Brait

annual report 2005

partnerships
based on passion, energy and
a pioneering spirit of enterprise

| Brait | Annual Report 2005

Brait S.A., Société Anonyme, Incorporated in Luxembourg (RC Luxembourg B-13861)

contents

the business of Brait

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

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

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

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

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

|Shared Reward| With our partners we **grow** and **participate** in the benefits flowing from discovered opportunities.

Annual highlights

for the year ended 31 March 2005

Financial

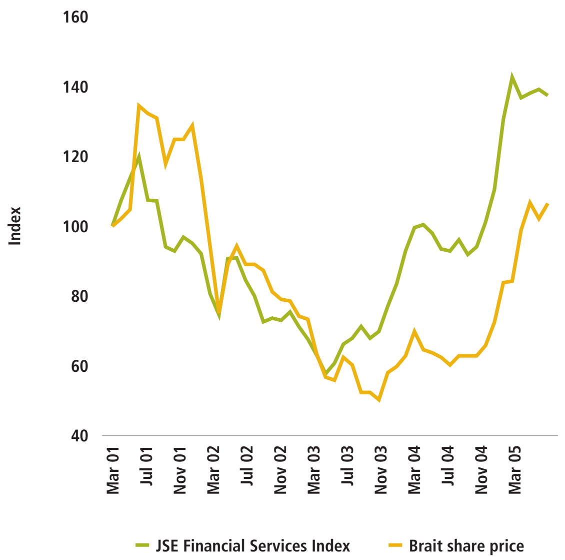
- Profits from operations increased from US$21,3 million (22,7 US cents per share) to US$48,5 million (49,6 US cents per share)
- Diluted headline earnings increased from 4,9 US cents per share to 34,7 US cents per share
- Return on equity 32%
- Annual dividend distributions increased from 3,25 US cents per share to 13,75 US cents per share
- NAV increased by 37% to 135,9 US cents per share (after adding back dividends paid)
- Strong balance sheet – US$17,8 million cash on hand

Operational

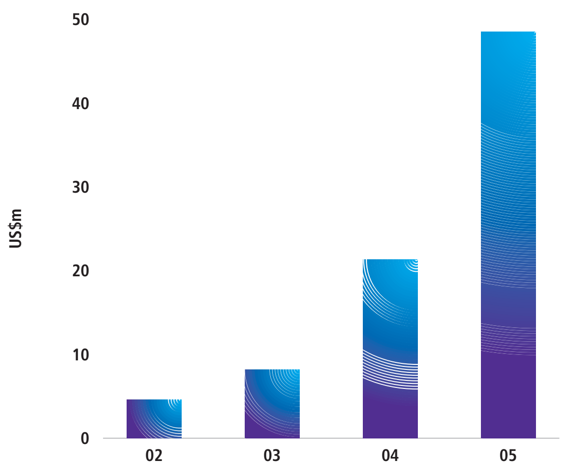
- Private Equity
  - Positive progress on Brait Private Equity Fund IV raising
  - Substantial completion of Fund III investment programme
  - Maximisation of high impact investments
  - Acceleration of Brait Private Equity Fund II and Fund III exits
- Specialised Funds
  - Delivery of a strong three-year track record
  - Growth of funds under management
  - Expansion of investment platform and capacity
- Group Investments
  - Operational growth in Bayport

Strategic

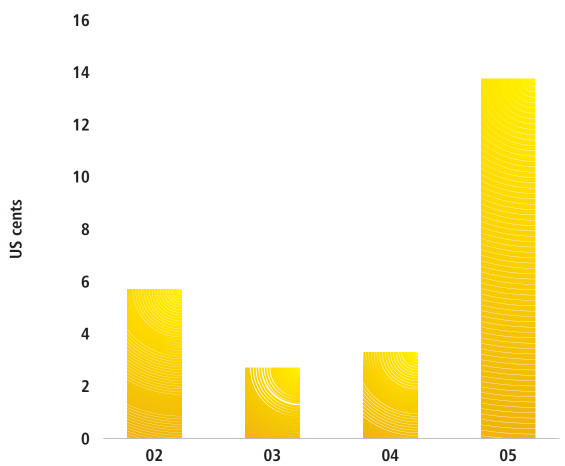
- Refocus and restructure of the group completed
- Earnings growth and entrenchment of a sustainable business model
- Successful introduction of a 26% black empowerment partner in South Africa
- Consolidation of all advisory brands under Brait Corporate Finance
- Review initiated of the branding and market rating of Brait
- Strategic positioning and development of Bayport



Relative Brait share price versus JSE Financial Services Index (Rands)



Profit from operations



Dividends per share (excluding special dividends)

Financial performance

for the year ended 31 March

Supplementary Rand information

2004π ZARm	**2005π ZARm**		**2005 US$m**	2004 US$m
152,4	**302,8**	Profit from operations	**48,5**	21,3
81,4	**242,4**	Private Equity	**38,8**	11,4
2,5	**0,7**	Corporate Finance	**0,1**	0,3
6,4	**7,3**	Specialised Funds	**1,2**	0,9
62,1	**52,4**	Group Investments	**8,4**	8,7
(45,1)	**(15,7)**	Finance costs	**(2,5)**	(6,3)
(80,8)	**(69,7)**	Capital items	**(11,2)**	(11,3)
26,5	**217,4**	Profit before taxation	**34,8**	3,7
(7,2)	**(3,1)**	Taxation	**(0,5)**	(1,0)
19,3	**214,3**	Profit after taxation from continuing operations	**34,3**	2,7
(15,0)	**–**	Loss from discontinued operations	**–**	(2,1)
–	**(2,6)**	Minority interests	**(0,4)**	–
4,3	**211,7**	Attributable earnings	**33,9**	0,6
		SHARE PERFORMANCE		
		Headline earnings per share		
36,8	**237,1**	– Basic (cents)	**38,0**	5,1
35,1	**216,7**	– Diluted (cents)	**34,7**	4,9
		Attributable earnings per share		
4,8	**237,1**	– Basic (cents)	**38,0**	0,7
4,6	**216,7**	– Diluted (cents)	**34,7**	0,6
		Dividends per share (cents)		
–	**21,4**	– interim (paid)	**3,50**	–
20,4	**†**	– final (proposed)	**10,25**	3,25
224,6	**–**	– special (paid)	**–**	32,50
624,4	**804,1**	Net asset value per share (cents)	**128,9**	99,2
		FINANCIAL STATISTICS		
		Market capitalisation		
746,5	**1 196,4**	– 31 March (ZAR'm)		
		– 31 March (US$'m)	**191,7**	118,6
102,3	**102,3**	Shares in issue (m)	**102,3**	102,3
		Weighted average shares in issue		
89,5	**89,3**	– basic (m)	**89,3**	89,5
93,7	**97,7**	– fully diluted (m)	**97,7**	93,7
		Closing share price		
730,0	**1 170,0**	– 31 March (ZAR cents)		
		– 31 March (US cents)	**187,5**	116,0
		Average shareowners' funds		
707,6	**638,5**	– 31 March (ZAR'm)		
		– 31 March (US$'m)	**101,9**	98,8
		Rand/USD exchange rate		
6,2925	**6,2395**	– closing	**0,1603**	0,1589
7,1541	**6,2503**	– average	**0,1600**	0,1398

π The disclosure above is for financial information purposes and is not part of the group financial statements.

† The Rand dividend will depend on the Rand/USD exchange rate following the annual general meeting on 27 July 2005.

Profile

Brait is an international investment and financial services group focused on private equity, specialised funds management, corporate finance and group investments. It is listed on the Luxembourg, London and Johannesburg stock exchanges, with shareowners' funds of US$115,1 million at 31 March 2005.

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

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

Our specialised funds activities pioneered the formation of a unique hedge funds product designed for South African institutional investors and has shown excellent results in its first three years of funds management.

Brait's corporate finance capability effectively addresses client and group needs by offering a strong and broad-based corporate finance capability. The principal activities within the unit are mergers and acquisitions, corporate finance, transaction execution support, black empowerment capital raising services, commercial structuring solutions and debt services which focuses on structuring and distribution of debt products.

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

Brait's earnings are primarily derived from:
- Private equity fees and investment returns;
- Alternative funds management fees and investment returns;
- Corporate and debt advisory services fees; and
- Group investment returns.

Group activities

Brait's primary activities are:

Brait

Private Equity
- Private equity funds management
- Private equity investments
- Funds investments

Specialised Funds
- Funds management
- Funds investments

Corporate Finance
- Regulatory matters
- Mergers and acquisitions
- Structuring
- Transaction execution
- Specialised debt finance

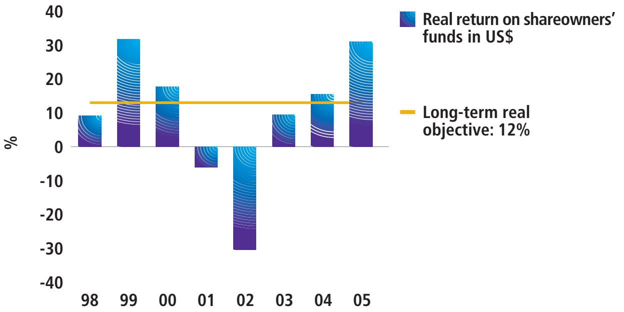
Group Investments
- Strategic investments

Group scorecard and performance measurement

Objective
To achieve a real US dollar return on shareowners' funds of 12%.

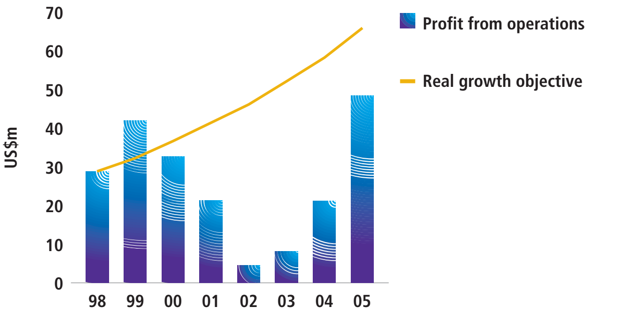
(measured by growth in NAV, adjusted by dividend payments, over average capital.)

Progress
Brait has again exceeded its ROE target this year with a 31% real return. Although investment returns, which contribute substantially to Brait's earnings, are typically volatile, Brait has comfortably outperformed its targets since the closure of its A2 banking business and refocus of its operations in 2004.



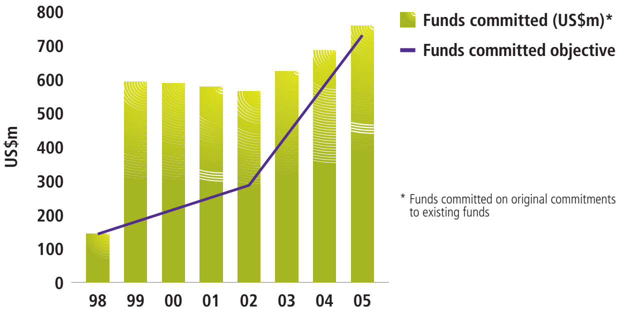
Objective
To grow attributable US dollar profits from operations at a compound rate of 10% in real terms.

Progress
Brait has exceeded its real growth target this year with a real growth rate of 121%. While the earnings income is off a reduced base, the group is closing in on its targeted eight-year listed track record.



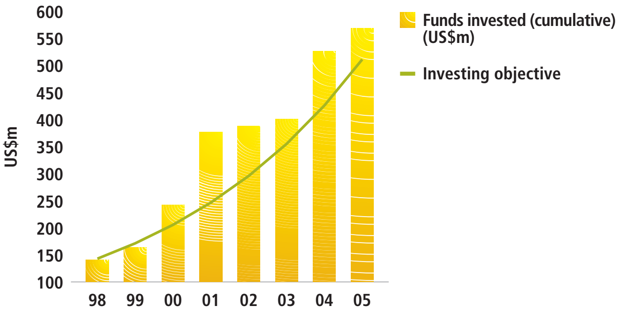
Objective
To double alternative asset funds, including specialised funds, committed every four years.

Progress
Brait has a sound base of commitments from which it expects to grow its funds under management. The raising of Private Equity Fund IV in the 2006 financial year and further fundraising initiatives which are presently under way will have a major impact on this deliverable.



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

Progress
Brait has to date exceeded its target of invested funds. The Net 1 transaction in Fund III as well as new investments by the Brait Absolute Fund of Funds have contributed to this performance in the 2005 financial year.



Greatly improved **private equity** and **investment activities** arising from the continued focus on our core activities

Chairman's statement

Group results

At the interim stage I reported that Brait had made a promising start to the financial year. I am happy to report that the group's financial performance continued to improve in the second half of the year, as a result of greatly improved private equity and investment activities, arising from the continued focus on our core activities.

The financial results for the year ended 31 March 2005 include profit from operations of US$48,5 million being 128% up on the previous year's reported earnings of US$21,3 million. Net of finance costs and the capital items, attributable earnings for the year were US$33,9 million compared with US$0,6 million in the previous year.

Macro environment

Amongst the international issues which most affected global markets, the most significant was the signal given by the US Federal Reserve that it would be removing policy accommodation at a measured pace. Markets consequently interpreted this as a cue for higher US rates. Consequently, the Fed funds rate moved from its 1958-year low of 1,0% to 2,75% by the end of Brait's year-end. This weighed against the favourable interest rate differential the South African Rand relied on for its stellar performance. Similar moves by the Bank of England were not followed by the European Central Bank, hamstrung as it was by lethargic GDP growth.

In South Africa where the group has significant operations, interest rates fell to levels last seen in 1980. Public debt and fiscal deficit data remain impressive while the Rand found itself in the basket of ten best performing currencies for the third consecutive year. Business and consumer confidence levels reached historic highs. The economy grew in the final quarter of 2004, being the 24th consecutive quarter of positive growth since 1998 in an upward phase of a business cycle which is the longest on record since 1945. The South African property market was the best performing internationally.

With this scorecard on monetary, fiscal and macro economic policy becoming increasingly impressive, the environment for private equity investment is indeed promising.

In the year ahead we have to be aware of dollar volatility internationally, firm commodity prices and a higher trajectory in interest rates in key developed markets. These will be challenges facing the stable environment that policy makers have created in South Africa. Going forward economic activity could well shift from household consumption to investment spending. Government and public corporations have signaled an intent of spending sizable amounts on development and improving the efficiency of South Africa's infrastructure. This investment spending should be a shock absorber against the slow down in global economic activity affected by high oil prices and rising interest rates in G10 economies. Inflation in South Africa is expected to remain within its target range this year, rising moderately towards its 4,5% midpoint by the end of the year. Interest rates are generally expected to follow a similar trend.

South Africa is on the brink of attracting the largest foreign direct investment transaction in its history, that of Barclays PLC in regard to Absa. Similarly, it is anticipated that Brait will have the first closure of its new Private Equity Fund IV in this calendar year. The new fund will attract meaningful foreign exchange into the South African economy with a long term investment profile.

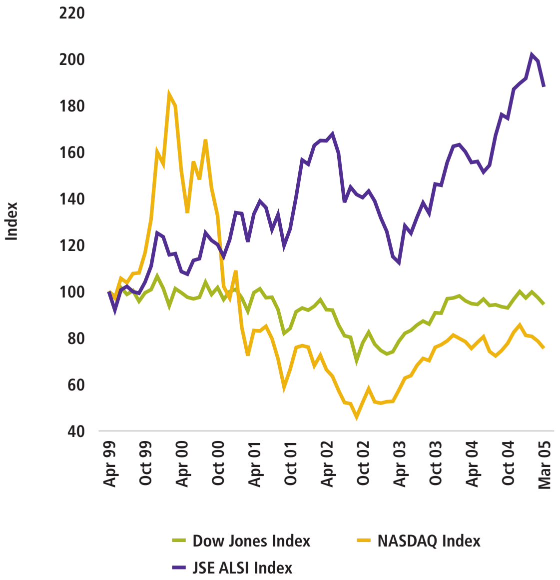
General overview of the year

The closure and unwinding of our banking operations were completed this year and the group continued its policy of hedging the majority of its South African Rand tangible net assets into its reporting currency, the US dollar.

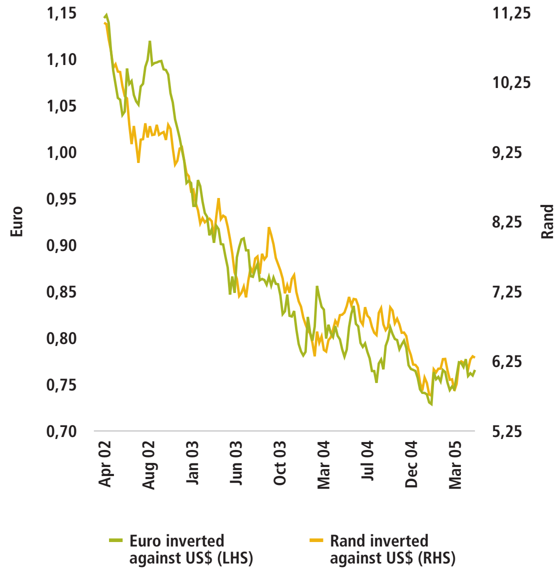
During the year Brait sold 26% of its South African business to a consortium of black economic empowerment investors. It included several black entrepreneurs and community organisations led by Bheki Sibiya. Brait was a minority financier in the transaction.

Great strides were made in raising Brait Private Equity Fund IV and it is hoped to substantially close the fund in the next calendar year.

Private equity deal activity remains strong with the investment programme in Brait Private Equity Fund III substantially completed. The economy is such that the private equity environment in South Africa is buoyant at present with significant investment opportunities. Brait's Specialised Funds division has proved to be a market leader while the group's Corporate Finance division has focused on building new relationships and expanding its revenue base. The group's proprietary investing has once again proved to be successful.



Relative international market trends



Historical exchange rate movement
Source: INET

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.

After year-end, the group was pleased to announce the appointment of John Coulter as the group's new Chief Executive Officer. John joins the group with a significant reputation having been Chief Executive Officer of JP Morgan in Southern Africa. I am confident that he will make a meaningful contribution to the group.

A critical stakeholder in Brait is its private equity fund investor. In the context of the leadership change in Brait, these investors want to see Antony Ball and John Gnodde in senior positions in the group, even though their principal operational roles will remain in Brait's private equity business. Having regard to this requirement, the board, acting in the best interests of the company has finally decided that with effect from the annual general meeting, to appoint Antony Ball and John Gnodde to positions where they continue to be seen to operate as leaders, this being important for our fund investor stakeholders. Antony Ball becomes Executive Chairman, and will continue to chair the Brait Private Equity board and will play an active role in the strategic oversight of Brait. John Gnodde becomes Executive Deputy Chairman and will continue to act as CEO of Brait Private Equity. In order to ensure that independent non-executive oversight of the board continues, I will become the Senior Chairman of the group and in that role will continue to chair the board, chair the Remuneration Committee, sit on the Audit and Risk Committee, act as the link between the board and management and have a direct link with the shareowner base of the group.

The directors have also proposed to shareowners at the Annual General Meeting, the appointment of five further non-executive and executive directors, the former in order to enhance the independence of the board. The proposed appointments are Messrs Beecroft and Troskie, as non-executive directors and Messrs Childs, Gnodde and Coulter as executive directors.

Dividend

This year earnings from operations have increased materially and the company's balance sheet is strong.

Accordingly, having restored our policy of paying normal dividends last year, the board has resolved to recommend to shareowners a final dividend of 10,25 US cents.

The year ahead

Brait started the new financial year on a high note with the announcement of increased earnings and the imminent first closure of Brait Private Equity Fund IV. The board is confident that, all things being equal the group will continue its upward trend in performance.

Appreciation

I record both my and the board's appreciation to Antony Ball for his commitment as Chief Executive of the group. I wish Antony Ball, John Coulter and John Gnodde good fortune in their new positions.

I thank my board members for their courage and conviction on several important decisions we had to make in the year under review and for their support.

I again express my appreciation to staff for their efforts and to our strategic partners, investors, shareowners and other stakeholders for their continued support of the group.

Mervyn King
Chairman

10 June 2005

Capital, skills, teamwork and resolve – what Brait is all about

Group Chief Executive's report

Financial results

The financial results for the year support the confidence shown by management in the earnings potential of Brait and gives a strong indication of a platform for future profit growth.

The more significant highlights that emerge from an analysis of these results are as follows:

Earnings

- **Profit from operations – US$48,5 million**

Profit from operations has increased from US$21,3 million to US$48,5 million for the year. This improvement is primarily attributable to the earnings performance of the group's private equity operations and to a lesser extent by group investments.

- **Expenditure on capital items – US$11,2 million**

Brait has consistently applied its policy of hedging the group's SA Rand net tangible assets into US dollars, which is the functional currency of Brait S.A.. The cost of the hedge recognised against income for the year was US$4,1 million compared to a charge of US$11,3 million in the prior year.

The sale of 26% of Brait South Africa during the year to the group's new BEE partner has not been recorded as a sale as it did not meet the accounting requirements for recognition as such. Consequently the sale proceeds have been recorded as a liability and 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 of this financial instrument at 31 March 2005 gave rise to a charge of US$7,1 million. This amount approximates the share of minority earnings that would have attributed to our BEE partners.

Return on equity – 32%

The group's net asset value increased by 37% after adding back dividends paid. The US dollar return on average shareowners funds was 32%, substantially exceeding the group's targeted US dollar return of 12%.

Net operating cash flow – US$7,0 million

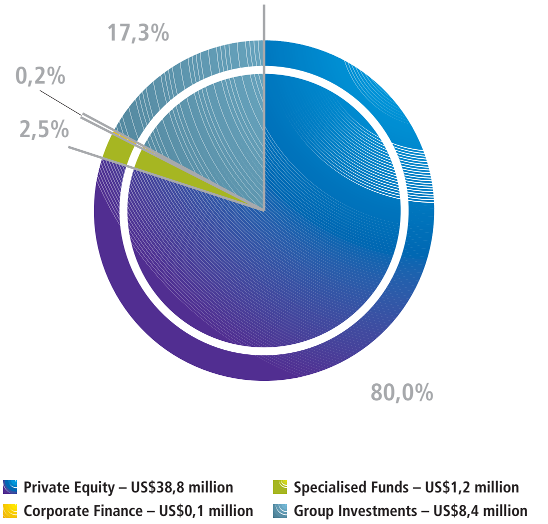
Cash generated from operating activities increased by US$15,5 million from the prior year. After taking into account working capital investments in Bayport and capital items, net operating cash for the year was US$7,0 million (2004: US$18,7 million). At 31 March 2005 the balance sheet remained strong with approximately 16% (2004: 17%) of shareowners' capital held in cash and cash equivalents.

Review of operations

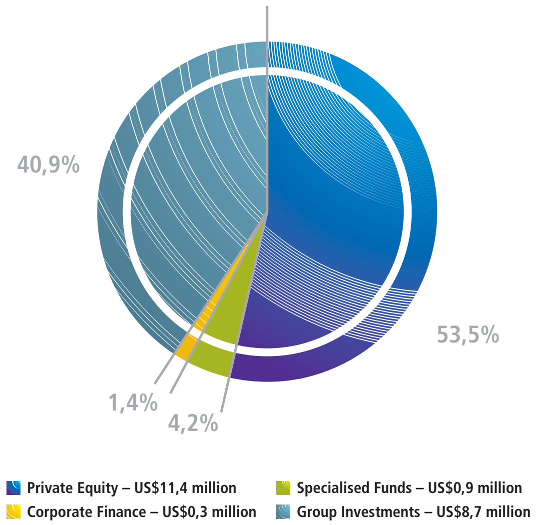
Private Equity

Private equity performance for the financial year was dominated by significant deal activity and value recognition in the group's underlying funds and proprietary investments. As a consequence, income increased by 81% and profit from operations improved by 240% from US$11,4 million to US$38,8 million. Return on equity for the segment was 47% on closing capital employed of US$82,2 million.

Some notable new investments were concluded during the period under review. The Net 1 UEPS Technologies Inc. ("Net 1") transaction in Fund III was a significant achievement following on the heels of the Pepkor transaction in 2004. These deals rank amongst the largest and most high profile private equity transactions concluded in South Africa to date. Considerable value has also been added since concluding these two investments, supporting the decision taken in 2003 to refocus the business. As a consequence of the Net 1 transaction and other investments closed during the year, the investment programme of Fund III is now substantially complete. Additionally, Funds II and III have concluded some significant exits in FineChem, Smartcall and Cointel.



Segmental profit from operations – 31 March 2005



Segmental profit from operations – 31 March 2004

The value enhancement of the investment portfolio, particularly in Fund III, is a reflection of Brait's specific investment processes and its depth of management. This has been complemented and supported by sound economic and capital market fundamentals, particularly in the southern African market. Investment earnings are by nature volatile and dependent on opportunistic timing and market conditions. Income from the group's private equity investments incorporate investment distributions as well as realised and unrealised gains and losses measured on a fair value basis including carried interest. A large portion of the income in the current year is attributable to unrealised gains due to the strong mark to market performance of the portfolio.

The process for raising a new private equity fund, Brait Fund IV, was initiated during the year. The first closure of this fund is expected to occur in the first quarter of the 2006 financial year and final closure twelve months thereafter. The Private Equity environment in South Africa is buoyant at present and offers significant investment opportunities. Taken together with Brait's investment performance and track record, this should ensure Brait is in a good position to increase its funds under management by the financial year-end.

Corporate Finance

Operating earnings for the year from Corporate Finance were marginally positive and reflected a similar performance to the prior year. These results were disappointing following the efforts during the year to refocus the business unit and build new relationships to expand the revenue base. Nonetheless, the number of current advisory mandates is encouraging, but for a couple of significant contingency based advisory transactions which were not concluded by year-end, the result could have been much better. The completion of these assignments in the next financial period should provide significant impetus to the segment results.

The restructured Corporate Finance business comprises a unique blend of skills across all facets of deal making and has the ability to deliver the best advice, technical skills, access to capital and an offshore network. The division will continue to position itself as a top tier advisory team with a strong franchise in its South African and niche cross-border segments.

Specialised Funds

Specialised Funds income, which consists of fees earned from the management of third-party capital in the group's hedge funds and investment returns generated from Brait's own seed capital, increased by 34% to US$5,5 million from US$4,1 million the previous year. Operating earnings increased by 33% to US$1,2 million as the business scaled up its infrastructure, giving it the capacity to become the market leading alternative funds manager for South African institutional investors.

Assets under management in the group's principal product, the Brait Absolute Fund of Hedge Funds, grew by 165% over the year and this momentum has continued subsequently. During the year the unit continued to focus on building its business risk management capabilities, which will be a major area of differentiation as the industry grows.

