

Annual Report February 2010
building for growth

buildmax
materials-equipment-services





Definitions

“the acquisitions”	The acquisitions of Diesel Power and the Buildco group	“Brait”	Collectively Brait IV Investment L.P., Brait IV SA Partnership and Brait SA Limited
“B-BBEE”	Broad-based Black Economic Empowerment	“CEO”	Chief Executive Officer
“the board”	The board of directors of Buildmax Limited	“Diesel Power”	Diesel Power Opencast Mining (Pty) Limited
“Buildco” or “the Buildco group”	Collectively, Black Ginger 372 (Pty) Limited and its subsidiaries, Burnleigh Investments (Pty) Limited, Clarewick Investments (Pty) Limited and its subsidiary and Hollyberry Props 41 (Pty) Limited and its subsidiary	“FD”	Financial Director
“Buildmax” or “the company”	Buildmax Limited	“the group”	Buildmax Limited and its subsidiaries
		“IFRS”	International Financial Reporting Standards
		“Interactive”	Collectively Interactive Capital (Pty) Limited, Interactive Capital Management (Pty) Limited and Cream Magenta 36 (Pty) Limited



Contents

Group structure	2
Chairman and CEO's report	4
Directorate	8
Corporate governance	10
Sustainability	13
Annual financial statements	14
Shareholders' diary	69
Administration	IBC

"JSE"	JSE Limited
"King II Report"	King Report on Corporate Governance for South Africa 2002
"King III Report"	King Report on Corporate Governance for South Africa 2009
"MQA"	Mining Qualifications Authority
"NPAT"	Net profit after tax
"PPE"	Property, plant and equipment
"prior/previous year" or "prior/previous period"	The 12 months ended 28 February 2009

"RLPs"	Revised Listing Particulars of Buildmax South Africa
"SA"	Stock Exchange News Service
"SENS"	Vukuza Earth Works (Pty) Limited
"Vukuza"	Collectively Arrowville Investments (Pty) Limited, Austinville Investments (Pty) Limited and Ashbrooke Investments (Pty) Limited
"Vuwa Investments"	Collectively Westbrooke Investments (Pty) Limited, Westbrooke Special Opportunities (Pty) Limited and Westbrooke Capital Partners (Pty) Limited
"Westbrooke"	

Group structure

Buildmax is an empowered service provider of opencast mining, mining services and civils earthworks and a supplier of construction materials to the South African mining and construction industries.

Listed on the 'Construction & Materials' sector of the JSE, the group operates through two key business units:

Mining Services

This business unit provides opencast mining services, civils earthworks, rehabilitation, plant hire and plant sales to the opencast mining sector. Operating in this sector provides beneficial opportunities for the group to grow as a service provider to the mines and the wider users of coal in the South African economy.



Timeline

1939 Wit Deep Sand and Stone established (previously a member of Buildco)	1946 Kensmark established S Burde & Co established	1961 Watson Concrete established	1970 Alfa Sandworks established (previously a member of Buildco)	1973 Benoni Sand and Buildware established (previously a member of Buildco) Watertite Guttering established	1978 Vukuza Earth Works established (previously a member of Buildco)	1979 Cast Industries established (previously a member of Buildco)
---	---	--	--	--	--	---

The group has integrated two recognised brands – Diesel Power and Vukuza, which are approved and registered contractors to many of the major South African mining and construction groups as well as some of the country’s junior miners.

Buildmax aims to entrench itself as a preferred supplier of services to the mining and construction industries across South Africa through organic and acquisitive growth. Buildmax is able to service these industries by way of its investment in mining and construction equipment as well as intellectual capital and the experience gained over more than 20 years.

Construction Materials

The business unit manufactures and distributes a wide range of construction materials to the construction industry through three divisions: Aggregates & Quarries, Bricks & Blocks and Building Materials.



<p>1980 Diesel Power established</p>	<p>1990 Crushco established (previously a member of Buildco)</p>	<p>2001 Columbia DBL established (previously a member of Buildco)</p>	<p>2007 Verlesha established (previously a member of Buildco) Mystic Blue secures prospecting rights (previously a member of Buildco)</p>	<p>2008 Buildco acquired Diesel Power Buildmax floats 179 million shares on the JSE Buildmax repositioned as leading opencast mining group and supplier of construction materials through the acquisitions of Diesel Power and Buildco Brait acquires 25% of Buildmax</p>	<p>2010 Rights offer of at least R150 million proposed on 3 May Rights offer increased to R300 million on 7 July</p>
---	---	--	--	--	---

Chairman and CEO's report

Introduction

Following an extremely challenging year which resulted in the group posting a full year loss, Buildmax is in the process of revising its growth strategy for the future. To facilitate this a rights issue was announced at the time of publication of the financial results, which will strengthen the balance sheet and improve the working capital position of the group.

Financial results

The results for the year are the second consolidated annual results following the acquisitions of Diesel Power and the Buildco group of companies in 2008. Following these acquisitions, Buildmax was repositioned predominantly as a supplier of opencast mining services.

These acquisitions became effective on 2 April 2008 and are therefore consolidated in the prior period results for 11 months, while the results of the historical operations of Buildmax were included for the full 12 months. To assist in comparison to the prior period on a like-for-like basis, abridged, unaudited pro-forma historical results, consolidating the acquisitions for 12 months, have been presented for the year ended 28 February 2009 (see summary statement of comprehensive income). All comparisons to historical results are to the pro forma historical results.

Summary statement of comprehensive income

	Actual February 2010 R'000	Pro-forma February 2009 R'000
Revenue	1 805 584	1 724 317
EBITDA	227 540	477 807
Depreciation	(176 090)	(142 979)
Amortisation	(21 758)	(21 758)
Operating profit	29 692	313 070
Loss on disposal of business unit	(2 467)	–
Impairment losses	(1 069 166)	(255 443)
(Loss)/profit before interest and taxation	(1 041 941)	57 627
Net interest paid	(86 426)	(104 791)
Loss before taxation	(1 128 367)	(47 164)
Taxation	117 518	(56 544)
Loss after taxation	(1 010 849)	(103 708)
Segmental analysis		
Revenue		
Mining	1 381 239	1 201 879
Construction	424 345	522 438
	1 805 584	1 724 317
EBITDA		
Mining	194 888	394 571
Construction	32 652	83 236
	227 540	477 807
Operating profit		
Mining	24 034	254 355
Construction	5 658	58 714
	29 692	313 070
(Loss)/profit before interest and taxation		
Mining	(581 238)	254 355
Construction	(460 703)	(196 729)
	(1 041 941)	57 627

Trading results

Revenue grew by 5% to R1 805,6 million (February 2009: R1 724,3 million). EBITDA decreased by 52% to R227,5 million (February 2009: R477,8 million). Including non-cash impairment losses of R619,7 million on goodwill, R27,6 million on intangible assets and R421,9 million on property, plant and equipment ("PPE") (February 2009: R255,4 million on goodwill). The loss before taxation increased to R1 128,4 million (February 2009: R47,2 million).

As explained below, shareholders' funds decreased to R629,1 million (February 2009: R1 638,8 million), the net asset value per share decreased from 157,5 cents to 60,5 cents and net tangible asset value per share decreased from 58,0 cents to 25,3 cents.

Impairment of fixed assets

The industries in which the group operates continue to be negatively affected by the global economic crisis. The group's principal business, opencast mining services, is largely dependent on replacing its earthmoving equipment approximately every four years depending on the level of activity as well as securing reasonable prices for its second-hand equipment. The strategy announced last year to extend the useful life of the yellow metal fleet through formal maintenance programmes to compensate for the tougher credit climate has not yet been successfully implemented. As a result the increased costs of maintenance, down time and lack of skills have continued to negatively impact on the performance of the business.

The slowdown in the world economy has resulted in a surplus of second-hand equipment and vehicles, which has significantly reduced used equipment prices. This situation is not expected to reverse before the majority of the group's equipment requires replacing. When the annual review by independent third party valuers and management was undertaken, it was agreed to value the earthmoving equipment and vehicle fleets on a constrained market value basis. This resulted in the group impairing the carrying value of these assets by R421,9 million before tax. Looking ahead Buildmax has implemented a more conservative, activity based, depreciation policy.

Core HEPS and HEPS

Core HEPS is based on headline earnings per share ("HEPS") excluding non-cash flow items relating to impairment of fixed assets, amortisation of intangibles (including mining rights) and the implied interest incurred on a deferred vendor consideration as required in terms of IFRS. Core HEPS is therefore, in management's opinion, the best indicator in comparing this year's results with the prior year.

The group recorded a core headline loss per share and a headline loss per share of 4,4 cents and 5,9 cents for the year compared to the prior period with Core HEPS of 15,4 cents and HEPS of 13,4 cents, respectively.

The increase in core headline loss per share can be largely attributed to the following:

- Abnormally high rainfall in the last four months of the financial year resulting in the loss of revenue for both *Mining Services* and *Construction Materials*;
- The continued slowdown in the construction industry during the period under review;

- Industrial action at Diesel Power, the major subsidiary in *Mining Services*, by a significant portion of its workforce, which severely disrupted operations culminating in strike action during the months of May and June 2009;
- Decline in the value of second-hand equipment and the scarcity of bank finance for new equipment forced *Mining Services* to hire in equipment at punitive rates and increase the use of subcontractors. In addition, the business unit has had to extend the life of its yellow metal fleet, resulting in increased maintenance costs and reduced plant availability and productivity;
- Inability to fully recover internal cost inflation from customers;
- Certain loss-making contracts in Vukuza which contributed to the majority of its approximately R40 million after tax loss (before plant, goodwill and intangible asset impairments). These contracts have been terminated since year-end.

Loss per share

In terms of IAS 36 the carrying value of goodwill must be tested for impairment at least annually. This entails calculating the recoverable amount of any business (referred to as a cash generating unit ("CGU")) to which the goodwill applies and comparing it to the carrying value of that CGU. Where the recoverable amount is less than the carrying amount the goodwill is impaired. Where the recoverable amount remains lower than carrying value after writing off the goodwill then the group is obliged to write down other assets, starting with intangibles followed by PPE, until the carrying value equals the recoverable amount.

The continued deterioration in trading conditions and muted prospects for growth resulted in goodwill and intangible assets being impaired by R647,3 million in total. Combined with the amortisation of intangibles (R21,8 million) and implied interest on a vendor loan (R0,5 million) this resulted in a loss per share of 96,8 cents compared to a prior pro-forma year loss of 9,4 cents.

Net debt and cash holdings

The defensive strategy adopted by the group significantly reduced scheduled capital expenditure for the year. Gross capital expenditure amounted to R197,0 million, 63% lower than the prior year. Gross debt at 28 February 2010 was R660,3 million, significantly lower than at 28 February 2009 at R930,9 million. At 28 February 2010 cash holdings were approximately R136,4 million, down 58% from the cash holdings of R326,9 million at 28 February 2009. Net debt reduced by R80,1 million to R523,9 million. The group's gross debt is expected to reduce by at least R230 million (excluding repayment of the vendor loan) by February 2011 before increasing again in 2012 as the group's fleet replacement cycle commences. The absence of adequate fleet management systems in 2007 and 2008 resulted in capital expenditure that was not planned or optimally managed. As a result systems have been introduced to provide the necessary tools to manage the fleet replacement cycle in an orderly, predictable fashion. Once *Mining Services'* restructuring is complete and the fleet's composition is balanced, the group intends to replace roughly 25% of its fleet annually. Accordingly the utilisation and debt funding requirements are being planned in line with this ratio.

Recapitalisation via rights offer

In order to strengthen the group's balance sheet by further repaying interest-bearing debt, fund working capital and provide equity for medium-term capital expenditure for *Mining Services* the board had resolved to raise not less than R150 million through a rights offer to qualifying existing shareholders. Having reviewed the group's working capital and capital expenditure requirements, and in light of the levels of interest expressed by potential underwriters, the board has resolved to increase the initially resolved rights offer of R150 million to R300 million. An initial circular dealing with this corporate action was disseminated to shareholders on 6 August 2010.

Operations

Mining Services

Compared to the pro forma historical results revenue increased by 15% to R1 381,2 million (February 2009: R1 201,9 million). EBITDA decreased by 50% to R194,9 million (February 2009: R394,6 million). The business unit incurred a loss before taxation of R658,0 million including impairments of R605,3 million on goodwill, intangible assets and PPE.

Excessive rainfall in the final four months of the financial year negatively impacted productivity at Diesel Power and Vukuza, which was exacerbated by industrial action at Diesel Power. The business unit was also unable to pass on internal inflation to its customers resulting in downward pressure on margins.

The strategic decision in 2009 to reduce capital expenditure while still seeking to increase its customer base significantly impacted margins in Vukuza. Extending the use of equipment past its first life resulted in increased subcontractor and plant maintenance costs coupled with poorer than anticipated plant utilisation. Management concluded that additional capital and debt funding could not adequately meet the capital expenditure required to profitably service all mining contracts in Vukuza. As a result, the loss-making mining contracts in Vukuza were largely terminated, effectively closing the opencast mining contracting business of Vukuza, and focusing management's attention on Diesel Power.

This decision has reduced the number of mining customers. Whilst this strategy increases customer concentration risk, the prospects of the remaining contracts and ability to manage the contracts better should ultimately result in an improvement in profitability.

Gross capital expenditure for the period of R164,2 million was 67% lower than the previous period's expenditure of R493,9 million. Approximately 75% of the capital expenditure was for expansion purposes. The business unit remains cautious in committing to capital expenditure with forecast capital expenditure for February 2011 being significantly less than in 2010. However, a significant portion of the proceeds of the rights issue will be used as deposits for bank funding for replacement capital expenditure which is expected to exceed cumulatively R300 million for the 2011 and 2012 financial years.

Construction Materials

Continuing public sector expenditure on infrastructure did not fully compensate for the slowdown in private sector spending which continued to reduce notwithstanding

Chairman and CEO's report (continued)

successive interest rate cuts. Although government has announced further significant infrastructure projects there is some scepticism about the ability to successfully implement these projects within the indicated time frame. Civil contractors' confidence has dropped significantly and it seems doubtful that the construction market will recover during the 2011 calendar year.

The division achieved revenue of R424,3 million compared to revenue of R522,4 million in 2009, a decrease of 19%. Margins were eroded as a result of increased input costs which the businesses were unable to pass on to customers. EBITDA declined to R32,7 million (February 2009: R83,2 million). The business unit incurred a loss before taxation of R470,4 million. The loss includes impairments of R463,9 million on goodwill, intangible assets and PPE.

Gross capital expenditure for the year was R32,6 million, 23% lower than capital expenditure for 2009 of R42,5 million. Capital expenditure was financed primarily by internal cash resources. No significant capital expenditure is forecasted for the short to medium term.

Transformation

Taking into account retail investors, black shareholding in the group has remained static at 17%. It should be noted that the proposed rights offer may result in a dilution of black shareholding to less than 8%, a matter that is receiving management's urgent attention. The Transformation Committee formulated a strategic framework aimed at ensuring that the group improves to a Level 4 contributor. Post year-end it was decided to accelerate the plan to ensure the group achieves this rating within three years. The group has appointed a group transformation executive who has been tasked with driving transformation in the underlying subsidiaries.

Skills development and training

Recent economic developments have seen an increase in the number of suitably qualified individuals applying for positions alleviating the skills shortage to an extent. To assist with skills development Buildmax currently operates a full-time training facility in Mpumalanga aimed primarily at operators in *Mining Services*. We are pleased to report that the facility received MQA accreditation in December 2009.

During the year the group trained 336 employees using external service providers and 1 070 employees received formal classroom training.

At the reporting date the group employed 3 450 people, up from 3 379 at February 2009.

Post year-end rationalisation has resulted in the total staff complement reducing to 2 300 at 30 June 2010.

Safety, Health, Environment and Quality (SHEQ)

Buildmax prides itself on providing a safe working environment for all employees and subcontractors. However, in August last year a subcontractor's employee was fatally injured on a Vukuza site. Post year-end a civilian was tragically killed at a Diesel Power construction site. The group regrets the loss of life and will continue to pro-actively improve SHEQ standards.

During the year Diesel Power achieved the following accreditations: OHSAS 18001: 2007 Occupational, Health and Safety Certification and ISO 9001: 2008 Quality Management Certification. The training centre also received ISO 9001: 2008 Certification from SABS.

Prospects and future strategy

Mining Services

Coal remains one of the cheapest sources of energy in the world and its abundant reserves compared to other fossil fuels means that coal is likely to remain the primary source of energy for decades. Whilst Eskom has curtailed its projected demand for coal over the medium term the continued roll out of coal fired power stations, coupled with international demand for thermal coal, particularly from China and India should ensure continued growth in this sector.

Additional export capacity continues to come on stream at Richards Bay, Durban and Maputo. Transnet has announced that it intends to increase the size of its rolling stock fleet which should alleviate some of the bottlenecks that coal exporters are currently experiencing.

Whilst the fundamentals of coal mining remain buoyant, the challenge to the group lies in retaining and securing profitable long-term contracts.

Prospects for this business unit are encouraging, but it is anticipated that during the first six months of the current financial year, the business unit will incur a loss as a result of right-sizing the business, implementing cost cutting measures, improving utilisation and entering into price negotiations with customers.

Mining Services remains well-positioned to participate in further coal mining supply chain activities that are not as capital intensive. Management is currently formalising its marketing strategy in this regard.

Construction Materials

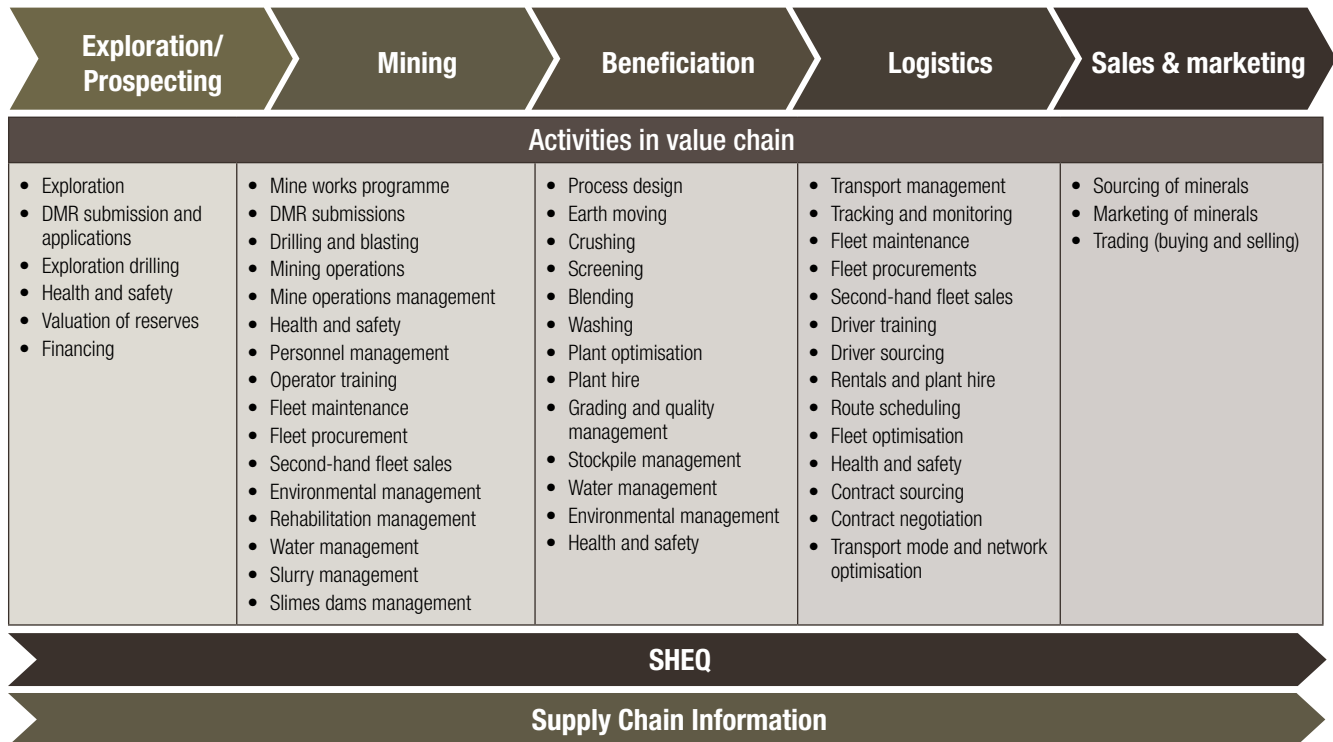
The outlook for the construction industry is less easy to predict. It is largely dependent on spending by government and the private sector. Although government has announced ambitious infrastructure programmes for the next five years, there is some scepticism about its ability to deliver these. Growth in private sector spending is expected to recover gradually, but high levels of household debt continue to impact negatively on the residential market and the value of plans passed for the non-residential market continues to decline. As a result of the current trend the business unit is only expected to recover in the latter half of 2011 or the first half of 2012.

