Cashbuild Integrated Annual Report 2014

Cashbuild

Integrated
Annual
Report 2014

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About Our Integrated Annual Report

This report provides an overview of our activities as Cashbuild Limited (hereafter referred to as Cashbuild, the Group or the Company) and our subsidiary companies, for the period 1 July 2013 to 30 June 2014. This report has been prepared in accordance with the recommendations of the Third Report of the King Committee on Corporate Governance in South Africa (commonly known as King III), and consequently strives to provide information on all aspects of Cashbuild's activities in an integrated fashion.

In keeping with the direction adopted in the Company's 2013 Integrated Annual Report, this report aims to provide readers with a balanced overview of Cashbuild and its activities, and of the means by which the Company creates value for each of its identified stakeholder groups. Furthermore, the report is intended to provide insight regarding Cashbuild's ability to sustain both its own growth and the development of its relationships with these stakeholder groups in the future.

The report has been compiled with the assistance of GSA Campbell Consulting and in accordance with the requirements of the Global Reporting Initiative (GRI). It is intended to comply with the GRI's standards for a Level B Integrated Annual Report. Information regarding the specific indicators covered in the Report can be found in the GRI Table on page 133. Compliance with the GRI's Level B standard is intended to demonstrate the Company's commitment to evolving its integrated reporting practices beyond compliance with the GRI's minimum standard, toward a meaningful discussion of the Company's management of its material sustainability issues. The report, along with associated relevant information (to which reference is made at various points in the report) is also available on our Cashbuild website at www.cashbuild.co.za

In the preparation of this report, Cashbuild has attempted to identify and report on the most significant non-financial considerations and impacts arising from the core activities of the Company, as well as all significant internal and external stakeholder groups with which the Company engages around these issues.

Integrated Reporting, by its nature, represents a journey. Our aim is to continue to improve our reporting, extending disclosure and assurance. As part of our journey we have embarked on several initiatives which outcomes are uncertain due to dynamically changing variables. We nonetheless remain committed to seeking improvements in our processes and reporting.

For additional information regarding the report and its contents, readers are invited to contact Ms Belinda Rabé, our Group Financial Accountant, on +27 11 248 1500 or at brabe@cashbuild.co.za

The Scope and Boundary of the Report

This report covers the operations of Cashbuild Limited in its entirety, including its subsidiaries, in all the markets in which these entities operate. In this regard, an overview of the organisational structure is included on page 11.

The report is intended to provide all stakeholders with relevant information regarding the total value created by the Group through its activities, as well as the economic, social and environmental impacts arising from these activities. Wherever relevant, operational activities are analysed within the context of the various countries in which the Company operates, as well as of the prevailing macroeconomic climate.

Source data for the report is gathered from the Company's various subsidiaries and operating divisions, and is as far as possible, integrated so as to provide comparable performance data. Generally, where possible, information provided is directly comparable to previous financial years.

The report includes disclosures on both the financial and non-financial aspects of the organisation, in accordance with the requirements of the Companies Act no. 71 of 2008 and the Listing Requirements of the Johannesburg Stock Exchange (JSE).

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

Such forward-looking statements, as defined by the JSE, may be identified by words such as *'believe', 'anticipate', 'expect', 'plan', 'estimate', 'intend', 'project', 'target', 'predict' and 'hope'.*

Forward-looking statements are based on assumptions regarding the Company's present and future business strategies, and the environment in which it operates both at present and in the future. As such, they cannot in any way be guarantees of future performance. No assurance is given that forward-looking statements will prove to be correct and undue reliance should not be placed on such statements.

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

With regard to reporting on issues related to social and environmental sustainability, all information contained in this report is specific to Cashbuild only and does not refer to any subcontractor, joint venture or partnership, unless specifically stated. Where mention is made of Cashbuild having influenced its extended value chain to create positive social or environmental outcomes, for example through various partnership initiatives, credit must in each case be given to partner organisations. Calculations related to Cashbuild's greenhouse gas emissions (page 44) are based on the Equity Share Approach, as defined by the Greenhouse Gas (GHG) Protocol. This approach limits direct emissions to sources that are owned rather than controlled by the Company.

This report is intended to further develop and refine Cashbuild's reporting capability, particularly with regard to the non-financial aspects of the Company's operations and activities.

This report covers our operations in their entirety, including our subsidiaries, in all the markets in which they operate.

No significant changes were made between the 2013 and 2014 financial years, with regard to the scope, boundary, or measurement methods applied in the report. The report also contains no re-statements of any information included in the Company's 2013 Integrated Annual Report.

Furthermore, no significant changes occurred in the structure and ownership of the Company, although Cashbuild purchased two property companies in June 2014 which owned properties that Cashbuild stores were renting from. Certain changes occurred in areas such as the number of stores operated and the total number of employees. These changes are reflected on page 11 of the report, which deals with the organisational structure.

Materiality

This report is intended to provide insight into issues identified as the most relevant and material to Cashbuild and our various stakeholder groups.

These material issues are defined on an ongoing basis by the Company's Board of Directors, based on inputs received from various Board and operational committees and representative groups, and with a clear alignment to the Company's identified strategic risks and opportunities. In this regard, two specific Board committees, namely the Audit and Risk Committee and the Social and Ethics Committee, play a central role in the determination of Cashbuild's material issues. Refer to their reports on pages 74 and 64 respectively.

Similarly, the Company actively solicits inputs from all key stakeholders regarding the issues that they consider most material in their engagement with the organisation. Given the decentralised nature of Cashbuild's internal structures, with each store operating relatively independently from the centralised support office, the direct engagement that takes place between the Company and its employees through store-level employee forums and operational committees has proven vital in the determination of the most material issues for this key stakeholder group.

Further information regarding Cashbuild's material issues and key stakeholder groups can be found on pages 16 to 19 of the report, which deal with Materiality and Stakeholder Engagement.

Assurance

In accordance with the requirements of the Companies Act and the JSE, Cashbuild's financial statements have been subject to standard internal and external audit processes conducted by appropriately accredited audit practitioners. Additional details in this regard are provided in the Annual Financial Statements section of the report, and specifically in the Independent Auditor's Report.

With regard to the non-financial aspects of the report, the integrity of Cashbuild's reporting in these areas was overseen by the Company's Board, and specifically the Audit and Risk Committee. In this regard, Cashbuild is confident that the document and associated reporting processes comply with the GRI's Level B reporting standard, as well as with generally accepted principles for effective reporting.

The report has not been subjected to a process of Independent Third Party Assurance over the non-financial aspects of the document. The Company will consider the need for such assurance over its future reporting practices and outcomes, and will implement the required processes as it deems appropriate.

Group Highlights

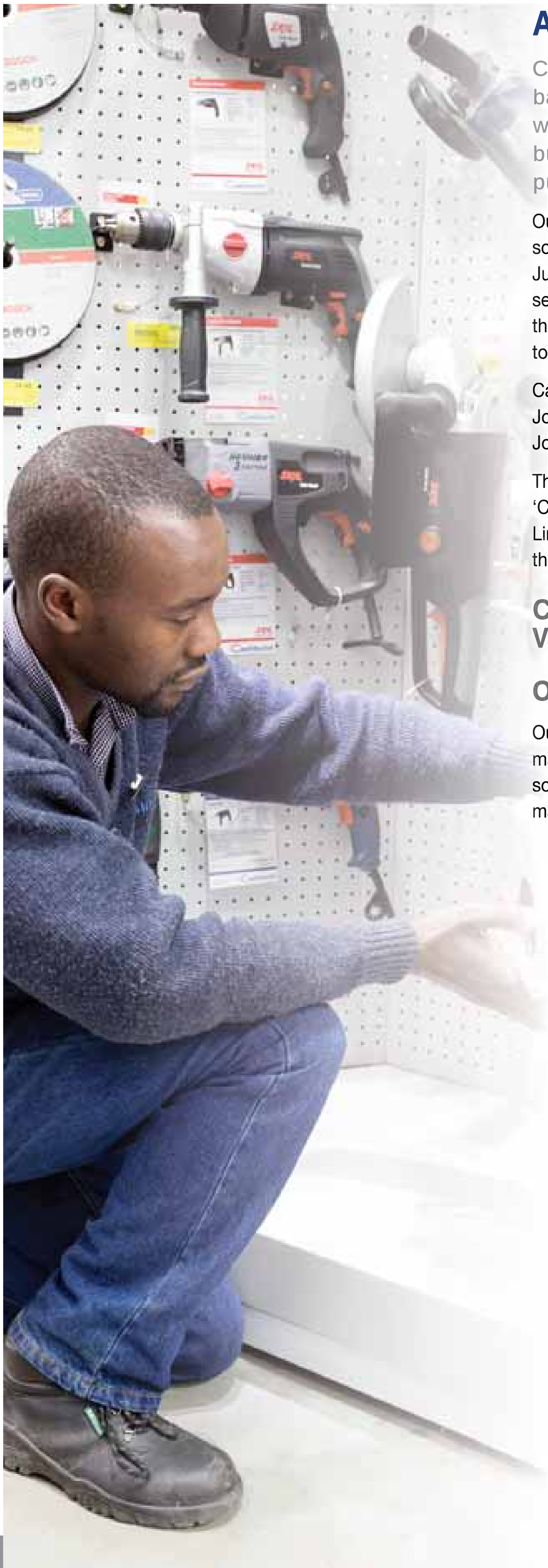
Financial Highlights

Group summary (R'000)	June 2014	June 2013
Revenue	**6 781 274**	6 376 945
Operating profit before financing income	**357 566**	322 540
Profit before taxation	**380 489**	352 033
Attributable earnings	**265 915**	245 490
Headline earnings	**265 223**	237 444
Net increase/(decrease) in cash and cash equivalents	**580 504**	(364 128)
Market capitalisation*	**3 148 726**	3 350 245
Total assets	**2 616 155**	2 069 000
Cash and cash equivalents	**704 322**	123 818
Interest-bearing borrowings	**-**	2 488
Share performance (cents per share)		
Headline earnings	**1 144.6**	1 028.3
Dividends	**528**	487
Cash and cash equivalents	**3 040**	536
Net asset value*	**4 858**	4 379
Market price - high	**16 216**	16 800
Market price - low	**11 854**	11 491
Market price - at year-end	**12 500**	13 300
Statistics		
Number of trading weeks	**52**	52
Average basket size (Rands)	**471**	450
Total wealth distributed and reinvested (R'000)	**1 040 452**	926 732
Rental prepayments on store developer contracts	**16 250**	9 715

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

Non-financial Highlights

Statistics	June 2014	June 2013
People:		
Number of employees	**4 687**	4 552
Learnerships granted	**25**	20
Turnover per employee (R'000)	**1 447**	1 401
BEE contributor level	**Level 5**	Level 5
New employees	**973**	747
Community investment:		
Schools contributed to	**331**	258
Value of school contributions (R'000)	**3 972**	3 100
Payments for delivery driver employment (R'000)	**123 341**	119 000
Total CSI spend for the year (R'000)	**127 313**	122 100
Other:		
Number of stores	**215**	200
Number of revenue transactions	**14 612**	14 166
Formal customer complaints	**761**	707
Number of stores converted through energy conservation projects	**21**	12



About Cashbuild

Cashbuild Limited ("Cashbuild") is a South African based retailer of building materials and products with over 35 years of experience in providing quality building materials at the lowest prices, direct to the public.

Our footprint encompasses 215 stores in six countries across southern Africa. We employ 4 687 committed employees (as at 30 June 2014) and contract 330 equally committed contractors and service providers. We are proud of the relationships we have built in the past and of those we continue to build through our commitment to mutual growth and our sound strategies for sustainability.

Cashbuild's corporate support office is located in Ormonde, Johannesburg in South Africa, and the Company is listed on the Johannesburg Stock Exchange under the share code CSB.

Throughout this report, unless otherwise noted, the terms 'Cashbuild', the 'Company' and the 'Group' refers to Cashbuild Limited. Please refer to the Organisational structure on page 11 for the full list of Cashbuild companies.

Cashbuild's Vision, Mission and Core Values

Our VISION - what we are striving for

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

Our MISSION - our undertaking

As the leading mass retailer of building materials and associated products and services to the full spectrum of consumers in urban and rural areas of southern Africa, we continuously seek to maximise returns to all our stakeholders. We do this through:

- our ability to understand our customers and markets, which enables us to offer a focused range of products and services suited to the specific requirements of each of these markets;
- our mutually beneficial relationships with our suppliers, substantial buying power and ability to control costs, which enables us to offer quality products at the lowest prices to our customers at all times;
- our responsible human resources practices, which make us an employer of choice and creates a challenging and productive working environment in which all our people can develop to their fullest potential and are recognised and rewarded for outstanding performance;
- bringing to the communities in which we trade, the lowest priced, quality building materials and associated products and services, as well as providing employment opportunities and support to selected community projects;
- optimally utilising all our resources so as to provide superior, sustainable financial returns 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 in an environmentally and socially responsible manner; and
- applying business processes in line with international best practices through “The Cashbuild Way”.

Our CORE VALUES - our principles

Our Core Values form the basis for all engagement, both within the Company and externally. Rather than being merely an aspiration, these values are demonstrated in the Company on a daily basis, with every employee being accountable to acting in accordance with them at all times. These Core Values are:

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

"The Cashbuild Way" - how we do things

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

The rollout during the previous financial year of various enhancements to our Intranet to improve the usability of, and access to *"The Cashbuild Way"* policies and processes, has proven highly successful in promoting adherence to the procedures and ensuring consistent operational practices in our stores.

Our Differentiators - what makes us unique?

1. We focus on OUR CUSTOMERS, ensuring that our stores are:

- ready for business;
- always in stock;
- carry quality branded products at lowest prices;
- offer everyday lowest prices in each community in which we trade;
- provide free local customer delivery services;
- honourable in all dealings; and
- ready to go the extra mile.

2. We focus on OUR COMMUNITIES:

- ensuring that Cashbuild is part of the community and that Cashbuild and the community grow together to mutual benefit;
- we have brand loyalty, vested interest and pride;
- approaching each new region with cultural sensitivity and awareness;
- developing and empowering the community sustainably; and
- creating direct and indirect employment opportunities.

3. We focus on OUR PEOPLE:

- we take pride in the Cashbuild brand, live the brand and our core values;
- we have a vested interest in the success of the Company and when we profit, you profit;
- we have a decentralised management style, with empowered store managers and employee forums supported by a centralised support office;
- we have a strong culture of working hard and being accountable;
- internal growth and development opportunities are supported by best in class HR systems, policies, processes; and
- our management approach is consistent.

4. We focus on OUR SUPPLIERS:

- we apply a proven strategic sourcing strategy;
- use local suppliers and support their growth and development;
- we build long-term relationships over many years based on common value sets;
- we positively influence the upstream value chain to benefit profit, people, planet; and
- we create opportunities to partner for mutual growth.

5. We focus on SOUND GOVERNANCE AND COMPLIANCE:

- a zero tolerance approach is supported by an anonymous tip-off system controlled by an external third party;
- The Cashbuild Way is aligned to ISO 9001;
- we employ a triple catch system via an internal audit team, Audit and Risk Committee, external auditors; and
- deployment of a new governance IT system for monitoring, controlling and reporting.

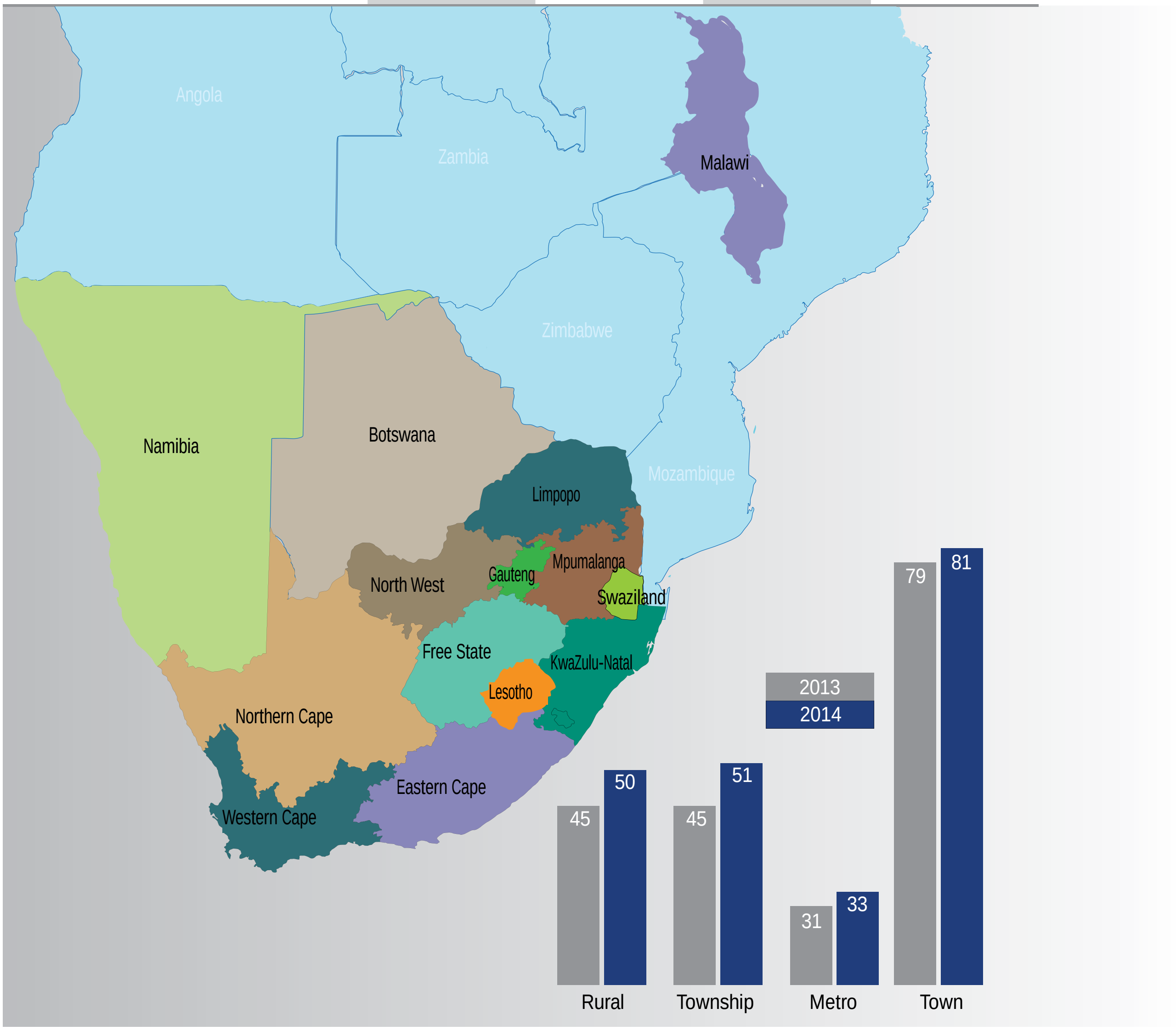
Organisational Overview

Cashbuild Stores

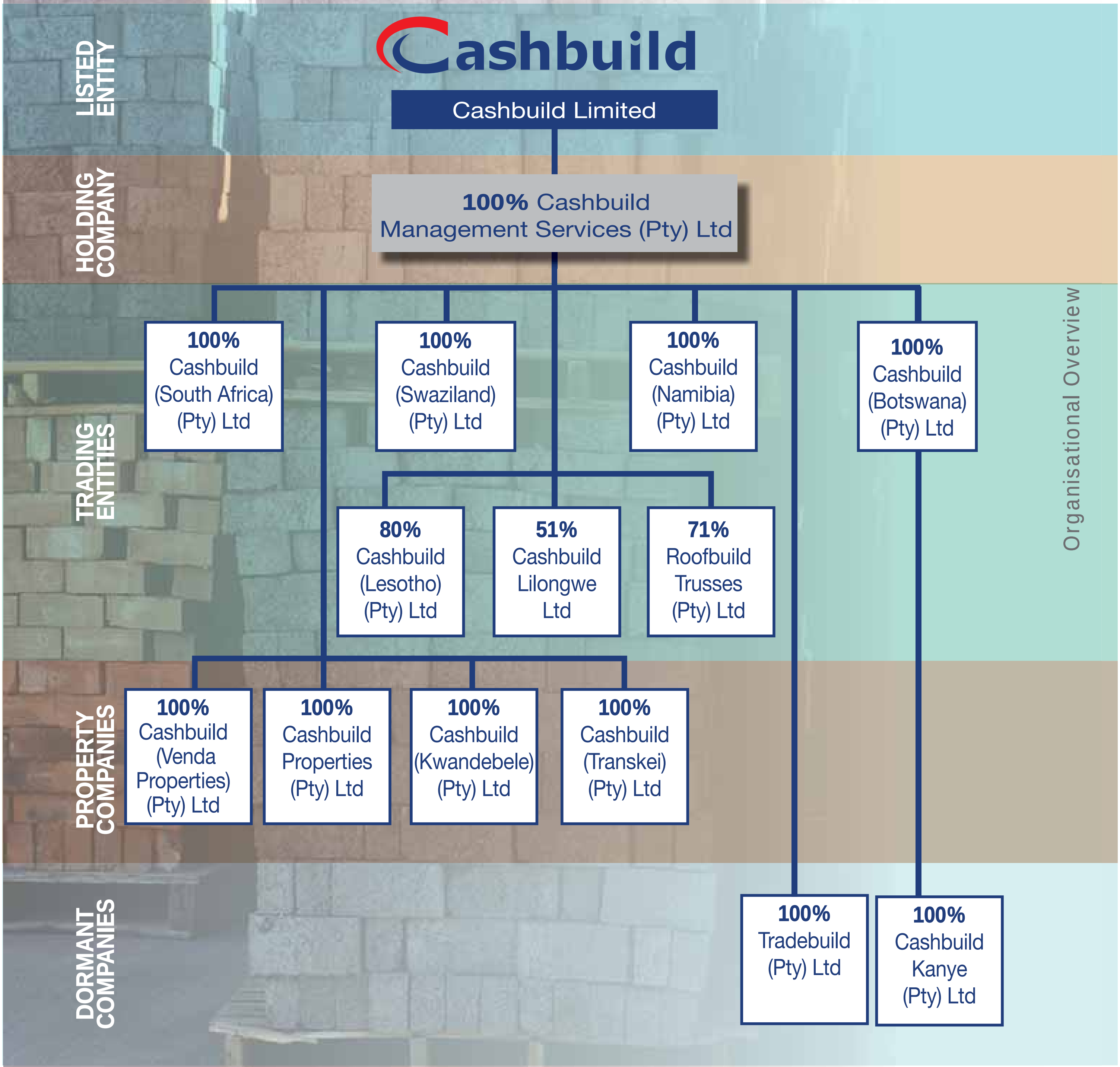
Cashbuild positions its stores to bring quality building materials at lowest prices to local communities, and strives to enhance each community in which each store trades. Store locations are selected on the basis of in-depth feasibility studies and extensive stakeholder engagement.

We will for the foreseeable future continue our strategy of store expansion, relocation and refurbishment, applying the same rigorous analysis and decision-making processes as in the past.

	Number of Stores		Employees	
Country	**2014**	2013	**2014**	2013
South Africa	**188**	175	**4 144**	4 008
Botswana	**10**	10	**175**	173
Lesotho	**5**	5	**96**	94
Swaziland	**7**	6	**166**	178
Namibia	**3**	3	**75**	67
Malawi	**2**	1	**31**	32
Total	**215**	200	**4 687**	4 552



Organisational Structure



Cashbuild at a Glance

KEY PARTNERS

Major brand suppliers

Local communities

Regional and national suppliers

Local government

KEY ACTIVITIES

Supply customers' needs

Fit for purpose

CHANNELS

Metro, urban, rural and township stores

215 stores across southern Africa

KEY RESOURCES

Supply chain and strategic sourcing

Local brick and block makers

Brand recognition

VALUE PROPOSITIONS

Dependable quality

Everyday lowest prices

Always in stock

Free local delivery

Established brands

CUSTOMER SEGMENTS

Mass home owner/renovators

Contractors and builders

Retail customer

CUSTOMER RELATIONSHIPS

Very important customer (VIC) programme

Expert advice

Exceed expectations

Long-term loyalty, community wealth creation

COST STRUCTURE

Economies of scale

Cost focus

Benchmarking

Established controls

INCOME STREAM

Margin focus

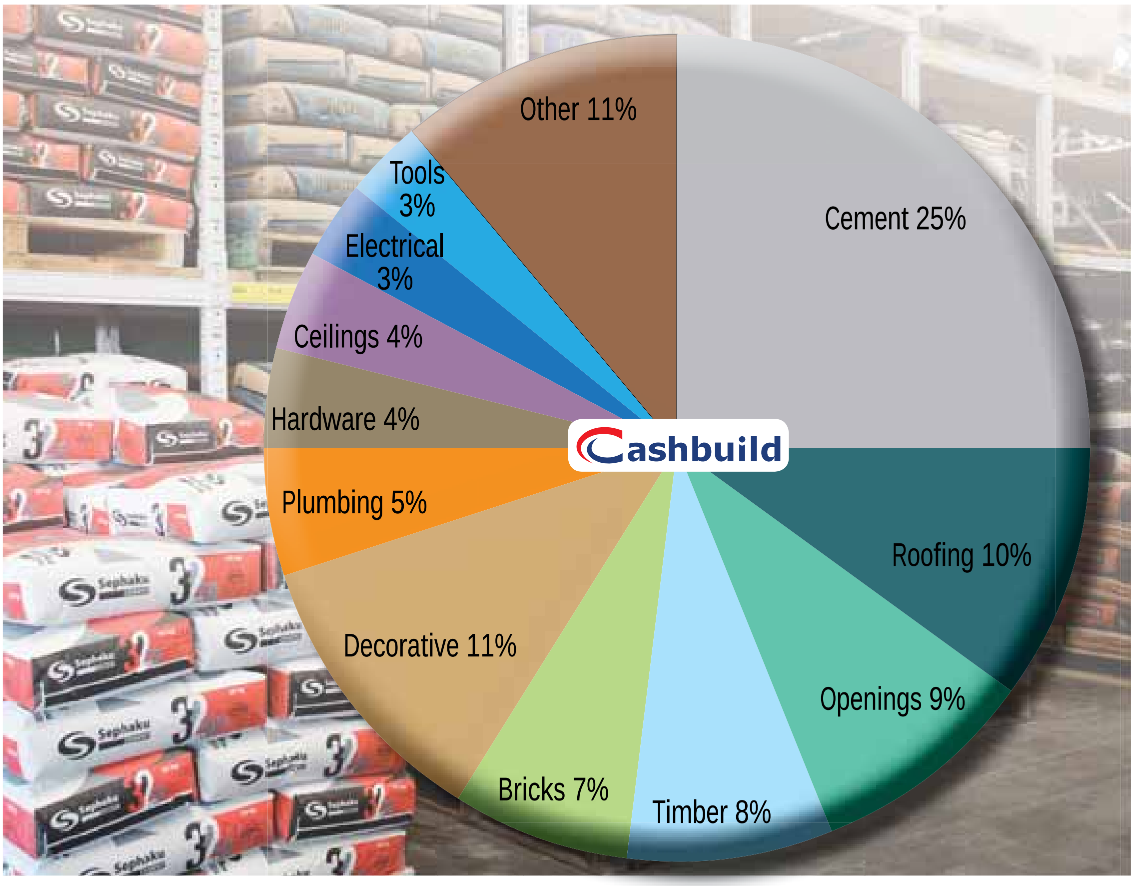
Interest maximised

Sale of goods

Deliveries

New streams under pilot

Primary Products



A basin or toilet system in a box!
Designed for easy and convenient transportation, for customers using public transport.

Strategy and the External Environment

Cashbuild has identified a number of strategic business imperatives based on identified risks and opportunities, aimed at maximising the profitability and sustainability of the Company in the medium to long term.

These risks and opportunities are correlated with the Company's materiality determination and stakeholder engagement processes. For a detailed description of the principal risks and opportunities identified by Cashbuild, as well as of the Company's risk management processes, please refer to pages 58 to 60 in the Corporate Governance section of the report.

For this reporting period, Cashbuild's key strategic imperatives were identified as:

- Maintaining a sustainable customer base and increasing customer loyalty;
- Increasing market share and maintaining growth;
- Creating stable operating environments (also by way of addressing social and economic concerns);
- Striving for internal excellence (related to employees, efficiency in processes and systems);
- Maintaining and developing strategic relationships and partnerships;
- Enhancing governance and control mechanisms;
- Maintaining the Company's competitive advantages over its competitors;
- Continuing to create economic growth in areas in which we trade; and
- Maintaining and enhancing supplier loyalty.

Naturally, no Company operates in isolation, and these strategic imperatives are therefore influenced directly and indirectly by the broader macro-economic environment in which Cashbuild operates. The Company invests significant time and effort to understand the complexities and potential impacts of this environment in order to place itself in the best position possible to deal with future events and the uncertainties that these might create.

The following table details the social, environmental and macro-economic issues identified as most relevant to Cashbuild's operations and activities. Included among these issues are those identified as key concerns by various stakeholder groups.

Macro-economic Challenges/Concerns and Cashbuild's Response to them

Issue / concern	Potential impact (High, Medium, Low)	Probability (High, Medium, Low)	Response	Outcome
Recession and curtailment in unsecured lending	Medium	High	Controlled growth, management of overheads, implementation of various cost saving initiatives	Existing store expense growth contained to 5%
Energy crisis in southern Africa, electricity supply shortages, rising electricity costs (a 24% rise expected over the next three years)	Medium	High	Energy savings target of 50%, implementation of various initiatives and pilot projects	50% energy savings target achieved in pilot projects
Socio-economic climate (rising unemployment, skills shortages, long-term strikes, service delivery protests)	Medium	High	Development of relationships with local communities in: obtaining inputs regarding CSI spend, local employment, empowerment and development, learnership programmes, employee education	135 new jobs created, 25 learnerships awarded
National Carbon Tax (South Africa)	Medium	High	Emissions reduction initiatives: route planning, lighting efficiency, solar power in stores	Reductions in emissions and electricity costs of 50%
Water scarcity in southern Africa (high water consumption in building industry)	Medium	Medium	Stakeholder engagement to influence the value chain	Ongoing, impact to be determined
Rising fuel costs, potential fuel shortages	Medium	Medium	Improved route planning and scheduling	Reductions in delivery expenses from 1.5% to 1.4% of sales and associated emissions

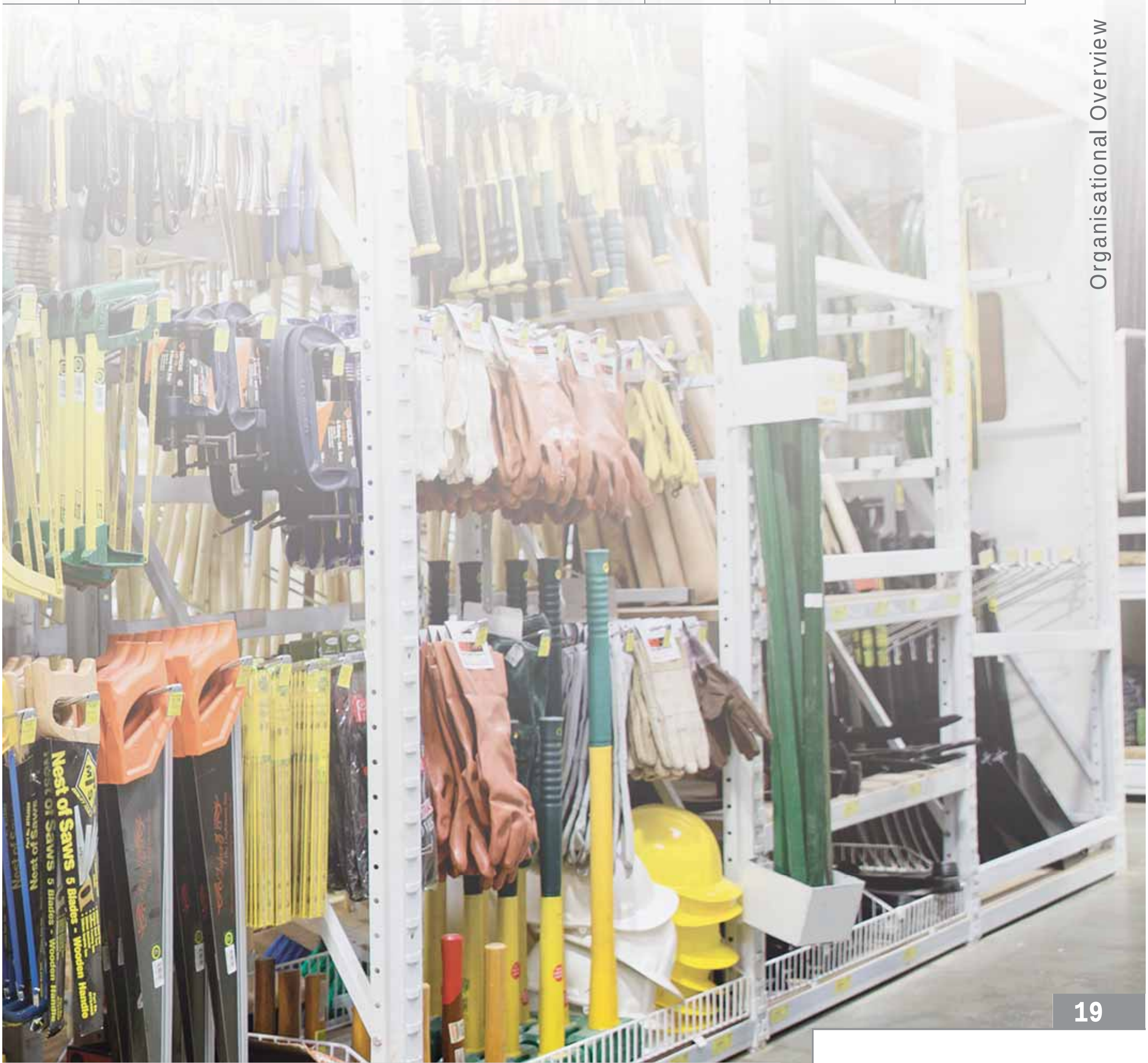
Materiality and Stakeholder Engagement

The Company's material issues are evaluated on an annual basis. The material issues identified are based on both strategic imperatives and stakeholder feedback, and reflect the key mutual interests of Cashbuild and its stakeholders.

The Company's key stakeholder groups are identified on the basis of Board deliberations, risk identification and management and other internal processes, as well as on feedback received at operational management level in the regions in which the Company's stores are located.

