



THE BUSINESS OF Brait

Brait is an international investment and financial services group focused on private equity, corporate finance and specialised funds. It is listed on the Luxembourg, London and Johannesburg stock exchanges.

Our core values are reflected in our attitude towards partnerships – to establish fair, positive and enduring relationships that seek shared reward.

FAIR We seek balanced solutions on a foundation of **good faith, professionalism and integrity.**

POSITIVE We do everything with **passion, energy** and a **pioneering spirit** of enterprise.

ENDURING We invest our intellectual and financial capital for **long-term** value beyond today's transactions.

SHARED REWARD With our partners we **grow** and **participate** in the benefits flowing from discovered opportunities.



PROFILE

Brait is an international investment and financial services group focused on private equity, specialised funds management, corporate finance and strategic investing. It is listed on the Luxembourg, London and Johannesburg stock exchanges, with shareowners' funds of US\$158 million at 31 March 2006.

As an international group, we operate and invest in South Africa, sub-Saharan Africa, Europe and North America. We provide a wide range of investment and specialised financial services to a substantial client base that includes listed and unlisted companies, financial and government institutions and high net worth individuals.

Our private equity activities involve the management of third party capital in a fund format and leveraging our skills, insights and relationships by making medium to long-term investments in our private equity funds and proprietary investments.

Our specialised funds activities pioneered the formation of a unique hedge funds product designed for South African institutional investors

and has shown excellent results in its first four years of funds management.

Brait's corporate finance capability effectively addresses client and group needs with the emphasis on debt advisory services focusing on structuring and distribution of debt products.

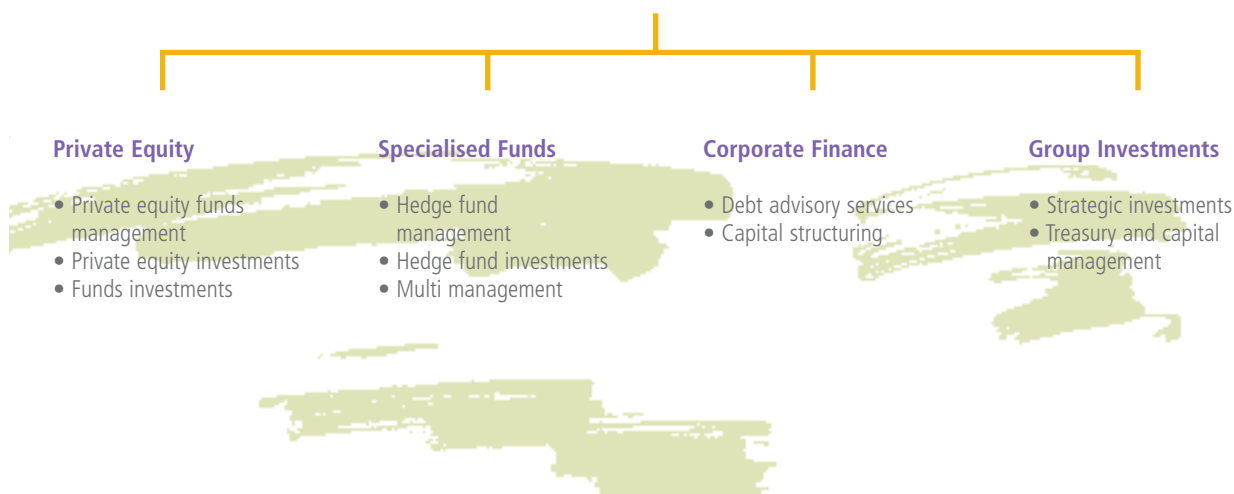
Brait's group investment activities houses the group's strategic investments of which the group's interest in Bayport, a sub-Saharan microlending and financial services provider, is the most significant.

Brait's earnings are primarily derived from:

- Private equity management fees and investment returns;
- Alternative funds management fees and investment returns;
- Corporate and debt advisory services fees; and
- Group investment returns.

GROUP ACTIVITIES

Brait's primary activities are:



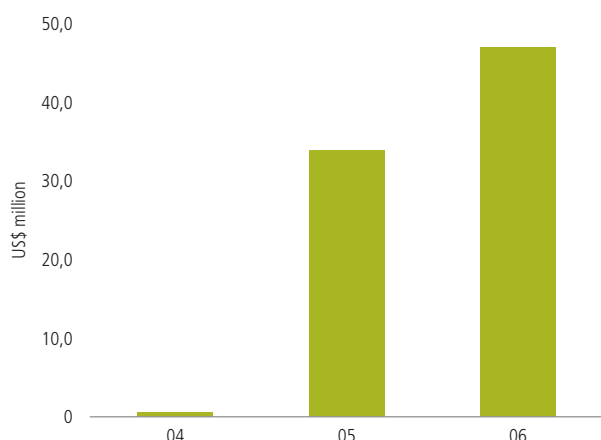
ANNUAL HIGHLIGHTS

for the year ended 31 March 2006

Financial

- Earnings continue to grow strongly
 - Attributable earnings increased by 38,6% to US\$47,0 million (ZAR300,8 million)
 - Headline earnings increased by 22,4% to US\$41,5 million (ZAR265,5 million)
- Return on equity increased from 32% to 45,9%
- Annual dividend distributions increased by 32,7% to 18,24 US cents per share
- NAV improved to 155,7 US cents per share (961,6 SA cents per share) – after adding back dividends paid
- Growth in funds under management (fee earning) from US\$508 million to US\$1 046 million

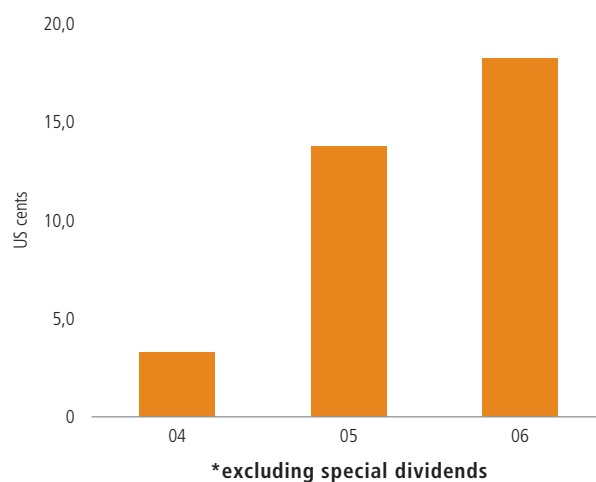
Attributable earnings



Operational

- Private Equity**
 - First closing of Brait IV
 - Advanced realisations of Brait III investment programme
 - Unwinding of Brait II substantially complete
- Specialised Funds**
 - Assets under management grew significantly
 - Brait Absolute SA Fund continues to outperform three-year rolling objectives
 - In advanced stage of launching a multi-strategy fund
- Corporate Finance**
 - Pioneered first euro high yield bond for a South African corporate
 - Advised on first South African management buy-out funded by euro bonds
- Group investments**
 - Accelerated advances and earnings growth in Bayport
 - Establishment of a joint venture mezzanine fund management business

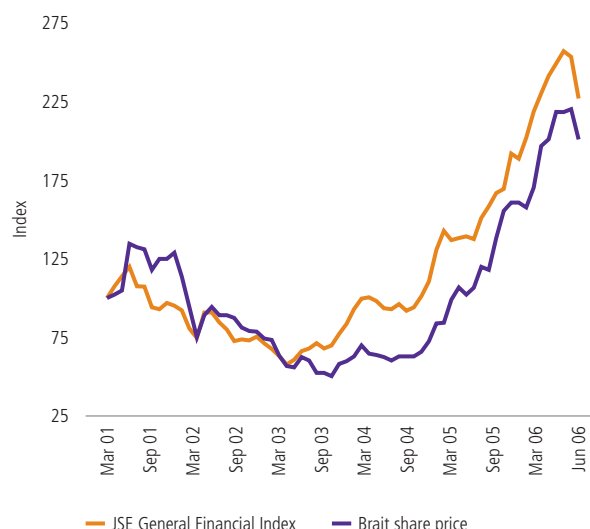
Dividend per share*



Strategic

- Achieve critical mass in Specialised Funds
- Debt capital raised of US\$72,9 million (ZAR450 million) to leverage organic growth
- Reduce earnings dependency on Private Equity
- Restructure Corporate Finance to focus on debt and capital advisory services
- Increase external debt capital in Bayport

Relative Brait share price versus JSE General Financial Index (2001 = 100)



SENIOR CHAIRMAN'S STATEMENT

Group results

At the announcement of the interim results, I reported that the outlook for the second half of the year was encouraging. More specifically I informed shareowners that the prospects for raising Brait's new Private Equity Fund, Brait IV, were good and that Specialised Funds stood to benefit from new capital inflows. Furthermore, the group's earnings in the second half should, subject to market forces, meet or exceed those reported in the first half of the year.

It pleases me to report that my predictions have been realised. The group's financial performance continued to improve in the second half as a result of a strong performance in Private Equity and increased specialised funds income, group investment returns and specialised debt advisory service fees.

The financial results of the year ended 31 March 2006 show attributable earnings growth of 38,6% to US\$47 million (ZAR300,8 million), return on equity increased from 32% to 45,9% and growth in fee earning funds under management, from US\$508 million to US\$1 046 million.

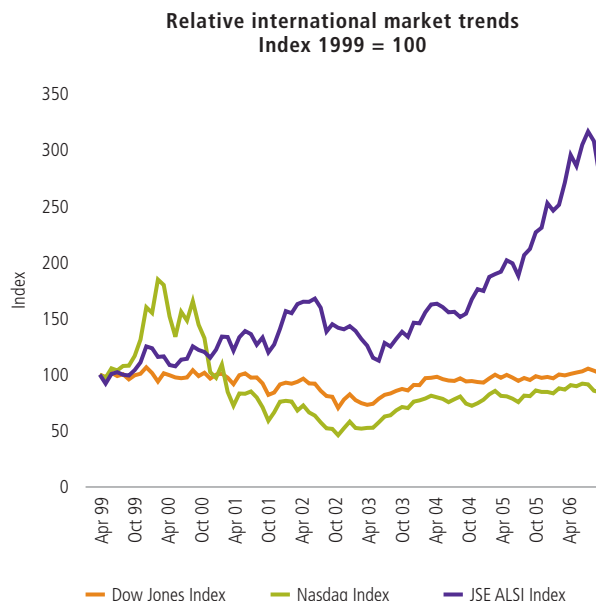


Operationally Brait was voted the best African Private Equity manager by Private Equity International in 2005. Investor support for Brait's new Private Equity Fund, Brait IV, has been strong. The projection is that this fund will close, by December 2006, as Brait's largest fund ever. The debt advisory offering continues to show that it is one of the innovators in funding structures for South African corporations and is able to conclude large transactions through its international relationships. The future growth of Specialised Funds within the Brait group is most encouraging, particularly as it has continued to exceed its initial targets, and deliver expected performance.

Bayport continued to expand its micro-lending and financial service operations in Africa. Several strategic partners acquired a portion of the Bayport equity which has resulted in Brait's economic interest reducing to 41,66%.

Macro environment

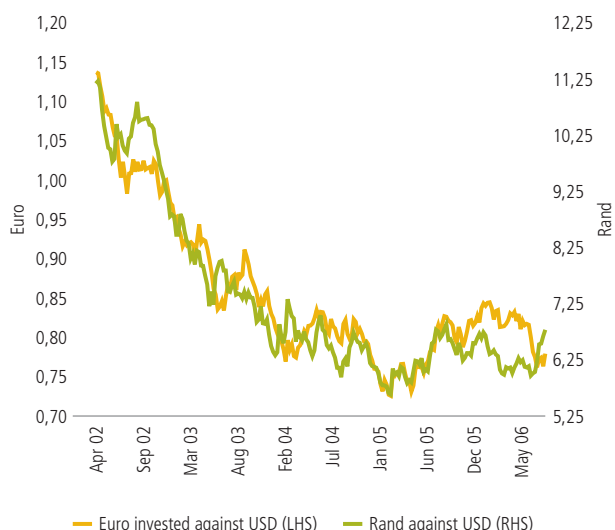
Despite widening global current account imbalances, rising oil prices, and natural disasters, the global economy expanded at a respectable pace of 3,4% during the course of 2005. This slowdown, somewhat slower than the 4,0% recorded the previous year, was mainly precipitated by more expensive energy costs, but was also influenced by capacity constraints in the resources sector and by the effects of tightening monetary policy in the United States. The relatively faster pace at which China and India grew, compared with the rate by which industrialised economies grew, bolstered global financial stability during 2005. Against this background, the South African economy registered another impressive performance.



One of the most significant achievements for South African policymakers, over the past year, has been the elevation of the country's sovereign rating to the upper end of the lower investment grade rating. The Baa1 rating by Moody's and the BBB+ rating by Standard & Poors are significant acknowledgements of South Africa's favourable mix of macro-economic, fiscal and monetary policy. These ratings, in place for 30 consecutive quarters, acknowledge the upward trend in economic growth. The 4,9% rate at which gross domestic product grew in 2005 is the fastest annual rate of expansion since 1984. While the economy remained in an upward phase of its business cycle, the longest on record, foreign investors took note that economic activity continued to take place.

Interest in domestic securities rose to an historic high, and foreign direct investment interest remained encouraging, with two of the largest inward investments on record, in the banking and telecommunications sectors, being registered. With the scorecard on key policy issues becoming increasingly impressive, the environment for private equity investments looks promising.

Historical exchange rate movement



The challenges facing policymakers today are generally external in nature, relating to the impact monetary tightening has on emerging markets, such as South Africa. The economy, which is not immune to developments beyond its control, has shock-absorbers in place which suggest that it is capable of weathering external influences better than it has in the past, and generally better than many other developing economies. The inflation targeting mechanism, in place since 2001, has been successfully managed, to the extent that inflation, excluding mortgage rates, has been within its designated range for 31 consecutive months. Inflation averaged 3,9% in 2005, the lowest on record. Another economic achievement has been the turnaround in reserves, facilitating a more stable outlook towards the currency than previously.

The board

Our value driver is reflected in our partnership approach from which base we adopt a fair, positive and enduring relationship with our stakeholders. Brait, as a European company, has complied with best corporate practice in Europe, the United Kingdom and South Africa.

Critical stakeholders in Brait are its private equity fund investors. In light of the leadership change in Brait, following the appointment of John Coulter as the group's new Chief Executive Officer during the period under review, these investors requested that Antony Ball and John Gnodde hold senior positions in the group, even though their principal operational roles would remain in Brait's private equity business. Having regard to this requirement, the board deemed it to be in the best interests of the group to appoint Anthony Ball and John Gnodde to positions where they continue to be seen to operate as leaders in the group, being an important criteria for our fund investor stakeholders. Anthony Ball became Executive Chairman and continues to chair the Brait Private Equity board, whilst playing an active role in the strategic oversight of Brait. John Gnodde became Executive Deputy Chairman and continues to act as CEO of Brait Private Equity. In order to ensure that independent non-executive oversight of the board continues, I became the Senior Chairman of the group and, in this role, continue to chair the

Brait was voted the best African Private Equity manager

board and the remuneration committee, sit on the audit and risk committee, act as the link between the board and management and as a direct link with the shareowner base of the group.

As part of its evaluation process the board will, however, review its structure.

Dividend

The group's balance sheet is strong and earnings from operations have increased materially. In light of this the board resolved to recommend a final dividend of 10,39 US cents per share to shareowners. This, together with the interim dividend, will result in a total annual dividend of 18,24 US cents per share, if approved at the 2006 annual general meeting.

