

Revenue
from continuing
operations

↑ **4,8%**

Operating losses
during second
6 months

↓ **51%**

**Interest bearing
debt**

↓ **56%**

**Headline
loss per share
improved by**

↓ **25,4%**

**Audited consolidated
financial results**

for the
year ended
28 February 2011



Abridged consolidated statement of comprehensive income

	Continuing operations Audited year ended 28 February 2011 R'000	Discontinued operations Audited year ended 28 February 2011 R'000	Total operations Audited year ended 28 February 2011 R'000	Continuing operations Audited year ended 28 February 2010 R'000	Discontinued operations Audited year ended 28 February 2010 R'000	Total operations Audited year ended 28 February 2010 R'000
Revenue	1 299 545	69 669	1 369 214	1 240 906	564 678	1 805 584
Operating profit before depreciation and amortisation ("EBITDA")	117 023	15 678	132 701	215 063	12 477	227 540
Depreciation	(181 488)	(25 207)	(206 695)	(131 320)	(44 770)	(176 090)
Operating (loss)/profit before amortisation	(64 465)	(9 529)	(73 994)	83 743	(32 293)	51 450
Amortisation of intangible assets	(11 298)	–	(11 298)	(21 758)	–	(21 758)
Operating (loss)/profit	(75 763)	(9 529)	(85 292)	61 985	(32 293)	29 692
Loss on disposal of business	–	–	–	(2 467)	–	(2 467)
Impairment losses	(274 407)	(21 313)	(295 720)	(805 613)	(263 553)	(1 069 166)
Loss before interest and taxation ("LBIT")	(350 170)	(30 842)	(381 012)	(746 095)	(295 846)	(1 041 941)
Net interest paid	(27 369)	(7 594)	(34 963)	(64 857)	(21 569)	(86 426)
Loss before taxation ("LBT")	(377 539)	(38 436)	(415 975)	(810 952)	(317 415)	(1 128 367)
Taxation	44 244	–	44 244	62 803	54 715	117 518
Loss for the year	(333 295)	(38 436)	(371 731)	(748 149)	(262 700)	(1 010 849)
Other comprehensive income for the year	–	–	–	–	–	–
Unrealised profit due to change in fair value of cash flow hedge	–	–	2 620	–	–	1 711
Taxation	–	–	(733)	–	–	(479)
Total comprehensive loss for the year	–	–	(369 844)	–	–	(1 009 617)
Loss for the year attributable to:						
Equity holders of the company	–	–	(364 403)	–	–	(1 007 245)
Outside shareholders' interests	–	–	(7 328)	–	–	(3 604)
	–	–	(371 731)	–	–	(1 010 849)
Total comprehensive loss for the year attributable to:						
Equity holders of the company	–	–	(362 516)	–	–	(1 006 013)
Outside shareholders' interests	–	–	(7 328)	–	–	(3 604)
	–	–	(369 844)	–	–	(1 009 617)

Reconciliation of headline loss

	Continuing and discontinued operations		Continuing operations	
	Audited year ended 28 February 2011 R'000	Audited year ended 28 February 2010 R'000	Audited year ended 28 February 2011 R'000	Audited year ended 28 February 2010 R'000
Loss for the year attributable to equity holders of the company	(364 403)	(1 007 245)	(325 967)	(744 545)
Adjusted for:				
Loss on disposal of business	–	2 467	–	2 467
Remeasurement of assets held for sale	2 487	–	2 487	–
(Profit)/loss on disposal of property, plant and equipment	(9 227)	4 465	(7 948)	2 805
– Gross	(12 815)	6 202	(11 039)	3 897
– Taxation	3 588	(1 737)	3 091	(1 092)
Impairment of property, plant and equipment	35 232	303 752	13 919	201 837
– Gross	39 873	421 878	18 560	280 329
– Taxation	(4 641)	(118 126)	(4 641)	(78 492)
Impairment of goodwill and other intangibles	223 893	635 459	223 893	513 455
– Gross	255 847	647 288	255 847	525 284
– Taxation	(25 791)	(7 716)	(25 791)	(7 716)
– Outside shareholders' interest	(6 163)	(4 113)	(6 163)	(4 113)
Headline loss attributable to equity holders of the company	(112 018)	(61 102)	(93 616)	(23 981)

