

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action to take, please consult your stockbroker, banker, accountant, legal advisor or other professional advisor.

If you have disposed of all your shares in the company, this circular should be handed to the purchaser of such shares or to the stockbroker, banker or other agent through whom the disposal was effected.

Action required

Full details of the action required by holders of certificated shares and dematerialised shares are set out on page 1 of this circular.



Buildmax Limited

(Incorporated in the Republic of South Africa)

(Registration number 1995/012209/06)

(Ordinary shares Share code: BDM ISIN: ZAE000011250)

("Buildmax" or "company")

CIRCULAR TO BUILDMAX SHAREHOLDERS

relating to:

- **the waiver of a mandatory offer to minority shareholders in terms of the provisions of rule 8 of the Securities Regulation Code and Rules of the SRP;**
- **an increase in the authorised share capital of the company;**
- **the placement of the authorised but unissued shares under the control of the directors;**

and incorporating:

- **a notice of general meeting of the shareholders of the company;**
- **a form of proxy (applicable to certificated and dematerialised own name shareholders only).**

Corporate advisor, legal advisor and sponsor

JAVACAPITAL

Financial advisor



Independent advisor

PKF

Corporate Finance

Date of issue: Friday, 6 August 2010

This circular is only available in English. Copies of this circular may be obtained during office hours from the registered office of the company.

CORPORATE INFORMATION AND ADVISORS

Directors

Terrence Peter Bantock (*Executive Chairman*)

Christiaan Stephanus Els (*Financial director*)

Colin Bertram Brayshaw †

Mabusela David Lamola †

* Non-executive director

† Independent non-executive director

Dennis John Mack *

Anil Maharaj *

Mark Matisonn *

Raymond Munitz *

Bulelani Thandabantu Ngcuka *

Colin John Milner Wood †

Registered office of Buildmax

Unit 19, 1st Floor, East Block

Cambridge Office Park

5 Bauhinia Street, Highveld Park

Centurion, 0169

(Postnet Suite 435, Private Bag X108, Centurion, 0046)

Company secretary

Probity Business Services (Proprietary) Limited

3rd Floor, The Mall Offices

11 Cradock Avenue, Rosebank

Johannesburg, 2196

(PO Box 85392, Emmarentia, 2029)

Transfer secretaries

Computershare Investor Services (Proprietary) Limited

(Registration number 2004/003647/07)

Ground Floor, 70 Marshall Street

Johannesburg, 2001

(PO Box 61051, Marshalltown, 2107)

Financial advisor

Macquarie First South Advisers (Proprietary) Limited

(Registration number 2003/014483/07)

The Place, 1 Sandton Drive, South Wing

Sandown

Johannesburg, 2146

(PO Box 783745, Sandton, 2196, Johannesburg)

Corporate advisor, legal advisor and sponsor

Java Capital (Proprietary) Limited

(Registration number. 2002/031862/07)

2 Arnold Road

Rosebank

Johannesburg, 2196

(PO Box 2087, Parklands, 2121)

Independent advisor

PKF Corporate Finance (Proprietary) Limited

(Registration number 1998/018420/07)

42 Wierda Road West

Wierda Valley

Sandton, 2196

(Private Bag X10046, Sandton, 2146)

Date and place of incorporation of the company

Incorporated in the Republic of South Africa on 14 November 1995

ACTION REQUIRED BY SHAREHOLDERS

The definitions commencing on page 4 of this circular apply *mutatis mutandis* to this section.

The increase in authorised share capital of the company, the placing of the authorised but unissued shares under the authority of the directors and the waiver of the mandatory offer to minority shareholders is subject to shareholders passing the requisite resolutions at the general meeting of shareholders to be held at 14h00 on Monday, 30 August 2010 at the offices of Macquarie First South Advisers (Proprietary) Limited, The Place, 1 Sandton Drive, South Wing, Sandown, 2146, Johannesburg.

A notice convening the general meeting is attached to and forms part of this circular.

Shareholders holding certificated Buildmax shares and dematerialised shareholders who have elected “own-name” registration in the sub-register of Buildmax maintained by a CSDP, who are unable to attend the general meeting but who wish to be represented thereat, are requested to complete and return the attached form of proxy in accordance with the instructions contained therein. The duly completed forms of proxy must be received by the transfer secretaries by no later than 14h00 on Friday, 27 August 2010.

Dematerialised shareholders who have not elected “own-name” registration in the sub-register of Buildmax maintained by a CSDP, must provide their CSDP or broker with their instruction for attendance or voting at the general meeting in the manner stipulated in the agreement between the shareholder concerned and the CSDP governing the relationship between such shareholders and their CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature. Should they wish to attend the meeting, they must request a letter of representation from their CSDP or broker.

If you hold your Buildmax shares (whether certificated or dematerialised) through a nominee, you should timeously make the necessary arrangements with your nominee or, if applicable, your CSDP or broker who will provide your nominee with the necessary authority to vote in terms of the agreement entered into between the shareholder and the CSDP or broker, in the manner and time periods stipulated therein.

Buildmax does not accept responsibility and will not be held liable for any failure on the part of the CSDP of a dematerialised shareholder to notify such shareholder of the general meeting or any business to be conducted thereat.

TABLE OF CONTENTS

	Page
Corporate information	Inside front cover
Action required by shareholders	1
Salient dates and times	3
Definitions	4
Circular to Buildmax shareholders	7
1. Introduction	7
2. Waiver and directors' recommendation	8
3. Financial information of Buildmax	10
4. Shareholding information in respect of Brait, Coronation and Buildmax	10
5. Directors	10
6. Increase in the authorised share capital	12
7. The general meeting	12
8. Consents	12
9. Documentation available for inspection	12
Annexure 1 Historical financial information of the Group	13
Annexure 2 Share price history of Buildmax shares	26
Annexure 3 Independent advisor's report	28
Notice of general meeting	31
Form of proxy	Attached

SALIENT DATES AND TIMES

2010

Circular posted to shareholders	Friday, 6 August
Last day to lodge forms of proxy in respect of the general meeting by 14h00 on	Friday, 27 August
The general meeting at 14h00 on	Monday, 30 August
Results of the general meeting released on SENS on	Monday, 30 August

Notes

1. The abovementioned dates and times are subject to change. Any changes will be released on SENS and published in the press.
2. All times indicated are South African times.

DEFINITIONS

Throughout this circular and the annexures hereto, unless otherwise stated, the words in the first column have the meanings assigned to them in the second column, words in the singular include the plural and *vice versa*, words importing natural persons include corporations and associations of persons and any reference to a gender includes the other genders.

