	(1 017 070)	(983 784)	(1 089)	(795)
Finance lease liability	(2 126)	(1 867)	-	-
	(1 019 196)	(985 651)	(1 089)	(795)

** Included in trade liabilities and accruals (note 18) are items to the value of R54 408 812 (June 2008: R38 356 000) which do not meet the definition of a financial liability.

Overview

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

- Market risk
- Liquidity risk
- Credit risk

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

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

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

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

Credit risk

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

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

Trade and other receivables

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

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

For smaller customers, surety from directors is required.

Cash and cash equivalents

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

Exposure to credit risk

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

	Group		Company	
R'000	**2009**	2008	**2009**	2008
Cash and cash equivalents	**348 130**	381 377	**1 254**	652
Loans and receivables	**79 667**	84 400	**161 238**	154 776
Guarantees	**7 434**	16 850	**-**	-
The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:				
South Africa	**77 064**	72 071	**161 238**	154 124
Other members of common monetary area	**2 178**	10 158	**-**	-
Botswana and Malawi	**425**	2 171	**-**	-
	79 667	84 400	**161 238**	154 124

Note 2 continued

	Group			
R'000	June 2009 Gross	June 2009 Impairment	June 2008 Gross	June 2008 Impairment
Impairment losses				
The ageing of trade receivables at the reporting date was:				
Not past due	73 616	(580)	57 273	-
Past due 1-30 days	5 910	(5 910)	8 210	-
Past due 31-60 days	2 097	(2 097)	1 666	-
Past due 61-90 days	722	(722)	749	(96)
Past due 91-120 days	574	(574)	145	(145)
More than 120 days	4 560	(4 560)	10 699	(10 699)
Total	87 479	(14 443)	78 742	(10 940)

The payment terms for receivables is 30 days.

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

	Group		Company	
R'000	2009	2008	2009	2008
Balance at beginning of period	10 940	7 852	-	-
Creation of provision for impaired receivables	3 503	3 088	-	-
Balance at end of period	14 443	10 940	-	-

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.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the group's liquidity reserve on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the group in accordance with practice and limits set by the group. In addition, the group's liquidity management policy involves projecting cashflows in major currencies and considering the level of liquid assets necessary to meet these; monitoring balance sheet liquidity ratios against internal and external regulatory requirements; and maintaining debt financing plans.

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 30.

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

	Group					
R'000	Carrying amount	Contractual cash flows	30 days or less	More than 30 days but less than 1 year	1-5 years	More than 5 years
30 June 2009						
Non-derivative financial liabilities						
Finance lease liabilities	**(2 126)**	**(175 959)**	**-**	**-**	**(1 256)**	**(174 703)**
Trade liabilities and accruals	**(1 017 070)**	**(1 017 070)**	**(346 645)**	**(670 425)**	**-**	**-**
30 June 2008						
Non-derivative financial liabilities						
Finance lease liabilities	(1 867)	(175 959)	-	-	(877)	(175 082)
Trade liabilities and accruals	(983 784)	(983 784)	(335 225)	(648 559)	-	-

	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 2009						
Non-derivative financial liabilities						
Trade liabilities and accruals	**(1 089)**	**(1 089)**	**(1 089)**	**-**	**-**	**-**
30 June 2008						
Non-derivative financial liabilities						
Trade liabilities and accruals	(795)	(795)	(795)	-	-	-

Market risk

Currency risk

The group operates throughout southern Africa and is exposed to foreign exchange risk arising from various currency exposure, primarily the Botswana pula and Malawi kwacha. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investment in foreign entities. A portion of the group's income is earned in foreign currencies. The group did not hedge borrowings in foreign currencies as the intention is to repay these from its foreign earned income stream. The group also has a translation risk arising from the consolidation of foreign entities into South African rands.

Exposure from exchange rate fluctuations on transactions dominated in foreign currency is managed by reviewing foreign exposure in order to determine if foreign exchange contracts should be utilised on an ongoing basis. Foreign currency forward exchange contracts protect the group from movements in exchange rates by establishing the rates at which a foreign currency asset or liability will be settled. It is company policy to enter into forward exchange contracts when adverse exposure

Note 2 continued

to foreign currency exchange rate fluctuations exist. There were no open forward exchange contracts at period end. Refer below for the uncovered positions at period end.

R'000	Functional currency Rand exposed to Pula	Functional currency Pula exposed to Rand	Functional currency Kwacha exposed to Rand
Exposure to currency risk			
The group's exposure to foreign currency risk was as follows based on notional amounts:			
30 June 2009			
Trade receivables	**1 928**	**-**	**-**
Cash and cash equivalents	**-**	**31 161**	**-**
Trade payables	**-**	**33 681**	**168**
30 June 2008			
Trade receivables	1 880	-	-
Cash and cash equivalents	-	27 935	-
Trade payables	-	36 080	367

The following significant exchange rates applied during the year:

	Average rates		Reporting date	
R'000	**2009**	2008	**2009**	2008
Kwacha	**15.67**	19.09	**17.66**	17.35
Pula	**1.24**	1.18	**1.19**	1.23

Sensitivity analysis

A 10 percent strengthening of the functional currency against the following currencies as at 30 June would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2008.

	Group		Company	
R'000	Equity	Profit and loss	Equity	Profit and loss
30 June 2009				
Companies with a functional currency in Rands				
Pula	**193**	**193**	**-**	**-**
Companies with a functional currency in Pula				
Rand	**229**	**229**	**-**	**-**
Companies with a functional currency in Kwacha				
Rand	**(17)**	**(17)**	**-**	**-**

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

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

Cash flow and fair value interest rate risk

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

Profile

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

	Carrying amount			
	Group		Company	
R'000	**2009**	2008	**2009**	2008
Variable rate instruments				
Financial assets (bank account balances)	**348 130**	381 377	**1 254**	652

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 2008.

	Group			
	2009		2008	
R'000	**Profit or loss 100 bp increase**	**Equity 100 bp increase**	Profit or loss 100 bp increase	Equity 100 bp increase
Variable rate instruments	**3 481**	**3 481**	3 814	3 814

Note 2 continued

	Company			
R'000	2009		2008	
	Profit or loss 100 bp increase	Equity 100 bp increase	Profit or loss 100 bp increase	Equity 100 bp increase
Variable rate instruments	13	13	7	7

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

Fair values

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

	Group			
R'000	2009		2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	348 130	348 130	381 377	381 377
Loans and receivables	79 667	79 667	84 400	84 400
Finance lease liabilities	(2 126)	(2 126)	(1 867)	(1 867)
Trade and other payables	(1 017 070)	(1 017 070)	(983 784)	(983 784)
	Company			
R'000	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	1 254	1 254	652	652
Loans and receivables	161 238	161 238	154 776	154 776
Trade and other payables	(1 089)	(1 089)	796	796

Basis for determining fair values

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

Finance lease liabilities

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

Trade and other payables

The carrying amounts are assumed to approximate their fair values.