To the extent that it is geographically feasible, the business unit will continue to focus on public sector infrastructure spending with the hope that private sector spending will recover in the near future. The businesses are well-positioned to benefit from improved trading conditions as and when they occur.

Group

The necessary restructuring of *Mining Services* will only be completed towards the end of the first six months of the 2011 financial year. It is anticipated that the group will report poor interim results but management expects an improvement during the second half of the 2011 financial year. The proceeds of the rights issue and the right-sizing of *Mining Services* will significantly improve the financial position of Buildmax with borrowings expected to decrease significantly. The global economic crisis has adversely affected the industries in which Buildmax operates. Forecasting with any degree of certainty is difficult in these times but should the economic outlook

The opencast mining value chain



not deteriorate further the group is relatively confident it will meet its performance objectives in the medium term.

Strategy

Management has identified the need to add less capital intensive businesses to *Mining Services*. Re-examining the opencast mining value chain has highlighted a number of exciting opportunities which are currently being investigated. The image above sets out the group's current opportunities or those the group will consider in the near future. Rather than competing with its existing customer base, the opportunities that the group believes it can exploit are positioned further down the value chain. The outcome of ongoing strategy sessions in this regard will be communicated to shareholders in due course. Although the group has had some success at exploration and prospecting through its aggregates and quarries division it is not an area on which management intends focusing in the foreseeable future.

Board of directors and executive management

There have been a number of changes to the board and management during the year and subsequent to year-end.

Terry Bantock and Christie Els have been appointed as Executive Chairman and Group FD, respectively. Post year-end the board was streamlined to ensure future efficiency and effective decision-making. Paul de Klerk and Herman Fourie resigned from the board but remain with the group in executive positions. Paul de Klerk has taken up a position as Group Strategic Director and CEO of *Construction Materials* and Herman Fourie as Executive Director: Commercial and Finance of *Mining Services*.

Kobus van Biljon has been appointed CEO of *Mining Services*. Mike Watson has resigned as Managing Director of Diesel Power and his valued services will be retained via a renewable exclusive consulting arrangement for the foreseeable future to assist with critical plant related strategies.

Thandeka Mgoduso has been appointed Executive Director: Group Human Resources and Transformation.

In line with King III recommendations further changes to the board will be announced in due course.

Appreciation

The last year proved to be an extremely challenging one for the group and we are not yet out of the woods. The transformation of the group will only be possible with the dedication and commitment of our partners, both internal and external. We would like to thank our fellow directors, management teams and employees for their hard work and dedication under very difficult conditions. We also thank our customers, suppliers, service providers, shareholders and advisors for their valued support.

Terry Bantock
Executive Chairman

Paul de Klerk
Former CEO

10 August 2010

Directorate

Executive directors

Terry Bantock (49)

Executive Chairman

(Appointed 9 February 2010)

B Bus Sci (Hons)

Terry's appointment as Executive Chairman came into effect on 9 February 2010. He spent the last four years at Brait Private Equity as an industrial advisor. Prior to this he spent 15 years with the Imperial Group ultimately as CEO of the group's logistics division with an annual turnover of R6 billion, and before that the managing director of Tanker Services.

Christie Els (45)

Group FD

(Appointed 1 April 2010)

CA(SA)

Christie is a chartered accountant with more than 12 years' experience as a financial manager and financial director of the logistics division of Imperial Group with an annual turnover of R6 billion.

Non-executive directors

Dennis Mack (41)

CA(SA)

Dennis is a director of Brait's private equity business and a principal of Brait Fund IV. He joined Brait in 2001 and has been responsible for investments in manufacturing and services. Dennis qualified as a chartered accountant while at Deloitte, after which he worked at Marriott Merchant Bank and Arthur Andersen in London. Dennis is a graduate of the University of Natal.

Anil Maharaj (38)

CA(SA)

Anil, a chartered accountant, is a director of Brait's private equity business. He joined Brait in 2004 where his responsibilities include investments in industrial services. Anil was previously a manager at Ernst & Young corporate finance in London.

Mark Matisonn (35)

MComm CA(SA)

Mark is an executive director of Westbrooke, which holds investments in various companies involved in retail, consumer products, construction, engineering consumables and equipment and mining services.

Raymond Munitz (37)

CA(SA)

Raymond is an executive director of Interactive Capital which has concluded a number of transactions in various industries including retail, micro finance, manufacturing, mining services and building materials.

Bulelani Ngcuka (56)

B Proc LLB MA

Bulelani currently serves on the board of various public and other companies. Since admission as an attorney in 1980 he has held senior positions in various law firms. He has also been involved in a number of committees and was elected to the Senate as Chief Whip of the ANC in 1994. In 1997 he was elected as Deputy Chairman of the National Council of Provinces. Bulelani was also the former National Director of Public Prosecutions. Previously the executive chairman of Amabubesi Investments (Pty) Limited, he co-founded Vuwa Investments (Pty) Limited in 2006.

Independent non-executive directors

Colin Brayshaw (75)

CA(SA) FCA (England and Wales)

Colin is a Chartered Accountant in SA and a Fellow of the Institute of Accountants in England and Wales. He was a partner at various firms which today comprise Deloitte. During his latter years in practice he was the Managing Partner of Deloitte & Touche and then Chairman. He is Chairman of Metmar Limited and non-executive director of various public and other companies and Governor of the University of Witwatersrand Foundation, Chairman of Business Against Crime Trust and Trustee of St Andrews College Foundation.

David Lamola (67)

Advanced Diploma in Labour Law BA CIS and MBL

David is an independent non-executive director of various companies. A former senior general manager in HR, SMMEs and Operations and CEO of a Development Corporation; he is also former senior lecturer in business finance and corporate governance at UNISA.

Colin Wood (75)

CA(SA) PMD (Harvard)

Colin's career has included the role of Chairman of Boart Longyear Limited and LTA Limited and Deputy Chairman of Anglo American Industrial Corporation Limited. He formerly worked for 17 years in the accounting profession with Stewart Steyn (now Ernst & Young).

Executive Committee

Terry Bantock (49)

Executive Chairman

(Appointed 9 February 2010)

B Bus Sci (Hons)

Terry's appointment as Executive Chairman came into effect on 9 February 2010. He spent the last four years at Brait Private Equity as an industrial advisor. Prior to this he spent 15 years with the Imperial Group ultimately as CEO of the group's logistics division with an annual turnover of R6 billion, and before that the managing director of Tanker Services.

Paul de Klerk (43)

Group Strategic Director and CEO of Construction Materials

(Appointed 11 December 2007)

CA(SA)

Paul has more than 15 years' experience in the construction industry with significant experience in corporatising and integrating owner-managed businesses into listed companies. He served as Managing Director (and before that Financial Director) of the General Building Materials Division of Iliad Africa. There Paul managed 3 000 employees in 51 outlets in a division posting annual turnover in excess of R2,5 billion. He was previously CEO of Buildmax.

Christie Els (45)

Group FD

(Appointed 1 April 2010)

CA(SA)

Christie is a chartered accountant with more than 12 years' experience as a financial manager and financial director of the logistics division of Imperial Group with an annual turnover of R6 billion.

Herman Fourie (39)

Executive Director: Commercial and Finance of Mining Services

(Appointed 11 December 2007)

CA(SA)

Herman is a Chartered Accountant with 11 years' experience as a Financial Manager/Director in listed and unlisted companies. He was the Financial Director of Shaft Sinkers for five years prior to joining Buildmax as Group FD. He stepped down as Group FD in 2010 to focus on *Mining Services*.

Kobus van Biljon (53)

CEO Mining Services

(Appointed 1 July 2010)

B Com Hons

Kobus has 20 years' experience at board level in a number of South African construction companies. Most recently Kobus worked for Basil Read, one of South Africa's Top 5 JSE-listed construction companies as Executive Director of Foreign Operations. Prior to that he was Deputy Chief Executive Officer of Basil Read.

Thandeka Mgoduso (54)

Group Human Resources and Strategic Transformation Director

(Appointed 1 August 2010)

BA Hons, MA Clinical Psychology

Before joining Buildmax Thandeka was tasked with repositioning the HR function of the University of Johannesburg as a strategic business partner through her role as Executive Director of Human Resources. She has also been instrumental in the strategic transformation process as Executive Director of companies such as Transnet and Imperial Logistics as well as Chief Executive of Freight Dynamics. She was also executive director at Ayavuna Women's Investments where she contributed significantly in growing the investment portfolio of the company.



Corporate governance

The board of directors of Buildmax is committed to applying the sound corporate governance principles as set out in the King II Report and will seek to adapt the group policies and processes to comply with King III which became effective on 1 March 2010. The application of King III will be fully reported on in the next annual report. This process will be continually monitored to ensure ongoing compliance in this regard.

The performance and affairs of the company and the group remain the responsibility and accountability of the board of directors. Delegating authority in respect of pre-approved matters to board committees or senior management does not in any way absolve the board of its duties and responsibilities. The board exercises its leadership with integrity and sound judgement which is based on principles of fairness, accountability and responsibility. In essence, it subscribes to a policy of actively reviewing and managing the group's internal systems of control within set risk parameters in accordance with South African and international best practice.

At year-end the unitary board of 12 directors consisted of eight non-executive directors, of which three are considered as independent. The board is cognisant of the need to increase the number of independent non-executive directors and is pro-actively identifying and assessing candidates of the appropriate calibre. TP Bantock was appointed as Executive Chairman with effect from 9 February 2010. Prior to this a chairman was elected from the independent non-executive directors for each board meeting.

Post year-end a number of changes were made to the composition of the board. CS Els was appointed as Group FD effective 1 April 2010. With effect from 2 August 2010 the board was streamlined to ensure future efficiency. PJ de Klerk and former Group FD HP Fourie resigned from the board but remain with the group as Group Strategic Director and CEO of *Construction Materials* and Executive Director, Commercial and Finance of *Mining Services*, respectively.

Although no formal assessment of the directors' independence was conducted during the year, the board is satisfied that all independent non-executive directors meet the requirements of independence in terms of the King III Report.

While the roles of the Executive Chairman and CEO are not strictly separated in accordance with King III recommendations the authorities framework and functionality of the board ensure that no director can exercise unfettered powers of decision-making. One of the current independent non-executive directors will be appointed as a Lead Independent Non-executive Director. Non-executive Directors are high calibre individuals with sufficient skill and experience to appraise and advise on strategy, governance, performance, resources, transformation, diversity, employment equity and standards of conduct. The executive directors manage and effect the daily operations of the company and its business operations.

The board meets quarterly with additional meetings as deemed necessary. Directors are briefed timeously and comprehensively in advance of these meetings, and are supplied with sufficient information to enable them to fulfil their responsibilities.

Directors' attendance at board meetings:

	Years of service	12 March 2009	5 May 2009	7 July 2009	27 Oct 2009	5 Nov 2009	9 Feb 2010
TP Bantock# (Chairman) Appointed 9 February 2010	N/A	N/A	N/A	N/A	N/A	N/A	Yes
PJ de Klerk#	2,5	Yes	Yes	Yes	Yes	Yes	Yes
CS Els# (Group FD) Appointed 1 April 2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A
HP Fourie#	2,5	Yes	Yes	Yes	Yes	Yes	A
CB Brayshaw^*	2,5	Yes	Yes	A	Yes	Yes	Yes
MD Lamola^*	7	Yes	Yes	Yes	Yes	Yes	Yes
DJ Mack^	2	Yes	Yes	Yes	Yes	Yes	Yes
A Maharaj^	2	Yes	Yes	Yes	Yes	Yes	Yes
M Matisonn^	2,5	Yes	Yes	Yes	Yes	Yes	Yes
R Munitz^	2,5	Yes	Yes	Yes	Yes	Yes	Yes
BT Ngcuka^	2,5	Yes	Yes	A	Yes	A	A
CJM Wood^*	2,5	Yes	Yes	Yes	Yes	Yes	Yes

Executive

A Apologies

^ Non-executive

* Independent

In line with the group's articles of association, a third of directors as well as any newly appointed directors should retire by rotation every year. Accordingly, TP Bantock, CS Els, MD Lamola, M Matisonn and CJM Wood will retire at the next annual general meeting and being eligible all stand for re-election.

The board itself acts as a nomination committee regarding the appointment of directors and appointments are conducted in a formal and transparent manner.

The board is of the opinion that Buildmax has complied with King II in all material respects during the year and directors remain committed to making every effort to implement compliance with King III.

Board processes

A formal Charter sets out the board's composition, processes and responsibilities and is subject to regular review in order to reflect the company's articles of association and comply with current legislation such as the South African Companies Act, the JSE Listings Requirements and the King III Report. The directors are challenged to balance broader social objectives with the group's performance by utilising the "triple-bottom-line" governance principles and reporting procedures against the backdrop of an entrepreneurial economy.

Assisted by the Audit & Risk Committee the board identifies key risk areas of non-compliance and key performance indicators of the group's business operations. These are monitored regularly with particular attention given to resource planning, processes, products and people. The board adheres to a corporate code of conduct that addresses conflicts of interest, particularly relating to directors and management, which is reviewed and updated as necessary.

Directors have unrestricted access to the advice and services of the Company Secretary, as well as to all company information, records, documents and property.

Directors and senior management are encouraged to freely interact and are afforded the opportunity, at the company's expense, to seek independent counsel to perform their duties effectively should this be deemed necessary.

The Company Secretary is Probity Business Services, an independent company secretarial practice providing services to a number of JSE listed and privately held companies.

Buildmax's directors are required to fully disclose their shareholdings, additional directorships and any other potential conflict of personal interest that may be of consequence. Directors are compelled to report dealings in securities of the company to the Chairman, Company Secretary and sponsor for approval. Dealings by the Chairman are authorised by the board. The Company Secretary and the sponsor ensure that these dealings are published on SENS. The group has a formal policy restricting share dealings by directors and other officers with access to price-sensitive information. Trade in securities of the company is prohibited during "closed periods" prior to the announcement of interim and annual results or while the company is trading under a cautionary or during any other period considered price-sensitive.

The board encourages shareholders and chairmen of the board committees to attend annual and other general meetings where relevant matters in terms of board committees can be addressed.

Board committees

Formal board committee Charters govern the Audit & Risk Committee and the Remuneration Committee. Group policies are communicated to subsidiary levels.

Audit & Risk Committee

In accordance with the most recent legislative requirements the committee comprises only independent non-executive directors, namely Committee Chairman CB Brayshaw, a chartered accountant, MD Lamola, a previous lecturer at UNISA in corporate governance, and CJM Wood, a chartered accountant. Members of EXCO, the Company Secretary, auditors and other non-executive directors may attend meetings by invitation. The committee regularly meets with the group's external auditors and executive management to review accounting, auditing, financial reporting, risk management and internal control matters.

As required by its terms of reference the committee met four times during the year to coincide with key dates within the financial reporting and auditing cycle, with attendance at these meetings set out below:

	28 April 2009	4 May 2009	20 Oct 2009	15 Feb 2010
CB Brayshaw (Committee Chairman)*^	Yes	Yes	Yes	Yes
MD Lamola*^	Yes	Yes	Yes	A
CJM Wood*^	Yes	Yes	Yes	Yes

^ Non-executive A Apologies

* Independent

The Audit & Risk Committee sets the principles for and approves any non-audit services provided by the external auditors. A separate disclosure is made in the annual financial statements of the amounts paid for any such non-audit services (see note 24.)

Remuneration Committee

The Remuneration Committee comprises independent non-executive directors CB Brayshaw and CJM Wood (Committee Chairman). TP Bantock and PJ de Klerk attend meetings by invitation and are excluded from discussions relating to their remuneration. The committee has the responsibility of determining the remuneration and terms of employment of the company's directors and senior management. Meetings are held as and when required, but at least one meeting is convened on an annual basis. Attendance at committee meetings is set out below:

	21 April 2009	4 May 2009	15 Feb 2010
CJM Wood (Committee Chairman)*^	Yes	Yes	Yes
CB Brayshaw*^	A	Yes	Yes

^ Non-executive

* Independent

Further, the committee determines the criteria which are applied to evaluate the executive directors' performance. In evaluating the remuneration of executive directors and senior management the committee incorporates an evaluation of performance against pre-determined industry benchmarks and standards. As set out in the Board Charter, the non-executive directors' base fee is approved by shareholders at the annual general meeting. Directors' emoluments are set out in the Directors' Report on page 19. Subsequent to year-end the group appointed P-E Corporate Services SA as an independent consultant to review all the elements of its executive remuneration policy.

Internal controls and risk management

Internal controls

The board is tasked with the responsibility of managing the group's systems of internal control and risk to sustain a practical and effective internal control environment. While complying with applicable laws and regulations these systems of internal control models and frameworks ensure reasonable but not absolute assurance regarding the safeguarding of assets, the maintenance of proper accounting records, the integrity and reliability of financial information and the minimisation of significant fraud, potential liability, loss and material misstatement. The system is therefore designed to manage rather than eliminate risk. In addition, it enables the board to ensure business sustainability under normal and adverse operating conditions, and responsible behaviour towards all stakeholders.

There is currently no formal internal audit function in place but systems are being implemented to further ensure internal control. Management at the underlying subsidiaries reports to the board highlighting any issues requiring address. The

Corporate governance (continued)

commercial crime unit is tasked with highlighting any breaches and these are mitigated accordingly.

The board is essentially able to provide reasonable assurance regarding the achievement of organisational objectives in respect of the effectiveness and efficiency of operations and compliance with applicable laws, regulations and supervisory requirements.