Abridged consolidated statement of changes in equity

	Share capital and premium R'000	Cashflow hedging reserve R'000	Accumulated loss R'000	Outside shareholders' interest R'000	Total R'000
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
Shares issued	290 824	–	–	–	290 824
Total comprehensive income/(loss) for the year	–	1 887	(364 403)	(7 328)	(369 844)
Balances as at 28 February 2011	2 023 206	(2 453)	(1 463 301)	(7 328)	550 124

Abridged consolidated statement of cash flows

	Audited year ended 28 February 2011 R'000	Audited year ended 28 February 2010 R'000
Operating activities		
Loss before taxation ("LBT")	(415 975)	(1 128 367)
Non-cash flow items and changes in working capital	509 048	1 426 597
Net finance costs	34 963	86 426
Cash generated from operations	128 036	384 656
Net interest paid in cash	(34 218)	(86 985)
Taxation paid	(3 312)	(29 388)
Net cash inflow from operating activities	90 506	268 283
Investing activities		
Purchase of property, plant and equipment	–	–
– Expanding operations	(5 402)	(151 215)
– Maintaining operations	(84 548)	(45 774)
Proceeds on disposal of property plant and equipment	92 199	15 201
Net cash inflow/(outflow) from investing activities	2 249	(181 788)
Financing activities		
Net proceeds from issue of shares	290 824	–
Interest-bearing liabilities raised	89 186	85 245
Interest-bearing liabilities repaid	(459 772)	(353 889)
Net cash outflows from financing activities	(79 762)	(268 644)
Net increase/(decrease) in cash and cash equivalents	12 993	(182 149)
Cash and cash equivalents at the beginning of the year	104 775	286 924
Cash and cash equivalents at the end of the year	117 768	104 775

Abridged consolidated statement of financial position

	Audited 28 February 2011 R'000	Audited 28 February 2010 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	613 915	901 997
Goodwill	27 111	190 848
Other intangible assets	71 393	174 801
Deferred taxation	12 124	20 087
	724 543	1 287 733
Current assets		
Inventories	44 832	72 049
Trade and other receivables	155 001	269 284
Taxation receivable	4 425	5 502
Bank and cash balances	127 029	136 447
	331 287	483 282
Assets classified as held for sale	53 543	–
Total assets	1 109 373	1 771 015
EQUITY AND LIABILITIES		
Share capital and premium	2 023 206	1 732 382
Cash flow hedging reserve	(2 453)	(4 340)
Accumulated loss	(1 463 301)	(1 098 898)
Equity attributable to equity holders of the company	557 452	629 144
Outside shareholders' interests	(7 328)	–
Total shareholders' interests	550 124	629 144
Non-current liabilities		
Interest-bearing liabilities	101 886	315 037
Derivative instruments	290	1 940
Provisions	4 751	3 956
Deferred taxation	28 948	85 487
	135 875	406 420
Current liabilities		
Interest-bearing liabilities	174 764	307 522
Derivative instruments	3 118	4 088
Vendor loan payable	–	47 000
Trade and other payables	190 580	325 254
Provisions	25 471	19 571
Taxation payable	883	344
Bank overdrafts	9 261	31 672
	404 077	735 451
Liabilities directly associated with assets classified as held for sale	19 297	–
Total equity and liabilities	1 109 373	1 771 015
Net asset value per share (cents)	16,0	60,5
Net tangible asset value per share (cents)	13,7	30,0
Net asset value per share (cents)*	16,0	18,3
Net tangible asset value per share (cents)*	13,7	9,1

