2005 Annual Report

Investec

Overview of the Investec group

Investec (comprising Investec plc and Investec Limited) is an international, specialist banking group that provides a diverse range of financial products and services to a select client base.

Founded as a leasing company in Johannesburg in 1974, we acquired a banking licence in 1980 and were listed on the JSE Securities Exchange South Africa in 1986.

In July 2002, we implemented a Dual Listed Companies structure with linked companies listed in London and Johannesburg. A year later, we concluded a significant empowerment transaction in which our empowerment partners collectively acquired a 25.1% stake in the issued share capital of Investec Limited.

Since inception, we have expanded through a combination of substantial organic growth and a series of strategic acquisitions. Today, we have an efficient integrated international business platform, offering all our core activities in South Africa and the UK and select activities in Australia.

We are organised as a network comprising five business divisions: Private Client Activities, Treasury and Specialised Finance, Investment Banking, Asset Management and Property Activities. Our head office provides certain group-wide integrating functions and is also responsible for our central funding and the Trade Finance business.

Our strategic goals and objectives are based on the aspiration to be recognised as a distinctive specialist banking group. This distinction is embodied in our entrepreneurial culture, which is balanced by a strong risk management discipline, client-centric approach and ability to be nimble, flexible and innovative. We do not seek to be all things to all people and aim to build well-defined, value-added businesses focused on serving the needs of select market niches where we can compete effectively.

Corporate information

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Registration number

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Reg. No. 3633621
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Reg. No.1925/002833/06

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Refer to details at the end of the report

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(incorporating the results of Investec Limited)

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Overview of the Investec group

Mission statement

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

Values

Distinctive Performance

- Outstanding talent - empowered, enabled and inspired
- Meritocracy
- Passion, energy, stamina, tenacity
- Entrepreneurial spirit

Dedicated Partnerships

- Respect for others
- Embrace diversity
- Open and honest dialogue
- Unselfish contribution to colleagues, clients and society

Client Focus

- Distinctive offering
- Leverage resources
- Break china for the client

Cast-iron Integrity

- Moral strength
- Risk consciousness
- Highest ethical standards

Philosophies

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

Financial highlights

UK GAAP[1]	31 March 2005	31 March 2004*	% change
Profit and loss account and selected returns			
Earnings attributable to ordinary shareholders before exceptional items and amortisation of goodwill (£'000)	151 146	106 203	42.3%
Headline earnings (£'000)	152 163	105 873	43.7%
Operating profit before exceptional items and amortisation of goodwill (£'000)	208 343	132 260	57.5%
Operating profit: SA (% of total)	63.8%	58.6%	
Operating profit: Non-SA (% of total)	36.2%	41.4%	
Cost to income ratio	66.8%	72.7%	
Staff compensation to operating income ratio	43.8%	47.3%	
Return on average equity shareholders' funds	23.6%	16.6%	
Return on adjusted average equity shareholders' funds	21.3%	15.4%	
Return on adjusted average tangible shareholders' funds	30.9%	25.6%	
Recurring/annuity income as a percentage of operating income	65.2%	64.8%	
Net-interest income as a percentage of operating income	19.2%	18.8%	
Non-interest income as a percentage of operating income	80.8%	81.2%	
Effective tax rate	27.5%	21.0%	
Balance sheet			
Total capital resources (£'million)	1 480	1 303	13.6%
Total shareholders' funds (including perpetual preference shares) (£'million)	967	766	26.2%
Total equity shareholders' funds (excluding perpetual preference shares) (£'million)	643	639	0.6%
Total assets (£'million)	17 911	15 319	16.9%
Core loans and advances (£'million)	5 848	4 846	20.7%
Core loans and advances as a percentage of total assets	32.7%	31.6%	
Client assets under administration (£'million)	33 862	30 031	12.8%
Capital adequacy ratio: Investec plc	15.5%	17.3%	
Capital adequacy ratio: Investec Limited	20.1%	15.1%	

UK GAAP[1]	31 March 2005	31 March 2004*	% change
Salient financial features and key statistics			
Earnings per share before exceptional items and amortisation of goodwill (pence)	140.8	103.8	35.6%
Headline earnings per share (pence)	141.7	103.5	36.9%
Basic earnings per share (pence)	81.5	60.0	35.8%
Diluted earnings per share (pence)	79.0	59.6	32.6%
Dividends declared per share (pence)	67.0	58.0	15.5%
Dividend cover (times)	2.10	1.79	17.3%
Tangible net asset value per share (pence)	467.0	414.8	12.6%
Weighted number of ordinary shares in issue (million)	107.4	102.3	5.0%
Total number of shares in issue (million)	118.6	118.6	0.0%
Closing share price (pence)	1 555	1 089	42.8%
Market capitalisation (£'million)	1 844	1 292	42.7%
Number of employees in the group	4 163	4 458	(6.6%)
Closing ZAR/£ exchange rate	11.73	11.67	0.5%
Ave ZAR/£ exchange rate	11.47	12.02	(4.6%)

Notes:
[1] Refer to definitions on pages 231 to 232.

* 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 plc and Investec Limited effectively form a single economic enterprise, 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 160 to 166 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. The group is now 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 pages 229 to 230.

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 plc and Investec Limited.

Chairman's statement

- Hugh Herman

Results

2005 was an excellent year for the group, providing an opportunity to demonstrate the strength of our strategy and the passionate efforts of our people to deliver strong results. We achieved the majority of our stated growth and financial return objectives and made significant progress towards reaching others. Favourable financial markets supported our performance, enabling us to grow earnings per share (before goodwill amortisation and exceptional items) by 35.6% to 140.8 pence, from 103.8 pence. We also increased our dividend cover from 1.79 to 2.10 times, with total dividends per share for the year at 67.0 pence, up from 58.0 pence in 2004.

Operational performance

All our business areas grew strongly. Private Client Activities, the largest contributor to group earnings, reported a substantial increase in earnings. The Private Banking operations did exceptionally well and the Private Client Portfolio Management and Stockbroking businesses benefited from buoyant equity market conditions. A sound performance from the underlying portfolios of the Private Equity and Direct Investments divisions supported solid growth in the Investment Banking activities. Treasury and Specialised Finance benefited from the strategic refocus of its activities in prior years and Asset Management delivered strong growth, particularly the UK and International operations.

Empowerment and transformation

The issue of empowerment and transformation remains high on the corporate agenda in South Africa, with the "big four" retail banks announcing empowerment transactions during the past year. We have previously effected our own empowerment transaction and are ready for implementation of the Financial Sector Charter, with all our reporting systems in place.

Transformation has been a key focus for all our South African businesses and, as a group, we continue to be active in promoting black economic empowerment (BEE) within the financial services sector. We have also made strong progress in terms of our employment equity programme recognising the need to transform our staff composition at all levels of the group. During the year, we were recognised, once again, for our BEE initiatives when we won the BusinessMap Foundation award for the "Top Commercial Financier of BEE Transactions".

Sustainability

We believe that sustainability is essential for creating and sustaining value for stakeholders. As such, we are committed to delivering on our financial targets, which we see as an important way of creating value for our shareholders. Furthermore, doing the right thing for our clients, employees and communities is integral to our way of doing business. As we grow, we want to continue to find ways to ensure that this approach is maintained. Because of our commitment to this objective, we appointed a senior executive to champion sustainability within the group.

In further developments during the year, we made substantial progress in engaging with business divisions on the development of relevant sustainability measurement frameworks. We also embarked on an extensive external stakeholder consultation process to gain an understanding of their expectations regarding our sustainability strategies and reporting processes. Details of these and other sustainability achievements in the past year are included in our 2005 Sustainability Report.

Integrity

Corporate governance remains a subject of intense interest, with the volume and frequency of regulatory pressure continuing during the year. Basel II, Sarbanes-Oxley and International Financial Reporting Standards are all placing additional stress on our internal resources. During the year, Ernst & Young LLP conducted a comprehensive review of our compliance with the 2003 revised London Combined Code. We considered the recommendations that were made and are implementing measures to incorporate these going forward.

Our corporate culture emphasises the importance of ensuring that our behaviour corresponds to the highest standards of corporate ethics, and our values are reflected in our policies to guarantee good corporate governance across all our operations. During the year, CA Ratings reaffimed Investec Limited's extremely sound corporate governance rating.

Brand recognition

An important element of our distinctive focus is the strength of our brand. While we are strongly established in South Africa, we realise the importance of raising our profile in our other principal markets, and we have therefore invested actively in our brand over the past few years. Internationally, we are starting to see the benefits of building a distinctive brand, especially in the UK where the Investec zebra is becoming a very strong communication icon for Investec. However, we see brand building as going beyond just creating perceptions through advertising, communications and sponsorships. What is most important is focusing on interaction with our clients and other stakeholders in our day-to-day activities. This is where the Investec values, entrepreneurial spirit and desire to deliver value play the deciding role.

People

Our people remain key to the delivery of distinctive performance.

As such, I would like to acknowledge the contributions of and extend my gratitude to the Chief Executive Officer and the Managing Director, who are invaluable to Investec because of their dedication, knowledge and experience. Their special leadership qualities also enable us to benefit from the full potential of all the directors, integrating the rich and diverse skills and experience of our non-executives with the zest of management. I should like to thank our entire board for their dedication and significant contribution they make to the group's affairs.

In March 2005, we appointed a new non-executive director, Cheryl Carolus to the board of directors. Cheryl acted as the South African High Commissioner to London between 1998 and 2001 and was the Chief Executive Officer of South African Tourism. She is currently Chairperson of South African National Parks and brings a wealth of experience to the board.

I would also like to thank all our employees for their commitment, hard work and enthusiasm, which have helped to produce results of which we can all be proud. The quality of our people is a definitive aspect of our success and their ability to thrive within our entrepreneurial culture enables us to collectively deliver a great performance.

Lastly, we remain committed to engaging with our stakeholders - clients, shareholders and communities - and will continue to focus on delivering profitable solutions with integrity.

Outlook

The group's performance in the past financial year demonstrates the success of our clearly stated strategy. We are confident that through further building on our strategic objectives, we can continue to provide a differentiated and valuable contribution to our clients and hence create increasing value for shareholders.

As we commence the 2006 financial year, we remain mindful that in the short term, our performance is subject to the environment in which we operate and there are many unpredictable external influences that may affect performance. Nevertheless, we firmly believe that our niche focus, our ability to offer distinctive profitable solutions to our clients and the quality of our people will position us well to take advantage of market conditions and we look to the future with confidence.

Hugh Herman
Chairman

Review by the Chief Executive Officer and Managing Director

- Stephen Koseff and Bernard Kantor

Overview of performance

Our strong financial performance over the past year is evidence of the strategic actions taken by the group to streamline and sharpen our focus on core activities. Within these core activities and geographies, we benefited from an ongoing drive to achieve profitable growth, with performance further supported by favourable economic conditions.

Strategic accomplishments

We are pleased to report that we achieved the majority of our financial targets and made significant progress towards reaching others. We are required to prepare our financial statements in accordance with International Financial Reporting Standards (IFRS) for the year ending 31 March 2006. The results relating to the six months to 30 September 2005 will be presented under IFRS, and we will revise our financial targets, recognising the difference in the accounting standards, to ensure that they are appropriate with the required degree of stretch.

We are strategically focused on ensuring that we only enter into business activities that are expected to earn appropriate returns on our capital and satisfy the demands of our shareholder base. Consequently, we took several strategic steps to ensure that we remain niched and focused:

- We sold our 80.28% stake in Investec Bank (Israel) Limited to The First International Bank of Israel as we did not believe that we would be able to generate an acceptable return on investment given the competitive framework of that market.

- We exited the Traded Endowments business in the UK, which was not a core activity and had been underperforming for some time.

- We significantly reduced our exposure to the life assurance business through the sale of our group risk business to Capital Alliance Holdings Limited (CAL) and the sale of our investment in CAL to Liberty Group Limited. Our focus going forward will be on delivering appropriate investment products to our target client base.

- We bolstered our Private Client Activities in South Africa with the purchase of the South African private client business of HSBC, resulting in additional funds under management of about R15.8 billion.

- Since year end, our private client portfolio management and stockbroking business in the UK, Carr Sheppards Crosthwaite, merged with Rensburg Plc. In terms of the transaction, Rensburg Plc issued 25.5 million new shares and a £60 million subordinated loan in settlement of the purchase price for Carr Sheppards Crosthwaite resulting in us holding 47.7% of the merged company, which has been renamed Rensburg Sheppards plc. The merged entity has approximately £10.3 billion in funds under management, making it the seventh largest private client fund manager in the UK.

Strong operating performance

All of our operating areas contributed to our strong results.

Private Client Activities

Our Private Client Activities reported substantial growth in operating profit before exceptional items and amortisation of goodwill of 57.5% - up to £84.8 million from £53.9 million. Strong performances were recorded across the majority of the Private Banking activities, with notable performances from Specialised Lending, Structured Property Finance, Growth and Acquisition Finance and Investment Management. Improved equity market conditions and strict cost control benefited both Carr Sheppards Crosthwaite in the UK and Private Client Securities in South Africa.

Treasury and Specialised Finance

The Treasury and Specialised Finance division achieved an operating profit before exceptional items and amortisation of goodwill of £47.9 million, an increase of 33.9% from £35.8 million. The South African business benefited from a relatively stable interest rate environment and an improvement in dealing profits, following a disappointing performance in the prior period. The advisory and structuring businesses in the UK and South Africa performed well, especially the Project Finance, Resource Finance, Structured Finance and Financial Products divisions. These results were somewhat offset by an unsatisfactory result from the Commodities and Equity Derivatives trading operations in the UK.

Investment Banking

For Investment Banking, operating profit before exceptional items and amortisation of goodwill grew by 25.0% - from £37.7 million to £47.2 million. The Institutional Stockbroking operations did well against a backdrop of favourable equity markets and the Corporate Finance divisions achieved sound results, with a solid performance from the UK team. The Direct Investments and Private Equity divisions continued to benefit from the good performance of their underlying portfolios.

Asset Management

Asset Management delivered substantial growth in operating profit before exceptional items and amortisation of goodwill of 55.1% to £38.2 million from £24.6 million, benefiting from favourable market conditions. The profit of the UK and International operations improved significantly due to strong net inflows across their product ranges, with investment performance remaining strong. The Southern African operations delivered solid financial results boosted by a combination of performance fees and additional revenue from rising portfolio indices over the period.

Property Activities

Operating profit before exceptional items and amortisation of goodwill of the Property Activities division rose by 21.5% from £10.1 million to £12.3 million. The division benefited from an increase in funds under management in South Africa and realised gains earned in the UK.

Assurance Activities

Our assurance activities, conducted by Investec Employee Benefits in South Africa, reported an increase in operating profit of 69.5% from £4.6 million to £7.8 million. The business benefited from growth in embedded value as a consequence of improved efficiencies. As mentioned above, this activity was significantly reduced during the year and we will no longer independently categorise this income stream.

Capital management

We are strategically focused on ensuring that we only enter into business activities that are expected to earn appropriate returns on our capital and satisfy the demands of our shareholder base. Our objective is to increase shareholder value through a group-wide discipline that links capital allocation and structuring, performance measurement, investment decisions and capital-based incentive compensation into one integrated framework.

Basel II

The revised international capital adequacy framework (Basel II) was published during the year. This framework is designed to differentiate minimum regulatory capital requirements in a risk sensitive manner and incentivise and recognise sound risk management, internal control and governance practices. We have actively concentrated on ensuring that we will be ready for the implementation of Basel II in all our activities around the world. The framework is expected to be implemented at the beginning of January 2007 for the UK and a year later for South Africa.

Sustainability

Our commitment to sustainability is entrenched in our belief that it is in the long-term interests of the business, employees, shareholders and broader stakeholders that a tangible responsibility to sustainability is embraced and embedded into all our activities. Consequently, a dedicated Corporate Affairs function was established at the beginning of 2005, to align the different components of sustainability with our overall strategy.

We demonstrate our contribution to society by playing an active role in supporting corporate social investment activities focusing on projects that are entrepreneurial and sustainable, such as The Business Place which is a "one-stop shop" for emerging entrepreneurs. We also believe in supporting developments that empower people through education and training and hence continue to support the internationally renowned CIDA City Campus.

In South Africa, we have been recognised for our sustainability endeavours and were included, for the second year running, in the JSE Socially Responsible Investment Index, the first index of its kind in an emerging market. We were also acknowledged for our support of black economic empowerment (BEE) transactions and were awarded the "Top Commercial Financier of BEE Transactions" by the BusinessMap Foundation.

Strategic direction

Through a carefully crafted strategy, we have delivered solid financial results for our shareholders and distinctive solutions for our clients. We have also sharply focused and grown our business and maintained strict control of our cost structure.

We believe that our core growth should come from building our existing activities organically. However, we will continue to evaluate and consider "bolt-on" acquisition opportunities that deliver competitive advantages quickly and efficiently, recognising that they must meet our required return on investment criteria at all times.

Our strategy for growth includes:
- Investing in our people by identifying and rewarding talent and inculcating them into our culture and values system.
- Strengthening our businesses to enhance our ability to produce growing, sustainable earnings over the long-term.
- Maintaining a client centric approach.
- Managing our capital efficiently by deploying it on key opportunities and business units, which enable us to achieve our return objectives.

Review by the Chief Executive Officer and Managing Director

- Stephen Koseff and Bernard Kantor

Acknowledgements

Our success is directly attributable to the expertise of our management team, the quality of our people and the strength of our culture.

The board joins us in thanking all our management and staff for their tenacity, resolve and commitment enabling us to achieve these results.

We would also like to extend our gratitude to the Chairman and the Board of Directors who, individually and collectively, provided the necessary guidance and support, playing an important role in contributing to our success.

Outlook for 2006

We continue to operate in a competitive environment where ongoing innovation and rapid, yet careful, response to competition is crucial. Within this challenging context, we believe that we are strongly positioned to compete. The overall quality of the organisation has improved significantly and we have a far more balanced portfolio of businesses. We have built scale in a number of our businesses, which together with our dedicated managers and employees, provide a solid platform for future growth.

Stephen Koseff
Chief Executive Officer

Bernard Kantor
Managing Director

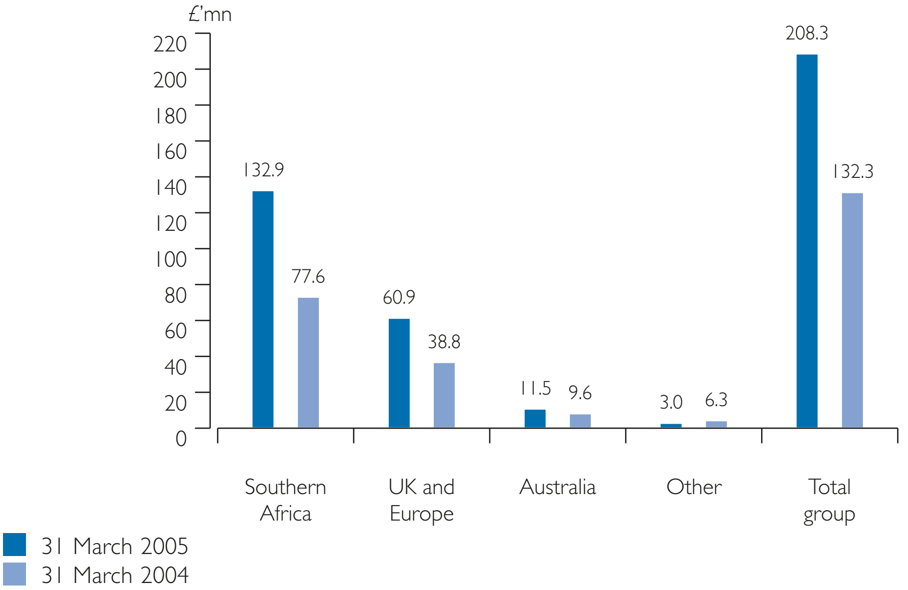
Financial review

Overview

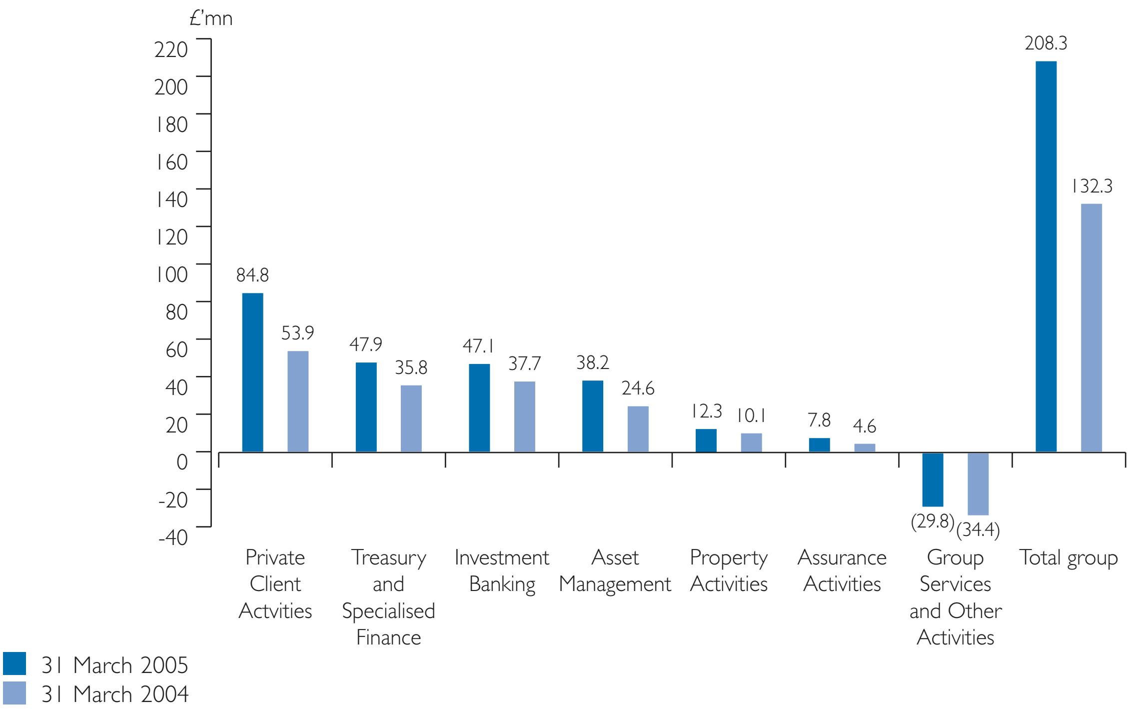
Investec delivered a solid set of results driven by strong performances from our balanced portfolio of businesses.

This commentary and analysis of our financial results for the year ended 31 March 2005 will provide an overview of our financial performance and should be read together with the financial statements and the notes to such statements on pages 160 to 228. Further detail on the performance of our businesses is provided in the Divisional Review section of this report. The commentary and analysis are based on our 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.

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



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

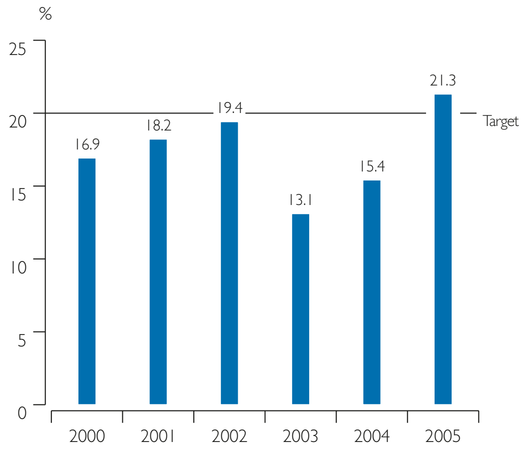


Financial review

Financial objectives

We have made substantial progress towards achieving our financial objectives.

ROE*

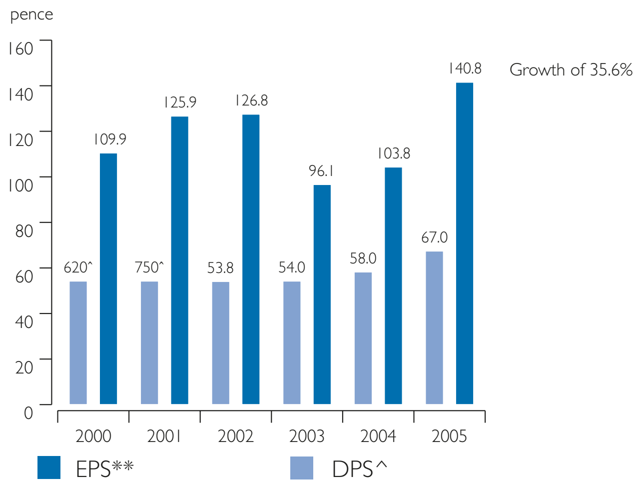


* ROE is post-tax return on adjusted average equity shareholders' funds (inclusive of compulsorily convertible instruments) as calculated on page 28.

Our objective is to continue to focus on increasing ROE, as opposed to nominal capital, through the efficient deployment of our capital base. We intend to generate ROE in excess of our cost of capital.

We have set the following targets over the medium to long-term:
- **Group ROE: 20% in Pounds Sterling.**
- Investec plc ROE: 15% - 20% in Pounds Sterling.
- Investec Limited ROE: 25% - 30% in Rand.

Earnings per share (EPS) and dividends per share (DPS)

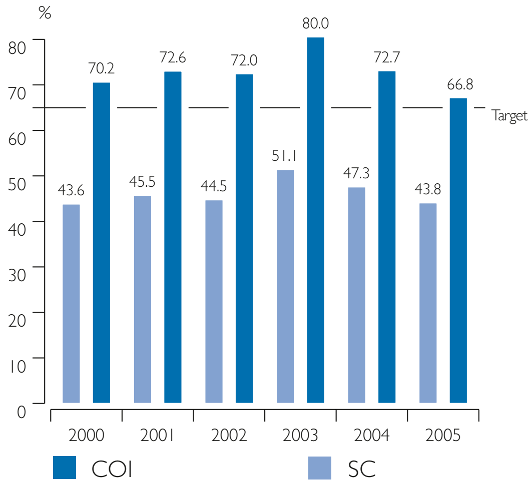


** Before exceptional items and amortisation of goodwill.
^ The dividend for 2000 and 2001 was set in Rand and the dividend thereafter was determined in Pounds Sterling.

In the medium to long-term, we aim to achieve **EPS growth of 10% in excess of UK inflation** (in Pounds Sterling). We continually strive to build and maintain a sustainable business model.

We intend 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. Our dividend cover will be increased to the upper end of the target range in years of strong performance. Interim and final dividends will be declared and proposed in accordance with the above policy.

Cost to income ratio (COI) and staff compensation to operating income ratio (SC)

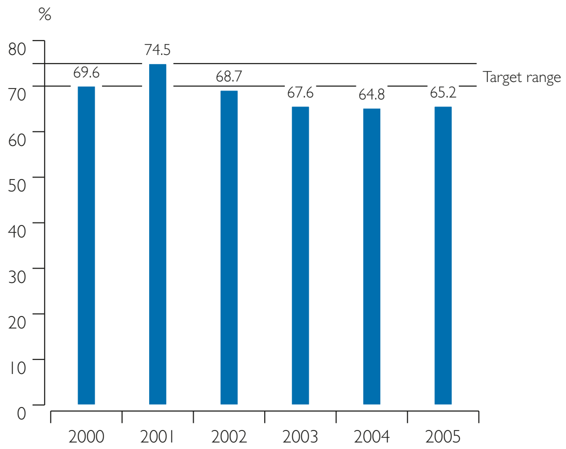


We have significantly rationalised and restructured our operations over the past couple of years in an effort to reduce our overall cost base. Increased emphasis has now been placed on enhancing income growth while at the same time ensuring effective constraint of costs.

We have set the following targets over the medium to long-term:

- **Group COI ratio: less than 65% in Pounds Sterling.**
- **Group staff compensation to operating income ratio: 45% - 50% in Pounds Sterling.**
- Investec plc COI ratio: 70% in Pounds Sterling.
- Investec Limited COI ratio: 50% in Rand.

Recurring/annuity income as a % of operating income



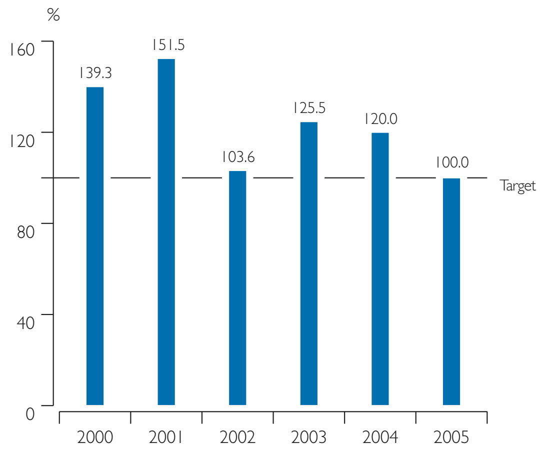
We have set the following target over the medium to long-term: **70% - 75% recurring/annuity income as a percentage of operating income**.

We aim to continually increase our sustainable base to underpin our performance when financial markets are weak. This will not detract us from taking advantage of opportunities that exist from time to time and we will continue to maximise revenues from investment banking and other trading activities as they arise.

Financial review

Financial objectives

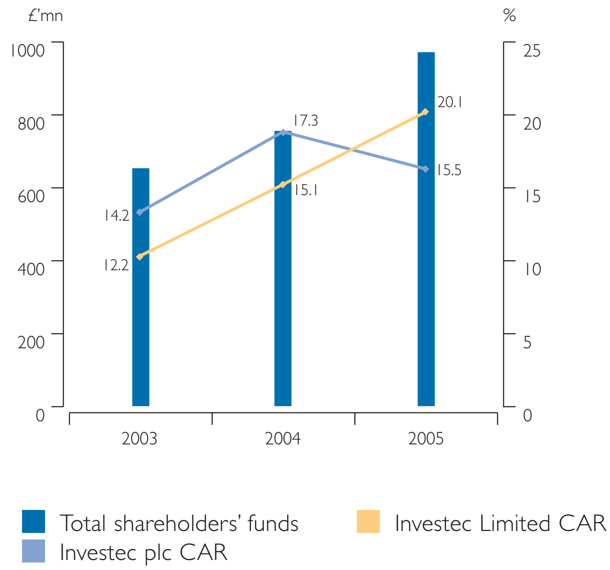
Specific provisions as a % of net non-performing loans



Setting a target in this area is susceptible to economic and market conditions.

We, however, strive to achieve a **coverage of 100% of specific provisions to net non-performing loans**. Furthermore, we aim to achieve a ratio of general provisions to net loans and advances in excess of 1%.

Total shareholders' funds and capital adequacy ratios (CAR)



We intend 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 our return on equity in the medium to long-term.

We would like to maintain a **capital adequacy ratio of between 13% - 16% for Investec plc and Investec Limited** and we target a minimum tier 1 ratio of 10%.

Further detail on our performance in relation to each of these targets can be found in the pages that follow.

An overview of Investec's key income drivers

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

In addition, our 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 our central funding and other activities, such as our Trade Finance operations.

There are therefore a number of key income drivers for our business which are discussed below.

Business activity	Key income drivers	Income impacted primarily by	Profit and loss account - reflected as
Private Client Activities			
Private Banking	• Interest earned in connection with the bank's lending activities	• Size of loan portfolio • The general state of the property market (in South Africa, UK and Australia) • Rate environment	• Net interest income
	• Fees earned for advisory, banking and lending services	• The demand for our specialised advisory services	• Fees and commissions - annuity and deal
	• Income earned in respect of growth finance activities	• Quality of transactions and deal flow	• Fees and commissions and dealing profits
Private Client Portfolio Management and Stockbroking	• Fees levied as a percentage of assets under management • Commissions earned for executing transactions for clients	• Movement in the value of assets underlying client portfolios • The level of clients' investment activity, which, in turn, is affected by, among other things, the performance of the stock markets in which the businesses operate and the equity investment risk appetite of our clients and market liquidity	• Fees and commissions - annuity and deal
Treasury and Specialised Finance			
Financial Market Activities	• Trading and hedging	• Client activity • Market opportunities • Market risk factors primarily volatility for main proprietary risk takers	• Dealing profits
	• Product structuring and distribution	• The level of clients' investment activity, which, in turn, is affected by, among other things, the performance of the markets in which the businesses operate and the investment risk appetite of our clients	• Fees and commissions - deal • Dealing profits
Banking Activities	• Asset creation	• Rate environment • Size of loan portfolio • Market opportunities (in respect of financial instrument opportunities)	• Fees and commissions - deal • Net interest income • Dealing profits (in limited cases)
	• Product structuring and distribution	• Customer appetite • Distribution channels • Access to appropriate products • Ability to create innovative products	• Fees and commissions - deal • Dealing profits (ancillary)

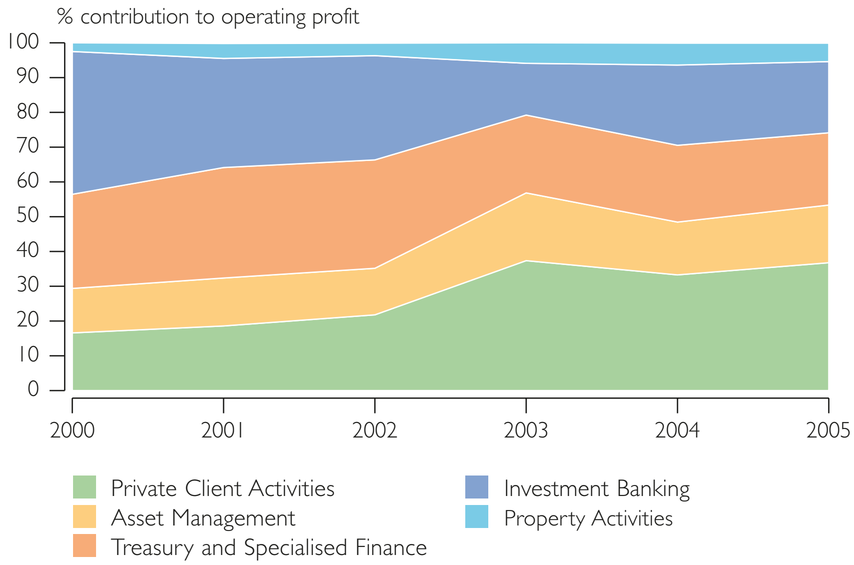
An overview of Investec's key income drivers

Business activity	Key income drivers	Income impacted primarily by	Profit and loss account - reflected as
	• Trading and hedging • Advisory	• Client activity • The demand for our specialised advisory services, which, in turn, is affected by applicable tax, regulatory and other economic factors e.g. project activity in the relevant markets	• Dealing profits • Fees and commissions - deal
Investment Banking			
Corporate Finance	• Fees resulting from the provision of capital raising and financial advisory work	• Macro- and micro- economic fundamentals • Industry-specific trends • Underlying stock market activity, particularly in our primary markets	• Fees and commissions - deal
Institutional Research, Sales and Trading	• Brokerage commissions	• Stock market trading volume and volatility • Client allocation of broking transactions • Our ability to source securities and execute trades on behalf of our clients	• Fees and commissions - annuity
Private Equity and Direct Investments	• Sale of investments and revaluation of trading investments	• Macro- and micro- economic market conditions • Availability of profitable exit routes • Whether appropriate market conditions exist to maximise gains on sale	• Dealing profits
Asset Management			
Asset Management	• Fees levied as a percentage of assets under management	• Movements in the value of the assets underlying client portfolios	• Fees and commissions - annuity and deal (performance fees)
Assurance	• Premiums earned and benefits paid for existing policies • The investment performance of the assets' underlying policies	• The types of policies written • Economic factors in South Africa that affect the performance of the assets supporting such policies • The underlying assumptions used in the actuarial valuation of policy liabilities • Ability to gain market share	• Income from long-term assurance business
Property Activities			
Property Activities	• Fees levied as a percentage of assets under management • Trading and development activities	• Movements in the value of assets underlying client portfolios • Macro- and micro- economic market conditions • Availability of profitable exit routes • Whether appropriate market conditions exist to maximise gains on sale	• Fees and commissions - annuity • Dealing profits

Business activity	Key income drivers	Income impacted primarily by	Profit and loss account - reflected as
Group Services and Other Activities			
• International Trade Finance • USA - continuing activities • Central funding	• These businesses earn a variety of management and banking fees, brokerage, commissions • As this division is responsible for the group's central funding requirements, this income is offset by the cost of group funding (net of return on the group's central capital)	A variety of factors including: • Interest rate environment • Rand/Dollar exchange rate, in the case of the International Trade Finance operations	• All categories of income other than income from long-term assurance business

A balanced portfolio of businesses

% of operating profit before exceptional items and amortisation of goodwill (excluding Assurance and Group Services and Other Activities)



Risks relating to Investec's operations

We face a number of risks that could affect our business operations. These risks are summarised briefly in the table below. For information pertaining to the management and monitoring of these risks, see the references provided.

Key risks	Managing risks - further information
• Market risk, conditions and fluctuations could adversely affect our businesses in many ways	See pages 92 to 97
• Our risk management policies and procedures may leave us exposed to unidentified or unanticipated risks	See pages 79 to 105
• Credit risk exposes us to losses caused by financial or other problems experienced by our clients	See pages 83 to 92
• Liquidity risk may impair our ability to fund our operations	See pages 97 to 99
• Our net interest earnings may be adversely affected by interest rate risk	See pages 97 to 99
• We may be unable to recruit, retain and motivate key personnel	See the 2005 Sustainability Report
• Employee misconduct could cause harm that is difficult to detect	See page 100
• Operational risk may disrupt our business or result in regulatory action	See page 100
• We may be vulnerable to the failure of our systems and breaches of our security systems	See page 100
• We may have insufficient capital in the future and may be unable to secure additional financing when it is required	See pages 103 to 104
• The financial services industry in which we operate is intensely competitive	See pages 07 to 08
• Legal and regulatory risks are substantial in our businesses	See page 101
• Reputational risk	See page 100

Additional risks and uncertainties not presently known to us or that we currently deem immaterial may in the future also impair our business operations. Our business, financial condition or results of operations could be materially adversely affected by any of these risk factors.

Risks relating to the markets in which Investec operates

Due to the nature of our businesses, we have been and will continue to be affected by changes in a number of macro-economic fundamentals. These include the condition of worldwide financial markets, general economic cycles, levels of exchange and interest rates, and inflation, in particular in South Africa, the UK and Australia, where the group derives most of its profit as well as, to a lesser extent, the US and Europe.

Fluctuations in exchange rates

Since the end of July 2002, following the implementation of our Dual Listed Companies structure, our reporting currency has been Pounds Sterling.

A substantial proportion of our operations are conducted by entities outside the UK. The results of operations and the financial condition of our individual companies are reported in the local currencies in which they are domiciled, including Rands, Australian Dollars and US Dollars. These results will then be translated into Pounds Sterling at the applicable foreign currency exchange rates for inclusion in our consolidated financial statements. In the case of the profit and loss accounts, the weighted average rate for the relevant period is applied and, in the case of the balance sheets, the relevant closing rate is used.

Exchange rates between local currencies and Pounds Sterling have fluctuated. The translation effect of such fluctuations in the exchange rates of the currencies of those countries in which we operate against Pounds Sterling may adversely/positively affect our results of operations and financial condition. This report notes where the impact of depreciation/appreciation of these currencies against Pounds Sterling is key to understanding the performance of our businesses.

During the period under review, the Rand appreciated by approximately 5% against Pounds Sterling. This had a marginally positive impact on the group's consolidated results, as the South African operations generated 66.3% of the group's operating profit after taxation but before exceptional items and amortisation of goodwill.

The table below sets out the movements in relevant exchange rates against Pounds Sterling over the reporting period. These rates are indicative only and are not necessarily the rates at which the relevant currencies were converted into Pounds Sterling, for the purposes of preparation of our consolidated financial statements.

	31 March 2005		31 March 2004	
Currency per £1.00	Average	Period end	Average	Period end
South African Rand	11.47	11.73	12.02	11.67
Australian Dollar	2.50	2.44	2.45	2.41
US Dollar	1.85	1.89	1.69	1.83
Israeli Shekel*	n/a	n/a	7.51	8.30

Source: Reuters and Oanda.com.
** The sale of Investec Bank (Israel) Limited was concluded on 22 December 2004.*

Fluctuations in interest rates

The shape of the yield curve, the time lag between changes in interest rates applicable to assets and liabilities, and the volatility of interest rates in each of our principal geographic markets can affect our net interest income, dealing profits generated by the Interest Rate and Forex desks and fees in Corporate Treasury. As a matter of policy, we do not take on material unhedged, long-dated interest rate positions.

The following table sets out movements in certain interest rates affecting our businesses over the reporting period.

	31 March 2005		31 March 2004	
	Average	Period end	Average	Period end
South African Prime Overdraft	11.19%	11.00%	13.81%	11.50%
UK Clearing Banks Base Rate	4.59%	4.75%	3.71%	4.00%
JIBAR - 3 month	7.69%	7.55%	9.86%	8.05%
LIBOR - 3 month	4.82%	4.98%	3.83%	4.38%
Reserve Bank of Australia cash target rate	5.27%	5.50%	4.93%	5.25%

Source: I-NET Bridge.

Financial review

Macro-economic data

The following tables set out macro-economic data for our three principal geographies, South Africa, the UK and Australia, over the reporting period.

South Africa

	31 March 2005	31 March 2004
GDP (% real growth)[1][2]	4.0	2.7
JSE All Share Index[3]	13 298.6	10 692.6
JSE All Share Index (% change over the period)	24.4	39.2
Per capita GDP[1][2] (R)	22 149	21 774
Per capita GDP (% real growth)[1][2]	1.7	0.8

Notes:

[1] *Source: SA Statistics and Investec Securities.*

[2] *Data for calendar year ending during the period.*

[3] *Source: I-NET Bridge.*

UK

	31 March 2005	31 March 2004
GDP (% change over the period)[1]	3.1	2.4
FTSE All Share Index[2]	2 457.7	2 197.0
FTSE All Share Index (% change over the period)[2]	11.9	26.6
Per capita GDP (£)[1]	17 957	17 491
Per capita GDP (% change over the period)[1]	2.7	2.0

[1] *Source: National Statistics.*

[2] *Source: Datastream.*

Australia

	31 March 2005	31 March 2004
GDP (% change over the period)	2.7	3.6
All Ordinaries Index	4 100.6	3 416.4
All Ordinaries Index (% change over the period)	20.0	31.3
Per capita GDP (A$)	40 053	39 018
Per capita GDP (% change over the period)	2.6	2.2

Source: Australian Bureau of Statistics.

Basis of preparation of the consolidated financial statements

Investec's consolidated financial statements, from which the financial information discussed below is extracted, were prepared in accordance with UK GAAP. We have fully consolidated the financial statements of all our subsidiary companies in which we hold more than one-half of the voting rights or over which we exercise control. Majority interests in companies acquired are consolidated from the date of acquisition. Companies in which we own between 20% and 50% of the outstanding voting stock are accounted for using the equity method of accounting. The minority interests of owners of shares in our non-wholly owned subsidiaries are reflected in our consolidated financial statements.

Accounting policies and disclosures

Our reported results are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of our consolidated financial statements. The accounting policies used in the preparation of the consolidated financial statements are set out in the notes to the consolidated financial statements. During the year we adopted certain new UK accounting standards and as a result certain restatements were made to the prior year's consolidated accounts. Information in this regard is set out on pages 169 to 171.

Conversion to International Financial Reporting Standards

Under regulations adopted by the European Union as well as changes introduced to the JSE Securities Exchange South Africa listing requirements, we are required to prepare our financial statements in accordance with International Financial Reporting Standards (IFRS) for the year ending 31 March 2006.

The results relating to the six months ending 30 September 2005 will be presented under IFRS, alongside restated comparative information in accordance with IAS 34 - Interim Financial Reporting. The date of transition to IFRS will be 1 April 2004, being the start of the earliest period for which comparative information will be presented in the first set of IFRS compliant financial statements.

We have made significant progress in the conversion to IFRS. The major differences between IFRS and UK GAAP have been identified, and we are currently quantifying the impact. More detailed information will be made available prior to the release of the September 2005 interim results.

The most significant areas of impact for us due to IFRS are as follows:

Transition to IFRS

IFRS 1 governs the conversion to and first time adoption of IFRS. We are analysing the impact of the utilisation of certain exemptions allowed by the standard, and will choose them in such a fashion as to strike a balance between fair presentation and practicability. We will disclose the impact of the transition in accordance with this standard.

Share based payments

The introduction of IFRS 2 will result in the expensing of all share based payments made by us. The major area of impact will be as a result of the expense arising from share options granted to employees under share option schemes as well as other long-term incentive plans.

Goodwill

Existing goodwill will no longer be amortised, but tested for impairment on an annual basis in accordance with IFRS 3 - Business Combinations. Negative goodwill will be released to the income statement as and when it arises.

Insurance contracts

IFRS 4 may lead to a gross-up on the balance sheet as a result of a restriction on netting off reinsurance contracts and the related liabilities.

Dividends

IAS 10 - Events after Balance Sheet Date will prohibit the recognition of a liability for any dividends declared after the balance sheet date.

Financial instruments

The adoption of IAS 32 - Financial Instruments: Disclosure and Presentation, and IAS 39 - Financial Instruments: Recognition and Measurement will result in the following key changes:

- All derivative financial instruments will be carried at fair value, regardless of whether they form part of the banking or trading books. Where possible, the effect of this will be negated by hedge accounting or treatment of related financial instruments at fair value.
- Certain fees earned as part of lending transactions will be spread over the life of the lending arrangement as an integral component of the effective interest yield.
- General provisions will no longer be raised.
- Specific and portfolio impairments will be introduced, which take into account the discounting of future cash flows.
- Certain financial assets and related liabilities may no longer be offset, which will result in gross values on the balance sheet.