“ acquisition ”	the acquisition by Brait and Coronation of 85 (eighty five) million Buildmax shares from each of Westbrooke and Interactive at R0.25 (twenty five cents) per share, representing 53.5% (fifty three point five per cent) of each of Westbrooke’s and Interactive’s shareholding in Buildmax, in total comprising 170 (one hundred and seventy) million Buildmax shares;
“ Brait ”	collectively Brait IV Investment, L.P and Brait IV SA Partnership;
“ Brait IV Investment, L.P ”	Brait IV Investment, L.P a limited partnership duly established under and governed by the laws of the Cayman Islands and represented by its general partner, SAPEF GP Limited;
“ Brait IV SA Partnership ”	Brait IV SA Partnership an <i>en commandite</i> partnership duly established under and governed by the laws of the Republic of South Africa and represented by its disclosed partner, Brait Private Equity GP IV (Proprietary) Limited;
“ Buildmax ” or the “ company ”	Buildmax Limited (Registration number 1995/012209/06), a company duly registered and incorporated with limited liability under the company laws of the Republic of South Africa, the shares of which are listed on the JSE;
“ Buildmax group ” or “ group ”	Buildmax and its subsidiaries;
“ Buildmax shares ” or “ shares ”	the ordinary shares in the capital of Buildmax with a nominal value of R0.01 (one cent) per share;
“ Buildmax shareholders ” or “ shareholders ”	registered holders of Buildmax shares;
“ certificated shareholders ”	Buildmax shareholders who have not dematerialised their shares, title to which is represented by a share certificate or other physical document of title;
“ circular ”	this circular to Buildmax shareholders, dated Friday, 6 August 2010;
“ Companies Act ”	the Companies Act, 1973 (Act 61 of 1973), as amended;
“ Coronation ”	certain specific client funds managed by Coronation Asset Management (Proprietary) Limited (Registration number 1993/002807/07), a private company duly registered and incorporated under the company laws of the Republic of South Africa;
“ Cream Magenta ”	Cream Magenta 36 (Proprietary) Limited (Registration number 004/017751/07), a private company duly registered and incorporated under the company laws of the Republic of South Africa;
“ CSDP ”	Central Securities Depository Participant accepted as a participant in terms of the Securities Services Act, 2004 (Act 36 of 2004), as amended, appointed by an individual shareholder for purposes of, and in regard to, the dematerialisation of shares evidenced by physical documents of title into the Strate system;
“ dematerialised shareholders ”	shareholders who hold Buildmax shares which have been incorporated into the Strate system and which are no longer evidenced by physical documents of title in terms of the Securities Services Act, 2004 (Act 36 of 2004), as amended, the evidence of ownership of which is determined electronically and recorded in sub-registers maintained by CSDPs;

“documents of title”	share certificates, certified transfer deeds, balance receipts and/or any other form of acceptable documents of title in respect of Buildmax shares;
“directors” or the “board”	the board of directors of Buildmax;
“general meeting”	the general meeting of Buildmax shareholders convened in terms of the notice of the general meeting attached to this circular, to be held at 14h00 on Monday, 30 August 2010 at the offices of Macquarie First South Advisers (Proprietary) Limited, The Place, 1 Sandton Drive, South Wing, Sandown, 2146, Johannesburg;
“independent shareholders”	Buildmax shareholders excluding Brait, Coronation, Westbrooke and Interactive;
“Interactive”	collectively, Interactive Capital, Interactive Capital Management and Cream Magenta;
“Interactive Capital”	Interactive Capital (Proprietary) Limited, (Registration number 2003/019612/07), a private company duly registered and incorporated under the company laws of the Republic of South Africa;
“Interactive Capital Management”	Interactive Capital Management (Proprietary) Limited, (Registration number 2005/014194/07), a private company duly registered and incorporated under the company laws of the Republic of South Africa;
“Java Capital”	Java Capital (Proprietary) Limited (Registration number 2002/031862/07), Buildmax’s corporate advisor, legal advisor and sponsor, full details of whom are set out in the inside front cover of this circular;
“JSE”	JSE Limited (Registration number 2005/022939/06), a company duly registered and incorporated with limited liability under the company laws of the Republic of South Africa and licensed as an exchange under the Securities Services Act, 2004 (Act 36 of 2004), as amended;
“last practicable date”	the last practicable date prior to finalisation of this circular, being Wednesday, 4 August 2010;
“mandatory offer”	the requirement in terms of rule 8.1 of the SRP Code for Brait and Coronation together to make an offer to minority shareholders to acquire all of their Buildmax shares at R0.25 (twenty five cents) per share;
“minority shareholders”	Buildmax shareholders excluding Brait, Coronation, Westbrooke and Interactive;
“offer circular”	the circular to shareholders containing details of the partial offer anticipated to be posted to shareholders on or about Tuesday, 31 August 2010;
“partial offer”	the proposed offer by Brait and Coronation to minority shareholders to acquire 53.5% (fifty three point five per cent) of each of such minority shareholders’ shares at R0.25 (twenty five cents) per share, subject to the waiver and prior to the implementation of the rights offer;
“rights offer”	the proposed underwritten renounceable rights offer to be undertaken by Buildmax at an anticipated issue price of R0.125 (twelve point five cents) per share, in the ratio of 2.31 (two point three one) rights offer shares for every one Buildmax share held at the relevant record date, in order to raise R300,502,033 (three hundred million five hundred and two thousand and thirty three rand);
“SENS”	the Securities Exchange News Service of the JSE;
“SRP”	the Securities Regulation Panel established in terms of section 440B of the Companies Act;
“SRP Code”	the Securities Regulation Code on Takeovers and Mergers and the Rules of the SRP;

“Strate”	the electronic custody, clearing and settlement system for all share transactions concluded on the JSE and off-market conducted by Strate Limited (Registration number 1998/022242/06), a company duly registered and incorporated with limited liability under the company laws of the Republic of South Africa;
“sub-register”	the record of dematerialised shares administered and maintained by a CSDP and which forms part of the company’s register of members as defined in the Companies Act, excluding any nominees;
“transfer secretaries”	Computershare Investor Services (Proprietary) Limited (Registration number 2004/003647/07), a private company duly registered and incorporated under the company laws of the Republic of South Africa, full details of which are set out on the inside front cover of this circular;
“Vuwa”	Vuwa Investment (Proprietary) Limited (Registration number 2005/009252/07), a private company duly registered and incorporated under the company laws of the Republic of South Africa;
“waiver”	the waiver, by a majority of independent Buildmax shareholders’ votes cast at the general meeting, of the requirement for Brait and Coronation together to make the mandatory offer which would otherwise be required in terms of the provisions of rule 8 the SRP Code arising from the implementation of the acquisition, the partial offer, following the rights to which they are entitled under the rights offer and underwriting the rights offer;
“Westbrooke”	collectively, Westbrooke Capital, Westbrooke Investments and Westbrooke SO;
“Westbrooke Capital”	Westbrooke Capital Partners (Proprietary) Limited (Registration number 1999/015993/07), a private company duly registered and incorporated under the company laws of the Republic of South Africa;
“Westbrooke Investments”	Westbrooke Investments (Proprietary) Limited, (Registration number 2004/001258/07), a private company duly registered and incorporated under the company laws of the Republic of South Africa; and
“Westbrooke SO”	Westbrooke Special Opportunities (Proprietary) Limited (Registration number 2004/001277/07), a private company duly registered and incorporated under the company laws of the Republic of South Africa.



