

DIRECTORS' RESPONSIBILITY

The directors are responsible for the preparation, integrity and objectivity of financial statements that fairly present the state of the affairs of the group at the end of its financial years and the income, cash flow and statement of changes in equity statements for these years, as well as for other information contained in the annual report.

In preparing the group financial statements:

- International Financial Reporting Standards have been adopted; and
- reasonable and prudent judgements and estimates have been made.

To enable the directors to meet the financial reporting responsibilities:

- the board and management set standards and the management implements internal control, accounting and information systems aimed at providing assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain the group's assets; and
- the group audit and risk committee, together with the external auditors, plays an integral role in matters relating to financial and internal control, accounting policies, reporting and disclosure.

To the best of their knowledge and belief, based on the above, the directors are satisfied that no material breakdown in the operation of the systems of internal control and procedures has occurred during the period under review. The auditors concur with this statement.

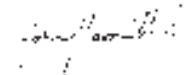
The directors are of the opinion that Brait S.A. will continue as a going concern in the year ahead and have adopted the going concern basis in preparing the financial statements. The auditors concur with this opinion.

The group's external auditors, Deloitte & Touche, have audited the financial statements and their unqualified report appears below.

The financial statements which appear on pages 73 to 108 were approved by the board of directors on 19 June 2006 and are signed on its behalf by



ME King
Senior Chairman



JJ Coulter
Group Chief Executive

REPORT OF INDEPENDENT AUDITORS

TO THE SHAREOWNERS OF BRAIT S.A.

We have audited the accompanying balance sheet of Brait S.A. and its subsidiaries as at 31 March 2006 and the related group statement of income, cash flows and changes in equity set out on pages 73 to 108 for the year then ended. These financial statements and the directors' report are the responsibility of the group's directors. Our responsibility is to express an opinion on these financial statements based on our audit and to check the consistency of the directors' report with them.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the group financial statements present fairly, in all material respects, the financial position of the group at 31 March 2006, and the results of its operations and cash flows

and changes in equity for the year then ended in accordance with International Financial Reporting Standards. The directors' report is consistent with these group financial statements.

The supplementary Rand information presented in the annual financial statements is presented for the convenience of users of these financial statements. It has not been audited by us and, accordingly, we do not express an opinion thereon.

Deloitte SA
Réviseur d'entreprises



S Mitchell
Partner
19 June 2006

DIRECTORS' REPORT

The directors have pleasure in presenting their report for the year ended 31 March 2006.

NATURE OF BUSINESS

Brait is an investment and financial services group with its primary listing on the Luxembourg Stock Exchange. It also has secondary listings on the Johannesburg and London stock exchanges. The group has shareowners' funds of US\$158 million as at 31 March 2006 and diverse earnings from the following activities:

- private equity management fees and investment returns;
- specialised funds management fees and investment returns;
- corporate and debt advisory services; and
- group investment returns.

SHARE CAPITAL

Authorised

The authorised share capital of the company comprises 150 000 000 ordinary shares of no par value.

Issued

During the year, the company increased its ordinary issued share capital from 102 255 732 ordinary shares of no par value by way of a bonus issue of 8 231 589 ordinary shares to 110 487 321 ordinary shares of no par value. Of this number, 9 024 663 ordinary shares are held for delivery of shares granted to management in terms of the Brait S.A. Share Incentive Scheme, Brait South Africa Share Scheme 2005 and the Brait Executive Share Purchase Scheme.

Unissued shares

At the forthcoming annual general meeting, members will be asked to place the unissued shares in the capital of the company under the control of the directors in terms of the provisions of the company's Articles of Incorporation.

It should be noted that in terms of the Articles the directors may not issue shares in any one year, whether for cash or otherwise, if the issue exceeds 10% of the company's issued ordinary share capital and such issues shall not in aggregate, in any three-year period, exceed 15% of the company's issued ordinary share capital.

Renewal of authority for the repurchase of shares

The conditions relating to the repurchase by the company of its own shares are governed by the company's Articles of Incorporation which provide, inter alia, that this authority shall not extend beyond the date of the forthcoming annual general meeting unless such authority is renewed by shareowners in general meeting. At the forthcoming annual general meeting shareowners will accordingly be requested to renew this authority until the conclusion of the next annual general meeting to be held on 25 July 2007.

DEBT CAPITAL RAISED

In March 2006 a subsidiary of the group, Brait South Africa Limited, raised US\$72,9 million (ZAR450 million) preference share capital to provide additional capital to leverage the group's internal growth strategy. A total of 450 000 (four hundred and fifty thousand) cumulative redeemable preference shares were issued at a par value

of ZAR0,01 and a premium of ZAR999,99 per share. These shares carry a dividend of 78% of the South African prime interest rate and are redeemable (at issue price) in four tranches on 31 July of each year commencing in 2010 until 2013.

Including the abovementioned debt raised, the total borrowings in the group remain well within the maximum limit of 150% of the total capital and reserves of the group as stipulated in the company's Articles of Incorporation.

SUBSIDIARY COMPANIES

The interests in subsidiary and associated companies, where considered to be material in the light of the group's financial position and results, are set out on pages 108.

FINANCIAL RESULTS

The financial results of Brait S.A. group are set out in the financial statements and accompanying notes for the year ended 31 March 2006.

DIVIDENDS

• Interim dividend 2005

The board announced an interim dividend of 7,85 US cents (51,51 South African cents) per ordinary share on 3 November 2005. The dividend, which absorbed US\$8,342,973 was paid on 21 November 2005 to shareowners registered as such on the record date, 18 November 2005. Shareowners will be asked to ratify and confirm the declaration by the board and the payment of the interim dividend at the annual general meeting of shareowners of the company which will be held in Luxembourg on Wednesday, 26 July 2006.

• Final dividend

The board has recommended a final dividend of 10,39 US cents per share for the year ended 31 March 2006. In terms of the Articles of Incorporation, shareowners are required to approve the declaration of the dividend which will be tabled at the forthcoming annual general meeting of shareowners of the company. If approved by shareowners, payment of the final dividend, in respect of the year ended 31 March 2006 will be effected on Wednesday, 16 August 2006 to shareowners registered as such on the record date, Friday 11 August 2006. The last date to trade 'cum dividend' will be Thursday, 3 August 2006 and the share will commence trading 'ex dividend' on Friday, 4 August 2006. Share certificates may not be dematerialised or rematerialised between Friday, 4 August 2006 and Friday, 11 August 2006 both days inclusive. No transfers between registers may take place between Friday, 28 July 2006 and Friday, 11 August 2006 both days inclusive. Non-resident shareowners registered on the South African register, who prefer their dividends to be paid in US dollars, are advised to inform their CSDPs/brokers accordingly and provide their banking details to their CSDPs/brokers by the required deadline in terms of their agreements entered into with their CSDPs/brokers.

SHARE INCENTIVE SCHEMES

Brait currently operates various share incentive schemes for the purpose of incentivising directors, executives and management of the

DIRECTORS' REPORT CONTINUED

group and to align their economic interests with shareowners and retain their services on a long-term basis.

The maximum number of entitlements that may be granted in terms of the three schemes are as follows:

The Brait S.A. Share Incentive Scheme	– 6,7% of the company's issued share capital.
The Brait Executive Share Purchase Scheme	– 19,6% of the company's issued share capital (limited to 20 million ordinary shares).
Brait South Africa Share Scheme 2005 (new scheme implemented on 1 April 2005)	– The shares granted under this scheme may not in aggregate exceed the capacity authorised in the above two schemes.

A summary of the scheme rules and share entitlements outstanding and granted to directors and employees of the group under the various schemes are outlined in the 'Remuneration Report' section on page 42.

DIRECTORATE

During the year, the following members were appointed to the Brait S.A. board:

	Date of appointment
Non-executive	
HRW Troskie**	27 July 2005
PAB Beecroft•	27 July 2005
Executive	
BI Childs•	27 July 2005
JJ Coulter^	27 July 2005
JA Gnodde*	27 July 2005

* South African, • British, ** Dutch, ^ Irish

No other changes in the composition of the board of directors occurred between 31 March 2006 and the date of this report. In terms of the company's Articles of Incorporation, the directors' terms of office end immediately after the conclusion of the annual general meeting of shareowners and they may be re-appointed at that meeting.

Accordingly, Messrs AC Ball, PAB Beecroft, JE Bodoni, BI Childs, JJ Coulter, JA Gnodde, ME King, RJ Koch, AM Rosenzweig, CJ Tayelor, HRW Troskie, SJP Weber and PL Wilmot retire from the board at the annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

According to information available to the company, after reasonable enquiry, the aggregate interests of the directors and their families at the date of this report, including the holdings of ordinary shares and share entitlements, were as follows:

	31 March 2006	31 March 2005
Number of shares held		
• Beneficial	6 999 103	5 711 684
• Non-beneficial	108 000	–
Number of share scheme entitlements		
• Beneficial	4 292 377	2 195 307
• Non-beneficial	–	–

A register of the directors' interest in the capital of the company is available on request. There were no changes to the directors' interests between 31 March 2006 and the date of this report.

MAJOR SHAREOWNERS

According to information available to the company, after reasonable enquiry, the following shareowners held 5% or more of the issued capital of the company as at 31 March 2006:

Shareowner	%
Stanlib Group (for and on behalf of clients)	7,5
The Brait Executive Share Scheme	6,2
Public Investment Commissioner	5,3
Investec Group (for and on behalf of clients)	5,0

DIRECTORS' EMOLUMENTS

An analysis of the remuneration of executive and non-executive directors is disclosed under 'Remuneration Report' on page 42. A register of individual directors' emoluments is maintained at the company's offices and is available on request at the company's offices.

SPECIAL RESOLUTIONS

At the extraordinary general meeting held on 27 July 2005 special resolutions were passed in terms of which:

- the issued capital was increased from US\$153 383 598 to US\$165 730 981,50 by the issue of 8 231 589 fully paid Brait S.A. shares to the Brait Executive Share Purchase Trust
- To amend the company's Articles of Incorporation for the issue of the additional Brait S.A. shares pursuant to the abovementioned resolution.

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

No events have taken place between 31 March 2006 and the date of this report, which would have a material impact on either the financial position or operating results of the group.

COMPOSITION OF GROUP COMMITTEES

The composition of the board, the group audit and risk, remuneration and other sub-committees of the board are disclosed in the corporate governance section of this report.

CORPORATE GOVERNANCE

Full details regarding the company's commitment to and its compliance with appropriate international corporate governance practices are set out on pages 35 to 39.

INTRODUCTION TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

The group financial statements for the year ended 31 March 2006 are prepared in accordance with International Financial Reporting Standards (IFRS), on the going-concern principle, using the historical cost basis, except where otherwise indicated.

In terms of IFRS as well as international trends, unrealised gains as well as unrealised losses are recognised in the period during which these arise. Luxembourg Law, following the European Union law, does not permit the recognition of such unrealised gains. Accordingly, unrealised gains have only been recognised on consolidation, and not in the holding company.

The directors are of the view that the group financial statements, prepared in accordance with IFRS, represent more appropriately the financial position of the group and the results of its operations and cash flows and have, accordingly, adopted IFRS for the group.

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

SUPPLEMENTARY INFORMATION

Presentation currency

The group statements as at 31 March 2006 have been prepared using the US Dollar as the presentation currency and are consistent with the previous financial year. The presentation currency and the functional currency of Brait SA are the same.