Financial review

Salient features of the group's results in the year under review

Profit and loss account analysis

Total operating income

Total operating income increased by 23.5% to £692.6 million (2004: £560.8 million). The various components of total operating income are analysed briefly below. Further details on the key income drivers and significant variances in the various components of the group's operating income can be found in the description of our principal businesses on pages 40 to 78.

UK GAAP £'000	31 March 2005	% of total income	31 March 2004	% of total income	Year on year % change
Net interest income	132 686	19.2%	105 211	18.8%	26.1%
Dividend income	9 887	1.4%	3 450	0.6%	>100%
Fees and commissions receivable	411 367	59.4%	320 666	57.2%	28.3%
-annuity (net of payable)	301 916	43.6%	246 327	43.9%	22.6%
-deal	109 451	15.8%	74 339	13.3%	47.2%
Dealing profits	68 747	9.9%	90 127	16.1%	(23.7%)
Income from long-term assurance business	7 763	1.1%	5 082	0.9%	52.8%
Return on shareholder's funds in the long-term assurance business	42 837	6.2%	24 122	4.3%	77.6%
Other operating income	19 278	2.8%	12 196	2.1%	58.1%
Total operating income	**692 565**	**100.0%**	**560 854**	**100.0%**	**23.5%**

The following table sets out certain information on total operating income by geography for the period under review:

UK GAAP £'000	31 March 2005	% of total income	31 March 2004	% of total income	Year on year % change
Southern Africa	347 955	50.2%	258 342	46.1%	34.7%
UK and Europe	294 011	42.5%	244 114	43.5%	20.4%
Australia	29 470	4.3%	26 081	4.7%	13.0%
Other	21 129	3.0%	32 317	5.7%	(34.6%)
Total operating income	**692 565**	**100.0%**	**560 854**	**100.0%**	**23.5%**

The following table sets out certain information on total operating income by division for the period under review:

UK GAAP £'000	31 March 2005	% of total income	31 March 2004	% of total income	Year on year % change
Private Banking	194 006	28.0%	148 774	26.5%	30.4%
Private Client Portfolio Management and Stockbroking	65 971	9.5%	58 400	10.4%	13.0%
Treasury and Specialised Finance	130 756	18.9%	113 842	20.3%	14.9%
Investment Banking	106 094	15.3%	87 918	15.7%	20.7%
Asset Management	126 972	18.3%	104 903	18.7%	21.0%
Property Activities	27 972	4.0%	20 755	3.7%	34.8%
Assurance Activities	7 763	1.1%	5 082	0.9%	52.8%
Group Services and Other Activities	33 031	4.9%	21 180	3.8%	56.0%
Total operating income	**692 565**	**100.0%**	**560 854**	**100.0%**	**23.5%**

Net interest income

Net interest income represents interest earned net of interest paid in connection with our portfolio of bank accounts, deposits, loans and financial structured products. Net interest income increased by 26.1% to £132.7 million (2004: £105.2 million). We recorded strong growth in Private Banking and UK Treasury and Specialised Finance lending portfolios, with total core loans and advances increasing by 20.7% to £5.8 billion. A more stable interest rate environment in South Africa has led to an improvement in the performance of the Treasury and Specialised Finance and Central Funding divisions.

The following table sets out net interest income by division for the period under review:

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% change
Private Banking	98 345	78 914	19 431	24.6%
Private Client Portfolio Management and Stockbroking	5 374	4 677	697	14.9%
Treasury and Specialised Finance	46 970	40 832	6 138	15.0%
Investment Banking	3 340	6 484	(3 144)	(48.5%)
Asset Management	2 842	2 900	(58)	(2.0%)
Property Activities	(169)	(378)	209	(55.3%)
Group Services and Other Activities	(24 016)	(28 218)	4 202	(14.9%)
Net interest income	**132 686**	**105 211**	**27 475**	**26.1%**

Net fees and commissions receivable

Net fees and commissions receivable consist of fees receivable for the provision of fund management, investment advice, banking services, retainers, institutional stockbroking commissions and brokerage, and similar items that are likely to recur due to the repetitive nature of these activities (i.e. "fees and commissions receivable - annuity income"). Also included are facility arrangement fees, corporate finance fees and similar items that are transactional in nature and therefore generate more erratic income streams (i.e. "fees and commissions receivable - deal income"), offset by fees and commissions payable which predominantly comprise brokerage payable, banking fees and other similar charges (i.e. "fees and commissions payable").

Net fees and commissions receivable increased by 28.3% to £411.4 million (2004: £320.7 million). This was largely attributable to increased lending turnover and transactional activity in the Private Banking division and a sound performance by the UK Project Finance, UK Investment Banking, Financial Products and Property divisions. The Asset Management and Private Client Portfolio Management and Stockbroking divisions benefited from improved equity market conditions and net inflows across a number of the product ranges.

Financial review

The following table sets out net fees and commissions receivable by division for the period under review:

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% change
Private Banking	91 196	62 181	29 015	46.7%
Private Client Portfolio Management and Stockbroking	60 164	53 390	6 774	12.7%
Treasury and Specialised Finance	46 727	36 256	10 471	28.9%
Investment Banking	56 781	51 992	4 789	9.2%
Asset Management	124 085	100 129	23 956	23.9%
Property Activities	24 594	12 647	11 947	94.5%
Group Services and Other Activities	7 820	4 071	3 749	92.1%
Net fees and commissions receivable	**411 367**	**320 666**	**90 701**	**28.3%**

Dealing profits

Dealing profits comprise: trading income; the marking-to-market of interest rate instruments, equities and other securities such as foreign exchange instruments; profit on the disposal of dealing properties; and the profit/loss on realisation of the group's trading investments.

Dealing profits decreased by 23.7% to £68.7 million (2004: £90.1 million) mainly as a result of the moderate performance of the trading investments held within the Property and Private Banking divisions in South Africa and certain other investments held directly by the group in its corporate portfolio.

The following table sets out dealing profits by division for the period under review:

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% change
Private Banking	2 905	7 211	(4 306)	(59.7%)
Private Client Portfolio Management and Stockbroking	433	203	230	>100%
Treasury and Specialised Finance	35 746	35 340	406	1.1%
Investment Banking	23 805	23 230	575	2.5%
Asset Management	-	1 736	(1 736)	>100%
Property Activities	928	5 937	(5 009)	(84.4%)
Group Services and Other Activities	4 930	16 470	(11 540)	(70.1%)
Dealing profits	**68 747**	**90 127**	**(21 380)**	**(23.7%)**

Income from long-term assurance business

The group's South African assurance activities, conducted by Investec Employee Benefits (IEB) reported an increase in operating income of 52.8% to £7.8 million (2004: £5.1 million). The business has benefited from an increase in embedded value as a consequence of improved efficiencies. The group risk business has been sold to Capital Alliance Holdings Limited (CAL) through a reinsurance contract executed on 31 December 2004, and the earnings reflect income to the date of sale.

Return on shareholder’s funds in the long-term assurance business

The 77.6% growth in the return on shareholder's funds in the long-term assurance business conducted through IEB to £42.8 million (2004: £24.1 million) results from the substantial increase in the average long-term assurance assets attributable to the shareholder from £186.9 million to £248.1 million, supported by favourable capital market conditions.

Other operating income

Other operating income increased by 58.1% to £19.3 million (2004: £12.2 million) as a result of gains achieved on the sale of investments in the underlying funds of the UK private equity portfolio.

The following table sets out other operating income by division for the period under review:

UK GAAP £’000	31 March 2005	31 March 2004	Variance	% change
Private Banking	116	381	(265)	(69.6%)
Private Client Portfolio Management and Stockbroking	-	130	(130)	>100%
Treasury and Specialised Finance	959	(1 458)	2 417	>100%
Investment Banking	14 539	5 904	8 635	>100%
Asset Management	45	138	(93)	(67.4%)
Property Activities	2 619	2 549	70	2.7%
Group Services and Other Activities	1 000	4 552	(3 552)	(78.0%)
Other operating income	**19 278**	**12 196**	**7 082**	**58.1%**

Total recurring/annuity type income

Investec defines recurring/annuity income as net interest income, annuity fees and commissions receivable (net of fees payable) and a portion of the return on shareholder’s funds in the long-term assurance business. Recurring/annuity income as a percentage of total operating income increased from 64.8% to 65.2% (our target range is 70%-75%).

Administrative expenses

Administrative expenses increased by 14.6% to £452.8 million (2004: £395.2 million). Variable remuneration increased by 41.0% to £106.9 million due to increased profitability. Other operating expenses increased by 8.3% to £345.9 million largely as a result of an increase in marketing, compliance, risk management and regulatory costs, an increase in rental costs given that the group no longer owns certain of the buildings from which it operates, an increase in consulting fees relating to certain projects undertaken to improve efficiency which should result in long-term cost savings, and an increase in headcount in certain divisions.

We have made material progress towards reaching our operating expenses to total operating income target of 65% as the ratio improved from 72.7% to 66.8%, principally as a result of the strong growth in operating income of 23.5%.

Financial review

UK GAAP £'000	31 March 2005	% of total expenses	31 March 2004	% of total expenses	Year on year % change
Staff costs (including directors' remuneration)	303 080	66.9%	265 234	67.1%	14.3%
-fixed	196 189	43.3%	189 443	47.9%	3.6%
-variable	106 891	23.6%	75 791	19.2%	41.0%
Business expenses	79 405	17.5%	65 924	16.7%	20.4%
Equipment (excluding depreciation)	22 112	4.9%	22 838	5.8%	(3.2%)
Premises (excluding depreciation)	29 779	6.6%	26 248	6.6%	13.5%
Marketing expenses	18 472	4.1%	14 944	3.8%	23.6%
Administrative expenses	**452 848**	**100.0%**	**395 188**	**100.0%**	**14.6%**

The following table sets out information on administrative expenses by geography for the period under review:

UK GAAP £'000	31 March 2005	% of total expenses	31 March 2004	% of total expenses	Year on year % change
Southern Africa	193 358	42.7%	158 149	40.0%	22.3%
UK and Europe	224 942	49.7%	197 079	49.9%	14.1%
Australia	17 570	3.9%	15 824	4.0%	11.0%
Other	16 978	3.7%	24 136	6.1%	(29.7%)
Administrative expenses	**452 848**	**100.0%**	**395 188**	**100.0%**	**14.6%**

The following table sets out information on administrative expenses by division for the period under review:

UK GAAP £'000	31 March 2005	% of total expenses	31 March 2004	% of total expenses	Year on year % change
Private Banking	105 877	23.4%	86 176	21.8%	22.9%
Private Client Portfolio Management and Stockbroking	51 741	11.4%	48 899	12.4%	5.8%
Treasury and Specialised Finance	80 695	17.8%	72 837	18.4%	10.8%
Investment Banking	57 909	12.8%	49 636	12.6%	16.7%
Asset Management and Assurance Activities	87 824	19.4%	79 794	20.2%	10.1%
Property Activities	15 554	3.4%	10 463	2.6%	48.7%
Group Services and Other Activities	53 248	11.8%	47 383	12.0%	12.4%
Administrative expenses	**452 848**	**100.0%**	**395 188**	**100.0%**	**14.6%**

Further details on the significant variances in the level of administrative expenses within our principal divisions can be found on pages 40 to 78.

Provision for bad and doubtful debts

The bad and doubtful debts charge in the profit and loss account increased marginally by 1.8% to £21.3 million (2004: £20.9 million). We have experienced an increase in provisions as a result of book growth mitigated by bad debt recoveries and provisions made in prior years against certain loans, which are no longer required.

The percentage of gross non-performing loans (NPLs) to core loans and advances decreased from 1.8% to 1.0%. Total provision coverage remains highly satisfactory both as a percentage of gross NPLs and net NPLs (gross NPLs net of security), at 157.9% and 409.1%, respectively. The group's general provision as a percentage of net loans and advances has remained at approximately 1.2%.

Further information on our asset quality is provided in the Risk Management section on pages 79 to 104.

Operating profit before 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 57.5% to £208.3 million (2004: £132.3 million).

The following tables set out information on operating profit before exceptional items and amortisation of goodwill by geography and by division for the period under review:

For the year ended 31 March 2005

UK GAAP £'000	Southern Africa	UK and Europe	Australia	Other	Total group	% change	% of total
Private Banking	28 077	36 901	4 119	2 051	**71 148**	56.7%	34.1%
Private Client Portfolio Management and Stockbroking	5 509	8 180	-	-	**13 689**	61.7%	6.6%
Treasury and Specialised Finance	31 121	15 527	1 496	(210)	**47 934**	33.9%	23.0%
Investment Banking	26 186	15 290	3 515	2 165	**47 156**	25.0%	22.6%
Asset Management	32 617	5 373	-	185	**38 175**	55.1%	18.3%
Property Activities	7 233	5 071	-	-	**12 304**	21.5%	5.9%
Assurance Activities	7 765	-	-	-	**7 765**	69.5%	3.7%
Group Services and Other Activities	(5 571)	(25 394)	2 328	(1 191)	**(29 828)**	(13.4%)	(14.3%)
Total group	**132 937**	**60 948**	**11 458**	**3 000**	**208 343**	**57.5%**	**100%**
% change	71.4%	57.4%	19.0%	(52.8%)	**57.5%**		
% of total	63.8%	29.3%	5.5%	1.4%	**100%**		

For the year ended 31 March 2004

UK GAAP £'000	Southern Africa	UK and Europe	Australia	Other	Total group	% of total
Private Banking	17 164	24 608	3 025	600	**45 397**	34.3%
Private Client Portfolio Management and Stockbroking	2 446	6 019	-	-	**8 465**	6.4%
Treasury and Specialised Finance	18 887	14 015	436	2 467	**35 805**	27.1%
Investment Banking	27 147	2 939	4 312	3 321	**37 719**	28.5%
Asset Management	22 740	1 614	-	257	**24 611**	18.6%
Property Activities	8 605	1 521	-	-	**10 126**	7.7%
Assurance Activities	4 582	-	-	-	**4 582**	3.5%
Group Services and Other Activities	(24 022)	(11 982)	1 853	(294)	**(34 445)**	(26.0%)
Total group	**77 549**	**38 734**	**9 626**	**6 351**	**132 260**	**100%**
% of total	58.6%	29.3%	7.3%	4.8%	**100%**	

A detailed description of the performance of our principal divisions as well as our Group Services and Other Activities division can be found on pages 40 to 78. Additional segmental information can be found on pages 173 to 179.

Goodwill amortisation and impairments

The charge for goodwill amortisation and impairment increased from £50.6 million to £51.8 million. Included in the current period is an amount of £5 million relating to negative goodwill arising from a structured finance transaction and an impairment of £8.8 million in respect of the Institutional Asset Management business in South Africa relating to the portfolio of businesses acquired from Fedsure.

The following table sets out information on the amortisation and impairment of goodwill by division for the period under review:

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% change
Private Banking	(5 292)	(3 740)	(1 552)	41.5%
Private Client Portfolio Management and Stockbroking	(3 567)	(607)	(2 960)	>100%
Treasury and Specialised Finance	2 558	(2 658)	5 216	>100%
Investment Banking	(7 762)	(5 841)	(1 921)	32.9%
Asset Management	(32 815)	(23 754)	(9 061)	38.1%
Property Activities	(2 782)	(2 198)	(584)	26.6%
Group Services and Other Activities	(2 147)	(11 846)	9 699	(81.9%)
Goodwill amortisation and impairments	**(51 807)**	**(50 644)**	**(1 163)**	**2.3%**

Share of income of associated companies

The group's main associate was CAL. An amount of £14.0 million (2004: £11.4 million) before goodwill amortisation was accrued, representing Investec's share of the estimate of CAL's operating earnings for the year ended 31 March 2005.

Exceptional items

The following table sets out information on exceptional items for the year ended 31 March 2005:

	£'million
• Profits arising on the sale of the group's investment in CAL to Liberty Group Limited	8.1
• Reinsurance of the group risk business in IEB with CAL	(1.8)
- Profits arising on reinsurance	5.9
- Impairment of goodwill	(7.7)
• Losses arising on the sale of the banking subsidiary in Israel largely relating to a write down in the value of the buildings it occupied	(6.3)
• Closure of the Traded Endowments operation in the UK	(6.4)
- Losses arising on closure	(3.7)
- Impairment of goodwill	(2.7)
• Losses relating to restructuring costs incurred in certain businesses	(2.2)
Total exceptional items	**(8.6)**

Taxation

The effective tax rate of the group (excluding the tax effect of exceptional items) increased from 21.0% to 27.5% due to the reversal of deferred tax assets as a result of reduced availability of assessed losses.

The following table sets out information on the taxation charge by geography for the period under review:

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% change
Southern Africa	(38 343)	(16 291)	(22 052)	>100%
UK and Europe	(13 952)	(6 300)	(7 652)	>100%
Australia	(3 507)	(2 833)	(674)	23.8%
Other	(1 463)	(3 075)	1 612	(52.4%)
Taxation	**(57 265)**	**(28 499)**	**(28 766)**	**>100%**

Minority interest

Minority interest of £960 thousand (2004: £1.8 million) reflects that portion of Investec's operating profit after taxation that is contributed to the minority shareholders of its subsidiaries.

Earnings attributable to ordinary shareholders

As a result of the foregoing factors, earnings attributable to ordinary shareholders increased from £68.9 million to £100.5 million.

Balance sheet analysis

Capital resources and ROE

Total capital resources increased by 13.6% to £1.5 billion (2004: £1.3 billion) and total shareholders' funds increased by 26.2% to £967 million (2004: £766 million) largely as a result of the issue of R2.3 billion (£207.3 million) of non-redeemable non-cumulative non-participating preference shares by Investec Limited in February 2005.

UK GAAP £'000	31 March 2005	31 March 2004
Subordinated liabilities (including convertible debt)	499 995	497 858
Minority interests - equity	13 195	39 029
Called up share capital	165	165
Share premium account	1 029 242	1 027 539
Treasury shares	(118 694)	(101 304)
Shares to be issued	2 191	2 666
Perpetual preference shares	323 800	127 797
Revaluation reserves	47 620	43 142
Other reserves	(189 663)	(169 501)
Profit and loss account	(127 405)	(164 131)
Shareholders' funds	967 256	766 373
- equity	643 456	638 576
- non equity	323 800	127 797
Capital resources	**1 480 446**	**1 303 260**

The annualised return on average total equity shareholders' funds, inclusive of goodwill, increased from 16.6% to 23.6%. The annualised return on adjusted average equity shareholders' funds (inclusive of compulsorily convertible instruments, see below) increased from 15.4% to 21.3%, exceeding our target of 20%.

Financial review

ROE - an assessment of economic capital utilised

In order to assess the return on economic capital utilised, we believe that certain adjustments should be made to the profit and loss analysis and balance sheet analysis as reflected under UK GAAP.

We believe that these adjustments are necessary as they reflect the actual utilisation of capital and return thereon, notwithstanding accounting conventions. The methodology applied in assessing the utilisation of our economic capital is as follows:

- A notional return on capital (net of the cost of subordinated debt) which is managed and borne in the centre is allocated from "Group Services and Other Activities" to the business segments based on their total capital utilisation.
- Shareholders' funds as shown under UK GAAP is increased to reflect permanent capital which is reflected under subordinated debt.
- The final dividend is added back to shareholders' funds which, under UK GAAP, reduces reserves.

The following tables set out the calculation of average shareholders' funds in terms of "economic capital utilised."

Calculation of average shareholders' funds

£'000	31 March 2005	31 March 2004	Average
Shareholders' funds per balance sheet	643 456	638 576	641 016
Add: Convertible debt included in subordinated liabilities	28 355	41 705	35 030
Final dividend declared	38 963	30 879	34 921
Adjusted equity shareholders' funds	**710 774**	**711 160**	**710 967**
Goodwill per balance sheet	(193 317)	(251 508)	(222 413)
Adjusted equity tangible shareholders' funds	**517 457**	**459 652**	**488 554**
Operating profit before exceptional items and amortisation of goodwill	208 343	132 260	
Share of associated companies before goodwill	14 045	11 205	
Minority interests	(960)	(1 888)	
Preference dividends	(13 017)	(7 553)	
Operating profit	**208 411**	**134 024**	
Tax on ordinary activities	(57 265)	(27 821)	
Operating profit after tax	**151 146**	**106 203**	
Pre-tax return on average adjusted shareholders' funds	29.3%	19.4%	
Post-tax return on average adjusted shareholders' funds	21.3%	15.4%	
Pre-tax return on average adjusted tangible shareholders' funds	42.7%	32.3%	
Post-tax return on average adjusted tangible shareholders' funds	30.9%	25.6%	

Calculation of ROE by country

For the year ended 31 March £'000	Southern Africa	UK and Europe	Australia	Other	Total group
Total operating profit	132 937	60 948	11 458	3 000	208 343
Share of income of associated companies	14 316	(359)	(81)	169	14 045
Tax on profit on ordinary activities	(38 343)	(13 952)	(3 507)	(1 463)	(57 265)
Minority interests	(152)	(252)	-	(556)	(960)
Preference dividends	(13 017)	-	-	-	(13 017)
Profit on ordinary activities after taxation and preference dividends - 2005	**95 741**	**46 385**	**7 870**	**1 150**	**151 146**
Profit on ordinary activities after taxation and preference dividends - 2004	64 422	32 393	6 493	2 895	106 203
Adjusted shareholders' funds at 31 March 2005	**283 324**	**367 473**	**59 227**	**750**	**710 774**
Goodwill	62 958	124 157	6 202	-	193 317
Adjusted tangible shareholders' funds at 31 March 2005	**220 366**	**243 316**	**53 025**	**750**	**517 457**
Adjusted shareholders' funds at 31 March 2004	237 023	392 775	49 854	31 508	711 160
Goodwill	95 443	144 327	11 738	-	251 508
Adjusted tangible shareholders' funds at 31 March 2004	141 580	248 448	38 116	31 508	459 652
Adjusted average shareholders' funds	**279 141**	**342 792**	**57 125**	**32 305**	**710 967**
Adjusted average tangible shareholders' funds	**180 972**	**245 882**	**45 571**	**16 129**	**488 554**
Pre-tax return on adjusted average shareholders' funds - 2005	**48.0%**	**17.6%**	**19.9%**	**9.3%**	**29.3%**
Pre-tax return on adjusted average shareholders' funds - 2004	36.0%	10.0%	20.3%	20.2%	19.4%
Pre-tax return on adjusted average tangible shareholders' funds - 2005	73.5%	24.8%	25.1%	18.6%	42.7%
Post-tax return on adjusted average shareholders' funds - 2005	**34.3%**	**13.5%**	**13.8%**	**3.6%**	**21.3%**
Post-tax return on adjusted average shareholders' funds - 2004	29.0%	8.4%	14.1%	9.2%	15.4%
Post-tax return on adjusted average tangible shareholders' funds - 2005	52.9%	18.9%	17.3%	7.1%	30.9%

Financial review

Calculation of ROE by division

For the year ended 31 March £'000	PB*	PCSB*	TSF*	IB*	AM*	PA*	ASU*	GSO*	Total group
Total operating profit**	71 148	13 689	47 934	47 156	38 175	12 304	7 765	(15 783)	222 388
Notional return on regulatory capital	26 878	901	23 121	1 912	862	485	556	(54 715)	-
Notional cost of statutory capital	(2 466)	(1 247)	(1 275)	(650)	(3 147)	(2)	-	8 787	-
Cost of subordinated debt	(13 822)	(510)	(12 250)	(818)	(462)	(274)	(313)	28 449	-
Minority interest	-	-	-	-	-	-	-	(960)	(960)
Cost of preference shares	(5 803)	(192)	(6 196)	(356)	(180)	(130)	(197)	37	(13 017)
Absorption of additional residual costs ***	(4 583)	(1 094)	(4 218)	(6 119)	(1 532)	(1 600)	(1 623)	20 769	-
Adjusted earnings/(losses) - 2005	**71 352**	**11 547**	**47 116**	**41 125**	**33 716**	**10 783**	**6 188**	**(13 416)**	**208 411**
Adjusted earnings/(losses) - 2004	47 063	7 195	40 141	33 699	22 810	10 304	4 686	(31 874)	134 024
Adjusted shareholders' funds at 31 March 2005	**267 896**	**18 164**	**187 422**	**22 600**	**140 425**	**15 962**	**2 652**	**55 653**	**710 774**
Goodwill	10 407	10 472	8 424	11 883	133 651	13 965	-	4 515	193 317
Adjusted tangible shareholders' funds at 31 March 2005	**257 489**	**7 692**	**178 998**	**10 717**	**6 774**	**1 997**	**2 652**	**51 138**	**517 457**
Adjusted shareholders' funds at 31 March 2004	216 993	17 412	201 941	41 218	171 056	16 173	16 640	29 727	711 160
Goodwill	15 508	10 958	11 300	19 097	161 912	11 681	11 635	9 417	251 508
Adjusted tangible shareholders' funds at 31 March 2004	201 485	6 454	190 641	22 121	9 144	4 492	5 005	20 310	459 652
Adjusted average shareholders' funds	**251 216**	**18 634**	**169 558**	**34 544**	**155 549**	**16 313**	**8 470**	**56 683**	**710 967**
Adjusted average tangible shareholders' funds	**229 486**	**7 073**	**184 820**	**16 419**	**7 959**	**3 245**	**3 828**	**35 724**	**488 554**
Pre-tax return on adjusted average shareholders' funds - 2005	**28.4%**	**62.0%**	**27.8%**	**119.1%**	**21.7%**	**66.1%**	**73.1%**	**(23.7%)**	**29.3%**
Pre-tax return on adjusted average shareholders' funds - 2004	23.6%	37.1%	21.5%	78.2%	12.7%	63.7%	20.7%	(144.1%)	19.4%
Pre-tax return on adjusted average tangible shareholders' funds - 2005	31.1%	163.3%	25.5%	250.5%	423.6%	332.3%	161.6%	(37.6%)	42.7%

* **Where:** PB = Private Banking PCSB = Private Client Stockbroking TSF = Treasury and Specialised Finance IB = Investment Banking AM = Asset Management PA = Property Activities ASU = Assurance Activities GSO = Group Services and Other Activities

** Includes share of income of associated companies.

*** This allocation represents a portion of the costs remaining in the centre which are indirectly allocated to operating divisions as they facilitate their operations but are excluded in calculating performance incentive remuneration. These allocations are based on management's estimates of relative benefit derived.

Tangible net asset value per share

In calculating the tangible net asset value per share, we assume that all previously issued Compulsory Convertible Debentures (CCDs) are treated as equity. Under UK GAAP, however, a portion of these CCDs is treated as debt and not included in shareholders' funds. Furthermore, the consideration paid for the group's own shares are deducted from shareholders' funds (referred to as treasury shares). As a result, we believe that certain adjustments should be made to more appropriately reflect the tangible net asset value per share.

UK GAAP £'000		31 March 2005	31 March 2004	Notes
A	Shareholders' funds	967 256	766 373	
B	Less: perpetual preference shares	(323 800)	(127 797)	
C	Convertible debt included in subordinated liabilities	28 355	38 258	Debt component of CCD's in subordinated liabilities (included in equity under SA GAAP) relating to unsecured, Class A, Class A Series 11, Class B and Class C subordinated CCD's. Refer to a more detailed explanation of the difference between SA GAAP and UK GAAP.
D	CCD's issued by Investec Limited included in subordinated liabilities	-	3 447	These CCD's (approximately 1.9 million shares) relate to the group's staff share schemes but have largely remained unallocated.
E	Less: intangible fixed assets	(193 317)	(251 508)	Per the balance sheet.
F	Add: Final dividend accrued but not paid	38 963	30 879	
	Net asset value	**517 457**	**459 652**	
	Number of shares in issue	118.6	118.6	
	CCD's	3.6	3.6	Relates to C above.
	CCD's	-	0.1	Allocated in terms of D above.
	Treasury shares	(11.4)	(11.5)	
	Number of shares in issue in this calculation (million)	**110.8**	**110.8**	
	Tangible NAV per share (pence)	**467.0**	**414.8**	

Capital adequacy

Investec plc and Investec Limited are the two listed holding companies in terms of the DLC structure. Investec Bank (UK) Limited (IBUK) and Investec Bank Limited (IBL) are the main banking subsidiaries of Investec plc and Investec Limited, respectively. Investec plc and Investec Limited are well capitalised and capital adequacy ratios exceed the minimum regulatory requirements.

The group aims to maintain a capital adequacy ratio for Investec plc and Investec Limited of 13-16% and targets a tier 1 ratio of 10%.

	IBUK £'million	Investec plc £'million	IBL R'million	Investec Limited R'million
As at 31 March 2005				
Net qualifying capital	545	522	10 555	11 321
Risk-weighted assets	3 075	3 360	54 194	56 290
Capital adequacy ratio	17.7%	15.5%	19.5%	20.1%
Tier 1 ratio	15.7%	9.5%	13.2%	13.1%
As at 31 March 2004				
Net qualifying capital	513	507	11 496	7 532
Risk-weighted assets	2 652	2 934	57 967	49 868
Capital adequacy ratio	19.3%	17.3%	19.8%	15.1%
Tier 1 ratio	17.7%	11.2%	10.5%	8.3%

The above ratios are determined under South African Reserve Bank regulations in respect of IBL (solo) and Investec Limited (consolidated) and UK Financial Services Authority requirements in respect of IBUK (consolidated) and Investec plc (consolidated).

Total assets under administration

Total assets under administration increased by 18.9% to £56.8 billion (2004: £47.8 billion) with sound growth across all ranges of funds. On balance sheet assets grew by 16.9% from £15.3 billion to £17.9 billion largely as a result of strong growth in core advances.

The following tables set out assets under administration by geography over the reporting period:

UK GAAP £'million	Southern Africa	UK, Australia, Other	Total group
As at 31 March 2005			
Retail	3 284	3 505	6 789
Institutional	9 406	5 082	14 488
Private clients	5 395	6 361	11 756
- Private clients - discretionary	633	3 816	4 449
- Private clients - non-discretionary	4 762*	2 545	7 307
Properties managed for third parties	1 256	7	1 263
Acceptances on behalf of clients	-	-	-
Scrip lending	-	4 603	4 603
Total third party assets	**19 341**	**19 558**	**38 899**
On balance sheet assets**	9 969	7 942	17 911
Total assets under administration	**29 310**	**27 500**	**56 810**
As at 31 March 2004			
Retail	2 867	2 762	5 629
Institutional	7 865	5 693	13 558
Private clients	3 738	7 322	11 060
- Private clients - discretionary	456	4 175	4 631
- Private clients - non-discretionary	3 282*	3 147	6 429
Properties managed for third parties	950	16	966
Acceptances on behalf of clients	-	1	1
Scrip lending	-	1 230	1 230
Total third party assets	**15 420**	**17 024**	**32 444**
On balance sheet assets**	9 098	6 221	15 319
Total assets under administration	**24 518**	**23 245**	**47 763**

*Includes funds managed by the Corporate Broking division.

** Further information regarding the group's on balance sheet assets by geography can be found on page 177.

Note:

The Assurance assets (approximately £1.7 billion (2004:£1.5 billion)) are included in the on-balance sheet numbers but are managed by Investec Asset Management.

Additional information

Number of employees

The tables below show the number of employees by division and by geography over the four-year period to 31 March 2005.

	31 March 2005	31 March 2004	31 March 2003	31 March 2002
By Division				
Private Banking				
Southern Africa	855	719	664	571
UK and Europe	360	334	329	293
Australia	51	43	55	43
Israel	*	54	73	51
USA	-	-	-	-
Total	**1 266**	**1 150**	**1 121**	**958**
Private Client Portfolio Management and Stockbroking				
Southern Africa	122	126	144	148
UK and Europe	293	346	400	415
Australia	-	-	-	-
Israel	*	-	-	-
USA	-	-	-	292
Total	**415**	**472**	**544**	**855**
Private Client Activities Total				
Southern Africa	977	845	808	719
UK and Europe	653	680	729	708
Australia	51	43	55	43
Israel	*	54	73	51
USA	-	-	-	292
Total	**1 681**	**1 622**	**1 665**	**1 813**
Treasury and Specialised Finance				
Southern Africa	275	258	283	271
UK and Europe	137	134	156	166
Australia	15	8	10	11
Israel	*	34	25	48
USA	-	-	-	7
Total	**427**	**434**	**474**	**503**
Investment Banking				
Southern Africa	105	101	105	116
UK and Europe	115	114	101	156
Australia	25	21	16	30
Israel	*	39	46	49
USA	-	–	68	111
Total	**245**	**275**	**336**	**462**

* The sale of Investec Bank (Israel) Limited was concluded on 22 December 2004.

	31 March 2005	31 March 2004	31 March 2003	31 March 2002
By Division (continued)				
Asset Management				
Southern Africa	533	517	490	512
UK and Europe	190	257	267	245
Australia	-	–	–	–
Israel	*	10	14	
USA	-	–	–	6
Total	**723**	**784**	**771**	**763**
Property Activities				
Southern Africa	220	204	163	147
UK and Europe	5	6	3	3
Total	**225**	**210**	**166**	**150**
Assurance Activities	**17**	**156**	**490**	**576**
Group Services and Other Activities				
Southern Africa	521	546	558	668
UK and Europe	208	240	253	232
Australia	49	40	22	-
Israel	*	76	76	90
USA	67	75	63	272
Total	**845**	**977**	**972**	**1 262**
Total number of employees	**4 163**	**4 458**	**4 874**	**5 529**
By Geography				
Southern Africa	2 648	2 627	2 897	3 009
UK and Europe	1 308	1 431	1 509	1 510
Australia	140	112	103	84
Israel	*	213	234	238
USA	67	75	131	688
Total number of employees	**4 163**	**4 458**	**4 874**	**5 529**

* The sale of Investec Bank (Israel) Limited was concluded on 22 December 2004.

Six-year review - summarised consolidated profit and loss accounts

UK GAAP £'000* For the year ended 31 March**	2005	2004	2003	2002	2001	2000
Net interest income	132 686	105 211	110 701	163 830	159 087	118 488
Dividend income	9 887	3 450	3 597	2 081	5 231	8 567
Fees and commissions receivable	434 978	340 712	330 959	415 918	390 577	332 044
- annuity	325 527	266 373	287 199	335 845	302 623	263 791
- deal	109 451	74 339	43 760	80 073	87 954	68 253
Fees and commission payable	(23 611)	(20 046)	(54 768)	(74 671)	(51 444)	(47 388)
Dealing profits	68 747	90 127	57 668	49 485	36 179	25 519
Income from long-term assurance business	7 763	5 082	27 779	31 079	-	-
Return on shareholder's funds in the long-term assurance business	42 837	24 122	15 551	-	-	-
Other operating income	19 278	12 196	27 780	30 949	11 264	44 220
Other income	**559 879**	**455 643**	**408 566**	**454 841**	**391 807**	**362 962**
Total operating income	**692 565**	**560 854**	**519 267**	**618 671**	**550 894**	**481 450**
Administrative expenses	**(452 848)**	**(395 188)**	**(400 780)**	**(428 510)**	**(385 758)**	**(324 609)**
Staff costs	(303 080)	(265 234)	(265 437)	(275 231)	(250 791)	(210 134)
Business expenses	(79 405)	(65 924)	(74 628)	(79 717)	(63 723)	(59 206)
Equipment (excluding depreciation)	(22 112)	(40 201)	(42 814)	(48 614)	(44 440)	(34 905)
Premises (excluding depreciation)	(29 779)	(8 885)	(5 058)	(9 221)	(8 050)	(6 393)
Marketing expenses	(18 472)	(14 944)	(12 843)	(15 727)	(18 754)	(13 971)
Depreciation of tangible fixed assets	(10 040)	(12 448)	(14 417)	(16 926)	(13 925)	(13 142)
Provision for bad and doubtful debts	(21 334)	(20 958)	(18 308)	(14 668)	(18 015)	(20 225)
Operating profit	**208 343**	**132 260**	**85 762**	**158 567**	**133 196**	**123 474**
Operating profit from continuing operations	208 343	132 260	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)	10 848	9 073	9 706	3 083	(143)	148
Amortisation and impairment of goodwill	(51 807)	(50 644)	(122 302)	(98 435)	(20 885)	(14 281)
Other exceptional items	(8 635)	8 529	(28 757)	(17 529)	-	-
Profit/(loss) on ordinary activities before taxation	**158 749**	**99 218**	**(55 591)**	**45 686**	**112 168**	**109 341**
Taxation on profit on ordinary activities	(57 265)	(28 499)	(5 377)	(28 540)	(30 044)	(36 091)
Profit/(loss) on ordinary activities after taxation	**101 484**	**70 719**	**(60 968)**	**17 146**	**82 124**	**73 250**
Minority interests - equity	(960)	(1 813)	(1 646)	(1 586)	(1 170)	(1 668)
Profit/(loss) attributable to shareholders	**100 524**	**68 906**	**(62 614)**	**15 560**	**80 954**	**71 582**
Earnings attributable to ordinary shareholders before exceptional items and amortisation of goodwill	**151 146**	**106 203**	**89 668**	**127 613**	**100 906**	**87 246**

Notes:

* Refer to definitions on pages 231 to 232.

** The numbers for the year ended 31 March 2003, 2002, 2001 and 2000 have not been restated for changes to accounting policies and disclosures.

Six-year review - summarised consolidated balance sheets

UK GAAP £'000* As at 31 March**	2005	2004	2003	2002	2001	2000
Assets						
Cash and balances at central banks	105 130	363 862	348 343	457 222	477 646	589 939
Treasury bills and other eligible bills	323 622	332 208	243 019	197 767	254 655	247 889
Loans and advances to banks	2 961 809	1 704 715	2 758 797	2 583 205	2 341 300	3 635 295
Loans and advances to customers	7 391 038	6 347 032	4 883 903	4 780 480	4 741 682	4 853 137
Debt securities	1 986 864	1 466 437	1 931 265	4 377 877	5 417 962	4106 735
Equity shares	439 963	418 254	147 638	204 352	265 013	168 063
Interests in associated undertakings	3 559	70 006	62 422	45 026	3 272	15 677
Other participating interests	9 124	9 135	-	-	55 051	33 847
Intangible fixed assets	193 317	251 508	299 773	384 900	242 891	226 414
Tangible fixed assets	125 022	146 326	205 982	186 761	165 241	144 717
Own shares	-	-	52 223	42 130	39 133	59 974
Other assets	1 202 305	1 081 131	1 211 441	1 177 727	865 250	1 195 420
Prepayments and deferred income	122 899	81 511	124 390	97 968	-	-
Long-term assurance business attributable to the shareholder	230 885	265 315	108 528	67 116	-	-
	15 095 537	12 537 440	12 377 724	14 602 531	14 869 096	15 277 107
Long-term assurance assets attributable to policyholders	2 815 137	2 781 335	2 536 319	2 354 401	1 114 666	752 987
	17 910 674	**15 318 775**	**14 914 043**	**16 956 932**	**15 983 762**	**16 030 094**
Liabilities						
Deposits by banks	912 320	1 233 609	2 129 292	3 645 308	4 063 422	4 304 382
Customer accounts	6 805 429	7 211 292	6 354 867	7 068 220	8 075 740	8 689 252
Debt securities in issue	1 925 124	621 857	1 089 756	606 246	-	-
Other liabilities	3 737 901	1 969 855	1 580 881	2 106 191	1 623 913	1 387 723
Accruals and deferred income	226 763	185 600	254 413	218 132	264 263	257 016
Pension fund liability	7 554	11 967	10 041	-	-	-
	13 615 091	11 234 180	11 419 250	13 644 097	14 027 338	14 638 373
Long-term assurance liabilities attributable to policyholders	2 815 137	2 781 335	2 536 319	2 354 401	1 114 666	752 987
	16 430 228	14 015 515	13 955 569	15 998 498	15 142 004	15 391 360
Capital resources						
Subordinated liabilities (including convertible debt)	499 995	497 858	279 702	190 659	239 129	83 977
Minority interests – equity	13 195	39 029	38 804	33 473	23 459	26 815
Called up share capital	165	165	158	7 530	6 701	6 566
Share premium account	1 029 242	1 027 539	980 321	814 089	563 567	515 333
Treasury shares	(118 694)	(101 304)	(40 987)	-	-	-
Shares to be issued	2 191	2 666	2 428	41 148	35 285	35 285
Perpetual preference shares	323 800	127 797	-	-	-	-
Revaluation reserves	47 620	43 142	29 160	11 202	832	(284)
Other reserves	(189 663)	(169 501)	(166 907)	(176 833)	(110 404)	(88 928)
Profit and loss account	(127 405)	(164 131)	(164 205)	37 166	83 189	59 970
Shareholders' funds	967 256	766 373	639 968	734 302	579 170	527 942
- equity	643 456	638 576	639 968	691 201	536 069	527 942
- non equity	323 800	127 797	-	43 101	43 101	-
	1 480 446	1 303 260	958 474	958 434	841 758	638 734
	17 910 674	**15 318 775**	**14 914 043**	**16 956 932**	**15 983 762**	**16 030 094**

Notes:

* Refer to definitions on pages 231 to 232.

** The numbers for the year ended 31 March 2003, 2002, 2001, and 2000 have not been restated for changes to accounting policies and disclosures.

Financial review

Salient features

UK GAAP £'000* For the year ended 31 March**	2005	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)	151 146	106 203	89 668	127 613	100 906	87 246
Headline earnings (£'000)	152 163	105 873	83 595	115 777	100 906	87 246
Operating profit before exceptional items and amortisation of goodwill (£'000)	208 343	132 260	85 762	158 567	133 196	123 474
Operating profit: SA (% of total)	63.8%	58.6%	81.0%	51.6%	25.6%	15.4%
Operating profit: Non-SA (% of total)	36.2%	41.4%	19.0%	48.4%	74.4%	84.6%
Cost to income ratio	66.8%	72.7%	80.0%	72.0%	72.6%	70.2%
Staff compensation to operating income ratio	43.8%	47.3%	51.1%	44.5%	45.5%	43.6%
Return on adjusted average equity shareholders' funds	21.3%	15.4%	13.1%	19.4%	18.2%	16.9%
Recurring/annuity income as a percentage of operating income	65.2%	64.8%	67.6%	68.7%	74.5%	69.6%
Net-interest income as a percentage of operating income	19.2%	18.8%	21.3%	26.5%	28.9%	24.6%
Non-interest income as a percentage of operating income	80.8%	81.2%	78.7%	73.5%	71.1%	75.4%
Effective tax rate	27.5%	21.0%	6.3%	18.0%	22.6%	29.2%
Balance sheet						
Total capital resources (£'million)	1 480	1 303	958	958	842	639
Total shareholders' funds (including perpetual preference shares) (£'million)	967	766	640	734	579	528
Total assets (£'million)	17 911	15 319	14 914	16 957	15 984	16 030
Core loans and advances (£'million)	5 848	4 846	3 909	3 314	3 299	3 083
Core loans and advances as a percentage of total assets	32.7%	31.6%	26.2%	19.5%	20.6%	19.2%
Total assets under administration (£'million)	56 810	47 763	40 559	44 219	43 977	45 853
Capital adequacy ratio: Investec plc	15.5	17.3	14.2	^	^	^
Capital adequacy ratio: Investec Limited	20.1	15.1	12.2	^	^	^
Salient financial features and key statistics						
Earnings per share before exceptional items and amortisation of goodwill (pence)	140.8	103.8	96.1	139.8	125.9	109.9
Headline earnings per share (pence)	141.7	103.5	89.6	126.8	125.9	109.9
Basic earnings per share (pence)	81.5	60.0	(67.2)	14.8	99.2	90.2
Diluted earnings per share (pence)	79.0	59.6	(67.2)	13.9	96.4	89.6
Dividends declared per share (pence)	67.0	58.0	54.0	53.8	68.7^^	61.4^^
Dividend cover (times)	2.10	1.79	1.78	2.60	1.83	1.79
Tangible net asset value per share (pence)	467.0	414.8	374.9	373.8	^	^
Weighted number of ordinary shares in issue (million)	107.4	102.3	93.3	91.3	80.2	79.4
Total number of shares in issue (million)	118.6	118.6	113.0	92.2	81.0	80.6
Closing share price (pence)	1 555	1 089	615	805	1 729	2 487
Market capitalisation (£'million)	1 844	1 292	695	742	1 400	2 005
Number of employees in the group	4 163	4 458	4 874	5 529	4 836	4 441
Average ZAR/£ exchange rate	11.47	12.02	15.04	13.65	10.82	9.93

Notes:

* Refer to definitions on pages 231 to 232.

** The numbers for the year ended 31 March 2003, 2002, 2001 and 2000 have not been restated for changes to accounting policies and disclosures.

^ Calculation not comparable.

^^ The dividend for 2000 and 2001 was set in Rand and the dividend thereafter was determined in Pounds Sterling. The Rand dividend per share for 2000 and 2001 was 620 cents and 750 cents, respectively.