Risk management

Risk management remains a central function of the group's operational strategy. The group has effective ongoing processes for identifying risk, measuring its potential impact against a broad set of assumptions and initiating mitigating activities to reduce the exposure to an acceptable level. These identified risks and their respective mitigating actions have been tabled and presented to the board. While it is the responsibility of the board to determine the group's levels or risk tolerance and assess its effectiveness, management is accountable to the board for implementing and integrating these processes into the daily operations of the group. The board has set risk tolerance levels for capital expenditure and contracts and levels of authority are in place. KPMG (Internal Audit and Compliance Services) has been appointed during August 2010 to provide independent risk management and internal audit services to the group.

IT governance

The board is responsible for IT governance as an integral part of the group's corporate governance. IT processes have been designed to sustain and extend the group's strategy and objectives. The board, through executive management, liaises closely with IT management to ensure a seamless fusion of IT functioning and overall business strategy.

IT developments introduced during the year to further minimise risk and increase operational efficiency included a new systems roll-out across subsidiaries including Crushco, Diesel Power and Cast.

Stakeholder communication

The group is committed to timely, consistent and transparent communication with all stakeholders and an open culture of communication is encouraged.

The National Union of Mineworkers ("NUM") is currently the largest representative union in the group.

Company announcements are published on SENS and posted on the company's website. Financial results announcements are also posted to shareholders. Further, the board and senior management are available to answer queries from stakeholders, the media as well as industry analysts. In addition investor polls are conducted on a regular basis.

Code of ethics ("the Code")

Buildmax is in the process of finalising the Code. It will set out the group's commitment to best-practice governance at all times including timeous and transparent communication with all stakeholders and procedures for avoiding conflicts of interest. In addition, the Code will contain guidelines on confidentiality, fair and ethical market competition and sound environmental practices. All Buildmax employees and directors will be expected to adhere to the Code and failure to do so could result in disciplinary measures.

The directors are committed to active transformation and acknowledge the importance of prioritising and integrating social and environmental practices alongside financial reporting. The group has its ideology firmly set on being a responsible corporate citizen to achieve long-term sustainable development. Triple-bottom line concerns are therefore a vital aspect of the company's day-to-day operations throughout the group and influence all decision-making processes of the board and management.

B-BBEE and transformation

During the year, policies and procedures relating to human resources and the facilitation of employment equity principles and transformation were evaluated. As these were found to be lacking a decision was taken to appoint an executive responsible for transformation and Thandeka Mgoduso was appointed to the EXCO post year-end. She has previously repositioned the HR function at the University of Johannesburg and has been instrumental in the strategic transformation process at a number of companies including Transnet Limited.

The Transformation Committee comprises independent non-executive director MD Lamola and PJ de Klerk.

B-BBEE in subsidiary companies satisfies Mining Charter requirements.

Mining Services is a Level 6 contributor in terms of the Department of Trade & Industry's B-BBEE Codes of Good Practice. Buildmax aims to become Level 4 within three years. The detailed scorecard is set out in the table below:

Element	Weight	Score
Ownership	20	7,30
Management	10	5
Employment Equity	15	2,50
Skills Development	15	12,00
Preferential Procurement	20	16,80
Enterprise Development (3% of NPAT)	15	0,00
Socio-economic Development (1% NPAT)	5	5,00
Total B-BBEE Score	100	48
Level		6

Ownership

Black shareholding in the company is approximately 17% of which black-owned Vuwa Investments Group, led by Bulelani Ngcuka, holds an investment of 14,5% in the group. Vuwa Investments Group further has a historical relationship with a number of operations in the enlarged group.

Management control

Currently at holding company level, 30% of the board of directors is black.

82% of the Buildmax workforce is black with the focus on training of suitable candidates high on the group's agenda.

Employment equity

Buildmax is committed to being an equal opportunity, non-discriminatory employer and subscribes to practices that recognise and reward initiative, effort and merit

throughout the group. The group realises that it is equally vital to the sustainable development of the group to prioritise the advancement of historically disadvantaged groups through ongoing training and development initiatives.

Formal employment equity plans and targets are in place and the group monitors and submits all required reports to the appropriate authorities.

Skills development

At year-end the group employed 3 450 people, up from 3 379 at February 2009. Post year-end rationalisation has resulted in total staff complement reducing to 2 300 at 30 June 2010. Buildmax invests substantially in training and development to become an "employer of choice" and to deepen the industry's skills pool. The group's full-time training facility in Mpumalanga primarily trains skilled operators for *Mining Services*.

Further the group partners with a Gauteng-based independent skills development organisation, which provides recognised qualifications for unskilled individuals relevant to Buildmax's operations.

Preferential procurement and enterprise development

Buildmax implements formalised affirmative procurement initiatives. Group entities have approached suppliers to obtain B-BBEE ratings, and the group plans to further increase expenditure with enterprises that have made acceptable progress in this regard.

Preferential procurement spend has increased during the year under review. The target preferential procurement spend from all suppliers is 50% and 10% from Qualifying Small Enterprise Suppliers. The target spend for 50,1% black-owned business is 15% while target procurement spend on businesses owned 30,1% by black women is 15%.

Corporate social investment ("CSI")

Buildmax acknowledges its responsibility to community upliftment and supports a range of community-based organisations. The group's subsidiaries identify CSI beneficiaries and give priority to programmes targeted specifically at education, training and transformation of communities as well as employees of Buildmax. At present operations are not prescribed to commit a set percentage of net profit after tax to CSI initiatives. However, in future the group will seek to determine a percentage contribution for each subsidiary.

Buildmax share incentive scheme

A share incentive scheme was approved and adopted by the company at the General Meeting of shareholders held on 28 April 2008. Subsequent to year-end the group appointed P-E Corporate Services SA as an independent consultant to review all elements of its executive remuneration policy.

Annual financial statements

Contents

Directors' statement of responsibility and approval	15
Declaration by Company Secretary	15
Independent auditors' report	16
Directors' report	17
Statements of financial position	22
Statements of comprehensive income	23
Ordinary share statistics	23
Statements of changes in equity	24
Statements of cash flow	25
Group segmental report	26
Accounting policies	27
Notes to the annual financial statements	35
Financing facilities	67
Analysis of shareholders	69

Directors' statement of responsibility and approval

for the year ended 28 February 2010



The directors acknowledge their responsibility for the adequacy of accounting records, the effectiveness of risk management and the internal control environment, the appropriateness of accounting policies supported by reasonable and prudent judgements and the consistency of estimates. The directors further acknowledge their responsibility for the preparation of the annual financial statements, adherence to applicable accounting standards and presentation of related information that fairly presents the state of affairs and the results of the company.

The annual financial statements set out in this report incorporate the results for the year ended 28 February 2010. They have been prepared by the directors in accordance with International Financial Reporting Standards ("IFRS"), the AC 500 Standards and in the manner required by the South African Companies Act, 1973. They incorporate full and adequate disclosure and are based on appropriate accounting policies which have been consistently applied and which are supported by reasonable and prudent judgements and estimates.

In the context of the audit carried out for the purpose of expressing an opinion on the fair presentation of the annual financial statements, the auditors have concurred with the disclosures of the directors on going concern.

The external auditors are not responsible for providing an independent assessment of internal financial controls but are responsible for reporting on whether the financial statements are fairly presented in conformity with International Financial Reporting Standards. The external audit offers reasonable, but not absolute, assurance on the accuracy of financial disclosures.

Board approval

The annual financial statements were approved by the board of directors and are signed on their behalf by:

Terry Bantock
Executive Chairman

Paul de Klerk
CEO

21 May 2010

Declaration by Company Secretary

for the year ended 28 February 2010

In our capacity as Company Secretary we declare, in terms of the South African Companies Act, 1973, that for the year ended 28 February 2010 the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

Probity Business Services (Proprietary) Limited
Company Secretary

21 May 2010

Johannesburg

Independent auditors' report

for the year ended 28 February 2010

TO THE MEMBERS OF BUILDMAX LIMITED

Report on the financial statements

We have audited the annual financial statements and group annual financial statements of Buildmax Limited, which comprise the directors' report, the statements of financial position as at 28 February 2010, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 17 to 66.

Directors' responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 directors, 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 annual financial statements and group annual financial statements present fairly, in all material respects, the financial position of Buildmax Limited as of 28 February 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act in South Africa.



PKF (Jhb) Inc.

Chartered Accountants (S.A.)

Registered Auditors

Registration number 1994/001166/21

Director: R.J. Lawson

21 May 2010

Sandton

Directors' report

for the year ended 28 February 2010



The directors present their report, which forms part of the annual financial statements of the company and the group for the year ended 28 February 2010.

Nature of business

Buildmax is an empowered service provider of opencast mining, mining services and civils earthworks and a supplier of construction materials to the South African mining and construction industries. The group is listed on the JSE in the "Construction and Materials" sector. The Buildmax group operates through two key strategic business units ("segments"), namely Mining Services and Construction Materials.

Financial results

Details of the group consolidated and company financial results, financial position and cash flows are set out in the accompanying audited annual financial statements.

The acquisitions of Diesel Power and the Buildco group became effective on 2 April 2008 and were subsequently consolidated in the comparative results for eleven months.

Directors

Directors in office on 21 May 2010:

Executive directors

TP Bantock – *appointed 9 February 2010*

PJ de Klerk

CS Els – *appointed 1 April 2010*

HP Fourie

Independent non-executive directors

MD Lamola

CB Brayshaw

CJM Wood

Non-executive directors

DJ Mack

A Maharaj

M Matisonn

R Munitz

BT Ngcuka

In terms of the articles of association, TP Bantock, CS Els, MD Lamola, M Matisonn and CJM Wood will retire as directors at the upcoming annual general meeting, and being eligible, offer themselves for re-election.

Share capital

On 28 March 2008 the ordinary shareholders of Buildmax approved a special resolution to increase its authorised ordinary share capital from 50 000 000 ordinary shares of 1 cent each to 2 000 000 000 ordinary shares of 1 cent each. The company amended its Memorandum of Association accordingly.

Details of the authorised and issued ordinary share capital are included in note 10 to the annual financial statements and in the statement of changes in equity. A detailed reconciliation of the movement in ordinary share capital and share premium is provided.

The company's unissued ordinary shares have been placed under the control of the directors until the forthcoming annual general meeting.

Going concern

The directors have considered the following factors in evaluating the going concern of the group:

- The financial performance of the group;
- Cash generated by operations;
- Future capital requirements and commitments;
- Financial ratios and the impact thereof on current and future borrowing covenants;

Directors' report (continued)

for the year ended 28 February 2010

- The budget for 2011;
- Strategic and operational risks, including the potential effect of all known litigation;
- In order to strengthen the balance sheet of the group, the board of directors resolved on 3 May 2010 to raise a minimum of R150 million by way of a rights offer to shareholders. The board of directors is pleased to announce that it has received a letter from Brait, currently a 24,8% shareholder in the company, in terms of which Brait has offered, subject to the fulfilment of certain conditions and on terms to be agreed (including agreement being reached on the rights offer price), to underwrite a maximum of R150 million of the capital raising programme. This amount includes a portion to be provided as a convertible loan. Given Brait's existing 24,8% shareholding and their representation on the board, the board of directors has constituted a committee of independent directors to consider Brait's offer. Subsequent to the date of this report the board increased the rights offer to R300 million; and
- During the 2010 year the group was in breach of certain banking covenants. The Standard Bank of South Africa Limited and Nedbank Limited have both confirmed that they condone these breaches and that their respective facilities issued to the group will remain in place. The condonement received from Standard Bank is conditional on the successful raising of a minimum of R150 million from the rights issue. The banks have indicated that a portion of the proceeds received from the rights issue should be used to reduce the group's indebtedness to both The Standard Bank of South Africa Limited and Nedbank Limited.

The directors have concluded that the group is in a position to continue operating for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the group's financial statements.

Goodwill and other intangible assets

Management reviews the carrying amounts of the group's goodwill and intangible assets at least annually to determine whether there is any indication that those assets have suffered an impairment loss. These reviews have been consistently applied at the end of each reporting period.

The recoverable amount for each separate cash-generating unit, calculated by management and verified by independent experts, indicated that an impairment loss amounting to R647,3 million would be required at year-end relating to both the Mining Services and Construction Materials operating segments.

The impairment is disclosed in notes 2, 3 and 23 to the annual financial statements.

Property, plant and equipment

The group acquired property, plant and equipment amounting to R197,0 million (2009: R536,6 million) during the year under review (refer note 1). During the comparative year the group also acquired property, plant and equipment to the value of R942,5 million as part of the acquisitions of Diesel Power and the Buildco group.

Impairment

Indicators of impairment existed at year-end including increased repairs and maintenance, increased downtime and the status of the second-hand mining equipment market and based on these indicators the recoverable amount of property, plant and equipment had to be reassessed at the reporting date. Utilising the services of internal and external industry experts, management completed a detailed item-by-item estimate of the recoverable amounts of all property, plant and equipment. The impairment amount was calculated as the difference between the recoverable amount and the carrying amount at the end of the reporting period.

An impairment of R421,9 million was recognised in the statement of comprehensive income against property, plant and equipment. Refer to disclosure in notes 2.1 and 23 to the annual financial statements.

Change in accounting estimates

At year-end, management carried out a detailed review of the carrying values of all items of property, plant and equipment having regard to current utilisation, maintenance programmes, the depressed second-hand mining equipment market and the scarcity of bank funding. Management concluded that an hourly rate of depreciation will be more appropriate than a monthly rate as this method is better aligned with usage.

Utilising the services of internal and external industry experts, management revised the residual values and useful lives of all items of property, plant and equipment and adjusted them accordingly.

The new basis of depreciation will be applied prospectively from March 2010.

Subsidiaries

Details of the company's interest in subsidiaries at reporting date are set out in note 4 to these annual financial statements.

Business combinations

Details of the business combinations during the comparative period are provided in note 34 to the annual financial statements.

All conditions precedent to the acquisition of a further company in Buildco, Mystic Blue Trading 135 (Pty) Limited, have not been fulfilled at the date of this report and accordingly the results of this company have not been included in the results of the group. This company holds a number of prospecting rights which would not have had a material effect on the trading results or financial position of the group had these been included in the results from 2 April 2008.

Dividends

It is the group's policy to consider the declaration of a dividend annually. Given the need to protect the group's financial position, the board of directors has decided not to declare a dividend for the year ended 28 February 2010. No dividend was declared or proposed during the prior year.

Directors' emoluments

Directors' remuneration, including direct and indirect benefits, for the year ended 28 February 2010 was as follows:

	Board and committee fees R'000	Salary R'000	Bonus R'000	Contributions to medical aid and retirement funds R'000	Expense allowance R'000	Total R'000
Executive directors						
TP Bantock (<i>appointed 9 February 2010</i>)	–	208	–	–	–	208
PJ de Klerk	–	1 720	–	63	48	1 831
HP Fourie	–	1 363	320	206	35	1 924
Non-executive directors						
CB Brayshaw	275	–	–	–	–	275
MD Lamola	220	–	–	–	–	220
DJ Mack	132	–	–	–	–	132
A Maharaj	132	–	–	–	–	132
M Matisonn	132	–	–	–	–	132
R Munitz	132	–	–	–	–	132
BT Ncguka	132	–	–	–	–	132
CJM Wood	253	–	–	–	–	253
	1 408	3 291	320	269	83	5 371

Directors' report (continued)

for the year ended 28 February 2010

Directors' remuneration, including direct and indirect benefits, for the year ended 28 February 2009 was as follows:

	Board and committee fees R'000	Salary R'000	Bonus R'000	Contributions to medical aid and retirement funds R'000	Expense allowance R'000	Total R'000
Executive directors						
PJ de Klerk	–	1 391	1 000	42	78	2 511
HP Fourie	–	1 172	1 000	168	46	2 386
Non-executive directors						
CB Brayshaw	250	–	–	–	–	250
MD Lamola	200	–	–	–	–	200
DJ Mack <i>(appointed 19 November 2008)</i>	30	–	–	–	–	30
A Maharaj <i>(appointed 19 November 2008)</i>	30	–	–	–	–	30
M Matisonn	120	–	–	–	–	120
R Munitz	120	–	–	–	–	120
BT Ncguka	120	–	–	–	–	120
CJM Wood	230	–	–	–	–	230
	1 100	2 563	2 000	210	124	5 997

Directors' shareholding

At 28 February 2010, directors in office during the year under review held 94 241 397 (2009: 97 243 097) shares or 9,06% (2009: 9,34%) of the issued ordinary share capital of the company. Save for the shareholding detailed below, no other director in office during the year under review held any interest in the issued ordinary share capital of the company.

Director	Total 2010	Direct beneficial 2010	Indirect beneficial 2010	Total 2009	Direct beneficial 2009	Indirect beneficial 2009
Executive directors						
TP Bantock*	–	–	–	–	–	–
PJ de Klerk	15 609 005	–	15 609 005	21 939 356	–	21 939 356
HP Fourie	6 000 000	–	6 000 000	2 671 349	–	2 671 349
Non-executive directors						
CB Brayshaw	100 000	100 000	–	100 000	100 000	–
MD Lamola	100 000	100 000	–	100 000	100 000	–
DJ Mack*	–	–	–	–	–	–
A Maharaj*	–	–	–	–	–	–
M Matisonn	34 796 292	–	34 796 292	34 796 292	–	34 796 292
R Munitz	17 366 728	–	17 366 728	17 366 728	–	17 366 728
BT Ncguka	20 269 372	30 000	20 239 372	20 269 372	30 000	20 239 372
CJM Wood	–	–	–	–	–	–
Total number of shares	94 241 397	230 000	94 011 397	97 243 097	230 000	97 013 097

*Has an indirect beneficial, but not material, interest in Brait.

There have been no changes in directors' shareholding between year-end and the date of this report.

Borrowing powers

The company has unlimited borrowing powers in terms of its articles of association.

Buildmax share incentive scheme

A share incentive scheme was approved and adopted by the company at the general meeting of shareholders held on 28 March 2008. At the date of this report, no allocations have been made in terms of this scheme. Subsequent to the date of this report, P-E Corporate Services SA has been appointed as an independent consultant to review all the elements of the group's executive remuneration policy.

Audit & Risk Committee

The Audit & Risk Committee fulfilled its responsibilities for the year under review. The committee satisfied itself as to the independence of the external auditors and their suitability for reappointment for the ensuing year as well as to the competency, experience and qualifications of the Group FD.

Auditors

It will be proposed at the annual general meeting that PKF (Jhb) Inc. continue in office as external auditors in accordance with section 270(2) of the South African Companies Act, 1973.

Company Secretary

The Company Secretary is Probity Business Services (Pty) Limited.

Special resolutions

The following special resolution was passed and registered during the year under review.

25 August 2009 To approve general authority to effect share repurchases

Events after reporting date

The directors are not aware of any matter or circumstance arising since the end of the financial year not otherwise dealt with in the annual financial statements (refer to note 37), which significantly affect the financial position of the group or company or the results of their operations for the year under review.

