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Refer to details at the end of the report

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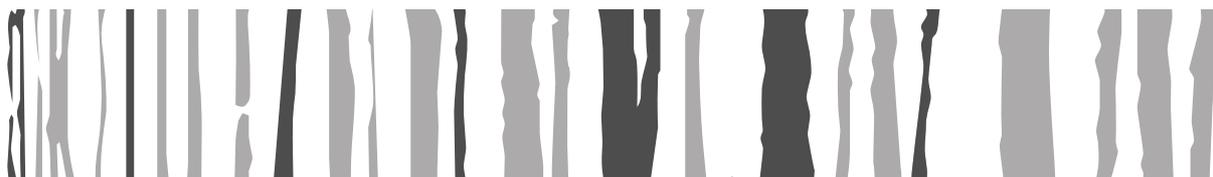
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The Summary Financial Statements have been approved by the Board of Directors of the group and were signed on its behalf by Mr. S. Koseff, Chief Executive Officer, on 28 June 2004. This Summary Financial Statement is only a summary of information in *Investec's Annual Report 2004* (Annual Report). It is not the group's statutory accounts and does not contain sufficient information to allow as full an understanding of the results and state of affairs of the group as would be provided by the full Annual Report. For further information, the full annual financial statements, the unqualified auditors' report on those financial statements and the Directors' Report should be consulted. The auditors' report did not contain a statement under section 237 (2) or section 237 (3) of the UK Companies Act.

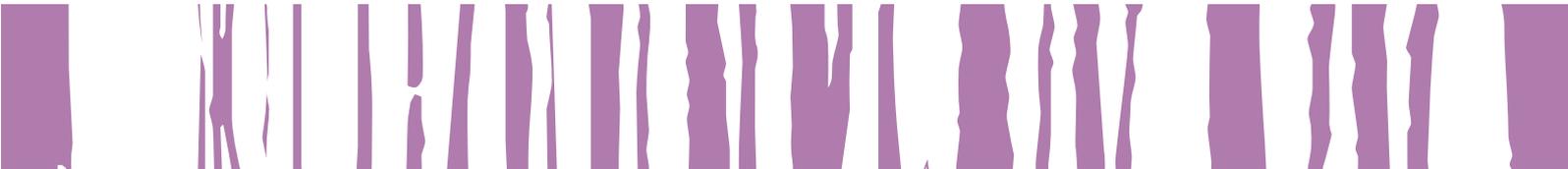
Should you wish to obtain the full Annual Report 2004, free of charge, or elect to receive the full Annual Report in future years, please contact the Investor Relations division, whose contact details appear at the beginning of this report.

Furthermore, the Annual Report 2004 may be viewed on our website: www.investec.com/grouplinks/investorrelations



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Overview of the year



01

Overview of the year

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Mission statement, philosophies and values

Mission Statement

We strive to be a distinctive specialist banking group, driven by commitment to our core philosophies and values

Philosophies

- Single organisation
- Meritocracy
- Focused businesses
- Differentiated, yet integrated
- Material employee ownership
- Creating an environment that stimulates extraordinary performance

Values

- We demand cast-iron integrity in all internal and external dealings, consistently and uncompromisingly displaying moral strength and behaviour which promotes trust.
- We will break china for the client, having the tenacity and confidence to challenge convention.
- We show concern for people, support our colleagues and encourage growth and development.

- We thrive on change, continually challenging the status quo and recognising that success depends on flexibility, innovation and enthusiasm in meeting the needs of our changing environment.
- We believe that open and honest debate is the appropriate process to test decisions, seek consensus and accept responsibility.
- We are creative individuals who co-operate and collaborate unselfishly in pursuit of group performance.
- We respect the dignity and worth of the individual through openness and tolerance of difference and by the sincere, consistent and considerate manner in which we interact.
- We require talented people with passion, energy and stamina, who exercise common sense in achieving effective performance in a high pressure, multi-task environment.
- We promote entrepreneurial flair and the freedom to operate within the context of risk consciousness, sound judgement and the obligation to do things properly.

Financial highlights

UK GAAP ¹	31 March 2004	% change	31 March 2003*
Profit and Loss Account and Selected Returns			
Earnings attributable to ordinary shareholders before exceptional items and amortisation of goodwill (£'000)	106 082	18.3%	89 668
Headline earnings (£'000)	105 752	26.5%	83 595
Operating profit before amortisation of goodwill, exceptional items and taxation (£'000)	132 139	54.1%	85 762
Operating profit: South Africa and Other (% of total)	58.6%		81.0%
Operating profit: Non-South Africa and Other (% of total)	41.4%		19.0%
Cost to income ratio (%)	72.7%		80.0%
Staff compensation to operating income ratio (%)	47.3%		51.1%
Return on average equity shareholders' funds (%)	16.0%		13.1%
Return on average tangible net asset value (%)	27.5%		26.0%
Annuity income as a percentage of operating income (%)	67.8%		69.1%
Net-interest income as a percentage of operating income (%)	18.8%		21.3%
Non-interest income as a percentage of operating income (%)	81.2%		78.7%
Effective tax rate (%)	21.6%		6.3%
Balance Sheet			
Total capital resources (£ millions)	1 346	40.4%	958
Total shareholders' funds (£ millions)	809	26.4%	640
Total equity shareholders' funds (excl. preference shares)(£ millions)	682	6.6%	640
Total assets (£ millions)	15 361	3.0%	14 914
Core loans and advances (£ millions)	5 060	29.4%	3 909
Core loans and advances as a percentage of total assets (%)	33.0%		26.2%
Total assets under administration (£ millions)	47 805	17.9%	40 559

Financial highlights

UK GAAP ¹	31 March 2004	% change	31 March 2003*
Salient Financial Features and Key Statistics			
Earnings per share before exceptional items and amortisation of goodwill (pence)	103.7	7.9%	96.1
Headline earnings per share (pence)	103.4	15.4%	89.6
Basic earnings per share (pence)	59.9	>100%	(67.6)
Diluted earnings per share (pence)	59.5	>100%	(67.6)
Dividends declared per share (pence)	58.0	7.4%	54.0
Dividend cover (times)	1.79		1.78
Net tangible asset value per share (pence)	431.8	15.2%	374.9
Weighted number of ordinary shares in issue (million)	102.3	9.7%	93.3
Total number of shares in issue (million)	118.6	5.0%	113.0
Combined group market capitalisation (£ millions)	1 292	85.9%	695
Closing share price (pence)	1 089	77.1%	615
Number of employees in the group	4 458	(8.5%)	4 874
Average \$/£ exchange rate	1.69	(9.0%)	1.55
Average ZAR/£ exchange rate	12.02	20.1%	15.04

Notes:

¹ Refer to definitions on pages 79 and 80.

* Restated for changes to accounting policies and disclosures.

Presentation of financial information

Under the contractual arrangements implementing the Dual Listed Companies Structure (DLC) structure, Investec Limited and Investec plc effectively form a single economic entity, in which the economic and voting rights of shareholders are equalised. In accordance with this structure, the directors of the two companies consider that for financial reporting purposes, the fairest presentation is achieved by consolidating the results and financial position of both companies using merger accounting principles.

Accordingly, the results for Investec plc set out on pages 62 to 67 presents the results and financial position of the combined DLC group under UK GAAP, denominated in Pounds Sterling (i.e. "Investec's consolidated results").

Investec had previously reported its consolidated results both in accordance with SA GAAP, denominated in Rands and UK GAAP, denominated in Pounds Sterling. In terms of the new JSE listing requirements, and agreed to by the JSE, the group is only required to report its consolidated results in accordance with UK GAAP denominated in Pounds Sterling. However, because SA GAAP differs in certain respects from UK GAAP, the group sets out a high-level reconciliation and summary of these principal differences on page 77.

The financial information contained throughout this document has been prepared in accordance with UK GAAP. All references in this document referring to "Investec" or "the group" relate to the combined DLC group comprising Investec Limited and Investec plc.

Chairman's statement

- Hugh Herman

Results

I am pleased to report an improved performance in the group's operations in the past year. A steady improvement in economic conditions across the globe resulted in a relatively good year for financial markets. As stability returned to equity markets, investor sentiment became increasingly positive and activity levels picked up, along with stock market valuations.

The more favourable economic and financial environment supported the performance of Investec's businesses. This, together with tight cost control and disciplined capital management, enabled the group to grow basic earnings per share before goodwill amortisation and exceptional items by 7.9% - to 103.7 pence from 96.1 pence. Total dividends per share for the year amounted to 58.0 pence, compared to 54.0 pence in 2003.

Overall performance

The better market environment was conducive to the group's Investment Banking and Private Client Stockbroking and Portfolio Management activities. Performance was further enhanced by consistently strong results from the Private Banking division. In the UK, the Treasury and Specialised Finance division achieved a remarkable turnaround, fostered by the restructuring of the trading activities undertaken in the previous financial year.

Overall performance was partially offset by a weaker result from the South African Treasury and Specialised Finance activities, which recovered somewhat in the second half of the financial year. Last year's exceptional result from the South African life assurance activities, which benefited from substantial operational earnings as a result of restructuring and rationalisation, wasn't repeated this year.

Empowerment and transformation

In the past few years, Investec participated, along with other financial institutions in South Africa, in negotiating and drafting the guidelines for the Financial Sector Charter. This document, which provides a framework to enable broad-based black economic empowerment (BEE) through greater inclusion and empowerment of all segments of South African society, was finalised and published in October 2003.

During the year, we demonstrated an established commitment to empowerment and transformation, when Investec Limited concluded a pioneering empowerment shareholding transaction, the first of its kind in the sector. Subsequently, we were recognised for our transformation and BEE initiatives in South Africa and awarded the "Most Progressive Established Company of the Year" (*BusinessMap Foundation*).

We remain committed to transformation and will continue to play a meaningful role in BEE and growing South Africa's economy. This role is given added impetus through the pledge of our employees to an internal employment equity process and the ongoing support of our businesses for black owned and managed companies.

Sustainability

Investec's current efforts towards integrating sustainability at all levels of the business have added value in demonstrating the link between socially responsible management and good business practice. The group believes that it is in the long-term interests of the business, employees, shareholders and broader stakeholders that a tangible commitment to sustainability is embraced and embedded into all its activities.

The group has played an active role in supporting corporate social investment activities focusing on projects that are entrepreneurial and sustainable and empower people through education and skills training. Our efforts to build a strong culture also encourage a desire to give back to the communities in which we live and do business. Over the years, our employees have developed a strong spirit to give back to communities, not just in monetary terms, but also through volunteering their time and skills to charitable projects.

During the year, Investec was selected for inclusion in the Kempen SNS Smaller Europe SRI Index, the first sustainable index for smaller European companies. Investec was also included in the recently launched JSE Socially Responsible Investment Index, the first index of its kind in an emerging market. We performed well and were commended for the quality of our triple bottom-line reporting as well as for our move to using an internationally recognised reporting framework.

While our South African operations are more advanced in the integration of sustainability, we are confident that our non-South African operations will continue to develop their own approaches to sustainability integration during the next financial year.

Integrity

In the past few years, the corporate environment has been marked by intense regulatory scrutiny, particularly in the financial services industry where there is increased pressure to improve the structure and practices of financial markets. The board is committed to high standards of corporate governance and business ethics in all its activities, which will remain the cornerstone of our business.

During the year under review, Investec Limited was assigned an extremely sound corporate governance rating by CA Ratings in an independent governance rating, based on the principles of King II and on international practices. Factors supporting the rating include the receptiveness of directors and senior management to open and vigorous debate, the clear organisational alignment of goals and the extensive consultative management approach.

As we strive to strengthen further our own policies and procedures, a primary priority remains our commitment to integrity in everything we do.

Acknowledgements

In these modern times, where there is increasing corporate governance and regulatory pressure, a strong board is

essential to the effective management of the company. I would like to acknowledge the invaluable contribution made by all the directors in the past year and extend my sincerest appreciation to the Chief Executive and Managing Director for their vital contribution and resolute loyalty to the group.

We were deeply saddened by the sudden death of John Abell, the lead non-executive director on the Board of Directors of Investec plc and Investec Limited, on 26 May 2004. John was a member of the board since 1993 and made a significant contribution. His wise counsel will be greatly missed.

In February 2004, we announced that Fani Titi, Chief Executive of the Tiso Group, was appointed a non-executive director on the boards of Investec Limited and Investec plc. Fani is a distinguished business leader and thoughtful corporate director and we welcome the contribution he is already making to the board.

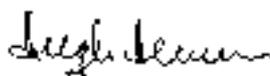
The year's accomplishments would not have been possible without the focused dedication and teamwork of all our employees. Their invaluable contribution and generous spirit are the essence of Investec and it is through their endeavours and expertise that we were able to produce a creditable performance for the year.

Finally, to our shareholders and clients, thank you for the trust and confidence you place in Investec.

Outlook

As we enter the 2005 financial year, growing corporate earnings and consumer confidence continue to support healthy equity markets worldwide. While we cannot, of course, forecast with certainty how global events will shape the markets in which we operate, we can confirm that our employees and management will remain focused and committed to serving our stakeholders.

As a group, we look forward to the year ahead, and its challenges and opportunities with confidence. It is our strong sense of internal drive and dedication, steadfast morale and determination to secure an even firmer positioning in the regions in which we operate that form the basis of the optimism with which we view the future.



Hugh Herman
Chairman

Review by the chief executive officer and managing director

- Stephen Koseff and Bernard Kantor

Overview of performance

On balance, 2003 proved to be a more favourable operating environment than was anticipated at the beginning of the financial year. Economic growth was better in most major economies, equity markets rose, and business confidence increased, improving market sentiment in general. The more favourable market environment, together with successful rationalisation and restructuring of the group's operations in the previous year, benefited Investec, with better performance from most business areas.

Profits were boosted by stronger performance from the group's operations in the UK and Australia, and the elimination of losses from the US operations. The UK business experienced a significant turnaround in performance due to the result of robust result from Private Banking and Treasury and Specialised Finance. These factors were offset to some extent by a weaker performance from the South African Treasury and Specialised Finance division and a decline in income from the South African life assurance activities.

The salient financial features of the year under review include:

- Operating profit of the group's operations before exceptional items and goodwill amortisation increased 54.1% - from £85.8 million to £132.1 million.
- Investec plc and its subsidiaries accounted for 41.4% (2003: 19.0%) of Investec's operating profit before exceptional items and amortisation of goodwill.
- The ratio of total operating expenses to total operating income decreased from 80.0% to 72.7%.
- Investec Bank (UK) Limited successfully placed a £200 million, 12-year subordinated note in the UK market to a diversified range of investors.
- Investec Bank Limited issued R1.5 billion (£127.5 million) in non-cumulative, non-redeemable and non-participating preference shares.
- The operational effective tax rate of the group (excluding the tax effect on exceptional items) increased from 6.3% to 21.1%.

For more details on the group's performance in the period under review, see pages 17 to 23.

Commendable turnaround in the UK performance

The UK businesses recorded an operating profit before exceptional items and amortisation of goodwill of £38.7 million, an increase of 71.7% over the previous financial year. The strong results from the Private Banking and Treasury and Specialised Finance divisions were supported by a solid performance from Carr Sheppards Crosthwaite. Furthermore, the Investment Banking activities benefited from greater corporate activity and a streamlined cost base but without the benefit of any significant private equity realisations.

Mixed performances from the Southern African businesses

The Southern African businesses posted an operating profit before exceptional items and amortisation of goodwill of £77.4 million, representing an increase of 11.4%. The operations benefited from the strength of the Rand and a solid performance from the Investment Banking and Private Banking divisions. This strong performance was offset by a poor performance from the Treasury and Specialised Finance division and a decline in the earnings of the group's Assurance Activities and Central Funding division.

Solid performance from the Australian businesses

The Australian operating profit before exceptional items and amortisation of goodwill increased by 62.5% to £9.6 million, as a result of favourable market conditions. The business experienced solid activity levels and made good progress in all its core activities. In October 2003, Investec Bank (Australia) received a favourable long-term deposit and

issuer rating of Baa2 from Moody's, enabling the group to enhance its funding base.

Israel benefits from a better economic and financial environment

The Israeli operation benefited from cost cutting initiatives undertaken in the previous period and a stronger economic and financial environment. Despite performance reported in nominal terms being weakened by negative inflation, operating profit before exceptional items and amortisation of goodwill increased by 69.3% to £5.9 million. Assets under management increased by 104% to NIS20.2 billion (£2.4 billion), from NIS9.9 billion (£1.3 billion). Investec Bank (Israel) continues to grow its market share in the mutual funds custody business and is now taking on new business from two additional independent fund managers. Subsequent to the year end the group sold its stake in Investec Bank (Israel) to First International Bank of Israel. Further details are provided on page 60.

Improved performance from the US business

The heavily reduced ongoing operations in the US, consisting of several fixed income trading operations and a small equities trading desk supporting Investec Bank (Israel)'s clients, posted a modest operating profit before exceptional items and amortisation of goodwill of £0.4 million. The fundamental restructuring of the US business was completed and, with the exception of run-off related activities, all other businesses in Investec USA and Investec Inc. ceased operating as of 31 May 2003.

Investec recognised for empowerment and transformation initiatives

Over the past few years, Investec has been particularly active in promoting black economic empowerment (BEE) within the financial services sector, having been at the forefront of several empowerment initiatives before BEE became a legislative prerequisite. Investec played an important role in the development of the Financial Sector Charter, which seeks to promote BEE in the South African financial services sector and was released in October 2003. Of further significance, in April 2004, Investec was recognised for its BEE and transformation initiatives in South Africa, receiving the *BusinessMap Foundation's* "Most Progressive Established Company of the Year" award.

During the year, Investec concluded a significant deal with two empowerment companies - Tiso Group and Peu Investment Group - that will greatly enhance the participation of BEE in the South African market. The transaction with Tiso and Peu is unique in that it introduces black shareholders at a holding company level, with 25.1% of Investec Limited now owned by Tiso, Peu, a development trust and an employee trust. To ensure that broad-based empowerment takes place, the Entrepreneurship

Development Trust was created to augment these transactions, effectively leading to communities participating in 60% of the 25.1% shareholding the BEE consortium acquired in Investec Limited. In November 2003, the transaction was concluded, with the group issuing 5.6 million new shares (£46.0 million).

Investec believes that BEE, if properly implemented, is critical to economic and social transformation in South Africa and the cornerstone for longer-term sustainable development. Investec's proactive approach to BEE - which focuses on ingraining this commitment into the group's culture and values, and provides a source of competitive business advantage - positions the group as a leader in developing innovative and effective solutions to the challenges facing the sector in South Africa.

Sustainable development - the "Investec way"

As an international group, Investec recognises that sustainability is more than just BEE and also involves managing a number of direct and indirect social and natural environmental impacts. Investec's journey to sustainability is an integral part of its business strategy and critical to its future success.

In keeping with the Investec entrepreneurial spirit, the group's sustainability efforts focus on issues that are most relevant to the business of a specialist bank. The group is committed to making a material contribution to its business, moving beyond a "tick-the-box" approach to doing it the "Investec way". This means being innovative, relevant, practical and having due regard for the values and culture of the organisation.

In the past year, the group committed to sustainable development as a strategic intention and began a group-wide internal engagement process, to ensure each division understands the implications of sustainable development. This process of internal debate and interaction is essential for embedding the concept of sustainability throughout the organisation, and for ensuring that the group identifies and proactively addresses key opportunities and risks within each division. Investec is confident that this objective will be reached.

Looking to the year ahead, the group faces a number of exciting challenges as the process of translating the concept of sustainability into operational reality continues. During the coming year, Investec will be undertaking various initiatives to raise employee awareness and understanding of sustainability, and to further embed sustainability principles into the group's operations at all levels.

Strategic direction

During the 2003 financial year, a comprehensive worldwide exercise was undertaken in which every employee had an opportunity to comment on the values of the organisation,

the extent to which they are or are not lived, and changes they would recommend. This input of employees was considered at an international Investec management conference in April 2004. Furthermore, progress was made in crystallising the group's strategic direction and resulted in the revision of the group's mission statement, as follows: "Investec strives to be a distinctive specialist banking group driven by commitment to our core philosophies and values."

In considering the concept of being distinctive, management recognised that the following questions need continual consideration:

1. How does the group build and retain distinctive human talent?
2. How can integrity and morality in business practices act as a source of distinction?
3. What are the values that will make Investec truly distinctive?
4. What will define success and delivery of distinctive results?

Consequently, the group commenced a process to drive its mission to all areas of its operations and to clearly articulate its strategic direction. This direction - which will centre on the need to be distinctive - incorporates renewed client focus, employees who are recognised and rewarded for their achievements, intensified cooperation and collaboration between divisions, the fostering of an entrepreneurial environment and renewed efforts among all Investec's people to actively live the values.

The group continues to concentrate on building a full service specialist bank in South Africa and a niche specialist bank in the UK and other countries. This focus is based on a recognition that Investec cannot compete on all fronts and has to allocate resources where it can achieve meaningful growth and return on equity. Management has also recognised that Investec needs to drive its return on equity to more than 20% and reduce its operating leverage, by lowering its cost to income ratio to 65%. This requires ongoing assessment of activities that do not meet these targets. In the past few years, Investec has demonstrated an ability to take tough decisions and to align the group to changes in operating conditions. Management is committed to dealing with situations that inhibit the achievement of the above targets.

Acknowledgements

Investec's performance in the past year reflects the collective efforts of employees worldwide. We would like to thank all employees for their persistent energy and dedicated efforts, which remain undiminished and made a vital contribution towards the group's efforts.

We would also like to extend our sincerest appreciation to the Chairman and board of directors for their unwavering support and disciplined leadership, which are vital for

effective decision-making and corporate governance which enabled the group to produce commendable results.

We welcome Fani Titi, Chief Executive Officer of the Tiso Group, to the board of directors and look forward to the skilled insight that his knowledge and experience will bring to the group. Fani was appointed to the boards of Investec Limited and Investec plc as a non-executive director in January 2004.

On a sad note, we mourn the death of John Abell, a non-executive director on the board of directors of Investec plc and Investec Limited, on 26 May 2004. John was appointed to the Investec board in 1993 and his contribution - both professional and personal - will be deeply missed.

Lastly, we would like to extend our gratitude to all our stakeholders for their dedication and commitment; our shareholders, for their consistent support; and our clients, for depending on us to be their trusted advisors and more importantly, for choosing us to be their partners.

Outlook for 2004

The past few years have been challenging for the financial services industry, with international economic events and weak stock market conditions weighing heavily on performance. Notwithstanding this, the operational health of the group's activities is sound, with vigilant management of costs and significant measures taken to address the non-performing elements of the business. Ongoing cost discipline will remain a priority and the group is committed to maintaining rigorous cost reduction.

Looking ahead to 2004, while uncertainties remain, conditions appear to be improving and investors are becoming increasingly optimistic. In particular, the recent announcement that South Africa is to host the 2010 World Cup Soccer should result in positive economic activity and create a conducive environment for the group's infrastructural finance activities. Higher and more stable equity markets are creating a more positive environment for Investec's activities in the UK and Australia.

The group strives to continue to build distinctive businesses in its core areas of operation, focusing on where it can compete effectively. By maintaining concentration on the fundamentals of growing earnings, improving efficiency and maintaining credit quality, Investec is confident that it can continue to build a sustainable business model that will deliver value to shareholders.



Stephen Koseff
Chief Executive Officer



Bernard Kantor
Managing Director



02

Investec in perspective



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Investec in perspective

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Investec in perspective



An essential pillar of Investec's operating philosophy is that it does not seek to be all things to all people. The group's core philosophy has been to build well-defined, value-added businesses focused on serving the needs of select market niches where the group can compete effectively. Investec's strategic goals and objectives are motivated by the desire to develop an efficient and integrated business on an international scale through the active pursuit of clearly established core competencies in the group's four principal business areas, namely:

- Investment Banking
- Private Client Activities
- Treasury and Specialised Finance
- Asset Management

In addition, Investec's head office provides certain group-wide integrating functions including Risk Management, Information Technology, Finance, Investor Relations, Marketing, Human Resources and Organisational Development. It is also responsible for the group's central funding as well as other activities, such as its Property business, Trade Finance and Traded Endowments operations.

The business divisions are effectively managed as autonomous international business segments, enabling them to remain focused on trends and dynamics within their particular industries. Notwithstanding, as a result of the inter-related nature of their target markets and activities, a degree of interaction takes place between each business to ensure clients benefit from dealing with the broader Investec group. The group's services are supplemented by a common thrust consisting of the group's culture, mission and philosophies. This helps the business segments across the jurisdictions to operate as an integrated network.

History of significant events

Since Investec was founded in South Africa in 1974, it has expanded through a combination of substantial organic growth and a series of strategic acquisitions in South Africa, the UK and other geographies in which Investec operates.

1980 - 1990

Develop business in South Africa

- Investec secures a banking licence in 1980.
- Investec lists on the JSE in 1986.
- Growth is driven organically and via acquisitions.
- Investec focuses on building a strong base from which to internationalise.

1992

Embark on international strategy

- Investec acquires London-based Allied Trust Bank Ltd - first international acquisition.
- Investec embarks on an international drive to boost capability and enhance critical mass in select geographical markets.

2002

London listing

- July 2002 - Investec implements a DLC Structure with listings on the LSE and JSE.

2003

Empowerment transaction

- Empowerment partners acquire a 25.1% stake in Investec Limited.

For a summary of of the group's history and acquisitions made in each geography and core area of activity please see the group's website at www.investec.com/grouplinks/investorrelations.

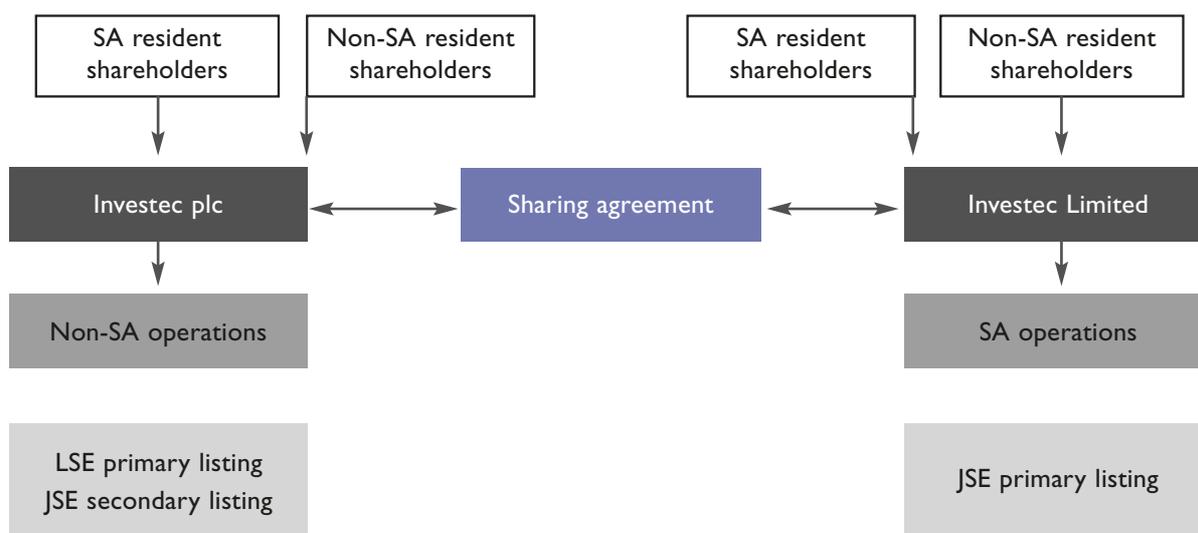
An overview of Investec’s dual listed companies structure

Introduction

During July 2002 Investec Group Limited (since renamed Investec Limited), which is headquartered in South Africa, implemented a Dual Listed Companies (DLC) structure and listed its offshore businesses on the London Stock Exchange.