Asset quality

UK GAAP £'000* For the year ended 31 March**	2005	2004	2003	2002	2001	2000
Total loans and advances to customers (gross of provisions)	7 481 415	6 437 261	4 966 887	4 844 707	4 817 394	4 931 522
Less: cash equivalent debtors	1 542 950	1 286 357	975 238	1 530 257	1 518 287	1 848 509
Core loans and advances to customers	**5 938 465**	**5 150 904**	**3 991 649**	**3 314 450**	**3 299 107**	**3 083 013**
Managed book	(112 690)	(134 351)	(107 481)	(73 587)	(102 777)	(85 646)
Net loans and advances to customers	**5 825 775**	**5 016 553**	**3 884 168**	**3 240 863**	**3 196 330**	**2 997 367**
Consolidated profit and loss provision charge	21 334	20 958	18 308	14 668	18 015	20 225
Specific provisions	21 935	29 870	30 813	27 252	44 496	49 989
General provisions	68 442	60 359	52 171	36 975	31 216	28 396
Total provisions	**90 377**	**90 229**	**82 984**	**64 227**	**75 712**	**78 385**
Gross non-performing loans	56 717	90 347	60 677	38 124	56 477	66 852
Less: security	(34 833)	(64 904)	(36 132)	(11 821)	(27 113)	(30 970)
Net non-performing loans	**21 884**	**25 443**	**24 545**	**26 303**	**29 364**	**35 882**
Adequacy of provisions						
Specific provisions as a % of core loans and advances to customers	0.37%	0.61%	0.77%	0.82%	1.35%	1.62%
General provisions as a % of net loans and advances to customers	1.17%	1.25%	1.34%	1.14%	0.98%	0.95%
Total provisions as a % of core loans and advances to customers	1.52%	1.82%	2.08%	1.94%	2.29%	2.54%
Total provisions as a % gross non-performing loans	157.89%	100.00%	136.76%	168.47%	134.06%	117.25%
Total provisions as a % of net non-performing loans	409.09%	360.00%	338.09%	244.18%	257.84%	218.45%
Specific provisions as a % of gross non-performing loans	38.60%	33.33%	50.78%	71.48%	78.79%	74.78%
Specific provisions as a % of net non-performing loans	100.00%	120.00%	125.54%	103.61%	151.53%	139.31%
Gross non-performing loans as a % of core loans and advances to customers	0.96%	1.82%	1.52%	1.15%	1.71%	2.17%

Notes:
* Refer to definitions on pages 84 to 85.
** The numbers for the year ended 31 March 2003, 2002, 2001 and 2000 have not been restated for changes to accounting policies and disclosures

Integrated global management structure

Global Roles

Chairman - Hugh Herman
Chief Executive Officer - Stephen Koseff

Managing Director - Bernard Kantor
Group Risk and Finance Director - Glynn Burger

Geographic Business Leaders

South Africa	United Kingdom	Australia	USA	SE Asia
Andy Leith Glynn Burger David Lawrence	Bradley Fried	Geoff Levy Brian Schwartz	John Murabito	Richard Forlee

Divisional Business Leaders

Private Banking
Sam Hackner and
Steven Heilbron

Private Client Stockbroking
Henry Blumenthal - SA

Treasury and Specialised Finance
David van der Walt

Investment Banking
Andy Leith and
Bradley Fried

Asset Management
Hendrik du Toit

Property Activities
Sam Leon - SA
Paul Stevens - UK

Support Structures

Banking and Institutions - David Lawrence
Chief Integrating Officer - Allen Zimbler
Corporate Governance and Compliance - Bradley Tapnack
Finance - Rayanne Jacobson
Human Resources - Patsy McCue
IT - Simon Shapiro
Marketing - Raymond van Niekerk
Risk Management - Ciaran Whelan
Organisational Development - Caryn Solomon
Secretarial - Les Penfold

Group operating structure

Our 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 our principal business areas. Our core philosophy has been to build well-defined, value-added businesses focused on serving the needs of select market niches where we can compete effectively.

Private Client Activities	Treasury and Specialised Finance	Investment Banking	Asset Management	Property Activities
• Private Banking • Private Client Portfolio Management and Stockbroking	• Financial Markets Activities • Banking Activities	• Corporate Finance • Institutional Research, Sales and Trading • Direct Investments • Private Equity	• Institutional • Retail • Assurance Activities	• Fund Management • Listed Funds • Trading and Development • Property Management
• Australia • Southern Africa • UK and Europe	• Australia • Southern Africa • UK and Europe	• Australia • Southern Africa • UK and Europe	• Hong Kong • Southern Africa • UK and Europe	• Southern Africa • UK and Europe

Group Services and Other Activities

- Central Services
- International Trade Finance
- Central Funding
- USA Continuing Operations

Private Client Activities

Partner of choice from wealth creation to wealth management

Scope of activities

Private Client Activities comprises two businesses: Private Banking and Private Client Portfolio Management and Stockbroking.

Private Banking

Activities	- Specialised lending - Banking products and services - Structured property finance - Growth and acquisition finance - Investment management and advisory services - Trust and fiduciary services
Target market	**South Africa:** High income individuals (earning R600 000+), high net worth individuals (net asset value R10 million+) and very high net worth individuals (net asset value R50 million+) **UK and Europe:** High net worth individuals with a net asset value of £5 million+ and investable assets of £3 million+ **Australia:** High net worth individuals with net investable assets of greater than AUD$2 million

Private Client Portfolio Management and Stockbroking

Activity	- Investment management and stockbroking
Target market	**Private Client Securities, South Africa:** Private client mass affluent and high-income sector and above with R1 million+ to invest **Carr Sheppards Crosthwaite, UK:** Recent transaction concluded, see page 156.

Strategic focus

Private Banking

Mission: To be the specialist banking partner of choice in the creation of distinctive value for our targeted clientele.

What is our strategy?

- Our strategy is to provide both financial leverage and acumen necessary to achieve our clients' financial dreams.
- It is our intent to be recognised as a leading, distinct and specialist wealth generator.
- In the pursuit of risk adjusted returns for our clients, partners and shareholders, we seek to differentiate ourselves by leveraging our core competence in risk management to create, hold and provide privileged access to niched credits and niched investment opportunities.

How is it implemented?

- Identified specialisations leverage off our core competence and exploit distinct value and margin opportunity.
- We achieve this through a chosen talent pool delivering distinctive value through partnerships and a diagnostic approach to our select clients.
- We concentrate on growth markets and client segments where we have an affinity and can establish and maintain a leadership position.
- Adherence to our core philosophies and brand values underpin our platform for growth and aspiration.
- The focus for the forthcoming period will be to:
  - Establish scale in each of the existing specialisations.
  - Invest in new specialisations.

Private Client Portfolio Management and Stockbroking

UK and Europe

- Successful and controlled integration with Rensburg Plc.
- Concentration on core activities where the enlarged group has critical mass.
- Maintenance of high levels of service and continued attraction of appropriate clients.

South Africa

Mission: To entrench Investec as the premier South African wealth creation and management stockbroking house.

- To focus on amnesty moneys through our Investec World Axis offering and have launched an extensive marketing campaign to bring new funds and to convert existing asset swap moneys into the offering.
- To focus on bedding down the HSBC acquisition and introducing the client base to the broader Investec product offering in an endeavour to extract more value out of the relationship with this new client base.
- To seek out opportunities to diversify our revenue base by looking to introduce additional products and service offerings for our clients.
- To actively grow our non-discretionary client base.
- To grow our discretionary client base, both from a new client perspective, and in the conversion of existing non-discretionary clients to discretionary.

Management structure

Private Banking

Joint Global Heads of Private Banking
Sam Hackner
Steven Heilbron

UK and Europe
Leon Blitz
Alan Bletcher
Ian Burns
Robert Clifford
Robert Cohen
David Drewienka
Chris Forsyth
Kim Hillier
Paul Hunt
Colin Jensen
Antonia Kerr
Linda McBain
Mort Mirghavameddin
Colm O'Riordan
Paul Stevens

South Africa
Paul Hanley
Michael Barr
Wouter de Vos
Lianne D'Agnese
Colin Franks
Warren King
Michael Leisegang
Wendy Parker
Wayne Preston
Wessel Oosthysen
Les Scott
Tim Till
Carol-Ann van der Merwe
Andy Vogel
Natalie Wessels

Australia
Mark Joffe
Tim Johansen
Ivan Katz
Robert Lipman
Tim Macphillamy
Brendan O'Sullivan
Michael Sack

Private Client Portfolio Management and Stockbroking

Carr Sheppards Crosthwaite, UK
Recent transaction concluded, see page 156.

Private Client Securities, South Africa
Henry Blumenthal
Jonathan Bloch
Peter Clucas
Paul Deuchar
Stephen Glanz
Donald Glyn
Raymond Goss
Fairfax Gray
Craig Hudson
Alistair Martin
Etienne Nel
Angus Robertson
Andrew Smythe
Andy Vogel

Private Client Activities

Partner of choice from wealth creation to wealth management

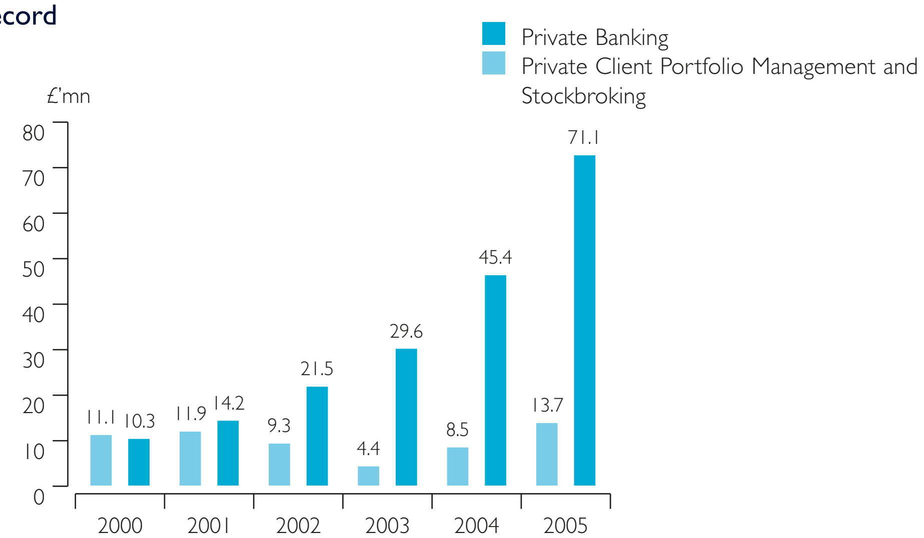
Overview

- Private Client Activities comprise the Private Banking and Private Client Portfolio Management and Stockbroking divisions.
- Operating profit increased by 57.5% to £84.8 million, contributing 36.8% to group profit.

Contribution analysis

* Before taxation, exceptional items and amortisation of goodwill and excluding Assurance and Group Services and Other Activities.
** As calculated on page 30.

Operating profit^ - track record



^ Six-year trend reflects numbers as at the year ended 31 March. Amounts are shown before taxation, exceptional items and amortisation of goodwill.

Overview and financial analysis

- Operating profit increased by 56.7% to £71.1 million, contributing 30.9% to group profit.
- There was excellent growth across all geographies.
- Net interest income grew solidly by 24.6% to £98.3 million and non-interest income by 36.9% to £95.7 million.
- The lending book increased by 26.5% to £4.3 billion.
- The deposit book increased by 21.4% to £3.2 billion.

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% change
Net interest income	98 345	78 914	19 431	24.6%
Net fees and commissions receivable	91 196	62 181	29 015	46.7%
Dealing profits	2 905	7 211	(4 306)	(59.7%)
Other operating income and dividends received	1 560	468	1 092	>100%
Admin expenses and depreciation	(108 909)	(89 174)	(19 735)	22.1%
Provision for bad and doubtful debts	(13 949)	(14 203)	254	(1.8%)
Operating profit before exceptional items and amortisation of goodwill	**71 148**	**45 397**	**25 751**	**56.7%**
Southern Africa	28 077	17 164	10 913	63.6%
UK and Europe	36 901	24 608	12 293	50.0%
Australia	4 119	3 025	1 094	36.2%
Other	2 051	600	1 451	>100%
Operating profit before exceptional items and amortisation of goodwill	**71 148**	**45 397**	**25 751**	**56.7%**
Shareholders' funds	267 896	216 993		23.5%
ROE (pre-tax)	28.4%	23.6%		
Cost to income ratio	56.1%	59.9%		
Number of employees	1 266	1 150		10.1%

The variance in operating profit over the period can be explained as follows:

- The solid increase in net interest income was driven by a healthy growth in advances in the UK and Europe, Australia and South Africa of 20.3% (to £1.5 billion), 33.0% (to £294 million) and 29.7% (to £2.5 billion), respectively.
- The significant growth in net fees and commissions receivable is attributable to increased lending turnover in all operations. Furthermore, we continued to benefit from our diverse nature of activities, with strong contributions from Structured Property Finance, Specialised Lending, Growth and Acquisition Finance and Investment Management activities.
- Dealing profits are largely revaluations and realisations of equity stakes held as a result of Growth and Acquisition Finance transactions.
- The increase in expenses is mainly as a result of a rise in variable remuneration in line with strong growth in profitability and an increase in personnel costs in South Africa, given an increase in average headcount.
- Provisions increased as a result of book growth; however, the variance is distorted by a reduction in provisions made against certain loans in the prior years that are no longer required.

Private Banking

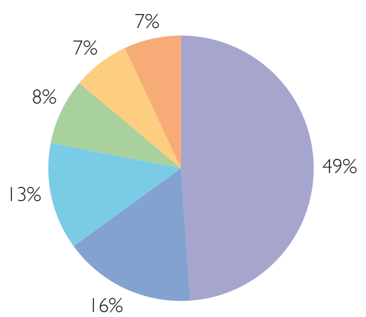
Partner of choice from wealth creation to wealth management

Loans and advances

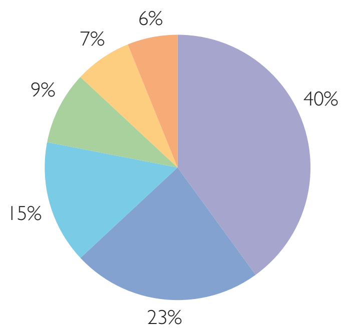
£'million For the year ended 31 March	UK		Ireland		South Africa		Australia		Total		%
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	change
Residential	597	623	12	10	872	674	6	5	1 487	1 312	13.3%
Commercial	395	277	195	162	844	644	265	205	1 699	1 288	31.9%
Cash-backed lending	101	27	12	8	-	-	-	-	113	35	>100%
Other private bank loans	198	149	-	-	778	609	26	13	1 002	771	30.0%
Total gross core loans and advances	**1 291**	**1 076**	**219**	**180**	**2 494**	**1 927**	**297**	**223**	**4 301**	**3 406**	**26.3%**
Specific provisions	4	3	-	-	10	12	1	-	15	15	(5.4%)
General provisions	13	11	2	2	13	10	2	2	30	25	20.8%
Net core loans and advances	**1 274**	**1 062**	**217**	**178**	**2 471**	**1 905**	**294**	**221**	**4 256**	**3 366**	**26.5%**
Gross non-performing loans (NPLs)	18	13	-	-	25	33	1	-	44	46	(4.4%)
Asset quality											
Gross NPLs as a % of core loans and advances	1.4%	1.2%	-	-	1.0%	1.7%	0.2%	-	1.0%	1.3%	
General provisions as a % of core loans and advances	1.0%	1.1%	0.9%	1.1%	0.5%	0.5%	0.8%	0.9%	0.7%	0.7%	
Total provisions as a % of gross NPLs	95.7%	117.3%	-	-	94.1%	67.9%	494.8%		104.7%	90.3%	
Total deposit book	**1 758**	**1 520**	**68**	**57**	**1 153**	**886**	**182**	**140**	**3 161**	**2 603**	**21.4%**

A contribution analysis of non-interest income by area of specialisation is shown below:

31 March 2005



31 March 2004



- Structured Property Finance
- Trust and Fiduciary
- Banking
- Specialised Lending
- Investment Management
- Growth and Acquisition Finance

Developments

UK and Europe

- Our Structured Property Finance distribution capability increased within London, Manchester and Dublin.
- We established a leading facilitation role among providers of specialised lending products for high net worth individuals.
- Our Growth and Acquisition Finance brand was entrenched in the market and we concluded 12 transactions.
- We succeeded in attracting talented investment practitioners.

South Africa

- Our Growth and Acquisition Finance capability expanded into all regions.
- Significant progress was achieved in our wealth management specialisation.
- We provided funding in excess of R1.45 billion in support of black economic empowerment initiatives.

Australia

- A Growth and Acquisition Finance team was established and concluded 6 transactions during the period.
- We continued to enhance and achieve growth in our Structured Property Finance and advisory capability with further expansion into the Melbourne and Brisbane markets.
- We raised private client money of A$172 million into the Investec Wentworth Specialised Property Trust and Private Equity Fund.

Outlook

- We have set ourselves a growth target of 20% earnings growth. This should be seen in the context of current year growth of 57% and three-year compound annual growth of 48%. This is supported by carefully planned growth strategies in each jurisdiction, which include increased distribution capability and a pipeline of new initiatives and existing deal flow that will support this momentum.
- Although the Structured Property Finance specialisation had strong growth over the last three years, we have reduced our dependency on this specialisation by developing scale in Growth and Acquisition Finance, Investment Management and Specialised Lending activities.
- The quality of our book remains sound. Non-performing loans, net of collateral, are fully covered by specific provisions. General provisions are 71 basis points of core loans and advances.

Private Client Portfolio Management and Stockbroking

Partner of choice from wealth creation to wealth management

Overview and financial analysis

- Operating profit increased by 61.7% to £13.7 million, contributing 5.9% to group profit.
- Both Carr Sheppards Crosthwaite in the UK and Private Client Securities in South Africa benefited from the rising and more buoyant equity market and a healthy flow of net new business.
- Total private client funds under management increased by 14.0% to £9.7 billion.

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% change
Net interest income	5 374	4 677	697	14.9%
Net fees and commissions receivable	60 164	53 390	6 774	12.7%
Dealing profits	433	203	230	>100%
Other operating income and dividends received	-	130	(130)	-
Admin expenses and depreciation	(52 282)	(49 935)	(2 347)	4.7%
Provision for bad and doubtful debts	-	-	-	-
Operating profit before exceptional items and amortisation of goodwill	**13 689**	**8 465**	**5 224**	**61.7%**
Southern Africa	5 509	2 446	3 063	>100%
UK and Europe	8 180	6 019	2 161	35.9%
Operating profit before exceptional items and amortisation of goodwill	**13 689**	**8 465**	**5 224**	**61.7%**
Shareholders' funds	18 164	17 412		4.3%
ROE (pre-tax)	62.0%	37.1%		
Cost to income ratio	79.2%	85.5%		
Number of employees	415	472		(12.1%)

Developments

UK and Europe

- Carr Sheppards Crosthwaite's funds under management increased by 2.7% to £6.1 billion.
  - The loss of a £230 million client, acquired by a competitor, was substantially offset by the addition of £224 million in net new business.
  - Private clients and trusts made up 62%, by value, of these funds and 38% emanated from charities, with virtually 100% of net new funds being subject to discretionary mandates.
- The Charities Property Fund continued to grow strongly, increasing by £97 million to £262 million during the year.
- Restructuring of the London fund manager teams produced a tighter, more efficient administration, improving client service.
- Since year end, Carr Sheppards Crosthwaite merged with Rensburg Plc. In terms of the transaction, Rensburg Plc issued 25.5 million new shares and a £60 million subordinated loan in settlement of the purchase price for Carr Sheppards Crosthwaite (a total of £188 million). Investec retains 47.7% of the merged company, which will be called Rensburg Sheppards plc. The combined entity has approximately £10.3 billion in funds under management, making it the seventh largest private client fund manager in the UK. Rensburg Plc shareholders' approved the transaction on 20 April 2005.

South Africa

- Private Client Securities funds under management increased by 41.1% to R42.0 billion (£3.6 billion) (excluding HSBC funds acquired).
- The cost cutting exercise over the last few years and the scalability built into the business model translated into increased revenues.
- The Corporate Broking business is now fully established and performed exceptionally well over the last financial year.
- The Staff Share Incentive Scheme business, which offers fully outsourced administration services to corporate clients who run staff share schemes, is established, with a number of clients using the service.

- The offshore offering (Investec World Axis) targeting amnesty and asset swap money was launched towards the end of the financial year and achieved breakeven in funds.
- Private Client Securities purchased the private client business of HSBC, resulting in additional discretionary funds under management of approximately R2.3 billion and non-discretionary funds under management of R13.5 billion. The transaction was effective from 1 March 2005, and regulatory approval was obtained on 29 March 2005.

Funds under management for the period ended 31 March

	UK		South Africa			
	2005 £'million	2004 £'million	2005* R'million	2004 R'million	2005* £'million	2004 £'million
Discretionary	4 029	3 808	7 428	5 317	633	456
Non-discretionary	2 078	2 139	34 557	24 439	2 946	2 094
Total	**6 107**	**5 947**	**41 985**	**29 756**	**3 579**	**2 550**
Discretionary net inflow	224		859		75	

* Excludes HSBC funds acquired of approximately R15.8 billion (discretionary of R2.3 billion and non-discretionary of R13.5 billion).

Outlook

UK and Europe

- While the quantum of revenue is dependent, to an extent, on the level and performance of global equity markets, Carr Sheppards Crosthwaite's operating cost base will, following the merger with Rensburg Plc, reduce materially as a result of the variation of remuneration arrangements and infrastructural costs.
- In addition to maintaining a high level of client service and winning new mandates, a significant amount of time and effort will be devoted to the integration with Rensburg Plc and the achievement of the synergies outlined in the Listing Particulars for the transaction.

South Africa

- Prospects remain good.
- We anticipate continued private client interest in the market as well as significant corporate activity, which will benefit both our corporate broking and private client activities.

Treasury and Specialised Finance

Specialist structuring and advisory business

Scope of activities

We provide a wide range of specialist products, services and solutions and the bulk of the group's proprietary trading activities. Furthermore, all non-private client deposit taking, corporate and public sector lending, project finance, advisory and structuring activities are transacted through us.

Our activities can be described as either financial markets or banking activities.

Activities	**Financial Markets Activities:** - Interest rates - Foreign exchange - Equity derivatives and finance **Banking Activities:** - Corporate treasury and balance sheet management - Financial products - Structured and asset finance - Project finance - Commodity and resource finance
Target market	- Select corporate clients - Public sector bodies - Institutions

Strategic focus

Our objectives include:

- Continuing to remain a focused and specialised business, targeting markets and products where we can be distinctive and competitive.
- Ensuring, through strong discipline, centred on clients and delivery of structured products:
  - Asset creation opportunities
  - Product structuring and distribution
  - Trading, hedging and proprietary market opportunities
  - Advisory business
- Developing our market leading position, focusing on growth initiatives and growing a portfolio of quality term assets.
- Continuing to concentrate on systems, processes and automation, particularly in the trading businesses, to ensure maximum competitive advantage and long-term cost savings.
- Taking advantage of significant opportunity to use our specialist skills to launch specialist funds. A number of initiatives are under way which should ensure significant annuity fees in time.
- Targeting significant and sustainable growth.

Management structure

Regional Management

David van der Walt	International and UK
Richard Wainwright	South Africa
Michael Cullen	Ireland
Craig McKenzie	Mauritius

Financial Markets Activities

Interest Rates

Brett Hopkins	South Africa
John Barbour	UK

Foreign Exchange

Grant Barrow	South Africa
Phillip Wells	UK

Equity Derivatives and Finance

Milton Samios	International and South Africa
Mark Roessgen	UK
Loman Gallagher	Ireland

Operations

Kevin McKenna	International and South Africa
Jodi Joseph	UK

Divisional Compliance and Legal

Pauline Trollip	International

Information Technology

Mylene Walker	International and South Africa
Lee O'Brien	UK

Financial Control

Stuart Spencer	South Africa
Melanie Abromowitz	UK
Alan Byrne	Ireland

Settlements

Christa Hefer	South Africa
Vanessa Clark	UK
Michael Newman	UK

Banking Activities

Treasury - Balance Sheet

Clive Sindelman	South Africa
John Barbour	UK
Peter Binetter	Australia

Treasury - Corporate

Gary Gorman	South Africa
Carol Grainger	UK
Aisling Dodgson	Ireland

Financial Products

Richard Wainwright	International
Mark Currie	South Africa
Ruth Leas	Co-head/UK
Michael Schewitz	Co-head/UK

Structured and Asset Finance

David van der Walt	International
Anton Millar	Structured Finance - South Africa
David Kuming	Acquisition Finance - South Africa
Alistair Crowther	Structured Finance - UK
Michael Francis	Asset Finance - UK
Jeff Boswell	Acquisition Finance - UK

Project Finance

Maurice Hochschild	International and UK
Michael Meeser	South Africa

Commodities and Resource Finance

Jose de Nobrega	International and South Africa
George Rogers	UK

Treasury and Specialised Finance

Specialist structuring and advisory business

Overview and financial analysis

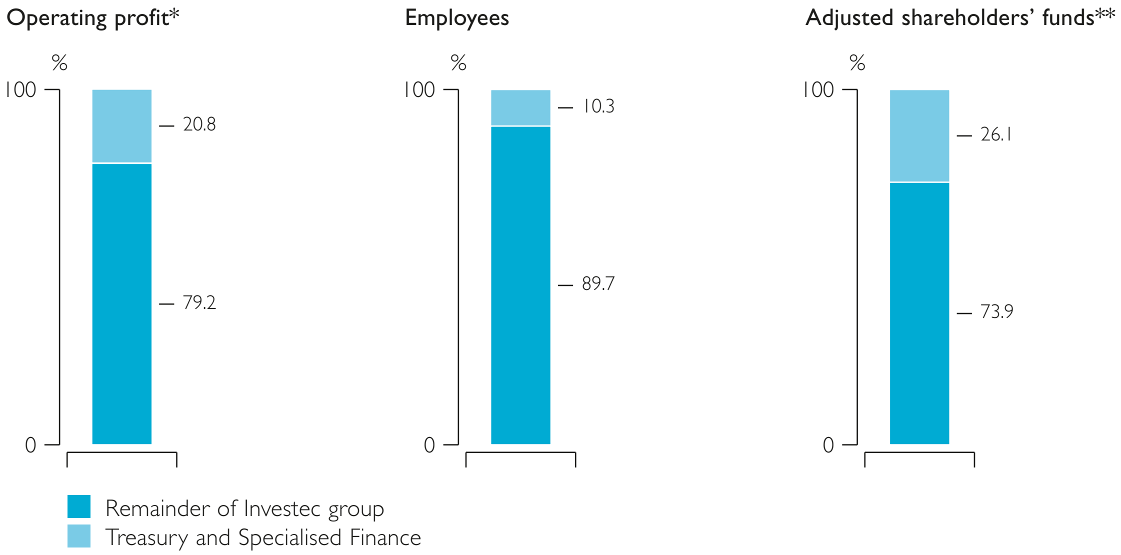
- Operating profit increased by 33.9% to £47.9 million, contributing 20.8% to group profit.
- We continued to focus on our core value drivers - advising, structuring, asset creation, distribution, trading and proprietary portfolio management.
- Core lending books grew by 34.5% from £1.2 billion to £1.6 billion. There was substantial growth in the Acquisition Finance business, where low interest rates and private equity investment drove activity.

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% change
Net interest income	46 970	40 832	6 138	15.0%
Net fees and commissions receivable	46 727	36 256	10 471	28.9%
Dealing profits	35 746	35 340	406	1.1%
Other operating income and dividends received	1 313	1 414	(101)	(7.1%)
Admin expenses and depreciation	(81 476)	(74 095)	(7 381)	10.0%
Provision for bad and doubtful debts	(1 346)	(3 942)	2 596	(65.9%)
Operating profit before exceptional items and amortisation of goodwill	**47 934**	**35 805**	**12 129**	**33.9%**
Banking Activities	43 233	29 878	13 355	44.7%
Financial Markets Activities	4 701	5 927	(1 226)	(20.7%)
Operating profit before exceptional items and amortisation of goodwill	**47 934**	**35 805**	**12 129**	**33.9%**
Southern Africa	31 121	18 887	12 234	64.8%
UK and Europe	15 527	14 015	1 512	10.8%
Australia	1 496	436	1 060	>100%
Other	(210)	2 467	(2 677)	>100%
Operating profit before exceptional items and amortisation of goodwill	**47 934**	**35 805**	**12 129**	**33.9%**
Shareholders' funds	187 422	201 941		(7.2%)
ROE (pre-tax)	27.8%	21.5%		
Cost to income ratio	62.3%	65.1%		
Number of employees	427	434		(1.6%)

The variance in operating profit over the period can be explained as follows:

- Net interest income benefited from growth in core advances and a stable interest rate environment in South Africa, following the negative impact of the 5.5% rate cuts experienced in the prior period.
- The increase in net fees and commissions receivable is attributable to a solid performance from the advisory and structuring businesses, with a number of mandates closed successfully in the year in the Project Finance, Resource Finance, Structured Finance and Financial Products divisions.
- Trading and hedging activity, although subdued, improved year-on-year if Israel is excluded. Initiatives to develop client flows started to benefit the foreign exchange side of the business. Dealing profits reflect an improvement in the performance of the South African trading activities, following losses incurred by the Interest Rate and Currency Trading desks in the prior period. This result was, however, offset by the weaker performance of the UK trading activities, with losses incurred by the Commodities desk in the first half of the year and a difficult environment experienced by the Equity Derivatives desk in the second half of the year.
- Variable remuneration grew, based on increased profitability. Business expenses were higher, largely as a result of increased legal costs incurred in the UK, given strong deal flow in the Project Finance and Structured Finance divisions.
- Provisions decreased as a result of a bad debt recovery in South Africa.

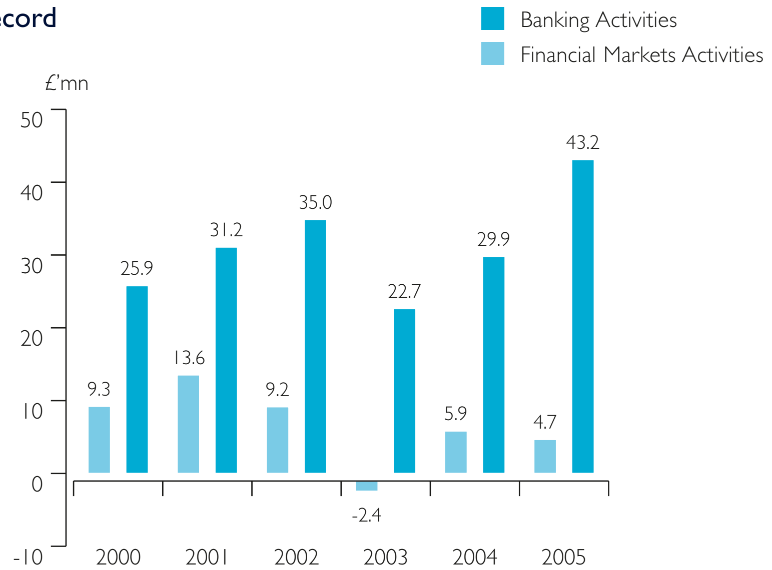
Contribution analysis



* Before taxation, exceptional items and amortisation of goodwill and excluding Assurance and Group Services and Other Activities.

** As calculated on page 30.

Operating profit^ - track record



^ Six-year trend reflects numbers as at the year ended 31 March. Amounts are shown before taxation, exceptional items and amortisation of goodwill.

Treasury and Specialised Finance

Specialist structuring and advisory business

Developments

Our focus on specialised and niche activities continued during the year and we have developed a strong platform and are well positioned for growth.

Equity Derivatives

- UK and Europe:
  - The Equity Finance business in Ireland continued to perform well and we successfully diversified our product range and client base.
  - The Equity Derivatives business was hampered by declining equity volatilities in the second half of the year.
- South Africa:
  - A difficult year was experienced as equity volatilities reached their lowest level. This was offset by successes in the structuring area.

Foreign Exchange

- The strategies implemented during the previous financial year were largely responsible for a turnaround in the performance of the South African and UK businesses.
- **South Africa:** Successful corporate foreign exchange marketing initiatives contributed to the achievement of good profitability. Rated the leading forex service provider in the niche banks category for the fifth year running (PMR Golden Arrow Awards, 2005).
- **UK and Europe:** The corporate business expanded actively and differentiated its client base after a disappointing year.
- **Australia:** Foreign exchange trading commenced during the period, largely to capture margin on internally generated deal flow.

Interest Rates

- **UK and Europe:** The business was set up to facilitate internal deal flow and no new plans are in the pipeline.
- **South Africa:** Liquidity and flow levels in the market remained low and performance was acceptable given market conditions.

Treasury

- Asset creation opportunities increased in the UK and South Africa.
- **UK and Europe:** A €500 million commercial paper programme and a £1 billion medium-term note programme were established, with both completing successful issues.
- **South Africa:** Liquidity remained well managed and we performed strongly in a more stable interest rate environment.
- **Australia:** We remained well funded and continued to have excess liquidity.

Financial Products

- **UK and Europe:** Structuring opportunities remained good and a number of collateralised loan obligation and collateralised debt obligation deals were successfully arranged and structured. This resulted in good structuring fees and a growing annuity of management fees.
- **South Africa:** A specialist derivative sales and structuring team was created to focus on providing customers with specialist solutions across all trading book products. Product innovation remains high and the commercial paper conduit was successfully launched, with R1.5 billion of assets added in the last nine months of the year.

Structured and Asset Finance

- Momentum in aircraft finance was positive, with a number of lead mandates and specialist leasing opportunities successfully concluded e.g. South African Airways, Jet Airways, Quantas and SAS.

- **UK and Europe:**
  - A number of leasing deals were concluded during the year, generating good fee income.
  - The Acquisition Finance business was successfully established, with asset creation well ahead of expectations.
  - The Asset Finance business was bolstered with the recruitment of a small team from Barclay's Capital. Since year end, a business comprising structured medium ticket asset finance was acquired from Citigroup. The business has a book of £70 million, manages assets of £240 million and employs 18 people.
- **South Africa:**
  - The Acquisition Finance business had a good year, completing a number of successful large corporate deals.
  - The debt origination and securitisation business was moved from the Financial Products team to enhance synergies in the two areas and a number of new initiatives were implemented, focusing on black economic empowerment, mid corporate market and property finance.

Project and Infrastructure Finance

- We remained highly rated and were ranked the leading bank advisor by number of closed projects in the Europe, Africa and Middle East region in 2004.
- **UK and Europe:**
  - We successfully lead arranged, participated and structured the largest power deal in Ireland, Tynagh Power.
  - A number of mandates were successfully concluded in the health and transport sectors and we expanded to increase our capability in the power sector. Defence remained a core competence.
- **South Africa:**
  - Prospects remained good but projects were generally slow to complete, largely as a result of government delays.
- **Australia:**
  - We completed significant transactions earning fees well in excess of prior years.
  - The build up of assets in the clean energy sector for a proposed listing and launch of the Viridis Clean Energy Fund in Australia, in which we have a large stake in the management company, is progressing well.

Commodities and Resource Finance

- To ensure that the proprietary trading losses from the first half of the financial year were not repeated, strict discipline was enforced and we restructured the business to focus on resource finance and related commodity hedging.
- A number of deals were successfully closed in all geographies, although the strong Rand meant that deal flow in South Africa was slow.

Loans and advances

For the year ended £'million	31 March 2005	31 March 2004	% change
UK	335	125	>100%
Ireland	71	7	>100%
Australia	27	31	(14.0%)
South Africa	1 210	1 058	14.4%
	1 643	**1 221**	**34.5%**

Outlook

- There is a good level of positive momentum in the business, which is more apparent than at the same time last year.
- Line of sight income is good.
- Initiatives with potential benefit in the year ahead relate to leveraging off existing platforms, with greater penetration of the existing client base and active measures to increase this.
- On balance, we have built a strong platform and are well positioned to target significant and sustainable growth.

Investment Banking

Super-boutique strategy targeting specific clients and market niches

Scope of activities

We engage in a range of investment banking activities. The business positions itself as a "super boutique", focusing on specific market niches. It targets clients seeking highly customised service, which we offer through a combination of domestic depth and expertise within each geography and a client centric approach.

Activities	- Corporate finance - Institutional research, sales and trading - Direct investments - Private equity
Target market	- Major listed and unlisted corporations - Fund managers - Government - Parastatals

Strategic focus

Mission: To be a premier international investment bank distinguished by our leadership in chosen niches, our people and their approach, and our bond with our clients.

Our primary objectives are to secure our current positionings and to continue building our operations, with a strong focus on enhancing overall profitability.

UK and Europe

- Perpetuate full service offering.
- Improve position in mid cap space.
- Continue to grow independent large cap securities franchise in specialist sectors.
- Focus externally on gaining clients and providing superior service.
- Improve institutional rankings via a systematic account management programme.

South Africa

Corporate Finance
- Leverage leading position in the South African market.
- Identify appropriate investment banking transactions and IPO candidates.
- Continue with strategy relating to black economic empowerment.
- Improve cross-border activity.

Institutional Research, Sales and Trading
- Establish niche as uniquely South African house, with selective international capability.
- Leverage the South African product into the UK and USA markets.
- Diversify our revenue stream by growing into related business areas and creating centres of excellence.
- Continue to be a significant contributor of ideas/transactions within the group.

Direct Investments and Private Equity
- Focus on quality, not quantity, in selected industries.
- Concentrate on closer co-operation with empowerment partners.
- Convert on current transaction pipeline.
- Expand selected platforms and exit non-core and smaller holdings.
- Cover overheads from dividends and fees.

Australia

- Maintain and grow market share.
- Expand network and continue to leverage off reputation.
- Build a solid deal pipeline.
- Continue to build private equity portfolio.
- Leverage off enhanced brand awareness.
- Further integrate operations into Investec's international network.

Management structure

Joint Global Heads of Investment Banking

Bradley Fried
Andy Leith

UK

Investec Investment Banking and Securities
Craig Tate
Erik Anderson
Keith Anderson
Jeremy Bedford
David Currie
Andrew Feinstein
Nick Fowler
Trevor Gatfield
Christian Maher
Jeremy McKeown
Ray Milner
Clive Murray

Private Equity
Rob Cohen

Australia

Corporate Advisory
Geoff Levy

Private Equity
John Murphy

Ireland

Michael Cullen

South Africa

Corporate Finance
Kevin Kerr
Hugo Steyn

Direct Investments
Khumo Shuenyane

Private Equity
Thomas Prins

Investec Securities Institutional Stockbroking
Kevin Brady
Keld Randleff-Rasmussen

Management Services
Kevin McKenna
Ockert Olivier

Investment Banking

Super-boutique strategy targeting specific clients and market niches

Overview and financial analysis

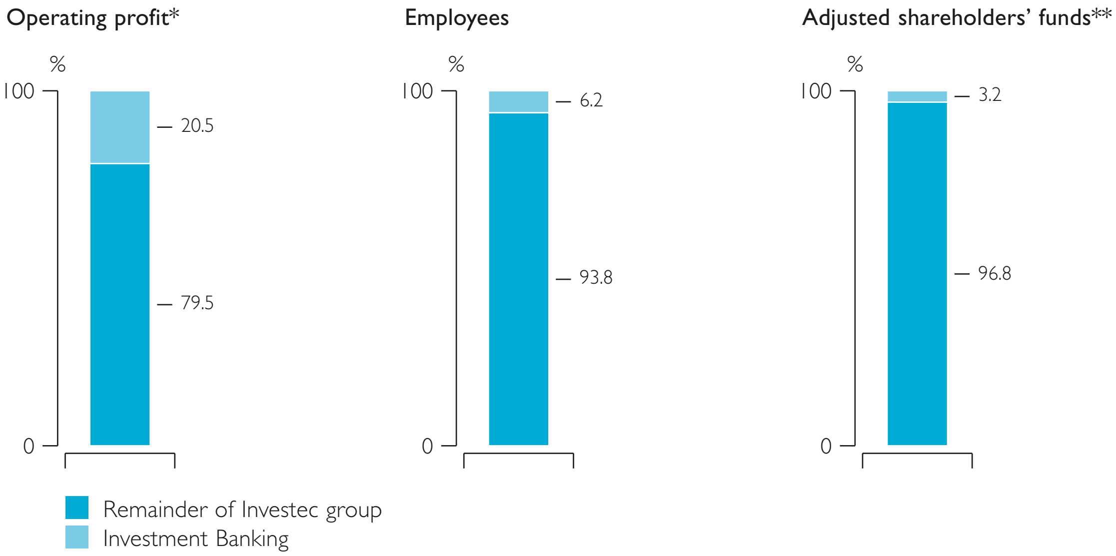
- Operating profit increased by 25.0% to £47.2 million, contributing 20.5% to group profit.

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% change
Net interest income	3 340	6 484	(3 144)	(48.5%)
Net fees and commissions receivable	56 781	51 992	4 789	9.2%
Dealing profits	23 805	23 230	575	2.5%
Other operating income and dividends received	22 168	6 212	15 956	>100%
Admin expenses and depreciation	(58 229)	(50 199)	(8 030)	16.0%
Provision for bad and doubtful debts	(709)	-	(709)	>100%
Operating profit before exceptional items and amortisation of goodwill	**47 156**	**37 719**	**9 437**	**25.0%**
Corporate Finance	8 226	8 206	20	0.2%
Institutional Research, Sales and Trading	5 592	4 129	1 463	35.4%
Direct Investments	14 736	18 635	(3 899)	(20.9%)
Private Equity	18 602	6 749	11 853	>100%
Operating profit before exceptional items and amortisation of goodwill	**47 156**	**37 719**	**9 437**	**25.0%**
Southern Africa	26 186	27 147	(961)	(3.5%)
UK and Europe	15 290	3 194	12 096	>100%
Australia	3 515	4 312	(797)	(18.5%)
Other	2 165	3 066	(901)	(29.4%)
Operating profit before exceptional items and amortisation of goodwill	**47 156**	**37 719**	**9 437**	**25.0%**
Shareholders' funds	22 600	41 218		(45.2%)
ROE (pre-tax)	119.1%	78.2%		
Cost to income ratio	54.9%	57.1%		
Number of employees	245	275		(10.9%)

The variance in operating profit over the period can be explained as follows:

- The Institutional Stockbroking operations performed well against a backdrop of favourable equity markets and the Corporate Finance divisions posted sound results, with a solid performance reported by the UK division.
- The Direct Investments and Private Equity divisions benefited as a result of a sound performance from their underlying portfolios.
- The increase in expenses relates to a rise in retention and redundancy costs, as well as in variable remuneration.

Contribution analysis



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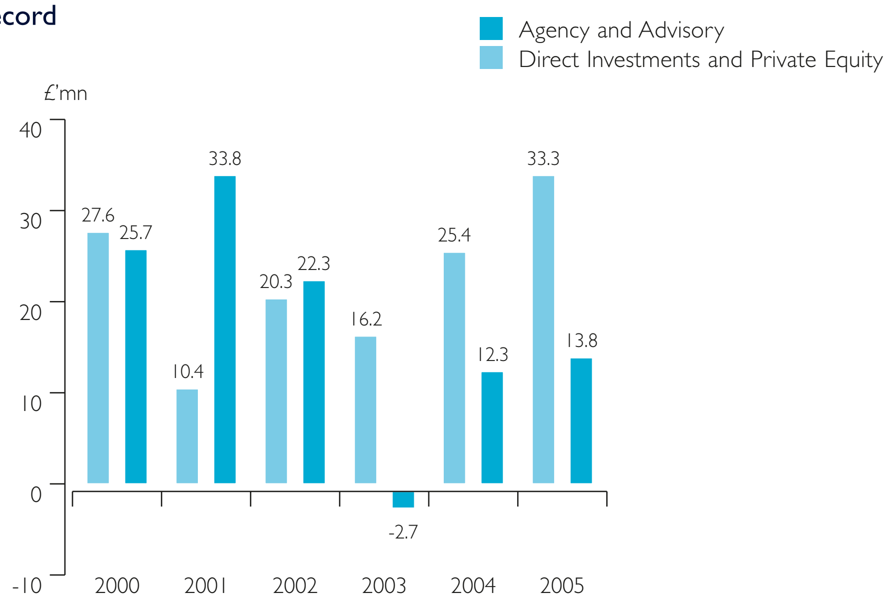
** As calculated on page 30.

Operating profit^ - track record



^ Six-year trend reflects numbers as at the year ended 31 March. Amounts are shown before taxation, exceptional items and amortisation of goodwill.

Investment Banking

Super-boutique strategy targeting specific clients and market niches

Developments

Corporate Finance and Institutional Research, Sales and Trading

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% change
Net interest income	1 641	1 947	(306)	(15.7%)
Net fees and commissions receivable	56 484	49 566	6 918	14.0%
Dealing profits	4 032	2 681	1 351	50.4%
Other operating income and dividends received	4	1 922	(1 918)	(99.8%)
Admin expenses and depreciation	(48 343)	(43 781)	(4 562)	10.4%
Provision for bad and doubtful debts	-	-	-	-
Operating profit before exceptional items and amortisation of goodwill	**13 818**	**12 335**	**1 483**	**12.0%**

Corporate Finance

UK and Europe
- We benefited from a higher level of M&A activity and an improved IPO market as investor confidence returned.
- Five IPO's were concluded during the financial year, the most notable being Virgin Mobile.
- Statistics:
  - Completed 19 M&A transactions during the year, with a value of £1.1 billion (2004: 18 transactions with a value of £960 million).
  - Completed 12 fundraisings during the year, raising in aggregate £376 million, including £150 million in relation to Dignity and £125 million for Virgin Mobile where we worked with other brokers (2004: 13 transactions with a value of £174 million).
- We continued to build the quality and size of the corporate client list, gaining 23 new clients during the year, with the total number of quoted clients at 73.