					Where does this link into our PPP sustainability strategy?		
Who are our stakeholders?	How did we engage our stakeholders?	What are their expectations and concerns?	How does this link to Cashbuild's Top 10 risks? (#Ranking number, pg 60)	How are we addressing these risks and concerns?	Profit (Economic - Pg 29)	People (Social - Pg 34)	Planet (Environment - Pg 44)
Employees, learners, contractors, sub-contractors	- Informal socials and employee forums - Employee surveys - Management roadshows - Health, safety and wellness forums	- Fair remuneration	- No direct link to risks as there is no indication that remuneration structure is a concern	We are proudly an employer of choice with our HR model providing a firm foundation for growth and development and responds to the needs of our staff/contractors and builds loyalty among all		✔	
		Governance and compliance:					
		- Fair work practices, transformation and development	- Risk that attention needs to be given to identifying and fast tracking internal black candidates into senior management positions (#10)	Cashbuild encourages broad based economic empowerment in all communities in which it operates (opportunities to become independent business owners for subcontractors); Management learnership program introduced; Although not heavily unionised for the most part, Cashbuild engages unions where necessary to encourage stability regarding labour issues		✔	
		- Safe working conditions	- No direct link to risks as injuries reported is very low	A health and safety representative has been appointed and a first-aider is appropriately trained and qualified at each store and support office department, outsourced partners ensure compliance with latest regulations		✔	
		- Strong and clear leadership	- No direct link to risks as no deficiencies in management or leadership have been identified	Our decentralised model enables our divisional and store managers to be on site every day, our support office at the center offers strategic and functional best in class support and drives the growth of the business		✔	
		- Medical aid benefits	- No direct link to risks	The request for medical assistance for employees was tabled during the year and was concluded as not financially feasible		✔	
Customers and communities	- Direct engagement at store openings - Marketing surveys - In-store kiosks and customer care and feedback mechanisms	- Availability of quality goods	- Level of stockholding (# 5)	Targeted reduction of stock levels, sourcing products from local suppliers on a strict basis on their ability to produce and deliver timeously, products of consistently high quality at competitive prices direct to stores. We stock our stores based on the needs of the local area, ensuring availability of in demand products	✔	✔	✔
			- Actioning of stock losses (#1)	Improved attention to be given to a wall-to-wall stocktaking processes and review of shrinkage, in addition each store in the Company will be exposed to at least one wall to-wall stock count per annum while closed for trading	✔	✔	
		- Excellent service and free deliveries	- Improve customer service (#3)	Increased emphasis on customer service training and making the follow up of complaints a KPI measure for our store staff; Our customer care line is monitored by a strict policy whereby divisional and operational management are involved to ensure timely complaint resolution within 48 hours	✔	✔	
		- Local employment opportunities	- Talent pool to meet Cashbuild's store expansion program as per current store development plan (#6)	Cashbuild encourages broad based economic empowerment in all communities in which it operates (opportunities to become independent business owners for subcontractors); Identification of stores that will be opening per operational area during the next 18 months to be linked with a plan to appropriately utilise identified staff members in the talent pool	✔	✔	
		- Sustainability of community initiatives	- No direct link to risks as there is no indication that initiatives are not sustainable	Our proven track record of decades of successful store openings and continued investment within the communities in which we trade; Initiatives include Art at Heart, local delivery driver employment and building supply donations to local schools	✔	✔	
Shareholders, investors, analysts and media	- Analyst presentations - Bi-annual roadshows - Annual general meetings - Investor relations - Television and radio interviews	- Return on investment through market share and growth	- Expense growth exceeding gross margin and rental escalation (#4)	Budgeting being done realistically and regularly monitored with non-performance being appropriately actioned; Expenditure exceeding budget requiring executive approval; Renegotiation of existing lease conditions and increased consideration of property purchase options	✔		
			- Loss making stores (#7)	Careful analysis per loss making store with detailed store specific action plans put in place per store to address the situation	✔	✔	
			- Address trend of declining transactions (#8)	Focus on specific stores to determine reasons and devise appropriate corrective actions (ie fighting pricing and store relocation)	✔		
			- Growing competition in industry (#9)	Alternative store models being evaluated and piloted as well as pro-active fighting policy in specifically identified areas	✔	✔	
		- Sound business practice, transparency, governance and compliance	- No direct link to risks as there is no indication that transparency or compliance issues exist	The board and its respective committees oversee compliance with all applicable laws, regulations and codes of business practice. The board continues to delegate 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	✔	✔	
		- Market related executive remuneration	- No direct link	Remuneration committee currently reviewing remuneration practices to ensure any concerns are addressed (refer to page 69 of the Remuneration Report for details of these concerns raised)	✔	✔	
Local and provincial Government and regulatory bodies (Labour, Education, Health and Social Services, SARS)	- Partnering sessions for SARS business coaching for development of subcontractors - National builders forums - Audit and related meetings	- Legal compliance	- No direct link to risks as there is no indication that compliance issues exist	Cashbuild has built and maintained relationships with local, provincial and national authorities, while maintaining its status as a good corporate citizen. Regular workshops and training provided to ensure correct labour and health and safety guidelines are adhered to.	✔	✔	✔
Suppliers, service providers, specialists, industry partners	- Strategic sourcing meetings - Meetings and correspondence - Industry conferences and functions	- Timeous payments and favourable contract terms, preferential procurement	- No direct link to risks as there is no significant supplier issues noted	We ensure engagement and on-going long-term relationship building and partnership with our suppliers to negotiate favourable pricing and terms. We build relationships based on quality, trust and open communication. We consider our suppliers and service providers as partners in our ability to deliver on our sustainability strategy.	✔		✔
JSE and other local and international regulatory/listings bodies	- Business associations - Written communications and presentations	- Statutory and legal compliance and adherence, while complying with governance guidelines (Companies Act, King III, CSI, GRI)	- No direct link to risks as there is no indication that compliance issues exist	We aim to comply fully with regulations and engage with regulatory bodies should there be deficiencies in our compliance for any reason.	✔	✔	✔

		Where does this link into our PPP sustainability strategy?		
	How are we addressing these risks and concerns?	**Profit (Economic - Pg 29)**	**People (Social - Pg 34)**	**Planet (Environment - Pg 44)**
	Cashbuild has built and maintained relationships with local, provincial and national authorities, while maintaining its status as a good corporate citizen. Regular workshops and training provided to ensure correct labour and health and safety guidelines are adhered to.	✔	✔	✔
	We ensure engagement and on-going long-term relationship building and partnership with our suppliers to negotiate favourable pricing and terms. We build relationships based on quality, trust and open communication. We consider our suppliers and service providers as partners in our ability to deliver on our sustainability strategy.	✔		✔
	We aim to comply fully with regulations and engage with regulatory bodies should there be deficiencies in our compliance for any reason.	✔	✔	✔



Chairman's Report

Introduction

As chairman of Cashbuild for many years, I have seen the Company grow and evolve, thriving in tough economic circumstances thanks to the tireless efforts and commitment of Cashbuild's employees supported by the Board. The year under review has been a difficult one, with a turbulent macro environment resulting in tough trading conditions for Cashbuild and increased pressure from competitors. These challenges provided us with opportunities to learn, innovate and grow. Our medium and long term strategy is firmly in place with the Company targeting steady growth and positioning itself to take advantage of available opportunities. We are cautious but optimistic about the future.

Cashbuild has invested in the communities in which it trades for more than 35 years. We have been proactively involved and engaged in ongoing sustainability initiatives even before the term was coined, simply because it's good business. We understand our trading environment and that building lasting relationships with our stakeholders is vital for our success – it has become part of the Cashbuild culture. This year, our sustainability reporting more closely reflects our efforts, detailing our CSI initiatives and showing the links to our strategy, risks and opportunities.

In line with our strategy to grow our market share, we have increased our reach through store numbers during the current year by 15 (2013: 9) and have, relative to our competitors, performed well. With these store openings, we increased our staff complement to 4 687 (2013: 4 552) and invested in the communities in which we trade with a CSI commitment of R127.3 million (2013: R122.1 million).

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

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

D Masson
Chairman
1 September 2014


BOSCH
SKIL
SKILSAW
Cashbuild
HAMMER

During this financial year Cashbuild launched a smaller format Cashbuild store called

CashbuildDIY
doing it your way

SIX
CashbuildDIY
doing it your way
stores at year-end

Chief Executive's Report

Operational Review

As an executive team, we recognised at the beginning of this financial year that the 2013/14 financial year would be demanding and would require an exceptional effort from all involved.

From the outset the key focus areas for the year were:

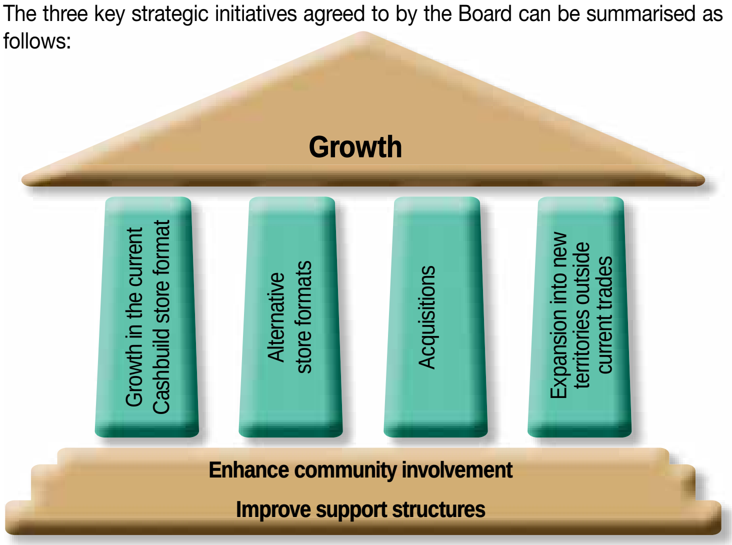
- grow the top line revenue - achieved 6% growth;
- grow gross profit (rands banked) - achieved 10%;
- contain operating expenses in existing stores - expenses grew by 5%; and
- grow bottom line - achieved R381 million (8% up on last year).

This financial year has however, demonstrated the results of continuing tough trading conditions for Cashbuild, which in many ways is a reflection of the broader macro environment. The curtailment of unsecured lending, a prolonged strike in the platinum sector and many service delivery protests during the year, all had a significant effect on our customer base, resulting in less cash being available to our customers.

Cashbuild had its best year ever in terms of investing in our business, with 42 store development projects being completed. These comprised:

- 15 new Cashbuild stores (215 trading at financial year end);
- 20 stores refurbished; and
- seven stores relocated.

Strategic Review
The three key strategic initiatives agreed to by the Board can be summarised as follows:



Good progress has been made with investment in new and existing stores and this will continue to be a major focus area.

During this financial year Cashbuild launched a smaller format Cashbuild store called Cashbuild DIY. Through this format, Cashbuild will gain access to previously inaccessible markets. The first pilot store opened in September 2013 in Mamelodi. Since then, another five pilot stores have been opened, bringing the total number of Cashbuild DIY stores at year-end to six.

Currently another five DIY stores have been approved, to open during the next six months.

At year-end Cashbuild was thus represented in 221 different outlets (215 Cashbuild + six DIY).

In the short to medium term, we continue to focus on ensuring the success of our business. This entails expanding our store base to build a foundation for solid, long-term and strategically important relationships; partnering with our suppliers;

and strengthening our understanding of our client base and their specific needs. Ongoing stakeholder engagement, which has grown over time into a key component of the Cashbuild culture – simply “the way we do business”, has provided us with opportunities to learn, grow and to improve the way we go about our activities. We consider our investment and re-investment into the southern Africa region with pride.

We believe strongly that our strategically implemented structure and decentralised model with its potential to yield value through the development of important and enduring local relationships and the strong backbone the Cashbuild Support Office provides, differentiates us from our competitors. In the future, however, we intend to pay strategic attention to these areas. We will also focus on ensuring that our Corporate Social Investment spend continues to add value to people’s lives and builds the relationships that it is intended to achieve.

Looking Ahead

Cashbuild strives to continue increasing its revenue, profitability and market share through our primary expansion strategy of store openings, as well as through exploring ancillary initiatives and fast-tracking pilot projects.

Management is confident that even in a depressed economic climate with relatively slow growth, Cashbuild’s market share will continue to grow steadily, supported by the necessity for the governments of all the countries in which we operate, to increase home ownership, as well as the continued demand on private home builders and developers to meet the aspirations of more home owners for larger and better housing. We consider our investment and re-investment into communities, including via the development and support of local suppliers and providing local opportunities for wealth creation, as a crucial element of our strategy for sustained growth and stability in some tough operational regions.

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

As an executive team we understand the challenges and risks that lie ahead in the year to come and are geared to handle them effectively.

Dividends

The Board recognises the importance of rewarding its shareholders in a consistent and responsible way. The dividend policy is therefore consistently applied. As in the previous financial year, the policy is two times cover.

Acknowledgement

The strength of our partnerships bears testimony to the many years of effort invested by Cashbuild in building enduring relationships with key stakeholders and taking their issues and concerns into account.

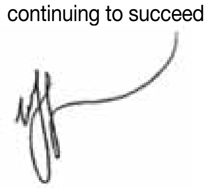
In these tough economic times, I extend my sincere thanks to all our stakeholders, who form an integral part of our continued sustainability and success.

The continued hard work of each and every staff member, backed by supportive families and communities, is recognised and highly appreciated. Their effort and enthusiasm forms the foundation for our growth and success. Committed, positive and friendly employees are synonymous with the Cashbuild brand.

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

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

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



Werner de Jager
Chief Executive
1 September 2014

Awards Received

During the reporting period, Cashbuild was recognised as the Best Retailer in the Hardware and Building category at the Times and Sowetan Retail Awards.

Operational and Divisional Areas

Operational Area 1 - Anton Hattingh	
Division	**Divisional Manager**
Gauteng North West	Eddie Prollius
Central East Gauteng	Fanie Craggs (Trainee)
Gauteng South (Soweto)	David Makhuvele (Trainee)
Vaal Triangle	Tyron Myburgh
Mpumalanga South	Ian Mckay
Northern Natal	Wayne Graven
Kwazulu-Natal	Tommy Naidoo (Trainee)
Malawi	Hennie Roos
Gauteng West	Ryno van Staden (Trainee)

Operational Area 2 - Shane Thoresson	
Division	**Divisional Manager**
Mpumalanga North	Attie Nel
Mpumalanga	Andre Van Der Walt
Swaziland	Zamani Tsabedze (Trainee)
Gauteng North	Christo Basson
Groblersdal	Vacant
Limpopo North	Renier Smith
Limpopo	Callie Coetzee (Trainee)
Botswana North	Alec Mandevu
Botswana South	Andre Phillips
Namibia	Derick Klugkist (Trainee)

Operational Area 3 - Willie Dreyer	
Division	**Divisional Manager**
Eastern Cape*	Jeff Maas
Western Cape	Brian Mcpherson (Trainee)
North West**	Musa Mkhwebane
North West***	Hennie Roos

* Covers Uitenhage Central, Ziyabuya, Daku, Kwanobuhle, Humansdorp, Oudtshoorn, Thembalethu and New Brighton areas

** Covers Brits, Hebron, Lethlabile, Mabopane and Soshanguve areas

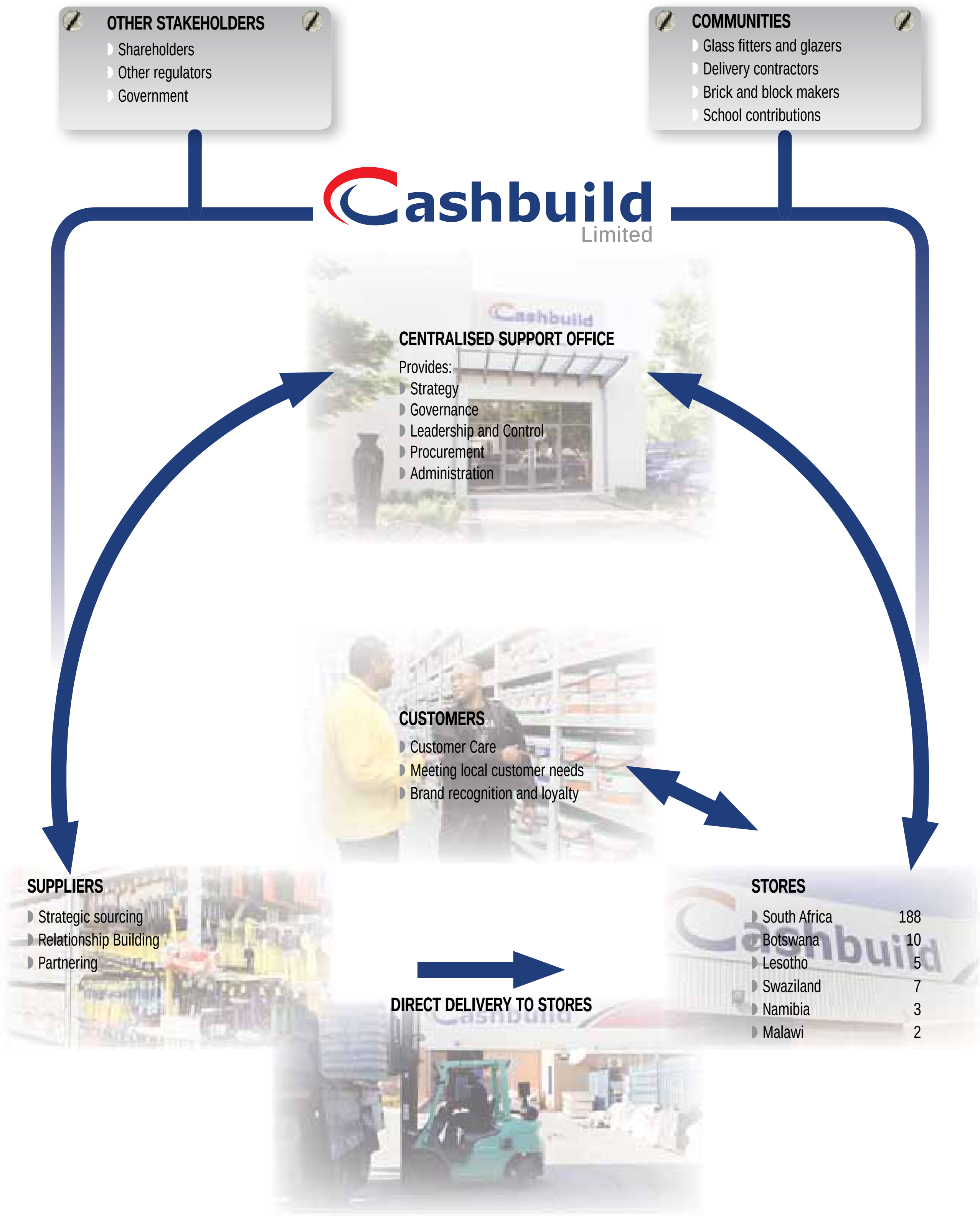
*** Covers Klerksdorp, Lichtenburg, Mafikeng, Mmabatho Central, Mogwase, Northam, Lephalale, Rustenburg and Boitekong areas

**** Covers Kokstad Central, Matatiele Central, Port Shepstone, Harding, Umzimkulu, Amalinda, Mdantsane, East London Relocation and Bizana areas

***** Covers Cofimvaba, King William's Town, Engcobo, Lady Frere, Sterkspruit, Queenstown Central, Alice and Fort Beaufort areas

Operational Area 4 - Crous De Beer	
Division	**Divisional Manager**
East London	Mark Scholes
Eastern Cape****	Mark Sutherland
Lesotho	Norbert Mokobori
Freestate	Kobus Venter (Trainee)
Freestate/Northern Cape	Adriaan Van Der Berg
Eastern Cape*****	Jacques Van Rooyen

For a detailed listing per store and the respective store managers please refer to www.cashbuild.co.za


OTHER STAKEHOLDERS
Shareholders
Other regulators
Government
COMMUNITIES
Glass fitters and glazers
Delivery contractors
Brick and block makers
School contributions
Cashbuild
Limited
CENTRALISED SUPPORT OFFICE
Provides:
Strategy
Governance
Leadership and Control
Procurement
Administration
CUSTOMERS
Customer Care
Meeting local customer needs
Brand recognition and loyalty
SUPPLIERS
Strategic sourcing
Relationship Building
Partnering
DIRECT DELIVERY TO STORES
STORES
South Africa 188
Botswana 10
Lesotho 5
Swaziland 7
Namibia 3
Malawi 2

Sustainability Report

Management Approach

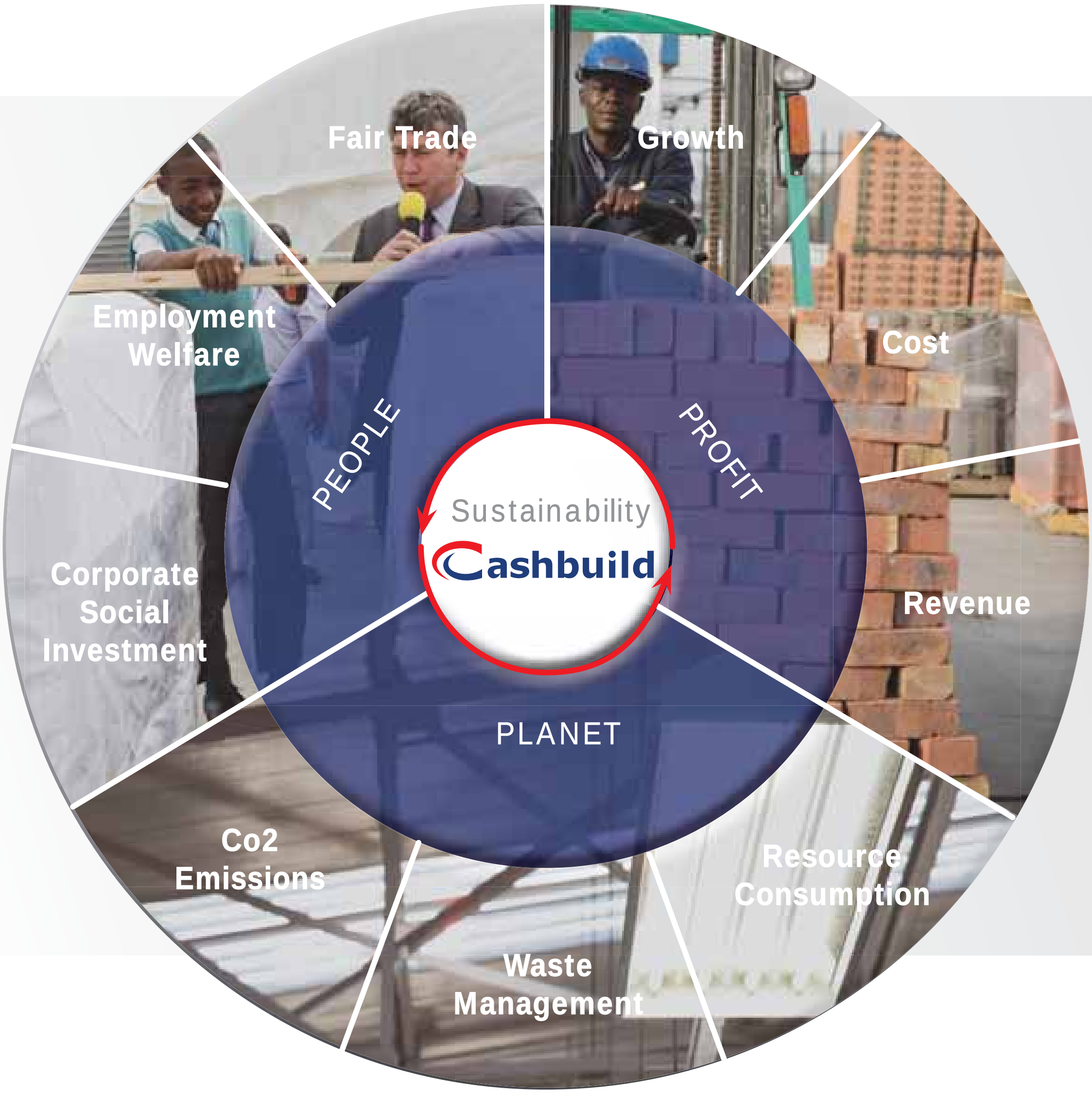
Cashbuild's Model for Corporate Sustainability

Cashbuild's approach to corporate sustainability is informed by the Company's own interpretation of the widely accepted triple bottom line approach. This approach is termed the 'Profit, People, Planet' (PPP) model.

The underlying objective of the model is to ensure that Cashbuild focuses the appropriate degree of attention on each of these areas, taking into account the impact of each aspect on the Company's performance, as well as the impact that the Company has on its stakeholders in each area. This in turn ensures that Cashbuild maximises its opportunities for sustained financial and non-financial success in the short, medium and long term.

In the broadest possible sense, sustainability is defined by Cashbuild as "maximising the Company's chances of continued existence in the future". More specifically, and borrowing from the established definition of sustainable development, it can be defined as the utilisation of current resources without detriment to future generations. For Cashbuild, the concept of sustainability is not limited to the Company's impact on investors, society and the environment, but also includes the impact of social and environmental considerations on the Company's ability to continue sustaining itself and supporting those individuals and organisations that depend on its success.

The concept of value creation is becoming increasingly recognised within Cashbuild as a measure of the Company's sustainability. In this context, the value created by the Company is certainly not limited to financial returns, but also



includes the somewhat less tangible value that the Company adds through its operations to the communities in which its stores are located, as well as the value that can be created through mitigation of the Company's environmental impacts (for example through emissions reduction initiatives). These various measures of value, and the interdependencies that they represent, all play a significant role in the Company's efforts to grow and develop in the future.

The broader external environment in which Cashbuild operates, including the various macro-economic and geo-political factors identified elsewhere in this report, will of course influence, either positively or negatively, the Company's attempts to create value for its stakeholders. In response, Cashbuild will continue to proactively and consistently monitor these factors, and take the action required.

In developing any sustainability-related initiatives, or programmes aimed at creating value for stakeholders, the Company's Board and executive are required to adopt the precautionary approach, in order to ensure that neither Cashbuild nor any of its key stakeholder groups are in any way disadvantaged by the decisions taken within and implemented by the Company. This implies careful consideration of the intended and unintended consequences of the proposed initiatives, as well as comprehensive feasibility and impact assessments (including cause and future effect). In this regard, Cashbuild's comprehensive approach in the development and execution of pilot projects, prior to implementing widespread changes, has stood the Company in good stead across all areas of activity.

Cashbuild Sustainability and Strategy Drivers

Our strategic business imperatives (derived from business strategy, risks and opportunities

- Sustainable customer base, customer loyalty
- Increased market share, continued growth
- Stable operating environments (social and environmental concerns)
- Internal excellence (people, processes, systems)
- Strategic relationships and partnerships
- Good governance and controls
- Staying ahead of the competition
- Economic growth (urban and rural environments and southern African countries)
- Supplier loyalty

What is most important to our stakeholders

- Availability of quality goods and excellent service
- Sustainability of community initiatives
- Good governance and compliance
- Clear and transparent reporting
- Share growth
- Local employment opportunities
- Development and growth opportunities
- Economic empowerment and transformation
- Free delivery

Macro-economic challenges/concerns
(see table on page 15)

In the complex southern African environment in which Cashbuild operates, many valuable lessons have been learned over the Company's history, spanning more than 35 years. Particularly in terms of cultural sensitivities, community priorities, and the absolute necessity to build lasting, open relationships with stakeholders. The decentralised model and local recruitment policy, which empowers local managers who have the greatest understanding of the nuances of the communities in which their stores operate, has proven to be one of the Company's greatest advantages, and has significantly assisted in risk mitigation during the establishment of Cashbuild operations in new and often challenging environments.

Cashbuild's management approaches for mutually beneficial sustainability initiatives can be summarised as the following:

- Applying a 'common sense' approach;
- Direct linkage to the Company's strategic objectives (i.e. providing tangible benefits to both the Company and its stakeholders), or directly addressing strategic risks and/or opportunities;
- Association with reputable suppliers who share similar values and principles;
- Influencing the Company's value chain (upstream and downstream);
- Investing holistically and in line with strategic objectives, rather than on the basis of charity or philanthropy;
- Flexibility within the Company's Sustainability Model, so as to evolve as required and rapidly implement lessons learnt;
- Sensitivity to and respect for cultural nuances, particularly in communication with different stakeholder groups;
- The development of strong long-term relationships with all stakeholders and partner communities, and effective engagement to understand their issues and concerns; and
- Displaying genuine responsible corporate citizenship and influencing other organisations to do the same.

Profit - Economic Sustainability

As a listed Company, Cashbuild, along with its Directors and executive management, acknowledges its fiduciary responsibility to shareholders and other stakeholders to manage the Company in such a manner as to ensure its financial viability and sustainability in both the short and long term, and create significant economic value for these stakeholders.

Store Expansion, Relocation and Refurbishment

A critical element in the achievement of these objectives is a sustained and sustainable increase in the number of Cashbuild stores, as well as the physical location of each store within its catchment area. In the coming years, the Company plans to open at least ten additional stores per year. These additional stores are approved on the basis of identified locations showing clear potential to meet strict financial and operational criteria. Furthermore, from a human resources perspective, investment in a new store requires significant operational and store management experience to be available within the Company for deployment into the new location.

The Cashbuild store base is reviewed and critically analysed on an ongoing basis, particularly as and when 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.

With regard to store refurbishment, Cashbuild's strategy is to refurbish and/or upgrade all stores on a rolling five-year basis. During the 2013/14 financial year, 20 stores were refurbished and seven relocated. As in the case of new store openings, store relocations are approved on the basis of strict operational and financial criteria.

Customer Growth

Cashbuild's customer model is one that encourages and enables communities to build, renovate, repair and decorate their homes and businesses throughout southern Africa. The Company prioritises and actively supports the work of local councils and other local government bodies to build schools, clinics and housing in every community in which it trades. As a result, Cashbuild has become the first choice retailer of quality branded building materials within these communities.

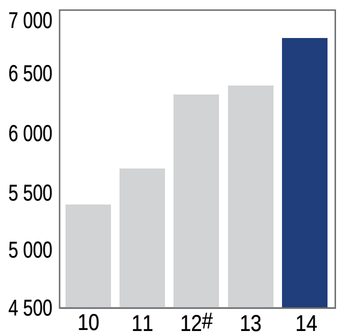
As part of maintaining this position, the Company has developed proven methods of communicating with customers in the most effective manner possible, taking into account geographical, socio-economic and other factors. These models are continually being refined, and this process will continue in the future, with particular emphasis being placed on exposing potential new customers to Cashbuild, encouraging and supporting customers to carry out their own home building and improvements, and facilitating workshops to coach small builders in growing their businesses.

Cashbuild's communication models incorporate factors as diverse as regional demographics, specialised retail advertising and corporate branding partnerships, all of which enable the Company to accurately develop, predict and take advantage of market trends, and thereby exceed customer expectations.

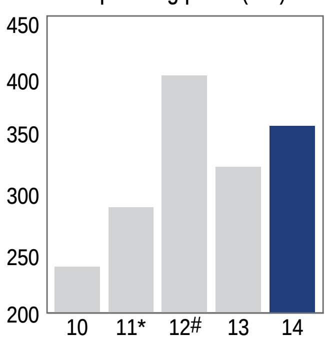
Group Five Year Financial Review

R'000	Five year compound growth % p.a	June 14 (52 weeks)	June 13 (52 weeks)	June 12 (53 weeks)	June 11 (52 weeks)	June 10 (52 weeks)
Group Income Statement						
Revenue	6	**6 781 274**	6 376 945	6 310 052	5 667 494	5 369 146
Profit before taxation*	7	**380 489**	352 033	433 330	319 598	255 680
Earnings attributable to shareholders*	8	**265 915**	245 490	286 832	206 489	163 776
Group Statement of Financial Position						
Shareholders' funds	16	**1 223 723**	1 102 976	976 674	839 524	697 466
Non-controlling interests	(19)	**15 395**	13 460	11 408	54 863	52 140
Interest-bearing borrowings	100	**-**	2 488	2 472	2 657	2 427
Total Equity and Interest-bearing Borrowings	14	**1 239 118**	1 118 924	990 554	897 044	752 033
Tangible and intangible assets	18	**836 193**	668 930	558 693	541 106	453 442
Net deferred tax asset	(48)	**421**	3 238	11 157	10 461	9 321
Current and other assets	6	**1 779 541**	1 396 832	1 356 218	1 584 844	1 398 498
TOTAL ASSETS	9	**2 616 155**	2 069 000	1 926 068	2 136 411	1 861 261
TOTAL LIABILITIES	5	**1 424 419**	952 564	937 986	1 298 293	1 111 655
NET ASSETS	14	**1 191 736**	1 116 436	988 082	838 118	749 606

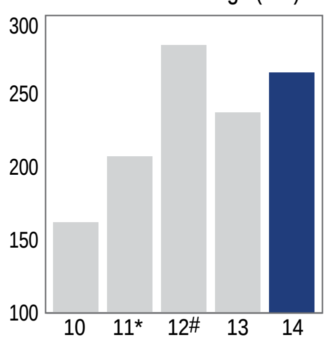
Revenue (Rm)



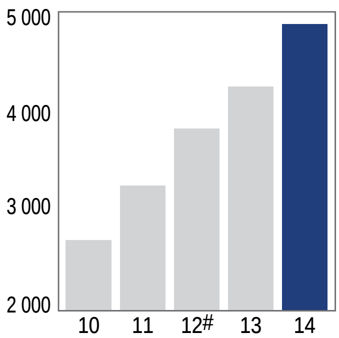
Operating profit (Rm)



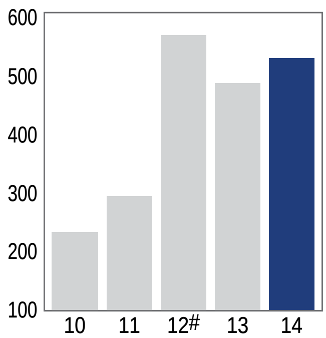
Headline earnings (Rm)



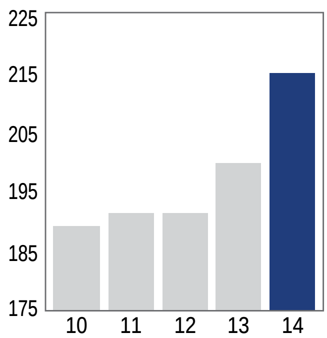
Net asset value per share (cents)



Dividends (cents)



Number of stores



*2011 excludes BEE transaction
#2012 includes 53rd week

Key Performance Statistics

R'000	Five year compound growth % p.a	June 14 (52 weeks)	June 13 (52 weeks)	June 12 (53 weeks)	June 11 (52 weeks)	June 10 (52 weeks)
Share performance						
Headline earnings per share (cents)	8	**1 144.6**	1 028.3	1 255.7	916.4	717.2
Dividends per share (cents)	17	**528**	487	569	296	233
Net asset value per share (cents)	16	**4 858**	4 379	3 877	3 109	2 703
Number of shares in issue (000's)		**25 190**	25 190	25 190	25 190	25 805
Market price						
- high (cents)		**16 216**	16 800	13 800	10 000	8 150
- low (cents)		**11 854**	11 491	8 980	6 500	6 400
- at year end (cents)		**12 500**	13 300	13 700	9 500	7 502
Price earnings ratio at year-end*		**10.85**	12.51	10.8	10.45	10.40
Market capitalisation at year-end (R'000)	14	**3 148 726**	3 350 245	3 451 004	2 393 032	1 935 917
Returns and productivity						
Profit before tax on revenue (%)*		**5.61**	5.52	6.87	5.64	4.76
Return on shareholders' funds (%)*		**20.76**	22.26	29.66	25.94	23.48
Return on average capital employed (%)*		**22.86**	23.61	32.60	27.89	25.55
Total asset turn (times)		**2.59**	3.08	3.30	2.65	2.88
Turnover per employee (R'000)	6	**1 447**	1 401	1 417	1 294	1 212
Profit before taxation per employee (R'000)*	6	**81**	77	97	73	58
Total assets per employee (R'000)	9	**558**	455	430	488	420
Solvency and liquidity						
Dividend cover (times)		**2.17**	2.18	2.22	2.23	3.10
Current ratio		**1.37**	1.61	1.58	1.30	1.35
Total liabilities to total shareholders' funds		**1.13**	0.86	0.96	1.66	1.59
Interest-free liabilities to total assets		**0.53**	0.46	0.49	0.61	0.60
Other statistics						
Number of employees		**4 687**	4 552	4 453	4 381	4 432
Number of stores		**215**	200	191	191	189

*2011 Excludes BEE transaction

Group Value Added Statement

R'000	2014	%	2013	%
Revenue	**6 781 272**		6 376 945	
Less: Cost of merchandise and expenses	**(5 764 747)**		(5 480 931)	
Value added from trading operations	**1 016 525**		896 014	
Interest received on investments	**23 927**		30 718	
Total wealth created	**1 040 452**	**100.0**	926 732	100.0
To employees - salaries and benefits	**561 115**	**53.9**	499 503	53.9
To government - company taxation	**108 292**	**10.4**	95 673	10.3
To providers of capital:	**112 305**	**10.8**	136 048	14.7
- Dividend to shareholders	**107 763**	**10.4**	131 762	14.3
- Interest on borrowings	**1 004**	**0.1**	1 225	0.1
- Minorities' interest	**3 538**	**0.3**	3 061	0.3
Total wealth created	**781 712**	**75.1**	731 224	78.9
To retain for reinvestment in the Group	**258 740**	**24.9**	195 508	21.1
- Depreciation, amortisation and impairment of property	**100 588**	**9.7**	81 780	8.8
- Income retained in the business	**158 152**	**15.2**	113 728	12.3
Total wealth distribution and reinvested	**1 040 452**	**100.0**	926 732	100.0

Risks from Climate Change

The issue of climate change has over the past several years become increasingly relevant for all corporate entities, irrespective of size or core business, and Cashbuild is no exception in this regard. As a retailer rather than manufacturer or producer of building materials, the principal risks for Cashbuild arising for climate change can be considered as indirect rather than direct.