Loans and receivables

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

Capital risk management

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

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are mainly the impairment of tangible and intangible assets; the estimation of useful lives of property, plant and equipment and intangible assets, and establishing uniform depreciation and amortisation methods; the likelihood that deferred and income taxes can be realised and the probability of doubtful debts. The key estimates and assumptions relating to these areas are disclosed in the relevant notes to the financial statements.

All estimates and underlying assumptions are based on historical experience and various other factors that management believe are reasonable under the circumstances. The results of these estimates form the basis of judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any affected future periods.

	Group					
R'000	Land and buildings	Improvements to leasehold premises	Furniture and equipment	Vehicles	Capital work in progress	Total
4 PROPERTY, PLANT AND EQUIPMENT						
As at 30 June 2009						
Cost	117 886	29 015	372 375	202	16 825	536 303
Accumulated depreciation	(16 774)	(18 016)	(157 281)	(56)	-	(192 127)
Net book value	**101 112**	**10 999**	**215 094**	**146**	**16 825**	**344 176**
Year ended 30 June 2009						
Opening net book value	97 418	6 555	165 013	140	6 944	276 070
Exchange differences	(471)	(2)	(157)	(2)	-	(632)
Additions	-	-	-	-	109 257	109 257
Transfers	6 211	5 958	87 175	32	(99 376)	-
Net book value of disposals	-	-	(735)	-	-	(735)
Depreciation charge	(2 046)	(1 512)	(36 202)	(24)	-	(39 784)
Closing net book value	**101 112**	**10 999**	**215 094**	**146**	**16 825**	**344 176**

for the year ended 30 June 2009

Note 4 continued

	Group					
R'000	Land and buildings	Improvements to leasehold premises	Furniture and equipment	Vehicles	Capital work in progress	Total
As at 30 June 2008						
Cost	111 661	24 673	290 083	173	6 944	433 534
Accumulated depreciation	(14 243)	(18 118)	(125 070)	(33)	-	(157 464)
Net book value	**97 418**	**6 555**	**165 013**	**140**	**6 944**	**276 070**
Year ended 30 June 2008						
Opening net book value	85 831	7 346	151 551	36	3 670	248 434
Exchange differences	999	4	368	(1)	-	1 370
Additions	-	-	-	-	61 100	61 100
Transfers	12 432	684	44 567	143	(57 826)	-
Net book value of disposals	(133)	(132)	(696)	(7)	-	(968)
Depreciation charge	(1 711)	(1 347)	(30 777)	(31)	-	(33 866)
Closing net book value	**97 418**	**6 555**	**165 013**	**140**	**6 944**	**276 070**

A register giving details of land and buildings is available for inspection by shareholders or their representatives at the registered office of the company. The directors are of the opinion that the open market value of land and buildings is at least equal to their net book value. At period end, the land and buildings, furniture and equipment had an insured value (based on estimated replacement cost) of R716 682 817 (June 2008: R748 900 000), which excludes input value-added tax where appropriate.

	Group	
	2009	2008
Land and buildings includes the following amounts where the group is a lessee under a finance lease:		
Cost - capitilised finance lease	**15 469**	15 469
Accumulated depreciation	**(4 774)**	(4 132)
Net book value	**10 695**	11 337
The following costs were expensed to the income statement, included in operating profits:		
Loss on disposal of property, plant and equipment	**490**	543
Repairs and maintenance expenditure on property, plant and equipment	**11 547**	8 232

		Group		
R'000	Trademarks	Goodwill	Computer software	Total
5 INTANGIBLE ASSETS				
As at 30 June 2009				
Cost	663	1 318	29 461	31 442
Accumulated amortisation	(648)	-	(8 514)	(9 162)
Net book value	**15**	**1 318**	**20 947**	**22 280**
Year ended 30 June 2009				
Opening net book value	16	1 323	9 935	11 274
Exchange differences	-	(5)	-	(5)
Additions	2	-	13 645	13 647
Transfers	-	-	-	-
Impairment	-	-	-	-
Amortisation charge	(3)	-	(2 633)	(2 636)
Closing net book value	**15**	**1 318**	**20 947**	**22 280**
As at 30 June 2008				
Cost	661	1 323	15 816	17 800
Accumulated amortisation	(645)	-	(5 881)	(6 526)
Net book value	**16**	**1 323**	**9 935**	**11 274**
Year ended 30 June 2008				
Opening net book value	17	1 300	3 730	5 047
Exchange differences	-	23	-	23
Additions	2	-	8 004	8 006
Impairment	-	-	-	-
Amortisation charge	(3)	-	(1 799)	(1 802)
Closing net book value	**16**	**1 323**	**9 935**	**11 274**

Impairment test for goodwill

Goodwill is allocated to the group's cash generating units (CGU's) identified according to country of operation.

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

	South Africa	Malawi	Note
Gross margin	17%	15%	1
Growth rate	8%	7%	2
Discount rate	10%	46%	3

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

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

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

76% of the goodwill relates to a South African store and 24% to the Malawi store.

		Group		Company	
	R'000	2009	2008	2009	2008
6	INVESTMENT IN SUBSIDIARIES				
	Shares at cost	-	-	-	-
	Loan account	-	-	160 000	151 506
		-	-	160 000	151 506
	The loan is unsecured, non-interest bearing and has no repayment terms.				
7	LOANS RECEIVABLE				
	The Cashbuild Share Incentive Trust	-	-	2 529	3 920
	Impairment	-	-	(1 308)	(1 308)
		-	-	1 221	2 612
	The loan is unsecured, non-interest bearing and has no repayment terms.				
8	ASSETS HELD FOR SALE				
	Assets classified as held for sale	2 740	2 740	-	-
		2 740	2 740	-	-

8.1 Plot 2461 Serowe - Botswana

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

Subsequent to year-end, there has been an offer to purchase for the property to the value of R1 780 350.

8.2 Erf. 2987 Kabokweni - South Africa

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

		Group 2009	Group 2008	Company 2009	Company 2008
9	INVENTORIES				
	Merchandise at lower of cost or net realisable value	907 712	832 449	-	-
		907 712	832 449	-	-
	Cost of inventories recognised as an expense and included in 'cost of sales' amounted to R4 307 009 154 (2008: R3 403 206 979).				
	A provision for write-down of inventories to net-realisable value of R4 144 410 (2008: R2 374 710) was recognised for the year.				

		Group		Company	
	R'000	**2009**	2008	**2009**	2008
10	**TRADE AND OTHER RECEIVABLES**				
	Trade accounts receivable	**87 479**	78 742	**-**	-
	Less: Provision for impairment of trade accounts receivable	**(14 443)**	(10 940)	**-**	-
	Other accounts receivable	**9 021**	20 426	**17**	6
		82 057	88 228	**17**	6

Trade and other receivables will be realised within a period of 12 months. Amounts owing by participants of the Cashbuild Share Incentive Trust are secured by Cashbuild ordinary shares with a market value of R64 per share (June 2008: R48 per share). The staff loans are interest free.