Investment performance across the funds during 2005 was very satisfactory, with Brait Absolute exceeding the three-year rolling performance objectives, and strong emerging manager performance building the available strategy pipeline. Brait Absolute beat cash returns by 6,5% and inflation by 10,7%, while correlation and beta to the All Share Index was very low at 0,25 and 0,08 respectively.

Group Investments

Income from group investing increased to US$15,9 million from US$8,3 million. Operating earnings decreased year-on-year to US$8,4 million from US$8,7 million. Return on closing capital employed of US$48,6 million was 17%.

Growth in Bayport's micro-lending and financial services operations in Africa continues to improve. During the year the group increased its equity holding in Bayport and has consequently consolidated the investment as it has effective control of the company.

Group Chief Executive's report continued

Negotiations are currently under way to dispose of the group's minority held South African micro-lending interests held through Capital Alliance Finance. These are expected to be concluded shortly.

Black economic empowerment

In the interim results announcement, the group reported that it had concluded a sale of 26% of its equity in Brait South Africa to Sitogo Holdings, which comprised a group of emerging entrepreneurial black businessmen and women who have considerable potential to add value to Brait's South African operations. The transaction has been bedded down and some positive progress has been made with the group's new partners.

The transaction introduced several new entrepreneurs to the South African black ownership roster and had broad-based community support. It was majority financed by the private sector. Brait has decided to retain a minority share of the funding because of its strong investment potential.

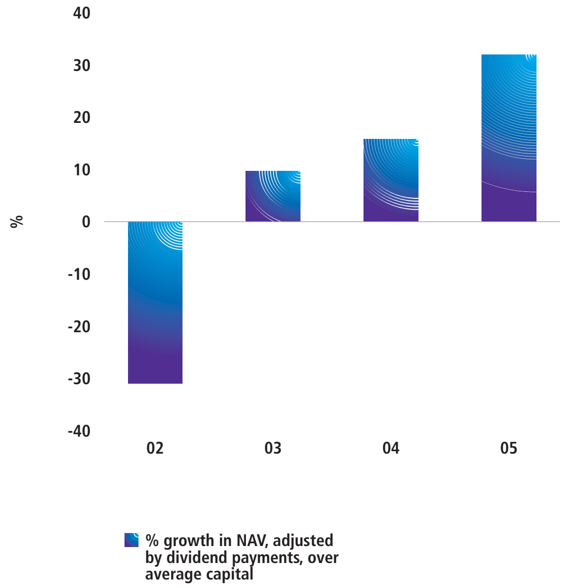
In addition to its BEE ownership achievement, Brait South Africa has taken significant strides during the year towards meeting its employment equity and skills development goals, and also its black procurement and enterprise development initiatives. Brait has exceeded all its targets in these endeavours for the year. Progress against these goals is measured currently against the Financial Sector Scorecard on a quarterly basis.

Strategic review

The theme for the 2004 financial year was one of sharpening Brait's focus, and implementing its strategy in the context of a simpler and less costly structure. This was successfully achieved, and enabled Brait to complete or substantially complete, a number of milestone transactions which demonstrated what Brait is all about. Specifically these are: required capital, skills, teamwork and significant resolve to see it through.

This created a platform to build upon, and set the scene for the 2005 goals:

- Driving our empowerment strategy and completing our empowerment transaction. As discussed above, significant steps have been taken this year.
- Drive the growth and development of our Private Equity business. This unit achieved record profitability this year, and made good progress on the raising of Brait Fund IV.
- Drive the growth and development of our Specialised Funds business. This unit achieved major milestones this year and is well set for continued development of its product platform and asset growth.
- Drive the growth and development of our Corporate Finance business – 2005 was an important year in stabilising this unit and concentrating on the delivery of a quality product. These goals were achieved, but we did fall short in our profit expectations. We expect this to change in 2006.
- Developing our brand. Significant effort has gone into marketing Brait, and our research shows substantial improvement in the development of our brand.



Return on shareowners' funds

Moving to next year, our priorities remain the same: Focus on our businesses, and the basics. Under the theme of "Building on the Momentum" we have set ourselves a list of critical priorities that backs this up and, if successfully executed, should see Brait growing from strength to strength. These include:

- strategies to build and develop each of Brait's three business units;
- build and develop our investment in Bayport;
- build our Brand; and
- improve the market rating of our share.

Conclusion

The 2005 financial year has been a significant year, in that Brait has been able to show some of its inherent potential. Management regard the current position as one that will serve a strong foundation for future business building.

I would like to add a special thank you to my colleagues, Brait's shareowners, and our private equity and specialised funds investors, for their support, dedication and loyalty.

Antony Ball
Group Chief Executive

10 June 2005

Segmental review
PRIVATE EQUITY

Performance for the year	2005 US$m	2004 US$m
Revenue and other income	**52,6**	29,0
Profit from operations	**38,8**	11,4
Closing capital employed	**82,2**	48,3
Return on equity before taxation (%)	**47,2**	23,6

Brait has an established team and track record that is recognised as a leader in the third-party private equity asset class in the African region. Brait's fund format allows it to leverage its own skills alongside the capital of a premier set of international and South African investors.

Overview of Private Equity

The Private Equity business of Brait comprises:

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

Brait has an established team and track record that is recognised as a leader in the third-party private equity asset class in the African region. Brait's fund format allows it to leverage its own skills alongside the capital of a premier set of international and South African investors. The earnings stream from these operations are of high quality, comprising predominantly annuity management fees and performance fees from returns on invested capital. The economic model followed is true to the principles tried and tested originally in the US and Europe, which are:

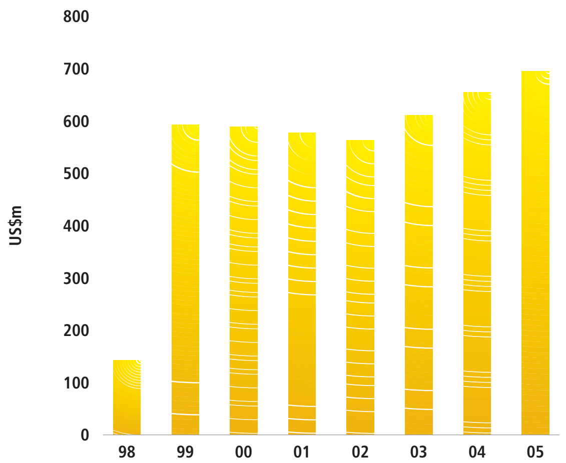
- the fund investment holding vehicles are not traded publicly;
- funds are committed for the long-term but are closed-end in nature, usually giving the manager five years in which to draw the committed capital to make investments, and a total of ten to twelve years from the fund's inception to return the capital to investors. Committed private equity funds under management currently total approximately US$700 million;
- management fees are payable on committed capital independent of the amount drawn or the valuation of the portfolio, representing a secure long-term revenue stream. As a result the interests of investor and manager are aligned by allowing a patient and considered pace of investment rather than rewarding a rapid deployment of funds. Brait receives annual fees of approximately 2,0% on committed capital of its private equity funds, reflecting the specialisation of the team and the intensity with which it supports the investment processes;
- the funds draw down cash for investment as and when required by the manager and, on realisation, pass proceeds directly back to investors; and
- unrealised carried interest participations are recognised in income when the return of the fund's investments exceeds certain threshold returns and are payable only once cash has been returned to investors covering cash drawn down for investments and fees, together with a preferred return (generally of 8% in US dollar terms). These participations typically represent 20% of the gains. The private equity team shares in these participations equally with Brait, again aligning the motivation of all parties.

Given the long-term nature of the commitment and illiquidity of the fund investment, investors make careful and extensive reviews of the manager. Brait enjoys relationships with a premier group of investors that have formed a long-term view of the Brait team, its investment strategy, and ability to deliver.

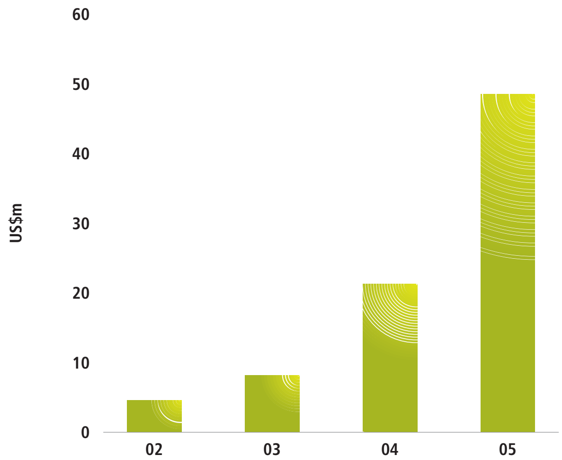
Brait's readiness to embrace change and adopt a multi-disciplined approach has contributed to its success. The group has ensured that the investment team is optimal in size and has the desired depth and mix of skills. An important component of this is the ability and readiness to provide ongoing strategic, operational and financial support to the portfolio companies, which drives our investment record and provides further differentiation. An optimal balance of financial and intellectual capital is key to success.

Three of Brait's funds invest in later stage private equity transactions, whilst the fourth is focused on early stage technology investing. Earlier stage co-investing at present represents approximately 6% of funds under management.

Segmental review
PRIVATE EQUITY continued



Private Equity – funds committed



Private Equity – profit from operations

The track record of the Brait Private Equity funds reflects a solid and consistent performance over the past fourteen years, as highlighted in the table below:

Fund name	Vintage	Investment type	Size	Gross IRR	Special features
Brait I	1991	Later stage	ZAR228m	29% Rand	First fund managed by an independent private equity fund manager in South Africa. Investment programme complete.
Brait II	1995	Later stage	US$144m	>30% US$	Pioneered international LP's into South Africa, in partnership with local LP's.
Brait III	1999	Later stage	US$409m	>30% US$	South Africa's largest independent private equity fund.
Braitec	1999	Early stage	ZAR305m	Negative IRR	–
Proprietary Investing	Ongoing	Later stage	n.a.	>30% Rand	Invests in transactions that fall outside of the investment mandate of the Brait Private Equity Funds.

Financial results and commentary

Private Equity has enjoyed another positive year in terms of results.

Revenue and other income improved by 81% from US$29,0 million to US$52,6 million and has been driven primarily by the investing performance of the group's interests in its private equity funds. This outcome is attributed in part to buoyant equity market conditions in South Africa and, more specifically, to the underlying performance of Brait's private equity fund investment portfolio. Investment income from the group's proprietary investment programme also made a significant contribution to revenue once again this year. Management fee revenue declined slightly, despite the positive impact of the Rand strength against the US dollar, as fees for Fund III decline in the latter half of the fund's life cycle.

Costs in private equity increased by 21% year-on-year, principally due to the strength of the Rand.

The net effect of the increase in revenue and other income has had a leveraged effect on bottom line earnings, where profit from operations has increased by 240% from US$11,4 million to US$38,8 million.

By its nature, earnings from investing activities are long in equity risk and difficult to hedge. Correlation with public markets is limited by the special opportunity and privately negotiated nature of much of this proprietary investing. Inevitably, in years of volatility in equity markets, earnings will not be smooth and may be adversely affected by abnormal currency or investor sentiment.

Operational Review

Funds I, II and III

The highlight for the year under review was the conclusion of the Net 1 transaction in Fund III. Net 1 is a developer of technology utilising smart card technology to provide fully integrated systems to meet the requirements of "under-banked" populations of developing countries. The transaction involved the merger of two operations – one in South Africa and the other in the United States and the raising of capital to fund an expansion programme which will enable Net 1 to develop new products and penetrate markets in Africa and the United States.

With a gross funding requirement of approximately US$230 million, the Net 1 transaction, as reflected in the annual KPMG and SAVCA Venture Capital and Private Equity Industry Performance Survey of South Africa 2004, is the second largest private equity transaction concluded in South Africa in the year to 31 December 2004. The Net 1 transaction demonstrated the team's ability to pro-actively identify and consummate a complex transaction of substantial size in the international market.

Brait continues to apply considerable resources to enhancing strategic plans of existing portfolio companies and in instances where strategic plans have been fully implemented these portfolio companies have been positioned for realisation. This initiative continues to bear fruit with the realisation of three portfolio companies during the year under review. Fund III realised its interest in Cointel (cellular), Fine Chemicals Corporation (pharmaceutical) and Hydrogen Entertainment World (entertainment). In addition, post year-end, the Brait II investment in Nortech (electronics) was realised. Furthermore, we expect to make a number of additional realisations, primarily from Brait II, over the first two quarters of the 2006 financial year.

The value enhancement of the investment portfolio, particularly in Fund III, is a reflection of Brait's specific investment processes and its depth of managers, supporting the decision in 2003 to refocus the business. This has been complemented and supported by sound economic and market fundamentals, particularly in the southern African market.

As at 31 March 2005, Brait had drawn down approximately 90% of Fund III's capital and has further commitments on the balance of the capital. The portfolio represents a healthy blend of transaction types and industry diversification. Cash flow from investee companies has been strong and has afforded the fund the opportunity of early returns of capital to investors. We have seen healthy development of the business plans of these existing portfolio companies which continue to trade in line with, or ahead of, budget and have again demonstrated improved operating performance over the previous year.

Investment in Private Equity Funds

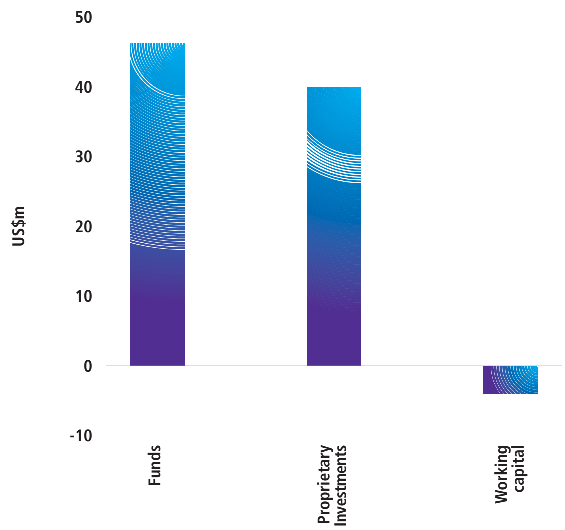
The group has made direct investments of US$27 million into private equity funds, primarily Brait Private Equity Fund III, under its management and a further US$3,5 million as co-investment into certain of such portfolio companies.

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

Proprietary Investing Programme

As with the Private Equity funds, Brait continues to apply considerable resources to enhancing strategic plans of existing portfolio companies within the Proprietary Investing Programme. The investee companies within this portfolio have performed in accordance with budget. During the year under review a new investment was made in Beverage Packaging, which is an independent beverage contract packing company, with facilities to package beverages in cans, glass and PET bottles.

During the year under review the Proprietary Investment Programme realised its interest in Rheem (packaging) and Web Angel (e-commerce).



Private Equity – allocation of capital at 31 March 2005

Segmental review
PRIVATE EQUITY continued

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

Braitec

The Brait Technology and Innovation Fund I ("Braitec") made no significant follow-on investments during the year under review. The focus of the team was on the consolidation of the portfolio in difficult markets for small technology companies and to ensure that as many of the portfolio companies as possible start to generate positive cash flows. The portfolio, taken as a whole, increased in value by some 22% during the year under review. A number of realisations were also achieved, including, a portion of IBA (healthcare IT), and there are some high-potential growth companies in the portfolio which may be able to derive significant valuation benefit from achieving a reasonable scale and an upturn in technology markets.

Medu Capital

Private equity fund manager Medu Capital, an empowerment initiative with Brait which has approximately US$40 million under management, performed well during the year under review. Having concluded its first transaction in November 2003, Medu Capital concluded a further four transactions (Ampaglass (plastics), Capital Outsourcing (labour broking), Zest (exclusive distributor of WEG electric motors and drivers) and Pepkor (retail)) and has entered into an agreement in respect of NCS Resins (producer of Resins), which was concluded in April 2005. The portfolio represents a healthy blend of transaction-types and industry diversification. We have seen healthy development of the business plans of these existing portfolio companies which continue to trade in line with, or ahead of, budget. As at 31 March 2005, Medu Capital had drawn down approximately 84% of its committed capital.

Strategic initiatives

Raising Brait Private Equity Fund IV

Private Equity is in the process of securing capital commitments for its fourth general private equity fund – Brait IV. As with previous funds, Brait will again invite both South African as well as international institutional investors to make capital commitments to the fund. Targeted investors will include both current investors as well as newly identified investors. The first closing of the South African component of the fund is expected to occur in the first quarter of the financial year ending 31 March 2006 and final closure twelve months thereafter.

Mezzanine Fund initiative

Private Equity has revitalised its initiative to establish an independent mezzanine fund management business. Its rationale for doing so is to create a stand-alone business which can capitalise on, and leverage off, both the intellectual capital skills and mezzanine investment origination skills developed by Private Equity over the last four years. The strategy adopted for pursuing this initiative has been to establish a joint venture arrangement involving a management team and a third party financial institution. Negotiations are currently at an advanced stage, and it is hoped that this new initiative will commence operations in the coming months, resulting in South Africa's first independent mezzanine fund manager.

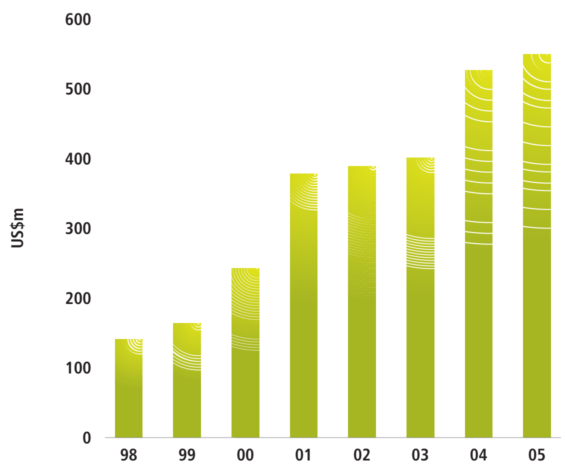
Raising Medu II

Having successfully deployed the majority of the committed capital in its first private equity fund, Medu Capital will commence shortly with the raising of its second fund – Medu II. On the strength of a sound portfolio and a capable management team, Medu Capital will seek capital commitments from domestic institutions.

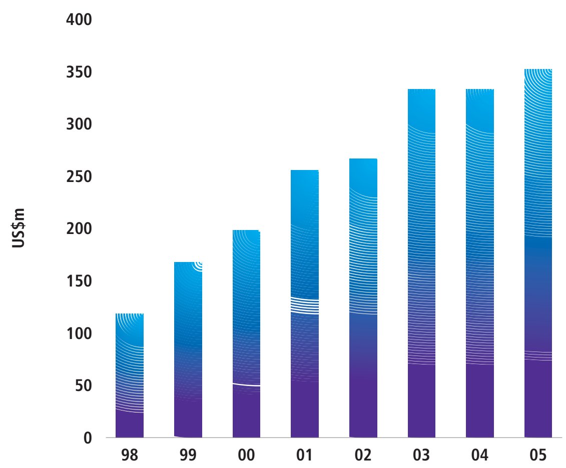
Portfolio of investments

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

Name of investment	Description of business
Fund II	
Freeplay Energy	Developer of technology involving the generation and storage of human-generated energy.
Prime Cure Clinics	Provider of high quality, low cost primary healthcare services through a national network of medical centres.
Shoe City Holdings	National retailer of discounted formal, casual and sports footwear.
Uni-Span Formwork and Scaffolding International	Manufacturer and distributor of scaffolding and formwork products to the construction and building sector.
Fund III	
Logical Options	Leading recruitment, staffing and IT services business with interests in South Africa and North America.
Metrofile (formerly MGX)	A provider of document management services and solutions.
Net 1 UEPS Technologies	Developer of technology utilising smart card technology to provide fully integrated systems to meet the requirements of "under-banked" populations of developing countries.



Private Equity – cumulative funds invested



Private Equity – funds returned

Name of investment	Description of business
Pepkor	Retailer of clothing and footwear with operations in Africa, Australia and Europe, trading under the names of Pep, Ackermans, Dunns, and Best & Less.
The Reclamation Group	Environmental services group focused on the secondary metal market, with developing operations in waste paper, glass, rubber and plastic recycling.
Wilderness Safaris	Leading tourism wholesaler and operator of safari camps and related guest logistics.
Braitec	
Breathetex	Owner of technology to apply waterproof, breathable membranes to fabric.
Connect One	Developer and producer of chips, software and hardware enabling non-PC devices to connect to the internet.
Eastmin Information Technology	Provider of hardware and software solutions for the office automation and productivity environments.
Floppy Sprinkler	Irrigation technology business which has developed a worldwide patented, low cost sprinkler system.
Grapevine Interactive	Provider of collaborative messaging solutions to the corporate market.
Graphic Data	Provider of document management solutions in the UK through the use of a network of scanning and microfilming bureaus.
IBA Health	Provider of healthcare information systems in Australia, Singapore, New Zealand and the UK to hospitals and clinics.
Intenda	Developer of procurement and tender management software solutions.
Intervate	Provider of collaboration and productivity solutions utilising intranet, portal and mobile technologies.
Websoft	Provider of software and outsourcing solutions to insurance brokers and short-term insurers.
Unique World	Developer of high quality end-to-end technology and e-marketing solutions for Australian businesses.
Tissue Link	Developer of medical technology combining radio frequency energy with conductive fluid for use in surgical applications principally in the USA.
Proprietary Investment Programme	
Candy Tops	Sugar confectionery manufacturer which targets lower income consumers through a network of principally wholesale customers both in South Africa and in the export market.
Beverage Packaging	Independent beverage contract packing company with facilities to package beverages in cans, glass and PET bottles.
Douglas Green Bellingham	Producer, distributor and marketer of wine and spirit brands in South Africa and internationally
Dywidag and RMS	Industrial services businesses operating in the roof bolt, steel reinforcing and mesh markets.
Isegen	Manufacturer and marketer of plastic additives and resin raw materials, as well as certain food acids used principally for the soft drink, food processing and pharmaceutical industries.
Equine Holdings and Race clubs	Software developer and distributor of virtual online horse racing software.
Metra Holdings	Management consulting and services group acting as licensee of Gemini Consulting in South Africa.
Pangea Exploration	Mineral resource exploration company engaged in the development of several resource projects in sub-Saharan Africa.

Segmental review
SPECIALISED FUNDS

Performance for the year	2005 US$m	2004 US$m
Revenue and other income	5,5	4,1
Profit from operations	1,2	0,9
Closing capital employed	20,6	15,7
Return on equity before taxation (%)	5,8	5,7

Our flagship product Brait Absolute SA Fund, a fund of hedge funds, caters for the diversification needs of institutional investors, and aims to offer investment returns competitive with those offered by traditional assets, but with far less risk due to the uncorrelated nature of their performance drivers, and hence return profile.

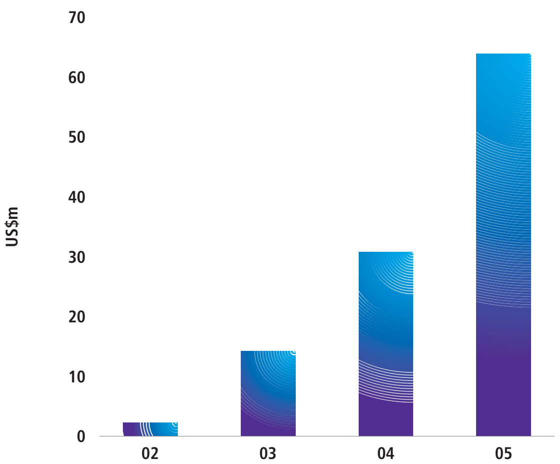
Overview of Specialised Funds

The Specialised Funds division of Brait comprises:

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

Brait has established a well-resourced hedge fund business over the last four years, which incorporates the experience and operational standards set by our private equity division with hedge fund specific insight and risk management gained by our investment staff over many years. Our flagship product Brait Absolute SA Fund, a fund of hedge funds, caters for the diversification needs of institutional investors, and aims to offer investment returns competitive with those offered by traditional assets, but with far less risk due to the uncorrelated nature of their performance drivers, and hence return profile.

Our business has a long-term orientation to both investment management and business strategy, and leads the industry through innovative long-term investment mandates with select managers and a systematic focus on operational risk to minimise business risk, and the capital of both Brait and our investors. Investment risk is managed through customised approaches to investment mandates, return expectations,

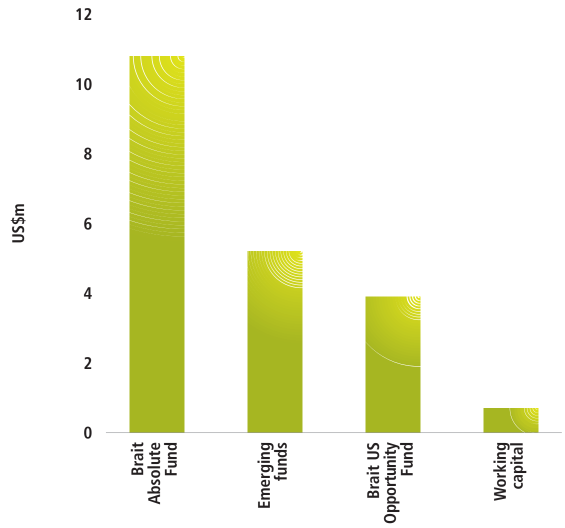


Specialised Funds – funds under management

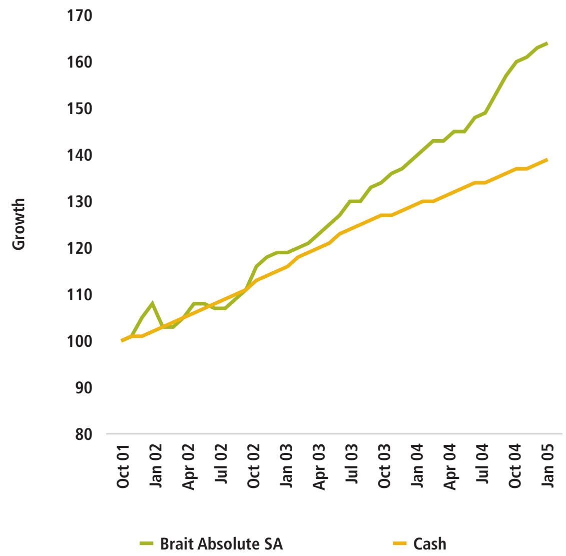
and ongoing dialogue to maintain detailed insight into the relative merits of each manager and their chosen style.

Financial results and commentary

Specialised Funds income, which consists of fees earned from the management of third party capital in the group's hedge funds and investment returns generated from Brait's own seed capital, increased by 34% to US$5,5 million from US$4,1 million for the previous year. Operating earnings increased slightly over last year to US$1,2 million as the business scaled up its infrastructure to give it the capacity to become the market leading alternative funds manager for South African institutional investors.