The year ahead

Brait will continue to focus on its core businesses and to explore exciting new business opportunities. The prospect of significant new capital from Brait IV, together with increased inflows to Specialised Funds, indicates that earnings growth and equity returns will improve in the year ahead.

In appreciation

I record both my and the board's appreciation of the executive management's dedication and performance during the year under review. I thank my board members for their contributions and express my appreciation to staff for their efforts. In addition, my appreciation is extended to our strategic partners, investors, shareowners and other stakeholders for their continued support of the group.



Mervyn E King
19 June 2006
Senior Chairman

GROUP CHIEF EXECUTIVE'S REPORT

Review of performance

2006 saw Brait build on the sound business platform and strong results of the prior year, producing a set of financial results which have exceeded the performance of 2005. All business units have contributed positively to the bottom-line and the prospects are for continued value to be derived from Brait's current portfolio of businesses and investments, and for a growing and more diversified earnings stream in the short to medium-term.

Review of operations

Private Equity

Private Equity earnings were marginally up on the prior year's strong results, with profit from operations increasing by 1%, to US\$39,1 million, producing a return on equity of 40,8% on average capital employed of US\$95,8 million. This performance was primarily driven by value recognition in investments in Brait III and growth in value of the group's proprietary investments, against a background of a strongly performing economy and capital markets in South Africa, during the period.

A number of realisations from Brait II investments were achieved during the year, which included Shoe City, Prime Cure and Unispan, leaving Brait II with one remaining investment prior to being closed and fully wound up.

The portfolio companies in Brait III, primarily Net 1, Pepkor, Logical Options and Wilderness, all performed very well operationally during the course of the year. Brait Private Equity management and team believe that there is still considerable value to be produced from the investments in Brait III. Notable transactions in Brait III, during the year, were:

- The listing of Net 1 on Nasdaq which unlocked considerable value for shareowners through the rebenchmarking of the Net 1 share to approximately eight times its prelisting value and in which Brait sold 20% of its holding.
- Leveraged recapitalisation of the Reclamation Group, through an MBO facilitated by the raising of debt in the Eurobond market, which resulted in Brait III's realisation of five times its original investment in Reclamation.

Fundraising for Brait IV continues to exhibit positive momentum, with an increased level of interest being shown in both South Africa and private equity, by both new investors and investors in existing Brait funds. The first close of Brait IV, in the first quarter of 2006, gives us great confidence that we are on track to achieve the target of US\$500 million (ZAR3,1 billion) for Brait IV which would, to date, make it the largest of the Brait funds and the largest fund raised from third parties for private equity in South Africa.

During 2005/2006, private equity grabbed international headlines with nearly US\$500 billion of private equity backed M+A deals concluded globally in 2005, and about 33% of all M+A deals in Europe generated through private equity. In South Africa, the South African Venture Capital and Private Equity Association's (SAVCA) estimate of private equity driven M+A activity was approximately ZAR5 billion (2%) for 2005. If South African capital and investment markets follow the international trends, it would indicate significant potential for the growth of private equity linked transactions in the immediate future.

At Brait we believe that the future prospects for private equity business in South Africa give rise to considerable optimism. The current macro-economic environment is the most supportive that it has been for private equity business, in Brait's 15-year history. Factors supporting this include low inflation, a low interest rate environment, strong and upwardly trending economic growth, the availability of debt finance structures and amounts that are new for this market, and the transformation of the economy through BEE, which acts as a catalyst for M+A activity. We believe that Brait is extraordinarily well positioned to take advantage of this platform, given its existing well performing portfolio of assets with considerable residual value, a new fund in Brait IV providing the capital for future investments, and a healthy pipeline of innovative and market significant transactions which are, in many cases, in an advanced stage of development. In addition to this, Brait has an experienced, cohesive team, capable of delivering on the opportunities presented and we are confident that Brait Private Equity will continue to grow assets and earnings and exceed its ROE targets.

Corporate Finance

The relatively strong improvement in corporate finance earnings, albeit a minor contribution in absolute terms, is primarily due to fees earned by the Specialised Debt unit. Fees were generated via Brait's role as advisor and lead arranger in transactions that were innovative and ground-breaking for the South African debt markets, in particular the Foodcorp and Reclamation transactions. Central to both of these transactions was the raising of debt in amounts and structure relative to equity, on a scale never previously witnessed in South Africa. Both transactions enabled the respective companies to restructure their capital base, thereby reducing their weighted average cost of capital. They made use of the High Yield bond market in Europe to raise a significant portion of the debt, and are among the first South African companies to do so. Within the Specialised Debt unit, Brait has a highly talented team with a track record of closing innovative transactions that have consistently reshaped the parameters of debt transactions in South Africa. Our intention, going forward, is to build on this platform, and to broaden the capacity and expertise of the team members into other debt products and services.

Despite the existence of a promising mid-year pipeline of mandated deals and work in progress, the M+A/advisory business continued to struggle to conclude transactions and generate fees, resulting in a US\$2,1 million operational loss for the year from this unit within the Corporate Finance segment. Consequently Brait has decided, post year-end, to restructure this unit to primarily provide internal advisory and investment support for other Brait business segments.

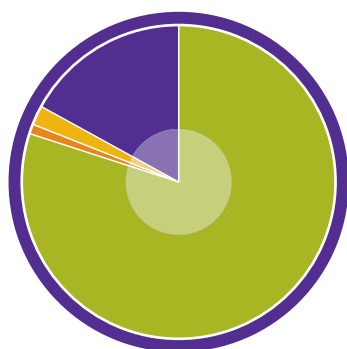
Specialised Funds

Specialised Funds' income, which consists of management and performance fees derived from the management of third party capital in the group's hedge funds, and investment returns generated from Brait's own seed capital, increased by 18% to US\$6,5 million from US\$5,5 million the prior year. Operating earnings increased by 8% to US\$1,3 million from US\$1,2 million in 2005.

The focus for Specialised Funds, during 2006, was on building capacity, and increasing funds under management. Realised revenue and earnings for the year, despite an 8% increase in earnings over 2005,

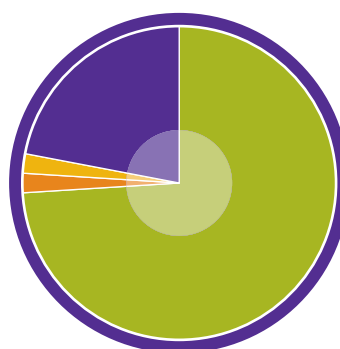
Segmental profit from operations

31 March 2006



Private Equity 74%
Corporate Finance 2%
Specialised Funds 2%
Group Investments 22%

31 March 2005



Private Equity 80%
Corporate Finance 2%
Specialised Funds 1%
Group Investments 17%

significantly understate the future potential of this business segment. Indeed, this year was characterised by an exponential increase in assets under management in the Brait Funds of Hedge Funds, of almost 700% from ZAR403,7 million to ZAR3,1 billion at year-end. A large portion of these funds were committed in the latter half of the financial year. The timing of these large inflows, combined with the group's policy of not recognising performance fees until 31 December of each year, means the business will only benefit from the fee revenue associated with this new scale of assets under management in the next financial year.

With ZAR3,1 billion of assets largely invested in its funds of hedge funds and in emerging fund opportunities, and Brait's foresight in securing nearly ZAR3,1 billion of additional capacity. Brait has firmly established itself as the leading Fund of Hedge Fund manager in South Africa. Brait's fund of hedge funds have been designed to appeal to institutional investors as a high yielding, low risk investment alternative to cash and bonds, and have attracted funds from four of the top ten pension funds, by size, in the country. Brait Absolute has a four-year track record of producing cash plus 6% with a correlation and beta to the ALSI of 0,33 and 0,06 respectively, and has recorded 44 consecutive months of positive returns. It should be noted that assets under management, plus commitments, have already exceeded ZAR4,1 billion since year-end.

We believe that Specialised Funds is well positioned within a market that is increasingly understanding of, and receptive to, hedge funds as an alternative asset class. As investors look to rebalance their portfolios, following the strong gains experienced in equities in recent years, we expect continued significant asset growth in the funds of hedge funds in 2007, particularly as investors look for more defensive investment strategies should market uncertainty and volatility persist into 2007.

During the course of the next financial year, Specialised Funds will launch a multi-strategy fund which will utilise a dynamic risk allocation process across multiple investment disciplines. This fund will exhibit risk and return parameters that differentiate it from the current Brait fund of hedge fund products.

Group Investments

Earnings from the Group Investments segment have again contributed significantly to the group's earnings performance. Operating earnings are up by 35,7% to US\$11,6 million, giving a return on equity of 16,7%.

Bayport, which provides financial services and micro-lending in sub-Saharan Africa, is the largest single contributor to this segment with operating earnings growing by 170% to US\$6,4 million. Advances have grown by 109% to US\$33,8 million, with the majority of this growth emanating from its largest businesses in Zambia, Ghana and Uganda. The bad debt experience, at 3,5%, is still well below the comparable South African industry average. A number of pilot projects are in trial which would add services in existing markets, as well as expand Bayport's regional footprint. We anticipate that a number of these projects will become operational in the second half of FY 2007.

Brait's principal interest in South African micro-lending is through its investment in Capital Alliance Finance, which was profitable and cash generative over the year.

In November 2005, Brait South Africa Limited established an independent mezzanine fund management business, Mezzanine Partners (Pty) Ltd ("Mezzanine Partners"), in a joint venture with Old Mutual Asset Managers (South Africa) (Pty) Ltd and Mezzanine Partners executive management. At year-end the fund had US\$45 million capital committed. It concluded its maiden investment subsequent to year-end.

The remaining earnings in this segment were derived from the group's treasury activities and other minor investments.

Capital

The accessibility of unsecured funding for companies has increased, while the cost of raising corporate debt finance, has declined significantly in South Africa, and this has presented a window of opportunity for Brait to raise a significant amount of low cost, long-term debt, which will meet the group's need or capital to expand its operations.

GROUP CHIEF EXECUTIVE'S REPORT CONTINUED

Immediately prior to 31 March 2006, Brait secured a US\$73 million (ZAR450 million) long-term debt facility and has drawn down the capital in full.

Brait intends to use the capital for expansion of existing operations, new organic business activities and BEE investing opportunities. A small portion may be used for a share buy-back programme. The deployment of this capital should enhance earnings growth, create capital efficiencies and improve Brait's market rating by decreasing earnings dependency on private equity investing income.

Strategic review and outlook

Our 2006 goals were primarily operational in nature and largely built on similar goals for 2005:

- Focus on driving value of high impact investment in Private Equity. This was achieved as evidenced by a 40,8% return on equity from that business.
- Make substantial progress in raising of Brait Fund IV. A successful first closing of Brait IV, and the positive response received from investors gives us confidence that the Fund target of US\$500 million (ZAR3,1 billion) will be achieved.
- Increase funds under management in Specialised Funds. With assets under management increasing by almost 700% to ZAR3,1 billion, this goal was achieved in spectacular fashion.
- Improve profitability and sustainability of Corporate Finance. Both objectives were achieved in respect of the Specialised Debt business, however, we were disappointed that continued lack of profitability in the M+A/advisory unit has led to a need to restructure that business unit.
- Further develop our investment in Bayport.

For the year ahead, our objectives build on the achievements and solid business platform created over the last few years, and look to utilise the increased pools of capital available to Brait to capitalise on the opportunities we see across all our business segments:

- In Private Equity, maximise value in investments in Brait III, finalise Brait IV and begin the investment process in that fund.
- In Specialised Funds to build assets under management, secure additional hedge fund capacity and launch a multi strategy fund.
- Within Corporate Finance it is our intention to broaden our product and service capabilities in the capital markets.
- Develop and leverage our investment in Bayport, and further explore a number of opportunities, primarily in financial services, that are potential additions to our suite of strategic investments.

In conclusion, we believe that the sustainable macro-economic prospects for Brait's core businesses are as good as they have been in the past decade. In the absence of any unexpected significant negative market or other events outside of the group's control, we are encouraged as to the prospects for continued earnings growth and the generation of attractive equity returns for our shareowners.

Sustainability

The sale of 26% of Brait South Africa Limited ("Brait") to Sitogo Holdings (Pty) Ltd ("Sitogo"), a broad-based black empowerment grouping led by a number of entrepreneurial black business people, was concluded in the prior financial year. The partnership between the Sitogo and Brait executives is working well as evidenced by increased interaction and joint exploration of business opportunities between the

partners. The partnership has already created value for all stakeholders. For example, the benefit of the partnership to the business was clearly felt in the gathering of assets under management this year. Secondly, the original intention in the Sitogo transaction was that forecast earnings and cash generation would be sufficient to repay the underpinning financing within six years. Earnings and cash generation over the two years of the partnership is 15% ahead of forecast with the expected commensurate benefit to Sitogo.

In terms of broader BEE impact, Brait benchmarks itself against the applicable sections of the Financial Services Charter Scorecard, namely employment equity, procurement, ownership and control and corporate social investment. When measured against these criteria Brait scored an "A" rating for the year.

Brait is a strong supporter of the JSE Limited's Socially Responsible Investment (JSE SRI) Index. The JSE SRI Index evaluates companies on their sustainability in terms of governance, economic, environmental and social factors and Brait is pleased to be one of 58 companies included in the 2005/2006 annual review of the JSE SRI Index.

Staff and stakeholders

The strong relationship we have with all our stakeholders is critical to the performance and sustainability of our business. On behalf of the executive and my partners at Brait, I would like to formally thank my colleagues at Brait for their hard work and dedication, our shareowners and BEE partners for their commitment and partnership, and our clients and private equity and specialised fund investors for their loyalty and support. Your partnership is much appreciated and important to the current and future success of Brait.



John Coulter
Group Chief Executive
19 June 2006

TIMELINE

Some of the more **significant events** that have shaped the current structure and position of the Brait S.A. group are listed below:

2006	• Achieved first close of Brait Private Equity Fund IV • Quantum AUM growth – Specialised Funds • Fee earning funds under management in excess of US\$1 billion • US\$73 million of new debt capital raised • Bayport loan book doubles to US\$33 million • Lead arranger for two of first four High Yield Eurobonds
2005	• Substantial completion of Brait III Investment Programme • Introduction of BEE partners to Brait South Africa • Initiation of fund raising Brait Private Equity Fund IV
2004	• Distribution of banking capital to shareowners • Reorganisation of Corporate Finance business
2003	• Closure of Banking operations - deregister banking licence • Reorganisation and focus on core operations • Initial raising of third-party Specialised Funds capital
2001	• Establishment of Brait Specialised Funds
2000	• Completion of Brait II Investment Programme
1998	• Establishment of Brait on the Luxembourg, London and Johannesburg stock exchanges • Merger of Private Equity and banking operations • Establishment of Brait Private Equity Fund III • Establishment of Braitec Private Equity Fund I • Incorporation of full advisory and investing operations in Mauritius
1996	• Completion of Brait I Investment Programme
1995	• Establishment of Brait Private Equity Fund II
1991	• Establishment of Brait Private Equity Fund I (FCF Fund)

GROUP SCORECARD AND PERFORMANCE MEASUREMENT

Objective

To achieve a long-term US dollar return on shareowner's funds of 20%.

Measured as follows:

- Annual ROE – measured by growth in NAV, adjusted by dividends, over average capital
- Long-term ROE – IRR on opening and closing NAV plus dividends

Progress

Following the restructure and recapitalisation of the group in 2003/2004, Brait has increased its long-term ROE target to 20% in US dollar terms (for South African investors this should equate to approximately 25% in rand terms in the current macro-economic environment). This performance has been measured from 1 April 2004 as any comparison prior to this date would be misleading because of the changes that have occurred in the group since then.