A circular regarding the establishment of a DLC structure was issued on 20 June 2002.

A simplified illustration of the DLC structure

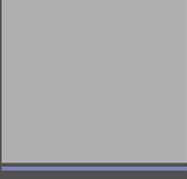


Further information on the group’s DLC structure can be found in the circular mentioned above as well as in the preliminary offering circular issued on 8 July 2002. A copy of these circulars can be found on the group’s website at www.investec.com/grouplinks/investorrelations.

Investec in perspective: by geography



* The stage of development of these activities varies between each geographic region. Refer to pages 17 to 23 for a description and operating review of the group's activities. The Traded Endowments business resides in the UK but is still owned by Investec Limited and is thus reflected as such for segmental reporting purposes.

% of assets**	% of NAV**	Number of employees**	COI/ROE**	Global management
Investec total £15 361mn	Investec total £542.3mn	Investec total 4 458		
 <p>59.5%</p> <p>Assets: £9 138mn</p>	 <p>38.4%</p> <p>NAV: £208.4mn</p>	 <p>58.9%</p> <p>Employees: 2 627</p>	<p>COI: 63.5%</p> <p>ROE: 24.9%</p>	<p>SA Joint MDs: Andy Leith and Glynn Burger SA Deputy Chairman: David Lawrence</p>
 <p>32.5%</p> <p>Assets: £4 987mn</p>	 <p>46.4%</p> <p>NAV: £251.4mn</p>	 <p>32.1%</p> <p>Employees: 1 431</p>	<p>COI: 82.9%</p> <p>ROE: 8.3%</p>	<p>Bradley Fried</p>
 <p>3.1%</p> <p>Assets: £480mn</p>	 <p>7.0%</p> <p>NAV: £38.1mn</p>	 <p>2.5%</p> <p>Employees: 112</p>	<p>COI: 61.7%</p> <p>ROE: 14.1%</p>	<p>Geoff Levy</p>
 <p>4.7%</p> <p>Assets: £728mn</p>	 <p>7.9%</p> <p>NAV: £43.0mn</p>	 <p>4.8%</p> <p>Employees: 213</p>	<p>COI: 70.4%</p> <p>ROE: 5.2%</p>	<p>Alan Tapnack</p>
 <p>0.2%</p> <p>Assets: £28mn</p>	 <p>0.3%</p> <p>NAV: £1.4mn</p>	 <p>1.7%</p> <p>Employees: 75</p>	<p>COI: 95.6%</p> <p>ROE: >100%</p>	<p>John Murabito</p>

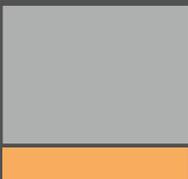
** Operating profit represents profit before taxation, exceptional items and amortisation of goodwill. Attributable earnings is shown after taxation and minority interest but before exceptional items and amortisation of goodwill. COI is cost to income ratio. Operating profit, attributable earnings, total assets and COI have been calculated in accordance with UK GAAP. NAV is net adjusted tangible shareholders' funds and ROE is return on adjusted average shareholders' funds.

Investec in perspective: by division

	Scope of activity*	Geographic representation	Core client base
Investment Banking	<ul style="list-style-type: none"> • Corporate Finance • Institutional Research, Sales and Trading • Private Equity • Direct Investments 	<ul style="list-style-type: none"> • Principal markets: Australia, South Africa, UK • Other: Ireland, Israel 	Mid to large capitalisation companies, unlisted corporations, fund managers, government and parastatals
Private Client Activities	<p>Private Banking</p> <p>Private Client Portfolio Management and Stockbroking</p>	<ul style="list-style-type: none"> • Principal markets: Australia, South Africa, UK • Other: Channel Islands, Israel, Switzerland • Principal markets: South Africa, UK 	<p>High income and high net worth individuals</p> <p>Mainly high net worth individuals (includes charities in the UK)</p>
Treasury and Specialised Finance	<ul style="list-style-type: none"> • Deposit taking, lending, advisory services, structuring and proprietary trading 	<ul style="list-style-type: none"> • Principal markets: South Africa, UK • Other: Australia, Ireland, Israel, Mauritius 	Select corporate clients, public sector bodies, financial institutions, banks, financial brokers
Asset Management	<p>Asset Management: Institutional, Retail</p> <p>Assurance Activities: Investec Employee Benefits</p>	<ul style="list-style-type: none"> • Principal markets: Southern Africa, UK • Other: Europe, Hong Kong, US • Principal market: South Africa 	<p>Retirement savers via pension fund consultants (institutional) and independent financial advisers (retail)</p> <p>Individuals, corporates and institutions</p>
Group Services and Other Activities	<ul style="list-style-type: none"> • Central Costs • Central Funding • Other Activities: Property Worldwide, International Trade Finance, UK Traded Endowments 	<ul style="list-style-type: none"> • Principal markets: South Africa, UK • Other: Australia, Israel, US 	

* The stage of development of these activities varies between each geographic region. Refer to pages 17 to 23 for a description and operating review of the group's activities.

** Operating profit represents profit before taxation, exceptional items and amortisation of goodwill, as determined in accordance with UK GAAP.

% of operating profit** Investec total £132.1mn	Number of employees Investec total: 4 458	Salient features	Global management
 <p>28.5% [</p> <p>Profit: £37.7mn</p>	 <p>6.2% [</p> <p>Employees: 276</p>	<ul style="list-style-type: none"> • SA: No. IM&A house (<i>Dealmakers Survey</i>) • UK: recognised market positioning 	Andy Leith and Bradley Fried
 <p>40.8% [</p> <p>Profit Pvt Bank: £45.4mn*** Profit PCSB: £8.5mn***</p>	 <p>35.2% [</p> <p>Employees Pvt Bank: 1 106*** Employees PCSB: 463***</p>	<ul style="list-style-type: none"> • SA: Voted as the best private bank (<i>PWC Survey</i>) • Global loan portfolio: 1993: £0.6bn → 2004: £3.4bn • SA: largest player • UK: long standing reputation • Total funds under management: 1997: £0.4bn → 2004: £11.1bn 	Sam Hackner and Steven Heilbron SA: Henry Blumenthal UK: Steve Elliott
 <p>27.1% [</p> <p>Profit: £35.8mn</p>	 <p>10.7% [</p> <p>Employees: 477</p>	<ul style="list-style-type: none"> • Strong position in SA • Building international capability 	Richard Forlee
 <p>22.1% [</p> <p>Profit IAM: £24.6mn Profit Assurance: £4.5mn</p>	 <p>21.1% [</p> <p>Employees IAM: 784 Employees Assurance: 156</p>	<ul style="list-style-type: none"> • SA: market leading position • UK: building recognised platform • Total funds under management: 1991: £41.8mn → 2004: £20.6bn • Acquired from Fedsure and significantly rationalised 	Hendrik du Toit Ade Animashahun
 <p>(18.5%) [</p> <p>Loss: £24.4mn</p>	 <p>26.8% [</p> <p>Employees: 1 196</p>		Geographic

*** Where Pvt Bank refers to the group's Private Banking business and PCSB refers to the group's Private Client Portfolio Management and Stockbroking business.

Integrated global management structure

Investec's management structure, reporting lines and responsibilities have been built around geographic, product and functional roles. It is structured around global divisional leaders, global roles and geographic business leaders. This management structure enables the group to meet the challenge of regional responsiveness and global competence. The integrated global model enables the group to take advantage of best economies of scale, leverage resources and core competencies, and exploit synergies across all regions in which the group operates.

The directors believe that the links between its overlapping parts, and the degree of effective integration, make the structure an effective model. The quality of the links is a result of values-based behaviour and practice, which are key drivers of Investec's culture.

Global Roles

Chairman Hugh Herman

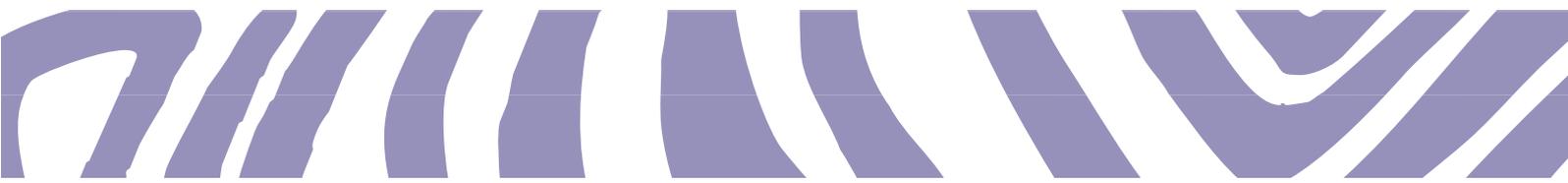
Managing Director Bernard Kantor

Chief Executive Officer Stephen Koseff

Group Risk and Finance Director Glynn Burger

Geographic Business Leaders

	South Africa Andy Leith Glynn Burger David Lawrence	United Kingdom Bradley Fried	Israel Alan Tapnack	USA John Murabito	Australia Geoff Levy	SE Asia Richard Forlee
Divisional Business Leaders	Private Banking Sam Hackner and Steven Heilbron			Support Structures		
	Private Client Stockbroking Geographic	Banking, Institutions and Corporate Relations - David Lawrence				
	Treasury and Specialised Finance Richard Forlee	Chief Integrating Officer - Allen Zimble				
	Investment Banking Andy Leith and Bradley Fried	Corporate Governance and Compliance - Bradley Tapnack				
	Asset Management Hendrik du Toit	Finance - Rayanne Jacobson				
	Human Resources - Patsy McCue					
	IT - Simon Shapiro					
	Marketing - Raymond van Niekerk					
	Risk Management - Ciaran Whelan					
	Organisational Development - Caryn Solomon					



03

Financial review



03

Financial review

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Financial review

Introduction

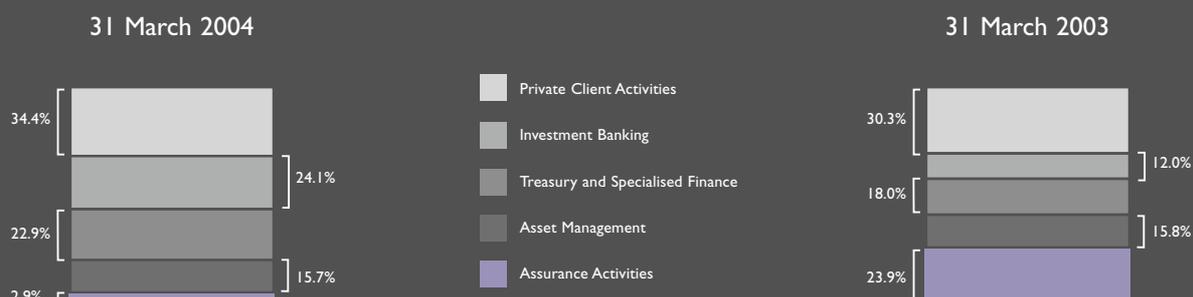
This commentary and analysis of the group's financial results for the year ended 31 March 2004 should be read together with the summary financial statements on pages 62 to 67. The commentary and analysis are based on the group's consolidated financial results presented in accordance with UK GAAP and denominated in Pounds Sterling. The financial information discussed below is based on the period under review, and may not necessarily reflect the financial condition or results of the operations of the group going forward.

Key income drivers

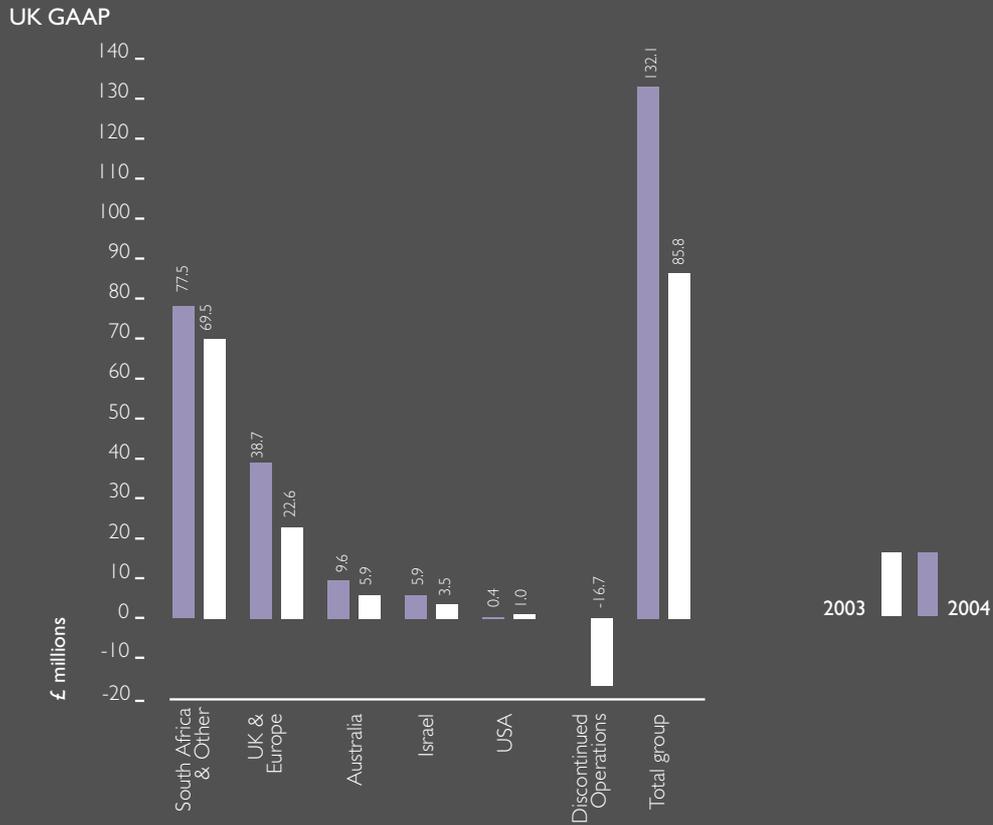
Investec provides a wide range of financial products and services to a niche client base in two principal markets, South Africa and the UK, as well as certain other markets, including Australia, the US and Israel. Investec is organised into four principal business divisions: Investment Banking, Private Client Activities, Treasury and Specialised Finance and Asset Management.

In addition, Investec's head office provides certain group-wide integrating functions including Risk Management, Information Technology, Finance, Investor Relations, Marketing, Human Resources and Organisational Development. It is also responsible for the group's central funding and other activities, such as Investec's Property business, Trade Finance and Traded Endowment operations.

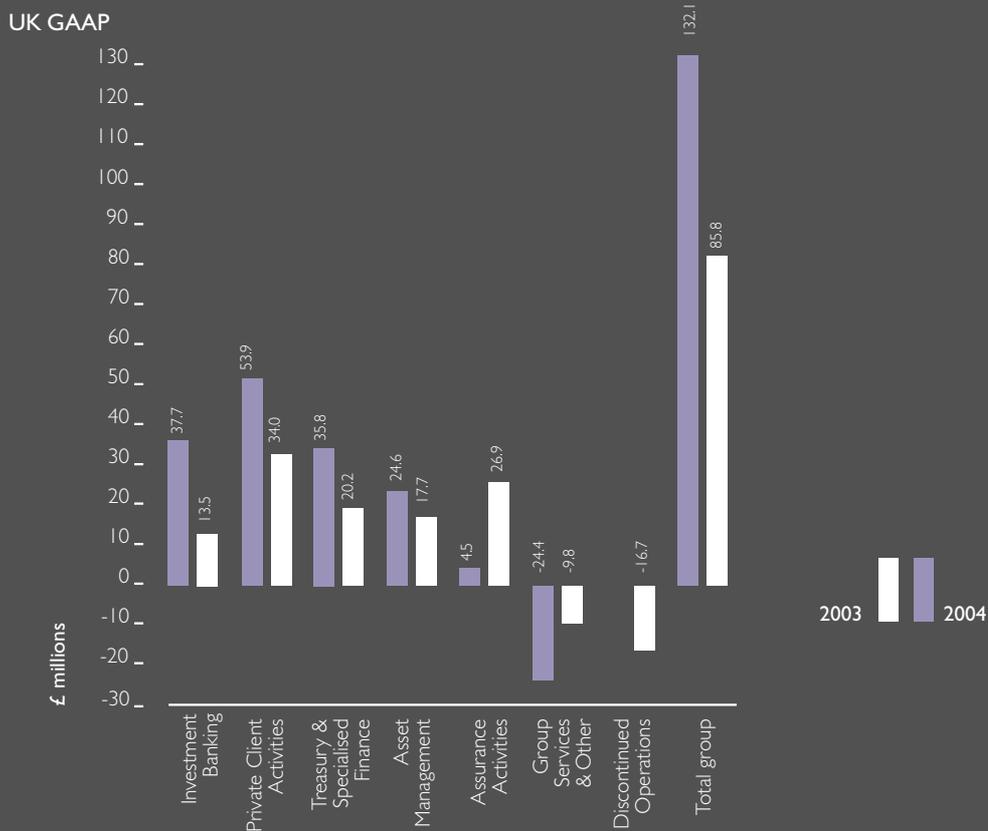
% of operating profit before exceptional items and amortisation of goodwill (excluding "group services and other activities" and "discontinued operations")



Operating profit before taxation, exceptional items and amortisation of goodwill by geography



Operating profit before taxation, exceptional items and amortisation of goodwill by business



Business unit review

Investment Banking

Developments

The group's Investment Banking division benefited from the better market environment recording a much improved operating profit before exceptional items and amortisation of goodwill of £37.7 million from £13.5 million. In the UK, the more favourable stock market conditions and a reduced cost base in the division enabled it to achieve a major turnaround in performance. The level of corporate activity increased and the division concluded a number of Initial Public Offerings during the period. Secondary commissions also benefited from the higher equity market levels. Furthermore, the rankings of Investec in the *UK Small Mid-Cap Survey (2003)* were encouraging, with a number one ranking for the "Most Improved Product and Service".

In South Africa, the Investment Banking division benefited from a significant improvement in the performance of its trading investments held within the direct investment and private equity portfolios. Corporate Finance maintained its strong positioning and deal flow with a steady level of activity comprising corporate restructuring activities, black economic empowerment transactions, de-listings, fair and reasonable opinions and two high profile investment banking transactions. Lower volumes were traded on Investec Securities' agency business and the structured equity desk was affected by the volatility of the Rand and uncertain markets.

In Australia, the Investment Banking division, Investec Wentworth, benefited from an upturn in merger and acquisition activity. The private equity business also performed particularly well with two realisations and a number of notable investments made during the year.

Outlook

The outlook for the Investment Banking division is naturally geared towards the state of global equity markets. The restructuring and rationalisation exercise undertaken in the 2003 financial year benefited the division, which is now in a better position to deal with external market and economic conditions.

Private Client Activities

The group's Private Client Activities, comprising the Private Banking and Private Client Portfolio Management and Stockbroking divisions, reported strong growth in operating profit before exceptional items and amortisation of goodwill of 58.4% to £53.9 million from £34.0 million. The group's Private Banking operations performed particularly well. The performance of Carr Sheppards Crosthwaite in the UK benefited from improved net inflows, largely in discretionary mandates, while the performance of Investec Securities in

South Africa was impacted by subdued market volumes.

Developments

Private Banking

Operating profit before exceptional items and amortisation of goodwill of the Private Banking division increased by 53.4%, to £45.4 million. This performance was driven by a solid growth in total advances and non-interest income. During the period under review, the group's private client lending book in South Africa grew by 26.9% to R22.5 billion (£1.9 billion), and the private client lending book in the UK grew by 14.8% to £1.1 billion.

In the UK, strong performances were recorded across all of the Private Banking businesses. The property lending business continued its sound performance against the backdrop of a less buoyant market with a well-spread loan book. While there is a strong bias in the overall lending book towards commercial and residential property, the book is well-secured and the group believes that loan to value ratios are conservative enough to provide a cushion for all but an unexpectedly severe downturn.

In South Africa, the Private Bank increased operating profit through strong growth in advances and structured and transactional banking fees as well as a noteworthy contribution from the private client investment banking portfolio.

In Australia, the Private Client group performed well, with particularly strong growth from the Structured Property Finance unit, as the business continues to leverage off the Investec Wentworth brand and client base. During the period a new initiative was undertaken to establish a Private Client Investment Banking business to target those clients that fall below the radar of the major investment banks.

Outlook

The Private Bank comprises of a range of diversified, niched business units and geographies. The property activities in South Africa, the UK and Australia remain core to the private bank operations as a critical asset class for the high net worth community. These activities are balanced by the continued growth and development of the alternate business streams. In this light, private client investment banking, investment management and specialised lending activities are beginning to achieve varying scale as we further penetrate the identified target markets.

Private Client Portfolio Management and Stockbroking

Private Client Portfolio Management and Stockbroking recorded a strong result, earning operating profit before exceptional items and amortisation of goodwill of £8.5 million, an increase of 91.8% on the previous year:

In the UK, Carr Sheppards Crosthwaite performed well with total funds under management increasing by 25.5% to £5.9 billion from £4.7 billion. Net new inflows of £360 million were generated largely in discretionary mandates.

Poor stock market volumes in South Africa restricted the performance of Investec Securities, although total funds under management increased by 17.2% to R30.0 billion (£2.5 billion) from R25.6 billion (£2.0 billion). Investec Securities continues to focus on reducing costs and during the period a campaign was launched to increase the awareness of Investec Securities Online, which should provide further cost savings.

Outlook

The outlook for the Private Client Portfolio Management and Stockbroking businesses is susceptible to the overall performance of global equity markets and the division is poised to take advantage of any pick-up in market volumes.

Treasury and Specialised Finance

Developments

The group's Treasury and Specialised Finance division posted operating profit before exceptional items and amortisation of goodwill of £35.8 million, an increase of 77.3% from £20.2 million. A strong performance from the UK operation was partially offset by a weaker performance from the South African operation.

The UK Treasury and Specialised Finance division achieved a considerable turnaround with operating profit before exceptional items and amortisation of goodwill increasing to £14.0 million from a loss of £5.7 million. The division benefited from the restructuring of its trading activities undertaken in the previous financial year and from a solid performance from the stock lending and commodities trading desks during the period. Furthermore, an increasing focus on higher margin, less capital intensive transactions and customer flows, in addition to the growth and creditable performance of its Banking Activities enhanced the division's performance.

The South African Treasury and Specialised Finance division's operating profit before exceptional items and amortisation of goodwill declined from £26.6 million to £18.9 million. A weak performance by the currency and interest rate desks together with a margin squeeze - which was inadequately hedged by the positioning of the interest rate book - were the key causes of the decline in operating profit. The general slow down in infrastructural finance moderated the performance of the Banking Activities although the division experienced sound growth in structured finance fees.

Outlook

The Southern African operations did not perform as well as expected in the past financial year. Major changes were made through cost-cutting initiatives, staff changes and scaling down of certain activities. The division expects better performance

this year. In the UK, a solid platform has been created, particularly in the Banking Activities. The division will continue expanding in areas where it sees long-term profit and growth potential.

Asset Management

Developments

The Asset Management division delivered operating profit before exceptional items and amortisation of goodwill of £24.6 million, which represented an uplift of 38.9% in Pounds Sterling terms and 11.1% in Rand terms. Assets under management increased by 22.2% in Pounds Sterling terms to £20.6 billion and by 14.0% in Rand terms to R240.0 billion over the year. The key features of the year were the continued penetration of the UK pension and Independent Financial Advisory channels and strong investment performance across the product range.

The UK retail funds enjoyed sound growth and continued expansion in market share with net inflows for the year amounting to £284 million. Funds under management now exceed £1 billion (68.8% year-on-year growth). This contributed to market share of net retail industry sales increasing to 3.2%. The offshore fund range also achieved strong net inflows of £236 million largely as a result of the sales efforts in Asia and in the UK. Flows from South Africa slowed due to the strength in the Rand. The UK institutional team continued to penetrate the pension market, which represents a shift in the book towards the pension fund business. The UK Institutional business saw outflows from cash as investors shifted allocations. During 2004, Investec Asset Management won the *Global Investor's* "Firm to Watch" award.

The South African business once again showed resilience with a solid performance. Most notable, the excellent retail and specialist investment performance resulted in Investec Asset Management achieving first place in the Plexus survey, and winning the Standard & Poors' "Best Large Manager" award over one, three and five years. Balanced investment performance has improved over the past year although further progress is required. Investec Asset Management continues to establish leadership in specialist products, and was appointed to manage significant new mandates. The South African business generated net inflows of R4.4 billion excluding the structural outflows from the Investec Employee Benefits (ex-Fedsure) book.

Outlook

The business has developed in line with management expectations over the past year. In the UK, the brand is well established and it is now time to leverage the solid platform that was built over the last five years. In South Africa, Investec Asset Management's position as the leading multispecialist investment business must be further enhanced. It is important for the brand position of Investec Asset Management in South Africa that the restoration of the balanced product range continues. The challenges of transformation in this market and the onus on Investec to

contribute to this process will be pursued with vigour. On the offshore side, the expansion of the newly established bridgehead in Taiwan and the development of the market for international investment product in Southern Africa will be the major objectives. Talent management will be a key area of focus in the coming year. Finally, the implementation of the outsourcing of the back offices is another important objective. The Investec Asset Management team looks forward with confidence to meeting the competitive challenges of the coming year.

Assurance Activities

Developments

The group's South African life assurance activities, conducted by Investec Employee Benefits (IEB) did not have the benefit of the substantial operational earnings from the restructuring and rationalisation of its activities of the previous period and reported operating profit before exceptional items and amortisation of goodwill of £4.6 million - a decline of 82.9%.

Outlook

It is IEB's intention to aggressively grow its Risk Only business and to become a significant player in the market. There are still opportunities for IEB in the market as the division does not link product to administration and thus does not compete directly with specialist administrators. Investec is confident that this line of business will be successfully integrated into the group as the nature of the business fits into the group's core competencies of risk management. The division has finalised its strategy for the Risk Only business and is revising its products and operating procedures, in line with client feedback. The objective is to manage and wind down the following discontinued businesses, to protect the maximum value for shareholders and policyholders: Industrial Business; Guaranteed Funds; Linked Funds - the majority are to be transferred to Investec Asset Management.