Related party, trade and other receivables arise as a result of transactions between companies in the group. All of the companies are consolidated and all receivables are eliminated upon consolidation and excluded from the balances above. Refer to the related parties note 34 where related party receivables have been disclosed.

The group recognised a provision of R14 443 331 (June 2008: R10 940 232) for the impairment of its trade receivables during the period ended 30 June 2009. The creation and usage of the provision for impaired receivables has been included in 'selling and marketing cost' in the income statement.

		Group 2009	Group 2008	Company 2009	Company 2008
11	**CASH AND CASH EQUIVALENTS**				
	Cash at banks and on hand	**348 130**	381 377	**1 254**	652
		348 130	381 377	**1 254**	652
	Included in cash and cash equivalents is restricted cash of R5 204 095 (June 2008: Rnil).				
	Rate of interest earned on cash in bank varies between 5.50% - 14%				

		Group		Company	
	R'000	**2009**	2008	**2009**	2008
12	**SHARE CAPITAL**				
	Authorised				
	35 000 000 (June 2008: 35 000 000) ordinary shares of 1 cent each	**350**	350	**350**	350
	Issued				
	25 805 347 (June 2008: 25 805 347) ordinary shares of 1 cent each	**258**	258	**258**	258
	Less: Treasury shares held by The Cashbuild Share Incentive Trust and The Cashbuild Empowerment Trust	**(29)**	(29)	**-**	-
	Opening balance: 3 095 860 (June 2008: 3 095 860)	**29**	29	**-**	-
		229	229	**258**	258

The Cashbuild Share Incentive Trust holds 522 625 (June 2008: 529 225) ordinary shares.
The Cashbuild Empowerment Trust holds 2 580 535 (June 2008: 2 580 535) ordinary shares.
The shares held by these trusts are eliminated on consolidation.

13	**CUMULATIVE TRANSLATION ADJUSTMENT**	**R'000**
	Balance at 1 July 2007	(7 432)
	Currency translation differences:	3 265
	Balance at 30 June 2008	**(4 167)**
	Currency translation differences:	**(2 399)**
	Balance at 30 June 2009	**(6 566)**

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

14	**DEFERRED OPERATING LEASE LIABILITY**				
	Deferred operating lease liability	**54 409**	39 330	**-**	-
		54 409	39 330	**-**	-

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.

		Group		Company	
	R'000	**2009**	2008	**2009**	2008
15	**DEFERRED PROFIT**				
	Deferred profit	**1 803**	1 855	**-**	-
		1 803	1 855	**-**	-
	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.				
16	**DEFERRED INCOME TAX**				
	Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:				
	Deferred income tax assets to be recovered after more than 12 months	**134**	852	**-**	-
	Deferred income tax assets to be recovered within 12 months	**11 167**	11 775	**-**	-
	Total deferred income tax asset	**11 301**	12 627	**-**	-
	Deferred income tax liability to be recovered after more than 12 months	**-**	-	**-**	-
	Deferred income tax liability to be recovered within 12 months	**-**	-	**-**	-
	Total deferred income tax liability	**-**	-	**-**	-
	TOTAL NET DEFERRED INCOME TAX ASSET	**11 301**	12 627	**-**	-
	Deferred income tax comprises:				
	Property, plant and equipment	**(15 365)**	(11 848)	**-**	-
	Prepayments	**(97)**	(732)	**-**	-
	Accruals	**11 441**	12 518	**-**	-
	Assessed loss	**15**	1 670	**-**	-
	Straight-lining of leases	**15 293**	11 030	**-**	-
	Unrealised foreign exchange difference on intercompany loans	**14**	(11)	**-**	-
		11 301	12 627	**-**	-

for the year ended 30 June 2009

Note 16 continued

	Group		Company	
R'000	**2009**	2008	**2009**	2008
Should all distributable reserves be declared as a dividend, it would result in STC tax of:	**55 829**	44 277	**4 744**	4 082

The net movement on the deferred income tax account is as follows:	Group
At 1 July 2007	8 237
Exchange differences	72
Income statement charge (note 26)	4 522
Rate change	(204)
Year ended 30 June 2008	12 627
At 1 July 2008	**12 627**
Exchange differences	**(7)**
Income statement charge (note 26)	**(1 319)**
Rate change	**-**
Year ended 30 June 2009	**11 301**

	Group 2009	Group 2008	Company 2009	Company 2008
17 BORROWINGS				
Non-current				
Finance lease liability	**2 126**	1 867	**-**	-
	2 126	1 867	**-**	-
17.1 Finance lease liability				
The Rand Merchant Bank sale and leaseback transaction is classified as a finance lease.				
17.2 Finance lease liabilities - minimum lease payments:				
- not later than 1 year	**-**	-	**-**	-
- later than 1 - no later than 5 years	**1 256**	877	**-**	-
- later than 5 years	**174 703**	175 082	**-**	-
	175 959	175 959	**-**	-
Future finance charges on finance leases	**(173 833)**	(174 092)	**-**	-
Present value of finance lease liabilities	**2 126**	1 867	**-**	-
The present value of finance lease liabilities is as follows:				
- not later than 1 year	**-**	-	**-**	-
- later than 1 - no later than 5 years	**701**	452	**-**	-
- later than 5 years	**1 425**	1 415	**-**	-
	2 126	1 867	**-**	-

for the year ended 30 June 2009

		Group		Company	
	R'000	**2009**	2008	**2009**	2008
18	**TRADE AND OTHER PAYABLES**				
	Trade payables	**816 092**	850 886	**-**	-
	Accruals	**189 679**	171 254	**1 089**	795
		1 005 771	1 022 140	**1 089**	795
	Trade and other liabilities are unsecured and are payable within a period of 12 months.				
19	**EMPLOYEE BENEFITS OBLIGATION**				
	19.1 Long service awards				
	The amounts recognised in the balance sheet are as follows:				
	Present value of the obligation	**2 350**	1 240	**-**	-
	Reconciliation of movement:				
	Balance at beginning of period	**1 240**	1 129	**-**	-
	Amount charged to the income statement - current service charge	**1 110**	111	**-**	-
	Balance at end of year	**2 350**	1 240	**-**	-
	The principal actuarial assumptions used are as follows:				
	Discount rate	**12% p.a.**	12% p.a.		
	Salary inflation	**6% p.a.**	6% p.a.		
	Average retirement age:				
	Males	**65**	65		
	Females	**63**	63		
	19.2 Retirement Fund				
	The retirement fund is a defined contribution fund established in terms of the Pension Funds Act, 1956, as amended. All employees who are eligible through qualifying service are members of the fund. At 30 June 2009, there were 4 575 (June 2008: 3 881) members, equal to 99% (June 2008: 98 %) of staff, who were members of the retirement fund.				
	19.3 Post-retirement medical aid benefit				
	The group has no post-retirement medical aid liability.				

