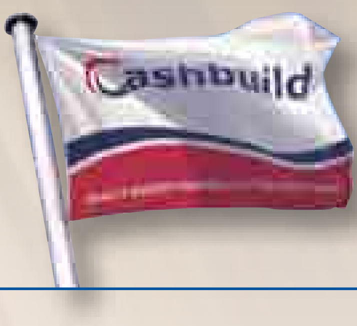
ANNUAL REPORT 2010



Cashbuild

Contents

Mission

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

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

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

Vision

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

Prospects

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

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

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

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

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

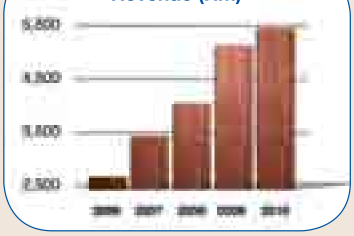
The group is confident that it will be able to maintain its record of rewarding its stakeholders and share owners with consistently improving and sustainable results into the foreseeable future.

Group financial highlights

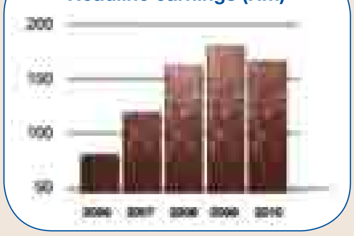
R'000	June 2010	June 2009
Group summary (R'000)		
Revenue	**5 369 146**	5 065 843
Operating profit before financing income	**239 444**	251 278
Profit before taxation	**255 680**	275 036
Attributable earnings	**163 776**	177 056
Headline earnings	**162 874**	177 409
Net increase/(decrease) in cash and cash equivalents	**197 908**	(33 247)
Market capitalisation*	**1 935 917**	1 651 542
Total assets	**1 861 261**	1 718 396
Cash and cash equivalents	**542 280**	348 130
Interest-bearing borrowings	**2 427**	2 126
Share performance (cents per share)		
Headline earnings	**717.2**	781.2
Dividends	**233**	246
Cash and cash equivalents	**2 388**	1 533
Net asset value*	**2 703**	2 265
Market price - high	**8 150**	7 000
Market price - low	**6 400**	4 000
Market price - at year-end	**7 502**	6 400
Statistics		
Number of employees	**4 432**	4 633
Number of stores	**189**	183
Number of trading weeks	**52**	52
Turnover per employee (R'000)	**1 212**	1 093
Profit before tax on sales (%)	**4.8**	5.4
Return on shareholders' funds (%)	**23.5**	30.3

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

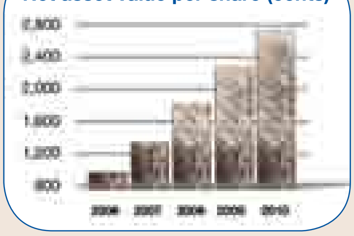
Revenue (Rm)



Headline earnings (Rm)



Net asset value per share (cents)



Chairman's report

IN SPITE OF VERY TOUGH TRADING CONDITIONS WITH A RESULTANT DROP IN EARNINGS (R7.81 TO R7.17 HEADLINE EARNINGS PER SHARE), WE STILL HAVE LOTS TO BE THANKFUL FOR, AND ALL CONCERNED CAN BE PROUD OF WHAT HAS BEEN ACHIEVED

The major financial yardsticks have performed satisfactorily.

- revenue up to R5.4 billion (2009 – R5.1 billion);
- operating profit R239 million (2009 – R251m);
- headline earnings R7.17 per share (2009 – R7.81);
- dividends R2.33 per share (2009 – R2.46);
- net asset value R27.03 per share (2009 – R22.65); and
- cash holdings up to R542 million (2009 – R348m).

CONSISTENCY OF EARNINGS

Cashbuild has managed to report a growth in earnings of 15% per annum over the last five years (717.2 cps from 366.3 cps).

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

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

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

TRADING/FINANCIAL MODEL

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

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

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

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

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

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

CORPORATE GOVERNANCE

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

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

- There exists an imbalance between executive and non-executive directors (This should be corrected within the next two years);

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

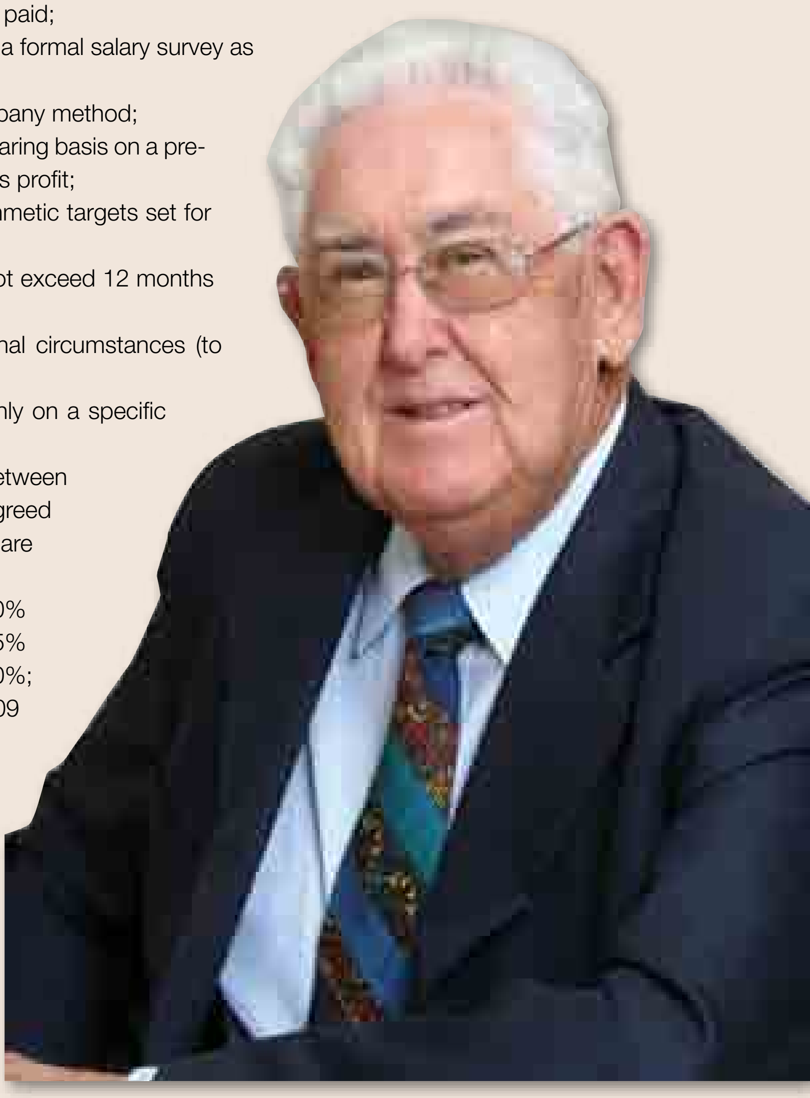
REMUNERATION POLICY

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

- policies are discussed and negotiated in the employee forum, which represents all staff throughout all regions and support office;
- no one has a long-term employment contract;
- no retention money or any restraint of trade is paid;
- staff are paid in accordance with proposals in a formal salary survey as conducted by PE Corporate Services;
- the salaries paid are by way of a cost-to-company method;
- incentives are paid to senior staff on a profit sharing basis on a pre-approved trigger exceeding the previous year's profit;
- varying weights are given to specific non-arithmetic targets set for individuals;
- the incentives in total for each individual do not exceed 12 months salary;
- ex-gratia incentives can be paid in exceptional circumstances (to facilitate motivation and retention);
- all store staff are incentivised and paid monthly on a specific store and/or divisional target;
- annual salary increases are agreed to between management and the employee forum. The agreed salary increases with effect from 1 July 2010 are as follows:

Staff	-	7.0%
Middle and senior management	-	6.5%
Executive management	-	6.0%;

- rural and urban staff salaries have since 2009 been equalised;
- at a specific time during the year, and after a thorough review of performance versus KPIs, adjustments can be made to specific individuals' remuneration;
- all members of the staff share equally in dividends paid to the Share Incentive Trust (10% of share capital);
  NOTE: See A separate proposal whereby R50 million of value created by BEE Trust will be paid out during 2010/2011;



- a few senior and long-serving members of staff were allocated stock options on a modest basis (maximum 100 000 shares); and
- all non-executive directors' remuneration are reviewed annually and approved at the annual general meeting.

IT REVIEW

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

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

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

We are now almost ready to roll-out the systems to all our stores. After successfully implementing the systems at two pilot stores and soon introducing it at three more stores we are ready to "go" at all our stores starting in the first half of 2011. The final implementation should occur by end 2011.

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

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

RISK AND AUDIT

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

Compliance audits are done at each and every store at least four times per annum and the results are showing continuous improvement and we now have 39% of all stores being 95% compliant.

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

FUTURE PROSPECTS AND LONG-TERM SUSTAINABILITY

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

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

- a positive forecast of South Africa 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 from 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!

DMasson

D Masson

Chairman

20 September 2010

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:
  - key categories market share – protect & grow;
  - existing store market growth;
  - new store growth;
  - people requirement and development;
  - product availability;
  - emphasis on customer communication; and
  - devise, implement and roll-out Cashbuild Way standards of Ready for Business;
- align earnings growth drivers with the proven business model;
- continued focus on risk management; and
- dedicate quality time to ensure the new IT system is completed, tested and meets the full business requirements (as per blue print) before roll-out throughout the business.

OVERVIEW OF PERFORMANCE

Once again with all modesty, particularly in this trading environment, the results were excellent - the best ever: Revenue of R5.4 billion and 13.6 million customers shopping in our stores for the year.

Revenue of R5.4 billion, an improvement of 6% (4% attributable to new stores and 2% to pre-existing stores) on the previous year equates to 19% compound growth over the last five years. This revenue growth was achieved as a result of our focus on customer service and ensuring our Ready for Business proven core strategies were constantly in place:

- always in stock;
- quality products at lowest prices;
- free local customer delivery service; and
- micro managing our advertising to our customers.

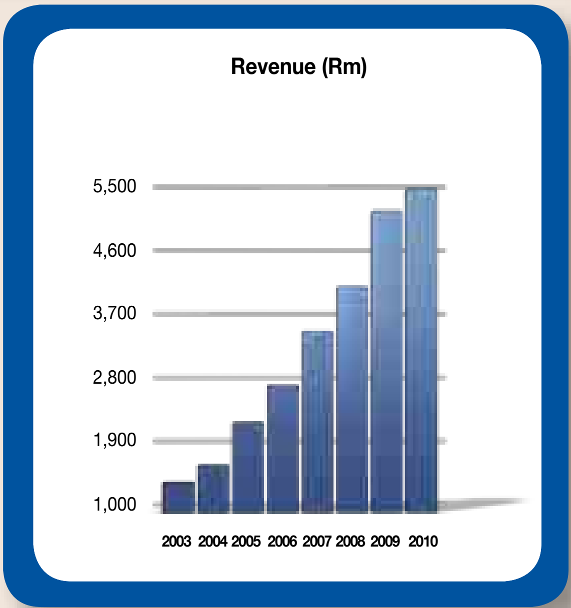
Operating expenses of R913.5 million were 13% higher than the previous year, which we tightly control and challenge for improvement, enabling our company to achieve operating profit before financing income of R239.4 million. For the first time in years a decrease of 5% on the previous year but a 15% compound growth over the previous five years. Headline earnings per share of 717.2 cents also decreased by 8% on last year's 781.2 cents.

The dividend policy was unchanged at:

1st half: 3 times cover based on 1st half results; 106 cents, 26% below corresponding period;

2nd half: 2.5 times cover based on 2nd half results; 127 cents, 23% improvement on corresponding period and the best ever 2nd half dividend; and

A total dividend of 233 cents per share was declared, a decrease of 5%.



The total value of rand dividend paid to shareholders for the year is R60 million, a decline of 5% on the previous year.

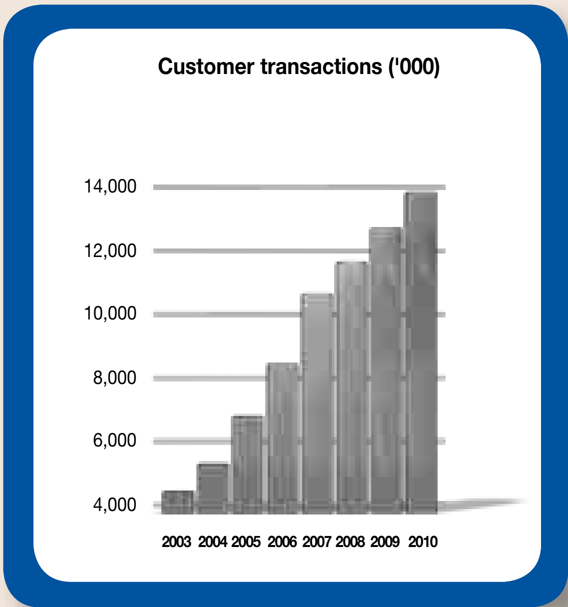
NATURE OF BUSINESS

Cashbuild is southern Africa's largest retailer of quality building materials (measured on market share of structural building materials) and associated products, selling direct to a cash-paying customer (limited credit where credit is due) base through its constantly expanding chain of stores (189 at the end of this reporting year). Cashbuild carries an in-depth leading brands 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 (and now more leading brands) 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 12.5 million to 13.6 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), but never sell below cost;
- always in stock;
- stocking quality product fit for purpose (never sell seconds);
- manufactured by local quality manufacturers (we do not import);
- 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's 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, plus now subsidised non-local, delivery service with the flexibility to meet the needs of all customers. Divisional managers are employed in the countries and regions in which they live, each division being managed by a local citizen of the country.

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 organic store expansion and refurbishment/relocation programme is now entrenched throughout the organisation and practiced 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

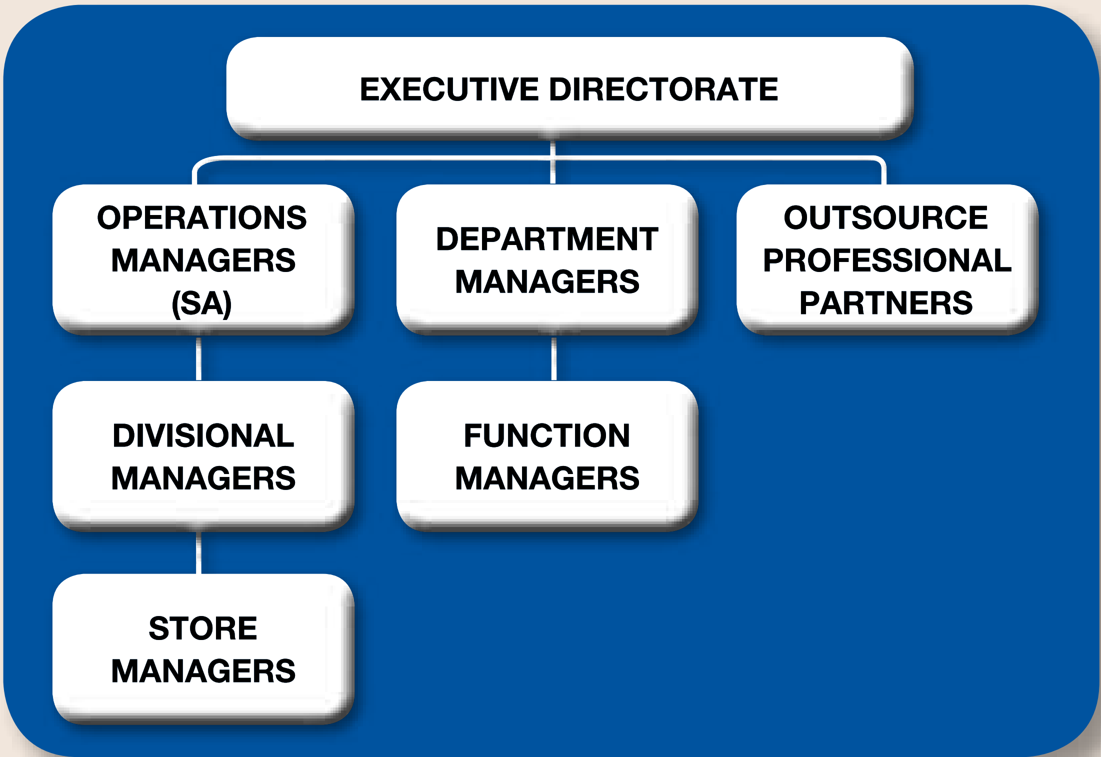
Cashbuild's success can be attributed to its simple business model and the excellent people culture, work ethic and in particular, living what we preach. For a number of years Cashbuild has been recognised as one of the best companies to work for. For the year under review Cashbuild was again recognised as one of the top companies to work for.

At the November 2009 AGM I advised the board that in line with Cashbuild's Retirement Policy, I would retire during 2012 at the age of 63. The board expects to announce my successor during January 2012 who will take effective control from 1st July 2012.

Wherever possible we promote from within - during this year 17% 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 12 store managers (including two ladies) were promoted from within the company. There are currently 87 store managers (including 16 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 seven 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, compared to 98 in the prior year.

A number of Cashbuild employees are exposed to SAP and Active Retail training in preparation for the implementation of these IT systems into the business. The Active Retail programme is a skills programme aligned to W & R Seta standards at various NQF levels, enabling all employees the opportunity to gain credit towards a national retail qualification.

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, divisional and store managers are held accountable for delivery of their budgets. Store systems are in place to enable the store, divisional and operations directors and managers to monitor performance from summary to detail levels enabling swift corrective action. Product ranging selection and selling price setting are the responsibility of the store managers under the strict control of the relevant divisional managers, who are fully conversant with company pricing policy and local market needs. The operating of stores has been greatly simplified, streamlined and disciplined by the introduction of The Cashbuild Way Ready for Business, 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 support office is 219 and the total cost of running the support office, including professional and audit fees for the year under review, was R150.7 million (2.8% of revenue).

EMPLOYEES AND MANAGEMENT

Cashbuild employs 4 432 excellent permanent people (no labour brokers) who have demonstrated through their understanding of our customers' needs, that they are the right people for the Cashbuild business. The employee steering committee, put in place during the 2004 financial year, is bringing benefits across the entire business. The purpose of the steering committee is to identify business opportunities, eliminate any weaknesses, manage and protect all assets, develop our people further and have the resources to grow the company into the foreseeable future. All our employees are fully trained and certificated to carry out the functions for which they are employed and are encouraged to become multi-skilled to enhance their prospects for career advancement within the 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 and 30 plus years service, exceptional performance by individuals and teams throughout our business. 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 five human resources managers who are responsible for the development and implementation of policies and supporting line managers but holding line management responsible for employment, training and development of all employees. Cashbuild strongly promotes and supports the training and development of its people. To ensure they reach their full potential an employment equity task team, comprising of employees of all occupational categories and levels, is the custodian of the employment equity plan, as submitted to the Department of Labour. The plan is reviewed regularly and reports progress to the board. Cashbuild is proactively committed to the principles of The Employment Equity Act. I am extremely proud of our employees 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 1.4% with total staff turnover of 24.4% (voluntary staff turnover: 7.4% and dismissals: 17.0%). 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 607 new employees, the majority of whom were recruited via the internet-based recruitment methodology, e-recruit, adopted by Cashbuild. To date we have 22 227 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 4 400-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 R6.0 million in dividends and a total of R28 million since inception in 2005. This trust was the first equally-sharing, genuine broad-based black empowerment trust in the country. The Empowerment Trust was set up with an interest-free loan of R75 million from Cashbuild Management Services (Pty) Ltd to fund the purchase 10% of the issued shares. At the end of June the value of the shares in the empowerment trust was R194 million. The board has approved, subject to shareholders approval at the AGM, to find an efficient method of releasing R50 million from the Empowerment Trust to the beneficiaries (all Cashbuild employees). Annual cost-of-living increases are discussed and motivated by the steering committee of the Cashbuild employee forum. This year (2011 financial year), a 7% 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. 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 3 600 members of the workforce and for the first time this year the top five store managers and three divisional managers shared in the profits of their respective stores and divisions when R0.6 million was paid. 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 employees with 30 years service will be honoured. Approximately 74 further coveted awards are ceremoniously bestowed on deserving candidates, accompanied by their proudly supportive spouses or partners. Cashbuild strongly believes that many of its successes are attributable to the manner in which it puts its communities and employees at the heart of its strategy. The strategy is sincere, modest and whilst it can be copied, there are few organisations that have the same determination and passion to deliver with such modesty and professionalism. Cashbuild's competencies 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 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 risk management, responsible for enterprise risk management and internal audit within Cashbuild, has a dotted line to the chairman of the audit committee and an administrative functional reporting line to the chief executive.

The department consists of the following service lines:

- enterprise risk management;
- operational compliance internal audit;
- operational ready for business in stores;
- support office compliance internal audit;
- 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.

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 3 243 different line items varying in size from 13.2 m corrugated iron to a 30mm cabinet knob, with a price range of 89 cents for a brick to R8 540 for a quality carved door. All stock is checked and tracked from point of receipt (Cashbuild takes ownership) to point of sale or delivery to customer's residence (customer takes ownership). Between these two stages there are varying time scales and processes for handling and stocking the product. These processes, which are incorporated in The Cashbuild Way, are designed to eliminate product damage and stock loss (shrinkage). Cashbuild has developed and instituted policy, processes and procedures to ensure that every line item in each store is counted on a cyclical basis not exceeding six weeks, with lines recognised as vulnerable, counted daily. All variances are investigated by store management. Wall-to-wall stock counts take place in every store at least once per quarter; unsatisfactory variances result in immediate investigation, which could lead to monthly stock counts, disciplinary action and possible dismissals. As a result of our zero tolerance of breaches of company procedures, Cashbuild has budgeted to reduce and maintain shrinkage to 0.3% of revenue and to keep it down to this level, which has been achieved frequently during the past five years.