Specialised Funds – allocation of capital at 31 March 2005



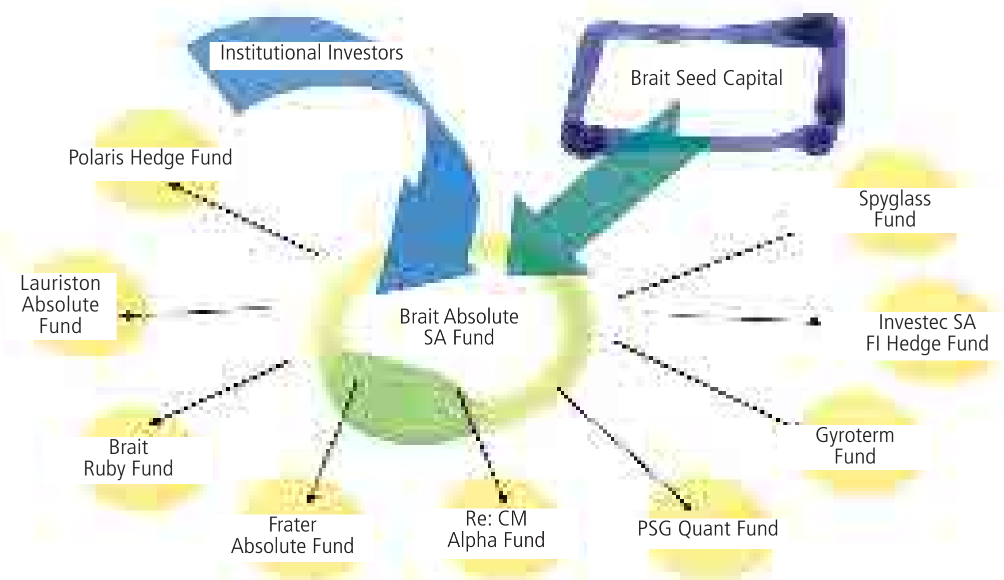
Brait Absolute SA investment growth

Investment performance across the funds during 2005 was very satisfactory, with Brait Absolute exceeding the three-year rolling performance objectives, and strong emerging manager performance building the available strategy pipeline. Brait Absolute beat cash returns by 6,5% and inflation by 10,7%, while correlation and beta to the All Share index was very low at 0,25 and 0,08 respectively. As a consequence, Brait has yielded a 6% (2004: 6%) return on its closing capital of US$20,6 million invested in Specialised Funds for the year.

Operational review

Assets under management within Brait Absolute grew by 165% over the year and the momentum has continued since then. We believe this is due to our success in securing capacity with exceptional managers at the underlying fund level, and skillful diversification of performance drivers by our investment staff.

We have been successful in the early identification of experienced managers who might break away from the large institutions to establish their own entities, which speaks to a core skill required in the hedge fund environment – the ability to pick superior managers. In addition, we believe that our portfolio construction enhances the aggregated returns of these diverse managers, by combining an in-depth knowledge of the respective strategies with appropriate capital allocations to balance risk and reward.



Segmental review
SPECIALISED FUNDS continued

The structure, investment strategy and underlying fund managers of the Brait Absolute SA Fund are disclosed below:

Fund	Investment strategy	Fund Manager
Polaris Hedge Fund	Long/short equity, relative value, liquid, low turnover	Marius van Rooyen
Lauriston Absolute Fund	Relative value multi-class, neutral, liquid, low turnover	Kevin Cousins and Bruce Mommsen
Brait Ruby Fund	Short-bias, directional, liquid, low turnover	Craig Butters and James Mohlaba
Frater Absolute Fund	Long-bias equity, directional, liquid, low turnover	James Frater
Re:CM Alpha Fund	Hedged equity, long-bias, directional, liquid, low turnover	Piet Viljoen
PSG Quant Fund	Managed futures multi-class, long-short, directional, highly liquid, high turnover	Derick Burger
Gyroterm Fund	Fixed-income relative value, highly liquid, high turnover	Lourens Pretorius
Investec SA FI Hedge Fund	Fixed-income relative value, highly liquid, high turnover	Malcolm Charles
Spyglass Fund	Long-bias equity, directional, liquid, low turnover	Sean Katz

Investors expect complex products such as hedge funds to be managed from within an appropriately resourced infrastructure and with specific risk management expertise. During the year we continued to focus on building on our capabilities within business risk management, which we feel will be a major area of differentiation as the industry grows.

Strategic initiatives

The hedge fund industry offers exciting rewards for investors and managers alike, and the next year promises to see major developments in the South African industry. We are well placed to build on our leading position through an ability to really understand the market and investors' requirements – primarily through the experience of our significant co-investment alongside investors over the last four years across more than fourteen funds – and to tailor appropriate hedge fund solutions to differing investor requirements.

Segmental review
CORPORATE FINANCE

Performance for the year	2005 US$m	2004 US$m
Revenue and other income	**3,8**	5,5
Profit from operations	**0,1**	0,3
Closing capital employed	**(0,4)**	5,1
Return on equity before taxation (%)	**n/a***	n/a*

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

Brait's Corporate Finance business comprises a unique blend of skills across all facets of deal making and has the **ability to deliver best advice, technical skills, partnering and access to capital**, It is a multi-disciplinary business, effectively addressing client needs by **providing commercial, negotiation, technical and execution advice in South Africa and internationally**. Specialised debt financial services including debt origination, packaging and distribution solutions are an important component of the service offering.

Overview of Corporate Finance

Brait's Corporate Finance business comprises a unique blend of skills across all facets of deal making and has the ability to deliver best advice, technical skills, partnering, access to capital and an offshore network via M&A International Inc.

The skills and experience of the unit are focused on three principal areas of activity, being:

- Mergers and acquisitions;
- Corporate finance; and
- Specialised debt.

It is a multi-disciplinary business, effectively addressing client needs by providing commercial, negotiation, technical and execution advice in South Africa and internationally relating to a wide variety of transactions, including:

- Advice to clients on acquisitions and disposals, where Brait will be responsible for:
  - managing the process;
  - developing appropriate strategies;
  - performing valuations;
  - devising transaction structures;
  - handling negotiations;
  - sourcing potential targets;
  - preparing presentations and information memoranda; and
  - closing the deals.
- Advice to listed (and unlisted) clients on, *inter alia*:
  - the application of the Listings Requirements of the JSE Securities Exchange South Africa and the Code on Takeovers and Mergers of the Securities Regulation Panel (as well as other relevant regulatory requirements);
  - capital raising via share issues;
  - restructurings, consolidations, unbundlings;
  - share buybacks;
  - takeovers, mergers, acquisitions and disposals;
  - underwriting;
  - valuations;
  - listings and delistings; and
  - selected sponsor related services.

Specialised debt financial services includes, *inter alia*:

- debt origination and distribution;
- structuring of appropriate and innovative debt solutions;
- packaging debt solutions for funders;
- negotiations with funders; and
- assistance with the preparation of debt documentation.

The business is driven to provide solutions that are both relevant and differentiated, thereby placing it as a strategic and value added partner in its clients' businesses.

Financial results and commentary

Operating earnings for the year from Corporate Finance were marginally positive and reflected a similar performance to the prior year. These results were disappointing following the efforts during the year to refocus the business unit and build new relationships to expand the revenue base. Nonetheless, the number of current advisory mandates is encouraging, but for a couple of significant contingency based advisory transactions which were not concluded by year-end, the result could have been much better. The completion of these assignments in the next financial period could provide significant impetus to the segment results.

Brait Corporate Finance maintained its market position as a leading advisory house to entrepreneurially managed private and small to mid-sized public companies in South Africa, whilst continuing to build upon its capacity of completing sizeable, complex and newsworthy transactions with, *inter alia*, cross-border and empowerment elements.

The Specialised Debt component of the business was actively involved in the origination, packaging and distribution of debt into the financial services market on behalf of its clients. In excess of US$500 million of debt was raised and syndicated during the year under review, generating significant fees without the support of a banking structure. This focus area of the business is well placed for the year ahead with a steady deal pipeline.

Operational review

The most notable deals which were advised on or are under engagement by Corporate Finance are:

- African Gem Resources Limited ("Afgem") – Disposal by Afgem of its entire Tanzanite undertaking for approximately US$25 million and subsequent successful listing of these assets on the Alternative Investment Market of the London Stock Exchange. This transaction was voted deal of the month of July 2004 for the M&A International Inc network.
- Afgri Limited – Disposal by Afgri Limited of a 26,77% undivided interest in Afgri Operations Limited to a black economic empowerment ("BEE") consortium for approximately US$83,6 million. This transaction was voted as one of the top five BEE transactions by BusinessMap Foundation during 2004.
- Net1 Applied Technology Holdings Limited ("Net1") – Disposal by Net1 of its business undertaking to Net1 Applied Technologies South Africa Limited, a 100% subsidiary of Net1 UEPS Technologies Inc, quoted on the OTC Bulletin Board in the United States of America in a transaction valued at approximately US$230 million.
- Metorex Limited ("Metorex") – Structure of the capital raising to fund Metorex's new Ruashi/Etoile copper cobalt project in the Democratic Republic of the Congo, raising US$40 million for Metorex, in international markets and South Africa.
- Brait S.A. – Disposal by Brait S.A. of a 26% interest in its subsidiary, Brait South Africa Limited, to a BEE consortium for US$20,67 million. This transaction was voted one of the top ten deals of 2004 by DealMakers Magazine.
- CellSAf (Pty) Limited ("CellSAf") – Capital raising to finance the sale of 15% of CellSAf's shares and all its claims in Cell C in the international market.

The above deals are reflective of the general M&A environment as highlighted in the Ernst & Young survey: "As in preceding years, BEE has been a dominant theme, but in 2004 it ratcheted up several gears, in terms of number of transactions (244) and value (R52,9 billion)" and, "Opportunities for M&A appear strong, especially for South African companies which view Africa as the next real market."

Strategic initiatives

The structured and refocused business is now poised for a growth phase where it will take advantage of the favourable interest rate environment and many merger and acquisition opportunities relating to transformation of the South African economy, opening the door for black economic empowerment transactions.

Segmental review
GROUP INVESTMENTS

Performance for the year	2005 US$m	2004 US$m
Revenue and other income	**15,9**	8,3
Profit from operations	**8,4**	8,7
Closing capital employed	**48,6**	31,1
Return on equity before taxation (%)	**17,3**	28,0

Group investments comprises largely of Brait's strategic non-private equity managed interests.

Overview and operational review of Group Investments

Group Investments comprises largely of Brait's strategic non-private equity managed interests in Bayport and Capital Alliance Finance. It also incorporates the activities of the group's central treasury function which is now less significant following the wind down of the group's discontinued operations.

Bayport

Bayport is a group of micro-lending and financial services businesses with established operations in Ghana, Uganda and Zambia. Established in 2002 by industry professionals together with capital provided by Brait, Bayport aims to be a truly pan-African micro-lending and financial services organisation.

Bayport has developed a unique model for each of the jurisdictions in which it has established operations and has developed invaluable relationships with local partners, each of whom has an equity interest in the local operation. Bayport's experience in the Ghanaian, Ugandan and Zambian financial markets clearly demonstrates the commercial potential for developing micro-lending and financial services offerings to low-income communities, on a sustainable basis, throughout the African continent. Accordingly, Bayport is set to expand its operations into a number of African countries.

Bayport has developed from a start-up operation in 2002 to a well managed and efficient operation generating attractive risk-adjusted returns on a consistent basis. Following the initial performance of Bayport and its potential growth opportunities, Brait provided additional capital to Bayport during the year in a blend of equity and interest-bearing debt financing. Consequently, as Brait's equity interest has increased and Brait now has effective control, the investment in Bayport has been consolidated.

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

Capital Alliance Finance

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

Income from CAF's micro-lending business remained static during the year as the operation focused on collecting cash to repay shareholders' loans rather than aggressively pursuing growth in its lending book. A substantial amount of the shareholders' loans were repaid during the year.

Negotiations are currently under way to dispose of the group's interests in CAF. These are expected to be concluded shortly.

Financial results and commentary

Income from Group Investments increased to US$15,9 million from US$8,3 million and is largely the result of the impact of the Bayport operations. Operating earnings decreased year-on-year to US$8,4 million from US$8,7million. Return on closing capital employed of US$48,6 million was 17%.

Financial commentary

Headline earnings

As International Financial Reporting Standards ("IFRS") does not recognise the concept of headline earnings, the following reconciliation between earnings and headline earnings at 31 March has been provided for illustrative purposes for South African users, based on adjustments required by South African Statements of Generally Accepted Accounting Practice.

Supplementary Rand information

31 March 2004 ZARm	**31 March 2005 ZARm**		**31 March 2005 US$m**	31 March 2004 US$m
4,3	**211,7**	Attributable earnings	**33,9**	0,6
28,6	**–**	Headline earnings adjustments	**–**	4,0
10,7	**–**	Costs on termination of discontinuing operations	**–**	1,5
8,6	**–**	Interest rate adjustment on debt restructuring	**–**	1,2
12,9	**–**	Impairment of joint venture	**–**	1,8
(3,6)	**–**	Profit on realisation of associates	**–**	(0,5)
32,9	**211,7**	Headline earnings	**33,9**	4,6

Segmental analysis of Brait's operations

A segmental analysis of the group's results has been prepared for the business and geographical segments of Brait's activities on pages 62 to 65. The primary business segments have been changed this year from a risk analysis to a business analysis basis. The risk analysis was more appropriate in a banking structure, but as these operations have now been fully discontinued, management believes the business analysis more properly reflects the group's current organisational structure and its internal management reporting system. In addition to the business segments, a geographical segment of the business has been provided to distinguish between services and assets that are managed in economic environments, which have similar specific risks and regulations.

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

- **Private Equity**
  - annuity income flows from fixed long-term contracted management fees;
  - investment income from fund investments and proprietary 'private equity' styled transactions;
  - investing income typically includes dividends, interest, investment gains and performance participations, which are market and specific investment dependent;
  - the cost structure is predominantly fixed; and
  - significant capital is invested as part of the group's private equity fund investment commitments and to a lesser extent on proprietary investments.
- **Corporate Finance**
  - recurring advisory and M&A fee income from relationship business and specialised financial services;
  - lumpy participation fees are derived from the M&A and specialised finance activities;
  - the cost structure is semi-fixed; and
  - minimal capital is utilised.
- **Specialised Funds**
  - annuity income flows from contracted management fees;
  - investment income from seed capital in the group's funds which is market and specific investment dependent;
  - the cost structure is predominantly fixed; and
  - seed capital invested in the group's funds.
- **Group Investments**
  - recurring income from strategic investments which are subsidiaries, associates or joint ventures;
  - costs incorporate consolidated subsidiaries; and
  - meaningful capital investments.

Accounting policies

The financial statements of the group have been prepared in compliance with IFRS. The group was incorporated with effect from 1 April 1998 through a merger which has been accounted for as a 'Uniting of Interests' in accordance with the then IAS 22 "Business Combinations".

The financial statements of the group are prepared in accordance with IFRS. The accounting policies are consistent with those applied in the previous year except for the adoption of IFRS3, "Business Combinations", and the early adoption of IFRS 2, "Share-based Payments" and IFRS 5, "Non-current Assets held for Sale and Discontinued Operations". IAS 27, "Consolidated and Separate Financial Statements" and IAS 28, "Investments in Associates" have continued to be early adopted. The group statements have been prepared using the US dollar as the presentation currency as applied in previous years. The presentation currency is also the functional currency of Brait S.A..

Currency hedge

Brait has consistently applied its policy of hedging the majority of its South African Rand tangible net assets into US dollars, which is the reporting and performance measurement currency of Brait S.A.. As at 31 March 2005, approximately 70% of the group's capital, inclusive of the currency hedge, was effectively maintained in US dollars. The average cover for the year exceeded 80%. The balance of the capital is held in a mix of developed economy and emerging market currencies, dominated by the South African Rand.

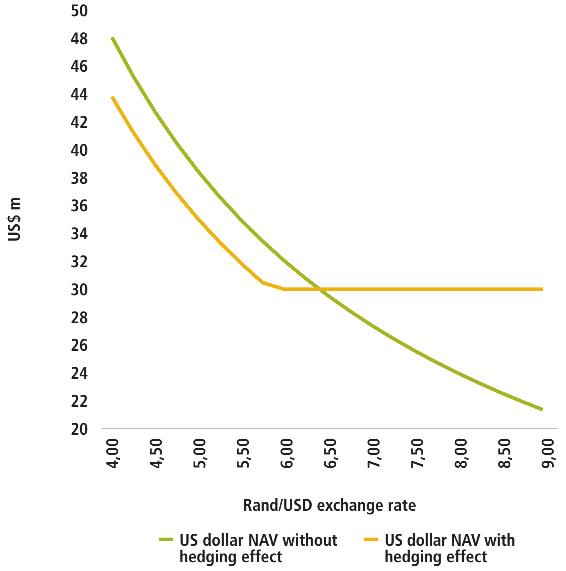
The purpose of the hedging policy is to protect the US dollar capital of the group against rand weakness for the following reasons:

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

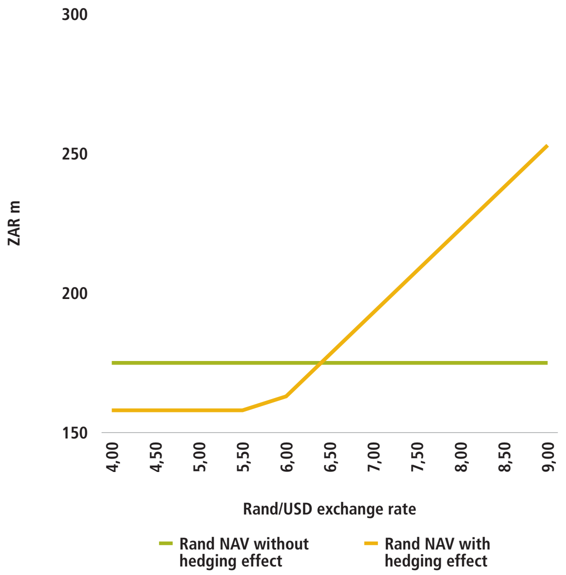
Included in the 70% US dollar capital cover is a US$30,0 million cross currency swap taken out in February 2005 against the tangible net asset investment by the group in its South African operation. The previous swap was taken out in December 2003 with a settlement date at the end of March 2005 and was re-indexed in February 2005. The primary terms of the new swap include a settlement date at the end of March 2006, a spot rate of ZAR5,84 and a forward rate of ZAR6,105 to the US dollar. As part of the restructure, Brait purchased a put option to sell US$30,0 million against the Rand at a rate of ZAR5,84 to the US dollar in order to protect the group against any further cash flow margining obligations arising from US dollar weakness against the Rand.

The currency hedge cost of US$4,1 million reported for the year arises primarily from US dollar weakness against the Rand up to the reindex date of the previous currency swap in February 2005. This cost is offset by a gain of US$0,5 million arising from the translation of the group's non-US dollar assets into US dollars at 31 March 2005. This gain is not adjusted against the loss but is recorded against the foreign currency translation reserve in the balance sheet; this is in compliance with IFRS.

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



Illustrative impact on NAV in US$ of the US$30 million currency hedge



Illustrative impact on NAV in Rands of the US$30 million currency hedge

Operations and performance

Brait has closed the final chapter on its discontinued banking operations. The restructure and refocus of the group following the banking closure is now filtering through to the bottom line. This is reflected in the significantly improved results for the financial year ended 31 March 2005.

Key financial scorecard performance deliverables this year have been:
- Growth in attributable earnings to US$33,9 million from US$0,6 million – this significantly exceeds the group's annual real earnings growth performance target of 10%; and
- 32% return on shareowners' funds – this substantially exceeds the group's target RoE of 12% in US dollars.

Income statement
An analysis of the line item results for the year ended 31 March 2005 as disclosed in the income statement is set out below.

- **Revenue**
  Group revenue for the year was US$45,0 million, up by 56% from last year's result of US$28,8 million. Contributors to this significant improvement came primarily from Private Equity and Group Investments. Private Equity revenue increased by 59% and is largely the result of dividend income from its fund and proprietary investments. Group Investments' revenue was boosted by interest income from the Bayport acquisition and as a consequence increased by 99% to US$15,7 million.

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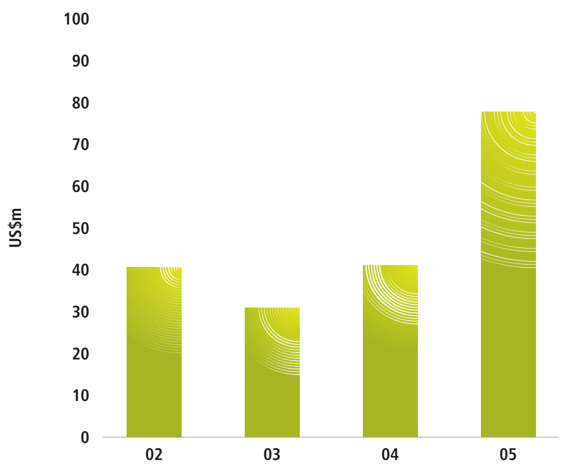
- **Other income**
  Other income increased by 81% to US$32,8 million from US$18,1 million. This increase is predominantly the result of enhanced deal activity in Private Equity and fair value recognitions of its underlying funds and proprietary investments. Unrealised fair value gains and carried interest totalling US$29,2 million are included in this income.



Revenue and other income

- **Operating expenses**
  Operating expenses increased by 27% from US$24,4 million in March 2004 to US$30,9 million in March 2005 principally due to the consolidation of Bayport's results and the average Rand strength for the year. On a 'like for like' basis, costs were similar to the prior year.

- **Associates**
  Income from associates has increased by US$1,5 million following the acquisition by the group of a 33% interest in its South African BEE partner holding company, Sitogo Holdings.

- **Joint ventures**
  The group's joint venture interests comprise its 50% stake in Capital Alliance Finance. No income was recorded from Capital Alliance Finance's micro-lending business during the year as the operation focused on collecting cash to repay shareholders' loans rather than aggressively pursuing growth in its lending book. A substantial amount of the shareholders' loans were repaid and this policy will continue until the business is self-financing. Negotiations are currently under way to dispose of the group's interests in Capital Alliance Finance.

- **Finance costs**
  Finance costs relate largely to the financing structure on the Brait South Africa office building and interest paid on the shareholder's loan from Brait's BEE partner, Sitogo Holdings.

- **Capital items**
  Capital items include the currency hedge cost of US$4,1 million referred to above and also the fair value adjustment to the financial liability of US$7,1 million, arising from the 26% sale of the South African operations to Brait's BEE partner.

- **Taxation**
  The taxation expense for the year of US$0,5 million arises primarily from a taxation charge of US$1,5 million which has been set off by a US$1,0 million reversal of the deferred taxation liability raised in previous years. The group has estimated tax losses of some US$38,2 million at 31 March 2005 (2004: US$43,6 million) of which US$8,6 million has been absorbed by the deferred tax asset of US$2,5 million carried at the year-end.

  The deferred tax asset of US$2,5 million is an estimate of the probable taxable income to be earned over the next three years, calculated from the budget taxable profit of the company and its subsidiaries, over the next three years, after considering current market conditions.

Net asset value

Group net asset value in US dollars has increased by 37% after adding back dividends paid during the year and after absorbing the 'insurance' costs of the currency hedge. The group will continue with its currency hedge strategy as a tool to manage the impact on its US dollar net asset value arising from the volatility of the South African Rand.

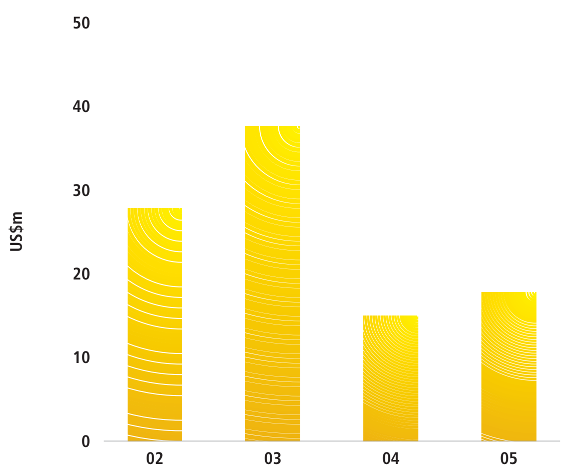
Cash flow statement

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

- **Cash flow from operating activities**
  Operating cash was US$13,2 million compared to a negative cash flow of US$2,3 million in the previous year. This was due principally to dividends received on private equity investments and a significant reduction in the currency hedging costs over the prior year.

- **Change in working capital**
  The net negative year-on-year movement on working capital of US$6,2 million was due largely to the funding of Bayport micro-lending activities in the current year. The positive inflow in the prior year reflects collections on the former banking loan book.

- **Investing activities**
  The net year-on-year outflow of US$17,1 million on investing activities was due to a net increase in private equity fund and proprietary investments in the current year. Proceeds on realisation of former banking investments contributed significantly to the prior year net inflow of cash.



Cash and cash equivalents at end of year

- **Financing activities**
  The net year-on-year financing activity inflow of US$19,2 million was attributed primarily in the current year to the proceeds on the disposal of group's 26% interest in Brait South Africa to our BEE partner, while the previous year's outflows reflected the repayment of former secured banking liabilities which become repayable on the realisation of the underlying assets.

At 31 March 2005 the balance sheet remained strong with approximately 16% (2004: 17%) of shareowners' capital held in cash and cash equivalents.

Sustainability report

Introduction

Brait's approach to corporate sustainability is to create long-term shareowner value by embracing opportunities and managing the risks, derived from economic, social and environmental developments. Brait views sustainable development as an essential component in the growth and improvement of the group in all its international operations. In light of this, it strives to find a balance between economic objectives, social upliftment and environmental responsibility ('triple bottom line'), in recognition of the financial and reputational benefits of integrating sustainability into sound business practice.

During this, the second year of reviewing and reporting on sustainability within the group, Brait has achieved a greater understanding of operating a sustainable company, whilst respecting all three aspects of the triple bottom line. This report covers the activities of the Brait group, during the 2005 reporting period, and while the focus is largely on the South African operations, Brait aims to expand the level and quality of information from all locations for the next reporting cycle.

As in last year's report, Brait has elected to utilise the internationally accepted Global Reporting Initiative ('GRI') standards as its guide for sustainability reporting on the triple bottom line. Brait has made significant progress in the area of sustainability management, and continues to improve and widen the scope of its reporting.

Brait is proud to be one of the companies included in the South African JSE Securities Exchange Socially Responsible Investment ('SRI') Index for 2005, in recognition of the progress it has made in managing sustainability matters.

Brait looks forward to engaging with all its stakeholders on the issues raised in the report, and encourages feedback to advance the company's approach to sustainability development and management, in an effort to continually improve in these key areas.