South Africa
- We maintained our strong positioning with a steady level of activity.
- Our focus was on corporate restructuring activities, black economic empowerment (BEE) transactions, de-listings and the high profile hostile bid by Harmony for Goldfields.
- All our major clients were retained and several new mandates were gained during the period, particularly for BEE transactions.
- Statistics:
  - Number of corporate finance transactions completed during the period decreased to 88 (2004: 93), with the value increasing to R32.4 billion (2005: R20.0 billion).
  - Number of sponsor broker deals completed during the period increased to 94 (2004: 83), with the value increasing to R25.8 billion (2004: R17.3 billion).
  - Corporate Finance division was ranked second in volume of M&A transactions and second in general corporate finance by volume in the Dealmakers Magazine Survey for Corporate Finance (March 2005).
  - Sponsor division was ranked first in the volume of M&A transactions and second in general corporate finance by volume in the Dealmakers Magazine Survey for Sponsors (March 2005).

Australia
- Strong cross-border activity was maintained between South Africa and Australia.
- The continued strengthening of the advisory franchise, advising on 18 transactions (2004: 15) valued at A$26.7 billion (2004: A$2.7 billion) during the financial year.
- Increased level of activity in private equity advisory (internally and externally).

Institutional Research, Sales and Trading

UK and Europe

- Secondary commissions improved over the prior period despite market volumes being relatively unchanged. This was largely as a result of the following:
  - Increased research coverage.
  - First fully operational year for support services research team.
  - Increased market traction in sales and sales trading.
  - Greater use of balance sheet to facilitate broking commissions in both market making and selected large cap stocks.
  - Hedge funds are an important source of new business.
- Rankings (Starmine Survey, 2004):
  - Second place overall.
  - Individual analysts received 11 top three rankings, including five number one rankings.

South Africa

- During the period, the institutional securities business was strategically re-aligned. As a result, a global presence was established in the USA to create an improved platform to leverage the South African product into select international markets.
- The agency business performed well as improved JSE volumes translated into geared bottom line revenues.
- Simultaneously, the achievement of top tier rankings with our target client base enabled us to grow our market share.
- A Prime Broking initiative was launched early in 2005.

Direct Investments and Private Equity

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% change
Net interest income	1 699	4 537	(2 838)	(62.6%)
Net fees and commissions receivable	297	2 426	(2 129)	(87.8%)
Dealing profits	19 773	20 549	(776)	(3.8%)
Other operating income and dividends received	22 164	4 290	17 874	>100%
Admin expenses and depreciation	(9 886)	(6 418)	(3 468)	54.0%
Provision for bad and doubtful debts	(709)	-	(709)	-
Operating profit before exceptional items and amortisation of goodwill	**33 338**	**25 384**	**7 954**	**31.3%**

The variance in operating profit can be explained as follows:

- Underlying investments performed well, generating realised and unrealised (year to date cumulative increase/decrease in the value of the portfolios) returns.
- These returns are reflected under dealing profits, with the exception of dividends received of £7.6 million and the income generated on the UK private equity portfolio, which is reflected under other operating income.

UK and Europe

- We benefited from the sale of investments in the underlying funds of the private equity portfolio.

South Africa

- The private equity portfolio increased to an aggregate value of R366 million (2004: R217 million), mainly driven by good performance from existing investments, a number of acquisitions and improved equity markets.
- The direct investment portfolio at year end was approximately R460 million (2004: R980 million).

Australia

- Raised an additional private equity fund of A$140 million.
- Total funds under management were A$240 million as at 31 March 2005.

Investment Banking

Super-boutique strategy targeting specific clients and market niches

Outlook

UK and Europe

- The pipeline is looking positive as a result of an increase in the number of planned IPOs and fundraisings as clients look to raise equity capital. However, optimism should be tempered by a concern that a high level of fundraisings in the market may reduce investor demand.
- Generally the client list is looking more active. We have also gained traction in the market, shown by our pitching for syndicate roles on large floats as well as pitching and winning brokerships in larger corporates.

South Africa

- The **corporate finance** pipeline is reasonable which will maintain the current momentum and we expect black economic empowerment transactions to continue to drive activity.
- **Institutional Securities** is well positioned to take advantage of the current buoyant market and we are leveraging our position as the top local securities house. Furthermore, our focus will be on distributing the South African product into the UK and the USA markets.
- The outlook for **private equity** remains positive based on the quality pipeline in place. We continue to look for value creation opportunities.
- We remain active in looking for **direct investment** opportunities while continuing to unlock further value from the portfolio and building quality black economic empowerment platforms.

Australia

- With strong recognition and brand building, the expanding Australian platform will provide growth opportunities in future.

Asset Management

Investment specialist focused on performance and client needs

Scope of activities

We provide a comprehensive range of portfolio management services and products to institutional and retail clients.

UK and International	- Recognised player in the UK institutional market, products offered include global and UK equity, fixed income and balanced portfolios. - Leading provider of liquidity management to the public sector. - Rapidly growing retail funds business, which offers a comprehensive OEIC range, covering both bonds and equities with a diverse geographic spread.
Southern Africa	- One of the largest managers of third party institutional assets in Southern Africa, and a market leader in specialist equity, fixed interest, balanced and absolute return funds. - Leading retail funds provider via unit trust and portfolio product offerings.
Offshore	- Growing offshore funds provider to Asia, Europe, UK, Southern Africa and other offshore markets.

Strategic focus

- To deliver sound investment performance across all propositions.
- To provide a superior experience in terms of client service and product innovation.
- To continue to attract and retain the kind of people who built the division from scratch to one of the top 100 providers of third party asset management in the world.

Management structure

Hendrik du Toit	Chief Executive Officer
Kim McFarland	Chief Operating Officer
Mark Samuelson	Head of Institutional, UK
David Aird	Managing Director, UK Retail
Domenico Ferrini	Director of Investments, UK
John Stopford	Head of Fixed Income, UK
Philip Saunders	Head of Strategy, UK
John Green	Managing Director, South Africa
Thabo Khojane	Deputy Managing Director, South Africa
John McNab	Chief Investment Officer, South Africa
Gail Daniel	Head of Equities, South Africa
Andre Roux	Head of Fixed Income, South Africa
Jeremy Gardiner	Director of Communications, South Africa
Tebogo Naledi	Managing Director, Africa (ex-South Africa)

Asset Management

Investment specialist focused on performance and client needs

Overview and financial analysis

- Operating profit increased 55.1% to £38.2 million, contributing 16.6% to group profit.
- Assets under management increased by 11.4% in Pounds Sterling terms to £22.9 billion and by 12.0% in Rand terms to R268.9 billion.
- Sound investment performance achieved across core propositions.

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% change
Net interest income	2 842	2 900	(58)	(2.0%)
Net fees and commissions receivable	124 085	100 129	23 956	23.9%
Other income	45	1 874	(1 829)	(97.6%)
Admin expenses and depreciation	(88 797)	(80 292)	(8 505)	10.6%
Provision for bad and doubtful debts	-	-	-	-
Operating profit before exceptional items and amortisation of goodwill	**38 175**	**24 611**	**13 564**	**55.1%**
Southern Africa	32 617	22 740	9 877	43.4%
UK and International	5 373	1 614	3 759	>100%
Other	185	257	(72)	(28.0%)
Operating profit before exceptional items and amortisation of goodwill	**38 175**	**24 611**	**13 564**	**55.1%**
Adjusted shareholders' funds	140 425	171 056		(17.9%)
ROE (pre-tax)	21.7%	12.7%		
Cost to income ratio	69.9%	76.5%		
Number of employees	723	784		(7.8%)

The variance in operating profit over the period can be explained as follows:

UK and International

- Operating profit of the UK and International operations in Pounds Sterling (approximately £5.4 million) is significantly higher (an increase of £3.8 million) than the prior year period.
- The increase in net fees and commissions receivable is attributable primarily to the growth in retail fees due to strong flows into the retail fund ranges. Total net inflows into the onshore funds amounted to £347 million whilst the offshore funds had net inflows of £76 million supported by strong sales from Asia. Although the institutional book suffered net outflows due to the loss of a large low margin insurance client, institutional revenue increased on the back of a shift to higher margin pension business.

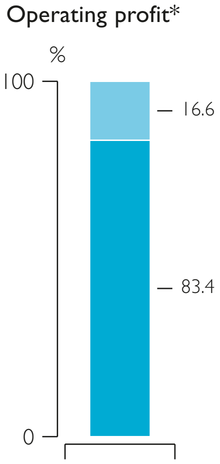
Southern Africa

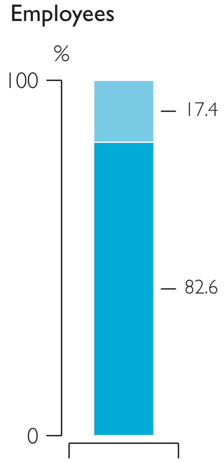
- Operating profit of the Southern African operations in Rands (approximately R372.0 million) is 36.2% higher than the prior year.
- Net fees and commissions receivable benefited from strong equity and bond markets. This coupled with excellent investment performance in the specialist propositions and a subsequent increase in performance fee revenue of R91.4 million (£7.9 million) ((2004: R19.0 million (£1.6 million), resulted in a significant increase in institutional fees. Retail fees also benefited from net inflows of R1.7 billion (£148 million)).

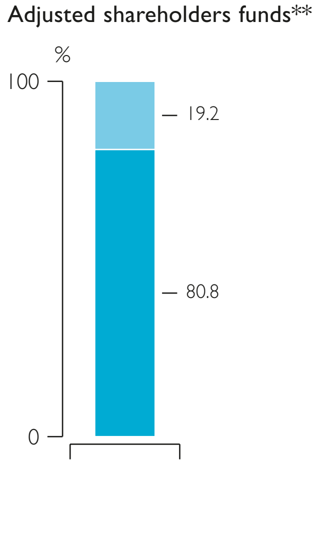
Costs remain a priority

- The increase in costs is attributable to one-off costs associated with the outsourcing of the administration function, active recruitment and an increase of variable remuneration in line with business performance.

Contribution analysis



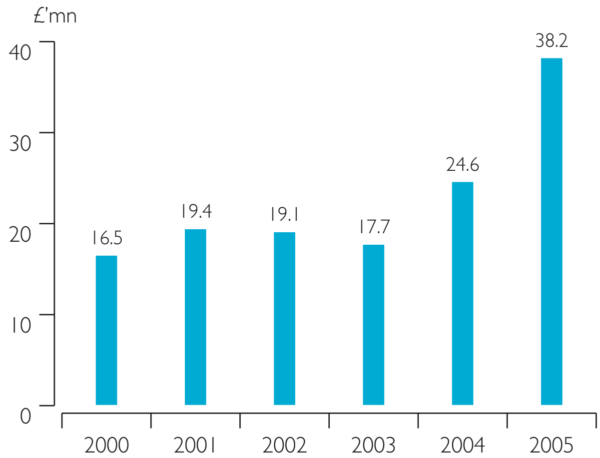




* Before taxation, exceptional items and amortisation of goodwill and excluding Assurance and Group Services and Other Activities.

** As calculated on page 30.

Operating profit^ - track record

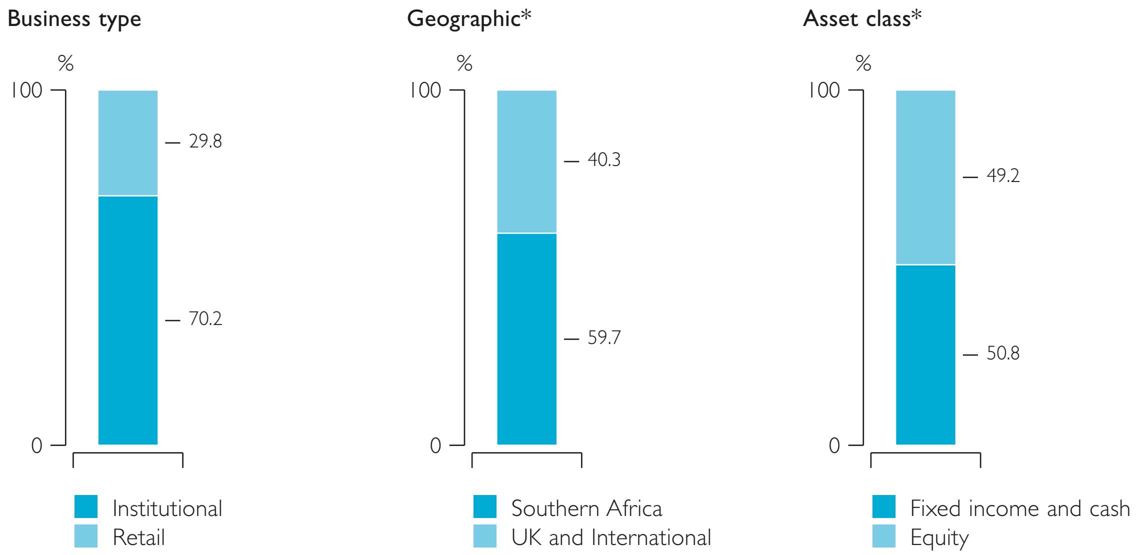


^ Six-year trend reflects numbers as at the year ended 31 March. Amounts are shown before taxation, exceptional items and amortisation of goodwill.

Asset Management

Investment specialist focused on performance and client needs

Assets under management



**Managed basis*

Movement in assets under management

£'million	Total	Insti-tutional	Retail	UK & Int'l	SA	SA (R'mn)
31 March 2004	**20 568**	**14 930**	**5 638**	**8 062**	**12 506**	**145 949**
Net flows	(590)	(1 154)	564	(398)	(192)	(2 183)
New clients and funds	3 253	3 146	107	1 228	2 025	23 168
Disinvestments/closed funds	(3 420)	(3 384)	(36)	(1 532)	(1 888)	(21 580)
Existing client movements	(423)	(916)	493	(94)	(329)	(3 771)
Market movement	2 935	2 298	637	518	2 417	29 102
31 March 2005	**22 913**	**16 074**	**6 839**	**8 182**	**14 731**	**172 868**

Sourced basis

Sales (gross inflows)

Clients	31 March 2005	31 March 2004	Products	31 March 2005	31 March 2004
£'million					
Institutional	3 396*	2 769	Fixed interest and cash	4 221	3 744
Retail	4 097	3 185	Equity	2 275	1 540
			Balanced	997	670
	7 493	**5 954**		**7 493**	**5 954**

**Includes £1.4 billion of restructures of SA institutional funds from balanced products.*

Market recognition

- Overall Group - Small (UK), Mixed Asset Group - Small (UK) and Equity Group (Hong Kong) - Lipper Fund Awards 2005.
- High Alpha Equity - Pensions Management Provider Awards 2004 (UK).
- Best Large Manager over five years for the fifth consecutive year - Standard & Poor's/Financial Mail Awards 2005 (South Africa).
- Finalist - Global Pension's Fixed Income Manager of 2004 (UK).
- Financial Adviser/LIA Four Star Service Award (UK).
- Runner-up Unit Trust Company of the Year - ACI/Personal Finance Raging Bull Awards 2004 (South Africa).
- Second place overall - Plexus Survey March 2005 (South Africa).

Developments

UK and International

- Investment team operating well and delivering sound performance:
  - Achieved new consultant "buy" ratings for UK equities and small caps, reinforcing 4Factor equity team and process which is producing excellent returns.
  - Exceptional performance from UK contrarian team.
  - Momentum in fixed income team further enhanced by key appointments.
  - Global equity team strengthened by new hires.
- Strong performance from retail business, with continued growth in market share:
  - Significant net inflows of £347million into the onshore funds supported by strong sales of cautious managed and balanced products.
  - Substantial offshore sales from Asia, especially Taiwan.
- Although institutional flows were marred by the loss of a large low margin insurance client (about £700 million), the business achieved £725 million of new business to shift the book in favour of higher margin pension fund assets.
- Further strategic rationalisation achieved through US and Dublin offices.

Investec Asset Management (IAM) in the UK mutual fund industry

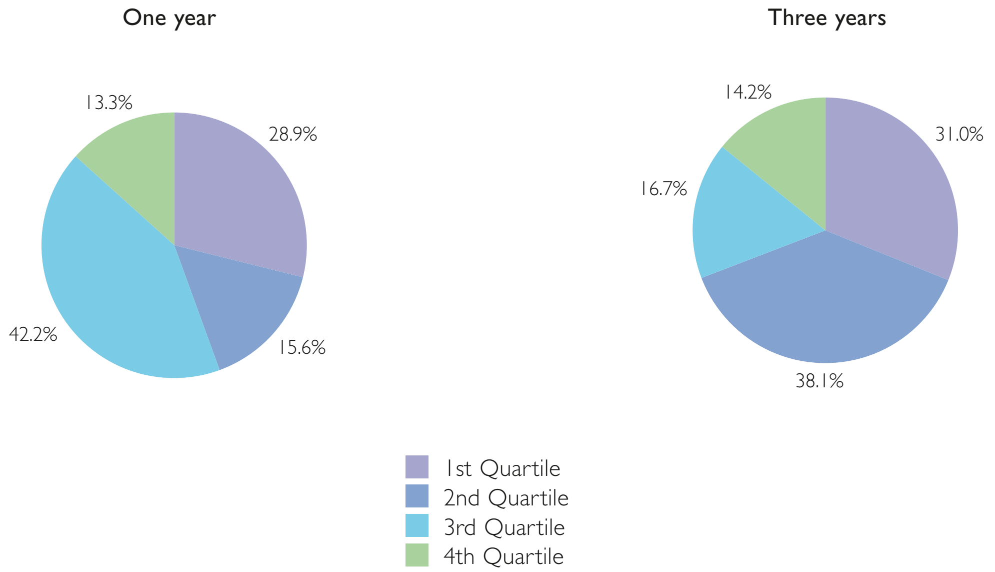
31 March	2005	2004	2003
IAM assets under management (£'million)	2 020	1 128	666
Total industry size (£'million)	282 283	246 040	188 267
Market share (%)	0.7%	0.5%	0.3%
Size ranking in industry	43rd of 118	52nd of 127	58th of 129
Industry net retail sales (£'million)	3 729	8 855	6 842
IAM % of net industry retail sales	7.3%	3.2%	2.7%
Industry gross retail sales (£'million)	30 823	29 766	26 839
IAM % of gross industry retail sales	1.8%	1.5%	1.2%

Source: Investment Management Association statistics
Industry sales for the 12-month period

Asset Management

Investment specialist focused on performance and client needs

UK and global retail investment performance



Source: Standard & Poors, DataStream
Graphs depict percentage of Investec funds ranked in each quartile.

UK and global institutional investment performance

Benchmark out-performance	6 months	1 year	2 years p.a.	3 years p.a.
UK Equity Conservative	-	-	-	+
UK Equity Aggressive	-	-	-	+
Global Equity Core	+	-	+	+
Global Equity Aggressive	+	+	+	+
Balanced	-	+	-	+
UK Government Bonds	+	+	+	+
UK Corporate Bonds	-	+	+	-
Sterling Cash Plus	+	+	-	+
Global Bonds	-	-	-	+

Note: + depicts above benchmark performance; - depicts below benchmark performance
Source: Standard & Poor's Micropal, WM Spectrum

Southern Africa

- Outstanding specialist equity investment performance over all periods.
- Superior retail funds performance recognised by numerous industry awards.
- Successful retention of assets (with improved margins) in institutional client restructuring process from balanced to specialist mandates.
- Strong net inflows of R1.7 billion (£148 million) into the retail funds due to excellent retail investment performance and a focused marketing strategy.
- African initiative continues to gain momentum, with Botswana generating significant net flows.

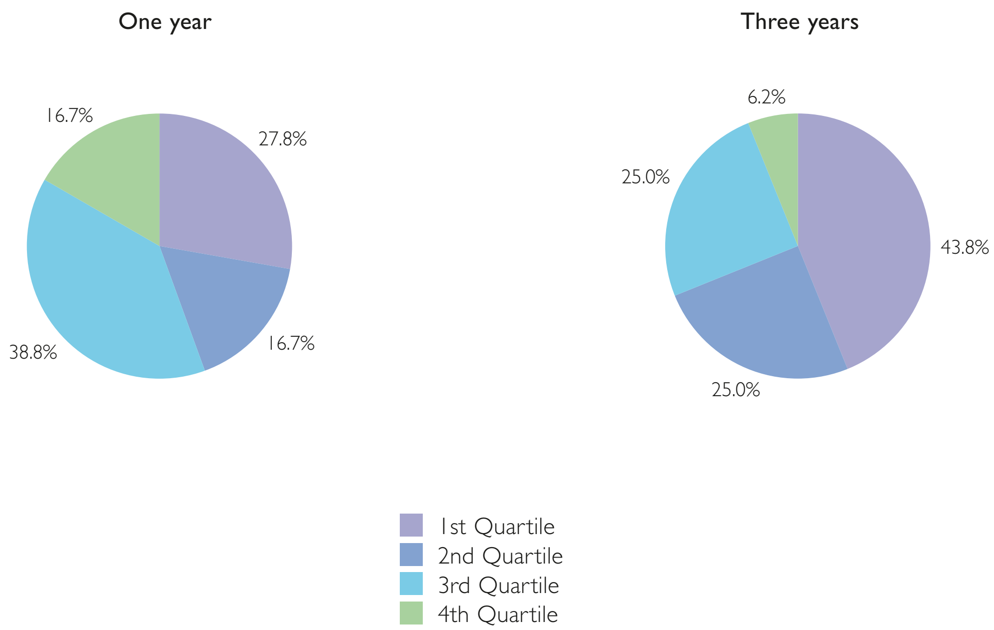
- Commitment to clients remains paramount as demonstrated through the closure of certain of the best selling propositions, such as value equities, to new business.
- Focused talent and transformation programme under way, supporting a key objective of the business.

Investec Asset Management (IAM) in the South African unit trust industry

31 March	2005	2004	2003
IAM assets under management (R'million)	27 166	23 542	18 484
Total industry size (R'million)	339 812	243 539	174 075
Market share (%)	8.0%	9.7%	10.6%
Size ranking in industry	3rd of 26	4th of 28	4th of 29
Industry gross sales (R'million)	295 891	205 559	142 793
IAM % of gross industry sales	8.7%	12.2%	12.6%

Source: Association of Collective Investments (unadjusted)
Industry sales for the 12-month period

South African retail investment performance



Source: Standard & Poors, DataStream
Graphs depict percentage of Investec funds ranked in each quartile.

Asset Management

Investment specialist focused on performance and client needs

South African institutional investment performance

Quartile rank	6 months	1 year	3 years p.a.	5 years p.a.
Equity	2	1	1	1
Value Equity	1	1	1	1
Growth Equity	1	1	1	1
Enhanced Index	1	1	2	-
Cash	1	1	2	1
Core Bond	4	4	2	1
Absolute Return	1	1	1	1
Balanced International	3	4	3	4
Balanced Domestic	3	3	4	4

Source: Alexander Forbes

Outlook

The primary objectives of the business are:
- Investment performance.
- Client satisfaction.

Our focus for the coming year will be to:
- Maintain and grow the momentum in Southern Africa, with a key focus on transformation.
- Become a significant player in the UK with a meaningful presence in Europe and Asia in both the institutional and retail arenas.
- Leverage our unique Africa link.

Property Activities

Leading fund management consolidator, seeking out selective trading opportunities

Scope of activities

Activities	- Property fund management (listed and unlisted) - Listed property portfolio management - Property administration - Property trading and development

Strategic focus

Property Fund Management

- Grow assets under management through strategic acquisitions of individual properties or portfolios of properties.
- Transform listed property company Growthpoint into an ALSI 40 stock.

Listed Property Portfolio Management

- Increase assets under management to R4.5 billion or 10% of the listed property sector, whichever is greater.
- Drive securitisation into the South African listed property sector.

Property Administration

- Expected to grow in line with the growth in fund management.

Property Trading and Development

- As the entrepreneurial, opportunistic division of Investec Property Group, we seek to exploit development or trading opportunities that may exist from time to time.

Management structure

South Africa

Sam Leon
Sam Hackner
Andrew Cox
Angelique de Rauville
David Donald
Norbert Sasse

UK

Paul Stevens

Property Activities

Leading fund management consolidator, seeking out selective trading opportunities

Overview and financial analysis

• Operating profit increased 21.5% to £12.3 million, contributing 5.3% to group profit.

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% change
Net interest income	(169)	(378)	209	(55.3%)
Net fees and commissions receivable	24 594	12 647	11 947	94.5%
Other income	3 547	8 486	(4 939)	(58.2%)
Admin expenses and depreciation	(15 671)	(10 583)	(5 088)	48.1%
Provision for bad and doubtful debts	3	(46)	49	>100%
Operating profit before exceptional items and amortisation of goodwill	**12 304**	**10 126**	**2 178**	**21.5%**
Southern Africa	7 233	8 605	(1 372)	(15.9%)
UK	5 071	1 521	3 550	>100%
Operating profit before exceptional items and amortisation of goodwill	**12 304**	**10 126**	**2 178**	**21.5%**
Shareholders' funds	15 962	16 173		(1.3%)
ROE (pre-tax)	66.1%	63.7%		
Cost to income ratio	56.0%	51.0%		
Number of employees	225	210		7.1%

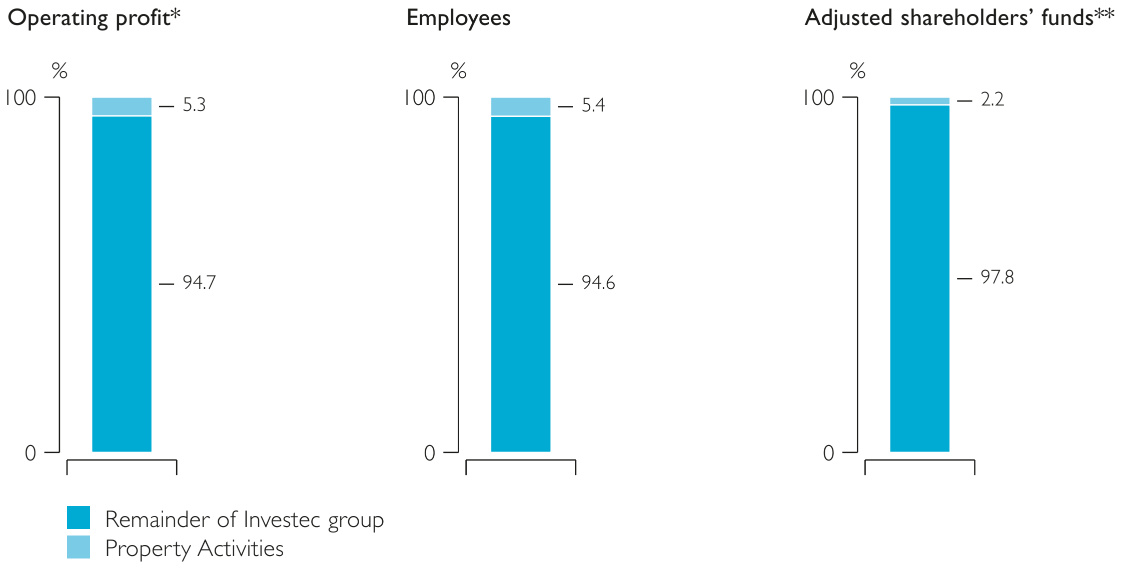
The variance in operating profit over the period can be explained as follows:

• The significant growth in net fees and commissions receivable is attributable to an increase in funds under management in the South African division of 17.8% to R14.7 billion (£1.3 billion) and realised gains earned in the UK.

• The division in South Africa took advantage of the favourable operating environment and sold a number of properties during the year, although trading revenue declined year on year.

• Costs increased largely as a result of the Primegro acquisition in South Africa in the previous year.

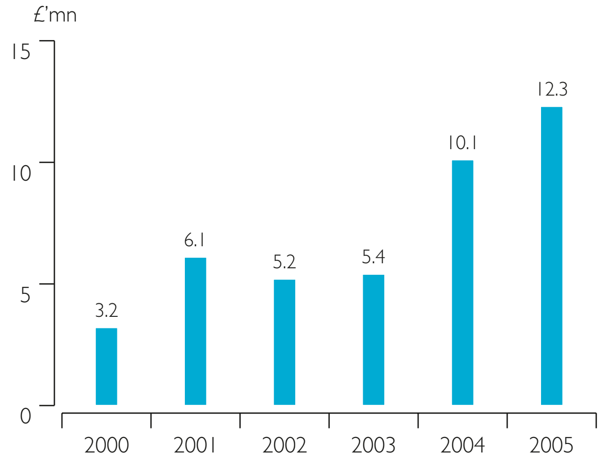
Contribution analysis



* Before taxation, exceptional items and amortisation of goodwill and excluding Assurance and Group Services and Other Activities.

** As calculated on page 30.

Operating profit^ - track record



^Six-year trend reflects numbers as at the year ended 31 March. Amounts are shown before taxation, exceptional items and amortisation of goodwill.

Outlook

UK and Europe

- The commercial property market is still in a good space and we are co-investing alongside quality professionals as opposed to direct participation.
- We are beginning to look at overseas markets for co-investment where more value is perceived than exists currently in the UK.

South Africa

- Activity in the property market is favourable given the low interest rate environment and we expect to continue to perform well, leveraging off our market share and dominant positioning.
- There is opportunity to continue to realise our trading portfolio given the buoyancy in the market.
- There is a reasonable pipeline of property projects and developments.
- We are actively and continually reviewing opportunities to grow the fund business.

Long-term assurance business attributable to the shareholder

The group's South African assurance activities, conducted by Investec Employee Benefits reported an increase in operating profit of 69.5% to £7.8 million. The business has benefited from an increase in embedded value as a consequence of improved efficiencies. The group risk business has been sold to Capital Alliance Holdings Limited through a reinsurance contract executed on 31 December 2004, and the earnings reflect income to the date of sale.

UK GAAP £'000	31 March 2005	31 March 2004
Investec Employee Benefits Limited		
The embedded value comprises:		
Net tangible assets of life company including surplus	257 619	343 590
Reallocated to investments in associated undertakings	-	(58 832)
Elimination of intercompany balances	(21 621)	(27 842)
Value of in-force business	(5 113)	8 399
	230 885	**265 315**
Movements in embedded value		
At beginning of year	265 315	108 528
Profit after tax per profit and loss account	7 763	5 082
Return on shareholders' funds	42 837	24 122
Exchange adjustments	(734)	12 244
Gain on revaluation of investment properties	-	4 327
Dividends to shareholder	(88 143)	-
Reclassification of shareholder assets	3 847	111 012
At end of year	**230 885**	**265 315**
Income from long-term assurance business comprises		
Premium income	252 029	264 423
Investment income	145 760	157 717
Total income	397 789	422 140
Operating expenses	(19 304)	(19 029)
Policyholders' benefits paid	(361 671)	(416 556)
Decrease in technical provisions	110 921	139 280
Re-insurance premium expense	(117 223)	(115 972)
Operating profit	10 512	9 863
Tax charged to technical account	(4 923)	(5 564)
Surplus attributable to shareholders	5 589	4 299
Movement in value of in-force business	2 174	783
Income from long-term assurance business	**7 763**	**5 082**

Assumptions

No current taxation has been provided on the surplus attributable to the shareholder due to the availability of brought forward taxation losses. A deferred tax charge of £10.26 million (2004: £5.25 million) has been raised representing a reduction in the deferred tax asset attributable to shareholders in respect of the amount of taxation losses utilised during the current year.

Long-term assurance business attributable to the shareholder

UK GAAP	31 March 2005	31 March 2004
Assumptions		
The economic assumptions are based upon a long-term view of economic activity in South Africa and are therefore not adjusted for market movements which are considered to be short term. This approach is considered to be the most appropriate given the long-term nature of the portfolio of products and that the business is located in South Africa. The economic assumptions are derived by adding appropriate long term risk/equity margins to the benchmark gilt (i.e. R153 South African government bond). The principal economic assumptions which have been used are as follows:		
	%	%
Risk-adjusted discount rate	11.3	12.8
Return on equities (gross of tax)	10.3	11.8
Return on fixed interest securities (gross of tax)	8.3	9.8
Return on property investments (gross of tax)	9.3	10.8
Return of cash held (gross of tax)	6.3	7.8
Inflation rate	5.3	6.8
Balance sheet	**£'000**	**£'000**
The assets of the long-term assurance fund attributable to the shareholder are detailed below:		
Investments	270 777	326 264
Intercompany loans receivable	21 621	27 842
Other assets	39 349	61 207
Assets of the long-term assurance fund attributable to shareholder	331 747	415 313
Current liabilities	(74 128)	(71 723)
Net asset value	**257 619**	**343 590**
Investments shown above comprise:		
Interest bearing securities	14 818	40 118
Stocks, shares and unit trusts	93 020	94 448
Investment properties	115 449	76 484
Associate	-	58 832
Deposits	47 490	56 382
	270 777	**326 264**
Qualifying capital (net of inadmissible assets) (£'million)	360.38	348.07
Statutory capital adequacy requirement (CAR) (£'million)	5.03	8.83
CAR cover (times)	71.70	39.44

Group Services and Other Activities

Group Services includes the central costs and central funding functions, while Other Activities includes the International Trade Finance business and the USA continuing businesses.

Scope of activities

Central services	- Facilities - Group Finance - Group Information Technology - Group Marketing - Group Risk Management - Head Office - Investor Relations - Information Centre - Legal and Tax - Organisation Development. - Regulatory, Internal Audit and Compliance - Secretarial
Other activities	**International Trade Finance** - Trade, asset and debtor finance **USA continuing businesses** - Several fixed income trading operations - Small equities trading desk

Management structure

Banking and Institutions
David Lawrence

Chief Integrating Officer
Allen Zimbler

Corporate Affairs and Economics Research
Carole Mason

Corporate Governance and Compliance
Bradley Tapnack

Corporate Social Investment
Lisa Kropman

Facilities
Craig Gunnell

Group Finance
Rayanne Jacobson

Human Resources
Patsy McCue

Information Technology
Simon Shapiro

International Financial Institutions
Helmut Bahrs
Andrew Timm

Investor Relations
Ursula Munitich

Legal
David Nurek

Marketing
Raymond van Niekerk

Organisational Development
Caryn Solomon

Risk Management
Ciaran Whelan

Secretarial
Les Penfold
Selwyn Noik
Richard Vardy

Tax
Justin Cowley
Pankaj Shah

ReichmansCapital
Robin Jacobson
Howard Tradonsky
John Wilks

USA
John Murabito

Overview and financial analysis

- Operating loss of £29.8 million compared to the prior period loss of £34.4 million.
- Improved performance largely attributable to the results of the South African Central Funding division, which benefited from an improved capital structure and a lower interest rate environment.

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% change
International Trade Finance	3 490	2 725	765	28.1%
USA continuing businesses	(1 022)	178	(1 200)	(>100%)
UK Traded Endowments	(813)	(3 279)	2 466	75.2%
	1 655	(376)	2 031	>100%
Central Funding	(1 170)	(8 342)	7 172	86.0%
Central Costs	(30 313)	(25 727)	(4 586)	(17.8%)
Operating loss before exceptional items and amortisation of goodwill	**(29 828)**	**(34 445)**	**4 617**	**13.4%**

UK GAAP £'000 - 31 March 2005	Southern Africa	UK & Europe	Australia	Other	Total group
International Trade Finance	1 953	1 537	-	-	3 490
USA continuing businesses	-	-	-	(1 022)	(1 022)
UK Traded Endowments	(813)	-	-	-	(813)
Central Funding	8 075	(13 941)	4 865	(169)	(1 170)
Central Costs	(14 786)	(12 990)	(2 537)	-	(30 313)
Operating (loss)/profit before exceptional items and amortisation of goodwill	**(5 571)**	**(25 394)**	**2 328**	**(1 191)**	**(29 828)**

UK GAAP £'000 - 31 March 2004	Southern Africa	UK & Europe	Australia	Other	Total group
International Trade Finance	1 038	1 687	-	-	2 725
USA continuing businesses	-	-	-	-	178
UK Traded Endowments	(3 279)	-	-	178	(3 279)
Central Funding	(10 559)	(1 615)	4 304	(472)	(8 342)
Central Costs	(11 222)	(12 054)	(2 451)	-	(25 727)
Operating (loss)/profit before exceptional items and amortisation of goodwill	**(24 022)**	**(11 982)**	**1 853**	**(294)**	**(34 445)**

Group Services and Other Activities

Developments

International Trade Finance

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% change
Net interest income	7 261	6 216	1 045	16.8%
Other income	543	373	170	45.6%
Admin expenses and depreciation	(3 432)	(2 865)	(567)	19.8%
Provision for bad and doubtful debts	(882)	(999)	117	(11.7%)
Operating profit before exceptional items and amortisation of goodwill	**3 490**	**2 725**	**765**	**28.1%**

- ReichmansCapital continued to perform strongly.
- The positive macro economic factors in South Africa have resulted in ongoing demand for imports and strong retail sales, supporting both the Trade Finance and Factoring businesses.
- The strong Rand has also resulted in an increased demand for imported manufacturing equipment resulting in continued good business for the Asset Finance division.
- We will continue with our strategy of pursuing organic growth and exploiting opportunities in existing target markets.

USA continuing businesses

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% change
Net interest income	281	310	(29)	(9.4%)
Other income	6 979	9 240	(2 261)	(24.5%)
Admin expenses and depreciation	(8 282)	(9 372)	1 090	(11.6%)
Provision for bad and doubtful debts	-	-	-	
Operating (loss)/profit before exceptional items and amortisation of goodwill	**(1 022)**	**178**	**(1 200)**	**>100%**

- Revenues and profitability are highly dependent on fixed income market activity which has experienced reduced volumes as a consequence of rising interest rates.
- During 2004 we added desks for Institutional Equities and Institutional Options which provides some level of diversification.

UK Traded Endowments

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% change
Net interest income	528	163	365	>100%
Other income	1 292	1 884	(592)	(31.4%)
Admin expenses and depreciation	(2 633)	(5 326)	2 693	(50.6%)
Provision for bad and doubtful debts	-	-	-	-
Operating loss before exceptional items and amortisation of goodwill	**(813)**	**(3 279)**	**2 466**	**(75.2%)**

- During the period we withdrew from the traded endowments market.
- Costs and write-offs associated with the closure of this part of the business amounted to £6.4 million and have been reflected as part of exceptional items.

Central Funding

- We have a business model of maintaining a central pool of capital with the aim of ensuring that economies of scale with respect to corporate investments, funding and overall management are obtained.
- Various sources of funding are employed, the determination of which depends on the specific financial and strategic requirements it faces at the relevant point in time.
- The funds raised are applied towards the making of acquisitions, the funding of central services and debt obligations and the purchase of corporate assets and investments not allocated to the five operating divisions.

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% change
Net interest income (excluding interest on sub-debt and debentures)	23 502	11 109	12 393	>100%
Return on shareholder's funds in the long-term assurance business	42 837	24 122	18 715	77.6%
Other income	4 782	13 277	(8 495)	(64.0%)
	71 121	48 508	22 613	46.6%
Interest paid on sub-debt and debentures	(55 159)	(45 105)	(10 054)	22.3%
Admin expenses and depreciation	(12 546)	(8 828)	(3 718)	42.1%
Provision for bad and doubtful debts	(4 586)	(2 917)	(1 669)	57.2%
Operating loss before exceptional items and amortisation of goodwill	**(1 170)**	**(8 342)**	**7 172**	**(86.0%)**

The variance in performance over the period can be explained as follows:

- The South African division benefited from an improved capital structure and a lower interest rate environment (following the margin squeeze experienced in the prior period). This performance was partially offset by a net increase in interest costs in the UK division following an issue of Tier II subordinated debt of £200 million in March 2004.
- The growth in the return on shareholder's funds in the long-term assurance business conducted through IEB is as a result of the substantial increase in the average long-term assurance assets attributable to the shareholder from £186.9 million to £248.1 million, supported by favourable capital market conditions.
- In the prior period other operating income had been positively affected by the profit realised on a share buy-back concluded by Insinger. Furthermore, the division has recorded a more moderate performance on certain investments held directly by the group.

Central Costs

- We have a policy of allocating costs that are housed in the centre that are in effect performing a function for the divisions of the group.
- There are certain costs that are strategic in nature which have not been allocated for pure segmental disclosure amounting to £30.3 million (2004: £25.7 million). However, a portion thereof (£20.8 million) is allocated to the operating divisions for purposes of determining return on adjusted capital per business segment. Refer to page 30 for further details.

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% change
Net interest income	(429)	(911)	482	(52.9%)
Other income	614	502	112	22.3%
Admin expenses and depreciation	(30 633)	(26 467)	(4 166)	15.7%
Provision for bad and doubtful debts	135	1 149	(1 014)	(88.3%)
Operating loss before exceptional items and amortisation of goodwill	**(30 313)**	**(25 727)**	**(4 586)**	**17.8%**

The variance in central costs over the period is as a result of an increase in:

- Unrecovered rent.
- Regulatory and compliance costs in the UK.
- Risk management costs in South Africa in line with increased activity.
- Consulting fees relating to certain projects we have undertaken which are aimed at improving efficiency and eliminating duplication.
- Marketing costs relating to certain sponsorships and other initiatives undertaken by the group.
- Variable remuneration as a result of strong growth in profitability.

Introduction

Effective risk management is critical to Investec. Taking international best practice into account, we follow a comprehensive risk management process, which involves identifying, understanding and managing the risks associated with each of our businesses.

We monitor and control risk exposure through focused market, credit, liquidity, operational and legal risk reporting teams. This approach is core to assuming a tolerable risk and reward profile, helping us to pursue growth across our business.

A culture of risk awareness, control and compliance is also embedded in our day-to-day activities.

While each business unit retains primary responsibility for managing the risks that come with its business, a centralised division, Group Risk Management (part of Group Services), independently monitors, manages and reports on our risk, as mandated by the Board of Directors through the Board Risk Review Committee. Group Risk Management has established operational divisions in South Africa and the UK, and smaller risk divisions in other regions.

Group Risk Management's objectives are to:

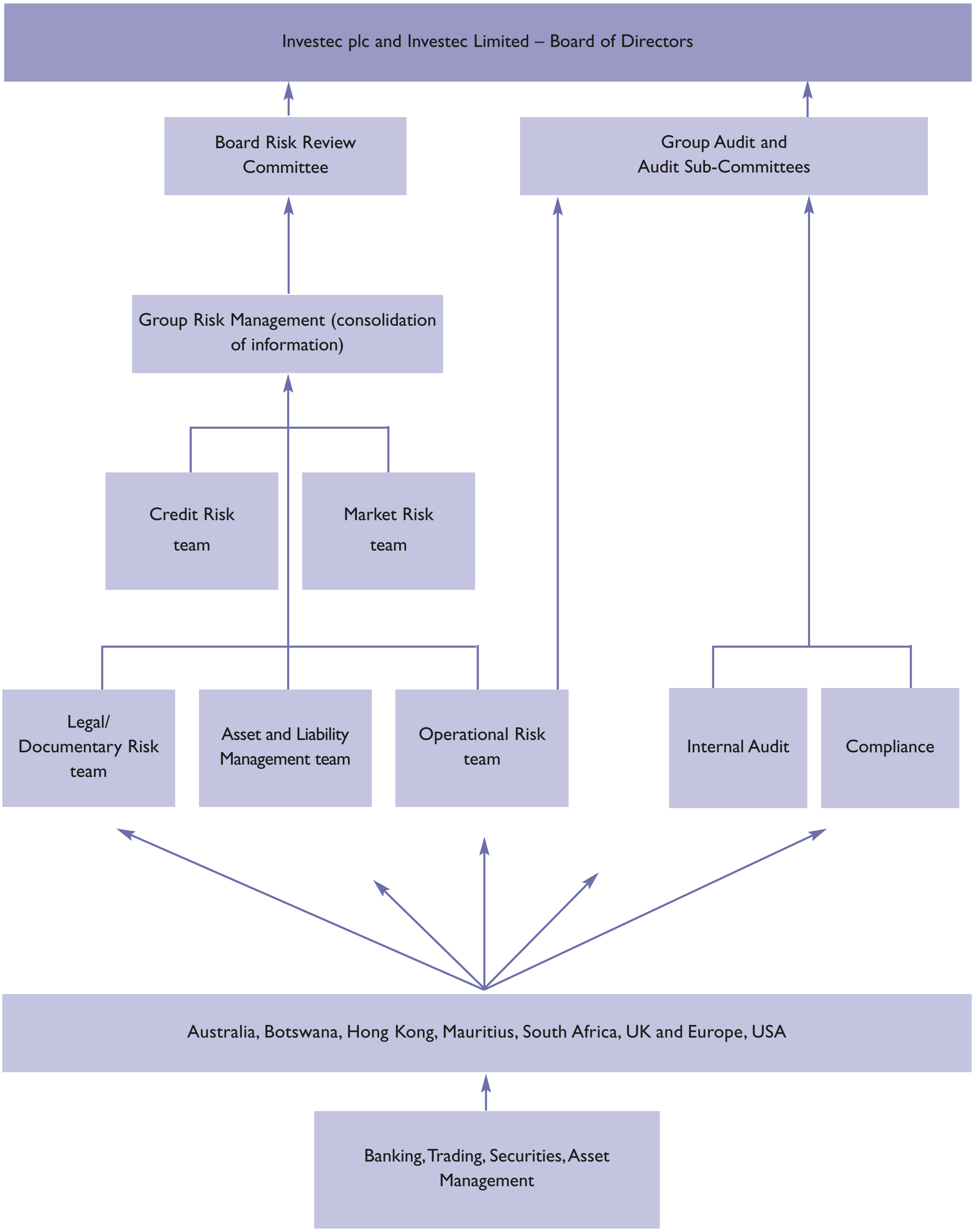
- Be the custodian of our risk management culture.
- Set, approve and monitor adherence to risk parameters and limits across the group and ensure they are implemented and adhered to consistently.
- Aggregate and monitor our exposure across risk classes.
- Co-ordinate risk management activities across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

Group Risk Management operates within an integrated geographical and divisional structure, in line with our management approach, ensuring that the appropriate processes are used to address all risks across the group. Group Risk Management divisions with international responsibility are locally responsive yet globally aware. This helps to ensure that all initiatives and businesses operate within our defined risk parameters and objectives.