		Group		Company	
	R'000	2009	2008	2009	2008
20	REVENUE				
	Revenue comprises the sale of merchandise	5 065 843	4 043 493	-	-
		5 065 843	4 043 493	-	-
21	EXPENSES BY NATURE				
	Depreciation and amortisation	42 420	35 668	-	-
	Employee benefit expense	361 539	294 296	-	-
	Cost of goods sold (material cost)	4 003 162	3 171 658	-	-
	Net creation of provision for impaired receivables	3 503	3 088	-	-
	Consumables	3 085	1 918	-	-
	Transportation expenses	73 342	63 460	-	-
	Auditors' remuneration:	7 054	6 466	-	-
	- Audit services	6 670	6 289	-	-
	- Taxation services	384	177	-	-
	Operating lease charges:	108 464	82 807	-	-
	- Premises	104 999	79 186	-	-
	- Equipment	3 465	3 621	-	-
	Outsourced services:	23 826	16 808	45	-
	- Administrative	6 824	11 456	-	-
	- Technical	16 173	4 342	-	-
	- Secretarial	829	1 010	45	-
	Other expenses	188 796	149 356	1	1
	Other income	(626)	(9 447)	(83 600)	(71 542)
	Total	4 814 565	3 816 078	(83 554)	(71 541)
	Classified as:				
	Cost of sales	4 003 162	3 171 658	-	-
	Selling and marketing expenses	694 145	552 885	-	-
	Administrative expenses	114 001	97 656	46	1
	Other operating expenses	3 883	3 326	-	-
	Other income	(626)	(9 447)	(83 600)	(71 542)
		4 814 565	3 816 078	(83 554)	(71 541)
22	OTHER INCOME				
	Rental income	368	352	-	-
	Sundry income	258	206	-	42
	Advertising over recovery	-	8 889	-	-
	Dividend income	-	-	83 600	71 500
		626	9 447	83 600	71 542

for the year ended 30 June 2009

		Group		Company	
	R'000	2009	2008	2009	2008
23	**EMPLOYEE BENEFIT EXPENSES**				
	Salary cost	308 613	254 573	-	-
	Pension fund contributions - defined contribution fund	44 348	34 695	-	-
	Share-based payments	475	-	-	-
	Employee benefits - long service awards	1 110	111	-	-
	Dividends paid to participants of The Cashbuild Empowerment Trust	6 993	4 917	-	-
		361 539	294 296	-	-
	The number of persons employed by the group at 30 June 2009 are 4 633 (June 2008: 3 975).				
24	**FINANCE (COST)/INCOME**				
	Interest expense:				
	- bank borrowings	(64)	(321)	-	-
	- other	(782)	(558)	-	-
	- taxes	(1 018)	(2 007)	-	(230)
		(1 864)	(2 886)	-	(230)
	Interest income:				
	- bank balances	25 343	20 137	-	-
	- other	279	63	-	-
		25 622	20 200	-	-
25	**NET FOREIGN EXCHANGE (GAIN)/LOSS**				
	The exchange differences (credited)/ charged to the income statement are included as follows:				
	Revaluation of trading account	(375)	(2 162)	-	-
	Revaluation of foreign bank accounts	4 374	7 976	-	-
	Trade receivables and payables	(3)	302	-	-
		3 996	6 116	-	-

		Group		Company	
	R'000	**2009**	2008	**2009**	2008
26	**INCOME TAX EXPENSE**				
	26.1 Taxation charge				
	South African	**54 512**	55 064	**-**	562
	Normal taxation				
	- Current	**54 072**	57 317	**-**	-
	- Under/(over) provision in prior periods	**461**	(477)	**-**	562
	Deferred taxation				
	- Current period temporary differences	**(21)**	(1 973)	**-**	-
	- Prior period adjustments	**-**	(7)	**-**	-
	- Tax rate change	**-**	204	**-**	-
	Foreign	**23 802**	12 841	**-**	-
	Normal taxation				
	- Current	**23 834**	16 665	**-**	-
	- Over provision in prior periods	**(1 372)**	(1 282)	**-**	-
	Deferred taxation				
	- Current period temporary differences	**1 271**	(1 503)	**-**	-
	- Prior period adjustments	**69**	(1 039)	**-**	-
	Non-resident shareholders' tax	**999**	1 637	**-**	-
	Secondary tax on companies	**6 996**	5 638	**6 996**	5 638
	- Current	**6 996**	5 638	**6 996**	5 638
	Taxation	**86 309**	75 180	**6 996**	6 200
	26.2 Reconciliation of tax rate	**%**	%	**%**	%
	South African normal rate	**28.0**	28.0	**28.0**	28.0
	Allowances and disallowable expenses	**0.7**	1.0	**(28.0)**	(28.0)
	Foreign tax at different rates	**-**	(0.2)	**-**	-
	Non-resident shareholders' tax	**0.4**	0.7	**-**	-
	Secondary tax on companies	**2.5**	2.3	**8.4**	6.8
	Under provision in prior periods	**(0.3)**	(1.1)	**-**	-
	Effective tax rate	**31.4**	30.7	**8.4**	6.8

27 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit attributable to equity holders by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares in issue is calculated net of treasury shares acquired/sold during the year. The Cashbuild Share Incentive Trust has been included in the calculation from date of acquisition and The Cashbuild Empowerment Trust has been included in the calculation from 7 February 2005.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume the conversion of all dilutive potential ordinary shares.

	Group		Company	
R'000	2009	2008	2009	2008
27.1 Weighted average number of ordinary shares in issue ('000)	**22 709**	22 709	**25 805**	25 805
Number of ordinary shares in issue	**25 805**	25 805	**25 805**	25 805
Weighted average number of ordinary shares issued during the year	**-**	-	**-**	-
Weighted average number of ordinary shares issued at end of year	**25 805**	25 805	**25 805**	25 805
Less: Weighted average number of treasury shares:				
- The Cashbuild Share Incentive Trust	**(515)**	(515)	**-**	-
- The Cashbuild Empowerment Trust	**(2 581)**	(2 581)	**-**	-
Weighted number of ordinary shares in issue	**22 709**	22 709	**25 805**	25 805
27.2 Fully diluted weighted average number of ordinary shares in issue ('000)	**22 715**	22 709	**25 811**	25 805
Number of ordinary shares in issue	**22 709**	22 709	**25 805**	25 805
Share options	**6**	-	**6**	-
27.3 Basic earnings per share (cents)	**779.7**	707.9	**296.7**	252.3
Profit attributable to equity holders of the company (R'000)	**177 056**	160 768	**76 558**	65 111
Weighted average number of ordinary shares in issue ('000)	**22 709**	22 709	**25 805**	25 805
27.4 Fully diluted basic earnings per share (cents)	**779.5**	707.9	**296.6**	252.3
Attributable earnings (R'000)	**177 056**	160 768	**76 558**	65 111
Fully diluted weighted average number of ordinary shares in issue ('000)	**22 715**	22 709	**25 811**	25 805
27.5 Headline earnings per share (cents)	**781.2**	709.7	**296.7**	252.3
Attributable earnings (R'000)	**177 056**	160 768	**76 558**	65 111
Headline earnings adjusting items:				
Loss on sale of assets after taxation (R'000)	**353**	391	**-**	-
Headline earnings (R'000)	**177 409**	161 159	**76 558**	65 111
Weighted average number of ordinary shares in issue ('000)	**22 709**	22 709	**25 805**	25 805
27.6 Fully diluted headline earnings per share (cents)	**781.0**	709.7	**296.6**	252.3
Headline earnings (R'000)	**177 409**	161 159	**76 558**	65 111
Fully diluted weighted average number of ordinary shares in issue ('000)	**22 715**	22 709	**25 811**	25 805