The framework for reporting on the triple bottom line is as follows:

- Stakeholders – Economic
- Social Responsibility – Social
- Employees – Social
- Environment – Environmental

Stakeholders

Brait recognises the importance of building and cementing long-term reciprocal relationships with our stakeholders and views this as integral to the success of our business. Our direct stakeholders are shareowners, clients, investors and employees, whilst our indirect stakeholders include the communities in which we operate encompassing the education fraternity which serves as a source of future employees of the group. All our stakeholders, play a key role in the sustained success of Brait's business, and we regularly engage and consult with them. Brait is committed to creating wealth and adding value for all our stakeholders, and further strengthening our relationship with them.

Shareowners and providers of capital

Shareowners are our providers of capital and their key performance measures are the achievement of superior long-term sustainable growth in earnings and dividends, and the consistent demonstration of exceptional returns on shareowners' equity. The past year has seen the group meet and exceed these performance measures with a significant increase in earnings, and the declaration of a total dividend of 13.75 US cents per share to shareowners. RoE on a performance scorecard basis improved to 32%, exceeding our target of 12%. The group's risk exposure has been conservatively managed and the long-term nature of our private equity business and the good standing of our client franchise are still intact.

Clients

We view our clients as partners and work hand in hand with them in the creation of shared value. They are key to the long-term sustainability of our business. Our approach and objectives fit those of our clients. In fostering long-term and mutually beneficial relationships with them, we go the extra mile and respond quickly and innovatively to their needs. Clients appreciate our integrated multi-disciplinary service offering and our enthusiasm to co-invest with them in support of our advice and ideas.

Investors

We have an obligation to our investors to deliver superior returns and as a result, our ability to find and convert opportunities into financial reward provides our investors in funds under management with a balance of risk/return profile with consistent and sustainable returns and earnings that they are unlikely to achieve themselves, or within our peer group. Brait has committed itself to stringent standards of reporting transparency and disclosure. This practice is followed not only for shareowners, but also at client and investor levels. Investors in our private equity funds receive regular, transparent and comprehensive reporting disclosure in regard to their investments. They are represented on advisory boards and are party to the investment strategy with regard to these funds. All investments are fully discussed with our investors at bi-annual meetings. The trust and confidence of our investors in our private equity team is reflected by the historic record of growth in Brait's funds under management and their ongoing participation in Brait's new fund offerings.

Employees

The intellectual capital of Brait's employees forms the foundation, and is the key driver behind the success of the group. Recognition of our employees performance is aligned with the performance of the group. We are focused on the development of our pool of talented people and are committed to education and training to improve and extend their skills. Recruitment and retention of good people is important to the group, and our human capital base is stable. Employees are treated with respect and are key partners to the business.

Community

Brait is committed to assisting less fortunate people in the communities in which we operate and to developing human capital. We recognise that we have a contribution to make in uplifting these communities. This is facilitated through the activities of the Brait Foundation, which has a chief objective to promote, nurture and develop intellectual capital in commercial activities in these communities and in working with academic institutions, including the grant of tertiary bursaries for employment equity candidates.

Below is a table setting out methods of engagement with each of our stakeholders:

Stakeholders	**Methods of Engagement**
Shareowners and providers of capital Shareowners are our providers of capital and their key performance measures are the achievement of superior long-term sustainable growth in earnings and dividends, and the consistent demonstration of exceptional returns on shareowners' equity.	• Press releases • Corporate website • The Stock Exchange News Service (SENS) • Annual and interim results • Presentations and investor visits • Annual general meeting • Analyst briefings
Clients (including Fund Investors) We view our clients as partners and work hand in hand with them in the creation of shared value, and have an obligation to our investors to deliver superior returns.	• Advertising and marketing • Corporate website • Electronic and verbal communications • Corporate hospitality • Client seminars • Daily economic research reports • Quarterly, monthly and weekly fund reports • Distribution through the M&A Network Inc. • Investor memorandums • Investor visits • Educational seminars • Industry surveys
Employees Recognition of our employees' performance is aligned with the performance of the group.	• The intranet • Electronic and verbal communications • Internal newsletters • Wellness @ Work programme • Training and development • Emerging Fund Manager programme • Employment equity and diversity • Staff share schemes • Paid maternity leave • Health and safety (regular onsite eye assessments, sponsored flu vaccinations, regular hearing assessments, company agreement for preferential rates for gym membership) • Study loan scheme
Communities Brait is committed to assisting less fortunate people in the communities in which we operate and to developing human capital	• The Brait Foundation

Group value added statement

for the year ended 31 March 2005

	Notes	2005 US$m	2005 %	2004 US$m	2004 %
VALUE ADDED					
Fees, investment returns, interest and other revenues	1	**77,8**		46,9	
Cost of services		**(19,3)**		(31,2)	
Wealth created		**58,5**		15,7	
DISTRIBUTION OF WEALTH					
Employees					
Salaries, wages and other benefits		**23,6**	**40**	13,2	84
Governments – national and regional					
Taxation and duties		**0,6**	**1**	1,0	6
Shareholders	2				
Dividend proposed/paid		**6,3**	**11**	3,0	19
Retentions for reinvestment					
Retained earnings and depreciation		**28,0**	**48**	(1,5)	(9)
Wealth distributed		**58,5**	**100**	15,7	100

Notes:

1. Interest is included net of interest expense.
2. Excluding special dividends.

Share analysis

Distribution of shareowners at 31 March 2005

	Shareholders Number	Shareholders %	Shares held Number	Shares held %
Range of shareowning				
1 to 10 000	2 542	88,5	2 656 353	2,6
10 001 to 50 000	156	5,4	4 189 587	4,1
50 001 to 100 000	55	1,9	4 289 107	4,2
more than 100 000	119	4,2	91 120 685	89,1
	2 872	100,0	102 255 732	100,0

The analysis of shareownings above includes the underlying beneficial shareowners in nominee companies.

Shareowner spread

To the best knowledge of the directors and after reasonable enquiry, as at 31 March 2005, the spread of shareowners was as follows:

Public	2 867	99,8	82 610 341	80,8
Directors	3	0,1	5 711 684	5,6
Other – treasury shares	2	0,1	13 933 707	13,6
	2 872	100,0	102 255 732	100,0

Share analysis (continued)

Distribution of shareowners at 31 March 2005

Major shareowners

The following are the ten major shareowners at 31 March 2005 as provided by the registrars:

	Shares held Number	%
Brait Executive Share Purchase Scheme Trust	10 798 871	10,6
Liberty Group	6 818 489	6,7
Public Investment Commissioner	5 102 787	5,0
Ball Family Trust	5 009 995	4,9
Drocheda Limited	5 000 000	4,9
Allan Gray Funds	4 677 457	4,5
Sanlam Group and Funds	4 249 730	4,2
Battersea Services Limited	3 916 938	3,8
The Brait S.A. Share Incentive Trust	3 134 836	3,1
Old Mutual Group and Funds	2 837 227	2,7
Total	51 546 330	50,4

Performance on the JSE Securities Exchange*

for the years ended 31 March	**2005**	2004	2003	2002	2001	2000	1999
PRICE PERFORMANCE							
Traded prices (South African cents per share)							
– year-end closing price	**1 170**	730	650	860	1 145	2 200	3 695
– high	**1 250**	850	1 170	1 590	2 200	3 975	5 900
– low	**676**	560	650	845	1 145	1 790	1 640
– weighted average price per share traded	**892**	662	921	1 331	1 605	2 628	3 252
Price-earnings ratio (on closing price)	**4,9**	173,0	(4,4)	3,4	5,2	8,3	16,9
VOLUME PERFORMANCE							
Number of shares in issue (000)	**102 256**	102 256	93 483	93 483	93 483	93 483	93 483
Volume of shares traded (000)	**29 717**	37 567	22 773	26 758	25 034	37 298	39 057
Number of transactions	**3 166**	2 071	1 897	3 333	5 268	10 068	10 531
Volume traded as % of average shares in issue	**29**	37	24	29	27	40	42
Number of shareholders (at 31 March)	**2 872**	2 692	2 574	3 108	2 184	2 696	3 668

* The performance on the JSE Securities Exchange has been analysed as this is the most liquid exchange on which Brait's shares trade.

Performance on the JSE Securities Exchange*

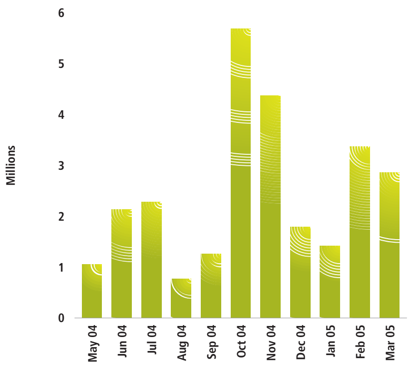
for the years ended 31 March	**2005**	2004	2003	2002	2001	2000	1999
VALUE PERFORMANCE							
Value of shares traded							
– ZARm	**265**	249	192	367	394	980	1 270
– US$m	**42**	40	24	32	49	150	206
– ZARm	**1 196**	746	608	804	1 070	2 057	3 454
– US$m	**190**	119	77	71	134	315	561
YIELD							
Earnings/(loss) yield (%)	**20,3**	0,6	(23,0)	12,4	19,2	12,0	5,9
Dividend yield (%)	**7,3**	2,8^	3,3^	7,5	5,2	3,4	10,0

LIQUIDITY RATING OF SECURITIES

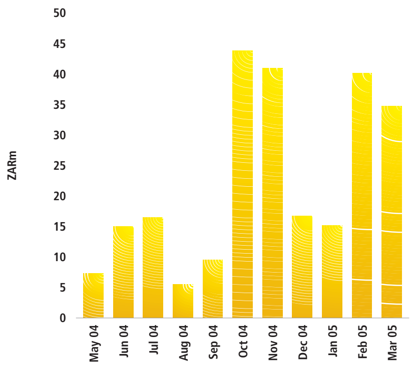
Brait's shares have a class one maximum liquidity rating on the JSE Securities Exchange.

* The performance on the JSE Securities Exchange has been analysed as this is the most liquid exchange on which Brait's shares trade.

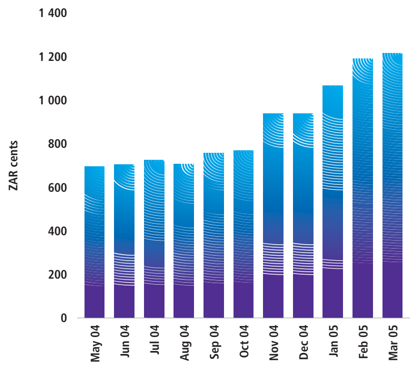
^ Excluding special dividends.



Volume traded



Value traded



Average price

Social responsibility

The Brait Foundation was established as a partnership between the group and its employees. The Foundation's objective is to provide better opportunities to previously disadvantaged communities through education. It is resourced by contributions from Brait's staff of their time, together with financial contributions from its business units.

As an organisation that recognises and promotes excellence, drive and entrepreneurial spirit, Brait seeks to foster individuals whose ability, commitment to learning and determination to overcome barriers can be an example to their peers and all of us. While we look to include people with these attributes in our own organisation, we support others from disadvantaged backgrounds who exhibit similar ambitions.

The past year has seen the Foundation strengthen its relationship with Moletsane Secondary School in Soweto and establish a new partnership with Yomelela Primary School in Khayelitsha, Cape Town.

During the year, the Foundation initiated a drive to upgrade the library at Moletsane. Brait staff donated over 700 books and in addition, the Foundation purchased additional curriculum related books from READ, a literacy focused NGO. READ will also train librarians at the school and monitor ongoing development at the library.

We sponsored seven teams from Moletsane to enter the JSE Liberty schools challenge. All of the teams, supported by their Brait mentors, performed exceptionally well, with two of the teams being placed in the top ten.

The Foundation hosted the school's first career day and installed a career guidance software package on the school computers to increase exposure to career development.

Other projects included the introduction of the Activate Mindset Programme to the school, the Wallabies business game (a business simulation game), 'Entrepreneurs on the move' (a game designed to foster entrepreneurship amongst the school learners and the community) and the Cell C 'Take a girl child to work day'.

The year culminated in the school achieving an overall Grade 12 pass rate of 93%. This is a significant improvement from 40% achieved in 2001, when the Foundation initiated its first project with the school. This class was honoured at the school's second annual prize giving, held in January 2005, which was again sponsored by the Foundation.

At Yomelela Primary School, the staff of Cape Town based Specialised Funds entered into a partnership with the staff and pupils to enhance both the technical and infrastructural facilities of the 980 pupil school in Site B, Khayelitsha. Following an extensive search and needs analysis, the Foundation provided funds for the expansion of the computer lab and the addition of new model computers, which will be used to deliver computer-based maths and science curriculum. In addition, the Foundation encouraged Khanya to contribute funds to improve the server and support the educational process. The Foundation will continue to assist the school, particularly with their fundraising efforts.

The Foundation seeks to provide funding and mentorship to exceptional individuals from disadvantaged backgrounds to further their education. We provide support to the Student Sponsorship Programme, for private high school tuition, and SA Eden Trust for tertiary studies. In addition, the Foundation has sponsored students at Wits Law School and the UCT Music School.

We would like to extend our gratitude to all our staff for their participation and we hope to continue to make a difference, both to the individuals and communities we assist and to our staff through their involvement.

Employee report

Management of human resources

The Brait workforce is an empowered workforce driven by high standards of individual excellence within a supportive framework of outcome-oriented teamwork. A culture of excellence has been consistently fostered by the Brait leadership and has been promoted and rewarded through innovative and personalised remuneration, incentive and profit sharing schemes.

Brait's primary differentiator is its ability to draw on, and integrate, its collective strengths in Private Equity, Specialised Funds and Corporate Finance. Our people represent an exceptional array of investment and advisory skills. They are guided by a set of values, which are rooted in integrity, rewards and initiative and the celebration of differences. Accountability and productivity is encouraged and rewarded by an environment characterised by trust and mutual respect.

The concept of creative and alternative thinking is nurtured and rewarded within Brait as is the acknowledgment that such a spirit of free mindedness can only be fostered within an environment that is devoid of formal, traditional corporate hierarchy. Accordingly a flat, integrated organisational structure is maintained not only to facilitate communication between all levels but also to allow for a free flow of thought and process that fosters an unfettered manoeuvrability in response to client needs.

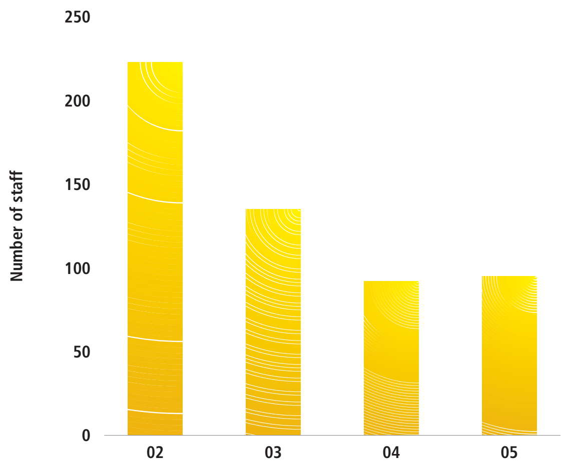
Human resource policy continues to provide the guidelines and support necessary to encourage individual excellence while entrenched value systems serve to nurture empowerment and not limit creativity.

Sustainability report continued

Human resources development
Training and development continues to form the cornerstone of Brait's investment in its people.

Mentorship and coaching initiatives specifically aimed at the fast track development of young black talent in Brait South Africa has resulted in the effective transfer of essential areas of knowledge to Brait's future executives whilst allowing for development of character, values and individualised career-pathing and development. Brait's emphasis on this form of development has resulted in the formation of closely-knit multi cultural teams joined by strong relationships. This development preference has resulted in the April appointment of two 'fast track managers' onto the Brait South Africa Private Equity board.

In addition, staff are encouraged to continually improve on their levels of skill and personal development. In support of this, training and educational programmes are regarded as essential components of the group's investment in human capital. Study loan schemes are available and encouraged at all levels.



Headcount as at 31 March (excluding Bayport)

Transformation and diversity in Brait South Africa
Brait's commitment to employment equity through its business ethos, fair and equal employment opportunities and responsible corporate governance, remains firm and Brait's human resource structure will continue to focus on the strategy of recruiting and retaining the best individuals from South Africa's diverse population base.

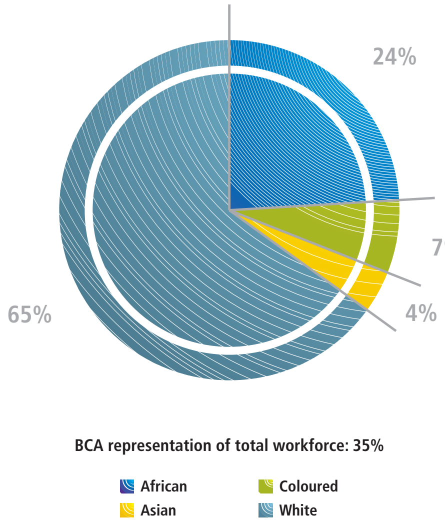
Despite the impact of Brait's past restructuring programmes that have resulted in the loss of approximately 100 staff members through restructuring and retrenchment, Brait has made considerable progress towards the realisation of equity objectives. Despite a progressive reduction in employee numbers, employment equity targets established in the 2000 Employment Equity Report have been exceeded.

Workforce demographics show a progression over the past three-year period that reflects the overall objective and intent of Brait – that workforce demographics must more closely reflect the demographics of the economically active South African population as a whole. This trend will continue as objectives are consistently met.

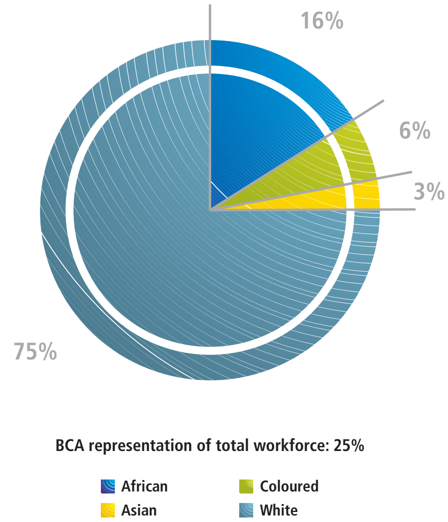
A fully representative employment equity committee ensures regular workforce analysis to monitor the achievement of defined numerical targets and to ensure fair and equitable employment practices.

Emphasis remains firmly on the development of the professional and senior management levels and equity representation here is promoted through internal skills development, business growth and the replacement of staff who resign from the group with suitably skilled and qualified members of designated groups. At all times, Brait's equity objectives are promoted within the wider context of long-term succession planning.

Transformation continues to be driven on several fronts including social investment, black economic empowerment initiatives, corporate social investment and employment equity initiatives.



Equity representation in Brait South Africa as at 31 March 2005



Equity representation in Brait South Africa as at 31 March 2004

Financial Sector Charter in South Africa

Brait's support of the principles inherent in the Financial Charter is unequivocal and the year ahead will see the continued formalisation of strategy to ensure the attainment of 2008 equity and developmental targets.

Performance measurement in respect of the Financial Sector Charter Scorecard is fully operational. Achievements to date with respect to Ownership and Control, Corporate Social Investment and Procurement clearly indicate that the group is on track to achieve 2008 targets established by the Charter.

Corporate achievement of 2008 targets will continue to form an integral part of individual success measurements for key personnel at senior management and executive levels.

Employee well-being

Brait's most valued asset remains its people and the optimisation of their abilities, skills and talents is paramount. An employee assistance programme provides individuals with support mechanisms necessary to cope with stress, trauma and other difficult life situations. The programme provides for professional, confidential counselling and is available to all staff and their family members.

Brait continues to commit its full support and co-operation through an HIV/Aids policy designed to assist management and employees deal with HIV/Aids issues in the workplace.

Regular well-being programmes are run in-house to ensure the optimisation of health with the more popular programs being eye and hearing checks, availability of flu vaccinations annually and the conclusion of a corporate agreement with a leading health and fitness club including health assessments.

Health and safety

Employee health and safety remains a group priority, and is reviewed and monitored by the Health and Safety committee on a regular basis. The health and safety representative conducts daily, weekly and monthly site inspections of the various different components of the Johannesburg offices. Potential health hazards, and other related risks, are reported and resolved immediately. In addition, three trained first aid officers are available to deal with any day-to-day emergencies. During the reporting period, one work-related injury was reported, which resulted in three working days lost.

Remuneration

Brait's differentiation lies in its ability to motivate and retain staff through the joint establishment of outcomes-based reward structures and participative remuneration assessment. Focus continues to be on greater individual variable reward in relation to guaranteed remuneration. Remuneration is surveyed annually in the context of individual and divisional performance as well as industry practices and trends.

A remuneration committee comprising executive and non-executive representation provides the Brait board with assurance that the directors, senior executives and staff of Brait are fairly rewarded for their individual contributions to the group's performance and demonstrates to stakeholders that such remuneration and reward is set by an independent committee of the board.

Share Incentive Schemes remain a powerful tool in not only aligning the interests of staff and stakeholders, but also by instilling a sense of ownership amongst participants.

Environmental

Brait operates in many different regions, some of which have critical resource bases, which need to be wisely used if they are to provide sustainable support for development. This is particularly applicable in the group's African operations.

All companies, to a varying extent, have an impact on environmental resources and therefore need to develop strategies to measure and monitor their impact and implement systems to ensure that these resources are used in a responsible manner.

The board recognises that Brait, being a financial services institution, does not directly face critical environmental issues, but that environmental risk may arise indirectly from the environmental impact of the actions of its suppliers, clients, staff, business partners and investment companies.

The board has committed to ensuring that Brait and those parties over whom it has influence, set appropriate standards to deal specifically with environmental challenges and subsequent measures to reduce any negative impact on the environment.

Due to the significance of the group's commitment to the environment, the group chief executive, assumes direct responsibility for ensuring that the group policies in place are appropriate and will lead to the achievement and maintenance of, as a minimum, the benchmark practice in all jurisdictions in which the Brait group operates.

An environmental steering committee chaired by the group chief executive has been established to deal with environmental risks across all aspects of the group's operations.

This brief includes:
- setting minimum standards for the group;
- reviewing standards against best industry practice;
- implementing the group's environmental policy;
- monitoring the company's use of natural resources;
- the development of indicators to assess progress against recognised standards;
- measuring environmental performance in each of the group's operations; and
- reporting to the board.

The group's environmental policy guidelines are as follows:
Guidelines on environmental risks directly associated with the operations:

Environmental risk	Policy guideline
Waste and pollution	Collection of waste on a regular basis. Collection of waste paper only by companies involved in the recycling of paper. Segregate waste for recycling from other waste.
Energy and water conservation	Culture introduced in the company to save on electricity. Minimum night lights. Last person out to switch off lights. Check that the air conditioners are off before leaving the office. Monitoring and tracking information on water and energy usage.
Property and facilities	Kept clean at all times. Fumigated on a regular basis. Only environmental friendly consumables used. Air quality testing. Noise levels of users controlled and minimised.
Procurement	Policy of using recycled paper as far as possible. Printer cartridges refilled and reused. All office machines to have an energy save mode. Delivery vehicles environmentally maintained for noise and fume emission.
Smoking	No smoking policy enforced.

Guidelines on environmental risks indirectly associated with the operations:

Environmental risk	Policy guideline
Procurement	Policy of only using suppliers who meet certain specified minimum environmental requirements.
Investments and joint ventures	Environmental guidelines and requirements are laid down prior to investing in companies that have significant impacts on the environment. Insistence that investee companies comply with their environmental policies and regularly review their policies.

Monitoring and compliance of environmental policies and guidelines

The Facilities division of Brait, who are responsible for the management of Brait's internal direct environmental impacts (ie energy saving, re-cycling, etc), and also for some of Brait's indirect environmental impacts (via procurement) have been included in the Compliance checklist process, to ensure that the implemented policies and guidelines are being adhered to. This division has also been included in Brait's internal audit programme.

The following internal areas of direct impact use, are being strictly managed, monitored and measured:
Materials;
Energy;
Water; and
Emissions, effluents and waste.

Brait used 2005 as the year for collecting accurate baseline information, to be used as a starting point from which to set preliminary targets for reducing consumption over the coming years. These targets will be revised as the quality of the management information continues to improve. The board have reviewed the company's use of natural resources, and have decided not to include these results (i.e. comparable data on the water consumption of the organisation, etc) in this report. This information, however, is available to any interested stakeholder on request.

As yet, Brait does not have all the environmental data it would like, in particular a set of key performance indicators, or other form of measurement, indicating the industry average, which would serve as a benchmark against which Brait could measure its achievements and targets. Notwithstanding this, Brait has, during the period under review, transformed its sustainable development from theory, to practice, and continues to assess, analyse and improve its internal systems of measurement, towards producing a comprehensive, quantitative environmental performance report, containing comparable data, in the near future.

In the Johannesburg office, as an example, Brait is actively involved in the Illovo Property Owners' Association, attending weekly meetings that address, *inter alia*, the environmental impact of its neighbours on its direct surroundings. The Brait group recognises that as a financial services institution its most significant environmental risk may arise indirectly from the environmental impact of third parties such as its clients, investors and business partners. Brait addresses the indirect environmental impact of its investor and investee companies, with a stringent set of guidelines designed specifically for the Private Equity Funds under the management and administration of the group. Brait, as the Fund Manager, requires that its activities and those of the investee companies in which the Funds have or will have an investment, comply with all applicable environmental laws and regulations of the host country and any other countries in which the investee companies may have an operation. In addition, The World Bank/IFC safeguard policies and guidelines are used, in the environmental impact assessment process.

Brait fully supports the JSE Securities Exchange in their pioneering development of a socially responsible investment (SRI) index, launched in May 2004, and are proud to be one of companies included in this process. Brait is keen to engage stakeholders in respect of the environment and encourage interested parties to contact the South African operations in this regard.

GRI Index

The following table provides a summary of Brait's reporting against the criteria of the Global Reporting Initiative's Sustainability Reporting Guidelines (www.globalreporting.org). Brait is reporting in accordance with the GRI indicators for the second time, and aims to continue to improve and widen the scope of its reporting.