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

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

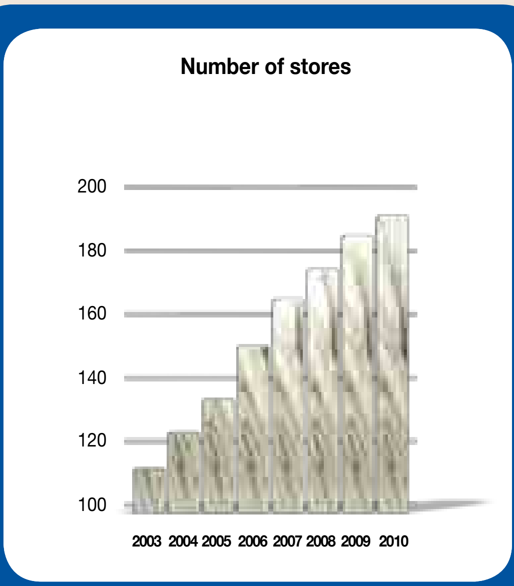
THE MARKET

The market for the supply via distribution of quality building materials is worth in the region of 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 continuing world gloom, the feel good factor and positive vibe from most people throughout the countries in which we trade.

STORE EXPANSION/RELOCATION/ REFURBISHMENT

Cashbuild is committed to aggressively protect and grow profitable market share. Critical to the success of our business growth is the number of stores, and the physical location of each store within its catchment area. Cashbuild plans to add 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 eight additional stores were



added. At the end of the financial year 189 stores were trading. Since the year-end (now at the end of September) one new store has opened, and three are planned to open by the end of 2010. A further five 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 (Medowlands, Acornhoek, Mkhuhlu and Thulamahashe) were refurbished and one relocated (Taung). Relocation is only approved if it meets strict operational and financial criteria. During 2010/11, 11 are planned to be refurbished or relocated.

PRODUCT SUPPLIERS

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

SUPPLY CHAIN MANAGEMENT

Total availability of all ranged products within all our stores is critical to Cashbuild's success and is a constant top of mind awareness. In the interest of good consistent practices and to avoid any misunderstanding, all our suppliers are given written contracts clearly setting out both parties' commitments and responsibilities with regard to the supply of quality products, trading and payment terms. To enable all our suppliers to plan and ensure continuity of quality product supply to all our stores, Cashbuild gives each supplier a volume commitment by line item 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 local manufacturers 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

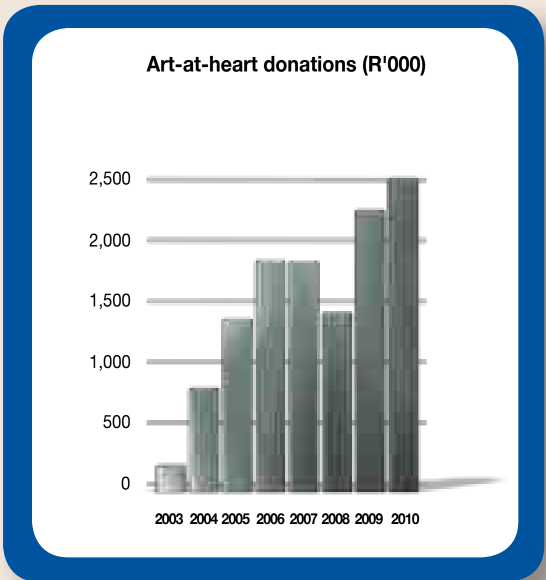
In the eight months from January 2008 a major disappointment was the greater than 100% increase in steel prices which had no justification and has had a major impact on affordability to South African consumers. Since the price of steel has fallen sharply with the strong rand and new steel manufacturers entering the South African market Cashbuild expects more dependable supply and competitive pricing.

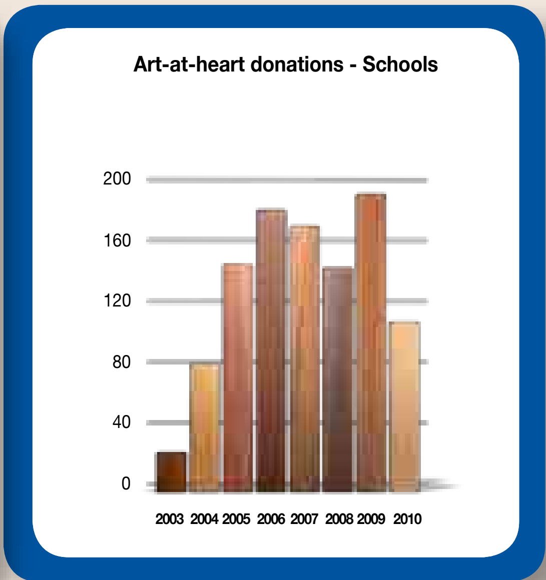
TRANSFORMATION AND SOCIAL IMPACT

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 R74 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 operations and divisional management.

COMMUNITY RELATIONS

We are passionate about Cashbuild's 32 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 R2.5 million to 106 schools in the communities in which we opened our eight new stores. (A further five stores were either relocated or refurbished). During the past 10 years 1 051 schools received building materials to the value of R11.2 million.





Store/school name	Region	New/ refurbished/ relocated	Date	Number of schools	Total
Molepolole	**Botswana**	**New**	**24 Sep 2009**	**8**	**R96 000**
Kealeboga Primary School					R12 000
Magokotswane Primary School					R12 000
Neale Primary School					R12 000
Borakalalo Primary School					R12 000
Kutlwano Primary School					R12 000
Bokaa Primary School					R12 000
Boribamo Primary School					R12 000
Lephaleng Primary School					R12 000
Gugulethu Square	**Western Cape**	**New**	**29 Oct 2009**	**8**	**R96 000**
Sol Plaatjie Primary School					R12 000
Melorama Primary School					R12 000
Mafikeng Primary School					R12 000
Danville Primary School					R12 000
Thutong Primary School					R12 000
Senwelo Primary School					R12 000
Signal Hill Primary School					R12 000
Senkhwe Primary school					R12 000
Thorntree - Soshanguve	**Gauteng North West**	**New**	**29 Oct 2009**	**8**	**R96 000**
Ayanda Primary School					R12 000
Sjambok Primary School					R12 000
Reabetswe Primary School					R12 000
Rodney Mokoena Primary School					R12 000
Refihliwele Primary School					R12 000
Itumeleng Madiba Primary School					R12 000
Shalom Primary School					R12 000
Lesedi Primary School					R12 000

Store/school name	Region	New/ refurbished/ relocated	Date	Number of schools	Total
Batho Plaza - Soshanguve	**Gauteng North West**	**New**	**30 Oct 2009**	**8**	**R96 000**
Uthando Primary School					R12 000
St Francis Primary School					R12 000
Tlamagamyo Primary School					R12 000
Lindelani Primary School					R12 000
Tiamoko Primary School					R12 000
Seetsa Ja Kumedi Primary School					R12 000
Mzimuhle Primary School					R12 000
Vukane Primary School					R12 000
Meadowlands	**Gauteng South**	**Refurbished**	**20 Nov 2009**	**9**	**R108 000**
Enkolweni Primary School					R12 000
Livhuwani Primary School					R12 000
Sivuleleni Primary School					R12 000
Meadowlands Primary School					R12 000
Moses Kotane Primary School					R12 000
Moruta Thuto Primary School					R12 000
Rebongwe Primary School					R12 000
Tiwimisen Primary School					R12 000
Paleja Primary School					R12 000
Thulamahashe	**Mpumalanga North**	**Refurbished**	**25 Nov 2009**	**8**	**R96 000**
Manyakatane Primary School					R12 000
Matsavane Primary School					R12 000
Mpithi Primary School					R12 000
Mahlambandlopfu Primary School					R12 000
Zigode Primary					R12 000
Ndimande Primary School					R12 000
Zwinde Primary School					R12 000
Thulamahashe Primary School					R12 000

Store/school name	Region	New/ refurbished/ relocated	Date	Number of schools	Total
Mukuhlu	**Mpumalanga North**	**Refurbished**	**26 Nov 2009**	**8**	**R96 000**
Homuzeya Primary School					R12 000
Mvuyazi Primary School					R12 000
Magudu Primary School					R12 000
Mhlahle Primary School					R12 000
Ian Mckenzie Primary School					R12 000
JJ Matsane Primary School					R12 000
Hibemandla Primary School					R12 000
Behjani Primary School					R12 000
Acornhoek	**Mpumalanga North**	**Refurbished**	**27 Nov 2009**	**8**	**R96 000**
Seganyane Primary School					R12 000
Welverdien Primary School					R12 000
Paulos Ngobeni Combined School					R12 000
Mhlangana Primary School					R12 000
Poweline Primary School					R12 000
Letsamaile Primary School					R12 000
Green Light Primary School					R12 000
Morage Primary School					R12 000
Standerton	**Mpumalanga South**	**New**	**02 Dec 2009**	**8**	**R96 000**
Standerton Primary School					R12 000
Laerskool Standerton					R12 000
Thandeka Primary School					R12 000
Igugulabasha Primary School					R12 000
Laerskool Jeugkrag					R12 000
Lesedi Combined School					R12 000
Lindilang Primary School					R12 000
Laerskool Kalie De Haas					R12 000

Store/school name	Region	New/ refurbished/ relocated	Date	Number of schools	Total
Taung	**North West/ North Cape**	**Relocated**	**13 May 2010**	**8**	**R96 000**
Marope Primary School					R12 000
St Paul Primary School					R12 000
Rabodigelo Primary School					R12 000
Siele Primary School					R12 000
Tshipo Mangwagane Primary School					R12 000
Paisitse Primary School					R12 000
Lesanka Kasienyane Primary School					R12 000
Maranatha Primary School					R12 000
Burgersfort	**Mpumalanga East**	**Refurbished**	**21 May 2010**	**8**	**R96 000**
Gowa Primary School					R12 000
Tswethane Primary School					R12 000
Tswelopele Primary School					R12 000
Shekabate Primary School					R12 000
Moroke Primary School					R12 000
Boboti Primary School					R12 000
Thabane Primary School					R12 000
Manyaka Primary School					R12 000
Musina	**Limpopo**	**New**	**27 May 2010**	**8**	**R96 000**
Musina High School					R12 000
Bonwaudi Primary School					R12 000
Makushu Primary School					R12 000
St Martin De Porres Primary School					R12 000
Beitbridge Primary School					R12 000
Renaissance Secondary School					R12 000
Gateway Primary School					R12 000
Musina Primary School					R12 000

Store/school name	Region	New/ refurbished/ relocated	Date	Number of schools	Total
Steilloop	**Limpopo North**	**New**	**28 May 2010**	**9**	**R108 000**
Matlare Primary School					R12 000
Ditlou Primary School					R12 000
Monaka Primary School					R12 000
Moasha Primary School					R12 000
Reabilwo Primary School					R12 000
Kgobuki Primary School					R12 000
Makgobe Primary School					R12 000
Mashao Primary School					R12 000
Mushi Primary School					R12 000
Total				**106**	**R2 448 000**

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 plus utilising an outsource partner with specialist skills in health and safety. A health and safety representative has been appointed and a first-aider is appropriately trained and qualified at each store and support office department. The outsource partner provides the audit guidelines and checklists for ensuring compliance with all issues, not only legal requirements. With the use of the guidelines and checklists, internal audits are used to measure compliance. Cashbuild maintains its commitment to applicable legal occupational safety and health requirements. No breaches of the legal requirements were identified during the year under review.

ENVIRONMENTAL IMPACT

Our business 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-compliance to our Code of Ethics. Any employee found behaving in a manner contrary to our Code of Ethics is subject to disciplinary proceedings, which can lead to dismissal. 225 employees were dismissed from the company's employment as a result of such proceedings during the year under review, as against last year's 461. These dismissals relate to fraud, unauthorised removal of company property, absenteeism, non-compliance to company policy and procedures and non-adherence to Cashbuild's Code of Ethics. 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 have converted the support office and two pilot stores. A further three stores will be live in the first half of 2011. The roll-out to the entire store-base is planned to commence thereafter.

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 190 stores, all trading successfully, and we are in our best ever position to grow profitable market share. Our experienced two operations directors, one operations manager and 28 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 is committed to supporting home ownership and this will continue to increase the size of the market. Cashbuild's culture of excellence and commitment will continue to have a positive impact on the profits of the organisation, leading to improved growth in returns for all our stakeholders for the foreseeable future.

THANK YOU

During a tough trading year Cashbuild's management and all its employees have worked exceptionally hard and smart to produce exemplary customer satisfaction and again, grow profitable market share, despite a planet of continued doom and gloom riddled with failures. The entire team has worked cohesively with commitment and pride to take Cashbuild to the current levels whilst having fun 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, 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
20 September 2010

Directorate - executive

PK Goldrick (61) (Irish)

Chief executive

Appointed 19 August 1996

- Over 44 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 (39)

CA (SA)
Financial director

Appointed 1 December 2004

- Completed board exam 1994 and completed articles with PwC. 12 years experience working specifically in the retail sector.

  Joined Cashbuild in 2004

KB Pomario (37)

NHDip Construction

Store development director

Appointed 27 March 2007

- 15 years construction and project management experience of which 11 have been in the retail sector.

  Joined Cashbuild in 1996

SA Thoresson (47)

Operations director: neighbouring countries

Appointed 27 March 2007

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

  Joined Cashbuild in 2005

A van Onselen (48)

Dip MDP Unisa Business School
Operations director

Appointed 20 September 2004

- Over 23 years of retail experience.

  Joined Cashbuild in 1997

Directorate - non-executive

D Masson *‡ (79)
ACIS
Chairman
Appointed 22 June 1988
- 40 years experience as CEO, director and chairman of companies in a variety of business sectors and parastatals. Currently a director of Bidvest, Kumnandi Food Co Ltd, Valley Irrigation of Southern Africa (Pty) Ltd, and McCarthy Ltd. Serves as a trustee on various pension funds and share trusts.

J Molobela ** (54)
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 *‡ (73)**
CA (SA)
Appointed 7 May 2001
- Prior to his semi-retirement in 2001, was a senior executive and a member of the board of Oceana, Fedfood, Premier Group, Checkers and The Airports Company.
  Mr Rossouw remains a director of various private companies.

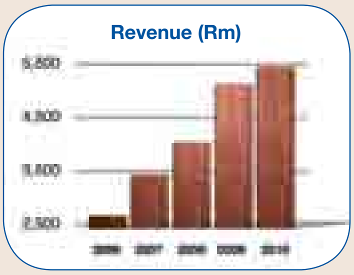
NV Simamane ** (51)
BSc (Hons) Chemistry and Biology
Appointed 1 September 2004
- Currently an executive director of Zanusi Investments, Zanusi Marketing Consultants and non-executive director of Foschini and Oceana.
- Nomahlubi Simamane was named Top Businesswoman of the Year at the 2009 National Business Awards.
- Appointed to the audit committee 19 September 2005.

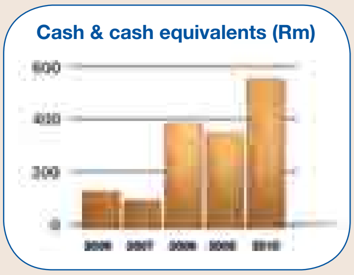
* Member of the remuneration committee
** Member of the audit committee
*** Member of the audit and remuneration committees
‡ Member of the nomination committee

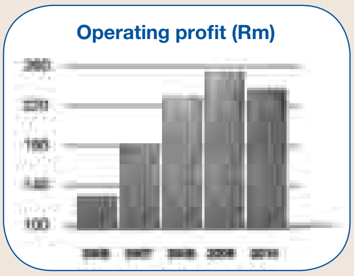
Group five year financial review

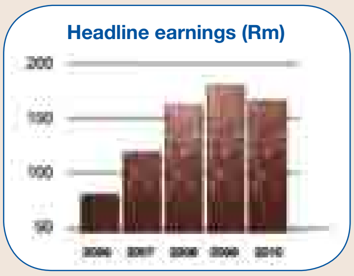
as at 30 June 2010

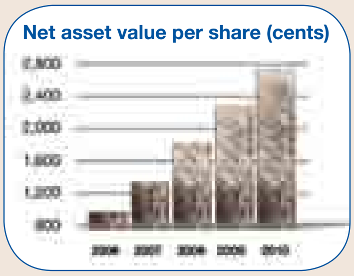
R'000	Five year compound growth % p.a.	June 10 (52 weeks)	June 09 (52 weeks)	June 08 (52 weeks)	June 07 (53 weeks)	June 06 (52 weeks)
GROUP INCOME STATEMENT						
Revenue	19	**5 369 146**	5 065 843	4 043 493	3 448 386	2 710 417
Profit before taxation	15	**255 680**	275 036	244 729	191 671	135 413
Earnings attributable to owners of the company	16	**163 776**	177 056	160 768	121 640	82 700
GROUP STATEMENT OF FINANCIAL POSITION						
Shareholders' funds	29	**697 466**	584 555	470 967	351 218	258 909
Non-controlling interest	20	**52 140**	43 679	34 142	32 075	27 936
Interest-bearing borrowings	11	**2 427**	2 126	1 867	1 645	1 454
TOTAL EQUITY AND INTEREST-BEARING BORROWINGS	28	**752 033**	630 360	506 976	384 938	288 299
Tangible and intangible assets	22	**453 442**	366 456	287 344	253 481	211 946
Net deferred tax asset	14	**9 321**	11 301	12 627	8 240	3 080
Current assets	18	**1 398 498**	1 340 639	1 304 794	772 583	678 106
TOTAL ASSETS	19	**1 861 261**	1 718 396	1 604 765	1 034 304	893 132
TOTAL LIABILITIES	15	**1 111 655**	1 090 162	1 099 656	651 011	606 287
NET ASSETS	28	**749 606**	628 234	505 109	383 293	286 845











Group five year financial review

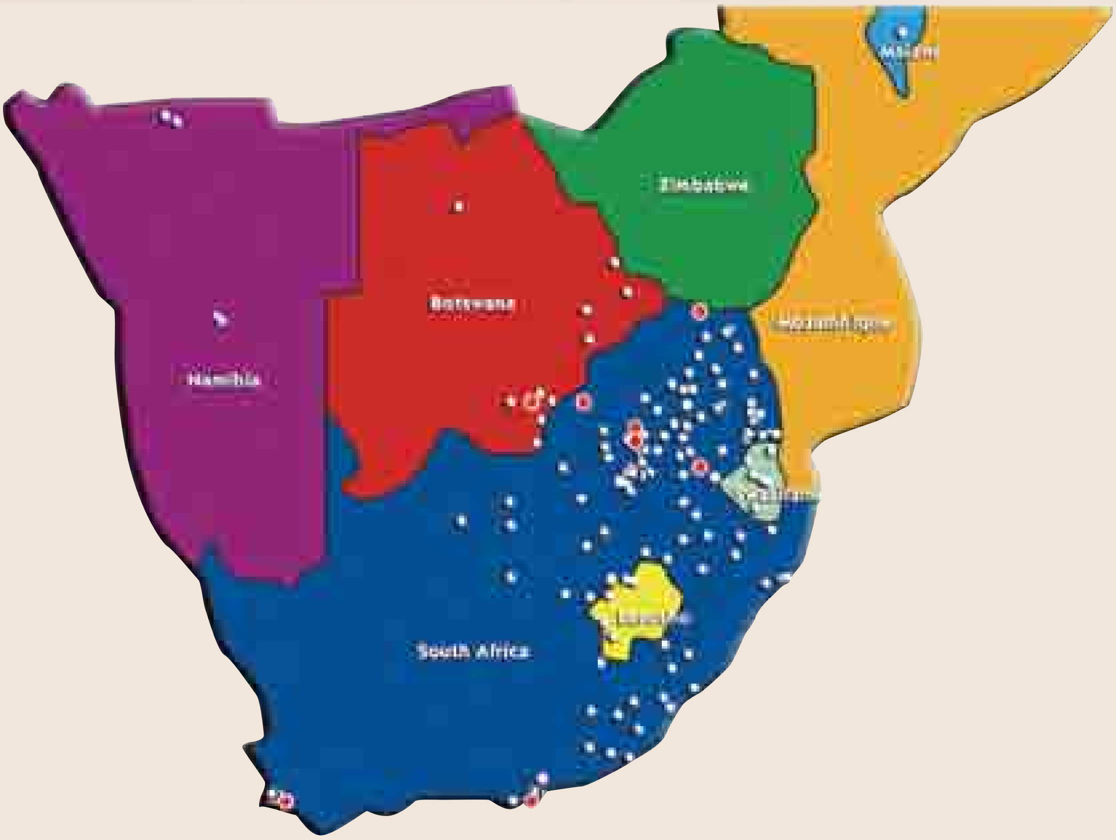
as at 30 June 2010

R'000	Five year compound growth % p.a.	June 10 (52 weeks)	June 09 (52 weeks)	June 08 (52 weeks)	June 07 (53 weeks)	June 06 (52 weeks)
SHARE PERFORMANCE (CENTS PER SHARE)						
Headline earnings per share	15	**717.2**	781.2	709.7	528.0	366.7
Dividends per share	17	**233**	246	229	173	116
Net asset value per share	29	**2 703**	2 265	1 825	1 361	1 003
RETURNS AND PRODUCTIVITY						
Profit before tax on revenue (%)	(4)	**4.76**	5.43	6.05	5.55	5.00
Return on shareholders' funds (%)	(10)	**23.48**	30.04	33.57	33.48	31.33
Return on average capital employed (%)	(11)	**25.55**	33.55	39.11	39.87	36.49
Total asset turn (times)	-	**2.88**	2.95	2.52	3.33	3.03
Turnover per employee (R'000)	8	**1 212**	1 093	1 017	970	857
Profit before taxation per employee (R'000)	4	**58**	59	62	54	43
Total assets per employee (R'000)	8	**420**	371	404	291	282
SOLVENCY AND LIQUIDITY						
Dividend cover (times)		**3.10**	3.17	3.09	3.10	3.10
Current ratio		**1.35**	1.30	1.23	1.26	1.18
Total liabilities to total shareholders' funds		**1.59**	1.86	2.33	1.85	2.34
Interest-free liabilities to total assets		**0.60**	0.63	0.68	0.63	0.68
STOCK EXCHANGE PERFORMANCE						
Number of shares in issue ('000)		**25 805**	25 805	25 805	25 805	25 805
Market price						
- high (cents)	15	**8 150**	7 000	6 275	6 500	5 600
- low (cents)	23	**6 400**	4 000	4 000	3 875	6 750
- at year-end (cents)	14	**7 502**	6 400	4 824	6 200	4 200
Price earnings ratio at year-end	(1)	**10.40**	8.21	6.81	11.56	11.46
Market capitalisation at year-end (R'000)	14	**1 935 917**	1 651 542	1 244 850	1 599 932	1 083 810
OTHER STATISTICS						
Number of employees		**4 432**	4 633	3 975	3 554	3 162
Number of stores		**189**	183	173	164	150