Supplementary Rand information

The results of the group have also been presented in Rand for the convenience of South African stakeholders in the group using IFRS interpretation SIC 30. The supplementary Rand results have been converted from the USD measurement results using the closing rate for the balance sheet and the average rate for the income statement.

Currency conversion guide

The approximate US Dollar cost of a unit of the following currencies at 31 March 2006 was:

	2006	2005
Rand		
– closing rate	0,1619	0,1603
– average rate	0,1563	0,1600
Sterling – closing	0,5339	1,8905
Euro – closing	0,7827	1,2964

The approximate Rand cost of a unit of the following currencies at 31 March 2006 was:

	2006	2005
US Dollar		
– closing rate	6,1765	6,2395
– average rate	6,3979	6,2503
Sterling – closing	10,7181	11,7955
Euro – closing	7,4738	8,0858

GROUP INCOME STATEMENTS

for the year ended 31 March

Supplementary Rand information

2005 ^π ZARm	2006 ^π ZARm		Notes	2006 US\$m	2005 US\$m
281,2	284,8	Revenue	1	44,5	45,0
204,9	315,4	Other income	2	49,3	32,8
(193,3)	(272,5)	Operating expenses	3	(42,6)	(30,9)
10,0	10,9	Income from associates		1,7	1,6
302,8	338,6	Profit from operations		52,9	48,5
(15,7)	(15,4)	Finance costs	4	(2,4)	(2,5)
(69,7)	12,2	Capital items	5	1,9	(11,2)
217,4	335,4	Profit before taxation		52,4	34,8
(3,1)	(17,3)	Taxation	6	(2,7)	(0,5)
214,3	318,1	Profit for the year		49,7	34,3
		Attributable to:			
2,6	17,3	Minority shareholders		2,7	0,4
211,7	300,8	Equity holders of the parent		47,0	33,9
ZAR Cents	ZAR Cents			US Cents	US Cents
		Attributable earnings per share	7		
237,1	331,9	– Basic (cents)		51,9	38,0
216,7	292,1	– Diluted (cents)		45,6	34,7
89,89	119,32	Dividends per share	8	18,24	13,75
21,47	51,51	– Interim (cents)		7,85	3,50
68,42	67,81	– Final proposed (cents)		10,39	10,25

^π The supplementary Rand information has been translated from US dollars results on the basis set out on page 75.

GROUP BALANCE SHEETS

as at 31 March

Supplementary Rand information

2005 ^π ZARm	2006 ^π ZARm		Notes	2006 US\$m	2005 US\$m
741,9	945,5	ASSETS			
		Non-current assets		153,1	118,9
–	15,4	Goodwill	9	2,5	–
8,1	11,7	Property and equipment	10	1,9	1,3
69,3	71,6	Investments in associates and other	11	11,6	11,1
502,3	699,8	Private equity investments	12	113,3	80,5
124,1	111,2	Specialised funds investments	13	18,0	19,9
22,5	18,5	Term loans	14	3,0	3,6
15,6	17,3	Deferred tax assets	15	2,8	2,5
346,9	904,8	Current assets		146,5	55,6
13,7	11,1	Private equity investments	16	1,8	2,2
–	98,8	Other current investments	17	16,0	–
160,4	234,1	Loans and advances	18	37,9	25,7
61,7	42,6	Accounts receivable	19	6,9	9,9
111,1	518,2	Cash and cash equivalents	20	83,9	17,8
51,1	–	Non-current assets held for sale	21	–	8,2
1 139,9	1 850,3	Total assets		299,6	182,7
		EQUITY AND LIABILITIES			
718,1	975,8	Equity and reserves		158,0	115,1
415,6	222,4	Share capital and premium	22	36,0	66,6
16,2	16,1	Legal reserve	23	2,6	2,6
16,2	21,6	Equity reserves	24	3,5	2,6
(187,8)	(181,7)	Foreign currency translation reserve		(29,4)	(30,1)
449,2	857,9	Retained reserves		138,9	72,0
8,7	39,5	Minority interest		6,4	1,4
180,3	612,7	Non-current liabilities		99,2	28,9
–	450,3	Redeemable preference shares	25	72,9	–
180,3	162,4	Non-current borrowings	26	26,3	28,9
241,5	261,8	Current liabilities		42,4	38,7
94,3	95,1	Accounts payable	27	15,4	15,1
21,8	43,2	Provisions	28	7,0	3,5
36,8	116,7	Current borrowings	29	18,9	5,9
82,4	–	Liabilities directly associated with non-current assets held for sale	30	–	13,2
6,2	6,8	Taxation		1,1	1,0
1 139,9	1 850,3	Total equity and liabilities		299,6	182,7
813,0	961,6	Net asset value per ordinary share (cents)		155,7	130,3

Note: Certain amounts have been re-allocated, subsequent to the publishing of the preliminary results. These changes have no material impact on the group balance sheets.

π The supplementary Rand information has been translated from US dollars results on the basis set out on page 75.

GROUP CASH FLOW STATEMENTS

for the year ended 31 March

	Notes	2006 US\$m	2005 US\$m
Cash flows from operating activities		4,8	13,2
Cash generated by operations	37.1	5,7	5,4
Dividends received		1,7	11,3
Interest received		5,5	3,9
Interest paid		(2,4)	(2,5)
Currency hedge cost		(3,5)	(4,1)
Taxation paid	37.2	(2,2)	(0,8)
Change in working capital	37.3	(2,5)	(6,2)
Cash generated by operating activities		2,3	7,0
Cash flows from investing activities		22,0	(17,1)
Acquisition of property and equipment		(1,0)	(0,9)
Acquisition of subsidiary	37.5	–	0,4
Proceeds on disposal of a portion of subsidiary		1,9	–
Proceeds on sale of property and equipment		11,5	–
Decrease/(increase) in investments		9,1	(13,0)
Loan advanced/(repaid) to associate company		0,5	(3,6)
Dividends paid	37.4	(19,8)	(6,3)
Cash flows from financing activities		61,7	19,2
(Decrease)/increase in borrowings		(13,7)	6,4
Repurchase of share entitlements		(0,1)	(3,4)
Proceeds from share scheme shares delivered		7,8	–
Increase in non-current borrowings		67,7	16,2
Net increase in cash and cash equivalents		66,2	2,8
Effects of exchange rate changes on cash and cash equivalents		(0,1)	–
Cash and cash equivalents at beginning of year		17,8	15,0
Cash and cash equivalents at end of year	20	83,9	17,8

Note: Certain amounts have been to be re-allocated, subsequent to the publishing of the preliminary results. These changes have no material impact on the group cash flow statements.

GROUP STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March

	Attributable to equity holders of the parent					Minority interest US\$m	Total equity and reserves US\$m
	Share capital and premium US\$m	Legal reserve US\$m	Equity reserves US\$m	Foreign currency translation reserve US\$m	Retained reserve US\$m		
Balance at 31 March 2004	70,6	2,6	2,5	(30,6)	43,7	—	88,8
Net translation adjustments ⁽¹⁾	—	—	—	0,5	—	—	0,5
Profit for the year	—	—	—	—	33,9	0,4	34,3
Share entitlements	—	—	0,4	—	—	—	0,4
Foreign currency adjustment on capital loan	—	—	(0,3)	—	—	—	(0,3)
Ordinary dividends paid	—	—	—	—	(6,3)	—	(6,3)
Treasury shares	(3,3)	—	—	—	—	—	(3,3)
Transfer from capital to reserves	(0,7)	—	—	—	0,7	—	—
Acquisition of subsidiary	—	—	—	—	—	1,0	1,0
Balance at 31 March 2005	66,6	2,6	2,6	(30,1)	72,0	1,4	115,1
Net translation adjustments ⁽¹⁾	—	—	—	0,7	—	0,8	1,5
Restructuring of subsidiary	—	—	—	—	(0,3)	(0,3)	(0,6)
Sale of interest in subsidiary	—	—	—	—	—	1,8	1,8
Bonus shares issued ⁽²⁾	12,3	—	—	—	—	—	12,3
Treasury shares ⁽³⁾	(12,3)	—	—	—	—	—	(12,3)
Delivered share scheme shares	9,4	—	—	—	—	—	9,4
Profit for the year	—	—	—	—	47,0	2,7	49,7
Foreign currency adjustment on capital loan	—	—	0,2	—	—	—	0,2
Share entitlements	—	—	0,7	—	—	—	0,7
Ordinary dividends paid	—	—	—	—	(19,8)	—	(19,8)
Transfer from capital to reserves	(40,0)	—	—	—	40,0	—	—
Balance at 31 March 2006	36,0	2,6	3,5	(29,4)	138,9	6,4	158,0

(1) Net translation adjustments

The movement on the foreign currency translation reserve arises primarily from the translation of the reporting currencies of foreign entities into the USD measurement currency upon consolidation.

(2) Bonus shares

During the year, the company issued 8 231 589 bonus shares at a par value of US\$12,3 million to the Brait Executive Share Purchase Scheme Trust.

(3) Treasury shares

As at 31 March 2006 treasury shares constitute a total of 9 024 663 (2005: 13 933 707) shares of Brait S.A. and are held as follows:

- 6 877 553 (2005: 10 798 871) shares by The Brait Executive Share Purchase Scheme Trust; and
- 2 147 110 (2005: 3 134 836) shares by The Brait S.A. Share Incentive Scheme Trust.

BUSINESS AND GEOGRAPHICAL SEGMENTAL REPORTS

for the year ended 31 March

BUSINESS SEGMENTS

The primary business segments reflect the group's current organisational structure and its internal financial reporting system. For management purposes, the group is currently organised into four operating business units. These business units are the basis on which the group reports its primary segment information.

The principal activities are as follows:

- Private Equity;
- Corporate Finance;
- Specialised Funds; and
- Group Investments.

Segment information about these businesses is presented below:

2006	Private Equity US\$m	Corporate Finance US\$m	Specialised Funds US\$m	Group Investments US\$m	Total US\$m
REVENUE AND INCOME					
Revenue	11,0	7,9	3,9	21,7	44,5
Other income	45,9	(0,1)	2,6	0,9	49,3
Total segment income	56,9	7,8	6,5	22,6	93,8
RESULT					
Segment result	39,1	0,9	1,3	11,6	52,9
Finance costs					(2,4)
Capital items					1,9
Profit before taxation					52,4
Taxation					(2,7)
Profit after taxation					49,7
OTHER INFORMATION					
Assets					
Segment assets	119,0	0,3	76,1	107,0	302,4
Other unallocated assets					(2,8)
Total assets per balance sheet					299,6
Liabilities					
Segment liabilities	9,6	2,6	1,1	29,9	43,2
Other unallocated liabilities					98,4
Total liabilities per balance sheet					141,6
Net assets					
Segment net assets	109,4	(2,3)	75,0	77,1	259,2
Other unallocated net liabilities					(101,2)
Total net assets per balance sheet					158,0
Other					
Capital additions	0,1	–	0,1	0,8	1,0
Depreciation	–	–	–	0,6	0,6
Share entitlement expenses	0,4	0,1	0,1	0,1	0,7

BUSINESS SEGMENTS (CONTINUED)

2005	Private Equity US\$m	Corporate Finance US\$m	Specialised Funds US\$m	Group Investments US\$m	Total US\$m
REVENUE AND INCOME					
Revenue	22,8	4,1	2,4	15,7	45,0
Other income	29,8	(0,3)	3,1	0,2	32,8
Total segment income	52,6	3,8	5,5	15,9	77,8
RESULT					
Segment result	38,8	0,1	1,2	8,4	48,5
Finance costs					(2,5)
Capital items					(11,2)
Profit before taxation					34,8
Taxation					(0,5)
Profit after taxation					34,3
OTHER INFORMATION					
Assets					
Segment assets	86,7	1,5	20,8	68,9	177,9
Other unallocated assets					4,8
Total assets per balance sheet					182,7
Liabilities					
Segment liabilities	4,5	1,9	0,2	20,3	26,9
Other unallocated liabilities					40,7
Total liabilities per balance sheet					67,6
Net assets					
Segment net assets	82,2	(0,4)	20,6	48,6	151,0
Other unallocated net liabilities					(35,9)
Total net assets per balance sheet					115,1
Other					
Capital additions	—	—	—	0,9	0,9
Depreciation	0,1	—	0,1	0,2	0,4
Impairment losses recognised in income	—	0,3	—	0,6	0,9

BUSINESS AND GEOGRAPHICAL SEGMENTAL REPORTS CONTINUED

for the year ended 31 March

GEOGRAPHICAL SEGMENTS

The geographical segments of the business have been separated between "International" and "South Africa" to distinguish between operations and assets that are managed in these economic environments. The international segment comprises the following:

- Mauritius operations;
- Other African operations;
- United States of America operations; and
- European operations.