	GRI element	Page	Report section/additional comment
1.	**Vision and strategy**		
1.1	Vision and strategy	1, 26	The business of Brait, Sustainability report – Introduction
1.2	CEO statement	8 –10	Group Chief Executive's Report
2.	**Profile**		
2.1	Name of organisation	–	Inside cover
2.2	Major products and services	4	Profile
2.3	Operational structure	4	Group activities
2.4	Organisational structure	4, 22	Group activities and financial commentary
2.5	Geographic locations	4, 62 – 65	Profile and group segmental reports
2.6	Nature of ownership/legal form	28, 29	Share analysis
2.7	Nature of markets served	4	Profile
2.8	Scale of reporting organisations	62 – 65	Group segmental reports
2.9	List of stakeholders	26 – 27	Sustainability report – Stakeholders
2.10	Contact information	92	Administration
2.11	Reporting period	57	Introduction to financial statements
2.12	Date of previous report	–	March 2004
2.13	Boundaries of report	26	Sustainability report – Introduction
2.14	Significant changes	–	Not reported on
2.15	Basis for reporting	26	Sustainability report – Introduction
2.16	Restatements of information	85	Note 38 financial statements
2.17	Decisions not to apply GRI principles	26	Sustainability report – Introduction
2.18	Criteria/definitions	–	Not reported on
2.19	Significant changes in measurement	–	Not reported on
2.20	Assurance	–	None at present
2.21	Independent assurance	–	None at present
2.22	Additional information	–	Not reported on
3.	**Management systems**		
3.1	Governance structure	44 – 46	Corporate governance
3.2	Independence, non-executive directors	39, 44 – 46	Board of directors and corporate governance
3.3	Board member expertise	39	Board of directors
3.4	Board level processes	44 – 46	Corporate governance
3.5	Executive compensation	47 – 48	Corporate governance
3.6	Organisational structure	44 – 46	Corporate governance
3.7	Mission and value statements	1	The business of Brait
3.8	Shareowner communication	27	Sustainability report – Stakeholders' method of engagement
3.9 – 3.12	Identification of major stakeholders	26 – 27	Sustainability report – Stakeholders
3.13	Precautionary approach	34 – 35	Sustainability report – Environmental
3.14	Externally developed charters, principles, initiatives	–	GRI, King II
3.15	Principal memberships	–	Not reported on
3.16	Managing upstream and downstream impacts	33	Financial Sector Charter procurement
3.17	Managing indirect impacts	34 – 35	Sustainability report – Environmental
3.18	Decisions regarding location and changes in operation	8 – 10	Group Chief Executive's Report
3.19	Sustainability programmes and procedures	–	Not reported on
3.20	Certification status	–	Not currently measured
4.	**Economic**		
EC1	Net sales	62 – 65	Group segmental reports
EC2	Geographic breakdown of markets	62 – 65	Group segmental reports
EC3	Cost of goods, materials and services	28	Group segmental reports
EC4	Contracts paid in accordance with agreed terms	–	Not measured at present

GRI element		Page	Report section/additional comment
4.	**Economic**		
EC5	Payroll and benefits	33, 47, 48, 69	Directors' emoluments and note 3 of AFS; Sustainability report – Employees
EC6	Distribution to providers of capital	28	Group value added statement
EC7	Retained earnings	28	Group value added statement
EC8	Taxes paid	28	Group value added statement
EC9	Subsidies received	–	None
EC10	Donations to community, civil society and other groups	31	Sustainability report – Social responsibility
5.	**Environment**		
EN1	Materials used	–	Many of the GRI environmental indicators are not directly applicable to the financial services industry, however, Brait is committed to setting specific measurable targets on those that are, and to publicly reporting on its environmental performance, as will be shown by progress against these targets. At present quantitative data on the applicable GRI's environmental indicators is being collated, and future reports will include details on those quantitative measures deemed material to Brait's operations.
EN2	Waste from external sources	–	
EN3	Direct energy use	–	
EN4	Indirect energy use	–	
EN5	Total water use	–	
EN6	Land in biodiversity-rich habitats	–	
EN7	Major impacts on biodiversity	–	
EN8	Greenhouse gas emissions	–	
EN9	Ozone-depleting substances	–	
EN10	Air emissions	–	
EN11	Total amount of waste	–	
EN12	Discharges to water	N/a	
EN13	Significant spills of chemicals, oils and fuels	N/a	
EN14	Impact of products and services	N/a	
EN15	Reclaimable product	N/a	
EN16	Incidents of fines	–	None
6.	**Social**		
LA1	Breakdown of workforce	31 – 33	Sustainability report – Employees
LA2	Employment creation	31 – 33	Sustainability report – Employees
LA3	Trade union representation	–	Not applicable
LA4	Labour relations	31 – 33	Sustainability report – Employees
LA5	Recording of occupational accidents and diseases	33	Sustainability report – Employees
LA6	Health and safety committees	33	Sustainability report – Employees
LA7	Injury and absentee rates	–	Not reported on
LA8	HIV/Aids	33	Sustainability report – Employees
LA9	Training	32	Sustainability report – Employees
LA10	Equal opportunity	31 – 33	Sustainability report – Employees
LA11	Diversity	31 – 33	Sustainability report – Employees
HR1	Human rights policies	–	The principles of freedom of association, and the acknowledgement of human rights, form the cornerstone of Brait's interaction with its stakeholders and are, accordingly, embodied in the group's value system and culture. Sustainability report – Employees.
HR2	Human rights and investment/procurement	–	
HR3	Human rights and supply chain	–	
HR4	Non-discrimination	–	
HR5	Freedom of association	–	
HR6	Child labour	–	
HR7	Forced labour	–	
SO1	Community	31	Sustainability report -Social responsibility
SO2	Bribery and corruption	–	Not reported on
SO3	Political contributions	–	Not reported on
PR1	Customer health and safety	–	Not reported on
PR2	Products and services	–	Not reported on
PR3	Respect for privacy	–	Not reported on

Timeline

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

2005	• Substantial completion of investment programme of Brait Private Equity Fund III • Introduction of BEE partners to Brait South Africa • Initiation of fundraising Brait Private Equity Fund IV
2004	• Distribution of banking capital to shareowners • Initial raising of third-party Specialised Funds capital • Reorganisation of Corporate Finance business
2003	• Closure of Banking operations – deregister banking licence • Reorganisation and focus on core operations
2001	• Establishment of Brait Specialised Funds
2000	• Completion of investment programme of Brait Private Equity Fund II
1998	• Listing of Brait on the Luxembourg, London and Johannesburg stock exchanges • Merger of Private Equity and Banking operations • Establishment of Brait Private Equity Fund III • Establishment of Braitec Private Equity Fund I • Incorporation of full advisory and investing operations in Mauritius
1996	• Completion of Investment Programme of Brait Private Equity Fund I
1995	• Establishment of Brait Private Equity Fund II
1991	• Establishment of Brait Private Equity Fund I (FCF Fund)

Board profile

Mervyn Eldred King (67)*
BA, LLB (Cum Laude) H Dip Tax (Wits)
Non-executive Chairman – Appointed to the board 1998
Mervyn King is a Senior Counsel and former Judge of the Supreme Court of South Africa. He is the Chairman of the King Committee on Corporate Governance, the first President of the Commonwealth Association for Corporate Governance, President of the Advertising Standards Authority of South Africa and the SA representative of the ICC International Commercial Arbitration Court. He is presently Chairman of the Automobile Association of South Africa, Dunlop International Limited and Strate Limited. He is also a director of the JD Group Limited.

Antony Charles Ball (46)*
BCom (Hons), MPhil (Oxon), CA(SA)
Group Chief Executive – Appointed to the board 1998
Antony Ball was a co-founder of Brait's Private equity business. He has led the raising and governance of the group's principal private equity funds. He is responsible for numerous of the group's private equity investments. He was appointed group Chief Executive of Brait in March 2000 and has been responsible for leading the reorganisation and refocus of the Brait Group.

Jean Ernest Bodoni (57)+
Commercial Engineer
Non-Executive Director – Appointed to the board 1998
Jean Bodoni has in excess of 30 years' experience in the Luxembourg banking sector and currently holds the position of President of the Executive Board with Experta Luxembourg S.A.. Jean is a director of a number of Luxembourg resident companies.

Richard John Koch (54)**
MA (Oxon), MBA (Wharton)
Non-Executive Director – Appointed to the board 1998
Richard Koch was a founder of The LEK Partnership, a partner of Bain & Co and a consultant with the Boston Consulting Group, and has advised the chief executive officers and chairmen of many blue-chip American and European corporations. Richard is an author, consultant, investor and promoter in private equity investment.

Allan Mark Rosenzweig (50)^
BA, LLB, H Dip Tax
Non-Executive Director – Appointed to the board 1998
Allan Rosenzweig was an international tax advisor and corporate financier with Price Waterhouse including its New York office and Intertax, a South African international tax consultancy. Allan is a director of both listed and unlisted companies. He joined the MIH Group where he served as Group Director of Corporate Finance of Nethold B.V. In 2004 Allan was appointed Executive Vice President of Active International. Allan is also a founding member of the Ibex Group, which is active in the field of asset-backed finance. Allan is currently based in New York.

Christopher John Tayelor (48)*
BAcc, CA(SA), AMP (Harvard)
Finance Director – Appointed to the board 1998
Chris Tayelor was part of the Southern African national technical team at Price Waterhouse before he joined Johannesburg Consolidated Investment Company Limited ("Johnnies") in Corporate Finance, which he headed from 1990 to 1994. Following the unbundling of Johnnies, Chris was appointed Financial Director of JCI Limited and to the boards of its listed operations. He left this position prior to joining Brait in May 1998.

Serge Joseph Pierre Weber (41)+
Business Diploma (ESSEC Business School, Paris)
Executive Director – Appointed to the board 2001
Serge Weber is a director of Considar Europe SA, part of the TRAXYS SA Group, a joint-venture created in 2003 between the Luxembourg-based ARCELOR Group and the Belgian-based UMICORE Group. He is the Chief Financial Officer of Considar Europe and the Group Controller for the TRAXYS Group, a leading metals and minerals marketing and training group operating worldwide. He has worked in treasury and finance for many years, including Renault Trucks in France and SA des Minerals in Luxembourg.

Peter Linford Wilmot (65)*
CA(SA)
Non-Executive Director – Appointed to the board 1999
Peter Wilmot was the Chairman of Deloitte & Touche in South Africa from 1996 until his retirement in August 1999 after a career spanning 41 years in the auditing profession. Peter has chaired the Accounting Practices Committee and was President of the Transvaal Society of Chartered Accountants and the South African Institute of Chartered Accountants. Currently he is the Deputy Chairman of the Standards Advisory Council of the International Accounting Standards Board and is the immediate past Chairman of the Accounting Practices Board.

Nationality
* South African
\+ Luxembourgish
** British
^ Dutch

Financial definitions

Attributable earnings
Earnings attributable to shareowners' funds.

Average shareowners' funds
Average of the shareowners' funds at the beginning and end of the financial year.

Closing price
The closing market price of a Brait share on the South African JSE Securities Exchange at the group's financial year-end.

Dividend cover
Attributable earnings per share divided by the total dividend per share.

Dividend yield
Dividend per share expressed as a percentage of the closing share price per share.

Earnings per employee
Attributable earnings divided by the average number of employees in service during the year.

Earnings per share
Basic
Attributable earnings divided by the weighted average number of shares in issue, less the number of treasury shares, expressed in cents.

Diluted
Attributable earnings adjusted by the after tax effect of any changes in income and expenses that would result from the issue of shares from dilutive instruments. The resultant earnings are divided by the weighted average number of shares in issue including all dilutive instruments assuming they had been in issue from the beginning of the year, less the number of treasury shares, expressed in cents.

Earnings yield
Basic earnings per share expressed as a percentage of the closing price per share.

Net asset value per share
Shareowners' funds divided by the number of shares in issue less the number of treasury shares, expressed in cents.

Price earnings ratio
The closing price per share divided by the earnings per share.

Return on shareowners' funds
Attributable earnings expressed as a percentage of average shareowners' funds.

Return on total assets
Attributable earnings expressed as a percentage of average total assets.

Shareowners' funds
Share capital, share premium and all reserves. Share capital and premium have been reduced by shares held in treasury.

Treasury shares
Brait S.A. shares held by the company and/or its subsidiaries.

Weighted average shares in issue
The pro forma number of shares in issue at the beginning of the year, plus shares issued during the year, less treasury shares acquired during the year, weighted on a time basis for the period during which they have participated in the income of the group.

Group statistics

Eight-year review

	2005 US$m	2004 US$m	2003 US$m	2002 US$m	2001 US$m	2000 US$m	1999 US$m	1998 US$m
INCOME STATEMENT								
Net operating profit/(loss) before taxation (US$m)	**34,8**	1,6	1,3	8,1	25,4	39,7	37,3	28,9
– continuing operations	**34,8**	3,7	6,9	19,6	25,4	39,7	37,3	28,9
– discontinued operations	**–**	(2,1)	(5,6)	(11,5)	–	–	–	–
Attributable earnings/(loss) (US$m)	**33,9**	0,6	(17,0)	8,5	24,9	37,6	33,1	22,8
– continuing operations	**33,9**	2,7	11,4	20,0	24,9	37,6	33,1	22,8
– discontinued operations	**–**	(2,1)	(5,6)	(11,5)	–	–	–	–
Earnings/(loss) per share (cents) – basic								
– attributable	**38,0**	0,7	(19,0)	9,4	27,5	40,6	35,5	26,5
– continuing operations – basic	**38,0**	3,0	(12,7)	22,2	27,5	40,6	35,5	26,5
– discontinued operations – basic	**–**	(2,3)	(6,3)	(12,8)	–	–	–	–
Earnings/(loss) per share (cents) – diluted								
– attributable	**34,7**	0,6	(19,0)	9,4	27,5	40,6	35,5	26,5
– continuing operations – diluted	**34,7**	2,9	(12,7)	22,1	–	–	–	–
– discontinued operations – diluted	**–**	(2,2)	(6,2)	(12,8)	–	–	–	–
Earnings/(loss) yield (%)	**20,3**	0,6	(23,0)	12,4	19,2	12,0	5,9	–
Price earnings ratio	**4,9**	173,0	(4,4)	3,4	5,2	8,3	16,9	–
Dividends per share (cents)	**13,75**	35,8	2,7	5,7	7,4	11,1	9,7	–
– interim (declared)	**3,50**	–	2,7	2,5	–	–	–	–
– final (proposed)	**10,25**	3,3	–	3,2	–	–	–	–
– special (paid)	**–**	32,5	–	–	–	–	–	–
Dividend cover (times)*	**2,5**	n/a	n/a	1,6	3,7	3,7	3,6	–
Dividend yield (%)•*	**7,3**	2,8	3,3	7,5	5,2	3,4	10,0	–
BALANCE SHEET								
Shareowners' funds (US$m)	**115,1**	88,8	108,8	104,2	150,3	169,0	148,2	107,0
Average shareowners' funds (US$m)	**101,9**	98,8	106,5	127,2	159,6	158,6	127,6	102,3
Return on shareowners' funds (%) #	**32,0**	25,9	7,6	(12,9)	(0,5)	11,9	16,2	4,6
Total assets (US$m)	**182,7**	127,5	168,7	239,8	414,7	442,8	500,7	409,1
Return on total assets (%)	**21,9**	1,2	(8,3)	2,6	5,8	8,0	7,3	5,6
– continuing operations	**21,9**	1,8	(5,6)	6,1	5,8	8,0	7,3	5,6
– discontinued operations	**–**	(1,4)	(2,7)	(3,5)	–	–	–	–
Net asset value per share (cents)								
– including intangible assets	**128,9**	99,2	121,4	115,6	166,6	184,1	161,5	124,1
– excluding intangible assets	**128,9**	99,2	121,4	79,5	122,4	167,3	154,1	103,3
Committed funds (US$m)	**759,3**	684,5	624,7	564,9	577,7	589,4	592,7	142,9
SHARE INFORMATION								
Shares in issue (m)	**102,3**	102,3	93,5	93,5	93,5	93,5	93,5	–
Shares in issue – excluding treasury shares (m)	**89,3**	89,5	89,6	90,1	90,2	91,8	91,8	–
Weighted average shares in issue (m)	**97,7**	93,7	89,7	90,2	90,6	92,8	93,2	86,2
PERSONNEL								
Number of employees at year-end	**103**	100	143	229	234	231	201	286
Earnings/(loss) per employee (US$'000)*	**329**	6	(18)	37	106	163	165	80

* On attributable earnings

Calculated as follows: Closing NAV (adjusted by dividend payments) over average capital

• Excluding special dividends

Group balance sheets

Eight-year review

	2005 US$m	2004 US$m	2003 US$m	2002 US$m	2001 US$m	2000 US$m	1999 US$m	1998 US$m
ASSETS								
Non-current assets	**118,9**	75,8	40,2	105,2	165,0	181,2	257,5	150,7
Intangibles	**–**	–	–	2,9	5,0	2,4	1,1	3,6
Property and equipment	**1,3**	8,5	7,6	6,1	9,2	6,6	3,6	2,5
Investments in associates and other	**11,1**	5,2	30,0	72,2	119,7	155,5	215,2	144,6
Private equity investments	**80,5**	44,3						
Specialised fund investments	**19,9**	15,3						
Term loans	**3,6**	–	–	23,3	30,2	16,2	37,4	–
Deferred tax assets	**2,5**	2,5	2,6	0,7	0,9	0,5	0,2	–
Current assets	**55,6**	51,7	128,5	134,6	249,7	261,6	243,2	258,4
Private equity investments	**2,2**	1,1	28,4	39,8	59,8	53,6	69,4	65,4
Specialised funds investments	**–**	–	9,6					
Trading investments	**–**	6,7	0,2					
Loans and advances	**25,7**	14,5	43,6	45,7	145,7	173,7	130,9	146,9
Accounts receivable	**9,9**	14,4	9,1	21,3	30,4	20,3	14,2	31,0
Cash and cash equivalents	**17,8**	15,0	37,6	27,8	13,8	14,0	28,7	15,1
Non-current assets held for sale	**8,2**	–	–	–	–	–	–	
Total assets	**182,7**	127,5	168,7	239,8	414,7	442,8	500,7	409,1
EQUITIES AND LIABILITIES								
Equity								
Share capital and premium	**67,5**	70,6	122,1	122,1	122,2	127,2	127,2	75,3
Legal reserves	**2,6**	2,6	2,6	2,0	0,8	0,7	0,5	7,4
Equity reserves	**2,6**	2,5	–	–	–	–	–	–
Foreign currency translation reserve	**(30,1)**	(30,6)	(45,9)	(74,0)	(26,9)	6,9	14,8	0,5
Distributable reserves	**71,1**	43,7	30,0	54,1	54,2	34,2	5,7	23,8
Minority interests	**1,4**	–	–	–	–	–	–	–
Total equity	**115,1**	88,8	108,8	104,2	150,3	169,0	148,2	107,0
LIABILITIES								
Non-current liabilities	**28,9**	1,1	10,2	14,7	25,0	8,1	15,1	15,5
Deferred tax liabilities	**–**	1,1	1,0	1,0	2,8	2,2	6,3	7,5
Long-term deposits	**–**	–	–	2,6	1,8	3,9	8,7	5,1
Other liabilities	**28,9**	–	9,2	11,1	20,4	2,0	0,1	2,9
Current liabilities	**38,7**	37,6	49,7	120,9	239,4	265,7	337,4	286,6
Current deposits	**–**	–	–	94,3	191,3	215,7	317,8	251,2
Accounts payable	**17,0**	17,2	9,4	14,0	21,0	7,4	9,4	27,5
Provisions	**3,5**	4,2	6,9	4,0	6,0	10,9	5,8	5,7
Secured liabilities associated with non-current assets held for sale	**13,2**	–	–	–	–	–	–	–
Other liabilities	**4,0**	16,2	33,4	8,3	20,2	22,5	0,0	0,0
Bank overdraft	**–**	–	–	0,1	0,4	0,6	0,6	2,1
Taxation	**1,0**	–	–	0,2	0,5	8,6	3,8	0,1
Total liabilities	**67,6**	38,7	59,9	135,6	264,4	273,8	352,5	302,1
Total equity and liabilities	**182,7**	127,5	168,7	239,8	414,7	442,7	500,7	409,1

Group income statements

Eight-year review

	2005 US$m	2004 US$m	2003 US$m	2002 US$m	Pro forma 2002 US$m	2001 US$m	2000 US$m	1999 US$m	1998 US$m
Revenue	**45,0**	28,8	Note 1	Note 1	Note 1	Note 1	Note 1	Note 1	Note 1
Other income	**32,8**	18,1							
Total income	**77,8**	46,9	30,9	24,5	40,6	50,9	76,7	53,7	57,7
Profit from operations	**48,5**	21,3	8,2	4,6	20,7	21,4	32,7	42,1	28,9
– Private Equity	**38,8**	11,4	Note 1	Note 1	Note 1	Note 1	Note 1	Note 1	Note 1
– Corporate Finance	**0,1**	0,3							
– Specialised Funds	**1,2**	0,9							
– Group Investments	**8,4**	8,7							
Finance costs	**(2,5)**	(6,3)	(1,3)	(1,1)	(1,1)	(0,2)	(1,1)	Note 1	Note 1
Capital items	**(11,2)**	(11,3)	(19,5)	-	-	-	-	-	-
Profit/(loss) before taxation	**34,8**	3,7	(12,6)	3,5	19,6	21,2	31,6	42,1	28,9
Taxation	**(0,5)**	(1,0)	1,2	0,4	0,4	(0,5)	(2,0)	(4,1)	(6,1)
Profit/(loss) after taxation from continuing operations	**34,3**	2,7	(11,4)	3,9	20,0	20,7	29,6	38,0	22,8
Discontinued operations	-	(2,1)	(5,6)	(11,5)	(11,5)	4,3	8,1	(4,8)	n/a
Minority interest	**(0,4)**	-	-	-	–	–	–	(0,1)	–
Attributable earnings/(loss)	**33,9**	0,6	(17,0)	(7,6)	8,5	25,0	37,7	33,1	22,8

Note 1 – Detailed information in prior years not available

RULING EXCHANGE RATES	2005	2004	2003	2002	2001	2000	1999	1998
Average rate – Rand/USD	**6,2503**	7,1541	9,7263	9,5026	7,3253	6,1633	5,8180	4,7000
Closing rate – Rand/USD	**6,2395**	6,2925	7,8651	11,3400	8,0125	6,5250	6,1578	5,0345

Corporate governance

Governance principles

General

Brait is committed to an open governance process, which provides its shareowners and other stakeholders with the assurance that, in adding value to and protecting the group's financial and human investment, the group is being managed ethically in accordance with predetermined risk parameters and in compliance with best international practices. The directors of Brait subscribe fully to the principles embodied in appropriate international corporate governance codes and they believe that these principles have been adhered to and complied with in the discharge of their duties.

Policies, objectives and performance measurement

The philosophy, policies, values and objectives of the group, as set out in the annual review, are determined by the board of directors of Brait who in turn receive input and guidance from the boards of its principal subsidiaries. The board sets the strategic objectives of the group and determines investment and performance criteria. Management is charged with the detailed planning and implementation of that policy in accordance with appropriate risk parameters. The achievement of objectives and compliance with policies by management is monitored by the board through mandated reports to the board by management which is accountable for its actions.

Risk management

Risk management is central to Brait's business. The group has developed comprehensive systems and risk management processes to control and monitor all activities in the group. A critical element of Brait's strategy has been the development of skilled professionals who have an established culture of risk management. While ultimate accountability for risk lies with the board of Brait, the management of risk is closely monitored by the boards of its primary operating subsidiaries. In addition, the board has formally mandated the group audit committee to include the review of risk management policies and processes of the group in its terms of reference.

Ethics

Brait is committed to good ethics, which embrace the principles of transparency, honesty and frankness in all dealings. Employees of the group are bound by the group's code of conduct governing trade in the company's shares.

Employee empowerment

The group places great emphasis on the development and training of its people and endeavours to ensure that it offers staff equal opportunity and appropriate participation in decision-making processes. Through its two share incentive schemes, management have ownership in the company and are incentivised in their performance.

The environment, health and safety

While Brait's direct activities do not pose any significant threat to the environments in which they operate, the group has adopted environmental policies and guidelines to deal specifically with environmental challenges. Brait also seeks to ensure that it invests in businesses which conform to environmental standards. Similarly, it makes investments where the health and safety of employees and the well being of the communities in which these companies operate is recognised as an important component of corporate governance.

Reporting

Brait is committed to transparent reporting and disclosure. Information provided to all stakeholders, including financial results and the annual report, are presented in a meaningful and relevant manner so as to enable users to gain a proper and objective perspective of the group. Brait's website is maintained as a relevant means of communicating Brait's message to all its stakeholders.

Governance structures

Directorate

The board of directors of the company is chaired by a non-executive director of the company who is supported by a further four non-executive directors and three executive directors. The board meets quarterly and monitors the management, controls, compliance and the proper conduct of the businesses under its direction. Having due regard to the recommendations of its executive committees, the board determines and monitors matters relating to the implementation and/or modification of policies and strategic plans, group investments and dispositions, major capital expenditure and operating and financial budgets. Serving members of the Brait S.A. board at year-end are:

ME King (Chairman)*†	AM Rosenzweig**†
AC Ball*‡	CJ Tayelor*‡
JE Bodonißt†	SJP Weberß‡
PL Wilmot*†	RJ Koch^†

* South African, ß Luxembourgish, ^ British, ** Dutch

† Non-executive (all non-executive directors are independent)

‡ Executive

Risk management and internal control
Responsibility for the group's risk management, including its systems of internal financial and operational control is recognised and acknowledged by the board as being its responsibility but specifically monitored by the audit and risk committee. The foundations for the group's internal control process can be found in its governance principles which incorporate ethical behaviour coupled with compliance with legislation and sound accounting practice.

The control systems include clearly defined lines of accountability and delegation of authority, and provide for full reporting and analysis against approved budgets. The executive directors are responsible for determining the adequacy, extent and operation of these systems. In this regard, the executive directors are of the opinion that the systems in operation provide reasonable assurance that the assets are protected against material loss or unauthorised use and that transactions are properly authorised and documented.

The group's internal audit process reviews and tests the control of key business risks in the group as well as the assurance of the effectiveness of the internal control systems in operation. The results of these and external audit reviews are submitted to the group audit and risk committee for consideration and evaluation, of the adequacy of the primary business risks as well as the systems of internal control in operation. It is the responsibility of this committee to inform the directors of any material losses which may have arisen as a result of a breakdown of the systems in operation and to report on remedial action taken.

Audit and risk committee
The Brait group audit and risk committee has a minimum of three members. All members are non-executive directors and a non-executive director chairs the committee.

The committee's primary objective is to provide the board with additional assurance regarding the quality and reliability of the financial information used by the directors and to assist them in the discharge of their duties. The committee provides satisfaction to the board that adequate and appropriate financial and operating controls are in place; that significant business, financial and other risks have been identified and are being managed; and that appropriate standards of governance, reporting and compliance are in operation.

Issues relating to accounting, auditing, internal control and financial reporting matters are discussed with the group's external auditors at meetings convened on a periodic basis. Both the internal and the external auditors are afforded unrestricted access to the group audit and risk committee in general and the committee chairman in particular.