Group Services and Other Activities

Developments

Group Services and Other Activities posted an operating loss of £24.4 million compared to the prior period loss of £9.8 million. This was largely attributable to an increase in interest paid on subordinated debt following the raising of £44.4 million of subordinated debt in South Africa towards the end of the 2003 financial year and of a further £200 million in the UK in February 2004. The loss was exacerbated by the increase in costs within the Central Services divisions, mainly as a result of: the appreciation of the Rand against Pounds Sterling, an increase in incentive based remuneration in the UK operations given an increase in profitability, and expansion of the Australian operations.

This result was partially offset by a significant increase in dealing income, with the group benefiting from an increased return on a number of investments and a better performance from the loss-making UK Traded Endowments business. In addition, the group's Property Activities in South

Africa continued to perform well, with total assets under management increasing by 43.8% to R12.5 billion (£1 billion).

Geographic performance

Investec plc and Investec Limited earned 41.4% (2003: 19.0%) and 58.6% (2003: 81.0%), respectively of the group's operating profit before exceptional items and amortisation of goodwill. The change in profit contribution was largely as a result of the improved contribution from the UK operations and the closure and sale of the group's loss-making US businesses. Highlights of the developments and the performance of the regions in which the group operates can be found on pages 6 and 7.

Salient features of the group's results in the year under review - profit and loss analysis

Operating income

Operating income of £560.7 million increased by 8.0%. The movements in total operating income are analysed further below.

Net interest income of £105.7 million declined by 4.6%. The group reported sound growth in its Private Banking lending portfolios and in its UK Treasury and Specialised Finance banking and lending businesses. This however, was partially offset by the increase in interest paid on subordinated debt (as discussed above). Furthermore, net interest income was negatively affected by a significant decline in interest rates that occurred in South Africa over the period.

Net fees and commissions increased by 15.3% to £318.4 million. This was largely attributable to increased lending turnover in the Private Banking businesses, the growth and strong performance of the UK Treasury and Specialised Finance banking and advisory activities, and the turnaround in the group's Corporate Finance operations in the UK. Furthermore, the appreciation of the Rand had a positive impact on this growth, particularly in the Asset Management division.

Dealing profits (trading income) increased by 57.8% to £91.0 million as a result of the strong performances of the UK Treasury and Specialised Finance trading activities and the South African property business, and an improved performance in the loss making UK Traded Endowments business. Furthermore, the trading investments held in the Investment Banking and Private Equity portfolios and certain other investments held in the group's corporate portfolio benefited from improved equity market levels. This was partially offset by the poor trading performance of the South African Treasury and Specialised Finance division.

The performance of the group's **long-term assurance activities** is discussed under "Business Unit Review".

The substantial growth in the **return on shareholders' funds** in the long-term assurance business conducted through

Investec Employee Benefits (IEB) is as a result of the increase in long-term assurance assets attributable to shareholders' from £108.5 million to £265.3 million. The large increase in net asset value was as a result of retained profits (as no dividend has been paid out of IEB), together with a decrease in intercompany loans between IEB and its holding company. This return requires separate disclosure in line with life assurance reporting. A natural consequence thereof is a decline in the other operating income generated by the Central Funding division.

In addition to the decline explained in the paragraph above, **other operating income** also declined because the Investment Banking division had benefited from a significant realisation in the UK Private Equity division in the prior year.

Overall, **annuity income** as a percentage of total operating income declined from 69.1% to 67.8%.

Administrative expenses

Total administrative expenses decreased by 1.4% from £400.8 million to £395.2 million principally due to the rationalisation of the group's activities in the US and in its UK Investment Banking operations undertaken during the 2003 financial year. This was largely offset by an increase in costs expressed in Pounds Sterling due to the appreciation of the Rand and the continued expansion of the group's Australian operations.

Investec Limited experienced a 2.0% decline in expenses in Rand terms, whilst the expenses of Investec plc declined by 11.8% in Pounds Sterling terms.

The ratio of total operating expenses to total operating income decreased from 80.0% to 72.7%. The cost to income ratio in South Africa increased from 62.3% to 63.5%. The

ratio in the prior period was positively affected by the substantial restructuring profits generated by the group's Assurance Activities. The cost to income ratio for Investec plc's operations decreased from 89.7% to 78.4% as a result of the rationalisation and restructuring of these operations and the improvement in operating profit of the plc businesses.

Goodwill amortisation

The charge for goodwill amortisation and impairment decreased significantly from £122.3 million to £50.6 million. The prior year figure included £49.6 million relating to additional impairments of the business acquired from Fedsure Holdings Limited. Included in the current period is an amount of £8.1 million relating to an impairment of the Traded Endowments business acquired through Fedsure.

Provision for bad and doubtful debts

The bad and doubtful debts charge in the income statement increased by 14.5% to £20.9 million.

The percentage of gross non-performing loans (NPLs) to core loans and advances increased from 1.5% to 1.7%. Total provision coverage remains conservative both as a percentage of gross NPLs and net NPLs (gross NPLs net of security), at 99.9% and 354.6% respectively. In addition, the group's general provision coverage as a percentage of net loans and advances decreased marginally to 1.2%.

Operating profit before taxation, exceptional items and amortisation of goodwill

As a result of the foregoing factors, Investec's operating profit before taxation, exceptional items and amortisation of goodwill increased by 54.1% - from £85.8 million in 2003 to £132.1 million in 2004.

The following table sets out information on Investec's operating profit before taxation, exceptional items and amortisation of goodwill by geography for the period under review:

UK GAAP £'000	31 March 2004	% of total	31 March 2003	% of total	year on year % change
South Africa and Other	77 428	58.6%	69 479	81.0%	11.4%
UK and Europe	38 734	29.3%	22 562	26.3%	71.7%
Australia	9 626	7.3%	5 924	6.9%	62.5%
Israel	5 918	4.5%	3 496	4.1%	69.3%
USA	433	0.3%	970	1.1%	(55.4%)
Discontinued Operations	–	0.0%	(16 669)	(19.4%)	>100%
Total	132 139	100.0%	85 762	100.0%	54.1%

The following table sets out information on Investec's operating profit before taxation, exceptional items and amortisation of goodwill by division for the period under review:

UK GAAP £'000	31 March 2004	% of total	31 March 2003	% of total	year on year % change
Investment Banking	37 719	28.5%	13 524	15.8%	>100%
Private Banking	45 397	34.4%	29 588	34.5%	53.4%
Private Client Portfolio Management and Stockbroking	8 465	6.4%	4 413	5.1%	91.8%
Treasury and Specialised Finance	35 805	27.1%	20 198	23.6%	77.3%
Asset Management	24 611	18.6%	17 715	20.7%	38.9%
Assurance Activities	4 582	3.5%	26 830	31.3%	(82.9%)
Group Services and Other Activities	(24 440)	(18.5%)	(9 837)	(11.6%)	>(100%)
Discontinued Operations	–	0.0%	(16 669)	(19.4%)	>100%
Total	132 139	100.0%	85 762	100.0%	54.1%

Taxation

The operational effective tax rate of the group (excluding the tax effect on exceptional items) increased from 6.3% to 21.1%. In 2003 the group's UK operation booked an £8 million corporation tax credit, as an adjustment to prior years, and additionally, reversed £8 million of deferred tax provisions. This resulted in a net reduction of the effective tax rate in the prior year. The effective tax rate in South Africa increased from 14.3% to 21.0% as the group utilises its assessed losses. Furthermore, the effective tax rate in Israel increased significantly from 12.2% to 58.7% because taxation is paid on inflation-adjusted earnings, which exceeded nominal earnings during the year given the negative inflation rate.

Share of income of associated companies

The group's principal associate is Capital Alliance Limited (CAL). An amount of R134 million (£11.2 million) was accrued, representing Investec's share in CAL's estimated operating earnings for the year ended 31 March 2004.

Exceptional items

Exceptional items fall into two categories, namely:

- Losses on termination of the group's operations in the US amounted to £5.1 million. The group made a final exceptional charge (including future run-off costs) for the closure of these operations. Any future costs incurred in excess of this charge, will be treated as non-exceptional operating expenses.
- Profit of £13.7 million was realised on disposal of group operations largely relating to the sale of the companies, 100 Grayston Drive Property (Pty) Limited and Block E Power Station Properties (Pty) Limited, at market value.

Salient features of the group's results in the year under review - balance sheet analysis

Capital resources

Total capital resources increased by 40.4% to £1.3 billion.

Total shareholders' funds increased by £169.0 million during the period under review mainly as a result of the issue of R1.5 billion (£127.5 million) in non-cumulative, non-redeemable and non-participating preference shares and 5.6 million ordinary shares (£46.0 million) in Investec Limited.

The return on average tangible equity shareholders' funds increased from 26.0% to 27.5% and the return on average total equity shareholders' funds, inclusive of goodwill increased from 13.1% to 16.0%.

Capital adequacy

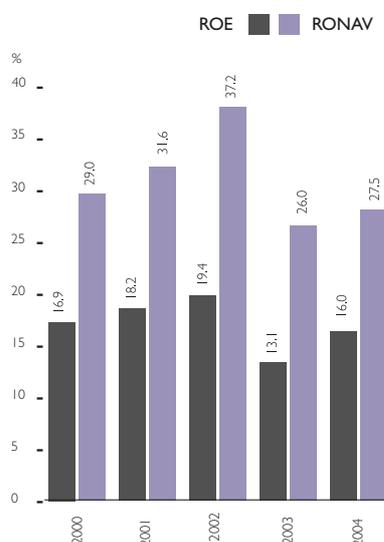
Investec plc and Investec Limited are well capitalised and capital adequacy ratios comfortably exceed the minimum regulatory requirements. The capital adequacy (applying South African Reserve Bank rules to Investec Limited's capital base) is 15.1% (March 2003: 12.2%). The capital adequacy (applying Financial Services Authority rules to Investec plc's capital base) is 17.3% (March 2003: 14.2%).

Total assets and assets under administration

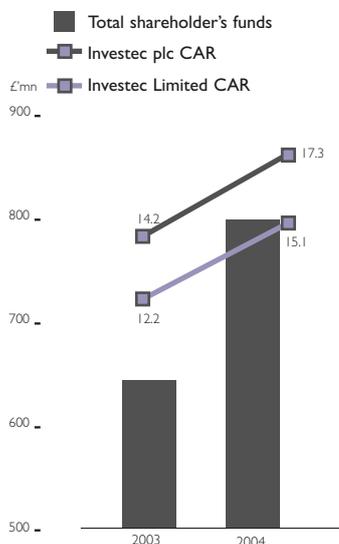
Total assets increased by 3.0% from £14.9 billion at 31 March 2003 to £15.4 billion at 31 March 2004. Total assets under administration increased by 17.9% from £40.6 billion to £47.8 billion. This was mainly attributable to growth in assets under management of £6.8 billion across all ranges of third party funds, due to improved equity values and the appreciation of the Rand against Pounds Sterling.

Performance and objectives

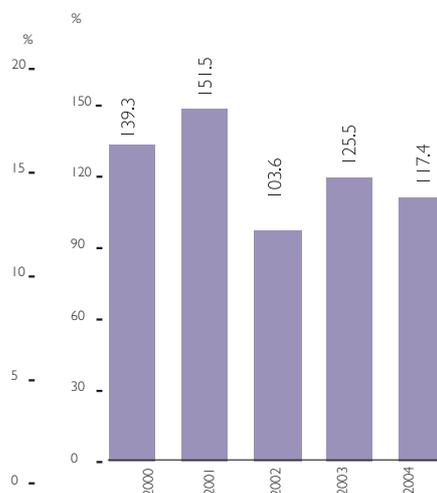
ROE and RONAV*



Total shareholders' funds and capital adequacy ratios (CAR)



Specific provisions as a % of net non-performing loans



Investec objectives and targets

Investec's objective is to continue to focus on increasing its ROE, as opposed to nominal capital, through the efficient deployment of its capital base. The group intends to generate ROE in excess of its cost of capital. All businesses which do not possess the potential to generate the required ROE over the long-term have been placed under strategic review and the group will consider its options with respect to these businesses.

Investec has set itself the following targets over the medium to long-term:

Group ROE: 20% in Pound Sterling terms.
Investec Limited ROE: 30% in Rand terms.
Investec plc ROE: 15%-20% in Pound Sterling terms.

Investec intends to maintain a sufficient level of capital to satisfy regulatory requirements, as well as take advantage of opportunities that may arise in the financial services industry focusing on increasing the group's return on equity in the medium to long-term.

The group would like to maintain a capital adequacy ratio of between 13% - 16% for Investec Limited and Investec plc.

Setting a target in this area is susceptible to economic and market conditions. The group however, strives to achieve a coverage of 100% of specific provisions to net non-performing loans. Furthermore, the group aims to achieve a ratio of general provisions to net loans and advances in excess of 1%.

Investec performance

The return on average tangible equity shareholders' funds increased from 16.9% to 27.5% and the return on average total equity shareholders' funds, inclusive of goodwill increased from 13.1% to 16.0%.

Total shareholders' funds increased by £169.0 million during the period under review mainly as a result of the issue of R1.5 billion (£127.5 million) in non-cumulative, non-redeemable and non-participating preference shares and 5.6 million ordinary shares (£46.0 million) in Investec Limited.

Investec plc and Investec Limited are well capitalised and capital adequacy ratios comfortably exceed the minimum regulatory requirements. The capital adequacy (applying South African Reserve Bank rules to Investec Limited's capital base) is 15.1% (March 2003: 12.2%). The capital adequacy (applying Financial Services Authority rules to Investec plc's capital base) is 17.3% (March 2003: 14.2%).

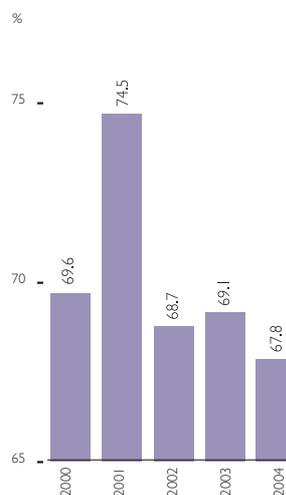
Provision levels exceed regulatory requirements. The percentage of gross non-performing loans (NPLs) to core loans and advances increased from 1.5% to 1.7%. Total provision coverage remains conservative both as a percentage of gross NPLs and net NPLs (gross NPLs net of security), at 99.9% and 354.6% respectively. In addition, the group's general provision coverage as a percentage of net loans and advances decreased marginally to 1.2%.

Notes:

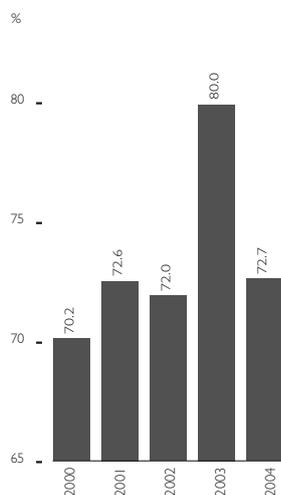
*Where ROE is return on equity shareholders' funds and RONAV is return on net tangible equity shareholders' funds.

**Where earnings and EPS are shown before exceptional items and amortisation of goodwill.

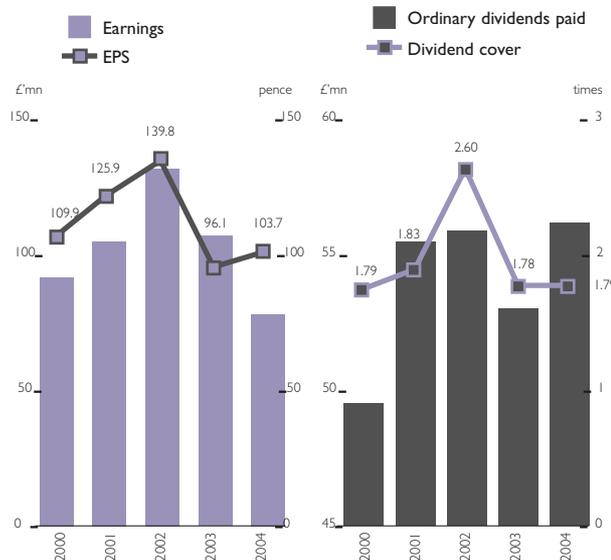
Annuity income as a % of operating income



Cost to income ratio



Earnings and EPS**



Dividends

The extreme volatility experienced in international markets highlights the importance of the group's diverse portfolio of integrated businesses and profit streams. The group aims to increase its focus on its annuity income base thereby improving its ability to perform in volatile financial markets.

Investec has set itself the following target over the medium to long-term:

70% - 75% annuity/recurring income as a percentage of operating income.

The cost to income (COI) ratio is still considered to be high against group objectives. The group has significantly rationalised and restructured its operations over the past two years in an effort to reduce its overall cost base. Increased emphasis has now been placed on enhancing income growth while at the same time ensuring effective constraint of costs.

Investec has set itself the following targets over the medium to long-term:

Group COI ratio: less than 65% in Pound Sterling terms.
Investec Limited COI ratio: 50% in Rand terms.
Investec plc COI ratio: 65% - 75% in Pound Sterling terms.

In the medium to long-term the group **aims to achieve** growth of 10% in excess of inflation (in Pound Sterling terms). The group continually strives to build and maintain a sustainable business model.

Investec intends to **maintain** a dividend cover of between 1.7 and 2.3 times based on earnings per share before exceptional items and amortisation of goodwill, denominated in Pounds Sterling. Interim and final dividends will be declared and proposed in accordance with the above policy.

Overall, annuity income as a percentage of total operating income declined from 69.1% to 67.8%. The movement in the components of the group's operating income is discussed on pages 21 and 22.

Total administrative expenses decreased by 1.4% from £400.8 million to £395.2 million principally due to the rationalisation of the group's activities in the US and in its UK Investment Banking operations undertaken during the 2003 financial year. This was largely offset by an increase in costs expressed in Pounds Sterling due to the appreciation of the Rand and the continued expansion of the group's Australian operations.

Group COI ratio: 72.7% (2003: 80.0%).
Investec Limited COI ratio: 56.8% (2003: 54.6%).
Investec plc COI ratio: 80.5% (2003: 92.6%).

The financial year was characterised by a more favourable market environment benefiting the activities of the group with basic earnings per share before exceptional items and goodwill amortisation increasing 7.9% to 103.7 pence from 96.1 pence.

For the current year the board has proposed a dividend of 58.0 pence per share equating to a dividend cover of 1.79.

Five year review - summarised consolidated balance sheets

UK GAAP £'000 For the year ended 31 March ¹	2004	2003	2002	2001	2000
Assets					
Cash and balances at central banks	363 862	348 343	457 222	477 646	589 939
Treasury bills and other eligible bills	332 208	243 019	197 767	254 655	247 889
Loans and advances to banks	1 704 715	2 758 797	2 583 205	2 341 300	3 635 295
Loans and advances to customers	6 345 848	4 883 903	4 780 480	4 741 682	4 853 137
Debt securities	1 466 437	1 931 265	4 377 877	5 417 962	4 106 735
Equity shares	418 254	147 638	204 352	265 013	168 063
Interests in associated undertakings	70 006	62 422	45 026	3 272	15 677
Other participating interests	9 135	–	–	55 051	33 847
Intangible fixed assets	251 508	299 773	384 900	242 891	226 414
Tangible fixed assets	146 326	205 982	186 761	165 241	144 717
Own shares	43 780	52 223	42 130	39 133	59 974
Other assets	1 081 131	1 211 441	1 177 727	865 250	1 195 420
Prepayments and deferred income	81 511	124 390	97 968	–	–
Long-term assurance business attributable to the shareholder	265 315	108 528	67 116	–	–
	12 580 036	12 377 724	14 602 531	14 869 096	15 277 107
Long-term assurance assets attributable to policyholders	2 781 335	2 536 319	2 354 401	1 114 666	752 987
	15 361 371	14 914 043	16 956 932	15 983 762	16 030 094
Liabilities					
Deposits by banks	1 233 609	2 129 292	3 645 308	4 063 422	4 304 382
Customer accounts	7 211 292	6 354 867	7 068 220	8 075 740	8 689 252
Debt securities in issue	621 857	1 089 756	606 246	–	–
Other liabilities	1 969 855	1 580 881	2 106 191	1 623 913	1 387 723
Accruals and deferred income	185 600	254 413	218 132	264 263	257 016
Pension fund liability	11 967	10 041	–	–	–
	11 234 180	11 419 250	13 644 097	14 027 338	14 638 373
Long-term assurance liabilities attributable to policyholders	2 781 335	2 536 319	2 354 401	1 114 666	752 987
	14 015 515	13 955 569	15 998 498	15 142 004	15 391 360
Capital resources					
Subordinated liabilities(including convertible debt)	497 858	279 702	190 659	239 129	83 977
Minority interests equity	39 029	38 804	33 473	23 459	26 815
Called up share capital	165	158	7 530	6 701	6 566
Share premium account	1 020 890	980 321	814 089	563 567	515 333
Treasury shares	(52 102)	(40 987)	–	–	–
Shares to be issued	2 666	2 428	41 148	35 285	35 285
Perpetual preference shares	126 698	–	–	–	–
Revaluation reserves	43 142	29 160	11 202	832	(284)
Other reserves	(168 402)	(166 907)	(176 833)	(110 404)	(88 928)
Profit and loss account	(164 088)	(164 205)	37 166	83 189	59 970
Shareholders' funds	808 969	639 968	734 302	579 170	527 942
- equity	682 271	639 968	691 201	536 069	527 942
- non-equity	126 698	–	43 101	43 101	–
	1 345 856	958 474	958 434	841 758	638 734
	15 361 371	14 914 043	16 956 932	15 983 762	16 030 094

Note:

¹ The numbers for the year ended 31 March 2002, 2001 and 2000 have not been restated for changes to accounting policies and disclosures

Five year review - summarised consolidated profit and loss accounts

UK GAAP £'000 For the year ended 31 March ¹	2004	2003	2002	2001	2000
Net interest income	105 663	110 701	163 830	159 087	118 488
Dividend income	3 450	3 597	2 081	5 231	8 567
Fees and commissions receivable	340 528	330 959	415 918	390 577	332 044
- annuity	272 718	287 199	335 845	302 623	263 791
- deal	67 810	43 760	80 073	87 954	68 253
Fees and commission payable	(22 155)	(54 768)	(74 671)	(51 444)	(47 388)
Dealing profits	91 015	57 668	49 485	36 179	25 519
Income from long-term assurance business	5 082	27 779	31 079	–	–
Return on shareholders' funds in the long-term assurance business	24 122	15 551	–	–	–
Other operating income	13 028	27 780	30 949	11 264	44 220
Other income	455 070	408 566	454 841	391 807	362 962
Total operating income	560 733	519 267	618 671	550 894	481 450
Administrative expenses	(395 188)	(400 780)	(428 510)	(385 758)	(324 609)
Staff costs	(265 234)	(265 437)	(275 231)	(250 791)	(210 134)
Premises (excluding depreciation)	(8 885)	(5 058)	(9 221)	(8 050)	(6 393)
Operating rental expenses	(17 363)	(17 245)	(16 634)	(14 054)	(14 242)
Equipment (excluding depreciation and operating rental expenses)	(22 838)	(25 569)	(31 980)	(30 386)	(20 663)
Business expenses	(65 924)	(74 628)	(79 717)	(63 723)	(59 206)
Marketing expenses	(14 944)	(12 843)	(15 727)	(18 754)	(13 971)
Depreciation of tangible fixed assets	(12 448)	(14 417)	(16 926)	(13 925)	(13 142)
Provision for bad and doubtful debts	(20 958)	(18 308)	(14 668)	(18 015)	(20 225)
Operating profit before exceptional items and amortisation of goodwill	132 139	85 762	158 567	133 196	123 474
Operating profit from continuing operations	132 139	102 431	158 862	133 196	123 474
Operating loss from discontinued operations	–	(16 669)	(295)	–	–
Share of income/(loss) of associated companies (net of goodwill)	9 073	9 706	3 083	(143)	148
Amortisation and impairment of goodwill	(50 644)	(122 302)	(98 435)	(20 885)	(14 281)
Other exceptional items	8 529	(28 757)	(17 529)	–	–
Profit/(loss) on ordinary activities before taxation	99 097	(55 591)	45 686	112 168	109 341
Taxation on profit on ordinary activities	(28 499)	(5 377)	(28 540)	(30 044)	(36 091)
Profit/(loss) on ordinary activities after taxation	70 598	(60 968)	17 146	82 124	73 250
Minority interests - equity	(1 813)	(1 646)	(1 586)	(1 170)	(1 668)
Profit/(loss) attributable to shareholders	68 785	(62 614)	15 560	80 954	71 582
Earnings attributable to ordinary shareholders before exceptional items and amortisation of goodwill	106 082	89 668	127 613	100 906	87 246

Note:

¹ The numbers for the year ended 31 March 2002, 2001 and 2000 have not been restated for changes to accounting policies and disclosures.

Five year review - salient features

UK GAAP ¹ For the year ended 31 March ²	2004	2003	2002	2001	2000
Profit and Loss Account and Selected Returns					
Earnings attributable to ordinary shareholders before exceptional items and amortisation of goodwill (£'000)	106 082	89 668	127 613	100 906	87 246
Headline earnings (£'000)	105 752	83 595	115 777	100 906	87 246
Operating profit before taxation, exceptional items and amortisation of goodwill (£'000) ³	132 139	85 762	158 567	133 196	123 474
Investment Banking	42 078	17 294	46 293	47 953	56 135
Private Client Activities	62 136	40 911	42 489	36 246	29 132
Treasury and Specialised Finance	44 298	27 951	51 784	52 301	40 871
Asset Management	26 865	19 479	20 911	21 252	17 942
Assurance Activities	5 082	27 779	31 079	–	–
Group Services and Other Activities	(48 320)	(30 983)	(33 694)	(24 556)	(20 606)
Discontinued operations	–	(16 669)	(295)	–	–
Operating profit: Southern Africa and Other (% of total)	58.6%	81.0%	51.6%	25.6%	15.4%
Operating profit: Non-Southern Africa and Other (% of total)	41.4%	19.0%	48.4%	74.4%	84.6%
Cost to income ratio (%)	72.7%	80.0%	72.0%	72.6%	70.2%
Staff compensation to operating income ratio (%)	47.3%	51.1%	44.5%	45.5%	43.6%
Return on average equity shareholders' funds (%)	16.0%	13.1%	19.4%	18.2%	16.9%
Return on average tangible net asset value (%)	27.5%	26.0%	37.2%	31.6%	29.0%
Annuity income as a percentage of operating income (%)	67.8%	69.1%	68.7%	74.5%	69.6%
Net-interest income as a percentage of operating income (%)	18.8%	21.3%	26.5%	28.9%	24.6%
Non-interest income as a percentage of operating income (%)	81.2%	78.7%	73.5%	71.1%	75.4%
Effective tax rate (%)	21.6%	6.3%	18.0%	22.6%	29.2%
Balance Sheet					
Total capital resources (£ millions)	1 346	958	958	842	639
Total shareholders' funds (£ millions)	809	640	734	579	528
Total assets (£ millions)	15 361	14 914	16 957	15 984	16 030
Core loans and advances (£ millions)	5 060	3 909	3 314	3 299	3 083
Core loans and advances as a percentage of total assets (%)	33.0%	26.2%	19.5%	20.6%	19.2%
Total assets under administration (£ millions)	47 805	40 559	44 219	43 977	45 853
Salient Financial Features and Key Statistics					
Earnings per share before exceptional items and amortisation of goodwill (pence)	103.7	96.1	139.8	125.9	109.9
Headline earnings per share (pence)	103.4	89.6	126.8	125.9	109.9
Basic earnings per share (pence)	59.9	(67.6)	14.8	99.2	90.2
Diluted earnings per share (pence)	59.5	(67.6)	13.9	96.4	89.6
Dividends declared per share (pence)	58.0	54.0	53.8	68.7	61.4
Dividend cover (times)	1.79	1.78	2.60	1.83	1.79
Net tangible asset value per share (pence)	431.8	374.9	373.8	– ⁽⁴⁾	– ⁽⁴⁾
Weighted number of ordinary shares in issue (million)	102.3	93.3	91.3	80.2	79.4
Total number of shares in issue (million)	118.6	113.0	92.2	81.0	80.6
Closing share price (pence)	1 089	615	805	1 729	2 487
Market capitalisation (£ millions)	1 292	695	742	1 400	2 005
Number of employees in the group	4 458	4 874	5 529	4 836	4 441

Notes:

¹ Refer to definitions on pages 79 and 80.