Brait has generated an annual return on equity in 2006 of 45,9% and a cumulative three-year return of 36,2%, which has comfortably outperformed its long-term target of 20%.

Objective

To double alternative asset funds committed, including specialised funds, every four years.

Progress

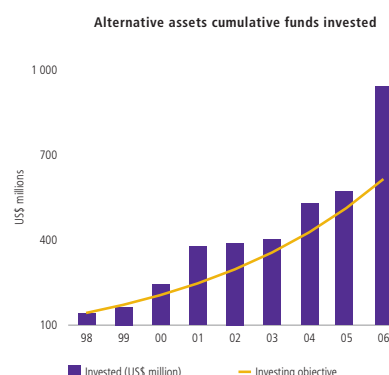
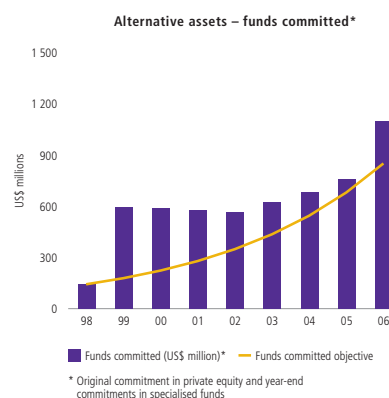
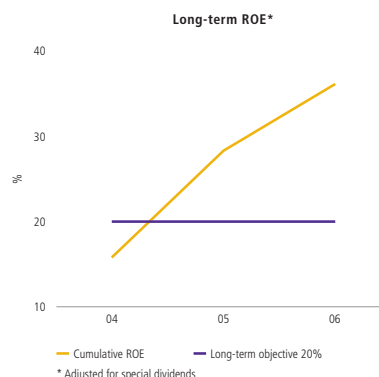
Brait has a sound base of commitments from which it expects to grow its funds under management. The raising of Brait Fund IV in the 2006 financial year and the explosive growth of assets under management in specialised funds have had a major beneficial impact on this deliverable.

Objective

To grow alternative asset funds invested at 20% per annum.

Progress

Brait has to date exceeded its target of invested funds. New investments by the Brait Absolute Fund of Funds have contributed significantly to this performance in the 2006 financial year.



SALIENT FEATURES

for the year ended 31 March

Supplementary rand information (Note 1)

2005 ZARm	2006 ZARm		2006 US\$m	2005 US\$m	Change %
302,8	338,6	Profit from operations	52,9	48,5	9,1
242,4	250,2	Private equity	39,1	38,8	
0,7	5,8	Corporate finance	0,9	0,1	
7,3	8,3	Specialised funds	1,3	1,2	
52,4	74,3	Group investments	11,6	8,4	
(15,7)	(15,4)	Finance costs	(2,4)	(2,5)	
(69,7)	12,2	Capital items	1,9	(11,2)	
217,4	335,4	Profit before taxation	52,4	34,8	50,6
(3,1)	(17,3)	Taxation	(2,7)	(0,5)	
214,3	318,1	Profit after taxation	49,7	34,3	44,9
(2,6)	(17,3)	Minority interest	(2,7)	(0,4)	
211,7	300,8	Attributable earnings	47,0	33,9	38,6
		PERFORMANCE			
		Headline earnings per share			
237,1	291,7	– Basic (cents)	45,8	38,0	20,5
216,7	256,7	– Diluted (cents)	40,3	34,7	16,1
		Attributable earnings per share			
237,1	331,9	– Basic (cents)	51,9	38,0	36,6
216,7	292,1	– Diluted (cents)	45,6	34,7	31,4
89,89	119,32	Dividends per share	18,24	13,75	32,7
21,47	51,51	– Interim (cents)	7,85	3,50	
68,42	67,81	– Final proposed (cents)	10,39	10,25	
813,0	961,6	Net asset value per share (cents)	155,7	130,3	19,5
32,0	45,9	Return on equity (%)	45,9	32,0	43,4
		FINANCIAL STATISTICS			
		Market capitalisation			
1 033,4	2 536,9	– 31 March (m)	410,8	165,6	148,0
88,3	101,5	Shares in issue (m) – excluding treasury shares	101,5	88,3	14,9
		Weighted average shares in issue			
89,3	90,6	– Basic (m)	90,6	89,3	1,5
97,7	103,0	– Diluted (m)	103,0	97,7	5,4
		Closing share price			
1 170,0	2 500,0	– 31 March (cents)	404,8	187,5	115,9
		ZAR/US dollar exchange rates			
6,2395	6,1765	– closing	0,1619	0,1603	
6,2503	6,3979	– average	0,1563	0,1600	

Note 1: The disclosure above is for information purposes and does not form part of the group financial statements.

FINANCIAL COMMENTARY

Headline earnings

As International Financial Reporting Standards ("IFRS") do not recognise the concept of headline earnings, the following reconciliation between earnings and headline earnings at 31 March

2006 has been provided for illustrative purposes for South African users, based on adjustments required by South African Statements of Generally Accepted Accounting Practice.

Supplementary rand information

31 March 2005 ZARm	31 March 2006 ZARm		31 March 2006 US\$m	31 March 2005 US\$m
211,7	300,8	Attributable earnings	47,0	33,9
–	(35,2)	Headline earnings adjustments:	(5,5)	–
–	(18,6)	Profit on disposal of interest in subsidiary	(2,9)	–
–	(17,9)	Profit on sale of non-current assets held for sale	(2,8)	–
–	1,3	Realisation of translation adjustment	0,2	–
211,7	265,6	Headline earnings	41,5	33,9

Segmental analysis of Brait's operations

A segmental analysis of the group's results have been prepared for the business and geographical segments of Brait's activities on pages 17 to 34. The geographical segments have been changed this year to a basis of distinguishing between the actual geographical source of income rather than distinguishing between the economic environments which have similar specific risks and regulations.

The nature of the operational income, expenses and capital flows of the principal business segment activities are as follows:

- **Private Equity**
 - annuity income flows from fixed long-term contracted management fees;
 - investment income and capital participations from fund investments and proprietary 'private equity' styled transactions;
 - investing income typically includes dividends, interest, investment gains and capital participations, which are market and specific investment dependent;
 - the cost structure is predominantly fixed; and
 - significant capital is co-invested in the group's private equity funds and to a lesser extent on proprietary investments.
- **Corporate Finance**
 - recurring advisory income from specialised financial services;
 - lumpy participation fees are derived from the specialised finance activities;
 - the cost structure is variable; and
 - minimal capital is required.
- **Specialised Funds**
 - annuity income flows from contracted management fees;
 - investment income from seed capital in the group's funds;
 - investing returns typically include dividends, interest and investment gains, which are market and specific investment dependent;
 - the cost structure is predominantly fixed; and
 - seed capital is invested in the group's hedge fund products and in emerging hedge funds.

Group capital

- recurring income from strategic investments and loans in subsidiaries, associates and joint ventures; and
- meaningful capital investments.

Accounting policies

The financial statements of the group are prepared in accordance with IFRS on the going-concern principal and using the historical cost basis, except where otherwise indicated.

The accounting policies are consistent with those applied in the previous year.

Currency hedge

Brait has consistently applied its policy of hedging the majority of its South African rand tangible net assets into US dollars, which is the presentation and performance measurement currency of Brait S.A.. As at 31 March 2006, approximately 88% of the group's capital, inclusive of the currency hedge, was effectively maintained in US dollars. The average cover for the year, including inherent hedges, exceeded 80%.

The purpose of the hedging policy is to protect the US dollar capital of the group against rand weakness for the following reasons:

- the group's functional and presentation currency is in US dollars;
- the group's performance measurement targets are set in US dollars in order to be aligned with its presentation currency;
- the group has a significant international shareholder base which is unique for a predominantly South African focused financial services business. The hedging strategy offers these shareowners protection against Rand weakness; and
- the hedge provides greater reporting transparency and simplicity of the group results. Without the hedge, the impact of currency translation adjustments would obscure the core underlying performance of the group's operations.

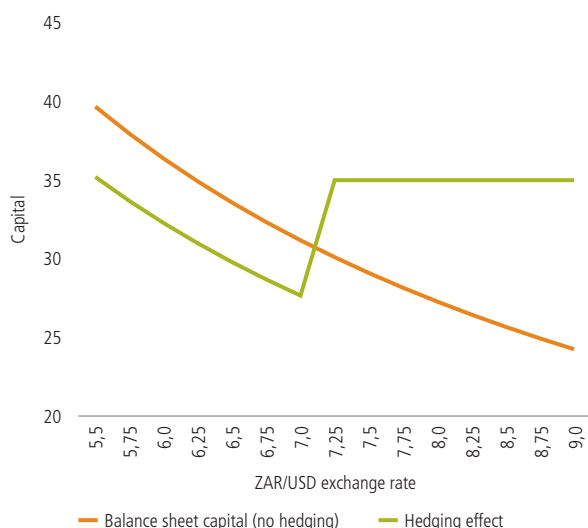
Included in the 88% US dollar capital cover is a US\$35,0 million five year currency call option, purchased in March 2006, against the tangible net asset investment by the group in its South African operation. The primary terms of the option include a maturity date of 25 March 2011 and a forward rate of ZAR7,084 to the US dollar. The spot rate at the acquisition date of the option was ZAR6,235 to the US dollar.

The previous currency hedge comprised a US\$30,0 million cross currency swap taken out in February 2005 with a settlement date at the end of March 2006, combined with a put option to sell US\$30,0 million against the rand at a rate of ZAR5,84 to the US dollar.

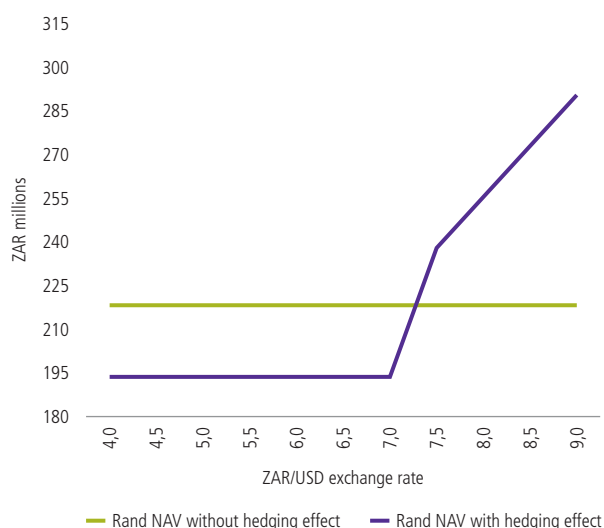
The income statement charge for the period of the currency hedge was US\$2,2 million (2005: US\$4,1 million). This cost is offset by a gain of US\$0,7 million arising from the translation of the group's non-US dollar assets into US dollars at 31 March 2006 which is disclosed under the foreign currency translation reserve in the balance sheet in compliance with IFRS.

An approximate illustrative impact of the currency hedge on the group's net asset value ('NAV') in US dollars and rands is set out respectively in the graphs below.

US\$ capital before and after hedging



ZAR capital before and after hedging



Earnings continue to grow strongly

Debt capital – US\$73 million

Capital has traditionally been a scarce resource for Brait and consequently the group has always preserved and managed its capital judiciously. At the same time, Brait has had to balance this resource within the limits of its dividend policy which has been to distribute regular and substantial dividends as part of Brait's goal of generating incremental long-term wealth accumulation for shareowners.

Brait currently has a US\$13,0 million (ZAR80 million) unsecured short-term banking facility which it has utilised to meet its working capital and short-term operational financing needs. This facility though, has not been substantial enough for Brait to pursue its longer term growth strategy. Brait has been reluctant to raise new equity capital to fund its growth due to the perceived market underpricing of Brait's equity.

Over the last twelve months the accessibility to unsecured funding as well as the cost of raising corporate debt finance has declined significantly in South Africa. Importantly for Brait, this has presented a window of opportunity to raise a significant amount of low cost, long-term debt which will meet the group's need for capital to expand its operations.

Immediately prior to 31 March 2006, Brait secured a long-term debt facility and has drawn down the full capital balance. The principal terms of the facility are as follows:

- Amount: ZAR450 million (approximately US\$73 million)
- Instrument: Redeemable preference shares issued by Brait South Africa Limited
- Rate: 78% of the South African prime rate on a floating rate basis
- Term: Seven year loan with a redemption schedule commencing annually at the end of the fourth year
- Currency: ZAR
- Guarantees: Brait S.A. group underpin
- Early redemption: Brait is entitled to an early redemption at any time prior to the specified settlement dates.

FINANCIAL COMMENTARY CONTINUED

Brait intends to apply the capital as follows:

- to accelerate growth of existing operations;
 - increase Brait IV co-investment
 - new private equity proprietary investing
 - additional seed capital and product development in Specialised Funds
 - loan book growth and expansion in Bayport
- to initiate new organic business activities; and
- to facilitate BEE investing opportunities.

Brait may also consider a limited share buyback programme.

The outcome of the deployment of the additional capital should:

- enhance earnings growth from investment returns;
- increase the growth in funds under management;
- improve Brait's earnings yield from capital and share buyback efficiencies; and
- improve Brait's market rating by decreasing earnings dependency on private equity investing income.

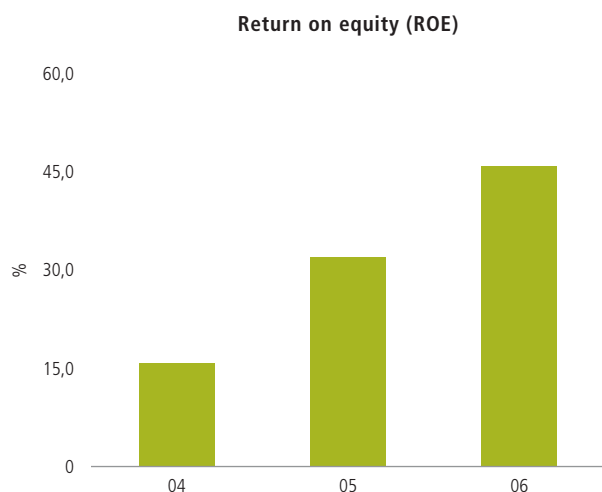
Brait will continue to follow its stringent investment disciplines before investing this new capital. Subsequent to year-end, Brait has deposited a large portion of the capital drawn with the Brait Absolute Fund as a cautionary interim investment until such time as it is allocated to the group's operations.

Operations and performance

Brait has continued its strong performance in the previous year with improved earnings in all business areas. This performance was primarily driven by the private equity and group investment operations.

Key financial scorecard performance deliverables this year have been:

- an annual 45,9% return on shareowners' funds and a cumulative long-term ROE since 1 April 2003 of 36% – this substantially exceeds the group's long-term target ROE of 20% in US dollars;
- cumulative fund commitments of US\$1 529 million exceed the group objective of US\$852 million by 79%; and
- cumulative funds invested increased by 72% from US\$615 million to US\$1 060 million against the group objective of 20% per annum.



Income statement

An analysis of the line item results for the year ended 31 March 2006 as disclosed in the income statement is set out below:

Revenue

Group revenue for the year was US\$44,5 million, marginally down from the US\$45,0 million reported for the previous year.

The following sets out revenue per operating segment for the year under review:

	31 March 2006 US\$m	31 March 2005 US\$m	Variance US\$m	% change
Private Equity	11,0	22,8	(11,8)	(51,8)
Corporate Finance	7,9	4,1	3,8	92,7
Specialised Funds	3,9	2,4	1,5	62,5
Group Investments	21,7	15,7	6,0	38,2
Revenue	44,5	45,0	(0,5)	(1,1)

The decrease of 51,8% in revenue from Private Equity, was more than offset by the increase in other private equity income, and was largely the result of significant dividend received on the disposal of a proprietary investment in the prior year.