The group's internal audit functions are performed internally and the group's internal auditors report to an internal audit committee as well as the group audit and risk committee. Major responsibilities allocated to the internal auditors include the examination and evaluation of the effectiveness of operational activities together with the attendant business risks and the systems of operational and financial control. Material deficiencies, development needs and instances of non-compliance are reported to the audit and risk committee, the external auditors and operational management for resolution.

Serving members of the group audit and risk committee are:

PL Wilmot (Chairman)†
ME King†
R J Koch (appointed 15 February 2005) †

† Non-executive

Remuneration committee
The Brait group remuneration committee has three members of whom two are non-executive. It meets regularly to consider the annual reviews, incentives and policy matters. In practice the committee meets several times per annum to deal with remuneration issues and is charged with the remuneration strategy for the group. The remuneration strategy includes the determination of incentive pay structures for directors and senior executives, in both the short and long term, and the positioning of these levels in accordance with trends in local and international markets.

The committee's main objective is to provide the board with an assurance that the employees, directors and senior executives of the group are fairly rewarded for their individual contributions to the group's performance. The group views the inclusion of share incentives in the remuneration package as an essential element as it promotes a congruence of interests with shareowners and incentivises a long-term commitment. Share incentive schemes are regularly reviewed by the committee as well as fringe benefit policies.

Serving members of the group remuneration committee are:

ME King (Chairman)†
AC Ball‡
RJ Koch†

† Non-executive

‡ Executive

Corporate governance continued

Brait South Africa Limited board

The South African holding company board, in addition to its statutory obligations, is mandated by the Brait S.A. board to carry out specific tasks in respect of the South African operations of the group. Serving members of the Brait South Africa Limited board are:

BL Sibiya	(Chairman)	(Appointed – 1 October 2004)
AC Ball		
AD Campbell		
OK Chikane	(Appointed – 1 October 2004)	
DG Field	(Appointed – 11 June 2004)	
ME Gevers	(Appointed – 1 November 2004)	
JA Gnodde		
E Guiterrez-Garcia		
WF Hirzebruch		
BL MacRobert		
I Matthews	(Appointed – 1 November 2004) (Alternate to ME Gevers)	
G Mariouklas	(Resigned – 31 May 2005)	
BMC Ngcobo	(Appointed – 1 October 2004)	
VV Reddy	(Appointed – 1 October 2004)	
CL Smart		
CJ Tayelor		
SDM Zungu	(Appointed – 1 October 2004)	

Brait International Limited board

The Brait international board, in addition to its statutory obligations, is mandated by the Brait S.A. board with the responsibility to carry out specific tasks in respect of the group's international operations outside South Africa. Serving members of the international board are:

BI Childs	(Chairman)	(Appointed – 21 October 2004)
D Boodhoo		
EA Venpin		(Appointed – 22 July 2004)

The Brait S.A. board has established several additional subcommittees whose functions are to manage specific risks and activities of the group. Currently these include, *inter alia*, the:

- Private Equity Proprietary Investment committee;
- Group audit and risk committee;
- IT steering committee;
- Group internal audit committee;
- Social investment committee;
- Employment equity committee; and
- Marketing committee.

Board attendance

The record of attendance of board members at board and board committee meetings for Brait S.A. for the year ended 31 March 2005 is as follows:

	Brait S.A. board	Audit and risk committee	Remuneration committee
Total meetings	5	4	4
ME King (Chairman)^	4	4	4
AC Ball	5		4
JE Bodoni	3		
FZ Haller*	3	3	
RJ Koch	5		4
AM Rosenzweig	5		
CJ Tayelor	5		
PL Wilmot	5	4	
SJP Weber	2		

^ ME King recused himself from a meeting during the year.

* FZ Haller resigned from the Brait S.A. board and audit and risk committee on 7 February 2005.

Directors' emoluments

For Brait S.A. and its subsidiaries

Remuneration

For the year ended 31 March 2005	Fees and expenses as directors US$'000	Cash salary US$'000	Performance bonus US$'000	Other benefits (note 1)	Other services (note 2)	2005 Total
AC Ball	16	461	800	34	0	**1 311**
J Bodoni	8	0	0	0	0	**8**
FZ Haller (resigned 7 February 2005)	12	0	0	0	17	**29**
ME King	25	0	0	0	185	**210**
RJ Koch	16	0	0	0	20	**36**
AM Rosenzweig	10	0	0	0	20	**30**
CJ Tayelor	10	307	400	33	0	**750**
SJP Weber	0	0	0	0	36	**36**
PL Wilmot	39	0	0	0	0	**39**
Total	136	768	1 200	67	278	**2 449**
Total ZAR '000 (note 3)						**R15 307**

For the year ended 31 March 2004						2004 Total
AC Ball	12	349	376	26	0	**763**
J Bodoni	7	0	0	0	0	**7**
RT Dalais (resigned 13 November 2003)	4	72	0	2	0	**78**
FZ Haller	5	0	0	0	20	**25**
ME King	20	0	0	0	140	**160**
RJ Koch	12	0	0	0	20	**32**
AM Rosenzweig	7	0	0	0	20	**27**
CJ Tayelor	9	232	258	27	0	**526**
SJP Weber	0	0	0	0	30	**30**
PL Wilmot	36	0	0	0	0	**36**
Total	112	653	634	55	230	**1 684**
Total ZAR '000 (note 3)						**R12 048**

Note 1: Other benefits represent provident fund contributions, motor vehicle allowances, medical aid and group life cover.

Note 2: Other services represents time spent by directors in certain activities of the company and/or its subsidiaries, including advisory and consulting services.

Note 3: Rand remuneration totals have been disclosed for a meaningful comparison of directors' fees as the increases in US dollars are distorted by currency translation uplifts arising from the average US dollar exchange rate which was 13% down against the Rand during the year.

Share entitlements

(a) Brait S.A. Share Incentive Scheme

	2005			2004		
	Expiry date	**Shares granted**	**Issue price ZAR**	Expiry date	Shares granted	Issue price ZAR
RJ Koch	**31 Dec 11**	**15 300**	**7,19**	31 Dec 11	15 300	7,19
	6 July 12	**34 700**	**7,22**			
ME King	**31 Dec 11**	**24 000**	**7,19**	31 Dec 11	24 000	7,19
	6 July 12	**76 000**	**7,22**			
AM Rosenzweig	**31 Dec 11**	**15 300**	**7,19**	31 Dec 11	15 300	7,19
	6 July 12	**34 700**	**7,22**			
SJP Weber	**31 Dec 11**	**10 000**	**7,19**	31 Dec 11	10 000	7,19
	6 July 12	**40 000**	**7,22**			
PL Wilmot	**31 Dec 11**	**15 300**	**7,19**	31 Dec 11	15 300	7,19
	6 July 12	**34 700**	**7,22**			
		300 000			97 000	

(b) Brait Executive Share Purchase Scheme

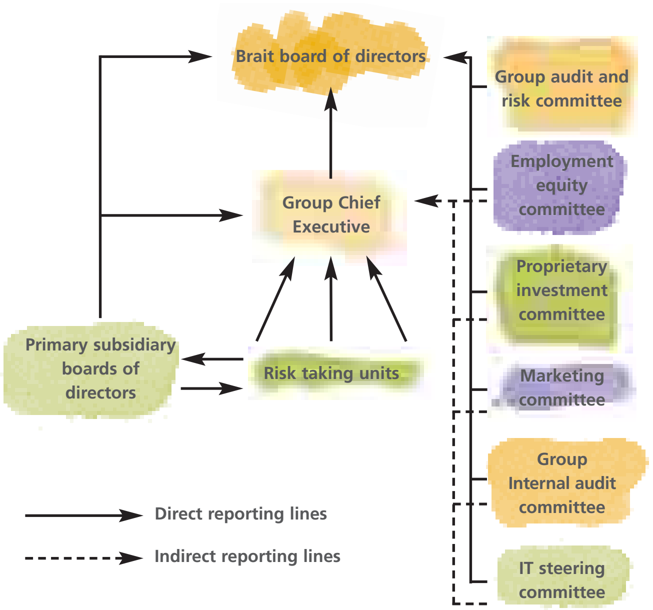
	2005					2004			
	Prepaid contribution by the participant US$ 000	**Outstanding loan account balance US$ 000**	**Expiry date**	**Shares granted**	**Issue price US$**	Outstanding loan account balance US$ 000	Expiry date	Shares granted	Issue price US$
CJ Tayelor	**449**	**822**	**31 Mar 08**	**1 895 307**	**0,7101**	910	31 Mar 08	1 895 307	0,7101

Risk management review

Managing risk to enhance shareowner value goes to the very heart of Brait's business. The group places great importance and priority on its approach to risk management and has a strong culture of risk management. It recognises that risk impacts on profitability and is an integral component of most transactions. A careful process of risk management is employed to effectively identify, evaluate and assess all types of risks and to optimise the risk-reward trade-off.

Risk management responsibility and structures

Ultimate responsibility for the formulation of risk management policies and the systems of control and review lies with the board of Brait and the boards of its primary subsidiaries. There are nonetheless, intervening committees and executives who have designated responsibility for focusing on specific risk categories. Effective risk management is also achieved through the decentralisation of responsibilities to managers of risk taking units, with reporting lines to the group Chief Executive and designated risk committees. The risk control structures are summarised in the following diagram:



Different types of risk are clearly defined and such definitions provide the basis for measuring risk and implementing risk management processes.

The group has risk exposures to market risk; credit risk; interest rate and liquidity risk; currency risk; solvency risk; operational risk; legal and compliance risk and strategic risk. These risk factors are considered below.

Market risk

Market risk is the potential change in the value of a financial instrument resulting from changes in market conditions. On a portfolio basis, this is the risk of a decrease in the value of the portfolio as a result of an adverse move in market parameters such as equity prices.

Primary control of risk is established through a comprehensive limit structure that promotes the alignment of the group's risk appetite, primarily for proprietary investments.

Investment limits at each control level are approved by the board and reviewed regularly to ascertain their relevance and appropriateness. Management is expected at all times to remain within the prescribed limits.

Brait measures the current profit and loss on its proprietary investment portfolio monthly, or more regularly if specifically needed. The monthly reports are supplemented by a full quarterly review of all investments. Controls are in place to ensure that other market risk transactions are booked at prevailing market rates and that positions are revalued at current market prices.

The risk measurement function in the group operates with clear independence and authority from the operations and reports to senior management and the board.

Credit and counterparty risk

Credit and counterparty risk refers to the effects on future cash flows and earnings of borrowers defaulting on their obligations. This also covers trading counterparties, issuers of instruments held by the group or as collateral. Such risk arises primarily from lending and investment activities as well as from the settlement of proprietary financial market transactions and those undertaken on behalf of clients.

Brait manages these risks by setting prudent credit exposure limits, constantly measuring current credit exposures, estimating maximum potential credit exposures that may arise over the duration of a transaction, and responding quickly when corrective action needs to be taken.

All material credit exposures are governed by authorisation limits at both subsidiary and Brait S.A. board level.

Impairment provisions for doubtful debts are raised throughout the year and approved by the audit and risk committee.

Interest rate and liquidity risks

Interest rate risk refers to the impact on future cash flows and earnings of assets and liabilities of interest rates re-pricing either at different points in time or on a different basis.

Exposures to interest rate movements are managed by a combination of floating and fixed rate instruments, which give the group its desired maturity profile. The interest rates of the majority of the group's term borrowings have been fixed in order to minimise the risks of interest rate volatility and match the estimated yield of the underlying assets funded with the borrowings, where applicable. The maturity of borrowings is disclosed in the notes to the financial statements.

Liquidity risk arises in the general funding of the group's activities when there are mismatches between the sizes and maturities of assets and liabilities. The liquidity risk refers to the ability of the group to meet its financial obligations as they fall due.

The group held some 16% of its capital in short-term cash deposits at 31 March 2005 and has approved banking facilities.

Currency risk

Although the group's holding company is domiciled in Luxembourg and its financial and reporting currency is the US dollar, it has significant operations and/or investments in South Africa, Europe, Mauritius, North America and Australia. The group's net assets reflect the currency impact on individual investments. Brait has undertaken to mitigate the currency exposure of these net assets by hedging or holding a large portion of its capital in US dollars. At 31 March 2005, more than 70% of the net tangible assets of the group was covered or held in US dollars.

Solvency risk

It is essential to ensure that the group is adequately capitalised to absorb potential losses in its activities, to maintain the confidence of all those with whom it does business and to fund the future growth of its operations. The geographical and legal structure of the group minimises the potential contamination of losses in one segment of operation with those of another. The group also has a satisfactory capital base to support the operations of its underlying businesses.

Operational risk and IT technology

Operational risk is the potential for loss caused by a breakdown in information, communication and transaction processing systems and procedures. While these risks can never be fully protected, Brait attempts to reduce them by maintaining comprehensive systems of internal controls, and sound policies and practices in the areas of information technology, human resources, physical security and insurance. The enforcement and monitoring of compliance with such policies and standards of practice is an essential component of operational risk management.

The group has dedicated significant resources and commitment to an internal audit function, which is focused on a business and risk-based audit approach. The primary responsibility for operational risk management lies at business unit management level. The group also ensures that operational risk is minimised through the implementation of sound accounting methods, administrative controls and a code of conduct.

The assessment of information technology is in the hands of the group's IT steering committee whose purpose is not only to set IT policy, but also act as the final decision-making authority. The group employs both onsite and offsite disaster recovery facilities which are tested regularly. Business continuity plans are in place in the case of catastrophic events. All business processes are supported by software systems, which are kept current with the latest technology trends.

The group audit and risk committee, which has responsibility, *inter alia*, for overseeing of the management of operational risk, comprises non-executive directors to whom both the external auditors and internal auditor function have direct access. The functioning of this committee is dealt with more fully under the corporate governance section of the annual report.

Legal risk

Legal risk is the risk that transactions or agreements with third parties may not be legally enforceable or do not reflect the intentions approved by the boards or their committees. Brait recognises the legal risks inherent in complex financial transactions. Brait engages reputable third party legal professionals who are familiar with the group's operations and the specific nature of its business for its transactions in order to mitigate such risks.

Compliance risk

Compliance or regulatory risk is the risk of non-compliance with regulatory requirements. Brait has allocated skilled staff to specific compliance functions as part of its risk management framework. The management of compliance risk is achieved through monitoring, reporting and other services, and reports regularly to the Audit and Risk Committee.

Risk management for fund investment

The group acts as manager for several funds financed primarily by third party capital. Each of these funds is typically subject to a number of governance controls with risk management effects, including:

- fund mandates setting out investment parameters including targeted markets, transaction types and investment limits;
- controlled investment processes including appropriate approval by investment committees;
- investor review by way of periodic reporting and performance evaluation;
- advisory committee review for resolution of certain potential conflicts of interest; and
- statutory and regulatory controls.

Brait's internal control processes ensure that fund mandates are adhered to, and these controls are subject to internal audit and thus audit and risk committee review. The effect on Brait's financial position is assessed by applying sensitivity analysis to material positions held in its funds under management.

Conclusion

The key focus of Brait's risk management strategy is on identifying, assessing, managing and monitoring all known forms of risk resident in its operations. This is a continuous process of developing and enhancing comprehensive risk and control procedures so as to enable the group to effectively identify and monitor all potential risks to which it may reasonably be exposed.

Annual Financial Statements

for the year ended 31 March

contents

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 and financial position 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 judgments 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 year 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 54 to 87 were approved by the board of directors on 10 June 2005 and are signed on its behalf by

ME King
Chairman

AC Ball
Group Chief Executive

Report of independent auditors

To the shareowners of Brait S.A.

We have audited the accompanying group balance sheet of Brait S.A. and its subsidiaries as at 31 March 2005 and the related group statements of income, cash flows and changes in equity set out on pages 54 to 87 for the year then ended. These group 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 2005, 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 S.A.
Réviseur d` entreprises

S Mitchell
Partner
10 June 2005

B Lam
Partner

Directors' report

The directors have pleasure in presenting their report for the year ended 31 March 2005.

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$115,1 million and diverse earnings from the following activities:

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

The issued share capital of the company comprises 102 255 732 ordinary shares of no par value. Of this number, 13 933 707 ordinary shares are held for delivery of shares granted to management in terms of the Brait S.A. Share Incentive Scheme 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 26 July 2006.

Dividends

- Interim dividend 2004

The board announced an interim dividend of 3,5 US cents (21,47 South African cents) per ordinary share on 4 November 2004. The dividend, which absorbed US$3 469 221 was paid on 22 November 2004 to members registered as such on the record date, 19 November 2004. 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, 27 July 2005.

- Final dividend

The board has recommended a final dividend of 10,25 US cents per share for the year ended 31 March 2005. In terms of the Articles of Incorporation of the company, 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 which is in respect of the year ended 31 March 2005 will be effected on or about 15 August 2005 to shareowners registered as such on the record date, 12 August 2005. The last date to trade 'cum dividend' will be Thursday, 4 August 2005 and the share will commence trading 'ex dividend' on Friday, 5 August 2005. Share certificates may not be dematerialised or rematerialised between Friday, 5 August 2005 and Friday, 12 August 2005 both days inclusive. Shareowners on the South African register will receive the Rand equivalent based on the currency conversion rate on Wednesday, 27 July 2005.

Share incentive schemes

Brait operates two share incentive schemes for the purpose of incentivising directors, executives and management of the group and also to align their economic interests with shareowners and retain their services on a longer term basis.

The maximum number of entitlements that may be granted in terms of the two 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)

A summary of the scheme rules and share entitlements outstanding and granted to directors and employees of the group under the two schemes are as follows:

The Brait S.A. Share Incentive Scheme

Salient features

- The scheme is a share option scheme with deferred delivery.
- Entitlements are granted at market price at the date of grant.
- Vesting typically accrues within six years.
- Entitlements expire after eight years.
- Entitlements are forfeited if the participant leaves the group before vesting.

Participation is limited to professional and managerial staff.

Entitlements granted under the scheme:

	2005	2004
Share entitlements outstanding at beginning of the year	**2 568 624**	12 772 261
Granted and exercised	**1 374 480**	2 367 124
Delivered	**(61 151)**	–
Cancelled (by resignation, retrenchment or repurchase)	**(906 691)**	(12 570 761)
Share entitlements outstanding at end of the year	**2 975 262**	2 568 624

Analysis of share entitlements outstanding at 31 March 2005:

Option expiry date	Number of shares	Issue price (ZAR)
31 December 2010	83 335	8,57
31 December 2011	1 642 447	7,19
30 June 2012	996 480	7,20
06 July 2012	253 000	7,22
	2 975 262	

The Brait Executive Share Purchase Scheme

Salient features

- The scheme is structured as a share purchase scheme and participants are offered an opportunity to acquire ordinary shares in the company at a price fixed on a leveraged, deferred payment and delivery basis. Critically, participants are required to make an upfront contribution equal to one third of the market value of their entitlements granted under the new scheme.
- Participants are offered ordinary shares at market price.
- Participants are offered leverage (loan finance) based on twice the value of their contributions.
- The leverage is subject to an arm's length related interest rate.
- The scheme shares or any rights flowing from such shares vest over three years.
- Participants may only take delivery of their entitlements under the scheme on vesting and full settlement of their loan accounts.
- Loan accounts must be settled within five years of the grant of shares or the expiry of the entitlements.
- Unvested entitlements are forfeited if the participant leaves the group before vesting.

The executives carry market risk on any decline in the Brait share price during the tenure of the scheme up to a maximum limit of their pre-paid contribution and will benefit from any market price increase, but only to the extent that the increase exceeds the compounded prime interest rate on the advance, net of dividends.

Entitlements granted under the scheme:

	2005	2004
Share entitlements outstanding at beginning of the year	**17 296 489**	–
Granted	**500 000**	17 296 489
Delivered	**(778 105)**	–
Cancelled (by resignation, retrenchment or repurchase)	**(454 924)**	–
Share entitlements outstanding at end of the year	**16 563 460**	17 296 489

Analysis of share entitlements outstanding at 31 March 2005

Repayment date of loan balance	Interest rate of loan	Prepaid contributions by participants US$	Outstanding loan account balances US$	Number of shares granted	Share purchase price US$
31 March 2008	**US dollar Prime**	**3 342 008**	**6 159 669**	**14 119 176**	**0,7101**
25 October 2008	**US dollar Prime**	**460 212**	**856 697**	**1 944 284**	**0,7101**
13 May 2009	**US dollar Prime**	**167 692**	**317 998**	**500 000**	**1,0062**
		3 969 912	**7 334 364**	**16 563 460**	

Directors' report continued

Directorate

Mr FZ Haller resigned as a non-executive director of the company on 7 February 2005. No other changes in the composition of the board of directors have occurred between 31 March 2005 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, JE Bodoni, ME King, RJ Koch, AM Rosenzweig, CJ Tayelor, SJP Weber and PL Wilmot retire from the board at the annual general meeting and, being eligible, offer themselves for re-election.

The board has also proposed the appointment of the following additional directors at the annual general meeting:
Messrs A Beecroft, BI Childs, JJ Coulter, JA Gnodde and H Troskie.

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, which include the holdings of ordinary shares and share entitlements, were as follows:

	31 March 2005	31 March 2004
Number of shares held:		
• Beneficial	**5 711 684**	5 711 684
• Non-beneficial	**–**	–
Number of share incentive entitlements granted:		
• Beneficial	**2 195 307**	1 992 307
• Non-beneficial	**–**	–

A register of the interests of directors in the capital of the company is available on request.

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 at 31 March 2005:

Shareowner	%
The Brait Executive Share Purchase Scheme Trust	10,6
Liberty Life Association of Africa Limited	6,7
Public Investment Commissioner	5,0

Directors' emoluments

An analysis of aggregate remuneration of executive and non-executive directors is disclosed in the annual review under 'Corporate Governance'. A register of individual emoluments of directors is maintained at the company's offices and is available on request at the company's offices.

Special resolutions

Details of special resolutions passed by the company and its subsidiaries are available on request.

Events subsequent to the balance sheet date

Subsequent to the year-end, the group's Johannesburg property and buildings, including fixed furniture and fittings, has been unconditionally sold which will result in a profit being recognised in the 2006 financial year. The group has also disposed of a portion of its interests in one of its subsidiaries, Bayport Management Limited, from 62,8% to 49,9%. The group will, however, retain its voting rights and, as a consequence, continue to consolidate the company into the Brait S.A. group.

Apart from the aforementioned, no other events have taken place since 31 March 2005 and the date of this report, which would have a material impact on either the financial position or the operating results of the group.

Composition of group committees

The composition of the board and the group audit and risk, remuneration and other subcommittees of the board are disclosed in the section dealing with corporate governance.

Corporate governance

Full details regarding the company's commitment to and its compliance with appropriate international corporate governance practices are set out on pages 44 to 48.

Introduction to the financial statements

for the year ended 31 March

ACCOUNTING POLICIES

The group financial statements for the year ended 31 March 2005 are prepared in accordance with International Financial Reporting Standards *("IFRS")*.

The Brait group annual financial statements incorporate the results of Brait S.A. and its subsidiaries. These parties merged their interests with effect from 1 April 1998. The merger has been accounted for as a "Uniting of Interests" in accordance with the then IAS 22 "Business Combinations". All material intercompany transactions and balances have been eliminated.

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. 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 except for the adoption of IFRS 3, "Business Combinations" and early adoption of IFRS 2, "Share-based Payments" and IFRS 5, "Non-current Assets held for Sale and Discontinued Operations". IAS 27, "Consolidated and Separate Financial Statements" and IAS 28, "Investments in Associates" have continued to be early adopted.

SALE OF 26% SHARE IN SUBSIDIARY

With effect from 30 September 2004, Brait has sold 26% of its wholly-owned South African business to a Black Economic Empowerment shareholder. The transaction has not been recorded as a sale as it did not meet the accounting requirements 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".

SUPPLEMENTARY INFORMATION

Presentation currency

The group statements as at 31 March 2005 have been prepared using the USD as the presentation currency and are consistent with the previous financial year. The presentation currency is in accordance with the functional currency of Brait S.A..

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. These have not been subject to audit.

Currency conversion guide

The approximate US Dollar cost of a unit of the following currencies at 31 March 2005 was:

	2005	2004
Rand		
– closing	**0,1603**	0,1589
– average	**0,1600**	0,1398
Sterling – closing	**1,8905**	1,8462
Euro – closing	**1,2964**	1,2316

The approximate Rand cost of a unit of the following currencies at 31 March 2005 was:

	2005	2004
US Dollar		
– closing rate	**6,2395**	6,2925
– average rate	**6,2503**	7,1541
Sterling – closing	**11,7955**	11,6334
Euro – closing	**8,0858**	7,7587

Group income statements

for the year ended 31 March

Supplementary Rand information

2004π as restated ZARm	2005π ZARm		Notes	2005 US$m	2004 as restated US$m
206,0	**281,2**	Revenue	1	**45,0**	28,8
129,5	**204,9**	Other income	2	**32,8**	18,1
(174,5)	**(193,3)**	Operating expenses	3	**(30,9)**	(24,4)
0,7	**10,0**	Income from associates		**1,6**	0,1
(9,3)	**–**	Loss from joint ventures		**–**	(1,3)
152,4	**302,8**	Profit from operations		**48,5**	21,3
(45,1)	**(15,7)**	Finance costs	4	**(2,5)**	(6,3)
(80,8)	**(69,7)**	Capital items	5	**(11,2)**	(11,3)
26,5	**217,4**	Profit before taxation		**34,8**	3,7
(7,2)	**(3,1)**	Taxation	6	**(0,5)**	(1,0)
19,3	**214,3**	Profit after taxation from continuing operations		**34,3**	2,7
(15,0)	**–**	Loss from discontinued operations	7	**–**	(2,1)
–	**(2,6)**	Minority interests		**(0,4)**	–
4,3	**211,7**	Attributable earnings		**33,9**	0,6

ZAR Cents	ZAR Cents		Notes	US Cents	US Cents
		Headline earnings per share	8		
36,8	**237,1**	– Basic (cents)		**38,0**	5,1
35,1	**216,7**	– Diluted (cents)		**34,7**	4,9
		Attributable earnings per share	8		
4,8	**237,1**	– Basic (cents)		**38,0**	0,7
4,6	**216,7**	– Diluted (cents)		**34,7**	0,6
		Dividends per share	9		
–	**21,4**	– interim paid (cents)		**3,50**	–
20,4	**†**	– final proposed (cents)		**10,25**	3,25
224,6	**–**	– special paid (cents)		**–**	32,50

π The supplementary Rand information has been translated from USD results on the basis set out on page 57.

† The Rand/USD conversion rate will be determined on 27 July 2005 following the annual general meeting of the company on this date.