Supplementary information

	Audited year ended 28 February 2011	Adjusted for rights issue year ended 28 February 2010	Originally reported year ended 28 February 2010
Headline loss per share (cents)			
– Continuing and discontinued operations	(4,4)	(2,8)	(5,9)
– Continuing operations	(3,7)	(1,1)	(2,3)
– Discontinued operations	(0,7)	(1,7)	(3,6)
Basic loss per share (cents)			
– Continuing and discontinued operations	(14,3)	(46,1)	(96,8)
– Continuing operations	(12,8)	(34,1)	(71,5)
– Discontinued operations	(1,5)	(12,0)	(25,3)
Shares in issue ('000)			
– at end of the year	3 444 716	3 444 716	1 040 700
– weighted	2 546 426	2 183 655	1 040 700

INTRODUCTION

The Board of Directors presents the Group's abridged audited consolidated results for the year ended 28 February 2011 ("the period").

The Group remains fully committed to achieving fatality free operations and continuously focuses on improving Safety, Health, Environment, Community and Quality ("SHECQ") in all work environments to ensure efficient, zero harm production. Diesel Power Opencast Mining (Pty) Limited ("Diesel Power"), an entity in the Mining Services business unit, in January 2011, proudly recorded three million injury free production hours over a period of 18 months. The last time injury frequency rate in the contract mining services business was 0,05 (calculated as total injuries x 200 000/total man hours worked). This equated to only two incidents during the course of 2011 financial year – an outstanding achievement when benchmarked against industry norms.

The business environment for the period under review remained challenging. The Group's results continued to reflect the impact of the global recession on the sectors in which Buildmax operates and specifically the adverse domino effect on the value of second-hand yellow metal fleets worldwide compounded by excessive rainfall in our operating areas in the last four months of the financial year.

During the financial year, Buildmax continued with significant restructuring initiatives in its Mining Services business unit positioning itself for an expansion and diversification strategy to penetrate less capital intensive areas of the mining services supply chain in the future, leveraging the strength of the Diesel Power brand and its competitive advantage in terms of SHECQ excellence.

The Group raised R300,5 million through a rights issue of which the net proceeds were R290,8 million. The proceeds were used to strengthen the Group's statement of financial position, reduce interest bearing short-term debt, provide equity for medium term capital expenditure for the Group's Mining Services business unit and provide additional working capital for the Group.

As a result of the significantly improved financial position, Diesel Power was able to secure an asset based funding package of R130 million from the Industrial Development Corporation of South Africa Limited ("IDC"). This facility will be used to replace existing mining equipment and increase Diesel Power's capacity with an improved mix of assets, positioning Diesel Power to become more efficient, leveraging off their blue chip customer base.

In order to achieve strategic alignment and improve profitability and cash flow, management have been analysing the performance and financial forecasts of all operating entities to ascertain which have medium to long term prospects of achieving acceptable and sustainable returns for the Group. As a result of these reviews the Board approved the sale of Waterville and consequently the assets and liabilities were disclosed as held for sale.

FINANCIAL OVERVIEW

The Group's principal business – opencast mining services – remains, amongst other factors, highly dependent on fleet replacement, availability of asset based funding and securing reasonable prices for its second-hand equipment. The low levels of activity in global markets in the wake of the economic downturn have resulted in a surplus of second-hand equipment and vehicles, which has reduced second-hand resale prices by as much as 50%, to the detriment of the Group. Although demand for the Group's second hand equipment and vehicles improved during the second half of the year, bank funding required by potential buyers remained constrained.

In light of this and compounded by the tougher credit climate, Buildmax has been forced to continue with extending the useful life of assets beyond the ideal replacement cycle. Consequently, production has been negatively impacted and maintenance costs have increased, which has reduced top and bottom line growth.

Wherever possible, albeit in a constrained market, the Group continues to dispose of equipment when compelling opportunities present themselves. To this end a new business unit, Equipment Sales & Rental, has been formed. This new business unit will focus on improving the Group's second-hand brand equity as well as the efficiency of asset disposals compared to ad-hoc disposals of assets in the various businesses in the Group.