Group value-added statement

R'000	2010	%	2009	%
Revenue	5 369 146		5 065 843	
Less: Cost of merchandise and expenses	(4 672 814)		(4 410 606)	
Value added from trading operations	696 332		655 237	
Interest received on investments	21 936		25 622	
Total wealth created	718 268	100.0	680 859	100.0
To employees - salaries and benefits	408 177	56.8	361 539	53.1
To government - company taxation:	82 005	11.4	86 309	12.7
- Normal	74 647	10.4	77 994	11.5
- Deferred	1 965	0.3	1 319	0.2
- Secondary tax on companies	5 393	0.8	6 996	1.0
To providers of capital:	63 065	8.8	75 079	11.0
- Dividend to owners of the company	47 466	6.6	61 544	9.0
- Interest on borrowings	5 700	0.8	1 864	0.3
- Non-controlling interest	9 899	1.4	11 671	1.7
To retain for reinvestment in the group	165 021	23.0	157 932	23.2
- Depreciation, amortisation and impairment of property	48 711	6.8	42 420	6.2
- Income retained in the business	116 310	16.2	115 512	17.0
Total wealth distribution	718 268	100.0	680 859	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	**2010**	2009
South Africa	**163**	157
Botswana	**10**	10
Lesotho	**5**	5
Swaziland	**6**	6
Namibia	**4**	4
Malawi	**1**	1
Total	**189**	183

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	STEPHAN FOURIE
MOLOTO	AUBREY TSWAANE
MALAITA	SONNY MOGADIME
SIYABUSWA	JOGGIE VAN VREDEN
TWEEFONTEIN	EMMA NGUBENI
LEBOWAKGOMO	MICHAEL MOKOENA
LEBOWAKGOMO CENTRAL	ARNOUS THABA
KORINGPUNT	PIET KEKANA
APEL	ANDRIES KOLA

LIMPOPO NORTH

DIVISIONAL MANAGER - ETIENNE VILJOEN

MOKOPANE	BUYERS ROOS
POLOKWANE CENTRAL	LOUIS WOLMERANS
STEILLOOP	SIMON MAHLAULE
MAAKE	PERCY MAHLAULE
LEPHALALE	JOHAN VAN ZYL
TZANEEN	GERRIT PRETORIUS
SESHEGO	RICH MPHEPANE
BOTLOKWA	PHILLIP MASUKAMENG (ACTING)
GIYANI CENTRAL	DAWID MAKHUBELE
BOCHUM	PHILLIP MASUKAMENG

GAUTENG NORTH WEST

DIVISIONAL MANAGER - CHRISTO BASSON

BRITS	GIDEON BOTES
BELA BELA	SILAS TSETSEWA
HAMMANSKRAAL	PHONI DUBAZANA
LETHLABILE	SYDNEY SIBIYA
MORETELE	AMON MABENA
HEBRON	AHMAD KHUMALO
MABOPANE	ISAAC RAMABELE
SOSHANGUVE PLAZA	EDWARD RAKGOKONG
SOSHANGUVE INDUSTRIAL	NOMONDE MENZIWA
SOSHANGUVE BATHO PLAZA	ANDREW MATJIU
SOSHANGUVE THORNTREE	TOBIAS WILLIS

LIMPOPO

DIVISIONAL MANAGER - RENIER SMITH

LOUIS TRICHARDT CENTRAL	MPHO MAPOTSE
MAKHADO	LUDWICH DE KLERK
MUKULA	ZODWA SITHOLE
THOHOYANDOU	PRINCE BALOYI
SIBASA	MAURICE MDABULA
MUSINA	FANELI RAVELE

OPERATIONS AREA 2

CROUS DE BEER (OPERATIONS MANAGER)

NORTHERN NATAL

DIVISIONAL MANAGER - WAYNE GRAVEN

EMPANGENI	NAVIN GOVENDER
ESHOWE CENTRAL	MARK SMITH
MKUZE	ALTON NGWENYA
ULUNDI	AGRIPPA BIYELA
RICHARDS BAY	REYNO VAN STAADEN
NEWCASTLE	SIPHO MLANGENI
NQUTU CENTRAL	DAVID MASUKU
PONGOLA	KENNETH MADONSELA
LADYSMITH	ZAKHELE ZAKWE
VRYHEID CENTRAL	SONNYBOY DLAMINI

MPUMALANGA EAST

DIVISIONAL MANAGER - ANDRE VAN DER WALT

BURGERSFORT CENTRAL	REUBEN MOTHUTSI
KAMHLUSHWA	FRANK MOKGOMOGANE
LYDENBURG	JACO BESTER
NELSPRUIT PLAZA	DRIES VAN WYK
NAAS	ALEX MABUZA
SCHOEMANSDAL	BRUTUS NGWAMBA
STEELPOORT	MARIUS VAN DER MERWE

MPUMALANGA NORTH

DIVISIONAL MANAGER - ATTIE NEL

ACORNHOEK	FANIE MAKOFANE
BUSHBUCKRIDGE	MICHAEL SEKGOBELA
HAZYVIEW	WILLEM COETZEE
KABOKWENI CENTRAL	BONGANI LEYANE
KANYAMAZANE	MICHAEL MASHILE
MKHUHLU CENTRAL	WIILIAM MOTHUTSI
PHALABORWA	CALLIE COETZEE
THULAMAHASHE	KIMBER NGOBENI
WHITE RIVER	ANDRE VAN DER MERWE

MPUMALANGA SOUTH

DIVISIONAL MANAGER - ANTON HATTINGH

BETHAL	MORRIS MASHININI
MIDDELBURG	SIMON MAFOLOGELA
EMALAHLENI CENTRAL	VERONICA KAMFER
EMALAHLENI INDUSTRIAL	THAPELO MOTHLATLEHDI
ERMELO	JOHAN BOTHA
ELUKWATINI	KHAUGELO SEBASHE
STANDERTON	FRANS LEKALA
PIET RETIEF	PIETER VISAGIE

OPERATIONS AREA 3

ANDRE VAN ONSELEN (OPERATIONS DIRECTOR)

CENTRAL EAST GAUTENG

DIVISIONAL MANAGER - LEN KLYNSMITH

BENONI	PETUNIA MTEMBU
BOKSBURG	JOHNNY BOOYSEN
SPRINGS	PIETER VENTER
TEMBISA	HENDRICK MKHWEBANE
KEMPTON PARK	SIFISO DUBE
GREENSTONE HILL	MARK KOEKEMOER
CAVENDISH GLEN	JOHAN BESTER
EDENVALE	CHRISTA COETZEE
HILLFOX	FRIK VAN STADEN
NORTHRIDING	MUSA MKHWEBANE

GAUTENG WEST

DIVISIONAL MANAGER - IAN McKAY

VOSLOORUS	BIGBOY MANAMELA
KATLEHONG	ANDRIES MAHLABA
TSAKANE	GEORGE MUSINYANI
KWA -THEMA	SIPHO MBATHA
VEREENIGING	NICO JANSEN VAN VUUREN
SEBOKENG	MATUMI SEKGOTA
ORANGE FARM CENTRAL	SARAH MDLULI
ORANGE FARM	MIKE LECHELA
EVERTON	TSIETSI LENGOABALA
ZAMDELA	ELLIAS MATHISO

GAUTENG NORTH WEST

DIVISIONAL MANAGER - EDDIE PROLLIUS

MONTANA	JOHN MOREANA
PRETORIA WEST	MARTIN LABUSCHAGNE
SILVERTONDALE	VICTOR DLAMINI
WONDERPARK	RAVI NAICKER
CENTURION	JOSEPH LUCAS
TEMBISA NORTH	KHATHU NENGOVHELA

GAUTENG SOUTH

DIVISIONAL MANAGER - CHRISTOPHER VENGESA

MEADOWLANDS	JOSEPH TLAPANE
AEROTON	MILLEN MATHEBULA
PROTEA GLEN	MPUMI KHUMALO
PROTEA GARDENS	GIVEN MOTHIMELE
HIGHGATE	LEBOHANG KOMA

Operational areas, divisions, stores and managers

OPERATIONS AREA 4
CROUS DE BEER (OPERATIONS MANAGER)

FREE STATE
DIVISIONAL MANAGER - GERRIT VILJOEN

BETHLEHEM CENTRAL	PJ PRETORIUS
FICKSBURG CENTRAL	WICKUS BADENHORST
LADYBRAND	JJ VENTER
KROONSTAD CENTRAL	JAQUES BOUWER
QWA QWA PHUTADITJABA	JANUARY TSOTETSI
QWA QWA SETSING	CHRISTO STRYDOM/ LYDIA MOTAUNG
QWA QWA HOME CENTRE	WILLIAM TSHABALALA
WELKOM	CHARL VAN DER BERG
WELKOM CENTRAL	KOBUS VENTER

NORTH WEST/NORTH CAPE
DIVISIONAL MANAGER - ADRIAAN VAN DER BERG

BLOEMFONTEIN	PIETER RAUTENBACH
THABA NCHU	ANDRE VAN TONDER
HARTSWATER	JP SMITH
KIMBERLEY	ROLAND LUCAS
ROCKLANDS	THABELO MOHLAHLEBI
TAUNG CENTRAL	ALBERT ESTERHUIZEN

NORTH WEST/NORTH CAPE
DIVISIONAL MANAGER - ADRIAAN VAN DER BERG (ACTING)

KURUMAN	JOHAN VAN DER WALT
MOTHIBISTAD	AMBITION FOROMANE
VRYBURG CENTRAL	THABO LEHIHI
VRYBURG	LOUWRENS J VAN VUUREN

GAUTENG NORTH WEST
DIVISIONAL MANAGER - HENNIE ROOS

NORTHAM	ELIZABETH NDHLOVU
LICHTENBURG	ELLEN TIETIES
MAFIKENG	DEON LUCAS
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)

EASTERN CAPE
DIVISIONAL MANAGER - MARK SCHOLES

BUTTERWORTH	CHARLES JACKSON
ENGCOBO	TANDOXOLO MLANJANA
MTHATA CENTRAL	CHRIS MOSTERT
MTHATA EAST	RAYMOND COETZEE

EASTERN CAPE
DIVISIONAL MANAGER - GARY LENTZ

KOKSTAD CENTRAL	MANOJ RAMBOROSA
LUSIKISIKI	HILTON MATHA
MATATIELE CENTRAL	JOHNSON DLAMINI
MOUNT FRERE	BUYISILE BONISANI

EASTERN CAPE
DIVISIONAL MANAGER - MARK SUTHERLAND

STERKSPRUIT	ALBERT BOTT
QUEENSTOWN	TONY ALLCOCK
QUEENSTOWN CENTRAL	JULIET MCPHERSON
LADY FRERE	DERICK POTSELO
COFIMVABA	JULIAN MARSHALL
KING WILLIAM'S TOWN	AMEDEE PROLLIUS

EASTERN CAPE
DIVISIONAL MANAGER - JACQUES VAN ROOYEN

ALICE	LAWRENCE ANTHONY
AMALINDA	COENRAD VENTER
EAST LONDON	ALFONSO FORTUIN
MDANTSANE	WANDILE MQANTO
FORT BEAUFORT	MVEZA MANA

OPERATIONS AREA 6
ANDRE VAN ONSELEN (OPERATIONS DIRECTOR)

WESTERN CAPE
DIVISIONAL MANAGER - BENNIE VAN GRAAN

BRACKENFELL CENTRAL	BRIAN MCPHERSON
MONTAGUE GARDENS CENTRAL	ARTHUR HARTY
STRAND	NORMAN LABUSCHAGNE
MAKHAZA	GIVEN PAULSEN
PHILLIPI	NAZREEN JACOBS
GUGULETHU	ALBY CAROLUS
MITCHELLS PLEIN	HADLEY DONOUGH

EASTERN CAPE
DIVISIONAL MANAGER - JEFF MAAS

DAKU	GIOVANNI DAVIDS
HUMANSDORP	JEROME PLAAITJIES
UITENHAGE	PIERRE MARAIS
ZIYABUYA	MATTHEW STOCKS
KWANOBUHLE	JACO SMITH

NATAL
DIVISIONAL MANAGER - TOMMY NAIDOO

KWA MASHU	MESHACK BUTHELEZI
PORT SHEPSTONE	ELLIS MNGOMENI
UMLAZI	SITHUNYWA MANELE
HARDING	TREVOR SAMUEL

COUNTRIES
SHANE THORESSON (OPERATIONS DIRECTOR)

LESOTHO
DIVISIONAL MANAGER - NORBERT MOKOBORI

LERIBE	SIMON SEPHOFANE
MAPUTSOE	LUCAS RAMOKOTLA
MOHALE'S HOEK	THABANG NKOALE
MAFETENG	SIDWELL MALESETSANE
MASERU HOME CENTRE	KHOMO KHOMONGOE

SWAZILAND NORTH
DIVISIONAL MANAGER - THEMBA MATSEBULA

MBABANE	THEMBA TSABEDZE (ACTING)
PIGGS PEAK	SIPHO SHONGWE
TSHANENI CENTRAL	MICHAEL MAGONGO

SWAZILAND SOUTH
DIVISIONAL MANAGER - BONGANI MAMBA

MANZINI	DES HENWOOD
MATSAPA	THEMBA TSABEDZE
NHLANGANO	MICHAEL MAGONGO

NAMIBIA
DIVISIONAL MANAGER - RONNIE VARKEVISSER

ONDANGWA	JOHN ALFRED
OSHAKATI	KAUTA TJIENDA
WINDHOEK CENTRAL	EUGENE THOMAS
WINDHOEK INDUSTRIAL	GEROLD VAN DER WESTHUIZEN

BOTSWANA
DIVISIONAL MANAGER - ALEC MANDEVU

FRANCISTOWN	SHATHANI MAJUMANE
MAHALAPYE	OLGA NGWENYA
MAUN	THOMAS TSHOTEGO
SELEBI PHIKWE	MAVIS MOLOSIWA
SEROWE CENTRAL	MPHO NTOBEDZI

BOTSWANA
DIVISIONAL MANAGER - GODFREY GABORONE

LOBATSE	BATLHOKOMEDI MONNAATSIE
GABORONE WEST	BENSON RAMANGWEGAPE
GABORONE NORTH	RAYMOND MONYAKE
JWANENG	KOTLHAO KEIRETSWE
MOLEPOLOLE CENTRAL	EDWIN PHUTEGO

MALAWI
DIVISIONAL MANAGER - HENNIE ROOS

MALAWI	JOSEPH MALILI

Corporate governance

CASHBUILD COMPLIES BROADLY WITH THE PRINCIPLES AND SPIRIT OF THE CODE OF CORPORATE PRACTICES AND CONDUCT CONTAINED IN THE KING REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA ("KING III REPORT"). VARIATIONS FROM COMPLIANCE ARE OUTLINED BELOW. DIRECTORS ARE WELL BRIEFED AND ACTIVELY INVOLVED IN THE COMPANY'S ACTIVITIES AND DIRECTION.

THE CONSTITUTION AND OPERATION OF THE BOARD OF DIRECTORS

The board:

- is accountable and responsible for the performance and affairs of the company;
- has adopted a Charter outlining its responsibilities;
- takes responsibility for guiding and monitoring compliance with all applicable laws, regulations and codes of business practice;
- maintains oversight over compliance and risk management, but delegates operational control to management;
- has defined levels of materiality;
- has delegated relevant matters to the executive directors and senior management based on detailed authority levels; 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 compliance to governance and entrepreneurial performance.

The board has an ongoing search process to identify two additional independent non-executive directors, with appropriate skills and experience, in order to comply with the Code to the provisions of the King III Report (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 to individual directors, in the discharge of their responsibilities. The company secretary is empowered to fulfil duties and the board is satisfied that the responsibilities of the company secretary are exercised in a meaningful and competent manner.

Access to information

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

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

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

Conflicts of interest

The directors declare actual and possible conflicts of interest to their co-directors and ensure that the declarations are included in the minutes of the board meeting. They also recuse themselves from the relevant board meeting while their co-directors take a decision on the matter.

Succession planning

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

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

Following the managing director's declaration of his intention to resign within the coming two years, the nomination committee has met to consider the process for the selection of a successor.

Directors' appointments

Directors are appointed and re-appointed, by shareholders on a three-year cycle rotational basis. Full details of directors for re-appointment to the board, including summary resumés are listed on page xxx 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 meet on a quarterly basis. All directors are encouraged to attend each meeting and gatherings.

Details of board attendance for the year under review are included in the directors' report on page 49.

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 the nomination, the remuneration and the audit and risk committees, are chaired by an independent non-executive director and operate in accordance with the respective committees' terms of reference, which are approved by the board. The committees operate transparently and report to the full board.

An information technology charter and project committee will become effective during the first quarter of 2011.

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 consists of two independent non-executive directors, namely Mr D Masson (committee chairman) and Mr FM Rossouw. The remuneration committee determines performance measurement criteria and remuneration packages for Cashbuild's executive management. Details of each director's attendance at committee meetings for the year under review are detailed in the directors' report on page 49.

Audit and risk committee

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

In line with the requirements of section 269A of the Companies Act,1973, as amended, the audit and risk committee confirms the following:

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

Nomination committee

The independent non-executive directors, Mr D Masson (committee chairman), Mr FM Rossouw, Ms NV Simamane and Mr J Molobela are members of the nomination committee. The nomination committee is responsible for developing selection criteria and identifying appropriate candidates for appointment to the board.

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

Directors' and executive management performance evaluation and reward

Remuneration, in particular as it relates to executive management, is motivated by the dual criteria of delivering sustainable financial return to shareholders and the recognition and reward for outstanding performance. Executive compensation is also linked to the achievement of the organisation's non-financial goals. The remuneration committee is responsible to the board for ensuring that the remuneration policy is kept current, for the development of criteria for performance measurement and determination of 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 directors during the year under review.

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

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

Risk management and internal controls

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

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

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

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

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

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

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

Currently the internal audit function focuses primarily on:

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

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

Sustainability report

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

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

- Safety — While the operations of stores do not pose a substantial occupational safety risk, management ensures that appropriate safety clothing and equipment is provided to employees;
- Health — The need to make medical assistance available for the detection and treatment of health and disease amongst employees and their families has led to the company making a variety of medical aid and hospital options available to employees and their families;
- Environment — While the nature of operations does not result in environmental degradation, management constantly monitors the effect of business on the environment;
- Social — The need to uplift the communities in which we live:
  - Cashbuild has donated substantial quantities of building materials to schools, in the areas in which we operate;
  - It is our objective to make a positive contribution in every community in which we trade;
  - A campaign entitled ART-AT-HEART has been implemented to assist the people of the communities in which we operate; and
  - Our training enables employees to improve their skills and status.
- Economic
  - Cashbuild's vision is to be the first choice retailer and supplier of quality building materials and associated products and services in every region of southern Africa;
  - We have a responsible expansion programme which enables us to ensure continued growth and to maintain a profitable market share;
  - In the course of growth we continue to apply the highest ethical standards and business processes; and
  - Our quality products and dependable delivery service provides us with a leading edge which has resulted in customer satisfaction and in a continuing growth in profits.

Shareholders' diary

Final dividend paid	18 October 2010
Annual general meeting	29 November 2010
Interim report	March 2011
Financial year-end	30 June 2011
Audited results	September 2011

Report of the audit committee

1. Introduction

The audit and risk committee has pleasure in submitting this report, as required by sections 269A and 270A of the Companies Act, 1973, as amended.

2. Functions of the audit and risk committee

The functions of the audit and risk committee include:

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

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

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

2.4. 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 practices;
  - internal audit;
  - the audit or content of annual financial statements; and
  - internal financial controls.

3. Members of the audit and risk committee

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

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

4. Frequency of meetings

The audit and risk committee met in each quarter of the financial year under review. Provision is made for additional meetings to be held, when and if necessary. (Directors' attendance at committee meetings are detailed in the directors' report on page 49).

5. Persons "in attendance" and "by invitation"

The internal and external auditors, in their capacity as auditors to the company, attended and reported to all meetings of the audit and risk committee. Group risk management matters are discussed at meetings of the audit and risk committee.

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

6. All meetings commence with confidential meetings

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

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

7. Independence of audit

During the year under review the audit and risk committee reviewed 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 Requirement 3.84(h), the audit committee has satisfied itself that the financial director has appropriate expertise and experience.

Index to annual financial statements

Statement of responsibility by the board of directors

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

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

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

The audit report of PricewaterhouseCoopers Incorporated is presented on page 45.