Group Risk Management continually seeks new ways to enhance its risk management techniques. However, no bank can completely or accurately predict or fully assure the effectiveness of its policies and procedures for managing risk.

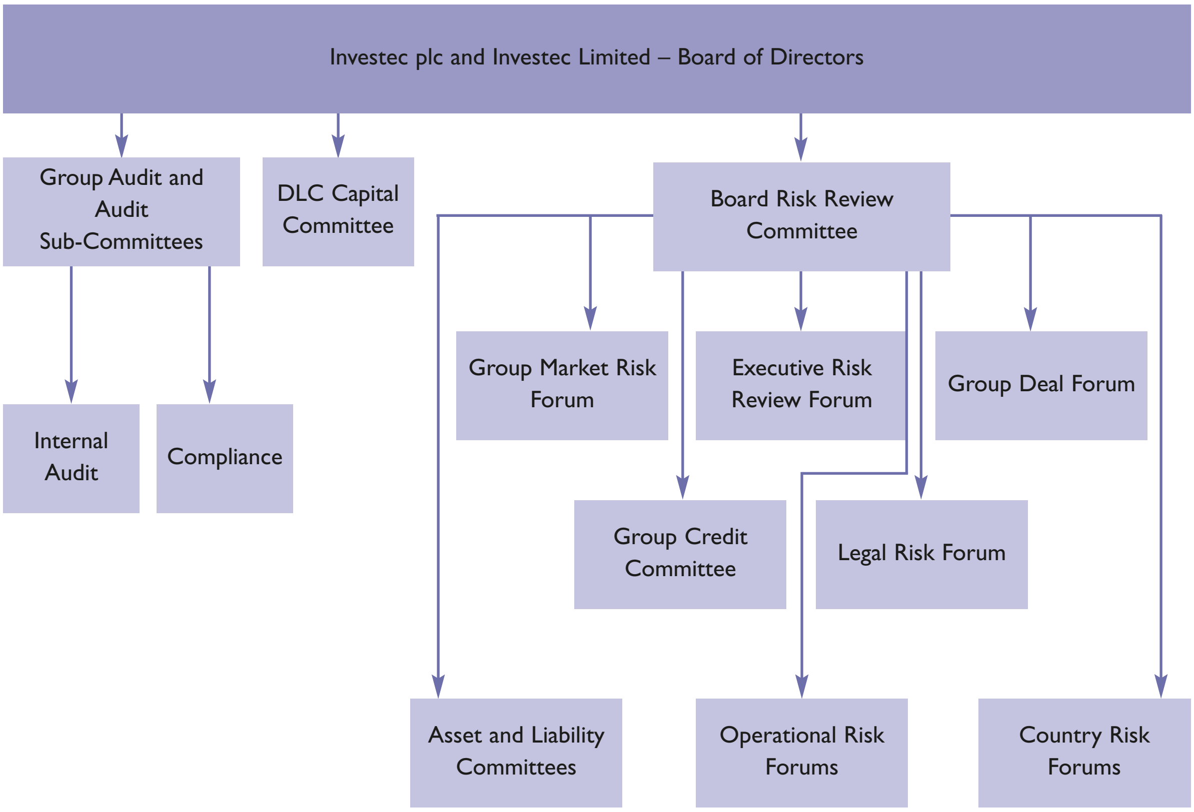
Risk management

Risk management framework



Risk management committees and forums

A number of committees and forums identify and manage risk at both a business unit level in various locations and at a group level, as shown in the diagram and described more fully below. These committees and forums operate together with Group Risk Management.



Committee	Function
Board Risk Review Committee	
Members: executive and non-executive directors; senior management *Chairman: Stephen Koseff (CEO)* *Frequency: monthly*	• The roles and responsibilities of the Board Risk Review Committee are described on page 121.
Executive Risk Review Forum	
Members: executive directors and senior management *Chairman: Stephen Koseff (CEO)* *Frequency: weekly*	• The roles and responsibilities of the Executive Risk Review Forum are described on page 122.

Risk management

Committee / Function

Group Credit Committee

Members: executive and non-executive directors; senior management
Chairman: Glynn Burger (Risk director)
Frequency: weekly

- Considers and approves the granting of credit to counterparties in excess of the mandates granted to divisional and other credit forums on a global basis.
- Sets the level of our maximum acceptable counterparty, geographic, asset, concentration and industry exposures.
- Reviews and approves changes to credit policy and methodologies. These include:
  - Large exposure policy - dealing with the control of concentration risk and exposure measurement methodology.
  - Provisioning policy - dealing with classification of past due amounts and minimum acceptable provisions.
  - Excess management policy - dealing with classification of excesses and prescribed escalation procedures.
  - Long dated exposure policy - dealing with tenor limitations on exposures by counterparty and instrument type.
  - Property valuation policy - specifies framework for valuation of physical security.

Group Market Risk Forum

Members: global head/s of risk, market risk and the trading desks; senior management; members of the market risk teams; other members from Group Risk Management
Chairman: Glynn Burger (Risk director)
Frequency: monthly (or ad hoc if required)

- Manages market risk by identifying and quantifying risks on the basis of current and future expectations and ensuring that trading occurs within defined parameters.

Asset and Liability Committee/s

Members: executive and non-executive directors; senior management; economist; treasurer; business heads; head of asset and liability management
Chairmen: Glynn Burger (Risk director); Alan Tapnack (executive director)
Frequency: monthly (or ad hoc if required)

- Sets and reviews our funding and liquidity policy and non-trading interest rate risk policy and reviews regional strategies, taking market conditions into account.
- Directs the implementation of the methodology, techniques, models and covering risk factors, and expected economic conditions, including stress tests.
- Manages the risk/reward relationship that exists between liquidity and interest rate risk on an ongoing basis.
- Maintains liquidity contingency plans.

Group Legal Forum

Members: executive; senior management; divisional legal managers
Chairman: David Nurek (Global Head of Legal Risk)
Frequency: half yearly (or ad hoc if required)

- Considers and manages legal risks throughout the group.

Group Deal Forum

Members: executive and non-executive directors; senior management
Chairman: Glynn Burger (Risk director)
Frequency: weekly

- Considers, approves and mitigates the risks inherent in any acquisition, disposal, new product or other non-standard transactions that we are considering.

DLC Audit Committee

Members: non-executive directors
Chairman: Sam Abrahams (non-executive director)
Frequency: at least three times a year

- The roles and responsibilities of the Audit Committee are described on pages 118 to 119.
- The Internal Audit, Compliance and Operational Risk departments report to the Audit Committees.

DLC Capital Committee

Members: executive and non-executive directors; senior management
Chairman: Stephen Koseff (CEO)
Frequency: every six weeks

- The roles and responsibilities of the DLC Capital Committee are described on page 123.

Risk management information and the board

The executive and non-executive directors are widely represented on our risk management committees and forums (see above). Directors' involvement in these committees and forums shows a "hands on" style, which facilitates a detailed understanding of our day-to-day activities.

Management provides detailed risk information reports to the Boards of Directors in the UK and South Africa. Reports contain a balanced assessment of significant risks and the effectiveness of the risk management procedures and systems in managing these. The risk management reports generally include:

- Balance sheet management review, including our liquidity position and non-trading interest rate mismatch. The analysis is presented by region and includes a high level summary with detailed supporting schedules.
- Market risk review, including a desk-by-desk analysis of the positions on book, value at risk and expected tail losses.
- Credit exposure reports, including large exposures, level of arrears, sector analysis, draw downs, provisions and recoveries.
- New credit facilities approved during the period.
- Property investments, corporate finance information (underwriting commitments) and group investments.
- Operational risk information, including risk assessments, indicators and incident data.

Risk, policies and procedures

In our ordinary course of business, we are exposed to various risks, including credit, market, interest rate and liquidity, operational, legal and reputational risks.

Below is an overview of these types of risks and related developments that occurred during the period under review.

Credit risk management framework

Credit risk represents the potential loss to the group as a result of a counterparty being unable or unwilling to meet its obligations. Credit risk arises from two types of transactions:

- Lending transactions, giving rise to counterparty risk (the risk that a counterparty to a transaction will be unable or unwilling to repay capital and interest on advances and loans granted to it).
- Trading transactions, giving rise to issuer, settlement and replacement risk. Issuer risk is the risk that payments due from the issuer of a financial instrument will not be received. Settlement risk is the risk that the settlement of a transaction does not take place as expected, with one party effecting required settlements as they fall due but not receiving settlements to which they are entitled. Replacement risk is the risk that an "in-the-money" derivative instrument needs to be replaced following default by the original counterparty.

Risk management

We have credit risk exposure in most of our geographies. The nature and degree of credit risk vary depending on the type of business transactions entered into. Information in this regard is provided below.

Management and measurement of credit risk

To manage, measure and mitigate credit risk, we have independent credit committees in each geography where we assume credit risk. These committees operate under board approved delegated discretionary limits, policies and procedures. A centralised decision making structure with de-centralised limits is the basis on which applications for credit are entertained. De-centralised limits tend to be relatively low to ensure a high degree of centralised involvement in all areas where credit risk is incurred. All decisions to transact are unanimous.

We use the following fundamental principles to manage credit risk:
- A clear definition of our target market.
- A quantitative and qualitative assessment of the creditworthiness of our counterparties.
- Appropriate credit granting criteria.
- An analysis of all related risks, including concentration risk (concentration risk includes asset class, industry, counterparty, and geographical concentration).
- Prudential limits.
- Regular monitoring of existing and potential exposures once facilities have been approved.
- A high level of executive involvement in and non-executive awareness of decision-making and review.

In addition to the Group Credit Committee, the following specialist forums assist in managing, measuring and monitoring credit risk:
- Intensive Care Committee, which reviews the management of distressed loans, potential problem loans and exposures in arrears that require additional attention and supervision.
- Watch List Committee, which oversees and manages exposures that may potentially become distressed as a result of changes in the economic environment or adverse share price movements, or that are vulnerable to volatile exchange rate or interest rate movements.
- Country Risk Forum, which considers and manages risk associated with the countries in which we assume credit exposure.
- A dedicated team, which ensures the implementation of necessary systems and models to meet the forthcoming requirements relative to Basel II. The most recent Pillar 1 quantitative impact study performed reflected a significantly lower credit capital charge for private banking activities due to the high credit quality of assets financed and the private client target market. Other business units are relatively capital neutral, with some business streams absorbing more capital and others less. In combination with the additional operational risk capital charge, the total capital charge under Basel II is not expected to be materially different from that under Basel I.

Regular reporting of the credit risk within our activities is made to management, the executives and the board. The board regularly reviews the appetite for credit risk, which is documented in policy statements and implemented by the Group Credit division.

Credit risk classification and provisioning policy

It is our policy that each operating company makes provision for specific impairments and calculates the appropriate level of general provisions promptly when required and on a consistent basis, in accordance with established group guidelines.

Provisions are reviewed by the Executive Risk Review Forum and the Board Risk Review Committee and by the external auditors during the course of the audit when any differences would be referred to the Audit Committee.

Two types of provisions are in place: specific and general.

Specific provisions

The specific provision represents the quantification of actual and inherent losses from individually identified exposures. Due to the relative high value and low volume nature of our retail exposures, it is not considered appropriate to manage these accounts on a portfolio basis.

Specific provisions are evaluated on a case-by-case basis for all non-performing exposures. In determining specific impairments, the following factors are considered:
- Our (or reporting entities depending on context) exposure to the customer.
- Capability of the client to generate sufficient cash flow to service debt obligations and the viability of the client's business.
- Likely dividend available on liquidation or bankruptcy.
- Nature and extent of claims by other creditors.
- Amount and timing of expected cash flows.
- Realisable value of security held (or other credit mitigants).
- Ability of the client to make payments in the foreign currency, for foreign currency denominated accounts.
- Deduction of any recovery related costs.

General provisions

The general provision supplements the specific provision defined above and provides cover for anticipated future impairments which are supported by expected future market conditions and current default statistics.

Arrears
An exposure is in arrears if interest due and/or principal repayments are overdue by more than 30 days. This is irrespective of the interest payment terms, i.e. whether monthly, quarterly, semi-annually or annually.

Managed book
Exposures in arrears are continually scrutinised. Based on this scrutiny, if it becomes evident that the exposure requires additional supervision and attention, it will be included in the managed book and fall under the Watch List Committee, comprising members of the Group Credit Committee and the Credit Risk team.

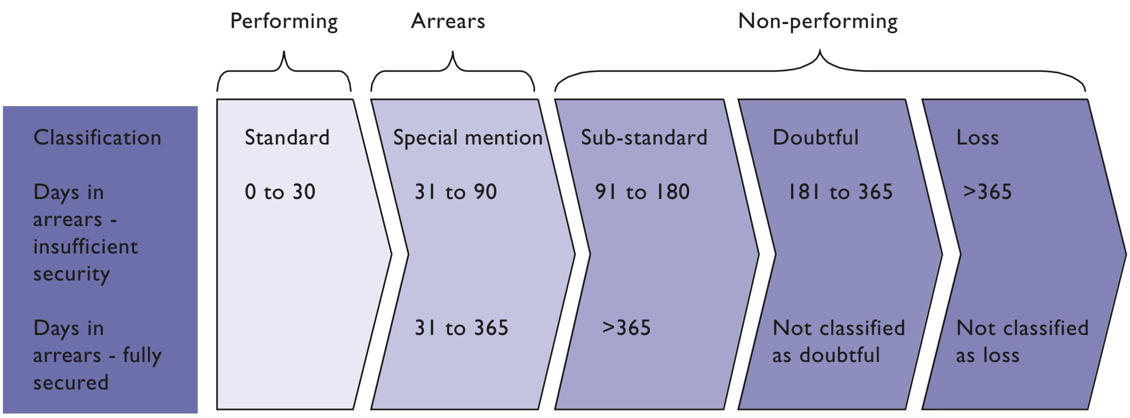
Non-performing loans
An exposure is considered to be non-performing where interest due and/or principal repayments are overdue by more than:
- 90 days in the case of exposures that are not considered to be fully secured.
- 365 days in the case of exposures that are considered to be fully secured.

Qualitative criteria indicating a well-defined weakness that could lead to loss would also result in an exposure being classified as non-performing.

Interest suspension
Interest is suspended where the cash flow available for debt servicing from a particular counterparty ceases and it is felt there is insufficient surplus in the value of the security over capital to ensure repayment of the loan and allow unpaid interest to be capitalised to the loan.

Interest will be charged to the account to enable us to claim correctly for the liability in the event of future settlement. However, an equivalent amount of interest will be debited to an interest suspense account in the profit and loss account so that interest is not included in our reported net income.

Write-offs
Exposures (or a portion of an exposure) will be written off in the event of the recovery being deemed unrealistic and where there will be no further proceeds from realisation of the security provided for such exposures.



Asset quality and provisions

UK GAAP £'million	31 March 2005	31 March 2004
Total loans and advances to customers	7 481	6 437
Less: cash equivalent debtors	(1 543)	(1 501)
Core loans and advances to customers	**5 938**	**4 936**
Managed book*	(113)	(134)
Net loans and advances to customers	**5 825**	**4 802**
Average net loans and advances to customers	5 314	4 450
Consolidated profit and loss provision charge	21	21
Specific provisions	22	30
General provisions	68	60
Total provisions	**90**	**90**
Gross non-performing loans*	57	90
Security	(35)	(65)
Net non-performing loans	**22**	**25**
Adequacy of provisions		
Consolidated profit and loss provision charge as a % of average loans and advances to customers	0.40%	0.47%
Specific provisions as a % of core loans and advances to customers	0.37%	0.61%
General provisions as a % of net loans and advances to customers	1.17%	1.25%
Total provisions as a % of core loans and advances to customers	1.52%	1.82%
Total provisions as a % of gross non-performing loans	157.89%	100.00%
Total provisions as a % of net non-performing loans	409.09%	360.00%
Specific provisions as a % of gross non-performing loans	38.60%	33.33%
Specific provisions as a % of net non-performing loans	100.00%	120.00%
Gross non-performing loans as a % of core loans and advances to customers	0.96%	1.82%

* As defined on page 85.

The table below shows our loans and advances to customers by loan type

UK GAAP £'million	31 March 2005	31 March 2004
Category analysis		
Corporate and public sector	2 877	2 585
Commercial property	2 057	1 651
Other secured private bank lending	1 083	1 007
Residential mortgages	1 019	853
Lease and instalment debtors	280	196
Other loans and advances	165	146
	7 481	**6 437**
Problem country exposure		
Total advances to problem countries	20	19
Problem country risk provisions	-	-

The advances are secured by 100% pledge over the assets with additional risk cover in the form of Credit Guarantee Insurance Corporation (CGIC), commercial CGIC political cover and cash collateral.

Asset quality information by geography

31 March 2005

UK GAAP £'million	Core loans and advances	General provisions	Specific provisions	Total provisions	Gross NPLs	Security held against NPLs	Net NPLs
Southern Africa	3 643	42	17	59	34	18	16
UK and Europe	1 972	24	4	28	22	17	5
Australia	323	2	1	3	1	-	1
Israel*	-	-	-	-	-	-	-
Total group	**5 938**	**68**	**22**	**90**	**57**	**35**	**22**

31 March 2004

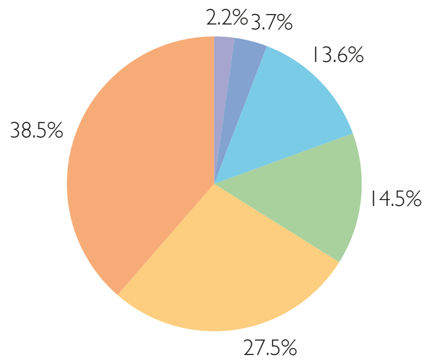
UK GAAP £'million	Core loans and advances	General provisions	Specific provisions	Total provisions	Gross NPLs	Security held against NPLs	Net NPLs
Southern Africa	3 036	36	19	55	67	47	20
UK and Europe	1 443	19	4	23	14	9	5
Australia	257	3	1	4	1	1	–
Israel	200	2	6	8	8	8	–
Total group	**4 936**	**60**	**30**	**90**	**90**	**65**	**25**

Where: NPLs are non-performing loans.

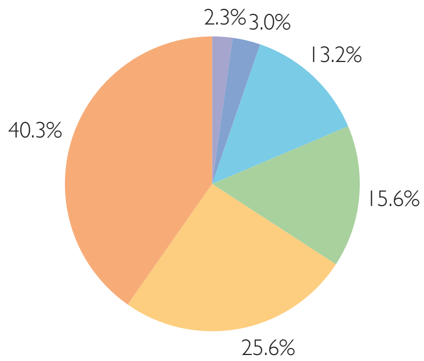
* The sale of Investec Bank (Israel) Limited was concluded on 22 December 2004.

Risk management

Loans and advances to customers by loan type: 31 March 2005

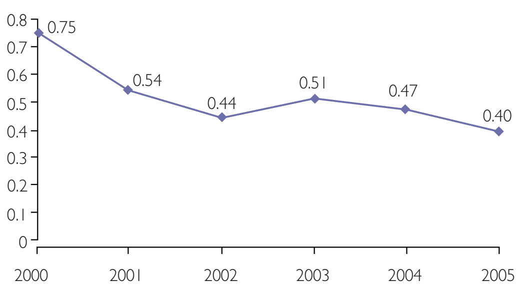


Loans and advances to customers by loan type: 31 March 2004

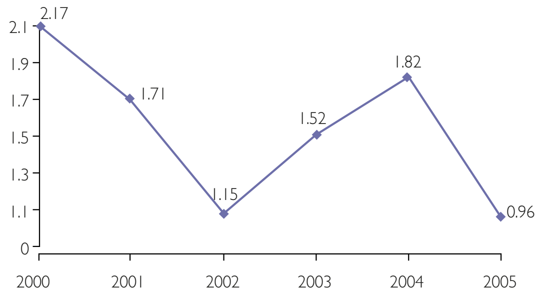


Other loans and advances
Lease and instalment debtors
Residential mortgages
Other secured private bank lending
Commercial property
Corporate and public sector

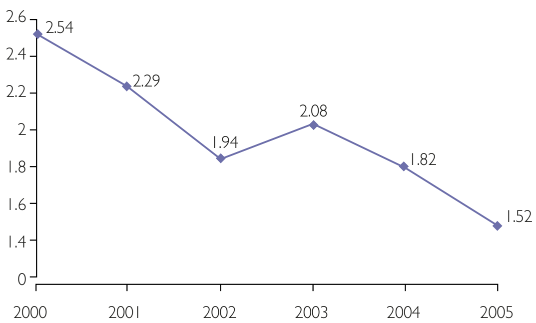
Provision charge as a % of average loans and advances to customers



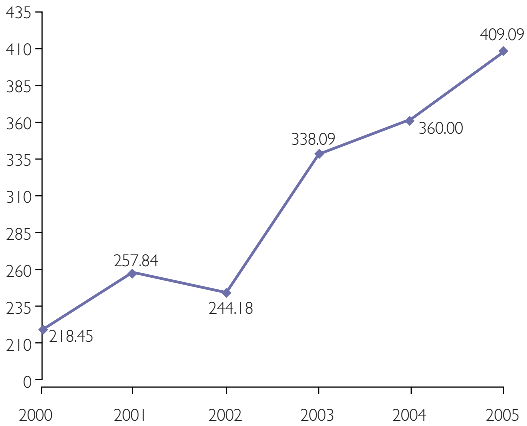
Gross non-performing loans as a % of core loans and advances to customers



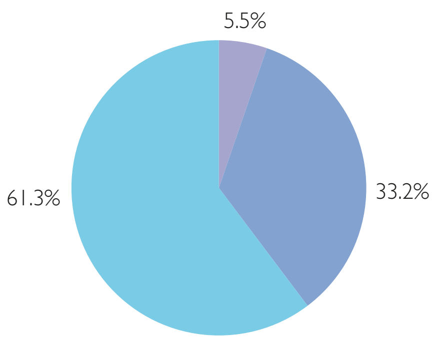
Total provisions as a % of core loans and advances to customers



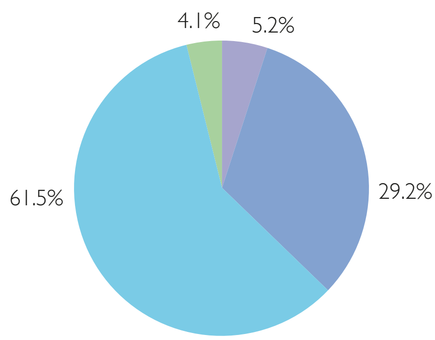
Total provisions as a % of net non-performing loans



Core loans and advances to customers by geography: 31 March 2005



Core loans and advances to customers by geography: 31 March 2004



Australia
UK and Europe
Southern Africa
Israel*

* The sale of Investec Bank (Israel) Limited was concluded on 22 December 2004.

Risk management

Credit risk in South Africa

Credit risk is assumed mainly through our Private Banking, Treasury and Specialised Finance and Asset Finance activities (ReichmansCapital).

Private Banking

The Private Bank provides an extensive range of banking services and products, foreign exchange, daily transactional banking, deposits, treasury and cash investments, and lending products, to professionals and high net worth individuals, privately owned corporates and other client entities (e.g. family trusts).

Lending products offered, support the needs of the Private Bank's target market. Residential mortgages and commercial property make up the bulk of the Private Bank lending exposure. The residential property portfolio reflects good quality residential properties at fairly conservative loan to value ratios in desirable areas.

Exposure to commercial, retail and industrial properties are generally at conservative loan to security values. Income producing assets are generally let to good quality anchor tenants.

Exposure to the South African property market as a result of the nature of private client borrowing activities is well spread among the regions in which the Private Bank mainly operates (Pretoria, Johannesburg, Cape Town, Durban and Port Elizabeth). This risk is mitigated by reviewing all properties offered as security prior to advancing funds. Our internal valuers or a bank approved panel of external valuers also regularly review commercial property values. Furthermore, serviceability of a loan advanced against property is a primary consideration in the credit assessment process and not only asset value. Clients have used and are increasingly making use of fixed rate funding, which should serve to mitigate potential upward shifts in interest rates and increased interest rate volatility.

We constantly monitor property exposures by stress testing the property portfolio. This is undertaken by assuming a sharp fall in property values, the inability of the borrower to service or repay from independent means and interest rate shocks resulting in rental income falling below interest expenses.

Treasury and Specialised Finance

Investec Corporate Treasury provides a broad range of money market and foreign exchange products to corporates and investors. We are an active market maker in the spot and forward US Dollar/Rand inter-bank markets. Trading transactions giving rise to issuer, settlement and replacement risk in a continued low interest rate, strong local currency and volatile energy price environment were among the primary areas of potential credit risk in the year under review.

The Specialised Finance, Project Finance and Resource Finance businesses involve lending money on a structured basis, with full recourse, to either a suitable asset or to an entity's balance sheet to which the funds are advanced. The Resource business is increasingly exposed to countries presenting complex legal and political risks. Extensive knowledge of Africa, good technical and financial skills and strong adherence to prudent country risk limits ensure that concentration risks are well managed. Exposures are monitored continuously and assets provided as security in support of borrowing facilities are generally easily realisable.

Typical asset classes that are funded will include property, plant and equipment, fixed infrastructure and aircraft.

Specific credit limits are set for each counterparty and monitored to ensure failure risk is mitigated. The credit appetite for each counterparty is based on the financial strength of the principal borrower, underlying security, cash flow and, in the case of trading products, the nature of the underlying security traded.

ReichmansCapital

ReichmansCapital is an asset finance business which operates on a premium margin business model for small and medium sized corporates. The business is a relatively small component of the overall credit risk we face.

Year in review in South Africa

Over the past financial year, a number of notable financial market trends had an impact on the assessment of our credit risk. These trends include:

- A stable, low interest rate environment with an upward sloping yield curve.
- Continued Dollar weakness resulting in relative Rand strength.
- Increased volatility of energy prices with expectations of continued high oil prices resulting in inflationary pressure.
- As a result of expected interest rate increases and a more favourable equity market, a concern both at a local and a global level at the level of residential property prices (which have experienced strong growth for some time).

The stable, low interest rate environment resulted in improved loan serviceability. Consequently, we were able to widen our credit net as more people were able to borrow at lower interest rates. Furthermore, commercial rent collection improved under the low interest rate conditions.

The high net worth and/or stable income streams of the target market were fairly immune to decreases in property values. As property values increased, these clients built an effective equity buffer, resulting in lower average loan to value ratios which has served to minimise potential losses.

High commodity prices and the weak Dollar resulted in increased exposures for local customers who entered into hedging structures some years ago in order to denominate income streams in Rands. In order to assess the impact of future price movements and act proactively in this regard, scenario analyses are provided to the Board Risk Review Committee of the impact of a range of commodity and currency combinations on credit exposures to key counterparties.

Due to Rand strength and lower volatility levels, the extent of hedging activity declined over the current financial year, resulting in Treasury trading exposures becoming a smaller part of our total exposure.

For both interest rate and foreign exchange products, we have advanced exposure simulation methodologies, which enable us to identify more accurately the level of potential exposures to counterparties for these trading activities. These simulation methodologies recognise volume of trading, volatility of products traded, deal tenor and credit mitigants in deriving granular counterparty exposure profiles (and in so doing allow for roll-off risk assessments).

Credit risk in Mauritius

Investec Bank (Mauritius) Limited offers various banking services and its primary business activities are corporate lending, property finance and structured finance to corporate and private clients. Prudential limits have been set and are monitored daily to ensure that excesses are identified timeously and remedial action is taken promptly, if necessary.

Investec Bank (Mauritius) Limited is an autonomous subsidiary of Investec Bank Limited. It has a decentralised credit approval and management process in compliance with our credit philosophy, policy and procedures, as well as the Central Bank of Mauritius' regulatory framework.

Credit risk in the UK and Europe

The UK and European group comprises businesses in the UK, including a branch in Dublin and subsidiary companies in Guernsey and Zurich.

Credit risk mainly arises through Private Banking and Treasury and Specialised Finance activities, which include inter-bank placements. Some settlement risk is assumed in the Investment Banking areas but is to market counterparties.

Private Banking is conducted in the UK, Guernsey, Zurich and Dublin, with the bulk of Treasury and Specialised Finance activities conducted from London.

Private Banking

The business focuses on high net worth individuals, privately owned corporates and other client entities.

Facilities are secured by property or easily realised liquid security. Repayment is from clearly identifiable income streams or, for property development loans, from the sale of the developed asset.

While there is a predominance of lending exposures towards the property market, which comprises residential and commercial properties, the portfolio is well spread with no individual concentration risk. Conservative loan to security values are adopted and income producing assets are generally let to good quality tenants.

Residential properties are located in quality locations for which there is international demand. Commercial property valuations are driven by the calibre of location and tenant. There is little lending against speculative commercial property development unless this is pre-let or against clients' surety. Development lending comprises predominantly residential properties, with an aversion to high value single unit developments.

All facilities are reviewed regularly and property values are monitored by our appointed panel of valuers.

Treasury and Specialised Finance

The Treasury and Specialised Finance division, as part of the daily management of liquidity, places funds with banks and other financial institutions. These banks and financial institutions are highly rated and usually of a systemic nature.

Trading for customers is undertaken in interest rates, foreign exchange, commodities and equities. These positions are marked to market daily with margin calls where necessary to mitigate credit exposure in the event of default.

Credit exposures also arise through project finance, resource finance, corporate lending and structured transactions.

There are pre-approved limits as to the maximum exposure for each individual counterparty to ensure there is no concentration risk.

Most facilities are secured on the assets of the underlying corporate. For those facilities that are unsecured, the standing of the counterparty is investment grade or better.

Year in review in the UK

The property market showed elements of stagnation due to an imbalance between buyer and seller expectations. Low interest rates helped the market but the threat of interest rate increases contributed to a slow down. Against this background, the spread of our exposures to high net worth and market professional individuals who can afford rate rises and have equity at risk gives comfort. We have not pursued the buy-to-let market, remaining client rather than asset focused. Good quality investment property remains strong, with a number of funds underweight in this asset class.

Credit risk in Australia

Investec Bank (Australia) Limited operates within a clearly defined framework for managing credit risk. The policies and procedures for credit risk management are consistent with those of the group and comply with the prudential standards issued by the domestic regulator.

Credit risk is assumed through traditional lending to target private and corporate clients, project finance and the placement of surplus liquidity with rated domestic banks and financial institutions.

Year in review in Australia

The loan portfolio performed exceedingly well during the year and the underlying quality of the book is considered high. During the year, the Australian Prudential Regulation Authority conducted an on site, indepth review of Investec Bank (Australia) Limited's credit risk environment. This included an assessment of the incumbent credit risk capabilities, credit risk policies and procedures, and compliance with these. The outcome of this review was positive and complementary.

Market risk management framework

Within our trading activities, we act as principal with clients or the market. Market risk, therefore, exists where we have taken on principal positions, resulting from proprietary trading, market making, arbitrage, underwriting and investments in the commodity, foreign exchange, equity, capital and money markets. The focus of these businesses is on supporting client activity. Our philosophy is that trading should be conducted largely to facilitate primary clients in deal execution.

Market risk exists since the market value of these positions (including derivatives) has the potential to change, caused by adverse movements in market factors such as interest and foreign exchange rates; equity, bond and commodity prices; volatility; and credit spreads. The Market Risk Management team's role is to independently identify, quantify, monitor and manage these risks.

In line with our policy, local risk management teams manage the risks that we assume in each geography. Local limits have been set to keep potential losses within acceptable risk tolerance levels. A Global Market Risk Forum (mandated by the various boards of directors) manages the market risks in accordance with pre-approved principles and policies. Our market risk position is further reported to the Executive Risk Review Forum, the executive, the Board Risk Review Committee and the Board of Directors.

Role of the Market Risk Forum and Market Risk Management team

The Market Risk Forum performs the following functions:

- Articulates the policy for the Market Risk Management team for the board's approval and ensures compliance with this policy.
- Proposes risk limits for approval by the board. This involves:
  - Preparing an in-depth analysis of the various risks considering both normal market conditions and extreme or infrequent events.
  - Deciding on appropriate methodology and manner in which to set a limit.
  - Determining an appropriate level at which the risks should be set.
- Reviews and approves pricing and other risk models.

The Market Risk Management team is responsible for:

- Ensuring the complete capture of market risk in risk measurement and reporting systems.
- Monitoring risk limits and the nature of market risks on a daily basis, including reviewing concentrated positions.
- Calculating and analysing Value at Risk (VaR) daily.
- Performing a profit attribution, where our daily traded income is attributed to the various underlying risk factors on a day-to-day basis. An understanding of the sources of profit and loss is essential to understanding the risks of the business.
- Reviewing the market risks on our books and ensuring that it is prudently positioned, taking into account agreed policies, prevailing markets and liquidity, hedging strategies and the relationship between risk and reward.
- Dealing with any excesses to risk limits.

Measurement of market risk

Measurement techniques used to quantify the market risk arising from our trading activities include sensitivity analysis and VaR. Stress testing and scenario analysis are also used to simulate extreme conditions to supplement these core measures.

VaR estimates future potential losses on current portfolios, due to adverse price movements over a given time horizon, at a stated level of confidence. Our assessment of past movements is based on data for the past year. We apply these historical changes in risk factors directly to our current positions, a method known as Historical Simulation. We use historically simulated VaR based on historical prices over a 250-day period, a 95% confidence level and a one-day holding period. The table on the next page represents our VaR on trading portfolios as at 31 March 2005, for a 95% confidence level and a one-day holding period, assuming no mitigating action is taken. This means that there is a one in 20 chance that daily losses will be at least as large as the reported VaR amount. VaR, however, does not indicate how much we can expect to lose in these cases. We further analyse the results beyond the 95% confidence level - the tails of the distribution - to better understand the potential risks of the portfolio. Expected Tail Loss (ETL) quantifies the amount we can expect to lose when the VaR threshold is exceeded.

Year in review

The following major external events occurred during the period under review:

- The Rand exchange rate against the Dollar remained fairly volatile in the 5.62 to 7.00 range. The relative volatility of the currency had a favourable effect on foreign exchange trading portfolios.
- The Rand trading books were well positioned for the 175 basis point interest rate hikes that occurred in the US markets over the period, but not aggressively enough to have a significant effect.
- Liquidity in both the Rand interest rate derivative and equity derivative markets continued to remain low as speculators remained out of these markets. This resulted in the Equity Derivatives desk developing various exotic products to service client needs.
- Volatility levels on the SAFEX Index products reached historic lows. While this had an unfavourable impact on our Index portfolios, these losses were more than offset by profits on the single stock portfolios.
- Volatility levels of equity stocks and indices globally fell and reached historic lows. This had an unfavourable impact on the UK Equity Derivatives desk, as the desk was long stock and index volatility.
- Volatility levels of base metals fell sharply negatively impacting the performance of the Commodities desk.

VaR 95% (one-day)

31 March 2005

£'000	Investec plc	Investec Limited	Consolidated
Interest rates	10	223	215
Equity	856	178	774
Foreign exchange	11	188	170
Commodities	24	-	24
Consolidated*	**836**	**375**	**867**
Limits (aggregated)	2 325	1 928	4 253
Highest	836	645	1 060
Lowest	171	139	222
Average	323	350	482

31 March 2004

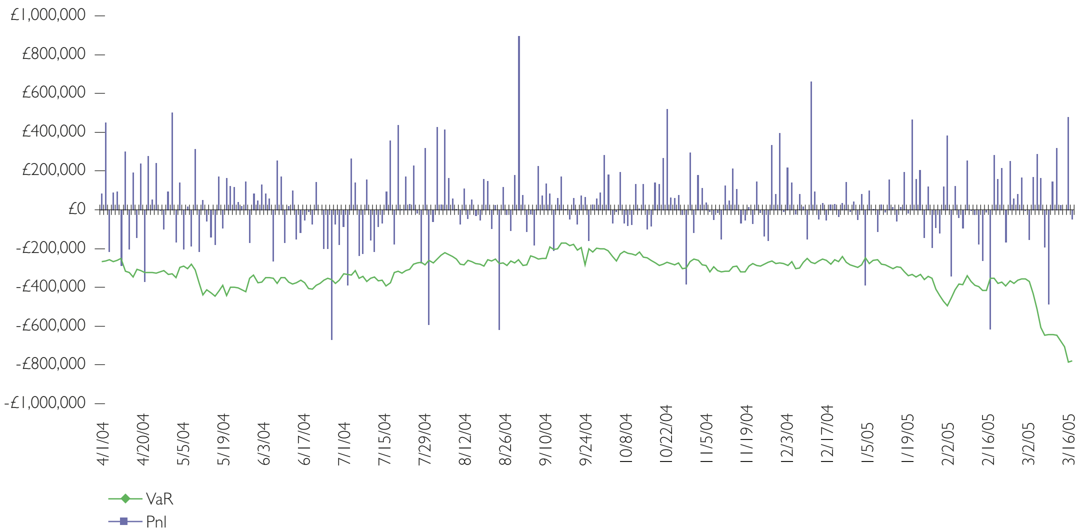
£'000	Investec plc	Investec Limited	Consolidated
Interest rates	4	283	282
Equity	358	112	378
Foreign exchange	20	247	238
Commodities	125	-	125
Consolidated*	**424**	**453**	**599**
Limits (aggregated)	3 050	2 143	5 193
Highest	462	1 013	1 156
Lowest	214	273	315
Average	330	637	623

* The consolidated VaR is significantly lower than the sum of the VaR figures for each traded market. This is due to offsets which take place as a result of the correlation between the various asset classes.

All VaR models, while forward-looking, are based on past events and are dependent on the quality of available market data. The accuracy of the VaR model as a predictor of potential loss is continuously monitored by a process called Backtesting. This involves comparing the actual trading revenues arising from the previous day's closing positions with the 1-day VaR calculated for the previous day on these same positions. If the revenue is negative and exceeds the 1-day VaR, a "backtesting breach" is considered to have occurred. Considering 1-day 95% VaR, a backtesting breach is expected (on average) one day in twenty.

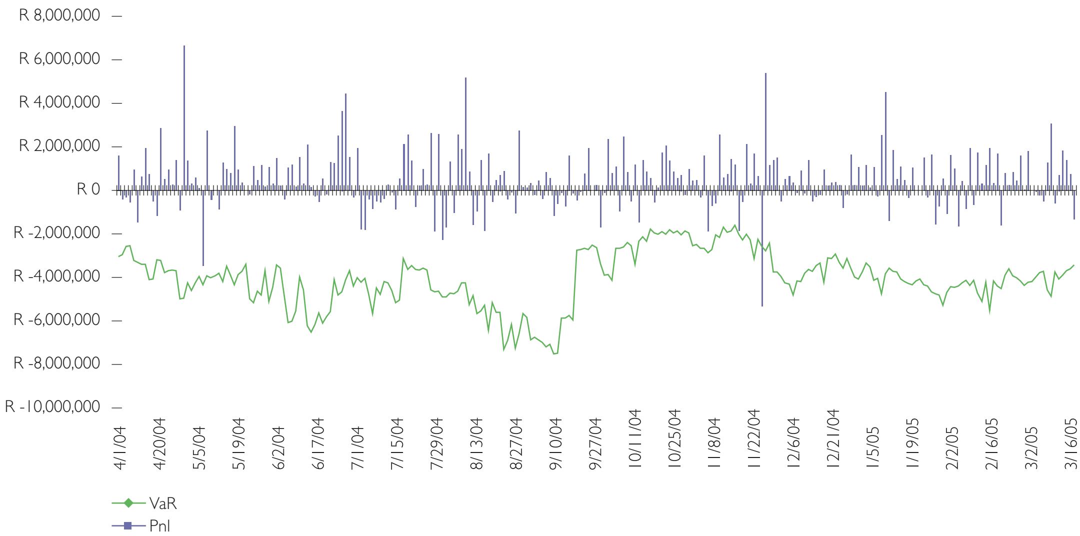
The graphs on the next page provide a visual representation of the backtesting process. They compare the daily profits and losses with the 95% 1-day VaR for Investec plc and Investec Limited respectively over the past financial year. Based on these graphs, we can gauge the accuracy of the VaR figures. Out of 250 trading days in this period there were 11 (4.4%) and 1 (0.5%) 'backtesting breaches' in Investec Bank (UK) Limited and Investec Bank Limited respectively. These indicate that the VaR figures provide a fairly accurate predictor of potential losses.

Investec Bank (UK) Limited daily profit and losses (pnl) vs 95% VaR



Most of the outliers in Investec Bank (UK) Limited were due to large declines in equity and base metal volatility (see year in review) where the moves were significantly larger than the normal moves experienced in the past year and hence resulted in losses that were larger than the corresponding VaR figures.

Investec Bank Limited daily profit and losses (pnl) vs 95% VaR



ETL 95% (one-day)

31 March 2005

£'000	Investec plc	Investec Limited	Consolidated
Interest rates	15	407	408
Equity	1 180	251	1 134
Foreign exchange	14	318	304
Commodities	36	-	36
Consolidated*	**1 160**	**584**	**1 269**

31 March 2004

£'000	Investec plc	Investec Limited	Consolidated
Interest rates	6	461	462
Equity	503	148	512
Foreign exchange	84	406	377
Commodities	143	-	143
Consolidated*	**554**	**633**	**871**

* The consolidated ETL is significantly lower than the sum of the ETL figures for each traded market. This is due to offsets which take place as a result of the correlation between the various asset classes.

Stress testing

The portfolio stress tested under extreme market conditions (15 standard deviations) will result in a loss of £6.9 million in Investec plc, £4.5 million in Investec Limited and £11.4 million on a consolidated group basis (based on a one-day holding period).

31 March 2005

£'000	Investec plc	Investec Limited	Consolidated
Interest rates	77	1 705	1 783
Equity	6 551	1 363	7 915
Foreign exchange	84	1 437	1 521
Commodities	182	-	182
Consolidated	**6 895**	**4 505**	**11 400**

31 March 2004

£'000	Investec plc	Investec Limited	Consolidated
Interest rates	29	2 163	2 192
Equity	2 743	858	3 601
Foreign exchange	151	1 887	2 038
Commodities	959	-	959
Consolidated	**3 883**	**4 908**	**8 791**

Market risk - derivatives

We enter various derivatives contracts, both as principal for trading purposes and as customer for hedging foreign exchange, commodity, equity and interest rate exposures. These include financial futures, options, swaps and forward rate agreements. The risks associated with derivative instruments are monitored in the same manner as for the underlying instruments. Risks are also measured across the product range in order to take into account possible correlations.

The notional principal indicates our activity in the derivatives market and represents the aggregate size of total outstanding contracts at year-end. The fair value of a derivative financial instrument represents the present value of the positive or negative cash flows which would have occurred had we closed out the rights and obligations arising from that instrument in an orderly market transaction at year-end. Both these amounts reflect only derivatives exposure and exclude the value of the physical financial instruments used to hedge these positions.

The tables below reflect our derivative trading portfolio over the reporting period on the basis of the notional principal and the fair value of all derivatives.

Notional principal

£'million	31 March 2005	31 March 2004
Foreign exchange derivatives	5 804	8 055
Interest rate derivatives	63 444	98 789
Equity and stock index derivatives	2 681	14 705
Commodity derivatives	4 377	6 329
Credit derivatives	43	59

Fair value

	31 March 2005		31 March 2004	
£'million	Positive	Negative	Positive	Negative
Foreign exchange derivatives	205	131	481	315
Interest rate derivatives	576	521	473	394
Equity and stock index derivatives	121	85	209	189
Commodity derivatives	105	66	296	233
	1 007	803	1 459	1 131
Effect of netting	(577)	(577)	(936)	(936)
Net fair values	430	226	523	195

Further information in this regard can be found on pages 217 to 222.

Balance sheet risk management framework

Balance sheet risk management encompasses the financial risks relating to our asset and liability portfolios, comprising liquidity, funding, concentration and non-trading interest rate risks on balance sheet.

The Treasury unit within Treasury and Specialised Finance centrally directs the raising of wholesale liabilities, establishing and maintaining access to funds, and management of liquid securities and collateral. Most non-trading interest rate risk is transferred from the originating business to the central Treasury. Once aggregated and netted, Treasury, as the sole interface to the wholesale market for both cash and derivative transactions, actively manages the liquidity mismatch and non-trading interest rate risk arising from our asset and liability portfolios. In this regard, Treasury is required to exercise tight control of funding, liquidity, concentration and non-trading interest rate risk within defined parameters.

Balance Sheet Risk Management's objective is to independently identify, quantify and monitor risks, providing independent governance and oversight of the Treasury activities. To achieve this, Balance Sheet Risk Management combines traditional gap analysis, economic value sensitivity analysis and simulation where appropriate. These include quantitative models and stress tests designed to measure the range of possible future liquidity needs and potential distribution of net interest income and economic value over a range of scenarios. The modelling process is supported by ongoing technical and economic analysis.

Our overall group liquidity policy requires each geography to be self-funding so that there is no reliance on intra-group lines either from or to other group entities.