At the same time, however, Cashbuild recognises unmitigated climate change as a risk for both the economies of the countries in which it operates, and for its own operations in these countries. As a supplier to the building industry, the Company specifically recognises the potential impacts of shifts in climatic conditions to the viability and time frame of building projects, and therefore to the Company's cash flows and long-term profitability.

In economic sustainability terms, the principal concerns facing Cashbuild in this area are related to the increasing costs of electricity consumption, for example through the proposed carbon tax in South Africa, which is expected to be implemented in the Group's upcoming financial year. In order to address this issue, during the year under review, Cashbuild retained the services of an external service provider to provide in-depth analysis of the Company's energy consumption and make concrete recommendations regarding possibilities for reductions or efficiency gains in this area.

Local Hiring Practices

The recruitment and development of local employees comprises a central element of Cashbuild's recruitment policy. This policy has proven to be a major contributing factor in the successes achieved by the Company in engaging with the communities in which its stores are located. Furthermore, the successful development of community recruits into a skilled and loyal work force, and ultimately into operational and store management positions, is essential to the continued growth and financial success of the Company.

Contractor Funding

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

People – Social Sustainability

Human Capital

Cashbuild's Human Capital strategy is an integral element of the Company's overall sustainability strategy, and actively contributes to efforts to create value for key stakeholders in the short, medium and long term. It takes advantage of the Company's mature procedures and processes in this area, in particular The Cashbuild Way, to drive institutional imperatives of internal excellence, entrepreneurship and innovation.

External broad-based value creation and distribution, through a variety of Corporate Social Investment (CSI) initiatives, is vital to creating support, involvement and commitment from the communities in which Cashbuild stores are located.

Cashbuild's commitment to its people is clearly demonstrated in the Company's aspiration to be a preferred employer in the retail building supply industry. Our success in this area has been acknowledged by the our achievements in various employee preference surveys, including recognition as a *'best employer to work for'*, for four years in a row, as well as third place in the 2013 Deloitte employee survey, in the large business category.

The recognition and reward of employees is a key component of Cashbuild's pursuit of employee excellence. One of the principal means through which this takes place, are our employee share schemes, through the Cashbuild Empowerment Trust, Cashbuild Share Incentive Trust and the Operations Management Member Trust, which was implemented in 2012 and which takes the form of performance-linked bonuses (50% paid in cash and 50% in shares). Through these initiatives, Cashbuild encourages excellence and teamwork at all levels of the Company, while at the same time financially empowering employees, encouraging loyalty and improving retention.

As of the end of June 2014, Cashbuild employed on a permanent basis, 4 687 excellent individuals.

With regard to recruitment and succession planning, the Company has adopted a three-year view, which considers internal development and planned store growth. This is closely allied to the Company's transformation objectives and short-to-medium term growth strategies. This ensures that Cashbuild possesses the necessary human capital to successfully execute its ongoing programme of store expansion and redevelopment.

In brief, Cashbuild's HR policies can be summarised as follows:

- We employ directly and locally;
- We make extensive use of employee forums in a decentralised model, to promote fair internal growth and development, with significant support from our Social and Ethics Committee and Support Office driving a transformation agenda;
- We provide ongoing opportunities for training through our internal skills development and learnership programmes, with the firm intention that once qualified, learners will be absorbed into the Company as permanent employees; and
- Deviating from our business model only where it makes financial sense to do so, we have in selected areas, piloted models to provide small business owners and women in construction with bridging finance and 'cushion credit' to complete government-contracted low-cost housing construction projects.

Employment

As of the end of June 2014, Cashbuild employed on a permanent basis 4 687 excellent individuals, across the Company's Support Office and 215 stores in six countries. These individuals have throughout the financial year clearly demonstrated, by constantly striving to understand and meet their customers' needs, that they are the right people for Cashbuild.

The Company's Employee Steering Committee, which was established as far back as the 2004 financial year, continues to provide benefits across the entire business. The purpose of this committee is to facilitate harmonious working relationships within the Company by providing a formal communication structure between management and employees.

All employees are fully trained and qualified to carry out the functions for which they are employed, and Cashbuild encourages employees to make full use of every opportunity to enhance and diversify their skills, through formal and informal training, so as to improve their prospects for career advancement within the Company. In this regard, Cashbuild is extremely proud of the success that has been achieved by the growing wealth of enthusiastic, committed and capable talent that the Company has attracted and retained over many years, at all levels of the business. Cashbuild retains three full-time people development managers, who are responsible for supporting line managers in (and holding them accountable for) the ongoing training and development of all employees.

The ongoing promotion of continued adherence to The Cashbuild Way, as well as various incentive and reward schemes based on revenue and profit growth, have all resulted in improved productivity.

As part of its HR strategy, Cashbuild makes every effort to acknowledge and reward exceptional performance throughout the business. At store level, each store manager identifies and recognises an 'Employee of the Month'. At the annual Cashbuild Hall of Fame awards event, employees are rewarded for extended length of service (in excess of 20 and 30 years of service) and for exceptional performance by individuals and teams. Furthermore, at these awards, the Company recognises the top five store managers and top three divisional managers for the preceding financial year.

Challenges

In common with many South African companies, Cashbuild continues to be affected by the general skills shortage in the country's labour market, and the resulting challenges related to employee retention.

Cashbuild's policy of promotion from within, which is aimed at creating and maintaining an organisational culture based on employee loyalty and growth, has however to some degree inhibited the Company's ability to transform the structures of the Cashbuild Support Office. To address this issue, the Company's medium-to-long-term HR strategy will direct significant levels of investment into the development of the current employee base to fill vacancies as these arise over time.

The development of channels for share participation at managerial levels within Cashbuild stores has yet to yield the desired results.

Cashbuild's influence over suppliers regarding their respective transformation programmes is limited; in order to address this, the Company will in future prioritise the implementation of measures such as preferential pricing for those suppliers exhibiting significant progress in this area.

In contrast to the ongoing challenges faced by Cashbuild in the area of internal transformation, from an external perspective, the Company continues to see significant progress in the emergence of small-scale female entrepreneurs in the construction sector. In this regard, Cashbuild is committed to supporting the initiatives implemented by the South African Government to empower women and sustainably promote ownership of small and medium enterprises in and related to the construction industry.

Cashbuild is currently investigating enterprise development initiatives for implementation in the near future.

Employee Statistics

2014

Number of employees	Total	Male	Female	% Female	Coloured	White	Indian	African	% African
South Africa	4 144	3 040	1 104	27	251	225	46	3 622	87
Botswana	175	149	26	15	-	-	-	175	100
Namibia	75	53	22	29	4	3	-	68	91
Lesotho	96	78	18	19	-	-	-	96	100
Swaziland	166	147	19	11	3	-	-	163	98
Malawi	31	24	7	23	-	-	-	31	100
	4 687	3 491	1 196	26	258	228	46	4 155	89
New employees	973	720	253	26	73	42	6	852	88
Employees resigned	280	270	81	23	43	44	6	258	74
Employees dismissed	558	455	103	18	54	17	3	484	87
Employee turnover %	20.8	20.6	21.2		28.3	18.4	13.0	20.5	

Transformation

Cashbuild remains fully committed to the principles and practices of empowerment and transformation throughout the organisation. The broad geographical footprint of our stores provides us with a richly diverse workforce. We focus on recruiting local talent into all our stores and employ all divisional managers from the regions in which we trade. As a result, significant success has already been achieved in developing locally recruited employees into a skilled and loyal work force, from which some individuals can mature into skilled senior managers, with a deep understanding of the Cashbuild culture and the skills required to contribute meaningfully to the Company's continued growth.

Cashbuild is an equal opportunity employer, promoting non-discrimination and fair and equal treatment in all employment and HR practices, in line with the Company's commitment to the UN Global Compact Principles.

Cashbuild continues to give preference to local suppliers drawn from the areas in which stores are located, and is constantly increasing its support for targeted B-BBEE initiatives. The Company also continues to develop and implement the HR strategies necessary to drive internal cultural change, transformation and wealth creation amongst employees.

BEE Scorecard

		2014		2013	
Element of scorecard	**Target Score**	**Score**	**Points**	**Score**	**Points**
Ownership	20.00	A	15.98	A	19.13
Management and control *	10.00	D	2.03	E	1.33
Employment equity	15.00	E	2.73	E	2.66
Skills development **	15.00	E	1.69	D	5.31
Preferential procurement ***	20.00	B	15.68	A	17.53
Enterprise development	15.00	A	15.00	A	15.00
Socio-economic development ****	5.00	A	5.00	B	3.76
Overall score	**100.00**	**BBB**	**58.11**	**BBB**	**64.72**
Contributor level		**Level 5**		**Level 5**	

Changes from 2013 to 2014 score:

* Additional points in 2014 for black independent non-executive directors
** Fewer black female applicants for learnerships in 2014
*** Reduced procurement from black women-owned suppliers as a percentage of total procurement spend
**** Increase in 2014 in socio-economic spend as a percentage of net profit

Expectations for 2015:
Due to the proposed amendments to the BEE scorecard and scoring system, scheduled to be implemented during Cashbuild's 2014/15 financial year, it is expected that, scores will be negatively impacted resulting in a reduction in the level of rating. Cashbuild remains committed to economic empowerment, and plans to significantly increase its transformation efforts in upcoming financial years.

Employee Statistics

2013

Number of employees	Total	Male	Female	% Female	Coloured	White	Indian	African	% African
South Africa	4 008	2 997	1 011	25	192	195	43	3 578	89
Botswana	173	148	25	14	-	-	-	173	100
Namibia	67	48	19	28	8	2	1	56	84
Lesotho	94	78	16	17	-	-	-	94	100
Swaziland	178	158	20	11	2	-	-	176	99
Malawi	32	25	7	22	-	-	-	32	100
	4 552	3 454	1 098	24	202	197	44	4 109	90
New employees	747	536	211	28	47	27	10	663	89
Employees resigned	287	222	65	23	25	33	4	225	78
Employees dismissed	361	273	88	24	23	4	1	333	92
Employee turnover %	16.4	15.5	19.2		23.3	13.7	22.7	16.1	

Industrial Relations

Cashbuild respects the rights of its employees to freedom of association and consequently, no restrictions are placed on union membership. In spite of this, the level of union membership within the Company is less than 10%.

As a result, collective bargaining regarding remuneration, working conditions and other relevant issues takes place primarily through the Company's Employee Forums. For more information regarding the role, function and composition of these Forums, please refer to page 62 under the Corporate Governance section of this report.

Cashbuild also continues to outsource much of its industrial relations support requirements to specialist third party organisations. The mandate of these specialists is to keep Cashbuild abreast of any changes to labour legislation that may impact the Company and advise on required changes which may require implementation to policy and in addition assist with litigation where required.

Cashbuild adheres to the International Labour Organisation (ILO) protocol on decent work and working conditions. The ILO describes decent work and working conditions as the sum of peoples' aspirations in their working lives. It involves opportunities for work that are productive and deliver a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organise and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men. Whilst there is no official policy within The Cashbuild Way that refers to the ILO and its focus on decent work and working conditions, it is evident that the protocols of the ILO are adequately adhered to.

In addition to subscribing to the UN Global Compact Principles, Cashbuild is a member of the European DIY Retail Association (EDRA) which is an international organisation representing home improvement retailers across the globe.

Communication with employees takes place through a number of channels, including the Employee Forums and a weekly CB mail, aimed at informing employees of developments taking place within the Company.

Employee Training and Development

During the reporting period, Cashbuild staff members underwent over 8 500 training courses, covering areas such as customer service, management, role-specific functional training and product knowledge enhancement. This training was for the most part internal and non-accredited e-learning, and equated to approximately 25 700 hours of training in total.

In terms of accredited management training, over 630 training courses were provided to divisional managers, store managers and support office managers, equating to more than 364 200 training hours. The subjects covered in these management training sessions included coaching, interviewing, performance management and management fundamentals.

Learnership Programme

Cashbuild's learnership program is implemented through the Wholesale and Retail Sector Education and Training Authority (W&R SETA) and is intended to support staff continuity and succession planning.

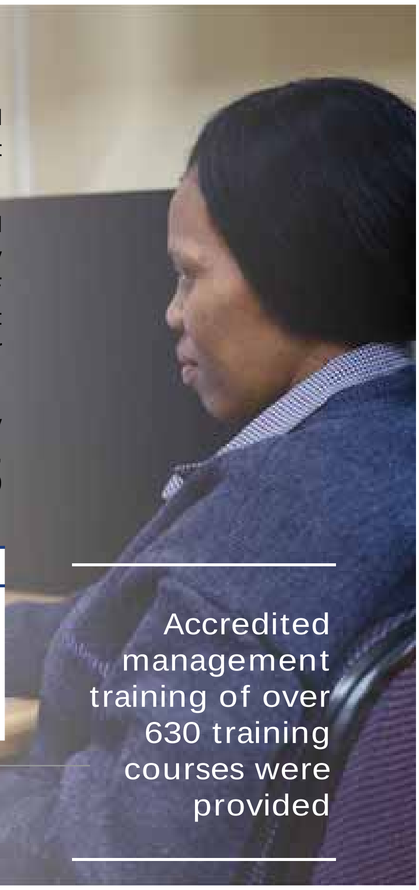
While the National Qualifications Framework (NQF) Level 2 learnerships are intended to facilitate youth employment and nurture talent and skills amongst previously unemployed individuals who can then be brought into the Company, the NQF Level 5 management learnerships allow for selected staff who exhibit significant potential to be equipped to move into managerial positions at Cashbuild stores or the Support Office.

To date, in excess of 260 learnerships have been successfully completed by previously unemployed persons. As at the end of the 2013/14 financial year, Cashbuild offered a total of 154 full time employment opportunities, of which 19 employees are still employed by Cashbuild.

	2014	2013
Learnerships granted - NQF Level 2	25	20
Completed learnerships	20	*
Learners completed permanently employed	13	*
Management learnerships granted - NQF Level 5 **	21	16

* The 2013 learnership program commenced in August 2012, and was therefore completed only in the 2014 financial year.

** Management learnerships are undertaken over a 15-month cycle.



Security, Crime Prevention and Counseling

Crime and in particular theft at Cashbuild stores remains an ongoing challenge, and the Company promotes continuous vigilance within stores to combat this issue.

An area of particular emphasis for Cashbuild is the prevention of any instances of crime that directly or indirectly affect employees or our community members.

Where such instances do occur, Cashbuild remains committed to offering the victims of such crimes appropriate counseling on both an individual and a group basis, through an external service provider. The majority of instances in this regard relate to armed robberies at Cashbuild stores; during the reporting period, nine such instances were recorded.

A mechanism is also provided for employees to anonymously report incidents of theft, fraud, mismanagement or unauthorised expenditure. Cashbuild subscribes to an anonymous tip-off service line provided by Deloitte. All tip-offs logged are investigated to identify their root causes and address the issues at hand. The status of tip-offs logged is administered by Cashbuild's Group Risk Management department with regular updates provided to executive management and quarterly reporting done to the Audit and Risk Committee. During the past financial year, 71 such incidents were reported, with each of these being directly addressed by the Company and the appropriate disciplinary action being implemented.

This issue is also linked to the rates of employee turnover within Cashbuild. In the reporting period, a total of 558 employees were dismissed across Cashbuild's operations, with the majority of these dismissals related to incidents of theft or corruption.

With regard to the behaviour of Cashbuild's security staff, the Company is not aware of any human rights violations committed by security personnel in the execution of their responsibilities.

Community investment

Our Company views the communities in which our stores are located as part of the Cashbuild family, and remains committed to working together with communities to create tangible mutual benefits.

Cashbuild is involved on an ongoing basis, in a number of initiatives in the fields of corporate social investment, enterprise development and entrepreneur support. These initiatives are for the most part located within the communities in which the Company's stores operate, in order to provide benefits directly to these communities.

A major trigger point for many of these initiatives is the opening of new stores, relocation of existing, or the reopening of refurbished stores. During each such event, an established sequence of events takes place, aimed at providing the maximum benefit for both Cashbuild and the surrounding community.

For Every New Store Opened:

- Between 14 and 20 new local employment opportunities are created;
- A number of local delivery drivers are employed by Cashbuild, either formally or are provided with support in the development of their own enterprises;
- Local artisans (glass cutters, brick makers etc) are trained and supported in the establishment of their own enterprises, either on the Cashbuild premises, or in close proximity to the store; and

For Every New, Relocated and Refurbished Store Opened:

- R96 000 worth of building materials are donated to up to eight schools in the community;
- Through the Company's Art-at-Heart programme, prizes are awarded to local scholars, and their artwork is displayed in the store for a period of five years; and
- Local community leaders are actively engaged by the store management prior to and following the store opening.

Delivery Driver Employment

Cashbuild's policy of free local customer delivery provides a value-added service to customers and directly supports local entrepreneurship and employment creation. As at the end of the financial year, over 330 delivery drivers are contracted across the company's stores, for this service.

Opportunities for Local Artisans

The Company remains committed to its programme of supporting local artisans and entrepreneurs, including brickmakers, glass cutters and glazers. This programme offers entrepreneurs the opportunity to produce products such as bricks, blocks and lintels, which are purchased and resold by Cashbuild. It also offers glass cutters and glazers the opportunity to work rent-free on Cashbuild premises. At the end of June 2014, 190 glass cutters were operating from our stores (June 2013: 165).

Child Labour, Forced and Compulsory Labour

In line with its commitment to the UN Global Compact Principles, Cashbuild has a zero tolerance policy with regard to child labour and forced or compulsory labour amongst the contractors and delivery drivers that the Company supports.

Occupational Health and Safety (OHASA)

Cashbuild considers occupational health and safety to be a direct responsibility of all management representatives within the Company, including the office of the CEO. The implementation of the Company's policies and practices in this area is enforced at all levels and across all operational areas, through intensive and ongoing training as well as the retention of our external partner possessing specialist health and safety skills.

A health and safety representative is appointed for each store and support office department, along with at least one appropriately trained and qualified first aid provider. The Company also strictly adheres to appropriate regulatory requirements and OHASA guidelines regarding the availability of medical and first aid supplies at Cashbuild stores and the Support Office.

The external service provider is responsible for undertaking independent audits of Company practice in this area, and for providing guidance and advice regarding areas where Cashbuild can not only meet, but exceed its legislated responsibilities.

During the reporting period, no incidents were identified in which the Company deviated from its legal or regulatory responsibilities in this area. Nevertheless, a total of 36 reportable incidents took place, involving 30 employees and six customers.

As part of its ongoing sustainability journey, Cashbuild is committed to continued improvement in this area, and to maintaining a safe working environment for its employees and customers.

OHASA Statistics

Physical injuries reported:	
Employees	30
Customers	6
Total	**36**

The above injuries did not result in any disruption to our operations. Furthermore, there were no fatalities as a result of these reported injuries.

Indigenous Rights

In line with the Company's commitment to community engagement, Cashbuild makes every effort to respect and collaborate with local leadership structures, both traditional and elected (where relevant).

In this regard, Cashbuild is not aware of any incidents of violation of indigenous rights, across any of its operations and in particular during the establishment of new stores, during the reporting period.

Product Responsibility

As a retailer of building supplies, Cashbuild is not involved in the production or manufacturing processes of the products it sells. The Company is committed to source products that comply with applicable building industry standards, such as those developed by the South African Bureau of Standards (SABS) and other relevant certification agencies.

Furthermore, in line with Cashbuild's drive to be a responsible retailer, the Company only sources products that comply with legislative requirements related to product labelling, including warning labels. Since the Company does not produce or sell any house-brand items, labeling compliance remains the responsibility of the manufacturer. Cashbuild does however on an ongoing basis collaborate with suppliers to ensure compliance in this regard.

Cashbuild will refer to external tests conducted by credible agencies such as the SABS, and will only source and continue to sell products that comply with these standards.

In certain instances, particularly with regard to products with finite lifespans, such as paint or cement, Cashbuild constantly updates its procurement and inventory management practices, so as to eliminate wastage arising from the disposal of expired products that can no longer be sold.

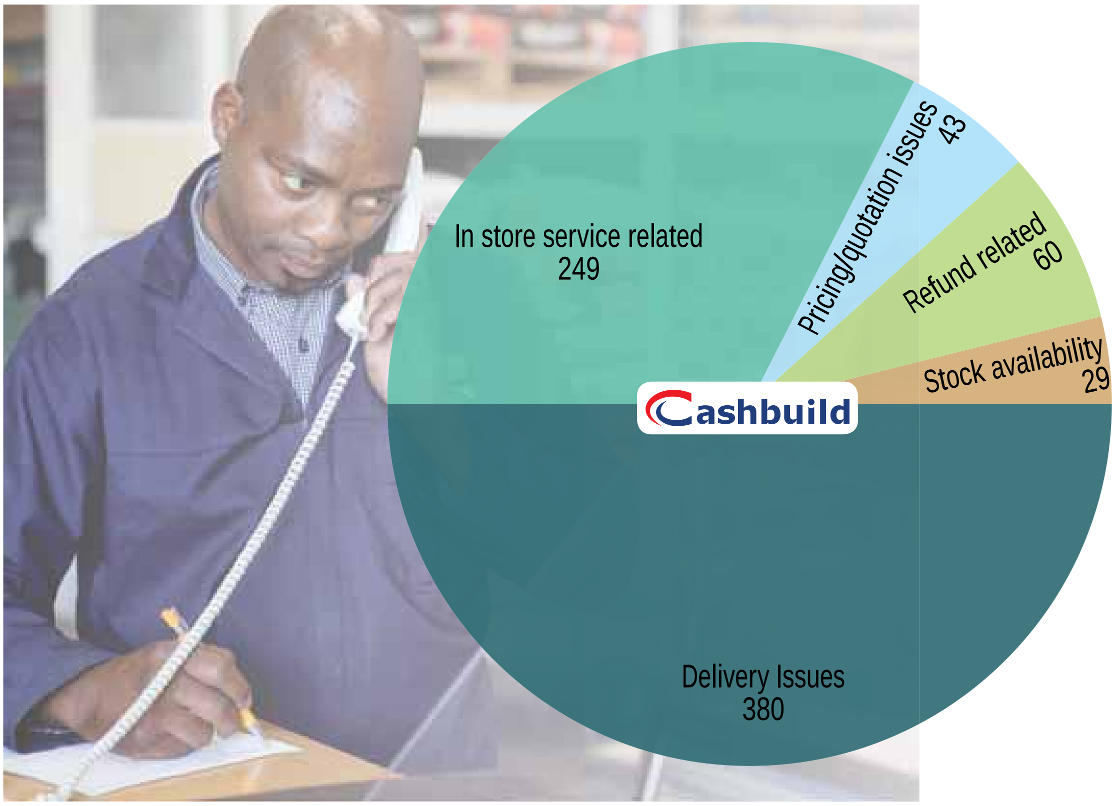
With regard to customer communication, the Company will, where appropriate, make use of in-store communication and signage, to both advise customers of inherent risks associated with certain products and to educate customers regarding their proper use.

Procurement and Supply Chain Management
In terms of quality management, one of the principal objectives of the Company's procurement policies is to ensure the quality of the products sold in its stores.

Furthermore, in line with its own values, Cashbuild strives at all times to do business with companies that conduct their activities in a responsible and ethical manner. This imperative is also increasingly driven by the possibility of negative impacts or 'risk by association' arising from doing business with companies that do act unethically or irresponsibly.

For the most part, Cashbuild's associations with key suppliers have developed over a significant period of time, and are based on communication, trust and mutual benefit. The Company has up to now not indentified a requirement to develop a quantitative method for assessing the environmental and social sustainability performance of its suppliers, but this issue will be further investigated as part of Cashbuild's own sustainability journey.

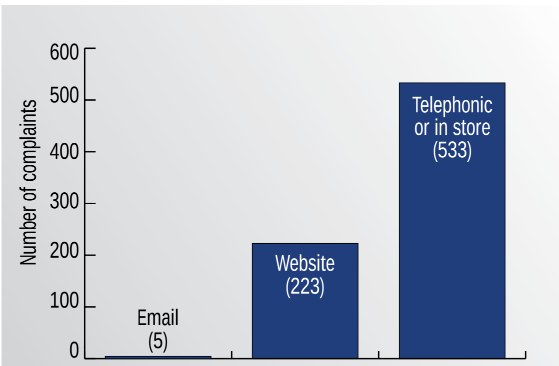
Customer Satisfaction and Complaints



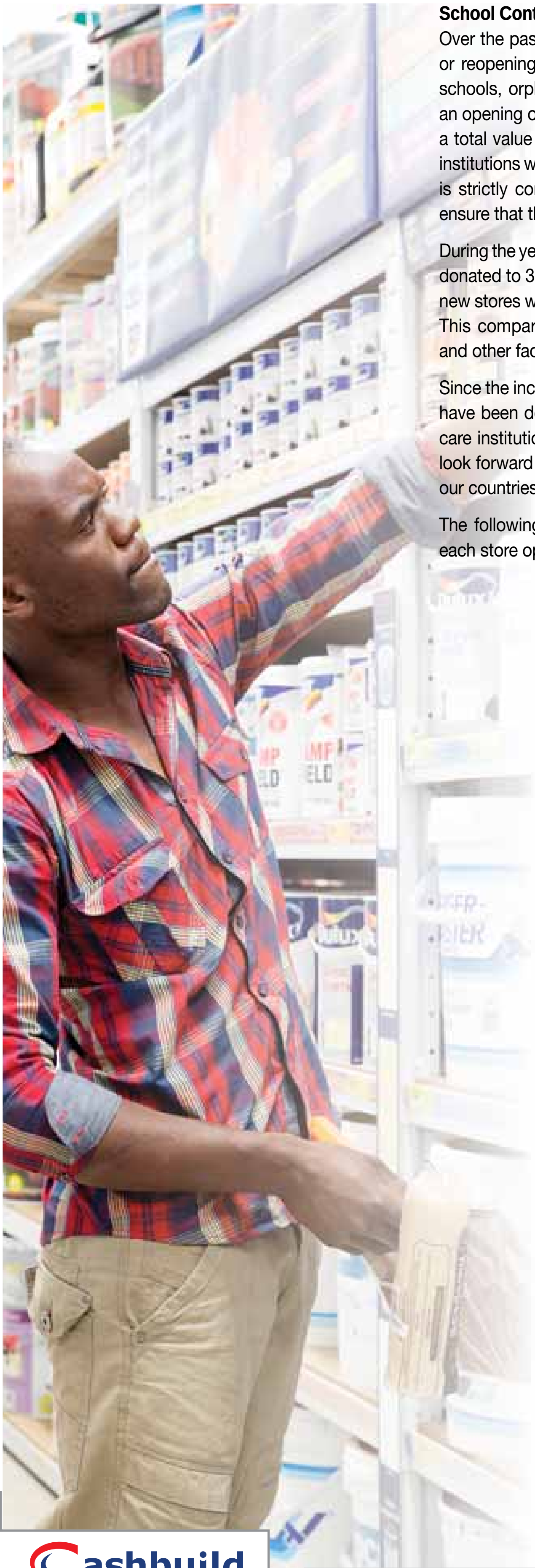
How do Our Customers Provide us with Formal Feedback?
In addition to formal complaints, we receive informal feedback in-store. The Divisional Manager's details are displayed in-store to allow customers to contact them directly with any service-related issues.

Total Customer Complaints

	2014	2013
Total customer complaints	**761**	707
Complaints as a percentage of total sales transactions	**0.005%**	0.005%



Sustainability Report



School Contributions

Over the past 15 years Cashbuild has, in conjunction with store openings and/or reopenings, conducted a programme of donations of building materials to schools, orphanages and day care centres in each community in which such an opening or reopening takes place. In each such case, building materials with a total value of R96 000 are donated to up to eight schools or other identified institutions within the surrounding community. Access to these building materials is strictly controlled by the Cashbuild store manager in question, in order to ensure that they are used for their intended purpose of school improvement.

During the year under review, building materials to the value of R3.972 million was donated to 331 schools, located in the communities in which the Company's 25 new stores were opened, and 20 stores were reopened following refurbishment. This compares with the 2013 figures of R3.1 million donated to 258 schools and other facilities.

Since the inception of this programme, building materials worth over R22 million have been donated to close to 2 000 schools and other educational and child care institutions. Cashbuild is extremely proud and of our programme, and we look forward to continuing our contribution to the education of young people in our countries and communities in which we operate.

The following table reflects the amounts donated during the financial year at each store opening/reopening.

School Contributions

Store	Opening Date	Province	Amount Donated To Local Schools
Ontdekkers	18 July 2013	Gauteng	R 96 000
Makhaza (Refurbishment)	18 July 2013	Western Cape	R 96 000
Theku Plaza	26 July 2013	KwaZulu Natal	R 96 000
Ladysmith (Refurbishment)	31 July 2013	KwaZulu Natal	R 96 000
Rocklands (Refurbishment)	01 August 2013	Free State	R 96 000
Kuruman (Refurbishment)	08 August 2013	Northern Cape	R 96 000
Namakgale	23 August 2013	Limpopo	R 96 000
Moloto (Refurbishment)	29 August 2013	Mpumalanga	R 96 000
Olievenhoutbosch	29 August 2013	Gauteng	R 96 000
Thembisa North (Refurbishment)	19 September 2013	Gauteng	R 96 000
Northam (Relocation)	19 September 2013	Limpopo	R 96 000
Bela Bela (Refurbishment)	17 October 2013	Limpopo	R 96 000
Tsakane (Refurbishment)	18 October 2013	Gauteng	R 96 000
Kabokweni (Refurbishment)	24 October 2013	Mpumalanga	R 96 000
Jouberton (Relocation)	24 October 2013	North West	R 84 000
Vryheid (Refurbishment)	31 October 2013	KwaZulu Natal	R 96 000
Powerville (Relocation)	13 November 2013	Gauteng	R 96 000
Ezulwini	21 November 2013	Swaziland	R 96 000
Jozini	28 November 2013	KwaZulu Natal	R 96 000
Thohoyandou (Refurbishment)	29 November 2013	Limpopo	R 96 000
Blantyre	05 December 2013	Malawi	R 72 000
Mhluzi	07 February 2014	Mpumalanga	R 96 000
Ennerdale	13 February 2014	Gauteng	R 96 000
Bloemfontein (Refurbishment)	13 February 2014	Free State	R 96 000
Thaba Nchu (Refurbishment)	06 March 2014	Free State	R 96 000
Sterkspruit (Refurbishment)	13 March 2014	Eastern Cape	R 96 000
Tshaneni (Refurbishment)	19 March 2014	Swaziland	R 96 000
Ulundi (Refurbishment)	19 March 2014	KwaZulu Natal	R 96 000
Southgate (Relocation)	21 March 201	Gauteng	R 96 000
Saselamani	26 March 2014	Limpopo	R 96 000
Kwa Guqa	27 March 2014	Mpumalanga	R 96 000
Serowe Central (Refurbishment)	03 April 2014	Botswana	R 96 000
Maake (Refurbishment)	10 April 2014	Limpopo	R 96 000
Cosmo City (Relocation)	11 April 2014	Gauteng	R 96 000
Randfontein	16 April 2014	Gauteng	R 96 000
Queenstown (Refurbishment)	08 May 2014	Eastern Cape	R 72 000
Numbi Gate	29 May 2014	Mpumalanga	R 96 000
Mtubatuba	29 May 2014	KwaZulu Natal	R 96 000
Tsakane Corner	29 May 2014	Gauteng	R 96 000
Rustenburg (Refurbishment)	12 June 2014	North West	R 96 000
Tweefontein (Refurbishment)	12 June 2014	Mpumalanga	R 96 000
Zebediela Plaza (Relocation)	26 June 2014	Limpopo	R 96 000
TOTAL CONTRIBUTIONS FOR 2014 (331 schools x R12 000)			**R 3 972 000**
TOTAL CONTRIBUTIONS TO DATE			**R 22 104 000**

A complete list of the schools that benefited from these donations is available on the Cashbuild website - www.cashbuild.co.za.

