

SENIOR CHAIRMAN'S STATEMENT

Group results

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

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

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

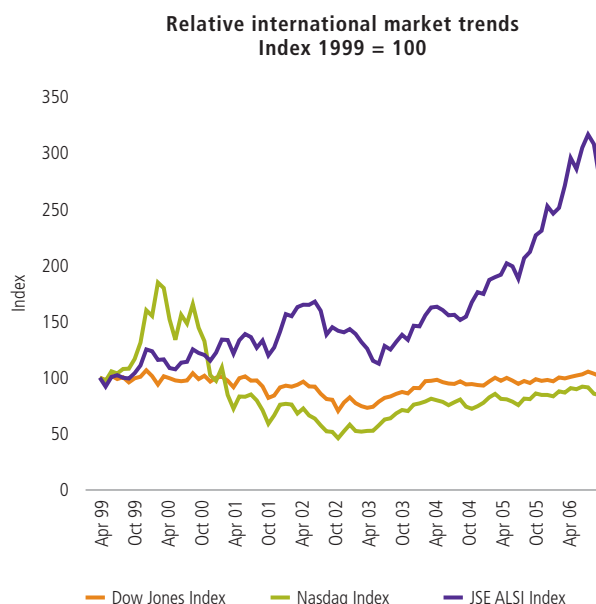


Operationally Brait was voted the best African Private Equity manager by Private Equity International in 2005. Investor support for Brait's new Private Equity Fund, Brait IV, has been strong. The projection is that this fund will close, by December 2006, as Brait's largest fund ever. The debt advisory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

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

Macro environment

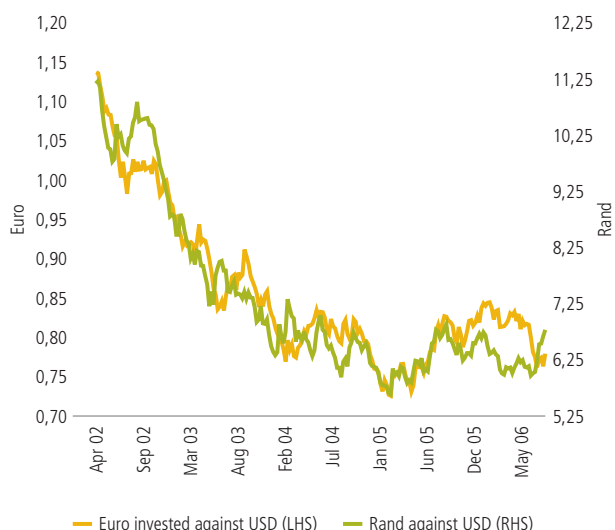
Despite widening global current account imbalances, rising oil prices, and natural disasters, the global economy expanded at a respectable pace of 3,4% during the course of 2005. This slowdown, somewhat slower than the 4,0% recorded the previous year, was mainly precipitated by more expensive energy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



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

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

Historical exchange rate movement



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

The board

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

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

Brait was voted the best African Private Equity manager

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

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

Dividend

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

The year ahead

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

In appreciation

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



Mervyn E King
19 June 2006
Senior Chairman