Group policy is to centralise asset and liability oversight within each geography. Regional Asset and Liability Management Committees (ALCOs) are mandated by their respective boards of directors to manage the balance sheet risks on a consistent basis with pre-approved principles and policies. Detailed policies cover both domestic and foreign currency funds and set out sources and amounts of funds necessary to ensure the continuation of our operations without undue interruption. We aim to match-fund in currencies, other than the domestic currency, where it is practical and efficient to do so and hedge any residual currency exchange risk arising from deposit and loan banking activities. The size, materiality, complexity, maturity and depth of the market as well as access to stable funds will determine the risk appetite for the region. Specific statutory requirements further dictate what policies are adopted in each region.

Our balance sheet position is regularly reported to management, the Executive Risk Review Forum, the Board Risk Review Committee and the Board of Directors.

Non-trading interest rate risk

Interest rate risk is the impact on the net interest earnings and sensitivity to economic value, as a result of increases or decreases in the levels of interest rates.

Sources of interest rate risk include volatility and changes in the shape of the term structure of interest rates, as shown by a widening or narrowing of margin, when these changes are applied to our rate sensitive asset and liability portfolios.

Interest rate risk management comprises ongoing measurement of the interest rate mismatch and basis risk, translated into sensitivity of interest income and economic value across varying interest rate scenarios. Once interest rate risk is transferred from the originating business to the central Treasury and aggregated/netted, Treasury implements appropriate on and off balance sheet strategies to mitigate any residual undesirable risk. Treasury is the sole interface to the external market for both cash and derivative transactions. Treasury reserves the option to take advantage of opportunities which may arise during changing interest rate cycles, being able to respond quickly to market opportunities, within our predefined risk appetite.

Interest rate risk arising from fixed interest loans and deposits with a term of more than one year is materially hedged through the purchase and sale of interest rate swaps on a back-to-back basis.

We base our interest rate risk management processes on the following fundamental steps:

- Measurement and assessment of interest rate mismatch gaps detailing the sources of interest rate exposure at a point in time, which forms the basis for:
  - Translation into interest income sensitivity analysis, economic value sensitivity analysis and simulation where appropriate over a wide range of interest rate scenarios.
  - Technical interest rate analysis and economic review of fundamental developments and trends.
  - Daily management of interest rate risk by Treasury subject to independent ALCO review.

Liquidity risk

Liquidity risk is the risk that we do not have sufficient cash to meet our financial obligations, especially in the short term, at acceptable costs.

Sources of liquidity risk include unforeseen withdrawals of demand deposits, restricted access to new funding with appropriate maturity and interest rate characteristics, inability to liquidate a marketable asset timeously with minimal risk of capital loss, unpredicted customer non-payment of a loan obligation and a sudden increased demand for loans.

Liquidity management is vital to preserving market confidence, safeguarding our reputation and ensuring sustainable growth.

We acknowledge the importance of our retail and private client base as the principal source of stable and well diversified funding for our Private Banking risk assets. We continue to develop products to attract and service the investment needs of the growing Private Bank client base. Although the contractual repayments of many retail customer accounts are on demand or at short notice, in practice, the retail short-term deposit balances remain a stable source of funds. In the UK, our Private Banking division continued to successfully fund itself despite significant asset growth.

We have instituted an offshore syndicated loan programme to broaden and diversify term-funding in supplementary markets and currencies, enhancing the proven capacity to borrow in the money markets.

We engage in transactions that involve the use of both special purpose entities and asset securitisation structures in connection with the sale of certain mortgages. These entities form part of the consolidated group balance sheet as reported. Our funding and liquidity capacity is not reliant on these entities to any material extent.

Our liquidity management processes are based on the following essential elements, using principles approved by the Financial Services Authority in the UK, the South African Reserve Bank and the Australian Prudential Regulatory Authority:

- Maintenance of a stock of readily available, high quality liquid assets and near cash in excess of the statutory requirements as well as strong balance sheet liquidity ratios.
- Preparation of cash flow projections (assets and liabilities) and funding requirements corresponding to the forecasted cash flow mismatch, which are translated into short- and long-term funding strategies within each legal entity and globally.
- Management of concentration risk, being undue reliance on any single counterpart or counterpart group, sector, market, product, instrument, currency and tenor.
- Daily management of funding and liquidity risk by Treasury subject to independent ALCO review.
- Maintenance of liquidity contingency plans and the identification of alternative sources of funds in the market so as to ensure that cash flow estimates and commitments can be met under various adverse business and economic scenarios, while minimising detrimental long-term implications for the business.

Year in review

Significant market events within the last year include the following:

- The low global interest rate environment created a search for yield, with hedge funds and real money investors moving progressively down the credit curve. This migration, coupled with appetite from structured credit products, resulted in credit spreads that reached historical lows in January 2005. Associated with the tight credit spread environment was an excess of global liquidity.
  - GBP interest rates - The beginning of the financial year saw a continuation of the rapid increase in short rates, with the base rate being raised by a quarter point in May, June and August. The base rate remains range-bound to date. There is no clear consensus as to the direction of the next rate move.
  - ZAR interest rates - The sharp interest rate hikes widely expected in April 2004 did not materialise and a 50 basis point cut in the repo rate occurred in August 2004, bringing it down to 7.5%. As a result, the yield curve experienced a high degree of volatility in the past financial year. The continuing disinflationary path in South Africa, aided by the strong Rand, reflected a sharp drop in long-term yields. The yield curve at the end of March 2005 was anticipating an essentially flat interest rate environment for the next 12 months.
  - Euro interest rates - The ECB Refinancing rate remained on hold at 2% for the full financial year, with no immediate indication of a change, either up or down. The Libor curve, however, was pricing in regular quarter point rate increases, creating a relatively steep yield curve.
  - USD interest rates -The dollar market saw a shift in the Fed attitude to rate increases, moving from an accommodative monetary policy to one of "measured tightening". Thus the Fed funds target moved via seven quarter point hikes from 1.0% at the beginning of June 2004 to 2.75% by 31 March 2005, with further rises anticipated, creating a steep yield curve at the short end.

We took advantage of these market conditions and successfully embarked on several initiatives which had the effect of depositor substitution via permanent capital raising and term debt funding. This ensured that we maintained liquidity well above internal and external liquidity targets, while growing our profitable lending portfolios. These initiatives were:

- Investec Bank Limited, a wholly owned subsidiary of Investec Limited, issued R461.4 million in redeemable preference shares (approximately £38.5 million) during the year under review.
- Investec Bank Limited redeemed R1.26 billion in convertible debentures (approximately £102.2 million) in December 2004.
- Investec Limited issued R2.3 billion (£207.3 million) in, non-redeemable non-cumulative and non-participating preference shares in February 2005.
- Investec Bank Limited raised syndicated loans of $367 million with a $147 million three-year tranche in November 2004 at very attractive rates, reflecting the decreasing risk premium of South Africa and emerging markets.
- Investec Finance plc implemented an EMTN (Euro Medium-Term Note) programme in August 2004, followed by its debut bond issue in October - a three-year €175 million FRN.
- A second, three-year fixed rate bond issue of £175 million by Investec Finance plc in February 2005 took advantage of appetite in the Sterling market.
- Investec Finance plc created an ECP (Euro Commercial Paper) programme for issuance of short-dated commercial paper to institutional investors. At 31 March 2005, amounts raised by the programme were £10 million, €45.5 million and US$21.0 million.
- In Mauritius, restrictions placed on foreign banks were removed, with a change in the Banking Act in October 2004. Investec Bank (Mauritius) Limited now enjoys the same status as any domestic bank.
- Investec Bank (Mauritius) Limited successfully negotiated a three-year $70 million syndicated loan in January 2005. This committed facility is currently undrawn.
- The global Private Banking deposit book grew by 21.4% to £3.2 billion.

We are currently unaware of any circumstances that could significantly detract from our ability to raise term funding.

Risk management

Operational risk management framework

We recognise that operational risk is inherent in our operations. We seek to manage this risk within acceptable levels and to minimise unexpected events.

Senior management is responsible for identifying and mitigating operational risks. Group Operational Risk Management is an independent specialist function that is responsible for promoting sound practices, facilitating operational risk initiatives and monitoring the operational risk environment.

Group Operational Risk Management focuses on:
- Sound operational risk management practices.
  - Identification and assessment of operational risks.
  - Indicator development.
  - Incident and loss event data recording and analysis.
- Enterprise-wide operational risk programmes.
  - Business continuity risk.
  - Information security risk.
  - IT change management risk.
- Financial crime.

Year in review

Sound operational risk management practices

Key developments during the year include:
- A risk assessment framework was developed during the year based on the existing Turnbull risk assessment process and incorporating operational risks. Reference was made to leading practices in developing the framework. Risk identification and assessment is an ongoing process to ensure relevance and appropriateness. External events are monitored for emerging issues, as are internal risk incidents and loss events.
- An integrated technology solution linking risk assessment, indicators and incidents was sourced and is being implemented throughout the group.
- During the year further progress was made on recording and reporting risk incidents and loss events. These are monitored and appropriate corrective action taken to minimise losses and reoccurrence.
- Operational risk management practice disclosures will continue to be assessed and refined as the discipline develops internally and industry-wide.
- Outsourcing arrangements were reviewed, a register established and the group outsourcing policy enhanced in line with the Bank of International Settlements "Outsourcing in Financial Services" recommendations.
- Gaps in compliance with the proposed Basel II requirements for operational risk are being assessed so as to ensure readiness on the effective dates. Evolving regulatory developments are being monitored.

Enterprise-wide operational risk programmes

Business continuity risk
- We have a comprehensive programme to assess and enhance our capability to support the availability of systems, restore technology platforms, resume operations and deliver core business processes. The business continuity capability is subject to independent monitoring, review and assessment by Group Operational Risk and Internal Audit.
- No significant disruptions to operations occurred during the year.

Information security risk
- Information security continued to receive attention to assess and respond proactively to threats to data, systems and information. Our policies and practices are based on ISO17799 standards.
- There were no significant incidents during the year.

IT change management risk
- Changes to IT systems can introduce risk if not planned, assessed and implemented with care. Changes to line and business continuity environments are subject to a robust process to minimise disruptions.

Financial crime
- Matters of financial crime, both internal and external, are one of our particular concerns. Incidents are fully investigated to understand source and cause, achieve recovery and initiate legal action, and implement appropriate mitigating action.

Reputational risk management

Reputational risk is the risk caused by damage to an organisation's reputation, name or brand. Such damage may result from a breakdown of trust, confidence or business relationships. Reputational risk may arise as a result of other risks manifesting and not being mitigated.

We have various policies and practices to mitigate reputational risk, including a strong values statement that is regularly and proactively reinforced. We also subscribe to sound corporate governance practices, which require that activities, processes and decisions are based on carefully considered principles.

We are acutely aware of the impact of practices that may result in a breakdown of trust and confidence in the organisation. We regularly reinforce our policies and practices through transparent communication, accurate reporting, continuous group culture and values assessment, internal audit and regulatory compliance review, and risk management practices.

Legal risk management

Legal risk is the risk of loss resulting from any of our rights not being fully enforceable or from our obligations not being properly performed. This includes our rights and obligations under contracts entered into with counterparties. Such risk is especially applicable in circumstances where a counterparty defaults and the relevant documentation may not give rise to the rights and remedies anticipated when the transaction was entered.

Our objective is to identify, manage, monitor and mitigate legal risks throughout the group. We seek to actively mitigate these risks by identifying them, setting minimum standards for their management and allocating clear responsibility for such management to legal risk managers, as well as ensuring compliance through proactive monitoring.

Overall responsibility for this policy rests with the Board of Directors. The board delegates responsibility for implementation of the policy to the Global Head of Legal Risk who, in turn, assigns responsibility for controlling these risks to the managers of appropriate departments and focused units throughout the group.

The scope of our activities, which brings about legal risk, is continuously reviewed and includes the following areas:
- Relationship contracts.
- Legislation/governance.
- Litigation.
- Corporate events.
- Dual Listed Companies structure.
- Incident or crisis management.
- Ongoing quality control.

The legal risk policy is implemented through:
- Identification and ongoing review of areas where legal risk is found to be present.
- Allocation of responsibility for the development of procedures for management and mitigation of these risks.
- Installation of appropriate segregation of duties, so that legal documentation is reviewed and executed with the appropriate level of independence from the persons involved in proposing or promoting the transaction.
- Ongoing examination of the inter-relationship between legal risk and other areas of risk management, so as to ensure that there are no "gaps" in the risk management process.
- Establishment of minimum standards for mitigating and controlling each risk, including the nature and extent of work to be undertaken by our internal and external legal resources.
- Establishment of procedures to monitor compliance, taking into account the required minimum standards.
- Establishment of legal risk forums, bringing together the various legal risk managers, to ensure we keep abreast of developments and changes in the nature and extent of our activities, and to benchmark our processes against best practice.

A Legal Risk Forum is constituted in each significant legal entity within the group. Each forum meets at least half yearly and more frequently where business needs dictate, and is chaired by the Global Head of Legal Risk or an appointed deputy. Minutes of the meetings are circulated to the Chief Executive Officer of each legal entity as well as to the Group Risk Operational division.

Basel II

The revised international capital adequacy framework (Basel II) was published during the year. This framework is designed to differentiate minimum regulatory capital requirements in a risk sensitive manner and incentivise and recognise sound risk management, internal control and governance practices. Basel II allows choices in terms of approaches to be adopted for the determination of minimum regulatory capital, subject to demonstrating practices as part of the regulatory approval process.

Basel II provides additional approaches to credit risk capital determination and introduces operational risk capital requirements.

During the year under review, additional resources were employed in order to implement a Basel II compliant framework across the organisation. Particular benchmarks which were achieved are as follows:

Credit risk

- Developing an enterprise-wide security register, to be used as an input into the Pillar 1 calculation engine.
- Successful implementation of financial institutions and sovereign rating models (the corporate rating model was already in place in the prior financial year).
- Development of specialised lending and retail models.
- Consolidation of transactional data required for exposure at default calculation into an input data warehouse.

Operational risk

- Implementation of sound operational risk management practices, which are supported by an integrated operational risk technology solution that facilitates risk identification, indicators and incidents and loss events to be recorded and linked. This allows for a dynamic informed approach to operational risk management as well as providing the appropriate building block approach to migrate to advanced approaches.

Risk management

General

We are an active participant in the SARB Accord Implementation Forum, which aims to allow for consultation on implementation matters of Basel II between the industry and supervisor. Engagement with the Financial Services Authority in the UK and the Australian Prudential Regulation Authority is also taking place, to understand the expectations of the various supervisors on this significant change to the operating environment.

An immediate capital saving is not expected since supervisors and banks will need to gather experience and confidence in the processes and practices that will need to be relied on, while avoiding capital dilution and supporting financial stability.

During the year, various readiness assessments were concluded, which assist in informing implementation aspects.

Certainty on supervisor specific requirements, particularly in the area of national discretion, is beginning to emerge as supervisors consult and publish draft regulatory requirements.

Whilst there is emphasis on Pillar 1 minimum capital requirements determination principles, we recognise that Pillar 2 supervisory practices, including capital allocation, and Pillar 3 market discipline, which covers disclosure, are key areas. Accordingly, attention is given to reviewing practices and disclosures in line with Basel II expectations.

Basel II issues are reported on at Board Risk Review Committee and Board Audit Committee level, as well as monitored at the Executive Risk Review Forum. In line with our strong focus on risk management practices, we are integrating the Basel II expectations into our practices, enhancing processes and technology requirements as needed.

Capital Management

We are acutely aware that the astute management of the capital at our disposal is paramount to our success. Therefore, we are strategically focused on ensuring that we only enter into business activities that are expected to earn appropriate returns on our capital and satisfy the demands of our shareholder base. Our objective is to increase shareholder value through a group-wide discipline that links capital allocation and structuring, performance measurement, investment decisions and capital-based incentive compensation into one integrated framework.

Background

The Investec group comprises Investec plc (and its subsidiaries) as well as Investec Limited (and its subsidiaries). In terms of the group's DLC structure these two companies are treated separately from a credit perspective notwithstanding the shareholder arrangements that are in place to ensure that shareholders have common economic and voting interests as if Investec plc and Invested Limited were a single unified enterprise. Furthermore, the UK Financial Services Authority regulates Investec plc and the South African Reserve Bank regulates Investec Limited.

Consequently, the management of capital is effected on a silo-basis at the lowest level but considered in aggregate from a group perspective. Regardless of the statutory entity, we recognise the following key principles relating to the purpose of capital, namely to:

- Allow each area to grow organically and achieve its business objectives as strategically determined by executive management and approved by the relevant Boards of Directors.
- Afford the group the opportunity to explore acquisition opportunities that would allow it to position itself within its chosen markets.
- Protect the group against losses and risks inherent in the business, which would otherwise affect the security of funds deposited with or loaned to the various banking entities.

Within our capital management environment, a key assumption assumed is the understanding of the difference between "economic" capital and "regulatory" capital. The former relates to the resultant capital determined when all risks are considered (including reputational, liquidity etc) and is derived from the regulatory capital utilised by each division. Hence, the quantification of the regulatory capital is the first step in the process and the nature of modifications to this amount is agreed and documented.

At the heart of this distinction lies the fundamental implications flowing from the widespread practice of Economic Value Added (EVA) incentive schemes which embodies, as its base, economic capital. Essentially, this means that all transactions conducted by us have to be considered in the context of their implications to capital to ensure that the operators achieve the threshold targets in terms of return on capital to shareholders as this directly impacts their incentive remuneration.

Accordingly, the benefit of such practice is that the management of capital is effectively conducted at the very initial level of deal initiation which forces a wider population (beyond the formal governance committees) to understand the capital implications of business activity and ensure that it is priced appropriately.

As this has been embedded in the culture and philosophies of Investec, it is regarded as a cornerstone to the comprehensive management of capital.

Responsibility for capital management

The Investec plc and Investec Limited Boards of Directors are ultimately responsible for the silos' capital and its effective management. At the highest level, the boards have delegated direct responsibility for capital management to the DLC Capital Committee to oversee the various components contributing towards the effective control and usage of capital. This forum was constituted in June 2002 and its roles and responsibilities are discussed on page 123.

In order to feed into this forum, Investec plc convenes a separate Capital Committee on a bi-weekly basis so as to monitor the capital positions within its UK and Australian subsidiaries while the Southern African operations meet monthly via its DI Forum which analyses regulatory information including capital utlisation in Investec Bank Limited and Investec Bank (Mauritius) Limited. In addition to these three committees, a formally constituted capital management committee exists in Australia. This structure ensures that capital is actively managed from the lowest reporting level and cascades up to the ultimate responsible body, being the DLC Capital Committee.

Organisational structure

In terms of capital management, the components of the organisational structure are as follows:

- The business units, especially those which conduct their business out of a regulated entity and utilise large amounts of capital (Private Banking and Treasury and Specialised Finance). The transactional consultants within the business units consider the capital implications on a deal by-deal basis as this ultimately impacts the economic capital utilised and, hence, the pricing and profitability of the transaction.
- Risk management
  - As part of credit risk management, the presentation of transactions is conducted via the governance structures embodied within the risk management function. At the deal structuring phase as well as the credit approval phase, the capital implications of transactions are considered independently from the business unit presentation to

  ensure that it is accurate and reasonable. This serves as an additional verification of the capital implication of the particular transaction.
  - As part of market risk management, the market risk management team performs the quantification of the trading capital utilised by the trading activities throughout the group. This is tested for reasonableness at the various capital management forums explained above.
  - As part of operational risk management, the quantification of the operational capital utilised is conducted and reported into the Executive Risk Review Forum on a regular basis.
  - Underpinning all risk management functions is their IT support division which ensures that all applications employed by the group to calculate and report risk information are functioning properly and reconcile to underlying source systems.
- Group Finance
  - The financial control functions throughout the organisation work closely with risk management to ensure that capital reporting is accurate, appropriate and timely.
  - The responsibility for regulatory reporting forms part of the Finance function.
  - Furthermore, Group Finance as part of the annual audit process independently determines the economic capital per business unit as it forms the basis of the operating units' incentive remuneration.
  - As with Risk Management, the Group Finance IT division plays a critical role in ensuring the integrity of the ledger and all supporting applications which contribute towards to the regulatory and business intelligence reporting processes.

Basel II

At a high level, the group is intended to have implemented the Basel II Advanced Approaches for credit, operational and market risk across the Investec divisions and geographies by 2010. Clearly, this intention will have a significant impact on the capital management process, more from a calculation perspective than a principle or philosophical standpoint. The reason is that the acute sensitivity of transactions to capital utlisation is already embedded in the deal/credit approval and performance measurement ethos within the organisation (as detailed above). However, the basis for quantifying the capital utilisation will become more sophisticated under the Basel II framework. Hence, although the underlying process for capital adequacy assessment in relation to risk profile and strategy formulation for capital level maintenance will remain essentially the same, refinement will be needed to quantify capital in terms of the more advanced approaches and evaluate the results against the risk appetite of the group.

In terms of the current process, the following features exist:
- Board and senior management oversight in relation to both the nature and level of risk taken and how this risk relates to the adequate capital levels. Strategic plans outline our capital needs, anticipated capital expenditure, desirable capital level and external capital sources.
- Sound capital assessment through the establishment of capital adequacy goals supported by a process of internal controls, reviews and audit to ensure the integrity of the overall management process.
- Comprehensive assessment of risks by a number of governance committees guided by methodologies and policies, supported by sophisticated systems which ensure the adequacy and completeness of information on which decisions are based. To this end, detailed reports are prepared on a regular basis on our risk profile and capital needs.

The key challenge facing the group in terms of Pillar II compliance will be twofold:
- The training of deal and credit forum members as well as business unit practitioners of the changes to capital computations and the resultant impact on risk, pricing, profitability and capital levels.
- The actual capital computations themselves as these would have to be determined at deal initiation such that the resultant amount is presented to the various committees at the appropriate time to ensure effective decision making within a Basel II framework.

Conclusion

The combination of Investec's sophisticated and intellectually resourced risk management environment together with its performance orientation which emphasises the optimal usage of capital from the inception of a transaction, ensures that the linkage of risk to targeted capital levels is entrenched in the deal facilitation culture of the group.

This results in a capital management process driven by capital adequacy goals which are closely monitored by strategic capital plans approved by a sub-committee of the board.

Internal Audit

Internal Audit provides objective assurance to the board that management processes are adequate to identify the significant risks which the business is subject to and that the control environment is effective enough to manage those risks. Internal Audit recommends enhancements to risk management, control and governance processes where weaknesses are identified.

An Internal Audit charter, approved by the Group Audit Committees and reviewed annually, governs internal audit activity within the group. The charter defines the role, objectives, authority and responsibilities of the function.

As a result of the silo specific regulatory responsibilities arising from the Dual Listed Companies structure, there are essentially two group Internal Audit divisions located in London and Johannesburg, responsible for Investec plc and Investec Limited respectively. An Internal Audit function reporting into Investec plc also exists in Sydney. All the Internal Audit departments use similar risk based methodologies. The heads of Internal Audit report at each Audit Committee meeting and have a direct reporting line to the chairman of their entity's Audit Committee. They operate independently of executive management but have ready access to their local Chief Executive Officer and the Chairman of the Audit Committee. For administrative and co-ordination purposes, they also report to the Global Head of Corporate Governance and Compliance.

Annually, Internal Audit conducts a formal risk assessment of all businesses, incorporating management's assessment of risk, which is summarised in the business unit's Turnbull document. A comprehensive risk based annual audit plan is derived from this assessment, which identifies areas of focus. These are then confirmed with executive management and approved by the responsible Audit Committee. High risk businesses and processes are audited annually, with other areas covered at regular intervals based on their risk profile. Given our dependence on IT systems, there is an ongoing focus on auditing technology risks. The annual plan is reviewed regularly to ensure that it remains relevant and responsive, given changes in our operating environment. The Audit Committee approves any changes to the plan.

Internal Audit proactively reviews its audit practices and resources for adequacy and appropriateness, to meet our increasingly demanding corporate governance and regulatory environment. Audit teams comprising well-qualified staff with appropriate experience ensure that the function has the competencies to match our diverse requirements. Where specific specialist skills or additional resources are required, these will be obtained from third parties as appropriate. The Internal Audit resources are subject to annual review by the respective Audit Committees.

Significant control weaknesses are reported, in terms of an escalation protocol, to the Audit and Compliance Implementation Forum, where rectification procedures and progress are considered and monitored at a detailed level by management. The Audit Committee receives a report noting significant issues and actions taken by management to enhance controls.

Compliance

Introduction

Compliance risk is the risk of non-compliance with, or failure to comply with, the letter and spirit of all relevant statutes, regulations, supervisory requirements and industry codes of conduct which govern us. In keeping with our core values, we also endeavour to maintain the highest standards of integrity and ethical behaviour in our dealings with all stakeholders.

We are subject to extensive supervisory and regulatory governance in South Africa, the UK, Europe, the US, Australia, Hong Kong, Mauritius and the other countries in which we operate. The South African Reserve Bank, however, is our lead regulator. Compliance requirements increased substantially in the past year, accompanied by closer scrutiny by the respective regulatory authorities and new regulations.

In order to meet the regulatory requirements arising from the implementation of the Dual Listed Companies structure, independent Group Compliance functions exist within both Investec plc and Investec Limited. These functions operate under terms of reference approved by the board and the Audit Committee. A Group Compliance Officer, who operates independently from executive management and is responsible for ensuring adequate management of compliance risk within each silo, heads each function. Each Group Compliance Officer reports directly to the Chief Executive Officer and the Global Head of Compliance, with unrestricted access to the Chairman of the Audit Committee. The Global Head of Compliance is responsible for management of the compliance function across the Dual Listed Companies structure.

Group Compliance functions are structured on a decentralised operating model that consists of a central Group Compliance function, supported by specialist operational compliance functions within the relevant operating entities or divisions. Compliance officers have been appointed in all significant business units. The operational compliance functions report to the Group Compliance Officer, as part of a matrix management reporting structure.

Compliance risk is addressed through the development and implementation of effective compliance processes. These include development of policies and procedures in line with regulatory requirements, providing regular training to ensure that all employees are familiar with their regulatory obligations, providing advice on regulatory issues and monitoring adherence to these policies and procedures through the implementation of a risk-based monitoring methodology.

Group Compliance functions work closely to ensure consistent management of compliance risk group-wide. A key responsibility of the Group's Compliance Officers is to develop and maintain constructive working relationships with regulators and supervisors in all our geographies.

Developments

Southern Africa

Implementation of the Financial Intelligence Centre Act (FICA)

As required under FICA, the Money Laundering Control Officer and Money Laundering Reporting Officer continue to manage compliance with money laundering control legislation. FICA requirements have been built into business processes and undergo ongoing monitoring.

The regulatory focus of enforcement this year was on the re-identification of existing clients. As the Minister of Finance determined that the initial completion date, 30 June 2004, was unachievable, a regulatory extension was granted, giving accountable institutions additional time in which to complete the requirements. This averted the risk of substantial client account freezing across the industry. Significant effort was made to meet this compliance challenge, including contacting existing clients and requesting all outstanding information and documentation, systems development to monitor progress and quarterly reporting to the supervisory bodies. Although most clients were co-operative, in instances where clients did not meet the relevant target dates, their accounts were frozen pending compliance.

We have maintained a policy of strict adherence with FICA, despite significant challenges.

Implementation of the Financial Advisory and Intermediary Services Act (FAIS)

The introduction and implementation of FAIS was a major imperative for the business and Compliance over the last year. The process was complex and placed significant pressure on resources.

A number of business units applied for authorisation to operate as financial services providers (FSPs). Twenty nine licence applications were submitted and two are awaiting processing.

All representatives and key individuals were screened to ensure they comply with the "fit and proper" criteria imposed by the act. Criminal record checks were conducted and academic qualifications were verified. Prospective applicants for FAIS-related positions will be subject to the same review process.

We launched a major training initiative to sensitise all employees to the impact of FAIS. This was followed by intensive detailed training in each of the registered FSPs, conducted by the Operational Compliance Officers and key individuals. The Learning and Development division will provide ongoing training to all new employees. Formal assessments were introduced as a new innovation and key individuals and representatives are required to complete an assessment under test conditions to show competence.

The complexity of FAIS yielded a number of unintended consequences, more particularly regarding its impact on investment banking activities. As part of a banking industry initiative, we were instrumental in obtaining an exemption from FAIS for investment banking activities, provided the counterparties in any transaction are not natural persons and pension funds.

Industry representation

The Compliance function continues to manage compliance risk and keeps abreast of major legislative developments through high-level representation on industry bodies. In this capacity, Compliance participated in industry debates on legislative development as well as the production of industry standard training material in co-operation with the respective Sector Educational Training Authorities. The industry bodies include the Banking Association of South Africa, the Compliance Institute of South Africa, the Life Offices Association, the Money Laundering Forum and the FAIS Advisory Council.

Members of Group Compliance actively participated in industry initiatives to develop industry-based compliance training programmes on the importance of compliance and corporate governance.

Mauritius

A number of new acts governing the financial services industry were passed during the year, including a new Banks Act and a revised Code on the Prevention of Money Laundering and Terrorist Financing. The Bank of Mauritius also enhanced its regulatory overview of local banks.

UK and Europe

In 2004, the Financial Services Authority (FSA), the UK financial services regulator, issued twenty two policy statements, seventeen consultation papers and three discussion papers. Many of these rule releases and proposals relate to EU financial services directives. This new tier of European Community law requirements will continue to require significant attention over the next two years. The European Parliament and EU member states must complete and implement legislation to harmonise the European Community financial markets by 2007.

The FSA focused on two key regulatory themes in 2004: the continued scrutiny of practices relating to treating customers fairly and the management of conflicts of interest. These themes are part of the FSA's 11 Principles for Business. Investec Asset Management participated in an FSA market review on treating customers fairly, the results of which will be published in 2005. Regarding conflicts of interest, the FSA set out its expectations for firms to manage any conflicts created between firms and customers or the competing interests of customers in presentations and a general letter to investment banking chief executive officers.

On 31 October 2004 and 14 January 2005, all mortgage and general insurance businesses respectively, including both providers and distributors of these products, became regulated by the FSA and subject to new FSA Handbook rules. The regulation of these businesses affected two Investec plc businesses: Carr Sheppards Crosthwaite, which acts as an intermediary for insurance products, and Investec Bank (UK) Limited, which offers mortgages.

After lengthy negotiation, the FSA reached an agreement with certain firms to establish a compensation fund for qualifying investors who suffered losses on particular split capital investment trusts. The compensation fund was established at the end of 2004. Carr Sheppards Crosthwaite was not asked to contribute to the fund but, as a broker of the product, will be providing the information its clients need in order to register claims. The firm will not be able to make the claims on behalf of its clients, although it will be responsible for distributing claim forms to the relevant nominee clients.

During 2004, the industry consulted on proposals to amend soft commission and bundled brokerage rules. The new proposals will restrict the use of brokerage commissions to pay for services other than research and will require firms to disclose the costs of research and execution services paid under a commission fee. Investec Asset Management, which discloses its commission expenses, and Investec Bank (UK) Limited, which provides investment research, will be affected by these proposals when they come into force in 2006.

During the year, Investec plc management strengthened compliance by centralising the compliance reporting lines for all Investec plc companies to the Head of Compliance for Investec plc.

Looking ahead to 2005, UK firms will have to absorb new market abuse rules and changes to exchange listing rules and prospectus disclosure rules. After 2005, the major initiatives will be the new capital adequacy requirements under Basel II and significant changes to the conduct of business and supervisory rules under the EU Markets in Financial Instruments Directive.

Australia

During the past year, the Australian regulatory environment underwent further reform with the introduction of new legislation, Australian Securities and Investments Commission policy statements and Australian Prudential Regulation Authority standards. The year was also spent bedding down the requirements of the Financial Services Reform Act, which brought about a uniform licensing, conduct and disclosure regime for Australian financial markets, products and services. Investec Bank (Australia) Limited developed its compliance framework to ensure compliance with this expanding regulatory and legislative environment and to align itself with our group standards.

Compliance

USA

Regulatory scrutiny continues to be a focal point of US brokerage compliance. Anti-money laundering regulations remain a priority in connection with examinations conducted by self-regulatory organisations. Investigations regarding mutual fund market timing and late trading culminated in a series of substantial fines against many large brokerage firms. To date, Investec (US) is neither a target nor a subject of any such investigations. Current regulatory focus appears to be on ensuring fixed income trading transparency. Changes in the regulations include increasing the number of reportable corporate bond transactions and decreasing the allowable time to report such transactions. Moreover, the self-regulatory organisations are focusing on internal controls and supervision. The regulations are imposing ever-increasing responsibility for compliance oversight by executive management.

Credit ratings

In general, we were assigned strong ratings for credit quality, capacity for timely repayment and financial strength. In terms of our Dual Listed Companies structure, Investec plc and Investec Limited are treated separately from a credit point of view. As a result, the rating agencies have assigned ratings to the significant banking entities within the group, namely Investec Bank (UK) Limited, Investec Bank Limited and Investec Bank (Australia) Limited. Certain rating agencies have assigned ratings to the holding companies, namely, Investec plc and Investec Limited.

The ratings as at 31 March 2005 are set out as follows:

Ratings for Investec plc

Moody's	
Short-term deposit rating	Prime-3
Long-term deposit rating	Baa3

Ratings for Investec Bank (UK) Limited - a subsidiary of Investec plc

Fitch	
Individual rating	C
Support rating	5
Foreign currency short-term rating	F2
Foreign currency long-term rating	BBB+
Global Credit Rating Co.	
Short-term rating	A2
Long-term rating	A-
Moody's	
Financial strength rating	C-
Short-term deposit rating	Prime-2
Long-term deposit rating	Baa2

Ratings for Investec Bank (Australia) Limited - a subsidiary of Investec Bank (UK) Limited

Moody's	
Financial strength rating	D+
Short-term deposit rating	Prime-2
Long-term deposit rating	Baa2

Credit ratings

Ratings for Investec Limited

CA Ratings	
Local currency short-term rating	A1+
Local currency long-term rating	A+
Fitch	
Individual rating	B/C
Support rating	5
Foreign currency short-term rating	F3*
Foreign currency long-term rating	BBB*

Ratings for Investec Bank Limited - a subsidiary of Investec Limited

CA Ratings	
Local currency short-term rating	A1+
Local currency long-term rating	A+
Capital Intelligence Ratings	
Domestic strength rating	A-
Foreign currency short-term rating	A3*
Foreign currency long-term rating	BBB-*
Fitch	
Individual rating	B/C
Support rating	2
Foreign currency short-term rating	F3*
Foreign currency long-term rating	BBB*
Local currency short-term rating	F1
Local currency long-term rating	A+
Global Credit Rating Co.	
Local currency short-term rating	A1+
Local currency long-term rating	A+
Moody's	
Financial strength rating	C-
Foreign currency short-term deposit rating	Prime-2*
Foreign currency long- term deposit rating	Baa1*
National scale short-term rating	Prime-1
National scale long-term rating	Aa3

** Constrained by the sovereign rating for South Africa.*

Directors’ responsibility and corporate governance

Introduction

Investec operates under a Dual Listed Companies (DLC) structure, which requires compliance with the corporate and accounting regulations of the UK and South Africa.

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

In formulating our governance framework, the board is committed to applying leading governance practices in a pragmatic way, so as to:

- Promote informed and sound decision making.
- Protect our brand.
- Mitigate against reputational impacts.
- Support the trust and confidence of stakeholders.
- Lead to effectiveness and efficiency.
- Enhance the capital market's perception of us.
- Enable legal compliance.

Our values and philosophies form the framework against which behaviour, practices and activities are measured, to assess the characteristics of good governance. Our values require directors and employees to conduct themselves with integrity, consistently and uncompromisingly displaying moral strength and behaviour which promotes trust.

Accordingly, sound corporate governance is implicit in our values, culture, processes, functions and organisational structure and the structures designed to formalise oversight of and to ensure that the values remain embedded in all businesses and processes. We continue to refine both these structures, and a written Statement of Values, which serves as our Code of Ethics and has always been a pillar of our culture.

Governance highlights and achievements

Aag - CA Ratings reaffirms extremely sound corporate governance rating

Review on compliance with revised London Combined Code
Ernst & Young LLP conducted a comprehensive review of our compliance with the 2003 revised London Combined Code of Corporate Governance during the period under review. The board considered the recommendations arising from the review and implemented measures to take these recommendations forward.

Sustainability engagement process
We embarked on the initial phase of a comprehensive stakeholder engagement process. The aim of this process is to obtain a broad understanding of the issues that are of material interest to stakeholders regarding our sustainability performance. We also hope to gain an understanding of their future expectations regarding engagement, and ensure that we provide for these interests and expectations in our sustainability strategy and reporting processes.

Inclusion in sustainability indices
We were included in the JSE Socially Responsible Investment (SRI) Index for the second consecutive year.

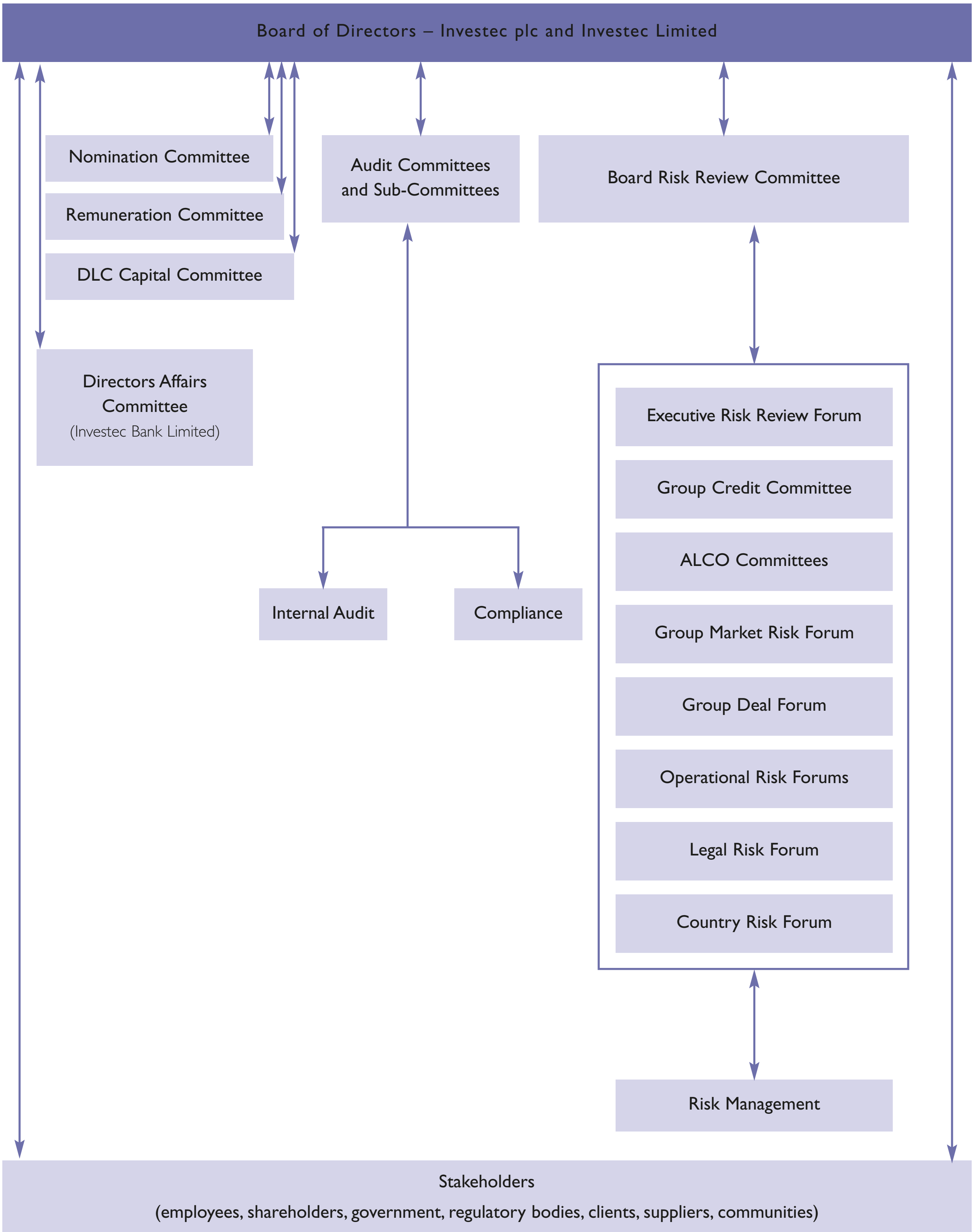
Reporting awards
We continued to receive recognition for our ongoing commitment to provide timeous, detailed and relevant disclosure to stakeholders and were rated in the excellent category (just outside the top 10) of the top 100 listed companies on the JSE in terms of the Ernst & Young LLP Excellence in Financial Reporting Awards.

We were awarded first place for our remuneration practices in the 2004 South African Deloitte Good Governance Awards.

Directors' responsibility and corporate governance

Governance organisation

The governance practices can be depicted as follows:



Board statement

The board is of the view that Investec complied with the Principles of Good Governance and Code of Best Practice contained in section 1 of the London Combined Code (2003) as well as the South African King II "Code of Corporate Practices and Conduct" (King II) during the period under review, except as follows:

King II - Chairman
- The Chairman of the board is not considered to be independent, but has distanced himself from any executive authority and status, thus enhancing his status as a non-executive director.

London Combined Code and King II - Independence
- At least half the board, excluding the Chairman, should comprise non-executive directors determined by the board to be independent. During the period under review, using these guidelines as a basis, only seven out of the fifteen board members, excluding the Chairman are considered to be independent. Notwithstanding these guidelines, the board is of the view that all of the non-executive directors are independent and promote the interests of stakeholders. Further information is provided on pages 114 to 115.

London Combined Code - Audit Committee
- The board considers that the majority of the members of the Audit Committee have suitable financial expertise. However, the board recognised the requirement for the appointment of an independent non-executive director with recent and relevant UK financial experience with a view to appointing that director to the Investec plc Audit Committee.

Other international business units operate in accordance with the governance recommendations of their jurisdictions, but with clear reference at all times to group values and culture.

The view of the board is based on the practices below, which were in operation during the period under review.

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.

In undertaking this responsibility, the directors are supported by an ongoing process for identifying, evaluating and managing the significant risks we face. This process was in place for the year under review and up to the date of approval of the Annual Report and financial statements. The process is implemented by management and independently monitored for effectiveness by the Audit, Risk and other sub-committees of the board, which are referred to below.

Our financial statements were prepared on the going concern basis, taking into consideration:
- Corporate governance practices.
- Accounting policies adopted.
- The nature and complexity of our business.
- The risks we assume.
- Key business and control processes in operation.
- The operation of board committee support structures.
- Operational soundness.

The board is of the opinion, based on its knowledge of the group, key processes in operation and specific enquiries, that there are adequate resources to support the group on a going concern basis over the next year.

Board of directors

Role and responsibilities

The board is responsible for reviewing and guiding corporate strategy, through the establishment of key policies and objectives, understanding the key risks we face, and determining our risk tolerance and the processes in operation to mitigate these.

The board has defined the limits of delegated authority and is ultimately responsible for assessing and managing risk policies and philosophies; overseeing major capital expenditures, acquisitions and disposals; approving the establishment of businesses; and approving the introduction of new products and services.

In fulfilling its responsibilities, the board is supported by management, who are required to implement the plans and strategies approved by the board. The board monitors management's progress on an ongoing basis.

Furthermore, the board, directly or through its sub-committees:
- Assesses the quantitative and qualitative aspects of our performance, through a comprehensive system of financial and non-financial monitoring, involving an annual budget process, detailed monthly reporting and management strategic and operational updates.
- Approves the annual budgets and business plans.
- Monitors our compliance with relevant laws, regulations and codes of business practice.
- Monitors our communication with all stakeholders.
- Identifies and monitors key risk areas and key performance indicators.
- Reviews processes and procedures to ensure the effectiveness of our internal systems of control.

The board seeks to exercise leadership, integrity and judgement in pursuit of our strategic goals and objectives to achieve long-term sustainable growth and prosperity for us.

Directors' responsibility and corporate governance

Composition, structure and process

Membership

In terms of the DLC arrangements, the boards of Investec plc and Investec Limited are identical and manage Investec as if it were a unified economic enterprise. At the end of the period under review, the boards, excluding the Chairman, comprised four executive directors and eleven non-executive directors. As set out below, the board concluded that seven of the non-executive directors are independent in terms of the London Combined Code and King II. Biographical details of the directors are set out on pages 150 to 151.

The names of the directors, the year of their appointment, their independence status and whether they will retire and seek re-election at the 2005 annual general meeting, are set out in the table below.

Independence

The board conducted a rigorous assessment of the independence of the non-executive directors, having regard to the tests set out in the London Combined Code and the South African King II report. While these codes contain differing tests of independence, an overarching consideration for the board is whether a director is independent of management and any business or other relationship that could materially interfere with the exercise of objective, unfettered or independent judgement by the director or the director's ability to act in our best interests. A summary of the factors the board takes into account in determining the independence of directors is set out below.