The consolidated financial statements set out on pages 46 to 99 were approved by the board of directors on 20 September 2010 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 of South Africa 1973, as amended, that for the year ended 30 June 2010, 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
20 September 2010

Independent auditors' report

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CASHBUILD LIMITED

We have audited the consolidated annual financial statements and annual financial statements of Cashbuild Limited, which comprise the consolidated statements of financial position as at 30 June 2010, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' reports, as set out on pages 46 to 99.

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 financial position of Cashbuild Limited as at 30 June 2010, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting 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
20 September 2010

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 2010

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, 189 at the end of this reporting period (2009:183). Cashbuild carries an in-depth quality product range tailored to the specific needs of the communities we serve. Our customers are typically home builders and improvers, contractors, farmers, traders and large construction companies and government-related infrastructure developers, as well as all discerning customers looking for quality building materials at lowest prices.

Cashbuild has built its credibility and reputation by consistently offering its customers quality building materials at the lowest prices and through a purchasing and inventory policy that ensures customers' requirements are always in stock.

GROUP RESULTS SUMMARY

	Year ended June 2010 R'000	Year ended June 2009 R'000	% change
Income statement			
Revenue	**5 369 146**	5 065 843	6.0
Operating profit before finance cost and income	**239 444**	251 278	(4.7)
Finance cost	**5 700**	1 864	205.8
Finance income	**21 936**	25 622	(14.4)
Attributable earnings	**163 776**	177 056	(7.5)
Headline earnings	**162 874**	177 409	(8.2)
Earnings per share (cents)	**721.2**	779.7	(7.5)
Headline earnings per share (cents)	**717.2**	781.2	(8.2)
Statement of financial position			
Total assets (excluding cash and cash equivalents)	**1 318 981**	1 370 266	(3.7)
Cash and cash equivalents	**542 280**	348 130	55.8
Total liabilities	**1 111 655**	1 090 162	2.0
Total liabilities to shareholders' funds	**1.59**	1.86	(14.3)
Net asset value per share (cents)	**2 703**	2 265	19.4

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

The financial statements on pages 46 to 99 sets out the financial position, results of operations and cash flows of the group for the year ended 30 June 2010 in more detail.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

TRADING WEEKS

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

FINANCIAL HIGHLIGHTS

Revenue for the year increased by 6% whilst operating profit decreased by 5%. This decrease in profit was as a result of an increase in gross profit of 8%, whilst operating expenses increased by 13%. Basic earnings per share decreased by 8%, whilst headline earnings per share decreased by 8%. Net asset value per share has shown a 19% increase, from 2 265 cents (June 2009) to 2 703 cents. Cash and cash equivalents increased by 56% to R542 million.

Stores in existence since the beginning of July 2008 (pre-existing stores – 168 stores) accounted for 2% of the increase in revenue with the remaining 4% increase due to the 21 new stores the group has opened since July 2008. This increase for the year has been achieved in tough trading conditions with selling price inflation of 2%. The growth in customer transactions of 9% of which 3% is from the existing store base, is encouraging and boasts well for the future. Despite the competitive environment, gross profit percentage margin increased to 21.5% during this year and was 0.5% higher in percentage terms than the 21.0% achieved for the comparative year.

Operational expenses for the year remained well controlled with existing stores accounting for 8% of the increase and new stores 5%. The total increase for the year amounted to 13%. The main contributor to the increase on existing stores, is the people cost component in order to maintain and improve customer service standards.

The effective tax rate for the year of 32.1% is 0.7% higher than that of the previous year, mainly due to an increase in non-allowable expenditure.

Cashbuild's statement of financial position remains solid. Stock levels have decreased by 14%. This decrease is in spite of the stocking of eight additional stores since the previous year-end. Overall stockholding at 72 days (June 2009: 84 days) showed an improvement on the position as at June 2009. Trade receivables remain well under control.

During the year Cashbuild opened eight new stores. Four stores were refurbished and one store relocated. Cashbuild will continue its store expansion, relocation and refurbishment strategy in a controlled manner, applying the same rigid process as in the past.

DIVIDENDS

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

The board has declared a final dividend (No. 34) of 127 cents per ordinary share to all shareholders of Cashbuild (2009 (No. 32): a final dividend of 103 cents per ordinary share). The total dividend for the year amounts to 233 cents (June 2009: 246 cents) a 5% decrease year on year.

Relevant dates for the declaration are as follows: Date dividend declared Monday, 20 September 2010; Last day to trade "CUM" the dividend: Friday, 8 October 2010; Date to commence trading "EX" the dividend: Monday, 11 October 2010; Record date: Friday, 15 October 2010; Date of payment: Monday, 18 October 2010. Share certificates may not be dematerialised or rematerialised between Monday 11 October 2010 and Friday 15 October 2010, both dates inclusive.

EVENTS SUBSEQUENT TO STATEMENT OF FINANCIAL POSITION 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:

	Issued capital	Effective holding		Nature
Name of company		**June 10**	June 09	
DIRECTLY HELD				
Cashbuild Management Services (Pty) Ltd	R 1	**100%**	100%	1

Name of company		Issued capital	Effective holding June 10	June 09	Nature
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 (61) (Irish)	Chief executive	Appointed 19 August 1996
A van Onselen (48)	Operations director	Appointed 20 September 2004
WF de Jager (39)	Financial director, CA (SA)	Appointed 1 December 2004
KB Pomario (37)	Store development director	Appointed 27 March 2007
SA Thoresson (47)	Operations director - neighbouring countries	Appointed 27 March 2007

Non-executive directors

D Masson* (79)	Chairman, ACIS	Appointed 22 June 1988
J Molobela** (54)	BSc Eng (Hons), MBA	Appointed 1 September 2004
FM Rossouw*** (73)	CA (SA)	Appointed 7 May 2001
NV Simamane** (51)	BSc Chemistry and Biology (Hons)	Appointed 1 September 2004

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

DIRECTORS' SHAREHOLDING

The directors held in aggregate, direct and indirect beneficial interests, and non-beneficial interests, of 9.44% (June 2009: 9.5%) in the issued share capital of the company at the statement of financial position date. The company has not been notified of any material change in these interests from the end of the financial year ended 30 June 2010 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 Direct beneficial	Ordinary shares Indirect beneficial	Options
At 30 June 2010	**1 301 200**	**1 136 017**	**-**
At 30 June 2009	1 301 200	1 136 017	-
Comprising:			
Non-executive directors	**1 200**	**5 000**	**-**
FM Rossouw	-	5 000	-
NV Simamane	1 200	-	-

	Ordinary shares		
	Direct beneficial	Indirect beneficial	Options
Executive directors	**1 300 000**	**1 131 017**	**-**
PK Goldrick	1 300 000	1 131 017	-
	1 301 200	1 136 017	-

DIRECTORS' INTEREST IN CONTRACTS

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

DIRECTORS' ATTENDANCE OF MEETINGS

Type of meeting	Audit committee attended/held	Directors board attended/held	Remuneration committee attended/held
Executive directors			
PK Goldrick	4/4*	4/4	
A van Onselen	4/4*	4/4	
WF de Jager	4/4*	4/4	
KB Pomario	4/4*	4/4	
SA Thoresson	4/4*	4/4	
Non-executive directors			
D Masson		4/4	1/1
J Molobela	4/4	4/4	
FM Rossouw	4/4	4/4	1/1
NV Simamane	4/4	4/4	

* By invitation

DIRECTORS' REMUNERATION

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

THE CASHBUILD SHARE INCENTIVE TRUST

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

	2010	2009
Shares subject to the scheme at the beginning of year	**522 625**	529 225
Shares transferred or to be transferred to employees	**(7 300)**	(6 600)
Shares sold on open market	**-**	-
Shares subject to the scheme at the end of year	**515 325**	522 625
Dealt with as follows:		
Shares allocated to employees		
- Share purchase scheme	**-**	7 300
- Share option scheme	**400 000**	400 000
Shares held in trust for future allocations	**115 325**	115 325
	515 325	522 625

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

OTHER SPECIAL RESOLUTIONS

No special resolutions were passed at the annual general meeting held on 23 November 2009.

Company secretary: Corporate Governance Leaders CC.
Registered office: Cnr Northern Parkway and Crownwood Road, Ormonde, Johannesburg 2001
Postal address: PO Box 90115, Bertsham 2013
Website: www.cashbuild.co.za
Auditors: PricewaterhouseCoopers Incorporated
Country of incorporation: Republic of South Africa

Statements of financial position

as at 30 June 2010

R'000	Notes	Group 2010	Group 2009	Company 2010	Company 2009
ASSETS					
Non-current assets		**462 763**	377 757	**183 530**	161 221
Property, plant and equipment	4	**425 293**	344 176	**-**	-
Intangible assets	5	**28 149**	22 280	**-**	-
Investment in subsidiary	6	**-**	-	**183 403**	160 000
Loans receivable	7	**-**	-	**127**	1 221
Deferred income tax asset	8	**9 321**	11 301	**-**	-
Current assets		**1 398 498**	1 340 639	**1 382**	1 271
Non-current assets held for sale	9	**659**	2 740	**-**	-
Inventories	10	**784 445**	907 712	**-**	-
Trade and other receivables	11	**71 114**	82 057	**17**	17
Cash and cash equivalents	12	**542 280**	348 130	**1 365**	1 254
TOTAL ASSETS		**1 861 261**	1 718 396	**184 912**	162 492
EQUITY					
Capital and reserves attributable to owners of the company		**697 466**	584 555	**183 572**	161 081
Ordinary share capital	13	**229**	229	**258**	258
Share premium		**32 131**	32 131	**112 906**	112 906
Share-based payment reserve	14	**2 151**	475	**2 151**	475
Cumulative translation adjustment	15	**(11 641)**	(6 566)	**-**	-
Retained earnings		**674 596**	558 286	**68 257**	47 442
Non-controlling interests		**52 140**	43 679	**-**	-
TOTAL EQUITY		**749 606**	628 234	**183 572**	161 081
LIABILITIES					
Non-current liabilities		**71 496**	58 338	**-**	-
Deferred operating lease liability	16	**67 318**	54 409	**-**	-
Deferred profit	17	**1 751**	1 803	**-**	-
Borrowings	18	**2 427**	2 126	**-**	-
Current liabilities		**1 040 159**	1 031 824	**1 340**	1 411
Trade and other payables	19	**1 018 360**	1 005 771	**1 018**	1 089
Current income tax liabilities		**19 781**	23 703	**322**	322
Employee benefits	20	**2 018**	2 350	**-**	-
TOTAL LIABILITIES		**1 111 655**	1 090 162	**1 340**	1 411
TOTAL EQUITY AND LIABILITIES		**1 861 261**	1 718 396	**184 912**	162 492

The notes on pages 54 to 99 are an integral part of these consolidated financial statements.

Income statements

for the year ended 30 June 2010

		Group		Company	
R'000	Notes	2010	2009	2010	2009
Revenue	21	5 369 146	5 065 843	-	-
Cost of sales	22	(4 216 241)	(4 003 162)	-	-
Gross profit		1 152 905	1 062 681	-	-
Selling and marketing cost	22	(776 838)	(694 145)	-	-
Administrative expenses	22	(132 470)	(114 001)	(41)	(46)
Other operating expenses	22	(5 398)	(3 883)	-	-
Other income	23	1 245	626	80 184	83 600
Operating profit		239 444	251 278	80 143	83 554
Finance costs	25	(5 700)	(1 864)	-	-
Finance income	25	21 936	25 622	-	-
Profit before income tax		255 680	275 036	80 143	83 554
Income tax expense	27	(82 005)	(86 309)	(5 394)	(6 996)
Profit for the year		173 675	188 727	74 749	76 558
Attributable to:					
Owners of the company		163 776	177 056	74 749	76 558
Non-controlling interests		9 899	11 671	-	-
		173 675	188 727	74 749	76 558
Earnings per share for profit attributable to the owners of the company during the year:					
- Basic	28	721.2	779.7	289.7	296.7
- Diluted	28	717.7	779.5	288.4	296.6

The notes on pages 54 to 99 are an integral part of these consolidated financial statements.

Statements of comprehensive income

		Group		Company	
R'000	Notes	2010	2009	2010	2009
Profit for the year		173 675	188 727	74 749	76 558
Other comprehensive income:					
Foreign currency translation adjustments	15	(5 075)	(2 399)	-	-
Other comprehensive income for the year, net of tax		(5 075)	(2 399)	-	-
Total comprehensive income for the year		168 600	186 328	74 749	76 558
Total comprehensive income attributable to:					
Owners of the company		158 701	174 657	74 749	76 558
Non-controlling interests		9 899	11 671	-	-
		168 600	186 328	74 749	76 558

The notes on pages 54 to 99 are an integral part of these consolidated financial statements.

Statements of changes in equity

for the year ended 30 June 2010

R'000	Note	Share capital	Treasury share capital	Share premium	Treasury share premium	Share-based payments reserve	Cum. translation adjustment	Retained earnings	Non-controlling interests	Total equity
Group										
		Attributable to owners of the company								
Balance at 1 July 2008		258	(29)	115 817	(83 686)	-	(4 167)	442 774	34 142	505 109
Dividend paid - final 2008	30	-	-	-	-	-	-	(29 070)	(320)	(29 390)
Dividend paid - interim 2009	30	-	-	-	-	-	-	(32 474)	(1 814)	(34 288)
Share-based payment	14	-	-	-	-	475	-	-	-	475
Total comprehensive income for the year		-	-	-	-	-	(2 399)	177 056	11 671	186 328
Balance at 30 June 2009		**258**	**(29)**	**115 817**	**(83 686)**	**475**	**(6 566)**	**558 286**	**43 679**	**628 234**
Dividend paid - final 2009	**30**	**-**	**-**	**-**	**-**	**-**	**-**	**(23 270)**	**(1 438)**	**(24 708)**
Dividend paid - interim 2010	**30**	**-**	**-**	**-**	**-**	**-**	**-**	**(24 196)**	**-**	**(24 196)**
Share-based payment	**14**	**-**	**-**	**-**	**-**	**1 676**	**-**	**-**	**-**	**1 676**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**(5 075)**	**163 776**	**9 899**	**168 600**
Balance at 30 June 2010		**258**	**(29)**	**115 817**	**(83 686)**	**2 151**	**(11 641)**	**674 596**	**52 140**	**749 606**

R'000	Note	Share capital	Treasury share capital	Share premium	Treasury share premium	Share-based payments reserve	Cum. translation adjustment	Retained earnings	Non-controlling interests	Total equity
Company										
		Attributable to owners of the company								
Balance at 1 July 2008		258	-	112 906	-	-	-	40 817	-	153 981
Dividend paid - final 2008	30	-	-	-	-	-	-	(33 031)	-	(33 031)
Dividend paid - interim 2009	30	-	-	-	-	-	-	(36 902)	-	(36 902)
Share-based payment	14	-	-	-	-	475	-	-	-	475
Total comprehensive income for the year		-	-	-	-	-	-	76 558	-	76 558
Balance at 30 June 2009		**258**	**-**	**112 906**	**-**	**475**	**-**	**47 442**	**-**	**161 081**
Dividend paid - final 2009	**30**	**-**	**-**	**-**	**-**	**-**	**-**	**(26 580)**	**-**	**(26 580)**
Dividend paid - interim 2010	**30**	**-**	**-**	**-**	**-**	**-**	**-**	**(27 354)**	**-**	**(27 354)**
Share-based payment	**14**	**-**	**-**	**-**	**-**	**1 676**	**-**	**-**	**-**	**1 676**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**-**	**74 749**	**-**	**74 749**
Balance at 30 June 2010		**258**	**-**	**112 906**	**-**	**2 151**	**-**	**68 257**	**-**	**183 572**

The notes on pages 54 to 99 are an integral part of these consolidated financial statements.

Cash flow statements

for the year ended 30 June 2010

		Group		Company	
R'000	Notes	**2010**	2009	**2010**	2009
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	30	**448 595**	223 577	**81 748**	84 312
Interest paid	25	**(5 700)**	(1 864)	**-**	-
Income tax paid	30	**(83 947)**	(94 504)	**(5 394)**	(6 674)
Net cash generated from operating activities		**358 948**	127 209	**76 354**	77 638
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment	4	**(131 251)**	(109 257)	**-**	-
Purchases of computer software	5	**(6 598)**	(13 647)	**-**	-
Proceeds on disposal of property, plant and equipment	30	**176**	245	**-**	-
Proceeds on disposal of assets held for sale	30	**3 300**	-	**-**	-
Interest received	25	**21 936**	25 622	**-**	-
Increase in subsidiary loan account		**-**	-	**(23 403)**	(8 494)
Decrease in loans receivable		**-**	-	**1 094**	1 391
Net cash used in investing activities		**(112 437)**	(97 037)	**(22 309)**	(7 103)
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase in long-term borrowings		**301**	259	**-**	-
Dividends paid to owners of the company	30	**(47 466)**	(61 544)	**(53 934)**	(69 933)
Dividends paid to non-controlling interests	30	**(1 438)**	(2 134)	**-**	-
Net cash used in financing activities		**(48 603)**	(63 419)	**(53 934)**	(69 933)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**197 908**	(33 247)	**111**	602
EFFECT OF EXCHANGE RATE MOVEMENTS ON CASH AND CASH EQUIVALENTS		**(3 758)**	(1 586)	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**348 130**	382 963	**1 254**	652
CASH AND CASH EQUIVALENTS AT END OF YEAR		**542 280**	348 130	**1 365**	1 254

The notes on pages 54 to 99 are an integral part of these consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION

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

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

The accounting policies are consistent with those used in the annual financial statements for the financial year ended June 2009 with the following exceptions: The group adopted the revised IAS 1: Presentation of Financial Statements, IFRS 8: Operating segments and circular 3/2009 on headline earnings during the period under review. The presentation of the financial statements and operating segments disclosures have been changed accordingly to the changes in IAS 1 and IFRS 8 respectively with no adjustment necessary on the adoption of circular 3/2009.

a) Amendments to published standards effective in 2010

There are no amendments to published standards effective in 2010 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 2010 relevant to the group

The following standards, amendments and interpretations to existing standards have been published that are effective and relevant to the group's operations:

IFRS 8 Operating segments: 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.

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.

IAS 27 (Revised), Business combinations: The amendment removes the limitation on allocation of losses to non-controlling interests (i.e. Minorities).

IAS 19 (Revised), Employee benefits: The amendment changes the wording of the timing of the expected settlement of short-term and long-term employee benefits due.

IAS 38 (Revised), Intangible assets - Advertising and promotional activities: The amendment clarifies the timing of recognition of an expense for advertising and promotional activities. It is not expected that this amendment will have a significant impact on our financial statements.

d) Standards, amendments and interpretations effective in 2010 but not relevant to the group

The following standards, amendments and interpretations are effective for the first time in the period ended June 2010 but are not relevant to 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)

Amendment to IFRS 2, Share-based payments (effective from 1 January 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)

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)

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)

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

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

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

IFRIC 17 Distribution of non-cash assets to owners (effective 1 July 2009)

IFRIC 18 Transfers of assets from customers (effective 1 July 2009)

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

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

IFRS 9 Financial instruments - Classification and measurement (effective 1 January 2013): This standard introduces new methods for classifying and measuring financial assets. The IASB intends to expand IFRS 9 during 2010 to add new requirements for classifying and measuring financial liabilities, derecognition of financial instruments, impairment and hedge accounting.

IAS 17 (Amended) Leases (effective 1 January 2010): The amendment introduces new methods of classification of leases for land and buildings.

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

IAS 39 (Amended) Financial instruments - Recognition amd measurement (effective 1 January 2010): The amendment introduces a scope exemption for business combinations.

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

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

IFRS 1 (Amended) First-time adoption of International Financial Reporting Standards - Determination of oil and gas assets and further examples (effective 1 January 2010)

IFRS 2 (Amended) Share-based payments (effective 1 January 2010)

IAS 7 (Amended) Statement of cash flows (effective 1 January 2010)

IAS 32 (Amended) Financial instruments: presentation (effective 1 February 2010)

IFRIC 19 Extinguishing financial liabilities with equity instruments (effective 1 July 2010)

1.2 CONSOLIDATION

a) **Subsidiaries**

Subsidiaries are all entities (including special purpose entities) which are, directly or indirectly, controlled by the group. Control is established where the group has the power to govern the financial and operating policies of another entity, generally accompanied by more than one half of the voting rights, so as to obtain benefits from its activities. The existence and effect of potential voting rights exercisable are considered when assessing whether the group controls another entity. The equity and net profit attributable to the minority shareholders are shown separately in the statement of financial position and income statements respectively. The results of subsidiaries are fully consolidated from the date on which control is transferred to the group and are no longer consolidated from the date that control ceases.

The 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 equity. 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 operating 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 group's functional currency and the presentation currency of the parent.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, are recognised in the income statement.

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

c) Group companies

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

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

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

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

1.5 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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 and have a finite useful life. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives (ten years).

c) **Computer software**

Costs associated with the purchase, 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 are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

1.9 CURRENT AND DEFERRED INCOME TAX

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

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

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

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

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

Trade and other receivables are initially recognised at fair value, and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. The provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivables is impaired. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rates. The amount of the provision is recognised in the income statements with selling and marketing cost. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and marketing costs in the income statement.

b) Cash and cash equivalents

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

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

1.12 INVESTMENTS

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

1.13 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.

1.14 BORROWINGS

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

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

1.15 TRADE AND OTHER PAYABLES

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

1.16 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.