Buildmax Limited

(Incorporated in the Republic of South Africa)

(Registration number 1995/012209/06)

(Ordinary shares Share code: BDM ISIN: ZAE000011250)

("Buildmax" or "the company")

Directors

Terrence Peter Bantock (*Executive Chairman*)

Christiaan Stephanus Els (*Financial director*)

Colin Bertram Brayshaw †

Mabusela David Lamola †

Dennis John Mack *

Anil Maharaj *

Mark Matisonn *

Raymond Munitz *

Bulelani Thandabantu Ngcuka *

Colin John Milner Wood †

* Non-executive director

† Independent non-executive director

CIRCULAR TO BUILDMAX SHAREHOLDERS

1. INTRODUCTION

- 1.1 Buildmax announced on Monday, 7 July 2010, that the board of Buildmax had resolved to proceed with a R300 million (three hundred million rand) rights offer to recapitalise the company subject to shareholders approving the increase in the company's authorised share capital and the placing of the authorised but unissued shares under the control of the directors at the general meeting. Shareholders were informed that Brait had offered, subject to the fulfilment of certain conditions and on terms to be agreed, to underwrite a portion of the rights offer and that Buildmax was in the process of finalising the terms of the rights offer as well as the terms of the proposed underwriting with Brait and other potential underwriters.
- 1.2 As announced on Thursday, 5 August 2010, the board of Buildmax has embarked on a recapitalisation process which involves:
 - 1.2.1 Westbrooke and Interactive entering into a sale of shares agreement with Brait and Coronation whereby Brait and Coronation together will acquire 53.5% (fifty three point five per cent) of each of Westbrooke's and Interactive's shareholding in Buildmax at R0.25 (twenty five cents) per share;
 - 1.2.2 Brait and Coronation together making a partial offer to minority shareholders to acquire 53.5% (fifty three point five per cent) of each of such minority shareholders' shares at R0.25 (twenty five cents) per share, subject to the granting of the waiver of the requirement for Brait and Coronation to make a mandatory offer to minority shareholders, prior to the implementation of the rights offer; and
 - 1.2.3 Buildmax making a renounceable rights offer to Buildmax shareholders to subscribe for ordinary Buildmax shares, at an issue price of R0.125 (twelve point five cents) per share, in the ratio of 2.31 (two point three one) rights offer shares for every one Buildmax share held at the relevant record date.
- 1.3 Subject to entering into relevant written agreements and certain conditions under such agreements being fulfilled including but not limited to shareholders approving the waiver at the general meeting, Brait and Coronation, have agreed:
 - 1.3.1 to acquire a total number of 170 (one hundred and seventy) million Buildmax shares representing approximately 16% (sixteen per cent) of the issued share capital of the company from Westbrooke and Interactive under the terms of the acquisition in equal blocks of 85 (eighty five) million shares from Westbrooke and Interactive each, representing 53.5% (fifty three point five per cent) of each of their respective shareholdings in Buildmax;

- 1.3.2 to make an offer to acquire 53.5% (fifty three point five per cent) of the shares owned by minority shareholders under the terms of the partial offer;
 - 1.3.3 to follow the rights to which they are entitled under the rights offer; and
 - 1.3.4 to underwrite the balance of the rights offer after taking into account irrevocable undertakings currently in the process of being obtained from Westbrooke, Interactive, Vuwa and any irrevocable undertakings that may be received from other shareholders indicating that they will follow the rights to which they are entitled under the rights offer on terms to be contained in the rights offer circular to be posted to shareholders in due course subject to the receipt by the company of all shareholder and regulatory approvals required to implement the rights offer.
- 1.4 The implementation of the acquisition together with Brait and Coronation making the partial offer, following the rights to which they are entitled to under the rights offer, and underwriting the rights offer is anticipated to result in Brait's and Coronation's collective shareholding in Buildmax increasing from approximately 30% (thirty per cent) to between 54% (fifty four per cent) and 70% (seventy per cent). This series of transactions will constitute an affected transaction in terms of the SRP Code and Brait and Coronation would be regarded as concert parties by the SRP in respect of this series of transactions only and even though there is no agreement between them in relation to the exercising of control of Buildmax. In the ordinary course the fact that Brait and Coronation will exceed the mandatory offer thresholds of the SRP Code will require Brait and Coronation to make a mandatory offer to minority shareholders to acquire all of the shares held by such minority shareholders, in accordance with Rule 8.1 of the SRP Code.
 - 1.5 In terms of rule 8.7 of the SRP Code the requirement to make a mandatory offer may be dispensed with by the SRP upon application being made to it, provided that a majority of independent Buildmax shareholders cast their votes, in person or represented by proxy, in favour of the waiver at a properly constituted meeting of Buildmax shareholders.
 - 1.6 The implementation of the acquisition, the partial offer and the underwriting of the rights offer by Brait and Coronation is conditional on the waiver being approved by the requisite majority of independent Buildmax shareholders at the general meeting. The validity of the waiver is subject to the partial offer being made by Brait and Coronation and to the SRP granting to Brait and Coronation a dispensation from the obligation to make a mandatory offer in accordance with rule 8.7 of the SRP Code. Should a majority of independent shareholders vote in favour of the waiver, Brait and Coronation will on fulfilment of all other conditions to which they are subject, implement the acquisition and make a partial offer to minority shareholders to acquire 53.5% (fifty three point five per cent) of the shares held by such minority shareholders at R0.25 (twenty five cents) per share on such further terms and conditions as will be contained in the offer circular.
 - 1.7 The company will embark on the rights offer immediately following the closing of the partial offer, subject to shareholders having approved the increase in the authorised share capital of the company and to all relevant regulatory and other approvals required for the implementation of the rights offer having been received. Shareholders who have elected to accept the partial offer may apply the proceeds received from such acceptance towards following their rights to which they are entitled under the rights offer. The proceeds that will be received by minority shareholders who elect to accept the partial offer are expected to cover 99.61% (ninety nine point sixty one per cent) of such shareholders' anticipated cash costs to follow in full the rights to which they are entitled to under the rights offer. This expectation does not take into consideration the particular circumstance and risk profile of shareholders which consideration may include any relevant tax considerations.
 - 1.8 In order to retain their current shareholding in Buildmax minority shareholders would be required to follow their rights and not accept the partial offer. Minority shareholders who are financially constrained from following their rights will as a result of electing to accept the partial offer, be in a position to follow their rights on the remaining shares post acceptance of the partial offer and, in doing so, will avoid being diluted further.
 - 1.9 Brait and Coronation's underwriting of the rights offer will ensure that Buildmax will raise the capital it requires as Brait and Coronation will be obliged to subscribe for such shares as are not subscribed for pursuant to the rights offer in addition to following their rights.
 - 1.10 Accordingly, the purpose of this circular is to provide shareholders with relevant information regarding the proposed increase in the authorised share capital of the company and the waiver, and to convene a general meeting of shareholders in order to propose such resolutions as are necessary to implement the increase in authorised share capital, to place the authorised but unissued shares under the control of the directors and to approve the waiver.

2. WAIVER AND DIRECTORS' RECOMMENDATION

- 2.1 The company intends, subject to shareholders approving the increase in the authorised share capital of the company and placing the authorised but unissued shares under the control of the directors, and the receipt of relevant regulatory and other approvals required to implement the rights offer, to embark on the rights offer immediately upon the closing of the partial offer.

- 2.2 A successful implementation of the rights offer will enable Buildmax to continue to grow shareholder value by:
- 2.2.1 strengthening the balance sheet of the Mining Services Business Unit by reducing asset based financing liabilities and providing much needed working capital;
 - 2.2.2 exiting unprofitable projects without the risk of defaulting on debt repayments;
 - 2.2.3 divesting of second hand assets in an orderly fashion to maximise value in a constrained market;
 - 2.2.4 investing in strategic facilities and resources to enable the future growth and transformation strategy of Buildmax;
 - 2.2.5 providing security to access debt funding needed for replacement and expansion capital expenditure;
 - 2.2.6 providing improved service levels to Buildmax customers and suppliers;
 - 2.2.7 creating a stable working environment that will attract and retain quality industry and leadership skills; and
 - 2.2.8 allowing management to fully focus their attention on the day-to-day running of the business.
- 2.3 The board has appointed PKF Corporate Finance (Proprietary) Limited as an independent advisor to the company, to provide to the board its opinion on the waiver of the mandatory offer. The independent advisor based the conclusion of its opinion on the assumption that the following current risks have been mitigated:
- 2.3.1 the rights offer of R300 million (three hundred million rand) is successfully implemented;
 - 2.3.2 minority shareholders would follow their rights in terms of the impending rights offer;
 - 2.3.3 management effectively implement their improved productivity plans and cost control measures, and successfully negotiate and implement rate increases;
 - 2.3.4 the company does not lose any of its current mining clients in the Mining Services Business Unit in accordance with the plan; and
 - 2.3.5 the company operates substantially free of industrial action for the forthcoming five years.