² The numbers for the year ended 31 March 2002, 2001 and 2000 have not been restated for changes to accounting policies and disclosures.

³ The numbers for the operating divisions are shown pre allocation of central costs, as the group only adopted a policy of allocating these costs to the operating divisions in 2003.

⁴ Calculation not comparable.



04

Risk and governance



04

Risk and governance

Risk management	029
Directors' responsibility and corporate governance	030

Risk management



Introduction

Effective risk management is critical to Investec's operations. Taking international best practice into account, the group follows a comprehensive risk management process, which involves identifying, understanding and managing the risks associated with each of its businesses.

Investec monitors and controls risk exposure through focused, yet complementary, market, credit, liquidity, operational and legal risk reporting teams. This approach is core for assuming a tolerable risk and reward profile, helping Investec to pursue growth across its business. In addition, a culture of risk awareness, control and compliance is embedded in Investec's day-to-day activities. While each business unit retains primary responsibility for managing the risks that come with its business, a centralized division, Group Risk Management (part of Group Services), independently monitors, manages and reports on Investec's risk, as mandated by the Board of Directors. Group Risk Management has established operational divisions in South Africa and the UK, and smaller risk divisions in other regions.

Group Risk Management's key objectives are to:

- Be the custodian of Investec's risk management culture.
- Set and approve risk parameters and limits across the group and ensure they are implemented and adhered to consistently.
- Aggregate and monitor Investec's exposure across risk classes.
- Co-ordinate risk management activities across the organisation, covering all legal entities and jurisdictions.
- Give the boards reasonable assurance that the risks Investec is exposed to are identified and, to the best extent possible, managed and controlled.
- Facilitate various risk committees, as mandated by the Board of Directors.

Investec has established various committees and forums to identify and manage risk at both a business unit level in

various locations and at a group level. These committees and forums operate together with Group Risk Management.

In the ordinary course of business operations, Investec is exposed to a number of risks, including credit, market, asset and liability management, operational, legal and reputational risk. A detailed analysis of the group's risk management philosophies and processes can be found in its Annual Report for the year ended 31 March 2004.

Internal Audit

An Internal Audit division is based in each significant jurisdiction in which the group operates. Internal Audit operates independently from executive management, with unrestricted access to the Chairmen of the various Audit Committees. The Audit Committees review the mandate, authority, resources, scope of work and effectiveness of Internal Audit annually. The review also includes an assessment of the work conducted by internal and external audit. Further details on the group's Internal audit division can be found in its Annual Report for the year ended 31 March 2004.

Compliance

Investec has an independent Group Compliance function within its risk management framework, which is responsible for assisting management in complying with statutory, regulatory, supervisory and policyholder protection rule requirements. The Compliance division has unrestricted access to the Chairmen of the various Audit Committees. The group responds proactively and pragmatically to new regulatory developments in order to promote sound practices and minimise the impact of regulatory risk. Further details on the group's Compliance division can be found in its Annual Report for the year ended 31 March 2004.

Directors' responsibility and corporate governance

Investec has long had an entrenched corporate culture, which emphasises above all the need to conduct the affairs of the group in accordance with the highest standards of corporate ethics. Good corporate governance is shown in the group's values of integrity, responsibility and risk consciousness. Each of the group's operations is governed by a comprehensive set of policies and procedures aimed at promoting the highest standards of corporate responsibility based on the legislative requirements of the regions in which we operate.

The following review provides an overview of the group's corporate governance practices; a more detailed review is provided in the Annual Report for the year ended 31 March 2004.

Corporate governance practices

While the **board retains responsibility** for the overall process and structure of corporate governance of the group, each business area and all employees worldwide are also responsible for adherence to good corporate governance practices.

During the year under review Investec continued to refine its corporate governance practices with the aim of ensuring that the directors and employees of the group conduct all internal and external dealings with complete integrity, and with full regard for the legal requirements of the regions in which they operate. Sound corporate governance continues to be instilled in the group's values, culture, processes, functions and organisational structure. The group's values and philosophies form the framework against which behaviour, practices and activities are measured, to assess the characteristics of good governance.

Board statement

The **board is of the view** that Investec Limited and Investec plc complied with the South African King II "Code of

Corporate Practices and Conduct" (King II) and the London Combined Code (1998) principles during the year under review, except as follows:

King II

- The Chairman of the board is not considered to be independent but has further enhanced his non-executive status.
- The Chairman of the Investec Limited Audit Committee and the combined group Audit Committee is not independent, but is considered by the board to be the most appropriate non-executive director to chair the Audit Committee.

London Combined Code (1998)

- With regret, subsequent to the year end, John Abell, the senior independent non-executive director passed away unexpectedly. The board will review the appointment of a senior independent non-executive director shortly.

Other international business units operate in accordance with the governance recommendations of their jurisdictions, and with clear reference at all times to group values and culture. During the year under review, the following governance achievements were realised:

Corporate governance achievements

During the year under review, the following governance achievements were realised:

- Aag rating received - Investec Limited was assigned an extremely sound corporate governance rating assigned by CA Ratings in an independent governance rating, based on the principles of the King II and on international practices.
- Internal assessments were conducted to evaluate the effectiveness and performance of the boards and the Audit Committees of Investec Limited and Investec plc, against the requirements of King II, the London Combined Code (1998), Blue Ribbon and OECD guidelines. Matters identified in these reviews are being

addressed by the respective Chairmen of the board and Audit Committee.

- Investec Limited senior management actively participated in the development of the Financial Sector Charter in South Africa.
- The risk management expectations of the revised Basel Capital Accord (Basel II) - planned for implementation in 2007 - were reviewed.
- The revised London Combined Code was reviewed. Where relevant, changes have been, and will continue to be made to comply with these provisions, which are applicable for the group's 2005 financial year.
- Investec Limited concluded a groundbreaking shareholding transaction between three empowerment partners and an employee trust, which resulted in the empowerment consortium acquiring 25.1% of the issued share capital of the company.
- Investec Limited won the "Most progressive established company of the year", presented by *BusinessMap*, in recognition of its carefully crafted, tailor-made approach to black economic empowerment and the need for transformation in South Africa.
- Investec plc was included in the *Kempen/SNS Smaller Europe Socially Responsible Investment Index*, the first sustainable index for small European companies, which was launched on 1 October 2003.
- Investec Limited was included in the *JSE Socially Responsible Investment Index*, which was launched in May 2004.
- The group continued to receive recognition for its ongoing commitment to provide timely, detailed and relevant disclosure to stakeholders and was rated in the excellent category (just outside the top 10) of the top 100 listed companies on the JSE in terms of the *Ernst & Young Excellence in Financial Reporting Awards*.

Internal control issues

During the period under review the following issues with respect to internal controls are noted:

- As advised at the time of the group's interim results a dealer suppressed dealing information, which action was facilitated by a manipulation of controls resulting in a loss. The relevant controls have been remedied and enhanced by senior management.
- A regulatory review of Carr Sheppards Crosthwaite's compliance related procedures and processes by the UK Financial Services Authority (FSA), noted certain failings in the processes adopted by the firm. Subsequent to the year end the FSA imposed a fine of £500,000 on Carr Sheppards Crosthwaite. Carr Sheppards Crosthwaite cooperated fully with the FSA in taking prompt and effective remedial action to rectify these shortcomings and was commended by the FSA for its approach in resolving the matter.

Executive management has reviewed both the incidents and has implemented corrective action and enhanced control processes to mitigate these risks from reoccurring.

Organisational integrity and the group's Code of Ethics

The group has a strong organisational culture of entrenched values, which forms the cornerstone of expected behaviour of the group towards all stakeholders, both internal and external. These values are embodied in a written Statement of values, which serves as the group's Code of Ethics and is continually reinforced. The group's **Code of Ethics** is updated from time to time. Investec's values demand that the directors and employees of the group conduct all internal and external dealings with integrity, consistently and uncompromisingly displaying moral strength and behaviour which promotes trust.

Financial reporting and going concern

The directors are responsible for monitoring and reviewing the preparation, integrity and reliability of the Investec plc and Investec Limited consolidated financial statements, accounting policies and the information contained in the Annual Report. The financial statements of the group were prepared on the going concern basis. The board is of the opinion that adequate resources exist to support the group on a going concern basis over the next year.

Board of directors

The composition of the boards of Investec Limited and Investec plc is set out on pages 55 and 56. The boards of Investec plc and Investec Limited are separate and subject to legal obligations particular to each company. The boards comprise the same persons who are authorised, as board members, to manage Investec as if it were a unified economic enterprise. The roles of the **Chairman** (Hugh Herman) and the **Chief Executive Officer** (Stephen Koseff) are separate. During the year, the Chairman further distanced himself from any executive authority and status, thus enhancing his status as a non-executive director.

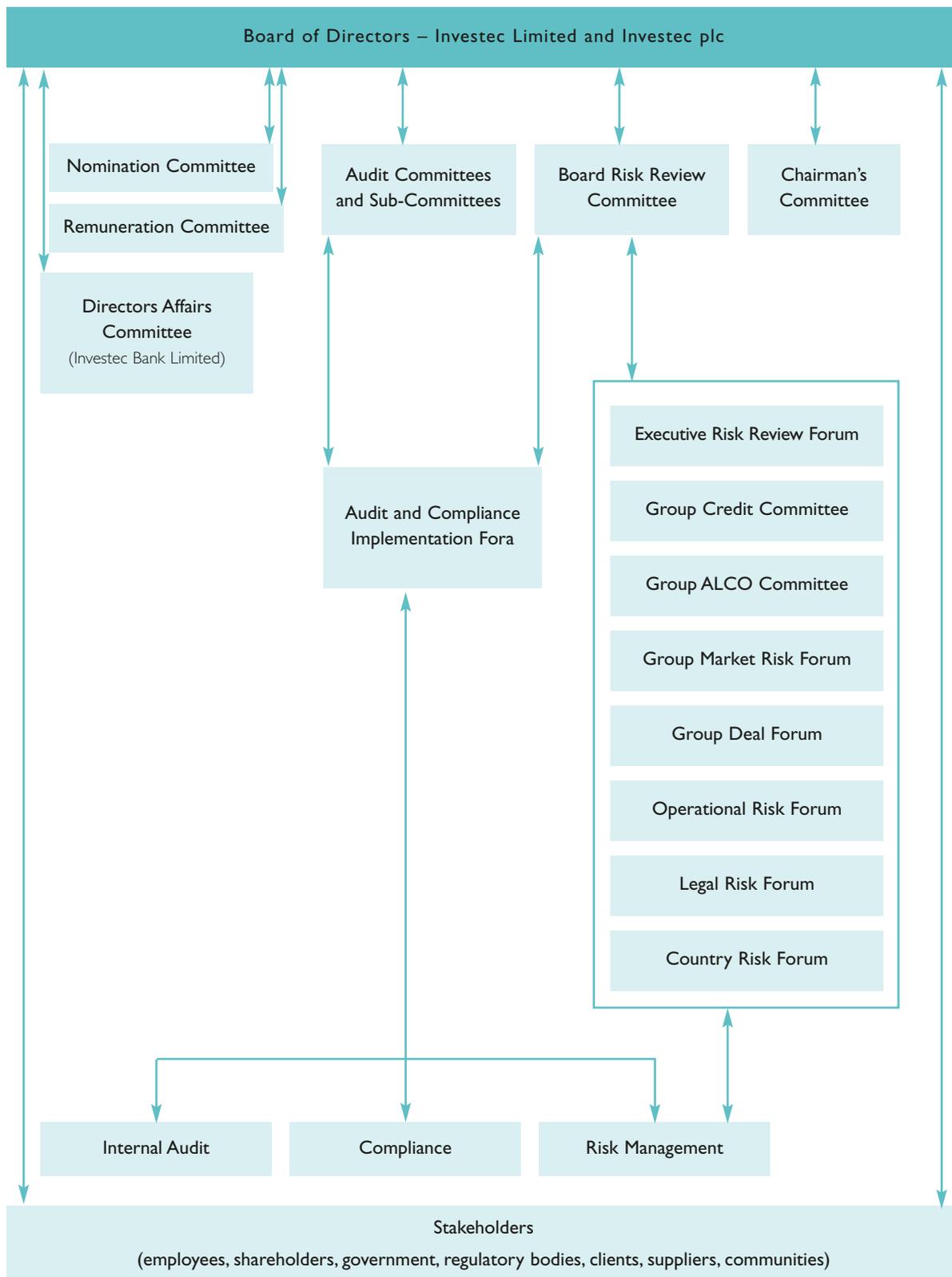
The majority of the board members are non-executives directors. An assessment of the boards of Investec Limited and Investec plc based on King II and the London Combined Code (1998) criteria for **independence**, respectively, was completed and reviewed by the board. In terms of these respective evaluations, the following persons are **not considered to be independent non-executive directors**:

- Board of Investec Limited: Messrs HS Herman, DE Jowell, IR Kantor, P Malungani and F Titi.
- Board of Investec plc: Messrs HS Herman, DE Jowell, IR Kantor, P Malungani and F Titi.

The board is of the view, however, that the **majority** of the non-executive directors are **independent** of management in order to promote the interests of stakeholders. The balance of executive and non-executive directors is such that no one person or group can dominate the board processes.

Governance organisation

The governance practices can be depicted as follows:



The board is considered to be **appropriately skilled** with regard to their responsibilities and the activities of the group. The skill and experience profile of the board is regularly considered, to ensure an appropriate and relevant board composition. The board profile on pages 55 and 56 provides brief biographies of the members of the board. Board meetings are scheduled annually in advance and are held equally in South Africa and the UK in any calendar year. A review of Board meeting attendance is provided on page 108 of the Annual Report for the year ended 31 March 2004.

The board retains full and effective control of the group and is ultimately accountable and responsible for the performance and affairs of the group. The **board is accountable to all Investec's stakeholders** for exercising leadership, integrity and judgement in pursuit of its strategic goals and objectives. This is to achieve long-term sustainable growth and prosperity for the group. In discharging its responsibilities, the board is supported by members of Investec management, who are required to implement the board plans and strategies. The board monitors management's progress in this regard on an ongoing basis.

Board committees

The board is supported in its activities by the following specialist committees:

- Chairman's Committee
- Audit Committees
 - o Audit and Compliance Implementation Forum
- Board Risk Review Committee
 - o Executive Risk Review Forum
 - o Group Asset and Liability Committee
 - o Group Credit Committee
 - o Country Risk Forum
 - o Group Market Risk Forum
 - o Group Deal Forum
 - o Operational Risk Forum
- Directors Affairs Committee
- Nomination Committee
- Remuneration Committee

These committees have specific terms of reference, appropriately skilled members, independent non-executive director membership, senior management participation and access to specialist advice when considered necessary. A detailed review of the composition and activities of each of these committees is provided in the Annual Report for the year ended 31 March 2004.

Management and succession planning

Global business unit heads, geographic management, and heads of central and group service functions are appointed by executive management and endorsed by the board, based on the skills and experience deemed necessary to perform the required function. In general, managers do not have fixed term employment contracts and there are no employment

contracts with managers for a term of more than three years. Investec's management structure, reporting lines and the division of responsibilities are built around a geographic, divisional and functional network.

Furthermore, each strategic business unit has its own executive management committee and is responsible for taking and implementing operational decisions, managing risk and aligning divisional objectives with the group strategy and vision. Matters of succession are considered regularly. Decision making is spread to encourage and develop an experienced pool of talent. As at the year end, the Executive Committee and Group Management Forum in South Africa were augmented with selected senior management appointments.

Internal control

The group adopted the **Turnbull guidance** ("Internal Control: Guidance for Directors on the Combined Code"), issued by the Institute of Chartered Accountants of England and Wales in 1999, and continued to embed the principles throughout the group during the year under review.

Risks and controls are reviewed regularly for appropriateness and effectiveness. The Board Risk Review Committee assists the board in this regard. Leading risk management practices are promoted by the Group Risk Management function, which is independent of operational management.

The board recognises its responsibility for the overall risk and control framework and for reviewing its effectiveness. The system of internal control is designed to manage, not eliminate, significant risks faced by the group and was in place for the year under review. It is recognised that such a system can only provide a reasonable, and not absolute, assurance against material misstatement or loss.

This is achieved within the group through a combination of risk identification, evaluation and monitoring process, appropriate decision and oversight forums and control functions such as Risk Management, Internal Audit and Compliance. These ongoing processes were in place throughout the year under review. As part of the process, the overall Investec business was broken down into strategic business units. Through establishment of a network of local risk champions, each unit was empowered with the responsibility and accountability for management of its own risk. Each business unit now follows a consistent risk assessment process through workshops facilitated by Group Risk Management. Objectives to achieve shareholder value are defined, and the risks to these objectives and controls for each risk are identified and evaluated. The action plans and risk and control issues arising from this process are reviewed regularly at the relevant executive and management committees based at a business unit level.

These risk assessments are reviewed regularly by senior management and at least annually by the Board Risk Review

Committee. Internal Audit reports any control recommendations to senior management, risk management and the relevant Audit Committee. Appropriate processes exist to ensure that timely corrective actions are taken on matters raised by Internal Audit. Significant risks are reviewed weekly by the Executive Risk Review Forum and monthly by the Board Risk Review Committee. Significant and material breaches of prescribed controls are reported to the Board Risk Review Committee and the Audit Committee. Reports from the Audit Committees, Board Risk Review Committee and control functions are reviewed at each board meeting.

External audit

The group's external auditors are Ernst & Young and KPMG Inc. The independence of the external auditors is recognised. The Audit Committee meets with the external auditors to review the scope of the external audit, budgets and any audit matters arising. The external auditors attend the Audit Committee meetings and have access to the Chairmen of the various Audit Committees. Non-audit services are dealt with in terms of an agreed policy.

Regulation

The group is subject to external regulation and supervision by various supervisory authorities - the main ones being the South African Reserve Bank (SARB), the UK Financial Services Authority (FSA) and the Australian Prudential Regulatory Authority.

Communication and stakeholder relations

The Board of Directors subscribes to a philosophy of providing meaningful, transparent, timely and accurate

financial and non-financial information to its primary stakeholders, which include employees, shareholders, government, regulatory bodies, clients, rating agencies, the media and industry investment analysts. The board recognises the importance of ensuring an appropriate balance in meeting the diverse needs and expectations of all the group's stakeholders and building lasting relationships with them. The Investor Relations area continues to be enhanced and interaction with major stakeholders is ongoing. The Investor Relations division reports back regularly to the operating divisions, the group executive and the board on various matters and concerns raised by stakeholders. The group was again considered by independent evaluations of the annual report to have excellent stakeholder communication.

The **Annual General Meeting** is considered a forum in which all stakeholders can raise matters of concern. Various shareholder representative organisations in the UK raised a number of matters with the group during the year. These were all responded to and, where appropriate, adopted in the practices of the group. The group will continue to engage these bodies, to remain informed of emerging governance issues.

Sustainable business practices

Sound governance at Investec covers economic, social and environmental performance and practices. The group's 2004 Sustainability Report details Investec's initiatives, programmes, activities and successes in demonstrating the group's commitment to corporate social responsibility. The 2004 Sustainability Report has been published as a separate document and has been packaged with the Annual Report for the year ended 31 March 2004. It is also available on request and on the group's website:

www.investec.com/grouplinks/investorrelations



05

Remuneration report



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Remuneration report

Remuneration report

035

Remuneration report



Statement from the Chairman of the Board Remuneration Committee

The remuneration report has been prepared by the Remuneration Committee and has been approved by the Board of Directors.

The board believes that a properly constituted and effective remuneration committee is key for improving the link between directors' pay and performance, with the ultimate aim of enhancing the group's competitiveness.

The primary purpose of the committee is to determine the group's policy on the remuneration of executive directors and the remuneration package for each executive director. The committee is made up exclusively of non-executive directors, and executive directors are not involved in determining their own remuneration packages.

This report describes the group's current remuneration policy and details the directors' remuneration for the 2004 financial year.

The report is intended to comply with the provisions of the 1998 London Combined Code, the UK Directors' Remuneration Report Regulations 2002, the UK Financial Services Authority Listing Rules, the South African King II "Code of Corporate Practice and Conduct" and the JSE Securities Exchange South Africa (JSE) Listing Rules. In addition, the board recognises the recommendations made in the revised London Combined Code (the 2003 Code), which will become effective for all listed companies for reporting years beginning on or after 1 November 2003. Where relevant, changes have been, and will continue to be made to comply with these provisions, which are applicable for the group's 2005 financial year.

Furthermore, the auditors are of the opinion that the auditable part of this report on pages 45 to 51 has been properly prepared, in accordance with the Directors' Remuneration Report Regulations 2002.

George Alford

Chairman, Board Remuneration Committee

Composition and role of the committee

The members of the Remuneration Committee during the year were George Alford (Chairman), John Abell and Sir Chips Keswick. The committee members are independent non-executive directors and are free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

The committee's principal responsibilities and objectives are to:

- Make recommendations to the board, within agreed terms of reference, on the group's framework of executive remuneration, and to determine on their behalf specific remuneration packages for executive directors.
- Ensure that executive directors are appropriately and fairly remunerated and incentivised for their contribution to the group's performance, taking into account both qualitative and quantitative factors.
- Review comparable companies' remuneration practices. This is to ensure that competitive reward strategies and programmes are in place, which will attract and retain qualified and experienced management and executives necessary to meet the group's objectives and safeguard shareholder interests.
- Administer and establish performance targets for Investec's employee share schemes.
- Ensure that the comments, recommendations and rules within South Africa and the UK pertaining to director's remuneration are given due regard, in determining the packages and arrangements of executive directors.
- Review the remuneration packages for executive management.

The committee is authorised by the board to seek any information it requires from any employee of the group in order to perform its duties.

Meetings

The committee met six times during the financial year and all members attended the meetings. The Company Secretary of Investec plc, Richard Vardy, acted as Secretary to the committee.

Advisers to the committee

Where appropriate, the committee has access to independent executive remuneration consultants. The selection of the advisers is at the discretion of the committee Chairman, and the group bears any expenses relating to the appointment of external consultants. During the financial year, the committee continued to use the services of Sibson Consulting. Furthermore, the group has used the services of Linklaters, which has advised on a number of issues pertaining to the group's share incentive plans. Linklaters is Investec plc's legal adviser.

Group Human Resources also advises the committee. The Human Resources division is a specialist function within the group and provides supporting information and documentation relating to matters that are presented to the committee. This includes comparative data and motivations for proposed salary, bonus and share awards. The Head of the group's Human Resources division, Patsy McCue, is not a board director and is not appointed by the committee.

While the Chief Executive Officer has the right to address any meeting of the committee, he plays no role in the determination of his remuneration package or any other executive director's remuneration package.

Policy on executive directors' and employees' remuneration

The group's philosophy is to employ the highest calibre individuals, who are characterised by integrity, intellect and innovation. Investec strives to inspire entrepreneurship within all areas of the group by providing a working environment that stimulates extraordinary performance, so that executive directors and employees may be positive contributors to the group, its clients and their communities.

Investec rewards executive directors and employees as individuals for their contribution through payment of an industry competitive annual package, a variable performance reward and ownership in the form of share incentive scheme participation. Overall rewards, however, are considered secondary in importance to Investec's core values of work content (greater scope of responsibility, variety of work and high level of challenge) and work affiliation (entrepreneurial feel to company and unique culture) in the attraction, retention and motivation of employees.

Investec has a strong entrepreneurial, merit and values-based culture, characterised by a high degree of passion, energy and stamina. The ability to live and perpetuate the stated values, culture and philosophies of the group in the pursuit of excellence is considered paramount in determining overall reward levels. These values clearly apply in the case of the executive directors.

Both the type of people the organisation attracts, and the culture and environment within which they work, remain crucial in determining the success and long-term progress of Investec.

The key principles of Investec's overall remuneration policy for executive directors and employees, which was applied during the financial year, are as follows:

- Reward programmes are designed and administered to align directors' and employees' interests with those of the group's stakeholders.
- Reward programmes are clear and transparent, in order to retain individual interest in, and identification with, the short and long-term success of Investec.
- Total rewards comprise a fixed and variable component.

- A significant proportion of rewards, including both annual and long-term incentive components, are explicitly linked to the performance of the business and the individual business units. Investec recognises the performance of the business and the individual. As indicated above, however, both qualitative and quantitative issues form an integral part of the determination of reward levels.
- Reward levels are targeted to be commercially competitive, on the following basis:
 - The most relevant competitive reference points for reward levels are based on the scope of responsibility and individual contribution made.
 - Appropriate benchmark, industry and comparable organisations' remuneration practices are reviewed regularly.
 - For executive directors, the FTSE UK Speciality and Other Finance firms provide the most appropriate benchmark.
 - For employees, a combination of firms from the JSE Financial 15 and the FTSE UK Speciality and Other Finance sector offer the most appropriate benchmark.
 - In order to avoid disproportionate packages across areas of the group and between executives, adjustments are made at any extremes to ensure broad internal group consistencies. Adjustments may also be made to the competitive positioning of pay components for individuals, in cases where a higher level of investment is needed in order to build or grow either a business unit or the group's capability in a geography.
- The total cash element of compensation (base salary plus annual bonus) is linked to the relevant competitive market (see above) at upper quartile levels.
- The reward strategy is open to internal as well as external scrutiny and challenge, and reward programmes are communicated to executive directors.