1.17 EMPLOYEE BENEFITS

Pension fund obligations

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

Other employment benefits obligations

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

Bonus scheme

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

Share-based plans

The group operates an employee incentive scheme through The Cashbuild Share Incentive Trust. Shares are offered under a share purchase and a share option scheme to executive directors and selected management. The scheme has a vesting period of three years. The impact is recognised directly in the income statement, with a corresponding adjustment to equity once options have been exercised. The effect of all options issued under the share option scheme is taken into account when calculating the diluted basic and headline earnings per share.

Share-based payments

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

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

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

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

Empowerment Trust dividends

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

1.18 REVENUE RECOGNITION

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

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

Sale of goods

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

Interest income

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

Dividend income

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

Deferred profit on sale and lease back transactions

Profit in respect of properties sold in terms of sale and leaseback transactions are recognised in the income statement on a straight line basis over the term of the lease and is applicable only to finance sale and leaseback transactions.

1.19 COST OF SALES

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

1.20 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.

1.21 DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of derivatives are recorded in the income statement.

1.22 BORROWING COSTS

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

1.23 REPORTING PERIOD

The group adopts the retail accounting calendar, which comprises the reporting period ending on the last Saturday of the month 2010: 26 June - 52 weeks (27 June 2009 - 52 weeks).

1.24 DIVIDEND DISTRIBUTION

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

1.25 RELATED PARTIES

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

	Group		Company	
R'000	**2010**	2009	**2010**	2009
2. FINANCIAL RISK MANAGEMENT				
Financial income and expenses				
Recognised in profit and loss				
Interest income on bank deposits	**21 936**	25 343	**-**	-
Interest expense on financial liabilities measured at amortised cost	**(302)**	(259)	**-**	-
Net foreign exchange loss	**8 530**	3 996	**-**	-
Statement of financial position				
Cash and cash equivalents	**542 280**	348 130	**1 365**	1 254
Loans and receivables	**67 763**	79 667	**183 547**	161 238
Financial liabilities carried at amortised cost	**(998 737)**	(1 019 196)	**(1 018)**	(1 089)
Loans and receivables				
Trade accounts receivable	**79 193**	87 479	**-**	-
Provision for impairment of trade accounts receivable	**(17 293)**	(14 443)	**-**	-
*Other accounts receivable	**5 863**	6 632	**183 547**	161 238
	67 763	79 667	**183 547**	161 238

* Included in other accounts receivable (note 11) are items to the value of (Group): R3 351 191; (Company): R nil (June 2009: (Group): R2 389 725 (Company): R nil) which do not meet the definition of a financial asset.

	Group		Company	
R'000	**2010**	2009	**2010**	2009
Financial liabilities carried at amortised cost				
**Trade liabilities and accruals	**(996 310)**	(1 017 070)	**(1 018)**	(1 089)
Finance lease liability	**(2 427)**	(2 126)	**-**	-
	(998 737)	(1 019 196)	**(1 018)**	(1 089)

** Included in trade liabilities and accruals (note 19) are items to the value of (Group): R22 049 907; (Company): R nil (June 2009: (Group): R54 408 812 (Company): R nil) which do not meet the definition of a financial liability.

Overview

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

Market risk
Liquidity risk
Credit risk

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

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

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

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

Credit risk

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

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

Trade and other receivables

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

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

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	
	June 2010	June 2009	**June 2010**	June 2009
Cash and cash equivalents	**542 280**	348 130	**1 365**	1 254
Loans and receivables	**67 763**	79 667	**183 547**	161 238
Guarantees	**17 910**	7 434	**-**	-
The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:				
South Africa	**58 313**	77 064	**183 547**	161 238
Other members of common monetary area	**1 495**	2 178	**-**	-
Botswana and Malawi	**7 955**	425	**-**	-
	67 763	79 667	**183 547**	161 238

Note 2 continued

R'000	Group June 2010 Gross	June 2010 Impairment	June 2009 Gross	June 2009 Impairment
Impairment losses				
The ageing of trade receivables at the reporting date was:				
Not past due	**50 605**	**-**	60 693	-
Past due 1-30 days	**10 104**	**-**	5 910	-
Past due 31-60 days	**1 172**	**-**	2 097	-
Past due 61-90 days	**202**	**(202)**	722	(722)
Past due 91-120 days	**121**	**(121)**	574	(574)
More than 120 days	**16 989**	**(16 970)**	17 483	(13 147)
Total	**79 193**	**(17 293)**	87 479	(14 443)

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	**2010**	2009	**2010**	2009
Balance at beginning of year	**14 443**	10 940	**-**	-
(Reversal)/creation of provision for impaired receivables	**2 850**	3 503	**-**	-
Balance at end of year	**17 293**	14 443	**-**	-

Liquidity risk

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

Credit facilities

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

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

	Group					
R'000	Carrying amount	Contractual cash flows	30 days or less	More than 30 days but less than 1 year	1-5 years	More than 5 years
30 June 2010						
Non-derivative financial liabilities						
Finance lease liabilities	**(2 427)**	**(175 959)**	**-**	**(125)**	**(1 894)**	**(173 940)**
Trade liabilities and accruals	**(996 310)**	**(996 310)**	**(301 795)**	**(694 515)**	**-**	**-**
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)	-	-

	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 2010						
Non-derivative financial liabilities						
Trade liabilities and accruals	**(1 018)**	**(1 018)**	**(1 018)**	**-**	**-**	**-**
30 June 2009						
Non-derivative financial liabilities						
Trade liabilities and accruals	(1 089)	(1 089)	(1 089)	-	-	-

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.

Note 2 continued

Exposure from exchange rate fluctuations on transactions dominated in foreign currency is managed by reviewing foreign exposure in order to determine if foreign exchange contracts should be utilised on an ongoing basis. Foreign currency forward exchange contracts protect the group from movements in exchange rates by establishing the rates at which a foreign currency asset or liability will be settled. It is company policy to enter into forward exchange contracts when adverse exposure to foreign currency exchange rate fluctuations exist. There were no open forward exchange contracts at year-end. Refer below for the uncovered positions at year-end.

Exposure to currency risk

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

R'000	Functional currency Rand exposed to Pula	Functional currency Pula exposed to Rand	Functional currency Kwacha exposed to Rand
30 June 2010			
Trade receivables	**8 130**	**-**	**272**
Cash and cash equivalents	**-**	**26 904**	**-**
Trade payables	**-**	**23 140**	**-**
30 June 2009			
Trade receivables	1 928	-	-
Cash and cash equivalents	-	31 161	-
Trade payables	-	33 681	168

The following significant exchange rates applied during the year

	Average rates		Reporting date	
	June 2010	June 2009	**June 2010**	June 2009
Kwacha	**19.25**	15.67	**19.65**	17.66
Pula	**1.11**	1.24	**1.08**	1.19

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 2009.

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

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

Cash flow and fair value interest rate risk

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

Profile

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

	Carrying amount			
	Group		Company	
R'000	**June 2010**	June 2009	**June 2010**	June 2009
Variable rate instruments				
Financial assets (bank account balances)	**542 280**	348 130	**1 365**	1 254

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 2009.

Note 2 continued

	Group			
	2010		2009	
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	**5 423**	**5 423**	3 481	3 481

	Company			
	2010		2009	
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	**14**	**14**	13	13

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 statement of financial position, are as follows:

	Group			
	2010		2009	
R'000	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Cash and cash equivalents	**542 280**	**542 280**	348 130	348 130
Loans and receivables	**67 763**	**67 763**	79 667	79 667
Finance lease liabilities	**(2 427)**	**(2 427)**	(2 126)	(2 126)
Trade and other payables	**(996 310)**	**(996 310)**	(1 017 070)	(1 017 070)

	Company			
	2010		2009	
R'000	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Cash and cash equivalents	**1 365**	**1 365**	1 254	1 254
Loans and receivables	**183 547**	**183 547**	161 238	161 238
Trade and other payables	**(1 018)**	**(1 018)**	(1 089)	(1 089)

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 2010						
Cost	172 109	32 586	424 318	181	31 607	660 801
Accumulated depreciation	(18 556)	(19 983)	(196 897)	(72)	-	(235 508)
Net book value	**153 553**	**12 603**	**227 421**	**109**	**31 607**	**425 293**
Year ended 30 June 2010						
Opening net book value	101 112	10 999	215 094	146	16 825	344 176
Exchange differences	(1 178)	(8)	(456)	(14)	-	(1 656)
Additions	-	-	-	-	131 251	131 251
Transfers	56 180	3 653	56 636	-	(116 469)	-
Net book value of disposals	-	-	(472)	(4)	-	(476)
Depreciation charge	(2 561)	(2 041)	(43 381)	(19)	-	(48 002)
Closing net book value	**153 553**	**12 603**	**227 421**	**109**	**31 607**	**425 293**
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**

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 year-end, the land and buildings, furniture and equipment had an insured value (based on estimated replacement cost) of R776 664 593 (June 2009: R716 682 817), which excludes input value-added tax where appropriate.

	Group	
R'000	**2010**	2009
Land and buildings includes the following amounts where the group is a lessee under a finance lease:		
Cost - capitilised finance lease	**15 469**	15 469
Accumulated depreciation	**(5 138)**	(4 774)
Net book value	**10 331**	10 695
Refer to note 18.		
The following costs were expensed to the income statement, included in operating profits:		
Loss on disposal of property, plant and equipment	**300**	490
Repairs and maintenance expenditure on property, plant and equipment	**15 701**	11 547

	Group			
R'000	Trademarks	Goodwill	Computer software	Total
5. INTANGIBLE ASSETS				
As at 30 June 2010				
Cost	660	1 300	36 059	38 019
Accumulated amortisation	(650)	-	(9 220)	(9 870)
Net book value	**10**	**1 300**	**26 839**	**28 149**
Year ended 30 June 2010				
Opening net book value	15	1 318	20 947	22 280
Exchange differences	(2)	(18)	-	(20)
Additions	-	-	6 598	6 598
Amortisation charge	(3)	-	(706)	(709)
Closing net book value	**10**	**1 300**	**26 839**	**28 149**
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
Amortisation charge	(3)	-	(2 633)	(2 636)
Closing net book value	**15**	**1 318**	**20 947**	**22 280**

Note 5 continued

Impairment test for goodwill

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

The 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 five years.

	2010		2009		
	South Africa	**Malawi**	South Africa	Malawi	Note
Gross margin	**13%**	**21%**	17%	15%	1
Growth rate	**7%**	**7%**	8%	7%	2
Discount rate	**15%**	**21%**	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.

77% (2009: 76%) of the goodwill relates to a South African store and 23% (2009: 24%) to the Malawi store.

	Group		Company	
R'000	**2010**	2009	**2010**	2009
6. INVESTMENT IN SUBSIDIARIES				
Shares at cost	**-**	-	**-**	-
Loan account	**-**	-	**183 403**	160 000
	-	-	**183 403**	160 000

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

	Group		Company	
R'000	**2010**	2009	**2010**	2009
7. LOANS RECEIVABLE				
The Cashbuild Share Incentive Trust	**-**	-	**1 435**	2 529
Impairment	**-**	-	**(1 308)**	(1 308)
	-	-	**127**	1 221

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

	Group		Company	
R'000	**2010**	2009	**2010**	2009
8. DEFERRED INCOME TAX				
Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:				
Deferred income tax assets to be recovered after more than 12 months	**(1 820)**	134	**-**	-
Deferred income tax assets to be recovered within 12 months	**11 141**	11 167	**-**	-
Total deferred income tax asset	**9 321**	11 301	**-**	-
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	**9 321**	11 301	**-**	-
Deferred income tax comprises:				
Property, plant and equipment	**(21 651)**	(15 365)	**-**	-
Prepayments	**(625)**	(97)	**-**	-
Accruals	**11 863**	11 441	**-**	-
Assessed loss	**930**	15	**-**	-
Straight-lining of leases	**18 900**	15 293	**-**	-
Unrealised foreign exchange difference on intercompany loans	**(96)**	14	**-**	-
	9 321	11 301	**-**	-
Should all distributable reserves be declared as a dividend, it would result in STC tax of:	**67 460**	55 829	**6 826**	4 744

The net movement on the deferred income tax account is as follows:	(R'000)
At 1 July 2008	12 627
Exchange differences	(7)
Income statement charge (note 27)	(1 319)
Rate change	-
Year ended 30 June 2009	11 301
At 1 July 2009	**11 301**
Exchange differences	**(15)**
Income statement charge (note 27)	**(1 925)**
Rate change	**(40)**
Year ended 30 June 2010	**9 321**

	Group		Company	
R'000	**2010**	2009	**2010**	2009
9. NON-CURRENT ASSETS HELD FOR SALE				
Assets classified as held for sale	**659**	2 740	**-**	-
	659	2 740	**-**	-

9.1 Plot 2461 Serowe - Botswana

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

9.2 Erf. 2987 Kabokweni - South Africa

The land and buildings were initially purchased as the location for a Cashbuild store. The store was relocated in a prior financial year and the land and buildings were vacant. These land and buildings have been placed on the market and have been sold during the year for R3 300 000. The profit realised on the property is R1 219 000.

	Group 2010	Group 2009	Company 2010	Company 2009
10. INVENTORIES				
Merchandise at lower of cost or net realisable value	**784 445**	907 712	**-**	-
	784 445	907 712	**-**	-

Cost of inventories recognised as an expense and included in 'cost of sales' amounted to R4 451 380 669 (2009: R4 307 009 154).

A provision for write-down of inventories of R4 633 769 (2009: R4 144 410) was recognised for the year.

	Group 2010	Group 2009	Company 2010	Company 2009
11. TRADE AND OTHER RECEIVABLES				
Trade accounts receivable	**79 193**	87 479	**-**	-
Less: Provision for impairment of trade accounts receivable	**(17 293)**	(14 443)	**-**	-
Other accounts receivable	**9 214**	9 021	**17**	-
	71 114	82 057	**17**	-

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 R75 per share (June 2009: R64 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 35 where related party receivables have been disclosed.

The group recognised a provision of R17 293 393 (June 2009: R14 443 331) for the impairment of its trade receivables during the year ended 30 June 2010. The creation and usage of the provision for impaired receivables has been included in 'selling and marketing cost' in the income statement.

	Group		Company	
R'000	**2010**	2009	**2010**	2009
12. CASH AND CASH EQUIVALENTS				
Cash at banks and on hand	**542 280**	348 130	**1 365**	1 254
	542 280	348 130	**1 365**	1 254

Included in cash and cash equivalents is restricted cash of R15 377 909 (June 2009: R5 204 095).

Rate of interest earned on cash in bank varies between 1% - 8.45%

	Group		Company	
13. ORDINARY SHARE CAPITAL				
Authorised				
35 000 000 (June 2009: 35 000 000) ordinary shares of 1 cent each	**350**	350	**350**	350
Issued				
25 805 347 (June 2009: 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 2009: 3 095 860)	**29**	29	**-**	-
	229	229	**258**	258

The Cashbuild Share Incentive Trust holds 515 325 (June 2009: 522 625) ordinary shares. The Cashbuild Empowerment Trust holds 2 580 535 (June 2009: 2 580 535) ordinary shares. The shares held by these trusts are eliminated on consolidation.

14. 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 five years from grant date. The exercise price of the granted options is R52.025 per share. All of the options vest after three 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.

	Group		Company	
R'000	**2010**	2009	**2010**	2009
Share options outstanding at year-end are as follows:				
Opening balance	**400 000**	-	**400 000**	-
New options granted	**-**	400 000	**-**	400 000
Options taken up	**-**	-	**-**	-
Options forfeited	**-**	-	**-**	-
Closing balance	**400 000**	400 000	**400 000**	400 000
'000			**2010**	2009
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 2010 is R52.03. The remaining contractual life is three years and nine 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	16 March 2009
Vesting date	16 March 2012
Expected option lifetime	Four years
Rolling volatility	33%
Dividend yield	2.9%
Risk-free rate	7.3%

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

	Group 2010	Group 2009	Company 2010	Company 2009
Share-based payment expense				
Opening balance	**475**	-	**-**	-
Share options expensed for the year	**1 676**	475	**-**	-
Total expensed - 30 June 2010	**2 151**	475	**-**	-

15. CUMULATIVE TRANSLATION ADJUSTMENT

	R'000
Balance at 1 July 2008	(4 167)
Currency translation differences:	(2 399)
Balance at 30 June 2009	**(6 566)**
Currency translation differences:	**(5 075)**
Balance at 30 June 2010	**(11 641)**

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

	Group		Company	
R'000	**2010**	2009	**2010**	2009
16. DEFERRED OPERATING LEASE LIABILITY				
Deferred operating lease liability	**67 318**	54 409	**-**	-
	67 318	54 409	**-**	-

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

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

17. DEFERRED PROFIT				
Deferred profit	**1 751**	1 803	**-**	-
	1 751	1 803	**-**	-

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

18. BORROWINGS				
Non-current				
Finance lease liability	**2 427**	2 126	**-**	-
	2 427	2 126	**-**	-

18.1 Finance lease liability

The Rand Merchant Bank sale and leaseback transaction is classified as a finance lease.

Note 18 continued

R'000	Group 2010	Group 2009	Company 2010	Company 2009
18.2 Finance lease liabilities - minimum lease payments:				
- not later than 1 year	**125**	-	**-**	-
- later than 1 - no later than 5 years	**1 894**	1 256	**-**	-
- later than 5 years	**173 940**	174 703	**-**	-
	175 959	175 959	**-**	-
Future finance charges on finance leases	**(173 532)**	(173 833)	**-**	-
Present value of finance lease liabilities	**2 427**	2 126	**-**	-
The present value of finance lease liabilities is as follows:				
- not later than 1 year	**90**	-	**-**	-
- later than 1 - no later than 5 years	**975**	701	**-**	-
- later than 5 years	**1 362**	1 425	**-**	-
	2 427	2 126	**-**	-
19. TRADE AND OTHER PAYABLES				
Trade payables	**795 409**	816 092	**-**	-
Accruals	**222 951**	189 679	**1 018**	1 089
	1 018 360	1 005 771	**1 018**	1 089
Trade and other liabilities are unsecured and are payable within a period of 12 months.				
20. EMPLOYEE BENEFITS OBLIGATION				
20.1 Long service awards				
The amounts recognised in the balance sheet are as follows:				
Present value of the obligation	**2 018**	2 350	**-**	-
Reconciliation of movement:				
Balance at beginning of year	**2 350**	1 240	**-**	-
Amount charged to the income statement - current service charge	**(332)**	1 110	**-**	-
Balance at end of year	**2 018**	2 350	**-**	-
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		

20.2 Retirement Fund

The retirement fund is a defined contribution fund established in terms of the Pension Funds Act, 1956, as amended. All employees who are eligible through qualifying service are members of the fund. At 30 June 2010, there were 4 303 (June 2009: 4 575) members, equal to 97% (June 2009: 99 %) of staff, who were members of the retirement fund.

20.3 Post-retirement medical aid benefit

The group has no post-retirement medical aid liability.