Planet – Environmental Sustainability

As a retailer that is not involved in activities such as product manufacturing or direct importation, the environmental impacts of Cashbuild's operations are considerably lower than those of companies involved in industries such as resource extraction, primary production or manufacturing. At the same time, however, as a responsible corporate citizen, Cashbuild recognises the need to minimise its environmental impacts through whatever means are available and financially viable, so as to maximise both the economic and non-economic value generated by the Company for key stakeholder groups.

In this regard, the key driver for the implementation of environmental impact reduction initiatives will mostly be for efficiency gains or cost savings that can be realised through such initiatives.

At present, the principal environmental issues confronting Cashbuild has been identified as energy consumption. As a result, the Company has implemented a target of 50% reduction in energy consumption across its operations, at both individual store and support office level. In order to achieve this target, Cashbuild has retained the services of a third party service provider with specific expertise in energy management and consumption reduction. The outcomes of the research undertaken by this service provider, as well as a number of pilot projects undertaken during the financial year, are discussed below.

For the pilot sites, carbon emissions have been reduced by 362.1 tons annually. The next phase of the project will extend these savings to more of our sites.

Energy and Carbon Management

In all its operations, Cashbuild is primarily dependent on electricity supplied by national or municipal electricity generation utilities. As a result, the Company has historically found itself constantly at the mercy of supply interruptions and price increases. In the case of South Africa, due to costs required to improve the national electricity infrastructure, there is a projected increase in electricity cost of approximately 24% over the next three years. To avoid disruption in operations, in each of Cashbuild stores is an auto start generator which is tested once a week.

Furthermore, with regard to Cashbuild's carbon footprint, the overwhelming bulk of the electricity supplied by national power to Cashbuild stores is generated from low grade coal, resulting in significant inefficiencies in the generation process and consequently high levels of carbon emissions per kWh consumed by the Company.

Project to Reduce Electricity Usage

At Cashbuild, we've implemented a pilot project to reduce electricity consumption and lower the energy costs incurred by our stores and support office.

The aims of the project were to:

- benchmark utility costs;
- achieve savings from landlord/municipal billing validations; and
- lower utility costs and introduce carbon savings.

As a first step smart metering was installed at seven stores. The pilot project yielded very positive results with measured average energy and carbon emission reductions of 50% equating to an emissions reduction of approximately 362.1 tons annually (as calculated by the Group's external service provider).

The next phase of the project will extend these savings to more of our sites. As reported in the prior year, these lighting retrofits are ongoing. Based on the measurements/experience at the pilot sites it is estimated that 3 260 tons in CO2 emisions have been reduced annually at the 63 sites already converted. A further 30 sites have being identified and retrofits and energy savings are in progress. It is anticipated that once the retrofits have been completed at all 215 sites (152 remain) an additional 7 860 tons in CO2 emissions will be reduced annually.

Generally, lighting retrofits have an approximate payback period of between 12 to 18 months. The utility bills for the sites converted generally reduce by an approximate 50% as a result of the implementation.

In line with prior year, all new stores are fitted with energy efficient lighting from the outset. All stores refitted during the year were also upgraded with energy efficient lighting. Energy savings are implemented in all new stores at design phase. This ensures that savings will be achieved from day one at these stores.

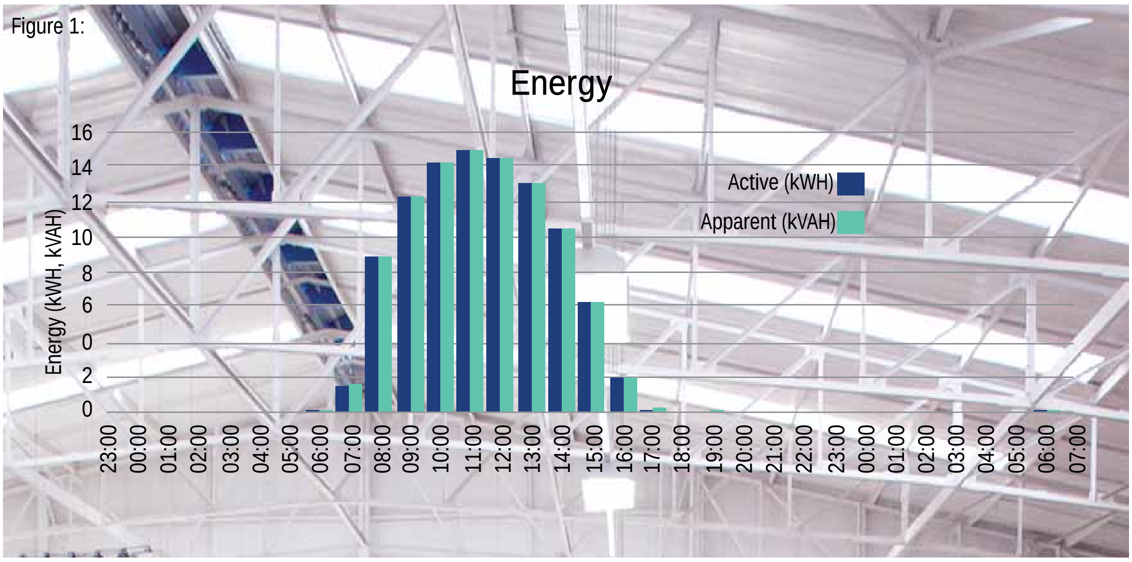
Other interesting news is that the Highgate store has been retrofitted with a Solar Photovoltaic (PV) solution as a pilot project. Peak power of 14kW is generated from these solar panels as shown below in Figure 1.

Energy and Carbon Emissions Savings at Pilot Stores

Site	Annual savings (megawatt hour)	Annual CO2 reduction (tons)
Highgate	54.6	49.9
Centurion	28.7	26.2
Kwa Thema	96.2	87.9
Pretoria West	51.6	47.2
Orange Farm	64.6	59.1
Hillfox	31.9	29.2
Tembisa Plaza	68.5	62.6

Actual measured data prior to and after implementation of the Energy Efficiency project

Figure 1:



We are considering the viability of other Energy Efficiency Initiatives and Solar PV as a long-term solution across all of the Cashbuild stores. Currently various alternative solutions are being evaluated and once the best alternative is selected, it will be implemented at all existing stores not fitted with energy savings light fittings. This project is expected to be completed in the first half of the 2015 financial year.

Carbon Footprint

Cashbuild has yet to undertake a comprehensive carbon footprint analysis across the full extent of its operations. The requirement for such a step will however be considered by the Company's management on an annual basis, particularly in the context of the carbon tax legislation scheduled to be implemented in South Africa during the Company's upcoming financial year.

Transportation

The distribution of products to the network of Cashbuild stores is the responsibility of the Company's suppliers, and is in the majority of instances outsourced to specialist logistics and transportation companies.

In this regard, Cashbuild has implemented a number of practices with its suppliers, aimed at optimising transportation efficiency and minimising the respective carbon footprints of these suppliers.

With regard to the delivery drivers that are subcontracted by Cashbuild stores to deliver products to customers, this programme presents minimal opportunities for efficiency improvement interventions on the part of the Company. From a carbon footprint perspective, the fact that these delivery drivers are not directly employed by Cashbuild, means that their respective carbon footprints fall outside the scope of the Company's responsibility in this area. At the same time, Cashbuild does assist these drivers in minimising their emissions through effective route planning and scheduling of deliveries.

Water Conservation

As a retail operation, Cashbuild's water usage in its stores and head office operations is not considered to be a material issue or risk. All of the Company's facilities are located in areas with access to municipal water supply.

At the same time, however, Cashbuild is cognisant of the fact that the construction industry, on which its core business relies, is particularly water intensive, in both the upstream and downstream components of the Company's value chain. As a result, Cashbuild is committed to making use of every opportunity to work with suppliers and customers to minimise the water footprint of their activities. Unfortunately, however, given the nature of the Company's business, the opportunities for meaningful interventions, particularly with regard to customers, appear to be somewhat limited.

Waste Generation

Cashbuild has in the past not measured the volume of waste generated in its operations. As a matter of policy, however, the Company contracts with responsible waste collection agencies (whether public or private) to remove, recycle and dispose of waste that is generated, particularly at store level. For the most part, this waste consists of bulk packaging materials for the products sold in Cashbuild stores.

Product Responsibility

As mentioned, Cashbuild's business model, in which it operates exclusively as a retailer rather than a manufacturer or importer of quality building products at the lowest prices, provides the Company with limited opportunities to meaningfully influence the environmental impacts arising from either the manufacture or application of its products. As a responsible corporate citizen, however, Cashbuild remains committed to making full use of those opportunities that do present themselves in this regard.

In order to do this, Cashbuild attempts wherever possible to influence key stakeholders (particularly suppliers and customers) over which it can exert some influence, to affect positive changes particularly in the following areas:

- Energy efficiency;
- Greenhouse gas emissions reductions;
- Water conservation;
- Waste management;
- Product responsibility (in both manufacture and disposal); and
- Biodiversity conservation.

The long-term nature of the construction industry, in which the majority of Cashbuild's products are applied, also limits the Company's ability to influence the disposal or recycling of its products. In this regard however, as part of Cashbuild's own sustainability journey, the Company will in upcoming financial years investigate the feasibility of various initiatives in these areas.

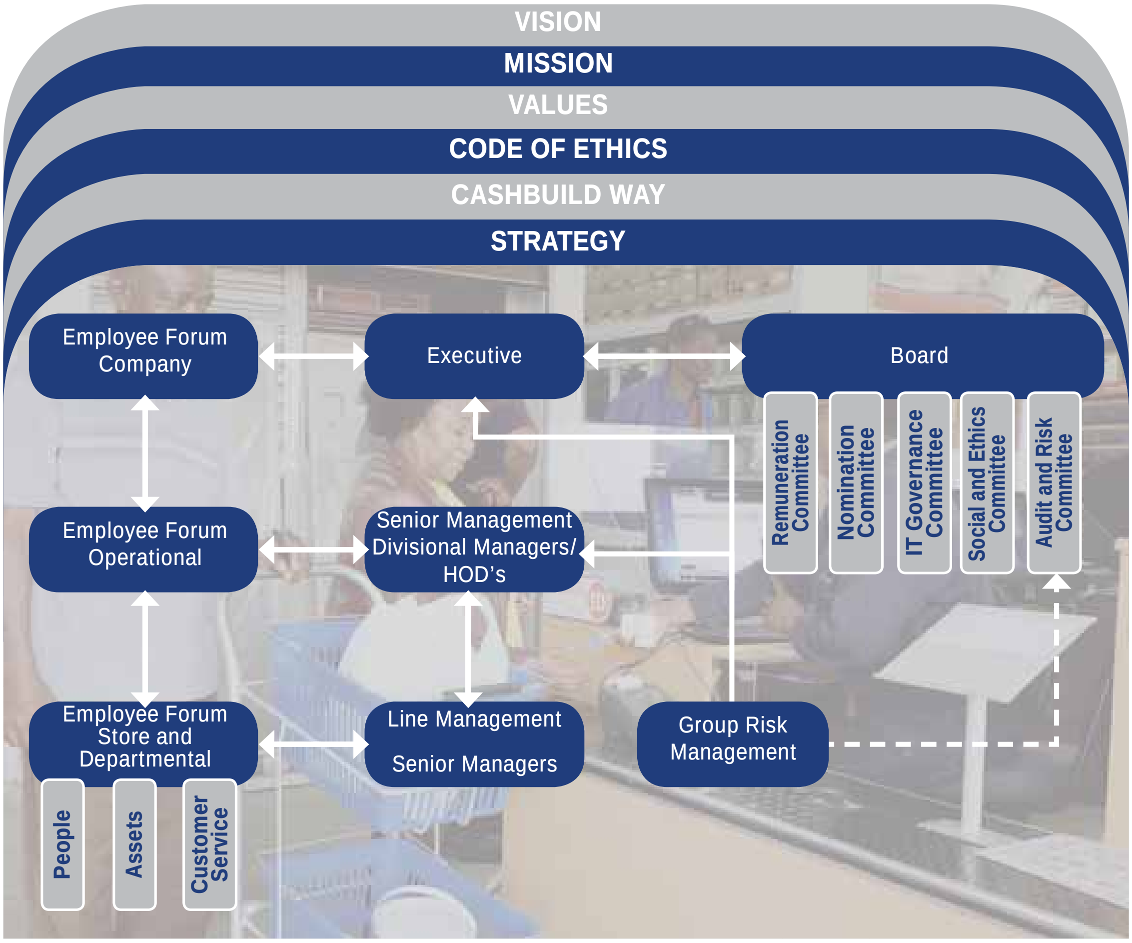
CORPORATE GOVERNANCE REPORT

Corporate Governance Report

Introduction

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

Governance Framework and Structure at a Glance



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

Legend: NE = Non Executive Director, E = Executive Director, C = Chair, M = Member of Board Committee, I = Attendance by invitation
*Appointed 1 September 2014

King III

It is acknowledged by Cashbuild that King III represents a significant milestone in the evolution of Corporate Governance in South Africa and brings with it opportunities for organisations that embrace its principles where appropriate. In line with the "apply or explain" governance framework principle contained in King III, Cashbuild's Board of Directors acknowledges that where it considers it to be in the best interests of the Company it can adopt a practice different from that recommended in King III, but must explain its decisions. Cashbuild endorses and continuously assesses the principles of the Code and, where necessary, tailors these as appropriate to the organisation.

Based on the outcome of an independent corporate governance compliance review facilitated by PricewaterhouseCoopers (PwC) during September 2011, Cashbuild committed to action plans for improvement and recorded them in a three-year roadmap. The roadmap is due to be completed by June 2015. Activities still in progress are:

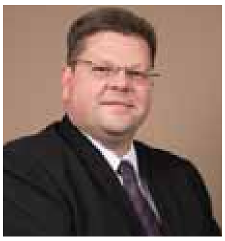
- Finalisation of a sustainable development strategy that takes into account corporate citizenship as well as economic, social and environmental risks and opportunities in terms of Cashbuild's overall business strategy;
- Process to enable an independent assessment for the Chairman and Company directors;
- Embedding a combined assurance process into the business. This includes:
  - Mapping risks to combined assurance procedures;
  - Satisfying the need for greater Group oversight and a consolidated view of the various aspects of compliance; and
  - Considering various assurance options for material key performance indicators.

Cashbuild has subscribed to the Institute of Directors Southern Africa's governance assessment instrument (GAI). For more on GAI, refer to http://www.iodsa-gai.co.za. Application of the GAI provides the stakeholders of the Company with assurance that the principles of good governance as laid out in King III have been applied, as evidenced by the process of a complete and credible standardised review of all the supportive practices, and that adherence to JSE Listings Requirements has been appropriately reviewed. The result of this review exercise is available on the Cashbuild website: http://www.cashbuild.co.za. The process of completing the governance assessment is cyclical in nature and will be repeated annually with action steps stemming therefrom.

Cashbuild's three-year action plan for governance compliance is due to be completed in June 2015.

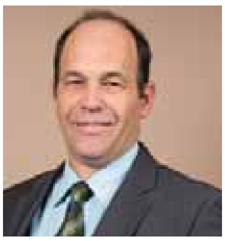
Directorate

Executive Directors

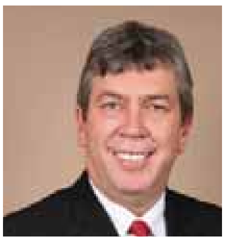


WF de Jager (43)
CA(SA) Chief Executive
Appointed 1 December 2004
Completed his board exam in 1994 and completed his articles with PwC. On 1 December 2004 he joined Cashbuild as Finance Director, with 10 years working experience specifically in the retail sector. On 1 March 2011 he was appointed Marketing and Procurement Director, thereafter on 1 March 2012 he was appointed Chief Executive.

SA Thoresson (51)
Operations Director
Appointed 27 March 2007
27 years retail operations experience and 16 years operating in neighbouring countries.
Joined Cashbuild in July 2005.

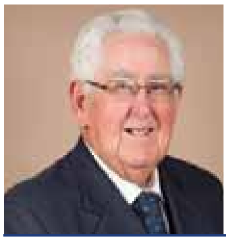


AE Prowse (50)
CA(SA) Finance Director
Appointed 1 March 2011
Completed board exam in 1990 and completed articles at Deloitte and Touche. Joined Cashbuild as financial controller in June 2005.



A van Onselen (52)
Dip MDP Unisa Business School
Operations Director
Appointed 20 September 2004
Over 24 years retail experience.
Joined Cashbuild in October 1997.

Independent Non-executive Directors



D Masson (83) # * ^+
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 Group and certain subsidiaries, Valley Irrigation of Southern Africa (Pty) Ltd., and McCarthy Ltd. Serves as a trustee on various pension funds and share trusts.

IS Fourie (67) *^
CA(SA)
Appointed 1 July 2012

Former chief operating officer of PricewaterhouseCoopers Southern Africa. Currently a non-executive director of Astral Foods Ltd.

HH Hickey (60) o ^
CA(SA)
Appointed 1 July 2012

Serves on various boards including Omnia Limited, Pan African Resources Plc and African Dawn Capital Limited. Also serves as audit and risk committee chairperson for several companies. Appointed member of the Audit and Risk Committee on 1 September 2014.

AGW Knock (63) #*+
Pr Eng, BSc (Eng) (Wits), MSc (Eng) (Wits), MDP (Cape Town)
Appointed 1 July 2011

Former non-executive board member of Mining SETA, executive chairman of SAP Africa User group NPA, chairman Minerals and Mining Standards Generating Body, council member of Association of Mine Managers.

Dr DSS Lushaba (48) ^
BSc (Hons) (Zululand), MBA (Wales); DBA (UKZN)
Appointed 1 July 2011

Current facilitator of corporate governance programmes at the Institute of Directors of Southern Africa (IoDSA). Current directorships include: Harmony Gold Ltd., GVSC (Pty) Ltd., Talent Africa (Pty) Ltd., NEPAD Business Foundation. Member of Council – University of Johannesburg.

NV Simamane (55) ^o
BSc (Hons) Chemistry and Biology
Appointed 1 September 2004

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

* Member of the Remuneration Committee
\# Member of the Nomination Committee
^ Member of the Audit and Risk Committee
o Member of Social and Ethics Committee
\+ Member of the IT Governance Committee

Board

Responsibilities

The Board is accountable and responsible for the performance and affairs of the Company. The terms of reference outlining its responsibilities are contained in the Board Charter. The Board takes responsibility for guiding and monitoring compliance with all applicable laws, regulations and codes of business practice, maintains oversight over compliance and risk management, but delegates operational control to management. The Board has defined levels of materiality, has delegated relevant matters to the executive directors and senior management based on detailed authority levels; and believes it has full and effective control over the Company and oversight of management activities. The Board meets on a quarterly basis. All directors are encouraged to attend each meeting and gathering.

Board Composition

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

There were no changes to the Board during the course of the financial year. At financial year end, the Board consisted of:

Non-executive Directors:

- D Masson (Chairman)
- IS Fourie
- HH Hickey
- AGW Knock
- Dr DSS Lushaba
- NV Simamane

Executive Directors:

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

The Board takes responsibility for guiding and monitoring compliance with all applicable laws, regulations and codes of business practice.

Board Meetings

The Board met four times during the year. The Chairman of the Board and the Chief Executive meet monthly. A strategy meeting involving all members of the Board is held annually. The Chairman of the Board and Chief Executive in consultation with the Company Secretary takes responsibility for setting the agenda of each Board meeting. Board meetings are scheduled well in advance and management ensures that Board members are timeously provided with all the relevant information and facts necessary to enable the Board to meet its objectives and make well-informed decisions.

Professional Advice Point

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

Board Committees

The directors have delegated specific functions to committees to assist the Board in meeting its oversight responsibilities. The committees all have documented mandates which are reviewed annually. The Board committee is chaired by an independent non-executive director. The chairman of each committee reports back to the Board on matters discussed in the committees at every Board meeting.

The Board has five Board committees, namely the Nomination, the Remuneration, the Audit and Risk, the Social and Ethics and the IT Governance committees. All of these committees are chaired by an independent non-executive director and operate in accordance with the respective committees' terms of reference which are approved by the Board. The committees operate independantly and report to the full Board.

Remuneration Committee

The Remuneration Committee consists of three independent non-executive directors, namely Mr AGW Knock (committee chairman taking over in this capacity from Mr D Masson), Messrs D Masson and IS Fourie. The Committee met four times during the year in September 2013, October 2013, January 2014 and May 2014.

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

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

Audit and Risk Committee

The Audit and Risk Committee is chaired by Mr IS Fourie with Dr DSS Lushaba, and Ms NV Simamane being members. Ms HH Hickey was appointed on 1 September 2014. All independent non-executive directors being members of the Audit and Risk Committee are financially literate. This committee met four times during the course of the year.

The Audit and Risk Committee fulfils the responsibilities set out in its Charter, which include reviewing the effectiveness of internal control systems and the activities of the Group risk and internal audit function, as well as the requirements of the Companies Act of South Africa (2008), as amended:

- The duties of the Audit and Risk Committee, which are specified in the Audit and Risk Committee report on page 74, include the need to prepare a report for inclusion with the published annual financial statements on the following matters:
  - how the Audit and Risk Committee carries out its functions; and
  - whether or not the external auditor is independent;
- its findings with regard to:
  - the integrated report;
  - accounting practices utilised in the preparation of the annual financial statements;
  - internal financial control; and
  - the going concern nature of the Company.

Other duties of the Audit and Risk Committee include:

- 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 by external auditor;
- pre-approval of contracts for non-audit services by external auditor; 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, and
  - evaluating the effectiveness of risk management, internal controls and the governance processes.

Nomination Committee

The independent non-executive directors, Messrs D Masson (committee chairman) and AGW Knock are members of the Nomination Committee.

The Nomination Committee is responsible for developing selection criteria and identifying appropriate candidates for appointment to the Board. All appointments are done in a formal and transparent manner.

No meetings of this committee took place during the 2014 financial year.

IT Governance Committee

Cashbuild's IT Governance Committee commenced as an independent oversight committee chaired by Mr AGW Knock. The committee initially placed a primary focus on governance of Cashbuild's IT projects. Through natural lifecycle growth and maturity enhancement, it evolved into a Company-wide IT Governance Committee and was constituted as a Board sub-committee towards the end of the 2012 financial year. This committee met five times during the 2014 financial year.

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

Responsibilities of the IT Governance Committee include monitoring of:

- governance of Cashbuild's IT project(s);
- strategic alignment of IT with the business and collaborative solutions;
- value delivery of IT concentrating on optimising expenditure and proving the value of IT;
- risk management addressing the identification, assessment, monitoring and tracking of IT project and Company-wide IT risks;
- IT resource management which includes optimising IT knowledge and infrastructure; and
- Business continuity management (BCM) plans formulated and validated through testing.

Social and Ethics Committee

The Social and Ethics Committee consists of Ms NV Simamane (Committee Chairman), Ms HH Hickey, and Messrs WF de Jager and AE Prowse. The committee operates in terms of section 72(8) of the Companies Act No. 71 of 2008, as amended, read with Regulation 43 of the Companies Regulations, 2011. Duties of the committee include:

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

Drawing matters within its mandate to the attention of the Board as occasion requires; and

- Reporting to the shareholders of the Company's Annual General Meeting on the matters within its mandate.
- This committee met three times during the 2014 financial year in August and November 2013, and February 2014.

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 Finance Director and the approval of the Chief Executive.

Conflicts of Interest

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

Other Directorships

Executive directors do not hold directorships outside the Cashbuild Group. The Board believes that other directorships held by non-executive directors do not affect their ability to fully discharge their responsibilities as Cashbuild directors. Details of other directorships held by Cashbuild directors are provided on page 51 of this report.

Independence of Directors

King III requires the Board to review the independence of long-serving non-executive directors. This applies to the Chairman of the Board, Mr Donald Masson, who has served as a director for 26 years and Ms NV Simamane who has served as a director for 10 years. The Board has assessed the length of service of these directors and concludes that it has not impaired their independence, characters or judgements.

The matter of independence of directors is addressed during the recruitment stage and revisited annually when directors are required to declare any conflict in their interests. No conflict of interest or any factor hampering independence of any director has been identified during the 2014 financial year.

Directors' Attendance of Meetings

Refer to the Directors' Report on page 79 of the annual financial statements.

Prescribed Officers

Prescribed officers are defined as Cashbuild employees who:

- Report to the Chief Executive Officer,
- Exercise general management control over members of Cashbuild senior management.
- Have general management control over a significant portion of Cashbuild's business defined as:
  - More than 15% of Cashbuild's total number of stores
  - More than 15% of Cashbuild's total turnover.
- Are eligible for appointment as a Director or Prescribed Officer in terms of Section 69 of the Companies Act.

Two members of the Cashbuild Executive Team, Messrs Crous de Beer and Willie Dreyer (Operations Managers), are classified as prescribed officers. They formally acknowledged and accepted all responsibilities and obligations associated with this designation.

Company Secretary

The Company Secretary provides guidance to the board as a whole and to individual directors, in the discharge of their responsibilities. The Company Secretary is empowered to fulfil duties and the Board is satisfied that the responsibilities of the Company Secretary are exercised in a meaningful and competent manner. The Company Secretary maintains an arms length relationship with the Board. Company Secretarial duties have been outsourced to Corporate Governance Leaders CC with duties of the Company Secretary performed by Mr CD Kneale FCIS.

Executive

Authority has been granted by the Board to the Chief Executive, supported by the Executive Management team, to determine and implement Company strategy. The Board is apprised of progress through Board meetings and communication with management. The Cashbuild Executive Management team consisting of the following members takes full responsibility for corporate governance within the Company:

- Mr WF de Jager (Chief Executive)
- Mr AE Prowse (Finance Director)
- Mr A van Onselen (Operations Director)
- Mr SA Thoresson (Operations Director)
- Mr IAC de Beer (Operations Manager)
- Mr W Dreyer (Operations Manager)
- Mr A Hattingh (Operations Manager)
- Mr AHS Havenga (Group Risk Manager)
- Mr PA Champion (Human Resources Executive)
- Mr WP van Aswegen (General Manager Procurement)
- Ms G Mead (General Manager Finance)

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

Left to right: W Dreyer, PA Champion, A Hattingh, G Mead, IAC de Beer, WP van Aswegen, AHS Havenga

Succession Planning and Continuity of Management

The Board regularly participates in the review of succession planning for key senior executive positions. The directors periodically discuss succession planning and are comfortable that, in the event of any executive and senior management transition, plans are in place to ensure smooth transition. None of the Executive Management team made any intentions known during the financial year to resign or retire.

IT Governance

IT Governance forms an integral part of Cashbuild's business. Achievement of IT Governance objectives is monitored through quarterly IT Governance meetings chaired by an independent non-executive director and attended to by representatives of all stakeholders having a part in Cashbuild's IT environment. The monitoring of the achievement of IT Governance objectives is facilitated through this forum where appropriate IT risks and related business objectives are attended to.

As part of enhanced IT governance in Cashbuild, an IT Internal Audit service line was created during 2013/14. This service line addresses a number of focus areas which were identified during an IT risk assessment exercise completed during February 2014. These are, amongst others, Logical Access, SAP and Active Retail (AR) interface, and IT Management Framework internal audit reviews.

The results of a detailed IT Governance Framework Review conducted by Cashbuild IT Internal Audit in consultation with executive management is being considered in order to update the Cashbuild IT Management Framework and align IT strategy with business strategy. This is a long term project receiving appropriate and prioritised attention from executive management.

Implementation of Cashbuild's integrated Active Retail and SAP All-in-One solutions was successfully completed towards the end of May 2013 with the exception of our Malawi stores where deployment of Active Retail is still in progress. These solutions are being continuously refined and improved. Business imperative items receiving continued and focused attention include daily balancing of transactional data between Active Retail and SAP.

The decision to delay the roll out of Active Retail to the Malawi store is the result of the unique business requirements associated with that country, which are not catered for in the standard Active Retail application. Management is currently reviewing the enhancements required to the standard Active Retail application.

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

In support of a new Cashbuild store model (Cashbuild DIY), Cashbuild has during the past year contracted an alternate IT service provider who has developed and successfully implemented an in-store point of sale application which integrates retail store data generated within the current six DIY stores with SAP.

Ethics

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

Cashbuild's Code of Ethics was developed to build on the Company's ethical foundation and contains principles that guide the behavior of all Cashbuild stakeholders. The Code of Ethics is underpinned by Cashbuild's core values.

These policies and guidelines require staff members to adhere to ethical business practices in their relationships with customers, one another, suppliers, intermediaries, shareholders, investors and the general public at large.

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

Compliance with The Cashbuild Way is monitored through its Internal Audit function. Audits are done on each store four times a year (and at least once every quarter) and support office processes are audited on a frequency that depends on the risk-based priority assigned to specific business support focus areas. Cashbuild has contracted Tip-offs Anonymous, which provides a secure system for the reporting of unethical or risky behaviour. All tip-offs logged are investigated and action taken to address any instances of non-compliance to ethical standards in the Company.

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

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

Internal Control

Cashbuild maintains internal controls and systems designed to provide reasonable assurance of the achievement of operational business objectives and reliability of financial statements, while adequately protecting, verifying and maintaining accountability for assets. Controls within Cashbuild are based on established policies and procedures contained in The Cashbuild Way. The Cashbuild Way is ISO 9001 aligned and provides a uniform Company-wide standard regarding the defining, implementation and maintenance of policies, procedures and templates within all Cashbuild support and operational areas. Internal controls as contained in the Cashbuild Way are communicated throughout The Company and form the baseline of training provided to staff members.

Internal Audit within Cashbuild consists of a team of 24 members with two auditors dedicated to the auditing of support office-based processes, and 16 auditors dedicated to the auditing of key processes at stores. An internal audit manager and two senior internal auditors take responsibility for quality assurance within the internal audit function. An Administrator assists the Group Risk Manager with monitoring and reporting on Issues Management (e.g., tip-offs, burglaries and robberies, OHASA incidents, etc.).

Cashbuild's internal audit approach and methodology is risk based in that key controls addressing identified business control risks are the focus areas driving Internal Audit service delivery. Cashbuild has a 95% target for compliance to key controls designed to mitigate business risk, and diligently monitors achievement of this target through review and follow up of internal audit results. Detailed audit results are shared with store and line management for follow-up and correction. Cashbuild's Group Risk Manager heading up Internal Audit reports functionally to the Chief Executive with a reporting line to the Chairman of the Audit and Risk Committee. Internal audit results are reported to the Audit and Risk Committee with emphasis placed on areas of high risk requiring management attention as identified in terms of non-compliance to key controls.

Cashbuild's internal audit approach and methodology is risk based. The Company has a 95% target for compliance to key controls.

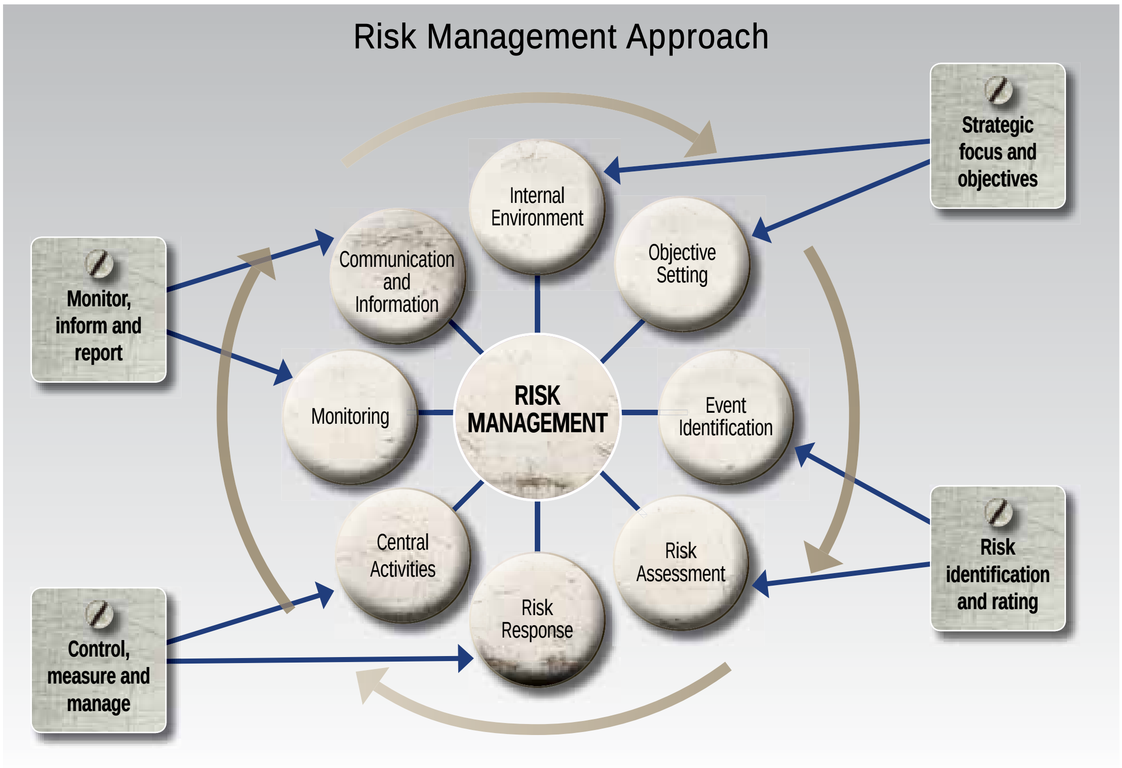
Cashbuild's annual internal audit plan is presented to the Audit and Risk Committee on a quarterly basis. Adjustments and revisions to the plan are motivated and explained in sufficient detail to provide assurance regarding the level of monitoring of compliance with internal controls designed to mitigate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

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

Risk Management

Risk Management Process

Enterprise Risk Management and Compliance is a formal response to address corporate risk that may hamper the achievement of Cashbuild's strategic objectives. It is a structured systematic process integrated into existing management responsibilities. This is a continuous process that responds to all types of risks in all parts of the company and is an inherent part of the management philosophy of Cashbuild. Cashbuild has adopted a conservative approach to risk management and has a low tolerance for risk. Calculated risk taking is however acknowledged as an inherent part of business decision making.