21 May 2010

Statements of financial position

as at 28 February 2010

	Notes	GROUP		COMPANY	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
Assets					
Non-current assets					
Property, plant and equipment	1	901 997	1 324 615	–	–
Goodwill	2	190 848	810 578	–	–
Other intangible assets	3	174 801	224 117	–	–
Investment in subsidiaries	4			490 540	1 253 393
Amounts owing by subsidiaries	5			133 812	213 180
Deferred taxation	6	20 087	2 216	–	–
		1 287 733	2 361 526	624 352	1 466 573
Current assets					
Inventories	7	72 049	90 911	–	–
Trade and other receivables	8	269 284	318 589	146	1 128
Amounts owing by subsidiaries	5			62 351	–
Taxation receivable		5 502	1 364	–	–
Bank and cash balances	9	136 447	326 957	20 008	177 342
		483 282	737 821	82 505	178 470
Total assets		1 771 015	3 099 347	706 857	1 645 043
Equity and liabilities					
Capital and reserves					
Share capital	10	10 407	10 407	10 407	10 407
Share premium	11	1 721 975	1 721 975	1 721 975	1 721 975
Cash flow hedging reserve	12	(4 340)	(5 572)	–	–
Accumulated loss		(1 098 898)	(91 653)	(1 077 166)	(147 915)
Ordinary shareholders' interest		629 144	1 635 157	655 216	1 584 467
Outside shareholders' interest		–	3 604	–	–
		629 144	1 638 761	655 216	1 584 467
Non-current liabilities					
Interest-bearing liabilities	13	315 037	525 082	–	–
Derivative instruments	14	1 940	4 076	–	–
Provisions	15	3 956	3 956	–	–
Deferred taxation	6	85 487	194 307	–	–
		406 420	727 421	–	–
Current liabilities					
Interest-bearing liabilities	13	307 522	358 121	–	–
Derivative instruments	14	4 088	3 663	–	–
Vendor loan payable	16	47 000	54 526	47 000	54 526
Amounts owing to subsidiaries	17			4 000	3 148
Trade and other payables	18	325 213	260 839	513	1 535
Provisions	15	19 571	–	–	–
Taxation payable		344	15 942	87	1 326
Shareholders for dividends		41	41	41	41
Bank overdrafts		31 672	40 033	–	–
		735 451	733 165	51 641	60 576
Total equity and liabilities		1 771 015	3 099 347	706 857	1 645 043

Statements of comprehensive income

for the year ended 28 February 2010



	Notes	GROUP		COMPANY	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
Revenue	20	1 805 584	1 633 911	–	–
Cost of sales and services		(1 372 789)	(990 817)	–	–
Gross profit before depreciation		432 795	643 094	–	–
Operating income		14 699	16 897	1 690	2 267
Operating expenses		(219 954)	(206 538)	(2 675)	(1 963)
Operating profit/(loss) before depreciation and amortisation		227 540	453 453	(985)	304
Depreciation		(176 090)	(134 145)	–	–
Operating profit/(loss) before amortisation		51 450	319 308	(985)	304
Amortisation of intangible assets	21	(21 758)	(19 945)	–	–
Profit/(loss) before loss on sale of business unit, impairment losses, interest and taxation		29 692	299 363	(985)	304
Loss on disposal of business unit	22	(2 467)	–	–	–
Impairment losses	23	(1 069 166)	(255 443)	(939 335)	(151 470)
(Loss)/profit before interest and taxation	24	(1 041 941)	43 920	(940 320)	(151 166)
Interest received	25	15 430	17 378	21 650	9 671
Interest paid	26	(101 856)	(115 882)	(6 419)	(6 330)
Loss before taxation		(1 128 367)	(54 584)	(925 089)	(147 825)
Taxation	27	117 518	(54 793)	(4 162)	(1 367)
Loss for the year		(1 010 849)	(109 377)	(929 251)	(149 192)
Other comprehensive gain/(loss)					
Unrealised profit/(loss) due to change in fair value of cash flow hedge		1 711	(7 739)	–	–
Taxation		(479)	2 167	–	–
Total comprehensive loss for the year		(1 009 617)	(114 949)	(929 251)	(149 192)
Loss for the year attributable to:					
Equity holders of Buildmax Limited		(1 007 245)	(103 213)	(929 251)	(149 192)
Outside shareholders' interest		(3 604)	(6 164)	–	–
		(1 010 849)	(109 377)	(929 251)	(149 192)
Total comprehensive loss for the year attributable to:					
Equity holders of Buildmax Limited		(1 006 013)	(108 785)	(929 251)	(149 192)
Outside shareholders' interest		(3 604)	(6 164)	–	–
		(1 009 617)	(114 949)	(929 251)	(149 192)

Ordinary share statistics

for the year ended 28 February 2010

	Notes	GROUP	
		2010 cents	2009 cents
Headline (loss)/earnings per ordinary share	28	(5,9)	15,8
Core headline (loss)/earnings per ordinary share	28	(4,4)	18,0
Basic loss per ordinary share	28	(96,8)	(11,9)
Net asset value per ordinary share	29	60,5	157,5

Statements of changes in equity

for the year ended 28 February 2010

	Share capital and premium R'000	Cash flow hedging reserve R'000	Retained earnings/ (accumulated loss) R'000	Outside shareholders' interest R'000	Total R'000
Group					
Balances as at 29 February 2008	42 266	–	11 560	–	53 826
Shares issued	1 690 116	–	–	–	1 690 116
Total comprehensive loss for the year	–	(5 572)	(103 213)	(6 164)	(114 949)
Outside shareholders' interest in subsidiaries acquired	–	–	–	9 768	9 768
Balances as at 28 February 2009	1 732 382	(5 572)	(91 653)	3 604	1 638 761
Total comprehensive income/(loss) for the year	–	1 232	(1 007 245)	(3 604)	(1 009 617)
Balances as at 28 February 2010	1 732 382	(4 340)	(1 098 898)	–	629 144
Company					
Balances as at 29 February 2008	42 266	–	1 277	–	43 543
Shares issued	1 690 116	–	–	–	1 690 116
Total comprehensive loss for the year	–	–	(149 192)	–	(149 192)
Balances as at 28 February 2009	1 732 382	–	(147 915)	–	1 584 467
Total comprehensive loss for the year	–	–	(929 251)	–	(929 251)
Balances as at 28 February 2010	1 732 382	–	(1 077 166)	–	655 216

Statements of cash flow

for the year ended 28 February 2010



	Notes	GROUP		COMPANY	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
Operating activities					
Receipts from customers and clients		1 871 275	1 547 409	1 690	2 267
Payments to suppliers and employees		(1 486 619)	(1 097 491)	(3 748)	(2 096)
Cash generated from/(utilised in) operations	30	384 656	449 918	(2 058)	171
Interest received in cash	31	14 397	16 250	22 683	8 543
Interest paid in cash	32	(101 382)	(110 926)	(5 945)	(1 374)
Taxation paid	33	(29 388)	(36 934)	(5 401)	–
Net cash inflow from operating activities		268 283	318 308	9 279	7 340
Investing activities					
Acquisition of businesses	34	–	(208 123)	–	(253 701)
Settlement of vendor liabilities in acquired businesses		–	(64 012)	–	–
Additions to property, plant and equipment		(196 989)	(536 574)	–	–
– to expand operations		(151 215)	(505 636)	–	–
– to maintain operations		(45 774)	(30 938)	–	–
Proceeds from disposal of property, plant and equipment	35	15 201	42 306	–	–
Net increase in amounts owing by subsidiaries		–	–	(158 613)	(73 023)
Net cash outflow from investing activities		(181 788)	(766 403)	(158 613)	(326 724)
Financing activities					
Net proceeds from issue of shares		–	496 713	–	496 713
Vendor loans repaid		(8 000)	–	(8 000)	–
Interest-bearing liabilities raised		85 245	521 277	–	–
Interest-bearing liabilities repaid		(345 889)	(299 872)	–	–
Net cash (outflow)/inflow from financing activities		(268 644)	718 118	(8 000)	496 713
Net (decrease)/increase in cash and cash equivalents		(182 149)	270 023	(157 334)	177 329
Cash and cash equivalents at the beginning of the year		286 924	16 901	177 342	13
Cash and cash equivalents at the end of the year		104 775	286 924	20 008	177 342
Bank and cash balances		136 447	326 957	20 008	177 342
Bank overdrafts		(31 672)	(40 033)	–	–
Cash and cash equivalents at the end of the year		104 775	286 924	20 008	177 342

Group segmental report

for the year ended 28 February 2010

	Mining Services R'000	Construction Materials R'000	Corporate R'000	Eliminations R'000	Total R'000
28 February 2010					
Revenue					
External revenue	1 381 239	424 345	–	–	1 805 584
Inter-segment revenue	3 424	5 369	–	(8 793)	–
	1 384 663	429 714	–	(8 793)	1 805 584
Operating profit before depreciation and amortisation	194 888	32 652	–	–	227 540
Depreciation	(157 152)	(18 938)	–	–	(176 090)
Operating profit before amortisation	37 736	13 714	–	–	51 450
Amortisation of intangible assets	(13 702)	(8 056)	–	–	(21 758)
Profit before loss on sale of business unit, impairment losses, interest and taxation	24 034	5 658	–	–	29 692
Loss on disposal of business unit	–	(2 467)	–	–	(2 467)
Impairment losses	(605 272)	(463 894)	(939 335)	939 335	(1 069 166)
Loss before interest and taxation	(581 238)	(460 703)	(939 335)	939 335	(1 041 941)
Segmental assets and liabilities					
Goodwill	64 758	126 090	–	–	190 848
Other intangible assets	63 738	111 063	–	–	174 801
Other segmental assets	1 090 009	305 172	223 478	(213 293)	1 405 366
Segmental interest-bearing liabilities	(536 579)	(85 980)	–	–	(622 559)
Other segmental liabilities	(578 804)	(269 056)	(61 227)	389 775	(519 312)
Segmental net asset value	103 122	187 289	162 251	176 482	629 144
Segmental capital additions during the year	164 226	32 622	141	–	196 989
28 February 2009					
Revenue					
External revenue	1 142 955	490 956	–	–	1 633 911
Inter-segment revenue	6 089	10 129	–	(16 218)	–
	1 149 044	501 085	–	(16 218)	1 633 911
Operating profit before depreciation and amortisation	380 707	72 746	–	–	453 453
Depreciation	(118 704)	(15 441)	–	–	(134 145)
Operating profit before amortisation	262 003	57 305	–	–	319 308
Amortisation of intangible assets	(12 561)	(7 384)	–	–	(19 945)
Profit before impairment losses, interest and taxation	249 442	49 921	–	–	299 363
Impairment losses	–	(255 443)	–	–	(255 443)
Profit/(loss) before interest and taxation	249 442	(205 522)	–	–	43 920
Segmental assets and liabilities					
Goodwill	240 350	570 228	–	–	810 578
Other intangible assets	95 616	128 501	–	–	224 117
Other segmental assets	1 557 114	327 540	393 178	(213 180)	2 064 652
Segmental interest-bearing liabilities	(766 318)	(116 885)	–	–	(883 203)
Other segmental liabilities	(474 996)	(251 661)	(63 906)	213 180	(577 383)
Segmental net asset value	651 766	657 723	329 272	–	1 638 761
Segmental capital additions during the period	493 970	42 520	84	–	536 574

No geographical information is presented as the group operates predominantly in the Republic of South Africa.

Accounting policies

for the year ended 28 February 2010



Basis of preparation

These annual financial statements have been prepared in conformity with International Financial Reporting Standards (“IFRS”), the requirements of the South African Companies Act and the Listings Requirements of the JSE Limited on the historic cost basis except in the case of financial instruments which are measured using the fair value and amortised cost models. The preparation of annual financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the annual financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the annual financial statements are disclosed under the management estimates heading.

The format of the financial statements presented has been revised to bring it in line with the revisions to IAS 1: Presentations of Financial Statements. The group also adopted IFRS 8: Operating Segments which requires that the segments presented are consistent with those used internally by management to make operating decisions. Certain operating segments in the construction materials strategic business unit have been aggregated due to their similar nature and economic characteristics. Comparative information has been restated where necessary. The adoption of these standards and amendments did not impact the group’s financial results.

Except for the adoption of the new and revised accounting standards the principal accounting policies of the group are consistent with those applied in the audited consolidated financial statements for the year ended 28 February 2009.

Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective.

Standard	Details of amendment	Effective for annual periods beginning on or after
IFRS 1: First-time Adoption of International Financial Reporting Standards	Amendments relating to oil and gas assets and determining whether an arrangement contains a lease	1 January 2010
IFRS 2: Share-based Payments	Clarification of scope of IFRS 2 and IFRS 3 revised	1 July 2009
IFRS 2: Share-based Payments	Accounting for group cash-settled share-based payment transactions – clarity of the definition of the term “Group”.	1 January 2010
IFRS 3: Business Combinations	Amendments to accounting for business combinations	1 July 2009
IFRS 5: Non-current Assets Held for Sale and Discontinued Operations	Plan to sell the controlling interest in a subsidiary	1 July 2009
IFRS 5: Non-current Assets Held for Sale and Discontinued Operations	Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations	1 January 2010
IFRS 5: Non-current Assets Held for Sale and Discontinued Operations	Amendments resulting from IFRIC 17 for assets held for distribution to owners	1 July 2009
IFRS 8: Operating Segments	Disclosure of information about segment assets	1 January 2010
IAS 7: Statement of Cash Flows	Classification of expenditures on unrecognised assets	1 January 2010
IAS 10: Events after the Reporting Period	Amendment resulting from the issue of IFRIC 17	1 July 2009
IAS 17: Leases	Classification of leases of land and buildings	1 July 2010
IAS 36: Impairment of Assets	Unit of accounting for goodwill impairment test	1 January 2010
IAS 38: Intangible Assets	Measuring the fair value of an intangible asset acquired in a business combination	1 July 2009
IAS 39: Financial Instruments: Recognition and Measurement	Clarifies two hedge accounting issues: – Inflation in a financial hedged item – A one-sided risk in a hedged item	1 July 2009
IAS 39: Financial Instruments: Recognition and Measurement	Treating loan prepayment penalties as closely related embedded derivatives	1 January 2010
IAS 39: Financial Instruments: Recognition and Measurement	Scope exemption for business combinations	1 January 2010

The directors have not yet determined which are applicable to the group and what the impact of these Standards and Interpretations on the group or company will be.

Accounting policies (continued)

for the year ended 28 February 2010

Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

Standard	Details of Amendment
Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The amendments deal with the measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting IFRS for the first time and with the recognition of dividend income from subsidiaries in a parent's separate financial statements.
Amendments to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations	The amendments clarify the definition of vesting conditions for the purposes of IFRS 2, introduce the concept of 'non-vesting' conditions, and clarify the accounting treatment for cancellations.
IAS 23 (as revised in 2007) Borrowing Costs	The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these financial statements because it has always been the group's accounting policy to capitalise borrowing costs incurred on qualifying assets.
Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation	The revisions to IAS 32 amend the criteria for debt/equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met.
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	The Interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations.
Improvements to IFRS (2008)	The Improvements have led to a number of changes in the detail of the group's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported. The majority of these amendments are effective from 1 January 2009.

Basis of consolidation

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on the acquisition of businesses and the difference between the cost of the acquisition and the fair value of the net identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is measured at cost less accumulated impairment losses. For impairment testing purposes, goodwill is allocated to cash-generating units expected to benefit from synergies of the combination and is tested annually for impairment. Negative goodwill arising on an acquisition is recognised directly in the statement of comprehensive income.

Investment in subsidiary companies

In the company's financial statements the investment in subsidiary companies are carried at cost less accumulated impairment losses. The results of subsidiaries are consolidated in the group financial statements from the effective date of control up to the date control ceases.

Intra-group transactions and balances

Consolidation principles relating to the elimination of intra-company transactions, balances and adjustments for unrealised intra-company profits are applied in all intra-group transactions.

Transactions and outside shareholders' interests

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

Impairment of assets

The carrying amounts of the group's assets are reviewed at least annually to determine whether there is any indication of impairment. If there is an indication that an asset may be impaired, its recoverable amount is estimated. For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at least annually.

The recoverable amount is the higher of an asset's fair market value less cost to sell and its value in use. In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount.

For an asset that does not generate cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of the cash-generating unit exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to reduce the carrying amount of other assets in the unit on a pro rata basis.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly as other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that has been recognised directly as other comprehensive income is recognised in the statement of comprehensive income even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of comprehensive income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the statement of comprehensive income.

Where an impairment loss on tangible and intangible assets (other than goodwill) subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Accounting policies (continued)

for the year ended 28 February 2010

Property, plant and equipment

Items of property, plant and equipment are recorded at historic cost and depreciated over the estimated useful life of the asset, on a straight-line basis, as follows:

Plant and equipment	5 – 20 years
Motor vehicles	4 – 5 years
Leasehold improvements	Over the term of the lease
Land	No depreciation is provided

Computer and office equipment

Computer equipment and software	2 – 4 years
Office equipment	10 years
Furniture and equipment	6 – 10 years

The carrying value of assets is reviewed annually to assess whether there is an indication of impairment. If any indication exists, the recoverable amount of the asset is estimated. Where the carrying amount is greater than its estimated recoverable amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the statement of comprehensive income.

The useful lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing assets' lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying value and are recognised in the statement of comprehensive income.

Repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred. The cost of major refurbishments is included in the carrying amount of the asset when it is probable that future economic benefits will flow to the group. Major refurbishments are depreciated over their remaining useful life.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Intangible assets include mining rights, marketing-related intangibles and customer-related intangibles.

Marketing-related intangibles include trademarks, trade names and service marks. Customer-related intangibles include customer lists, order or production backlogs, customer contracts and the related customer relationships and non-contractual customer relationships.

Intangible assets with finite lives are amortised over their estimated useful economic lives, and tested for impairment where there is a triggering event. The directors' assessment of the useful life of intangible assets is based on the nature of the asset acquired, the durability of the products to which the asset attaches and the expected future impact of competition on the business. The intangible assets are amortised over the following periods:

Mining rights	15 – 22 years
Marketing-related intangibles	7 – 10 years
Customer-related intangibles	5 – 8 years

Leases

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred from the lessor to the group as lessee.

Assets subject to finance leases are recognised at the commencement of the lease term at the amount equal to their fair value or, if lower, the present value of the minimum lease payments determined at inception of the lease, using a discount rate implicit in the lease. The related lease obligation is recognised at

the same value. Capitalised leased assets are depreciated to their estimated residual values over their estimated useful lives. Finance lease payments are allocated, using the effective interest rate method, between lease finance costs, and the capital repayment.

Leases where the lessor retains significant risks and rewards of ownership of the underlying asset are classified as operating leases. Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the term of the relevant lease.

Inventories

Inventories are valued at the lower of cost or net realisable value, using the first-in-first-out ("FIFO") basis. Costs are determined on the following basis:

- Finished goods and manufacturing work-in-progress are valued at cost of materials plus direct costs and a proportion of manufacturing overhead expenses.
- Inventories include contract work-in-progress which include direct labour, other costs and fixed production overheads incurred for services rendered but not invoiced at reporting date.
- Where necessary, specific provision is made for obsolete, redundant and slow-moving inventories based on the age of merchandise.

Foreign currency transactions

Transactions in foreign currencies are converted to South African Rand at the rate of exchange ruling at the date of the transaction. Assets and liabilities in foreign currencies are stated in South African Rand using rates of exchange ruling at the reporting date. Resulting surpluses and deficits are recognised in the statement of comprehensive income and are separately identified.