At the time of writing, the committee's intentions were to apply the same philosophies and principles for the determination of the executive directors' reward packages for the 2005 financial year. These philosophies and principles, however, are subject to appropriate review.

Policy on non-executive directors' remuneration

The policy on the remuneration packages for non-executive directors is agreed and determined by the board. During the previous financial year, the committee conducted a peer group review in order to determine the appropriate level for non-executive directors' packages.

Following the peer group review, it was agreed that the non-executive directors (with the exception of the Chairman) would be paid a basic retainer of £35,000, during the 2004 financial year, for their services as directors. Additional fees of £10,000 are payable for chairing or being a member of the group Audit or Remuneration Committee. Furthermore,

£5,000 per annum is payable for being a member of an Investec plc subsidiary board and R8,000 is payable per meeting for being a member of the Investec Bank Limited board. Fees are also payable for any consulting and other services that are provided to the group. At the time of writing, the committee's intentions were to maintain this fee structure for non-executive directors for the 2005 financial year, except as follows:

- The fee payable for being a member of the Investec Bank Limited board will increase from R8,000 to R12,000 per meeting.
- The chairman of the Remuneration Committee will receive £15,000.

These fee structures, however, are subject to appropriate review.

During the 2004 financial year, the Chairman received a total fee of £250,000 for his services as a director and it is intended that he will receive £275,000 for the 2005 financial year.

Furthermore, non-executive directors may not participate in the group's share incentive plans. Prior to the implementation of the group's Dual Listed Companies (DLC) structure in July 2002, certain non-executive directors did participate in Investec Group Limited's (now Investec Limited's) share incentive plans.

Service contracts and terms of employment

The executive directors of the group have indefinite contracts of employment, terminable by either party giving six months' written notice to the other. Each executive director is entitled to receive a basic salary and is also eligible for an annual bonus, the amount of which will be determined at the discretion of the committee. Furthermore, the executive directors may elect to sacrifice a portion of their annual salary to receive company benefits such as a travel allowance and medical aid. The full costs of these benefits will be deducted from their annual salary. The contracts of employment do not contain provisions for compensation payable on early termination.

Non-executive directors do not have service contracts and letters of appointment confirm the terms and conditions of their service. Unless the non-executive directors resign earlier or are removed from their positions, they will be appointed as directors until the close of the group's annual general meeting (AGM) in 2005 (subject to re-election as directors at that AGM and in terms of the provision of the Articles of Association).

Dates of appointment to the board

The boards of Investec plc and Investec Limited are separate and subject to separate legal obligations for each respective company. They comprise the same persons who are authorised, as boards, to manage Investec as if it were a unified economic enterprise.

The directors of Investec plc, and the dates on which they were appointed to the board, are set out in the table below:

Name	Date of appointment	Notice period	Compensation payable on early termination of contract
Executive directors			
S Koseff (Chief Executive Officer)	26 June 2002	6 months	No
B Kantor (Managing Director)	26 June 2002	6 months	No
GR Burger (Group Risk and Finance Director)	3 July 2002	6 months	No
A Tapnack	1 July 2002	6 months	No
Non-executive directors			
HS Herman (Chairman)	26 June 2002		
JN Abell	19 March 2002		
SE Abrahams	26 June 2002		
GFO Alford	26 June 2002		
H Fukuda OBE	21 July 2003		
GMT Howe	21 July 2003		
DE Jowell	26 June 2002		
IR Kantor	26 June 2002		
Sir C Keswick	26 June 2002		
MP Malungani	26 June 2002		
PRS Thomas	26 June 2002		
F Titi	30 January 2004		

The directors of Investec Limited, and the dates on which they were appointed to the board, are set out in the table below:

Name	Date of appointment	Notice period	Compensation payable on early termination of contract
Executive directors			
S Koseff (Chief Executive Officer)	6 October 1986	6 months	No
B Kantor (Managing Director)	8 June 1987	6 months	No
GR Burger (Group Risk and Finance Director)	3 July 2002	6 months	No
A Tapnack	1 July 2002	6 months	No
Non-executive directors			
HS Herman (Chairman)	1 January 1994		
JN Abell	26 June 2002		
SE Abrahams	21 October 1996		
GFO Alford	26 June 2002		
H Fukuda OBE	21 July 2003		
GMT Howe	21 July 2003		
DE Jowell	1 January 1989		
IR Kantor	30 July 1980		
Sir C Keswick	26 June 2002		
MP Malungani	26 June 2002		
PRS Thomas	29 June 1981		
F Titi	30 January 2004		

Note: The board of Investec Group Limited (now Investec Limited) was reconstituted in terms of the implementation of the group's DLC structure in July 2002. In terms of providing information on the date that directors have been appointed to the Investec Limited board, it would be misleading, in the case of those directors who had been members of the Investec Group Limited board, to indicate that they have only been directors since the date of implementing the group's DLC structure. As a result, for those directors concerned, the dates of appointment reflect the date that they were first appointed to the Investec Group Limited board.

Biographical details of the directors of the board

These details can be found on pages 55 and 56.

Policies on the components of remuneration and employment

The reward package for executive directors and employees comprises:

- Base salary and benefits.
- Annual bonuses.
- Long-term share incentive plans.

The committee reviews the elements of the reward package relative to appropriate benchmarks and other comparable organisations, the value of individuals in perpetuating the group's values and culture, and the possible replacement cost of such individuals.

The elements of the reward package, as listed above, are discussed below and the components for each director are detailed in tables accompanying this report.

Base salary and benefits

Salaries are reviewed annually and reflect the relative skills and experience of, and contribution made by, the individual. Base pay levels are linked to the relevant competitive market (as discussed on page 37) at median levels.

Benefits provide long-term financial value based on continuous employment and are targeted at competitive levels. These are delivered through flexible and tailored packages. Benefits include pension schemes; life, disability and personal accident insurance; medical cover; and other benefits, as dictated by competitive local market practices.

Annual bonus

Annual bonuses are linked to business performance, based on target business unit performance goals. Individual annual incentive levels are allocated, based on individual performance, as determined by the committee. Furthermore, as discussed previously, qualitative issues are integral in the determination of annual bonuses.

The total cash element of compensation (base salary plus annual bonus) is targeted at the relevant competitive market (as discussed on page 37) at upper quartile levels for meeting target performance goals.

In this regard, if business and individual performance goals are achieved or bettered, the variable element of the total reward package is likely to be substantially higher than the relevant target market. This is in order to ensure that overall reward levels are finally positioned at the upper quartile level. In certain circumstances, therefore, the annual bonus may be more than 100% of the base salary. The committee has set an upper limit for the annual bonus for executive directors at a maximum of three times their respective annual base salaries.

Long-term share incentive plans

The group has a number of share incentive plans that are designed to link the interests of the directors and employees with those of shareholders and long-term organisational interests, through performance and risk-based equity grants. The share plan vehicles in operation, and in which the directors are eligible to participate, are outlined below. Directors and employees collectively hold approximately 20% of the group's issued share capital, as detailed in tables accompanying this report.

Share option/incentive plans

Investec plc Share Option Plan 2002 (approved and unapproved)

Allocations under this scheme are granted to all new full-time employees and, on a discretionary basis, certain other employees, including directors and executives, in the group in all jurisdictions, excluding South Africa, Botswana, Namibia and Mauritius.

Under this scheme, options are granted, over Investec plc shares, at the prevailing market value and each tranche of the options may only be exercised if the committee is satisfied that the relevant performance conditions have been met. These conditions require growth in headline earnings per share (EPS) over the relevant option period to equal or exceed the UK Retail Price Index (RPI), plus 3% compounded annually over the same period. In choosing the performance targets for this plan, the committee considered the merits of EPS-based targets against alternative possibilities, such as comparative performance or comparative growth in return on average shareholders' funds (ROE) against a basket of other companies. The committee determined that EPS-based targets are most appropriate as they measure the underlying growth of the group. The committee intends to continue to apply this during 2005 but keeps the whole matter of the suitability of target-linked share based remuneration under periodic review.

Grants up to the value of £30,000 are made to UK employees on the approved plan. Options exceeding £30,000 and grants in jurisdictions other than the UK are made on the unapproved plan.

Under the approved plan, options vest in tranches of 20%, 30% and 50% at the third, sixth and ninth anniversaries of the grant respectively. Any portion of the tranches that is not, or cannot, be exercised lapses on expiry of 90 days after each anniversary.

The options in terms of the unapproved plan become exercisable in tranches of 25% each on the second, third, fourth and fifth anniversaries of the grant respectively. They similarly lapse 90 days after each anniversary if the options are not, or cannot be, exercised.

Investec plc Share Appreciation Option Plan 2002

Under this scheme, options are granted which, when exercised, pay out a cash amount based on the increase in the Investec Limited share price. This scheme is used to achieve the same objectives as the unapproved plan in circumstances in which the regulatory authorities of the

previous plan, or of the country in which the intended participant is resident, or the individual or corporate taxation consequences of such participation, make participation in the previous scheme impossible or inadvisable.

It is thus a scheme which, by duplicating the provisions of the previous scheme, enables the group to place a proposed participant in the same position by way of cash settlement or otherwise, as he would have been had he participated in the unapproved plan.

Investec Group Limited UK Share Option Plan

Prior to listing on the London Stock Exchange (LSE) on 29 July 2002, the group operated this plan in terms of which options over the then listed Investec Group Limited shares were granted to employees, directors and executives in all jurisdictions, excluding South Africa, Botswana, Namibia and Mauritius. The options were exercisable in tranches of 25% each on the second, third, fourth and fifth anniversaries of the grant. Performance conditions were not attached, as at the time this was not deemed appropriate, and the options did not lapse until the 10th anniversary of the grant.

Participants have ongoing rights in terms of the plan, on which the last grant was made on 20 June 2002. No further options will be granted under this plan.

Investec Limited Security Purchase and Option Scheme Trust 2002

Allocations under the option scheme of this trust are granted to all new full-time employees and, on a discretionary basis, certain other employees, including directors and executives, in the group in South Africa, Botswana, Namibia and Mauritius. Since listing on the LSE on 29 July 2002, three grants have been made in terms of the option scheme. The most recent grant was made on 3 December 2003.

As with the UK scheme above, options are granted at the prevailing market value and each tranche may only be exercised if the committee is satisfied that the performance conditions have been met. These conditions require growth in headline EPS over the relevant performance period to equal or exceed the UK RPI, plus 3% compounded annually over the same period. The reasons for adopting an EPS-based target are the same as those outlined above. Subject to this performance condition being met, options become exercisable in tranches of 25% each on the second, third, fourth and fifth anniversaries of the grant and will lapse 90 days after each such anniversary if the options are not, or cannot be, exercised.

Prior to listing on the LSE, offers of shares in terms of the purchase scheme were made, for which participants have a liability to the trust for the purchase consideration of the shares. They bear the risk for any potential loss in the market value of the underlying shares but are entitled to any rise in such market value after the offer becomes exercisable. Purchase offers become exercisable in tranches of 25% each

on the second, third, fourth and fifth anniversaries of the effective date of acceptance of the offer, but none of the tranches lapse until the 10th anniversary of the acceptance of the offer. At this anniversary date, the entire offer lapses. Performance conditions were not applied to these shares, as at the time this was not deemed appropriate.

Investec Limited Security Purchase and Option Scheme Trust

Prior to listing on the LSE on 29 July 2002, the group operated the scheme in terms of which options were granted to, and offers of shares under the purchase scheme were accepted by, employees, directors and executives in South Africa, Botswana, Namibia and Mauritius.

The options and purchase allocations were exercisable in tranches of 25% each on the second, third, fourth and fifth anniversaries of the grant. Performance conditions were not attached, as at the time this was not deemed appropriate, and neither the options nor the purchase scheme allocations lapse until the 10th anniversary of the grant or effective date of the offer respectively. Participants have ongoing rights in terms of the plan, on which the last grant was made on 20 June 2002.

The participants in the purchase scheme bear the risk for any potential loss in the market value of the underlying shares, but are entitled to any rise in such market value after the offer becomes exercisable.

The Investec Limited Security Purchase Scheme 2003

This scheme came into effect in terms of the implementation of Investec Limited's empowerment transaction announced in May 2003 (for further details, see page 7). In terms of this transaction, empowerment parties, of which the above employee share scheme is a component, acquired 25.1% of the issued share capital of Investec Limited.

Allocations under the scheme of this trust are granted to employees of Investec Limited and any participating subsidiary registered or operating in South Africa, excluding executive directors of Investec Limited, who are African, Coloured or Indian. The executive management of Investec Limited, under the guidance of the Board of Directors, will decide which empowerment employees will participate in the scheme and the number of securities to which such empowerment employees are entitled. The trustees of the scheme will review these allocations.

Shares under this scheme are granted, over Investec Limited shares only, with the initial grants being at R90.00 per share (the price at which the transaction was concluded). No performance conditions have been attached, as this is a purchase scheme using existing shares, requiring no new shares to be issued. The shares become exercisable in tranches as follows:

- 10% of original number of securities offered, on 15 May 2006.
- 10% of original number of securities offered, on 15 May 2007.
- 10% of original number of securities offered, on 15 May 2008.
- 20% of original number of securities offered, on 15 May 2009.
- 20% of original number of securities offered, on 15 May 2010.
- 30% of original number of securities offered, on 15 May 2011.

No shares may be released from the scheme until 15 May 2011.

Leveraged equity plans

A group of senior and executive managers, including certain Investec Limited/ Investec plc directors, who have or can have a significant impact on the business, have been granted participation in leveraged equity plans known as Fintique II and Fintique III, details of which are outlined below.

Fintique II

Fintique II was constituted on 31 July 1996, via a special purpose vehicle (SPV), initially available to 235 selected executives, senior managers and directors. Participants acquired units in the SPV, where the underlying instruments are compulsory convertible debentures, which convert into 886 Investec shares for every 1 000 units in Fintique II.

The scheme was funded through:

- Cash contributions from participants.
- The upfront sale of the income stream on the debentures and the right to the redemption proceeds.

Fintique II participants have a right to receive a combination of Investec Limited and Investec plc shares on maturity of the scheme on 31 July 2008. They also have an obligation to pay any potential shortfall on maturity, for which they have signed a personal surety.

All the units in Fintique II were fully vested as at 31 July 2002. As at 31 March 2004, the unit holder had a liability of R77.63 per share. A total of 4.0 million units have been issued in terms of the scheme, converting into approximately 3.5 million shares.

Fintique III

Fintique III was constituted in Guernsey (British Virgin Islands) on 15 December 1998, via its own SPV, initially available to 500 selected executives, senior managers and directors. Participants acquired units in the SPV, where the underlying instruments were compulsory convertible debentures, which

convert into 763.2 Investec shares for every 1 000 units in Fintique III.

The scheme was funded by:

- Cash contributions from participants.
- The sale of the income stream on the debentures to third parties.
- The short sale of Investec shares.
- The sale of call options* over Investec shares.
- Loans from Investec Bank (Mauritius) Limited and Investec Bank Limited.

Fintique III participants have an obligation to pay an amount of R102.38 or £5.45 per share, on maturity of the scheme on 15 December 2004, for which each participant has signed a personal surety.

In terms of the scheme structure, 70% of the shares are free or vested, with a further 30% becoming vested on 15 December 2004. The value of each share within the scheme as at 31 March 2004 was R24.29 and £4.25 after taking into consideration the settlement of the liability referred to above.

A total of 9.5 million units have been issued in terms of the scheme, converting into approximately 8.8 million shares on a gross basis.

Share investment vehicle - Spurwing

Spurwing is a risk-based, closed-end, share investment vehicle, created to allow a leveraged return on Investec shares. This was implemented on 31 March 2003 via two British Virgin Island SPVs and made available to 37 participants, including selected executives, senior managers and directors, as well as select business associates.

Spurwing was funded through:

- Substantial cash contributions by the participants.
- The sale of certain call options* over Investec shares to the Investec Staff Share Scheme.
- A loan from Investec Bank (Mauritius) Limited.

The participation vehicles will be wound up at the end of December 2008. A total of 4.1 million shares have been issued in terms of this vehicle.

**Note: the sale of call options has been done within the SPV and not by any individual directors.*

Summary of Investec's share option plans

The table below provides a high-level summary of the information on the share option plans outlined above.

Plan	Eligibility	Date implemented	Option/shares	Maximum award per individual ¹
Investec plc Share Option Plan 2002 (approved plan)	<ul style="list-style-type: none"> New and existing UK full-time employees - grants up to the value of £30,000 Directors and executives 	28 August 2002	Investec plc	<ul style="list-style-type: none"> Cumulative limit of 500,000 across all option plans In any financial year: 1x remuneration package
Investec plc Share Option Plan 2002 (unapproved plan)	<ul style="list-style-type: none"> New and existing full-time employees Excluding employees in SA, Botswana, Namibia and Mauritius UK employees - grants exceeding £30,000 Directors and executives 	28 August 2002	Investec plc	<ul style="list-style-type: none"> Cumulative limit of 500,000 across all option plans In any financial year: 1x remuneration package
Investec plc Share Appreciation Option Plan 2002	<ul style="list-style-type: none"> New and existing full-time employees Excluding employees in SA, Botswana, Namibia and Mauritius UK employees - grants exceeding £30,000 Directors and executives 	28 August 2002	Cash settled based on the increase in the Investec Limited share price	<ul style="list-style-type: none"> Cumulative limit of 500,000 across all option plans In any financial year: 1x remuneration package
Investec Group Limited UK Share Option Plan	<ul style="list-style-type: none"> Employees - excluding SA, Botswana, Namibia and Mauritius Directors and executives 	1 November 1999	Investec Group Limited (prior to implementation of DLC structure)(now Investec Limited and Investec plc)	<ul style="list-style-type: none"> Cumulative limit of 500,000 across all option plans In any financial year: 1x remuneration package
Investec Limited Security Purchase and Option Scheme Trust 2002	<ul style="list-style-type: none"> New and existing full-time employees in SA, Botswana, Namibia and Mauritius Directors and executives 	20 June 2002	Investec Limited	<ul style="list-style-type: none"> Cumulative limit of 500,000 across all option plans In any financial year: 1x remuneration package
Investec Limited Security Purchase and Option Scheme Trust	<ul style="list-style-type: none"> Employees in SA, Botswana, Namibia and Mauritius Directors and executives 	25 November 1988	Investec Limited	<ul style="list-style-type: none"> Cumulative limit of 500,000 across all option plans In any financial year: 1x remuneration package

Notes:

¹ The limits for allocations to employees and executive management during a financial year may be exceeded if the directors determine that exceptional circumstances make it desirable that options should be granted in excess of that limit.

² This represents the number of options issued to all

participants. For further details, see page 73. More details on the directors' shareholdings are also provided in tables accompanying this report.

³ As from the date of the implementation of the group's DLC structure (29 July 2002), the maximum number of shares which may be allocated under all of the group's option plans may not exceed 10% of the issued share

Performance conditions	Vesting period	Options granted during the year ²	Total issued as at 31 March 2004 ^{3/4/5}
Growth in headline EPS \geq UK RPI plus 3% compounded annually over the period of the grant	Tranches of 20%, 30% and 50% at the third, sixth and ninth anniversaries respectively	180,452	Number: 614,576 % of issued share capital of company: 0.8%
Growth in headline EPS \geq UK RPI plus 3% compounded annually over the period of the grant	Tranches of 25% each on the second, third, fourth and fifth anniversaries	959,584	Number: 6,587,117 % of issued share capital of company: 8.8%
Growth in headline EPS \geq UK RPI plus 3% compounded annually over the period of the grant	Tranches of 25% each on the second, third, fourth and fifth anniversaries	9,827	Number: 267,553 % of issued share capital of company: 0%
None	Tranches of 25% each on the second, third, fourth and fifth anniversaries	Last grant made on 20 June 2002. No further grants will be made	Number: Nil
Growth in headline EPS \geq UK RPI plus 3% compounded annually over the period of the grant	Tranches of 25% each on the second, third, fourth and fifth anniversaries	912,550	Number: 5,819,363 % of issued share capital of company: 13.2%
None	Tranches of 25% each on the second, third, fourth and fifth anniversaries	Last grant made on 20 June 2002. No further grants will be made	Number: 2,273,383 % of issued share capital of company: 5.2%

capital of the company. The issued share capital of Investec plc and Investec Limited at 31 March 2004 was 74.6 million shares and 44.0 million shares respectively. In terms of the London Listing Requirements, shares allocated in terms of the share incentive plans prior to the implementation of the DLC structure are not

considered when calculating the 10% threshold.

⁴ The market price of an Investec plc share as at 31 March 2004 was £10.89 (2003: £6.15).

⁵ The market price of an Investec Limited share as at 31 March 2004 was R125.30 (2003: R76.50).

Performance graphs

Investec is an international specialist banking group that provides a diverse range of financial products and services to a niche client base in two principal markets, the UK and South Africa, as well as in certain other geographies, including Australia and Israel. The group is not considered to be purely a commercial bank and focuses on the following four core areas of activity: Investment Banking, Private Client Activities, Treasury and Specialised Finance and Asset Management.

The group has implemented a DLC structure, in terms of which it has primary listings in Johannesburg and London (for further information, see page 11). The listing on the LSE took place on 29 July 2002, although the group has been listed in South Africa since 1986.

The market price of the group's shares on the JSE was R125.30 as at 31 March 2004, ranging from a low of R77.50 to a high of R151.00 during the financial year. Furthermore, the market price of the group's shares on the LSE was £10.89 as at 31 March 2004, ranging from a low of £6.12 to a high of £11.81 during the financial year.

The UK Directors' Remuneration Report Regulations 2002 require this report to include a performance graph of the company's total shareholder return performance against that of a broad market index.

Investec has found it difficult to find an appropriate group of companies to benchmark itself against because of its specialist activities. A number of companies within the FTSE Speciality and Other Finance Index conduct very similar activities to Investec, although they do not necessarily have

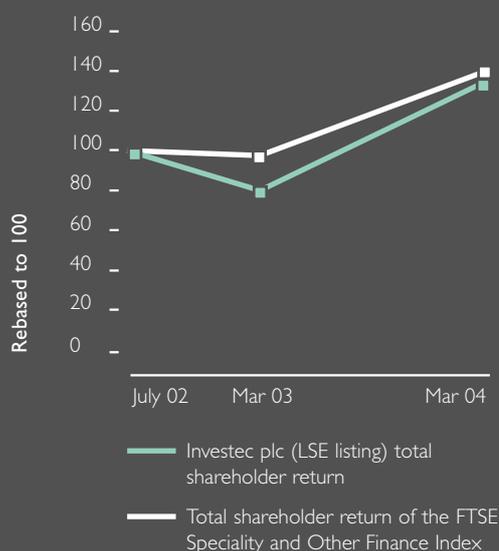
the same geographical profile. Nevertheless, the group believes that this is the most appropriate index against which to measure its performance on the LSE. Selection of an appropriate index against which to measure the group's performance on the JSE is more difficult. None of the companies within the financial sector could be considered direct comparators as they are generally commercial banks, and asset management or insurance companies. The group, however, still considers the JSE Financial 15 Index a more appropriate benchmark than the JSE Top 40 Index.

The graphs below show the cumulative shareholder return for a holding of the group's shares (in green), firstly in Sterling on the LSE, compared to the average total shareholder return of other members of the FTSE Speciality and Other Finance Index and secondly in Rands on the JSE compared to other members of the JSE Financial 15 Index. The information for Investec plc is only available from the end of July 2002, when it was listed on the LSE.

The graph that indicates Investec plc's performance relative to the FTSE Speciality and Other Finance Index is included in terms of the requirements of the UK Directors' Remuneration Report Regulations 2002. However, since there is no five-year history of Investec plc's share price performance, the graph on Investec Limited's performance on the JSE has been included, in order to provide stakeholders with a more complete picture.

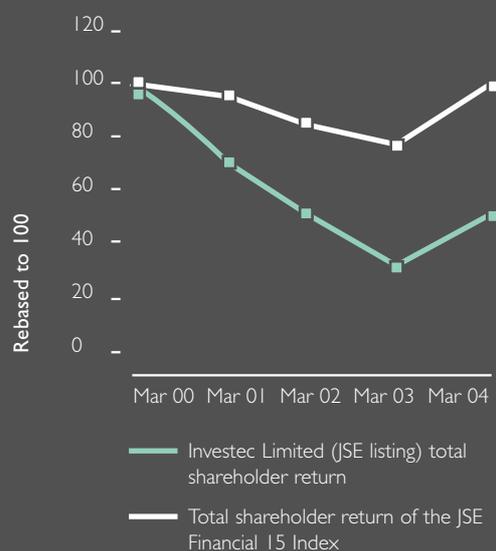
During the period under review the return to shareholders of Investec plc (measured in Pounds Sterling) and Investec Limited (measured in Rands) was 85.9% and 72.9%, respectively.

Investec plc



Source: Datastream

Investec Limited



Source: Datastream

Audited information

Directors' annual remuneration

The following table shows a breakdown of the annual remuneration (excluding equity awards) of directors for the year ended 31 March 2004:

Name	Gross remuneration 2004 ¹	Salaries, directors fees and other remuneration 2004 ^{2,3}	Total other benefits 2004 ⁴	Annual bonus 2004 ⁵	Total remuneration expense 2004	Total remuneration expense 2003 ⁶
	£	£	£	£	£	£
Executive directors						
S Koseff (Chief Executive Officer)	350 000	311 633	38 367	625 000	975 000	580 000
B Kantor (Managing Director)	350 000	316 773	33 227	625 000	975 000	630 000
GR Burger (Group Risk and Finance Director)	216 403	183 777	32 626	625 000	841 403	517 570
A Tapnack	237 702	215 000	22 702	250 000	487 702	487 742
Total Pounds Sterling	1 154 105	1 027 183	126 922	2 125 000	3 279 105	2 215 312
Non-executive directors						
HS Herman (Chairman)	–	250 000	–	–	250 000	186 311
JN Abell	–	70 000	–	–	70 000	43 250
SE Abrahams	–	103 074	–	–	103 074	59 332
GFO Alford	–	70 000	–	–	70 000	40 000
Dr HK Davies ⁷	–	–	–	–	–	1 009
GH Davin ⁷	–	–	–	–	–	1 278
H Fukuda OBE ⁸	–	26 250	–	–	26 250	–
GMT Howe ⁸	–	31 558	–	–	31 558	–
DE Jowell	–	182 116	–	–	182 116	127 760
IR Kantor	–	40 000	–	–	40 000	22 500
Sir C Keswick	–	60 000	–	–	60 000	40 000
MP Malungani	–	36 997	–	–	36 997	23 750
DR Motsepe ⁷	–	–	–	–	–	1 009
Dr MZ Nkosi ⁷	–	–	–	–	–	2 851
PRSt Thomas	–	102 409	–	–	102 409	57 785
F Titi ⁹	–	8 496	–	–	8 496	–
Total Pounds Sterling	–	980 900	–	–	980 900	606 835
Total Pounds Sterling	1 154 105	2 008 083	126 922	2 125 000	4 260 005	2 822 147

Notes:

- ¹ Gross remuneration comprises base salary and other benefits (see point 4 below).
- ² As mentioned elsewhere in this report, the fees of the non-executive directors, including the Chairman, were adjusted by the board, following a peer group review undertaken by the Remuneration Committee during the prior financial year.
- ³ The salaries of S Koseff and B Kantor were adjusted by the Remuneration Committee following a peer group review undertaken during the prior financial year, in order to align their base salaries at median levels in line with the group's philosophy, as discussed elsewhere in this report. GR Burger is paid gross remuneration in Rands of R2.6 million, which represents an increase of 4% in Rand terms over the prior year (2003: R2.5 million). The Pound Sterling increase of 29.14% reflects the appreciation of the Rand against Pounds Sterling of approximately 20% over the period.
- ⁴ The executive directors receive other benefits which may include pension schemes; life, disability and personal accident insurance; and medical cover, on similar terms to other senior executives.
- ⁵ The annual bonuses paid to executive directors increased substantially, reflective of the improvement in operating profit of 54.1% to £132.1 million and the improvement in the return to shareholders of Investec plc and Investec Limited of 85.9% and 72.9%, respectively. The Remuneration Committee believes that the overall remuneration packages (comprising base salary and annual bonus) of the executive directors are still below that of the comparative peer group (as reflected on page 37) and that the annual bonus awarded is well below the maximum limit for variable remuneration as set out on page 39.