	Group		Company	
R'000	**2009**	2008	**2009**	2008
28 DIVIDENDS PER SHARE (CENTS)				
Interim				
No. 32 payable on 28 April 2009 (2008: No. 30 paid on 14 April 2008)	**143**	101	**143**	101
Final				
No. 33 payable on 12 October 2009 (2008: No. 31 paid 13 October 2008)	**103**	128	**103**	128
For details of dividends declared after balance sheet date refer to the directors' report.				
29 CASH GENERATED FROM OPERATIONS				
29.1 Reconciliation of profit before taxation to cash generated from operations				
Profit before income tax	**275 036**	244 729	**83 554**	71 311
Adjustments for:				
Depreciation of property, plant and equipment	**39 784**	33 866	**-**	-
Amortisation of intangible assets	**2 636**	1 802	**-**	-
Movement in employee benefits	**1 110**	111	**-**	-
Cumulative translation adjustment movement	**(2 399)**	3 265	**-**	-
Exchange differences on non-current assets	**637**	(1 393)	**-**	-
Interest received	**(25 622)**	(20 200)	**-**	-
Interest paid	**1 864**	2 886	**-**	230
Loss on disposal of property, plant and equipment	**490**	543	**-**	-
Share-based payment	**475**	-	**475**	-
Decrease in deferred profit	**(52)**	(52)	**-**	-
Increase in deferred operating lease liability	**15 079**	7 348	**-**	-
Operating profit before working capital changes	**309 038**	272 905	**84 029**	71 541
Increase in inventories	**(75 263)**	(223 141)	**-**	-
Increase/(decrease) in trade and other receivables	**6 171**	(27 273)	**(11)**	2
(Decrease)/increase in trade and other liabilities	**(16 369)**	447 017	**294**	487
Working capital changes	**(85 461)**	196 603	**283**	489
Cash generated from operations	**223 577**	469 508	**84 312**	72 030

	Group		Company	
R'000	**2009**	2008	**2009**	2008
29.2 Proceeds from disposal of property, plant and equipment				
Net book value	**735**	968	**-**	-
Loss on sale of property, plant and equipment	**(490)**	(543)	**-**	-
Proceeds on sale of property, plant and equipment	**245**	425	**-**	-
29.3 Dividends paid				
Amounts charged to distributable reserves				
Final dividend - prior year	**(29 070)**	(21 347)	**(33 031)**	(24 257)
Interim dividend - current year	**(32 474)**	(22 937)	**(36 902)**	(26 063)
Amounts paid to minority shareholders	**(2 134)**	(6 714)	**-**	-
Cash amounts paid	**(63 678)**	(50 998)	**(69 933)**	(50 320)
29.4 Taxation paid				
Taxation owing at beginning of the year	**(33 224)**	(39 222)	**-**	-
Amount charged to income statement	**(86 309)**	(75 180)	**(6 996)**	(6 200)
Movement in deferred taxation	**1 326**	(4 390)	**-**	-
Amount owing at end of the year	**23 703**	33 224	**322**	-
Cash amounts paid	**(94 504)**	(85 568)	**(6 674)**	(6 200)
30 BORROWING POWERS				
Total gross borrowings	**2 126**	1 867	**-**	-
Banking facilities:				
Flexible term general banking facilities	**50 000**	66 690	**-**	-
Unutilised banking facilities	**50 000**	66 690	**-**	-
In terms of the Articles of Association of the Company, the borrowing powers of Cashbuild Limited are unrestricted.				

	Group		Company	
R'000	**2009**	2008	**2009**	2008
31 COMMITMENTS				
31.1 Capital commitments				
Capital expenditure to be funded from internal resources as approved by the directors				
- Authorised and contracted for	**84 233**	27 101	**-**	-
- Authorised by directors, but not contracted for	**127 379**	142 911	**-**	-
Total commitments	**211 612**	170 012	**-**	-
Capital commitments for the 12 months after accounting date	**109 557**	102 295	**-**	-
Nedbank Limited has issued guarantees of R39 920 000 on behalf of the group for contracts enterred into by the group.				
31.2 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 7.01 % (June 2008: 8.48%) per annum.				
The future minimum lease payments under non-cancellable operating leases for premises, equipment and cancellable arrangements with transport contractors which constitute an operating lease, are as follows:				
- Not later than in 1 year	**184 028**	155 919	**-**	-
- Later than 1 year - not later than 5 years	**377 925**	349 342	**-**	-
- Later than 5 years	**293 621**	309 546	**-**	-
Total future cash flows	**855 574**	814 807	**-**	-
Straight-lining of leases already accrued in balance sheet	**(54 409)**	(39 330)	**-**	-
Future expenses	**801 165**	775 477	**-**	-

		Group		Company	
	R'000	2009	2008	2009	2008
32	**CONTINGENT LIABILITIES**				
	The group has contingent liabilities in respect of bank and other guarantees in the ordinary course of business from which it is anticipated that no material liabilities will arise.				
	The group has granted bank guarantees amounting to:	7 434	16 850	-	-
33	**SEGMENTAL INFORMATION ****				
	Primary reporting format - geographical segments				
	The group's business is divided into three main geographical areas: - South Africa - Common monetary countries (Swaziland, Lesotho and Namibia) - Non-common monetary countries (Botswana and Malawi)				

R'000	South Africa	*Other members of common monetary area	Botswana and Malawi	Group
33.1 Segmental information for the year ended 30 June 2009				
Income statement				
Revenue				
- External	4 182 746	487 327	395 770	5 065 843
- Internal	9 487	-	-	-
Operating profit	169 122	29 503	52 653	251 278
Finance cost				(1 864)
Finance income				25 622
Profit before tax				275 036
Income tax expense				(86 309)
Profit for the period				188 727
Balance sheet				
Segment assets	1 394 443	192 720	131 233	1 718 396
Segment liabilities	920 939	90 936	78 287	1 090 162
Depreciation	35 365	3 028	1 391	39 784
Amortisation	2 592	-	44	2 636
Capital expenditure	111 401	10 210	1 293	122 904

* Includes Namibia, Swaziland and Lesotho

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

for the year ended 30 June 2009

Note 33 continued

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

* Includes Namibia, Swaziland and Lesotho

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

34 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 subsidiaries of Cashbuild Limited.