Taxation

Current taxation comprises taxation payable calculated on the basis of the expected taxable income for the year, using the taxation rates and laws enacted and substantively enacted at the reporting date, and any adjustment of taxation payable for previous years.

Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the taxation bases of assets and liabilities and their carrying amounts for financial reporting purposes. Current enacted or substantively enacted taxation laws and rates are used to calculate deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is not probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred taxation is charged to the statement of comprehensive income except to the extent it relates directly to items accounted for in other comprehensive income. The effect on deferred taxation of any changes in taxation rates is recognised in the statement of comprehensive income, except to the extent that it relates to items previously charged or credited directly to other comprehensive income.

Provisions

Provisions are recognised when the group has a legal or constructive obligation as a result of a past event, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the present value of future expenditure expected to settle the current obligation using a discount rate that reflects the current assessment of the risks and uncertainties surrounding the obligation.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the group has a contract where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Revenue

Revenue is stated at invoice value of finished goods, excluding value added tax. Revenue from sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer, costs can be measured reliably and receipt of the future benefits is probable.

Service revenue is recognised when the service is completed in terms of the substance of the various customer agreements.

Accounting policies (continued)

for the year ended 28 February 2010

Other income earned by the group is recognised on the following basis:

- Interest income is recognised as it accrues on the effective interest rate method unless collectability is in doubt.
- Rental income from operating leases in respect of property is recognised in the statement of comprehensive income on a straight-line basis over the term of the lease.

Revenue is recognised net of VAT, returns, rebates and discounts.

Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The provisions for employees' entitlements to wages, salaries, annual and sick leave represent the amount which the group has a present obligation to pay as a result of the employees' services provided to the reporting date.

Retirement benefits

The group provides retirement benefits for employees by payments to independent defined contribution funds and contributions are charged against income as incurred. The group has no liability towards any pension or provident fund, apart from normal recurring monthly contributions deducted from employees to be paid to the relevant funds.

Government grants

Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attached to them and that the grants will be received.

Government grants whose primary condition is that the group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to the statement of comprehensive income on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the group with no future related costs, are recognised in the statement of comprehensive income in the period in which they become receivable.

Financial instruments

Initial recognition and measurement

All financial instruments are recognised in the statement of financial position. Financial instruments are initially recognised when the group becomes party to the contractual terms of the instruments and are measured at cost, which is the fair value of the consideration given (financial asset) or received (financial liability or equity instrument). Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement on initial recognition. Transaction costs are included in the initial measurement of the financial instrument other than for financial instruments recognised at fair value through the statement of comprehensive income. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets

Trade and other receivables

Trade and other receivables are stated at amortised cost using the effective interest rate method less provision for impairment. The provision for impairment is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Bad debts are written off during the year in which they are identified.

Amounts owing by subsidiaries

Amounts owing by subsidiaries are stated at amortised cost using the effective interest rate method less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents are measured at their fair value. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call, and investments in money market instruments, net of bank overdrafts, all of which are available for use by the group unless otherwise stated.

The carrying amount of financial assets are reduced by impairment losses directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of comprehensive income.

Financial liabilities

The group's principal financial liabilities are long-term borrowings, accounts payable, bank overdrafts and other short-term borrowings.

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 and the redemption value is recognised in the statement of comprehensive income 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 liability for at least 12 months after the reporting date.

Trade and other payables

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

Derivative instruments

Hedge accounting is applied to derivatives designated as cash flow hedges provided certain criteria are met. At the inception of a hedging transaction, the relationship between the hedging instrument and the hedged items, the group's management objective and its strategy for undertaking the hedge, is documented. A documented assessment, both at the inception of the hedge and on an ongoing basis, of whether the hedging instruments that are used in hedging transactions are highly effective in offsetting the changes attributable to the hedged risks in the cash flows of the hedged items, is also prepared.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised as other comprehensive income until the hedging instrument expires or is sold, or when the hedge no longer meets the criteria for hedge accounting.

Derecognition

Financial assets (or a portion thereof) are derecognised when the group realises the rights to the benefits specified in the contract, the rights expire or the group surrenders or otherwise loses control of the contractual rights that comprise the financial asset. In derecognition, the difference between the carrying amount of the financial asset and proceeds receivable and any prior adjustment to reflect fair value that have been reported as other comprehensive income are included in the statement of comprehensive income.

Financial liabilities (or a portion thereof) are derecognised when the obligation specified in the contract is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and amount paid for it are included in the statement of comprehensive income.

Fair value methods and assumptions

The fair value of financial instruments not traded in an organised financial market, is determined using a variety of methods and assumptions that are based on market conditions and risks existing at reporting date, including independent appraisals and discounted cash flow methods. The fair value determined is adjusted for any transaction costs necessary to realise the assets or settle the liabilities.

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their nominal amounts as the effects of the time value of money are considered to be immaterial.

Set-off

Where a legally enforceable right to set-off exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are set-off in the financial statements.

Accounting policies (continued)

for the year ended 28 February 2010

Management estimates

Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments, as follows:

Assets' lives and residual values

Property, plant and equipment are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as usage, technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Impairment of assets

Goodwill is considered for impairment at least annually. Property, plant and equipment and intangible assets are also considered for impairment if there is any reason to believe that impairment may be necessary. Factors taken into consideration include the economic viability of the asset itself and where it is a component of a larger cash-generating unit, the viability of the unit. Future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows determined using an appropriate discount rate, is compared to the current carrying value and, if lower, the assets are impaired to the present value.

Trade and other receivables

The group assesses its trade and other receivables for impairment at each reporting date. In determining whether impairment should be recognised in the statement of comprehensive income, the group makes judgement as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from each receivable.

Stock impairments

Impairment of stock is calculated on a line by line basis with reference to average consumption to identify obsolete, redundant and slow-moving items.

Deferred tax assets

The group recognises the future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income.

Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the reporting date could be impacted.

Provision for onerous contracts

Certain of the group's mining contracts in Vukuza Earth Works (Pty) Limited were determined to be onerous. Management assessed the present value of the unavoidable costs, net of income, of meeting the obligations under these contracts and included it as a provision for onerous contracts in the statement of comprehensive income and statement of financial position.

Provision for ground rehabilitation

The group's mining activities are subject to various laws and regulations governing the protection of the environment. Management estimates the group's expected expenditure for the rehabilitation, management and remediation of environmental impacts on closure at the end of the lives of the mines. The estimation of future costs on environmental obligations relating to decommissioning and rehabilitation is particularly complex and requires management to make estimates, assumptions and judgements. These estimates are dependant on a number of factors including assumptions around current environmental legislation, life of mine estimates and discount rates.

Notes to the annual financial statements

for the year ended 28 February 2010



	Plant and equipment R'000	Motor vehicles R'000	Computer and office equipment R'000	Land and leasehold improvements R'000	Total R'000
1. Property, plant and equipment					
Group – at 28 February 2010					
Cost	1 670 424	108 098	18 839	16 247	1 813 608
Accumulated depreciation and impairments	(858 187)	(42 037)	(9 261)	(2 126)	(911 611)
Net carrying value	812 237	66 061	9 578	14 121	901 997
Movement summary					
Carrying value at the beginning of the year	1 223 307	84 142	6 948	10 218	1 324 615
Additions	169 148	17 752	5 809	4 280	196 989
Disposals	(15 461)	(5 718)	(224)	–	(21 403)
Depreciation	(162 288)	(10 049)	(3 252)	(501)	(176 090)
Impairments	(402 691)	(19 157)	(30)	–	(421 878)
Derecognised on disposal of business unit	(97)	(135)	(4)	–	(236)
Transfer between categories	319	(774)	331	124	–
Net carrying value	812 237	66 061	9 578	14 121	901 997
Group – at 28 February 2009					
Cost	1 525 529	102 125	13 468	11 938	1 653 060
Accumulated depreciation and impairments	(302 222)	(17 983)	(6 520)	(1 720)	(328 445)
Net carrying value	1 223 307	84 142	6 948	10 218	1 324 615
Movement summary					
Carrying value at the beginning of the year	8 915	2 985	333	54	12 287
Additions as a result of business combinations	858 863	57 475	3 619	22 502	942 459
Additions	496 339	33 710	4 918	1 607	536 574
Disposals	(16 942)	(1 713)	(84)	(13 821)	(32 560)
Depreciation	(124 299)	(7 912)	(1 810)	(124)	(134 145)
Transfer between categories	431	(403)	(28)	–	–
Net carrying value	1 223 307	84 142	6 948	10 218	1 324 615

Property, plant and equipment with a carrying value of R649,6 million (2009: R857,0 million) is encumbered by certain interest-bearing liabilities and banking facilities. Notarial bonds of R320,0 million (2009: R320,0 million) have been registered against movable assets of the group (refer notes 13 and 19).

Management has assessed the basis of determining the useful life of all items of plant and equipment and has determined that an hourly rate of depreciation is more applicable than a monthly rate. As of the beginning of the 2011 financial year the new basis will be applied. In addition management has reviewed the residual values of all items of plant and equipment and adjusted them where necessary.

Notes to the annual financial statements (continued)

for the year ended 28 February 2010

	GROUP	
	2010	2009
	R'000	R'000
1. Property, plant and equipment (continued)		
Details of properties		
Farm being Portion 20 (a portion of Portion 3) and the remaining portion of Portion 3 of the farm Rietvlei 518, Bronkhorstspuit.		
Acquired as part of business combination	4 840	4 840
Additions at cost – 2009	16	16
Additions at cost – 2010	90	–
	4 946	4 856
Portion 7 (a portion of Portion 1) of the farm Puntlyf 520 Registration Division IR Gauteng Province.		
Acquired as part of business combination	1 400	1 400
Additions at cost – 2009	28	28
Additions at cost – 2010	1 598	–
	3 026	1 428
Portion 62 (a portion of Portion 57) of the farm Vlakfontein No 30, Registration Division IR Transvaal.		
Acquired as part of business combination	220	220
Portion of Portion 5 (a portion of Portion 2) of the farm Rietvlei 518, Bronkhorstspuit.		
Acquired as part of business combination	2 182	2 182
Erf 27, Portion 106 of the farm Zestfontein.		
Purchase price – 2009	1 093	1 093
The company has no property, plant and equipment.		
2. Goodwill		
Carrying value of goodwill arising as a result of business combinations on 2 April 2008 are as follows (refer note 34 for detail):		
Residual goodwill related to the Buildco group	126 090	674 056
Residual goodwill related to Diesel Power	64 758	136 522
Net carrying value	190 848	810 578
Movement summary		
Carrying value at the beginning of the year	810 578	–
Additions as a result of business combinations	–	1 066 021
Impairments	(619 730)	(255 443)
Net carrying value	190 848	810 578

2.1 Impairment review

In accordance with IAS 36 impairment of assets, goodwill and intangible assets with indefinite useful lives are reviewed at least annually for impairment, or more frequently if there is an indication that goodwill might be impaired.

The recoverable amount of each cash-generating unit was based on its value in use and was determined with the assistance of independent valuers. The carrying amount of each cash-generating unit was compared to the recoverable amount. The carrying amount of certain cash-generating units in the group was determined to be higher than its recoverable amount and an impairment loss was recognised. The impairment loss was allocated to goodwill, intangible assets and property, plant and equipment on a proportionate basis. Refer note 23 for allocation of the loss.

2. Goodwill (continued)

2.1 Impairment review (continued)

The value in use of each cash-generating unit was determined by discounting the future cash flow generated from the continuing use of the unit and was based on the following key assumptions:

- Cash flows were projected based on actual operating results and the 2011 budgets for each cash-generating unit. Cash flows for a further five years were extrapolated using average revenue growth rates of between 10% and 15% matching the internal inflation of the major businesses in the group and a terminal rate of 7%, which does not exceed the long-term average growth rate for the industry. The board believes that this forecast was justified due to the long-term nature of each business.
- A discount rate of between 17,75% and 21,95% was applied in determining the recoverable amount of each cash-generating unit. The discount rate was estimated based on a cash generating unit's specific weighted average cost of capital, which was based on a possible range of debt leveraging of between zero and 25% at respective long-term borrowing rates.

The values assigned to key assumptions represent management's assessment of the business of each cash-generating unit and are based on both external sources and internal sources of historical data. At the time of this report the board believes that changes in any of these key assumptions would not cause any significant additional impairment losses.

The reasons for the impairment loss recognised on goodwill, intangible assets and property, plant and equipment are a combination of the following:

- The global economic crisis affected many countries and South Africa is no exception. The group's principal business, open cast mining services, is dependent on replacing its mining fleet every four years, and on securing reasonable prices for its second-hand yellow metal items. The slowdown in the world economy has resulted in an over supply of second-hand vehicles and equipment which has decimated second-hand prices;
- Abnormally high rainfall in the last four months of the period under review resulted in the loss of revenue for both Mining Services and Construction Materials;
- The continued slowdown in the construction industry during the period under review;
- The scarcity of bank finance for new equipment forced the Mining Services business unit to hire in vehicles and equipment at punitive rates and to increase the use of subcontractors. In addition, the business unit had to extend the life of its fleet, resulting in increased maintenance costs and reduced plant availability and productivity.

In addition to the impairment review performed on the abovementioned cash-generating units, additional impairment tests were performed on items of plant and equipment where the carrying amounts were higher than the respective recoverable amounts. With the assistance of an independent valuator the recoverable amounts were based on fair market value less cost to sell adjusted for current market constraints. Further impairment losses were recognised as a result of these tests. Refer to note 1 for the total impairment recognised in respect of property, plant and equipment.

The Buildco group was acquired for shares on a relative earnings basis. The majority of goodwill raised was based on a price per share of R1,80 at the date the shares were issued, notwithstanding that the share price had been substantially lower at the time of negotiations. The subsequent deterioration in trading conditions in the construction sector, particularly in the residential market, resulted in goodwill relating to certain acquired construction materials businesses being impaired by R255,4 million during 2009. Further impairments of R619,7 million were booked in 2010.

Notes to the annual financial statements (continued)

for the year ended 28 February 2010

	Mining rights R'000	Marketing- related R'000	Customer- related R'000	Total R'000
3. Other intangible assets				
Group – at 28 February 2010				
Cost as result of business combinations	135 885	55 892	52 285	244 062
Accumulated amortisation and impairments	(24 822)	(21 972)	(22 467)	(69 261)
Net carrying value	111 063	33 920	29 818	174 801
Movement summary				
Carrying value at the beginning of the year	128 501	50 221	45 395	224 117
Amortisation for the year	(8 056)	(6 186)	(7 516)	(21 758)
Carrying value of intangible assets before impairments	120 445	44 035	37 879	202 359
Impairments	(9 382)	(10 115)	(8 061)	(27 558)
Net carrying value	111 063	33 920	29 818	174 801
<i>Estimated remaining useful life (years)</i>	13 – 20	8	6	
Group – at 28 February 2009				
Cost as result of business combinations	135 885	55 892	52 285	244 062
Accumulated amortisation and impairments	(7 384)	(5 671)	(6 890)	(19 945)
Net carrying value at the end of the year	128 501	50 221	45 395	224 117
Movement summary				
Additions as a result of business combinations	135 885	55 892	52 285	244 062
Amortisation for the year	(7 384)	(5 671)	(6 890)	(19 945)
Net carrying value at the end of the year	128 501	50 221	45 395	224 117
			GROUP	
			2010	2009
			R'000	R'000
The carrying value of the intangible assets allocated to the cash-generating units for the purpose of the impairment review prior to impairment were as follows:				
The Buildco group			138 621	151 281
Diesel Power			63 738	72 836
			202 359	224 117
Refer note 2.1 for details of impairment review.				
The company has no intangible assets.				

	COMPANY		
	Gross investment	Impairment provision	Net investment
	R'000	R'000	R'000
4. Investment in subsidiaries			
Company – at 28 February 2010			
Buildmax Aggregates and Quarries (Pty) Limited	665 526	(394 219)	271 307
Buildmax Bricks and Blocks (Pty) Limited	126 127	(107 931)	18 196
Buildmax Equipment and Services (Pty) Limited	151 431	(151 431)	–
Buildmax Industries (Pty) Limited	3 100	–	3 100
Cast Industries (Pty) Limited	69 699	(69 699)	–
Diesel Power Open Cast Mining (Pty) Limited	388 980	(191 043)	197 937
	1 404 863	(914 323)	490 540
Company – at 28 February 2009			
Buildmax Aggregates and Quarries (Pty) Limited	665 526	(90 586)	574 940
Buildmax Bricks and Blocks (Pty) Limited	126 127	(60 884)	65 243
Buildmax Equipment and Services (Pty) Limited	151 431	–	151 431
Buildmax Industries (Pty) Limited	3 100	–	3 100
Cast Industries (Pty) Limited	69 699	–	69 699
Diesel Power Open Cast Mining (Pty) Limited	388 980	–	388 980
	1 404 863	(151 470)	1 253 393
		Effective shareholding	
Companies controlled by Buildmax Limited		2010	2009
	Segment	%	%
Directly held			
Buildmax Aggregates and Quarries (Pty) Limited ⁽¹⁾	Construction materials	100	100
Buildmax Bricks and Blocks (Pty) Limited	Construction materials	100	100
Buildmax Equipment and Services (Pty) Limited ⁽¹⁾	Mining services	100	100
Buildmax Industries (Pty) Limited	Construction materials	100	100
Cast Industries (Pty) Limited ⁽¹⁾	Construction materials	100	100
Diesel Power Open Cast Mining (Pty) Limited ⁽²⁾	Mining services	100	100
Indirectly held			
Alfa Sand Works (Pty) Limited ⁽¹⁾	Construction materials	100	100
Benoni Sand and Buildware (Pty) Limited ⁽¹⁾	Construction materials	100	100
Bridport Properties (Pty) Limited	Construction materials	100	100
Buildmax Management Services (Pty) Limited ⁽¹⁾	Corporate	100	100
Columbia DBL (Pty) Limited ⁽¹⁾	Construction materials	100	100
Crushco (Pty) Limited ⁽¹⁾	Construction materials	100	100
Pentonville Properties (Pty) Limited ⁽¹⁾	Construction materials	100	100
Thando Kwakho Holdings (Pty) Limited ⁽¹⁾	Construction materials	100	100
Verlesha Investments (Pty) Limited ⁽¹⁾	Construction materials	74	74
Vukuza Earth Works (Pty) Limited ⁽¹⁾	Mining services	100	100
Watertite Guttering (Pty) Limited	Construction materials	100	100
Wit Deep Sand and Stone (Pty) Limited ⁽¹⁾	Construction materials	100	100

¹ The company has pledged and ceded these investments to certain of the group's bankers.

² The company pledged 26% of its investment in Diesel Power Open Cast Mining (Pty) Limited as security against the vendor loan liability (refer note 16).