Revenue from Corporate Finance and Specialised Funds, which is predominantly fee income, increased substantially from the previous year by 92,75% and 62,5% respectively, albeit off a low base.

Group Investments' revenue, comprising primarily of interest income in Bayport, increased by 38,2% and can be directly attributed to the growth in the underlying business volumes.

Other income

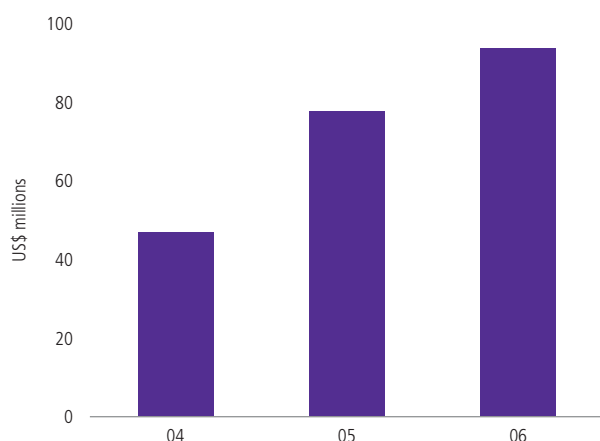
Other income increased by 50,3% to US\$49,3 million from US\$32,8 million.

The following sets out the other income per operating segment for the year under review:

	31 March 2006 US\$m	31 March 2005 US\$m	Variance US\$m	% change
Private Equity	45,9	29,8	16,1	54,0
Corporate Finance	(0,1)	(0,3)	0,2	66,7
Specialised Funds	2,6	3,1	(0,5)	(16,1)
Group Investments	0,9	0,2	0,7	>100
Other income	49,3	32,8	16,5	50,3

The increase in other income is predominantly the result of fair value recognitions of Private Equity's underlying funds and proprietary investments. Unrealised fair value gains totalling US\$41,9 million are included in this income.

Revenue and other income



Operating expenses

Operating expenses increased by 38% from US\$30,9 million in the previous year to US\$42,6 million and is primarily attributable to the following:

- an increase in Bayport's operating expenses which accounts for 33% of the total increase;
- 25% of the increase relates to non-recurring abnormal charges of approximately US\$4 million in private equity for:
 - > raising Brait IV
 - > new Private Equity accounting and administration system; and
 - > infrastructural costs and performance awards in Specialised Funds; and
- the balance of 4% to normal inflationary increases.

Associates

Income from associates has increased marginally from US\$1,6 million to US\$1,7 million and comprises largely of the group's equity income share from its 32% interest in its South African BEE partner holding company, Sitogo Holdings (Pty) Limited.

Joint ventures

The group's joint venture interests comprise its 50% stake in Capital Alliance Finance (CAF). No income was recorded on the group equity holding in CAF's micro-lending business during the year as the operation focused on collecting cash to repay shareholders' loans rather than aggressively pursuing growth in its lending book. A substantial amount of the shareowners' loans were repaid and this policy will continue until the business is self financing.

Finance costs

Finance costs relate largely to interest paid on the shareowners' loan from Brait's BEE partner, Sitogo Holdings and the remainder of the financing structure on Brait's Johannesburg office building that was disposed of during the second half of the financial year.

Capital items

Capital items include the following:	2006 US\$m	2005 US\$m
– The fair value adjustment to the financial liability of US\$8,2 million, arising from the 26% sale of the South African operations to Brait's BEE partner.*	(1,4)	(7,1)
– Profit generated on the disposal of part of Brait's interest in Bayport Holdings to new strategic partners reducing its economic interest to 41,66%.	2,9	–
– Currency hedge cost as referred to on page 12.	(2,2)	(4,1)
– Profit generated on the disposal of Brait's Johannesburg office building and fittings.	2,8	–
– Realisation of translation adjustment following the part repayment of the rand denominated loans granted by Brait S.A. to Sitogo Holdings (Pty) Limited and Brait South Africa Limited.	(0,2)	–
Total capital items	1,9	(11,2)

* The purchase consideration paid by Sitogo to Brait S.A. for its 26% interest in Brait South Africa is accounted for under IFRS as a financial liability and not as a minority shareowner. The financial liability is fair valued annually to match the net asset value of Brait South Africa.

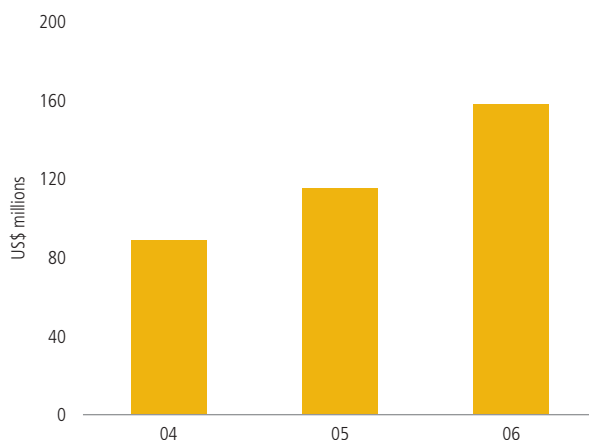
Taxation

The taxation expense for the year of US\$2,7 million arises primarily from Brait's non-South African operations. In South Africa, the group has estimated tax losses of some US\$38,7 million at 31 March 2006 (2005: US\$38,2 million) of which US\$8,6 million has been absorbed by the deferred tax asset of US\$2,8 million carried at year-end.

Net asset value

Group net asset value in US dollars has increased by 54,5% after adding back dividends paid during the year.

Change in NAV



FINANCIAL COMMENTARY CONTINUED

Balance sheet

A simplified analysis of the group balance sheet at 31 March 2006 after deconsolidating Bayport, is depicted below.



Cash flow statement

An analysis of the movement in line item results as disclosed in the cash flow statement is set out below:

- **Net cash generated from operating and investment activities**

- **Operating activities**

Operating cash, including dividend and interest received reduced from US\$20,6 million in the previous year to US\$12,9 million and is primarily the result of lower dividends received on private equity investments.

- **Working capital**

Working capital increase reflects the significant growth in the Bayport advances book (US\$17,0 million) that was partly offset by decreases in strategic loans and other receivables.

- **Investing activities**

The net year-on-year inflow of US\$22,0 million on investing activities was largely the result of proceeds received on the realisation of private equity investments and the disposal of Brait's Johannesburg office building and fittings.

- **Cash flows from financing activities**

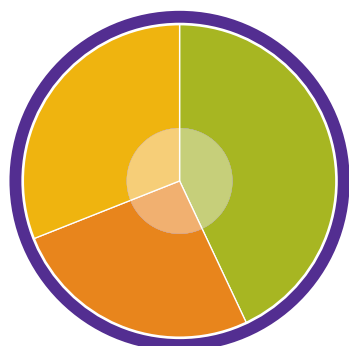
The net year-on-year financing activity inflow of US\$61,7 million was attributed primarily to the raising of US\$72,9 million from the issue of redeemable preference shares by the subsidiary company, Brait South Africa Limited. The group also applied US\$15,1 million to settle the outstanding secured liability associated with the funding of the office building and fittings that were disposed of during the year.

At March 2006 the balance sheet was strong with approximately 53% (2005: 16%) of shareowners' capital held in cash and cash equivalents. This balance includes a large portion of the debt capital drawn just prior to year-end.

An analysis of cash generated and cash applied in operating and investment activities is depicted in the following graphs:

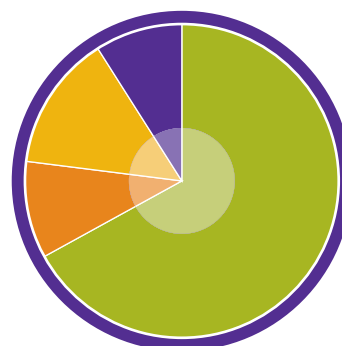
2006 net cash generated from operating investments and investment activities

Cash generated US\$49,4 million



- Investing activities US\$22,0 million (44%)
- Working capital US\$12,9 million (26%)
- Operating activities US\$14,5 million (30%)

Cash applied US\$25,1 million



- Bayport US\$17,0 million (67%)
- Finance cost US\$2,4 million (10%)
- Capital items US\$3,5 million (14%)
- Taxation US\$2,2 million (9%)

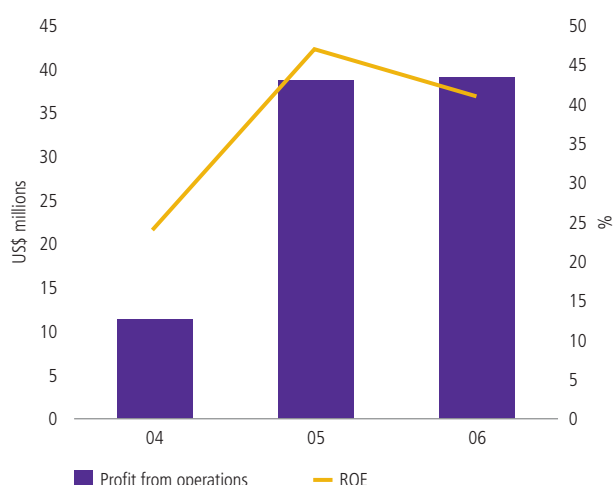
SEGMENTAL REVIEW

PRIVATE EQUITY

Performance for the year

	2006 US\$m	2005 US\$m
Revenue and other income	56,9	52,6
Profit from operations	39,1	38,8
Closing capital employed	109,4	82,2
Return on equity before taxation (%)	40,8	47,2

Profit from operations



Overview of Brait Private Equity

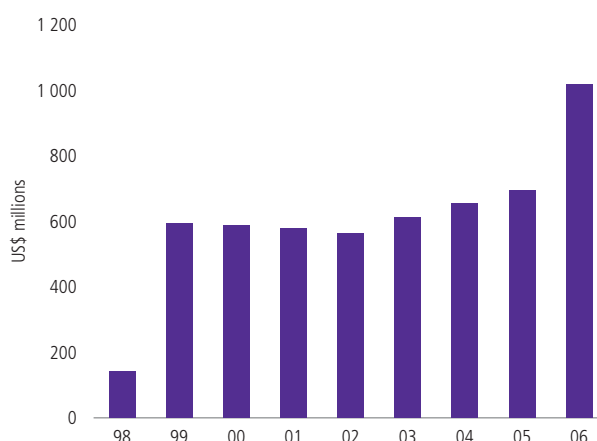
The Private Equity business of Brait comprises:

- The management of third-party capital committed by a set of international and South African investors, including Brait and the team, to its private equity funds;
- The management of Brait capital committed through the Proprietary Investing Programme in terms of which investments are made in transactions completed by its Private Equity division which fall outside the investment mandate of the private equity funds; and
- The deployment of such capital by making medium to long-term investments into corporate South Africa across the various industries in our economy.

Brait's fund format allows it to leverage its own skills alongside the capital of a premier set of international and South African investors or limited partners. The earnings stream from these operations are of a high quality, comprising predominantly annuity management fees and capital participation returns on invested capital. The economic model followed is true to the principles tried and tested originally in the US and Europe, which are:

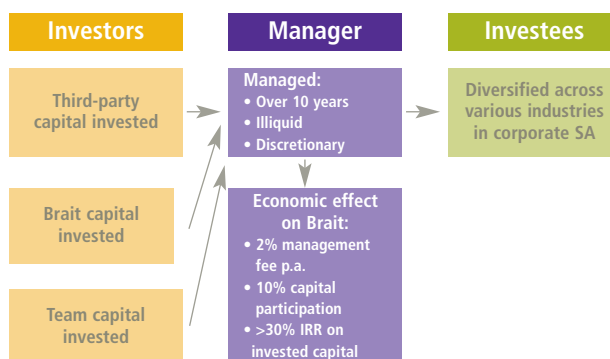
- The fund investment holding vehicles are not traded publicly;
- Funds are committed for the long-term but are closed-end in nature, usually giving the manager five years in which to draw the committed capital to make investments, and a total of 10 to 12 years from the fund's inception to return the capital to investors. Cumulative commitments to private equity funds under Brait's management currently total over US\$1 billion;

Cumulative funds committed



- Management fees are payable on committed capital independent of the amount drawn or the valuation of the portfolio, representing a stable long-term revenue stream. As a result, the interests of investor and manager are aligned by allowing a patient and considered pace of investment rather than rewarding a rapid deployment of funds. Brait receives annual fees of approximately 2,0% on committed capital of its private equity funds, reflecting the specialisation of the team and the intensity with which it supports the investment processes;
- The funds draw down cash for investment as and when required by the manager and, on realisation, pass proceeds directly back to investors; and
- Unrealised capital participations are recognised in income when the return of the fund's investments exceeds certain threshold returns and are payable only once cash has been returned to investors covering cash drawn down for investments and fees, together with a preferred return (generally 8% in US dollar terms). These capital participations, which are dependent on a minimum capital commitment by Brait and the investment team, typically represent 20% of the returns. The private equity team shares in these participations equally with Brait, again aligning the motivation of all parties.

Brief overview of Brait Private Equity Model



Given the long-term nature of the commitment and illiquidity of the fund investment, investors make careful and extensive reviews of the manager. Brait enjoys relationships with a premier group of investors who have made successive commitments to Brait I, Brait II, Brait III and now Brait IV.

SEGMENTAL REVIEW

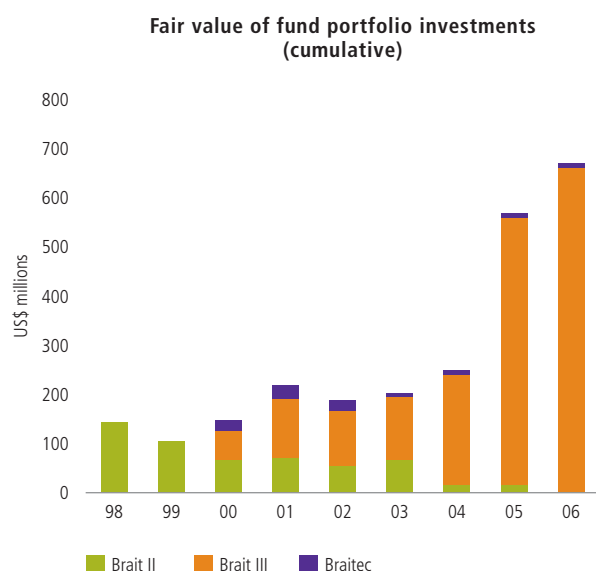
PRIVATE EQUITY CONTINUED

During the year, a number of new prestigious international and local investors have committed to Brait's new fund, Brait IV. Both new and existing investors have all formed a positive long-term view of the Brait team, its investment strategy, and ability to continue delivering outstanding returns.

Brait I, Brait II and Brait III, all now fully invested, invest in later stage private equity transactions. Brait IV has an investment strategy consistent with these prior funds.

Brait I is fully realised, and Brait II needs to exit one further investment and will then be fully realised. Brait II was the first South African private equity fund to raise US capital and the SA vehicle of the fund, after Brait I, will be the second fund to be fully realised.

