

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

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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.		