⁶ A breakdown of the components of the reward packages for the executive directors in the 2003 financial year is as follows:

Name	Gross remuneration £	Salary £	Total other benefits £	Annual bonus £	Total remuneration expense £
Executive directors					
S Koseff (Chief Executive Officer)	280 000	248 253	31 747	300 000	580 000
B Kantor (Managing Director)	280 000	252 434	27 566	350 000	630 000
GR Burger (Group Risk and Finance Director)	167 570	143 834	23 736	350 000	517 570
A Tapnack	237 742	215 000	22 742	250 000	487 742
Total Pounds Sterling	965 312	859 521	105 791	1 250 000	2 215 312

⁷ Resigned with effect from 26 June 2002. In terms of the implementation of the DLC structure, the board and board committees of Investec Group Limited (now Investec Limited) were reconstituted.

⁸ Appointed to the board with effect from 21 July 2003.

⁹ Appointed to the board with effect from 30 January 2004.

Retirement benefits

None of the executive directors belong to a defined benefit pension scheme and all are members of one of the group's defined contribution schemes. The total contribution to these schemes, payable by the company, included in the total salary of the director or included in benefits paid as highlighted in the table above, is as follows:

Name	2004 £	2003 £
Executive directors		
S Koseff (Chief Executive Officer)	28 080	22 697
B Kantor (Managing Director)	26 364	23 261
GR Burger (Group Risk and Finance Director)	24 960	18 157
A Tapnack	21 500	22 742
Total Pounds Sterling	100 904	86 857
Non-executive directors		
HS Herman (Chairman)	-	11 348

Directors' shareholdings and options

The company's register of directors' interests contains full details of directors' shareholdings and options.

The tables that follow provide information on the directors' shareholdings and options for the year ended 31 March 2004.

Directors' shareholdings in Investec plc and Investec Limited shares as at 31 March 2004

Name	Beneficial and non-beneficial interest ¹	Beneficial and non-beneficial interest ¹	% of shares in issue ²	Beneficial and non-beneficial interest ¹	Beneficial and non-beneficial interest ¹	% of shares in issue ²
	Investec plc ³	Investec plc	Investec plc	Investec Limited ⁴	Investec Limited	Investec Limited
	1 April 2003	31 March 2004	31 March 2004	1 April 2003	31 March 2004	31 March 2004
Executive directors						
S Koseff	782 401	871 997	1.2%	341 987	181 386	0.4%
B Kantor	370 267	100	–	792 795	1 050 000	2.4%
GR Burger	404 275	445 360	0.6%	143 465	80 977	0.2%
A Tapnack	–	–	–	–	–	–
Non-executive directors						
HS Herman	214 833	255 205	0.3%	67 442	48 905	0.1%
JN Abell	283	283	–	166	166	–
SE Abrahams	–	–	–	–	–	–
GFO Alford	–	–	–	–	–	–
H Fukuda OBE	–	1 000	–	–	–	–
GMT Howe	–	–	–	–	–	–
DE Jowell	73 732	60 000	0.1%	43 302	–	–
IR Kantor ⁵	250 867	250 867	0.3%	450	450	–
Sir C Keswick	3 150	3 150	–	1 850	1 850	–
MP Malungani ⁶	–	–	–	–	1 545 778	3.5%
PRSt Thomas	137 162	137 162	0.2%	51 191	51 191	0.1%
F Titi ⁶	–	–	–	–	364 000	0.8%
Total number	2 236 970	2 025 124	2.7%	1 442 648	3 324 703	7.5%

Notes:

¹ Towards the end of the 2003 financial year, certain directors acquired shares through a special purpose vehicle called Spurwing. These shares are included in the amounts reflected under beneficial interests.

² The total number of Investec Limited and Investec plc shares in issue as at 31 March 2004 was 44.0 million and 74.6 million respectively.

³ The market price of an Investec plc share as at 31 March 2004 was £10.89 (2003: £6.15).

⁴ The market price of an Investec Limited share as at 31 March 2004 was R125.30 (2003: R76.50).

⁵ In addition to his shareholdings reflected in the table above, I Kantor has an interest in options over Investec Limited shares, the details of which are as follows:

- I Kantor acquired 200 000 European call options at an average strike price of R110.00 per option, on 26 February 2004 in the market - expiring on 19 February 2007.
- I Kantor acquired 200 000 European call options at an average strike price of R136.83 per option, on 26 February 2004 in the market - expiring on 19 February 2007.
- I Kantor sold 200 000 European put options at an average strike price of R136.83 per option, on 26 February 2004 in the market - expiring on 19 February 2007.

⁶ On 15 May 2003, Investec Limited announced that it has entered an empowerment transaction with Tiso Group (Tiso), Peu Investment Group (Peu) and the Entrepreneurship Development Trust. In terms of this transaction, Tiso, Peu, the broad-based Entrepreneurship Development Trust and an Employee Share Trust have acquired a 25.1% stake in the issued share capital of Investec Limited. This transaction was concluded at the end of November 2003. MP Malungani is the Chairman of Peu and F Titi is the Chief Executive Officer of Tiso.

The directors, together with all other employees of the Investec Limited group, are beneficiaries of the Investec Limited Security Purchase and Option Scheme and are therefore interested in:

- 20,268 (2003: 125,785) Investec Limited shares.
- 2,503,918 (2003: 3,738,753) Investec plc shares.

The directors, together with all other employees of the Investec plc group, are beneficiaries of the Investec plc Jersey Number 1 trust and are therefore interested in:

- Call options in respect of 1,398,236 (2003: 1,398,236) Investec plc shares at £7.93 per share.
- Call options in respect of 449,693 (2003: 449,693) Investec plc shares at £10.52 per share.

The directors, together with all other employees of the Investec plc group, are beneficiaries of the Investec plc Guernsey Number 1 trust and are therefore interested in:

- Call options in respect of 6,600 (2003: 6,600) Investec plc shares at £7.93 per share.
- Call options in respect of 6,221 (2003: 6,221) Investec plc shares at £10.52 per share.

Directors' interests in the Investec Limited security purchase and option scheme trust as at 31 March 2004

Investec Limited security purchase scheme - Investec plc shares

Name	Balance of shares as at 1 April 2003	Number of shares for which liability was settled during the year	Date liability was settled	Average original offer price	Market price at date of repayment of liability	Balance of shares as at 31 March 2004	Settlement period
Executive directors							
GR Burger ¹	20 046	20 046	27 Jan 2004	R45.06	R142.11	–	
A Tapnack	2 277	–	–	R57.05	–	2 277	1 April 2004 to 1 July 2004
Non-executive directors							
HS Herman ²	13 714	13 714	27 Jan 2004	R38.66	R142.11	–	
Total number	36 037	33 760				2 277	

Investec Limited security purchase scheme - Investec Limited shares

Name	Balance of shares as at 1 April 2003	Number of shares for which liability was settled during the year	Date liability was settled	Average original offer price	Market price at date of repayment of liability	Balance of shares as at 31 March 2004	Settlement period
Executive directors							
GR Burger ¹	11 774	11 774	27 Jan 2004	R45.06	R142.00	–	
A Tapnack	1 337	–	–	R57.05	–	1 337	1 April 2004 to 1 July 2004
Non-executive directors							
HS Herman ²	8 054	8 054	27 Jan 2004	R38.66	R142.00	–	
Total number	21 165	19 828				1 337	

Notes:

The shares in the tables above are held in terms of the Investec Limited share purchase scheme, for which the directors have a liability for any related scheme debt. No shares were granted in terms of this scheme during the year. As at 31 March 2004, all the shares were fully vested. No options have been allocated to directors in terms of this scheme.

- ¹ GR Burger settled his share liability on 27 January 2004, when the market value was R142.11 per Investec plc share and R142.00 per Investec Limited share. The shares were originally granted in terms of the purchase scheme over 1993 to 1995 at an average price of R45.06 per share.
- ² HS Herman settled his share liability on 27 January 2004, when the market value was R142.11 per Investec plc share and R142.00 per Investec Limited share. The shares were originally granted in terms of the purchase scheme over 1994 to 1995 at an average price of R38.66 per share.

Directors' attributable interest in Investec plc and Investec Limited shares through a leveraged equity plan called Fintique II as at 31 March 2004

	Entitlement to Investec plc shares 1 April 2003	Entitlement to Investec plc shares 31 March 2004	Entitlement to Investec Limited shares 1 April 2003	Entitlement to Investec Limited shares 31 March 2004	Settlement period	Total entitlement (i.e. Investec Limited and Investec plc shares) - % interest in scheme 31 March 2004
Executive directors						
S Koseff ¹	78 145	122 800	45 895	72 121	1 April 2004 to 31 July 2008	5.4%
B Kantor ²	78 145	122 800	45 895	72 121	1 April 2004 to 31 July 2008	5.4%
GR Burger ³	67 680	101 171	39 748	59 417	1 April 2004 to 31 July 2008	4.5%
A Tapnack	33 491	33 491	19 669	19 669	1 April 2004 to 31 July 2008	1.5%
Non-executive directors						
HS Herman	78 145	78 145	45 895	45 895	1 April 2004 to 31 July 2008	3.5%
IR Kantor	50 236	50 236	29 504	29 504	1 April 2004 to 31 July 2008	2.2%
Total number	385 842	508 643	226 606	298 727		22.5%

Notes:

All the shares that the directors are entitled to in terms of the Fintique II scheme are fully vested and can be taken up at a price of R77.63 per share, based on the valuation of the scheme as at 31 March 2004. The market price of Investec plc shares and Investec Limited shares as at 31 March 2004 was £10.89 and R125.30, respectively. The directors are at risk for any shortfall on maturity of the scheme.

- ¹ S Koseff acquired entitlements in terms of the Fintique II scheme to 44,654 Investec plc shares and 26,226 Investec Limited shares on 22 September 2003, for a cash amount of R10.84 per share plus a future liability of R79.00 per share.
- ² B Kantor acquired entitlements in terms of the Fintique II scheme to 44,654 Investec plc shares and 26,226 Investec Limited shares on 22 September 2003, for a cash amount of R10.84 per share plus a future liability of R79.00 per share.
- ³ GR Burger acquired entitlements in terms of the Fintique II scheme to 33,491 Investec plc shares and 19,669 Investec Limited shares on 22 September 2003, for a cash amount of R10.84 per share plus a future liability of R79.00 per share.

Directors' attributable interest in Investec plc and Investec Limited shares through a leveraged equity plan called Fintique III as at 31 March 2004

	Entitlement to Investec plc shares 1 April 2003	Entitlement to Investec plc shares 31 March 2004	Entitlement to Investec Limited shares 1 April 2003	Entitlement to Investec Limited shares 31 March 2004	Settlement date	Total entitlement (i.e. Investec Limited and Investec plc shares) - % interest in scheme 31 March 2004
Executive directors						
S Koseff	193 310	247 617	113 531	59 224	15 Dec 2004	3.6%
B Kantor	193 310	247 617	113 531	59 224	15 Dec 2004	3.6%
GR Burger	134 149	171 711	78 786	41 224	15 Dec 2004	2.5%
A Tapnack	67 023	85 608	39 362	20 777	15 Dec 2004	1.3%
Non-executive directors						
HS Herman	147 166	188 452	86 432	45 146	15 Dec 2004	2.8%
SE Abrahams	11 651	14 610	6 843	3 884	15 Dec 2004	0.2%
DE Jowell	17 477	21 915	10 264	5 826	15 Dec 2004	0.3%
PRS Thomas	14 564	18 263	8 554	4 855	15 Dec 2004	0.3%
Total number	778 650	995 793	457 303	240 160		14.6%

Note:

In terms of the scheme structure, 70% of the shares are free or vested, with a further 30% becoming vested on 15 December 2004. The share entitlements through the Fintique III scheme can be taken up on maturity of the scheme (15 December 2004) for a maximum consideration of R96.00 to R102.38 per share for Rand denominated units and £5.45 for Pound Sterling denominated units, based on the current leverage position of the scheme. The share entitlements disclosed in the above table represent gross entitlements, which amount to a share entitlement of approximately 84.59% per unit held. Due to the leverage nature of the scheme, the directors' entitlements to Investec shares will reduce to 72.83% per unit on maturity of the scheme. The mix of Investec Limited and Investec plc shares are indicative and, while the total net entitlement will remain the same, the combination of shares receivable on maturity will vary. The directors are at risk for any shortfalls on maturity of the scheme. The market price of Investec plc shares and Investec Limited shares as at 31 March 2004 was £10.89 and R125.30, respectively.

During the course of the year the securities within the scheme were restructured resulting in a change in directors' entitlements to Investec plc and Investec Limited shares respectively, although the directors' overall entitlements within the scheme remained unchanged.

Directors' interest in options - Investec plc shares as at 31 March 2004

Name	Date of grant	Exercise price	Number of Investec plc shares	Balance at 31 March 2003	Balance at 31 March 2004	Period exercisable
Executive directors						
S Koseff	20 Dec 2002	R111.96	33 000	33 000	33 000	20 Dec 2004 to 20 Mar 2008
B Kantor	20 Dec 2002	£7.93	50 000	50 000	50 000	20 Dec 2004 to 20 Mar 2012
GR Burger	28 Aug 2002 20 Dec 2002	R164.50 R111.96	63 000 33 000	63 000 33 000	63 000 33 000	20 June 2004 to 20 March 2008
A Tapnack	28 Aug 2002 20 Dec 2002	£10.52 £7.93	47 250 50 000	47 250 50 000	97 250	20 June 2004 to 20 March 2012

Note:

No grants were made and no options were exercised or lapsed during the financial year. The market price of an Investec plc share as at 31 March 2004 was £10.89 (2003: £6.15). A total of 74.6 million Investec plc shares were in issue as at 31 March 2004.

Directors' interest in options - Investec Limited shares as at 31 March 2004

Name	Date of grant	Exercise price	Number of Investec Limited shares	Balance at 31 March 2003	Balance at 31 March 2004	Period exercisable
Executive directors						
S Koseff	20 Dec 2002	R111.32	17 000	17 000	17 000	20 Dec 2004 to 20 Mar 2008
GR Burger	20 June 2002	R164.50	37 000	37 000	37 000	20 June 2004 to 20 March 2008
	20 Dec 2002	R111.32	17 000	17 000	17 000	
A Tapnack	20 June 2002	R164.50	27 750	27 750	27 750	20 June 2004 to 20 Sept 2007

Notes:

No grants were made and no options were exercised or lapsed during the financial year. The market price of an Investec Limited share as at 31 March 2004 was R125.30 (2003: R76.50). A total of 44.0 million Investec Limited shares were in issue as at 31 March 2004.

- S Koseff's and GR Burger's options were granted in terms of the Investec Limited share option and purchase scheme trust 2002.
- B Kantor's and A Tapnack's options were granted in terms of the Investec plc share option plan 2002.
- Options granted on 20 December 2002 were based on the weighted average market value of the preceding five days.
- The options granted on 20 June 2002 and 20 December 2002 were made for no consideration.
- The options granted on 20 December 2002 had certain performance conditions attached (see page 39), which, to summarise, required growth in headline earnings per share over the relevant option period to equal or exceed the UK RPI plus 3% (compounded annually over the same period). There were no performance conditions attached to the options granted on 20 June 2002.
- Options granted on 20 December 2002 included grants to certain senior executives (other than directors), which were greater than 100% of their annual remuneration. The allocations were deemed to be exceptional, but were approved by the Remuneration Committee, as they believed the allocations were necessary in order to retain the skills and contributions of these individuals.

Directors' interest in derivatives covering Investec Limited and Investec plc shares

As discussed on page 41, these derivatives have been entered into through a SPV and not by any of the individual directors.

The directors, together with a selected group of senior managers who are beneficiaries of Fintique III and as part of the scheme's leveraged nature, are indirectly interested in:

- Call options in respect of 0 (2003: 630,000) Investec plc shares at a strike of R145 per share, which expired on 4 March 2004.
- Call options in respect of 0 (2003: 370,000) Investec Limited shares at a strike of R145 per share, which expired on 4 March 2004.
- Call options in respect of 1,260,000 (2003: 1,260,000) Investec plc shares at a strike of R170 per share, which expire on 14 December 2004.
- Call options in respect of 740,000 (2003: 740,000) Investec Limited shares at a strike of R170 per share, which expire on 14 December 2004.
- Call options in respect of 441,000 (2003: 441,000) Investec plc shares at a strike of R170 per share, which expire on 30 July 2004.
- Call options in respect of 259,000 (2003: 259,000) Investec Limited shares at a strike of R170 per share, which expire on 30 July 2004.

The directors, together with a selected group of senior managers who are beneficiaries of Spurwing and as part of the scheme's leveraged nature, are indirectly interested in:

- Call options in respect of 123,935 (2003: 123,935) Investec plc shares at a strike of £7.93 per share, which expire on 20 December 2004.
- Call options in respect of 487,003 (2003: 487,003) Investec plc shares at a strike of £7.93 per share, which expire on 20 December 2005.
- Call options in respect of 397,091 (2003: 397,091) Investec plc shares at a strike of £7.93 per share, which expire on 20 December 2006.
- Call options in respect of 396,807 (2003: 396,807) Investec plc shares at a strike of £7.93 per share, which expire on 20 December 2007.
- Call options in respect of 455,914 (2003: 455,914) Investec plc shares at a strike of £10.52 per share, which expire on 20 December 2007.

Conclusion

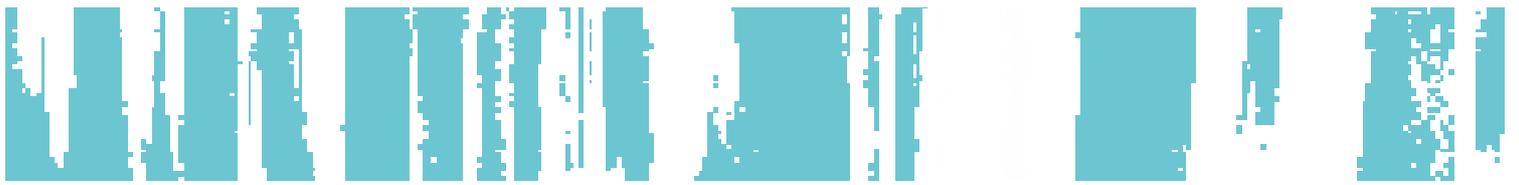
The Remuneration Committee will continue to ensure that Investec's reward packages remain competitive, provide appropriate incentive for performance and take due regard of the culture, values and philosophies of the group. The committee will keep the existing remuneration arrangements, as discussed in this report, under review during the 2005 financial year.

Signed on behalf of the board

A handwritten signature in dark ink, appearing to read "George Alford". The signature is written in a cursive style with a large, sweeping initial "G".

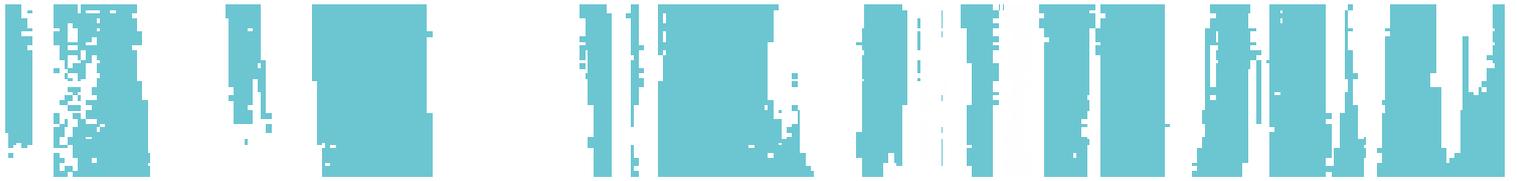
George Alford

Chairman, Board Remuneration Committee



06

Additional information



06

Additional information

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Shareholder analysis

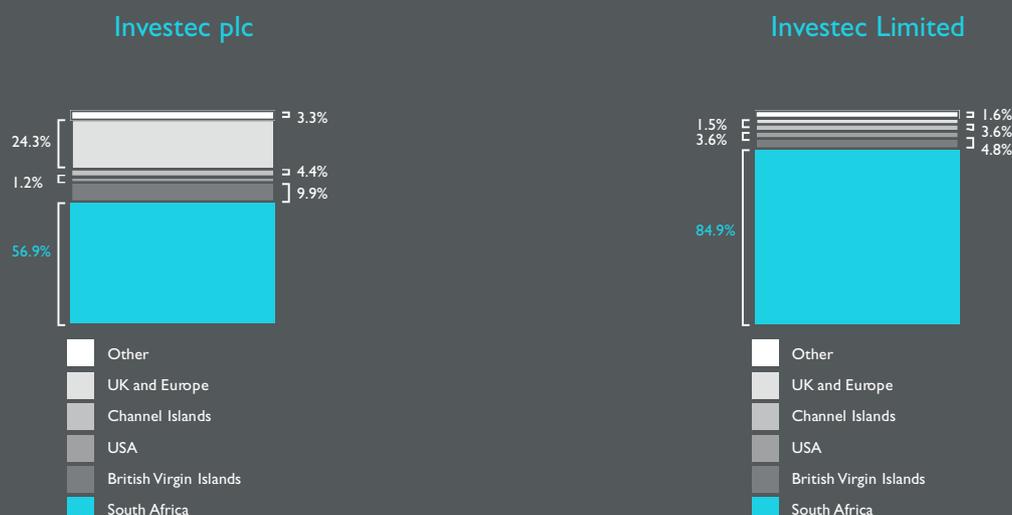


The group has implemented a Dual Listed Companies structure in terms of which it has primary listings both in Johannesburg and London (see page 11).

Investec plc, which houses the majority of the group's non-South African businesses, was listed on the London Stock Exchange on 29 July 2002. Investec plc also has a secondary listing on the JSE Securities Exchange South Africa (JSE). Investec Limited, which houses the group's Southern African and Mauritius operations, has been listed in South Africa since 1986.

As at 31 March 2004 Investec plc and Investec Limited had 74,633,746 and 43,999,527 ordinary shares in issue, respectively. Beneficial owners who own greater than 3% of the issued share capital of Investec Limited and Investec plc respectively, are disclosed on page 58.

Geographic holding by beneficial owner as at 31 March 2004



Note: The percentage holding in the British Virgin Islands represents the holding in Fintique III. A small group of senior and executive management, including certain Investec Limited/ Investec plc directors, who have or can have a significant impact on the business, have been granted participation in leveraged equity plans known as Fintique II and Fintique III. In terms of these plans, participants acquired units that entitled them to the risks and, on maturity of the plans in 2004 and 2008, future benefits of ownership of the underlying Investec shares. Further detail on these plans is provided on page 41.

Share statistics

Investec Limited (formerly Investec Group Limited) ordinary shares in issue

For the year ended 31 March	2004	2003	2002	2001	2000
Closing market price per share (cents)					
- year end	12 530	7 650	13 000	19 700	26 020
- highest	15 100	17 440	24 580	27 800	30 000
- lowest	7 750	7 650	13 000	19 200	18 440
Number of ordinary shares in issue (million)	44.0 ¹	38.4 ¹	96.2	81.0	80.6
Market capitalisation (R millions) ²	14 860	8 645	14 196	19 286	24 095
Number of shareholders	15 611	17 957	19 445	3 454	3 070
Monthly average volume of shares traded ('000) ³	98.99	—	—	—	—

Investec plc ordinary shares in issue

For the year ended 31 March ⁴	2004	2003
Closing market price per share (pence)		
- year end	1 089	615
- highest	1 181	960
- lowest	612	607
Number of ordinary shares in issue (million)	74.6	74.6
Market capitalisation (£ millions) ⁵	812	459
Monthly average volume of shares traded ('000)	99.56	69.6
Price earnings ratio ⁶	10.5	6.3
Dividend cover (times) ⁶	1.79	1.78
Dividend yield (%) ⁶	5.3%	8.8%
Earnings yield (%) ⁶	9.5%	15.6%
Number of shareholders	18 174	20 684

Notes:

- ¹ The number of shares in issue has reduced significantly following the implementation of the DLC structure, in terms of which Investec plc was unbundled from Investec Group Limited (now Investec Limited).
- ² The JSE has agreed to use the total number of shares in issue for the combined group, comprising Investec Limited and Investec plc, in calculating market capitalisation i.e. a total of 118.6 million shares in issue for the year ended 31 March 2004.
- ³ Information prior to the implementation of the DLC structure is not comparable.
- ⁴ Investec plc has only been listed on the LSE since 29 July 2002.
- ⁵ The LSE only include the shares in issue for Investec plc i.e. 74.6 million, in calculating market capitalisation, as Investec Limited is not incorporated in the UK.
- ⁶ Calculations are based on the group's consolidated earnings per share before exceptional items and amortisation of goodwill, and dividends per share as prepared in accordance with UK GAAP and denominated in Pounds Sterling.

Directorate Investec Limited and Investec plc



Executive Directors

Stephen Koseff (52)^{6,7}

BCom CA (SA) H Dip BDP MBA
Chief Executive Officer

Stephen joined Investec in 1980. He has had diverse experience within Investec as Chief Accounting Officer and General Manager of Banking, Treasury and Merchant Banking. His directorships include the JSE Securities Exchange South Africa, Investec Bank Limited, Investec Bank (UK) Limited and The Bidvest Group Limited.