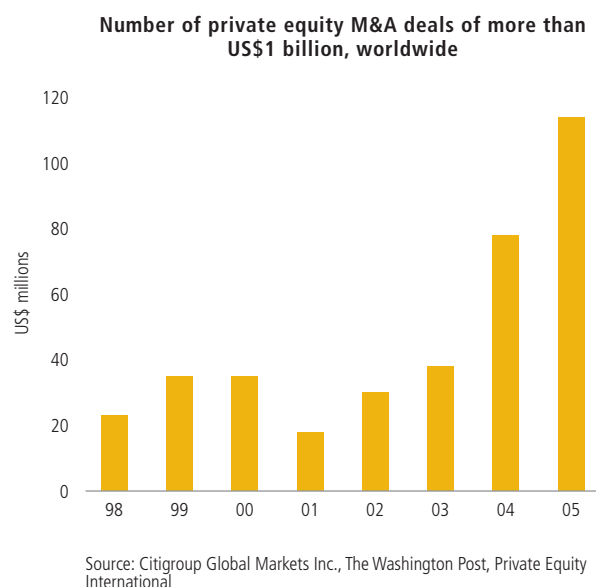
Braitec, also fully invested, is focused on early-stage technology investing, and represents less than 5% of Brait Private Equity's funds currently under management.



International overview*

2005 was the private equity industry's biggest year yet with almost US\$500 billion of private equity firm backed merger and acquisition activity around the world – an increase of 18% over the previous 12 months. According to Private Equity International, 114 large deals of US\$1 billion or more were completed worldwide in 2005 compared to 78 in 2004.

Deals such as the US\$15 billion leveraged buy out of Hertz, the US\$11 billion leveraged buy out of Sun Guard Data Systems, and the US\$10 billion offer for Danish telecommunications operator TDC show that the number of companies too big to be touched by private equity are shrinking. 2005 was also a record year for fundraising, with a number of US\$10 billion funds being closed by US buyout firms. A total of US\$261 billion was committed to new private equity funds



The track record of the Brait Private Equity funds reflects a consistently impressive performance over the past 15 years, as highlighted in the table below:

Fund name	Vintage	Investment type	Size	Gross IRR	Special features
Brait I	1991	Later stage	ZAR228 million	29% Rand	First fund managed by an independent private equity manager in South Africa. Investment programme complete.
Brait II	1995	Later stage	US\$144 million	>30% US\$	Pioneered international LPs into South Africa, in partnership with local LPs.
Brait III	1999	Later stage	US\$409 million	>30% US\$	South Africa's largest independent private equity fund.
Braitec	1999	Early stage	ZAR277 million	Negative IRR	—
Brait IV	2006	Later stage	Target US\$500 million	—	Not yet closed. First closing in 2005.
Proprietary Investing	Ongoing	Later stage	n/a	>30% Rand	Invests in transactions that fall outside of the investment mandate of the Brait Private Equity Funds.

worldwide, nearly US\$100 billion more than 2004, which was itself a very successful year for fundraising. In addition, 2005 appears to have been a record year for distributions from private equity funds back to their investors. There is no doubt that private equity has become a major component of economic activity in the US and Western Europe.

(*Source: *The Private Equity Annual Review 2005* published by Private Equity International).

With respect to emerging markets a large amount of private equity capital is focusing on China, India, other Asian markets and Eastern Europe. However, Brait has during its own Brait IV fundraising process seen an increasing amount of interest in South Africa from international limited partners. This is further evidenced by the growing number of LP's visiting South Africa and media attention from industry publications – such as Private Equity International which has now incorporated an award for African private equity firm of the year for the first time in its prestigious annual global private equity awards. Brait was voted, by its international peers, as winner of this inaugural award.

South African overview

According to the South African Venture Capital Association ("SAVCA") South Africa's private equity industry had approximately ZAR44 billion under management at 31 December 2005, up from approximately ZAR40 billion at 31 December 2004. The increase was largely due to financial services groups and government related entities increasing their private equity allocations. SAVCA indicates that there was approximately ZAR5 billion of private equity investment activity in South Africa in 2005, which amounts to around 2% of merger and acquisition activity in South Africa (ZAR269 billion according to Ernst & Young). Internationally private equity has been generating 20% to 33% of merger activity in Europe according to the *Economist* in September 2005, indicating the enormous scope for growth of private equity in South Africa. Although the 2005 SAVCA survey identifies some 62 entities that may potentially be classified as private equity firms or are involved in the management of private equity funds, Brait believes that due to size, experience and length of track record, there are few funds in South Africa able to compete in the same large transaction space as Brait IV.

Some of the most significant and largest industry deals which Brait has concluded since 2000 include:

1. Afgri ZAR1,3 billion – unique public opportunity (Brait III)
2. Southern Mining ZAR560 million – expansion capital (Brait III)
3. Smartcall ZAR500 million – entrepreneurial partnership (Brait III)
4. LogicalOptions ZAR617 million – leveraged buyout (Brait III)
5. Pepkor ZAR3,9 billion – entrepreneurial partnership (Brait III and Old Mutual)
6. Net 1 ZAR1,5 billion – entrepreneurial partnership (Brait III)

Brait believes private equity is coming of age in South Africa. There are very few non-resource South African firms which can be considered immune from private equity driven strategies due to size. Despite the outstanding performance of the JSE over the past two years, Brait believes the South African environment is better suited to private equity than at any time previously. There are a number of reasons for this including:

- (i) the stable macro-economic environment with good economic growth, particularly in certain sectors;
- (ii) improved availability of debt finance, both through banks and bond markets;
- (iii) strong merger and acquisition activity, particularly with respect to black economic empowerment transactions, with room for private equity to take up a bigger proportion of this activity; and
- (iv) very healthy and diverse exit environment.

Brait believes 2006 and 2007, should see a number of transactions which form new milestones in the history of the industry in South Africa.

Why Private Equity?

What reasons are there for the explosive growth in private equity internationally? Why are more institutional investors committing a greater proportion of their assets under management to private equity?

Brait believes private equity enables a company to pursue a long-term growth strategy, sheltered from the short-term dynamics of the public market. This is particularly important for (and why private equity is particularly suited to) companies going through change. The company is accountable to a small group of focused shareowners who help develop, buy into and monitor the companies strategic and operational plans. Private equity owners should be vigilant owners with active access to management and company information.

In addition, a private equity owned company is in a strong position to attract, incentivise and remunerate outstanding management teams away from the public spotlight. Increasingly these, and other reasons, are leading institutional investors, both in South Africa and internationally, to conclude that there is an important place for private equity in building successful, dynamic companies in an economy.

The fact that top-performing private equity funds with excellent track records tend to continue to perform consistently well through subsequent funds (compared to the mean reversion which often occurs with public asset managers) also lowers the investment risk and demonstrates why internationally and locally good private equity managers tend to become enduring institutions.

Brait Private Equity

Brait Private Equity will continue to execute the investment fundamentals which have enabled it to build an outstanding 15-year track record. These include an experienced, cohesive team; support from senior industrialists; strong, self-originated dealflow; a large, active pool of capital from a diversified investor base; a diversified portfolio of assets; and a coherent empowerment strategy. In addition, South Africa is experiencing a growing, stable macro-environment and an efficient diverse exit environment – factors which were not always present during the building of Brait's track record and which should enhance returns further.

SEGMENTAL REVIEW

PRIVATE EQUITY CONTINUED

Brait believes that successful private equity managers require a healthy mix of the following:

Item	Brait position	Reflected in . . .
1. Solid sustainable track record	✓	Invested in over 80 companies over the past 14 years which, on an aggregate basis, yielded in excess of 30% IRR
2. Diversified investor base	✓	Brait has managed money for both international (60%) and SA (40%) investors over the past 10 years – 25 key investors
3. Coherent empowerment strategy	✓	Brait has executed a successful four-pronged strategy at various levels: 1) equity ownership 2) employment equity 3) franchise development 4) investee profiles
4. Experienced, cohesive team	✓	14 investment professionals; leadership group has worked as a team for 8 – 10 years
5. Engaged senior industry advisors	✓	Active involvement with five industrialists
6. Strong originated dealflow	✓	Over 90% of transactions have been originated on an exclusive basis
7. Diversified portfolio	✓	Across all sectors (except typical exclusions, eg: tobacco, gambling, etc)
8. Large, active pool of capital	✓	- SA's largest and independent player – ZAR1 billion committed funds to date - Brait III is SA's largest Private Equity fund to date
9. Efficient, growing macro environment	✓	- Macro fundamentals are healthy - Regulatory procedures are strong
10. Efficient, diverse exit environment	✓	IPO's; trade sales (domestic and international); leverage recaps

Brait IV will continue to focus on the same types of deals as Brait's prior private equity funds. These are:

- **Entrepreneur Partnering**, in which capital is provided in support of established entrepreneurs in profitable businesses that are positioned to take advantage of organic growth and acquisition opportunities, including platforms for build-up strategies.
- **Buyouts** of private and stock exchange-listed companies, where Brait believes it has the opportunity to accelerate growth alongside strong management teams.
- **Unique Public Opportunities**, where Brait's skills and network can be used to take advantage of undervalued strategic opportunities, to purchase public shares, enabling Brait to effect change through the board of directors and execute a private equity strategy whilst the investee company remains public.

All three transaction types feature the following primary components:

- **Entry**
 - Identify an opportunity that has the ability to significantly enhance EBITDA growth and strategic appeal
 - Thorough due diligence executed by Brait
 - Develop the value-build plan with management
- **Development stage**
 - Help execute the value-build plan; focus on areas where value can be added; requires flexible approach
 - Partnership approach versus head office approach requiring frequent interaction
- **Exit**
 - Maximise exit opportunity through timing and methodology
 - Trade sale, IPO, re-leverage the business

Financial results and commentary

Private equity earnings for the financial year have once again produced a solid performance. Profit from operations improved by 1% from US\$38,8 million to US\$39,1 million.

Revenue and other income in aggregate have increased by 8% from US\$52,6 million to US\$56,9 million driven primarily by value recognition in Brait III and further growth in proprietary investing income. Revenue and other income from Private Equity investing is by nature volatile and dependent on opportunistic timing and market conditions. Revenue includes management fees, dividend distributions and interest income from investing activities. Other income typically incorporates realised and unrealised fair value based uplifts. Approximately 68% of total private equity income in the period is attributable to unrealised gains on investments.

Costs have increased disproportionately by 29% from US\$13,8 million to US\$17,8 million primarily due to non-recurring charges on raising and administering Brait IV. The largest components of the expense line are staff costs, supporting systems and infrastructure.

Return on equity in private equity was 40,8% on average capital employed of US\$95,8 million.

Operational review

Highlights

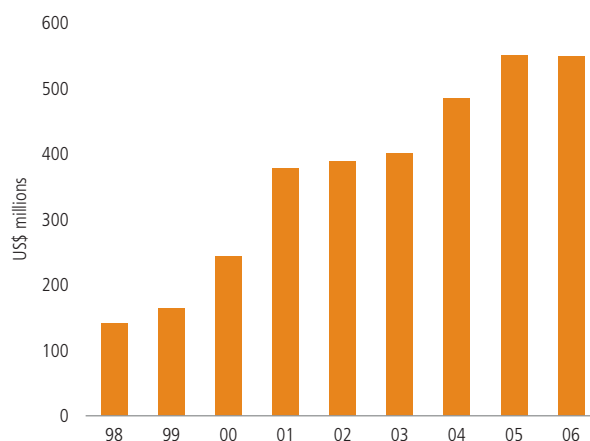
In August 2005, the listing of Brait III portfolio company, Net 1 on the Nasdaq realised 20% of the Brait III holding in Net 1 and returned approximately 1,4 times capital invested in Net 1. Brait III continues to hold 80% of its Net 1 holding, which is currently trading at over eight times invested capital with a market value of over US\$300 million for Brait III's remaining holding. This is the first Nasdaq listing to be sponsored by a South African private equity firm. The bookrunners, JP Morgan and Morgan Stanley, labelled it a significant success, being 10 times oversubscribed and priced at US\$22 per share, outside the cover range of US\$18 to US\$20 per share. The share has traded up post-listing to a range of US\$30 to US\$32.

Other highlights during the financial year include a number of Brait II exits such as Shoe City, Prime Cure and Unispan. The local Brait II vehicle (SAPET I) is now fully realised and Brait believes this to be the second fully realised closed end private equity fund using third-party capital in the history of the local private equity market. SAPET I returned a gross rand IRR of approximately 58%. The offshore Brait II fund (SACGF) needs one further realisation before it will be fully realised and wound up.

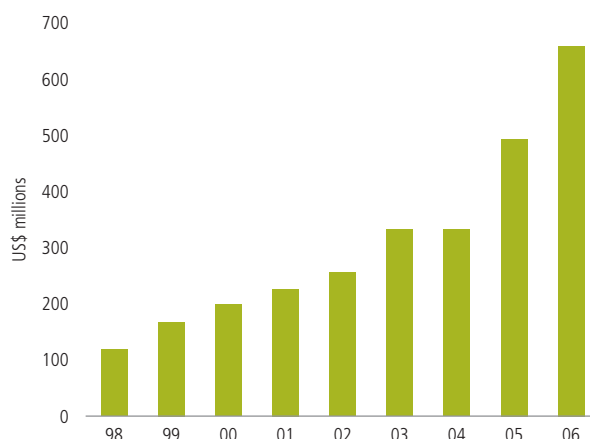
The Reclamation Group, a Brait III portfolio company, realisation in early 2006, through a leveraged recapitalisation, was particularly innovative and another South African first. The company issued a Eurobond which enabled management to purchase the company back from Brait III and other shareholders. The Reclamation Group, an environmental services group focused on the secondary metals market, with developing operations in waste paper, glass, rubber and plastic recycling, proved to be a highly successful investment for Brait III returning over five times the original investment and an IRR greater than 40%. Brait believes the company has a bright future.

Brait continues to apply considerable resources to enhancing strategic plans of existing portfolio companies. Brait III portfolio companies Net 1, Pepkor, LogicalOptions and Wilderness have all performed exceptionally well at an operational level during the course of the year.

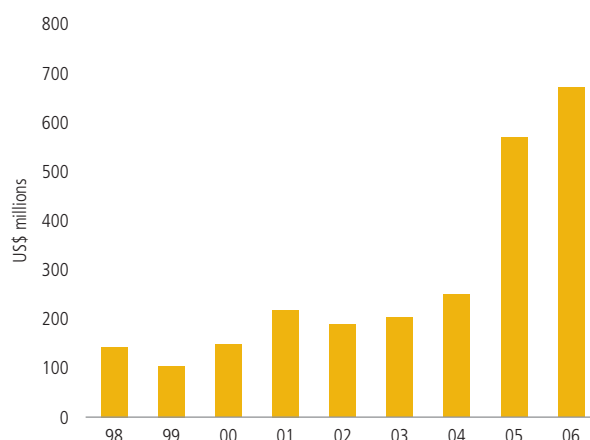
**Cumulative funds invested
(at cost)**



**Cumulative funds returned
(actual)**



**FV of portfolio investments in funds
(cumulative)**



SEGMENTAL REVIEW

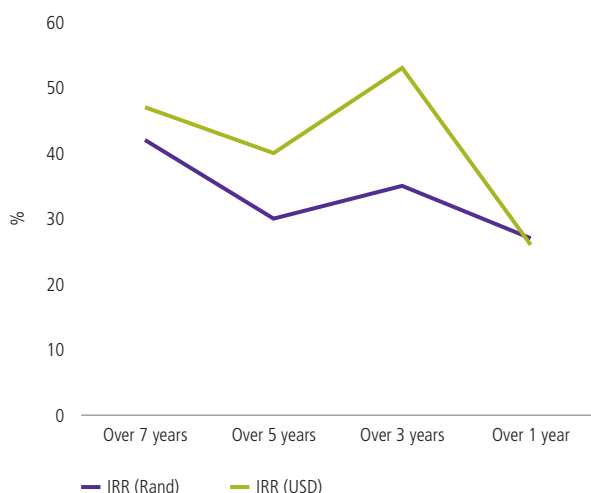
PRIVATE EQUITY CONTINUED

Investment in Private Equity Funds

The group has a direct investment of US\$44 million in its private equity funds (excluding capital participations), primarily invested in Brait III. Brait has also committed a minimum of US\$23 million to Brait IV, and given the exceptional current prospects for this fund and the private equity environment, it will probably look to increase this commitment significantly before the final closing of the fund capital raising programme later this year.