The following table provides the revenue and income per geographical segment

2006	International US\$m	South Africa US\$m	Total US\$m
REVENUE AND INCOME			
Revenue	21,7	22,8	44,5
Other income	9,5	39,8	49,3
Total segment income	31,2	62,6	93,8
RESULT			
Segment result	11,5	41,4	52,9
Finance costs			(2,4)
Capital items			1,9
Profit before taxation			52,4
Taxation			(2,7)
Profit after taxation			49,7
OTHER INFORMATION			
Segment assets	137,7	161,9	299,6
Additions to property and equipment	0,8	0,2	1,0

GEOGRAPHICAL SEGMENTS (CONTINUED)

2005	International US\$m	South Africa US\$m	Total US\$m
REVENUE AND INCOME			
Revenue	13,9	31,1	45,0
Other income	2,3	30,5	32,8
Total segment income	16,2	61,6	77,8
RESULT			
Segment result	13,1	35,4	48,5
Finance costs			(2,5)
Capital items			(11,2)
Profit before taxation			34,8
Taxation			(0,5)
Profit after taxation			34,3
OTHER INFORMATION			
Segment assets	92,5	90,2	182,7
Additions to property and equipment	—	0,9	0,9

ACCOUNTING POLICIES

for the year ended 31 March

BASIS OF PRESENTATION

The financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRS), on the going concern principle, and using its historical cost basis, except where otherwise indicated.

ACCOUNTING POLICIES

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

PRINCIPLES OF CONSOLIDATION

- **Business combinations**

Business combinations are accounted for in accordance with the underlying nature of the combination. Acquisitions are accounted for using purchase accounting. Where an investment in a subsidiary or associated company is acquired or disposed of during the financial year, its results are included from, or to, the date control became, or ceased to be, effective. Mergers which took place before 31 March 2004, the effective date of IFRS 3 "Business Combinations" were accounted for using the uniting of interests method.

- **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) up to 31 March each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (ie discount on acquisition) is credited to profit and loss in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

- **Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net assets of its subsidiaries, associates, joint ventures or intangibles at the date of acquisition.

Goodwill arising on the acquisition of subsidiaries, associates or joint ventures and intangibles, which were not part of the merger in 1998, and is disclosed as such.

The carrying amount of goodwill is reviewed annually and written down for impairment where considered necessary.

- **Associated companies**

Associates are those enterprises in which the group holds a long-term equity interest and over which it has the ability to exercise significant influence, but not control, and which are neither subsidiaries, nor joint ventures. Investments in private equity associates are referred to under "Private equity investments" on pages 93 and 94.

Equity accounted income, which is included in the carrying values of the associates, represents the group's proportionate share of the associates' profit after tax, after accounting for dividends payable by those associates.

- **Joint ventures**

A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity which is subject to joint control. Equity accounted income, which is included in the carrying values of joint ventures, represents the group's proportionate share of the joint ventures' profit before tax, after accounting for dividends payable by the joint ventures.

TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN ENTITIES INTO THE PRESENTATION CURRENCY

Assets and liabilities of foreign entities are translated into the group's presentation currency, US dollar, at year-end exchange rates. The presentation currency is in accordance with the functional currency of Brait S.A..

Capital and reserves are translated at historical rates. Income statement items are translated at the average exchange rates for the year.

Translation differences arising from the translation of foreign operations are taken directly to reserves. On disposal of foreign operations, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

FOREIGN CURRENCY ASSETS AND LIABILITIES

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency, are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currency are translated at rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currency are retranslated at the rates prevailing when the fair value was determined. Non-monetary items that are measured in terms of historical costs in a foreign currency are not translated at the current rate.

TAXATION

Income tax on the profit and loss for the year comprises current and deferred tax. Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is provided for on the comprehensive basis, using the balance sheet liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

PROPERTY AND EQUIPMENT

Property and equipment is stated at historical cost less accumulated depreciation.

Depreciation is provided on historical cost, using the straight-line basis at rates considered appropriate to write the assets down to their expected residual value over their estimated useful lives (refer note 10). Land is not depreciated.

NON-CURRENT ASSETS HELD FOR SALE

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

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

FINANCIAL INSTRUMENTS

Financial instruments refer to all assets and liabilities, including derivative instruments, but exclude investments in subsidiaries, associated companies and joint ventures, property and equipment, deferred taxation, taxation payable, intangible assets and goodwill.

Financial assets are initially recorded at cost and are remeasured to fair value at subsequent reporting dates on the group's balance sheet when the group has become a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or the asset is transferred.

- **Listed investments**

Listed investments are carried at their fair values, using quoted prices at year-end. Where an active market does not exist for the quoted investment, estimation techniques are used to determine fair value. Changes in fair value are reflected in the income statement under "other income".

- **Private equity investments**

Private equity investments, which include listed and unlisted co-investments and capital participations in Brait's managed funds, as well as proprietary investments, are valued at their estimated fair value as determined by the board at the reporting date. The resultant increase or decrease in fair value is recognised as other income in the income statement.

The fair value measurement of unrealised capital participations takes into consideration the attrition effect of the preferred return on the future value of the capital participation. This adjustment is measured by discounting the future fair value of the capital participation, at Brait's cost of equity, for the remaining anticipated life of the fund.

In valuing investments, the directors follow the principles recommended in the International Private Equity and Venture Capital Valuation Guidelines. In cases where fair value cannot be reliably measured, existing book value, less any impairment, is used as the basis of valuation.

Fair value represents the amount for which an asset could be exchanged between knowledgeable, willing parties at an arm's length transaction. In estimating fair value, the directors use a methodology which is appropriate in light of the nature, facts and circumstances of the investment. Due to the inherent uncertainties in estimating the value of private equity investments, the directors exercise due caution in applying the various methodologies.

The principal methodologies applied in valuing unlisted investments include the following:

- Earnings multiple;
- Price of recent investment;
- Net assets;
- Discounted cash flow or earnings (of the underlying business);
- Discounted cash flow (from the investment);
- Industry valuation benchmarks; and
- Available market prices.

In applying the earnings multiple methodology, the directors apply a market-based multiple that is appropriate and reasonable to the maintainable earnings of the company.

ACCOUNTING POLICIES CONTINUED

FINANCIAL INSTRUMENTS (CONTINUED)

Where a recent investment has been made, this price will be used as the estimate of fair value. An alternative methodology may be used at any time if this is deemed to provide a better assessment of the fair value of the investment.

- **Specialised funds investments**

These investments represent the group's share in various specialised funds and are measured at fair value. The underlying investments of these funds comprise cash and various listed equity, bond and derivative investments. Fair values of the various funds are determined using quoted market prices of the underlying investments of these funds at year-end. Changes in fair value are reflected in the income statement under "other income".

- **Trading investments**

Investments held for trading, which includes unlisted investments, are valued at their estimated fair value as determined by the board at the reporting date. The resultant increase or decrease in fair value is recognised in the income statement.

- **Securities**

Investments in securities are recognised on a trade date basis and are initially measured at cost.

At subsequent reporting dates, debt securities that the group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investments, other than held-to-maturity debt securities, are classified as either held for trading or available for sale investments, and are measured at subsequent reporting dates at fair value, based on quoted market prices at the balance sheet date. Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the year.

Where securities are classified as available for sale investments, unrealised gains or losses are included in equity until such time as the security is disposed of. On disposal, the amount carried in equity is recognised in the income statement.

Where there is no formal market, insufficient liquidity in the security, or there is a restriction on the right of sale, the fair value reflects directors' valuation.

- **Loans and advances**

Loans and advances are stated at amortised cost using the effective interest rate method net of impairment provisions. Impairment provisions are made against specifically identified doubtful loans and advances.

- **Account receivables**

Trade receivables are stated at their nominal value, as reduced by appropriate allowances for estimated irrecoverable amounts.

- **Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash and balances with banks, and short-term cash deposited with the Brait Absolute Fund.

- **Derivative financial instruments**

Derivative financial instruments are initially recorded at cost and are remeasured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments that are designated and effective as cash flow hedges are recognised directly in equity.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Financial liabilities are initially recognised at cost and are re-measured to fair value at subsequent reporting dates on the group's balance sheet when the group has become a party to the contractual provisions of the instrument. Financial liabilities are de-recognised when the obligation specific in the contract is discharged, cancelled or expires.

- **Provisions**

Provisions are recognised when the group has a present, obligation as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

- **Trade payables**

Trade payables are stated at their nominal value.

- **Liabilities held for trading**

Liabilities held for trading are stated at fair value at the reporting date. The resultant increase or decrease in value is recognised in the income statement.

- **Borrowings**

Interest-bearing bank loans, overdrafts and other borrowings are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. All borrowing costs are expensed in the period in which they are incurred.

OFF-SETTING

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

REVENUE AND INCOME RECOGNITION

Fee income is recognised, net of value added tax, once all significant acts relating to services have been executed and the client has been invoiced.

Interest income is recognised on a basis that reflects the effective yield on the underlying instruments.

With the exception of preference share investments, dividends are brought into account as at the last date of registration in respect of listed shares and when declared in respect of unlisted shares. Where dividends on preference shares are calculated with reference to time and the ultimate receipt is beyond doubt, dividends are accrued on a daily basis.

Realised and unrealised gains and losses on trading investments are recognised in other income.

Realised and unrealised gains and losses arising from fair value adjustments to private equity and specialised funds investments are recognised in other income.

BORROWING COSTS

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

TREASURY SHARES

Shares purchased by subsidiary companies of Brait S.A. are treated as treasury shares and held at cost. In the group financial statements, the cost of treasury shares is deducted from share capital. Dividends received on treasury shares are eliminated on consolidation.

SHARE-BASED PAYMENTS

The group has applied the requirements of IFRS 2 "Share-based Payments". In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that had not vested as of 1 January 2005.

The group issues equity-settled share-based payments to certain directors and employees. Equity-settled share-based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest.