Assuming that the abovementioned risks are mitigated, the opinion of PKF concludes that the price of R0.25 (twenty five cents) at which the mandatory offer would be made, were it to be made, would be unfair to minority shareholders and therefore that minority shareholders would not be advised to sell their shares at this price unless there were compelling affordability reasons which may influence their decision to follow their rights. The opinion is reproduced in Annexure 3 to this circular.

- 2.4 If the waiver is not approved and/or the dispensation from the requirement to make a mandatory offer is not granted by the SRP, Brait and Coronation are not obliged to implement the acquisition or to make the partial offer, and they are also not obliged to underwrite the rights offer.
- 2.5 If the rights offer is not underwritten by Brait and Coronation the company is not assured of raising R300 million (three hundred million rand) pursuant to the rights offer and, whilst the board will consider other alternatives, Buildmax may not be in a position to continue its operations in its current form.
- 2.6 Accordingly, the board of directors of the company recommends that shareholders vote in favour of the waiver, subject to Brait and Coronation making the partial offer. The waiver will allow Brait and Coronation, subject to the fulfilment of certain conditions, to make a partial offer to minority shareholders providing financially constrained shareholders with the means to follow the rights to which they are entitled to under the rights offer and to avoid being diluted in the offering.
- 2.7 The SRP has advised that given the terms of the acquisition, the partial offer and the rights offer it will consider an application from Brait and Coronation to grant a dispensation to them from the obligation to make a mandatory offer in accordance with rule 8.7 of the SRP Code. The SRP has indicated that the granting of the dispensation to Brait and Coronation is subject to a majority of independent Buildmax shareholders voting in favour of a waiver of the requirement for having to make a mandatory offer. The granting of the dispensation is further subject to the SRP considering representations (if any) made by parties as contemplated in paragraphs 2.8 to 2.9 below.
- 2.8 Any interested party who wishes to object to the proposed SRP dispensation shall have fourteen calendar days from the date of the posting of this circular to raise such objection with the SRP. Objections should be made in writing and addressed to the "Executive Director, Securities Regulation Panel" at either of the following addresses:

Physical: 1st Floor, Block B, Sunnyside Office Park
32 Princess of Wales Terrace
Parktown
Johannesburg
2193; or

Postal: PO Box 91833
Auckland Park
Parktown
Johannesburg
2006

Fax: or on facsimile number +27 11 642-9284.

- 2.9 If any objection is raised with the SRP within the permitted timeframe set out in paragraph 2.8 above, the SRP will consider the merits thereof and, if necessary, provide the objector with an opportunity to make representations to the SRP. Thereafter, subject to the waiver in general meeting being obtained from the requisite majority of independent Buildmax shareholders, the SRP will rule on the requirement of a mandatory offer.

3. FINANCIAL INFORMATION OF BUILDMAX

Extracts from the published financial results of Buildmax for the financial period ended 29 February 2008, and the financial years ended 28 February 2009 and 28 February 2010 are included in Annexure 1 to this circular.

4. SHAREHOLDING INFORMATION IN RESPECT OF BRAIT, CORONATION AND BUILDMAX

4.1 Holdings of securities and dealings

The offeror, in respect of the partial offer, comprises Brait and Coronation.

Brait holds 258 533 333 (two hundred and fifty eight million five hundred and thirty three thousand three hundred and thirty three) shares and Coronation holds 52 838 299 (fifty two million eight hundred and thirty eight thousand two hundred and ninety nine) shares representing approximately 30% (thirty per cent) of the issued share capital of Buildmax.

Save for the acquisition, neither Brait nor Coronation have dealt for value in Buildmax shares in the last 6 months.

Save as disclosed above and in paragraph 5.1 below, neither the company nor any of its directors have a beneficial interest, whether direct or indirect in the offeror.

The major beneficial shareholders currently holding 5% (five per cent) or more of the issued capital of the company, as at the last practicable date, are set out in the table below.

Holder	Number of shares ('000)	Percentage of issued shares
Brait	258 533	24.84
Interactive	158 908	15.27
Westbrooke	158 903	15.27
Vuwa*	151 012	14.51
Total	727 356	69.89

Note:

* Vuwa holds the shares indicated in the column headed 'Number of shares ('000)' in the following entities as set out below:

Arrowville Investments (Proprietary) Limited:	81 607
Ashbrook Investments 136 (Proprietary) Limited:	40 000
Austinville Investments (Proprietary) Limited:	29 405

4.2 Buildmax's trading history

A table showing the trading history of Buildmax's shares on the JSE is set out in Annexure 2 to this circular.

5. DIRECTORS

5.1 Directors' interests

Save as set out below, none of the directors of the company held any Buildmax shares either directly or indirectly as at the last practicable date:

Name	Beneficial		Total shares	%
	Direct	Indirect		
T P Bantock*	–	–	–	–
C B Brayshaw	100 000	–	100 000	–
M D Lamola	100 000	–	100 000	–
M Matisonn	–	32 808 617	32 808 617	3.15
R Munitz	–	17 366 728	17 366 728	1.67
B T Nqcuka	30 000	20 239 372	20 269 372	1.95
C J M Wood	–	–	–	–
D J Mack*	–	–	–	–
A J Maharaj*	–	–	–	–
Total	230 000	70 414 717	70 644 717	6.77

* Have an indirect but non-material interest in Brait.

No director has dealt for value in the shares of the company in the six month period ending on the last practicable date.

5.2 Buildmax directors' emoluments

The salaries and other emoluments paid to directors of the company during the financial year ended 28 February 2010 were as follows:

Director's name	Board and committee R'000	Salary R'000	Bonus R'000	Company benefits R'000	Expense allowance R'000	Total R'000
Executive directors						
T P Bantock	–	208	–	–	–	208
P J de Klerk	–	1 720	–	63	48	1 831
H P Fourie	–	1 363	320	206	35	1 924
Non-executive directors						
C B Brayshaw	275	–	–	–	–	275
M D Lamola	220	–	–	–	–	220
D J Mack	132	–	–	–	–	132
A Maharaj	132	–	–	–	–	132
M Matisonn	132	–	–	–	–	132
R Munitz	132	–	–	–	–	132
B T Ngcuka	132	–	–	–	–	132
C J M Wood	253	–	–	–	–	253
	1 408	3 921	320	269	83	5 371

The directors' emoluments will not be affected by the offer or the increase in the offeror's shareholding as a result of the offer.

5.3 Buildmax directors' service contracts

The following written service contracts have been entered into between Buildmax and its directors:

5.3.1 *Service and restraint of trade agreement entered into between Buildmax and Terry Bantock*

5.3.1.1 Effective date: 1 February 2010;

5.3.1.2 Duration: indefinitely, subject to summary termination by the company in certain instances;

5.3.1.3 Capacity, function and duties: the executive has been appointed as the executive chairman of the company; and

5.3.1.4 Remuneration:

– R2 500 000 (two million five hundred thousand rand);

– Minimum R1 000 000 (one million rand) guaranteed bonus for the financial year ending 28 February 2011 and an incentive bonus based on the performance of the company's share price; and

– Participation in the company's share incentive scheme.