Name	Date of appointment Investec plc	Investec Limited	Independent	Last elected	Retiring and seeking re-election in 2005
Executive directors					
S Koseff (Chief Executive Officer)	26 June 02	06 Oct 86	_	2003	No
B Kantor (Managing Director)	26 June 02	08 Jun 87	_	2003	No
GR Burger (Group Risk and Finance Director)	03 Jul 02	03 Jul 02	_	2004	No
A Tapnack	01 Jul 02	01 Jul 02	_	2004	No
Non-executive directors					
HS Herman (Chairman)	26 Jun 02	01 Jan 94	No	2004	No
SE Abrahams	26 Jun 02	21 Oct 96	Yes	2004	No
GFO Alford	26 Jun 02	26 Jun 02	Yes	2004	No
CA Carolus	18 Mar 05	18 Mar 05	Yes	Recently appointed	Yes
H Fukuda OBE	21 Jul 03	21 Jul 03	Yes	2003	Yes
GMT Howe	21 Jul 03	21 Jul 03	Yes	2003	Yes
DE Jowell	26 Jun 02	01 Jan 89	No	2003	No
IR Kantor	26 Jun 02	30 Jul 80	No	2004	No
Sir C Keswick	26 Jun 02	26 Jun 02	Yes	2002	Yes
MP Malungani	26 Jun 02	26 June 02	No	2002	Yes
PRS Thomas	26 Jun 02	29 Jun 81	Yes	2003	Yes
F Titi	30 Jan 04	30 Jan 04	No	2004	No

Note: The board of Investec Group Limited (now Investec Limited) was reconstituted in terms of the implementation of our DLC structure in July 2002. In terms of providing information on the date that directors are appointed to the Investec Limited board, it would be misleading, in the case of those directors who were members of the Investec Group Limited board, to indicate that they have only been directors since the date of implementing the 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.

- John Abell passed away in May 2004.

The Chairman

The Chairman, Hugh Herman, is not considered to be independent. At the time of the Chairman's appointment, his duties included promoting the group and introducing clients but excluded making day-to-day executive decisions. His role was full time and he sat on certain management forums. He was also included in various management incentive and share ownership schemes. For these reasons, he is not considered by the board to be independent in accordance with the London Combined Code and King II. The Chairman has however distanced himself from any executive authority, thus enhancing his status as a non-executive director.

Relationships and associations

Ian Kantor is the brother of Bernard Kantor, Investec's Managing Director. Fani Titi and Peter Malungani are the chairmen of Tiso Group and Peu Group (Proprietary) Limited respectively, companies that have a material relationship with Investec Limited as a result of the empowerment transaction concluded in 2003 in light of the Financial Sector Charter in South Africa. Donn Jowell is Chairman of Jowell Glynn Marais Inc, the South African legal advisors to Investec Limited. The board concluded that as a result of these relationships, Messrs Kantor, Titi, Malungani and Jowell could not be considered, in terms of the London Combined Code and King II, to be independent.

Attendance at management meetings

As part of the review conducted by Ernst & Young LLP on our compliance with the London Combined Code, it was noted that Sam Abrahams regularly attended, by invitation, certain management committees of Investec Limited. The board considers Mr Abrahams' attendance at these committees, which are not decision making forums, to be desirable in terms of developing an understanding of the day to day issues facing the business, thereby allowing Mr Abrahams to discharge his responsibilities more effectively as a member of the board and Chairman of the Investec DLC Audit Committee. The board therefore concluded that Mr Abrahams retains independence of character and judgement.

Tenure

The board does not believe that any director has served on the board for a period which could materially interfere with the director's ability to act in our best interests. In reaching this conclusion, the board notes that Peter Thomas has been an Investec director for more than nine years. Notwithstanding this, the board concluded that Mr Thomas retains both financial independence and independence of character and judgement.

Skills, knowledge, experience and attributes of directors

Notwithstanding the guidelines set out in the London Combined Code and King II, the board is of the view that the majority of the non-executive directors are independent of management and 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. The board believes that it functions effectively and its performance is evaluated annually.

The board considers that the skills, knowledge, experience and attributes of the directors are appropriate with regard to their responsibilities and our activities. The directors bring a range of skills to the board, including:

- International and operational experience.
- Understanding of the economics of the sectors that we operate in.
- Knowledge of the regulatory environments that we operate in.

The skills and experience profile of the board is reviewed regularly, to ensure an appropriate and relevant board composition.

A comprehensive review by Ernst & Young LLP of our compliance with the London Combined Code, as well as internal assessments of our compliance with King II, recommended certain actions regarding the composition of the board and its committees. In particular, the board recognised the requirement for the appointment of an independent non-executive director with recent and relevant UK financial experience, as well as additional skills identified by the board, with a view to appointing that director to the Investec plc Audit Committee. Accordingly, throughout the period under review, members of the Nomination Committee interviewed suitable candidates. This process is ongoing and the committee is reviewing the feasibility of appointing an external search consultancy to assist in the identification of further candidates.

Board and directors' performance evaluation

The Ernst & Young LLP review resulted in a number of recommendations and action plans in relation to director performance review.

These recommendations were carried forward into a revised, detailed questionnaire that is completed by each director on matters relevant to the board as a whole, its committees and each director's performance including the performance of the Chairman. This process is followed up with individual interviews. The questionnaire is based on sound practices and recognised codes of corporate governance. The Chairman of the board participates in the evaluation process. The results of the evaluation process are reported to the board by the Head of Corporate Governance and Compliance. Appropriate action is taken to address any concerns identified in the evaluation process.

Directors' responsibility and corporate governance

Terms of appointment

Non-executive directors are provided with a letter of appointment on appointment. As a result of revisions to the London Combined Code, the standard letter of appointment was reviewed, and revised letters of appointment were issued to the non-executive directors. The letters of appointment set out, among other things, the expected time commitment of non-executive directors, details of our policy on obtaining independent advice and, where appropriate, details of the board committees of which the non-executive director is a member. We have a policy that insures directors against certain liabilities they may incur in carrying out their duties.

Induction and training

On appointment, directors are provided with an induction programme tailored to the needs of each appointee. A programme of formal presentations to the directors on regulatory and governance matters was implemented and, as part of the directors' ongoing development, the Company Secretary liaises with the directors to source relevant seminars and conferences which directors attend, funded by Investec.

Independent advice

Through the senior independent director, individual directors are entitled to seek professional independent advice on matters related to the exercise of their responsibilities, funded by Investec.

Remuneration

Details of the directors' remuneration are set out in the Remuneration Report on pages 139 to 146.

Chairman and Chief Executive Officer

The respective responsibilities of the Chairman and Chief Executive Officer are set out in writing, clearly defined and have board approval. The Chairman leads the board and is responsible for ensuring that the board receives accurate, timely and clear information to ensure that the directors can perform their duties effectively.

There were no changes to the Chairman's external directorships during the period under review. Details of the Chairman's external directorships are set out on page 150. The board does not consider that the Chairman's commitments interfere with him performing his responsibilities to Investec. The board is satisfied that the Chairman makes sufficient time available to effectively serve Investec.

The board has not appointed a Deputy Chairman.

Senior Independent Director

John Abell, the former Senior Independent Director, passed away in May 2004. Sir Chips Keswick was appointed Senior Independent Director on 7 July 2004. The Senior Independent Director is available to address any concerns or questions from shareholders.

Company Secretaries

Richard Vardy is the Company Secretary of Investec plc and Selwyn Noik of Investec Limited. They are responsible for the flow of information to the board and its committees and for ensuring compliance with board procedures. All directors have access to the advice and services of the Company Secretaries, whose appointment and removal are a matter for the board.

Les Penfold was appointed as global head of Company Secretarial to coordinate and drive the group's secretarial function.

Board meetings

The combined boards of Investec plc and Investec Limited met six times during the year. Three board meetings were held in the UK and three in South Africa, in line with the requirements of our DLC structure. Furthermore, the boards of Investec plc and Investec Limited held one additional meeting each in the UK and South Africa respectively.

The Chairman is responsible for setting the agenda for each meeting, in consultation with the Chief Executive Officer and Company Secretaries. A comprehensive information pack on matters to be considered by the board are provided to the directors in advance.

The non-executive directors met during the period under review in the absence of the executive directors. Details of directors' attendance at board meetings are shown in the table below.

Re-election of board members

All directors are subject to re-election at the first annual general meeting following their appointment. Thereafter, in accordance with the Articles of Association of Investec plc and Investec Limited, at least one third of the directors will retire at each annual general meeting. Retiring directors are subject to an assessment of their performance. Biographical details of the directors standing for re-election at the 2005 annual general meeting are on pages 150 to 151.

Board committees

The board is supported by specialist committees, as follows:

- DLC Audit Committee
- Investec plc Audit Committee
  - Audit sub-committee
  - Audit and Compliance Implementation Forum
- Investec Limited Audit Committee
  - Audit sub-committee
  - Audit and Compliance Implementation Forum
- Board Risk Review Committee
  - Executive Risk Review Forum
  - Group Credit Committee
  - Asset and Liability Committees
  - Group Market Risk Forum
  - Group Deal Forum
  - Operational Risk Forums
  - Legal Risk Forum
  - Country Risk Forum
- Directors Affairs Committee (South Africa only)
- Nomination Committee
- Remuneration Committee
- DLC Capital 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 necessary.

Investec plc and Investec Limited - combined board	Number of meetings held during the year	Number of meetings attended during the year	Independent
Executive directors			
S Koseff (Chief Executive Officer)	6	6	–
B Kantor (Managing Director)	6	6	–
GR Burger (Group Risk and Finance Director)	6	6	–
A Tapnack	6	4	–
Non-executive directors			
HS Herman (Chairman)	6	6	No
SE Abrahams	6	6	Yes
GFO Alford	6	6	Yes
CA Carolus	appointed 18 March 2005	appointed 18 March 2005	Yes
H Fukuda OBE	6	6	Yes
GMT Howe	6	6	Yes
DE Jowell	6	6	No
IR Kantor	6	6	No
Sir C Keswick	6	5	Yes
MP Malungani	6	4	No
PRS Thomas	6	5	Yes
F Titi	6	6	No

Note: John Abell passed away in May 2004.

Directors' responsibility and corporate governance

Audit Committees

In terms of our DLC structure, the board has mandated authority to the Investec plc Audit Committee and the Investec Limited Audit Committee to be the audit committee for those respective companies. A DLC Audit Committee was also created to assist the board with matters common to Investec plc and Investec Limited.

Role and responsibilities

The responsibilities of the Audit Committees include:

- Reviewing and making recommendations for the board's approval of our combined consolidated and individual company reports and financial statements and other published financial reporting documents.
- Reviewing the appropriateness of the combined group's and individual companies' accounting policies and their application.
- Overseeing our external audit process in the review of reports and accounts.
- Considering the external audit scope, fees and audit findings.
- Reviewing Internal Audit plans, reports, capacity and capability, and the reliance by the external auditors on the work and findings of Internal Audit.
- Reviewing non-audit services provided by our external auditors.
- Focusing on our compliance with legal requirements, accounting standards and the relevant listing requirements.
- Implementing measures to maintain effective systems of internal financial control and for reporting non-financial operating data.

Most members of the Audit Committee have suitable financial expertise.

Membership and attendance

Details of membership, relevant qualifications and experience as well as attendance at Audit Committee meetings are shown below.

Investec DLC Audit Committee	Number of meetings held during the year	Number of meetings attended during the year	Independent	Qualifications and experience
SE Abrahams (Chairman)*	3	3	Yes	FCA CA (SA) - Mr SE Abrahams is a former international partner and South African Managing Partner of Arthur Andersen
GFO Alford	3	3	Yes	BSc (Econ) FCIS FIPD MSI - Mr GFO Alford is a former head of Private Banking and Head of Personnel at Kleinwort Benson Group
GMT Howe^	1	1	Yes	MA (Hons) - Mr GMT Howe is a former Managing Partner of Clifford Chance LLP and Director and Group General Counsel of Robert Fleming Holdings Ltd
DE Jowell+**	3	3	No	B Com LLB - Mr DE Jowell is Chairman of and a consultant to Jowell Glyn & Marais Inc, the South African legal advisers to Investec Limited
Sir C Keswick	3	2	Yes	Sir Chips Keswick is a former Chairman of Hambros Bank Limited and Hambros PLC and a former director of Anglo American plc

Investec plc Audit Committee	Number of meetings held during the year	Number of meetings attended during the year	Independent	Qualifications and experience
SE Abrahams (Chairman)*	3	3	Yes	Refer opposite
GFO Alford	3	3	Yes	Refer opposite
GMT Howe	3	3	Yes	Refer opposite
Sir C Keswick	3	3	Yes	Refer opposite

Investec Limited Audit Committee	Number of meetings held during the year	Number of meetings attended during the year	Independent	Qualifications and experience
SE Abrahams (Chairman)*	3	3	Yes	Refer opposite
GFO Alford	3	3	Yes	Refer opposite
GMT Howe	3	3	Yes	Refer opposite
DE Jowell**+	3	3	No	Refer opposite
Sir C Keswick	3	3	Yes	Refer opposite
PRS Thomas	3	2	Yes	CA (SA) - Mr PRS Thomas is a chartered accountant and former Managing Director of The Unisec Group Limited

* SE Abrahams was appointed DLC, Investec plc and Investec Limited Audit Committee Chairman on 12 October 2004.
** DE Jowell was Chairman of the Investec DLC and Investec Limited Audit Committee until 12 October 2004.
+ For an overview of the factors leading the board to conclude that DE Jowell is not independent, please refer to page 115.
^ GMT Howe has only been a member of the DLC Audit Committee since 24 November 2004.
Note: PRS Thomas holds a "white card" for the Investec DLC and Investec plc Audit Committees. DE Jowell holds a "white card" for the Investec plc Audit Committee.

Audit Sub-Committees

Audit sub-committees for Investec plc and Investec Limited have been established to provide an opportunity for senior management of the business divisions, who do not attend the main Investec plc and Investec Limited Audit Committee meetings, to meet with the control functions and to provide input with regard to the control environment. The members of the Investec plc and Investec Limited Audit Committees have "white cards" to attend these meetings and as a matter of practice, at least one non-executive member generally does so.

Audit and Compliance Implementation Forum

Audit and Compliance Implementation Forums have been established for Investec plc and Investec Limited and their principal operating subsidiaries. The Audit and Compliance Implementation Forums are attended by key executive directors and heads of risk and control functions. Non-executive directors attend by invitation. The purpose of this forum is to monitor and report on the implementation of recommendations and other matters that the relevant Audit Committee considers important and to facilitate the timely escalation, response and understanding of risk and control matters that require a response from management. The forum performs a key role in enhancing risk and control consciousness and the associated control environment of the group. The forum also supports and provides important insight to the Audit Committees.

Finally, the forum acts as a filter, enabling the Audit Committees to concentrate their efforts on matters of appropriate materiality.

Directors' responsibility and corporate governance

Remuneration Committee

Role and responsibilities

Details of the role and responsibilities of the Remuneration Committee are set out in the Remuneration Report on pages 128 to 129.

Membership and attendance

Details of membership and attendance at Remuneration Committee meetings are shown below.

Remuneration Committee	Number of meetings held during the year	Number of meetings attended during the year	Independent
GFO Alford (Chairman)	7	7	Yes
GMT Howe	7	6	Yes
Sir C Keswick	7	5	Yes

Nomination Committee

Role and responsibilities

The Nomination Committee is responsible for, among other things:

- Regularly reviewing the board structure, size and composition and making recommendations to the board on any changes that are deemed necessary.
- Identifying and nominating candidates for the approval of the board to fill board vacancies as and when they arise, as well as putting in place plans for succession, in particular, of the Chairman, the Chief Executive Officer and the Managing Director.
- Making recommendations to the board for the continuation (or not) in service of a director.
- Recommending directors who will be retiring by rotation to be put forward for re-election.

Membership and attendance

Details of attendance and membership are shown below.

Nomination Committee	Number of meetings held during the year	Number of meetings attended during the year	Independent
HS Herman (Chairman)	1	1	No
SE Abrahams	1	1	Yes
Sir C Keswick	1	1	Yes

Refer to page 115 for details of recommendations made by Ernst & Young LLP in relation to the composition of the board and its committees.

In light of these recommendations, members of the Nomination Committee interviewed potential candidates during the period under review. This process lead to the identification and appointment of Cheryl Carolus, a South African based non-executive director.

Board Risk Review Committee

Role and responsibilities

The purpose of the committee is to ensure that:

- All decisions of the board on risk management policies and procedures are implemented and monitored throughout Investec.
- The risk management structure is adequate, with sufficient resources and budget, and exceptions are reported to the board.
- Exposure limits for market, counterparty and credit risk are ratified.
- There is an ongoing process of risk and control identification, particularly for any changes to business objectives and the bases of measuring risk.

The Board Risk Review Committee defines the processes by which internal financial control risk is assumed and monitored. The Group Risk Management division provides the expertise, processes and techniques from which the processes can be built and monitored daily.

A number of committees are dedicated to aspects of risk management and report directly to the Board Risk Review Committee and the Board of Directors. These include the Asset and Liability Committees, Group Credit Committee, Country Risk Forum, Group Market Risk Forum, Group Deal Forum, Operational Risk Forums, Legal Risk Forum and the Capital Committee.

Membership

Chairman	S Koseff (Chief Executive Officer)
Members	**Non-executive directors** SE Abrahams GFO Alford GMT Howe DE Jowell Sir C Keswick PRS Thomas **Executive directors of DLC and subsidiary boards** GR Burger (Group Risk and Finance Director) B Kantor (Managing Director) DM Lawrence A Tapnack **Senior management - by invitation** C Daleski C Fiddes B Fried PR Jacobson B Tapnack DM van der Walt G Waksman RJ Wainwright JKC Whelan IR Wohlman
Meeting times during the year	Monthly

Executive Risk Review Committee

Role and responsibilities
The Executive Risk Review Forum supplements the Board Risk Review Committee and its purpose is to:
- Evaluate the most significant risks we face in the ordinary course of business (credit, market, liquidity, operational, legal and reputational).
- Ensure that limits are adhered to and that agreed recommendations to mitigate risk are implemented.
- Act as agent of the board to ensure that all decisions of the board on risk management policies and procedures are implemented and monitored throughout the group.
- Ensure the group-wide risk management structure is adequately resourced and has an appropriate budget.
- Provide regular reports to the board with emphasis on effectiveness of the control framework.
- Provide regular reports on group-wide adherence to regulatory requirements and advise on how changes to regulatory requirements will affect us.
- Ensure that there is an ongoing process of risk and control identification, particularly in line with any changes to business objectives, for example, the commencing of a new trading area or product stream.

Membership

Chairman	S Koseff (Chief Executive Officer)
Members	GR Burger (Group Risk and Finance Director)
	B Fried
	S Hackner
	S Heilbron
	PR Jacobson
	B Kantor (Managing Director)
	DM Lawrence
	AWJ Leith
	B Tapnack
	DM van der Walt
	RJ Wainwright
	JKC Whelan
	IR Wohlman
Meeting times during the year	Every Friday except on the Board Risk Review Committee dates

Directors Affairs Committee

Investec Bank Limited, a subsidiary of Investec Limited has established a Directors Affairs Committee, as required by the South African Banks Act. The roles and responsibilities of the Directors Affairs Committee are, in Investec Limited and Investec plc divided amongst the other board sub-committees referred to above, in particular the Audit Committee and the Nomination Committee.

Role and responsibilities
The role of the committee is to assist the board:
- Through regular interactions with the board and management in the determination and evaluation of the adequacy, efficiency and appropriateness of corporate governance structures and practices of the bank on an ongoing basis.
- To ensure that the bank and its subsidiaries (the group) are complying with the applicable laws and regulations as well as codes of conduct.
- To ensure that the board operates effectively by regularly reviewing the composition of skills and experience of all directors.
- To establish and maintain a continuity programme to regularly review the succession plan for all directors.
- By updating the board on any emerging issues relating to corporate governance.
- To annually assess the effectiveness of the board and the contribution of each director. Where necessary, advise the board whether the employment of any director should be terminated.
- By reviewing policies, procedures and matters that the board may refer to the committee.
- To review and ensure that any conflicts of interest relating to directors have been dealt with appropriately.
- By reviewing all corporate governance related documents which need board approval (e.g. Annual Report disclosures, Regulation 38 and 39 of the Banks Act).
- To ensure that adequate succession plans are in place for the key positions of the bank.

Membership

Chairman	HS Herman
Members	**Non-executive directors**
	D Motsepe
	Dr MZ Nkosi
	F Titi
	RAP Upton
Meeting times during the year	Twice

DLC Capital Committee

Role and responsibilities

Our capital management framework (see pages 103 to 104) seeks to optimise the use of our capital by determining:

- The optimal amount of total capital commensurate with our overall risk profile in order to:
  - Support business strategies, including any inherent growth assumptions.
  - Meet targeted credit ratings and regulatory ratios.
  - Protect against losses, maintain liquidity and buttress our capital requirements to cater for future opportunistic acquisitions.
- Capital allocation to activities with the most favourable returns and highlighting those activities which are unduly capital intensive.
- The most efficient composition of the group's capital base.

Against this background the DLC Capital Committee is responsible for:

- Determining the DLC group's capital requirements and proposals for the issue/buy-back of equity and/or secondary capital raisings.
- Corporate restructuring for acquisitions.
- Considering, with a view to ultimately approving, internal restructures proposed within each silo.
- Economic capital management, which involves:
  - Monitoring the capital positions of each business unit and its composition relative to the whole. In fulfilling this function, the committee reviews the following:
  - The amount of capital each silo is currently utilising within each business unit.
  - Forecasts of the needs, availability and usage of capital.
  - Changes, if any, required in the allocation or composition of capital.
  - Implications to capital arising out of corporate actions (like acquisitions, divestments, internal restructures).
- Approving trading capital limits utilised by the regulated entities in South Africa and the delineation between trading and investment assets acquired/held by the group.

Membership

Chairman	S Koseff (Chief Executive Officer)
Members	**Non-executive directors** SE Abrahams DE Jowell **Executive directors of DLC and subsidiary boards** GR Burger (Group Risk and Finance Director) B Kantor (Managing Director) A Tapnack B Tapnack **Senior management** S Burgess R Jacobson L Penfold **By invitation** J Hay N Samujh
Meeting times during the year	Every six weeks

Directors' responsibility and corporate governance

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. Our management structure, reporting lines and the division of responsibilities are built around a geographic, divisional and functional network, as depicted on page 40.

Furthermore, each strategic business unit has an 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.

Internal control

We continued to embed the principles of 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, throughout the group during the year under review. We also took cognisance of the King II requirements in South Africa.

Risks and controls are reviewed regularly for relevance and effectiveness. The Board Risk Review Committee assists the board in this regard. Sound 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 we face and was in place for the year under review. It is recognised that such a system can only provide reasonable, and not absolute, assurance against material error, omission, misstatement or loss. This is achieved through a combination of risk identification, evaluation and monitoring processes, appropriate decision and oversight forums and assurance and control functions such as Risk Management, Internal Audit and Compliance. These ongoing processes were in place for the year under review.

As part of the process, risk and control identification is completed and assessed at business unit level. Each business unit has responsibility and accountability for management of its own risk, following a consistent risk assessment process through workshops facilitated by Group Risk Management. Risks to 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.

Senior management reviews these risk assessments regularly.

Internal Audit reports control recommendations to senior management, Risk Management, the Audit Committee and relevant Sub-Audit Committees.

Appropriate processes 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. Material incidents and losses and significant breaches of systems and controls are reported to the Board Risk Review Committee and the Audit Committee. Reports from the Audit Committees, Board Risk Review Committee and risk and control functions are reviewed at each board meeting.

Internal financial control

Our financial controls focus on critical risk areas. These areas are, as appropriate, identified by operational management, confirmed by group management, reviewed by Group Risk Management, and assessed by the risk control functions of Internal Audit and Compliance. Group Risk Management reports to the Board Risk Review Committee, while the latter functions report to the Audit Committee. Accordingly, the information may be conveyed to the board from one or more quarters to enable the latter to monitor the process of identifying these risks.

Internal financial controls are based on established policies and procedures. Management is responsible for implementing internal financial controls, ensuring that personnel are suitably qualified, that an appropriate segregation exists between duties and that independent review takes place.

Processes are in place to monitor internal control effectiveness, identify and report material breakdowns, and ensure that timely and appropriate corrective action is taken.

The directors consider that our system of internal financial control is adequately designed where appropriate to:

- Provide reasonable, although not absolute, assurance of the integrity and reliability of financial information.

- Identify and appropriately mitigate significant accounting and financial reporting risks.
- Safeguard, verify and maintain accountability of assets.
- Prevent and detect fraud.
- Support business objectives and sustainability under normal and adverse operating conditions.

Risk management

The board is responsible for the total process of risk management and the system of internal control. A number of committees (as mentioned above) assist in this regard. Senior management is responsible for identifying risk and implementing appropriate mitigation and controls within their businesses. An independent Group Risk Management division, which is accountable to the board, is responsible for designing and reviewing the process of risk management.

Risk management is discussed in more detail on pages 79 to 104.

Internal Audit

Each significant jurisdiction has an Internal Audit presence that is appropriate for the size, nature and extent of business conducted. Smaller geographies are supported by the Internal Audit teams of the Investec plc and Investec Limited groups.

A risk based audit approach is followed and the Audit Committee approves annual audit plans.

Heads of Internal Audit report to the Chairman of the relevant audit committee and to the Head of Corporate Governance and Compliance, and have unrestricted access to the Chairmen of the Audit Committees.

For further details on the Internal Audit function, see page 105.

External audit

Our external auditors are Ernst & Young LLP and KPMG Inc. The independence of the external auditors is recognised, and reviewed with the auditors by the Audit Committee on an annual basis.

The Audit Committees meet 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 Audit Committees. Recommendations regarding the rotation of auditors, as laid out in the UK Auditing Practices Board Ethical Standard 3 as well as in circular 16/2004 of the South African Banks Act, will be adhered to by the end of the 2005 audit.

Non-audit services are dealt with in terms of an agreed policy, which states that:

- Our external audit firms will have internal standards and processes to monitor and maintain their independence and these must be presented to the Audit Committees on an annual basis. These will be considered based on the explicit exclusions contained in existing rules and guidelines.
- Safeguards must be in place to ensure that there is no threat to the objectivity and independence in the conduct of the audit, resulting from the provision of non-audit services by the external auditors.

Total audit fees for the year were £6.5 million (2004: £4.7 million), of which £2.7 million (2004: £1.2 million) related to the provision of non-audit services.

Compliance

We recognise our responsibility to conduct business in accordance with the laws and regulations in the geographies in which we operate. The Compliance function is supported by compliance officers in the business units.

For further details on the Compliance function, see pages 106 to 108.

Regulation and supervision

We are subject to external regulation and supervision by various supervisory authorities - the main ones being the UK Financial Services Authority (FSA), the South African Reserve Bank (SARB) and the Australian Prudential Regulatory Authority. Some of our businesses are subject to supervision by the South African Financial Services Board.

In terms of the DLC structure, the SARB Banking Supervision Department is the lead supervisor of the combined Investec group, comprising Investec plc and Investec Limited. The SARB is also the supervisor of Investec Limited, while the FSA in the UK is the supervisor of Investec plc. We attempt to establish and maintain open and active dialogue with regulators and supervisors. Processes are in place to respond proactively and pragmatically to emerging issues and we report to regulators and supervisory bodies regularly. Where appropriate, we participate in industry committees and discussion groups to maintain and enhance the regulatory environment in which we operate.

Communication and stakeholder relations

The board recognises that effective communication is integral in building stakeholder value and is committed to providing meaningful, transparent, timely and accurate financial and non-financial information to primary stakeholders who are defined below. The purpose is to help these stakeholders make meaningful assessments and informed investment decisions about the group.

We endeavour to present a balanced and understandable assessment of our position by addressing material matters of significant interest and concern. We also seek to highlight the key risks to which we consider ourselves exposed and our responses to minimise the impact of the risks. Another objective is to show a balance between the positive and negative aspects of our activities, in order to achieve a comprehensive and fair account of our performance.

Our primary stakeholders include employees, shareholders, government, regulatory bodies, clients, suppliers, rating agencies, the media, communities and industry investment analysts. The board appreciates the importance of ensuring an appropriate balance in meeting the diverse needs and expectations of all our stakeholders and building lasting relationships with them.

To achieve its communication objectives, the board provides information to stakeholders and the market in several ways:

- Significant announcements are released directly to the market via the services offered by the London and Johannesburg stock exchanges. In terms of our DLC structure, announcements are released simultaneously on both exchanges, thereby ensuring fair treatment of all stakeholders. Copies of these announcements are placed immediately on the Investec website at www.investec.com.
- We maintain a comprehensive investor relations website, which ensures that all stakeholders readily have access to historical and current information.
- Investor presentations are broadcast live via videoconference from our offices in the UK and South Africa. Stakeholders are notified of these events via the stock exchange news services and are welcome to attend and engage with executive and non-executive directors. Stakeholders also have the option of using a live telephone conference facility or accessing the audio webcasts of the presentation via the website. We host at least four investor presentations a year: two before we enter into a closed period and two on the day we release interim and year end results.
- Our Investor Relations division has the day-to-day responsibility of ensuring appropriate communication with stakeholders. Regular contact is maintained with major stakeholders through a comprehensive investor relations programme, which includes meetings with executive management, investor road shows and presentations to the investment community, communication by email, regular telephone conferences and liaison with private shareholders in response to their enquiries. The Investor Relations division reports back regularly to the operating divisions, the group executive and the board on matters and concerns raised by stakeholders. Copies of analyst, rating agency and other relevant reports are also circulated to the board.
- Our communication policy focuses on ensuring that all employees worldwide are kept informed of business developments and activities. Our quarterly magazine, Impact, provides all employees worldwide with information on the latest happenings within Investec. Furthermore, we have a comprehensive intranet site in South Africa and the UK, which keeps employees updated on group developments and topics of interest. Urgent notices are sent to all staff through our internal email system.
- All shareholders are encouraged to attend the annual general meeting and to raise issues and participate in discussion on items included in the notice of the meeting. The meeting provides an opportunity for the board to communicate with shareholders and for shareholders to put their questions across in person. The chairmen of the Audit, Remuneration and Nomination Committees attend the meeting to respond to relevant questions. At general meetings, a schedule of the proxy votes cast is available to all shareholders. We propose a separate resolution on each substantially separate issue and do not bundle resolutions together inappropriately. Shareholders are requested to approve our report and accounts and our remuneration report. The outcome of the voting on the items of business are released on the stock exchange news services and posted on the website after the meeting.

During the year, the Chief Executive Officer, the group Managing Director and other members of executive management continued to meet with shareholders in the UK, Europe and South Africa, to understand their issues and concerns and discuss matters relating to our activities and performance. No new material or price sensitive information is provided in such meetings. Non-executive directors will attend meetings if requested and, as mentioned above, feedback on any issues or concerns raised by investors is provided to the board.

Executive management also met with shareholder representative organisations in the UK prior to its annual general meeting, to engage with them largely on our governance policies and practices. A number of matters were raised, which were all responded to and, where appropriate, adopted in our practices. Feedback on this process and the issues raised by the shareholder representative bodies was provided to the board and the relevant board committees. Furthermore, in March 2005, the Chairman and the non-South African based non-executive directors hosted a lunch with shareholder representative organisations in the UK, to help develop a balanced understanding of their issues and concerns.

We will continue to engage these bodies, to remain informed of emerging governance issues.

We also embarked on an exercise to engage with certain stakeholders on a number of sustainability issues. Further details are provided in the 2005 Sustainability Report.

Dealings in securities

Dealings in securities are subject to a policy that has been in operation for a number of years. The policy is based on regulatory guidance and industry practice.

It discourages speculative trading, encourages transparency and is monitored by the Group Compliance divisions. A closed period policy is in place during periods of price sensitivity, which precludes officers and staff from dealing in our securities.

All personal dealings are required to be conducted through our securities operation, to further enhance transparency and monitoring.

The Remuneration Report, as set out on pages 128 to 146, contains details of Investec shares held by directors. Directors' dealings in the securities of Investec plc and Investec Limited are subject to a policy based on regulatory requirements and governance best practice. All directors' dealings require the prior approval of the Chairman.

Values and code of conduct

We have a strong organisational culture of entrenched values, which forms the cornerstone of our expected behaviour towards all stakeholders. These values are embodied in a written Statement of Values, which serves as our Code of Ethics and is continually reinforced. Regular values review workshops are conducted across the group, allowing staff members to debate the meaning, importance and relevance of these values to our daily operations.

We view all employees as the custodians of ethical behaviour, which is reinforced through internal processes, policies and procedures. As such, all new employees are invited to attend induction processes at which our philosophies, values, culture, risk management and compliance procedures are explained and discussed.

Furthermore, our Organisation Development team plays an important role in facilitating the understanding and ongoing practice of our values, philosophies and culture. In addition to our values, acceptable business practices are communicated through the Human Resources practices manual, which is available on our intranet.

We continually strive to conduct our business with uncompromising integrity and fairness, so as to promote trust and confidence in the banking industry.

Sustainable business practices

In keeping with our entrepreneurial spirit, our sustainability efforts focus on issues that are most relevant to our business.

As people are our most important asset, we have comprehensive policies and procedures in place, aimed at providing a stimulating work environment that attracts, nurtures and retains high-calibre individuals. We strive to inspire entrepreneurship through a flat integrated structure that encourages individuality. Material employee ownership is one of our fundamental philosophies. The staff share schemes enable employees to participate in our long-term growth, encouraging motivation, commitment and loyalty. By aligning our employees' interests with those of our shareholders, we aim to stimulate the entrepreneurial spirit, growing a culture dedicated to creating wealth for all stakeholders and employees. New employees across all gender and race groups participate in the staff share schemes, by being allocated options to acquire equity.

This, together with our culture, values and human resources practices, creates a working environment that stimulates extraordinary performance. In this way, employees are able to be positive contributors to the group, clients and their communities.

For further information on sustainable business practices, refer to the 2005 Sustainability Report.

Statement from the Chairman of the Board Remuneration Committee

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

The board believes that a properly constituted and effective remuneration committee is key to improving the link between directors' pay and performance, with the ultimate aim of enhancing our competitiveness. The primary purpose of the committee is to determine our policy on the remuneration of executive directors and the remuneration package for each executive director. The committee is made up of non-executive directors, and executive directors are not involved in determining their own remuneration packages.

This report describes our remuneration policy and directors' remuneration for the 2005 financial year. Key points to note for the period under review include:

- Executive directors hold 2.3% and 3.4% of the issued share capital of Investec plc and Investec Limited, respectively. Non-executive directors hold 1.3% and 4.4% of the issued share capital of Investec plc and Investec Limited, respectively (see table on page 141).
- The committee compares our total shareholder return (TSR) to the FTSE Speciality and Other Finance Index and against the JSE Financial 15 Index. Our TSR was 48.3% in Pounds Sterling and 47.6% in Rands.
- Executive directors' bonuses reflect the significant improvement in attributable earnings of 42.3% to £151.1 million and the improvement in the return to shareholders of Investec plc and Investec Limited.
- One of our leveraged equity schemes, Fintique III, matured on 15 December 2004. The closing market prices were sufficient for participants to settle their respective portion of the outstanding loan obligations relating to their unit holding and the net addition to their shareholding is included in the totals of this report.
- The Remuneration Committee appointed New Bridge Street Consultants LLP as its advisers, with effect from 1 February 2005.

The report is intended to comply with the provisions of the 2003 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.

Furthermore, the auditors are of the opinion that the auditable part of this report on pages 139 to 146 was properly prepared, in accordance with the UK Directors' Remuneration Report Regulations 2002.

The committee unanimously recommends that you vote to approve this report at the annual general meeting.

Signed on behalf of the board

George Alford

Remuneration report

Composition and role of the committee

The members of the Remuneration Committee are George Alford (Chairman), Geoffrey Howe and Sir Chips Keswick. The 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 our framework of executive remuneration, and to determine on their behalf specific remuneration packages for executive directors.
- Ensure that the Chairman and executive directors are appropriately and fairly remunerated and incentivised for their contribution to our performance, taking into account 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 our objectives and safeguard shareholder interests.
- Administer and establish performance targets for our 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 of executive directors.
- Review the remuneration packages for senior management (comprising six individuals who are the global heads of our core areas of activity and are members of our global operations forum).

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

The Committee's terms of reference are available from the Company Secretary.

Meetings

The committee met seven times during the financial year, Sir Chips Keswick and Geoffrey Howe were unable to attend two meetings and one meeting, respectively. 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 we fund any expenses relating to the appointment of external consultants. During the financial year, the committee and the company used the services of Sibson Consulting. New Bridge Street Consultants LLP (New Bridge Street), were appointed as advisers to the Remuneration Committee with effect from 1 February 2005. New Bridge Street's role is anticipated to include:

- Advising the committee on our policy for executive directors' remuneration.
- Determining competitive levels and forms of pay for the executive directors and reviewing that of their direct reports.
- Reviewing proposals for incentive plans.
- Reviewing all stock based and long-term incentive plans.
- Advising the committee of developments and best practice in the areas of remuneration and applicable corporate governance requirements.

New Bridge Street consulted with the committee on a number of these issues. New Bridge Street provided no other services during the year.

Furthermore, we have used the services of Linklaters, which have advised on a number of issues pertaining to our incentive plans. Linklaters is one of Investec plc's legal advisers.

Group Human Resources also advises the committee. The Human Resources division is a specialist function 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 Human Resources division 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 that of any other executive director.

Policy on executive directors' and employees' remuneration

Our philosophy is to employ the highest calibre individuals, who are characterised by integrity, intellect and innovation and who adhere and subscribe to our culture, values and philosophies. We strive to inspire entrepreneurship by providing a working environment that stimulates extraordinary performance, so that executive directors and employees may be positive contributors to our clients, their communities and us.

We reward executive directors and employees 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 are considered as important as our core values of work content (greater 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.

We have a strong entrepreneurial, merit and values-based culture, characterised by passion, energy and stamina. The ability to live and perpetuate our values, culture and philosophies in the pursuit of excellence is considered paramount in determining overall reward levels.

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

The key principles of our 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 stakeholders.
- Reward programmes are clear and transparent, in order to retain individual interest in, and identification with, our short- and long-term success.
- Total rewards comprise a fixed and variable component.
- A significant proportion of rewards, including annual and long-term incentive components, are explicitly linked to the performance of the business and the individual business units. We recognise the performance of the business and the individual. As indicated above, 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 contributions 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 consistency. 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 our capability in a geography.
- Total compensation (base salary, pension, benefits and incentives) is targeted to the relevant competitive market (see above) at upper quartile levels for superior performance.

During the year, the committee's external advisors reviewed the remuneration levels and structure for the executive directors. This indicated that base salaries are below median levels and consequently, the key principle of targeting an upper quartile level of compensation for superior performance is unlikely to be achievable within the current remuneration structure. It is the committee's intention to review this policy for the 2006 financial year. As part of this review, the committee, with assistance from its advisors, plans to assess the appropriateness of the quantum of, and balance between, fixed and variable remuneration. However, based on the committee's belief of delivering a significant proportion of rewards linked to the performance of the business, executive directors' base salaries are not expected to increase significantly. Thus the objective of upper quartile levels of total compensation will be achieved through higher performance linked variable pay.

Policy on non-executive directors' remuneration

The board agrees and determines the policy on the remuneration packages for non-executive directors. Non-executive directors (except the Chairman) were paid a basic retainer of £35 000 during the 2005 financial year, for their services as directors. Non-executive directors also received the following additional fees:

- £10 000 per year per committee for being a member of the group Audit and Remuneration Committees.
- £20 000 per year for chairing the group Audit Committee.
- £15 000 per year for chairing the group Remuneration Committee.
- £5 000 per year for being a member of Investec Bank (UK) Limited's board.
- R12 000 per meeting for being a member of the Investec Bank Limited board.
- Fees are also payable for any additional time committed to the group including attendance of certain other meetings.

The board amended the fee structure for non-executive directors for the 2006 financial year, as follows:

- The basic retainer will increase from £35 000 to £40 000.
- The Chairman of the Remuneration Committee will receive £20 000.
- The Chairman of the Audit Committee will receive £25 000.
- The fee payable for being a member of the Investec Bank (UK) Limited board will increase from £5 000 to £7 000 per year.
- The fee payable for being a member of the Investec Bank Limited board will increase from R12 000 to R15 000 per meeting.

These fee structures cover the dual roles that the directors perform for the UK listed Investec plc and South African listed Investec Limited boards.

Remuneration report

During the 2005 financial year, the Chairman received a total fee of £275 000 for his services as a director and it is intended that he will receive £300 000 for the 2006 financial year.

Furthermore, non-executive directors may not participate in our option plans or our long-term share incentive and pension plans. Prior to the implementation of our Dual Listed Companies (DLC) structure in July 2002, certain non-executive directors did participate in Investec Group Limited's (now Investec Limited's) leveraged equity plans.

Service contracts and terms of employment

Our executive directors 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 Remuneration 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.

Executive directors are permitted to accept outside appointments on external boards or committees so long as these are not deemed to interfere with the business of the Company.

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 our annual general meeting in 2006 (subject to rotational re-election as directors at that meeting and in terms of the provision of the Articles of Association). Those directors seeking re-election at the meeting are shown on page 114.

Biographical details of the directors of the board

These details can be found on pages 150 to 151.

Dates of appointment to the board

The boards of Investec plc and Investec Limited are separate and subject to separate legal obligations for each company. In terms of the DLC arrangements, they comprise the same persons who are authorised, as boards, to manage Investec as if it were a unified economic enterprise. Details on the dates the directors were appointed to the board can be found on page 114.

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 our 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.

It has been the company's policy to seek to set salaries at median market levels. However, annual salary increases for executive directors have in the recent past had more regard to salary increases within the company than median external market levels.

Benefits are targeted at competitive levels and 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 closely linked to business performance, based on target business unit performance goals determined in the main by Economic Value Added (EVA) profit performance against pre-determined targets. These targets have been in force, and unchanged, for the past few years and are subject to periodic review, with varying levels of return required for each business unit reflecting the state of market maturity, country of operation, risk, capital invested (capital intensive businesses) or expected expense base (fee based businesses). Individual annual incentive levels are allocated from the EVA pool, based on individual performance, as determined by the committee. Furthermore, as discussed previously, qualitative issues are integral in the determination of annual bonuses.

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 for superior performance. In certain circumstances, therefore, the annual bonus may be more than 100% of the base salary. The committee has currently 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

We have a number of long-term share incentive plans that are designed to link the interests of directors and employees with those of shareholders and long-term organisational interests, through performance and risk-based equity grants.

Prior to the implementation of our DLC structure and our listing on the London Stock Exchange in July 2002, we had a number of share option, share purchase and leveraged share schemes in place that were appropriate for a South African listed company. However, at the time of the London listing it was necessary for us to consider implementing a more internationally recognised share scheme structure and philosophy. As a result, a number of option schemes were introduced to cater for regulatory, tax and other considerations pertaining to the various jurisdictions in which we operated. At the same time, however, a decision was taken to maintain the schemes that were in place prior to the London listing until the allocations made in terms of those schemes matured. While this gives rise to what appears to be a multitude of schemes, the philosophy and practical implications are fairly simple - the appropriate level of equity allocation is determined for each employee and then awards are made out of the scheme that is considered most appropriate for that individual given his/her location, tax and regulatory environment.

The share plan vehicles in operation, and in which the directors are eligible to participate, are outlined below. Executive directors collectively hold approximately 2.7% of our issued share capital, and together with employees hold approximately 16% of our issued share capital.

The committee does not currently intend to grant share options to executive directors and with the maturing leveraged equity plans, the committee will be reviewing its policy on long-term incentives within the review of executive directors' compensation noted above.

Share option/long-term 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 executive directors and executives, 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 other 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 our underlying growth. The committee intends to continue to apply this during 2006 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 tax 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 us to place a proposed participant in the same position by way of cash settlement or otherwise, as he/she would have been had he/she participated in the unapproved plan.

No further options will be granted under this plan.

Investec Group Limited UK Share Option Plan
Prior to listing on the London Stock Exchange (LSE) on 29 July 2002, we 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 executive directors and executives, in South Africa, Botswana, Namibia and Mauritius. Since listing on the LSE on 29 July 2002, three grants were made in terms of the option scheme. The most recent grant was made on 16 December 2004.

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.

Offers of shares in terms of the purchase scheme are 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, we 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. Certain amendments were made to the scheme rules in order to facilitate further grants under this scheme in the future.

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.

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. 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 this scheme may be granted to employees of Investec Limited and any participating subsidiary registered or operating in South Africa, who are Black, Coloured or Indian, excluding executive directors of Investec Limited. 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 R90.00 per share (the price at which the transaction was concluded). No performance conditions are 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.

Long Term Incentive Plan

Following the maturity of one of our leveraged equity plans, Fintique III, (discussed below) the committee implemented a new long-term incentive plan for a group of select employees within the organisation. This plan is considered essential in improving our long-term prospects for recruitment and retention of key individuals. The plan also provides further alignment of the interests of shareholders and management as the committee believes that a significant element of remuneration should be linked to our ability to deliver sustainable results to shareholders, and at the same time enable management to share in these results.

Under the terms of the plan forfeitable awards of shares or nil cost options are made to select employees. The share awards vest after a three or four-year period, whilst the nil cost options vest after a four or five-year period. It is a condition of the plan that the employee is still employed by us on the vesting date in order to benefit under this plan. Participants have no rights in respect of these shares and options, including the right to dividends, until the vesting dates.

Leveraged equity plans

A group of senior and executive managers, including certain Investec plc/Investec Limited directors, who have or can have a significant impact on the business, were 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 1000 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 plc and Investec Limited 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 signed a personal surety.

All the units in Fintique II became free of restriction and thus "fully vested" in the sense that the term is used in the UK as at 31 July 2002. As at 31 March 2005, the unit holder had a liability of R69.93 per share. A total of 4.0 million units were issued in terms of the scheme, converting into approximately 3.5 million shares.

