

SEGMENTAL REVIEW

CORPORATE FINANCE

Performance for the year

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

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

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

Overview of Corporate Finance

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

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

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

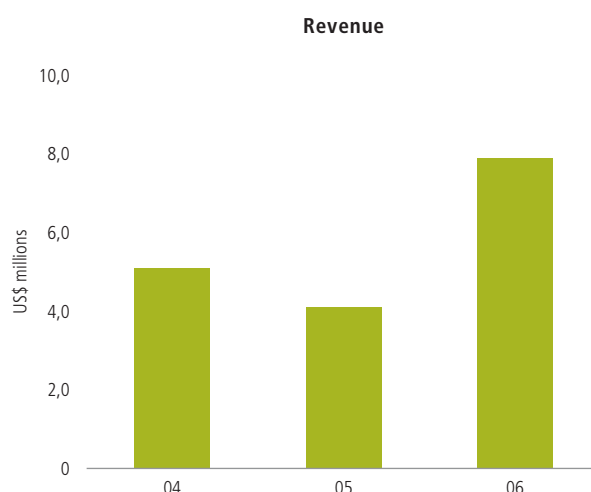
Financial results and commentary

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

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

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

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



Operational review

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

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

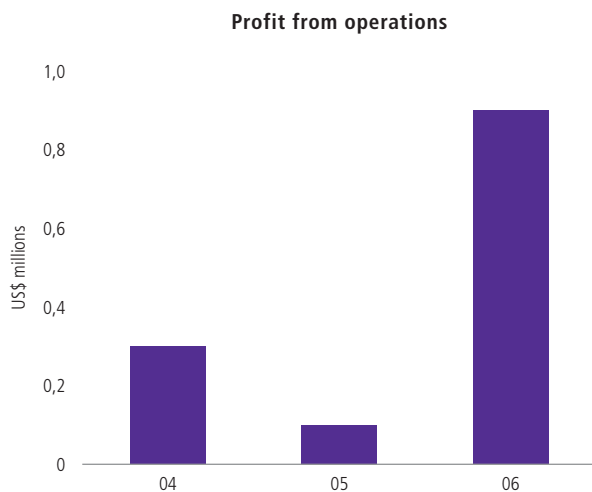
Nowhere are these factors more evident than in the advisory and lead arranger role Brait performed in the debt restructuring for Foodcorp, and in the recapitalisation and management buy-out of the Reclamation Group. Both of these transactions involved the restructuring of the company's capital structure,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

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CORPORATE FINANCE CONTINUED

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

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



Strategic initiatives

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