5.3.2 *Service and restraint of trade agreement entered into between Buildmax and Christie Els*

5.3.2.1 Effective date: 1 April 2010;

5.3.2.2 Duration: indefinitely, subject to summary termination by the company in certain instances;

5.3.2.3 Capacity, function and duties: the executive has been appointed as the financial director and chief financial officer of the group; and

5.3.2.4 Remuneration:

– R1 650 000 (one million six hundred and fifty thousand rand);

– Minimum R1 000 000 (one million rand) guaranteed bonus for the financial year ending 28 February 2011 and an incentive bonus based on the performance of the company's share price; and

– Participation in the company's share incentive scheme.

All of the executive managements' and certain of the key executives' services contracts contain terms and conditions that are standard in nature and are terminable on 1 (one) to 3 (three) months notice. The service contracts contain non-compete provisions in terms of which the directors and certain executive management are restrained from competing with the group during their employment and for a period of up to 24 (twenty four) months after termination. No consideration was paid for the non-compete agreements.

No part of the business of the group is managed or proposed to be managed by a third party under a contract or arrangement.

5.4 Save as set out above, there are no other written service contracts between Buildmax and its directors.

5.5 None of the contracts mentioned above have been amended within 6 (six) months of this circular.

6. INCREASE IN THE AUTHORISED SHARE CAPITAL

6.1 It is necessary to increase the authorised share capital of the company as there are insufficient authorised but unissued shares to implement the rights offer.

6.2 Accordingly, Buildmax shareholders will be asked to approve, by way of special resolution, an increase in the authorised share capital of Buildmax from R20 000 000 (twenty million rand) to R60 000 000 (sixty million rand) by the creation of an additional 4 000 000 000 (four billion) authorised shares, which shares will rank *pari passu* in all respects with the existing issued shares in the capital of Buildmax.

6.3 In addition shareholders will be asked to approve a resolution placing the newly increased authorised but unissued ordinary share capital of the company under the control and authority of the directors of Buildmax, which resolution is required in order for the directors to implement the rights offer.

7. THE GENERAL MEETING

A general meeting of the shareholders of Buildmax will be held at the offices of Macquarie First South Advisers (Proprietary) Limited, The Place, 1 Sandton Drive, South Wing, Sandown, 2146, Johannesburg at 14h00 on Monday, 30 August 2010 to consider the proposed resolutions necessary to effect the increase in the authorised share capital of the company, to place the authorised but unissued shares under the control of the directors and to approve the waiver.

Shareholders are referred to page 1 of this circular, which sets out the action required of shareholders in this regard.

8. CONSENTS

Buildmax's corporate advisor, legal advisor and sponsor, company secretary, financial advisor, independent advisor and transfer secretaries have consented in writing to act in the capacities stated and to their names being stated in this circular and had not withdrawn their consents prior to the publication of this circular.

9. DOCUMENTATION AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at Java Capital's offices, 2 Arnold Road, Rosebank, 2196, at any time during normal business hours from 08h30 to 17h00 for a period of 21 (twenty one) days from the date of issue of this circular:

9.1 the memorandum and articles of association of Buildmax;

9.2 letters of consent of the corporate advisor, legal advisor and sponsor, company secretary, financial advisor, independent advisor and transfer secretaries to act in the capacities stated and to their names appearing herein;

9.3 the audited financial statements for Buildmax for the period ended 29 February 2008, and the financial years ended 28 February 2009 and 28 February 2010; and

9.4 a signed copy of this circular.

By order of the board

Buildmax Limited

6 August 2010

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

These are extracts from the audited financial statements of Buildmax for the years ended 28 February 2010, 28 February 2009 and the 11 months ended 29 February 2008 on which the auditors of the Buildmax group, PKF (Jhb) Inc., have issued an unqualified audit report. These extracts are the responsibility of the directors of Buildmax.

There have been no material changes to the financial or trading position of the company between the end of the year ended 28 February 2010 and the last practicable date.

STATEMENTS OF FINANCIAL POSITION
as at 28 February

	2010	GROUP	2008
	R'000	2009	2008
		R'000	R'000
ASSETS			
Non-current assets			
Property, plant and equipment	901 997	1 324 615	12 288
Goodwill	190 848	810 578	–
Other intangible assets	174 801	224 117	–
Prepayments	–	–	2 811
Deferred taxation	20 087	2 216	2 186
	1 287 733	2 361 526	17 285
Current assets			
Inventories	72 049	90 911	22 586
Trade and other receivables	269 284	318 589	18 921
Taxation receivable	5 502	1 364	271
Bank and cash balances	136 447	326 957	16 901
	483 282	737 821	58 679
Total assets	1 771 015	3 099 347	75 964

	2010	GROUP	2008
	R'000	2009	R'000
		R'000	R'000
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10 407	10 407	418
Share premium	1 721 975	1 721 975	41 848
Cash flow hedging reserve	(4 340)	(5 572)	–
(Accumulated loss)/retained earnings	(1 098 898)	(91 653)	11 560
Ordinary shareholders' interests	629 144	1 635 157	53 826
Outside shareholders' interests	–	3 604	–
Total shareholders' interests	629 144	1 638 761	53 826
Non-current liabilities			
Interest-bearing liabilities	315 037	525 082	–
Derivative instruments	1 940	4 076	–
Provisions	3 956	3 956	–
Deferred taxation	85 487	194 307	421
	406 420	727 421	421
Current liabilities			
Interest-bearing liabilities	307 522	358 121	19
Derivative instruments	4 088	3 663	–
Vendor loan payable	47 000	54 526	–
Trade and other payables	325 213	260 839	21 440
Provisions	19 571	–	–
Taxation payable	344	15 942	217
Shareholders for dividends	41	41	41
Bank overdrafts	31 672	40 033	–
	735 451	733 165	21 717
Total equity and liabilities	1 771 015	3 099 347	75 964

STATEMENTS OF COMPREHENSIVE INCOME
for the year/period ended 28 February

	Year ended 28 February 2010 R'000	GROUP Year ended 28 February 2009 R'000	11 months 29 February 2008 R'000
Revenue	1 805 584	1 633 911	111 543
Cost of sales and services	(1 372 789)	(990 817)	(85 859)
Gross profit before depreciation	432 795	643 094	25 684
Other income	14 699	16 897	2 304
Operating expenses	(219 954)	(206 538)	(21 976)
Operating profit before depreciation and amortisation	227 540	453 453	6 012
Depreciation	(176 090)	(134 145)	(1 894)
Operating profit before amortisation	51 450	319 308	4 118
Amortisation of intangible assets	(21 758)	(19 945)	–
Profit before loss on sale of business unit, impairment, interest and taxation	29 692	299 363	4 118
Loss on disposal of business unit	(2 467)	–	–
Impairment losses	(1 069 166)	(255 443)	–
(Loss)/profit before interest and taxation	(1 041 941)	43 920	4 118
Interest received	15 430	17 378	1 110
Interest paid	(101 856)	(115 882)	(247)
(Loss)/profit before taxation	(1 128 367)	(54 584)	4 981
Taxation	117 518	(54 793)	1 849
(Loss)/profit for the year/period	(1 010 849)	(109 377)	6 830
Other comprehensive gain/(loss) for the year/period			
Unrealised profit/(loss) due to change in fair value of cash flow hedge	1 711	(7 739)	–
Taxation	(479)	2 167	–
Total comprehensive (loss)/income for the year/period	(1 009 617)	(114 949)	6 830
(Loss)/profit for the year/period attributable to:			
Equity holders of Buildmax	(1 007 245)	(103 213)	6 830
Outside shareholders' interests	(3 604)	(6 164)	–
	(1 010 849)	(109 377)	6 830
Total comprehensive (loss)/profit for the period attributable to:			
Equity holders of Buildmax	(1 006 013)	(108 785)	6 830
Outside shareholders interest	(3 604)	(6 164)	–
	(1 009 617)	(114 949)	6 830

ORDINARY SHARE STATISTICS
for the year/period ended 28 February

	Year ended 28 February 2010 cents	GROUP Year ended 28 February 2009 cents	11 months 29 February 2008 cents
Headline (loss)/earnings per ordinary share	(5.9)	15.8	16.2
Core headline (loss)/earnings per ordinary share	(4.4)	18.0	16.2
Basic (loss)/earnings per ordinary share	(96.8)	(11.9)	16.3
Net asset value per ordinary share	60.5	157.5	128.8

ACCOUNTING POLICIES
for the year ended 28 February 2010

1. 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 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: Presentation 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.