Notes to the annual financial statements (continued)

for the year ended 28 February 2010

COMPANY

	Gross amount 2010 R'000	Impairment provision 2010 R'000	Net amount 2010 R'000	2009 R'000
5. Amounts owing by subsidiaries				
Interest-bearing				
Buildmax Aggregates and Quarries (Pty) Limited	16 819	–	16 819	9 692
Buildmax Equipment and Services (Pty) Limited	74 747	(74 747)	–	14 915
Cast Industries (Pty) Limited	26 257	(11 676)	14 581	6 527
Columbia DBL (Pty) Limited	2 000	–	2 000	2 000
Diesel Power Open Cast Mining (Pty) Limited	82 135	–	82 135	–
Pentonville Properties (Pty) Limited	2	–	2	–
Thando Kwakho Holdings (Pty) Limited	139	–	139	–
	202 099	(86 423)	115 676	33 134
Interest-free				
Buildmax Aggregates and Quarries (Pty) Limited	52 635	–	52 635	52 635
Buildmax Equipment and Services (Pty) Limited	60 060	(60 060)	–	60 060
Buildmax Industries (Pty) Limited	25 637	–	25 637	35 137
Cast Industries (Pty) Limited	29 999	(29 999)	–	29 999
Diesel Power Open Cast Mining (Pty) Limited	2 215	–	2 215	2 215
	170 546	(90 059)	80 487	180 046
	372 645	(176 482)	196 163	213 180
Disclosed on the statements of financial position as follows:				
Non-current assets			133 812	213 180
Current assets			62 351	–
			196 163	213 180

These loans to subsidiary companies are unsecured with no fixed terms of repayment. The interest-bearing loans bear interest at rates linked to the prime lending rate.

The directors consider the carrying amounts owing by subsidiaries to approximate their fair value.

Gross amounts owing by certain subsidiaries have been subordinated and/or ceded in favour of the group's bankers. Due to certain terms and conditions of the banking facility agreements and the forecasted cash flows of these subsidiaries for the next 12 months, certain of these loans will not be repaid during the next year and have been disclosed as non-current assets.

Gross amounts owing by subsidiaries of R347,0 million (2009: R178,0 million) have been encumbered by certain banking facility and funding agreements (refer note 19).

	GROUP		COMPANY	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
6. Deferred taxation				
The balance consists of:				
Accrual for leave pay and bonuses	7 873	4 804	-	-
Calculated tax losses	84 676	27 805	-	-
Capital allowances	(118 438)	(162 824)	-	-
Contract work in progress	(3 985)	(1 219)	-	-
Derivative instruments	1 688	2 167	-	-
Impairment provisions against receivables	5 130	754	-	-
Intangible assets	(48 944)	(62 753)	-	-
Lease obligations	1 379	1 418	-	-
Onerous contracts provision	4 500	-	-	-
Prepaid expenses	(189)	(182)	-	-
Rehabilitation provision	2 088	1 107	-	-
Retention debtors	(1 184)	(3 168)	-	-
Other	6	-	-	-
	(65 400)	(192 091)	-	-
Disclosed on the statements of financial position as follows:				
Non-current assets	20 087	2 216	-	-
Non-current liabilities	(85 487)	(194 307)	-	-
	(65 400)	(192 091)	-	-
Movement summary				
Balance at the beginning of the year	(192 091)	1 765	-	-
Temporary differences for the year	127 170	(42 537)	-	-
Accrual for leave pay and bonuses	3 069	4 043	-	-
Calculated tax losses utilised during the year	56 871	21 171	-	-
Capital allowances	44 386	(70 343)	-	-
Contract work in progress	(2 766)	(2 582)	-	-
Impairment provisions against receivables	4 376	335	-	-
Intangible assets	13 809	5 584	-	-
Lease obligations	(39)	348	-	-
Onerous contracts provision	4 500	-	-	-
Prepaid expenses	(7)	(26)	-	-
Rehabilitation provision	981	428	-	-
Retention debtors	1 984	(1 495)	-	-
Other	6	-	-	-
Deferred tax on the fair value of derivative instruments	(479)	2 167	-	-
Acquired as part of business combinations	-	(153 486)	-	-
Balance at the end of the year	(65 400)	(192 091)	-	-
Calculated tax losses				
Calculated tax losses at the end of the year	387 489	99 304	-	-
Utilised to raise deferred tax asset	(302 414)	(99 304)	-	-
Available to reduce future taxable income	85 075	-	-	-

Notes to the annual financial statements (continued)

for the year ended 28 February 2010

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
7. Inventories				
Finished goods	29 156	44 550	–	–
Consumables	21 494	24 961	–	–
Raw materials	7 858	14 251	–	–
Contract work in progress	14 232	9 221	–	–
Manufacturing work in progress	2 053	1 473	–	–
Gross inventories	74 793	94 456	–	–
Impairment provisions raised against inventories	(2 744)	(3 545)	–	–
	72 049	90 911	–	–
Included in the 2009 carrying value are inventories of R4,4 million carried at net realisable value.				
Inventories with a carrying value of R5,5 million (2009: R11,0 million) have been encumbered to secure certain financing facilities (refer note 19).				
Movement in impairment provisions raised against inventories				
Balance at the beginning of the year	3 545	2 482	–	–
Acquired as part of business combinations	–	147	–	–
Derecognised on disposal of business unit	(1 488)	–	–	–
Impairment provisions raised	1 293	1 063	–	–
Impairment provisions utilised	(606)	(147)	–	–
	2 744	3 545	–	–
8. Trade and other receivables				
Gross trade receivables	270 445	309 759	–	–
Impairment provisions raised against trade receivables	(22 656)	(5 566)	–	–
Net trade receivables	247 789	304 193	–	–
Prepayments	1 087	643	51	–
Deposits	4 375	925	–	–
Vendor loan receivable	3 286	1 786	–	–
VAT receivable	1 447	981	–	–
Other receivables	11 300	10 061	95	1 128
	269 284	318 589	146	1 128
Trade and other receivables of R139,3 million (2009: R186,7 million) have been encumbered to secure certain financing facilities (refer to note 19).				
Trade receivables are stated at cost less impairment provisions which approximate their fair value due to short-term maturity.				
Movement in impairment provisions raised against trade receivables				
Balance at the beginning of the year	5 566	1 483	–	–
Acquired as part of business combinations	–	1 259	–	–
Derecognised on disposal of business unit	(149)	–	–	–
Impairment provisions raised	22 170	4 381	–	–
Impairment provisions utilised	(4 931)	(1 557)	–	–
	22 656	5 566	–	–

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
9. Bank and cash balances				
Bank balances	136 265	326 786	20 008	177 342
Cash balances	182	171	–	–
	136 447	326 957	20 008	177 342
Refer to note 19 regarding encumbrances against bank and cash balances with a book value of R108,9 million (2009: R134,8 million)				
10. Share capital				
Authorised				
2 000 000 000 ordinary shares (2009: 2 000 000 000) of R0,01 each	20 000	20 000	20 000	20 000
Issued				
1 040 699 681 ordinary shares (2009: 1 040 699 681) of R0,01 each	10 407	10 407	10 407	10 407

	GROUP		COMPANY	
	2010 Shares '000	2009 Shares '000	2010 Shares '000	2009 Shares '000
Movement summary				
Issued at the beginning of the year	1 040 700	41 806	1 040 700	41 806
Issued on 2 April 2008 as part of capital raising at R1,80	–	138 889	–	138 889
Issued on 2 April 2008 as part of capital raising at R1,53	–	40 000	–	40 000
Issued on 2 April 2008 on acquisition of the Buildco group at R1,45	–	549 554	–	549 554
Issued on 2 April 2008 on acquisition of Diesel Power at R2,60	–	40 385	–	40 385
Issued on 2 April 2008 on acquisition of Diesel Power at R1,80	–	9 527	–	9 527
Issued on 11 July 2008 on acquisition of the Buildco group at R1,45	–	75 995	–	75 995
Issued on 28 October 2008 to Brait as part of subscription of shares at R1,50	–	133 333	–	133 333
Issued on 5 December 2008 on acquisition of the Buildco group at R1,45	–	11 211	–	11 211
	1 040 700	1 040 700	1 040 700	1 040 700

All unissued shares are under the control of the directors until the next annual general meeting, subject to the provisions of sections 221 and 222 of the Companies Act.

Notes to the annual financial statements (continued)

for the year ended 28 February 2010

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
11. Share premium				
Share premium on issued ordinary shares – legal value	1 588 510	1 588 510	1 588 510	1 588 510
Fair value adjustments	147 952	147 952	147 952	147 952
Share premium on issued ordinary shares – fair value	1 736 462	1 736 462	1 736 462	1 736 462
Issue expenses written off against share premium	(14 487)	(14 487)	(14 487)	(14 487)
	1 721 975	1 721 975	1 721 975	1 721 975
12. Cash flow hedging reserve				
Unrealised interest rate hedging loss	(6 028)	(7 739)	–	–
Deferred taxation thereon	1 688	2 167	–	–
	(4 340)	(5 572)	–	–
The hedging reserve represents hedging losses recognised on the effective portion of cash flow hedges.				
13. Interest-bearing liabilities				
Non-current portion				
Term loans	33 796	57 462	–	–
Instalment sale liabilities	280 823	467 307	–	–
Other	418	313	–	–
	315 037	525 082	–	–
Current portion				
Term loans	23 801	35 961	–	–
Instalment sale liabilities	283 619	322 040	–	–
Other	102	120	–	–
	622 559	883 203	–	–
			Repayable within	
			1 year	2 – 5 years
			R'000	R'000
Repayment of interest-bearing liabilities				
Group – at 28 February 2010				
Future minimum payments			348 304	343 653
Finance costs			(40 782)	(28 616)
			307 522	315 037
Group – at 28 February 2009				
Future minimum payments		445 206	605 336	1 050 542
Finance costs		(87 085)	(80 254)	(167 339)
		358 121	525 082	883 203

The interest-bearing liabilities bear interest at various rates linked to the prime lending rate and are repayable in average monthly instalments of R29,0 million (2009: R37,1 million). Details of securities provided are disclosed in note 19.

All interest-bearing borrowings are denominated in South African Rand.

The directors consider the carrying amount of interest-bearing borrowings to approximate its fair value.

14. Derivative instruments

A subsidiary company has entered into interest rate swap contracts that obliges it to pay interest at a fixed interest rate on notional principal amounts and entitles it to receive interest at floating interest rates on the same notional principal amounts. The interest rate contracts allow the subsidiary to swap interest-bearing liabilities from floating interest rates into fixed interest rates that are lower, or higher, than those available if it had borrowed at fixed interest rates directly. Under the interest rate swaps, the subsidiary agrees with counter parties to exchange, at specified intervals, the difference between fixed interest rates and floating interest rates, interest amounts calculated by reference to the agreed notional principal amounts.

Interest rate swaps are fair valued according to forward rates and discount rates determined from a yield curve derived from similar market traded instruments as follows:

Derivatives designated and effective as hedging instruments carried at fair value:

	Notional amount R'000	Fixed interest rate %	Floating interest rate %	Maturity date %	Fair value 2010 R'000	Fair value 2009 R'000
Contract 1	76 343	12,75 nacm	Prime – 0,7	November 2011	1 971	2 421
Contract 2	156 061	11,62 nacm	Prime – 2,0	August 2012	4 057	5 318
	232 404				6 028	7 739
Disclosed on the statements of financial position as follows:						
Non-current liabilities					1 940	4 076
Current liabilities					4 088	3 663
					6 028	7 739

The fair value of the derivative instruments was determined with reference to inputs other than quoted market prices, by obtaining valuations from the group's bankers.

	Rehabilitation provisions R'000	Onerous contract provisions R'000	Total R'000
Group – at 28 February 2010			
Balance at the beginning of the year	3 956	–	3 956
Provisions raised	3 500	16 071	19 571
Balance at the end of the year	7 456	16 071	23 527
Group – at 28 February 2009			
Acquired as a part of the Buildco group	3 805	–	3 805
Provisions raised	151	–	151
Balance at the end of the year	3 956	–	3 956

15. Provisions

Group – at 28 February 2010

Balance at the beginning of the year

Provisions raised

Balance at the end of the year

Group – at 28 February 2009

Acquired as a part of the Buildco group

Provisions raised

Balance at the end of the year

Notes to the annual financial statements (continued)

for the year ended 28 February 2010

	GROUP	
	2010	2009
	R'000	R'000
15. Provisions (continued)		
Disclosed on the statements of financial position as follows:		
Non-current liabilities	3 956	3 956
Current liabilities	19 571	–
	23 527	3 956

Prior and subsequent to the reporting date certain onerous contracts of Vukuza Earth Works (Pty) Limited, a subsidiary in the Mining Services business unit, have been terminated as part of the restructuring of this business. Refer to note 37 for more detail on the restructure.

The group's mining activities are subject to various laws and regulations governing the protection of the environment. Management estimates the group's expected expenditure for the rehabilitation, management and remediation of negative environmental impacts on closure at the end of the lives of the mines. The estimation of future costs on environmental obligations relating to decommissioning and rehabilitation is particularly complex and requires management to make estimates, assumptions and judgements. These estimates are dependant on a number of factors including assumptions around current environmental legislation, life of mine estimates and discount rates. The cash flows for rehabilitation are expected to occur in 10 and 15 years.

	GROUP		COMPANY	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
16. Vendor loan payable				
Current portion	47 000	54 526	47 000	54 526
	47 000	54 526	47 000	54 526

This loan bears interest at rates linked to the prime lending rate and is repayable in average monthly instalments of R4,3 million from November 2009. Up to 1 April 2009 the loan incurred deemed interest of 14,5%. This loan is secured by 26% of the company's investment in Diesel Power Open Cast Mining (Pty) Limited. Subsequent to reporting date no repayments have been made and management has embarked on a process of renegotiating the terms of the loan.

The directors consider the carrying amount of the vendor loan to approximate its fair value.

	COMPANY	
	2010	2009
	R'000	R'000
17. Amounts owing to subsidiaries		
Interest-bearing		
Buildmax Industries (Pty) Limited	2 000	–
Buildmax Management Services (Pty) Limited	–	3 142
Watertite Guttering (Pty) Limited	2 000	–
	4 000	3 142
Interest-free		
Crushco (Pty) Limited	–	6
	4 000	3 148

These loans to subsidiary companies are unsecured with no fixed terms of repayment. The interest-bearing loans bear interest at rates linked to the prime lending rate.

The directors consider the carrying amount of amounts owing to subsidiaries to approximate their fair value.

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
18. Trade and other payables				
Trade payables	254 748	191 093	–	–
Accruals	24 727	34 182	499	110
Amounts payable to directors of subsidiaries	–	973	–	–
Payroll accruals	36 590	20 494	–	–
Amounts payable to taxation authorities	7 856	13 206	14	–
Other	1 292	891	–	1 425
	325 213	260 839	513	1 535

The directors consider the carrying amount of trade payables and accruals to approximate its fair value.

19. Banking facilities				
Available facilities				
General banking facilities	79 000	70 445	–	–
Asset-based facilities	622 559	932 467	–	–
	701 559	1 002 912	–	–
Utilised facilities				
General banking facilities	33 014	40 033	–	–
Asset-based facilities	622 559	883 203	–	–
	655 573	923 236	–	–
Security provided				
Carrying value of property, plant and equipment (refer note 1)	649 560	857 008	–	–
General and special notarial bonds (refer note 1)	320 000	320 000	–	–
Inventories (refer note 7)	5 500	11 000	–	–
Trade and other receivables (refer note 8)	139 341	186 641	–	–
Amounts owing by subsidiaries (refer note 4 and 16)			347 008	178 043
Bank deposits (refer note 9)	108 880	134 846	–	–
	1 223 281	1 509 495	347 008	178 043

In addition to specific cessions and securities disclosed above, some entities in the group are bound under certain terms and conditions, by cross suretyship agreements and/or banking facility agreements with ABSA Bank, Investec Bank Limited, Nedbank Limited and The Standard Bank of South Africa Limited.

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
20. Revenue				
Services rendered	1 375 820	1 145 808	–	–
Sale of goods	429 764	488 103	–	–
	1 805 584	1 633 911	–	–

Notes to the annual financial statements (continued)

for the year ended 28 February 2010

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
21. Amortisation of intangible assets				
Mining rights	(8 056)	(7 384)	–	–
Marketing-related	(6 186)	(5 671)	–	–
Customer-related	(7 516)	(6 890)	–	–
	(21 758)	(19 945)	–	–

	GROUP	
	2010 R'000	2009 R'000
22. Loss on disposal of business unit		
<p>During June 2009 a subsidiary sold its entire timber business unit operating in the Western Cape. Management committed to a plan to sell this business unit following a strategic decision to place greater focus on the company's core competencies.</p> <p>Results of the disposed business unit included in the statement of comprehensive income:</p>		
Revenue	2 293	10 894
Cost of sales	(2 354)	(6 992)
Gross (loss)/profit	(61)	3 902
Other income	93	152
Operating expenses	(648)	(5 625)
Operating loss before depreciation	(616)	(1 571)
Depreciation	(17)	(44)
Loss before interest and taxation	(633)	(1 615)
Interest received	–	7
Interest paid	(65)	(162)
Loss before taxation	(698)	(1 770)
Taxation	195	495
Loss for the period	(503)	(1 275)
Loss on disposal of business unit		
Net asset value of disposed assets		
– Property, plant and equipment	(236)	–
– Inventory	(3 299)	–
	(3 535)	–
Proceeds on disposal receivable	1 500	–
	(2 035)	–
Other restructuring costs and cost of disposal	(432)	–
	(2 467)	–

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
23. Impairment losses				
Investments in subsidiaries	–	–	(762 853)	(151 470)
Amounts owing by subsidiaries	–	–	(176 482)	–
Goodwill	(619 730)	(255 443)	–	–
Intangible assets	(27 558)	–	–	–
Property, plant and equipment	(421 878)	–	–	–
	(1 069 166)	(255 443)	(939 335)	(151 470)
Refer note 2.1 for details of impairment review.				
24. (Loss)/profit before interest and taxation				
(Loss)/profit before interest and taxation is stated after taking into account the following items:				
Income				
Government grants	939	–	–	–
Foreign exchange gains	75	–	–	–
Management and administration fees received from related parties (refer note 40)	42	42	1 690	1 320
Profit on disposal of property, plant and equipment	9	9 746	–	–
Final recovery of long outstanding NRB Holdings Limited amount from liquidators	–	947	–	947
Expenses				
Auditors' remuneration				
Current year	(2 624)	(2 542)	(409)	(110)
Prior year underprovision	(422)	(887)	(27)	(57)
Non-audit services	(129)	(123)	–	(2)
	(3 175)	(3 552)	(436)	(169)
Depreciation				
Plant and equipment	(162 288)	(124 299)	–	–
Motor vehicles	(10 049)	(7 912)	–	–
Computer and office equipment	(3 252)	(1 810)	–	–
Land and leasehold improvements	(501)	(124)	–	–
	(176 090)	(134 145)	–	–
Directors' emoluments				
Board and committee fees	(1 408)	(1 100)	(1 408)	(1 100)
Salaries	(3 291)	(2 563)	–	–
Contributions to medical aid and retirement funds	(269)	(210)	–	–
Bonus	(320)	(2 000)	–	–
Expense allowances	(83)	(124)	–	–
	(5 371)	(5 997)	(1 408)	(1 100)
Paid by subsidiaries	3 963	4 897	–	–
	(1 408)	(1 100)	(1 408)	(1 100)

Details of directors' emoluments and shareholding have been provided in the directors' report.