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

34.1 Subsidiaries

			Effective holding		
Name of company	Domicile	Issued share capital	Jun-09	Jun-08	Nature
DIRECTLY HELD					
Cashbuild Management Services (Pty) Ltd		R 1	**100%**	100%	1
INDIRECTLY HELD					
Cashbuild (Botswana) (Pty) Ltd	A	P1 500 000	**100%**	100%	2
Cashbuild Kanye (Pty) Ltd	A	P2	**100%**	100%	3
Cashbuild (Lesotho) (Pty) Ltd	B	M100 000	**80%**	80%	2
Cashbuild Lilongwe Ltd	C	MK100 000	**51%**	51%	2
Cashbuild (Namibia) (Pty) Ltd	D	N$1	**100%**	100%	2
Cashbuild (South Africa) (Pty) Ltd		R54 000	**100%**	100%	2
Cashbuild (Swaziland) (Pty) Ltd	E	E500	**50%**	50%	2
Roofbuild Trusses (Pty) Ltd		R 100	**51%**	51%	2
Tradebuild (Pty) Ltd		R4	**100%**	100%	3

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

Domicile

South 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

for the year ended 30 June 2009

Note 34 continued

2009 R'000	Sales	Purchases	Receivable balance	Payables balance	Loan liabilities	Loan assets
Cashbuild Limited	-	-	-	-	-	159 525
Cashbuild (South Africa) (Pty) Ltd	9 487	-	126	-	187 726	16 564
Cashbuild Management Services (Pty) Ltd	-	-	-	-	159 525	165 047
Cashbuild (Botswana) (Pty) Ltd	-	-	-	-	-	2 288
Cashbuild (Lesotho) (Pty) Ltd	-	-	-	-	-	14 273
Cashbuild Lilongwe Ltd	-	-	-	-	510	-
Cashbuild (Namibia) (Pty) Ltd	-	-	-	-	13 997	-
Cashbuild (Swaziland) (Pty) Ltd	-	-	-	-	-	6 117
Roofbuild Trusses (Pty) Ltd	-	9 487	-	126	2 056	-
Tradebuild (Pty) Ltd	-	-	-	-	-	-
	9 487	9 487	126	126	363 814	363 814

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

Tradebuild, a division of Cashbuild (South Africa) (Pty) Ltd, has the sole purpose of purchasing stock and selling it on to other divisions and companies within the group. Tradebuild purchases its stock from non-related parties and they negotiate the terms, conditions and prices independently.

The selling price of stock to related parties is calculated on a cost-plus basis, allowing for a margin of 20%.

All inter-company loans, except with Cashbuild (Swaziland) (Pty) Ltd, are unsecured and bear no interest.

The loan with Cashbuild (Swaziland) (Pty) Ltd is unsecured and bears interest at 12.5% p.a. The net interest income for the year is R455 959 (2008: net charge of R819 534).

34.2 Directors

Executive	Non-executive
PK Goldrick	D Masson
A van Onselen	FM Rossouw
WF de Jager	NV Simamane
KB Pomario	J Molobela
SA Thoresson	

Directors information is fully disclosed in note 35.

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

R'000	2009	2008
34.3 Key management compensation		
Short-term employee benefits	7 430	3 126
Bonus/bonus accruals	1 803	421
Pension fund contributions	582	256

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

34.4 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	2009	2008
Shares subject to the scheme at beginning of year	529 225	529 225
Shares transferred to employees	(6 600)	-
Shares sold on open market	-	-
Shares subject to the scheme at end of year	522 625	529 225
Dealt with as follows:		
Shares allocated to employees:		
- Share purchase scheme	7 300	13 900
- Share option scheme	400 000	-
Shares held in the Trust for future allocations	115 325	515 325
	522 625	529 225

for the year ended 30 June 2009

Note 34 continued

34.5 The Cashbuild Empowerment Trust

In terms of the broad-based BEE transaction approved by the shareholders on 7 February 2005, 2 580 535 shares were issued to the Cashbuild Empowerment Trust, bringing the total issued shares to 25 805 535 (2008: 25 805 535). The shares were issued for a total consideration of R75.1 million (R29.09 per share). The Trust was funded by way of an interest-free loan from Cashbuild Management Services (Pty) Ltd.

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	2009	2008
Dividend paid to the Trust		
- Final 2008 (2007)	3 303	2 426
- Interim 2009 (2008)	3 690	2 606
	6 993	5 032

R'000	Fees	Basic salary	Bonus*	Expenses & travelling allowance	Other material benefits**	Company's pension scheme contri-butions	Other***	Total
35 DIRECTORS' INFORMATION								
35.1 Directors' emoluments, paid by the subsidiary company Cashbuild (South Africa) (Pty) Ltd, for the year ended 30 June 2009								
Executive directors								
PK Goldrick	-	2 259	1 430	118	56	31	-	3 894
WF de Jager	-	1 266	517	99	58	125	-	2 065
KB Pomario	-	847	175	111	18	76	-	1 227
SA Thoresson	-	893	427	246	-	87	-	1 653
A van Onselen	-	1 391	818	238	56	126	-	2 629
30 June 2009	**-**	**6 656**	**3 367**	**812**	**188**	**445**	**-**	**11 468**
Non-executive directors								
D Masson	132	-	-	-	-	-	516	648
J Molobela	88	-	-	-	-	-	123	211
FM Rossouw	88	-	-	15	-	-	218	321
NV Simamane	88	-	-	-	-	-	109	197
30 June 2009	**396**	**-**	**-**	**15**	**-**	**-**	**966**	**1 377**
Total directors' emoluments								
30 June 2009	**396**	**6 656**	**3 367**	**827**	**188**	**445**	**966**	**12 845**
35.2 Directors' emoluments, paid by the subsidiary company Cashbuild (South Africa) (Pty) Ltd, for the year ended 30 June 2008								
Executive directors								
PK Goldrick	-	2 025	1 834	116	52	32	-	4 059
WF de Jager	-	1 106	786	92	49	111	-	2 144
KB Pomario	-	669	340	117	11	61	-	1 198
SA Thoresson	-	709	446	227	-	71	-	1 453
A van Onselen	-	1 229	1 243	79	47	112	-	2 710
30 June 2008	**-**	**5 738**	**4 649**	**631**	**159**	**387**	**-**	**11 564**
Non-executive directors								
D Masson	120	-	-	-	-	-	414	534
J Molobela	80	-	-	-	-	-	94	174
FM Rossouw	80	-	-	21	-	-	141	242
NV Simamane	80	-	-	-	-	-	79	159
30 June 2008	**360**	**-**	**-**	**21**	**-**	**-**	**728**	**1 109**
Total directors' emoluments								
30 June 2008	**360**	**5 738**	**4 649**	**652**	**159**	**387**	**728**	**12 673**