Fair value is measured by use of a binomial and three-dimensional binomial tree pricing model or the Black Scholes model where applicable. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

RELATED-PARTY TRANSACTIONS

All related-party transactions are, unless otherwise disclosed, at arm's length and in the normal course of business.

RETIREMENT BENEFIT COSTS

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

COMPARATIVE FIGURES

Where necessary, comparative figures have been restated to conform with changes in presentation in the current year (refer note 40).

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 March

	2006 US\$m	2005 US\$m
1. REVENUE		
Fee income	19,0	16,8
Dividends	1,7	11,3
Rental income	0,4	0,8
Net interest received – micro-lending operations	17,9	12,2
Interest received	5,5	3,9
Total revenue	44,5	45,0
Revenue includes the following related party transactions:		
– Interest received from associates and joint ventures	1,0	1,9
2. OTHER INCOME		
Currency gains on operating transactions	–	0,3
Realised gains on financial assets and instruments	9,3	3,3
Unrealised gains on financial assets	40,0	29,2
Total other income	49,3	32,8
Unrealised gains from an active market amounted to US\$ 34,4 million (2005: US\$ 14,8 million).		
3. OPERATING EXPENSES		
Includes the following:		
Employee costs	18,9	16,0
Retirement funding costs	0,7	0,6
Auditors' remuneration	0,5	0,5
Audit fees	0,3	0,3
Prior year underprovision	0,1	0,1
Other services	0,1	0,1
Directors' emoluments	5,0	2,4
<i>Executive directors</i>		
As directors of Brait S.A.	0,1	0,1
Paid by subsidiaries within the group	4,5	1,9
<i>Non-executive directors</i>		
As directors of Brait S.A.	0,1	0,1
Paid by subsidiaries within the group	0,2	0,2
Otherwise in connection with the group	0,1	0,1
Depreciation	0,6	0,4
Movement in provisions	4,3	0,8
Property lease rentals	1,2	1,0
Foreign currency profit	(0,4)	(0,8)
Provision net of recoveries raised against loans and advances	0,6	0,8
Share entitlement expenses (refer note 35.1)	0,7	0,4
Other expenses	10,5	8,8
Total expenses	42,6	30,9
Operating expenses includes the following related party transactions:		
– Fees paid to associates and parties connected to directors	(0,6)	(0,7)

		2006 US\$m	2005 US\$m
4. FINANCE COSTS			
Interest on shareholder's loan		1,2	0,6
Interest paid other		1,1	0,3
Debt restructuring cost		0,1	1,6
Total finance costs		2,4	2,5
Finance cost includes the following related party transactions:			
– Interest paid to associates		1,2	0,6
5. CAPITAL ITEMS			
5.1 Currency hedge cost		(2,2)	(4,1)
Comprises the net fair value adjustment associated with the group's policy of hedging the majority of its net tangible assets of its foreign entities into its presentation currency, the US Dollar.			
5.2 Fair value adjustment to financial liability		(1,4)	(7,1)
Represents the change in fair value of the financial liability arising from the sale of a 26% share of Brait South Africa Limited.			
5.3 Profit on disposal of interest in subsidiary		2,9	–
During the year the group introduced new strategic partners to Bayport reducing Brait's effective economic interest to 41,66%.			
5.4 Profit on disposal of property, buildings and fittings		2,8	–
The group sold its Johannesburg property and buildings, including fittings, situated at 9 Fricker Road, Illovo and, in terms of the conditions of the sale, entered into a five-year renewable operating lease agreement.			
5.5 Realisation of translation adjustment		(0,2)	–
As a result of partial repayments on Rand denominated loans to group companies.			
Total capital items		1,9	(11,2)
6. TAXATION			
6.1 Income tax expense			
Luxembourg		–	–
Foreign expense		2,3	1,5
Deferred taxation (refer note 15)			
– Current year expense/(credit)		0,4	(1,0)
Total income tax expense		2,7	0,5

The group has reconciled its income tax to the income tax rate applicable to the holding company for the year ended 31 March 2006. In the jurisdiction that the holding company is registered, the income tax rate is zero, as other forms of taxation are applied.

One of the group's subsidiaries, Brait South Africa Ltd, has STC credits amounting to US\$34,8 million available for set off against future dividend payments.

6.2 Tax reconciliation

Taxation of foreign operations is calculated at the rates prevailing in the respective jurisdictions.

The tax expense for the year is reconciled to the profit per the income statement as follows:

	2006 US\$m	%	2005 US\$m	%
Profit before taxation	52,4		34,8	
Tax at the Luxembourg income tax rate	–	–	–	–
Non-deductible expenses	5,1	10	43,5	125
Non-taxable income	(7,2)	(14)	(36,7)	(105)
Capital gains	0,5	1	–	–
Deferred tax assets not raised/utilised	0,2	–	1,0	2
Tax differential (0% vs 35%)	4,1	8	(7,3)	(21)
Tax expense	2,7		0,5	
Effective tax rate % for the year		5		1

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March

		2006 US\$m	2005 US\$m
7	ATTRIBUTABLE EARNINGS PER SHARE		
	The calculation of the basic and diluted earnings per share is based on the following data:		
	– Attributable earnings	47,0	33,9
		Number of shares	Number of shares
	The weighted average number of shares is calculated as follows:		
	Total number of ordinary shares issued (million)	110,5	102,3
	Less: Weighted average number of treasury shares (million)	(19,9)	(13,0)
	– Weighted average number of ordinary shares for the purposes of basic earnings per share (million)	90,6	89,3
	– Dilutive potential of share options granted to:		
	• employees (million)	1,3	0,9
	• executive directors (million)	11,1	7,5
	– Weighted average number of ordinary shares for the purposes of diluted earnings per share (million)	103,0	97,7
		US cents	US cents
8.	DIVIDENDS PER SHARE	18,24	13,75
	– An interim dividend of 7,85 US cents per share (51,51 SA cents per share for shareowners registered on the South African register) was proposed and paid by the board of directors in respect of the interim period which ended 30 September 2005.		
	– The board has recommended a final dividend of 10,39 US cents per share (67,81 SA cents per share for shareowners registered on the South African register) for the year ended 31 March 2006.		
	The shareowners will be asked to ratify the interim dividend paid and approve the payment of the final dividend for the year ended 31 March 2006 at the annual general meeting of shareowners to be held on 26 July 2006 in Luxembourg.		
		2006 US\$m	2005 US\$m
9.	GOODWILL		
	Arising on acquisition of a subsidiary	2,5	–
	At 31 March 2006	2,5	–
	The goodwill has been allocated to the cash generating unit of Ghana Financial Services and arose from an additional 20% stake purchased in the company.		
	Reconciliation of goodwill at year-end		
	Balance at beginning of year	–	–
	Increase on acquisition of subsidiary	2,6	–
	Goodwill realised on restructuring of subsidiary	(0,1)	–
	Balance at end of year	2,5	–
	An impairment test was done on the goodwill at year-end using an earnings multiple model.		

	Land and buildings US\$m	Furniture and fittings US\$m	Motor vehicles US\$m	Computer equipment US\$m	Total US\$m
10. PROPERTY AND EQUIPMENT					
Cost					
2006					
Carrying amount at beginning of year	–	0,7	0,5	2,4	3,6
Additions	0,2	0,2	0,2	0,4	1,0
Disposals	–	–	(0,1)	–	(0,1)
Translation differences	0,1	0,1	0,1	0,1	0,4
Carrying amount at end of year	0,3	1,0	0,7	2,9	4,9
2005					
Carrying amount at beginning of year	7,2	3,1	0,1	1,6	12,0
Take on balance	–	0,1	0,1	0,3	0,5
Additions	–	0,2	0,3	0,4	0,9
Disposals	–	(0,2)	–	–	(0,2)
Translation differences	–	–	–	0,1	0,1
Reclassification as held for sale	(7,2)	(2,5)	–	–	(9,7)
Carrying amount at end of year	–	0,7	0,5	2,4	3,6
Accumulated depreciation					
2006					
Carrying amount at beginning of year	–	0,4	0,1	1,8	2,3
Charges for the year	–	0,2	0,1	0,3	0,6
Disposals	–	–	–	–	–
Translation differences	–	–	–	0,1	0,1
Reclassification as held for sale	–	–	–	–	–
Carrying amount at end of year	–	0,6	0,2	2,2	3,0
2005					
Carrying amount at beginning of year	0,5	1,5	–	1,5	3,5
Take on balance	–	–	–	0,1	0,1
Charges for the year	–	0,1	0,1	0,2	0,4
Disposals	–	(0,1)	–	–	(0,1)
Translation differences	–	–	–	–	–
Reclassification as held for sale	(0,5)	(1,1)	–	–	(1,6)
Carrying amount at end of year	–	0,4	0,1	1,8	2,3
Carrying value					
– at 31 March 2006	0,3	0,4	0,5	0,7	1,9
– at 31 March 2005	–	0,3	0,4	0,6	1,3
Depreciation rates:					
Furniture and fittings	10%	– 33%			
Equipment	10%	– 20%			
Computer equipment	20%	– 50%			
Computer software	50%	– 100%			
Motor vehicles	20%	– 25%			
Buildings		2%			

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March

		2006 US\$m	2005 US\$m
11.	INVESTMENTS IN ASSOCIATES AND OTHER		
11.1	Carrying values		
	Investments in associates		
	Unlisted	11,1	8,6
	– cost	3,0	3,3
	– share of retained earnings and currency adjustments	8,1	5,3
	Securities		
	Unlisted		
	– other	0,5	2,5
	Joint ventures (carried at nil value)	–	–
	Total carrying value of investments	11,6	11,1
	(Refer page 108 for details of principal associates)		
11.2	Valuation		
	Investments in unlisted – associates	11,1	8,6
	Securities – unlisted	0,5	2,5
	Directors' valuation of investments	11,6	11,1
	Directors' valuation of unlisted investments is based on expected return and other relevant factors.		
11.3	Joint ventures		
	The following sets out the group's proportionate share of joint venture assets, liabilities, revenue and expenses:		
	<i>Balance sheet</i>		
	Non-current assets	0,5	0,2
	Current assets	12,7	7,6
	Non-current liabilities	(8,9)	(6,5)
	Current liabilities	(4,1)	(1,8)
	Total net asset value	0,2	(0,5)
	<i>Income statement</i>		
	Revenue	12,3	4,5
	Expenses	9,2	5,2
11.4	Associates		
	The following sets out the group's aggregated amount of associate assets, liabilities, income and expenses:		
	<i>Balance sheet</i>		
	Assets	25,4	27,6
	Liabilities	(8,5)	(13,3)
	Net asset value	16,9	14,3
	<i>Income statement</i>		
	Revenue	2,9	2,6
	Profit for the year	5,1	5,0