1.1 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

Standard	Details of Amendment	Effective for annual periods beginning on or after
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.

1.2 Standards and interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also 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.

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.
Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items	The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.

Embedded Derivatives (Amendments to IFRIC 9 and IAS 39)	The amendments clarify the accounting for embedded derivatives in the case of a reclassification of a financial asset out of the 'fair value through profit or loss' category as permitted by the October 2008 amendments to IAS 39 Financial Instruments: Recognition and Measurement.
IFRIC 15 Agreements for the Construction of Real Estate	The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction of real estate should be recognised. The requirements have not affected the accounting for the Group's construction activities.
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.

1.3 Basis of consolidation

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on the acquisition of businesses. In respect of business combinations that have occurred since the IFRS transition date, goodwill represents 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 from the effective date of control up to the date control ceases in the group financial statements.

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 minority 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.

1.4 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.

1.5 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 at least 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 company. Major refurbishments are depreciated over their remaining useful life.

1.6 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.

1.7 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

1.8 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.

1.9 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 the reporting date.

Where necessary, specific provision is made for obsolete, redundant and slow-moving inventories based on the age of merchandise.

1.10 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.

1.11 Taxation

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

1.12 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.

1.13 Provisions

Provisions are recognised when the company 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.

1.14 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.

Other income earned by the company 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.

1.15 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 company has a present obligation to pay as a result of the employees' services provided to the reporting date.

Retirement benefits

The company provides retirement benefits for employees by payments to independent defined contribution funds and contributions are charged against income as incurred. The company 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.

1.16 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.

1.17 Financial instruments

Initial recognition and measurement

All financial instruments are recognised in the statement of financial position. Financial instruments are initially recognised when the company 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 cost using the effective interest rate method less provision for impairment. The provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Amounts owing by subsidiaries

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

1.18 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 life 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 assets 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 judgements 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 absolute, redundant and slow moving items.

Deferred tax asset

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 company 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 dependent on a number of factors including assumptions around current environmental legislation, life of mine estimates and discount rates.

SHARE PRICE HISTORY OF BUILDMAX SHARES

Buildmax shares

	High (cents)	Low (cents)	Close (cents)	Volume	Value
Quarterly					
2007					
September	525	158	480	4 558 621	12 000 819
December	500	251	310	2 965 038	10 505 378
2008					
March	399	220	275	2 308 081	6 869 484
June	270	145	169	37 410 701	64 144 646
September	165	96	120	18 481 333	21 195 945
December	128	81	111	12 304 027	12 903 669
2009					
March	110	60	66	27 731 811	25 215 806
June	85	60	76	17 709 711	12 787 755
Monthly					
2009					
June	85	71	76	9 556 271	7 196 349
July	80	55	80	14 044 298	10 160 504
August	82	74	77	3 136 989	2 413 799
September	78	73	77	9 961 759	7 487 528
October	99	65	82	7 062 182	5 228 768
November	85	70	73	1 484 959	1 113 741
December	80	73	75	4 548 137	3 416 783
2010					
January	81	75	76	17 332 637	13 348 438
February	78	60	71	1 264 675	915 482
March	80	55	60	2 541 953	1 779 434
April	65	48	51	5 444 556	2 981 693
May	53	31	38	3 653 466	1 677 867
Daily					
2010					
1 June	37	35	36	197 400	70 690
2 June	35	34	34	14 320	4 969
3 June	34	34	34	35 780	12 165
4 June	35	26	35	185 342	64 318
7 June	–	–	35	–	–
8 June	–	–	35	–	–
9 June	–	–	35	–	–
10 June	30	30	30	19 000	5 700
11 June	27	26	27	16 092	4 244
14 June	30	29	29	205 000	59 750
15 June	–	–	29	–	–
17 June	29	27	29	363 997	102 567
18 June	–	–	29	–	–
21 June	30	29	29	70 080	20 500
22 June	29	28	29	6 727	1 930
23 June	28	28	28	61 777	17 297

	High (cents)	Low (cents)	Close (cents)	Volume	Value
Daily					
2010					
24 June	27	26	27	301 465	81 366
25 June	26	21	21	25 000	6 250
28 June	23	22	23	42 029	9 258
29 June	23	23	23	4 500	1 035
30 June	25	23	24	38 300	9 325
1 July	24	24	24	10 000	2 400
2 July	24	24	24	200 000	48 000
5 July	28	25	28	72 956	20 382
6 July	29	27	29	24 773	6 692
7 July	27	27	27	30 000	8 100
8 July	26	24	24	70 000	17 357
9 July	27	26	27	10 200	2 654
12 July	–	–	27	–	–
13 July	24	23	23	51 000	12 191
14 July	–	–	23	–	–
15 July	25	23	25	75 500	17 405
16 July	–	–	25	–	–
19 July	22	22	22	2 600	572
20 July	28	23	25	218 572	54 633
21 July	22	22	22	5 000	1 100
22 July	28	27	27	153 282	42 386
23 July	28	27	27	311 000	84 112
26 July	28	27	28	32 564	9 107
27 July	29	28	28	10 400	2 916
28 July	28	26	28	104 070	28 779
29 July	26	26	26	105 270	27 370
30 July	24	24	24	50 000	12 000
2 August	–	–	24	–	–
3 August	25	25	25	20 000	5 000
4 August	28	27	28	53 963	15 026

INDEPENDENT ADVISOR'S REPORT

The Directors
Buildmax Limited
Unit 19, 1st Floor, East Block
Cambridge Office Park
5 Bauhinia Street, Highveld Park
Centurion
0046

6 August 2010

Dear Sirs

EXTERNAL ADVICE ON THE WAIVER OF A MANDATORY OFFER BY BUILDMAX SHAREHOLDERS

Introduction

As detailed in the circular and in terms of the SRP Code, following the acquisition by Brait and Coronation of 85 million shares from each of Westbrooke and Interactive, the SRP has deemed that an affected transaction would have been effected in terms of Rule 8.1 of the SRP Code. In terms of Rule 8.7 of the SRP Code this would ordinarily result in the requirement for a mandatory offer to be made to the minority shareholders of Buildmax by Brait and Coronation. The SRP has advised however that it is willing to grant a dispensation to Brait and Coronation from the obligation to make a mandatory offer to the Buildmax minority shareholders provided the Buildmax minority shareholders waive their rights to the aforementioned mandatory offer. As a result we have been requested to provide appropriate external advice to the directors of Buildmax in terms of Rule 3.1 of the SRP Code as to whether or not the price at which the mandatory offer would be made, were it to be made, is fair.