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

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

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

Note 35 continued

R'000	Ordinary shares Beneficial	Non-beneficial
35.3 Directors' shareholding		
The directors held in aggregate, direct and indirect beneficial interests and non-beneficial interests of 9.44% in the issued share capital of the company at 30 June 2009. The direct and indirect beneficial interest and non-beneficial interests of the directors in office at 30 June 2009 are as follows:		
Ordinary shares	**1 301 200**	**1 136 017**
Comprising:		
Non-executive directors	**1 200**	**5 000**
FM Rossouw	**-**	**5 000**
NV Simamane	**1 200**	**-**
Executive directors	**1 300 000**	**1 131 017**
PK Goldrick	**1 300 000**	**1 131 017**
Total ordinary shares held	**1 301 200**	**1 136 017**
The directors held in aggregate, direct and indirect beneficial interests and non-beneficial interests of 9.5% in the issued share capital of the company at 30 June 2008. The direct and indirect beneficial interest and non-beneficial interests of the directors in office at 30 June 2008 are as follows:		
Ordinary shares	1 301 200	1 151 315
Comprising:		
Non-executive directors	1 200	20 298
D Masson	-	15 298
FM Rossouw	-	5 000
NV Simamane	1 200	-
Executive directors	1 300 000	1 131 017
PK Goldrick	1 300 000	1 131 017
Total ordinary shares held	**1 301 200**	**1 151 315**

36 SHARE BASED PAYMENTS

The company has put in place a share option scheme which is operated through The Cashbuild Share Incentive Trust ("the Trust"). Options issued by the Trust vest over a period of three years from grant date and expire 5 years from grant date. The exercise price of the granted options is R52.025 per share. All of the options vest after 3 years provided the employee or director remain in the employ of the company 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	
Number of shares	2009	2008	2009	2008
Opening balance	-	-	-	-
New options granted	400 000	-	400 000	-
Options taken up	-	-	-	-
Options forfeited	-	-	-	-
Closing balance	400 000	-	400 000	-

Number of shares	2009	2008
The Cashbuild Share Incentive Trust, which administers the share option scheme, holds the following number of ordinary shares as a hedge against options to be granted by the scheme.	515	515

The weighted average price of all the options granted during the year is R52.03. The exercise price of the outstanding options for the year ended 30 June 2009 is R52.03. The remaining contractual life is 4 years and 9 months.

The fair values of these options were calculated using a Black Scholes option pricing model. The options have a grant date of 16 March 2009 and a vesting date of 16 March 2012. The following inputs were used in the valuation model:

Grant date	Vesting date	Expected option lifetime	Rolling volatility	Dividend yield	Risk-free rate
16 March 2009	16 March 2012	4 years	33%	2.9%	7.3%

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

Share-based payment expense:

	Group		Company	
R'000	2009	2008	2009	2008
Opening balance	-	-	-	-
Share options expensed for the year	475	-	-	-
Total expensed - 30 June 2009	475	-	-	-

R'000	% holding	No. of shares	No. of shareholders
37 ANALYSIS OF SHAREHOLDERS			
37.1 Listed below is an analysis of holdings extracted from register of ordinary shareholders at 30 June 2009:			
37.1.1 Category			
Non-public			
Directors	9.44	2 437 217	4
Staff, The Cashbuild Share Incentive Trust	2.03	523 425	1
The Cashbuild Empowerment Trust	10.00	2 580 535	1
Public			
Banks	6.79	1 752 613	18
Brokers	0.51	132 290	4
Close corporations	0.94	242 006	30
Endowment funds	0.22	56 387	8
Individuals	10.21	2 634 173	1 370
Insurance companies	2.62	676 937	13
Investment companies	1.66	427 416	8
Medical aid schemes	0.12	31 541	2
Mutual funds	16.82	4 340 970	76
Nominees and trusts	14.79	3 817 607	214
Other corporations	2.94	757 625	45
Pension funds	12.66	3 266 170	74
Private companies	7.23	1 865 077	68
Public companies	1.02	263 358	16
	100.00	**25 805 347**	**1 952**
37.1.2 Portfolio size			
1 - 1 000	1.82	470 935	1 310
1 001 - 5 000	3.83	989 493	396
5 001 - 100 000	18.13	4 677 696	210
100 001 - 1 000 000	49.25	12 708 012	32
1 000 000 - over	26.97	6 959 211	4
	100.00	**25 805 347**	**1 952**

		% holding	No. of shares
37.2	**The following shareholders held in excess of 5% of the shares of the company at 30 June 2009:**		
	The Cashbuild Empowerment Trust	**10.00**	**2 580 535**
	PK Goldrick	**9.42**	**2 431 017**
	Government Employees Pension Fund	**6.16**	**1 590 096**
	SRA Investments (Pty) Ltd	**5.81**	**1 500 000**

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

			% holding	No. of shares	No. of shareholders
37.4	**Listed below is an analysis of holdings extracted from register of ordinary shareholders at 30 June 2008:**				
	37.4.1	**Category**			
		Non-public			
		Directors	9.50	2 452 515	4
		Staff, The Cashbuild Share Incentive Trust	2.05	529 225	1
		The Cashbuild Empowerment Trust	10.00	2 580 535	1
		Public			
		Banks	8.57	2 212 185	20
		Close corporations	0.96	247 313	20
		Endowment funds	0.57	147 892	6
		Individuals	4.57	1 179 605	1 235
		Insurance companies	2.45	631 037	16
		Investment companies	2.29	592 103	5
		Medical aid schemes	0.41	105 645	3
		Mutual funds	18.52	4 778 071	58
		Nominees and trusts	19.75	5 097 665	193
		Other corporations	3.09	798 073	40
		Pension funds	9.47	2 444 036	44
		Private companies	6.89	1 778 395	48
		Public companies	0.90	231 052	12
			100.00	**25 805 347**	**1 706**

Note 37 continued

37.4.2 Portfolio size

1	-	1 000	1.53	407 939	1 164
1 001	-	5 000	5.39	884 961	404
5 001	-	100 000	12.77	3 575 674	98
100 001	-	1 000 000	50.90	13 325 792	35
1 000 000	-	over	29.41	7 610 981	5
			100.00	**25 805 347**	**1 706**

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

	Holders	No. of shares
37.6 Directors' shareholding in main register		
PK Goldrick	1	2 431 017
D Masson	1	15 298
NV Simamane	1	1 200
FM Rossouw	1	5 000
	4	2 452 515

NOTICE OF ANNUAL GENERAL MEETING

(Incorporated in the Republic of South Africa)
Reg no. 1986/001503/06
ISIN: ZAE000028320
JSE code: CSB
("Cashbuild" or "the company")

Notice is hereby given that the annual general meeting of members of Cashbuild Limited will be held in the boardroom, 1st Floor, cnr Aeroton and Aerodrome Roads, Aeroton, Johannesburg on Monday, 23 November 2009 at 10h00 for the purposes of considering and, if deemed fit, passing with or without modification, the resolutions set out below:

1. **Ordinary resolution number one (auditors' report)**

   To resolve that the auditors' report be taken as read.