	2006 US\$m	2005 US\$m
12. PRIVATE EQUITY INVESTMENTS		
Proprietary investments at fair value		
Listed	18,1	10,7
Unlisted	30,2	27,9
Total proprietary investments at fair value	48,3	38,6
Private equity funds investments	65,0	41,9
	113,3	80,5
Carrying values of proprietary investments, per sector:		
Entertainment, leisure, tourism	1,2	1,2
Information technology	16,7	9,9
Manufacturing	6,6	3,3
Services	11,3	11,5
Other	12,5	12,7
Total private equity proprietary investments	48,3	38,6
12.1 Assumptions applied in estimating fair value of private equity investments		
The fair values of unlisted private equity investments are primarily based on earnings multiple models.		
12.2 Unlisted investments comprise the following:		
<i>Shareholding of 5% and less</i>		
UFP Investments (Proprietary) Limited		
Wilderness Safaris Limited		
<i>Shareholding in the > 5% to 25% range</i>		
Raceclubs Holdings Limited		
Equine Global Holdings N.V.		
Pangea Diamond Fields Limited		
<i>Shareholding in the > 25% to 50% range</i>		
DGB (Proprietary) Limited		
Candy Tops (Proprietary) Limited		
Beverage Packaging (Proprietary) Limited		
Isegen South Africa (Proprietary) Limited		
Pangea Exploration (Proprietary) Limited		
13. SPECIALISED FUNDS INVESTMENTS		
Unlisted specialised funds		
Brait Absolute South Africa Fund	15,8	10,9
Brait US Opportunity Fund	–	3,9
Emerging Managers Funds	2,2	5,1
Total fair value using the underlying market value	18,0	19,9

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March

		2006 US\$m	2005 US\$m
14.	TERM LOANS		
	Sitogo Holdings (Proprietary) Limited	1,4	3,6
	This loan is rand denominated, bears interest at South African prime overdraft rate with fixed quarterly interest payment in arrears. This loan has a six-year term subject to accelerated maturity conditions on the third anniversary date in the event of certain "trigger events".		
	Brait S.A. has the right to dispose of the loan at any time during the duration of the loan agreement for the face value of the loan plus accrued interest thereon.		
	Renaissance Asset Management (Pty) Limited	0,6	–
	This loan is rand denominated, bears interest at South African prime overdraft rate with the total interest being payable at maturity. This loan has a five-year term subject to default conditions.		
	Neural Capital	1,0	–
	This loan is US dollar denominated, bears interest at 5% per annum with capital and interest payments commencing in March 2008. This loan has a four-year term subject to default conditions.		
	Total term loans	3,0	3,6
15.	DEFERRED TAX ASSETS		
15.1	Assets and liabilities		
	Deferred tax assets	2,8	2,5
15.2	Analysis of assets		
	The following are the major deferred tax assets recognised by the group and the movement thereon during the year:		
	Balance at beginning of year	2,5	2,5
	Credit to income for year	0,4	–
	Translation differences	(0,1)	–
	Balance at end of year	2,8	2,5
	In terms of IAS 12, a deferred tax asset should be recognised on unutilised tax losses to the extent that it is probable that profits will be available, against which the deductible temporary differences can be utilised.		
	Based on the estimated cumulative tax losses of US\$38,7 million in the group's operations, a maximum asset amounting to US\$11,2 million could have been raised.		
	The deferred tax asset is estimated at US\$2,8 million as at year-end, calculated on the budgeted taxable profit in the entities concerned, over the next three years, after taking into consideration current market conditions.		
16.	PRIVATE EQUITY INVESTMENTS		
	Proprietary investments at fair value		
	Short-term private equity investments	1,8	2,2
	Carrying values of proprietary investments, per sector:		
	Information technology	–	0,1
	Manufacturing	1,8	0,3
	Infrastructure	–	1,8
	Total private equity proprietary investments	1,8	2,2
	Assumptions applied in estimating fair value of private equity investments		
	The fair values of unlisted private equity investments are primarily based on earnings multiple models.		

		2006 US\$m	2005 US\$m
17	OTHER CURRENT INVESTMENTS		
	Investment at fair value		
	Listed*	16,0	–
	* The fair value was based on the listed market value. US\$15,4 million of this investment is matched with a corresponding liability which is included in current liabilities disclosed in note 29.		
18.	LOANS AND ADVANCES		
	Current loans and advances	39,5	28,5
	Less: Provision for impairment	(1,6)	(2,8)
	Total loans and advances	37,9	25,7
18.1	Maturity structure**		
	One year or less	38,0	
	Between one and five years	1,5	
	More than five years	–	
		39,5	
18.2	Geographical analysis**		
	South Africa	11,4	
	Other African countries	28,1	
		39,5	
	** Prior year information not available.		
18.3	Movement in provision for impairment		
	Balance at beginning of year	2,8	1,8
	Acquisition of subsidiary	–	0,2
	Current year charge net of recoveries	0,6	0,8
	Recoveries of loans previously written off	(1,0)	–
	Loans and advances written off	(1,2)	–
	Translation differences	0,4	–
	Balance at end of year	1,6	2,8
19.	ACCOUNTS RECEIVABLE		
	Other receivables	3,0	5,7
	Clients and other receivables (fully pledged as security – refer note 26)	3,6	5,8
	Impairment against receivables	(0,6)	(0,1)
	Fair value of currency hedge	3,6	2,3
	Prepayments and accrued income	0,1	0,4
	Other	0,2	1,5
	Total accounts receivable	6,9	9,9
20.	CASH AND CASH EQUIVALENTS		
	Balances with banks	36,8	17,8
	Bank overdraft	(9,3)	–
	Balances invested on short-term notice in Brait Absolute Fund	56,4	–
	Total cash and cash equivalents	83,9	17,8
21.	NON-CURRENT ASSETS HELD FOR SALE		
	Land and buildings	–	6,7
	Furniture and fittings	–	1,4
	Translation differences	–	0,1
		–	8,2

During the current financial year, the property was unconditionally sold. The gain on the disposal of the property was recognised as part of capital items (refer note 5) on the income statement.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March

22. SHARE CAPITAL AND PREMIUM

22.1 Share capital

Authorised share capital

The authorised share capital of the company is US\$225 000 000 represented by 150 000 000 shares of no par value (accounting par value of US\$1,50 per share).

Issued share capital

The issued share capital of the company is 110 487 321 (2005:102 255 732) ordinary shares of no par value. During the current financial year 8 231 589 bonus shares of no par value were issued out of the share premium account.

At an extraordinary general meeting of shareholders held on 27 July 2005 it was resolved that an amount of US\$40,0 million be appropriated from the 'Share premium' account of the company to the 'Retained reserves' account of the company.

The unissued ordinary shares are under the control of the directors, subject to certain constraints, until the forthcoming annual general meeting.

At 31 March 2006, the company has granted options/share entitlements to directors and employees to subscribe for 10 726 879 (2005: 19 538 722) ordinary shares in the company as set out on page 100.

22.2 Share premium

The share premium account of the company at 31 March 2006 is US\$3,2 million (2005: US\$55,5 million).

	2006 US\$m	2005 US\$m
23. LEGAL RESERVE		
Luxembourg Law requires the appropriation of 5% of the prior year's unconsolidated net earnings of Brait S.A. to a legal reserve until such reserve equals 10% of its issued share capital. The legal reserve is not available for distribution, except upon dissolution of Brait S.A. The transfer to the legal reserve is subject to the approval of shareowners.		
Balance at end of year	2,6	2,6
24. EQUITY RESERVES		
Equity reserves include the following:		
24.1 Share entitlement expenses in terms of IFRS 2 (Share-based Payments)		
Balance at beginning of the year	2,9	2,5
Income statement charge	0,7	0,4
Balance at end of year	3,6	2,9
24.2 Foreign currency adjustment on capital loan	(0,1)	(0,3)
Total equity reserves	3,5	2,6
25. REDEEMABLE PREFERENCE SHARES		
Total debt capital	72,9	—
In March 2006 a subsidiary of the group, Brait South Africa Limited, raised US\$72,9 million (ZAR 450 million) preference share capital to provide additional capital to leverage the group's internal growth strategy. 450 000 (four hundred and fifty thousand) cumulative redeemable preference shares were issued at a par value of 0,01 cents and a premium of ZAR 999,99 per share. These shares carry a dividend of 78% of the South African prime rate and are redeemable in four tranches on 31 July of each year commencing in 2010 as follows: – 31 July 2010 – ZAR 45,0 million – 31 July 2011 – ZAR 67,5 million – 31 July 2012 – ZAR 67,5 million – 31 July 2013 – ZAR 270,0 million Brait is entitled to early redemption at any time prior to the specified settlement dates. In terms of the agreement, there are a number of early redemption events as set out below: – tangible NAV falls below a specified amount; – earnings/debt service coverage ratio falls below a certain threshold; and – the group has a negative EBIT for any two consecutive years; This liability is secured via a guarantee by Brait S.A. and other subsidiaries. This issue had no significant impact on the earnings per share.		

		2006 US\$m	2005 US\$m
26.	NON-CURRENT BORROWINGS		
26.1	Unsecured loan		
	– Sitogo Holdings (Proprietary) Limited	4,4	11,4
	<i>This loan is Rand denominated, bears interest at South African prime overdraft interest rate with fixed quarterly interest payments in arrears and conditional terms of repayment</i>		
26.2	Secured loans		
	– Social Security and National Insurance Trust	0,5	1,1
	Total liability	1,2	1,7
	Less: Portion repayable within 12 months	(0,7)	(0,6)
	<i>This loan is Ghanaian Cedi denominated and bears interest at 200 basis points above the Ghana Treasury Bill rate. Interest payments are made quarterly in arrears. Capital is repayable over three years in three equal annual instalments commencing December 2005 with the last payment due December 2007. This loan is secured by a subsidiary's receivables.</i>		
	– Rural Housing Loan Fund	3,9	1,5
	Total liability	3,9	3,2
	Less: Portion repayable within 12 months	–	(1,7)
	<i>This loan is Rand denominated, repayable over two years and bears interest at 600 basis points above Bond Exchange of South Africa's bond yield. The loan is secured by a deed of pledge and cession over Bayport's receivables.</i>		
	– Jawmend Rossi Capital (Proprietary) Limited	1,8	–
	<i>This loan is Rand denominated, repayable over two years starting on 31 March 2008 and bears interest at 600 basis points above the mid point of the fixed rate swap curve. The loan is secured by a reversionary right to Bayport Financial Services' cash and receivables.</i>		
	– Barclays Bank of Zambia	–	–
	Total liability	0,1	–
	Less: Portion repayable within 12 months	(0,1)	–
	<i>This loan is US dollar denominated, repayable over two years from the 30th of August 2005 and bears interest at a fixed rate of 7,5%. The loan is secured by a mortgage debenture over Stand No 581, Independence Avenue, Lusaka.</i>		
	– Bayport shareholder loans	0,8	–
	Total liability	0,7	–
	Less: Portion repayable within 12 months	(0,2)	–
	<i>This loan is US dollar denominated, bears interest at 20% per annum repayable in 36 equal instalments commencing in June 2006. The loan is secured by a residual cession of the book debts in Bayport Management.</i>		
	<i>This loan is US dollar denominated, bears interest at 20% per annum repayable in 36 equal instalments commencing in December 2007. The loan is secured by a residual cession of the book debts in Bayport Management.</i>	0,3	–
26.3	Financial liability		
	Financial instrument – Sitogo Holdings (Proprietary) Limited	14,9	14,9
	<i>The sale by the company of a 26% share of its South African wholly-owned subsidiary has not been recorded as a sale as it did not meet the accounting requirement for recognition as such. Consequently the sale proceeds have been recorded as a financial liability as it has given rise to a financial instrument which has been disclosed in terms of IAS 32 "Financial Instruments: Disclosure and Presentation" and measured in terms of IAS 39 "Financial Instruments: Recognition and Measurement". The fair value adjustment is based on the net asset value of Brait South Africa Limited as at 31 March 2006 and gave rise to a charge of US\$1,4 million for the current year (refer note 5.2). The liability has a potential six-year term subject to accelerated maturity conditions from the third anniversary date should certain "trigger events" arise.</i>		
	Total non-current borrowings	26,3	28,9