Based on the continued weak outlook for the industries the Group operates in, management again conducted a critical review of the value of the Mining Services fleet and tested for impairment of goodwill and intangible assets. As a result of this review, the value of these assets were impaired by a further R295,7 million.

Abridged segmental analysis

	Reviewed 6 months ended 31 August 2011 R'000	Unaudited 6 months ended 28 February 2011 R'000	Audited year ended 28 February 2011 R'000	Unaudited 6 months ended 31 August 2009 R'000	Unaudited 6 months ended 28 February 2010 R'000	Audited year ended 28 February 2010 R'000
EXTERNAL REVENUE						
Continuing operations	659 754	639 791	1 299 545	632 678	608 228	1 240 906
Mining Services	418 520	406 491	825 011	403 364	413 197	816 561
Equipment sales and rental	40 117	44 631	84 748	–	–	–
Construction Materials	201 117	188 669	389 786	229 314	195 031	424 345
Discontinued operations	–	–	–	–	–	–
Mining Services	69 669	–	69 669	324 640	240 038	564 678
	729 423	639 791	1 369 214	957 318	848 266	1 805 584
INTER-SEGMENT REVENUE						
Continuing operations	2 085	19 530	21 615	2 773	2 877	5 650
Mining Services	–	1 079	1 079	281	–	281
Equipment sales and rental	1 348	18 231	19 579	–	–	–
Construction Materials	737	220	957	2 492	2 877	5 369
Discontinued operations	–	–	–	–	–	–
Mining Services	–	–	–	1 724	1 419	3 143
	2 085	19 530	21 615	4 497	4 296	8 793
EBITDA						
Continuing operations	45 822	71 201	117 023	143 432	71 631	215 063
Mining Services	40 282	30 960	71 242	114 134	68 277	182 411
Equipment sales and rental	–	36 068	36 068	–	–	–
Construction Materials	5 540	4 173	9 713	29 298	3 354	32 652
Discontinued operations	–	–	–	–	–	–
Mining Services	15 678	–	15 678	43 451	(30 974)	12 477
	61 500	71 201	132 701	186 883	40 657	227 540
Operating (loss)/profit before amortisation						
Continuing operations	(40 158)	(24 307)	(64 465)	79 517	4 226	83 743
Mining Services	(33 950)	(30 142)	(64 092)	59 380	10 649	70 029
Equipment sales and rental	–	13 595	13 595	–	–	–
Construction Materials	(6 208)	(7 560)	(13 968)	20 137	(6 423)	13 714
Discontinued operations	–	–	–	–	–	–
Mining Services	(9 529)	–	(9 529)	22 403	(54 696)	(32 293)
	(49 687)	(24 307)	(73 994)	101 920	(50 470)	51 450
Impairment losses						

disclosed in the segmental analysis, the Group reported a significant reduction in operating losses during the second half of FY2011. The operating loss of R24,3 million reported for the second half of FY2011 was an improvement in excess of 50% over both the second six months of FY2010 and the first six months of FY2011. Included in the results for the last 6 months of 2011 is an Onerous Contract provision of R15 million in Diesel Power an entity in the Mining Services business unit.

Continuing operations

Mining Services

Revenue increased by 1% to R825 million (FY2010: R816,6 million). EBITDA reduced by 60,9% to R71,2 million (FY2010: R182,4 million). The business unit incurred a loss before interest and taxation of R209,2 million including impairments of R140,5 million on goodwill, intangible assets and equipment.

Gross capex for the period of R69,1 million was 26,6% lower than the comparative period's capex of R94,2 million. Management will only commit to growth capex if new projects meet required returns criteria.

The Equipment Sales & Rental business unit delivered revenue of R84,7 million.