	Group		Company	
R'000	**2010**	2009	**2010**	2009
21. REVENUE				
Revenue comprises the sale of merchandise	**5 369 146**	5 065 843	**-**	-
	5 369 146	5 065 843	**-**	-
22. EXPENSES BY NATURE				
Depreciation and amortisation	**48 711**	42 420	**-**	-
Employee benefit expense	**408 177**	361 539	**-**	-
Cost of goods sold	**4 216 241**	4 003 162	**-**	-
Net creation of provision for impaired receivables	**2 850**	3 503	**-**	-
Consumables	**3 156**	3 085	**-**	-
Transportation expenses	**78 124**	73 342	**-**	-
Auditors' remuneration:	**7 350**	7 054	**-**	-
- Audit services	**7 050**	6 670	**-**	-
- Taxation services	**300**	384	**-**	-
Operating lease charges:	**120 873**	108 464	**-**	-
- Premises	**117 554**	104 999	**-**	-
- Equipment	**3 319**	3 465	**-**	-
Outsourced services:	**20 463**	23 826	**40**	45
- Administrative	**5 847**	6 824	**-**	-
- Technical	**13 830**	16 173	**-**	-
- Secretarial	**786**	829	**40**	45
Other expenses	**225 002**	188 796	**1**	1
Other income	**(1 245)**	(626)	**(80 184)**	(83 600)
Total	**5 129 702**	4 814 565	**(80 143)**	(83 554)
Classified as:				
Cost of sales	**4 216 241**	4 003 162	**-**	-
Selling and marketing expenses	**776 838**	694 145	**-**	-
Administrative expenses	**132 470**	114 001	**41**	46
Other operating expenses	**5 398**	3 883	**-**	-
Other income	**(1 245)**	(626)	**(80 184)**	(83 600)
	5 129 702	4 814 565	**(80 143)**	(83 554)

	Group		Company	
R'000	**2010**	2009	**2010**	2009
23. OTHER INCOME				
Rental income	**425**	368	**-**	-
Sundry income	**820**	258	**184**	-
Dividend income	**-**	-	**80 000**	83 600
	1 245	626	**80 184**	83 600
24. EMPLOYEE BENEFIT EXPENSES				
Salary cost	**349 693**	308 613	**-**	-
Pension fund contributions - defined contribution fund	**51 880**	44 348	**-**	-
Share-based payments	**1 676**	475	**-**	-
Employee benefits - long service awards	**(332)**	1 110	**-**	-
Dividends paid to participants of The Cashbuild Empowerment Trust	**5 260**	6 993	**-**	-
	408 177	361 539	**-**	-
The number of persons employed by the group at 30 June 2010 are 4 432 (June 2009: 4 633).				
25. FINANCE (COST)/INCOME				
Interest expense:				
- bank borrowings	**(7)**	(64)	**-**	-
- other	**(969)**	(782)	**-**	-
- taxes	**(4 724)**	(1 018)	**-**	-
	(5 700)	(1 864)	**-**	-
Interest income:				
- bank balances	**21 936**	25 343	**-**	-
- other	**-**	279	**-**	-
	21 936	25 622	**-**	-
26. NET FOREIGN EXCHANGE (GAIN) / LOSS				
The exchange differences (credited)/ charged to the income statement are included as follows:				
Revaluation of trading account	**5 670**	(375)	**-**	-
Revaluation of foreign bank accounts	**2 860**	4 374	**-**	-
Trade receivables and payables	**-**	(3)	**-**	-
	8 530	3 996	**-**	-

	Group		Company	
R'000	**2010**	2009	**2010**	2009
27. INCOME TAX EXPENSE				
27.1 Taxation charge				
South African	**62 080**	54 512	**-**	-
Normal taxation				
- Current	**59 854**	54 072	**-**	-
- Under provision in prior periods	**187**	461	**-**	-
Deferred taxation				
- Current period temporary differences	**2 038**	(21)	**-**	-
- Prior period adjustments	**1**	-	**-**	-
Foreign	**13 548**	23 802	**-**	-
Normal taxation				
- Current	**13 749**	23 834	**-**	-
- Over provision in prior periods	**(127)**	(1 372)	**-**	-
Deferred taxation				
- Current period temporary differences	**(313)**	1 271	**-**	-
- Prior period adjustments	**199**	69	**-**	-
- Tax rate change	**40**	-	**-**	-
Non-resident shareholders' tax	**984**	999	**-**	-
Secondary tax on companies	**5 393**	6 996	**5 394**	6 996
- Current	**5 393**	6 996	**5 394**	6 996
Taxation	**82 005**	86 309	**5 394**	6 996
27.2 Reconciliation of tax rate	**%**	%	**%**	%
South African normal rate	**28.0**	28.0	**28.0**	28.0
Allowances and disallowable expenses	**1.5**	0.7	**(28.0)**	(28.0)
Foreign tax at different rates	**(0.1)**	-	**-**	-
Non-resident shareholders' tax	**0.4**	0.4	**-**	-
Secondary tax on companies	**2.1**	2.5	**7.0**	8.4
Under provision in prior periods	**0.1**	(0.3)	**-**	-
Effective tax rate	**32.1**	31.4	**7.0**	8.4

28. EARNINGS PER SHARE

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

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

	Group		Company	
R'000	**2010**	2009	**2010**	2009
28.1 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
28.2 Fully diluted weighted average number of ordinary shares in issue ('000)	**22 821**	22 715	**25 916**	25 811
Number of ordinary shares in issue	**22 709**	22 709	**25 805**	25 805
Share options	**111**	6	**111**	6
28.3 Basic earnings per share (cents)	**721.1**	779.7	**289.7**	296.7
Profit attributable to owners of the company (R'000)	**163 776**	177 056	**74 749**	76 558
Weighted average number of ordinary shares in issue ('000)	**22 709**	22 709	**25 805**	25 805
28.4 Fully diluted basic earnings per share (cents)	**717.7**	779.5	**288.4**	296.6
Profit attributable to owners of the comany (R'000)	**163 776**	177 056	**74 749**	76 558
Fully diluted weighted average number of ordinary shares in issue ('000)	**22 821**	22 715	**25 916**	25 811

	Group		Company	
R'000	**2010**	2009	**2010**	2009
28.5 Headline earnings per share (cents)	**717.2**	781.2	**289.7**	296.7
Profit attributable to owners of the comany (R'000)	**163 776**	177 056	**74 749**	76 558
Headline earnings adjusting items:				
(Profit)/loss on sale of assets after taxation (R'000)	**(902)**	353	**-**	-
Headline earnings (R'000)	**162 874**	177 409	**74 749**	76 558
Weighted average number of ordinary shares in issue ('000)	**22 709**	22 709	**25 805**	25 805
28.6 Fully diluted headline earnings per share (cents)	**713.7**	781.0	**288.4**	296.6
Headline earnings (R'000)	**162 874**	177 409	**74 749**	76 558
Fully diluted weighted average number of ordinary shares in issue ('000)	**22 821**	22 715	**25 916**	25 811
29. DIVIDENDS PER SHARE	**Cents**	Cents	**Cents**	Cents
Interim				
No. 34 payable on 19 April 2010 (2009: No. 32 paid on 28 April 2009)	**106**	143	**106**	143
Final				
No. 35 payable on 18 October 2010 (2009: No. 33 paid 12 October 2009)	**127**	103	**127**	103

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

	Group		Company	
R'000	**2010**	2009	**2010**	2009
30. CASH GENERATED FROM OPERATIONS				
30.1 Reconciliation of profit before taxation to cash generated from operations				
Profit before income tax	**255 680**	275 036	**80 143**	83 554
Adjustments for:				
Depreciation of property, plant and equipment	**48 002**	39 784	**-**	-
Amortisation of intangible assets	**709**	2 636	**-**	-
Movement in employee benefits	**(332)**	1 110	**-**	-
Exchange differences on non-current assets	**1 676**	637	**-**	-
Interest received	**(21 936)**	(25 622)	**-**	-
Interest paid	**5 700**	1 864	**-**	-
Loss on disposal of property, plant and equipment	**300**	490	**-**	-
Profit on disposal of assets held for sale	**(1 219)**	-	**-**	-
Share-based payment	**1 676**	475	**1 676**	475
Decrease in deferred profit	**(52)**	(52)	**-**	-
Increase in deferred operating lease liability	**12 909**	15 079	**-**	-
Operating profit before working capital changes	**303 113**	311 437	**81 819**	84 029
Decrease/(increase) in inventories	**121 950**	(77 662)	**-**	-
Decrease in trade and other receivables	**10 943**	6 171	**-**	(11)
Increase/(decrease) in trade and other liabilities	**12 589**	(16 369)	**(71)**	294
Working capital changes	**145 482**	(87 860)	**(71)**	283
Cash generated from operations	**448 595**	223 577	**81 748**	84 312
30.2 Proceeds from disposal of property, plant and equipment				
Net book value	**476**	735	**-**	-
Loss on sale of property, plant and equipment	**(300)**	(490)	**-**	-
Proceeds on sale of property, plant and equipment	**176**	245	**-**	-

	Group		Company	
R'000	**2010**	2009	**2010**	2009
30.3 Proceeds from disposal of assets held for sale				
Net book value	**2 081**	-	**-**	-
Profit on sale of assets held for sale	**1 219**	-	**-**	-
Proceeds on sale of assets held for sale	**3 300**	-	**-**	-
30.4 Dividends paid				
Amounts charged to distributable reserves				
Final dividend - prior year	**(23 270)**	(29 070)	**(26 580)**	(33 031)
Interim dividend - current year	**(24 196)**	(32 474)	**(27 354)**	(36 902)
Amounts paid to minority shareholders	**(1 438)**	(2 134)	**-**	-
Cash amounts paid	**(48 904)**	(63 678)	**(53 934)**	(69 933)
30.5 Taxation paid				
Taxation owing at beginning of the year	**(23 703)**	(33 224)	**(322)**	-
Amount charged to income statement	**(82 005)**	(86 309)	**(5 394)**	(6 996)
Movement in deferred taxation	**1 980**	1 326	**-**	-
Amount owing at end of the year	**19 781**	23 703	**322**	322
Cash amounts paid	**(83 947)**	(94 504)	**(5 394)**	(6 674)
31. BORROWING POWERS				
Total gross borrowings	**2 427**	2 126	**-**	-
Banking facilities:				
Flexible term general banking facilities	**70 000**	50 000	**-**	-
Unutilised banking facilities	**70 000**	50 000	**-**	-

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

	Group		Company	
R'000	**2010**	2009	**2010**	2009
32. COMMITMENTS				
32.1 Capital commitments				
Capital expenditure to be funded from internal resources as approved by the directors				
- Authorised and contracted for	**41 550**	84 233	**-**	-
- Authorised by directors, but not contracted for	**63 195**	127 379	**-**	-
Total commitments	**104 744**	211 612	**-**	-
Capital commitments for the 12 months after accounting date	**84 647**	109 557	**-**	-
Nedbank Limited has issued guarantees of R17 899 488 (June 2009: R39 920 000) on behalf of the group for contracts entered into by the group.				
32.2 Operating lease commitments				
Leases on premises are contracted for periods between 5 and 15 years with renewal options for further 5 to 10 year periods. Rental escalations vary but average at a rate of 7.03% (June 2009: 7.01%) 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	**202 106**	184 028	**-**	-
- Later than 1 year - not later than 5 years	**438 068**	377 925	**-**	-
- Later than 5 years	**319 051**	293 621	**-**	-
Total future cash flows	**959 225**	855 574	**-**	-
Straight-lining of leases already accrued in balance sheet	**(67 318)**	(54 409)	**-**	-
Future expenses	**891 907**	801 165	**-**	-

R'000	Group 2010	Group 2009	Company 2010	Company 2009
33. CONTINGENT LIABILITIES				
The group has contingent liabilities in respect of bank and other guarantees in the ordinary course of business from which it is anticipated that no material liabilities will arise.				
The group has granted bank guarantees amounting to:	**17 910**	7 434	**-**	-

34. SEGMENTAL INFORMATION **

Primary reporting format - geographical segments

The group's business is divided into three main geographical areas:

- South Africa
- Common monetary countries (Swaziland, Lesotho and Namibia)
- Non-common monetary countries (Botswana and Malawi)

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

* Includes Namibia, Swaziland and Lesotho

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

Note 34 continued

R'000	South Africa	*Other members of common monetary area	Botswana and Malawi	Group
34.2 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 year				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.

35. RELATED PARTIES

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

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

35.1 Subsidiaries

			Effective holding		
Name of company	Domicile	Issued share capital	**Jun-10**	Jun-09	Nature
DIRECTLY HELD					
Cashbuild Management Services (Pty) Ltd		R1	**100%**	100%	1
INDIRECTLY HELD					
Cashbuild (Botswana) (Pty) Ltd	A	P1 500 000	**100%**	100%	2
Cashbuild Kanye (Pty) Ltd	A	P2	**100%**	100%	3
Cashbuild (Lesotho) (Pty) Ltd	B	M100 000	**80%**	80%	2
Cashbuild Lilongwe Ltd	C	MK100 000	**51%**	51%	2
Cashbuild (Namibia) (Pty) Ltd	D	N$1	**100%**	100%	2
Cashbuild (South Africa) (Pty) Ltd		R54 000	**100%**	100%	2
Cashbuild (Swaziland) (Pty) Ltd	E	E500	**50%**	50%	2
Roofbuild Trusses (Pty) Ltd		R100	**51%**	51%	2
Tradebuild (Pty) Ltd		R4	**100%**	100%	3

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

Note 35 continued

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

2009 R'000	Sales	Purchases	Receive-able 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	-
	9 487	9 487	126	126	363 814	363 814

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 R1 560 446 (2009: net charge of R455 959).

35.2 Directors

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

Directors' information is fully disclosed in note 36.

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

	R'000	June 2010	June 2009
35.3	**Key management compensation**		
	Short-term employee benefits	**7 046**	7 430
	Bonus/bonus accruals	**1 229**	1 803
	Pension fund contributions	**570**	582
	There are no loans held between key management and any of the companies in the group.		
35.4	**The Cashbuild Share Incentive Trust**		
	Cashbuild (South Africa) (Proprietary) Limited, a wholly-owned subsidiary within the group, purchased shares in Cashbuild Ltd during the period December 2001 to February 2002. These shares were sold to The Cashbuild Share Incentive Trust in December 2002.		
	The Trust makes shares available to executive directors and employees of the group in accordance with the rules of the Trust. The shares subject to the Trust have been dealt with as follows:		
	Number of shares		
	Shares subject to the scheme at beginning of year	**522 625**	529 225
	Shares transferred or to be transferred to employees	**(7 300)**	(6 600)
	Shares sold on open market	**-**	-
	Shares subject to the scheme at end of year	**515 325**	522 625
	Dealt with as follows:		
	Shares allocated to employees:		
	- Share purchase scheme	**-**	7 300
	- Share option scheme	**400 000**	400 000
	Shares held in the Trust for future allocations	**115 325**	115 325
		515 325	522 625

Note 35 continued

R'000	June 2010	June 2009
35.5 The Cashbuild Empowerment Trust		
In terms of the broad-based BEE transaction approved by the shareholders on 7 February 2005, 2 580 535 shares were issued to the Cashbuild Empowerment Trust, bringing the total issued shares to 25 805 535 (2009: 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.		
Dividend paid to the Trust		
- Final 2009 (2008)	**2 735**	3 303
- Interim 2010 (2009)	**2 525**	3 690
	5 260	6 993

R'000	Fees	Basic salary	Bonus*	Expenses & travelling allowance	Other material benefits**	Company's pension scheme contri-butions	Other***	Total
36. DIRECTORS' INFORMATION								
36.1 Directors' emoluments, paid by the subsidiary company Cashbuild (South Africa) (Pty) Ltd, for the year ended 30 June 2010								
Executive directors								
PK Goldrick	-	2 080	-	110	71	36	-	2 297
WF de Jager	-	1 385	-	100	67	137	-	1 689
KB Pomario	-	967	-	116	32	87	-	1 202
S Thoresson	-	1 096	-	232	-	104	-	1 432
A van Onselen	-	1 518	-	155	66	137	-	1 876
30 June 2010	**-**	**7 046**	**-**	**713**	**236**	**501**	**-**	**8 496**
Non-executive directors								
D Masson	258	-	-	-	-	-	543	801
J Molobela	158	-	-	-	-	-	54	212
FM Rossouw	176	-	-	4	26	-	202	408
NV Simamane	158	-	-	-	-	-	54	212
30 June 2010	**750**	**-**	**-**	**4**	**26**	**-**	**853**	**1 633**
Total directors' emoluments								
30 June 2010	**750**	**7 046**	**-**	**717**	**262**	**501**	**853**	**10 129**
36.2 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
S 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**

* 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 36 continued

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

	% 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 2010			
37.1.1 Category			
Non-public			
Directors	9.44	2 437 217	3
Staff, The Cashbuild Share Incentive Trust	2.03	523 425	1
The Cashbuild Empowerment Trust	10.00	2 580 535	1
Public			
Banks	7.60	1 960 659	16
Brokers	0.22	55 622	10
Close corporations	0.92	237 211	34
Endowment funds	0.17	43 529	11
Individuals	5.90	1 522 634	1 496
Insurance companies	2.66	686 812	16
Investment companies	1.34	345 041	6
Medical aid schemes	0.03	8 041	1
Mutual funds	15.05	3 884 611	89
Nominees and trusts	19.66	5 072 215	288
Other corporations	3.66	944 538	40
Pension funds	12.99	3 351 833	87
Private companies	7.18	1 853 108	66
Public companies	1.16	298 316	15
	100.00	25 805 347	2 180
37.1.2 Portfolio size			
1 - 1 000	68.53	556 205	1 494
1 001 - 5 000	19.50	1 041 546	425
5 001 - 100 000	10.23	4 943 687	223
100 001 - 1 000 000	1.56	12 323 498	34
1 000 000 - over	0.18	6 940 411	4
	100.00	25 805 347	2 180

Note 37 continued

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

	Holders	No. of shares
37.3 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 2009:			
37.4.1 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**

37.4.2 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
37.5 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
37.6 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**

Administration

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

REGISTERED OFFICE
Cnr Northern Parkway and Crownwood Rds
Ormonde
Johannesburg
2001

POSTAL ADDRESS
PO Box 90115
Bertsham
2013

COMPANY SECRETARY
Corporate Governance Leaders CC

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

AUDITORS
PricewaterhouseCoopers Inc.

BANKERS
Standard Bank of South Africa Limited
Nedcor Limited

SPONSOR
Nedbank Capital

WEBSITE
www.cashbuild.co.za

Notice of annual general meeting

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

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF MEMBERS OF CASHBUILD WILL BE HELD IN THE CASHBUILD BOARDROOM, CNR NORTHERN PARKWAY AND CROWNWOOD ROAD, ORMONDE, JOHANNESBURG ON MONDAY, 6 DECEMBER 2010 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 2010, 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 D Masson, J Molobela and WF de Jager, 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:

   Ordinary resolution number three:

   MR D MASSON (independent non-executive director) who became a director on 22 June 1988, has 40 years experience as CEO, director and chairman of companies in a variety of parastatals and business sectors. He is currently a director of Bidvest, Kumnandi Food Co Ltd, Valley Irrigation of Southern Africa (Pty) Ltd., and McCarthy Ltd., and trustee on several pension funds and share trusts.

   Ordinary resolution number four:

   MR J MOLOBELA (independent non-executive director), who has served on Cashbuild's board and audit committee since September 2004, is chairman of Telkom SA and several other boards of directors.

   Ordinary resolution number five:

   MR WF DE JAGER (financial director), who was appointed financial director in 2004, has 16 years post qualification experience.
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 2010 to 30 June 2011, as follows:

	Chairman	Other directors/ members of committees
Annual retainer	152 000	104 000
Board and strategy meeting:		
Attendance fee	23 000	16 000
Audit committee:		
Attendance fee	11 500	8 000
Remuneration and other committees:		
Attendance fee	9 000	6 500

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 2011, with Mr DJ Fouche being the individual registered auditor who undertakes the audit.

   Audit fees
   In terms of section 270A of the Companies Act, 1973, the audit committee is responsible for determining the audit fees and the auditors' terms of appointment.
6. **Ordinary resolution number eight (Amendments to the Cashbuild Share Incentive Trust)**
   "RESOLVED THAT the Notarial Deed of Variation of Trust to the Cashbuild Share Incentive Trust which contains amendments to the Cashbuild Share Incentive Trust in order to achieve compliance with Schedule 14 of the Listings Requirements of the JSE Limited ("JSE Listings Requirements") be and is hereby accepted and approved."

   The Cashbuild Share Incentive Trust, together with the Notarial Deed of Variation of Trust, will be available for inspection during normal business hours at the registered office of the company from the date of issue of the annual report of which this notice of annual general meeting forms part, up to and including the date of the annual general meeting.

   Ordinary resolution number eight is required, under the JSE Listings Requirements, to be passed by achieving a 75% majority of the votes cast in favour of such resolution by all members present or represented by proxy and entitled to vote at the annual general meeting, excluding any votes attaching to shares owned or controlled by persons who are existing participants in the Cashbuild Share Incentive Trust.

   The amendments to the Cashbuild Share Incentive Trust as contained in the Notarial Deed of Variation of Trust and the salient features of the Cashbuild Share Incentive Trust are set out in Annexure 1 and Annexure 2, respectively, to this notice of annual general meeting.
7. **Special resolution number one (Specific repurchase from the Cashbuild Empowerment Trust)**
   RESOLVED THAT, subject to the repurchase of shares agreement ("Repurchase of Shares Agreement") entered into between the company and the Cashbuild Empowerment Trust ("the Trust") becoming unconditional, the company be and is hereby authorised to repurchase 615 536 ordinary shares in the company as shall constitute an aggregate amount of R50 000 000.00 (fifty million rand), based on the 30 (thirty) day volume weighted average price, calculated on the date on which the Repurchase of Shares Agreement is entered into, and rounded down in accordance with the provisions of section 85 of the Companies Act, 1973 and article 5 of the Company's Articles of Association, upon the terms and subject to the conditions set out in the Repurchase of Shares Agreement, which shares shall be cancelled and restored to the status of authorised but unissued shares in the share capital of the company and which repurchase shall be undertaken out of the distributable cash reserves of the company (save for the par value portion of the repurchased shares, which will be undertaken out of share capital).

   The reason for special resolution number one is for the company to repurchase 615 536 ordinary shares in the company held by the Trust in accordance with section 85 of the Companies Act, 1973.

   The effect of special resolution number one is that the company will repurchase 615 536 ordinary shares in the company from the Trust in accordance with section 85 of the Companies Act, 1973.

   Shareholders are referred to Annexure 3 which provides further detail on the specific repurchase of shares and the required amendments to the Trust. The summary of the amendments to the Trust as contained in the Notarial Deed of Variation of Trust and the salient features of the Trust are set out in Annexure 4 and Annexure 5 respectively to this notice of annual general meeting.

8. **Ordinary resolution number nine (Amendments to the Cashbuild Empowerment Trust)**
   RESOLVED THAT the amendments proposed in the Notarial Deed of Variation to the Notarial Deed of Trust, which established the Trust and which was registered by the Master of the High Court on 23 November 2004, which amendments will empower the Trust to enter into and implement the Repurchase of Shares Agreement, be and are hereby approved.
9. **Ordinary resolution number ten (Signature of documents)**
   RESOLVED THAT either of Pat Goldrick or Werner de Jager be and is hereby authorised to sign all documents and perform all acts on behalf of the company that may be required to give effect to special resolution number one and ordinary resolutions number eight and nine.