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March

						2006 US\$m	2005 US\$m	
27.	ACCOUNTS PAYABLE							
	Trade payables					3,0	4,2	
	Employee costs and benefits					8,6	4,1	
	Pre-paid fees					–	0,6	
	Executive share trust participants' loan accounts					2,9	4,6	
	Reclassified as short-term liabilities					–	(1,9)	
	Other					0,9	3,5	
	Total accounts payable					15,4	15,1	
28.	PROVISIONS							
	Leave pay					0,4	0,3	
	Private equity rights					0,8	1,0	
	Legal fees					–	1,0	
	Commission expenses					2,1	–	
	Other					3,7	1,2	
	Total provisions					7,0	3,5	
		Leave pay US\$m	Private Equity rights US\$m	Legal fees US\$m	Commission expenses US\$m	Other* US\$m	2006 Total US\$m	2005 Total US\$m
	Movement of provisions							
	The movements for the year in the group's provisions were as follows:							
	Balance at beginning of year	0,3	1,0	1,0	–	1,2	3,5	4,2
	Provisions utilised during the year	–	(0,2)	(0,7)	–	(0,6)	(1,5)	(1,5)
	Charge to income for the year	0,1	–	(0,3)	2,1	3,1	5,0	0,8
	– current year	0,1	–	–	2,1	3,1	5,3	1,3
	– amounts released to income statement	–	–	(0,3)	–	–	(0,3)	(0,5)
	Balance at end of year	0,4	0,8	–	2,1	3,7	7,0	3,5
	* Other provisions include Brait IV fund-raising and foreign withholding tax provisions in Bayport.							
	All provisions are anticipated to realise within the next 12 months.							
29.	CURRENT BORROWINGS							
	Loans from associates					2,3	1,7	
	Current portion of non-current secured liabilities (refer note 26)					1,0	2,3	
	Shareholder loan					0,3	–	
	This loan is US dollar denominated, bears interest at 20% per annum with no fixed repayment terms.							
	Other current borrowings					15,3	1,9	
	Other current borrowings include short-term loans which are matched by an equivalent asset reflected under 'Other current investments' in note 17. Both the asset and the liability are expected to be realised within 12 months.							
	Total current borrowings					18,9	5,9	
30.	LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE							
	Secured liabilities					–	13,2	
	The loan was directly associated with the group's Johannesburg property and buildings, including fittings, situated at 9 Fricker Road, Illovo. The loan was settled with the sale of the property.							

		2006 US\$m	2005 US\$m
31	RETIREMENT BENEFIT PLANS Most of the group's employees are members of its defined contribution retirement funds. The group does not have any defined benefit plans. The majority of the group's employees also participate in various disability and group life assurance benefits.		
32.	CONTINGENT LIABILITIES, COMMITMENTS AND SUBORDINATED LOANS		
32.1	Contingencies	0,2	1,7
	Sureties and guarantees	0,2	0,2
	Other contingent liabilities	–	1,5
32.2	Commitments		
	Commitments to invest in funds and proprietary investments (<i>to be funded primarily from cash from operations and, if necessary, through debt capital raised – refer note 25</i>)	34,9	9,3
	Other	1,1	–
	Commitments to acquire shares (including employee share schemes)	–	10,8
	Rental commitments	5,1	0,3
	Within one year	1,1	0,3
	Between one and five years	4,0	–
	More than five years	–	–
32.3	Subordinated loans	5,3	6,8
		46,6	28,9

33. **FAIR VALUE OF FINANCIAL INSTRUMENTS**
The accounting policies of the group prescribe that all financial assets and liabilities are measured at fair value.
Fair values have been determined using available market information and appropriate valuation methodologies.

34. **DERIVATIVE FINANCIAL INSTRUMENTS**
The group utilises currency derivatives to hedge the tangible capital of its non-US dollar subsidiaries into its measurement currency. It does this by means of foreign currency call options.

The notional principal disclosed below is the gross value of derivative contracts outstanding at the year-end and serves only as an indicator of the extent of the group's derivative activities. The notional principal does not necessarily reflect the amount payable or receivable under a derivative contract.

The fair value of a financial instrument represents the present value of the positive or negative cash flows which would have occurred if the rights and obligations arising from that instrument were closed out by the group in an orderly marketplace transaction at year-end.

	Gross notional principal US\$m	2006 Positive fair value US\$m	Negative fair value US\$m	Gross notional principal US\$m	2005 Positive fair value US\$m	Negative fair value US\$m
Hedging derivatives						
Foreign exchange derivatives						
Forward foreign exchange contract/currency swaps	–	–	–	30,0	1,6	–
Currency put option	–	–	–	30,0	0,7	–
Currency call option	35,0	3,6	–	–	–	–
Total derivatives	35,0	3,6	–	60,0	2,3	–

There are no gains or losses on hedging instruments deferred in the balance sheet, nor were there any reclassifications of hedging instruments resulting in gains or losses arising in prior years being recognised in subsequent years.

The above foreign exchange derivative matures on 25 March 2011.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March

35. SHARE-BASED PAYMENTS (IFRS 2)

The following information has been provided to disclose the effect of share-based payments on the group, in terms of the provisions of IFRS 2 to all unvested entitlements granted to participants after 7 November 2002.

35.1 Effect on the current year distributable earnings

	2006 US\$m	2005 US\$m
<i>Income statement</i>		
Share entitlement expense	0,7	0,4

35.2 Equity-settled share entitlement plans

The group has three equity-settled share entitlement plans.

- The Brait S.A. Share Incentive Scheme;
- The Brait Executive Share Purchase Scheme; and
- The Brait South Africa Share Incentive Scheme 2005.

The terms of these schemes are described in the 'Remuneration report' on page 42. In summary, the schemes provide for:

- An equity issue price equal to an average quoted market price of Brait shares on the date of grant;
- A vesting period, typically staggered over three to six years;
- Expiry of options/entitlements which remain unexercised after a period of five to eight years (depending on the scheme) from the date of grant; and
- Forfeiture of options/entitlements if the participant leaves the group before vesting.

The assumptions applied in determining the income statement effect for each of the group's share-based payments schemes under IFRS 2 are set out below:

	2006		2005	
	Share entitle- ments price	Weighted average issue price ZAR	Share entitle- ments	Weighted average issue price ZAR
The Brait S.A. Share Incentive Scheme				
Share entitlements outstanding at beginning of year	2 975 262	7,23	2 568 624	7,33
Granted and exercised during the year	150 000	18,04	1 374 480	7,20
Delivered during the year	(808 018)	7,25	(61 151)	8,17
Forfeited during the year (<i>by resignation, retrenchment or repurchase</i>)	(578 740)	7,20	(906 691)	7,39
Share entitlements outstanding at end of year	1 738 504	8,16	2 975 262	7,23
Share entitlements exercisable at end of year	379 841	7,21	829 335	7,21

The weighted average issue share price for share entitlements granted during the period was ZAR18,04. The unvested entitlements outstanding at 31 March 2006 had a weighted average issue price of ZAR8,16 and a weighted average remaining maximum contractual life of approximately 6,9 years.

35. SHARE-BASED PAYMENTS (IFRS 2) (CONTINUED)

The inputs into the binominal and 3D binominal tree pricing model were as follows:

	2006 ZAR	2005 ZAR
Weighted average share price of new issues during year (<i>all issues done at market price</i>)	18,04	7,20
Expected volatility	28,13%	27,53% – 32,35%
Expected life	3 years	3 – 5 years
Risk free rate	7,37% – 7,57%	7,6% – 12,76%
Expected future dividend yield	5%	5%

Expected volatility was determined by calculating the historical volatility of the group's share price from 1 April 2003. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

	2006 Share entitle- ments price ZAR	2006 Weighted average issue price ZAR	2005 Share entitle- ments price ZAR	2005 Weighted average issue price ZAR
The Brait Executive Share Purchase Scheme				
Share entitlements outstanding at beginning of year	16 563 460	0,7190	17 296 489	0,7101
Issued during the year	2 500 000	1,8790	500 000	1,0062
Delivered during the year	(12 185 907)	0,7101	(778 105)	0,7101
Forfeited during the year (<i>by resignation, retrenchment or repurchase</i>)	–	–	(454 924)	0,7101
Share entitlements outstanding at end of year	6 877 553	1,1564	16 563 460	0,7190
Share entitlements exercisable at end of year	3 877 552	0,7101	10 060 879	0,7101

The weighted average issue share price for share entitlements granted during the period was US\$1,8790. The unvested entitlements outstanding at 31 March 2006 had a weighted average issue price of US\$1,1564 cents and a weighted average remaining maximum contractual life of approximately four years.

The inputs into the binominal and 3D binominal tree pricing model were as follows:

	2006 US\$	2005 US\$
Weighted average share price of new issues during year (<i>all issues done at market price</i>)	1,879	1,0062
Expected volatility	29,90%	24,9% – 30,7%
Expected life	3 years	3 years
Risk free rate	4,33%	2,0% – 3,24%
Expected future dividend yield	5%	5%

Expected volatility was determined by calculating the historical volatility of the group's share price from 1 April 2003. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March

	2006 Share entitlements	Weighted average issue price ZAR
35. SHARE-BASED PAYMENTS (IFRS 2) (CONTINUED)		
The Brait South Africa Share Scheme 2005		
Share entitlements outstanding at beginning of year	–	–
Issued during the year	2 110 823	12,99
Delivered during the year	–	–
Share entitlements outstanding at end of year	2 110 823	12,99

The weighted average issue share price for share options granted during the period was ZAR12,99. The unvested entitlements outstanding at 31 March 2006 had a weighted average issue price of ZAR12,99 and a weighted average remaining maximum contractual life of approximately three and a half years.

The inputs into the Black Scholes model were as follows:

	2006 ZAR	2005 ZAR
Weighted average share price of new issues during the year (all issues done at market price)	12,99	–
Expected volatility	27,19 % – 29,9 %	–
Expected life	3 – 5 years	–
Risk free rate	7,26 % – 7,59 %	–

Expected volatility was determined by calculating the historical volatility of the group's share price from 1 April 2003. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

36. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

No events have taken place since 31 March 2006 and the date of the release of this report, which would have a material impact on either the financial position or operating results of the group.