Construction Materials

Revenue for this business unit was R389,8 million, a decrease of 8,1% from the R424,3 million reported for the comparative period. Margins were eroded as a result of increased input costs, which the divisions were unable to pass on to customers. EBITDA declined to R9,7 million (FY2010: R32,7 million). The business unit incurred a loss before interest and taxation of R154,6 million which includes non cash flow impairments on goodwill and intangible assets of R133,9 million.

Gross capex for the period was R10,3 million, 68,4% lower than capex for the comparative period of R32,6 million. Capex was financed by internal cash resources and no significant capex is forecasted in the short-term for this business unit.

OUTLOOK AND PROSPECTS

Mining Services

Coal remains one of the cheapest sources of energy in the world. Its abundant reserves compared to other fossil fuels means that it is likely to remain the primary source of energy for the foreseeable future.

Whilst Eskom has curtailed its projected demand for coal over the medium-term and has announced its intention to introduce alternative energy sources, the continued roll-out of coal fired power stations coupled with international demand for thermal and coking coal, particularly from China and India, should ensure continued growth in this sector for the foreseeable future.

Additional export capacity continues to come on stream at Richards Bay, Durban and Maputo. Exports from Richards Bay for the financial year under review were marginally higher than the sales for the comparative period. Further, Transnet has announced that it intends to increase the size of its rolling stock fleet and improve its rail network which should alleviate some bottlenecks currently experienced by coal exporters.

The Buildmax Group has meaningful contractual relationships with the leading mining Groups in the country, which it is ambitious to grow for mutual benefit. Mining Services is well positioned to participate in additional coal mining supply chain activities that are less capital intensive. Management is currently formulating its strategy in this regard. The directors are optimistic that this market will provide profitable opportunities for the Mining Services business unit in the future.

Construction Materials

The outlook for the construction industry is reliant on spending by government and the private sector. The lack of funding continues to hamper public sector projects while high levels of debt, excess stock and a lack of bank funding continue to impact negatively on the private sector. Predicting a recovery in the construction market is extremely difficult and the market is not expected to improve during the 2012 financial year. However the businesses in the Construction Materials unit are well positioned to benefit from improved trading conditions as and when they occur.

Group

The restructuring of the Mining Services business unit has been completed and the operating performance improved. Initiatives such as the appointment of new management, improved maintenance, better pricing and the general turnaround of the business started to take shape in the second six months of 2011. The proceeds of the rights issue and the right-sizing of Mining Services has led to an improvement in Buildmax's financial position.

TRANSFORMATION

Black shareholding in the Group has significantly reduced from 17% at the end of the previous financial year to 6,75%, due to the finalisation of the rights issue.

The Transformation Committee has formulated a three to four year plan to improve the Group's rating from a level 6 to a Level 4 contributor.

SAFETY, HEALTH, ENVIRONMENT, COMMUNITY & QUALITY (SHECQ)

Buildmax continually strives to provide a safe working environment for all employees, sub-contractors and stakeholders by complying with all legal and other requirements. The Buildmax SHECQ Management System has been successfully implemented, maintained and monitored for the purpose of continual improvement. Our ongoing commitment towards our values and customer requirements has driven us to meeting best practice in SHECQ.

The Buildmax SHECQ Management System was assessed and certified by SABS to confirm compliance with two SABS standards, namely ISO 9001: 2008 (Quality Management) and the OHSAS 18001: 2007 (Occupational Health and Safety) standards with no exclusions and also received benchmark results from UNISA on internal and external communication processes.

Buildmax is absolutely committed to making "Efficient Zero Harm Production" a reality and this is achieved with the combined commitment of every member of our team and other relevant stakeholders.

STAFF COMPLEMENT

At the end of February the Group employed 2 405 people down from 3 450 at the 2010 year end.

BOARD OF DIRECTORS AND MANAGEMENT

During the year, and in line with the requirements of King III, Colin Wood was appointed as Independent Non-Executive Chairman of the Board and Terry Bantock assumed the position of CEO, both effective 23 September 2010. Subsequent to Mr. Wood's new appointment, he resigned from his position as Chairman of the Remuneration Committee. Independent Non-Executive Director Colin Brayshaw was appointed as Chairman of the Remuneration Committee.