Bernard Kantor (54)^{6,7}

Managing Director

Bernard joined Investec in 1980. He has had diverse experience within Investec as a Manager of the Trading division, Marketing Manager and Chief Operating Officer. His directorships include Investec Bank Limited, Investec Bank (UK) Limited and Phumelela Gaming and Leisure Limited.

Glynn R Burger (47)^{6,7}

BAcc CA(SA) H Dip BDP MBL

Executive Director responsible for Finance and Risk. Glynn joined Investec in 1980. He has had diverse experience within Investec as Chief Accounting Officer, Group Risk Manager and Joint Managing Director for South Africa. His directorships include Investec Bank Limited.

Alan Tapnack (57)⁷

BCom CA (SA)

Alan practised as a chartered accountant and is a former partner of Price Waterhouse and former Managing Director of Grey Phillips Bunton Mundell and Blake, a leading South African marketing services group. Alan joined Investec in 1991. He recently stepped down as Chief Executive Officer of Investec's UK operations. He is also responsible for Investec's Israeli operations. His directorships include Investec Bank (UK) Limited and Carr Sheppards Crosthwaite Limited.

Non-Executive Directors

Hugh S Herman (63)^{5,6}

BA LLB LLD (Honoris CAUSA)
Non-Executive Chairman

Hugh practised as a lawyer before joining Pick 'n Pay, a leading South African retail group, where he became Managing Director. He joined Investec in 1994. His directorships include Investec Bank Limited, Investec Bank (UK) Limited, Pick 'n Pay Holdings Limited and Pick 'n Pay Stores Limited.

John N Abell (72)^{1,2,4,7}

MA (Hons)

John was the former Chairman and Chief Executive of Orion Royal Bank and former Chairman of CIBC Wood Gundy Europe. His directorships include Investec Bank (UK) Limited. *Passed away 26 May 2004.*

Sam E Abrahams (65)^{1,2,3,5,7}

FCA CA (SA)

Sam is a former international partner and South African Managing Partner of Arthur Andersen. His current directorships include Foschini Limited, Super Group Limited, Investec Bank Limited and Phumelela Gaming and Leisure Limited.

George F O Alford (55)^{1,2,4}

BSc (Econ) FCIS FIPD MSI

George is former Head of Private Banking and Head of Personnel at Kleinwort Benson Group, and is currently a senior advisor to the FSA. His directorships include Investec Bank (UK) Limited.

Haruko Fukuda OBE (57)

MA (Cantab) DSc

Previously Chief Executive of the World Gold Council. Directorships include, AB Volvo, The Foreign and Colonial Investment Trust PLC and Aberdeen Asian Smaller Companies Investment Trust PLC. Advisor to Metro AG and Lazard.

Directorate Investec Limited and Investec plc

Non-Executive Directors (continued)

Geoffrey M T Howe (54)^{2,7}

MA (Hons)

Geoffrey is a former Managing Partner of Clifford Chance LLP and Director and Group General Counsel of Robert Fleming Holdings Ltd. He is also a former Chairman of Railtrack Group plc. His current directorships include Jardine Lloyd Thompson Group plc, The JP Morgan Overseas Investment Trust plc and Ahli United Bank plc. He is also an advisor to a number of leading professional and financial service organisations.

Donn E Jowell (62)^{1,3,6,7}

BCom LLB

Donn is Chairman of and a consultant to Jowell Glyn & Marais Inc, the South African legal advisers to Investec Limited. His current directorships include Investec Bank Limited and various other Investec companies.

Ian R Kantor (57)

BSc (Eng) MBA

Ian is former Chief Executive of Investec Bank Limited, resigning in 1985 and relocating to the Netherlands. His current directorships include Insinger de Beaufort Holdings SA (where he is Chairman of the management board and in which Investec holds an 8,6% interest), Bank Insinger de Beaufort NV and Investec Bank (UK) Limited.

Sir Chips Keswick (64)^{1,2,4,5,7}

Sir Chips is former Chairman of Hambros Bank Limited and Hambros PLC and a former director of Anglo American Plc. He was on the Court of the Bank of England. His directorships include De Beers SA, De Beers Consolidated Mines Limited, Persimmon Plc and Investec Bank (UK) Limited.

Mangalani Peter Malungani (46)

BCom MAP LDP

Peter is Chairman of Peu Investment Group (Proprietary) Limited. He is Chairman of Phumelela Gaming and Leisure Limited and is a Director of Super Group Limited, BACSA (Business Against Crime South Africa) and Investec Bank Limited. He is deputy Chairman of Capital Alliance Holdings Limited and Capital Alliance Life Limited.

Peter R S Thomas (59)^{3,7}

CA (SA)

Peter is a chartered accountant and former Managing Director of The Unisec Group Limited. His current directorships include Investec Bank Limited.

Fani Titi (42)

BSc (Hons) MA MBA

Fani is currently Chief Executive Officer of Tiso Group, a former Chairman of the Armaments Corporation of South Africa Limited and a Director of The Bidvest Group Limited and Kumba Resources Limited.

Notes:

- The dates on which the directors were appointed to the boards of Investec Limited and Investec plc can be found on page 38.
- Mr. Geoffrey MT Howe and Miss Haruko Fukuda were appointed as independent non-executive directors to the boards of Investec Limited and Investec plc, on 21 July 2003.
- Mr Fani Titi was appointed as a non-executive director to the boards of Investec Limited and Investec plc on 30 January 2004.

The directors serve as Chairman or members on the following committees.

- ¹ Combined group/DLC Audit Committee
- ² Investec plc Audit Committee
- ³ Investec Limited Audit Committee
- ⁴ Remuneration Committee
- ⁵ Nomination Committee
- ⁶ Chairman's Committee
- ⁷ Board Risk Review Committee

Details on these committees can be found in the group's Annual Report for the year ended 31 March 2004.



07

Financial statements



07

Investec plc financial (incorporating the results of Investec Limited) summary financial statements

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Investec plc financial statements (incorporating the results of Investec Limited)



Summary director's report

Nature of business

Investec is an international, specialist banking group that provides a diverse range of financial products and services to a niche client base in two principal markets, the United Kingdom and South Africa, as well as certain other geographies including Australia. Investec is organised into four principal divisions, namely Investment Banking, Private Client Activities, Treasury and Specialised Finance and Asset Management. In addition, Investec's head office provides certain group-wide integrating functions such as Risk Management, Information Technology, Finance, Investor Relations, Marketing, Human Resources and Organisational Development. It is also responsible for the group's central funding as well as other activities, such as the group's property business, trade finance and traded endowment operations. A review of the operations for the year can be found on pages 17 to 23.

This summary report deals with the requirements for the consolidated Investec group (comprising the legal entities Investec plc and Investec Limited).

Authorised and issued share capital Investec plc and Investec Limited

Pursuant to the black economic empowerment deal which was announced during 2003, Investec Limited issued 5,600,000 ordinary shares for cash at R90.00 per share on 27 November 2003. In terms of the group's Dual Listed Companies structure (see page 37 for further information) the number of Investec plc Special Converting Shares of £0.001 each in issue must equal the number of Investec Limited ordinary shares of ZAR0.001 each in issue.

Accordingly, on 4 February 2004, Investec plc issued 5,600,000 plc Special Converting Shares of £0.001 each by way of a bonus issue from reserves.

Investec Limited

On 30 March 2004, Investec Limited issued 877 variable rate redeemable cumulative preference shares of 60 cents each for a total consideration of R877 million (£75 million).

Financial results

The results of Investec plc (incorporating Investec Limited) are set out in the summary financial statements for the year ended 31 March 2004 on pages 62 to 67.

Ordinary dividends

Investec plc

An interim dividend of 13.5 pence per share was declared to shareholders registered on 19 December 2003. Together with the interim dividend of 14.5 pence per ordinary share declared by Investec Limited on the SA DAN and SA DAS shares, as provided by the DLC structure Sharing Agreement, the total interim distribution to shareholders of Investec plc, paid on 5 January 2004, equated to 28 pence per share (2003: 26 pence).

The directors have proposed a final dividend of 30 pence per share (2003: 28 pence) to shareholders registered on 30 July 2004 to be paid on 23 August 2004. The final dividend is subject to the approval of members of Investec plc at the Annual General Meeting scheduled for 19 August 2004.

The holder of 7,388,741 Investec plc shares has agreed to waive its rights to the proposed final dividend.

Investec Limited

An interim dividend of 309 cents per share (2003: 395 cents) was declared to shareholders registered on 19 December 2003 and paid on 5 January 2004. Dividends in aggregate amounting to R107,592,008 were declared on the SA DAN and SA DAS shares, equivalent to 14.5 pence per Investec plc ordinary share. Together with the interim dividend of 13.5 pence per ordinary share declared by Investec plc, this equated to a total interim distribution to shareholders of Investec plc of 28 pence (309 cents) per share.

Summary director's report

The directors have proposed a final dividend of 360 cents per share (2003:356 cents) to shareholders registered on 30 July 2004 to be paid on 23 August 2004. The final dividend is subject to the approval of members of Investec Limited at the Annual General Meeting scheduled for 19 August 2004.

The holder of 2,111,259 Investec Limited shares has agreed to waive its rights to the proposed final dividend.

Preference dividend

Preference dividends of £7,553,000 were accrued by Investec Limited.

Directors and secretaries

Details of the directors and secretaries of Investec plc and Investec Limited are reflected on pages 55 and 56 and at the beginning of the Annual Report.

Ms H Fukuda OBE and Mr GMT Howe were appointed to the board with effect from 21 July 2003 and Mr FTiti was appointed with effect from 30 January 2004.

With regret, Mr JN Abell, a non-executive director, passed away unexpectedly on 26 May 2004.

Directors and their interests

Directors' shareholdings and options to subscribe are set out on pages 47 to 51.

The company's register of directors' interests contains full details of directors' shareholdings and options to subscribe.

Share incentive trusts

Details regarding options granted during the year are set out on page 73.

Audit committee

An audit committee comprising non-executive directors meets regularly with senior management, the external auditors, Operational Risk, Internal Audit, Group Compliance and the Group's Finance and Accounting division to consider the nature and scope of the audit reviews and the effectiveness of the Group's risk and control systems.

Auditors

Ernst & Young LLP have expressed their willingness to continue in office as auditors. A resolution to re-appoint Ernst & Young LLP as auditors will be proposed at the next Annual General Meeting.

Contracts

Refer to page 37 for details of contracts with directors.

Subsidiary and associated companies.

Details can be found in the Annual Report for the year ended 31 March 2004.

Major shareholders

Investec plc

At 31 March 2004 the following were the beneficial owners of 3% or more of the issued ordinary shares of the company:

Fintique III (BVI) Limited	9.90%
Public Investment Commissioner	9.86%
Old Mutual Life Assurance	5.24%
Spurwing Investments Limited	4.31%
Investec Ltd Security Purchase and Option Scheme Trust 2002	3.62%

Investec Limited

At 31 March 2004 the following were the beneficial owners of 3% or more of the issued ordinary shares of the company:

Public Investment Commissioner	12.25%
Ed Trust International Investments	6.36%
Tiso International Investments Pty Ltd	6.36%
Peu International Investments Pty Ltd	5.94%
Old Mutual Life Assurance	5.36%
Fintique III (BVI) Limited	4.80%
Sanlam	3.13%

Special resolutions

Investec plc

At the Annual General Meeting held on 7 August 2003, special resolutions were passed in terms of which:

- A renewable authority was granted to the Company to acquire its own shares in terms of Section 166 of the Companies Act, 1985.
- A renewable authority was granted to the Company to allot equity securities of the Company for cash without application of the pre-emption rights provided by section 89 of the Companies Act, 1985
- Article 62.2 of the Articles of Association was amended to correct a typographical error.

Investec Limited

At the Annual General Meeting held on 7 August 2003, a special resolution was passed granting a renewable general authority, until the next Annual General Meeting, for Investec Limited or its subsidiaries to acquire shares in Investec Limited.

Investec Limited subsidiary companies

In addition to amendments to the Articles of Association and name changes of various subsidiary companies, a number of special resolutions were passed as indicated in the table below.

Summary director's report

Investec Limited Subsidiary	Effective date	Special resolution
Barfold Investments Limited	23 July 2003	Reduction of R967 554 652 in stated capital. Reduction in the number of authorised no par value shares from 300 000 000 to 100 Consolidation of issued share capital from 76 066 076 ordinary no par value shares to 100 ordinary no par value shares
Grayinvest Limited	4 February 2004	Acquisition and cancellation of 14 990 000 ordinary shares of the company at R0.50 per share
Investec Bank Limited	10 June 2003	Increase in authorised share capital by the creation of 15 000 000 non-redeemable, non-cumulative, non-participating preference shares of R0.01 each
Investec International Holdings (Pty) Limited	9 February 2004	Amendment to Articles of Association to allow for acquisition of own shares Acquisition and cancellation of 500 986 ordinary shares of the company at R4.26 per share
Investec Investments Limited	9 February 2004	General authority for the company or its subsidiaries to acquire shares in Investec Investments Limited and for Investec Investments Limited to acquire shares in its holding company
Investec Private Trust Limited	29 September 2003	Stated capital account reduced by R8 538 626.80 Consolidation of issued share capital from 9 833 018 000 ordinary no par value shares into 100 ordinary no par value shares
SIB Investments Limited	4 February 2004	Acquisition and cancellation of 80 000 000 ordinary shares of the company at R7.00 per share
Secfin Finance Limited	9 March 2004	Acquisition and cancellation of 799 900 ordinary shares of the company at R1.00 per share
Sibvest Limited	25 September 2003	Acquisition and cancellation of 2 666 567 ordinary shares of the company at R40.00 per share
Vesque Limited	16 October 2003	Acquisition and cancellation of 223 619 900 ordinary shares of the company at R0.01 per share

Accounting policies and disclosure

Accounting policies are set having regard to commercial practice and comply with applicable United Kingdom law and accounting standards.

Creditor payment policy

The group's standard practice is to agree the terms of payment with suppliers at the time of contract and make payments within the agreed credit terms subject to satisfactory performance.

Employees

The group's policy is to recruit and promote on the basis of aptitude and ability without discrimination of any kind. Applications for employment by disabled people are always considered bearing in mind the qualifications and abilities of

the applicants. In the event of employees becoming disabled, every effort is made to ensure their continued employment. The group's policy is to adopt an open management style, thereby encouraging informal consultation at all levels about aspects of the group's operations, and motivating staff involvement of the group's performance by means of Employee Share Schemes.

Donations

During the year, the Investec plc made donations for charitable purposes, totalling £391,079. Furthermore, Investec Limited made donations for charitable purposes, totalling £1,145,380. Investec plc made no political donations, while Investec Limited made political donations of R2.5 million to the two main political parties in South Africa.

Summary director's report

Environment

The group is committed to pursuing sound environmental policies in all aspects of its business, and seeks to encourage and promote good environmental practice among its employees and within the community in which it operates. Investec's 2004 Sustainability Report was produced as a separate report accompanying the Annual Report for 2004.

Subsequent events

On 16 June 2004 Investec plc, the controlling shareholder of Investec Bank (Israel) Limited (the Bank), reached an agreement with First International Bank of Israel whereby it has agreed to sell its 80.28% stake in the Bank to First International Bank of Israel.

The purchase price will be based on the net asset value of the Bank subject to adjustments. It is the intention of the parties to sign an agreement within 14 days of the 16 June 2004. It is not practical to make an estimate of the financial effect of this proposed transaction.

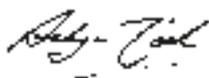
The transaction amounts to less than 5% of the Investec group's combined market capitalisation. At 31 March 2004, as reflected in the consolidated accounts of the combined Investec group (comprising Investec plc and Investec Limited), Investec Bank (Israel) Limited reported an operating profit after taxation but before exceptional items and amortisation of goodwill of £1.9 million and its shareholders' funds at that date were approximately £48 million.

The sale of the shares is dependent on the approval of the relevant regulatory authorities in Israel, South Africa and the United Kingdom, including the Bank of Israel and the Israeli Antitrust authorities. The agreement also requires the approval of the Board of Directors of both parties.

By order of the board



Richard Vardy
Secretary - Investec plc



Selwyn Noik
Secretary - Investec Limited

28 June 2004

Directors' responsibilities statement

The following statement, which should be read in conjunction with the Auditor's report set out on page 61, is made with a view to distinguishing for stakeholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

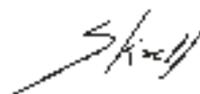
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that financial year.

The directors consider that in preparing the summary financial statements on pages 62 to 67 and 70 to 76, the company has used appropriate accounting policies which have been consistently applied and have been supported by reasonable and prudent judgements and estimates, and that all accounting standards which the directors consider to be applicable have been followed.

The financial statements of the company have been prepared on the going concern basis. The directors are of the opinion, based on its knowledge of the company, key processes in operation and specific enquiries, that adequate resources exist to support the company on a going concern basis over the next year.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the board



Stephen Koseff
Chief Executive Officer



Bernard Kantor
Managing Director

28 June 2004

Statement of the independent auditors

We have examined the group's summary financial statements for the year ended 31 March 2004, on pages 62 to 76, which comprise the Summary Consolidated Profit and Loss Account, Summary Consolidated Statement of Total Recognised Gains and Losses, Summary Consolidated Balance Sheet, Company Balance Sheet, Summary Consolidated Statement of Shareholders' Funds, Summary Consolidated Cash Flow Statement and the related notes 1 to 3.

This report is made solely to the company's members, as a body, in accordance with Section 251 of the Companies Act 1985. To the fullest extent required by the law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Review and Summary Financial Statement in accordance with applicable law.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Annual Review and Summary Financial Statement with the full annual accounts, Directors' Report and Directors' Remuneration Report, and its compliance with the relevant requirements of section 251 of the Companies Act 1985 and the regulations made thereunder.

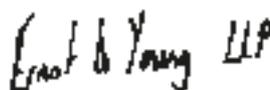
We also read the other information contained in the Annual Review and Summary Financial Statement and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

Basis of opinion

We conducted our examination in accordance with Bulletin 1999/6 'The auditors' statement on the summary financial statement' issued by the Auditing Practices Board for use in the United Kingdom.

Opinion

In our opinion the summary financial statement is consistent with the full annual accounts, Directors' Report and Directors' Remuneration Report of Investec plc for the year ended 31 March 2004 and complies with the applicable requirements of section 251 of the Companies Act 1985, and regulations made thereunder.



Ernst & Young LLP
Registered Auditor

London
28 June 2004

Summary financial statements

Consolidated profit and loss accounts

For the year ended 31 March

2004

2003*

(£'000)	Before goodwill & exceptional items	Goodwill & exceptional items	Total	Before goodwill & exceptional items	Goodwill & exceptional items	Total
Interest receivable - interest income arising from debt securities	91 845	-	91 845	171 066	-	171 066
Interest receivable - other interest income	588 067	-	588 067	678 615	-	678 615
Interest payable	(574 249)	-	(574 249)	(738 980)	-	(738 980)
Net interest income	105 663	-	105 663	110 701	-	110 701
Dividend income	3 450	-	3 450	3 597	-	3 597
Fees and commissions receivable	340 528	-	340 528	330 959	-	330 959
- Annuity	272 718	-	272 718	287 199	-	287 199
- Deal	67 810	-	67 810	43 760	-	43 760
Fees and commission payable	(22 155)	-	(22 155)	(54 768)	-	(54 768)
Dealing profits	91 015	-	91 015	57 668	-	57 668
Income from long-term assurance business	5 082	-	5 082	27 779	-	27 779
Return on shareholders' funds in the long-term assurance business	24 122	-	24 122	15 551	-	15 551
Other operating income	13 028	-	13 028	27 780	-	27 780
Other income	455 070	-	455 070	408 566	-	408 566
Total operating income	560 733	-	560 733	519 267	-	519 267
Administrative expenses	(395 188)	-	(395 188)	(400 780)	-	(400 780)
Depreciation and amortisation	(12 448)	(50 644)	(63 092)	(14 417)	(122 302)	(136 719)
- tangible fixed assets	(12 448)	-	(12 448)	(14 417)	-	(14 417)
- amortisation and impairment of goodwill	-	(50 644)	(50 644)	-	(122 302)	(122 302)
Provision for bad and doubtful debts	(20 958)	-	(20 958)	(18 308)	-	(18 308)
Operating profit/(loss)	132 139	(50 644)	81 495	85 762	(122 302)	(36 540)
Operating profit/(loss) from continuing operations	132 139	(50 644)	81 495	102 431	(116 599)	(14 168)
Operating loss from discontinued operations	-	-	-	(16 669)	(5 703)	(22 372)
Operating profit/(loss)	132 139	(50 644)	81 495	85 762	(122 302)	(36 540)
Share of income of associated companies	11 205	(2 132)	9 073	11 350	(1 644)	9 706
Exceptional items	-	8 529	8 529	-	(28 757)	(28 757)
Provision for losses on termination and disposal of group operations - discontinued	-	(5 103)	(5 103)	-	(9 437)	(9 437)
Losses on termination and disposal of group operations - discontinued	-	(24 328)	(24 328)	-	(16 493)	(16 493)
Less provision made last year	-	19 225	19 225	-	7 056	7 056
Impairment of goodwill on discontinued operations	-	-	-	-	(19 047)	(19 047)
Profit on termination and disposal of group operations - continuing	-	13 632	13 632	-	5 800	5 800
Fundamental reorganisation and restructuring costs - continuing	-	-	-	-	(6 073)	(6 073)
Profit/(loss) on ordinary activities before taxation	143 344	(44 247)	99 097	97 112	(152 703)	(55 591)

*Restated (refer to accounting policies).

Summary financial statements

Consolidated profit and loss accounts

For the year ended 31 March

2004

2003*

(£'000)	Before goodwill & exceptional items	Goodwill & exceptional items	Total	Before goodwill & exceptional items	Goodwill & exceptional items	Total
Profit/(loss) on ordinary activities before taxation (continued)	143 344	(44 247)	99 097	97 112	(152 703)	(55 591)
Tax on profit on ordinary activities	(27 821)	(678)	(28 499)	(5 377)	–	(5 377)
Tax on profit on ordinary continuing activities	(27 821)	–	(27 821)	838	–	838
Tax on loss on ordinary discontinued activities	–	–	–	(6 215)	–	(6 215)
Tax on termination and disposal of group operations - continuing	–	(678)	(678)	–	–	–
Profit/(loss) on ordinary activities after taxation	115 523	(44 925)	70 598	91 735	(152 703)	(60 968)
Minority interests - equity	(1 888)	75	(1 813)	(1 646)	–	(1 646)
Profit/(loss) attributable to shareholders	113 635	(44 850)	68 785	90 089	(152 703)	(62 614)
Dividends - including non-equity	(63 709)	–	(63 709)	(53 428)	–	(53 428)
Retained profit/(loss) for the year	49 926	(44 850)	5 076	36 661	(152 703)	(116 042)
Profit/(loss) attributable to shareholders			68 785			(62 614)
Amortisation and impairment of goodwill			50 644			122 302
Profit on termination and disposal of group operations (net of deferred tax and minority interests)			(13 029)			(5 800)
Provision for losses on termination and disposal of group operations (net of deferred tax)			5 103			28 484
Amortisation of goodwill of associates			2 132			1 644
Fundamental reorganisation and restructuring costs			–			6 073
Preference dividends			(7 553)			(421)
Earnings before goodwill and exceptional items			106 082			89 668
Earnings per share (pence)						
- Basic			59.9			(67.6)
- Diluted			59.5			(67.6)
Excluding goodwill and exceptional items						
- Basic			103.7			96.1
- Diluted			100.7			91.9
Headline earnings - basic			103.4			89.6
Dividends per share (pence)			58.0			54.0

*Restated (refer to accounting policies).

Summary financial statements

Consolidated statement of recognised gains and losses

For the year ended 31 March

(£'000)	2004	2003*
Profit/(loss) for the year attributable to shareholders	68 785	(62 614)
Currency translation differences on foreign currency net investments	(4 104)	(13 870)
Unrealised surplus on revaluation of investment properties	13 982	18 265
Actuarial losses recognised on pension fund schemes	(1 294)	(9 707)
Total recognised gains and losses for the year	77 369	(67 926)
Prior year adjustments in respect of changes in accounting policies	(2 226)	
Total gains and losses since last annual report	75 143	

In addition to the above prior year adjustments net assets at 31 March 2003 have also been reduced by £54.8 million as a result of changes in accounting policies that have had no impact on gains and losses as explained in the accounting policies note.

There was no material difference between the results as reported and the results that would have been reported on an unmodified historical cost basis. Accordingly, no note of historical cost profits and losses has been included.

*Restated (refer to accounting policies).

Summary financial statements

Consolidated balance sheet

For the year ended 31 March

(£'000)	2004	2003*
Assets		
Cash and balances at central banks	363 862	348 343
Treasury bills and other eligible bills	332 208	243 019
Loans and advances to banks	1 704 715	2 758 797
Loans and advances to customers	6 345 848	4 883 903
Debt securities	1 466 437	1 931 265
Equity shares	418 254	147 638
Interests in associated undertakings	70 006	62 422
Other participating interests	9 135	–
Intangible fixed assets	251 508	299 773
Tangible fixed assets	146 326	205 982
Own shares	43 780	52 223
Other assets	1 081 131	1 211 441
Prepayments and accrued income	81 511	124 390
Long-term assurance business attributable to the shareholder	265 315	108 528
	12 580 036	12 377 724
Long-term assurance assets attributable to policyholders	2 781 335	2 536 319
	15 361 371	14 914 043
Liabilities		
Deposits by banks	1 233 609	2 129 292
Customer accounts	7 211 292	6 354 867
Debt securities in issue	621 857	1 089 756
Other liabilities	1 969 855	1 580 881
Accruals and deferred Income	185 600	254 413
Pension fund liability	11 967	10 041
	11 234 180	11 419 250
Long-term assurance liabilities attributable to policyholders	2 781 335	2 536 319
	14 015 515	13 955 569
Capital resources		
Subordinated liabilities (including convertible debt)	497 858	279 702
Minority interests–equity	39 029	38 804
Called up share capital	165	158
Share premium account	1 020 890	980 321
Treasury shares	(52 102)	(40 987)
Shares to be issued	2 666	2 428
Perpetual preference shares	126 698	–
Revaluation reserves	43 142	29 160
Other reserves	(168 402)	(166 907)
Profit and loss account	(164 088)	(164 205)
Shareholders' funds	808 969	639 968
- equity	682 271	639 968
- non equity	126 698	–
	1 345 856	958 474
	15 361 371	14 914 043
Memorandum items		
Commitments	522 879	496 638
Contingent liabilities	267 441	348 906
	790 320	845 544

The directors' approved the accounts on 28 June 2004

S. Koseff

Chief Executive Officer

*Restated (refer to accounting policies).