	2006 US\$m	2005 US\$m
37. CASH FLOW INFORMATION		
37.1 Cash generated by operations		
Profit before taxation	52,4	34,8
Adjustments for:		
Dividends received	(1,7)	(11,3)
Interest received	(5,5)	(3,9)
Interest paid	2,4	2,5
Depreciation	0,6	0,4
Share entitlement expenses	0,7	0,4
Fair value adjustment of financial liability	1,3	7,1
Unrealised gains on financial assets and instruments	(40,0)	(29,2)
Equity accounted earnings of associates and joint ventures	(1,7)	(1,6)
Profit on sale of building	(2,8)	–
Profit on sale of subsidiary	(2,9)	–
Impairment of investment in joint ventures	–	0,4
Provision for doubtful debts	1,0	1,7
Currency hedge cost	2,2	4,1
Other	(0,3)	–
Total cash generated by operations	5,7	5,4

		2006 US\$m	2005 US\$m
37.	CASH FLOW INFORMATION (CONTINUED)		
37.2	Taxation paid		
	Taxation balance at beginning of year	(1,0)	–
	Balance taken on at acquisition of subsidiary	–	(0,3)
	Current tax expense for the year	(2,3)	(1,5)
	Taxation balances at end of year	1,1	1,0
	Total taxation (paid)/received	(2,2)	0,8
37.3	Change in working capital		
	Increase/(decrease) in accounts payable and provisions	5,6	(1,4)
	Decrease in accounts receivable	3,9	7,9
	Increase in loans and advances	(12,0)	(12,7)
	Total change in working capital	(2,5)	(6,2)
37.4	Dividends paid		
	Dividends represent the final dividend for the year ended 31 March 2005 of US 10,25 cents per share paid in July 2005 and the interim dividend of US 7,85 cents per share paid in November 2005. The comparative represents the final dividend of US 3,25 cents per share paid in August 2004 and the interim dividend of US 3,50 cents per share paid in November 2004.		
37.5	Net cash inflow from acquisition of subsidiary		
	Total consideration	–	(1,1)
	Cash and cash equivalents received by the group	–	1,5
	Net cash inflow from acquisition of subsidiary	–	0,4
37.6	Non-cash transactions		
	The disposal of a portion of the group's interest in Bayport was settled through the receipt of a 20% share in Ghana Financial Services to the value of US\$2,8 million.		
	Dividends paid to the employees under the Brait South Africa Share Scheme 2005 were settled with the issuance of treasury shares to the value of US\$0,9 million.		

38. RELATED PARTY TRANSACTIONS

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the group and its associates are disclosed below. Transactions between the company and its subsidiaries and associates are disclosed in the company's separate financial statements. Details of transactions between the group and key management are disclosed under the 'Remuneration Report' on page 42.

Trading transactions

During the year, group companies entered into the following transactions with related parties who are not members of the group:

		2006		2005	
		Amounts owed by related parties	Amounts owed to related parties	Amounts owed by related parties	Amounts owed to related parties
38.1	Associates				
	Sitogo Holdings (Pty) (Limited) (refer note 15 and 27 for further detail)	1,4	(4,3)	3,6	(11,4)
	Other	2,2	(2,2)	1,4	(1,3)
38.2	Joint ventures				
	Capital Alliance Finance (Pty) (Limited)	2,8	–	5,4	–
	The loan has no firm repayment date and carries interest at Standard Bank prime, as revised from time to time plus 5%. A total of US\$0,6 million interest was received during the year.				
38.3	Key management				
	(Arising in terms of the Brait Executive Share Incentive Scheme)	5,1	(8,0)	7,3	(11,9)

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March

39. SUBSIDIARIES

39.1 Acquisition of subsidiary 2005

On 7 May 2004, the group increased its interest in, Bayport Management Limited, from 49,9% to 62,8%.

	Book value US\$m	Fair value adjustments US\$m	Fair value US\$m
<i>i) Net assets acquired</i>	–	–	–
Equipment	0,4	–	0,4
Investments and receivables	0,1	–	0,1
Goodwill	0,1	(0,1)	–
Current assets	3,3	0,2	3,5
Cash and cash equivalents	1,5	–	1,5
Current liabilities	(0,6)	–	(0,6)
Non-current liabilities	(2,8)	–	(2,8)
Minority interests	(0,4)	0,1	(0,3)
Total net assets at acquisition	1,6	0,2	1,8
Less: Minority interest of 37,2%			(0,7)
Total consideration for 62,8%			1,1
	At date of acquisition US\$m	After acquisition US\$m	Total for current year US\$m
<i>ii) Financial effect of business combination</i>			
Revenue	0,3	8,3	8,6
Profit before taxation for the period	0,1	2,6	2,7

	2006 US\$m	2005 US\$m
39.2 Loans and advances to/(from) subsidiaries		
Name		
Brait South Africa Limited*	12,3	34,2
Capital Partners Group Holding Limited [#]	(6,3)	(8,9)
Brait III Investments Limited [#]	–	0,2
SAPEF III International GP Ltd [#]	1,5	0,7
The Brait Executive Share Trust [#]	–	5,1
Brait International Limited [#]	3,2	21,1
Total net loans and advances	10,7	52,4

* This loan is Rand denominated, bears interest at South African prime overdraft rate with fixed quarterly interest payments in arrears and no fixed repayment terms for the capital.

[#] These loans are US dollar denominated, have no repayment terms and are interest free.

40. COMPARATIVE FIGURES

The following comparative figures have been restated to conform to changes in presentation in the current year and had no effect on the results of the previous year.

		Currently stated US\$m	Previously stated US\$m
40.1	Balance sheet		
	<i>Current liabilities</i>		
	– Accounts payable	15,1	17,0
	– Current borrowings	5,9	4,0
	<i>The above liability has been re-classified from “Accounts payable” to “Current borrowings” to more appropriately reflect the non-working capital nature of the liability.</i>		
40.2	Cash flow		
	Change in working capital	(8,1)	(6,2)
	Cash flows from financing activities		
	– Increase in borrowings	24,5	22,6
	<i>The impact on the cash flow statement of the re-classified “Current liabilities” in 40.1 above</i>		
40.2	Segmental report		
	<i>Segment assets</i>		
	– International	92,5	86,0
	– South Africa	90,2	65,0
	<i>Revenue and other income</i>		
	– International	2,3	13,0
	– South Africa	30,5	19,8
	<i>The geographical segments have been changed to a basis distinguishing between the actual geographical source of income rather than between the economic environments which have similar specific rules and regulations.</i>		

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March

		2006 US\$m	2005 US\$m
41.	FINANCIAL STATEMENTS OF BRAIT S.A. Brait S.A. is the holding company of the group. It was incorporated on 5 May 1976 in the Grand Duchy of Luxembourg in terms of the law of 31 July 1929.		
41.1	Income statements for the period Profit/(loss) for the year	2,2	(3,8)
	Net financial and other income	5,0	9,5
	Currency hedge cost	(2,0)	(4,1)
	Loss on sale of 26% of subsidiary	–	(8,4)
	Administrative and other expenses	(0,8)	(0,8)
41.2	Balance sheets		
	Assets		
	Non-current assets	187,7	220,8
	Financial assets	3,6	–
	Investments	184,1	220,8
	Subsidiaries	145,8	151,1
	Associates	2,7	2,7
	Intercompany advances	19,4	64,8
	Other investments	16,2	2,2
	Current assets	42,9	9,6
	Accounts receivable and prepayments	8,4	6,8
	Cash and cash equivalents	34,5	2,8
	Total assets	230,6	230,4
	Equity		
	Share capital and premium	168,8	208,9
	Legal reserve	2,6	2,6
	Distributable reserves	34,9	7,2
	Total equity and reserves	206,3	218,7
	Liabilities		
	Non-current liabilities		
	Intercompany loans	8,6	9,4
	Current liabilities		
	Accounts payable and other current liabilities	15,7	2,3
	Total equity and liabilities	230,6	230,4

		2006 US\$m	2005 US\$m
41.	FINANCIAL STATEMENTS OF BRAIT S.A. (CONTINUED)		
41.3	Share capital		
	<i>Authorised</i>		
	150 000 000 (2005: 150 000 000) ordinary shares of no par value		
	<i>Issued</i>		
	110 487 321 (2005: 102 255 732) ordinary shares of no par value	165,7	153,4
41.4	Distributable reserves		
	At beginning of year	7,2	35,3
	Profit/ (loss) for the year	2,2	(3,8)
	Prior year result to be allocated	–	(4,2)
	Dividends paid	(14,5)	(20,1)
	Transfer from share premium	40,0	–
	At end of the year	34,9	7,2
41.5	Significant accounting policies		
	– Significant accounting policies for the company are consistent with those disclosed for the group, except for unrealised gains which have been excluded from income in accordance with Luxembourg Law.		
	– The carrying value of subsidiaries is reflected at the lower of cost or fair value, where the write-down below cost is considered permanent. The sale by the company of a 26% share in its South African operation has been recorded as a sale.		

PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

Name and registration number	Date of incorporation	Nature of business	Issued ordinary share capital US\$m	Holding %
SUBSIDIARY COMPANIES				
Brait South Africa Limited ^ø 1960/003893/06	26/10/60	Investment and financial services	0,4	74
Bayport Holdings Limited [‡] 53441	17/11/04	Micro-lending	–	53,4
Capital Partners Group Holdings Limited [‡] 271641	13/03/98	Holding company	15,9	100
Brait Mauritius Limited [‡] 507172	01/04/99	Financial services	–	100
Brait International Limited [‡] 20703/4507	30/06/98	Investment and financial services	–	100
Brait Investments Limited ^ø 1996/016949/06	29/11/96	Trading and financial services	–	100

Name and registration number	Date to which equity income accounted for	Nature of business	Issued ordinary share capital	Carrying value 2006 US\$m	Holding %
ASSOCIATED COMPANIES					
Lauriston Capital (SA) (Proprietary) Limited ^ø 2002/026011/07	31/03/06	Funds management	–	0,1	25,0
Lauriston Capital (US) (Proprietary) Limited [‡] 517917	31/03/06	Funds management	–	0,2	25,0
Medu Capital (Proprietary) Limited ^ø 2003/000273/07	31/03/06	Funds management	–	0,0	49,0
Sitogo Holdings (Proprietary) Limited ^ø 2004/018117/07	31/03/06	Financial services	–	5,4	32,3
JOINT VENTURES					
Capital Alliance Finance (Pty) Limited ^ø 1998/006840/07	31/03/06	Financial services	–	–	50,0

* Incorporated in the British Virgin Islands.

‡ Incorporated in Mauritius.

ø Incorporated in South Africa.

SHAREOWNERS' DIARY

Announcement of results	2 June 2006
Annual report issued	beginning July 2006
Annual general meeting	26 July 2006
Proposed final dividend	
– declaration	26 July 2006
– record date	11 August 2006
– payment	14 August 2006
Interim report	early November 2006
Financial year-end	31 March 2006

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareowners of the company will be held at the registered office of the company, 180, rue des Aubépines, L-1145, Grand Duchy of Luxembourg on Wednesday, 26 July 2006 at 14:30 for the following purposes:

AGENDA

A. Ordinary business

1. To ratify and confirm the payment of an interim dividend on 21 November 2005;
2. To receive and adopt the reports of the directors, statutory auditor and independent auditors for the year ended 31 March 2006;
3. To receive and adopt the statutory financial statements of the company and the consolidated financial statements of the group for the year ended 31 March 2006;
4. To grant discharge to the directors, officers and the statutory auditor in respect of the execution of their mandates to 31 March 2006;

The directors, officers and the statutory auditor of the company are appointed by the company with a one-year mandate, in terms of the company's articles and Luxembourg Law. It is customary practice to discharge the directors, officers and the statutory auditor from their mandate at the annual general meeting, prior to their re-appointment to office for the following year. The discharge of the mandate does not affect the obligations and liability of the directors, officers and statutory auditors in respect of their duties while in office.
5. To re-elect the following directors for a further term of office in accordance with the provisions of the Articles of Incorporation:
 - Mr AC Ball
 - Mr PAB Beercroft
 - Mr JE Bodoni
 - Mr BI Childs
 - Mr JJ Coulter
 - Mr JA Gnodde
 - Mr ME King
 - Mr RJ Koch
 - Mr AM Rosenzweig
 - Mr CJ Tayelor
 - Mr HRW Troskie
 - Mr SJP Weber
 - Mr PL Wilmot
6. To receive and act on the statutory nomination of the statutory auditor and the independent auditor for a term of one year ending at the annual general meeting in 2007;
7. To allocate the company's profits;

In terms of Luxembourg Law, the company is required to transfer to a legal reserve a minimum of 5% of the unconsolidated net earnings for each financial year until the reserve equals 10% of its issued share capital. The legal reserve is not available for distribution, except upon dissolution of the company.
8. To approve the declaration and payment of a final dividend for the year ended 31 March 2006 of 10,39 US cents per share and 67,81 cents per share for the shareowners registered on the South African register, (to be paid on 16 August 2006 to those shareowners appearing on the share register as at 3 August 2006).
9. To renew the authority granted to the company to purchase its own shares subject to the following limitations:
 - 9.1 unless a tender offer is made to all shareowners on the same terms and except in case of an emergency where the purchase is carried out to avoid a material loss which the company would otherwise incur, each purchase shall be made through a stock exchange on which the shares in the company are regularly traded and the purchase price shall not exceed 5% above the average market value for the shares on all stock exchanges on which the ordinary shares are listed and have traded for the 10 (ten) business days before the purchase;
 - 9.2 if purchases are by tender, tenders must be available to all shareowners alike; and
 - 9.3 the maximum number of shares that may be repurchased pursuant to this authority shall not exceed 10% of the issued share capital of the company from time to time.