The group has exceeded its ROE targets on its investments into its private equity funds to date.

IRR – Brait's investment in its funds

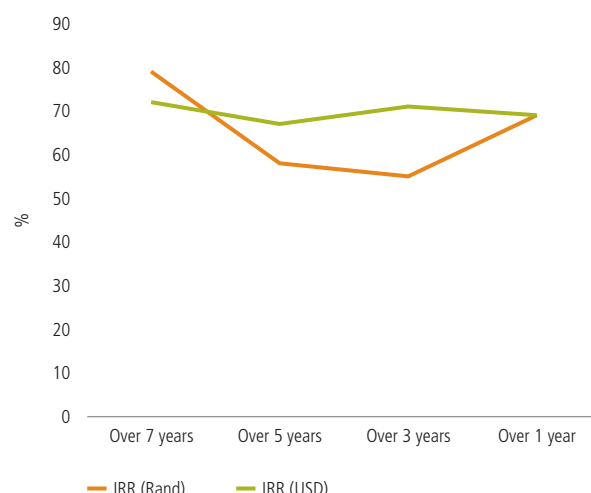


Proprietary Investment Programme

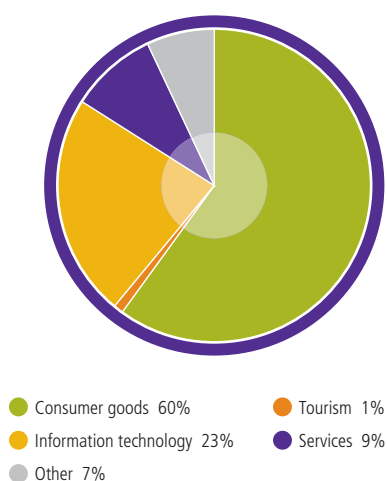
The portfolio companies within Brait Private Equity's Proprietary Investment Programme have continued to perform in accordance with expectation. Brait has US\$42 million invested in the portfolio at 31 March 2006. During the year under review a further follow on investment was made into Pangea and the group realised its interests in Dywidag and RMS, Metra Holdings and Aqua Online.

Brait continues to be highly selective in adding exposure to its Proprietary Investing Programme targeting special opportunities in the US\$1 million to US\$3 million range.

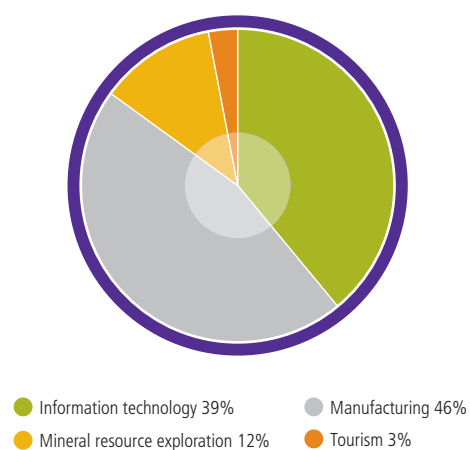
IRR – Brait's investment in proprietary investments



Sectoral analysis – Brait's investment in its funds
31 March 2006 (US\$44 million)

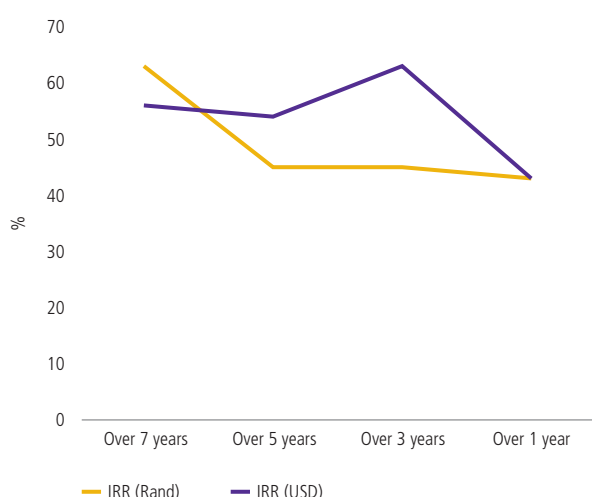


Sectoral analysis – Proprietary investments
31 March 2006 (US\$42 million)

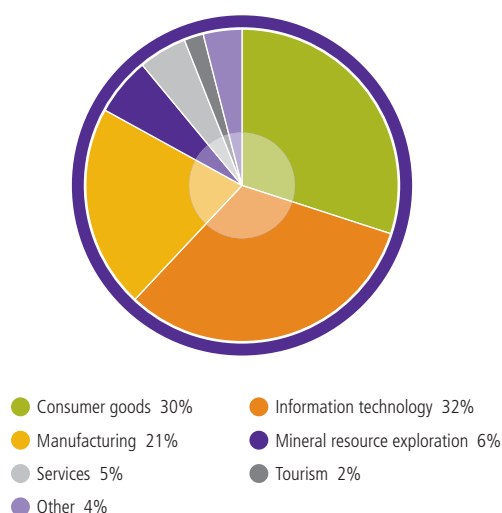


The aggregate return on Brait's private equity investing in its funds and proprietary investments (excluding capital participation) is recorded below:

IRR – Total private equity return from investments in funds and proprietary programme (weighted average)



**Sectoral analysis – Brait's investment in its funds and proprietary investments
31 March 2006 (US\$86 million)**



Braitec

The Brait Technology and Innovation Fund I ("Braitec") is fully invested and, apart from participating in a small Floppy Sprinkler rights offer, made no significant follow-on investments during the year under review. The focus of the team was on the consolidation of the portfolio in difficult markets for small technology companies and to ensure that as many portfolio companies as possible start to generate positive cash flows. Websoft, a provider of software and outsourcing solutions to short-term insurers and insurance brokers, was sold during the year under review. A number of realisations have occurred post year-end which will result in a significant proportion of the remaining value in the portfolio being returned to investors.

Medu Capital

Private equity fund manager Medu Capital, an empowerment initiative with Brait which has approximately US\$40 million under management, performed well during the year under review. Medu Capital has concluded six transactions including VitalAire (respiratory care), Ampaglass (plastics), Capital Outsourcing (labour broking), Zest (exclusive distributor of WEG electric motors and drivers), Pepkor (retail) and NCS Resins (producer of resins). The portfolio has performed exceptionally well, with most portfolio companies continuing to trade in line with, or ahead of budget. Medu Capital, having successfully deployed the majority of committed capital in its first private equity fund, has commenced with the raising of its second fund, Medu II. On the strength of a sound portfolio and capable management team, Medu Capital is seeking capital commitments from domestic institutions.

SEGMENTAL REVIEW

PRIVATE EQUITY CONTINUED

Portfolio of investments

The current portfolio of private equity fund and proprietary investments spans a broad range of economic sectors and is summarised in the tables below:

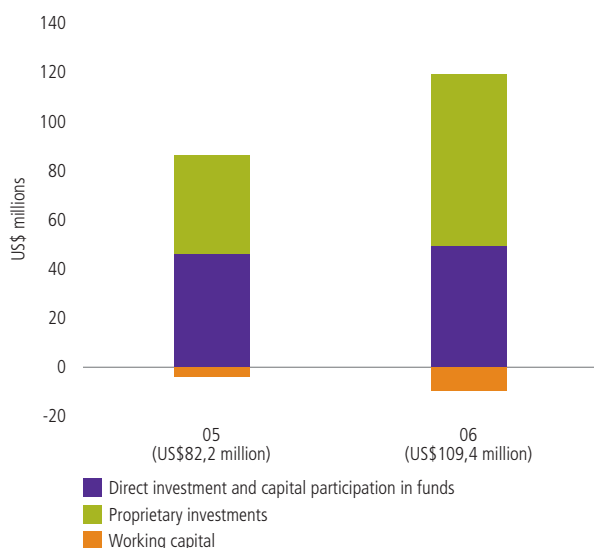
Name of investment	Description of business	Status
FUND II		
Freeplay Energy	Developer of technology involving the generation and storage of human-generated energy.	Expected to be realised shortly.
Nortech International	A global supplier of manufactured components for detection solutions.	Sold during the year.
Prime Cure Clinics	Provider of high quality, low cost primary healthcare services through a national network of medical centres.	Sold during the year.
Shoe City Holdings	National retailer of discounted formal, casual and sports footwear.	Sold during the year.
Uni-Span Formwork and Scaffolding International	Manufacturer and distributor of scaffolding and formwork products to the construction and building sector.	Sold during the year.
FUND III		
LogicalOptions	Leading recruitment, staffing and IT services and business with interests in South Africa and North America.	Follow on investment made during the year.
Metrofile (formerly MGX)	A provider of document management services and solutions.	—
Net I UEPS Technologies	Developer of technology utilising smart card technology to provide fully integrated systems to meet the requirements of “under-banked” populations of developing countries.	Partial sale (20%) during the year.
Pepkor	Retailer of clothing and footwear with operations in Africa, Australia and Europe, trading under the names of Pep, Ackermans, Dunns, and Best & Less.	—
The Reclamation Group	Environmental services group focused on the secondary metal market, with developing operations in waste paper, glass, rubber and plastic recycling.	Sold during the year.
Wilderness Safaris	Leading tourism wholesaler and operator of safari camps and related guest logistics.	—

Name of investment	Description of business	Status
BRAITEC		
Breathetex	Owner of technology to apply waterproof, breathable membranes to fabric.	—
Connect One	Developer and producer of chips, software and hardware enabling non-PC devices to connect to the internet.	—
Eastmin Information Technology	Provider of hardware and software solutions for the office automation and productivity environments.	—
Floppy Sprinkler	Irrigation technology business which has developed a worldwide patented, low cost sprinkler system.	Follow on investment made during the year.
Grapevine Interactive	Provider of collaborative messaging solutions to the corporate market.	—
Graphic Data	Provider of document management solutions in the UK through the use of a network of scanning and microfilming bureaux.	—
IBA Health	Provider of healthcare information systems in Australia, Singapore, New Zealand and the UK to hospitals and clinics.	—
Intenda	Developer of procurement and tender management software solutions.	—
Intervate	Provider of collaboration and productivity solutions utilising intranet, portal and mobile technologies.	—
Websoft	Provider of software and outsourcing solutions to insurance brokers and short-term insurers.	Sold during the year.
Unique World	Developer of high quality end-to-end technology and e-marketing solutions for Australian businesses.	—
Tissue Link	Developer of medical technology combining radio frequency energy with conductive fluid for use in surgical applications principally in the USA.	—
PROPRIETARY INVESTMENT PROGRAMME		
Aqua Online	Aqua Online comprises e-strategy consulting, web design, software engineering and systems integration.	Sold during the year.
Beverage Packaging	Independent beverage contract packing company with facilities to package beverages in cans, glass and PET bottles.	—
Candy Tops	Sugar confectionery manufacturer which targets lower income consumers through a network of principally wholesale customers both in South Africa and in the export market.	—
Douglas Green Bellingham	Producer, distributor and marketer of wine and spirit brands in South Africa and internationally.	—
Dywidag and RMS	Industrial services businesses operating in the roof bolt, steel reinforcing and mesh markets.	Sold during the year.
Eyeperoptics	Supplies spectacles, spectacle frames, contact lenses and other optometric products and administration and management of optometric practices and the manufacture of optometric products.	—
IBA Health	Provider of healthcare information systems in Australia, Singapore, New Zealand and the UK to hospitals and clinics.	—
Isegen	Manufacturer and marketer of plastic additives and resin raw materials, as well as certain food acids used principally for the soft drink, food processing and pharmaceutical industries.	—
Equine Holdings and Race Clubs	Software developer and distributor of virtual online horse racing software.	—
Metra Holdings	Management consulting and services group acting as licensee of Gemini Consulting in South Africa.	Sold during the year.
Net I UEPS Technologies	Developer of technology utilising smart card technology to provide fully integrated systems to meet the requirements of “under-banked” populations of developing countries.	Partial sale (20%) during the year.
Pangea Exploration	Mineral resource exploration company engaged in the development of several resource projects in sub-Saharan Africa.	Follow on investment made during the year.
Wilderness Safaris	Leading tourism wholesaler and operator of safari camps and related guest logistics.	—

SEGMENTAL REVIEW

PRIVATE EQUITY CONTINUED

Private equity – allocation of capital invested at 31 March 2006



Prospects

Earnings from Private Equity have consistently increased over the past three years and in aggregate have delivered US\$90 million of operational profits. The macro-economic prospects for private equity internationally, and particularly in South Africa are as good as they have ever been in the last 15 years.

Importantly, Brait now has in place all the essential tools, which it believes should ensure that it capitalises on the opportunities prevalent in this market. These include:

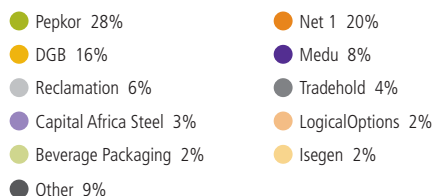
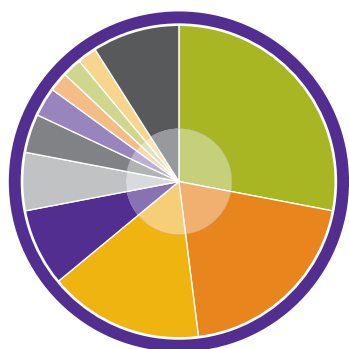
- a uniquely experienced and capable team;
- the potential to deliver significant further value in Brait III;
- substantial new capital and future prospects from Brait IV; and
- new low cost capital to expand Brait's proprietary investment growth.

If the macro-economic conditions prevail, Brait Private Equity is confident that it will continue to grow its assets and earnings and exceed its ROE targets.