Each risk identified and recorded on the company risk register is assigned an impact and a likelihood rating based on a standard 10-point scale for each. The multiplied effect of the impact and likelihood rating provides the risk rating which ranks as High, Medium or Low, with priority given to the 10 highest ranked risks in the business at any given point in time.

There is ongoing monitoring of the status of actions to mitigate identified risks, with regular reports made to executive management and to the Board via quarterly Audit and Risk Committee meetings.

Responsibility for Risk Management

The board is responsible for risk governance within Cashbuild. Responsibility for the monitoring thereof has been allocated to the Audit and Risk Committee. The role of the Audit and Risk Committee is discussed in the portion of this document dealing with committees of the board on page 53 and the Audit and Risk Committee report on page 74.

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

Financial Risks

Cashbuild is exposed to a range of financial risks with specific reference to market risk (currency, interest rate and price risk), credit risk and liquidity risk. Exposure to these risks and policies for measuring and managing these risks are included in note 3 of the annual financial statements.

Cashbuild subscribes and adheres to a well-functioning enterprise risk management approach and methodology which is driven by the Company's strategic focus and business objectives, and encompasses risk identification and assessment, monitoring, measurement, and reporting on the status of identified risks. A formal risk identification and assessment exercise is performed four times a year. The result of this risk identification and assessment feeds into Cashbuild's risk register which is continuously maintained and updated during the course of the year and formally reported on during quarterly Audit and Risk Committee meetings.

Cashbuild's Top 10 risks

Detailed below are Cashbuild's Top 10 risks as at the end of June 2014.

2014 Ranking Number	2013 Risk or new	Risk Description	Mitigation Plan
1	New	Potential shrinkage to be timeously identified, monitored and actioned per SKU per store per Division, per Operations Area to enable as primary objective prevention and secondary objective minimising stock losses occurring	• Improved attention to be given to wall-to-wall stocktake process and review of shrinkage • Each store in the Company will be exposed to at least one wall to wall stock count per annum • During these wall to wall counts the store will be closed • Divisional Managers will take ownership of managing wall to wall count in highest risk stores in their division • If the result of wall to wall stock counts warrants the situation, war on shrinkage reviews will be considered • Appropriate monitoring and reporting of shrinkage to take place • Appropriate KPI's to be created and achievement thereof to be monitored • Process Owner to monitor and track results of stock counts performed by Divisional Manager
2	Yes	Expectation of unrealistic (above inflation) rental escalations by landlords to be appropriately managed to effectively curtail growth of this business expense category within an acceptable set benchmark	• Re-negotiation of existing lease conditions addressed as and when leases become due for renewal • Target to negotiate rental escalations at a lower rate • Consider purchasing sites due for renewal of rental contracts
3	Yes	Customer service delivery by Cashbuild employees to meet customer expectations within Cashbuild's core value framework	• Increased emphasis placed on customer service training • Prompt attention given to customer complaints being a KPI for customer service measurement
4	New	Expense growth in the business to be managed to be less than gross margin growth rate, thereby contributing to long term sustainability of the business	• Budget targets realistically set and monitored • Any expense exceeding budget to be formally approved at executive level • Appropriate guidance provided to operators • Non performance appropriately actioned
5	Yes	Stockholding within the Company to be optimally managed to be within benchmarked levels per store, division, and operational area, thereby ensuring continued availability of core stock items to customers while avoiding overstocking of any items, specifically high value slow moving items	• Targeted reduction of stock levels • Weekly reporting on stores at appropriate levels • Continued retraining on use of new system processes
6	Yes	Talent pool to meet Cashbuild's store expansion program as per current store development plan, thereby ensuring necessary supply of required staff members to meet business growth and expansion objectives	• Pro-actively source store management skills • Consider skill requirements for alternative store model • Focus on improvement of existing skills but also recruitment of "new blood" • Identification of talent pool per store (to 3rd level of management) is being completed with appropriate planning of future development and deployment of identified staff members taking place • Identification of stores that will be opening per ops area during the next 18 months is linked with a plan to appropriately train identified staff members in the talent pool
7	Yes	Identified loss making stores to be given priority attention and managed to profitable status within appropriate timeframe failing which action to commence to close identified stores and re-investing in areas targeted as meeting the Cashbuild business and investment return model	• Careful analysis per loss making store with detailed store specific action plans put in place per store to address the situation • Operations executives report back at the Chief Executives meetings and quarterly board meetings on successes achieved
8	Yes	Identified instances of transaction decrease, to be pro-actively managed to maximise return to the business	• Giving attention to stores with unacceptable level of transactions to determine and address root cause
9	Yes	Growing competition in the industry to be pro-actively monitored and attended to in order to not only retain but continue growing market share	• Alternative models are being considered and implemented • A pro-active fighting policy, supported with required financial investment, is in place to address identified competitors entering the market in specific geographical areas
10	New	Identification and fast tracking of previously disadvantaged and recognised BEE candidates into senior management positions to receive priority attention with primary focus placed on internal qualifying candidates	• Have introduced a management learnership program • Action plans put into place per Operations Area and Support Office Department

* Represents new items added to the 'Top 10' Risk register

We are also pleased that the below 2013 items are no longer appearing on the 'Top 10' Risk register:

Integration and information flow of the IT solution as implemented not meeting business expectations documented and agreed upon during scoping phase of project. (2012/13 – ranked 1st; 2013/14 – ranked 14th).

Late payment of suppliers by Cashbuild due to internal creditors department issues. (2012/13 – ranked 2nd; 2013/14 – closed).

Increased instances of community unrest taking place coupled with a projection of +/- 200 municipal demarcation events that could take place. (2012/13 – ranked 5th; 2013/14 – ranked 15th).

Adequacy of Cashbuild model to address IT requirements and service delivery resulting in high reliance on external IT outsource partner. (2012/13 – ranked 6th; 2013/14 – ranked 16th).

Assurance

Combined Assurance

The creation of a Combined Assurance Framework as recommended by King III has been completed during the latter part of the 2014 financial year and enacted in policy format. The purpose of this policy is integration and alignment of assurance processes in Cashbuild to minimise the risk of governance and control deficiencies, and optimise overall assurance to the Audit and Risk Committee as recommended by King III. Implementation of the policy with the objective of optimising effective coordination across assurance providers (internal and external to Cashbuild) is a priority for the 2015 financial year.

Financial Statements

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

External Audit

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

Internal Audit

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

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

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

The Internal Auditing Department and its personnel report to the Group Risk Manager, who reports functionally to the Chief Executive with a direct communication line to the Chairman of the Audit and Risk Committee.

The creation of a Combined Assurance Framework as recommended by King III was completed during the latter part of the 2014 financial year and enacted in policy format.

Legislative and Regulatory Compliance

The Board takes full responsibility for legislative and regulatory compliance in the Company. Monitoring thereof is facilitated by Cashbuild's legal outsource partner Van Der Heever and Associates. There were no cases of material legislative or regulatory non-compliance during the year and no penalty sanctions were imposed on the Company or any of its directors or officers during the year. A detailed regulatory compliance risk exercise involving the Cashbuild executive and senior management teams was completed during 2013/14. Acts identified as core to the Cashbuild business have subsequently been prioritised and an action plan drawn up. Cashbuild's Internal Audit team is tasked with doing internal audit compliance reviews on these action plans, utilising appropriately designed and supported legal compliance software supplied by a reputable external service provider.

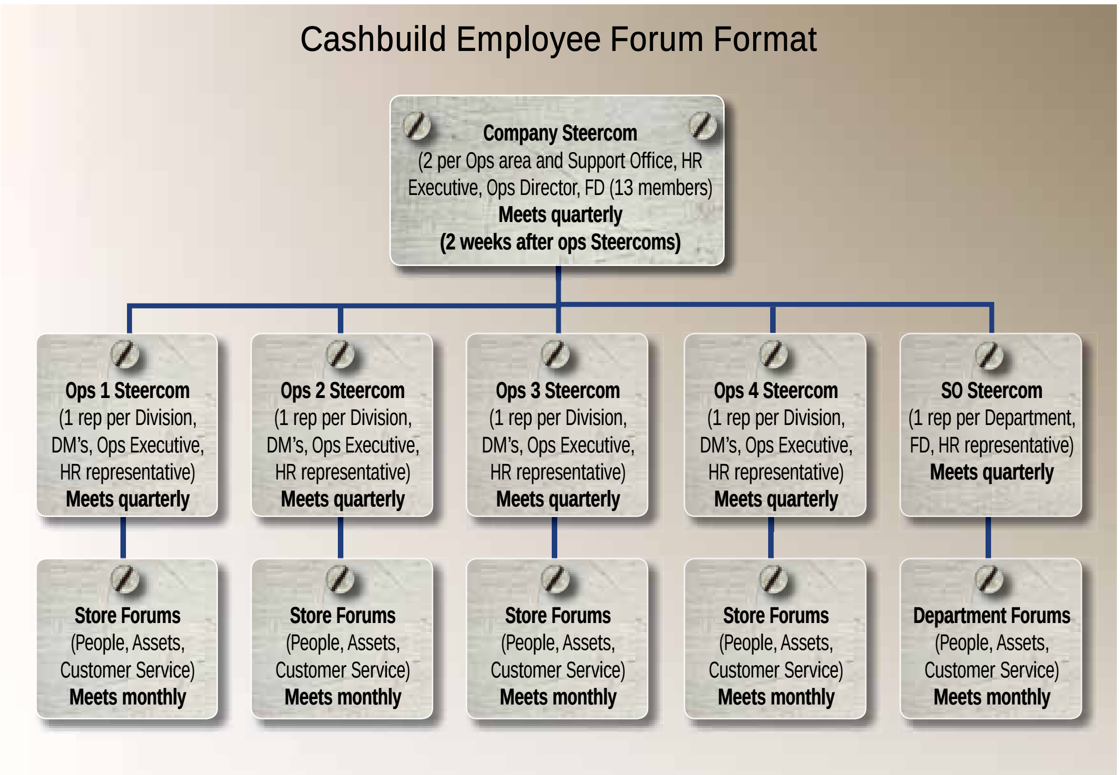
Going Concern

The Board is satisfied that the Company has adequate resources to continue operating for the next 12 months and into the foreseeable future. The Audit and Risk Committee has based on input from the Finance Director, assessed and recommended to the Board that the financial statements be prepared on the going concern basis. The Board is apprised of the Company's going concern status at the Board meetings coinciding with the interim and final results.

Employee Forum

Employee Forum Meetings are established to facilitate interaction and consultation between Management and Employees in the workplace. The Employee Forum will consist of the following tiers:

- Store / Department Forum;
- Operations Steering Committee; and
- Company Steering Committee.



The role of the Store Employee Forum is to discuss and reach agreement on store specific issues with regards to operational results, shrinkage results, audit results, customer service issues, training needs, staff scheduling, succession planning, and general issues of concern raised by employees within the store.

The role of the Operations Employee Forum Steering Committee is to ensure store forums are functioning effectively. This committee ensures store forums discuss: operational area specific issues; operational results; shrinkage results; audit results; customer service issues; training needs, general issues of concern raised by employees within divisions but not resolved at divisional level; and monitoring, implementation and achievement of agreed strategies. The Operations Employee Forum Steering Committee is also responsible for the formation of the Operations area Employment Equity Committee to be consulted with by the Company in a specific geographical area.

The role of the Company Steering Committee is to ensure Store and Divisional Forums are functioning effectively, discuss Company specific issues such as operational results, shrinkage results, audit results, and customer service issues. The Company Steering Committee addresses general issues of concern raised by employees within the operations area not resolved at operations level. It also forms the Training Committee for the Company area to identify consolidated training needs for the Company along with strategies to address training needs. The forum monitors implementation and achievement of agreed strategies, and forms the Company Employment Equity Committee to be consulted with by the Company as required by the Employment Equity Act.

Employee Forums form an integral part of Cashbuild Governance Framework and aim to optimise the governance relationship between Cashbuild management and staff.

The Cashbuild Employee Forum constitutes the principal means of communication between employees and the Executive.

In addition, various mechanisms exist for employees and other stakeholders to engage directly with (particularly non-executive) members of the Board. The most direct of these relate to the Company's Annual General Meeting. In extraordinary circumstances however, the possibility exists for stakeholders to engage directly with non-executive directors.

Employee Forums form an integral part of Cashbuild's governance framework.

Social and Ethics Committee Report

The Social and Ethics Committee ("SECOM") assists the Board of Directors in monitoring Cashbuild's performance as a good and responsible corporate citizen. This report by SECOM is prepared in accordance with the requirements of the Companies Act (No. 71 of 2008) as amended (Companies Act). It describes how SECOM has discharged its statutory duties in terms of the Companies Act and the additional duties assigned to it by the Board in respect of the financial year ended 30 June 2014.

Committee Members and Attendance at Meetings

SECOM comprises four suitably skilled and experienced members appointed by the Board. In addition to two executive members, SECOM comprises of two independent non-executive directors: Ms NV Simamane who chairs the committee and Ms HH Hickey. SECOM's two executive members are Messrs WF de Jager, the Chief Executive, and AE Prowse, the Finance Director. The Company Secretary is the secretary of SECOM. In terms of SECOM's charter, at least two meetings are held annually.

Role and Responsibilities

SECOM's role and responsibilities are governed by Terms of Reference approved by the Board. These Terms of Reference are subject to an annual review by the Board.

SECOM's main objective is to assist the Board in monitoring the Company's performance as a good and responsible corporate citizen, thereby helping the Board to achieve one of its important values, namely doing business ethically. To do this, SECOM monitors the sustainable development practices of the Company. It also monitors relevant legislation, legal requirements and prevailing codes of best practice relating to social and economic development, good corporate citizenship, the environment, health and public safety, consumer relationships, and labour and employment.

SECOM is satisfied that it has fulfilled all its duties during the year under review and has made significant progress in formalising all relevant policies and implementing identified plans, as further detailed below.

Policy Review

SECOM is responsible for developing and reviewing the Company's policies with regard to its commitment to, governance and reporting of sustainable development performance, as well as for making recommendations to management and/or the Board in this regard. During the year, SECOM reviewed and improved the Company's Code of Business Conduct and Ethics; its Fraud Prevention Policy, including guidelines on Gifts; its Corporate Social Investment (CSI) Policy; and its Occupational Health and Safety Policy.

Monitoring of Sustainable Development Practices

In the execution of its duties, SECOM has reviewed the sustainable development practices of the Company specifically relating to:

- ethics and compliance;
- corporate social investment;
- stakeholder relations, including advertising and public relations, and the review of customer complaints;
- Broad-Based Black Economic Empowerment, including employment equity plans and targets;
- health and public safety, including occupational health and safety;
- labour relations and working conditions;
- training and skills development; and
- management of the Company's environmental impact.

SECOM is also required to report through one of its members to the Company's shareholders on matters within its mandate at the Company's Annual General Meeting to be held on 1 December 2014.

Remuneration Report

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

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

1. Aligning Remuneration Policy with Company Strategy.

In order to achieve the Company strategy and maintain the high performance expected of individuals within Cashbuild, the attraction, motivation and retention of staff at all levels is critical. Reward and recognition play an important role in the achievement of these objectives. All permanent employees qualify for two salary increases per annum. The first one being in July of each year, aligned to the financial year, where an annual cost of living increase is given to all staff, irrespective of individual performance.

The average CPI percentage over the preceding 12 months plus an agreed factor is used as the basis for the calculation of the annual cost of living increase. This formula and final percentage cost of living increase is discussed with and agreed to by the Company employee forum. This year a 7% cost of living increase was agreed to for all staff with executive management receiving a 6.5% adjustment.

Over and above the annual cost of living increase, as agreed to with the employee forum and given in July, performance increases given in October are directly related to the individual's performance and aligned to the agreed performance increase parameters. This increase varies between 1% and 5%, depending on the individuals' performance.

In addition there are monthly and quarterly bonuses store employees can earn based on store and divisional performance. An annual bonus is available to all store and divisional, management based on their areas' performance with support office staff and executive management qualifying for annual bonuses based on Group performance.

The guaranteed cost to company package for all employees is set in line with the three-yearly salary survey conducted by an external remuneration specialist.

2. Governance

The remuneration policy is governed by the Remuneration Committee, which consists of three non-executive directors. The Chief Executive and Finance Director are invited guests. The invited guests are excused from any meetings when their individual remuneration and performance is discussed.

The members of this committee and their responsibilities are set out in the corporate governance report on page 53.

3. Remuneration Structure

The guaranteed cost to company package for all employees is set in line with the three yearly salary survey conducted by an external remuneration specialist.

As mentioned, this survey was last conducted in 2012, and will again be conducted in the upcoming reporting period.

Executive directors and senior management packages are benchmarked against medium-sized market capitalisation companies on the JSE Limited.

The rationale behind this benchmarking exercise is the retention of key members of the Company's executive and senior management. The potential loss of key senior personnel was identified by Cashbuild's risk management system as one of the most significant risks faced by the Company, and this measure is one of those identified as a means to mitigate this risk.

Non-executive Directors

Non-executive director fees are recommended by the Remuneration Committee and agreed to at the Annual General Meeting. Fees are based on market related fees obtained via salary surveys conducted by external remuneration specialists. Non-executive fees are detailed in note 39 of the annual financial statements.

Executive Directors and Senior Managers

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

Details of all executive and non-executive directors' remunerations are detailed in note 39 of the annual financial statements.

The performance of the Chief Executive is assessed against set performance criteria, by the Chairman and the Board, while the performance of executive directors and senior managers is evaluated against other set performance criteria, by the Chief Executive and reviewed by the Remuneration Committee. Any increases given over and above the July cost of living increase are directly related to the individual's performance.

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

Short-term Incentive Scheme (STI) for Executive Directors and Senior Managers

STI awards take place on condition that the Company's financial objectives are met. Dependent on the occupational level, an incentive of between 20% and 50% of annual cost to company can be achieved, of which 40% is based on the achievement of Company financial objectives and 40% on the achievement of non financial objectives. The last component of 20% related to personal objectives, is payable on achievement of agreed objectives irrespective of Company performance.

Management and Staff

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

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

4. Retention Schemes

Long-term Share Incentive Scheme (LTI)

Executives and certain key positions participate in the Company share incentive scheme with stock options being offered. See note 14 of the annual financial statements for various scheme disclosure.

The principal rationale behind this incentive scheme is the retention of senior management personnel, rather than a reward for personal or Company performance.

Executives and identified key positions participate in the Cashbuild share incentive scheme with share options being offered. Allocations of shares vary between 25,000 and 100,000 shares with a vesting period of three years.

During the reporting period, the Company received some critical inputs from shareholders regarding the LTI scheme, specifically in terms of the fact that the scheme appeared unrelated to the Company's financial performance. In response to this criticism, the Remuneration Committee has tasked executive management with reviewing the scheme as well as the general broadness of the concerns and to recommend whether changes should be considered and what form they should take if necessary. In particular management should develop a number of contingency changes linking share options to Company performance for consideration by the Remuneration Committee should this be deemed an appropriate modification to the scheme. In the interim no new options are being granted. A summary of concerns and the Remuneration Committee's responses is provided on page 69.

Cashbuild Empowerment Trust

The philosophy of having all staff share in the success of the Company, and in so doing create a sense of belonging and ownership, is embodied in the Cashbuild Empowerment Trust to which all permanently employed staff, irrespective of seniority or length of service belong. Additionally it aligns the goals of staff with those of the shareholders. This Trust owns 7.8% of the issued share capital. Dividends are paid twice per year to all members of the Trust on an equal basis. In the last financial year, a total of R9.2 million was paid to all staff members. Since inception of this Trust in 2004 a total of R119 million has been distributed to staff in the employ of Cashbuild at dividend declaration date.

Store Operations Management Member Trust

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

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

This Trust relates to management of stores, divisions and operational areas achieving predetermined targets for the financial year as set out in the trust deed. The managers of these areas receive a share of excess profits generated by their store, division or operations area, divided equally into cash and shares. The share portion will vest on the third anniversary of the distribution, on condition that the manager employed by Cashbuild at the time of vesting. Dividends accrue to the individual from date of distribution.

In 2014 a total of R2.6 million will be paid out to 10 store managers (R1.3 million in cash and R1.3 million in shares after qualification of the vesting period).

Since the inception of this scheme in 2012, a total of R8.3 million (R4.15 million in cash and R4.15 million in shares after qualification of the vesting period) is to be paid, comprising 42 store managers and two divisional managers.

Employee Benefits

Retirement funds
Membership of the retirement fund is compulsory for all permanent employees. The retirement fund is part of the Alexander Forbes Umbrella Fund. The fund is managed by a management committee that meets twice a year and consists of 50% employer and 50% employee elected representatives. In order to facilitate financial decision-making aligned to Company policies, the Company's Chairman, Chief Executive and Finance Director are all employer elected members of this committee.

Medical aid
Membership of a medical aid is optional. The medical schemes offered in South Africa are Discovery and Momentum. Approximately 4% of employees have elected to join these medical schemes.

The sourcing of affordable health care, and the promotion of membership in medical schemes by employees is a focus area for the future. However most staff have elected to not belong to one of the above medical schemes unless subsidised by the Company.

Executive Employee Contracts

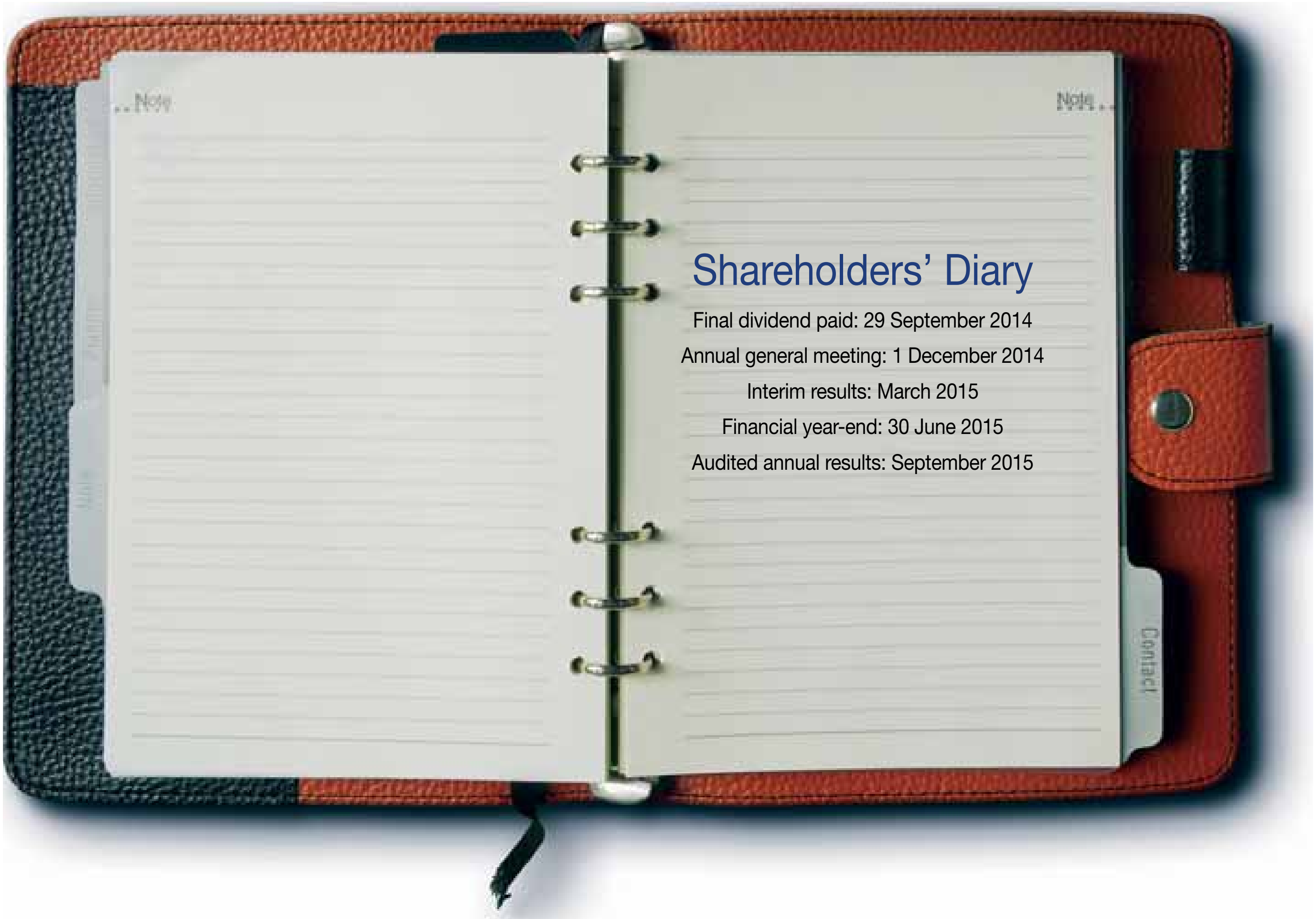
All executive directors and managers have employment contracts requiring one month's notice of resignation and do not contain any restraint clauses.

Engagement with Our Shareholders

Contact was made with shareholders, from which concerns were raised over the Cashbuild remuneration policy in 2013. These concerns were tabled and discussed by the Remuneration Committee and their responses recorded in the table below. Some concerns raised were due to the scheme's rules not being known by the shareholder and therefore this table has been provided to clarify. Although not all the concerns raised have been addressed fully, the members of the Remuneration Committee will take cognisance of them for future scheme determination.

Issue/Concern Raised	Response
Dilution impact when new shares are issued in support of options	Whenever possible, shares will be purchased in the market to fulfil options exercised. This approach was followed for options that vested in May 2014
The total number of share options should be limited to 10% of issued share capital	The scheme as approved by shareholders in 2003 allows a total of 5 161 000 shares or 20% of issued share capital. Currently 1 627 500 options or 6% of issued share capital is issued to beneficiaries
Total options allocated to any one beneficiary should be limited to 0,5% of issued share capital	In our opinion, the cap on the allocation of options for any individual should be based on clear criteria and not arbitrary figures which take no cognisance of the market capitalisation of the company concerned and therefore allow for huge variations in individual wealth for different companies
Long term incentives are to be linked to performance criteria	As the Cashbuild share incentive trust is an option scheme, it meets this requirement. Only when the share price increases and rewards the investor does the executive also gain value through the option
Scheme should not allow for re-pricing or backdating of options nor should options be allowed to vest earlier	The Cashbuild Share incentive scheme complies with this as once options are awarded they may not be amended
Performance criteria should differentiate between Company and personal targets	Cashbuild bonus scheme contains Company non-financial and personal targets for each participant
Preference exists for schemes to be revisited and refreshed in line with current trends	The current scheme has been in existence since 2003. The Remuneration committee has taken note of this suggestion

Other general rules/requirements such as clear and transparent rules, non-executives not being able to participate in the scheme and incentive schemes that contain short, medium and long term components are met by the current Cashbuild Remuneration policies and incentive schemes.



Shareholders' Diary

Final dividend paid: 29 September 2014

Annual general meeting: 1 December 2014

Interim results: March 2015

Financial year-end: 30 June 2015

Audited annual results: September 2015

ANNUAL FINANCIAL STATEMENTS

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Directors' Responsibilities and Approval

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible to report on the fair presentation of the financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act in South Africa 2008 as amended.

The directors are also responsible for the Company's system of internal financial control. These are designed to provide reasonable, but not absolute assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period 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 external auditors are responsible for independently reviewing and reporting on the Group's financial statements. The annual financial statements have been examined by the Group's external auditors. The audit report of PricewaterhouseCoopers Inc is presented on page 82.

The financial statements set out on pages 83 to 127, which have been prepared on the going concern basis under the supervision of the Finance Director, Mr AE Prowse CA(SA), were approved by the Board of Directors on 1 September 2014 in Johannesburg and were signed on its behalf by:

D Masson
Director

WF de Jager
Director

Audit and Risk Committee Report

1. Introduction

The Audit and Risk Committee has pleasure in submitting this report, as required by section 94(f) of the Companies Act, 2008, as amended and the JSE Listings Requirements.

2. Functions of the Audit and Risk Committee

The functions the Audit and Risk Committee carried out include:

- Reviewed the interim and year-end financial statements and integrated report culminating with a recommendation to the Board.
- Reviewed the external audit reports, after audit of the interim and year-end financial statements.
- Reviewed the internal audit and risk management reports with, when relevant, recommendations being made to the Board.
- In the course of its review, the committee:
  - took appropriate steps to ensure that financial statements were prepared in accordance with International Financial Reporting Standards (IFRS);
  - considered and, where appropriate, made recommendations on internal financial controls and the going concern concept analysis;
  - authorised the audit fees in respect of both the interim and year-end audits;
  - specified guidelines and authorised contract conditions for the award of non-audit services to the external auditors;
  - ensured that a combined assurance model has been applied to provide a co-ordinated approach to all assurance activities;
  - evaluated the effectiveness of risk management, controls and the governance processes; and
  - dealt with concerns 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

The Audit and Risk Committee consists of three independent non-executive directors, namely Mr IS Fourie (chairman), Ms NV Simamane and Dr DSS Lushaba. Ms HH Hickey was subsequently appointed as a member of the Audit and Risk Committee on 1 September 2014. 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. No need was identified for additional meetings to be held.

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 were discussed at meetings of the Audit and Risk Committee. The Board chairman, 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 commenced with a confidential meeting between the committee members, non-executive directors and the internal and external auditors. Executive directors and relevant senior managers joined the formal meeting.

7. Independence of Audit

During the year under review, the Audit and Risk Committee reviewed reports by the external auditor and based on its own review, confirmed the independence of the auditor and their appointment in terms of Section 22 of the JSE Listings Requirements.

8. Expertise and Experience of Finance Director

As required by JSE Listings Requirement 3.84(h), the Audit and Risk Committee has satisfied itself that the Finance Director has appropriate expertise and experience.

9. Internal Control Function

The Audit and Risk Committee has overseen a process by which internal audit performed a written assessment of the effectiveness of the Company's system of internal control and risk management, including financial controls.

10. Adequacy of Finance Function

The Audit and Risk Committee has considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function, and the experience of the senior members of management responsible for the financial function.

11. Adequacy of the Audit and Risk Committee

The Committee, evaluated the performance of the Audit and Risk Committee against the charter authorised by the Board and found it to be satisfactory.

Assessment of Internal Controls and Risk Management Provided by Internal Audit

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

Service delivery by the Group Risk Management department, which includes risk management, issues management and Internal Audit, aims to achieve the following best practice guidelines during performance of its internal control assessment process:

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

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

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

Considering all of these factors, the following assessment statement is presented by Cashbuild Internal Audit: "Work performed by the Cashbuild Group Risk Management department during the current reporting period (July 2013 to June 2014) supports the assertion that Cashbuild's system of internal controls and risk management is effective, and that any serious problem and or concern identified by the Group Risk Management Department during performance of its risk management, issues management and internal audit duties are reported on in quarterly Audit and Risk Committee Reports".

IS Fourie
Audit and Risk Committee Chairman
1 September 2014

Directors' Report

The directors have pleasure in presenting their report, which forms part of the audited annual financial statements of the Group for the year ended 30 June 2014.

1. Nature of the Business

Main business and operations

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, (215 at the end of this reporting period). Cashbuild carries an in-depth quality product range tailored to the specific needs of the communities we serve. Our customers are typically 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 met.

GROUP RESULTS SUMMARY **Statement of financial performance**	**Year ended June 2014 R'000**	Year ended June 2013 R'000	% change
Revenue	**6 781 274**	6 376 945	6.3
Operating profit before finance cost and income	**357 566**	322 540	10.9
Finance cost	**(1 004)**	(1 225)	(18.0)
Finance income	**23 927**	30 718	(22.1)
Attributable earnings	**265 915**	245 490	8.3
Profit on sale of assets after taxation	**692**	8 046	(91.4)
Headline earnings	**265 223**	237 444	11.7
Earnings per share (cents)	**1 147.6**	1 063.2	7.9
Headline earnings per share (cents)	**1 144.6**	1 028.3	11.3
Fully diluted basic earnings per share (cents)	**1 136.6**	1 038.2	9.5
Statement of financial position			
Total assets (excluding cash and cash equivalents)	**1 911 833**	1 945 182	(1.7)
Cash and cash equivalents	**704 322**	123 818	>100
Total liabilities	**1 377 037**	952 564	44.6
Total liabilities to shareholders' funds	**1.13**	0.86	31.4
Net asset value per share (cents) *	**4 858**	4 379	10.9

* Based on ordinary number of shares in issue.

The Group results split by geographical segment are presented in note 37 of the financial statements.

The financial statements on pages 83 to 127 sets out the financial position, results of operations and cash flows of the Group for the period ended 30 June 2014 in more detail.

2. Trading Weeks

For the financial year under review and the comparative year, Cashbuild had 52 trading weeks.

3. Financial Highlights

Revenue for the year increased by 6% and gross profit increased with a pleasing 10%. Operating expenses increased by 10%. Basic earnings per share increased by 8% and headline earnings per share increased by 11%. Net asset value per share has shown an 11% increase, from 4 379 cents (June 2013) to 4 858 cents. Cash and cash equivalents increased to R704 million (June 2013: R124 million) mainly due to a reduction of stock levels and payments to suppliers being effected after the year end close.

Stores in existence prior to the beginning of July 2012 (pre-existing stores - 191 stores) increased by 1% in revenue and the 24 new stores contributed 5% of the increase. This increase for the year has been achieved in tough trading conditions with selling price inflation of 5%.

Due to continued focus on margins within the competitive environment, gross profit percentage margin increased to 23.7% from the 22.8% of the prior year.

Operational expenses for the year remained well controlled with existing stores accounting for 5% of the increase and new stores 5%. The total increase for the year amounted to 10%. 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 29% has remained consistent with the prior year. Cashbuild's statement of financial position remains solid. Stock levels have decreased by 5% notwithstanding the increase in the number of stores. Overall stockholding at 75 days (June 2013: 83 days). Trade receivables remain well under control.

During the period, Cashbuild opened 15 new stores. 20 stores were refurbished and seven stores were relocated. Six Cashbuild DIY pilot stores (not included in the 215 stores number), were opened and trading at the end of the financial year. Cashbuild will continue its store expansion, relocation and refurbishment strategy in a controlled manner, applying the same rigorous process as in the past.