This authority shall not extend beyond 18 (eighteen) months from the date of this annual general meeting but shall be renewable for further periods by resolution of the annual general meeting of the shareowners from time to time.

B. Special business

10. To renew, in terms of the Law of 10 August 1915 on commercial companies, as amended, and the Listing Requirements of the Luxembourg Stock Exchange, London Stock Exchange and JSE Limited, the authority granted to the board, subject to the terms of the Articles of Incorporation, to issue further ordinary shares, whether for cash or otherwise, as and when suitable situations arise, up to the total authorised capital, without reserving for the existing shareowners a preferential subscription right to subscribe to the shares issued, subject to the following limitations:
 - 10.1 that this authority shall not extend beyond 15 (fifteen) months from the date of this annual general meeting but shall be renewable for further periods by resolution of the annual general meeting of the shareowners from time to time;
 - 10.2 that a paid press announcement giving details, including the impact on net asset value and earnings per share, will be published at the time of any such issue of shares representing, on a cumulative basis within one year, 5% or more of the number of ordinary shares in issue prior to any such issues;
 - 10.3 that issues (excluding shares to be issued pursuant to any share purchase or incentive scheme established for the benefit of the employees of the company and its subsidiaries ("incentive schemes")) in aggregate in any one year may not exceed 10% of the company's issued ordinary share capital, provided further that such issues (excluding shares to be issued pursuant to incentive schemes) shall not in aggregate in any three-year period exceed 15% of the company's issued ordinary share capital;
 - 10.4 that, in determining the price at which such an issue of ordinary shares will be made in terms of this authority, the maximum discount permitted will be 10% of the average market price of the ordinary shares as determined over the 30 (thirty) days prior to the date that the price of the issue is determined or agreed by the directors on all stock exchanges on which the ordinary shares are listed and have traded during that period; and
 - 10.5 that any such securities so issued for cash shall be made to the "public" and will also not result in an affected transaction.

Without this authority, the board has no capacity in terms of the company's Articles to issue shares to settle employee share entitlements. For this reason, the board has proposed that its authority to issue shares is significantly restricted so that any material issues of share capital are taken to shareowners for approval.

By order of the board of directors



ME King
Senior Chairman

19 June 2006

Note: Any shareowner may, in writing, appoint a proxy, who need not be a shareowner, to represent him at any general meeting. Any company, being a shareowner, may execute a form of proxy under the hand of a duly authorised officer or may authorise in writing such person as it thinks fit to act as its representative at the meeting subject to the production to Brait S.A. of such evidence of authority as the board may require. The instrument appointing a proxy, and the written authority of a representative, together with evidence of the authority of the person by whom the proxy is signed (except in the case of a proxy signed by the shareowner), shall be deposited at the registered office of the company or a transfer office, two clear business days (in the Grand Duchy of Luxembourg or the jurisdiction where the relevant transfer office is located) before the time for the holding of the meeting or adjourned meeting (as the case may be) at which the person named in such instrument proposes to vote. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date of its execution.

A form of proxy is enclosed with this annual report, the completion of which will not preclude a shareowner from attending and voting at the meeting in person to the exclusion of any proxy appointed.

ADMINISTRATION

Brait S.A. Registration No: RC Luxembourg B-13861

REGISTERED OFFICE

Brait S.A.

180, rue des Aubépines
L-1145

Luxembourg

Tel: +352 269255 2180

Fax: +352 269255 3642

Brait South Africa Limited

9 Fricker Road
Illovo Boulevard

Illovo

Sandton

South Africa

Tel: +27 11 507 1000

Fax: +27 11 507 1001

LISTING AGENT

Dexia Banque Internationale à Luxembourg

69, route d'Esch

L-2953

Luxembourg

Tel: +352 45901

Fax: +352 45902010

TRANSFER AGENT/REGISTRAR

United Kingdom

Capita IRG plc

Bourne House

34 Beckenham Road

Beckenham

Kent, BR3 4TU

United Kingdom

Tel: +44 208 639 2157

Fax: +44 208 639 2342

Website: <http://www.brait.com>

LEGAL ADVISORS TO THE COMPANY

Elvinger, Hoss & Prussen

2, Place Winston Churchill

L-1340, Luxembourg

Tel: +352 446 6440

Fax: +352 44 2255

INDEPENDENT AUDITORS

Deloitte S.A.

560, rue de Neudorf

L-2220, Luxembourg

Tel: +352 451 451

Fax: +352 451 452 666

DOMICILIARY AGENT AND REGISTRAR

Experta Luxembourg S.A.

180, rue des Aubépines

L-1145, Luxembourg

Tel: +352 269255 2180

Fax: +352 269255 3642

South Africa

Computershare Investor Services 2004 (Pty) Limited

70 Marshall Street

Johannesburg, 2001

Or

PO Box 61051

Marshalltown, 2107

Tel: +27 11 370 5000

Fax: +27 11 688 5200

JSE and LSE issuer name and code

Issuer long name – Brait S.A.

Issuer code – BRAIT

Instrument alpha code/Ticker symbol – BAT

ISIN – LU 0011857645

FORM OF PROXY

BRAIT S.A.
Société Anonyme
(Incorporated in Luxembourg)
(the "company")
R.C. Luxembourg B 13.861
Registered Office: 180, rue des Aubépines, L-1145 Luxembourg
Share code: BAT ISIN: LU0011857645

FOR USE IN RESPECT OF THE ANNUAL GENERAL MEETING OF SHAREOWNERS TO BE HELD AT THE REGISTERED OFFICE OF THE COMPANY ON 26 JULY 2006 AT 14:30

Brait S.A. shareowners in South Africa who have dematerialised their shares with a CSDP or broker, other than with Own Name Registration, must arrange with the CSDP or broker concerned to provide them with the necessary authorisation to attend the annual general meeting or the Brait S.A. shareowners concerned must instruct them as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the Brait S.A. shareowner and the CSDP or broker concerned.

I/We (BLOCK LETTERS PLEASE)

of (address)

Telephone (work) ()

Telephone (home) ()

being the holder(s) of Brait S.A. shares, appoint (see note 1):

1. or failing him/her,

2. or failing him/her,

3. the chairman of the annual general meeting, as my/our proxy to act on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote for or against such resolutions or to abstain from voting in respect of the Brait S.A. shares registered in my/our name(s), in accordance with the following instructions (see note 4):

Number of votes	For	Against	Abstain
Ordinary resolution number 1 (ratification of interim dividend)			
Ordinary resolution number 2 (adoption of directors and auditors reports)			
Ordinary resolution number 3 (approval of financial statements)			
Ordinary resolution number 4 (discharge of mandates)			
Ordinary resolution number 5 (re-election of existing directors)			
• Mr AC Ball			
• Mr PAB Beercroft			
• Mr JE Bodoni			
• Mr BI Childs			
• Mr JJ Coulter			
• Mr JA Gnodde			
• Mr ME King			
• Mr RJ Koch			
• Mr AM Rosenzweig			
• Mr CJ Tayelor			
• Mr HRW Troskie			
• Mr SJP Weber			
• Mr PL Wilmot			
Ordinary resolution number 6 (nomination of auditor)			
Ordinary resolution number 7 (allocation of profits to legal reserve)			
Ordinary resolution number 8 (declaration of dividend)			
Ordinary resolution number 9 (authority to purchase own shares)			
Special resolution number 10 (board authority to issue further shares)			

(Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.)

Each Brait S.A. shareowner is entitled to appoint one or more proxies (who need not be a Brait S.A. shareowner) to attend, speak and vote in place of that Brait S.A. shareowner at the annual general meeting.

Signed at _____ this _____ day of _____ 2006

Signature(s)

Capacity and authorisation (see note 7)

Please read the notes on the reverse side hereof.

- There is no quorum requirement for resolutions number 1 to 9 and these resolutions will be passed by a simple majority of the shares represented at the annual general meeting.
- For the passing of resolution number 10, a quorum of 50% of the shares in the company outstanding is required. This resolution requires the consent of two-thirds of the shares represented at the annual general meeting.

NOTES TO FORM OF PROXY

1. A member may insert the name of a proxy or the names of two alternate proxies of the members' choice in the space(s) provided, with or without deleting "the chairman of the annual general meeting". The person whose name stands first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person to the exclusion of any proxy appointed in terms hereof, should such member wish to so do.
3. The chairman of the annual general meeting may reject or accept any form of proxy, which is completed and/or received, other than in compliance with these notes.
4. A Brait S.A. shareowner's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that Brait S.A. shareowner in the appropriate space provided. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the Brait S.A. shareowner's votes exercisable thereat. A Brait S.A. shareowner or the proxy is not obliged to use all the votes exercisable by the Shareowner or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the Brait S.A. shareowner or the proxy.
5. Brait S.A. shareowners in South Africa who have dematerialised their shares with a CSDP or broker, other than with Own Name Registration, must arrange with the CSDP or broker concerned to provide them with the necessary authorisation to attend the annual general meeting or the Brait S.A. shareowners concerned must instruct them as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the Brait S.A. shareowners and the CSDP or broker concerned.
6. Any alteration to this form of proxy, other than the deletion of alternatives, must be initialled by the signatory/(ies).
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (eg on behalf of a company, close corporation, trust, pension fund, deceased estate, etc) must be attached to this form of proxy, unless previously recorded by the company or waived by the chairman of the annual general meeting.
8. A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her capacity are produced or have been recorded by the company.
9. Where there are joint holders of shares:
 - any one holder may sign this form of proxy; and
 - the vote of the senior joint holder (seniority determined by the order of the names as recorded in the company's register of members) by proxy or in person will be accepted to the exclusion of the vote(s) of the other joint shareowner(s).
10. Forms of proxy should be lodged at or posted to the:

Transfer Secretaries in South Africa

Computershare Investor Services 2004 (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107)

Transfer agents in the United Kingdom

CAPITA IRG plc, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom
so as to be received by no later than 11:30 on Monday, 24 July 2006.