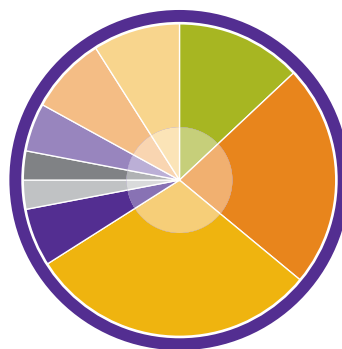
Brait's effective look-through investment into underlying portfolio companies at 31 March 2005 and at 31 March 2006 is detailed in the charts below:

Braits effective investment in underlying portfolio companies

31 March 2005 US\$71 million



31 March 2006 US\$86 million



SEGMENTAL REVIEW

SPECIALISED FUNDS

Performance for the year

	2006 US\$m	2005 US\$m
Revenue and other income	6,5	5,5
Profit from operations	1,3	1,2
Closing capital employed	75,0	20,6
Return on equity before taxation (%)	6,7	5,8

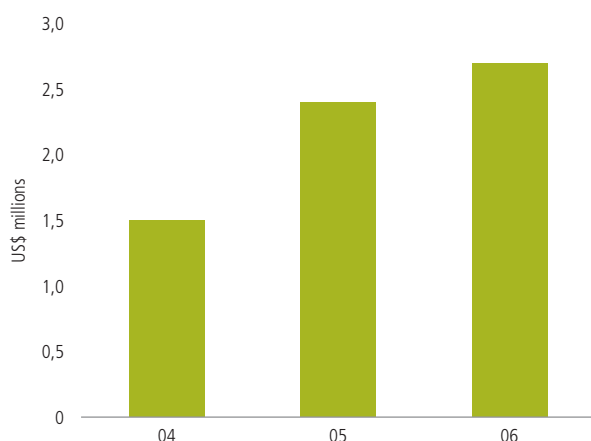
Overview of Specialised Funds

The Specialised Funds division of Brait comprises:

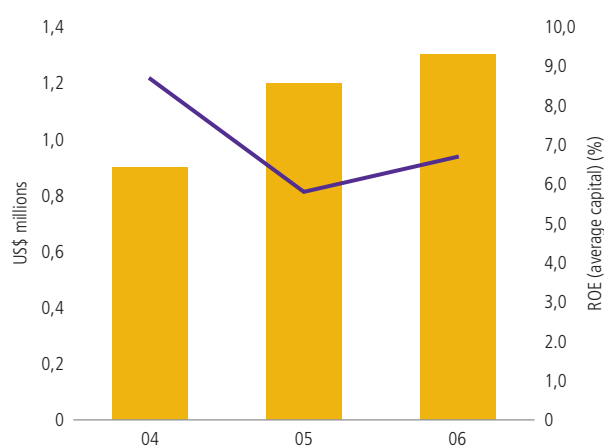
- the management of South African institutional and high net worth third-party capital in hedge fund products;
- the seeding and supporting of emerging hedge funds, and the provision of customised infrastructure, risk management and business support to investment boutiques offering hedge fund products; and
- private equity investments in select investment boutiques that offer the development potential of a long-term investment franchise within active management.

Brait Specialised Funds is the largest institutional fund of hedge fund business in South Africa, with more than five years experience in seeding and supporting emerging hedge fund managers. We invest alongside our clients in well-diversified products, with specific risk-adjusted return targets, which offer important portfolio diversification benefits to traditional portfolios. Considerable industry experience and significant investments in infrastructure and risk management capabilities are designed to provide institutionally acceptable hedge fund solutions.

Revenue (excluding investment gains)



Profit from operations (including investment gain) and ROE

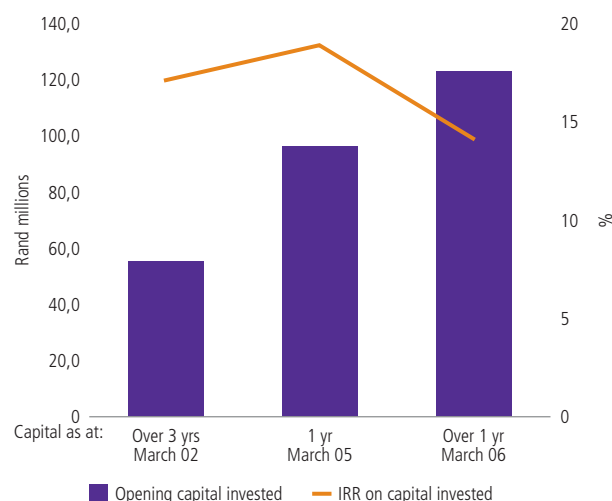


Financial Results and Commentary

Specialised funds income, which consists of fees earned from the management of third-party capital in the group's hedge funds and investment returns generated from Brait's own seed capital, increased by 18% to US\$6,5 million from US\$5,5 million the previous year. Operating earnings increased by 8% to US\$1,3 million from US\$1,2 million the previous year.

Performance during the year was satisfactory, with Brait Absolute SA Fund (Brait Absolute) continuing to outperform three-year rolling return objectives, returning 6,6% above cash and 11,8% ahead of inflation, whilst limiting volatility to 2,6%. Brait Absolute extended its consecutive positive monthly returns to 44 months, while correlation and beta to the All Share Index remained very low at 0,25 and 0,06 respectively.

Return over 3 years, 1 year (to March 05) and 1 year (to March 06)



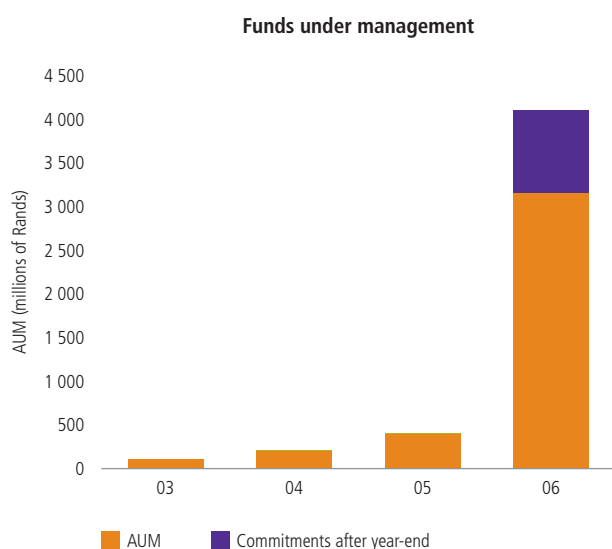
SEGMENTAL REVIEW

SPECIALISED FUNDS CONTINUED

Operational review

Over the last five years, Specialised Funds has single-mindedly focused on building performance consistency and infrastructure capability within our fund of hedge funds, to offer institutional investors a cash plus product that is complementary to traditional equity exposure. We have therefore been fortunately positioned to benefit from an increased focus on portfolio re-balancing within risk management by our target client base, and have emerged as a leader in our particular space.

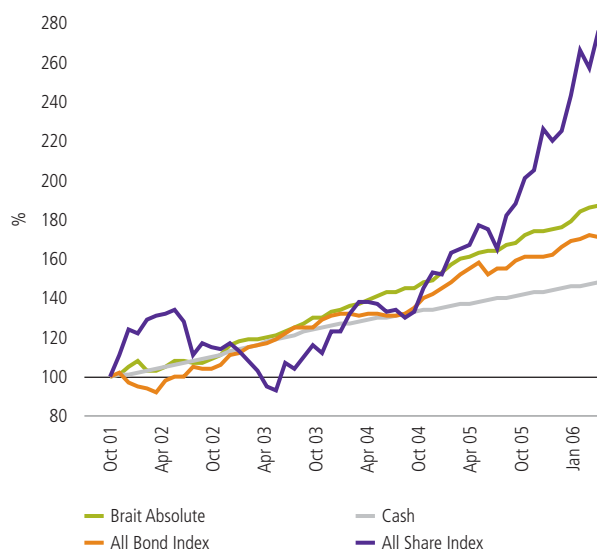
Assets under management (AUM) grew significantly, increasing by 691% since 31 March 2005 to US\$512 million, spread across 19 hedge funds, chosen by our multi-management team for their ability to balance risk against investment opportunity. Despite the considerable growth in AUM, we are fortunate to have secured an additional R3,1 billion of single strategy capacity with our existing managers, and plan to add to this during the year as we search for new sources of alpha.



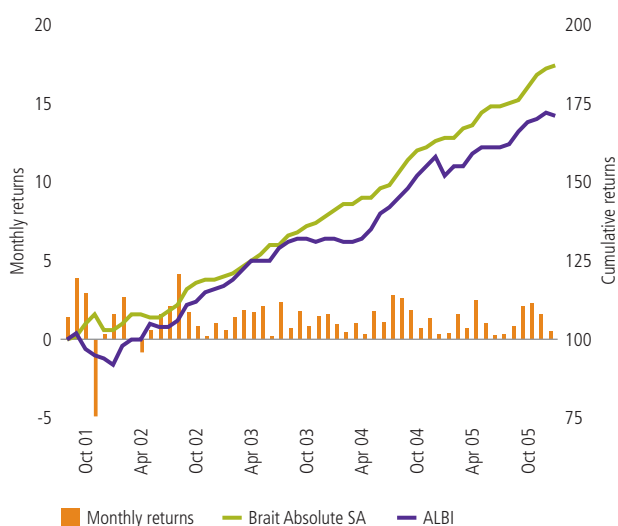
The underlying fund managers within the Brait Funds of Funds include:

Fund	Investment strategy	Fund manager
Polaris Hedge Fund	Long/short equity, relative value, liquid, low turnover	Marius van Rooyen
Lauriston Absolute Fund	Relative value multi-class, neutral, liquid, low turnover	Kevin Cousins
Brait Ruby Fund	Short-bias, directional, liquid, low turnover	Craig Butters
Frater Absolute Fund	Long-bias equity, directional, liquid, low turnover	Terrance Craig
Re:CM Alpha Fund	Long-bias equity, directional, liquid, low turnover	Piet Viljoen
PSG Quant Fund	Managed futures multi-class, long-short, directional, highly liquid, high turnover	Derick Burger
GyroTerm Fund	Fixed-income relative value, highly liquid, high turnover	Lourens Pretorius
Investec SA FI Hedge Fund	Fixed-income relative value, highly liquid, high turnover	Malcolm Charles
Spyglass Focused Fund	Long-bias equity, directional, liquid, low turnover	Sean Katz
Osborne Flexible Fund	Multi-class, long-bias, directional, liquid, low turnover	Niall Brown
Tantalum MNC Fund	Multi-class, long-bias, directional, liquid, low turnover	Morne Marais
Spyglass General Equity	Equity, long/short, directional, liquid, moderate turnover	Gary Abrahams
Aeon Multi Strategy Fund	Multi-class, long/short, directional, liquid, moderate turnover	Asief Mohamed
Tantalum Fusion Fund	Fixed interest, long/short, directional – relative value, liquid, moderate turnover	Melanie Stockigt
Empire Growth Fund	Equity, long/short, directional, liquid, low turnover	Roger Williams
Fairtree Fund	Equity, long/short, directional, liquid, low turnover	Andre Malan
Spyglass Opportunities Fund	Equity, long/short, directional, liquid, moderate turnover	Sean Katz

Comparative returns since inception – November 2001



Bond comparison: Volatility 2,6% versus 4,9%, Correlation 0,3, Beta 0,14



International overview

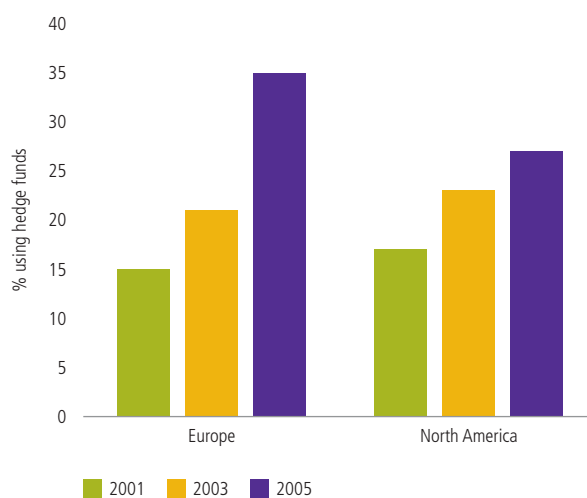
In recent years the hedge fund industry has moved into mainstream thinking, due to the ability to offer alternative sources of alpha and meaningful diversification in a world that is contracting due to globalisation. Industry assets top the US\$1,3 trillion mark, having grown approximately 25% per annum since 1990, with more than 10 000 funds.

The key is that specialised strategies and broad mandates allow essentially non-correlated performance, often with lower volatility. According to the Bank of New York, "Institutions, particularly pension funds and endowments, will become the primary source of capital for hedge funds. Their demands will transform the industry."

This increase in utilisation of hedge funds by institutions is confirmed by a survey performed during 2005-2006 by the Russel Investment Group. This survey, which was based on responses from 327 large organisations responsible for managing tax exempt assets, indicated that the utilisation of hedge funds by such institutions had increased from 21% in 2003 to 35% in 2005 in Europe and from 23% in 2003 to 27% in 2005 in North America. The results of this survey also suggest that globally alternative assets are poised for rapid growth and are expected to reach record levels by 2007, and that hedge fund assets are likely to continue to garner a significant share of increased commitments amongst alternatives.

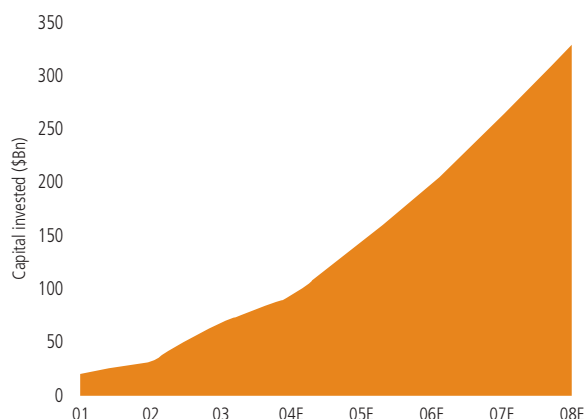
Trends in fee levels: According to an article in Business Standard, there is a clear desire and ability of the newer funds in the global industry to charge higher fees. No longer are funds charging a 1% management fee and 20% performance fee – the norm for the first generation of funds set up in the early 1990's.

Increased utilisation of hedge funds by institutions



Source: Russell Survey on Alternate Investing 2005 – 2006

Growth of US institutional hedge fund capital



Source: Casey Quirk & Acito and The Bank of New York

SEGMENTAL REVIEW

SPECIALISED FUNDS CONTINUED

One of the most notable trends in the international hedge fund arena has been the increased scrutiny placed on infrastructure and operational risk areas, and the regulatory drive towards valuation independence. Investment managers focused on portfolio management are finding these demands onerous, and are increasingly utilising outsourced expertise to pass muster.

South African overview

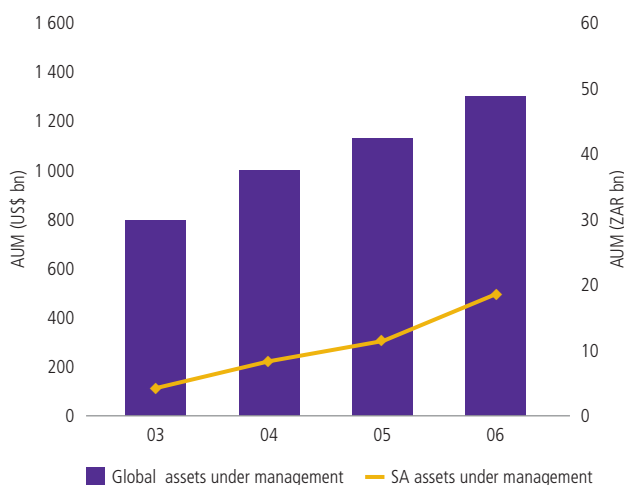
The EuroHedge Special Report, "South Africa: A new hedge fund market emerges", February 2006, states that "South Africa's hedge funds are rapidly evolving into an impressive industry . . . , which stands out among global emerging markets". A contributor states, "New funds are being started at a phenomenal rate . . . According to our database, there were about 65 hedge funds one year ago, and now its up to 84 . . .", and industry assets are estimated at around R12 billion at the end of 2005.

In the section covering funds of hedge funds entitled "Competing hard for distinctive niches", the following observation is noteworthy: ". . . Brait has emerged as the largest, and certainly, the most innovative FoHFs manager in South Africa. What distinguishes Brait from its competitors, is that it has pioneered long-term capacity agreements with talented managers and has developed an incubator model that has nurtured 17 hedge funds . . ."

Strategic initiatives

We remain focused on delivering expected performance within specialised mandates utilising hedge fund strategies, and aim to expand our capabilities during the year ahead through specific product developments. We are in advanced stages of launching a large multi-strategy fund, which promises to enhance our abilities to deliver exciting performance whilst minimising operational risk. In addition, we believe that an increasing client base, including international investors attracted to South Africa's macro-economic developments, will expect more customised solutions, which our experience in the industry suggests we can now accommodate.