4. Dividends

Cashbuild's dividend policy is 2 (two) times cover based on first and second half results. The dividend declared by the board is consistent with this policy.

The board has declared a final dividend (No. 43), of 253 cents (June 2013: 191 cents) per ordinary share out of income reserves to all shareholders of Cashbuild Limited. The dividend per share is calculated based on 25 189 811 (June 2013: 25 189 811) shares in issue at date of dividend declaration. Net local dividend amount is 215.05 cents per share for shareholders liable to pay Dividends Tax and 253 cents per share for shareholders exempt from paying Dividends Tax. The total dividend for the year amounts to 528 cents (2013: 487 cents) which is consistent with the prior year. Local dividend tax is 15% and there are no STC credits available for use. Cashbuild Limited's tax reference number is 9575168712.

Relevant dates for the declaration are as follows: Date dividend declared: Monday, 1 September 2014; Last day to trade "CUM" the dividend: Thursday, 18 September 2014; Date to commence trading "EX" the dividend: Friday, 19 September 2014; Record date: Friday, 26 September 2014; Date of payment: Monday, 29 September 2014. Share certificates may not be dematerialised or rematerialised between Friday 19 September 2014 and Friday 26 September 2014, both dates inclusive.

5. Events Subsequent to Statement of Financial Position Date

The directors are not aware of any matter or circumstance arising since the end of the year that has a material impact on the annual financial statements.

6. Subsidiary Companies

Name of subsidiary		Issued Capital	**Effective holding June 2014**	Effective holding June 2013	Nature
DIRECTLY HELD					
Cashbuild Management Services (Pty) Ltd		R 1	**100%**	100%	1
INDIRECTLY HELD					
Cashbuild (Botswana) (Pty) Ltd	A	P 1 500 000	**100%**	100%	2
Cashbuild Kanye (Pty) Ltd	A	P 2	**100%**	100%	3
Cashbuild (Lesotho) (Pty) Ltd	B	M 100 000	**80%**	80%	2
Cashbuild Lilongwe Ltd	E	MWK 100 000	**51%**	51%	2
Cashbuild (Namibia) (Pty) Ltd	C	N$ 1	**100%**	100%	2
Cashbuild (South Africa) (Pty) Ltd		R 54 000	**100%**	100%	2
Cashbuild (Swaziland) (Pty) Ltd	D	E 500	**100%**	100%	2
Roofbuild Trusses (Pty) Ltd		R 100	**71%**	71%	2
Tradebuild (Pty) Ltd		R 4	**100%**	100%	3
Cashbuild (Kwandebele) (Pty) Ltd		R 200 000	**100%**	100%	4
Cashbuild (Transkei) (Pty) Ltd		R 250 000	**100%**	100%	4
Cashbuild (Properties) (Pty) Ltd		R 1	**100%**	-	4
Cashbuild (Venda Properties) (Pty) Ltd		R 1	**100%**	-	4

Nature

1. Investment and management company
2. Trading company
3. Dormant
4. Property holding company

Domicile

South African, unless otherwise stated:

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

7. Directorate

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

Executive directors

WF de Jager (43)	Chief Executive, CA(SA)	Appointed 1 December 2004
AE Prowse (50)	Finance Director, CA(SA)	Appointed 1 March 2011
SA Thoresson (51)	Operations Director	Appointed 27 March 2007
A van Onselen (52)	Operations Director	Appointed 20 September 2004

Non-executive directors

D Masson (83)	Chairman, ACIS	Appointed 22 June 1988
IS Fourie (67)	CA(SA)	Appointed 1 July 2012
HH Hickey (60)	CA(SA)	Appointed 1 July 2012
AGW Knock (63)	BSc Eng (Hons); MBA; MSc (Engineering); MDP	Appointed 1 July 2011
Dr DSS Lushaba (48)	BSc Advanced Biochemistry (Hons), MBA, DBA	Appointed 1 July 2011
NV Simamane (55)	BSc Chemistry and Biology (Hons)	Appointed 1 September 2004

8. Directors' Shareholding

The directors held in aggregate, direct and indirect beneficial interests, and non-beneficial interests, of 0.005% (June 2013: 0.005%) in the issued share capital of the Company at the statement of financial position date. The Company has not been notified of any change in these interests from the end of the financial year ended 30 June 2014 to the date of this report.

The beneficial interest both direct and indirect and non-beneficial interest of the directors in office at the date of this report as disclosed in note 40.

9. Directors' Interest in Contracts

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

10. Directors' Attendance of Meetings

Type of meeting	Directors board attended/held	Audit & Risk Committee attended/held	Remuneration Committee attended/held	Social & Ethics Committee attended/held	IT Governance Committee attended/held
Executive directors					
WF de Jager	4/4	4/4*	4/4*	3/3	5/5
AE Prowse	4/4	4/4*	4/4*	3/3	5/5
SA Thoresson	4/4	4/4*			4/5
A van Onselen	4/4	4/4*			5/5
Non-executive directors					
D Masson	4/4	4/4*	4/4		4/5
IS Fourie	4/4	4/4	4/4		
HH Hickey	4/4	4/4*		3/3	
AGW Knock	4/4	4/4*	4/4		5/5
Dr DSS Lushaba	4/4	4/4			
NV Simamane	2/4+	2/4+		3/3	

* By invitation

+ Apologies were submitted and noted

11. Directors' Remuneration

Details of directors' remuneration are set out in note 39 to the financial statements.

12. 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:

	June 2014	June 2013
Shares subject to the scheme at the beginning of year	**117 825**	167 825
Shares sold on open market	**(266 500)**	(50 000)
Shares purchased during the year	**557 175**	-
Shares subject to the scheme at the end of year	**408 500**	117 825
Dealt with as follows: - Shares held in trust for exercising of options	**408 500**	117 825
	408 500	117 825

Details of The Cashbuild Share Incentive Trust are set out in note 14 of the financial statements.

13. Cashbuild Store Operations Management Member Trust

The Store Operations Management Member Trust (referred to as the "Ops Trust") was introduced during the 2012 financial year as a performance incentive to store managers, divisional managers and operations directors.

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

At the end of the period (third anniversary of the date of distribution) the employees are allowed to trade the shares.

14. Other Special Resolutions

On the 2nd of December 2013 the directors signed a special resolution resolving that, in accordance with section 45 of the Companies Act, the Board be and is hereby authorised, by way of a general authority to, at any time and from time to time during the period of two years commencing on the date of this special resolution, provide any direct or indirect financial assistance (as contemplated in section 45(1) of the Companies Act) in any form or amount to any company which is related or inter-related to the Company (from time to time and for the time being), as defined in the Companies Act, on such terms and conditions as the board may determine.

On the above date a resolution was also signed to approve the remuneration of the non-executive directors, with effect from 1 July 2013 to 30 June 2014.

15. Company Secretary

Corporate Governance Leaders CC

16. Registered Office

101 Northern Parkway Drive
Ormonde
Johannesburg
2091

17. Postal Address

PO Box 90115
Bertsham
2013

18. Website

www.cashbuild.co.za

19. Auditor

PricewaterhouseCoopers Inc

20. Country of Incorporation

Republic of South Africa

Company Secretary's Certification

Declaration by the Group secretary in respect of Section 88(2)(e) of the Companies Act

We declare that, in respect of the year ended 30 June 2014, to the best of our knowledge, the Company has filed all such returns and notices as required by the Companies Act 71 of 2008, as amended, and that all such returns and notices appear to be true, correct and up to date.

Corporate Governance Leaders CC
Chartered Secretaries
Company Secretary to Cashbuild Limited
Johannesburg
1 September 2014

Independent Auditor's Report

To the shareholders of Cashbuild Limited

We have audited the consolidated and separate financial statements of Cashbuild Limited set out on pages 83 to 127, which comprise the statements of financial position as at 30 June 2014, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended 30 June 2014, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation on and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Cashbuild Limited as at 30 June 2014, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other Reports Required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2014, we have read the Directors' Report, the Audit Committee Report and the Company Secretary's Certification for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: I Buys
Registered Auditor
Sunninghill
1 September 2014

Statement of Financial Position

as at 30 June 2014

		Group		Company	
R'000	Note(s)	**2014**	2013	**2014**	2013
ASSETS					
Non-current assets					
Property, plant and equipment	4	**794 174**	618 597	**-**	-
Intangible assets	5	**42 019**	50 333	**-**	-
Investments in subsidiaries	6	**-**	-	**104 277**	116 505
Deferred income tax	7	**421**	3 238	**-**	-
Rent prepayments	11	**36 530**	20 557	**-**	-
		873 144	692 725	**104 277**	116 505
Current assets					
Assets held for sale	8	**12 393**	15 645	**-**	-
Financial assets at fair value	9	**-**	125 628	**-**	-
Inventories	10	**933 035**	986 709	**-**	-
Current income tax assets		**-**	9 279	**-**	-
Trade and other receivables	11	**93 261**	115 196	**6 638**	4
Cash and cash equivalents	12	**704 322**	123 818	**3 582**	3 134
		1 743 011	1 376 275	**10 220**	3 138
TOTAL ASSETS		**2 616 155**	2 069 000	**114 497**	119 643
EQUITY AND LIABILITIES					
EQUITY					
Capital and reserves attributable to owners of the company:					
Ordinary share capital	13	**229**	232	**252**	252
Share premium		**(19 871)**	35 712	**62 912**	62 912
Share-based payment reserve	14	**35 815**	21 887	**35 815**	21 887
Foreign currency translation reserve	15	**(6 083)**	(10 336)	**-**	-
Retained earnings		**1 213 633**	1 055 481	**12 477**	12 156
		1 223 723	1 102 976	**111 456**	97 207
Non-controlling interest		**15 395**	13 460	**-**	-
		1 239 118	1 116 436	**111 456**	97 207
LIABILITIES					
Non-current liabilities					
Deferred operating lease liability	16	**100 217**	92 016	**-**	-
Deferred profit	17	**-**	1 595	**-**	-
Borrowings	18	**-**	2 488	**-**	-
		100 217	96 099	**-**	-
Current liabilities					
Current income tax liabilities		**28 813**	-	**-**	322
Trade and other payables	19	**1 243 406**	853 929	**3 041**	22 114
Employee benefits	20	**4 601**	2 536	**-**	-
		1 276 820	856 465	**3 041**	22 436
TOTAL LIABILITIES		**1 377 037**	952 564	**3 041**	22 436
TOTAL EQUITY AND LIABILITIES		**2 616 155**	2 069 000	**114 497**	119 643

The notes on pages 88 to 127 are an integral part of these consolidated financial statements

Income Statement

for the year ended 30 June 2014

		Group		Company	
R'000	Note(s)	**2014**	2013	**2014**	2013
Revenue	21	**6 781 274**	6 376 945	**-**	-
Cost of sales	22	**(5 175 906)**	(4 921 664)	**-**	-
Gross profit		**1 605 368**	1 455 281	**-**	-
Selling and marketing expenses	22	**(1 051 550)**	(966 965)	**-**	-
Administrative expenses	22	**(200 734)**	(163 700)	**(2)**	(2)
Other operating expenses	22	**(3 713)**	(4 154)	**-**	-
Other income	23	**8 195**	2 078	**117 385**	143 330
Operating profit		**357 566**	322 540	**117 383**	143 328
Finance costs	24	**(1 004)**	(1 225)	**-**	-
Finance income	25	**23 927**	30 718	**-**	-
Profit before income tax		**380 489**	352 033	**117 383**	143 328
Income tax expense	27	**(111 036)**	(103 482)	**322**	-
Profit for the year		**269 453**	248 551	**117 705**	143 328
Profit attributable to:					
Owners of the Company		**265 915**	245 490	**117 705**	143 328
Non-controlling interest		**3 538**	3 061	**-**	-
		269 453	248 551	**117 705**	143 328
Earnings per share for profit attributable to the owners of the Company during the period:					
Basic earnings per share (cents)	28	**1 147.6**	1 063.2	**467.3**	569.0
Diluted earnings per share (cents)	28	**1 136.6**	1 038.3	**463.2**	556.7

The notes on pages 88 to 127 are an integral part of these consolidated financial statements

Statement of Comprehensive Income

for the year ended 30 June 2014

	Group		Company	
R'000	**2014**	2013	**2014**	2013
Profit for the year	**269 453**	248 551	**117 705**	143 328
Other comprehensive income reclassifiable to profit or loss:				
Total movement in foreign currency translation reserve (FCTR)	**3 711**	4 240	**-**	-
Attributable to:				
- Owners of the Company	**4 253**	4 506	**-**	-
- Non-controlling interests	**(542)**	(266)	**-**	-
Total comprehensive income for the year	**273 164**	252 791	**117 705**	143 328
Total comprehensive income attributable to:				
- Owners of the Company	**270 168**	249 996	**117 705**	143 328
- Non-controlling interests	**2 996**	2 795	**-**	-
	273 164	252 791	**117 705**	143 328

The notes on pages 88 to 127 are an integral part of these consolidated financial statements

Statement of Changes in Equity

for the year ended 30 June 2014

R'000	Share capital	Treasury share capital	FCTR	Treasury share premium	Share premium	Shared based payments reserve	Retained earnings	Non-controlling interest	Total equity
GROUP									
Balance at 30 June 2012	252	(20)	(14 842)	(28 332)	65 823	12 618	941 175	11 408	988 082
Total comprehensive income for the year	-	-	4 506	-	-	-	245 490	2 795	252 791
Shares purchased by The Cashbuild Operations Management Member Trust	-	(1)	-	(2 545)	-	-	-	-	(2 546)
Shares sold by The Cashbuild Share Incentive Trust	-	1	-	766	-	-	1 075	-	1842
Increase in shareholding of subsidiary	-	-	-	-	-	-	(497)	437	(60)
Share-based payments	-	-	-	-	-	9 269	-	-	9 269
Dividends paid	-	-	-	-	-	-	(131 762)	(1 180)	(132 942)
Balance at 30 June 2013	252	(20)	(10 336)	(30 111)	65 823	21 887	1 055 481	13 460	1 116 436
Total comprehensive income for the year	**-**	**-**	**4 253**	**-**	**-**	**-**	**265 915**	**2 996**	**273 164**
Shares purchased by The Cashbuild Share Incentive Trust	**-**	**(6)**	**-**	**(77 343)**	**-**	**-**	**-**	**-**	**(77 349)**
Shares sold by The Cashbuild Share Incentive Trust	**-**	**3**	**-**	**21 760**	**-**	**-**	**-**	**-**	**21 763**
Share-based payments	**-**	**-**	**-**	**-**	**-**	**13 928**	**-**	**-**	**13 928**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**(107 763)**	**(1 061)**	**(108 824)**
Balance at 30 June 2014	**252**	**(23)**	**(6 083)**	**(85 694)**	**65 823**	**35 815**	**1 213 633**	**15 395**	**1 239 118**
Note(s)	13	13							
COMPANY									
Balance at 30 June 2012	252	-	-	-	62 912	12 618	12 158	-	87 940
Dividends paid	-	-	-	-	-	-	(143 330)	-	(143 330)
Share-based payments	-	-	-	-	-	9 269	-	-	9 269
Total comprehensive income for the year	-	-	-	-	-	-	143 328	-	143 328
Balance at 30 June 2013	252	-	-	-	62 912	21 887	12 156	-	97 207
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**(117 384)**	**-**	**(117 384)**
Share-based payments	**-**	**-**	**-**	**-**	**-**	**13 928**	**-**	**-**	**13 928**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**117 705**	**-**	**117 705**
Balance at 30 June 2014	**252**	**-**	**-**	**-**	**62 912**	**35 815**	**12 477**	**-**	**111 456**
Note(s)	13	13			15	14			

The notes on pages 88 to 127 are an integral part of these consolidated financial statements

Statement of Cash Flows

for the year ended 30 June 2014

		Group		Company	
R'000	Note(s)	**2014**	2013	**2014**	2013
Cash flows from operating activities:					
Cash generated from operations	29	**929 670**	156 378	**105 604**	156 008
Interest paid		**(1 004)**	(1 225)	**-**	-
Tax paid	30	**(70 127)**	(113 610)	**-**	-
Net cash generated from operating activities		**858 539**	41 543	**105 604**	156 008
Cash flows from investing activities:					
Purchase of property, plant and equipment	4	**(264 497)**	(182 627)	**-**	-
Proceeds on disposal of property, plant and equipment	32	**1 835**	4 052	**-**	-
Proceeds on disposal of assets held for sale	33	**5 635**	14 247	**-**	-
Purchase of intangibles	5	**(5 058)**	(15 415)	**-**	-
Sale of other intangible assets	5	**117**	-	**-**	-
Decrease/(increase) in financial assets		**125 628**	(125 628)	**-**	-
Decrease/(increase) in subsidiary loan account		**-**	-	**12 228**	(11 618)
Interest income		**23 927**	30 718	**-**	-
Net cash (used in)/generated from investing activities		**(112 413)**	(274 653)	**12 228**	(11 618)
Cash flows from financing activities:					
Shares purchased by The Cashbuild Share Incentive Trust	13	**(77 349)**	-	**-**	-
Shares purchased by The Cashbuild Operations Management Member Trust	13	**-**	(2 546)	**-**	-
Shares sold by The Cashbuild Share Incentive Trust		**21 763**	1 842	**-**	-
(Decrease)/increase in borrowings		**(250)**	16	**-**	-
Dividends paid	31	**(107 763)**	(131 762)	**(117 384)**	(143 330)
Dividends paid to non-controlling interests		**(1 061)**	(1 180)	**-**	-
Acquisition of/increase in shareholding in subsidiaries	6	**(2 238)**	(60)	**-**	-
Net cash used in financing activities		**(166 898)**	(133 690)	**(117 384)**	(143 330)
Net increase/(decrease) in cash and cash equivalents		**579 228**	(366 800)	**448**	1 060
Cash at the beginning of the period		**123 818**	487 946	**3 134**	2 074
Effect of exchange rate movements on cash balances		**1 276**	2 672	**-**	-
Total cash at end of the period	12	**704 322**	123 818	**3 582**	3 134

The notes on pages 88 to 127 are an integral part of these consolidated financial statements

Notes to the Annual Financial Statements

Accounting Policies

1. Presentation of Annual Financial Statements

1.1 Consolidation

Preparation and basis of consolidation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act 71 of 2008. The consolidated annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

Entities are consolidated when control exists, being when an entity is exposed to, or has rights to variable returns from its involvement with the entity, or has the ability to effect those returns through power over the investee.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

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

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

Changes in ownership in subsidiary without change of control

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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.

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.

1.1 Consolidation (continued)

Cashbuild Operations Management Member Trust

The Cashbuild Operations Management Member Trust has been consolidated in the Group annual financial statements for all periods presented in the financial statements.

1.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions. This is in accordance with IFRS 8.

For segment reporting and how segments were determined refer to note 37.

1.3 Foreign currency translation

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.

Transactions and balances:

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences are non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

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:

- 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);
- assets and liabilities for each financial position presented are translated at the closing rates at the date of that financial position; and
- all resulting exchange differences are recognised through other comprehensive income.

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

If goodwill and fair value adjustments were to arise on the acquisition of foreign entities they would be treated as assets and liabilities of the foreign entity and translated at closing rates. Exchange differences arising are recognised in other comprehensive income.

1.4 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset 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.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

1.4 Property, plant and equipment (continued)

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	25 - 50 years
Leasehold improvements	10 years
Furniture and equipment	3 - 10 years
Vehicles	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the Group holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.5 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in profit or loss.

1.6 Intangible assets

An intangible asset is recognised when:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

1.6 Intangible assets (continued)

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite, is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Items	**Useful life**
Trademarks	10 years
Computer software	5 years

1.7 Financial assets

Classification

Financial assets at fair value through profit or loss:

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

Initial recognition and measurement

Financial assets at fair value through profit or loss:

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

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

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. 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 receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1.7 Financial assets (continued)

Cash and cash equivalents

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

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

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.

1.8 Loans to owners of leased premises

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

1.9 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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.

1.10 Leases

Sale and leaseback transactions

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

The Group 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.

1.10 Leases (continued)

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.

1.11 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Impairment of non-financial assets

The Group assesses at the end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period; and
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.13 Share capital and equity

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.

1.13 Share capital and equity (continued)

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

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

1.14 Employee benefits

Pension fund obligations
Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

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 a number of equity-settled, share-based compensation plans. Shares are offered under a share purchase and a share option scheme to executive directors and selected management. The scheme has a vesting period of three years. The impact is recognised directly in the income statement, with a corresponding adjustment to equity. The effect of all options issued under the share option scheme is taken into account when calculating the diluted basic and headline earnings per share.

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

At each financial position date, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. A vested share option is exercised when the Group delivers the share to the director or employee on receipt of payment of the grant (strike) price. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

When shares are acquired for the purpose of share-based payments, the cost of share purchases are eliminated against the share-based payments reserve for Group consolidation purposes.

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

Management incentive scheme
Referred to as the "operational managers scheme" which entitles qualifying management members to receive a bonus that is split in equal proportion between cash and shares. The cash portion will be received immediately and the share portion will vest at the end of a three year period, or such earlier dates as provided in the Trust Deed.

1.15 Provisions and contingencies

Provisions are recognised when:
- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

1.15 Provisions and contingencies (continued)

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 36.

1.16 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the Group's right to receive payment has been established.

1.17 Cost of sales

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

1.18 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings; and
- weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

1.18 Borrowing costs (continued)

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.19 Reporting period

The Group adopts the retail accounting calendar, which comprises the reporting period ending on the last Sunday of the month (29 June 2014 - 52 weeks; 30 June 2013 - 52 weeks).

1.20 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.

1.21 Investments in subsidiaries

Company annual financial statements
In the Company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

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

1.22 Related parties

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

A person or a close member of that person's family is related to a reporting entity if that person:
- has control or joint control over the reporting entity;
- has significant influence over the reporting entity; or
- is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

An entity is related to a reporting entity if any of the following conditions applies:
- The entity and the reporting entity are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member);
- Both entities are joint ventures of the same third party;
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
- The entity is controlled or jointly controlled by a person identified in point 1 above; and
- A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2. New Standards and Interpretations

2.1 Standards and interpretations effective in the current year and applicable to the Group

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

2010 Annual Improvements Project: Amendments to IAS 28 Investments in Associates
The amendment provides transitional provisions as a result of changes to IAS 27 (AC 132) Consolidated and Separate Financial Statements.

The effective date of the amendment is for years beginning on or after 01 July 2010.

The Group has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

IFRS 10 Consolidated Financial Statements
Standard replaces the consolidation sections of IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. The standard sets out a new definition of control, which exists only when an entity is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to effect those returns through power over the investee.

The effective date of the standard is for years beginning on or after 01 January 2013.

The Group has adopted the standard for the first time in the 2014 annual financial statements.

The impact of the standard is not material.

IAS 27 Separate Financial Statements
Consequential amendment as a result of IFRS 10. The amended Standard now only deals with separate financial statements.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The Group has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

IFRS 11 Joint Arrangements
The standard replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities – Non Monetary Contributions by Venturers. The standard defines a Joint arrangement as existing only when decisions about relevant activities requires the unanimous consent of the parties sharing joint control in terms of a contractual arrangement. The standard identifies two types of joint arrangements as:

- Joint operations which exist when the entities sharing joint control have direct rights to the assets and obligations for the liabilities of the joint arrangements. In such cases the joint operators recognise their share of the assets and liabilities and profits and losses of the joint arrangements in their financial statements.

The effective date of the standard is for years beginning on or after 01 January 2013.

The Group has adopted the standard for the first time in the 2014 annual financial statements.

The impact of the standard is not material.

IFRS 12 Disclosure of Interests in Other Entities
The standard sets out disclosure requirements for investments in subsidiaries, associates, joint ventures and unconsolidated structured entities. The disclosures are aimed to provide information about the significance and exposure to risks of such interests. The most significant impact is the disclosure requirement for unconsolidated structured entities or off balance sheet vehicles.

The effective date of the standard is for years beginning on or after 01 January 2013.

The group has adopted the standard for the first time in the 2014 annual financial statements.

The adoption of this standard has not had a material impact on the results of the Group, but has resulted in more disclosure than would have previously been provided in the annual financial statements. Refer to note 6 for this disclosure.

IFRS 13 Fair Value Measurement
New standard setting out guidance on the measurement and disclosure of items measured at fair value or required to be disclosed at fair value in terms of other IFRS's.

The effective date of the standard is for years beginning on or after 01 January 2013.

2. New Standards and Interpretations (continued)

The Group has adopted the standard for the first time in the 2014 annual financial statements.

The impact of the standard is not material.

IAS 19 Employee Benefits Revised

- Require recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements;
- Introduce enhanced disclosures about defined benefit plans;
- Modify accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits; and
- Clarification of miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The Group has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

Amendment requires additional disclosures for financial assets and liabilities which are offset and for financial instruments subject to master netting arrangements.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The Group has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

IFRS 1 – Annual Improvements for 2009 – 2011 cycle

The amendment allows an entity to be a first time adopter of IFRS more than once, if its previous financial statements did not contain an explicit unreserved statement of compliance with IFRS. In addition, borrowing costs capitalised in accordance with previous GAAP before the date of transition to IFRS may be applied unadjusted at the transition date.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The Group has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

IAS 1 – Annual Improvements for 2009 – 2011 cycle

Clarification is provided on the requirements for comparative information. Specifically, if a retrospective restatement is made, a retrospective change in accounting policy or a reclassification, the statement of financial position at the beginning of the previous period is only required if the impact on the beginning of the previous period is material. Related notes are not required, other than disclosure of specified information.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The Group has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

IAS 16 – Annual Improvements for 2009 – 2011 cycle

Spare parts, stand by equipment and servicing equipment should only be classified as property, plant and equipment if they meet the definition.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The Group has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

IAS 32 – Annual Improvements for 2009 – 2011 cycle

Tax effects of distributions made to holders of equity instruments. Income tax relating to distributions made to holders of equity instruments and tax effects of transaction costs of equity transactions must be accounted for in accordance with IAS 12 Income Taxes.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The Group has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

2. New Standards and Interpretations (continued)

IAS 34 – Annual Improvements for 2009 – 2011 cycle
Clarification on reporting of segment assets and segment liabilities in interim financial reports. Such reporting is only required when it is regularly reported to the chief operating decision maker, and when there has been a material change from the previous annual financial statements.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The Group has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance.
Transitional guidance for the application of IFRS 10, IFRS 11 and IFRS 12. The amendment limits the requirement to provide adjusted comparative information to only the preceding comparative period.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The Group has adopted the amendment for the first time in the 2014 annual financial statements. The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective and applicable to the Group

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2014 or later periods:

IFRS 9 Financial Instruments
This new standard is the first phase of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. To date, the standard includes chapters for classification, measurement and derecognition of financial assets and liabilities. The following are main changes from IAS 39:

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost;
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All financial assets at fair value are to be subsequently measured at fair value;
- Under certain circumstances, financial assets may be designated as at fair value;
- For hybrid contracts, where the host contract is an asset within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply;
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the entity changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model;
- Financial liabilities shall not be reclassified;
- Investments in equity instruments may be measured at fair value through other comprehensive income. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment;
- IFRS 9 does not allow for investments in equity instruments to be measured at cost; and
- The classification categories for financial liabilities remains unchanged. However, where a financial liability is designated as at fair value through profit or loss, the change in fair value attributable to changes in the liabilities credit risk shall be presented in other comprehensive income. This excludes situations where such presentation will create or enlarge an accounting mismatch, in which case, the full fair value adjustment shall be recognised in profit or loss.

The effective date of the standard is for years beginning on or after 01 January 2018.

The Group expects to adopt the standard for the first time in the 2016 annual financial statements.

It is unlikely that the standard will have a material impact on the Group annual financial statements.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
Clarification of certain aspects concerning the requirements for offsetting financial assets and financial liabilities. The effective date of the amendment is for years beginning on or after 01 January 2014.

The Group expects to adopt the amendment for the first time in the 2015 annual financial statements.

It is unlikely that the amendment will have a material impact on the Group annual financial statements.

2.2 Standards and interpretations not yet effective and applicable to the Group (continued)

IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets

The amendment brings the disclosures for impaired assets whose recoverable amount is fair value less costs to sell in line with the disclosure requirements of IFRS 13 Fair Value Measurements.

The effective date of the amendment is for years beginning on or after 01 January 2014.

The Group expects to adopt the amendment for the first time in the 2015 annual financial statements.

It is unlikely that the amendment will have a material impact on the Group annual financial statements.

IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

The amendment provides guidance on whether an entity is required to discontinue hedging when the derivatives which are designated hedging instruments are novated to a central counterparty.

The effective date of the amendment is for years beginning on or after 01 January 2014.

The Group expects to adopt the amendment for the first time in the 2015 annual financial statements.

It is unlikely that the amendment will have a material impact on the Group annual financial statements.

IFRS 10, IFRS 12 and IAS 27 – Investment Entities

The amendments define an investment entity and introduce an exception to consolidating particular subsidiaries for investment entities. These amendments require an investment entity to measure those subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments in its consolidated and separate annual financial statements. The amendments also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27.

The effective date of the amendments is for years beginning on or after 01 January 2014.

The Group expects to adopt the amendments for the first time in the 2015 annual financial statements.

It is unlikely that the amendment will have a material impact on the Group annual financial statements. IFRS 14

IFRS 14

The IASB has issued IFRS 14, 'Regulatory deferral accounts' ('IFRS 14'), an interim standard on the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). Rate regulation is a framework where the price that an entity charges to its customers for goods and services is subject to oversight and/or approval by an authorised body.

The effective date of the standard is for years beginning on or after 01 January 2016.

The Group expects to adopt the standard for the first time in the 2017 annual financial statements.

It is unlikely that the amendment will have a material impact on the Group annual financial statements.

IFRS 15 – Revenue from contracts with customers

Establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

The effective date of the standard is for years beginning on or after 01 January 2017.

The Group expects to adopt the standard for the first time in the 2018 annual financial statements.

The impact of this standard is currently being assessed.

Amendment to IFRS 2, 'Share-based payment'

The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.

The effective date of the amendment is for years beginning on or after 01 July 2014.

The Group expects to adopt the amendment for the first time in the 2015 annual financial statements.

It is unlikely that the amendment will have a material impact on the Group annual financial statements.

Amendment to IFRS 3, 'Business combinations'

The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, 'Financial instruments: Presentation'. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non- financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Consequential changes are also made to IFRS 9, IAS 37 and IAS 39.

The effective date of the amendment is for years beginning on or after 01 July 2014.

The Group expects to adopt the amendment for the first time in the 2015 annual financial statements.

It is unlikely that the amendment will have a material impact on the Group annual financial statements.

Amendment to IFRS 8, 'Operating segments'

The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics.

The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

The effective date of the amendment is for years beginning on or after 01 July 2014.

The Group expects to adopt the amendment for the first time in the 2015 annual financial statements.

It is unlikely that the amendment will have a material impact on the Group annual financial statements.

IAS 16, 'Property, plant and equipment', and IAS 38, 'Intangible assets'

Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount.

The split between gross carrying amount and accumulated depreciation is treated in one of the following ways:

- either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or
- the accumulated depreciation is eliminated against the gross.

The effective date of the amendment is for years beginning on or after 01 July 2014.

The Group expects to adopt the amendment for the first time in the 2015 annual financial statements.

It is unlikely that the amendment will have a material impact on the Group annual financial statements.

IAS 24, 'Related party disclosures'

The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity').

The effective date of the amendment is for years beginning on or after 01 July 2014.

The Group expects to adopt the amendment for the first time in the 2015 annual financial statements.

It is unlikely that the amendment will have a material impact on the Group annual financial statements.

IAS 19 - Amendments regarding defined benefit plan

These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

The effective date of the amendment is for years beginning on or after 01 July 2014.

The Group expects to adopt the amendment for the first time in the 2015 annual financial statements.

It is unlikely that the amendment will have a material impact on the Group annual financial statements.

Amendment to IFRS 13, 'Fair value measurement'

When IFRS 13 was published, paragraphs B5.4.12 of IFRS 9 and AG79 of IAS 39 were deleted as consequential amendments. This led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases.

The effective date of the amendment is for years beginning on or after 01 July 2014.

The Group expects to adopt the amendment for the first time in the 2015 annual financial statements.

It is unlikely that the amendment will have a material impact on the Group annual financial statements.

3. Financial risk management

R'000	Group 2014	Group 2013	Company 2014	Company 2013
Financial instruments by category				
Financial assets at fair value through profit and loss	**-**	125 628	**-**	-
Loans and receivables	**788 808**	238 449	**36 158**	3 138
Financial liabilities carried at amortised cost	**1 220 444**	829 712	**3 041**	22 436
Loans and receivables:				
Trade and other receivables (excluding prepayments)	**84 486**	105 352	**32 576**	4
Current income tax asset	**-**	9 279	**-**	-
Cash and cash equivalents	**704 322**	123 818	**3 582**	3 134
	788 808	238 449	**36 158**	3 138

Financial assets at fair value:

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

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

During the year the Group discontinued this financial instrument. The funds from this investment were transferred back to cash and cash equivalents. Refer to note 9 for additional disclosure.

R'000	Group 2014	Group 2013	Company 2014	Company 2013
Financial assets at fair value through profit and loss (Level 2)				
Debt investments	**-**	82 701	**-**	-
Other cash, securities and money market	**-**	42 927	**-**	-
	-	125 628	**-**	-
Financial liabilities carried at amortised cost				
*Trade liabilities and accruals	**1 191 631**	827 224	**3 041**	2 590
Finance lease liability	**-**	2 488	**-**	-
Loans payable	**-**	-	**-**	19 524
Current income tax liabilities	**28 813**	-	**-**	322
	1 220 444	829 712	**3 041**	22 436

*Included in trade liabilities and accruals (note 19) are items to the value of (Group) R51 775 258; (Company) R Nil (June 2013: (Group): R 26 704 855; (Company): R Nil) which do not meet the definition of a financial trade liabiity. These mostly comprise of employee related provisions and accruals.

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 financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group 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 companies 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 Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit and Risk Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

3. Financial risk management (continued)

Credit risk

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

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

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

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

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

	Group		Company	
R'000	**2014**	2013	**2014**	2013
Rating				
Cash held at financial institutes (rating F2)	**703 125**	121 984	**3 582**	3 134
Cash on hand and in transit	**1 197**	1 834	**-**	-
	704 322	123 818	**3 582**	3 134

Trade and other receivables

Credit is only given to a small number of customers of which the majority is covered by credit insurance. At year-end only 4% of our trade debtors over 90 days were not covered by credit insurance. Therefore from a credit risk perspective, trade debtors are considered an insignificant 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 companies standard payment and delivery terms are offered. The Group review includes external ratings, bank references and obtaining credit reports. Purchase limits are established for each customer. Furthermore, credit insurance is taken out for the majority of receivables balances.