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 (excluding Saturdays, Sundays and public holidays) 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

11 November 2010

Annexure 1

Amendments to the Cashbuild Share Incentive Trust

The amendments to the Cashbuild Share Incentive Trust as contained in the Notarial Deed of Variation of Trust are set out below:

1. Various changes relating to the definitions of "the JSE", "the Act" and "shares".
2. Correction of cross-referencing errors.
3. Amendment to sub-clause 8.3 to include reference to a fixed number of shares being available for utilisation under the Cashbuild Share Incentive Trust, the fixed number being 5 161 069 shares available for utilisation under the Cashbuild Share Incentive Trust. This was previously stated as 20% of the issued ordinary share capital.
4. Amendment to sub-clause 8.4 to include reference to a fixed number of shares being available to any one participant, the fixed number being 2 580 534 shares available to any one participant. This was previously stated as 10% of the issued ordinary share capital.
5. Inclusion of a new sub-clause 8.2.4 which reads as follows:
   "Scheme shares which are allocated to participants but which are not subsequently issued to such participants for any reasons such as forfeiture by a participant of his or her entitlement to the scheme shares shall be retained under the control of the trustees and revert to the pool of unallotted scheme shares under the scheme."
6. Insertion of a new clause 8.6 which reads as follows:
   "Allocated equity options or shares which are not subsequently issued to the identified participant/s must revert to the scheme."
7. Insertion of a new clause 9.3 which prohibits the repricing of share options.
8. Insertion of a new clause 9.4 which states that the issue of equity as consideration for an acquisition, the issue of securities for cash, the issue of equity securities and a vendor consideration placing shall not require a price adjustment.
9. Amendment to clause 14.1 to read as follows:
   "The trustees shall offer share options at such price and to such executive directors and employees as the board shall from time to time determine at the weighted average traded price of the shares measured over the 30 (thirty) business days prior to the day of the offer."
10. Insertion of a new clause 15.3 which states that the rolling-over is prohibited.
11. Insertion of a new clause 15.4 which states that back-dating of options is not permitted.
12. Insertion of a new clause 19.2.5 which states that equity shares held by the Cashbuild Share Incentive Trust will not be taken into account at general meetings of the company for voting purposes.
13. Insertion of a new clause 21.8 which states that any issue of shares to executive directors or employees of the company which does not fall under the rules of the Cashbuild Share Incentive Trust will be treated as a specific issue of shares for cash.
14. Clause 29 has been amended to read as follows:

    "Share options, scheme shares, rights and allocations of shares shall only be granted, sold or issued to a participant by means of a written document which sets out the terms and conditions of the scheme.

    All participants shall agree, or be deemed to have agreed, to be bound by the terms of the relevant scheme.

    Share options and scheme shares shall not be re-priced subsequent to their issue.

    Any grant of options or any exercise of an option shall be published on SENS and in such other media and form as specified by the JSE Limited."
15. Clause 30 has been partially amended to read as follows:

    "It shall be competent for the board and the trustees, with the approval of the JSE Limited and the company's shareholders to amend any of the provisions of this scheme provided that:"
16. Insertion of a new clause 30.3 stating that any amendments to the scheme shall be reported on in the company's annual financial statements.
17. The schedule of appointment and powers of trustees has been amended to read as follows:

    "to exercise all rights conferred by shares and other assets of the Trust,

    but including the right of conversion, the right to take up further allotments (by way of capitalisation of rights issues) of shares and the like, as they in their discretion deem fit;

    but excluding the right to vote at general meetings of the company, which is hereby specifically excluded."

Annexure 2

Salient features of the Cashbuild Share Incentive Trust ("the scheme")

1. Participants under the scheme are offered the opportunity to acquire shares ("scheme shares") under the credit sale scheme or to be allocated options ("share options") under the share option scheme.
2. The category of persons to whom or for the benefit of whom shares may be purchased or issued under the scheme are officers or other employee/s of any company forming part of Cashbuild Limited ("Cashbuild" or "the group") (including any present or any future executive director of any company forming part of the group) which persons shall be determined from time to time by the board of directors of Cashbuild at its discretion (the "participants").
3. The number of shares which may be utilised for purposes of the scheme shall be 5 161 069 and this number may not be exceeded without shareholder approval.
4. The maximum number of shares which may be allocated to any one participant under the scheme shall be 2 580 534.
5. The trustees of the scheme may offer persons eligible for participation in the scheme ("eligible applicants") the opportunity to acquire scheme shares/share options at a price which shall be the middle market price (average price) at which shares are traded on the JSE on the trading day immediately preceding the date upon which the board will have resolved to direct the trustees to offer the relevant schemes shares/share options to eligible applicants.
6. The trust will fund the acquisition of scheme shares by a participant which will constitute a share debt owing by the participant to the trust ("the share debt"). The share debt of a participant has to be repaid no later than the fifth anniversary of the date of acceptance by a participant of an offer for the acquisition of scheme shares.
7. A participant shall not be entitled to exercise any of the votes attaching to the relevant scheme shares nor to dividends to those scheme shares. Dividends declared in respect of scheme shares shall be paid towards the share debt (and interest thereon) until the share debt has been repaid. Thereafter, dividends shall accrue and be paid to a participant.
8. Once full payment is received for any scheme shares which are capable of being released to a participant, the trustees shall deliver to the relevant participant the certificate in respect of those scheme shares registered in the name of the participant.
9. In the event that Cashbuild is placed under liquidation for the purpose of reorganisation, is party to a scheme of arrangement affecting the structuring of its share capital, reduces its share capital or sub-divides or consolidates its shares before the share debt owing on the scheme shares has been paid in full, adjustments shall be made to the purchase price in respect of those scheme shares not fully paid. This will apply to share option holders provided that the board shall have discretion to determine the rights of such participants under the circumstances. If the company is placed under final liquidation the share option holder shall be entitled to exercise all share options held by him within 21 days of notification thereof, failing which the share options concerned shall lapse.
10. Share options shall not entitle a participant to participate in rights offers by the company. However, if the company undertakes a rights offer, it shall grant the participant options to acquire the same number of shares to which he would have been entitled in terms of the rights offer had he been the holder of the same number of shares as the number of share options held by him under such terms and conditions as set out in the scheme.

    Scheme shares shall rank pari passu with the other issued shares for participation in all rights offers by the company.
11. In the event of a takeover, participants shall be paid a cash consideration if the period from acceptance date to the third anniversary ("the three year period") has expired. If the three year period has not

run its full course, the proceeds of the scheme shares shall be invested and the full proceeds of the investment, together with all accrued interest, shall be released to the participant upon completion of the three year period.

12. Upon termination of employment of any participant:
    12.1 prior to the expiry of the period from acceptance date to the third anniversary thereof, the trustees shall purchase and appropriate the scheme shares of a participant at a price which shall be set off *pro tanto* against the purchase price thereof and which is equal to the original share price of such scheme shares; or a participant shall be entitled to exercise all or any multiple of 100 of the number of share options which he was entitled to exercise immediately prior to termination;
    12.2 on or after the date on which scheme shares/share options can be released/exercised by/to a participant or as a result of his resignation, retirement or death, a participant shall be entitled to make payment for all or any multiple of 100 of his scheme shares or a participant shall be entitled to exercise all or any multiple of 100 of the number of share options which he was entitled to exercise immediately prior to termination; and
    12.3 by reason of dismissal, a participant's share options shall lapse.
13. In the event of a capitalisation issue, sub-division or consolidation of ordinary shares or any reduction of ordinary share capital of the company, the number of scheme shares and/or the share option price shall be adjusted by the board in such manner as it may deem appropriate with the objective that such adjustment should give a participant an option to the same proportion of the equity capital as that to which he was entitled prior to the adjustment event.
14. The issue of shares as consideration for an acquisition, the issue of shares for cash and the issue of shares for a vendor consideration placing will not be regarded as a circumstance requiring an adjustment.
15. Allocated scheme shares and/or share options which are not subsequently issued to identified participants shall revert to the scheme.
16. The balance of the scheme shares and/or share options available under the scheme is set out on page 49 of the annual report of which this notice of annual general meeting forms part.

Annexure 3

Specific repurchase of shares from the Cashbuild Empowerment Trust ("the Trust") and amendments to the Trust

This document is important and requires your immediate attention

If you are in any doubt as to what action you should take arising from this notice of annual general meeting, please consult your broker, CSDP, banker, attorney, accountant or other professional advisor immediately.

1. Introduction

In 2005, Cashbuild implemented a Black Economic Empowerment ("BEE") transaction, through the introduction of all of its employees, of whom more than 90% qualified as historically disadvantaged individuals ("participants"), as indirect shareholders of Cashbuild ("the transaction").

The transaction was effected through the establishment of a perpetual blind trust, with the Trust subscribing for approximately 2.5 million shares representing 10% of the ordinary shares in Cashbuild at the time. The Trust was funded by way of a non interest-bearing loan from Cashbuild Management Services (Proprietary) Limited ("CMS"), a wholly-owned subsidiary of Cashbuild. The loan provided by CMS was in the amount of R75 million, and was used to subscribe for approximately 2.5 million ordinary shares at R29.09 per ordinary share. The repayment of the aforementioned R75 million loan, is in terms of the provisions of the trust deed in respect of the Trust only required to be made on termination of the Trust.

The Trust was established in such a way that participants do not have direct access to the ordinary shares in their personal capacities, but only in their capacity as participants of the Trust. The participants in the Trust are inter alia entitled to the receipt of dividends flowing from the shares held in the Trust, provided they are participants on the declaration date of such dividend. In respect of dividends, the participants in the Trust rank equally.

Given the significant increase in the ordinary share price to date, there has been a substantial amount of value created in the Trust. In light of this and in the spirit of true wealth distribution, the company and the Trust would like to release a portion of this value to the participants and accordingly have entered into the repurchase agreement ('the Repurchase Agreement") dated 27 October 2010 in terms of which a specific repurchase of 615 536 ordinary shares is proposed, which shall constitute an aggregate value of R50 million (fifty million rand), based on the 30 (thirty) day volume weighted average price, calculated on the date on which the Repurchase of Shares Agreement was entered into is proposed, which specific repurchase shall be undertaken out of the distributable cash reserves of the company (save for the par value of the repurchased ordinary shares, which will be undertaken out of share capital). The proceeds of the specific repurchase will be distributed to participants in five quarterly payments commencing on 15 February 2011.

In order to effect the specific repurchase, to enable the Trust to sell ordinary shares to the company and subsequent distribution to participants, there are certain amendments which need to be made to the trust deed governing the Trust; these are discussed in further detail below.

2. Purpose

The purpose of this Annexure 3 is to provide shareholders with the terms of the specific repurchase and the proposed amendments to the Trust and all relevant information necessary in connection therewith.

3. The specific repurchase

Cashbuild will repurchase ordinary shares to the value of approximately R50 million from the Trust out of distributable cash reserves (save for the par value portion of the repurchased ordinary shares, which will be undertaken out of share capital). The consideration payable in respect of the specific repurchase will be R81.23 per share based on the 30 (thirty) day volume weighted average price, calculated on the date on which the Repurchase Agreement was entered into, being 27 October 2010. The ordinary shares will be cancelled pursuant to the specific repurchase being implemented and will be restored to the authorised but unissued ordinary share capital of the company.

4. The amendments to the Trust

The Trust is required to be amended as set out in the Notarial Deed of Variation of Trust to align the vested rights of participants with corporate events to be undertaken by the company and the Trust, namely the repurchase by the company of certain shares held by the Trust from time to time, and to distribute the proceeds of the repurchase by the company as aforesaid, less certain costs and disbursements, to the participants.

The summary of the amendments to the Trust as contained in the Notarial Deed of Variation of Trust and the salient features of the Trust are set out in Annexure 4 and Annexure 5, respectively, attached to this notice of annual general meeting.

5. Conditions precedent

The specific repurchase and amendments to the Trust are subject to the conditions precedent that the resolutions contained in special resolution number one and ordinary resolution number nine in this notice of annual general meeting are passed and where applicable, registered by the Registrar of Companies and that the Notarial Deed of Variation of Trust is registered with the Master of the High Court, Pretoria.

6. Unaudited *pro forma* financial information

The unaudited *pro forma* income statement, statement of financial position and financial effects (the "unaudited *pro forma* financial information") presented in Annexure 6 and below, has been prepared to show the impact of the specific repurchase as if specific repurchase had occurred on 1 July 2009, for purposes of the *pro forma* income statement and 30 June 2010 for purposes of the *pro forma* statement of financial position. The unaudited *pro forma* financial information is presented for illustrative purposes only and because of its nature may not fairly reflect the company's results or financial position going forward.

The unaudited *pro forma* financial information has been prepared using accounting policies that are consistent with IFRS and with the basis on which the historical financial information has been prepared in terms of the accounting policies adopted by the company.

The directors of the company are responsible for the compilation, contents and preparation of the unaudited *pro forma* financial information contained in the notice of annual general meeting and for the financial information from which it has been prepared. Their responsibility includes determining that: the unaudited *pro forma* financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of the company; and the *pro forma* adjustments are appropriate for the purposes of the unaudited *pro forma* financial information disclosed in terms of the Listings Requirements.

Unaudited *pro forma* financial effects

	Before (1)	After the specific repurchase and distribution (2)	% Change
Earnings per share (cents)(3)	721.2	459.4	(36.3)
Headline earnings per share (cents)(3)	717.2	455.4	(36.5)
Net asset value per share (NAV) (cents)(4)	3 071	2 823	(8.1)
Net tangible asset value per share (NTAV) (cents)(4)	2 947	2 699	(8.4)
Weighted average number of shares ('000)(5)	22 709	22 709	
Consolidated shares in issue ('000)(5)	22 709	22 709	

Notes

1. Based on the published audited annual financial results of Cashbuild for the year ended 30 June 2010.
2. Represents the unaudited *pro forma* financial effects after the specific repurchase and subsequent distribution to participants, which has been accounted for in terms of IFRS2: Share-Based Payment as a cash-settled share-based payment.
3. Earnings and headline earnings per share effects are based on the following principal assumptions:
   - the specific repurchase was effective on 1 July 2009;
   - the specific repurchase, and subsequent distribution of R50 million is expensed as an employee cost which is once-off in nature;
   - Secondary tax on companies ("STC") of R5 million, calculated at 10 percent of the specific repurchase, which is deemed as a dividend for tax purposes which is once-off in nature;
   - transaction costs of R1.3 million, which are once-off in nature; and
   - interest foregone on the specific repurchase, STC and transaction cost at an average rate of 7.69% pa before tax assuming the full distribution was paid 1 July 2009, which is recurring in nature.
4. NAV and TNAV per share effects are based on the following principal assumptions:
   - the specific repurchase was effective on 30 June 2010;
   - the specific repurchase, and subsequent distribution of R50 million and the resulting STC effect of R5 million is settled in cash from reserves; and
   - transaction costs of R1.3 million, which are once-off in nature.
5. The specific repurchase has no impact on weighted average and number of shares in issue due to the Trust being consolidated and shares held by the Trust are eliminated.

7. Annual general meeting

7.1 The annual general meeting to, inter alia, approve the implementation of the specific repurchase and amendments to the Trust will be held at 10h00 in the Cashbuild boardroom, Cnr Northern Parkway and Crownwood Road, Ormonde, Johannesburg on Monday, 6 December 2010.

7.2 A form of proxy for use by certificated shareholders, nominee dematerialised shareholders and own-name dematerialised shareholders who are unable to attend the annual general meeting and wish to be represented thereat is included in this annual report.

7.3 Dematerialised shareholders (other than with own-name registration) must provide their CSDP or broker with their voting instruction. Should such shareholders wish to attend the annual general meeting, they must obtain the relevant Letter of Representation from their CSDP or broker to allow them do so. Dematerialised shareholders should ascertain from their CSDP or broker as to the deadline required by them to receive instructions for voting.

8. Voting

The Trust, as a beneficiary of the specific repurchase will be excluded from voting on the resolutions being proposed in terms of this notice of annual general meeting, in respect of the specific repurchase and amendments to the Trust as contemplated in the Notarial Deed of Variation of the Trust.

9. Working capital statement

Having considered the effects of the specific repurchase, the opinion of the directors is as follows:

9.1 the company and the group will be able, in the ordinary course of business, to pay their debts, as they become due in the ordinary course of business, for a period of 12 months from 6 December 2010;

9.2 the consolidated assets of the company and the group are and will be in excess of their consolidated liabilities, for a period of 12 months from 6 December 2010, measured in accordance with the accounting policies used in the audited consolidated annual financial statements for the year ended 31 December 2010;

9.3 the share capital and consolidated reserves of the company and the group will be adequate for a period of 12 months from 6 December 2010; and

9.4 the working capital of the company and the group will be adequate for a period of 12 months from 6 December 2010.

10. Litigation statement

The directors, whose names are set out on page 48 of the annual report of which this notice of annual general meeting forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened of which the company is aware, that may have or have in the previous 12 months, had a material effect on the group's financial position.

11. Directors and directors' interests

11.1 Directors' details

Details of Cashbuild's directors are set out on page 28 of the annual report of which this notice of annual general meeting forms part.

11.2 Directors' interests in Cashbuild

The directors' interests in Cashbuild are set out on page 48 of the annual report of which this notice of annual general meeting forms part.

12. Share capital

As at the last practicable date, the authorised and issued share capital of Cashbuild, is set out on page 77 of the annual report of which this notice forms part.

13. Major shareholders

Details of shareholders beneficially holding more than 5% of Cashbuild's shares are set out on page 98 of the annual report of which this notice of annual general meeting forms part.

14. Material changes

There have been no material changes in the financial or trading position of Cashbuild and its subsidiaries between 30 June 2010 and the date of this notice of annual general meeting.

15. Directors' responsibility statement

The directors, whose names are given on page 48 of the annual report of which this notice of annual general meeting forms part, collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement false or misleading, and that they have made all reasonable enquiries to ascertain such facts have been made and that the circular contains all information required by law and the JSE Listings Requirements.

16. Consents

Nedbank Capital as the investment bank and sponsor, PricewaterhouseCoopers Inc. as the independent reporting accountants and Webber Wentzel as the corporate law advisers have all provided their written consents to act in the capacity stated and to their names being used in this notice and none of the above have withdrawn their consents prior to the publication of this circular.

17. Costs

The estimated costs of preparing and distributing this circular, holding the annual general meeting and implementing the specific repurchase, including the fees payable to professional advisers, are approximately R1.335 million, exclusive of value-added tax, and include the following:

	Rand
Investment bank and transactional sponsor – Nedbank Capital	650 000
Legal costs – Webber Wentzel	250 000
Legal costs – Van der Heever and Associates	100 000
Legal costs – senior counsel	200 000
Reporting accountants	50 000
JSE documentation fees	35 000
Printing and postage costs	50 000
Total	**1 335 000**

18. Documents available for inspection

The following documents, or copies thereof, will be available for inspection by shareholders at the registered office of the company, corner Northern Parkway and Crownwood Road, Ormonde, Johannesburg during normal business hours on normal business days from the date of this notice of annual general meeting up to and including the date of the annual general meeting:

18.1 the Memorandum and Articles of Association of the Company and its subsidiaries;

18.2 signed copy of the Repurchase Agreement;

18.3 the independent reporting accountants report;

18.4 notarial deed of variation to the Notarial deed of Trust in respect of each of the Cashbuild Share Incentive Trust and the Cashbuild Empowerment Trust;

18.5 notarial deed of trust in respect of each of the Cashbuild Share Incentive Trust and the Cashbuild Empowerment Trust;

18.6 the consent letters referred to in paragraph 15;

18.7 the audited consolidated financial statements of the company for the preceding three financial years; and

18.8 a signed copy of this notice of annual general meeting.

By order of the board

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

11 November 2010

Company secretary

Annexure 4

Summary of amendments to the Cashbuild Empowerment Trust

1. Definitions

The following terms used in this Annexure 4 will have the following meanings –

1.1 **"the Main Trust Deed"** means the Trust deed registered on 23 November 2004 by the Master of the High Court, establishing the Trust;

1.2 **"the Notarial Deed of Variation"** means the deed which will amend the Main Trust Deed";

1.3 **"Participants"** are those employees of members of the group of the company who may participate in the Trust in terms of the Main Trust Deed;

1.4 **"the Repurchase Agreement"** means the agreement entered into between the company and the Trust in terms of which the company will repurchase such number of ordinary shares in the company as shall constitute an aggregate amount of R50 000 000.00 (fifty million rand), based on the 30 (thirty) day volume weighted average price, calculated on the date on which the Repurchase of Shares Agreement is entered into, and rounded down;

1.5 **"Scheme Shares"** means the shares in the company held by the Trust from time to time;

1.6 **"Trustees"** means the trustees of the Trust, from time to time;

1.7 **"Units"** means Units allocated to participants for participation in the income and capital of the Trust, from time to time.

2. Rationale for the amendment of the Main Trust Deed

The Main Trust Deed is required to be amended as set out in the Notarial Deed of Variation to align the vested rights of participants to any future repurchase by the company of certain of the Scheme Shares from time to time, to distribute the proceeds of the repurchase by the company and to make certain consequential amendments.

3. Conditions precedent

The Notarial Deed of Variation is subject to the conditions precedent that –

3.1 the Repurchase Agreement becomes unconditional in accordance with its terms, save for any condition regarding the Notarial Deed of Variation becoming unconditional;

3.2 the shareholders of the company approve the terms of the Notarial Deed of Variation in general meeting; and

3.3 the Notarial Deed of Variation is registered with the Master of the High Court, Pretoria.

4. Amendment of the Main Trust Deed

4.1 Clarification of the practice to date that permanent employees who are also Trustees of the Trust may also participate under the Trust

The Notarial Deed of Variation amends the Main Trust Deed to make it possible for employees of the companies of the group who are also trustees or alternate trustees of the Trust to be Participants of the Trust.

4.2 Additional circumstance under which Scheme Shares may be sold by the Trustees

The Notarial Deed of Variation amends the Main Trust Deed to enable the Trust to sell Scheme Shares to the company from time to time.

4.3 Clarification of Unitisation of Scheme Shares

The Notarial Deed of Variation clarifies that Scheme Shares are unitised and as such that –

4.3.1 a Unit as referred to in the context of the Trust is a notional concept and is not property of any nature and has no separate existence;

4.3.2 the Trustees may allocate trust interests to Participants (by the fiction of allocating Units) in accordance with the terms of the Main Trust Deed as read with the Notarial Deed of Variation;

4.3.3 Participants participate in the capital of the Trust and any dividends received by the Trust, including without limitation receipts pursuant to a repurchase of Scheme Shares by the company.

4.4 Clarification of the vesting date for distributions

The Notarial Deed of Variation provides that the income benefits and dividends will accrue and vest unconditionally in the Participants on the date of receipt by the Trust of such dividends or income, with only payment pursuant thereto being delayed to a date as soon as reasonably possible after the relevant receipt by the Trust, provided that the distribution pursuant to the Repurchase Agreement will accrue and vest unconditionally in the Participants on the implementation date of the Repurchase Agreement but paid in instalments.