Group balance sheets

at 31 March

Supplementary Rand information

2004[π] as restated ZARm	**2005[π] ZARm**		Notes	**2005 US$m**	2004 as restated US$m
		ASSETS			
476,9	**741,9**	Non-current assets		**118,9**	75,8
53,5	**8,1**	Property and equipment	10	**1,3**	8,5
32,7	**69,3**	Investments in associates and other	11	**11,1**	5,2
278,8	**502,3**	Private equity investments	12	**80,5**	44,3
96,2	**124,1**	Specialised funds investments	13	**19,9**	15,3
–	**22,5**	Term loan	14	**3,6**	–
15,7	**15,6**	Deferred tax assets	15	**2,5**	2,5
325,4	**346,9**	Current assets		**55,6**	51,7
6,9	**13,7**	Private equity investments	16	**2,2**	1,1
42,2	**–**	Trading investments		**–**	6,7
91,3	**160,4**	Loans and advances	17	**25,7**	14,5
90,6	**61,7**	Accounts receivable	18	**9,9**	14,4
94,4	**111,1**	Cash and cash equivalents	19	**17,8**	15,0
–	**51,1**	Non-current assets held for sale	20	**8,2**	–
802,3	**1 139,9**	Total assets		**182,7**	127,5
		EQUITY AND LIABILITIES			
558,8	**718,1**	Capital and reserves		**115,1**	88,8
444,3	**415,6**	Share capital and premium	21	**66,6**	70,6
16,4	**16,2**	Legal reserves	22	**2,6**	2,6
15,7	**16,2**	Equity reserves	23	**2,6**	2,5
(192,6)	**(187,8)**	Foreign currency translation reserve		**(30,1)**	(30,6)
275,0	**449,2**	Distributable reserves		**72,0**	43,7
–	**8,7**	Minority interests		**1,4**	–
6,9	**180,3**	Non-current liabilities		**28,9**	1,1
–	**180,3**	Non-current liabilities	24	**28,9**	–
6,9	**–**	Deferred tax liabilities	15	**–**	1,1
236,6	**241,5**	Current liabilities		**38,7**	37,6
108,2	**106,1**	Accounts payable	25	**17,0**	17,2
26,4	**21,8**	Provisions	26	**3,5**	4,2
–	**82,4**	Liabilities directly associated with non-current assets held for sale	27	**13,2**	–
102,0	**25,0**	Other current liabilities	28	**4,0**	16,2
–	**6,2**	Taxation		**1,0**	–
802,3	**1 139,9**	Total equity and liabilities		**182,7**	127,5

ZAR Cents	**ZAR Cents**		**US Cents**	US Cents
624,4	**804,1**	Net asset value per ordinary share	**128,9**	99,2

π The supplementary Rand information has been translated from USD results on the basis set out on page 57.

Group cash flow statements

for the year ended 31 March

	Notes	2005 US$m	2004 as restated US$m
Cash flows from operating activities		**13,2**	(2,3)
Cash generated by operations	35,1	**5,4**	5,4
Dividends received		**11,3**	3,3
Interest received		**3,9**	8,8
Interest paid		**(2,5)**	(6,5)
Currency hedge cost		**(4,1)**	(12,7)
Taxation paid	35,2	**(0,8)**	(0,6)
Change in working capital	35,3	**(6,2)**	21,0
Net operating cash flow		**7,0**	18,7
Dividends paid	35,4	**(6,3)**	(35,6)
Cash generated by/(utilised in) operating activities		**0,7**	(16,9)
Cash flows from investing activities		**(17,1)**	10,6
Acquisition of property and equipment		**(0,9)**	(0,2)
Net cash inflow from acquisition of subsidiary	35,5	**0,4**	–
Proceeds on sale of property and equipment		**–**	0,1
(Increase)/decrease in investments		**(13,0)**	10,7
Loan advanced to associate company		**(3,6)**	–
Cash flows from financing activities		**19,2**	(18,7)
Increase/(decrease) in borrowings		**22,6**	(18,7)
Repurchase of share options		**(3,4)**	–
Net increase/(decrease) in cash and cash equivalents		**2,8**	(25,0)
Effects of exchange rate changes on cash and cash equivalents		**–**	2,4
Cash and cash equivalents at beginning of year		**15,0**	37,6
Cash and cash equivalents at end of year	19	**17,8**	15,0

Group statements of changes in equity

for the year ended 31 March

	Share capital and premium US$m	Legal reserves US$m	Equity reserves US$m	Foreign currency translation reserve US$m	Distributable reserves US$m	Minority interests US$m	Total share-owners' interest US$m
Balance at 31 March 2003 as previously stated	122,1	2,6	–	(45,9)	30,0	–	108,8
Prior year adjustment	–	–	1,3	–	(1,3)	–	–
Balance as restated at 31 March 2003	122,1	2,6	1,3	(45,9)	28,7	–	108,8
Net translation adjustments (1)	–	–	–	15,3	–	–	15,3
Attributable earnings	–	–	–	–	0,6	–	0,6
Share entitlement expenses	–	–	1,2	–	–	–	1,2
Dividends	–	–	–	–	(35,6)	–	(35,6)
Treasury shares (2)	(1,5)	–	–	–	–	–	(1,5)
Transfer (from)/to capital/reserves	(50,0)	–	–	–	50,0	–	–
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**
Minority interest arising from acquisition of subsidiary	**–**	**–**	**–**	**–**	**–**	**1,0**	**1,0**
Attributable earnings	**–**	**–**	**–**	**–**	**33,9**	**–**	**33,9**
Minority share of retained income	**–**	**–**	**–**	**–**	**–**	**0,4**	**0,4**
Share entitlement expenses	**–**	**–**	**0,4**	**–**	**–**	**–**	**0,4**
Foreign currency adjustment on capital loan	**–**	**–**	**(0,3)**	**–**	**–**	**–**	**(0,3)**
Dividends	**–**	**–**	**–**	**–**	**(6,3)**	**–**	**(6,3)**
Treasury shares (2)	**(3,3)**	**–**	**–**	**–**	**–**	**–**	**(3,3)**
Transfer (from)/to capital/reserves	**(0,7)**	**–**	**–**	**–**	**0,7**	**–**	**–**
Balance at 31 March 2005	**66,6**	**2,6**	**2,6**	**(30,1)**	**72,0**	**1,4**	**115,1**

(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) *Treasury shares*
The group repurchased employee share entitlements during the year for a consideration of US$3,3 million. Treasury shares constitute a total of 13 933 707 (2004: 12 772 261) shares of Brait S.A. and are held as follows:
– 10 978 871 (2004: 6 174 350) shares by The Brait Executive Share Purchase Scheme Trust; and
– 3 134 836 (2004: 6 597 911) 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 have been changed from the previous year to 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:

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 SEGMENTS (continued)

2004	Private Equity US$m	Corporate Finance US$m	Specialised Funds US$m	Group Investments US$m	Total US$m
REVENUE AND INCOME					
Revenue	14,3	5,1	1,5	7,9	28,8
Other income	14,7	0,4	2,6	0,4	18,1
Total segment income	29,0	5,5	4,1	8,3	46,9
RESULT					
Segment result	11,4	0,3	0,9	8,7	21,3
Finance costs					(6,3)
Capital items					(11,3)
Profit before taxation from continuing operations					3,7
Taxation					(1,0)
Loss from discontinued operations					(2,1)
Profit after taxation and discontinued operations					0,6
OTHER INFORMATION					
Assets					
Segment assets	55,1	8,0	16,0	43,5	122,6
Other unallocated assets					4,9
Total assets per balance sheet					127,5
Liabilities					
Segment liabilities	6,8	2,9	0,3	12,4	22,4
Other unallocated liabilities					16,3
Total liabilities per balance sheet					38,7
Net assets					
Segment net assets	48,3	5,1	15,7	31,1	100,2
Other unallocated net liabilities					(11,4)
Total net assets per balance sheet					88,8
Other					
Capital additions	–	–	–	0,2	0,2
Depreciation	0,1	–	0,1	0,7	0,9
Impairment losses recognised in income	–	–	–	2,8	2,8

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 of the following:

– Mauritius operations;
– United States of America operations; and
– European operations.

The following table provides the revenue and income per geographical segment:

2005	International US$m	South Africa US$m	Total US$m
REVENUE AND INCOME			
Revenue	13,9	31,1	45,0
Other income	13,0	19,8	32,8
Total segment income	26,9	50,9	77,8
RESULT			
Segment result	23,8	24,7	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			
Net assets			
Segment net assets	86,0	65,0	151,0
Other unallocated net liabilities			(35,9)
Total net assets per balance sheet			115,1
Other			
Additions to property and equipment	–	0,9	0,9

GEOGRAPHICAL SEGMENTS (continued)

2004	International US$m	South Africa US$m	Total US$m
REVENUE AND INCOME			
Revenue	5,1	23,7	28,8
Other income	11,2	6,9	18,1
Total segment income	16,3	30,6	46,9
RESULT			
Segment result	1,0	20,3	21,3
Finance costs			(6,3)
Capital items			(11,3)
Profit before taxation from continuing operations			3,7
Taxation			(1,0)
Loss from discontinued operations			(2,1)
Profit after taxation and discontinued operations			0,6
OTHER INFORMATION			
Net assets			
Segment net assets	72,1	28,1	100,2
Other unallocated net liabilities			(11,4)
Total net assets per balance sheet			88,8
Other			
Additions to property and equipment	–	0,2	0,2

Accounting policies

for the year ended 31 March 2005

BASIS OF PRESENTATION

The financial statements of the group are prepared in accordance with International Financial Reporting Standards.

ACCOUNTING POLICIES

The accounting policies are consistent with those applied in the previous year except for the adoption of IFRS 3, "Business Combinations" and early adoption of IFRS 2, "Share-based Payments" and IFRS 5, "Non-current Assets held for Sale and Discontinued Operations". IAS 27, "Consolidated and Separate Financial Statements" and IAS 28, "Investments in Associates" have continued to be early adopted. The impact of the early adoption of IFRS 2 has been set out in notes 33 and 38.

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" are accounted for using the uniting of interests method.

- 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, is reported in the balance sheet as goodwill.

  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 page 67.

  Investments in associates of a strategic nature are equity accounted. 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, USD, 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 assets are recognised on the group's balance sheet when the group has become a party to the contractual provisions of the instrument.

- 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.

- Private equity investments

  Private equity interests and proprietary investments, which include private equity investments in associates managed by the Private Equity division and unlisted 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 in the income statement.

  In valuing investments, the directors follow the principles recommended in the British Venture Capital Association Valuation Guidelines, revised in August 2003. 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 in 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; and
  – Discounted cash flow analysis.

  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.

  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

  Investments in specialised funds represent the group's share in various specialised funds and are stated 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 the quoted market prices of the underlying investments of these funds at year-end. Changes in fair value are reflected in the income statement.

- Trading investments

  Investments held for trading which include 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.

  The same fair value principles are used for the valuation of unlisted proprietary private equity investments as disclosed above.

- 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, at which time this 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 other banks. The composition of these balances is shown in note 19.

Accounting policies continued

for the year ended 31 March 2005

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.

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.

FINANCIAL LIABILITIES

Financial liabilities are recognised on the group's balance sheet when the group has become a party to the contractual provisions of the instrument.

- 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.

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, when all significant acts relating to services have been executed and the client invoiced.

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

Gains and losses on investments and derivatives are recognised as set out above.

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 both proprietary and 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.

Unrealised carried interest on private equity funds (i.e. an increased share of a fund's income and gains) is recognised in other income when the return on the fund's investments exceeds certain threshold returns and is based on the investment performance of each fund.

BORROWING COSTS

All borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs relating to discontinuing banking operations are dealt with in revenue.

TREASURY SHARES

Shares purchased by group companies in 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 were unvested 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 binominal and three-dimensional binominal tree pricing model. 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 and changes in accounting policies (refer note 38).

Notes to the group financial statements

for the year ended 31 March

		2005 US$m	2004 as restated US$m
1.	REVENUE		
	Fee income	**17,6**	13,4
	Dividend income	**11,3**	3,3
	Interest received – operations	**12,2**	3,3
	– investments	**3,9**	8,8
	Total revenue	**45,0**	28,8
	Revenue includes related party interest and similar income of US$1,9 million (2004: US$1,0 million).		
2.	OTHER INCOME		
	Currency gains on operating transactions	**0,3**	2,8
	Realised gains on financial assets and instruments	**3,3**	8,7
	Unrealised gains – financial assets and carried interest	**29,2**	6,6
	Total other income	**32,8**	18,1
3.	OPERATING EXPENSES		
	Includes the following:		
	Employee costs	**16,0**	11,1
	Retirement funding costs	**0,6**	0,4
	Auditors' remuneration	**0,5**	0,4
	Audit fees	**0,3**	0,2
	Prior year underprovision	**0,1**	0,1
	Other services	**0,1**	0,1
	Directors' emoluments	**2,4**	1,7
	Executive directors		
	As directors of Brait S.A. and subsidiaries	**2,0**	1,4
	Non-executive directors		
	As directors of Brait S.A.	**0,1**	0,1
	As directors of subsidiaries	**0,2**	–
	Otherwise in connection with the group	**0,1**	0,2
	Depreciation (refer note 10)	**0,4**	0,9
	Movement in provisions (refer note 26)	**0,8**	(0,1)
	Provisions net of recoveries raised against loans and advances (refer note 17)	**0,8**	–
	Share entitlement expenses (refer note 23.1)	**0,4**	1,2
	Impairment of investment in joint venture	**–**	1,8
	Other expenses	**9,0**	7,0
	Total expenses	**30,9**	24,4
4.	FINANCE COSTS		
	Interest paid	**2,5**	5,1
	Debt restructuring cost	**–**	1,2
	Total finance costs	**2,5**	6,3

		2005 US$m	2004 as restated US$m
5.	CAPITAL ITEMS		
5.1	Currency hedge cost Currency hedge cost includes costs and net fair value adjustments associated with the group's policy of hedging the majority of its net tangible assets of its foreign entities into its reporting currency, the US Dollar.	**4,1**	11,3
5.2	Fair value adjustment to financial liability The fair value adjustment represents the change in fair value of the financial liability arising from the sale of a 26% share of Brait South Africa Limited.	**7,1**	–
	Total capital items	**11,2**	11,3
6.	TAXATION		
6.1	Income tax expense		
	Foreign expense	**1,5**	0,6
	Deferred taxation (refer note 15)		
	– Current year (credit)/expense	**(1,0)**	0,4
	Total income tax expense	**0,5**	1,0

The group has reconciled its effective rate of tax to the income tax rate applicable to the holding company for the year ended 31 March 2005. In the jurisdiction that the holding company is registered, the income tax rate is nil, as other forms of taxation are applied.

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:

	2005 US$m	%	2004 US$m	%
Profit before taxation	**34,8**		1,6*	
Tax at the Luxembourg income tax rate	**–**	**–**	–	–
Non-deductible expenses	**43,5**	**125**	21,8	1 362,5
Non-taxable income	**(36,7)**	**(105)**	(28,9)	(1 806,3)
Deferred tax assets utilised	**1,0**	**3**	(0,4)	(25)
Tax differential (0% to 35%)	**(7,3)**	**(21)**	8,5	531,3
Tax expense	**0,5**		1,0	
Effective tax rate for the year		**1**		62,5

* After loss on discontinued operations of US$ 2,1 million

		2005 US$m	2004 as restated US$m
7.	LOSS FROM DISCONTINUED OPERATIONS		
	Revenue	**–**	2,8
	Other losses	**–**	(3,4)
	Operating expenses	**–**	(1,5)
	Loss from discontinued operations	**–**	(2,1)

	2005 US$m	2004 as restated US$m
8. EARNINGS PER SHARE (CENTS)		
The calculation of the basic and diluted earnings per share is based on the following data:		
– Attributable earnings	**33,9**	0,6
The weighted average number of shares is calculated as follows:		
– Number of shares		
Weighted average number of ordinary shares issued (million)	**102,3**	102,3
Weighted average number of treasury shares (million)	**(13,0)**	(12,8)
– Weighted average number of ordinary shares for the purposes of basic earnings per share (million)	**89,3**	89,5
– Dilutive potential of share options granted to		
• employees (million)	**7,5**	–
• executive directors (million)	**0,9**	4,2
– Weighted average number of ordinary shares for the purposes of diluted earnings per share (million)	**97,7**	93,7

9. DIVIDENDS PER SHARE

– An interim dividend of 3,5 US cents per share was proposed and paid by the board of directors in respect of the interim period ended 30 September 2004.

– The board has recommended a final dividend of 10,25 US cents per share for the year ended 31 March 2005.

The shareowners will be asked to ratify the payment of the interim dividend and approve the payment of the final dividend for the year ended 31 March 2005 at the annual general meeting of shareowners to be held on Wednesday, 27 July 2005 in Luxembourg.

	Land and buildings US$m	Furniture and fittings US$m	Computer equipment US$m	Total US$m
10. PROPERTY AND EQUIPMENT				
Cost				
2005				
Balance at beginning of year	**7,2**	**3,2**	**1,6**	**12,0**
Acquisition of subsidiary	**–**	**0,2**	**0,3**	**0,5**
Additions	**–**	**0,5**	**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)**
Balance at end of year	**–**	**1,2**	**2,4**	**3,6**
2004				
Balance at beginning of year	5,8	2,4	1,2	9,4
Additions	–	0,1	0,1	0,2
Disposals	–	(0,1)	(0,1)	(0,2)
Translation differences	1,4	0,8	0,4	2,6
Balance at end of year	7,2	3,2	1,6	12,0

	Land and buildings US$m	Furniture and fittings US$m	Computer equipment US$m	Total US$m
10. PROPERTY AND EQUIPMENT (continued)				
Accumulated depreciation				
2005				
Balance at beginning of year	**0,5**	**1,5**	**1,5**	**3,5**
Acquisition of subsidiary	**–**	**–**	**0,1**	**0,1**
Charges for the year	**–**	**0,2**	**0,2**	**0,4**
Disposals	**–**	**(0,1)**	**–**	**(0,1)**
Reclassification as held for sale	**(0,5)**	**(1,1)**	**–**	**(1,6)**
Balance at end of year	**–**	**0,5**	**1,8**	**2,3**
2004				
Balance at beginning of year	0,3	0,5	1,0	1,8
Charges for the year	0,1	0,4	0,4	0,9
Disposals	–	(0,1)	–	(0,1)
Translation differences	0,1	0,7	0,1	0,9
Balance at end of year	0,5	1,5	1,5	3,5
Carrying value				
– at 31 March 2005	**–**	**0,7**	**0,6**	**1,3**
– at 31 March 2004	6,7	1,7	0,1	8,5

Depreciation rates	
Furniture and fittings	10% – 33%
Equipment	10% – 20%
Computer equipment	20% – 50%
Computer software	50% – 100%
Motor vehicles	20% – 25%
Buildings	2%

	2005 US$m	2004 US$m
11. INVESTMENTS IN ASSOCIATES AND OTHER		
11.1 Carrying values		
Investments in associates		
Unlisted	**8,6**	4,9
– cost	**3,3**	0,6
– share of retained earnings and currency adjustments	**5,3**	4,3
Securities		
Unlisted		
– other	**2,5**	0,3
Joint ventures (carried at nil value)	**–**	–
Total carrying value of investments	**11,1**	5,2

	2005 US$m	2004 US$m
11. INVESTMENTS IN ASSOCIATES AND OTHER (continued)		
11.2 Associates		
The following sets out the group's aggregate amount of associate assets, liabilities, income and expenses:		
Balance sheet		
Assets	**27,6**	1,2
Liabilities	**(13,3)**	(0,3)
Total net asset value	**14,3**	0,9
Income statement		
Income	**9,3**	1,3
Expenses	**(4,3)**	(1,0)
11.3 Joint ventures		
The following sets out the group's proportionate share of joint venture assets, liabilities, revenue and expenses:		
Balance sheet		
Non-current assets	**0,2**	0,6
Current assets	**7,6**	9,6
Non-current liabilities	**(6,5)**	(8,3)
Current liabilities	**(1,8)**	(1,9)
Total net asset value	**(0,5)**	–
Income statement		
Revenue	**4,5**	4,0
Expenses	**5,2**	5,4
11.4 Valuation		
Unlisted investments – associates	**8,6**	4,9
Unlisted securities	**2,5**	0,3
Joint ventures (carried at nil value)	**–**	–
Directors' valuation of investments	**11,1**	5,2
Directors' valuation of unlisted investments is based on expected return and other relevant factors.		
12. PRIVATE EQUITY INVESTMENTS		
Proprietary investments at fair value		
Listed	**10,7**	1,6
Unlisted	**27,9**	19,9
Total proprietary investments at fair value	**38,6**	21,5
Private equity funds investments	**41,9**	22,8
Total private equity investments	**80,5**	44,3
Carrying values of proprietary investments, per sector:		
Banks, financial services and insurance	**–**	2,7
Entertainment, leisure, tourism	**1,2**	1,2
Information technology	**9,9**	1,1
Infrastructure	**–**	1,0
Manufacturing	**3,3**	1,2
Services	**11,5**	10,0
Other	**12,7**	4,3
Total private equity proprietary investments	**38,6**	21,5

		2005 US$m	2004 US$m
12.	PRIVATE EQUITY INVESTMENTS (continued)		
12.1	Assumptions applied in estimating fair value of private equity investments		
	The significant assumptions utilised in the determination of fair value of unlisted private equity investments were as follows:		

Earnings multiple:	range 5 to 22
Discount rates:	range 18% to 23%
Target debt to total capital ratio:	range 0% to 40%
Taxation rate:	rate in the relevant jurisdiction
Cost of equity:	range 15% to 35%
Cost of debt:	rate in the relevant jurisdiction
Perpetual growth rate:	range 3% to 7%

12.2 Unlisted investments comprise the following:

Shareholding of 5% and less
- UFP Investments (Proprietary) Limited
- Wilderness Safaris Limited

Shareholding in the > 5% to 25% range
- Artec Computer Systems (Proprietary) Limited
- Raceclubs Holdings Limited
- Equine Global Holdings N.V.
- Efidium Limited
- Quickstep 394 (Proprietary) Limited
- Metra Holdings (Proprietary) Limited

Shareholding in the > 25% to 50% range
- Kunzia Investments (Proprietary) Limited
- DGB (Proprietary) Limited
- Capital Africa Steel (Proprietary) Limited
- Candy Tops (Proprietary) Limited
- Isegen South Africa (Proprietary) Limited
- Pangea Exploration (Proprietary) Limited

		2005 US$m	2004 US$m
13.	SPECIALISED FUNDS INVESTMENTS		
	Unlisted specialised funds		
	Brait Absolute South Africa Fund	**10,9**	7,2
	Brait US Opportunity Fund	**3,9**	3,8
	Emerging Managers Funds	**5,1**	4,3
	Total fair value using the underlying market value	**19,9**	15,3
14.	TERM LOAN		
	Term loan to Sitogo Holdings (Proprietary) Limited	**3,6**	–

This loan is Rand denominated, bears interest at South African prime overdraft rate with a 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.

	2005 US$m	2004 US$m
15. DEFERRED TAXATION		
15.1 Assets and liabilities		
Deferred tax assets	**2,5**	2,5
Deferred tax liabilities	**–**	(1,1)
Net position	**2,5**	1,4
15.2 Analysis		
The following are the major deferred tax assets recognised by the group and the movement thereon during the year:		
Deferred tax assets:		
Balance at beginning of year	**2,5**	2,6
Debit to income for year	**–**	(0,3)
Translation differences	**–**	0,2
Balance at end of year	**2,5**	2,5

The deferred tax asset was recognised on unutilised tax losses in the group.

In terms of IAS 12, a deferred tax asset should be recognised on unutilised tax losses to the extent that it is probable that profit will be available, against which the deductible temporary differences can be utilised.

Based on the estimated cumulative tax losses in the group's operations, a maximum asset amounting to US$11,1 million could have been raised.

The deferred tax asset of US$2,5 million as at year-end, is an estimate, calculated on the budgeted taxable profit in the entities concerned, over the next three years, after taking into consideration current market conditions.

	2005 US$m	2004 US$m
15.3 Analysis of liabilities		
The following are the major deferred tax liabilities recognised by the group and the movement thereon during the year:		
Deferred tax liabilities:		
Balance at beginning of year	**(1,1)**	(1,0)
Credit/(debit) to income for year	**1,0**	(0,1)
Translation differences	**0,1**	–
Balance at end of year	**–**	(1,1)

The deferred tax liability was recognised based on temporary timing differences of companies within the group.

		2005 US$m	2004 US$m
16.	PRIVATE EQUITY INVESTMENTS		
	Short-term proprietary investments at fair value:		
	Unlisted	**2,2**	1,1
	Carrying values of proprietary investments, per sector:		
	Information technology	**0,1**	0,3
	Telecoms	**–**	0,6
	Manufacturing	**0,3**	–
	Infrastructure	**1,8**	–
	Services	**–**	0,2
	Total private equity proprietary investments	**2,2**	1,1

Assumptions applied in estimating fair value of private equity investments

The significant assumptions utilised in the determination of fair value of unlisted private equity investments were as follows:

Earnings multiple:	range 5 to 22
Discount rates:	range 18% to 23%
Target debt to total capital ratio:	range 0% to 40%
Taxation rate:	rate in the relevant jurisdiction
Cost of equity:	range 15% to 35%
Cost of debt:	rate in the relevant jurisdiction
Perpetual growth rate:	range 3% to 7%

		2005 US$m	2004 US$m
17.	LOANS AND ADVANCES		
17.1	Loans and advances		
	Current loans and advances	**28,5**	16,3
	Less: Provision for impairment	**(2,8)**	(1,8)
	Total loans and advances	**25,7**	14,5
17.2	Movement in provision for impairment		
	Balance at beginning of year	**1,8**	3,0
	Acquisition of subsidiary	**0,2**	–
	Current year charge net of recoveries	**0,8**	–
	Loans and advances written off	**–**	(1,8)
	Translation differences	**–**	0,6
	Balance at end of year	**2,8**	1,8
18.	ACCOUNTS RECEIVABLE		
	Net clients and other receivables	**5,7**	14,3
	Clients and other receivables	**5,8**	14,5
	Impairments against receivables	**(0,1)**	(0,2)
	Fair value adjustment of currency hedge	**2,3**	–
	Prepayments and accrued income	**0,4**	0,1
	Other	**1,5**	–
	Total accounts receivable	**9,9**	14,4

		2005 US$m	2004 US$m
19.	CASH AND CASH EQUIVALENTS		
	Balances with banks	**17,8**	14,0
	Margin call deposits with banks	**–**	1,0
	Total cash and cash equivalents	**17,8**	15,0
20.	NON-CURRENT ASSETS HELD FOR SALE		
	Land and buildings	**6,7**	–
	Furniture and fittings	**1,4**	–
	Translation differences	**0,1**	–
	Total non-current assets held for sale	**8,2**	–

At the beginning of the current financial year the decision was taken to dispose of the group's Johannesburg property and buildings, including fixed furniture and fittings, situated at 9 Fricker Road, Illovo. In terms of IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations", the property and furniture and fittings have been reclassified accordingly and depreciation suspended.