Summary financial statements

Consolidated statements of reconciliations of shareholders' funds and movements on reserves

For the year ended 31 March

(£'000)	2004	2003*
Balance at the beginning of year	639 968	733 797
As previously reported	696 968	734 302
Changes in accounting policies		
Adoption of full requirements of FRS 17: Retirement benefits	(9 173)	487
Adoption of UITF 37: Purchase and sale of own shares	(47 827)	(992)
Foreign currency adjustments	(4 104)	(13 870)
Retained profit/(loss) for the year	5 076	(116 042)
Transfer to pension fund deficit	(1 294)	(9 707)
Reduction in shareholding of associate	(1 056)	–
Issue of ordinary shares/shares to be issued	45 995	112 588
Issue of perpetual preference shares	127 484	–
Share issue expenses	(2 031)	(32 213)
Movement in treasury shares	(15 051)	(47 772)
Cancellation of shares	–	(5 079)
Conversion of debentures	–	1
Revaluation of investment properties	13 982	18 265
Balance at end of year	808 969	639 968

*Restated (refer to accounting policies).

Summary financial statements

Consolidated cash flow statement

For the year ended 31 March

(£'000)	2004	2003*
Net cash (outflow)/inflow from operating activities	(485 723)	117 065
Net cash outflow from return on investments and servicing of finance	(52 663)	(25 511)
Taxation	(31 917)	(21 151)
Net cash inflow/(outflow) from capital expenditure and financial investment	334 187	(135 377)
Net cash inflow/(outflow) from acquisitions and disposals	40 227	(9 629)
Ordinary share dividends paid	(52 810)	(54 335)
Net cash inflow/(outflow) from financing	387 691	(2 335)
Increase/(decrease) in cash	138 992	(131 273)
Cash and demand bank balances at beginning of year	1 033 902	1 165 175
Cash and demand bank balances at end of year	1 172 894	1 033 902

*Restated (refer to accounting policies).

Summary financial statements

Accounting policies

Basis of presentation

The group comprises Investec plc, Investec Limited and their subsidiary undertakings.

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

These financial statements have been prepared having regard to Part VII, Chapter II of, and Schedule 9 to, the Companies Act 1985 in accordance with applicable UK accounting standards, and with the Statement of Recommended Practice issued by the British Bankers' Association, except where noted in the financial statements below.

Under UK GAAP the accounts of Investec plc and Investec Limited have been combined in accordance with S227 (5) of the Companies Act 1985 on the grounds that they form a single economic entity. The merger method of accounting has been used to account for the combination in accordance with the provisions of FRS 6 applying to group reconstructions, since the Dual Listed Company structure was brought into effect, in the 2003 financial year, by de-merging the then existing Investec group into two sub-groups headed by Investec plc and Investec Limited by virtue of share for share transfers which did not alter the rights of existing shareholders or the interest of any minority. The nature of the DLC merger has resulted in the inclusion of amounts attributable to the shareholders of both Investec plc and Investec Limited in capital and reserves on the balance sheet, and in attributable profit.

The effect of the DLC merger is that Investec plc and its subsidiaries and Investec Limited and its subsidiaries operate together as a single economic entity, with neither assuming a dominant role. This is demonstrated by the following key features of the arrangements:

- The shareholders of Investec plc and Investec Limited have a common economic interest in both groups;
- The shareholders of Investec plc and Investec Limited take key decisions, including the election of directors, through a joint electoral procedure under which the shareholders of the two companies effectively vote on a joint basis;
- Investec plc and Investec Limited have a common Board of Directors, a unified management structure and joint objectives; and
- Dividends and capital distributions made by the two companies are equalised.

If either Investec plc or Investec Limited proposes to pay a dividend to its shareholders, then the other Company must pay a matching cash dividend of an equivalent amount per

share to its shareholders. If either Company is prohibited by law or is otherwise unable to declare, pay or otherwise make all or any portion of such a matching dividend, the Investec plc or Investec Limited will, so far as it is practicable to do so, enter into such transactions with each other as Boards agree to be necessary or desirable so as to enable both Companies to pay dividends as nearly as practicable at the same time.

Changes to accounting policies and comparative information

The accounting policies adopted by the group are consistent with the prior year except as noted below.

The group adopted the following new UK accounting standards during the year:

UITF 37: Purchase and sale of own shares (excluding ESOP trusts)

The group has adopted UITF 37 in respect of own shares held. In summary the impact for the group is as follows:

- Consideration paid for the group's own shares are deducted from shareholders' funds (referred to as 'treasury shares').
- No gain or loss is recognised in the profit and loss account or statement of total recognised gains and losses on the purchase, sale or cancellation of the group's own shares.

The impairment charge booked in the 2003 financial year that would not have been booked under UITF 37 was a loss of £935 thousand. The adoption of UITF 37 resulted in treasury shares being included within capital resources amounting to £52.1 million at 31 March 2004 and £41 million at 31 March 2003. Previously these own shares were presented within assets on the balance sheet.

Included in the restatement related to own shares is a correction of £10.2 million in share premium and foreign currency reserves. This is as a result of an overstatement of own shares and share premium in 2002 in relation to the issuance of shares to group schemes.

FRS 17 - Retirement Benefits

The group has fully adopted the requirements of FRS 17 in respect of retirement benefits. In line with the objective of the standard, the group reflects the fair value of assets and liabilities and any related funding arising from defined benefit schemes within the group.

Summary financial statements

Accounting policies

The implementation of FRS 17 resulted in a reduction of net assets at 31 March 2003 of £9.1 million (£10.1 million representing FRS 17 deficit less the SSAP 24 accrual of £0.9 million). This change in policy increased net assets at 31 March 2002 by £0.5 million (£0.4 million representing the FRS 17 deficit less the SSAP 24 accrual of £0.9 million). The charge to the consolidated statement of recognised gains and losses relating to FRS 17 for the 2003 financial year was £9.7 million, net of deferred taxation. The impact on the statement of recognised gains and losses for 2004 was a charge of £1.3 million, net of deferred taxation. FRS 17 resulted in interest income of £0.1 million in 2003 and interest payable of £0.9 million in 2004.

Restatements to prior year's consolidated profit and loss accounts

In the US business, certain directly attributable variable staff costs were netted against the dealing profits generated there from. In the current financial year these costs (£4.9 million) have been included under administrative expenses (staff costs) with a corresponding restatement to the prior year (£8.3 million).

In the prior year income on shareholders' funds within the life assurance business of £15.5 million was reflected as part of interest margin. In the current year; this return on shareholders' funds (£24.1 million) is disclosed as a separate line item in the consolidated profit and loss account.

Further, there were minor reclassifications between income categories. Specifically, they relate to interest earned on cash balances held on behalf of third parties (disclosed under net interest income instead of annuity fees and commissions receivable); returns generated on private client investment banking activities (disclosed under dealing profits instead of fees and commissions receivable); income from the group's interest in securitisation schemes (disclosed under net interest income instead of other operating income); income on certain trading positions (included in dealing profits instead of other operating income); and the funding costs associated with scrip lending activities (deducted from fees and commissions receivable instead of interest income). The net effect of the

above was a decrease in net interest income of £3.4 million, a decrease of £0.4 million in net fees and commissions' receivable, a decrease in other operating income of £0.2 million, all of which were offset by an increase in dealing profits of £4.0 million.

The above reclassifications were made so as to reflect the nature of the underlying transactions in a more meaningful manner. The reclasses have no net impact on the profit and loss account.

Restatement to the weighted average number of shares in issue ("the wanos")

Investec has established a number of share incentive plans that are designed to link the interests of employees with shareholders and long-term organisational interest through performance and risk-based equity grants. These schemes are required to be consolidated into the accounts of the group. However, to the extent that the underlying risks and rewards inherent in these schemes have already vested with the participants, Investec is entitled to recognise its respective pro-rata share of any income on related balances. This accounting treatment has been consistently applied in the current and prior years.

Historically shares that were not entitled to dividends were not included in the wanos. In order to match the wanos to the group's share of income associated with such schemes, the wanos has been increased by the weighted number of shares vested, notwithstanding no dividend being payable on these shares.

The impact of this change in methodology has resulted in the wanos increasing from 90,878,706 to 93,291,446 in the prior year; resulting in comparative earnings per share - pre goodwill and exceptional items decreasing from 98.7 pence (including the effects of UITF 37 and FRS 17 per above) to 96.1 pence.

Had the original methodology been applied in the current year, the wanos would have been 97,330,743 (instead of 102,300,071) and the equivalent earnings per share - pre goodwill and exceptional items would have been 109.0 pence (instead of 103.7 pence), an increase of 10.4% over the prior year.

Select notes to the financial statements

For the year ended 31 March (£'000)	Continuing		Discontinuing	
	2004	2003	2004	2003
I. Discontinuing operations				
Interest receivable –interest income arising from debt securities	91 845	170 839	–	227
Interest receivable –other interest income	588 067	669 548	–	9 067
Interest payable	(574 249)	(733 745)	–	(5 235)
Net interest income	105 663	106 642	–	4 059
Dividend income	3 450	3 597	–	–
Fees and commissions receivable	340 528	297 907	–	33 052
annuity	272 718	256 584	–	30 615
deal	67 810	41 323	–	2 437
Fees and commission payable	(22 155)	(48 199)	–	(6 569)
Dealing profits	91 015	58 629	–	(961)
Income from long-term assurance business	5 082	27 779	–	–
Return on shareholders' funds	24 122	15 551	–	–
Other operating income	13 028	28 774	–	(994)
Other income	455 070	384 038	–	24 528
Total operating income	560 733	490 680	–	28 587
Administrative expenses	(395 188)	(356 468)	–	(44 312)
Depreciation and amortisation	(63 092)	(130 072)	–	(6 647)
Provision for bad and doubtful debts	(20 958)	(18 308)	–	–
Operating profit/(loss)	81 495	(14 168)	–	(22 372)
Share of income of associated companies	9 073	9 706	–	–
Provision for losses on termination and disposal of group operations - discontinued	–	–	(5 103)	(9 437)
Losses on termination and disposal of group operations - discontinued	–	–	(24 328)	(16 493)
Less provision made last year	–	–	19 225	7 056
Impairment of goodwill on discontinued operations	–	–	–	(19 047)
Profits on termination and disposal of group operations - continuing	13 632	5 800	–	–
Fundamental reorganisation and restructuring costs - continuing	–	(6 073)	–	–
Profit/(loss) on ordinary activities before taxation	104 200	(4 735)	(5 103)	(50 856)

Select notes to the financial statements

For the year ended 31 March

(£'000)	2004	2003
2. Dividends and earnings per share		
Ordinary dividends - pence per share		
Interim	28.0	26.0
Final	30.0	28.0
	58.0	54.0
Ordinary dividends		
Interim	25 277	27 539
Final	30 879	25 468
	56 156	53 007
Preference dividends		
Dividends	7 553	421
Total dividends	63 709	53 428
Earnings per share - pence per share		
Basic earnings per share (pence per share) are calculated by dividing the profit attributable to the ordinary shareholders in Investec plc by the weighted average number of ordinary shares in issue during the year:	59.9	(67.6)
Group profit/(loss) attributable to the shareholders per profit and loss account	68 785	(62 614)
Preference dividends	(7 553)	(421)
Group profit/(loss) attributable to ordinary shareholders	61 232	(63 035)
Diluted earnings per share - pence per share		
Group profit/(loss) attributable to ordinary shareholders	61 232	(63 035)
Diluted earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to the ordinary shareholders of Investec plc, adjusted for the effects of dilutive ordinary potential shares, by the weighted average number of shares in issue during the year plus the weighted average number of ordinary shares that would be issued on conversion of the dilutive ordinary potential shares (being share options outstanding not yet exercised) during the year:	59.5	(67.6)
Weighted average number of shares in issue during the year	1 14 884 639	1 07 559 259
Weighted average number of treasury shares	(12 584 568)	(14 267 814)
	102 300 071	93 291 445
Weighted average number of shares in issue resulting from future dilutive potential shares	718 364	—
Adjusted weighted number of shares potentially in issue	103 018 435	93 291 445
Excluding goodwill amortisation and exceptional items - pence per share		
Basic earnings per share excluding goodwill and exceptional items (pence per share) are calculated by dividing the profit before deducting goodwill amortisation and impairment and exceptional items attributable to the ordinary shareholders in Investec plc by the weighted average number of ordinary shares in issue during the year:	103.7	96.1

Select notes to the financial statements

For the year ended 31 March

(£'000)	2004	2003
2. Dividends and earnings per share (continued)		
Reconciliation between group profit/(loss) attributable to ordinary shareholders and earnings attributable to ordinary shareholders excluding goodwill and exceptional items		
Profit/(loss) attributable to ordinary shareholders	61 232	(63 035)
Amortisation and impairment of goodwill	50 644	122 302
Profit on termination and disposal of group operations		
- continuing (net deferred tax and minority interest)	(13 029)	(5 800)
Provision for losses on termination and disposal of group operations (net of deferred tax)	5 103	9 437
Impairment of goodwill on discontinued operations	–	19 047
Amortisation of goodwill of associates	2 132	1 644
Fundamental reorganisation and restructuring costs - continuing	–	6 073
Earnings attributable to ordinary shareholders before exceptional items and amortisation of goodwill	106 082	89 668
Reconciliation between earnings per share and earnings per ordinary share before exceptional items and amortisation of goodwill		
Earnings per ordinary share	59.9	(67.6)
Amortisation and impairment of goodwill	49.5	131.1
Profit on termination and disposal of group operations		
- continuing (net deferred tax and minority interest)	(12.7)	(6.2)
Provision for losses on termination and disposal of group operations (net of deferred tax)	4.9	10.1
Impairment of goodwill on discontinued operations	–	20.4
Amortisation of goodwill of associates	2.1	1.8
Fundamental reorganisation and restructuring costs - continuing	–	6.5
Earnings per ordinary share before exceptional items and amortisation of goodwill	103.7	96.1
Headline earnings per share		
Headline earnings per share (pence per share) has been calculated in accordance with the definition in the Institute of Investment Management Research ("IIMR") Statement of Investment Practice No. 1, "The Definition of Headline Earnings".	103.4	89.6
Profit/(loss) attributable to ordinary shareholders	61 232	(63 035)
Amortisation and impairment of goodwill	50 644	122 302
Profit on termination and disposal of group operations		
- continuing (net deferred tax and exceptional items)	(13 029)	(5 800)
Provision for losses on termination and disposal of group operations (net of deferred tax)	5 103	9 437
Impairment of goodwill on discontinued operations	–	19 047
Amortisation of goodwill of associates	2 132	1 644
Profit on sale of investment equities	(330)	–
Headline earnings attributable to ordinary shareholders	105 752	83 595

In terms of the DLC sharing agreements, Investec plc and Investec Limited shareholders share equally in the profits of the group. Accordingly in the earnings per share calculations the weighted average number of shares in issue includes both the Investec plc and Investec Limited shares in issue.

Select notes to the financial statements

Details of share options

Instrument	Expiry date	Exercise price	Number of options issued/ exercised
3. Share options			
Details of share options:			
Granted during the year 2004			
Investec Limited	17 Sep 2008	R 101.39	9 827
Investec plc	17 Sep 2008	£7.76	636 943
Investec plc	03 Mar 2009	£10.60	322 641
Investec Limited	17 Jun 2009	R 101.39	53 677
Investec plc	17 Sep 2009	R 101.76	91 423
Investec plc	03 Mar 2010	R 115.95	483 517
Investec Limited	03 Dec 2010	R 115.43	283 933
Investec plc	17 Sep 2012	£7.76	41 982
Investec plc	03 Mar 2013	£10.60	138 470
Exercised during the year 2004			
Investec Limited		R 110.00	68
Investec Limited		R 130.00	70
Investec Limited		R 111.32	1 020
Investec plc		R 110.00	116
Investec plc		R 130.00	119
Investec plc		R 111.96	1 980
Investec plc		£10.86	23 380
Investec plc		£9.18	4 724
Granted during the year 2003			
Investec Group Ltd	13 Sep 2007	R 164.50	6 736 260
Investec Group Ltd	13 Sep 2007	R 170.00	770 612
Investec plc	19 Mar 2007	R 111.96	1 117 845
Investec Limited	19 Mar 2007	R 111.32	833 586
Investec plc	19 Mar 2007	£ 7.93	775 401
Investec plc	19 Mar 2012	£ 7.93	434 123
Exercised during the year 2003			
Investec Group Ltd		R 78.93	5 940
Investec Holdings Limited		R 67.43	6 893

Select notes to the financial statements

Terms of share options	SA Schemes			UK Schemes			
	Average exercise price	Number of Investec Limited shares	Number of Investec plc shares	Average exercise price	Number of Investec Limited shares	Average exercise price	Number of Investec plc shares
Instrument							
31 March 04	R 170.00	374	639	R 246.00	117 076	£15.73	199 346
31 March 05	R 169.49	66 046	113 796	R 235.37	69 048	£15.05	117 567
31 March 06	R 154.44	5 781	9 847	R 169.80	98 574	£10.86	167 841
31 March 07	R 101.80	1 006	1 709	R 151.06	1 413 680	£9.86	2 743 647
31 March 08	R 172.92	22 379	38 138	R 161.31	243 093	£11.47	1 356 768
31 March 09	R 148.22	1 746 596	3 101 247	R 236.03	44 300	£15.09	75 430
31 March 10	R 147.58	452 680	771 145	R 130.28	77 071	£8.88	565 352
31 March 11	R 241.08	129 899	221 191	R 114.87	–	£9.94	180 452
31 March 12	R 174.11	519 592	884 683				
31 March 13	R 168.00	2 220	3 780				

Investec plc parent company accounts - balance sheet

For the year ended 31 March

(£'000)	Notes	2004	2003
Fixed Assets			
Investments	a	421 446	421 503
Current Assets			
Cash at bank		67	0
Other debtors	b	26 114	35 203
		<u>26 181</u>	<u>35 203</u>
Creditors failing due within one year	c	<u>(53 216)</u>	<u>(61 475)</u>
Net current liabilities		<u>(27 035)</u>	<u>(26 272)</u>
Total assets less current liabilities		<u>394 411</u>	<u>395 231</u>
Capital and reserves			
Called up equity share capital	d	119	113
Share premium account	e	393 823	393 823
Capital redemption reserve	e	50	50
Profit and loss account	e	419	1 245
		<u>394 411</u>	<u>395 231</u>

The directors' approved the accounts on 28 June 2004.

S. Koseff

Chief Executive Officer

Notes to Investec plc parent company accounts

For the year ended 31 March

(£'000)	Subsidiaries	Other	Total
a. Investments			
At 1 April 2003	421 498	5	421 503
Disposals	(52)	(5)	(57)
At 31 March 2004	421 446	–	421 446

The principal subsidiary undertakings of the group are detailed in note 1 of the 2004 Annual Report on page 164.

For the year ended 31 March
(£000)

	2004	2003
b. Other debtors		
Amounts owed by group undertakings	26 103	35 194
Other debtors	11	9
	26 114	35 203
The amounts owed by group undertakings are payable on demand		
c. Creditors falling due within one year		
Amount due to group undertakings	30 876	31 917
Accruals and deferred income	1 899	569
Other creditors	267	–
Proposed dividends	20 174	28 989
	53 216	61 475

d. The company's called up share capital (including ordinary shares, special converting shares, UK DAN shares and UK DAS shares) is detailed in note 33 of the 2004 Annual Report on page 203 to 205.

e. Reserves

	Share Premium	Capital Redemption Reserves	Profit and loss account	Total reserves
At 1 April 2003	393 823	50	1 245	395 118
Loss for the year	–	–	(826)	(826)
At 31 March 2004	393 823	50	419	394 292

Parent company profit and loss account

The Company has taken advantage of the exemption in s230 of the Companies Act 1985 not to present its profit of own profit and loss account. The Company's loss for the year determined in accordance with the Act was £826 508 (2003 - profit of £1 295 237).

f. Reconciliation of shareholders' equity

	2004	2003
Issue of shares	6	421 358
Share issue expenses	–	(27 472)
Retained (loss)/profit for the year	(826)	1 295
Opening shareholders' equity	395 231	50
Closing shareholders' equity	394 411	395 231

Reconciliation of principal differences between UK GAAP and SA GAAP

The summary financial statements as presented on pages 62 to 76 have been prepared in accordance with accounting principles generally accepted in the United Kingdom. Such principles vary in significant respects from those generally accepted in South Africa. Preparing the financial statements requires management to make estimates and assumptions that affect the reported results and disclosures. Actual results could be different from those estimates. The significant differences between SA GAAP and UK GAAP, applicable to Investec's accounts during the year under review are summarised below.

For the year ended 31 March
(£'000)

	Notes	2004	2003
Earnings before goodwill amortisation and exceptional items under UK GAAP		106 082	89 668
SA GAAP adjustments			
Acquisition accounting	1	3 036	4 300
Employee share option plans	2	(7 640)	7 143
AC 133 adjustments	3	9 230	–
Debenture interest reflected directly in equity	4	8 471	6 505
Interest rate swaps	5	(3 224)	(2 581)
Embedded value earnings	6	(783)	23 935
Revaluation of investment properties	7	13 982	18 265
Treasury shares	8	1 427	–
Perpetual preference shares	9	7 553	–
Other		482	–
Earnings before goodwill amortisation and exceptional items under SA GAAP	10	138 616	147 235

Reconciliation of principal differences between UK GAAP and SA GAAP

Notes:

- 1 Under SA GAAP, certain acquisitions incorporated a sign-on guarantee to select members of staff which were treated as goodwill and amortised over the period over which these guarantees remained in force. For UK GAAP, they are treated as prepayments and expensed to personnel costs (within administrative expenses) over a similar period.
- 2 Investec has established a number of employee share incentive schemes, some of which place greater residual risk in the hands of the participants. During the current year, a change in accounting policy in respect of staff share schemes for SA GAAP purposes was implemented with the result that the general staff share schemes are now consolidated, rendering the treatment of these particular schemes consistent with UK GAAP convention. However, on certain of the executive schemes where participants have assumed substantially all the risks and rewards of the scheme, the accounting treatment for SA GAAP continues to recognise these schemes as external to the group such that the loans advanced to the schemes remain under "advances" and interest income generated therefrom recognised in the income statement. Conversely, UK GAAP requires Investec, as a sponsoring company of such schemes, to consolidate their financial position with the result that the balance sheet and the profit and loss effects representing the component of the scheme which has not fully vested with the participants are added to those of the Group and the respective intercompany items eliminated. These adjustments unwound as a greater percentage of the scheme vests with the participants with the result that a greater proportion of interest is recognised under UK GAAP towards the end of the scheme, effectively giving rise to timing differences between the two conventions. During 2004, a net reversal of interest arises as these schemes approach termination in December 2004.
- 3 ACI 33 is a South African accounting statement on recognition and measurement of financial instruments and is based on the international accounting standard IAS 39. The adoption of ACI 33 under SA GAAP has resulted in a further difference between SA and UK GAAP.
- 4 Investec has issued Compulsory Convertible Debentures, which under SA GAAP have been classified as shareholders' equity. UK GAAP requires capital instruments (other than shares) to be classified as liabilities if they contain an obligation or contingent obligation to transfer an economic benefit. At the time that they were issued, certain of these instruments were split into their debt and equity components. Under UK GAAP, the debt component has been recorded as a liability in the balance sheet and the equity component accounted for as "share to be issued" and shares capital within shareholders funds. Accordingly, the interest payable on the debt portion has been split between interest and repayments of the principal. This has the effect of reducing the interest charge on convertible debt under UK GAAP compared to SA GAAP.
- 5 Differences arising on the accrual of certain income items eg. Income on certain trading related interest swaps which was recognised upfront under SA GAAP but phased in over a period of time under UK GAAP.
- 6 Under UK GAAP the shareholders' interest in the in-force life assurance and fund pensions policies of the long-term assurance fund are valued at the net present value of the profits inherent in such policies (embedded value). Under SA GAAP the value of these profits is not recognised.
- 7 The revaluation on investment properties is recognised in earnings pre goodwill and exceptional items under SA GAAP whereas UK GAAP requires the net movements to be taken to the statement of recognised gains and losses and hence excluded from operational earnings.
- 8 To the extent that no new assets are created by the group on the issue of shares, such shares are treated as treasury shares under UK GAAP with any income derived from such capital excluded from earnings.
- 9 Under UK GAAP, the dividends payable to holders of the perpetual preferences shares issued by Investec Bank Limited during the year are deducted from earnings whereas under SA GAAP all payments to equity holders are taken into account in the statement of changes in shareholders' funds and not on the face of the income statement. Further, the dividends under SA GAAP are only recognised on actual declaration date.
- 10 The exchange rate used in the above reconciliation was based on the actual rates ruling on the date of the transactions.

Definitions

Term	Definition
Annuity income as a percentage of operating income	Net interest income, return on shareholders' funds in the long-term assurance business and annuity commissions receivable (net of commissions payable) expressed as a percentage of operating income.
Assets under administration	Includes third party assets under administration and on-balance sheet assets.
Core loans and advances	Loans and advances to customers less cash and short-term funds included therein.
Cost to income ratio	Administrative expenses and depreciation divided by operating income.
Dividend cover	Earnings per ordinary share before exceptional items and amortisation of goodwill divided by dividends per ordinary share.
Earnings attributable to ordinary shareholders before exceptional items and amortisation of goodwill	As per note 2 on page 71 and 72.
Earnings per ordinary share before exceptional items and amortisation of goodwill	As per note 2 on page 71.
Effective tax rate	Tax on profit on ordinary activities divided by operating profit.
Equity shareholders' funds	Total shareholders' funds excluding preference shares.
Headline earnings	As per note 2 on page 72.
Headline earnings per share	As per note 2 on page 72.
Market capitalisation	Total number of shares in issue (including Investec Limited and Investec plc) multiplied by the closing share price of Investec plc on the London Stock Exchange.

Definitions

Term	Definition
Net interest income	Interest receivable less interest payable.
Operating income	All income less interest payable and fees and commission payable.
Operating profit	Operating income less administrative expenses, provisions for bad and doubtful debts and depreciation of tangible fixed assets. This amount is before exceptional items and amortisation of goodwill.
Operating profit: South Africa and Other	Operating profit earned in South Africa, Mauritius and Botswana.
Operating profit: Non-South Africa and Other	Operating profit earned in UK and Europe, USA, Israel and Australia.
Return on average equity shareholders' funds	Earnings attributable to ordinary shareholders before exceptional items and amortisation of goodwill expressed as a percentage of average equity shareholders' funds.
Return on average tangible net asset value	Earnings attributable to ordinary shareholders before exceptional items and amortisation of goodwill expressed as a percentage of average tangible shareholders' funds i.e. excluding goodwill.
Staff compensation to operating income ratio	All employee related costs expressed as a percentage of operating income.
Tangible net asset value	Equity shareholders' funds less intangible assets.
Total capital resources	Includes shareholders' funds, subordinated liabilities and minority interests.
Weighted number of ordinary shares in issue	The number of ordinary shares in issue at the beginning of the year, increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the income of the group less treasury shares. As per note 2 on page 71.

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