Full details of, *inter alia*, the mandatory offer and the waiver are set out in the circular to be issued to Buildmax shareholders on or about 6 August 2010 ("the circular"). Terms defined in the circular have, unless the context requires otherwise, the same meanings in this report as given to them elsewhere in the circular.

Responsibility

The circular and compliance with the JSE Listings Requirements and the SRP Code are the responsibility of the directors of Buildmax. Our responsibility is to provide appropriate external advice to the directors of Buildmax on the terms and conditions of the mandatory offer and the waiver.

Meaning of fairness

Fairness is primarily based on quantitative issues. For illustrative purposes, in the case of a mandatory offer to acquire a minority shareholder's shares, such mandatory offer may be said to be fair to the minority shareholders if the consideration offered for their shares is equal to or greater than the fair market value of those shares.

In preparing our opinion for purposes of complying with the SRP Code we will apply the aforementioned principle.

Sources of information

We have relied on information from the following sources in arriving at our opinion:

- The annual financial statements of Buildmax for the year ended 28 February 2010.
- The unaudited management accounts of Buildmax for the 3 months ended 31 May 2010.
- The five year cash flow forecasts of Buildmax for the financial years ending 28 February 2011 to 28 February 2015 as prepared by management.
- The management representation letter provided to us in respect of this fairness opinion.
- Discussions with the directors of Buildmax.
- Various other items of publicly available information with regards Buildmax.
- The historical share price history of Buildmax shares.
- The circular.

Where practical, we have corroborated the reasonability of the information provided to us for the purposes of our opinion, including publicly available information, whether in writing or obtained in discussion with the directors of Buildmax. Where possible, such information has been substantiated by reference to supporting documentation and other corroborating evidence. Whilst our work has involved an analysis of the financial information, as provided to us, our engagement does not constitute, nor does it include an audit or review in accordance with International Standards on Auditing. We have not and we do not assume responsibility or liability for such information.

Scope and factors considered

In arriving at our opinion we have:

- Reviewed the historic financial information of Buildmax detailed above.
- Reviewed the terms and conditions of the acquisition, the mandatory offer and the waiver as detailed in the circular.
- Considered the conditions under which Brait and Coronation will underwrite the rights offer as set out in the circular.
- Reviewed the Buildmax five year cash flow forecasts for the financial years ending 28 February 2011 to 28 February 2015.
- Obtained an understanding of the basis on which the forecasts were prepared, reviewed the assumptions applied for reasonableness and checked the arithmetical accuracy of the models. The cash flow forecasts incorporate the following key assumptions:
 - the successful implementation of the rights offer as the rights offer proceeds are fundamental to the company achieving its forecast operating cash flows; and,
 - price increases in the company's Mining Services Business Unit.
- Performed an independent valuation of the shares in Buildmax. The valuation was performed using discounted cash flow methodology and was based on the aforementioned cash flow forecasts. We valued a share in Buildmax at 54 cents (based on 1 040 699 681 shares in issue).
- Considered the price of 25 cents per Buildmax share at which the mandatory offer would be made, were it to be made, in relation to our valuation of Buildmax shares.
- Considered the terms and conditions of the impending rights offer.

Opinion

Our opinion is based on the economic, regulatory, market and other conditions in effect on, and information made available to us, at 6 August 2010. Subsequent developments may affect this opinion which we are under no obligation to update, review or re-affirm.

Our opinion is provided to the directors of Buildmax in connection with and for the purpose of their consideration of the mandatory offer and the waiver and may not be reproduced in any form save with our prior written consent.

Based upon and subject to the foregoing as well as the limiting conditions set out below, we are of the opinion, at 6 August 2010 that the price of 25 cents per share at which the mandatory offer would be made to minority shareholders, were it to be made, is unfair to the minority shareholders of Buildmax.

An individual shareholder's decision may be influenced by his or her particular circumstances. This fairness opinion does not purport to cater for each shareholder's circumstances and risk profile, but rather the general body of shareholders taken as a whole. Should a shareholder be in any doubt as to what action to take, he or she should consult an independent advisor.

Limiting conditions

Inherent limitations of forecasts

Our valuation of the shares in Buildmax has been prepared using discounted cash flow methodology and is dependent on management's forecasts. Forecasts in general relate to future events and are based on assumptions that may not correspond with those future events. Whilst we have reviewed the forecasts and are of the opinion that they appear reasonable, we cannot express an opinion as to how closely they will correspond to the actual results.

In particular, and as mentioned above, the cash flow forecasts assume the successful implementation of the rights offer as well as price increases in the company's Mining Services Business Unit. Both of these assumptions are fundamental to the company achieving its forecasts and failure to achieve either would have a material negative effect on our valuation to the extent that we may alter our opinion.

The rights offer

For the reasons stated above it is our opinion that the price of 25 cents at which the mandatory offer would be made, were it to be made, is unfair to minority shareholders and therefore that the minority shareholders should not sell their shares at this price. In coming to this conclusion we have assumed that minority shareholders will follow their rights in terms of the impending rights offer as a decision not to may result in a significant dilution in value for those shareholders.

Conclusion

We record that the directors of PKF Corporate Finance (Pty) Ltd have no interest in:

- the issued share capital of Buildmax; or
- the success or failure of the waiver of the mandatory offer.

We hereby consent to the inclusion of this letter in its entirety in the circular to be issued to shareholders of Buildmax on or about 6 August 2010.

Yours faithfully

PKF Corporate Finance (Pty) Ltd

Per: Duncan Church

Registration number 1998/018420/07

42 Wierda Road West

Wierda Valley

2196



Buildmax Limited

(Incorporated in the Republic of South Africa)

(Registration number 1995/012209/06)

(Ordinary shares Share code: BDM ISIN: ZAE000011250)

("Buildmax" or "the company")

Directors

Terrence Peter Bantock (*Executive Chairman*)

Christiaan Stephanus Els (*Financial director*)

Colin Bertram Brayshaw †

Mabusela David Lamola †

Dennis John Mack *

Anil Maharaj *

Mark Matisonn *

Raymond Munitz *

Bulelani Thandabantu Ngcuka *

Colin John Milner Wood †

* Non-executive director

† Independent non-executive director

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of the shareholders of Buildmax will be held at the offices of Macquarie First South Advisers (Proprietary) Limited, The Place, 1 Sandton Drive, South Wing, Sandown, 2146, Johannesburg, at 14h00 on Monday, 30 August 2010, for the purpose of considering and, if deemed fit, passing with or without modification, the special and ordinary resolutions set out below.

The terms defined in the circular to which this notice of general meeting is attached shall bear the same meanings in this notice and, in particular, in the special and ordinary resolutions set out below.

Conditions precedent

In accordance with the provisions of the Companies Act, Special Resolution No. 1 set out below, is subject to registration thereof by the Companies and Intellectual Property Registration Office.

SPECIAL RESOLUTION NO. 1

“RESOLVED THAT Buildmax’s authorised share capital be and is hereby increased from R20 000 000 (twenty million rand) comprising 2 000 000 000 (two billion) ordinary par value shares of R0.01 (one cent) each to R60 000 000 (sixty million rand) comprising 6 000 000 000 (six billion) shares of R0.01 (one cent) each by the creation of an additional 4 000 000 000 (four billion) ordinary par value shares of R0.01 (one cent) each.”