Notes to the annual financial statements (continued)

for the year ended 28 February 2010

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
24. (Loss)/profit before interest and taxation (continued)				
Employee cost				
Salaries	(316 090)	(301 974)	–	–
Contributions to medical aid and retirement funds	(15 012)	(11 496)	–	–
	(331 102)	(313 470)	–	–
Foreign exchange losses	(99)	–	–	–
Loss on disposal of property, plant and equipment	(6 211)	–	–	–
Management and administration fees paid to related parties (refer note 40)	(1 200)	–	–	–
Operating lease charges				
Plant and equipment	(40 901)	(2 147)	–	–
Computer and office equipment	(62)	(53)	–	–
Premises	(16 455)	(14 447)	–	–
	(57 418)	(16 647)	–	–
Research and development	(20)	–	–	–
Royalties paid	(4 992)	(4 272)	–	–
25. Interest received				
Derivative instruments	24	993	–	–
Funds and deposits with banks	10 363	14 926	4 978	7 178
Related parties (refer note 40)	–	–	16 672	2 493
Other	5 043	1 459	–	–
	15 430	17 378	21 650	9 671
26. Interest paid				
Bank overdrafts	(4 332)	(5 092)	(53)	(258)
Deemed interest incurred on vendor loan	(474)	(4 956)	(474)	(4 956)
Derivative instruments	(4 139)	–	–	–
Interest-bearing liabilities	(87 217)	(104 092)	–	–
Related parties (refer note 40)	–	–	(246)	(1 116)
Taxation authorities	(12)	(28)	–	–
Vendor loans	(5 646)	–	(5 646)	–
Other	(36)	(1 714)	–	–
	(101 856)	(115 882)	(6 419)	(6 330)

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
27. Taxation				
South African normal taxation				
Current year	(9 626)	(11 534)	(4 162)	(1 326)
Prior year underprovision	(26)	(722)	–	(41)
	(9 652)	(12 256)	(4 162)	(1 367)
Deferred taxation				
Current year	127 025	(43 376)	–	–
Prior year overprovision	145	839	–	–
	127 170	(42 537)	–	–
	117 518	(54 793)	(4 162)	(1 367)
	%	%	%	%
Reconciliation of rate of taxation				
South African normal taxation rate	28,0	28,0	28,0	28,0
Impairment losses (refer note 23)	(15,4)	(131,0)	(28,4)	(28,7)
Other permanent differences	(0,1)	(5,0)	–	(0,8)
Capital gains tax	–	(0,4)	–	–
Calculated tax losses	(2,1)	5,2	–	0,6
Prior year underprovision	–	2,8	–	–
Effective rate	10,4	(100,4)	(0,4)	(0,9)

Notes to the annual financial statements (continued)

for the year ended 28 February 2010

	GROUP	
	2010	2009
	R'000	R'000
28. (Loss)/earnings per ordinary share		
The calculation of basic loss per ordinary share for the group is based on a loss of R1 007,3 million (2009: R103,2 million) and a weighted average of 1 040 699 681 (2009: 868 569 622) ordinary shares in issue during the year under review.		
Reconciliation of loss to headline and core headline (loss)/earnings		
Loss attributable to shareholders of Buildmax Limited	(1 007 245)	(103 213)
Adjusted for:		
Loss/(profit) on disposal of property, plant and equipment	4 465	(8 004)
– Gross	6 202	(9 746)
– Taxation	(1 737)	1 742
Loss on disposal of business unit	2 467	–
Impairment of goodwill and other intangible assets	635 459	248 819
– Gross	647 288	255 443
– Taxation	(7 716)	–
– Outside shareholders' interest	(4 113)	(6 624)
Impairment of property, plant and equipment	303 752	–
– Gross	421 878	–
– Taxation	(118 126)	–
Headline (loss)/earnings	(61 102)	137 602
Adjusted for:		
Amortisation of intangible assets	15 264	13 991
– Gross	21 758	19 945
– Taxation	(6 092)	(5 585)
– Outside shareholders' interest	(402)	(369)
Deemed interest incurred on vendor loan	474	4 956
Core headline (loss)/earnings	(45 364)	156 549
Weighted average shares in issue ('000)	1 040 700	868 570
Headline (loss)/earnings per ordinary share (cents)	(5,9)	15,8
Core headline (loss)/earnings per ordinary share	(4,4)	18,0
Basic loss per ordinary share (cents)	(96,8)	(11,9)
The group presented headline (loss)/earnings per share and core headline (loss)/earnings per share figures to exclude the impact of amortisation and impairments of intangible assets and other non-cash items in order to present a more useful comparison for the years shown in the consolidated financial statements.		
29. Net asset value per ordinary share		
Total assets	1 771 015	3 099 347
Non-current liabilities	(406 420)	(727 421)
Current liabilities	(735 451)	(733 165)
Net asset value	629 144	1 638 761
Ordinary shares in issue at year-end ('000)	1 040 700	1 040 700
Net asset value per ordinary share in issue (cents)	60,5	157,5

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
30. Cash generated from/(utilised in) operations				
Loss before taxation	(1 128 367)	(54 584)	(925 089)	(147 825)
Adjusted for:				
Depreciation, amortisation and impairments	1 267 014	409 533	939 335	151 470
Foreign exchange losses	24	–	–	–
Loss/(profit) on disposal of property, plant and equipment	6 202	(9 746)	–	–
Net interest paid/(received)	86 426	98 504	(15 231)	(3 341)
Loss on disposal of business unit	2 467	–	–	–
Impairment provision against inventories raised (refer note 7)	687	916	–	–
Impairment provision against trade and other receivables raised (refer note 8)	17 239	2 824	–	–
Operating profit/(loss) before working capital changes	251 692	447 447	(985)	304
Decrease/(increase) in working capital	132 964	2 471	(1 073)	(133)
(Decrease)/increase in inventories	14 876	(17 634)	–	–
(Decrease)/increase in trade and other receivables	33 823	(89 326)	(51)	–
Increase/(decrease) in trade and other payables	64 694	109 280	(1 022)	(133)
Increase in provisions	19 571	151	–	–
	384 656	449 918	(2 058)	171
31. Interest received in cash				
Interest received (refer note 25)	15 430	17 378	21 650	9 671
Interest receivable (included in trade and other receivables)	(1 033)	(1 128)	1 033	(1 128)
	14 397	16 250	22 683	8 543
32. Interest paid in cash				
Interest paid (refer note 26)	(101 856)	(115 882)	(6 419)	(6 330)
Deemed interest incurred on vendor loan	474	4 956	474	4 956
	(101 382)	(110 926)	(5 945)	(1 374)
33. Taxation paid				
Taxation (payable)/receivable at the beginning of the year	(14 578)	53	(1 326)	41
Current taxation per statements of comprehensive income	(9 652)	(12 256)	(4 162)	(1 367)
Taxation payable acquired as part of business combinations	–	(39 309)	–	–
Taxation (receivable)/payable at the end of the year	(5 158)	14 578	87	1 326
	(29 388)	(36 934)	(5 401)	–

Notes to the annual financial statements (continued)

for the year ended 28 February 2010

34. Business combinations

Buildmax Limited acquired the following entities on 2 April 2008:

- 100% of the shares in and claims on loan account against Diesel Power Open Cast Mining (Pty) Limited ("Diesel Power"); and
- The Buildco group, comprising:
 - 100% of the shares in and claims on loan account against Hollyberry Props 41 (Pty) Limited (renamed Buildmax Equipment and Services (Pty) Limited)
 - 100% of the shares in and claims on loan account against Black Ginger 372 (Pty) Limited (renamed Buildmax Aggregates and Quarries (Pty) Limited)
 - 100% of the shares in and claims on loan account against Clarewick Investments (Pty) Limited (renamed Buildmax Bricks and Blocks (Pty) Limited)
 - 100% of the shares in and claims on loan account against Burnleigh Investments (Pty) Limited (renamed Cast Industries (Pty) Limited)

	Diesel Power R'000	Buildco group R'000	Total R'000
The carrying value of assets on 2 April 2008 acquired in terms of business combinations was as follows:			
Non-current assets			
Property, plant and equipment	560 516	368 121	928 637
Intangible assets	–	117 155	117 155
Investments in associates	–	2 925	2 925
	560 516	488 201	1 048 717
Current assets			
Available for sale properties	–	13 821	13 821
Inventories	4 241	47 366	51 607
Trade and other receivables	102 400	106 825	209 225
Taxation receivable	–	1 133	1 133
Bank and cash	105 238	27 153	132 391
	211 879	196 298	408 177
Total assets	772 395	684 499	1 456 894
Outside shareholders' interest	–	4 577	4 577
Non-current liabilities			
Interest-bearing liabilities	132 757	234 298	367 055
Interest-free loans	2 215	92 694	94 909
Deferred taxation	71 079	14 070	85 149
	206 051	341 062	547 113
Current liabilities			
Interest-bearing liabilities	190 736	103 988	294 724
Vendor loans payable	–	64 012	64 012
Trade and other payables	70 526	63 399	133 925
Taxation payable	26 072	14 370	40 442
Bank overdraft	–	1 813	1 813
	287 334	247 582	534 916
Total liabilities	493 385	593 221	1 086 606

	Diesel Power R'000	Buildco group R'000	Total R'000
34. Business combinations (continued)			
Carrying value of net assets acquired in terms of business combinations	279 010	91 278	370 288
Consolidation adjustment of outside shareholders' interest	–	731	731
Goodwill and intangible assets acquired	–	(117 155)	(117 155)
Carrying value of net tangible assets acquired in terms of business combinations	279 010	(25 146)	253 864
Intangible assets acquired and residual goodwill arising from business combinations:			
– Mining rights acquired	–	135 885	135 885
– Other intangible assets acquired	81 176	27 001	108 177
– Deferred taxation on intangible assets acquired	(22 729)	(45 608)	(68 337)
– Outside shareholders' interest in intangible assets acquired	–	(8 845)	(8 845)
– Residual goodwill arising from business combinations	136 522	929 499	1 066 021
Total purchase consideration paid and payable	473 979	1 012 786	1 486 765
Discharged as follows:			
Fair value of shares issued and to be issued*	89 842	1 103 561	1 193 403
Interest-free loan accounts acquired	(2 215)	(92 694)	(94 909)
Deferred payment to vendor	49 570	–	49 570
Cash payments on acquisition of businesses	336 782	1 919	338 701
Total purchase consideration paid and payable	473 979	1 012 786	1 486 765
Number of ordinary shares issued in terms of business combinations ('000)	49 912	636 760	686 672
*Average share price (Rand)	1,80	1,73	1,74
Acquisition of businesses			
Cash payments on acquisition of businesses	336 782	1 919	338 701
Cash and cash equivalents acquired as part of business combinations	(105 238)	(25 340)	(130 578)
	231 544	(23 421)	208 123
The purchase price of the businesses acquired included amounts in relation to the benefit of expected synergies, revenue growth and the assembled workforce of these businesses. These benefits were not recognised separately from goodwill as the future economic benefits arising from them could not be reliably measured.			
The following summarises the combined results of the acquisitions as though the date for all acquisitions had been at the beginning of the financial year.			
Contribution of new businesses to revenue			
Revenue of acquired business for 12 months	826 904	764 940	1 591 844
Revenue recognised by the group from 2 April 2008	(783 017)	(718 421)	(1 501 438)
Revenue prior to acquisition date not recognised	43 887	46 519	90 406
Contribution of new businesses to operating profit before interest, taxation, depreciation, amortisation and impairment			
Operating profit of acquired business for 12 months	275 294	195 413	470 707
Operating profit recognised by the group from 2 April 2008	(260 345)	(182 335)	(442 680)
Operating profit before interest, taxation, depreciation, amortisation and impairment prior to acquisition date not recognised	14 949	13 078	28 027
Contribution of new businesses to profit after taxation			
Profit of acquired business for 12 months	85 718	71 502	157 220
Profit recognised by the group from 2 April 2008	(83 292)	(67 834)	(151 126)
Profit after taxation prior to acquisition date not recognised	2 426	3 668	6 094

Notes to the annual financial statements (continued)

for the year ended 28 February 2010

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
35. Proceeds from disposal of property, plant and equipment				
Book value of assets disposed	21 403	32 560	–	–
(Loss)/profit on disposal	(6 202)	9 746	–	–
	15 201	42 306	–	–
36. Commitments				
Capital commitments				
Commitments in respect of capital expenditure approved by the directors				
Contracted for	–	59 120	–	–
Not contracted for	92 778	84 916	–	–
	92 778	144 036	–	–
Operating lease commitments				
Plant and equipment	12 017	34 990	–	–
Motor vehicles	–	530	–	–
Computer and office equipment	78	51	–	–
Premises	48 178	56 922	–	–
	60 273	92 493	–	–
These commitments accrue within:				
One year	26 282	26 263	–	–
Two to five years	33 991	66 230	–	–
	60 273	92 493	–	–

37. Events after reporting date

In order to strengthen the balance sheet of the group, the board of directors resolved on 3 May 2010 to raise a minimum of R150,0 million by way of a rights offer to shareholders. The rationale for the rights offer is to provide adequate capital to reduce certain interest-bearing debt and to provide working capital to the Mining Services business unit. The board of directors is pleased to announce that it has received a letter from Brait, currently a 24,8% shareholder in the company, in terms of which Brait has offered, subject to the fulfilment of certain conditions and on terms to be agreed (including agreement being reached on the rights offer price), to underwrite a maximum of R150 million of the capital raising efforts. This amount includes a portion to be provided as a convertible loan. Given Brait's existing 24,8% shareholding and their representation on the board, the board of directors has constituted a committee of independent directors to consider Brait's offer. Subsequent to the reporting date the board announced that the rights offer has been increased to R300 million.

During the 2010 year the group was in breach of certain banking covenants. The Standard Bank of South Africa Limited and Nedbank Limited have both confirmed that they condone these breaches and that their respective facilities issued to the group will remain in place. The condonement received from Standard Bank is conditional on the successful raising of a minimum of R150 million from the rights issue. The banks have indicated that a portion of the proceeds received from the rights issue should be used to reduce the group's indebtedness to both The Standard Bank of South Africa Limited and Nedbank Limited.

During the reporting period management reassessed the business risks relating to Vukuza Earth Works (Pty) Limited, a subsidiary in the Mining Services business unit, as a result of continued operating losses incurred by this subsidiary. Subsequent to reporting date the restructure was effected and management terminated all loss-making contracts and changed the business model from providing opencast mining services to that of short-term plant and equipment rental to preferred customers. Management anticipate that this restructure will return Vukuza Earth Works (Pty) Limited to a positive cash-generating position. As a result of the change in the business model, the operations were significantly scaled down resulting in further operating losses and retrenchments in the short-term.

38. Retirement benefits

All contributions on behalf of employees are charged to the statement of comprehensive income as they are made. The company and group have no liability towards any pension or provident fund, apart from normal recurring monthly contributions deducted from employees to be paid to relevant funds.

	Held for trading R'000	Loans and receivables R'000	Financial liabilities at amortised cost R'000	Non-financial assets and liabilities R'000	Equity R'000	Total R'000
39. Financial instruments						
39.1 Categories of financial instruments						
Group – at 28 February 2010						
Assets						
Property, plant and equipment	–	–	–	901 997	–	901 997
Goodwill	–	–	–	190 848	–	190 848
Other intangible assets	–	–	–	174 801	–	174 801
Deferred taxation	–	–	–	20 087	–	20 087
Inventories	–	–	–	72 049	–	72 049
Trade and other receivables	–	262 375	–	6 909	–	269 284
Taxation receivable	–	–	–	5 502	–	5 502
Bank and cash balances	–	136 447	–	–	–	136 447
Total assets	–	398 822	–	1 372 193	–	1 771 015
Equity and liabilities						
Share capital	–	–	–	–	10 407	10 407
Share premium	–	–	–	–	1 721 975	1 721 975
Cash flow hedging reserve	–	–	–	–	(4 340)	(4 340)
Accumulated loss	–	–	–	–	(1 098 898)	(1 098 898)
Interest-bearing liabilities	–	–	622 559	–	–	622 559
Derivative instruments	6 028	–	–	–	–	6 028
Vendor loan payable	–	–	47 000	–	–	47 000
Deferred taxation	–	–	–	85 487	–	85 487
Trade and other payables	–	–	317 357	7 856	–	325 213
Provisions	–	–	–	23 527	–	23 527
Taxation payable	–	–	–	344	–	344
Shareholders for dividends	–	–	41	–	–	41
Bank overdrafts	–	–	31 672	–	–	31 672
Total equity and liabilities	6 028	–	1 018 629	117 214	629 144	1 771 015

Notes to the annual financial statements (continued)

for the year ended 28 February 2010

	Held for trading R'000	Loans and receivables R'000	Financial liabilities at amortised cost R'000	Non-financial assets and liabilities R'000	Equity R'000	Total R'000
39. Financial instruments (continued)						
39.1 Categories of financial instruments (continued)						
Group – at 28 February 2009						
Assets						
Property, plant and equipment	–	–	–	1 324 615	–	1 324 615
Goodwill	–	–	–	810 578	–	810 578
Other intangible assets	–	–	–	224 117	–	224 117
Deferred taxation	–	–	–	2 216	–	2 216
Inventories	–	–	–	90 911	–	90 911
Trade and other receivables	–	316 040	–	2 549	–	318 589
Taxation receivable	–	–	–	1 364	–	1 364
Bank and cash balances	–	326 957	–	–	–	326 957
Total assets	–	642 997	–	2 456 350	–	3 099 347
Equity and liabilities						
Share capital	–	–	–	–	10 407	10 407
Share premium	–	–	–	–	1 721 975	1 721 975
Cash flow hedging reserve	–	–	–	–	(5 572)	(5 572)
Accumulated loss	–	–	–	–	(91 653)	(91 653)
Outside shareholders' interest	–	–	–	–	3 604	3 604
Interest-bearing liabilities	–	–	883 203	–	–	883 203
Derivative instruments	7 739	–	–	–	–	7 739
Vendor loan payable	–	–	54 526	–	–	54 526
Deferred taxation	–	–	–	194 307	–	194 307
Trade and other payables	–	–	247 633	13 206	–	260 839
Provisions	–	–	–	3 956	–	3 956
Taxation payable	–	–	–	15 942	–	15 942
Shareholders for dividends	–	–	41	–	–	41
Bank overdrafts	–	–	40 033	–	–	40 033
Total equity and liabilities	7 739	–	1 225 436	227 411	1 638 761	3 099 347

39. Financial instruments (continued)

39.2 Interest rate risk management

Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk exposures are measured using sensitivity analysis. A sensitivity analysis shows how profit before taxation and equity would have been affected by changes in the interest rate that were reasonably possible at the reporting date.

	GROUP	
	2010	2009
	R'000	R'000
The group's interest rate profile consists of fixed and floating rate loans and bank balances which exposes the group to fair value interest rate risk and cash flow interest rate risk and can be summarised as follows:		
Financial assets		
Loans and receivables granted at no interest	262 557	316 211
Loans granted and bank deposits linked to South African money market rates	136 265	326 786
	398 822	642 997
Financial liabilities		
Derivative instruments	6 028	7 739
Trade payables and other financing received at no interest	317 398	247 674
Financing received and banking facilities linked to South African prime rates	701 231	977 762
	1 024 657	1 233 175

The risk is managed by the group by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap contracts by a subsidiary detailed in note 14.