4.5 Provision for the distribution of the proceeds of a repurchase of Scheme Shares by the company from the Trust, to the Participants

The Notarial Deed of Variation provides that –

4.5.1 the proceeds of any repurchase of Scheme Shares by the company –

4.5.1.1 will be deemed to constitute income in the Trust;

4.5.1.2 will be derived by the Trust for each of the Participant's benefit;

4.5.2 each of the Participants will participate in the portion of the proceeds received by the Trust from such repurchase, as follows, namely that the total amount to be distributed by the Trust to all Participants will be determined in accordance with the following formula –

DT = A – B

where –

DT means the total amount to be distributed by the Trust to all Participants;

A means the price paid by the company to the Trust in terms of the relevant agreement for the repurchase of the relevant Scheme Shares by the company;

B means all costs and disbursements incurred by the Trust in respect of the relevant repurchase of Scheme Shares and the implementation of any agreement in respect thereof.

4.5.3 each Participant will be awarded 1 (one) point for each completed year or part thereof of qualifying as a Participant, provided that a Participant who is a permanent part time employee of a member of the group of the company will be awarded ½ (half) a point for each completed year or part thereof of qualifying as a Participant on the basis that interrupted periods will be disregarded and calculated -

4.5.3.1 as regards the first distribution pursuant to a repurchase by the company of any Scheme Shares after the Subscription Date, from the Subscription Date to the date of the receipt by the Trust of the proceeds of such repurchase; and

4.5.3.2 as regards any subsequent distribution pursuant to a repurchase by the company of any Scheme Shares, from the date of the receipt by the Trust of the proceeds of the immediate preceding repurchase to the date of the receipt by the Trust of the proceeds of such subsequent repurchase;

4.5.4 the amount of a distribution to a Participant as contemplated in clause 14.6 pursuant to the implementation of a repurchase of Scheme Shares will be determined in accordance with the following formula –

SC = (DT / TP) x PP

where –

SC means a participant's share of the total distribution made to all participants;

DT means the result of applying the formula in clause 14.6;

TP means the total points awarded to all participants in the aggregate in terms of paragraph 4.5.2 above;

PP means the points awarded to the relevant participant in terms of paragraph 4.5.3 above;

4.5.4.1 the entitlement of a Participant to share in a distribution of the proceeds from the Repurchase Agreement will vest unconditionally on the date of implementation of the Repurchase Agreement with payments to be made in 5 (five) equal instalments on 15 February 2011, 15 May 2011, 15 August 2011, 15 November 2011 and 15 February 2012;

4.5.4.2 the Trust and the company on behalf of the Trust, will be entitled to withhold any taxation which may be payable by a Participant on the receipt by such Participant of a distribution pursuant to repurchase by the company of Scheme Shares if such Participant is employed by any member of the group, outside the Republic of South Africa or otherwise required in law; and

4.5.4.3 Patrick Kieran Goldrick will not be entitled to participate in the distribution of proceeds received by the Trust in terms of the Repurchase Agreement, such proceeds will instead accrue directly to and be distributed amongst the remaining Participants as set out in this paragraph 4.5. This is in the context of him having agreed to such an amendment due to the fact that he otherwise would have been precluded from voting on the resolutions required to give effect to the repurchase by the company of the Scheme Shares.

4.6 Clarification and amending the obligation to make payment of income received from the company into a trust account

The Notarial Deed of Variation requires, as regards the proceeds of all dividends declared in respect of the Scheme Shares and any other income received by the Trust from the company pursuant to the Trust holding Scheme Shares that –

4.6.1 there will be caused to be opened, in the name of the Trust, an account with a financial institution or firm of attorneys, as will be agreed in writing between the Trust and the company from time to time and the company will make payment of any such proceeds to the Trust directly into such account;

4.6.2 under no circumstances will the Trustees be entitled or allow a co-mixing of such dividend or other income amounts with the Trust's capital.

4.7 Clarification of the consequences of a withdrawal from the scheme

The Notarial Deed of Variation clarifies that a Participant who withdraws from the Trust, will not participate in the capital of the Trust.

4.8 Amendments to the provisions as regards income and capital Participants

4.8.1 The Notarial Deed of Variation amends the Main Trust Deed to provide that, for purposes of determining the amount of each Participant's distribution of capital by the Trust, each Participant will be awarded 1 (one) point for each completed year or part thereof of qualifying as a Participant, provided that a Participant who is a permanent part time employee of a member of the group of the company will be awarded ½ (half) a point for each completed year or part thereof of qualifying as a Participant on the basis that interrupted periods will be disregarded and calculated from the date of the receipt by the Trust of the proceeds of any immediately preceding repurchase by the company of Scheme Shares from the Trust to the date on which the Trust received the proceeds from the sale of the Scheme Shares in terms of which capital will be received by the Trust.

4.8.2 The Notarial Deed of Variation corrects the formula for determining a Participant's rights to participate in the capital of the Trust to provide that this will be determined in accordance with the following formula -

SC = (DT / TP) x PP

where –

SC means a Participant's share of the total distribution made to all Participants;

DT means the result of applying the formula in the present clause 16.2.4 of the Main Trust Deed;

TP means the total points awarded to all Participants in the aggregate in terms of the present clause 16.2.4.5 of the Main Trust Deed;

PP means the points awarded to the relevant Participant in terms of the present clause 16.2.4.5 of the Main Trust Deed.

4.8.3 The Notarial Deed of Variation clarifies as regards the accrual and vesting of the Participants' rights to participate in a capital distribution, that no Participant will be entitled to payment of his/her share in the distribution before the expiry of 30 (thirty) days after the date of the Trustees certifying the relevant Participants' number of points, but on the basis that the capital proceeds will accrue and vest unconditionally in the Participants on the date of receipt by the Trust of the relevant capital amount, with only payment pursuant thereto being delayed as aforesaid.

4.8.4 The Notarial Deed of Variation provides that –

4.8.4.1 as regards the proceeds of all capital amounts received by the Trust from the company pursuant to the holding of the Scheme Shares, there will be caused to be opened, in the name of the Trust, an account with a financial institution or firm of attorneys, as will be agreed in writing between the Trust and the company from time to time and the company will make payment of any such proceeds to the Trust directly into such account;

4.8.4.2 under no circumstances will the Trustees be entitled or allow a co-mixing of such capital amounts with the other trust capital or trust income, including without limitation dividends received by the Trust from time to time.

4.9 Clarification of the powers of the Trustees, to include the right to enter into and implement agreements for the repurchase of Scheme Shares and invest the proceeds

The Notarial Deed of Variation provides that the Trustees will be entitled to enter into agreements for the repurchase of Scheme Shares by the company, from time to time and for the Trustees to invest such proceeds in accordance with the terms of the Main Trust Deed.

Annexure 5

Salient features of the existing Cashbuild Empowerment Trust

Purpose of the Cashbuild Empowerment Trust

The purpose of the Trust is to comply with the spirit of the Broad-Based Black Economic Empowerment Act (Act no. 53 of 2003):

- through its control structure of the current board of trustees consisting of 50% HDSA's;
- 25% of the board of trustees are female HDSA's; and
- the benefits offered by the trust are empowering, both in terms of constituting the participants as income beneficiaries and eventual capital beneficiaries.

Broad-Based Empowerment and absence of "Elite Club"

- More than 90% of Cashbuild's employees are historically disadvantaged. The great majority of them are predominantly resident in rural areas in southern Africa.
- Moreover, none of Cashbuild's employees have previously been empowered so that the possibility of the benefits of the Trust residing in the hands of an elite group is eliminated.
- In terms of income benefits, the participants will share in the net dividend stream of the Scheme Shares underlying theTrust on an equal basis.
- In addition to this, the participants 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.

Striking feature of the Cashbuild Empowerment Trust

- Immediate vesting of the right to the net dividends and to capital under certain circumstances is provided for upon declaration date.

Trust and Trustees

- The name of the trust is "Cashbuild Empowerment Trust".
- The number of trustees is five, three of whom are elected by Cashbuild's employees. Cashbuild's board of directors appoints the remaining two trustees. The chairman shall be elected from the ranks of the three trustees elected by Cashbuild's employees and the chairman shall have a casting vote in addition to his deliberative vote.
- The current trustees are: Mary-Jane Sanjini and Quinn Anthony, whose nomineeship has been proposed by the Cashbuild Employee Forum and Francois Rossouw and Christiaan van der Heever, Cashbuild's board nominees. Cashbuild's board and the Cashbuild Employee Forum take the view that the board of trustees is sufficiently equipped to ensure Black Economic Empowerment ("BEE") representivity and professionalism in the administration of the Trust's affairs.
- No executive director may be elected as a trustee. Cashbuild's independent non-executive directors are however eligible for trusteeship.
- A quorum for trustees' meetings is three.

The working of the Trust and sequence of transactions

- Cashbuild's wholly-owned subsidiary, Cashbuild Management Services (Proprietary) Limited ("CMS"), advanced a non-interest bearing loan of R75 million to the Trust for purposes of acquiring shares in Cashbuild Limited up to that value.
- Trustees had to acquire or subscribe for shares within 365 days of approval by Cashbuild's board.

- The trustees had to repay the balance of any unutilised funds on loan account to CMS.
- The aggregate number of shares which could have been acquired by the trustees could not have exceeded 10% of the issued share capital of Cashbuild.
- Cashbuild undertook to ensure that the Trust was in a position to purchase the requisite Scheme Shares.
- The loan may be utilised for no other purpose than to acquire the Scheme Shares from Cashbuild Limited.

Vesting of Scheme Shares

- In line with conventional trusts, the Scheme Shares vested in the trustees immediately upon their acquisition.
- All voting and dividend rights accrue to the trustees for the benefit of the participants.

Vesting of dividend rights

- Without affecting the character of the dividend proceeds received by the trustees, the trustees will distribute any dividends received by the Trust, after administration costs, equally to participants.
- The trustees are entitled to deduct the costs of administration from the dividend proceeds before paying the dividend over to the employees.
- The dividend proceeds shall be invested in a separate trust investment account and shall not be mixed with trust capital or trust income.
- The trustees shall not be entitled to capitalise dividend proceeds in the trust fund.

Eligibility under the scheme

- The scheme applies as a general scheme for all current and future employees of companies in the Cashbuild group.
- Participants shall be entitled to opt out of the scheme at its inception or withdraw therefrom during the course of their employment by Cashbuild.

Capital beneficiaries

- The capital beneficiaries of the Trust are the participants whose capital rights shall accrue only in the event of:
  - a change of control (i.e. 50% plus 1) consequent upon a take-over of the company;
  - liquidation whether voluntary or compulsory once the liquidation becomes final;
  - a disposal of the whole or a substantial part of the company's business; or
  - the termination of the trust for any reason.
- Once the capital rights have vested, the capital beneficiaries will be paid the proceeds of the trust fund after defrayal of costs and repayment of the R75 million loan; all according to an equitable formula.

Annexure 6

Unaudited *pro forma* statement of financial position and income statement of Cashbuild

The unaudited *pro forma* statement of financial position at 30 June 2010 and income statement of the company and its subsidiaries for the financial year then ended is set out below. The unaudited *pro forma* financial information has been prepared to show the impact of specific repurchase.

The unaudited *pro forma* statement of financial position and income statement have been prepared for illustrative purposes only and because of its nature may not fairly present the company's financial position and results of operations, nor the effect and impact of specific repurchase.

The directors of the company are responsible for the compilation, contents and preparation of the unaudited *pro forma* financial information contained in this notice of annual general meeting and for the financial information from which it has been prepared. Their responsibility includes determining that: the unaudited *pro forma* financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of the company; and the *pro forma* adjustments are appropriate for the purposes of the unaudited *pro forma* financial information disclosed in terms of the Listings Requirements.

The unaudited *pro forma* statement of financial position and income statement are presented in a manner consistent in all respects with IFRS and with the basis on which the historical financial statements have been prepared in terms of accounting policies.

The unaudited *pro forma* statement of financial position and income statement set out below should be read in conjunction with the independent reporting accountants' report set out in Annexure 7 to this notice of annual general meeting.

Unaudited *pro forma* group statement of financial position of Cashbuild

The unaudited *pro forma* group statement of financial position set out below presents the effects of the specific repurchase on the financial position of the company at 30 June 2010 based on the assumption that the specific repurchase was effective 30 June 2010.

R'000	Before the specific repurchase (1)	Specific repurchase (2)	After the specific repurchase
ASSETS			
Non-current assets	**462 763**	**-**	**462 763**
Property, plant and equipment	425 293	-	425 293
Intangible assets	28 149	-	28 149
Deferred income tax asset	9 321	-	9 321
Current assets	**1 398 498**	**(56 335)**	**1 342 163**
Assets held for sale	659	-	659
Inventories	784 445	-	784 445
Trade and other receivables	71 114	-	71 114
Cash and cash equivalents	542 280	(56 335)	485 945
Total assets	**1 861 261**	**(56 335)**	**1 804 926**

R'000	Before the specific repurchase (1)	Specific repurchase (2)	After the specific repurchase
EQUITY AND LIABILITIES			
Shareholders' equity	**794 606**	**(56 335)**	**693 271**
Share capital and reserves	697 466	(56 335)	641 131
Non-controlling interests	52 140	-	52 140
Liabilities			
Non-current liabilities	**71 496**	**-**	**71 496**
Deferred operating lease liability	67 318	-	67 318
Deferred profit	1 751	-	1 751
Borrowings (non interest-bearing)	2 427	-	2 427
Current liabilities	**1 040 159**	**-**	**1 040 159**
Trade and other liabilities	1 018 360	-	1 018 360
Current income tax liabilities	19 781	-	19 781
Employee benefits	2 018	-	2 018
Total equity and liabilities	**1 861 261**	**(56 335)**	**1 804 926**
NAV per share (cents)	3 071		2 823
TNAV per share (cents)	2 947		2 699
Number of shares ('000) (3)	22 709		22 709

Notes

1. Extracted from the published audited annual financial results of Cashbuild for the financial year ended 30 June 2010.
2. The specific repurchase has been accounted for in terms of IFRS 2: Share-Based Payment as a cash-settled share-based payment. Adjustments for the specific repurchase reflect the following:
   i. the specific repurchase, and subsequent distribution of R50 million and the resulting STC effect of R5 million is settled in cash from reserves; and
   ii. estimated transaction costs of R1.3 million.
3. The specific repurchase has no impact on the number of shares due to the Trust being consolidated and shares held by the Trust are eliminated.

Unaudited *pro forma* group income statement of Cashbuild

The unaudited *pro forma* group income statement set out below presents the effects of the specific repurchase on the results of the company for the financial year ended 30 June 2010 based on the assumption that the specific repurchase was effective 1 July 2009.

R'000	Before the specific repurchase (1)	Specific repurchase (2)	After the specific repurchase
Revenue	5 369 146	-	5 369 146
Cost of sales	(4 216 241)	-	(4 216 241)
Gross profit	**1 152 905**	**-**	**1 152 905**
Selling and marketing expenses	(776 838)	(50 000)	(826 838)
Administrative expenses	(132 470)	(1 335)	(133 805)
Other operating expenses	(5 398)	-	(5 398)
Other income	1 245	-	1 245
Operating profit	**239 444**	**(51 335)**	**(188 109)**
Finance cost	(5 700)	-	(5 700)
Finance income	21 936	(4 332)	17 604
Profit before income tax	**255 680**	**(55 667)**	**200 013**
Income tax expense	(82 005)	(3 787)	(85 792)
Profit for the year	**173 675**	**(59 454)**	**114 221**
Attributable to:			
Owners of the company	163 776	(59 454)	104 322
Non-controlling interests	9 899	-	9 899
	173 675	(59 454)	114 221
Headline earnings:			
Net profit attributable to the owners of the company	163 776	(59 454)	104 322
Profit on the sale of assets after taxation	(902)	-	(902)
Headline earnings	**162 874**	**(59 454)**	**103 420**
Earnings per share (cents)	721.2		459.4
Headline earnings per share (cents)	717.7		455.4
Weighted average number of shares ('000) (3)	22 709		22 709

Notes

1. Extracted from the published audited annual financial results of Cashbuild for the financial year ended 30 June 2010.
2. The specific repurchase has been accounted for in terms of IFRS 2: Share-Based Payment as a cash-settled share-based payment. Adjustments for the specific repurchase reflect the following:
   i. the specific repurchase, and subsequent distribution of R50 million is expensed as an employee cost, which is once-off in nature;
   ii. STC of R5 million, calculated at 10 percent of the specific repurchase which is deemed as a dividend for tax purposes, which is once-off in nature; and
   iii. estimated transaction costs of R1.3 million, which are once-off in nature; and
   iv. interest foregone on the specific repurchase, STC and the transaction costs at an average rate of 7.69% pa before tax assuming the full distribution was paid on 1 July 2009, which is recurring in nature.
3. The specific repurchase has no impact on weighted average number of shares in issue due to the Cashbuild Empowerment Trust being consolidated and shares held by the Cashbuild Empowerment Trust are eliminated.

Annexure 7

Independent Reporting Accountants' Report on the unaudited *pro forma* financial information of Cashbuild Limited

The Board of Directors
Cashbuild Limited
Cnr Northern Parkway and Crownwood Road
Ormonde
2001

29 October 2010

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF CASHBUILD LIMITED ("CASHBUILD" OR "THE COMPANY")

INTRODUCTION

Cashbuild is issuing a notice of annual general meeting to its shareholders ("the Notice") regarding the specific repurchase of shares from the Cashbuild Empowerment Trust ("the Trust") ("the Specific Repurchase").

At your request and for the purposes of the notice to be dated on or about 11 November 2010, we present our report on the unaudited *pro forma* statement of financial position, income statement and financial effects ("the unaudited *pro forma* financial information") of Cashbuild presented in annexure 3 and 6 to the Notice.

The unaudited *pro forma* financial information has been prepared in accordance with the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide information about how the Specific Repurchase might have affected the reported historical financial information presented, had the Specific Repurchase been undertaken at the commencement of the period or date of the unaudited *pro forma* statement of financial position being reported on.

DIRECTORS' RESPONSIBILITY

The directors of Cashbuild are responsible for the compilation, contents and presentation of the unaudited *pro forma* financial information contained in the Notice and for the financial information from which it has been prepared. Their responsibility includes determining that: the unaudited *pro forma* financial information contained in the Notice has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Cashbuild; and the *pro forma* adjustments are appropriate for the purposes of the unaudited *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express our limited assurance conclusion on the unaudited *pro forma* financial information included in the Notice. We conducted our assurance engagement in accordance with ISAE 3000 (Revised): *International Standard on Assurance Engagements applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the Guide on *Pro forma Financial Information* issued by the South African Institute of Chartered Accountants. This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited *pro forma* financial information, beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

SOURCES OF INFORMATION AND WORK PERFORMED

Our procedures consisted primarily of comparing the unadjusted financial information of Cashbuild with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Cashbuild, considering the evidence supporting the unaudited *pro forma* adjustments and discussing the adjusted unaudited *pro forma* financial information with the directors of Cashbuild in respect of the Specific Repurchase that is the subject of the Notice.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of Cashbuild and other information from various public, financial and industry sources.

While our work performed involved an analysis of the historical financial information and other information provided to us, our limited assurance engagement does not constitute either an audit or review of any of the underlying financial information conducted in accordance with the *International Standards on Auditing* or the *International Standards on Review Engagements* and, accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

CONCLUSION

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that:

- the unaudited *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of Cashbuild; and
- the adjustments are not appropriate for the purposes of the unaudited *pro forma* financial information as disclosed pursuant to Sections 8.17 and 8.30 of the JSE Listings Requirements.

Yours faithfully

PricewaterhouseCoopers Inc
Director: DJ Fouché
Accredited Auditor

2 Eglin Road
Sunninghill 2157, South Africa
(Private Bag X36, Sunninghill 2157, South Africa)

Form of proxy

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

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

FOR THE ANNUAL GENERAL MEETING TO BE HELD ON MONDAY, 6 DECEMBER 2010 AT 10H00

I/We (please print names in full) ____

of (address) ____

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, 6 December 2010 at 10h00 and at any adjournment thereof, in the boardroom, cnr Northern Parkway and Crownwood Road, Ormonde, 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 D MASSON			
	3.2. Ordinary resolution number four: MR J MOLOBELA			
	3.3. Ordinary resolution number five: MR WF DE JAGER			
4.	Ordinary resolution number six: Remuneration of non-executive directors			
5.	Ordinary resolution number seven: Re-appointment of auditors			
6.	Ordinary resolution number eight: Amendments to the Cashbuild Share Incentive Trust			
7.	Special resolution number one: Specific repurchase from the Cashbuild Empowerment Trust			
8.	Ordinary resolution number nine: Amendments to the Cashbuild Empowerment Trust			
9.	Ordinary resolution number ten: Signature of documents			

Signed at ______________________________ on ______________________________________ 2010

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 with "own name" registration 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:
   PO Box 61051
   MARSHALLTOWN 2107

   To be received by not later than 48 hours (excluding Saturdays, Sundays and public holidays) 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 with "own name" registration) and all beneficial members holding their shares (dematerialised or certificated) through a nominee should provide such CSDP, broker or nominee with their voting instructions in sufficient time to allow them to advise the transfer secretaries of the company of their voting instructions before the closing time set out in 8 above.
10. All such members wishing to attend the meeting in person may do so only by requesting their CSDP, broker or nominee to issue the member with a letter of representation in terms of the custody agreement. Such letter of representation must also be lodged with the transfer secretaries before the closing time set out in 8 above.

www.cashbuild.co.za

Northern Graphics

Cashbuild