Global and SA hedge fund growth



Source of global assets 2004 – 2005: IFSL estimates based on Europ hedge and Hennessee Group data

SEGMENTAL REVIEW

CORPORATE FINANCE

Performance for the year

	2006 US\$m	2005 US\$m
Revenue and other income	7,8	3,8
Profit from operations	0,9	0,1
Closing capital employed	(2,3)	(0,4)
Return on equity before taxation (%)	n/a*	n/a*

* Brait's Corporate Finance operations are organised and structured to utilise minimal capital

During the period under review, Brait's Corporate Finance team has been at the forefront of the development of the debt markets in South Africa. This is best evidenced by Brait's role as lead arranger for two of the first four high yield Eurobonds raised for South African companies.

Overview of Corporate Finance

In the year under review, Brait Corporate Finance provided market leading debt advisory products and services, as well as M&A advisory services, to both South African and international companies.

M&A advisory provided advice, execution, process and transaction management for acquisitions and disposals. Services included in these functions are the provision of strategic advice, valuations, transaction structuring and deal negotiation. Additionally, the team provided advice on the listing requirements of the JSE Limited and the Securities and Regulation Code on Takeovers and Mergers ("the Code") of the Securities Regulation Panel, capital structure, and selected sponsor related activities.

The services and products provided by Specialised Debt Finance include debt origination and distribution, capital structure optimisation, structuring of innovative debt solutions, negotiation with third party funders and preparation of and advice on documentation.

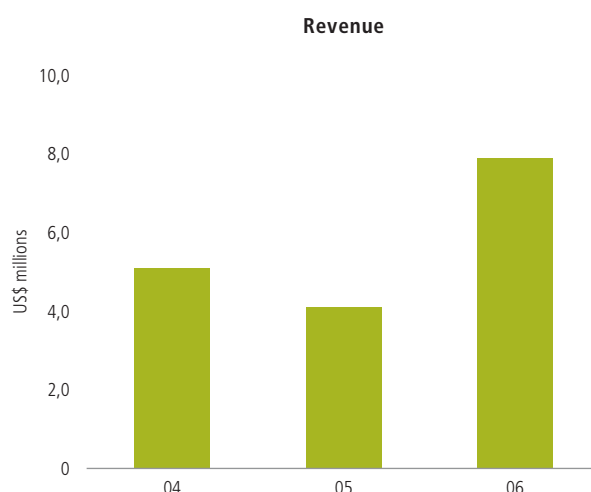
Financial results and commentary

Operating earnings for the year from Corporate Finance were up to US\$0,9 million, from US\$0,1 million the previous year.

Despite a seemingly promising pipeline of transactions mid-year, the M&A advisory unit failed to convert mandates and work in progress into fee income, recording a US\$2,1 million operational loss for the period. This result was disappointing considering the efforts in prior years to refocus the business and the generally positive market environment. This loss, which follows a number of years when the unit has under-performed, has resulted in the post year-end decision to restructure the unit to focus on supporting on-balance sheet investment and providing advisory services internally.

Brait is currently working with clients and the M&A international network to determine how best to accommodate each client's individual circumstances within the new structure.

The Specialised Debt Finance business unit ("SDF") was the main generator in fee revenue for Corporate Finance recording operational earnings of US\$3,2 million for the period under review. Debt in excess of US\$800 million (ZAR5 billion) was raised for clients within a broad range of transactions and debt types.



Operational review

SDF demonstrated significant market leadership this year in a growing and developing debt market in South Africa. The SDF team was instrumental in driving a greater awareness of debt and its potential impact on corporate capital structure, through innovative structuring and the introduction of new sources and new types of debt to the South African market.

Following the success of the first Euro high yield bond for a South African corporate, pioneered by SDF, it advised on the first South African management buyout funded by Eurobonds. The high volume of leveraged transactions internationally has raised the profile of the high yield bond market to such an extent that it is now being considered as a strong alternative source of funding in the local market. This provides South African corporates with the opportunity to tap the international capital markets and serves as a catalyst in the local funding arena, by introducing additional competitive pressure on local institutions.

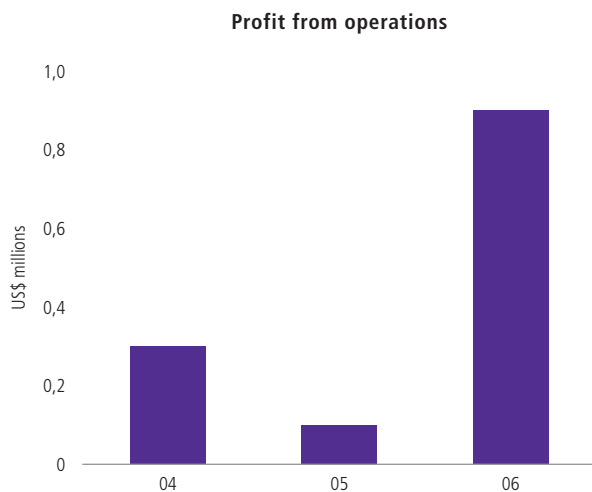
Nowhere are these factors more evident than in the advisory and lead arranger role Brait performed in the debt restructuring for Foodcorp, and in the recapitalisation and management buy-out of the Reclamation Group. Both of these transactions involved the restructuring of the company's capital structure, lowering their weighted average cost of capital, and involved the assumption of debt of varying seniority from senior to subordinated and mezzanine. The debt package, in both deals, included the raising of a high yield Eurobond in the international capital markets. The Foodcorp Eurobond

SEGMENTAL REVIEW

CORPORATE FINANCE CONTINUED

reopened the high yield market in June 2005 and both this and the Reclamation bonds, were well received by European investors. They have traded above par, since issuance, and were two of the first four High Yield Eurobonds issued by South African companies.

SDF's ability to identify opportunities and to design innovative funding structures, using various funding sources and instruments, presents strong opportunities for continued earnings growth. Its market leadership, experience, international relationships and expertise gained through, amongst others, its facilitation of two of the four Eurobond offerings by South African issues to date, should contribute in this regard.



Strategic initiatives

The immediate focus for Corporate Finance, for the coming year, is to execute a number of interesting, high potential deals which are currently in the pipeline. In addition, Brait will look to further broaden its capacity in capital market products, services and investments.

SEGMENTAL REVIEW

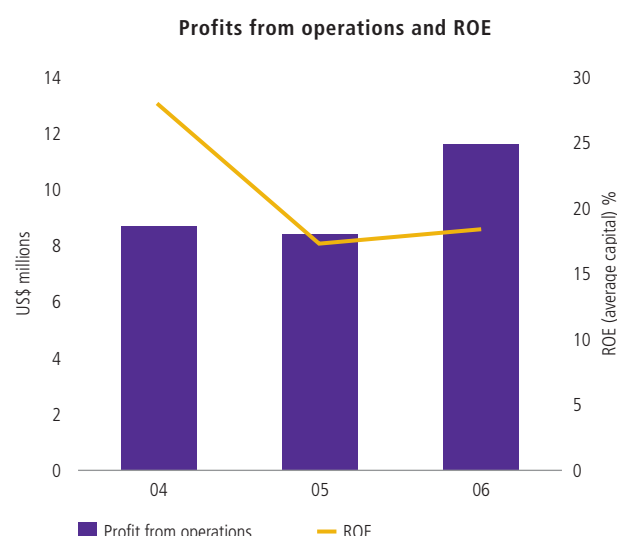
GROUP INVESTMENTS

Performance for the year

	2006 US\$m	2005 US\$m
Revenue and other income	22,6	15,9
Profit from operations	11,6	8,4
Closing capital employed	77,1	48,6
Return on equity before taxation (%)	18,4	17,3

Overview and operational review of Group Investments

Group Investments comprises largely of Brait's strategic non-private equity managed interest in Bayport, Capital Alliance Finance and the newly established independent joint venture mezzanine fund management business. It also incorporates the group's central treasury operations.



Bayport Overview

Bayport is a group of micro-lending and financial services businesses with established operations in Ghana, Uganda and Zambia. It is currently also developing a niche opportunity in South Africa. Established in 2002 by industry professionals together with capital provided by Brait, Bayport has developed from a start-up operation to a well managed and established business, generating attractive risk-adjusted returns.

Following the initial performance of Bayport and given its potential growth opportunities, Brait provided additional capital to Bayport in a blend of equity and interest-bearing debt financing. As Brait is the largest debt financier of Bayport, it has voting control of the business.

At year-end, Brait has invested US\$9,9 million in Bayport in a blend of equity and interest-bearing debt financing and in addition thereto, has committed a further US\$6,8 million of debt which is available for draw down by Bayport.

Bayport has developed a unique model for each of the jurisdictions in which it has established operations and has developed invaluable

relationships with local partners, each of whom has an equity interest in the local operation. Bayport's experience in the financial markets in which the African businesses operate, demonstrates the commercial potential for developing micro-lending and financial services offerings to lower-income earning employees, on a sustainable basis, throughout the African continent.

Bayport on an ongoing basis identifies and evaluates new markets and jurisdictions in which it believes opportunities for expansion and development exist. As and when such opportunities arise, Bayport establishes projects with a view to fine-tuning the specific business model and cementing relationships with local partners and other stakeholders. Once such projects have demonstrated the ability to produce Bayport's targeted risk-adjusted returns, Bayport will deploy a meaningful quantum of its own capital into the operation and will in addition, seek to maximise leverage from local financial institutions.

Bayport is structured by centrally managing a pool of funds at the Bayport holding company level and allocating these funds judiciously across a portfolio of various micro-lending and financial services businesses operating throughout the African continent.

Brait's interests in Bayport are held through Bayport Holdings Limited. Bayport Holdings has an interest in Bayport Management Limited, through which the African businesses are conducted and Bayport Holdings (South Africa) (Pty) Ltd, a South African entity through which the South African businesses are conducted.

During the year Brait completed the sale of a portion of its equity in Bayport Holdings to strategic co-investors. In addition, Brait and the minority shareholders in each of the African and South African businesses sold a portion of their interests to the Adobe Group, an investment group controlled by Sir Samuel Esson Jonah, a pre-eminent businessman and non-executive director and president of AngloGold Ashanti Limited. He is a director of the African and South African businesses and is actively involved in the strategy and operations of Bayport.

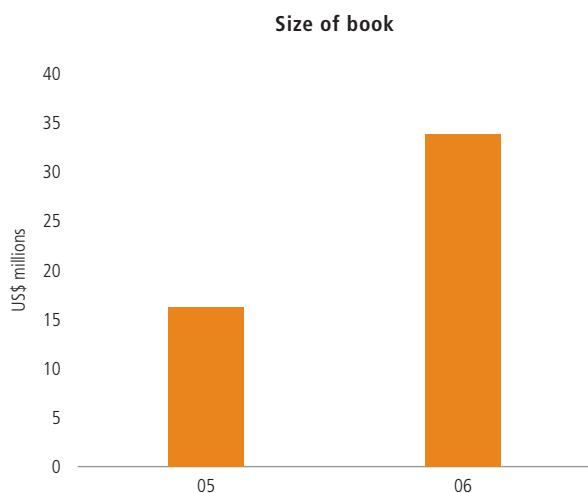
Pursuant to the sale to the strategic co-investors and to Adobe, Brait effectively owns 41,66% of each of the African and South African businesses. Through arrangements with the strategic co-investors, Brait controls 53,41% of the voting rights, resulting in the consolidation of Bayport's results, into Brait.

Financial results and commentary

The year under review saw significant continued growth in Bayport's business. Through additional funding from Brait as well as from funding provided by financial institutions in the jurisdictions in which the African businesses have a presence, Bayport has grown its loan book by 109% from US\$16,2 million to US\$33,8 million. At the same time bad debts written off have been well controlled and equate to 3,5% of the loan book at year-end. The provision at year-end for bad and doubtful debts equates to 4,5% of the loan book. As the loan book matures and grows to an optimal size, the bad debts written off should tend towards the level of the provision. The organisational infrastructure in the African business is now considered to be optimal for the jurisdictions in which it operates. Pre-tax earnings were US\$6,4 million for the year, which represents an increase of 276% over the US\$1,7 million earned in the previous year. With average capital employed during the year of US\$8,2 million, return on equity increased

SEGMENTAL REVIEW

GROUP INVESTMENTS CONTINUED



to 40,0% from 28,1% in the previous year. Brait's share of Bayport's earnings for the year plus its interest on loan advances was US\$3,3 million, 77% up from US\$1,9 million in the prior year.

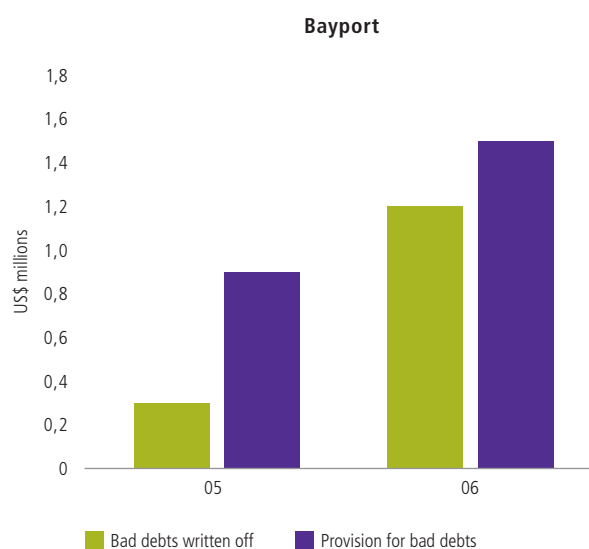
Prospects

Brait is pleased with the development made by Bayport and its prospects. With an experienced and capable management team, a sound business model, a stable and fully developed infrastructure and strong demand for its products, Bayport aims to be a truly African micro-lending and financial services organisation. Bayport is well positioned to become an even greater contributor to Brait's earnings in future.

Capital Alliance Finance

The group has a 50% joint venture interest in Capital Alliance Finance ("CAF") with a carry value R17,3 million, represented primarily by a loan advance. CAF operates in South Africa and provides affordable loan products to the lower income market and credit accessibility to its clients. CAF's historical target market is typically formal income earners, who were not considered "bankable" by the formal retail banking sector and are generally employees of the government and private sector.

CAF's micro-lending business remained profitable for the year and generated surplus cash. In line with its strategy, business volumes were maintained at existing levels to allow the cash generated by the business to be applied in the repayment of shareholder loans.



During the year under review, the National Credit Regulations were introduced in the newly promulgated National Credit Act to replace the Usury Act and the Credit Agreements Act. The new regulations have been designed to fix interest rates, to regulate administration and monthly service fees and prohibit reckless lending. Initial indications are that the new regulations will have a material impact on the entire industry which could lead to a consolidation within the industry. CAF is in the process of assessing the impact that the regulations will have on its operations and strategy.

Mezzanine Partners (Proprietary) Limited

In November 2005, the group established an independent mezzanine fund management business. Mezzanine Partners, a joint venture between Brait South Africa Limited, Old Mutual Asset Managers and its executive management, is South Africa's first independent mezzanine fund manager. At year-end, the fund had committed capital of US\$45 million. It concluded its maiden investment subsequent to year-end.

Financial results and commentary

Earnings from the group's strategic investments have increased by 38% to US\$11,6 million from US\$8,4 million with Bayport continuing to be the largest single contributor with the balance coming from CAF and treasury operations. Return on average capital employed of US\$62,9 million was 18% compared with 17% in the prior year.