Interest rate sensitivity analysis

	Carrying value at reporting date R'000	Reasonable possible change %	Pre-tax income statement impact R'000
Group – at 28 February 2010			
Loans granted and bank deposits linked to South African money market rates	136 265	0,5	681
Financing received and banking facilities linked to South African prime rates	(701 231)	0,5	(3 506)
Notional amount on interest rate swap	(232 404)	0,5	(1 162)
			(3 987)
Group – at 28 February 2009			
Loans granted and bank deposits linked to South African money market rates	326 786	2,0	6 536
Financing received and banking facilities linked to South African prime rates	(977 762)	2,0	(19 555)
Notional amount on interest rate swap	(232 404)	2,0	(4 648)
			(17 667)

Notes to the annual financial statements (continued)

for the year ended 28 February 2010

39. Financial instruments (continued)

39.3 Credit risk management

Credit risk refers to the risk that a counterparty will default in its contractual obligations resulting in financial loss to the group. The group minimised its risk by ensuring that counterparties are creditworthy institutions.

Financial assets, which potentially subject the group to concentrations of credit risk, consists principally of cash and cash equivalents, short-term deposits, derivative contracts including interest rate swaps, loans and receivables, investments and trade and other receivables.

The group's cash and cash equivalents and short-term deposits are placed with major banks and financial institutions with strong credit ratings.

The group minimises credit risk relating to interest rate swaps by limiting counterparties to major banks, and does not expect to incur any losses as a result of non-performance by these counterparties.

The carrying amounts of financial assets and liabilities, excluding interest rate swaps, included in the consolidated statements of financial position represent the group's maximum exposure to credit risk in relation to these assets. The maximum credit exposure of interest rate swaps is represented by the fair value of these contracts.

	Government/ parastatals R'000	Major corporates R'000	Small and medium enterprises R'000	Other R'000	Total R'000
28 February 2010					
Financial assets that are neither past due nor impaired	58	165 486	16 194	54 845	236 583
Financial assets that are past due but not yet impaired					
Secured	30	86 003	15 271	51	101 355
Overdue less than 30 days	5	46 160	8 920	36	55 121
Between 30 and 60 days	25	16 669	4 203	6	20 903
Between 60 and 90 days	–	17 062	918	–	17 980
90 days and more	–	6 112	1 230	9	7 351
Unsecured	166	37 658	12 954	111	50 889
Overdue less than 30 days	14	1 745	5 727	14	7 500
Between 30 and 60 days	38	15 325	3 703	50	19 116
Between 60 and 90 days	30	688	1 434	48	2 200
90 days and more	84	19 900	2 090	(1)	22 073
Financial assets that are impaired	–	9 014	981	–	9 995
Carrying amount	–	26 909	5 542	200	32 651
Provision for impairment	–	(17 895)	(4 561)	(200)	(22 656)
	254	298 161	45 400	55 007	398 822

	Government/ parastatals R'000	Major corporates R'000	Small and medium enterprises R'000	Other R'000	Total R'000
39. Financial instruments (continued)					
39.3 Credit risk management (continued)					
28 February 2009					
Financial assets that are neither past due nor impaired	1 292	517 942	27 303	2 190	548 727
Financial assets that are past due but not yet impaired					
Secured	167	7 241	14 505	–	21 913
Overdue less than 30 days	–	1 601	8 028	–	9 629
Between 30 and 60 days	8	1 518	3 448	–	4 974
Between 60 and 90 days	61	861	1 141	–	2 063
90 days and more	98	3 261	1 888	–	5 247
Unsecured	79	62 645	7 983	828	71 535
Overdue less than 30 days	10	3 295	3 606	316	7 227
Between 30 and 60 days	–	45 573	2 582	263	48 418
Between 60 and 90 days	47	2 296	759	40	3 142
90 days and more	22	11 481	1 036	209	12 748
Financial assets that are impaired	–	3	811	8	822
Carrying amount	–	643	5 626	119	6 388
Provision for impairment	–	(640)	(4 815)	(111)	(5 566)
	1 538	587 831	50 602	3 026	642 997

Collateral held against receivables

As a rule no collateral is held on trade and other receivables, apart from insurance and normal personal suretyships provided by individuals and/or legal entities on behalf of certain trade debtors. Suretyships are not a prerequisite for the group to grant credit terms to its customers and are obtained when it is normal industry practice and/or deemed prudent to do so.

39.4 Liquidity risk management

Liquidity risk is the risk that the group will on due date be unable to meet a financial commitment. The cash requirements of the group are managed according to its needs from time to time. The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources and unutilised borrowing facilities are maintained.

The following tables detail the group's remaining contractual maturity for its financial liabilities based on the expected repayment profile. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be expected to pay. The tables include both interest and principal cash flows.

Notes to the annual financial statements (continued)

for the year ended 28 February 2010

	Repayable			Total
	on demand	1 year	2 – 5 years	
	R'000	R'000	R'000	R'000
39. Financial instruments (continued)				
39.4 Liquidity risk management (continued)				
Maturity analysis – Non-derivative instruments:				
Group – at 28 February 2010				
Interest-bearing liabilities	–	348 304	343 653	691 957
Vendor loan payable	–	51 512	–	51 512
Trade and other payables	–	317 357	–	317 357
Shareholders for dividends	41	–	–	41
Bank overdrafts	31 672	–	–	31 672
	31 713	717 173	343 653	1 092 539
Group – at 28 February 2009				
Interest-bearing liabilities	–	445 206	605 336	1 050 542
Vendor loan payable	–	55 000	–	55 000
Trade and other payables	–	245 327	–	245 327
Shareholders for dividends	41	–	–	41
Bank overdrafts	40 033	–	–	40 033
	40 074	745 533	605 336	1 390 943

Refer to note 14 for maturity dates of derivative instruments.

39.5 Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The group's overall strategy remains unchanged from the previous reporting period.

The capital structure of the group consists of debt, which includes interest-bearing liabilities disclosed in note 13, cash and cash equivalents and equity attributable to holders of the parent, comprising issued capital, reserves and retained earnings respectively.

In order to maintain or adjust the capital structure, the group may adjust the dividend policy, return capital to shareholders, issue new shares or sell assets to reduce debt.

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
40. Related party transactions and balances				
40.1 Related party transactions				
Revenue earned from directors of subsidiaries or entities, directly or indirectly, controlled by those directors				
Bezuidenhoutshoek Farm (Pty) Limited	56	–	–	–
DBL Projects (Pty) Limited	1 696	2 390	–	–
Fairpark Centre Investments CC	28	1 012	–	–
Imbali Props 16 (Pty) Limited	62	730	–	–
Nekiap Property No 4 CC	211	–	–	–
Simvest 40 CC	3	–	–	–
The Sidersky Family Trust	8	–	–	–
Progressive Storage Investments CC (previously Wit Deep Stone Crushers CC)	243	–	–	–
	2 307	4 132	–	–
Purchases from and expenses paid to directors of subsidiaries or entities, directly or indirectly, controlled by those directors				
Kaleka Development Solutions Inc.	(275)	–	–	–
Western Granite (Pty) Limited	(1 476)	–	–	–
	(1 751)	–	–	–
Management fees received from group companies				
Buildmax Management Services (Pty) Limited	–	–	1 690	1 320
Mystic Blue Trading 135 (Pty) Limited (refer directors' report)	42	42	–	–
	42	42	1 690	1 320
Management and administration fees paid to major shareholders				
Interactive	(600)	(11 535)	–	(10 285)
Westbrooke	(600)	(11 535)	–	(10 285)
	(1 200)	(23 070)	–	(20 570)
Capitalised against:				
Share premium on issue of shares on raising of equity for the group	–	3 420	–	3 420
Interest-bearing liabilities on raising of debt by a subsidiary	–	2 500	–	–
Investment in subsidiaries on acquisition*	–	17 150	–	17 150
	(1 200)	–	–	–

*4 763 889 ordinary shares in Buildmax Limited were issued at R1,80 to Interactive and Westbrooke each as part settlement of fees charged for them having taken transactional risk as well as having secured, negotiated and implemented the Diesel Power acquisition. Other fees paid include capital raising fees for both debt and equity transactions concluded during the previous year.

Notes to the annual financial statements (continued)

for the year ended 28 February 2010

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
40. Related party transactions and balances (continued)				
40.1 Related party transactions (continued)				
Rent paid to directors of subsidiaries or entities, directly or indirectly, controlled by those directors				
Fairpark Centre Investments CC	(1 337)	(1 650)	–	–
Falconville Investments (Pty) Limited	(3 277)	(2 280)	–	–
FGN Properties (Pty) Limited	(432)	(467)	–	–
Nekiap Properties (Pty) Limited	(38)	(78)	–	–
Sider Properties (Pty) Limited	(510)	(574)	–	–
Sprenzel Properties CC	(182)	(385)	–	–
Valleylight Investments (Pty) Limited	(1 154)	(997)	–	–
Progressive Storage Investments CC (previously Wit Deep Stone Crushers CC)	(290)	(285)	–	–
	(7 220)	(6 716)	–	–
Sale of assets to directors of subsidiaries or entities, directly or indirectly, controlled by those directors				
Falconville Investments (Pty) Limited				
Proceeds from disposal of property, plant and equipment	–	20 000	–	–
Book value of assets disposed	–	(13 822)	–	–
Profit from disposal	–	6 178	–	–
Interest received from group companies				
Buildmax Aggregates and Quarries (Pty) Limited	–	–	1 627	355
Buildmax Equipment and Services (Pty) Limited	–	–	7 076	313
Buildmax Management Services (Pty) Limited	–	–	112	–
Cast Industries (Pty) Limited	–	–	1 632	289
Columbia DBL (Pty) Limited	–	–	204	65
Diesel Power Open Cast Mining (Pty) Limited	–	–	6 016	1 471
Thando Kwakho Holdings (Pty) Limited	–	–	5	–
	–	–	16 672	2 493
Interest paid to directors of subsidiaries or entities, directly or indirectly, controlled by those directors				
Imbali Props 16 (Pty) Limited	–	(19)	–	–

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
40. Related party transactions and balances (continued)				
40.2 Related party balances				
Amounts receivable from group companies				
Buildmax Aggregates and Quarries (Pty) Limited	–	–	69 454	–
Buildmax Equipment and Services (Pty) Limited	–	–	–	–
Buildmax Industries (Pty) Limited	–	–	25 637	–
Cast Industries (Pty) Limited	–	–	14 581	–
Columbia DBL (Pty) Limited	–	–	2 000	–
Diesel Power Open Cast Mining (Pty) Limited	–	–	84 350	–
Mystic Blue Trading 135 (Pty) Limited (refer directors' report)	96	50	–	–
Pentonville Properties (Pty) Limited	–	–	2	–
Thando Kwakho Holdings (Pty) Limited	–	–	139	–
	96	50	196 163	–
Amounts receivable from directors of subsidiaries or entities, directly or indirectly, controlled by those directors				
DBL Projects (Pty) Limited	254	328	–	–
Imbali Props 16 (Pty) Limited	21	–	–	–
Nekiap Property No 4 CC	2	–	–	–
Progressive Storage Investments CC (previously Wit Deep Stone Crushers CC)	6	–	–	–
CN Masondo	1 786	1 786	–	–
	2 069	2 114	–	–
Amounts payable to group companies				
Buildmax Industries (Pty) Limited	–	–	(2 000)	–
Watertite Guttering (Pty) Limited	–	–	(2 000)	–
	–	–	(4 000)	–
Amounts payable to directors of subsidiaries or entities, directly or indirectly, controlled by those directors and major shareholders				
Brait	–	(68)	–	(68)
GD Gregory	(803)	(973)	–	–
K Sidersky	(310)	–	–	–
Interactive	–	(162)	–	(162)
A Sprengel	–	(110)	–	–
ME Watson	(47 000)	(54 526)	(47 000)	(54 526)
Westbrooke	–	(34)	–	(34)
Western Granite (Pty) Limited	(496)	(350)	–	–
	(48 609)	(56 223)	(47 000)	(54 790)

Notes to the annual financial statements (continued)

for the year ended 28 February 2010

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
41. Remuneration and benefits of key executives				
Salaries	39 572	21 798	–	–
Bonus	5 016	4 049	–	–
Company benefits	3 414	2 802	–	–
Expense allowances	1 487	950	–	–
	49 489	29 599	–	–

Financing facilities

	Standard Bank R'000	ABSA Bank R'000	Nedbank R'000	Wesbank R'000	Imperial Bank R'000	Mercedes Benz Financial Services R'000	The Motor Finance Corporation R'000	Investec R'000	Other R'000	Total R'000
28 February 2010										
Available facilities										
General banking facilities	–	–	71 000	–	–	–	–	8 000	–	79 000
Asset based facilities	121 226	129 987	275 477	50 471	18 861	6 821	807	7 539	11 370	622 559
	121 226	129 987	346 477	50 471	18 861	6 821	807	15 539	11 370	701 559
Utilised facilities										
General banking facilities	–	–	28 017	–	–	–	–	4 997	–	33 014
Asset based facilities	121 226	129 987	275 477	50 471	18 861	6 821	807	7 539	11 370	622 559
	121 226	129 987	303 494	50 471	18 861	6 821	807	12 536	11 370	655 573
Security provided										
Property, plant and equipment	119 389	122 052	267 119	86 186	18 792	7 116	804	13 080	15 022	649 560
General and special notarial bonds	150 000	–	132 000	–	–	–	–	38 000	–	320 000
Inventories	–	–	–	–	–	–	–	5 500	–	5 500
Trade and other receivables	–	–	132 141	–	–	–	–	7 200	–	139 341
Bank and cash balances (negative pledge)	–	–	106 159	–	–	–	–	2 721	–	108 880
	269 389	122 052	637 419	86 186	18 792	7 116	804	66 501	15 022	1 223 281

	Standard Bank	ABSA Bank	Nedbank	Wesbank	Imperial Bank	Mercedes Benz Financial Services	The Motor Finance Corporation	Investec	Other
--	------------------	--------------	---------	---------	------------------	---	--	----------	-------

Guarantees and suretyships (including investment in subsidiaries, sub-ordination agreements and funds advanced to subsidiaries)

Buildmax Limited in respect of:

Diesel Power Open Cast Mining (Pty) Limited Unlimited

Buildmax Equipment and Services (Pty) Limited and its subsidiary and Buildmax Aggregates and Quarries (Pty) Limited and its subsidiaries Unlimited

Diesel Power Open Cast Mining (Pty) Limited R200 million

Cast Industries (Pty) Limited Unlimited

Columbia DBL (Pty) Limited R8 million

Cession of short-term insurance to cover assets under the general and specific bonds

Buildmax Equipment and Services (Pty) Limited and its subsidiary X

Buildmax Aggregates and Quarries (Pty) Limited and its subsidiaries X

Cast Industries (Pty) Limited X

Columbia DBL (Pty) Limited X

Diesel Power Open Cast Mining (Pty) Limited X

Financing facilities (continued)

	Standard Bank	ABSA Bank	Nedbank	Wesbank	Imperial Bank	Mercedes Benz Financial Services	The Motor Finance Corporation	Investec	Other
Unlimited cross deed of suretyships (incorporating cession of loan funds acknowledged and loan funds not advised)									
Buildmax Equipment and Services (Pty) Limited and its subsidiary and Buildmax Aggregates and Quarries (Pty) Limited and its subsidiaries				X					
Cession of Interest Rate Swap Agreement Proceeds									
Diesel Power Open Cast Mining (Pty) Limited	X								
Guarantees issued in favour of the Department of Mineral and Reserves									
Buildmax Aggregates and Quarries (Pty) Limited and its subsidiaries									R705 000

Analysis of shareholders

	2010			2009		
	Number of holders	Number of shares ('000)	% of issued capital	Number of holders	Number of shares ('000)	% of issued capital
Non-public						
– Directors	7	94 241	9,06	7	97 243	9,34
– Holders holding more than 10%	9	727 356	69,89	8	727 356	69,89
	16	821 597	78,95	15	824 599	79,23
Public	1 516	219 103	21,05	1 643	216 101	20,77
	1 532	1 040 700	100,00	1 658	1 040 700	100,00
Breakdown by classification						
Individuals	1 289	144 052	13,84	1 445	217 996	20,94
Trusts	44	21 354	2,05	62	47 654	4,58
Investment funds	108	387 722	37,26	61	99 154	9,53
Private companies	34	477 122	45,85	40	664 518	63,85
Close corporations	39	1 890	0,18	32	1 406	0,14
Nominee companies	14	5 210	0,50	14	6 823	0,66
Public companies	4	3 350	0,32	4	3 149	0,30
	1 532	1 040 700	100,00	1 658	1 040 700	100,00

Major shareholders

The following are the principal shareholders whose holding, directly or indirectly, in the company totals more than 5% of the issued share capital as at balance sheet date:

	2010		2009	
	Number of shares ('000)	% of issued capital	Number of shares ('000)	% of issued capital
Brait	258 533	24,84	258 533	24,84
Interactive	158 908	15,27	158 908	15,27
Westbrooke	158 903	15,27	158 903	15,27
Vuwa Investments	151 012	14,51	151 012	14,51
	727 356	69,89	727 356	69,89

Shareholders' diary

Financial year-end
Announcement of annual results
Annual report posted
Annual General Meeting
Announcement of interim results

28 February
24 May 2010
August 2010
November 2010
November 2010

Administration

BUILDMAX LIMITED

(Incorporated in the Republic of South Africa)
(Company registration number 1995/012209/06)
JSE Code: BDM
ISIN: ZAE000011250

Registered office

Unit 19, First Floor
East Block
Cambridge Office Park
5 Bauhinia Street
Highveld Park
Centurion

Postnet Suite 435
Private Bag X108
Centurion, 0046

Corporate advisor, legal advisor and sponsor

Java Capital (Pty) Limited
(Registration No.: 2002/031862/07)
(A sponsor registered with the JSE Limited)
2nd Floor, 2 Arnold Road
Rosebank
Johannesburg, 2196

PO Box 2087
Parklands, 2121

Company Secretary

Probity Business Services (Pty) Limited
3rd Floor, JHI House
11 Cradock Avenue, Rosebank
Johannesburg, 2196

PO Box 85392
Emmarentia, 2029

Bankers

Investec Bank Limited
Nedbank Limited
The Standard Bank of South Africa Limited

Directors

TP Bantock (Chairman)
CB Brayshaw
CS Els (Group FD)
MD Lamola
DJ Mack
A Maharaj
M Matisonn
R Munitz
BT Ngcuka
CJM Wood

Transfer secretaries

Computershare Investor Services (Pty) Limited
(Registration No.: 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001

PO Box 61051
Marshalltown, 2107

Auditors

PKF (Jhb) Inc.
(Registration No.: 1994/001166/07)
Registered Auditors
Chartered Accountants (SA)
42 Wierda Road West
Wierda Valley
Sandton, 2196

Private Bag X10046
Sandton, 2146



Unit 19, 1st Floor, East Block, Cambridge Office Park
5 Bauhinia Street, Highveld Park, Centurion
Postnet Suite 435, Private Bag X108, Centurion, 0046

Tel: +27 12 685 0440
Fax: +27 12 685 0441
www.buildmax.co.za