2. **Ordinary resolution number two (adoption of annual financial statements)**

   To receive the annual financial statements of the company and the group for the financial year ended 30 June 2009, together with the reports of the directors and auditors.

3. **Ordinary resolution numbers three to five (re-election of directors)**

   Individual appointments

   To re-appoint Messrs PK Goldrick, KB Pomario and SA Thoresson, who retire by rotation but, being eligible, offer themselves for re-appointment.

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

   Resolution number three:

   MR PK GOLDRICK:

   Chief executive
   Appointed 19 August 1996
   Mr Pat Goldrick has in excess of 46 years retail experience

   Resolution number four:

   MR KB POMARIO:

   Mr Kim Pomario, an executive director, is the property and store development director of Cashbuild Limited and a director of one of the subsidiary companies of Cashbuild Limited.

   Resolution number five:

   MR SA THORESSON:

   Mr Shane Thoresson, an executive director, is the operations director of neighbouring countries of Cashbuild Limited and a director of several of the subsidiary companies of Cashbuild Limited.

4. **Ordinary resolution number six (remuneration of non-executive directors)**

   To fix the remuneration for the non-executive directors, with retrospective effect from 1 July 2009 to 30 June 2010, as follows:

	Chairman	Other directors/ members of committees
Annual retainer	R144 000	R96 000
Board and strategy meeting: Attendance fee	R22 000	R15 500
Audit committee: Attendance fee	R11 000	R7 500
Remuneration and other committees: Attendance fee	R8 500	R6 000

5. **Ordinary resolution number seven (re-appointment of auditors)**

   Subject to the audit committee being satisfied as to the auditors' independence, to re-appoint PricewaterhouseCoopers Inc. as the auditors for the current financial year, ending 30 June 2010, with Mr DJ Fouche being the individual registered auditor who undertakes the audit.

Audit fees

In terms of section 270A of the Companies Act, the audit committee is responsible for determining the audit fees and the auditors' terms of appointment.

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

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

Corporate shareholders may, in writing, appoint a representative

BY ORDER OF THE BOARD

Corporate Governance Leaders cc
Chartered secretaries
Company secretary to Cashbuild Limited
14 September 2009

FORM OF PROXY

(Incorporated in the Republic of South Africa)
Reg no. 1986/001503/06
ISIN: ZAE000028320
JSE code: CSB
("Cashbuild" or "the company")

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

FOR THE ANNUAL GENERAL MEETING TO BE HELD ON MONDAY, 23 NOVEMBER 2009 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, 23 November 2009 at 10h00 and at any adjournment thereof, in the boardroom, 1st floor, cnr Aeroton and Aerodrome Roads, Aeroton, Johannesburg, and to vote for me/us on my/our behalf in respect of the undermentioned resolutions in accordance with the following instructions (see note 2).

	Number of votes (one vote per share)		
	For	Against	Abstain
1. Ordinary resolution number one: Auditors' report			
2. Ordinary resolution number two: Adoption of annual financial statements			
3. Ordinary resolutions numbers three to five: To consider the proposals to elect the following directors:			
3.1. Ordinary resolution number three: MR PK GOLDRICK			
3.2. Ordinary resolution number four: MR KB POMARIO			
3.3. Ordinary resolution number five: MR SA THORESSON			
4. Ordinary resolution number six: Remuneration of non-executive directors			
5. Ordinary resolution number seven: Re-appointment of auditors			

Signed at_________________________________on ____________________________________2009

Signature____________________Assisted by me __________________(where applicable – see note 7)

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

NOTES TO THE FORM OF PROXY

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

1. Only members who hold certificated shares and members who have dematerialised their shares in "own name" registrations may make use of this proxy form.

2. Each such ordinary member is entitled to appoint one or more proxyholders (none of whom needs to be a member of the company) to attend, speak and, on a poll, vote in place of that member at the annual general meeting, by inserting the name of a proxy or the names of two alternate proxies of the ordinary member's choice in the space provided, with or without deleting "the chairman of the meeting". The person whose name appears first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.

3. A member's instructions to the proxyholder must be indicated by the insertion of the relevant number of votes exercisable by that member in the appropriate box/es provided. Failure to comply with the above will be deemed to authorise the chairman of the meeting, if he is the authorised proxyholder, to vote in favour of the resolutions, or any other proxy to vote or to abstain from voting at the general meeting, as he deems fit, in respect of all the member's votes.

4. A member or his or her proxy is not obliged to vote in respect of all the shares held or represented, but the total number of votes for or against the resolutions in respect of which any abstention is recorded may not exceed the total number of votes to which the ordinary member or his proxy is entitled.

5. Any power of attorney and any instrument appointing a proxy or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney shall be deposited at the office of the transfer secretaries not less than 48 (forty-eight) hours before the time appointed for holding the meeting.

6. The completion and lodging of this form of proxy will not preclude the relevant member from attending the meeting and speaking and voting in person thereat to the exclusion of any proxyholder appointed.

7. Where there are joint holders of ordinary shares any one holder may sign the proxy form. The vote of only one holder in order of seniority (determined by sequence of names on the company register) will be accepted, whether in person or by proxy, to the exclusion of the vote(s) of other joint holders.

8. Members should lodge or post their completed proxy forms to:
Computershare Investor Services (Proprietary) Limited

HAND DELIVERIES:
Ground floor, 70 Marshall Street,
Johannesburg

OR POSTAL DELIVERIES:
P O Box 61051,
Marshalltown 2107

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

Members holding dematerialised shares

9. Members who have dematerialised their shares through a Central Securities Depository Participant (CSDP) or broker (except those members who have elected to dematerialise their shares in "own name" registrations) and all beneficial members holding their shares (dematerialised or certificated) through a nominee should provide such CSDP, broker or nominee with their voting instructions in sufficient time to allow them to advise the transfer secretaries of the company of their voting instructions before the closing time set out in 8 above.

10. All such members wishing to attend the meeting in person may do so only by requesting their CSDP, broker or nominee to issue the member with a letter of representation in terms of the custody agreement. Such letter of representation must also be lodged with the transfer secretaries before the closing time set out in 8 above.

ADMINISTRATION

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

REGISTERED OFFICE
Cnr Aeroton and Aerodrome Roads
Aeroton
Johannesburg
2001

POSTAL ADDRESS
PO Box 90115
Bertsham
2013

COMPANY SECRETARY
Corporate Governance Leaders CC

TRANSFER SECRETARIES
Computershare Investor Services (Pty) Ltd
Ground Floor
70 Marshall Street
Johannesburg
2001
PO Box 61051
Marshalltown
2107

AUDITORS
PricewaterhouseCoopers Inc.

BANKERS
Standard Bank of South Africa Limited
Nedcor Limited

SPONSOR
Nedbank Capital

WEBSITE
www.cashbuild.co.za

Cashbuild

www.cashbuild.co.za