For smaller customers, surety from directors is required.

Cash and cash equivalents

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

Exposure to credit risk

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

	Group		Company	
R'000	**2014**	2013	**2014**	2013
Financial assets at fair value	**-**	125 628	**-**	-
Loans and receivables	**788 808**	238 449	**36 158**	3 138
Bank held guarantees (refer to note 36)	**1 411**	6 307	**-**	-
The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:				
- South Africa	**96 855**	87 722	**3 685**	3 134
- Other members of common monetary area	**12 147**	15 194	**-**	-
- Botswana and Malawi	**3 547**	2 437	**-**	-

3. Financial risk management (continued)

The ageing of Group trade receivables at reporting date was as follows :

	June 2014 Gross	June 2014 Impairment	June 2013 Gross	June 2013 Impairment
Not past due	**67 361**	**-**	74 572	-
Past due 1-30 days	**7 139**	**-**	9 327	-
Past due 31-60 days	**2 591**	**(1 216)**	5 086	(977)
Past due 61-90 days	**964**	**(964)**	2 869	(2 869)
Past due 91-120 days	**1 743**	**(1 743)**	4 528	(4 528)
More than 120 days	**14 541**	**(14 541)**	12 152	(12 152)
Total	**94 339**	**(18 464)**	108 534	(20 526)

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	**2014**	2013	**2014**	2013
Balance at beginning of year	**20 526**	12 983	**-**	-
Creation of provision for impaired receivables	**405**	9 426	**-**	-
Utilisation	**(2 467)**	(1 883)	**-**	-
Balance at end of year	**18 464**	20 526	**-**	-

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 34.

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

	Carrying amount	Contractual cash flows	30 days or less	More than 30 day but less than 1 year	1-5 years	More than 5 years
GROUP						
At 30 June 2014						
Non-derivative financial liabilities:						
Trade liabilities and accruals	**(1 191 631)**	**(1 191 631)**	**(487 520)**	**(704 111)**	**-**	**-**
Bank held guarantees	**(1 411)**	**(1 411)**	**-**	**-**	**(1 411)**	**-**
At 30 June 2013						
Non-derivative financial liabilities:						
Finance lease liabilities	(2 488)	(175 208)	-	(378)	(1 533)	(173 297)
Trade liabilities and accruals	(827 224)	(827 224)	(176 023)	(651 201)	-	-
Bank held guarantees	(6 307)	(6 307)	-	-	(6 307)	-
COMPANY						
At 30 June 2014						
Non-derivative financial liabilities:						
Trade liabilities and accruals	**(3 041)**	**(3 041)**	**(3 041)**	**-**	**-**	**-**
At 30 June 2013						
Non-derivative financial liabilities:						
Current income tax liabilities	(322)	(322)	-	(322)	-	-
Trade liabilities and accruals	(2 590)	(2 590)	(2 590)	-	-	-
Loans payable	(19 524)	(19 524)	-	-	-	(19 524)

3. Financial risk management (continued)

Market risk

Foreign exchange risk

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

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

Exposure to currency risk

	Group		Company	
R'000	**2014**	2013	**2014**	2013
The Group's exposure to foreign currency risk was as follows based on notional amounts:				
Pula exposed to Rand				
- Trade receivables	**2 655**	2 359	**-**	-
- Cash and cash equivalents	**75 578**	35 530	**-**	-
- Trade payables	**(60 151)**	(43 799)	**-**	-
Kwacha exposed to Rand				
- Trade receivables	**2 231**	349	**-**	-
- Cash and cash equivalents	**3 110**	10 087	**-**	-
- Trade payables	**(9 386)**	(4 259)	**-**	-
The following significant exchange rates applied during the year:				
Pula				
- Average rate	**1.20**	1.11	**-**	-
- Reporting date rate	**1.23**	1.14	**-**	-
Kwacha				
- Average rate	**40.70**	40.21	**-**	-
- Reporting date rate	**39.52**	35.23	**-**	-

Sensitivity analysis:

A 10 percent strengthening of the functional currency against the following currencies as at 30 June would have decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as 2013.

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

Profit and (loss)				
- Pula	**(1 644)**	537	**-**	-
- Kwacha	**368**	(562)	**-**	-
	(1 276)	(25)	**-**	-

Cash flow and fair value interest rate risk

As the Group is operating with a low 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:

Variable rate instruments

Financial assets (bank account balances) - Carrying amount	**704 322**	123 818	**3 582**	3 134

3. **Financial risk management (continued)**

Cashflow sensitivity analysis for variable rate instruments

A 100 bp (basis points) increase or decrease in the interest rate at 30 June would have had the equal but opposite effect on the interest paid or received, assuming that all other variables remain constant;

	Group		Company	
R'000	**2014**	2013	**2014**	2013
Effective on variable rate instruments	**7 043**	1 238	**36**	31

Fair values

The carrying amount of financial assets and liabilities approximates their fair value. The values of loans, recievables, and payables represent the value that would be payable or receivable to settle these obligations.

Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The Group is further exposed to price risk in its own share price due to the equity settled share-based payment schemes. The Group hedges this risk by managing the timing of share acquisitions so as to have the most minimal effect on cash flow. The Group's potential exposure on future share options is disclosed in note 14.

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

Financial assets at fair value through profit and loss	**-**	125 628	**-**	-
Profit or loss 5% increase/decrease	**-**	6 281	**-**	-

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 for 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.

The Group's target is to maintain a dividend cover of two times annual result.

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 Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are mainly the impairment of tangible and intangible assets; the estimation of useful lives of property, plant and equipment and intangible assets, and establishing uniform depreciation and amortisation methods; the likelihood that deferred and income taxes can be realised and the probability of doubtful debts. The key estimates and assumptions relating to these areas are disclosed in the relevant notes to the financial statements.

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

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

a) Inventory:

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

b) Income taxes:

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

c) Fair value of share-based payments:

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

3. Financial risk management (continued)

d) Useful lives of assets:

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

4. Property, plant and equipment

GROUP	2014			2013		
	Cost	**Accumulated depreciation**	**Carrying value**	Cost	Accumulated depreciation	Carrying value
Land and buildings	**367 225**	**(30 277)**	**336 948**	260 605	(25 948)	234 657
Improvements to leasehold premises	**98 168**	**(35 856)**	**62 312**	83 086	(29 904)	53 182
Furniture and equipment	**750 031**	**(355 363)**	**394 668**	635 637	(304 915)	330 722
Vehicles	**339**	**(93)**	**246**	114	(78)	36
Total	**1 215 763**	**(421 589)**	**794 174**	979 442	(360 845)	618 597

Reconciliation of property, plant and equipment Group - 2014

	Opening Balance	**Additions**	**Disposals**	**Classified as held for sale**	**Transfers**	**Foreign exchange movements**	**Depreciation**	**Total**
Land and buildings	**234 657**	**-**	**-**	**(379)**	**105 780**	**982**	**(4 092)**	**336 948**
Improvements to leasehold premises	**53 182**	**-**	**(28)**	**-**	**16 186**	**143**	**(7 171)**	**62 312**
Furniture and equipment	**330 722**	**20**	**(3 300)**	**-**	**142 277**	**1 017**	**(76 068)**	**394 668**
Vehicles	**36**	**-**	**-**	**-**	**234**	**(4)**	**(20)**	**246**
Capital work in progress	**-**	**264 477**	**-**	**-**	**(264 477)**	**-**	**-**	**-**
	618 597	**264 497**	**(3 328)**	**(379)**	**-**	**2 138**	**(87 351)**	**794 174**

Reconciliation of property, plant and equipment Group - 2013

	Opening Balance	Additions	Disposals	Classified as held for sale	Transfers	Foreign exchange movements	Depreciation	Total
Land and buildings	208 242	-	-	-	29 179	857	(3 621)	234 657
Improvements to leasehold premises	30 001	-	-	-	29 022	91	(5 932)	53 182
Furniture and equipment	260 302	22	(7 757)	-	142 829	771	(65 445)	330 722
Vehicles	45	-	-	-	-	1	(10)	36
Capital work in progress	18 416	182 605	-	-	(201 030)	9	-	-
	517 006	182 627	(7 757)	-	-	1 729	(75 008)	618 597

A register containing the information for land and buildings as required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection by members 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.

Capital work in progress related mainly to store refurbishments during the year.

Land and building includes the following amounts where the Group was a lessee under a finance lease in prior periods (refer to note 18 for additional disclosure on these borrowings):

	June 2014	June 2013
Cost - capitalised finance lease	**-**	15 469
Accumulated depreciation	**-**	(6 038)
Net book value	**-**	9 431

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

Profit on disposal of property, plant and equipment and assets held for sale	**(439)**	(7 915)
Repairs and maintenance expenditure on property, plant and equipment	**16 108**	17 927

5. Intangible assets

GROUP	2014			2013		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Trademarks	783	(667)	116	660	(659)	1
Computer software	70 516	(29 759)	40 757	67 508	(18 340)	49 168
Goodwill	1 146	-	1 146	1 164	-	1 164
Total	72 445	(30 426)	42 019	69 332	(18 999)	50 333

Reconciliation of intangible assets Group - 2014

	Opening Balance	Additions	Disposals	Foreign exchange movements	Amortisation	Total
Trademarks	1	121	-	-	(6)	116
Computer software	49 168	4 937	(117)	-	(13 231)	40 757
Goodwill	1 164	-	-	(18)	-	1 146
	50 333	5 058	(117)	(18)	(13 237)	42 019

Reconciliation of intangible assets Group - 2013

	Opening Balance	Additions	Disposals	Foreign exchange movements	Amortisation	Total
Trademarks	4	-	-	-	(3)	1
Computer software	40 523	15 415	-	-	(6 770)	49 168
Goodwill	1 160	-	-	4	-	1 164
	41 687	15 415	-	4	(6 773)	50 333

Impairment test for Goodwill

Goodwill is allocated to the Group's cash generating units (CGU's) identified according to country of operation. (South African goodwill arises from its Kabokweni stores).

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cashflow projections which have been extrapolated using estimated growth rates based on past performance and expectations for market development. The discount rates used are pre-tax and reflect the risk relating to South African segments.

The following assumptions were used for the analysis of each CGU:
Note 1: Budgeted gross margin
Note 2: Growth rates used are based on inflation and are expected to be achieved in perpetuity
Note 3: Pre-tax discount rate applied to the cashflow projections

Based on the above there are no indicators that goodwill requires impairment.

87% (June 2013: 86%) of the goodwill relates to a South African store and 13% (June 2013: 14%) to the Malawi store.

The carrying value of the revalued assets under the cost model would have been:

	June 2014 South Africa	June 2014 Malawi	June 2013 South Africa	June 2013 Malawi
Gross margin (refer Note 1 above)	18%	26%	18%	27%
Growth rate (refer Note 2 above)	7%	15%	6%	28%
Discount rate (refer Note 3 above)	18%	5%	13%	24%

6. Investments in subsidiaries

Interest in subsidiaries	% Holding by Group 2014	% Holding by Group 2013	% Holding by *NCI 2014	% Holding by *NCI 2013
Cashbuild Management Services (Pty) Ltd	**100**	100	**-**	-
Cashbuild (Botswana) (Pty) Ltd	**100**	100	**-**	-
Cashbuild Kanye (Pty) Ltd	**100**	100	**-**	-
Cashbuild (Lesotho) (Pty) Ltd	**80**	80	**20**	20
Cashbuild Lilongwe (Pty) Ltd	**51**	51	**49**	49
Cashbuild (Namibia) (Pty) Ltd	**100**	100	**-**	-
Cashbuild (South Africa) (Pty) Ltd	**100**	100	**-**	-
Cashbuild (Swaziland) (Pty) Ltd	**100**	100	**-**	-
Cashbuild Roofbuild Trusses (Pty) Ltd	**71**	71	**29**	29
Cashbuild Properties (Pty) Ltd	**100**	100	**-**	-
Cashbuild (Venda Properties) (Pty) Ltd	**100**	-	**-**	-
Tradebuild (Pty) Ltd	**100**	100	**-**	-
Cashbuild (Kwandebele) (Pty) Ltd	**100**	100	**-**	-
Cashbuild (Transkei) (Pty) Ltd	**100**	100	**-**	-

* Non-controlling interests (NCI)

During the period Cashbuild Management Services (Pty) Ltd acquired the 100% shareholding of Cashbuild Properties (Pty) Ltd and Cashbuild Venda Properties (Pty) Ltd for an amount of R2 238 282, which was previously held by Rand Merchant Bank, through the extinguishment of a sale and leaseback arrangement. This did not result in the acquisition of a business as contemplated in *IFRS 3 Business Combinations*. Refer to notes 17 and 18 for more information regarding the sale and leaseback transaction.

The carrying amounts of subsidiaries shown below are net of impairment losses where applicable. The loan accounts are unsecured, non-interest bearing with no fixed repayment terms. Refer to note 14 for details of the share option schemes;

	Company 2014	Company 2013
Share-based payment capital contribution	**35 815**	21 887
Loan account	**68 462**	94 618
Investment in subsidiaries	**104 277**	116 505

Non-controlling interests
There are no individual subsidiaries within the Group that have non-controlling interests. The aggregate non-controlling interest is also not material to the Group, therefore no additional IFRS 12 disclosure has been included.

7. Deferred income tax assets

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	Group		Company	
R'000	**2014**	2013	**2014**	2013
Deferred income tax liabilities to be recovered after more than 12 months	**(13 795)**	(7 559)	**-**	-
Deferred income tax assets to be recovered within 12 months	**14 216**	10 797	**-**	-
Total net deferred income tax asset	**421**	3 238	**-**	-
Deferred income tax comprises:				
Property, plant and equipment	**(41 163)**	(33 107)	**-**	-
Prepayments	**(943)**	(1 129)	**-**	-
Provisions and accruals	**16 391**	11 185	**-**	-
Straight-lining of leases	**27 368**	25 548	**-**	-
Assessed losses	**(1 151)**	1 442	**-**	-
Unrealised foreign exchange differences on intergroup loans	**(96)**	(701)	**-**	-
Income received in advance	**15**	-	**-**	-
Total net deferred income tax asset	**421**	3 238	**-**	-

7. Deferred income tax assets (continued)

R'000	Group 2014	Group 2013	Company 2014	Company 2013
The net movement in the deferred income tax account is as follows:			**-**	-
At beginning of the year	**3 238**	11 157	**-**	-
Exchange differences	**606**	(61)	**-**	-
Income statement charge	**(3 423)**	(7 858)	**-**	-
Total net deferred income tax asset	**421**	3 238	**-**	-

Deferred tax has not been recognised on temporary differences associated with investments in subsidiaries, as the parent is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Should all distributable reserves be declared as a dividend, it would result in dividend tax of 15% (June 2013 - 15%):

Potential dividend tax on retained earnings	**182 045**	158 322	**-**	-

8. Assets held for sale

R'000	Group 2014	Group 2013	Company 2014	Company 2013
Assets classified as held for sale (at historic carrying amount)	**12 393**	15 645	**-**	-

Non-current assets held for sale include land and buildings which were placed on the market after approval by the board. The Group is engaged in an active plan to sell these assets, it is highly probable that the assets will be sold in the next financial period.

Land and buildings held for sale				
- Plot 2461 Serowe - Botswana	**811**	754	**-**	-
- Portion 934 of Farm no 2, Mbabane - Swaziland	**5 903**	5 903	**-**	-
- Erf 29 Powerville	**380**	-	**-**	-
- Worcester Erf 21280, South Africa	**5 261**	5 261	**-**	-
- Erf 1343A and B, Oshakati, Namibia	**38**	38	**-**	-
- Section 5 Gant Centre, Strand, South Africa	**-**	3 689	**-**	-
	12 393	15 645	**-**	-

The land and buildings were initially purchased as the location for Cashbuild stores. The stores were relocated and the land and buildings were left vacant. These land and buildings were placed on the market after approval by the board. All properties with the exception of Powerville, were put up for sale in the previous year and are yet to be sold at year-end.

During the current year the Strand property was sold (refer to note 33 for proceeds received). The movement in the Serowe properties net book value is due to foreign exchange differences on Group consolidation.

The value of these assets are disclosed at the lower of the carrying amount or fair value less costs to sell.

9. Financial assets at fair value

These investments were classified as Level 2 financial instruments, carried at fair value through profit and loss. During the year these investments were discontinued and the proceeds transferred to cash and cash equivalents.

Financial assets at fair value through profit and loss	**-**	125 628	**-**	-
Reconciliation of movements in financial assets at fair value:				
Opening balance	**125 628**	-	**-**	-
Initial investment in financial assets	**-**	180 000	**-**	-
Fair value gain/(loss) for the year	**3 681**	(2 372)	**-**	-
Disinvestments during the year	**(129 309)**	(52 000)	**-**	-
	-	125 628	**-**	-

10. Inventories

Merchandise at lower of cost or net realisable value	**933 035**	986 709	**-**	-

Cost of inventories recognised as an expense and included in cost of sales amounted to R5 510 462 434 (June 2013: R5 258 163 260). The provision of R68 911 625 (June 2013: R62 577 384) has been recognised for obsolete and slow moving stock.

11. Trade and other receivables

R'000	Group 2014	Group 2013	Company 2014	Company 2013
Trade accounts receivable	**94 339**	108 534	**-**	-
Less: Provision for impairment of trade accounts receivable	**(18 463)**	(20 526)	**-**	-
Prepayments	**45 305**	30 402	**-**	-
VAT receivables	**3 344**	3 869	**-**	-
Other accounts receivable	**5 266**	13 474	**4**	4
Less: Non-current portion of rental prepayments	**(36 530)**	(20 557)	**-**	-
Amounts receivable from Group companies	**-**	-	**6 634**	-
	93 261	115 196	**6 638**	4

The carrying amount of trade and other receivables approximates fair value and are expected to be realised within12 months.

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 38 where related party receivables have been disclosed.

The Group recognised a provision of R18 462 810 (June 2013: R 20 526 361) for the impairment of its trade receivables during the period ended 30 June 2014. The creation and usage of the provision for impaired receivables has been included in selling and marketing cost in the income statement.

Cashbuild has entered into agreements with store developers whereby advances were granted to the developers in exchange for reduced rentals over the period of the lease. The total advances to date amount to R 38 665 899 (June 2013: R 22 415 621), which will be amortised and recognised as a lease expense over the period of the lease.

A breakdown of the total advances to developers between current and non-current is as follows:

Current portion: Rental prepayment	**2 136**	1 859	**-**	-
Non-current portion: Rental prepayment	**36 530**	20 557	**-**	-
	38 666	22 416	**-**	-

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

12. Cash and cash equivalents

Cash at banks and on hand	**704 322**	123 818	**3 582**	3 134

Rate of interest earned on cash in bank varies between 1% and 6%.

13. Ordinary share capital

Authorised				
35 000 000 ordinary shares of 1 cent each	**350**	350	**350**	350
Reconciliation of number of shares issued:				
Opening balance: 25 189 811 ordinary shares of 1 cent each (June 2013: 25 189 811)	**252**	252	**252**	252
Less: Treasury shares held by the Cashbuild Trusts	**(23)**	(20)	**-**	-
Comprising of:				
Opening balance: 2 480 324 shares	**(20)**	(20)	**-**	-
Less: Shares disposed by The Cashbuild Share Incentive Trust (June 2014: 266 500; June 2013: 50 000)	**3**	1	**-**	-
Add: Shares purchased by The Cashbuild Operations Management Member Trust and Share Incentive Trust (June 2014: 557 175; June 2013: 16 760)	**(6)**	(1)	**-**	-
Issued	**229**	232	**252**	252

The Cashbuild Share Incentive Trust holds 408 500 (June 2013: 117 825) ordinary shares. The Cashbuild Empowerment Trust holds 1 964 999 (June 2013: 1 964 999) ordinary shares. The Cashbuild Operations Management Member Trust holds 16 760 (June 2013: 16 760). The shares held by these trusts are eliminated on consolidation.

14. Share-based payments

The Group has put in place share option schemes which are operated through the Cashbuild Share Incentive Trust ("The Trust"). All the option schemes issued by the trust vest over a period of 3 years from grant date and expire 5 years from grant date. All of the options vest after 3 years provided the employee or director remain in the employ of the Group for that period of time. The share options are forfeited if the employee or director leaves the Group before vesting date. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Share options outstanding at year-end are as follows:

	Group		Company	
R'000	**2014**	2013	**2014**	2013
Opening balance	**1 627 500**	950 000	**1 627 500**	950 000
New options granted	**-**	802 500	**-**	802 500
Options exercised	**(266 500)**	(50 000)	**(266 500)**	(50 000)
Options forfeited	**-**	(75 000)	**-**	(75 000)
Closing balance of outstanding options	**1 361 000**	1 627 500	**1 361 000**	1 627 500
The Cashbuild Share Incentive Trust, which administers the schemes, holds the following number of ordinary shares as a hedge against options to be granted by the scheme	**408 500**	117 825	**-**	-

	1st Scheme	2nd Scheme	3rd Scheme	4th Scheme	5th Scheme
Grant date	16 May 2009	27 May 2011	13 December 2011	20 March 2012	18 April 2013
Vesting date	16 May 2012	27 May 2014	13 December 2014	20 March 2015	18 April 2016
Exercise price/weighted average price	52.03	92.27	106.75	114.14	126.35
Expected option lifetime	4 years	4 years	4 years	4 years	4 years
Rolling volatility	33 %	32%	32%	31%	24%
Dividend yield	2.9%	3.4%	3.4%	3.4%	3.2%
Risk-free rate	7.3%	5.4%	5.2%	5.1%	5.5%
Options remaining at 30 June 2014	-	408 500	50 000	100 000	777 500

During the year the second scheme vested and 266 500 share options were exercised at a selling price of R140.80. No options expired during the year, any unexercised options for the second scheme will expire on 27 May 2016.

The fair value exercise price at grant date was calculated based on the Black Scholes option pricing model. The volatility rates above are calculated with reference to the movement of the share price in prior periods. If all remaining options for all schemes were exercised at year end at the closing share price of R125, approximately R948 875 in cash would need to be accessed to purchase the share in the market to satisfy the issuance of the shares to the beneficiaries..

Share-based payment expense:

	Group		Company	
Share-based payment expense:	**June 2014**	June 2013	**June 2014**	June 2013
Opening balance	**21 887**	12 618	**21 887**	12 618
Share options expensed for the year:				
- Share Incentive Trust schemes				
- second scheme	**4 699**	5 661	**4 699**	5 661
- third scheme	**483**	351	**483**	351
- fourth scheme	**1 107**	1 107	**1 107**	1 107
- fifth scheme	**7 127**	1 421	**7 127**	1 421
- Operational managers scheme *	**512**	729	**512**	729
Total expensed - 30 June 2014	**35 815**	21 887	**35 815**	21 887

* The Operations Management Member Trust

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

14. Share-based payments (continued)

The first year scheme qualified for 16 760 shares in June 2012, the second year scheme qualified for 2 980 shares in June 2013, and the third year scheme has provisionally qualified for 6 059 shares in June 2014.

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

	WF de Jager	AE Prowse	S Thoresson	A van Onselen	Total
1st Scheme					
30 June 2013	-	-	-	-	-
Options granted	-	-	-	-	-
Exercised	-	-	-	-	-
30 June 2014	**-**	**-**	**-**	**-**	**-**
2nd Scheme					
30 June 2013	100 000	100 000	100 000	100 000	400 000
Options granted	-	-	-	-	-
Exercised	(50 000)	-	-	-	(50 000)
30 June 2014	**50 000**	**100 000**	**100 000**	**100 000**	**350 000**
3rd Scheme					
Options granted to directors	-	-	-	-	-
4th Scheme					
30 June 2013	100 000	-	-	-	100 000
Options granted	-	-	-	-	-
Exercised	-	-	-	-	-
30 June 2014	**100 000**	**-**	**-**	**-**	**100 000**
5th Scheme					
30 June 2013	100 000	75 000	75 000	75 000	325 000
Options granted	-	-	-	-	-
Exercised	-	-	-	-	-
30 June 2014	**100 000**	**75 000**	**75 000**	**75 000**	**325 000**
Net share options - 30 June 2014	**250 000**	**175 000**	**175 000**	**175 000**	**775 000**

15. Foreign currency translation reserve (FCTR)

	Group		Company	
R'000	**2014**	2013	**2014**	2013
Opening balance	**(10 336)**	(14 842)	**-**	-
Currency translation differences	**4 253**	4 506	**-**	-
Closing balance	**(6 083)**	(10 336)	**-**	-

The foreign currency translation reserves arise as a result of foreign exchange differences calculated on the conversion of foreign operations into the Group reporting currency, accounted for directly in the statement of other comprehensive income. The movement is due to the consistent strength of the Pula and Kwacha against the Rand during the year compared to prior periods when this was more volatile.

16. Deferred operating lease liability

Deferred operating lease liability	**98 620**	92 016	**-**	-
Deferred lease incentives received	**1 700**	-	**-**	-
Realised lease incentives portion in profit and loss	**(103)**	-	**-**	-
	100 217	92 016	**-**	-

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

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. During the period this lease was unwound and the remaining portion of this deferred profit was realised. Refer to note 18 for additional dislosure on this lease unwinding.

	Group		Company	
	June 2014	June 2013	**June 2014**	June 2013
Opening balance	**1 595**	1 647	**-**	-
Recognised in profit and loss	**(1 595)**	(52)	**-**	-
	-	1 595	**-**	-

18. Borrowings

Finance lease liability	**-**	2 488	**-**	-

The Rand Merchant Bank sale and leaseback transaction was classified as a finance lease. During the period Cashbuild Management Services (Pty) Ltd acquired the 100% shareholding of Cashbuild Properties (Pty) Ltd and Cashbuild (Venda Properties) (Pty) Ltd, which was previously held by Rand Merchant Bank. The lease liability with Rand Merchant Bank was extinguished as a result of this transaction.

Cashbuild South Africa (Pty) Ltd has retained the right of use of these assets through an intercompany lease with Cashbuild Management Services (Pty) Ltd, the liability of which is eliminated on consolidation.

Minimum lease payments due				
- within one year	**-**	378	**-**	-
- in second to fifth year inclusive	**-**	1 533	**-**	-
- later than five years	**-**	173 297	**-**	-
Less: Future finance charges	**-**	(172 720)	**-**	-
Present value of minimum lease payments	**-**	2 488	**-**	-
Present value of minimum lease payments due				
- within one year	**-**	358	**-**	-
- in second to fifth year inclusive	**-**	637	**-**	-
- later than five years	**-**	1 493	**-**	-
	-	2 488	**-**	-

19. Trade and other payables

Trade payables	**911 830**	577 487	**-**	-
VAT	**22 087**	13 675	**-**	-
Accruals	**309 489**	262 767	**3 041**	2 590
Amounts payable to Group companies	**-**	-	**-**	19 524
	1 243 406	853 929	**3 041**	22 114

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

20. Employee benefits

Long service awards				
The amounts recognised in the balance sheet are as follows:				
Present value of the obligation	**4 601**	2 536	**-**	-
Reconciliation of movement				
Balance at beginning of period	**2 536**	2 316	**-**	-
Amount charged to the income statement	**2 065**	220	**-**	-
	4 601	2 536	**-**	-
The principal assumptions used are as follows:				
- Discount rate	**12% p.a**	12% p.a		
- Salary inflation	**6% p.a**	6% p.a		
Average retirement age:				
- Males	**63**	63		
- Females	**63**	63		

20. Employee benefits (continued)

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 2014, there were 4 522 (June 2013: 4 436) members, equal to 96% (June 2013: 97%) of staff, who were members of the retirement fund.

Post-retirement medical aid benefit

The Group has no post-retirement medical aid liability.

21. Revenue

	Group		Company	
R'000	**2014**	2013	**2014**	2013
Revenue comprises the sale of merchandise	**6 781 274**	6 376 945	**-**	-

22. Expenses by nature

R'000	Group 2014	Group 2013	Company 2014	Company 2013
Depreciation and amortisation	**100 588**	81 780	**-**	-
Employee benefit expense (Note 26)	**561 115**	499 503	**-**	-
Cost of goods sold	**5 175 906**	4 921 664	**-**	-
Net (reversal)/creation of provision for impaired receivables	**(2 062)**	7 543	**-**	-
Consumables	**2 802**	3 978	**-**	-
Delivery charges	**105 007**	101 797	**-**	-
Operating lease charges - premises	**170 807**	147 266	**-**	-
Auditor remuneration:				
Audit services	**8 343**	9 371	**-**	-
Taxation services	**729**	190	**-**	-
Outsourced services:				
Administrative	**11 979**	10 640	**-**	-
Technical	**7 454**	5 670	**-**	-
Secretarial	**719**	995	**-**	-
Other income (note 23)	**(8 195)**	(2 078)	**(117 385)**	(143 330)
Other expenses	**288 516**	266 086	**2**	2
	6 423 708	6 054 405	**(117 383)**	(143 328)
Classified as:				
Cost of sales	**5 175 906**	4 921 664	**-**	-
Selling and marketing expenses	**1 051 550**	966 965	**-**	-
Administrative expenses	**200 734**	163 700	**2**	2
Operating expenses	**3 713**	4 154	**-**	-
Other income	**(8 195)**	(2 078)	**(117 385)**	(143 330)
	6 423 708	6 054 405	**(117 383)**	(143 328)

23. Other income

R'000	Group 2014	Group 2013	Company 2014	Company 2013
Rental related income	**(714)**	(144)	**-**	-
Fair value gain on financial assets	**(3 681)**	-	**-**	-
Sundry income	**(2 718)**	(434)	**-**	-
Insurance recoveries	**(1 082)**	(1 500)	**-**	-
Dividend income	**-**	-	**(117 385)**	(143 330)
	(8 195)	(2 078)	**(117 385)**	(143 330)

24. Interest paid

R'000	Group 2014	Group 2013	Company 2014	Company 2013
Finance lease and loan interest	**698**	801	**-**	-
Bank borrowings	**63**	44	**-**	-
Other	**243**	117	**-**	-
Taxes	**-**	263	**-**	-
	1 004	1 225	**-**	-

25. Interest income

R'000	Group 2014	Group 2013	Company 2014	Company 2013
Bank balances	**(23 927)**	(30 052)	**-**	-
Other	**-**	(666)	**-**	-
	(23 927)	(30 718)	**-**	-

26. Employee benefit expenses

R'000	Group 2014	Group 2013	Company 2014	Company 2013
Salary cost	**468 423**	413 401	**-**	-
Pension fund contributions - defined contribution fund	**67 542**	65 433	**-**	-
Employee benefits - long service awards	**2 065**	220	**-**	-
Share-based payments	**13 928**	9 269	**-**	-
Dividends paid to participants of The Cashbuild Empowerment Trust	**9 157**	11 180	**-**	-
	561 115	499 503	**-**	-

The number of persons employed by the Company at 30 June 2014 was 4 687 (June 2013: 4 552).

27. Taxation

Major components of the tax expense/(income)

	Group 2014	Group 2013	Company 2014	Company 2013
Current taxation				
Income tax	**95 986**	83 768	**(322)**	-
Over provision in prior years	**(3 370)**	(3 468)	**-**	-
Withholding tax	**2 050**	4 174	**-**	-
Foreign income tax - current period	**13 269**	10 294	**-**	-
Foreign income tax - under provision in prior periods	**357**	905	**-**	-
	108 292	95 673	**(322)**	-
Deferred taxation				
Current year temporary differences	**2 277**	4 927	**-**	-
Prior year adjustments	**10**	758	**-**	-
Foreign - Current year temporary differences	**1 437**	1 606	**-**	-
Foreign - Prior year adjustments	**(1 000)**	518	**-**	-
Tax rate change	**20**	-	**-**	-
	2 744	7 809	**-**	-
Total tax expense/(income) for the year	**111 036**	103 482	**(322)**	-
Reconciliation of the tax rate	**%**	**%**	**%**	**%**
South African normal rate	**28.0**	28.0	**28.0**	28.0
Allowances and disallowable expenses	**1.8**	0.8	**(28.0)**	(28.0)
Foreign tax at different rates	**(0.2)**	(0.2)	**-**	-
Under/(over) provision in prior periods	**(1.0)**	(0.4)	**0.3**	-
Non-resident shareholder's tax	**(0.5)**	1.2	**-**	-
Effective tax rate	**29.1**	29.4	**0.3**	-

28. Earnings per share

Basic earnings per share

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

Attributable earnings	**265 915**	245 490	**117 705**	143 328
Weighted average number of ordinary shares in issue ('000)	**23 171**	23 091	**25 190**	25 190
Basic earnings per share (cents)	**1 147.6**	1 063.2	**467.3**	569.0
Weighted number of ordinary shares in issue:				
Ordinary shares in issue	**25 190**	25 190	**25 190**	25 190
Less: Weighted average number of treasury shares:			**-**	-
- The Cashbuild Share Incentive Trust	**(37)**	(118)	**-**	-
- The Cashbuild Empowerment Trust	**(1 965)**	(1 965)	**-**	-
- The Cashbuild Operations Management Member Trust	**(17)**	(16)	**-**	-
	23 171	23 091	**25 190**	25 190

Diluted earnings per share

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

Attributable earnings	**265 915**	245 490	**117 705**	143 328
Fully diluted weighted average number of ordinary shares in issue ('000)	**23 395**	23 647	**25 414**	25 746
Fully diluted basic earnings per share (cents)	**1 136.6**	1 038.3	**463.2**	556.7
Fully diluted weighted average number of ordinary shares in issue:				
Weighted number of ordinary shares in issue	**23 171**	23 091	**25 190**	25 190
Share options	**224**	556	**224**	556
	23 395	23 647	**25 414**	25 746

Headline earnings and diluted headline earnings per share

Headline earnings per share and diluted headline earnings per share are determined by dividing headline earnings and diluted headline earnings by the weighted average number of ordinary shares outstanding at year-end.

Headline earnings and diluted headline earnings are determined by adjusting basic earnings and diluted earnings by excluding separately identifiable re-measurement items. Headline earnings and diluted headline earnings are presented after tax and non-controlling interest.