Subsequent to the financial year-end, the property has been unconditionally sold. The expected gain on the disposal of the property will be recognised in Group Investments in the next financial year.

These assets have been pledged as security (refer note 27).

21. SHARE CAPITAL AND PREMIUM

21.1 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 102 255 732 (2004: 102 255 732) ordinary shares of no par value.

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

At 31 March 2005, the company has granted options/share entitlements to directors and employees to subscribe for 19 538 722 (2004: 19 865 113) ordinary shares in the company as set out on page 55.

21.2 Share premium

The share premium account of the company at 31 March 2005 is US$55,5 million (2004: US$55,5 million).

22. LEGAL RESERVES

Luxembourg law requires the appropriation of 5% of the prior year's unconsolidated net earnings of the company 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.

	2005 US$m	2004 US$m
Balance at end of year	**2,6**	2,6

		2005 US$m	2004 as restated US$m
23.	EQUITY RESERVES		
	Equity reserves include the following:		
23.1	Share entitlement expenses in terms of IFRS 2 (Share-based Payments)		
	Balance at beginning of year	**2,5**	1,3
	Income statement charge	**0,4**	1,2
	Balance at end of year	**2,9**	2,5
23.2	Foreign currency adjustment on capital loan	**(0,3)**	–
	Total equity reserves	**2,6**	2,5
24.	NON-CURRENT LIABILITIES		
24.1	Unsecured loan		
	– Sitogo Holdings (Proprietary) Limited	**11,4**	–
	This loan is Rand denominated, bears interest at South African prime overdraft rate with a fixed quarterly interest payment in arrears and no fixed repayment terms for the capital.		
24.2	Secured loan		
	– Social Security and National Insurance Trust	**1,1**	–
	Total liability	**1,7**	–
	Less: Portion repayable within 12 months	**(0,6)**	–
	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 installments commencing December 2005 with the last payment due December 2007. This loan is secured by a subsidiary's receivables.		
	– Rural Housing Loan Fund	**1,5**	–
	Total liability	**3,2**	–
	Less: Portion repayable within 12 months	**(1,7)**	–
	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 the subsidiary's receivables.		
24.3	Financial liability		
	Financial instrument – Sitogo Holdings (Proprietary) Limited	**14,9**	–
	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 if IAS 32 " Financial Instruments: Disclosure and Penetration" 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 2005 and gave rise to a charge of US$7,1 million for the current year (refer note 5.2).		
	Total non-current liabilities	**28,9**	–
25.	ACCOUNTS PAYABLE		
	Trade payables	**4,2**	6,7
	Employee costs and benefits	**4,1**	5,1
	Pre-paid fees	**0,6**	1,2
	Executive share trust participants' loan accounts	**4,6**	3,9
	Other	**3,5**	0,3
	Total accounts payable	**17,0**	17,2

	2005 US$m	2004 as restated US$m
26. PROVISIONS		
Leave pay	**0,3**	0,3
Private equity rights	**1,0**	1,8
Legal fees	**1,0**	1,0
Other	**1,2**	1,1
Total provisions	**3,5**	4,2

	Leave pay US$m	Private equity rights US$m	Legal fees US$m	Other US$m	2005 Total US$m	2004 as restated Total US$m
Movement of provisions						
The movements for the year in the group's provisions were as follows:						
Balance at beginning of year	**0,3**	**1,8**	**1,0**	**1,1**	**4,2**	6,9
Provisions utilised during the year	**–**	**(0,3)**	**(0,4)**	**(0,8)**	**(1,5)**	(2,6)
(Credit)/charge to income for the year	**–**	**(0,5)**	**0,4**	**0,9**	**0,8**	(0,1)
– current year	**–**	**–**	**0,4**	**0,9**	**1,3**	1,7
– amounts released to income statement	**–**	**(0,5)**	**–**	**–**	**(0,5)**	(1,8)
Balance at end of year	**0,3**	**1,0**	**1,0**	**1,2**	**3,5**	4,2

	2005 US$m	2004 US$m
27. LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE		
Secured liabilities	**13,2**	–

The secured liabilities were raised in 2001 in two subsidiary companies by the issue of compulsory convertible loans. Another group company purchased the conversion rights in respect of these loans for US$1,0 million. The loans bear interest at effective rates, based on the capital outstanding, of 13,8% and 14% respectively. The loans are secured over the property and certain fittings with a book value of US$8,2 million (2004: US$8,0 million).

The secured liabilities are directly associated with the non-current assets held for sale (refer note 20).

	2005 US$m	2004 US$m
28. OTHER CURRENT LIABILITIES		
Loans from associates	**1,7**	3,2
Secured liabilities (refer note 27)	**–**	12,9
Current portion of non-current secured liability (refer note 24.2)	**2,3**	–
Other	**–**	0,1
Total other current liabilities	**4,0**	16,2

29. RETIREMENT BENEFIT COSTS

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.

		2005 US$m	2004 US$m
30.	CONTINGENT LIABILITIES AND COMMITMENTS		
30.1	Contingent liabilities	**8,5**	11,0
	Subordinated loans	**6,8**	7,9
	Sureties and guarantees	**0,2**	1,5
	Other contingent liabilities	**1,5**	1,6
	Other contingent liabilities includes a US$0,8 million claim in respect of an ongoing matter relating to the previous banking operations.		
30.2	Commitments	**20,4**	20,7
	Commitments to invest in funds and proprietary investments	**9,3**	14,0
	Commitment to acquire shares (including employee share schemes)	**10,8**	6,7
	Rental commitments	**0,3**	–

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

The accounting policies of the group prescribe that all financial assets and liabilities are stated at fair value. Fair values have been determined using available market information and appropriate valuation methodologies.

32. DERIVATIVE FINANCIAL INSTRUMENTS

32.1 Currency derivatives

The group utilises currency derivatives to hedge the tangible net assets of its non-US Dollar subsidiaries into its measurement currency. It does this by means of foreign currency forward purchase contracts and put options.

32.2 Interest rate derivatives

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.

	2005			2004		
	Gross notional principal US$m	**Positive fair value US$m**	**Negative fair value US$m**	Gross notional principal US$m	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**	**–**	40,0	–	(0,9)
Currency put option	**30,0**	**0,7**	**–**	40,0	2,4	–
Total derivatives	**60,0**	**2,3**	**–**	80,0	2,4	(0,9)

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 derivatives mature on 31 March 2006.

	2005 US$m	2004 as restated US$m
33. 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 grants granted to participants after 7 November 2002.		
33.1 Effect on the current and prior year distributable earnings		
Retained income		
Adjustment to opening balance at 1 April 2003	–	1,3
Income statement		
Share entitlement expense	0,4	1,2

33.2 Equity-settled share entitlement plans

The group has two equity-settled share entitlement plans.

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

The terms of these schemes are described in the directors report. In summary, both 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.
- 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.

	2005		2004	
	Share entitlements	Weighted average issue price ZAR	Share entitlements	Weighted average issue price ZAR
33.3 The Brait S.A. Share Incentive Scheme				
Share entitlements outstanding at beginning of year	2 568 624	7,33	12 772 261	10,19
Granted and exercised during the year	1 374 480	7,20	2 367 124	7,19
Delivered during the year	(61 151)	8,17	–	–
Forfeited during the year *(by resignation, retrenchment or repurchase)*	(906 691)	7,39	(12 570 761)	10,21
Share entitlements outstanding at end of year	2 975 262	7,23	2 568 624	7,33
Share entitlements exercisable at end of year	829 335	7,21	588 218	7,22

The weighted average issue share price for share options granted during the period was ZAR7,20. The unvested entitlements outstanding at 31 March 2005 had a weighted average issue price of ZAR7,24 and a weighted average remaining maximum contractual life of approximately 6,9 years.

The inputs into the binominal and 3D binominal tree pricing model were as follows:	2005 ZAR	2004 ZAR
Weighted average share price of new issues during year (all issues done at market price)	7,20	7,19
Expected volatility	27,53% – 32,35%	38,34%
Expected life	3 – 5 years	3 – 5 years
Risk free rate	7,6% – 12,76%	8,6%
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.

	2005 Share entitlements	2005 Weighted average issue price US$	2004 Share entitlements	2004 Weighted average issue price US$
33. SHARE-BASED PAYMENTS (IFRS 2) (continued)				
33.4 The Brait Executive Share Purchase Scheme				
Share entitlements outstanding at beginning of year	**17 296 489**	**0,7101**	–	–
Issued during the year	**500 000**	**1,0062**	17 296 489	0,7101
Delivered during the year	**(778 105)**	**0,7101**	–	–
Forfeited during the year *(by resignation, retrenchment or repurchase)*	**(454 924)**	**0,7101**	–	–
Share entitlements outstanding at end of year	**16 563 460**	**0,7190**	17 296 489	0,7101
Share entitlements exercisable at end of year	**10 060 879**	**0,7101**	5 765 496	0,7101

The weighted average issue share price for share options granted during the period was US$1,0062. The unvested entitlements outstanding at 31 March 2005 had a weighted average issue price of US73,29 cents and a weighted average remaining maximum contractual life of approximately three years.

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

	2005 US$	2004 US$
Weighted average share price of new issues during year (all issues done at market price)	**1,0062**	0,7101
Expected volatility	**24,9% – 30,7%**	31,41%
Expected life	**3 years**	3 years
Risk-free rate	**2,0% – 3,24%**	2,3%
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.

34. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

i) The group's Johannesburg property and buildings, including fixed furniture and fittings, has been unconditionally sold at a profit. Apart from the aforementioned, no other events have taken place since 31 March 2005 and the date of this report, which would have a material impact on either the financial position or the operating results of the group.

ii) The group has disposed of a portion of its interests in one of its subsidiaries, Bayport Management Limited, from 62,8% to 49,9%. The group will, however, retain its voting rights and, as a consequence, continue to consolidate the company into the Brait S.A. group.

	2005 US$m	2004 as restated US$m
35. CASH FLOW INFORMATION		
35.1 Cash generated by operations		
Profit before taxation	**34,8**	3,7
Loss from discontinued operations	–	(2,1)
Adjustments for:		
Dividends received	**(11,3)**	(3,3)
Interest received	**(3,9)**	(8,8)
Interest paid	**2,5**	6,5
Depreciation	**0,4**	0,9
Share entitlement expense	**0,4**	1,2
Fair value adjustment of financial liability	**7,1**	–
Unrealised gains on financial assets and instruments	**(29,2)**	(10,7)
Equity accounted losses/(earnings) and joint ventures	**(1,6)**	1,2
Impairment of investment in joint ventures	**0,4**	1,8
Provision for doubtful debts	**1,7**	–
Currency hedge cost	**4,1**	12,7
Other	**–**	2,3
Total cash generated by operations	**5,4**	5,4
35.2 Taxation paid		
Taxation balance at beginning of year	**–**	–
Balance taken on at acquisition of subsidiary	**(0,3)**	–
Current tax expense for the year	**(1,5)**	(0,6)
Taxation balances at end of year	**1,0**	–
Total taxation paid	**0,8**	(0,6)
35.3 Change in working capital		
Increase/(decrease) in provisions	**0,5**	(4,5)
(Decrease)/increase in accounts payable	**(1,9)**	6,0
(Increase)/decrease in accounts receivable	**7,9**	(1,8)
Increase in proprietary and trading investments	**–**	(11,0)
(Increase)/decrease in loans and advances	**(12,7)**	32,3
Total change in working capital	**(6,2)**	21,0

35.4 Dividends paid

Dividends represent the final dividend for the year ended 31 March 2004 of US3,25 cents per share paid in August 2004 and the interim dividend of US3,5 cents per share paid in November 2004.

The comparative represents the first special dividend of US15,0 cents per share in July 2003 and the interim special dividend of US17,5 cents per share paid in December 2003.

	2005 US$m	2004 as restated US$m
35.5 Net cash inflow from acquisition of subsidiary (refer note 37)		
Total consideration	**(1,1)**	–
Cash and cash equivalents received by the group	**1,5**	–
Net cash inflow from acquisition of subsidiary	**0,4**	–

36. 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.

Trading transactions

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

	Amounts owed by related parties		Amounts owed to related parties	
	2005 US$m	2004 US$m	**2005 US$m**	2004 US$m
36.1 Associates				
Sitogo Holdings (Proprietary) Limited (refer to notes 14, 24 and 28)	**3,6**	–	**–**	–
Other	**1,4**	(3,0)	**(1,3)**	(4,6)
36.2 Joint ventures				
Capital Alliance Finance (Proprietary) Limited	**5,4**	6,0	**–**	–
The loan has no firm repayment date and carries interest at the South African prime rate plus 5%. A total of US$0,9 million was received during the year.				
36.3 Directors (refer to Directors' report)	**–**	–	**(7,3)**	(4,1)

37. SUBSIDIARIES

37.1 Acquisition of subsidiary

On 7 May 2004, the group increased its interest in one of its proprietary investments, Bayport Management Limited, from 49,9% to 62,8% and, as a consequence, is now being consolidated into the group.

	Book value US$m	**Fair value adjustments US$m**	**Fair value US$m**
i) Net assets acquired	**–**	**–**	**–**
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**
ii) Financial effect of business combination			
Revenue	**0,3**	**8,3**	**8,6**
Profit before taxation for the period	**0,1**	**2,6**	**2,7**

	2005 US$m	2004 US$m
37. SUBSIDIARIES (continued)		
37.2 Loan and advances to(from) subsidiaries		
Brait South Africa Limited	**34,2**	49,0
Capital Partners Group Holdings Limited	**(8,9)**	(8,9)
Capital Africa Fund Limited	**(0,3)**	(0,5)
Brait III Investments Limited	**0,2**	–
SAPEF III International GP Limited	**0,7**	–
The Brait Executive Share Trust	**5,1**	–
Brait International	**21,1**	13,9
Total net loans and advances	**52,1**	53,5

38. 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, other than for the effects of the adoption of IFRS 2.

	Currently stated US$m	Previously stated US$m
38.1 Income statement		
Revenue – continuing operations	**28,8**	41,1
Other income	**18,1**	–
Revenue has been restated in terms of the definition of revenue to include management fees received, interest received and dividends received. All other income, ie investment related mark-to-market adjustments etc. have been re-classified under "Other income". Revenue also includes an amount of interest received of US$5,8 million which was previously disclosed under finance costs.		
Operating expenses – continuing operations	**(24,4)**	(23,2)
Operating expenses, as restated, includes US$1,2 million relating to share entitlement expenses in respect of 2004 (refer note 33).		
Finance costs	**(6,3)**	(0,5)
Finance costs, which were previously reflected on a net basis, are currently being reflected on a gross basis. Previously, finance costs included an amount of US$5,8 million relating to interest received which has been re-classified as revenue.		
Loss from discontinued operations	**(2,1)**	
Revenue – discontinued operations		(0,6)
Operating expenses – discontinued operations		(1,5)
The group closed down its discontinued operations at the end of the previous year. As a consequence, the total net result for the prior year has been disclosed on a single line as "Loss from discontinued operations", below profit after tax from continuing operations as required by IFRS 5 (refer note 7).		

	Currently stated US$m	Previously stated US$m
38. COMPARATIVE FIGURES (continued)		
38.2 Balance sheet		
Non-current assets		
Private equity investments	**43,9**	
Specialised funds investments	**15,3**	
Current assets		
Private equity investments	**1,5**	45,4
Specialised funds investments		15,3
The above investments have been re-classified from current to non-current to more appropriately reflect the non-current capital nature of these investments.		
Capital and reserves		
Equity reserve	**2,5**	
Distributable reserve	**43,7**	46,2
The adoption of IFRS 2 gave rise to a transfer from distributable reserves to the equity reserve (refer note 33).		
38.3 Segmental reports		
The primary business segments have been changed from the previous year to reflect the group's current organisational structure and its internal financial reporting system.		

	2005 US$m	2004 US$m
39. 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.		
39.1 Income statements for the period		
Loss for the year	**(3,8)**	(9,2)
Net financial and other income	**9,5**	3,5
Currency hedge costs	**(4,1)**	(11,3)
Loss on sale of 26% of subsidiary	**(8,4)**	–
Administrative and other expenses	**(0,8)**	(1,5)
39.2 Balance sheets		
Assets		
Non-current assets	**220,8**	226,1
Investment in subsidiaries	**151,1**	167,5
Investment in associates	**2,7**	–
Other investments	**2,2**	–
Intercompany advances	**64,8**	58,6
Current assets	**9,6**	26,3
Accounts receivable and pre-payments	**6,8**	18,4
Cash and cash equivalents	**2,8**	7,9
Total assets	**230,4**	252,4

	2005 US$m	2004 US$m
39. FINANCIAL STATEMENTS OF BRAIT S.A. (continued)		
39.2 Balance sheets (continued)		
Equity		
Share capital and premium	**208,9**	208,9
Legal reserve	**2,6**	2,6
Distributable reserves	**7,2**	31,1
Total equity	**218,7**	242,6
Liabilities		
Non-current liabilities		
Intercompany loans	**9,4**	9,4
Current liabilities		
Accounts payable	**2,3**	0,4
Total equity and liabilities	**230,4**	252,4
39.3 Share capital		
Authorised		
150 000 000 (2004: 150 000 000) ordinary shares of no par value		
Issued		
102 255 732 (2004: 102 255 732) ordinary shares of no par value	**153,4**	153,4
39.4 Distributable reserves		
At beginning of year	**31,1**	5,6
Loss for the year	**(3,8)**	(9,2)
Dividends paid	**(20,1)**	(15,3)
Transfer from share premium	**–**	50,0
At end of year	**7,2**	31,1

39.5 Significant accounting policies

– Significant accounting policies for the company are consistent with those disclosed for the group, except for unrealised gains on non-monetary items which have been excluded from income in accordance with Luxembourg law.

– The carrying value of subsidiaries is reflected at fair value, where the write-down below cost is considered permanent. The sale by the company of a 26% share of its South African wholly owned subsidiary 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 Management Limited[‡] 462276	10/09/01	Micro-lending	**0,1**	**63**
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**	**100**
Brait Investments Limited[ø] 1996/016949/06	29/11/96	Trading and financial services	**100**	**100**

Name and registration number	**Date to which equity income accounted for**	**Nature of business**	**Borrowing to/(from) US$m**	**Issued ordinary share capital**	**Carrying value 2005 US$m**	**Holding %**
ASSOCIATED COMPANIES						
Lauriston Capital (SA) (Proprietary) Limited[ø] 2002/026011/07	31/03/05	Funds manager	**0,1**	**–**	**0,2**	**25,0**
Lauriston Capital (US) (Proprietary) Limited* 517917	31/03/05	Funds manager	**–**	**–**	**0,3**	**25,0**
Medu Capital (Proprietary) Limited[ø] 2003/000273/07	31/03/05	Funds manager	**–**	**–**	**0,1**	**49,0**
Sitogo Holdings (Proprietary) Limited[ø] 2004/018117/07	01/04/05	Financial services	**3,6 (26,3)**	**–**	**4,2**	**32,3**
JOINT VENTURES						
Capital Alliance Finance (Pty) Limited[ø] 1998/006840/07	01/04/05	Financial services	5,4	–	–	50

A register of all investments within the group is available for inspection at the group's registered office.

* Incorporated in the British Virgin Islands
‡ Incorporated in Mauritius
ø Incorporated in South Africa

Shareowners' diary

Announcement of results	26 May 2005
Annual report issued	end June 2005
Annual general meeting	27 July 2005
Proposed final dividend – declaration – record date – payment	(Provisional dates) 27 July 2005 12 August 2005 15 August 2005
Interim report	early November 2005
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 on 27 July 2005 at 14:30 (or as soon thereafter following the EGM to be held at 11:30) for the following purposes:

AGENDA

A. Ordinary business

1. To ratify and confirm the payment of an interim dividend on 22 November 2004;
2. To receive and adopt the reports of the directors, statutory auditor and independent auditors for the year ended 31 March 2005;
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 2005;
4. To grant discharge to the directors, officers and the statutory auditor in respect of the execution of their mandates to 31 March 2005;

   The directors, officers and 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 statutory auditor from their mandate at the annual general meeting, prior to their reappointment 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 directors for a further term of office in accordance with the provisions of the Articles of Incorporation;
6. To elect Paul Adrian Barlow Beecroft as a non-executive director for a term of office in accordance with the provisions of the Articles of Incorporation;

   Adrian Beecroft, 58, has a first class honours degree in physics from the Queen's College, Oxford. Following graduation in 1968, he worked for ICL in the computer industry for five years. In 1974 he went as a Harkness Fellow to the Harvard Business School, graduating as a Baker scholar in 1976. He then joined the Boston Consulting Group in London. He was promoted to manager in 1979 and then to vice-president of BCG Worldwide in 1982.

   Adrian joined Apax, the venture capital and private equity investment company, in 1984. He played a major part in the international expansion of the business, which now has over $15 billion under management. Apax is widely recognised as one of the leading private equity houses in Europe. Adrian is the company's chief investment officer and second largest shareholder. He was chairman of the British Venture Capital Association in 1991/92. He has represented Apax on the boards of over 20 private and public companies.
7. To elect Brett Ivor Childs as an executive director for a term of office in accordance with the provisions of the Articles of Incorporation;

   Brett Childs, 43, following completion of his training with Deloitte & Touche in 1987, co-founded a small re-insurance consultancy business providing investigative and audit services to the London re-insurance industry which was sold in 1994. He was one of the first to be approved by Lloyds of London to act in the capacity of Finance Director to agencies managing the first corporate capital syndicates admitted to Lloyds of London. He joined New Africa Technology Holdings (Pty) Limited, the information technology arm of New Africa Investments Limited, in 1998 as Finance Director. Following a management buy-out in 2000, he managed the buy-out vehicle realising value for its shareowners through IPOs and trade sales. Following this he started his own successful private equity investment company in Mauritius where he currently resides. Brett joined Brait in November 2004 to assist with managing its Mauritian-based operations.
8. To elect John Joseph Coulter as an executive director for a term of office in accordance with the provisions of the Articles of Incorporation;

   John Coulter, 43, began a commodity derivatives business in Europe, and in 1993 moved to New York to run JP Morgan's commodity derivatives and energy businesses globally. John moved back to London in 1996 to head JP Morgan's commodity trading businesses, and subsequently spent some time in emerging capital markets with responsibility for structured products, Africa and the Middle East. John relocated to Johannesburg in April 1999 to head up the local operation. In addition to his overall responsibility for JP Morgan's offices and activities in sub-Saharan Africa, John had functional responsibility as chairman Investment Banking for central, eastern Europe, Middle East and Africa. He joined Brait in June 2005. John has a law degree from Trinity College Dublin and a master's in business from the University College Dublin.
9. To elect John Andrew Gnodde as an executive director for a term of office in accordance with the provisions of the Articles of Incorporation;

   John Gnodde, 39, is a director of Brait and CEO of Brait's private equity business and has overall responsibility for Brait's private equity funds, having previously led the management of each of the Predecessor Funds. John joined Brait in 1995 and has been responsible for investments in consumer products, construction, pharmaceutical manufacture, beverages, resources, mobile telecommunications, and recruitment outsourcing among others. Prior to joining Brait, John worked for Goldman Sachs International in London for six years where he served in the investment banking division. John is a graduate of the University of Cape Town where he completed a degree in commerce.
10. To elect Herman Troskie as a non-executive director for a term of office in accordance with the provisions of the Articles of Incorporation;

    Herman Troskie, 35, is a director of Maitland, an international professional services firm, and resides in Luxembourg. After completing a legal research project at the Vrije Universiteit in Amsterdam, Herman spent three years in legal practice in Cape Town before joining the Luxembourg office of Maitland in 1998. He specialises in the area of international corporate structuring and financing, and has experience in international tax planning for corporate entities and individuals, with a particular focus on Luxembourg and other European cross-border investment structures. His practice also includes the listing of companies and investment funds. Herman holds a Master of Laws degree and is admitted as a South African attorney and as an English solicitor.

11. 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 2006;

12. 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.

13. To approve the declaration and payment of a final dividend for the year ended 31 March 2005 of US10,25 cents per share (to be paid on 15 August 2005 to those shareowners appearing on the share register as at 4 August 2005);

14. To renew the authority granted to the company to purchase its own shares subject to the following limitations:

14.1 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;

14.2 if purchases are by tender, tenders must be available to all shareowners alike; and

14.3 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:

15. To renew, in terms of the Law of 10 August 1915 on commercial companies, as amended, and the listing requirements of the Luxembourg, London and JSE Securities Exchange, 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:

15.1 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;

15.2 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;

15.3 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;

15.4 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

15.5 that any such securities so issued for cash shall be made to the "public" and will also not result in an affected transaction.

By order of the board of directors

ME King
Chairman

10 June 2005

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 twelve 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
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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-2014, Luxembourg
Tel: +352 446 6440
Fax: +352 44 2255

INDEPENDENT AUDITORS
Deloitte S.A.
560, rue de Neudorf
L-2220, Luxembourg
Tel: +352 446 6440
Fax: +352 44 2255

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 11 668 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 for registered shareowners only

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

FORM OF PROXY (FOR USE BY CERTIFICATED SHAREOWNERS AND OWN NAME DEMATERIALISED SHAREOWNERS IN SOUTH AFRICA ONLY)

For use in respect of the annual general meeting of shareowners to be held at the registered office of the company on 27 July 2005 at 14:30 (or as soon thereafter following the EGM to be held at 11:30).

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)			
Ordinary resolution number 6 (election of new director)			
Ordinary resolution number 7 (election of new director)			
Ordinary resolution number 8 (election of new director)			
Ordinary resolution number 9 (election of new director)			
Ordinary resolution number 10 (election of new director)			
Ordinary resolution number 11 (nomination of auditor)			
Ordinary resolution number 12 (allocation of profits to legal reserve)			
Ordinary resolution number 13 (declaration of dividend)			
Ordinary resolution number 14 (authority to purchase own shares)			
Special resolution number 15 (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   2005

Signature(s)

Capacity and authorisation (see note 7)
Please read the notes on the reverse side hereof.

- There is no quorum requirement for the passing of resolutions number 1 to 14. These resolutions will be passed by a simple majority of the shares represented at the annual general meeting.

For the passing of resolution number 15, 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 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 do so.
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 arranged 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 (e.g. 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, Kent BR3 4TU, United Kingdom

    so as to be received by no later than 11:30 on Monday, 25 July 2005.

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