The following board members resigned during the period under review:

Herman Fourie	2 August 2010
Paul de Klerk	2 August 2010
Mark Matisonn	24 November 2010
Raymond Munitz	24 November 2010
Anil Maharaj	16 May 2011

Malcolm McCulloch was appointed on 12 January 2011 and Greame Montgomery on 1 June 2011 as Non-Executive Directors.

In order to strengthen the management of the Group, the EXCO has been constituted as follows:

- Terry Bantock (CEO);
- Christie Els (CFO);
- Thandeka Mgoduso (Group Human Resources and Strategic Transformation Director);
- Kobus van Biljon (CEO Mining Services SBU);
- Herman Fourie (Executive Director: Commercial and Finance of Mining Services SBU);
- Paul de Klerk (MD: Retail Division); and
- Warren Phillips (MD: Manufacturing Division).

FINAL DIVIDEND

No dividend has been declared. It is the Group's policy to consider the declaration of a dividend annually.

APPRECIATION

We believe we have an outstanding and dedicated management team who are operating with great enthusiasm and determination to steer the company in a profitable direction. While there remain a few challenges to be overcome, we are confident that the Buildmax turnaround is on track and that the Group will become a profitable company with solid growth prospects especially in the mining sector of the South African economy.

We would like to thank our fellow directors, management teams and employees for their hard work and dedication under very trying conditions. We also thank our customers, suppliers, service providers, shareholders and advisors for their ongoing support.

Basis of preparation and accounting policies

This abridged consolidated financial report for the year ended 28 February 2011 has been prepared in compliance with International Financial Reporting Standards ('IFRS') specifically IAS 34 Interim Financial Reporting, the AC 500 standards as issued by the Accounting Practices Board, the South African Companies Act (as amended), and the Listings Requirement of the JSE Limited.

With effect from the start of the current financial year, Buildmax has adopted a more appropriate, activity based, depreciation method, which is now based on the actual hours worked by the mining assets. Utilising the services of internal and external industry experts, management has conservatively revised the residual values and useful lives of all items of property, plant and equipment and adjusted these values accordingly.

Except for the change in the depreciation method and for the adoption of new and revised accounting standards which became effective during the financial year, the principle accounting policies applied by the Group in the abridged consolidated financial results for the year ended 28 February 2011 are consistent with those applied in the consolidated financial statements for the year ended 28 February 2010. The audited financial statements and unqualified audit report of the external auditors, PKF (Jhb) Inc. are available for inspection at the registered office of the company.

Estimates and contingencies

Management makes estimates and judgments concerning the future with regards to opencast mining contracts, provisions, claims, depreciation methods and residual values when estimating the recoverable amounts of assets. The resulting estimates and judgments can only approximate the actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Subsequent events

The Group is in an advance stage of concluding a transaction whereby Buildmax will dispose of its entire shareholding in Benoni Sand and Buildware (Pty) Limited to a consortium led by Paul de Klerk. This disposal is in line with the overall Group strategy.

Contingencies

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business.

It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for.

Colin Wood <i>Chairman of the Board</i>	Terry Bantock <i>Group CEO</i>	Christie Els <i>CFO</i>
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•• May 2011

Directors: C Wood (Chairman)*^; TP Bantock (Chief Executive Officer); CS Els (Chief Financial Officer); CB Brayshaw*^; MD Lamola^; DJ Mack*; MW McCulloch*; BT Ngcuka*;
(*Non-executive director, ^Independent)

Registered office: 514 Pretoria Road, Fairleads, Benoni. (Postnet Suite 435, Private Bag X108, Centurion, 0046)

Sponsor: Java Capital

Auditors: PKF (Jhb) Inc., 42 Wierda Road West, Wierda Valley, Sandton, 2196

Transfer secretaries: Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61763, Marshalltown, 2107)

Company secretary: Probit Business Services (Pty) Limited

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