Reason and effect

The reason for and effect of Special Resolution No. 1 is to increase Buildmax’s authorised share capital from R20 000 000 (twenty million rand) comprising 2 000 000 000 (two billion) ordinary par value shares of R0.01 (one cent) each to R60 000 000 (sixty million rand) comprising 6 000 000 000 (six billion) shares of R0.01 (one cent) each, to enable the company to issue shares in its capital consequent upon the rights offer to be undertaken by Buildmax.

In accordance with article 3.4 of the articles of association of the company and in terms of the Companies Act, 75% (seventy five per cent) of the votes of shareholders, present in person or represented by proxy, are required to be cast in favour of Special Resolution No. 1 for it to be approved.

ORDINARY RESOLUTION NO. 1

“RESOLVED THAT the authorised but unissued ordinary share capital of the company be and is hereby placed under the control and authority of the directors of the company which directors are hereby authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors of the company may from time to time and in their discretion deem fit, subject to the provisions of the Companies Act, the articles of association of the company and the Listings Requirements of the JSE.”

ORDINARY RESOLUTION NO. 2

“**RESOLVED THAT** the waiver, as provided for in terms of rule 8.7 of the SRP Code, of the requirement for Brait and Coronation to make a mandatory offer to minority Buildmax shareholders as a consequence of the implementation of the acquisition together with Brait and Coronation making the partial offer, following the rights to which they are entitled under the rights offer and underwriting the rights offer under the terms set out in the circular to which this notice of general meeting is attached be and is hereby approved, subject to Brait and Coronation together making the partial offer to Buildmax shareholders on the terms set out in the circular to which this notice of general meeting is attached.”

Voting restrictions

In accordance with the provisions of the SRP Code, a majority of independent shareholders (excluding Brait, Coronation, Westbrooke and Interactive), voting in person or represented by proxy, is required to cast their votes in favour of Ordinary Resolution No. 2 in order for it to be passed.

ORDINARY RESOLUTION NO. 3

“**RESOLVED THAT** any of the directors or the company secretary of the company be and are hereby authorised to do all things necessary and sign all documents required to give effect to Special Resolution No.1 and Ordinary Resolutions No.1 and 2 set out above.”

FORM OF PROXY

A form of proxy is attached for the convenience of any certificated shareholder or dematerialised shareholder with own-name registration holding Buildmax shares and who cannot attend the general meeting or wish to be represented thereat. Forms of proxy may also be obtained on request from the company’s registered office or the transfer secretaries of the company. The completed forms of proxy must be deposited at or posted to the office of the transfer secretaries of the company, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by not later than 14h00 on Friday, 27 August 2010. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the general meeting should the shareholder subsequently decide to do so.

Shareholders who have already dematerialised their shares through a CSDP or broker (other than through own name registration) and who wish to attend the general meeting must instruct their CSDP or broker to issue them with the necessary authority to attend.

Dematerialised shareholders, who have elected own name registration in the sub-register through a CSDP and who are unable to attend but wish to vote at the general meeting must complete and return the attached relevant form of proxy and lodge it with the transfer secretaries of the company.

Dematerialised shareholders, who have not elected own name registration in the sub-register through a CSDP and who are unable to attend but wish to vote at the general meeting should timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such shareholder and his/her CSDP or broker.

VOTING

On a show of hands, every shareholder of the company present in person or represented by proxy shall have only one vote in respect of the number of shares he holds or represents.

On a poll, every shareholder of the company present in person or represented by proxy shall have one vote for every share held in the company by such shareholder or for every share represented by a proxy.

A resolution put to the vote shall be decided by a show of hands unless a poll is demanded (on or before the declaration of the result of a show of hands) by the chairman of the general meeting or in accordance with the provisions of the Companies Act.

By order of the board

Buildmax Limited

6 August 2010

Registered office of Buildmax

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

Transfer Secretaries

Computershare Investor Services (Proprietary) Limited
(Registration number 2004/003647/07)
Ground Floor, 70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)



Buildmax Limited

(Incorporated in the Republic of South Africa)

(Registration number 1995/012209/06)

(Ordinary shares Share code: BDM ISIN: ZAE000011250)

("Buildmax" or "the company")

FORM OF PROXY

For use by the holders of the company's certificated shares ("**certificated shareholders**") and/or dematerialised shares held through a Central Securities Depository Participant ("CSDP") who have selected "own-name" registration ("own-name dematerialised shareholders") at the general meeting of the company to be held at the offices of Macquarie First South Advisers (Proprietary) Limited, The Place, 1 Sandton Drive, South Wing, Sandown, 2146, Johannesburg at 14h00 on Monday, 30 August 2010 or at any adjournment thereof ("**general meeting**"). If required, additional forms of proxy are available from the company's registered office or the transfer secretaries of the company.

This form of proxy is not for use by holders of the company's dematerialised shares who have not selected "own name" registration. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the general meeting and request that they be issued with the necessary authorisation to do so or provide the CSDP or broker timeously with their voting instruction should they not wish to attend the general meeting in order for the CSDP or broker to vote in accordance with their instructions at the general meeting.

I/We (**BLOCK LETTERS PLEASE**)

of (Address)

being holder(s) of shares in Buildmax, hereby appoint (see note 1)

- | | | |
|----|----|-----------------|
| 1. | of | or failing him, |
| 2. | of | or failing him, |
| 3. | of | or failing him, |

the chairperson of the general meeting,

as my/our proxy to vote for me/us and on my/our behalf at the general meeting of the company to be held on Monday, 30 August 2010 and at any adjournment thereof as follows:

	Number of votes		
	In favour of	Against	Abstain
Special resolution No. 1 – increase in authorised share capital			
Ordinary resolution No. 1 – placing authorised but unissued shares under the control of the directors			
Ordinary resolution No. 2 – waiver of mandatory offer to minority Buildmax shareholders			
Ordinary resolution No. 3 – authorisation to directors			

(Indicate instruction to proxy by way of a cross in the space provided above.)

Unless otherwise instructed in the table above, my/our proxy may vote as he thinks fit.

Signed at _____ on _____ 2010

Signature _____

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

Please read the notes on the reverse side hereof.

Notes

1. Each shareholder is entitled to appoint one or more proxies (none of whom need be a shareholder of the company) to attend, speak and vote in place of that shareholder at the general meeting.
2. Shareholder(s) that are certificated or own name dematerialised shareholders may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairperson of the general meeting", but any such deletion must be initialled by the shareholder(s). The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow. If no proxy is named on a lodged form of proxy the chairperson shall be deemed to be appointed as the proxy.
3. A shareholder(s) instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy, in the case of any proxy other than the chairperson, to vote or abstain from voting as he/she deemed fit and in the case of the chairperson to vote in favour of the resolution(s).
4. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder, but the total of the votes cast or abstained may not exceed the total of the votes exercisable in respect of the shares held by the shareholder.
5. Forms of proxy must be lodged at or posted to Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by not later than 14h00 on Friday, 27 August 2010.
6. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so. Where there are joint holders of shares, the vote of the first joint holder who tenders a vote, as determined by the order in which the names stand in the register of members, will be accepted.
7. The chairperson of the general meeting may reject or accept any form of proxy which is completed and/or received otherwise than in accordance with these notes, provided that, in respect of acceptances, he is satisfied as to the manner in which the shareholder(s) concerned wishes to vote.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company or Computershare Investor Services (Proprietary) Limited or waived by the chairperson of the general meeting.
9. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
10. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by Computershare Investor Services (Proprietary) Limited.
11. Where there are any joint holders of any shares, only that holder whose name appears first in the register in respect of such shares need sign this form of proxy.