Reconciliation between attributable earnings and headline earnings				
Attributable earnings	**265 915**	245 490	**117 705**	143 328
Adjusted for:				
- Profit on sale of assets after taxation	**(692)**	(8 046)	**-**	-
Headline earnings	**265 223**	237 444	**117 705**	143 328
Headline earnings	**265 223**	237 444	**117 705**	143 328
Weighted average number of ordinary shares in issue ('000)	**23 171**	23 091	**25 190**	25 190
Headline earnings per share (cents)	**1 144.6**	1 028.3	**467.3**	569.0
Headline earnings	**265 223**	237 444	**117 705**	143 328
Fully diluted weighted average number of ordinary shares in issue ('000)	**23 395**	23 647	**25 414**	25 746
Fully diluted headline earnings per share (cents)	**1 133.7**	1 004.3	**463.2**	556.7

28. Earnings per share (continued)

Dividends per share (cents)

R'000	Group 2014	Group 2013	Company 2014	Company 2013
Interim: No 42 payable on 31 March 2014 (2013: No 40 paid on 15 April 2013)	**275**	296	**275**	296
Final: No 43 paid on 29 September 2014 (2013: No 41 paid on 14 October 2013)	**253**	191	**253**	191

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

29. Cash generated from operations

Profit before taxation	**380 489**	352 033	**117 383**	143 328
Adjustments for:				
Depreciation of property, plant and equipment	**87 351**	75 008	**-**	-
Amortisation of intangible assets	**13 237**	6 773	**-**	-
Profit on disposal of assets held for sale	**(1 946)**	(11 620)	**-**	-
Loss on sale of non-current assets	**1 507**	3 705	**-**	-
Interest received	**(23 927)**	(30 718)	**-**	-
Interest paid	**1 004**	1 225	**-**	-
Increase in deferred operating lease liability	**8 201**	6 894	**-**	-
Movement in employee benefits	**2 065**	220	**-**	-
Exchange differences on monetary assets	**(2 177)**	(1 781)	**-**	-
Share-based payments	**13 928**	9 269	**13 928**	9 269
Deferred profit	**(1 595)**	(52)	**-**	-
Changes in working capital:				
Decrease/(increase) in inventories	**55 232**	(241 112)	**-**	-
Decrease/(increase) in trade and other receivables	**22 029**	(30 273)	**(6 634)**	-
Increase in prepayments	**(15 973)**	-	**-**	-
Increase/(decrease) in trade and other payables	**390 245**	16 807	**(19 073)**	3 411
	929 670	156 378	**105 604**	156 008

30. Tax paid

Taxation receivable/(owing) at beginning of the year	**9 279**	(8 768)	**(322)**	(322)
Amount charged to income statement	**(111 036)**	(103 482)	**322**	-
Movement in deferred taxation	**2 817**	7 919	**-**	-
Amount owing/(receivable) at end of the year	**28 813**	(9 279)	**-**	322
Cash amounts paid	**(70 127)**	(113 610)	**-**	-

31. Dividends paid

Final dividend - prior year	**(44 169)**	(62 955)	**(48 113)**	(68 768)
Interim dividend - current year	**(63 594)**	(68 807)	**(69 272)**	(74 562)
Amounts paid to minority shareholders	**(1 061)**	(1 180)	**-**	-
	(108 824)	(132 942)	**(117 385)**	(143 330)

Dividends paid are from capital profits.

32. Proceeds on disposal of property, plant and equipment

Net book value	**3 342**	7 757	**-**	-
Loss on sale of assets	**(1 507)**	(3 705)	**-**	-
	1 835	4 052	**-**	-

33. Proceeds on disposal of assets held for sale

R'000	Group 2014	Group 2013	Company 2014	Company 2013
Net book value	**3 689**	2 627	**-**	-
Profit on sale of assets	**1 946**	11 620	**-**	-
	5 635	14 247	**-**	-

34. Borrowing powers

Total gross borrowings	**-**	2 488	**-**	-
Banking facilities:				
Flexible term general banking facilities	**62 660**	60 660	**-**	-
Unutilised banking facilities	**62 660**	60 660	**-**	-

In terms of the Articles of Association of the Company, the borrowing powers of Cashbuild Limited are unrestricted. Refer to note 18 for details of these borrowings.

35. Commitments

Capital commitments

Capital expenditure to be funded from internal resources as approved by the directors:				
Authorised and contracted for	**21 778**	30 362	**-**	-
Authorised by directors, but not contracted for	**163 787**	164 995	**-**	-
Total commitments	**185 565**	195 357	**-**	-
Capital commitments for the 12 months after accounting date	**163 787**	164 995	**-**	-

Nedbank Limited has issued guarantees of R Nil (June 2013: R3 990 000) on behalf of the Group for contracts entered into by the Group. The Group has other bond guarantees of R1 410 730.

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 on average at a rate of 6.97% (June 2013: 7.28%) 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	**273 341**	237 030	**-**	-
- Later than 1 year - not later than 5 years	**547 519**	488 986	**-**	-
- Later than 5 years	**410 018**	319 363	**-**	-
Total future cash flows	**1 230 878**	1 045 379	**-**	-
Straight-lining of leases already accrued in balance sheet	**(100 217)**	(92 016)	**-**	-
Future expenses	**1 130 661**	953 363	**-**	-

36. Contingencies

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. These guarantees consist of amounts held in the interest of our suppliers and for revenue authorities.

Bank guarantees	**1 411**	6 307	**-**	-

37. Segmental information

The Group's business has been segmented based on common monetary area:

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

South Africa is divided into 4 operations areas, made up by geography. Each operations area has its own manager and is made up of divisions of stores. Each division has a manager and is responsible for reporting to the operations manager.

The remaining countries are all seen as a single operations area which has a manager and follows the same reporting structure as South Africa.

Management reviews results per operations on a weekly basis and identifies focus areas. The board of directors reviews Group and country results on a higher level.

Segmental information for the year ended 30 June 2014

	South Africa	*Other members of common monetary area	Botswana and Malawi	Group
Income statement				
- External	**5 879 898**	**568 700**	**322 705**	**6 771 303**
- Internal	**9 971**	**-**	**-**	**9 971**
Operating profit	**311 405**	**34 718**	**11 443**	**357 566**
Finance cost	**(938)**	**(44)**	**(22)**	**(1 004)**
Finance income	**15 978**	**5 864**	**2 085**	**23 927**
Profit before tax	**326 446**	**40 538**	**13 505**	**380 489**
Income tax expense				**(111 036)**
Profit for the year				**269 453**
Statement of financial position				
Segment assets	**2 072 733**	**354 062**	**189 360**	**2 616 155**
Segment liabilities	**1 155 662**	**151 474**	**69 901**	**1 377 037**
Depreciation	**78 209**	**5 251**	**3 891**	**87 351**
Amortisation	**13 237**	**-**	**-**	**13 237**
Capital investment	**247 785**	**9 107**	**12 663**	**269 555**

Segmental information for the year ended 30 June 2013

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

* Includes Namibia, Swaziland and Lesotho

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

38. 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.

Subsidiaries

Name of company	Domicile	Issued share capital	June 2014	June 2013	Nature
DIRECTLY HELD					
Cashbuild Management Services (Pty) Ltd		R 1	**100%**	100%	1
INDIRECTLY HELD					
Cashbuild (Botswana) (Pty) Ltd	A	P 1 500 000	**100%**	100%	2
Cashbuild Kanye (Pty) Ltd	A	P 2	**100%**	100%	3
Cashbuild (Lesotho) (Pty) Ltd	B	M 100 000	**80%**	80%	2
Cashbuild Lilongwe Ltd	C	MWK 100 000	**51%**	51%	2
Cashbuild (Namibia) (Pty) Ltd	D	N$ 1	**100%**	100%	2
Cashbuild (South Africa) (Pty) Ltd		R 54 000	**100%**	100%	2
Cashbuild (Swaziland) (Pty) Ltd	E	E 500	**100%**	100%	2
Roofbuild Trusses (Pty) Ltd		R 100	**71%**	71%	2
Tradebuild (Pty) Ltd		R 4	**100%**	100%	3
Cashbuild (Kwandebele) (Pty) Ltd		R 200 000	**100%**	100%	4
Cashbuild (Transkei) (Pty) Ltd		R 250 000	**100%**	100%	4
Cashbuild (Venda Properties) (Pty) Ltd		R -	**100%**	-%	4
Cashbuild Properties (Pty) Ltd		R 1	**100%**	-%	4

During the current year Cashbuild Management Services (Pty) Ltd acquired the 100% shareholding of Cashbuild Properties (Pty) Ltd and Cashbuild (Venda Properties) (Pty) Ltd, which was previously held by Rand Merchant Bank. Refer to note 18 for additional disclosure of this transaction.

Domicile
South African unless otherwise stated:
A. Botswana
B. Lesotho
C. Malawi
D. Namibia
E. Swaziland

Nature
1. Investment and management company
2. Trading company
3. Dormant
4. Property holding company

The intercompany balances and transactions disclosed below exist on the individual company levels and are appropriately eliminated on consolidation. All inter-company loans, are unsecured and bear no interest.

June 2014 (R'000)	Sales	Purchases	Receivable balance	Payables balance	Loan/equity liabilities	Loan/equity assets
Cashbuild Limited	-	-	-	-	-	42 225
Cashbuild (South Africa) (Pty) Ltd	9 971	-	499	-	22 775	36 683
Cashbuild Management Services (Pty) Ltd	-	-	-	-	44 772	75 374
Cashbuild (Botswana) (Pty) Ltd	-	-	-	-	-	10 625
Cashbuild (Lesotho) (Pty) Ltd	-	-	-	-	-	1 682
Cashbuild Lilongwe Ltd	-	-	-	-	816	-
Cashbuild (Namibia) (Pty) Ltd	-	-	-	-	30 111	3 197
Cashbuild (Swaziland) (Pty) Ltd	-	-	-	-	-	7 268
Roofbuild Trusses (Pty) Ltd	-	9 971	-	499	3 811	-
Tradebuild (Pty) Ltd	-	-	-	-	-	-
Cashbuild (Kwandebele) (Pty) Ltd	-	-	-	-	-	-
Cashbuild (Transkei) (Pty) Ltd	-	-	-	-	-	-
The Cashbuild Share Incentive Trust	-	-	-	-	-	298
Cashbuild Empowerment Trust	-	-	-	-	75 067	-
Cashbuild (Venda Properties) (Pty) Ltd	-	-	-	-	-	-
Cashbuild (Properties) (Pty) Ltd	-	-	-	-	-	-
	9 971	9 971	499	499	177 352	177 352

38. Related parties (continued)

June 2013 (R'000)	Sales	Purchases	Receivable balance	Payables balance	Loan/equity liabilities	Loan/equity assets
Cashbuild Limited	-	-	-	-	26 702	94 866
Cashbuild (South Africa) (Pty) Ltd	11 078	-	7 216	113	72 457	36 572
Cashbuild Management Services (Pty) Ltd	-	-	-	-	94 866	127 002
Cashbuild (Botswana) (Pty) Ltd	-	-	-	2 302	-	10 374
Cashbuild (Lesotho) (Pty) Ltd	-	-	-	749	-	1 447
Cashbuild Lilongwe Ltd	-	-	113	1 306	2 956	-
Cashbuild (Namibia) (Pty) Ltd	-	-	-	693	30 111	3 352
Cashbuild (Swaziland) (Pty) Ltd	-	-	-	1 847	-	6 255
Roofbuild Trusses (Pty) Ltd	-	11 078	-	319	4 411	-
Tradebuild (Pty) Ltd	-	-	-	-	-	-
Cashbuild (Kwandebele) (Pty) Ltd	-	-	-	-	-	-
Cashbuild (Transkei) (Pty) Ltd	-	-	-	-	-	-
The Cashbuild Share Incentive Trust	-	-	-	-	-	26 702
Cashbuild Empowerment Trust	-	-	-	-	75 067	-
Cashbuild (Venda Properties) (Pty) Ltd	-	-	-	-	-	-
Cashbuild (Properties) (Pty) Ltd	-	-	-	-	-	-
	11 078	11 078	7 329	7 329	306 570	306 570

Directors

Non-executive:
D Masson
IS Fourie
HH Hickey
AGW Knock
Dr DSS Lushaba
NV Simamane

Executive:
WF de Jager
AE Prowse
SA Thoresson
A van Onselen

Directors information is fully disclosed in note 39. There are no loans held between directors and any of the companies in the Group.

Key management compensation

	June 2014	June 2013
Short-term employee benefits	9 131	7 800
Bonus/bonus accruals	230	-
Pension fund contributions	730	670
	10 091	8 470

Prescribed Officers, paid by the subsidiary company Cashbuild (South Africa) Proprietary Ltd, for the year ended 30 June 2014:

	Basic salary	Bonus*	Expenses & travelling allowances	Other material benefits**	Pension scheme contributions	Share options exercised	Total
W Dreyer ***	1 147	203	165	51	106	-	1 672
IAC de Beer	1 167	227	373	42	106	3 616	5 531
	2 314	430	538	93	212	3 616	7 203

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

Top three earners other than Directors and prescribed officers for the year ended 30 June 2014:

	Basic salary	Bonus*	Expenses & travelling allowances	Other material benefits**	Pension scheme contributions	Share options exercised	Total
G Mead	994	237	3	35	102	795	2 166
PA Champion	970	274	159	91	99	2 410	4 003
WP van Aswegen	1 243	542	148	-	122	2 410	4 465
	3 207	1 053	310	126	323	5 615	10 634

38. Related parties (continued)

The following share options have been granted, but not yet vested to the following key managers for the year ended 30 June 2014:

	Balance at 30 June 2012	Movement for the year	Balance at 30 June 2013	Movement for the year	**Balance at 30 June 2014**
W Dreyer	-	37 500	37 500	-	**37 500**
IAC de Beer	75 000	50 000	125 000	(75 000)	**50 000**
AHS Havenga	50 000	37 500	87 500	-	**87 500**
A Hattingh	-	5 000	5 000	-	**5 000**
WP van Aswegen	50 000	37 500	87 500	(50 000)	**37 500**
PA Champion	50 000	37 500	87 500	(50 000)	**37 500**
G Mead	25 000	37 500	62 500	(16 500)	**46 000**
	250 000	242 500	492 500	(191 500)	**301 000**

* Bonuses refer to bonuses paid and accrued for and are authorised by the remuneration committee
** Other material benefits include contributions to medical aid
*** Appointed 2 December 2013

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

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:

	June 2014	June 2013
Shares subject to the scheme at beginning of period	**117 825**	167 825
Share purchased by the Trust	**557 175**	-
Shares sold on open market	**(266 500)**	(50 000)
Shares held in the Trust for future allocations	**408 500**	117 825

The Cashbuild Empowerment Trust

In terms of the Broad-Based BEE transaction approved by the shareholders on 7 February 2005, 2 580 535 shares were issued to the Cashbuild Empowerment Trust. The shares were issued for a total consideration of R75.1 million (R29.09 per share). The Trust was funded by way of an interest-free loan from Cashbuild Management Services (Pty) Ltd. As at 30 June 2014, Cashbuild Limited had 25 189 811 (June 2013: 25 189 811) shares in issue.

On 6 December 2010 a resolution was passed to repurchase 615 536 ordinary shares from the Cashbuild Empowerment Trust for a total consideration of R50 million (R81.23 per share). The proceeds on the share repurchase were distributed as a dividend to beneficiaries of the Trust, equal to R20 million as at statement of financial position date. As at 30 June 2014, The Cashbuild Empowerment Trust held 1 964 999 (June 2013: 1 964 999) shares in Cashbuild Limited.

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.

	June 2014	June 2013
Dividends paid to the trust:		
- Final 2013 (2012)	**3 753**	5 364
- Interim 2014	**5 404**	5 816
	9 157	11 180

The Operations Management Member Trust

The operational management members scheme considers all stores that generate an operating margin in excess of 10%. The profit share amount is determined with reference to a specified hurdle rate that takes into account the prior period operating margin of the qualifying store. The calculated profit share is split equally between a cash bonus and an amount utilised for the purchase of Cashbuild Limited shares. The cash bonus is recognised as an expense in the period in which the store qualifies. The attributable equity portion is treated as an equity-settled share-based payment expense and recognised equally over the four year vesting period which is linked to employment. Refer to note 14.

39. Directors information

Executive directors

Directors' emoluments for the year ended 30 June 2014

	Basic salary	Bonus*	Expenses & travelling allowance	Other material benefits**	Company's pension scheme contributions	Share options exercised	Total
WF de Jager	2 537	1 115	140	69	240	2 410	6 511
AE Prowse	1 719	608	149	-	136	-	2 612
SA Thoresson	1 547	430	271	-	142	-	2 390
A van Onselen	1 935	601	180	75	172	-	2 963
	7 738	2 754	740	144	690	2 410	14 476

Directors' emoluments for the year ended 30 June 2013

	Basic salary	Bonus*	Expenses & travelling allowance	Other material benefits**	Company's pension scheme contributions	Share options exercised	Total
WF de Jager	2 371	-	123	85	226	-	2 805
AE Prowse	1 615	-	138	5	129	5 025	6 912
SA Thoresson	1 453	-	256	-	134	-	1 843
A van Onselen	1 807	-	187	31	163	-	2 188
	7 246	-	704	121	652	5 025	13 748

* Bonuses refer to bonuses paid and accrued for and are authorised by the remuneration committee
** Other material benefits include contributions to medical aid.

Securities issued

The following share options have been granted, but not yet vested to the following directors for the year ended 30 June 2014 (refer to note 14 for details of the share options schemes).

	Balance at 30 June 2012	Movement for the period	Balance at 30 June 2013	Movement for the period	Balance at 30 June 2014
WF de Jager	200 000	100 000	300 000	(50 000)	250 000
AE Prowse	150 000	25 000	175 000	-	175 000
SA Thoresson	100 000	75 000	175 000	-	175 000
A van Onselen	100 000	75 000	175 000	-	175 000
	550 000	275 000	825 000	(50 000)	775 000

Non-executive directors

Directors' emoluments for the year ended 30 June 2014

	Fees	Expenses & travelling allowance	Total
D Masson	395	-	395
IS Fourie	304	-	304
HH Hickey	230	-	230
AGW Knock	308	7	315
Dr DSS Lushaba	247	-	247
NV Simamane	223	-	223
	1 707	7	1 714

39. Directors information (continued)

Directors' emoluments for the year ended 30 June 2013

	Fees	Expenses & travelling allowance	Total
D Masson	545	-	545
IS Fourie*	306	-	306
HH Hickey*	251	-	251
AGW Knock	394	-	394
Dr DSS Lushaba	268	-	268
NV Simamane	284	-	284
	2 048	-	2 048

* Appointed 1 July 2012

40. Director's shareholding

The directors held in aggregate, direct and indirect beneficial interests and non-beneficial interests of 0.005% in the issued share capital of the Company at 30 June 2014 (June 2013: 0.005%). The direct and indirect beneficial interest and non-beneficial interests of the directors in office at 30 June 2014 are as follows:

	Beneficial	Non-beneficial
Ordinary shares	**1 200**	**-**
Non executive directors:		
- NV Simamane	**1 200**	**-**
- IS Fourie	**78**	**-**
Total ordinary shares held	**1 278**	**-**

Notes to the Annual Financial Statements

41. Shareholders' analysis

Listed below is an analysis of holdings extracted from register of ordinary holders at 30 June 2014:

	% Holding	No. of shares
Directors	0.01	1 278
Staff, The Cashbuild Share Incentive Trust	1.62	408 500
The Cashbuild Empowerment Trust	7.80	1 964 999
Banks	21.46	5 405 352
Brokers	2.21	555 463
Close Corporations	6.11	1 539 122
Endowment Funds	0.11	26 577
Individuals	10.26	2 589 254
Insurance companies	4.08	1 026 771
Investment companies	0.20	51 589
Medical aid schemes	0.09	21 983
Mutual funds	12.35	3 111 015
Nominees and trusts	19.10	4 810 413
Other Corporations	0.42	105 079
Pension funds	10.09	2 541 776
Private companies	3.12	786 507
Public companies	0.97	244 133
	100.00	25 189 811
Portfolio size		
1 - 1 000	2.03	511 907
1 001 - 5 000	3.08	776 427
5 001 - 100 000	14.83	3 734 803
100 001 - 1 000 000	56.26	14 170 658
1 000 001 - over	23.80	5 996 016
	100.00	25 189 811

The following shareholders held in excess of 5% of the shares of the Company at 30 June 2014:

	% Holding	No. of shares
Goldrick, PK	10.05	2 531 017
The Cashbuild Empowerment Trust	7.80	1 964 999
Government Employees Pension Fund	6.01	1 513 146
SRA Investments CC	5.95	1 500 000

Directors' shareholding in main register 30 June 2014

	Holders	No. of shares
NV Simamane	1	1 200
IS Fourie	1	78
	2	1 278

41. Shareholders' analysis (continued)

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

	% Holding	No. of shares
Directors	0.01	1 200
Staff, The Cashbuild Share Incentive Trust	0.47	117 825
The Cashbuild Empowerment Trust	7.80	1 964 999
Banks	17.64	4 443 412
Brokers	1.45	366 052
Close Corporations	6.21	1 564 882
Endowment Funds	0.33	83 424
Individuals	9.38	2 366 084
Insurance companies	2.47	622 377
Investment companies	0.15	38 860
Medical aid schemes	0.16	39 641
Mutual funds	13.86	3 490 583
Nominees and trusts	21.48	5 409 626
Other Corporations	0.49	123 708
Pension funds	13.04	3 285 690
Private companies	4.13	1 040 031
Public companies	0.92	231 417
	100.00	25 189 811
Portfolio size		
1 - 1 000	4.15	1 044 611
1 001 - 5 000	6.52	1 642 902
5 001 - 100 000	20.92	5 270 008
100 001 - 1 000 000	45.00	11 336 274
1 000 001 - over	23.41	5 896 016
	100.00	25 189 811

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

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

Directors' shareholding in main register 30 June 2013

	Holders	No. of shares
NV Simamane	1	1 200

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 SHAREHOLDERS OF CASHBUILD WILL BE HELD IN THE CASHBUILD BOARDROOM, CNR NORTHERN PARKWAY AND CROWNWOOD ROAD, ORMONDE, JOHANNESBURG ON MONDAY, 1 DECEMBER 2014 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 2014, together with the reports of the directors and auditors.

NOTE: PROCEDURE FOR THE APPOINTMENT OF DIRECTORS
In terms of section 68(2) of the Companies Act 71 of 2008, the directors shall be individually appointed.

3. **Ordinary resolution number three (Re-election of director: IS FOURIE)**
   MR IS FOURIE (independent non-executive director) has served as Chairman of the Audit and Risk Committee since 1 July 2012.

Qualifications:	BComm CA(SA)
Directorships:	Mr Fourie is a non-executive director of Astral Foods Limited

4. **Ordinary resolution number four (Re-election of director: HH HICKEY)**
   MS HH HICKEY (independent non-executive director) who became a director on 1 July 2012.

Qualifications:	B.Comp (Hons) CA(SA)
Directorships:	• OMNIA Limited • African Dawn Capital Limited • Pan African Resources (Plc)

5. **Ordinary resolution number five (Control of authorised but unissued shares):**
   Not applicable to issues of shares for cash
   "RESOLVED THAT the authorised but unissued shares in the capital of the Company be and are hereby placed under the control and authority of the directors of the Company until the next annual general meeting and that the directors of the Company be and are hereby authorised and empowered to allot, issue and otherwise dispose of such shares to such person(s) on such terms and conditions and at such times as the directors of the Company may from time to time and in their discretion deem fit, subject to the provisions of the Companies Act, Memorandum of Incorporation of the Company and the JSE Listings Requirements, when applicable."

   The aforementioned resolution does not empower the directors to issue shares for cash.

6. **Ordinary resolution number six (Re-appointment of auditors)**
   Subject to the Audit and Risk Committee being satisfied as to the auditors' independence, to re-appoint PricewaterhouseCoopers Inc. as the auditor for the current financial year ending 30 June 2015. The responsible audit partner is Mr I Buys.

   Audit fees
   In terms of section 94(7)(b) of the Companies Act 71 of 2008, as amended ("the Companies Act"), the Audit and Risk Committee is responsible for determining the audit fees and the auditors' terms of appointment.

7. **Ordinary resolutions numbers seven, eight, nine and ten (Re-election of Audit and Risk Management Committee members)**
Section 94 of the Companies Act requires each annual general meeting of a public company to elect an Audit and Risk Committee comprising at least three members.

It is accordingly proposed that the following directors should be re-elected to serve as members of the Audit and Risk Management Committee by separate resolution:

7.1 Ordinary resolution number seven
MR IS FOURIE (Chairman)

7.2 Ordinary resolution number eight
MS NV SIMAMANE

7.3 Ordinary resolution number nine
DR DSS LUSHABA

7.4 Ordinary resolution number ten
MS HH HICKEY

8. **Ordinary resolution number eleven (non-binding advisory vote on the Company's remuneration policy)**
"RESOLVED THAT, through a non-binding advisory vote, the Company's remuneration policy as set out on page 66 of the integrated annual report is endorsed."

9. **Special resolution number one (Remuneration of non-executive directors)**
To approve the remuneration for the non-executive directors, with effect from 1 July 2014 as follows:

Type	Position	Fee	Period
Annual Retainer	Chairman	220 000	Annually
	Director	137 000	Annually
Board and Strategy Meetings	Chairman	38 000	Each meeting
	Director	20 000	Each meeting
Audit & Risk Management Committee Meetings	Chairman	15 000	Each meeting
	Director	12 000	Each meeting
All other Meetings	Chairman	13 000	Each meeting
	Director	10 000	Each meeting

The percentage of voting rights that will be required for this special resolution to be adopted is 75% of the votes exercised on this special resolution.

10. **Special resolution number two (Financial assistance in terms of section 45 of the Companies Act)**
"RESOLVED THAT, in accordance with section 45 of the Companies Act, the Board be and is hereby authorised, by way of a general authority to, at any time and from time to time during the period of two years commencing on the date of this special resolution, provide any direct or indirect financial assistance (as contemplated in section 45(1) of the Companies Act) in any form or amount to any company which is related or inter-related to the Company (from time to time and for the time being), as defined in the Companies Act, on such terms and conditions as the Board may determine."

Explanatory note in respect of Special resolution number two
Special resolution number two is required in order to authorise financial assistance by the Company to other Group companies. In terms of section 45 of the Companies Act, the Directors of the Company may not authorise the Company to provide financial assistance by way of loans, guarantees, the provision of security or otherwise, to any company which is related or inter-related to Cashbuild, i.e. its subsidiaries, unless such financial assistance is pursuant to a special resolution of shareholders. This special resolution does not authorise the provision of financial assistance to a Director or prescribed officer of the Company.

In terms of the treasury management function and policies of the Group, Cashbuild is required, from time to time, to provide financial assistance to other entities within the Group to ensure that these entities maintain appropriate liquidity levels.

The authorisation of any such financial assistance will be and remain subject thereto that the Board is satisfied that immediately after granting the financial assistance, the Company will satisfy the solvency and liquidity test set out in the Companies Act and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

In accordance with section 45(5) of the Companies Act, the Board hereby gives notice to its shareholders of the intention to pass a resolution authorising the Company to provide financial assistance to certain related and/or inter-related companies which Board resolution will take effect on the passing of Special resolution number two set out above.

The percentage of voting rights that will be required for this special resolution to be adopted is 75% of the votes exercised on the resolution.

Notes to the Notice of Annual General Meeting

Quorum for all resolutions

The quorum for all resolutions is sufficient persons being present to exercise, in aggregate, at least 25% of all of the voting rights, subject to three shareholders being present at the meeting.

Record date

The record date in terms of section 59 of the Companies Act, for shareholders to be recorded on the shareholders' register of the Company in order to be able to attend, participate and vote at the annual general meeting is Friday, 21 November 2014.

Electronic participation

Should any shareholder (or any proxy for a shareholder) wish to participate in the annual general meeting by way of electronic participation, that shareholder should make application in writing (including details as to how the shareholder or its representative (including its proxy) can be contacted) to so participate to the transfer secretary, Computershare Investor Services Proprietary Limited, at its address below, to be received by the transfer secretary at least five business days prior to the annual general meeting in order for the transfer secretary to arrange for the shareholder (or its representative or proxy) to provide reasonably satisfactory identification to the transfer secretary for the purposes of section 63(1) of the Companies Act, and for the transfer secretary to provide the shareholder (or its representative) with details as to how to access any electronic participation to be provided. The Company reserves the right to elect not to provide for electronic participation at the annual general meeting in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the Company will be borne by the shareholder so accessing the electronic participation.

Voting and proxies

Shareholders are reminded that:

- a shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy (or more than one proxy) to attend, participate in and vote at the annual general meeting in the place of the shareholder, and shareholders are referred to the attached form of proxy;
- a proxy holder need not also be a shareholder of the Company.
- in terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified.

For the convenience of certificated shareholders and dematerialised shareholders with "own-name" registration, a form of proxy is attached hereto. Duly completed forms of proxy must be lodged with the transfer secretary at either of the addresses in point 8 in the Notes to the Form of Proxy, 48 hours before the commencement of the annual general meeting (or any adjournment of the annual general meeting) or handed to the Chairman of the annual general meeting before the appointed proxy exercises any of the relevant shareholder's rights at the annual general meeting (or any adjournment of the annual general meeting), provided that should a shareholder lodge a form of proxy with the transfer secretary at either of the below addresses less than 48 hours before the annual general meeting, such shareholder will also be required to furnish a copy of such form of proxy to the Chairman of the annual general meeting before the appointed proxy exercises any of such shareholder's rights at the annual general meeting (or any adjournment of the annual general meeting).

Dematerialised shareholders without "own-name" registration who wish to attend the annual general meeting in person should request their CSDP or Broker to provide them with the necessary letter of representation in terms of their custody agreement with their CSDP or Broker. Dematerialised shareholders without "own- name" registration who do not wish to attend but wish to be represented at the annual general meeting must advise their CSDP or Broker of their voting instructions. Dematerialised shareholders without "own-name" registration should contact their CSDP or Broker with regard to the cut-off time for their voting instructions.

By order of the Board

Corporate Governance Leaders CC
CHARTERED SECRETARIES

Company Secretary to Cashbuild Limited
1 September 2014

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 shareholders who hold certificated shares and shareholders who have dematerialised their shares in "own name" registrations.

FOR THE ANNUAL GENERAL MEETING TO BE HELD ON MONDAY, 1 DECEMBER 2014 AT 10H00

I/We ____

of ____

being a shareholder/shareholders 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, 1 December 2014 at 10h00 and at any adjournment thereof, in the Cashbuild boardroom, cnr Northern Parkway and Crownwood Roads, Ormonde, Johannesburg, and to vote for me/us in respect of the undermentioned resolutions in accordance with the following instructions.

	Number of votes (one vote per share)		
	For	**Against**	**Abstain**
1. Ordinary Resolution number one: Auditors' report			
2. Ordinary Resolution number two: Adoption of annual financial statements			
3. Ordinary Resolution number three: Re-election of director: MR IS FOURIE			
4. Ordinary Resolution number four: Re-election of director: MS HH HICKEY			
5. Ordinary Resolution number five: Control of authorised but unissued shares. Not applicable to issues of shares for cash			
6. Ordinary Resolution number six: Re-appointment of auditor			
7. Ordinary Resolutions numbers seven, eight, nine and ten. By separate resolutions, to appoint the following members to the Audit and Risk Committee			
7.1. Ordinary Resolution number seven MR IS FOURIE (Chairman)			
7.2. Ordinary Resolution number eight MS NV SIMAMANE			
7.3. Ordinary Resolution number nine DR DSS LUSHABA			
7.4. Ordinary Resolution number ten MS HH HICKEY			
8. Ordinary Resolution number eleven: Non-binding advisory vote on the Company's remuneration policy			
9. Special resolution number one: Remuneration of non-executive directors			
10. Special resolution number two: Financial assistance in terms of section 45 of the Companies Act			

Signed at ________________________ on ________________________ 2014

Signature ________________________ Assisted by me __________________
(where applicable – see note 7)

A shareholder 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 shareholder of the Company.

Notes to the Form of Proxy

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

1. Only shareholders who hold certificated shares and shareholders who have dematerialised their shares in "own name" registrations may make use of this proxy form.
2. Each such ordinary shareholder is entitled to appoint one or more proxyholders (none of whom needs to be a shareholder of the Company) to attend, speak and, on a poll, vote in place of that shareholder at the annual general meeting, by inserting the name of a proxy or the names of two alternate proxies of the ordinary shareholder'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 annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A shareholder's instructions to the proxyholder must be indicated by the insertion of the relevant number of votes exercisable by that shareholder 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 annual general meeting, as he deems fit, in respect of all the shareholder's votes.
4. A shareholder 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 shareholder 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 annual general meeting.
6. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general 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. Shareholders should lodge or post their completed proxy forms to:

   Computershare Investor Services Proprietary Limited

   HAND DELIVERIES:
   Ground floor, 70 Marshall Street, Johannesburg. 2000

   OR POSTAL DELIVERIES:
   P O Box 61051
   MARSHALLTOWN, 2107

   OR FACSIMILE:
   011 688-5238

   OR EMAIL:
   proxy@computershare.co.za

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

Shareholders holding dematerialised shares

9. Shareholders who have dematerialised their shares through a Central Securities Depository Participant (CSDP) or broker (except those shareholders who have elected to dematerialise their shares in "own name" registrations) and all beneficial shareholders 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 shareholders wishing to attend the annual general meeting in person may do so only by requesting their CSDP, broker or nominee to issue the shareholder 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.

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		22	Chief Executive's Report
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		58	Corporate Governance Report - Risk Management
	Organisational Profile		
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		25	Business Model
		12	Cashbuild At a Glance
		13	Primary Products
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		10	Organisational Overview
2.4	Location of headquarters	80	Directors' Report
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2.6	Nature of ownership and legal form	1	Introduction
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	10	Organisational Overview
		12	Cashbuild At a Glance
		13	Primary Products
2.8	Scale of the reporting organisation	1	Introduction
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3.7	Limitations on the scope or boundary of the report	2	Scope and Boundary of the Report - There are no specific limitations on the scope or boundary of the report

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Profile disclosure		Page in report	Reference in Report
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	Profile disclosure	Page in report	Reference in Report
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This integrated report is printed on environmentally friendly paper

Cashbuild Integrated Annual Report 2014

ADMINISTRATION AND OFFICES

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

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2013

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AUDITOR
PricewaterhouseCoopers Inc.

BANKERS
Nedcor Limited
Standard Bank of South Africa Limited
First National Bank

SPONSOR
Nedbank Capital

WEBSITE
www.cashbuild.co.za

Northern Graphics