Fintique III

Fintique III was constituted in the British Virgin Islands on 15 December 1998, via its own SPV, which initially permitted participation by 500 selected executives, senior managers and directors. Participants acquired units in the SPV, where the underlying instruments were compulsory convertible debentures, which equated to 763.2 Investec shares for every 1000 units in Fintique III. The acquisition of the units by each participant was funded from a number of sources. On maturity of the scheme, participants had an obligation to settle their respective portion of the outstanding loans after which they would be eligible to acquire and/or sell the shares that were awarded in terms of the scheme.

Fintique III matured and all units of the scheme became free of restriction and thus "fully vested" in the sense that the term is used in the UK on 15 December 2004. A total of 9.5 million units that were issued in terms of the scheme represented approximately 8.8 million shares on a gross basis. On 15 December 2004 participants in the scheme had an obligation to pay an amount of R102.38 or £5.45 per share to settle their respective portion of the outstanding loan obligation relating to their unit holding. The closing market price of an Investec plc share and an Investec Limited share on 15 December 2004 was £15.90 and R167.30, respectively.

Share investment vehicle - Spurwing

Spurwing is not an Investec share scheme per se, but is a risk-based, closed-end, share investment vehicle, structured and arranged by Investec 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. The participants take the full risk in the scheme.

Spurwing is funded through:
- Substantial initial cash contributions by participants.
- The sale by the SPVs (not the individual participants) of certain call options over Investec shares to the Investec plc Share Option Plan 2002.
- A loan from Investec Bank (Mauritius) Limited.
- Other external funding.

The participation vehicles will be wound up at the end of December 2008. As at 31 March 2005, the SPVs on a gross basis hold approximately 5.7 million Investec shares.

Summary of Investec's share option and long-term incentive plans

The table below summarises the information on the share option and long-term incentive plans outlined above.

Plan	Eligibility	Date implemented	Option/shares	Maximum award per individual[1]
Current plans				
Investec plc Share Option Plan 2002 (approved plan)	• New and existing UK full-time employees - grants up to the value of £30 000 • Directors and executives	28 August 2002	Investec plc	• Cumulative limit of 500 000 across all option plans • In any financial year: 1x remuneration package
Investec plc Share Option Plan 2002 (unapproved plan)	• 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	• Cumulative limit of 500 000 across all option plans • In any financial year: 1x remuneration package
Investec plc Share Appreciation Option Plan 2002	• 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	• 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	• New and existing full-time employees in SA, Botswana, Namibia and Mauritius • Directors and executives	20 June 2002	Investec Limited	• Cumulative limit of 500 000 across all option plans • In any financial year: 1x remuneration package
Plans introduced prior to implementation of the DLC structure				
Investec Group Limited UK Share Option Plan	• 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)	• Cumulative limit of 500 000 across all option plans • In any financial year: 1x remuneration package
Investec Limited Security Purchase and Option Scheme Trust	• Employees in SA, Botswana, Namibia and Mauritius • Directors and executives	25 November 1988	Investec Limited	• Cumulative limit of 500 000 across all option plans • In any financial year: 1x remuneration package
Plan introduced in terms of our empowerment transaction				
The Investec Limited Security Purchase Scheme 2003	• Employees of Investec Limited who are Black, Coloured or Indian individuals	15 May 2003	Investec Limited	• 100 000 in terms of this scheme • Cumulative limit of 500 000 across all option plans • In any financial year: 1x remuneration package

Performance conditions	Vesting period	Options granted during the year[2]	Total allocated as at 31 March 2005 [3/4/5]
Growth in headline EPS ≥ 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	105 967	Number: 589 804 % of issued share capital of company: 0.8%
Growth in headline EPS ≥ UK RPI plus 3% compounded annually over the period of the grant	Tranches of 25% each on the second, third, fourth and fifth anniversaries	174 894	Number: 3 838 499 % of issued share capital of company: 5.2%
Growth in headline EPS ≥ UK RPI plus 3% compounded annually over the period of the grant	Tranches of 25% each on the second, third, fourth and fifth anniversaries	No further grants will be made	Number: 168 711 % of issued share capital of company: 0.4%
Growth in headline EPS ≥ UK RPI plus 3% compounded annually over the period of the grant	Tranches of 25% each on the second third, fourth and fifth anniversaries	726 050	Number: 4 750 199 % of issued share capital of company: 10.8%
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
None	Tranches of 25% each on the second, third, fourth and fifth anniversaries	Last grant made on 20 June 2002.	Number: 1 503 817 % of issued share capital of company: 3.4%
None	Tranches over eight years		Number: 1 670 450 % of issued share capital of company: 3.8%

Notes to the table above:

[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 the Directors' Report on page 154. More details on the directors' shareholdings are also provided in tables accompanying this report.

[3] As from the date of the implementation of our DLC structure (29 July 2002), the maximum number of new shares which may be issued by the company under all of the share plans may not exceed 10% of the issued share capital of the company. The issued share capital of Investec plc and Investec Limited at 31 March 2005 was 74.6 million shares and 44.0 million shares, respectively. No new shares were issued to any share scheme since the implementation of the DLC structure. 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 2005 was £15.55 (2004: £10.89).

[5] The market price of an Investec Limited share as at 31 March 2005 was R178.00 (2004: R125.30).

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 three principal markets, the UK, South Africa and Australia, as well as in certain other geographies. We are not purely a commercial bank and focus on the following five core areas of activity: Private Client Activities, Treasury and Specialised Finance, Investment Banking, Asset Management, and Property Activities.

We have implemented a DLC structure, in terms of which we have primary listings in Johannesburg and London. The listing on the London Stock Exchange (LSE) took place on 29 July 2002, although we have been listed in South Africa since 1986.

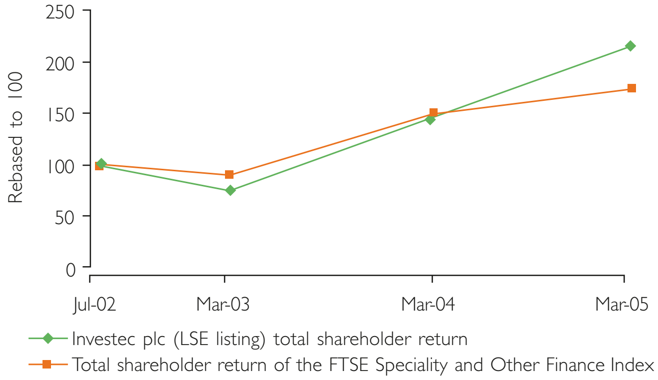
The market price of our shares on the LSE was £15.55 as at 31 March 2005, ranging from a low of £9.20 to a high of £17.35 during the financial year. Furthermore, the market price of our shares on the Johannesburg Securities Exchange South Africa (JSE) was R178.00 as at 31 March 2005, ranging from a low of R107.80 to a high of R190.00 during the financial year.

The UK Directors' Remuneration Report Regulations 2002 require this report to include a performance graph of our total shareholder return performance against that of a broad market index. We found it difficult to locate an appropriate group of companies to benchmark ourselves against because of our specialist activities. A number of companies within the FTSE Speciality and Other Finance Index conduct similar activities to us, although they do not necessarily have the same geographical profile. Nevertheless, we believe that this is the most appropriate index against which to measure our performance on the LSE. Selection of an appropriate index against which to measure our performance on the JSE is more difficult. None of the companies within the financial sector could be considered directly comparable as they are generally commercial banks, and asset management or insurance companies. We, however, still consider 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 our shares (in green), firstly in Pounds 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 is included, in order to provide stakeholders with a more complete picture.

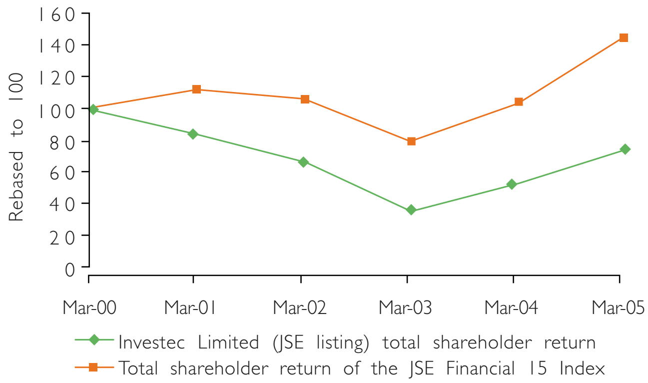
During the period under review, the return to shareholders of Investec plc (measured in Pounds Sterling) and Investec Limited (measured in Rands) was 48.3% and 47.6%, respectively. Since the listing of Investec plc on the LSE in July 2002, the return to shareholders of Investec plc (measured in Pounds Sterling) was 104.5%.

Investec plc



Source: Datastream

Investec Limited



Source: Datastream

Remuneration report

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 2005:

Name	Gross remuneration 2005[1] £	Salaries, directors fees and other remuneration 2005[2] £	Total other 2005[3] £	Annual bonus 2005[4] £	Total remuneration expense 2005 £	Total remuneration expense 2004[5] £
Executive directors						
S Koseff (Chief Executive Officer)	350 000	267 389	82 611	1 050 000	1 400 000	975 000
B Kantor (Managing Director)	350 000	317 764	32 236	1 050 000	1 400 000	975 000
GR Burger (Group Risk and Finance Director)	256 232	202 357	53 875	766 130	1 022 362	841 403
A Tapnack	205 039	186 764	18 275	550 000	755 039	487 702
Total Pounds Sterling	**1 161 271**	**974 274**	**186 997**	**3 416 130**	**4 577 401**	**3 279 105**
Non-executive directors						
HS Herman (Chairman)	-	275 000	-	-	275 000	250 000
JN Abell[6]	-	11 667	-	-	11 667	70 000
SE Abrahams	-	110 079	-	-	110 079	103 074
GFO Alford	-	75 000	-	-	75 000	70 000
C Carolus[7]	-	4 375	-	-	4 375	-
H Fakuda OBE[8]	-	35 000	-	-	35 000	26 250
GMT Howe[8]	-	55 833	-	-	55 833	31 558
DE Jowell	-	188 729	-	-	188 729	182 116
IR Kantor	-	40 000	-	-	40 000	40 000
Sir C Keswick	-	65 000	-	-	65 000	60 000
MP Malungani	-	37 093	-	-	37 093	36 997
PRS Thomas	-	105 875	-	-	105 875	102 409
F Titi[9]	-	39 447	-	-	39 447	8 496
Total Pounds Sterling	**-**	**1 043 098**	**-**	**-**	**1 043 098**	**980 900**
Total Pounds Sterling	**1 161 271**	**2 017 372**	**186 997**	**3 416 130**	**5 620 499**	**4 260 005**

Notes:

1 Gross remuneration comprises base salary and other benefits (see point 2 below).

2 The salaries of S Koseff and B Kantor remained the same during the 2005 financial year. The salary of A Tapnack decreased in line with a reduction in responsibility, while the salary of GR Burger was increased by 18.4% to £256 232 in order to make some adjustment for the fact that his base salary is well below the median level of the comparative group. As mentioned elsewhere in this report, the committee's philosophy is to target base pay levels to the relevant competitive market at median levels.

3 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.

4 Executive directors' bonuses reflect the significant improvement in attributable earnings of 42.3% to £151.1 million and the improvement in the return to shareholders of Investec plc and Investec Limited of 48.3% (Pounds Sterling) and 47.6% (Rands), respectively.

5 A breakdown of the components of the reward packages for the executive directors in the 2004 financial year is as follows:

Name	Gross remuneration £	Salary £	Total other benefits £	Annual bonus £	Total remuneration expense £
Executive directors					
S Koseff (Chief Executive Officer)	350 000	311 633	38 367	625 000	975 000
B Kantor (Managing Director)	350 000	316 773	33 227	625 000	975 000
GR Burger (Group Risk and Finance Director)	216 403	183 777	32 626	625 000	841 403
A Tapnack	237 702	215 000	22 702	250 000	487 702
Total Pounds Sterling	**1 154 105**	**1 027 183**	**126 922**	**2 125 000**	**3 279 105**

[6] J Abell passed away in May 2004.
[7] Appointed to the board with effect from 18 March 2005.
[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 our 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	2005 £	2004 £
Executive directors		
S Koseff (Chief Executive Officer)	53 887	28 080
B Kantor (Managing Director)	26 364	26 364
GR Burger (Group Risk and Finance Director)	29 435	24 960
A Tapnack	18 275	21 500
Total Pounds Sterling	**127 961**	**100 904**

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 2005.

Directors' shareholdings in Investec plc and Investec Limited shares as at 31 March 2005

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 2004	31 March 2005	31 March 2005	1 April 2004	31 March 2005	31 March 2005
Executive directors						
S Koseff	871 997	1 087 017	1.5%	181 386	185 636	0.4%
B Kantor [5]	100	100	-	1 050 000	1 195 288	2.7%
GR Burger	445 360	605 460	0.8%	80 977	85 227	0.2%
A Tapnack	-	-	-	-	48 203	0.1%
Non-executive directors						
HS Herman	255 205	380 079	0.5%	48 905	48 905	0.1%
JN Abell	283	283	-	166	166	-
SE Abrahams	-	8 000	-	-	-	-
GFO Alford	-	-	-	-	-	-
C Carolus	-	-	-	-	-	-
H Fukuda OBE	1 000	1 000	-	-	-	-
GMT Howe	-	-	-	-	-	-
DE Jowell	60 000	62 340	0.1%	-	-	-
IR Kantor [6]	250 867	346 155	0.5%	450	450	-
Sir C Keswick	3 150	3 150	-	1 850	1 850	-
MP Malungani [7]	-	-	-	1 545 778	1 545 778	3.5%
PRS Thomas	137 162	156 219	0.2%	51 191	51 191	0.1%
F Titi [7]	-	-	-	364 000	308 000	0.7%
Total number	**2 025 124**	**2 649 803**	**3.6%**	**3 324 703**	**3 470 694**	**7.8%**

Notes:

1 The entitlements of the participants in Spurwing are included in the amounts reflected under beneficial interest.

2 The total number of Investec plc and Investec Limited shares in issue as at 31 March 2005 was 74.6 million and 44.0 million respectively.

3 The market price of an Investec plc share as at 31 March 2005 was £15.55 (2004: £10.89).

4 The market price of an Investec Limited share as at 31 March 2005 was R178.00 (2004: R125.30).

5 In addition to his shareholdings reflected in the table above, B Kantor has an interest in options over Investec Limited shares, the details of which are as follows:
- B Kantor sold 200 000 put options at a strike price of R225.00 per option expiring on 12 September 2005.

6 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.

7 In November 2003, Investec Limited concluded an empowerment transaction with Tiso Group (Tiso), Peu Group (Proprietary) Limited (Peu), a broad-based Entrepreneurship Development Trust and an Employee Share Trust in terms of which they acquired a 25.1% stake in the issued share capital of Investec Limited. MP Malungani is the Chairman of Peu and F Titi is the Chief Executive Officer of Tiso.

Directors' interest in preference shares as at 31 March 2005

Name	Investec Limited		Investec Bank Limited	
	1 April 2004	31 March 2005	1 April 2004	31 March 2005
Executive directors				
S Koseff [1]	-	-	3 000	3 000
B Kantor [2]	-	70 904	-	-
Non-executive directors				
HS Herman [3]	-	-	1 135	1 135

Notes:
- The market price of an Investec Limited preference share as at 31 March 2005 was R104.80.
- The market price of an Investec Bank Limited preference share as at 31 March 2005 was R119.00.

[1] S Koseff acquired an interest in the preference shares of Investec Bank Limited on 13 August 2003.
[2] B Kantor acquired an interest in the preference shares of Investec Limited on 16 February 2005.
[3] HS Herman acquired an interest in the preference shares of Investec Bank Limited on 13 August 2003.

Directors' interest in the Investec Limited Security Purchase and Option Scheme Trust as at 31 March 2005

Investec plc shares

Name	Balance of shares at 1 April 2004	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 at 31 March 2005
Executive directors						
A Tapnack	2 277	2 277	20 Aug 2004	R57.05	R113.50	-
Total number	**2 277**	**2 277**				

Investec Limited shares

Name	Balance of shares at 1 April 2004	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 at 31 March 2005
Executive directors						
A Tapnack	1 337	1 337	20 Aug 2004	R57.05	R113.10	-
Total number	**1 337**	**1 337**				

Notes:
The shares in the tables above were held in terms of the Investec Limited Share Purchase Scheme, for which the directors had a liability for any related scheme debt. No shares were granted in terms of this scheme during the year. No options were allocated to directors in terms of this scheme.

A Tapnack settled his share liability on 20 August 2004 when the market value was R113.50 per Investec plc share and R113.10 per Investec Limited share. The shares were originally granted in terms of the purchase scheme over 1993 to 1995 at an average price of R57.05 per share.

Directors' attributable interest in Investec plc and Investec Limited shares through a leveraged equity plan called Fintique II as at 31 March 2005

Name	Entitlement to Investec plc shares 1 April 2004	Entitlement to Investec plc shares 31 March 2005	Entitlement to Investec Limited shares 1 April 2004	Entitlement to Investec Limited shares 31 March 2005	Settlement period	Total entitlement (i.e. Investec plc and Investec Limited shares) - % interest in scheme 31 March 2005
Executive directors						
S Koseff [1]	122 800	183 684	72 121	107 879	1 April 2005 to 31 July 2008	8.2%
B Kantor [2]	122 800	-	72 121	144 921	1 April 2005 to 31 July 2008	4.1%
GR Burger [3]	101 171	125 904	59 417	73 943	1 April 2005 to 31 July 2008	5.6%
A Tapnack [4]	33 491	-	19 669	33 668	1 April 2005 to 31 July 2008	0.9%
Non-executive directors						
HS Herman [5]	78 145	90 209	45 895	52 980	1 April 2005 to 31 July 2008	4.0%
IR Kantor	50 236	50 236	29 504	29 504	1 April 2005 to 31 July 2008	2.2%
Total number	**508 643**	**450 033**	**298 727**	**442 895**		**25.0%**

Notes:

All the shares to which the directors are entitled in terms of the Fintique II scheme are fully tradeable and so “fully vested” as the term is understood in the UK, and can be taken up at a price of R69.93 per share, based on the valuation of the scheme as at 31 March 2005. The market price of Investec plc shares and Investec Limited shares as at 31 March 2005 was £15.55 and R178.00, respectively. While the combined Investec plc and Investec Limited share entitlement will remain unchanged, the mix of Investec plc and Investec Limited shares may vary from time to time. 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 60 884 Investec plc shares and 35 758 Investec Limited shares on 21 February 2005, for a cash amount of R104.27 per share plus a future liability of R79.00 per share.

[2] B Kantor took up his entitlement in respect of 50 000 Investec Limited shares in terms of the Fintique II scheme on 15 March 2005 for a cash amount of R188.50 per share, by settling the appropriate liability in respect of the shares taken up. The 50 000 Investec Limited shares are now disclosed under beneficial and non-beneficial interest on page 141. The mix of Investec plc and Investec Limited shares was amended within the scheme structure.

[3] GR Burger acquired entitlements in terms of the Fintique II scheme to 24 733 Investec plc shares and 14 526 Investec Limited shares on 21 February 2005, for a cash amount of R104.27 per share plus a future liability of R79.00 per share.

[4] A Tapnack disposed of his share entitlements in terms of the Fintique II scheme to 12 280 Investec plc shares at a market price of R190.50 per share and 7 212 Investec Limited shares at a market price of R188.50 per share on 15 March 2005. The outstanding liability in respect of the shares disposed was settled from the proceeds on sale of the shares.

[5] H Herman acquired entitlements in terms of the Fintique II scheme to 12 064 Investec plc shares and 7 085 Investec Limited shares on 21 February 2005, for a cash amount of R104.27 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

Name	Net underlying entitlement to Investec plc shares on maturity of the scheme	Net underlying entitlement to Investec Limited shares on maturity of the scheme
Executive directors		
S Koseff	245 428	-
B Kantor	-	245 428
GR Burger	170 504	-
A Tapnack	-	85 458
Non-executive directors		
HS Herman	186 933	-
SE Abrahams	15 264	-
DE Jowell	22 896	-
PRS Thomas	19 080	-
Total number	**660 105**	**330 886**

Notes:

- As discussed on page 134, Fintique III became a fully vested scheme in terms of the scheme structure on 15 December 2004. Due to the leveraged nature of the scheme, the directors' entitlement to Investec shares was 72.83% per unit on maturity of the scheme.
- The above share entitlements are shown prior to the settlement of the directors' share of the outstanding loan obligations in terms of the scheme of an amount of R102.38 or £5.45 per share. As discussed on page 134, the participants in the Fintique III scheme were eligible to acquire and/or sell their shares received in terms of the scheme on 15 December 2004 after settlement of their loan obligation. The above net share entitlement received by the directors is now reflected as part of their beneficial and non-beneficial shareholdings as shown on page 141.

Directors' interest in options as at 31 March 2005

Investec plc shares

Name	Date of grant	Exercise price	Number of Investec plc shares at 1 April 2004	Exercised during the year [1]	Lapsed during the year [2]	Balance at 31 March 2005	Period exercisable
Executive directors							
S Koseff	20 Dec 2002	R 111.96	33 000	8 250	-	24 750	20 Dec 2005 to 20 Mar 2008
B Kantor	20 Dec 2002	£7.93	50 000	11 554	-	38 446	20 Dec 2005 to 20 Mar 2012
GR Burger	20 June 2002	R 164.50	63 000	-	15 750	47 250	20 June 2005 to 20 Mar 2008
	20 Dec 2002	R 111.96	33 000	8 250	-	24 750	
A Tapnack	28 Aug 2002	£10.52	47 250	11 812	-	35 438	20 June 2005 to 20 Mar 2012
	20 Dec 2002	£7.93	50 000	11 554	-	38 446	

Investec Limited shares

Name	Date of grant	Exercise price	Number of Investec plc shares at 1 April 2004	Exercised during the year [1]	Lapsed during the year [2]	Balance at 31 March 2005	Period exercisable
Executive directors							
S Koseff	20 Dec 2002	R 111.32	17 000	4 250	-	12 750	20 Dec 2005 to 20 Mar 2008
GR Burger	20 June 2002	R 164.50	37 000	-	9 250	27 750	20 June 2005 to 20 Mar 2008
	20 Dec 2002	R 111.32	17 000	4 250	-	12 750	
A Tapnack	20 June 2002	R 164.50	27 750	-	6 938	20 812	20 June 2005 to 20 Sept 2007

Notes:

No new grants were made during the financial year. The market price of an Investec plc share as at 31 March 2005 was £15.55 (2004: £10.89). A total of 74.6 million Investec plc shares were in issue as at 31 March 2005. The market price of an Investec Limited share as at 31 March 2005 was R178.00 (2004: R125.30). A total of 44.0 million Investec Limited shares were in issue as at 31 March 2005.

[1] Details with respect to options exercised:
- S Koseff exercised his options and received 8 250 Investec plc shares and 4 250 Investec Limited shares on 21 February 2005, when the share price was R174.99 and R172.99 per Investec plc and Investec Limited share, respectively. The performance conditions with respect to these options were met.
- B Kantor exercised his options and sold 11 554 Investec plc shares on 15 March 2005, when the share price was £16.45 per Investec plc share. The performance conditions with respect to these options were met.
- GR Burger exercised his options and received 8 250 Investec plc shares and 4 250 Investec Limited shares on 21 February 2005, when the share price was R174.99 and R172.99 per Investec plc and Investec Limited share, respectively. The performance conditions with respect to these options were met.
- A Tapnack exercised his options and sold 11 812 Investec plc shares on 17 September 2004, when the share price was £10.91 per Investec plc share. The performance conditions with respect to these options were met. Furthermore, A Tapnack exercised his options and sold 11 554 Investec plc shares on 12 January 2005, when the share price was £15.90 per Investec plc share. The performance conditions with respect to these options were met.

[2] Details with respect to options lapsed:
- GR Burger forfeited options in terms of the scheme rules in respect of 15 750 Investec plc shares and 9 250 Investec Limited shares on 20 September 2004. The share price on 20 September 2004 was R129.50 per Investec plc share and R128.50 per Investec Limited share.
- A Tapnack forfeited options in terms of the scheme rules in respect of 6 938 Investec Limited shares on 20 September 2004. The share price on 20 September 2004 was R128.50 per Investec Limited share.

General comments:
- 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.
- 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 132), 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.

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

As discussed on page 134, these derivatives were 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 Spurwing and as part of the scheme's leveraged nature, are indirectly interested in:

- Put options written in respect of 0 (2004: 123 935) Investec plc shares at a strike of £7.93 per share, which was exercised on 20 December 2004.
- Put options written in respect of 487 003 (2004: 487 003) Investec plc shares at a strike of £7.93 per share, which expire on 20 December 2005.
- Put options written in respect of 397 091 (2004: 397 091) Investec plc shares at a strike of £7.93 per share, which expire on 20 December 2006.
- Put options written in respect of 396 807 (2004: 396 807) Investec plc shares at a strike of £7.93 per share, which expire on 20 December 2007.
- Put options written in respect of 455 914 (2004: 455 914) Investec plc shares at a strike of £10.52 per share, which expire on 20 December 2007.

Deemed interests

The executive 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:

- 40 698 (2004: 20 268) unallocated Investec Limited shares.
- 2 045 127 (2004: 2 503 918) unallocated Investec plc shares.

The executive directors, together with all other employees of the Investec Limited group, are beneficiaries of the Investec Limited Security Purchase and Option Scheme 2002 Trust and are therefore interested in:

- Call options in respect of 1 500 000 (2004: 0) unallocated Investec plc shares at R180 per share.

The executive directors, together with all other employees of the Investec Limited group, are beneficiaries of the Investec Limited Security Purchase Scheme 2003 and are therefore interested in:

- 1 162 320 unallocated Investec Limited shares.

The executive 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 1 275 951 (2004: 1 398 236) unallocated Investec plc shares at £7.93 per share.
- Call options in respect of 449 693 (2004: 449 693) unallocated Investec plc shares at £10.52 per share.
- 933 465 unallocated Investec plc shares.

The executive 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 4 950 (2004: 6 600) unallocated Investec plc shares at £7.93 per share.
- Call options in respect of 6 221 (2004: 6 221) unallocated Investec plc shares at £10.52 per share.

Conclusion

The Remuneration Committee will continue to ensure that reward packages remain competitive, provide appropriate incentive for performance and take due regard of our culture, values and philosophies. The committee will keep the existing remuneration arrangements, as discussed in this report, under review during the 2006 financial year.

Shareholder analysis

The group operates under a Dual Listed Companies structure in terms of which it has primary listings both in Johannesburg and London. 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 2005 Investec plc and Investec Limited had 74 633 746 and 43 999 527 ordinary shares in issue, respectively.

Spread of ordinary shareholders as at 31 March 2005

Investec plc ordinary shares in issue

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
12 857	1 to 500	80.6%	409 282	0.5%
1 228	501 - 1 000	7.7%	907 336	1.2%
1 111	1 001 to 5 000	7.0%	2 401 210	3.2%
248	5 001 to 10 000	1.6%	1 801 113	2.4%
328	10 001 to 50 000	2.1%	7 807 270	10.5%
79	50 001 to 100 000	0.5%	5 437 564	7.3%
100	100 001 and over	0.5%	55 869 971	74.9%
15 951		**100%**	**74 633 746**	**100.0%**

Investec Limited ordinary shares in issue

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
11 967	1 to 500	87.2%	959 106	2.2%
616	501 - 1 000	4.5%	459 614	1.0%
651	1 001 to 5 000	4.7%	1 483 739	3.4%
175	5 001 to 10 000	1.3%	1 253 004	2.8%
230	10 001 to 50 000	1.7%	5 127 793	11.7%
37	50 001 to 100 000	0.3%	2 422 157	5.5%
52	100 001 and over	0.3%	32 294 114	73.4%
13 728		**100.0%**	**43 999 527**	**100.0%**

Shareholder classification

	Investec plc number of shares	% holding	Investec Limited number of shares	% holding
Public*	64 898 427	86.9%	32 729 120	74.5%
Non-public	9 735 319	13.1%	11 270 407	25.5%
Non-executive directors of Investec plc/Investec Limited**	957 226	1.3%	102 562	0.2%
Executive directors of Investec plc/Investec Limited	1 692 577	2.3%	1 514 354	3.4%
Investec staff share schemes and leveraged ownership schemes	7 085 516	9.5%	4 242 380	9.6%
Tiso Group**	-	-	2 800 000	6.4%
Peu Group (Proprietary) Limited**	-	-	2 611 111	5.9%
Total	**74 633 746**	**100.0%**	**43 999 527**	**100.0%**

* As per the JSE listing requirements.
** In November 2003, Investec Limited implemented an empowerment transaction. The shareholdings held by F Titi and MP Malungani are shown under the holdings of Tiso Group and Peu Group (Proprietary) Limited, respectively.

Shareholder analysis

Largest beneficial shareholders as at 31 March 2005

In accordance with the terms provided for in Section 212 of the UK Companies Act 1985 and Section 140A of the South African Companies Act, 1973, we have conducted investigations into the registered holders of our ordinary shares (including nominee and asset management companies) and the results are as disclosed below.

Investec plc

	Beneficial owner	Number of shares	% holding
1	Public Investment Commissioner (ZA)	6 077 692	8.1
2	Spurwing-P Investments Ltd (BVI)	4 419 886	5.9
3	Old Mutual Life Assurance (ZA)	3 439 382	4.6
4	Investec Group Ltd Share Scheme (ZA)	2 393 937	3.2
5	Citigroup Global Markets UK Equity (UK)	2 056 659	2.8
6	Barclays Global Investors Pension Fund (UK)	2 030 258	2.7
7	Fintique Three (BVI)*	1 999 265	2.7
8	Legal and General Pooled Index Fund (UK)	1 965 799	2.6
9	Investec Bank Channel Islands Ltd (CI)	1 618 647	2.2
10	Jupiter Financial Opportunities Trust (UK)	1 200 000	1.6
	Cumulative total	**27 201 525**	**36.4**

The top 10 beneficial shareholders account for 36.4% of the total shareholding in Investec plc. This information is based on a threshold of 20 000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

Investec Limited

	Beneficial owner	Number of shares	% holding
1	Public Investment Commissioner (ZA)	6 341 147	14.4
2	Investec Ltd Security Purchase and Option Scheme Trust 2003 (ZA)**	2 832 770	6.4
3	Entrepreneurial Development Trust (ZA)**	2 800 000	6.4
4	Tiso INL Investments Pty Ltd (ZA)**	2 800 000	6.4
5	Peu INL Investments 1 Pty Ltd (ZA)**	2 611 111	5.9
6	Old Mutual Life Assurance (ZA)	2 183 295	5.0
7	Spurwing-L Investments Ltd (BVI)	1 291 179	2.9
8	Sanlam Investment Management (ZA)	1 115 064	2.5
9	Fintique Three (BVI)*	755 392	1.7
10	Investec Bank Channel Islands Ltd (CI)	654 218	1.5
	Cumulative total	**23 384 176**	**53.1**

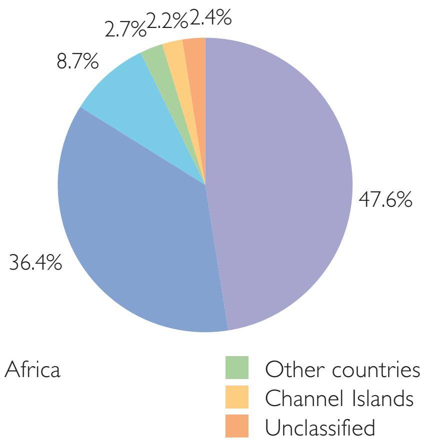
The top 10 beneficial shareholders account for 53.1% of the total shareholding in Investec Limited. This information is based on a threshold of 20 000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

* A small group of senior and executive management, including certain Investec plc/Investec Limited 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. Fintique III matured on 15 December 2004. Further detail on these plans is provided on page 134.

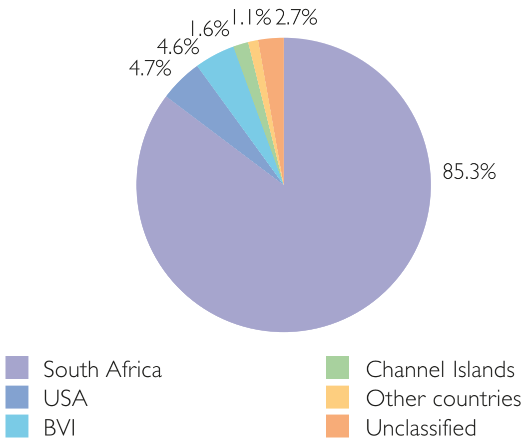
** In November 2003, Investec Limited implemented an empowerment transaction in which empowerment partners, a broad-based development trust and an employee trust collectively acquired 25.1% of the issued share capital of Investec Limited.

Geographic holding as at 31 March 2005

Investec plc - total non-SA shareholding excluding group share schemes is 47.5%



Investec Limited - total non-SA shareholding excluding group share schemes is 11.5%



Share statistics

Investec plc ordinary shares in issue

For the year ended 31 March[1]	2005	2004	2003
Closing market price per share (pence)			
- year end	1 555	1 089	615
- highest	1 735	1 181	960
- lowest	920	612	607
Number of ordinary shares in issue (million)	74.6	74.6	74.6
Market capitalisation (£'million)[2]	1 160	812	459
Daily average volume of shares traded ('000)	148.2	99.6	69.6
Price earnings ratio[3]	11.04	10.5	6.3
Dividend cover (times)[3]	2.10	1.79	1.78
Dividend yield (%)[3]	4.3%	5.3%	8.8%
Earnings yield (%)[3]	9.1%	9.5%	15.6%
Number of shareholders	15 951	18 174	20 684

Investec Limited ordinary shares in issue

For the year ended 31 March	2005	2004	2003	2002	2001	2000
Closing market price per share (cents)						
- year end	17 800	12 530	7 650	13 000	19 700	26 020
- highest	19 000	15 100	17 440	24 580	27 800	30 000
- lowest	10 780	7 750	7 650	13 000	19 200	18 440
Number of ordinary shares in issue (million)	44.0[4]	44.0[4]	38.4[4]	96.2	81.0	80.6
Market capitalisation (R'million)[5]	21 111	14 860	8 645	14 196	19 286	24 095
Daily average volume of shares traded ('000)[6]	102.1	98.99	105.4	-	-	-
Number of shareholders	13 728	15 611	17 957	19 445	3 454	3 070

Notes:

1. Investec plc has been listed on the LSE since 29 July 2002.
2. The LSE only includes the shares in issue for Investec plc i.e. 74.6 million, in calculating market capitalistion, as Investec Limited is not incorporated in the UK.
3. Calculations are based on the group's consolidated earnings per share before exceptional items and amortistion of goodwill, and dividends per share as prepared in accordance with UK GAAP and denominated in Pounds Sterling.
4. 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).
5. 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 2005.
6. Information prior to the implementation of the DLC structure is not comparable.

Directorate Investec plc and Investec Limited

Executive Directors

Stephen Koseff (53) [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 (55) [6,7]

Managing Director
Bernard joined Investec in 1980. He has had varied 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 (48) [6,7]

BAcc CA(SA) H Dip BDP MBL
Executive Director responsible for Finance and Risk.
Glynn joined Investec in 1980. His positions within Investec have included Chief Accounting Officer, Group Risk Manager and Joint Managing Director for South Africa. His directorships include Investec Bank Limited.

Alan Tapnack (58) [6,7]

BCom CA (SA)
Alan 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 and has held the positions of CFO and CEO of Investec Bank (UK) Ltd, and Chief Executive Officer of Investec's UK operations. His directorships include Investec Bank (UK) Limited.

Non-Executive Directors

Hugh S Herman (64) [5]

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.

Sam E Abrahams (66) [1,2,3,5,6,7]

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 (56) [1,2,3,4,6]

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

Cheryl A Carolus (46)

BA (Law) B Ed
Cheryl acted as the South African High Commissioner to London between 1998 and 2001 and was the Chief Executive Officer of South African Tourism. She is Chairperson of South African National Parks. Her directorships include the International Crisis Group and WWF International.

Haruko Fukuda OBE (58)

MA (Cantab) DSc
Haruko was previously Chief Executive of the World Gold Council. Her directorships include, AB Volvo, The Foreign and Colonial Investment Trust PLC and Aberdeen Asian Smaller Companies Investment Trust PLC. She is an advisor to Metro AG and Lazard.

Non-Executive Directors (continued)

Geoffrey M T Howe (55) [1, 2, 3, 4, 6]

MA (Hons)
Geoffrey is a former Managing Partner of Clifford Chance LLP and was a director and Group General Counsel of Robert Fleming Holdings Ltd. He is also a former Chairman of Railtrack Group plc. His directorships include Jardine Lloyd Thompson Group plc, The JP Morgan Fleming Overseas Investment Trust plc, and Nationwide Building Society. He is also an advisor to a number of leading professional and financial service organisations.

Donn E Jowell (63) [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 directorships include Investec Bank Limited and various other Investec companies.

Ian R Kantor (58)

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

Sir Chips Keswick (65) [1, 2, 3, 4, 5, 6]

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 (47)

BCom MAP LDP
Peter is Chairman and founder of Peu Group (Proprietary) Limited. He is Chairman of Super Group Limited, Phumelela Gaming and Leisure Limited, and deputy Chairman of Capital Alliance and Capital Alliance Life Limited. His directorships include Investec Bank Limited, BACSA (Business against Crime South Africa) and he holds directorships on a number of Peu subsidiaries.

Peter R S Thomas (60) [3, 6]

CA (SA)
Peter is a chartered accountant and former Managing Director of The Unisec Group Limited. His 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 plc and Investec Limited can be found on page 114.
- Mrs CA Carolus was appointed as an independent non-executive director to the boards of Investec plc and Investec Limited, on 18 March 2005.

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] Board Risk Review Committee
[7] DLC Capital Committee

Details on these committees can be found on pages 117 to 123.

Directorate

Investec Bank Limited
Reg. No. 1969/004763/06

A subsidiary of Investec Limited

Executive Directors

David M Lawrence (53)
BA(Econ) (Hons) MCom
Deputy Chairman

Glynn R Burger (48)
BAcc CA(SA) H Dip BDP MBL

Bernard Kantor (55)
Managing Director

Stephen Koseff (53)
BCom CA(SA) H Dip BDP MBA
Chief Executive Officer

Bradley Tapnack (58)
BCom CA(SA)

Non-Executive Directors

Hugh S Herman (64)
BA LLB LLD (Honoris CAUSA)
Non-Executive Chairman

Sam E Abrahams (66)
FCA CA(SA)

Donn E Jowell (63)
BCom LLB

Mangalani Peter Malungani (47)
BCom MAP LDP

Daphne R Motsepe (47)
BR BCompt MBA

Dr Morley Z Nkosi (69)
BSc MBA PhD

Peter R S Thomas (60)
CA(SA)

Fani Titi (42)
BSc (Hons) MA MBA

Russel A P Upton (70)
CA(SA)

Investec Asset Management (Pty) Limited
Reg. No. 1984/011235/07

A subsidiary of Investec Limited

Hugh S Herman (64)
BA LLB LLD (Honoris CAUSA)
Chairman

Hendrik J du Toit (43)
BCom (Hons) MCom MPhil
Chief Executive Officer

Gail Daniel (37)
BA (Hons) MBA

Elsabé de Vries (42)
BAcc BCompt (Hons) CTA MBA

Domenico Ferrini (36)
BCom

Jeremy B Gardiner (39)
BCom (Hons)

John C Green (39)
BCom BLaw

Roelof C Horne (41)
BCom (Hons) CA(SA)

Bernard Kantor (55)

Thabo Khojane (32)
BA Hons (Econ) BSc (Eng)

Stephen Koseff (53)
BCom CA(SA) H Dip BDP MBA

Kim M McFarland (40)**
BAcc CA(SA) MBA

John T McNab (38)
BEng MEng CFA

Tebogo Naledi (32)
BBusSc (Hons)

Andre D Roux (51)
MSc (Oxford) MPhil (Cambridge)

Mark I Samuelson (40)
BCom CFA

** British

Investec Bank (Mauritius) Limited

A subsidiary of Investec Bank Limited

Hugh S Herman (64)
BA LLB LLD (Honoris CAUSA)
Non-Executive Chairman

Pierre de Chasteigner du Mee (52)
ACEA FBIM FMAAT

David M Lawrence (54)
BA(Econ) (Hons) MCom

Craig C McKenzie (44)
BSc MSc CFA

Peter RS Thomas (60)
CA (SA)*

David M van der Walt (40)
BCom (Hons) CA (SA)

* Appointed 13 May 2005

Investec Bank (UK) Limited

A subsidiary of Investec plc

Hugh S Herman (64)
BA LLB LLD (Honoris CAUSA)
Non-Executive Chairman

Bradley Fried (39)
BCom CA(SA) MBA
Managing Director

George F O Alford (56)
BSc (Econ) FCIS FIPD MSI

Bernard Kantor (55)

Ian R Kantor (58)
BSc(Eng) MBA

Sir Chips Keswick (65)

Stephen Koseff (53)
BCom CA(SA) H Dip BDP MBA

Alan Tapnack (58)
BCom CA(SA)

David M van der Walt (40)
BCom (Hons) CA (SA)

Ian R Wohlman (50)
ACIB

Investec Bank (Australia) Limited

A subsidiary of Investec Bank (UK) Limited

David M Gonski (51)
BCom LLB
Non-executive Chairman

Geoffrey Levy (46)
BCom LLB
Executive Chairman

Brian M Schwartz (52)
FCA
Chief Executive Officer

Alan H Chonowitz (50)
BAcc MCom CA(SA)

Sam Hackner (49)
BCom (Hons) CA(SA)

Hugh S Herman (64)
BA LLB LLD (Honoris CAUSA)

Stephen Koseff (53)
BCom CA(SA) H Dip BDP MBA

David M Lawrence (53)
BA(Econ) (Hons) MCom

Andy W J Leith (44)
BCom CA(SA)

Richard A Longes (59)
BA LLB MBA

Robert C Mansfield (53)
BCom

John W Murphy (52)
BCom MCom ACA FASA

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

Directors' 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 three principal markets, the UK, South Africa and Australia as well as certain other markets. Investec is organised into five principal business divisions: Private Client Activities, Treasury and Specialised Finance, Investment Banking, Asset Management and Property Activities. In addition, our 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 trade finance. A review of the operations for the year can be found on pages 40 to 78.

The report deals with the requirements of the consolidated Investec group, comprising the legal entities Investec plc and Investec Limited.

Authorised and issued share capital

Investec plc and Investec Limited
Details of the share capital are set out in note 31 to the financial statements.

Investec Limited
On 1 April 2004, Investec Limited issued 131 variable rate redeemable cumulative preference shares of R0.60 each at a premium of R999 999.40 per share.

On 12 May 2004, Investec Limited issued a further 600 variable rate redeemable cumulative preference shares of R0,60 each at a premium of R999 999.40 per share.

On 16 February 2005, Investec Limited issued 22 182 000 non-redeemable non-cumulative non-participating preference shares of one cent each for a total consideration of R2 318 million.

Financial results

The results of Investec plc (incorporating Investec Limited) are set out in the financial statements and accompanying notes for the year ended 31 March 2005.

Ordinary dividends

Investec plc
An interim dividend was declared to shareholders registered on 17 December 2004 as follows:

- 30 pence per ordinary share to non-South African resident shareholders (2004: 28 pence).
- 14 pence per ordinary share to South African resident shareholders and a dividend paid by Investec Limited on the SA DAS share, equivalent to 16 pence per ordinary share, making a total distribution of 30 pence per ordinary share (2004: 28 pence).

The dividends were paid on 24 December 2004.

The directors have proposed a final dividend to shareholders registered on 29 July 2005. The final dividend is subject to the approval of the members of Investec plc at the Annual General Meeting which is scheduled to take place on 11 August 2005 and will, if approved, be paid on 15 August 2005. Shareholders in Investec plc will receive a total distribution of 37 pence (2004: 30 pence) per ordinary share, which will be paid as follows:

- 37 pence per ordinary share to non-South African resident shareholders (2004: 30 pence).
- For South African resident shareholders, a dividend paid by Investec Limited on the SA DAS share, equivalent to 37 pence per ordinary share.

The holder of 1 260 000 Investec plc shares has agreed to waive its rights to the proposed final dividend.

Investec Limited
An interim dividend of 335 cents per share (2004: 309 cents) was declared to shareholders registered on 17 December 2004 and was paid on 24 December 2004. A dividend amounting to 179 cents was declared on the SA DAS share.

The directors have proposed a final dividend of 437 cents per share (2004: 360 cents) to shareholders registered on 29 July 2005 to be paid on 15 August 2005. The final dividend is subject to the approval of members of Investec Limited at the Annual General Meeting scheduled for 11 August 2005.

The holder of 740 000 Investec Limited shares has agreed to waive its rights to the proposed final dividend.

Preference dividend

Preference dividends of £5 464 were accrued.

Preference dividend number 1 on the non-redeemable non-cumulative non-participating preference shares amounting to 92.82 cents per share was declared on 18 May 2005 to shareholders registered on 1 July 2005 and will be paid on 4 July 2005.

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

Directors and secretaries

Details of directors and secretaries of Investec plc and Investec Limited are reflected on pages 150 to 151 and at the beginning of the Annual Report.

- Mr J N Abell, a non-executive director, passed away on 26 May 2004.
- Mrs Cheryl Ann Carolus was appointed as a non-executive director to the boards with effect from 18 March 2005.

Directors and their interests

Directors' shareholdings and options to acquire shares are set out on pages 141 to 146.

The register of directors' interests contains full details of directors' shareholdings and options to acquire shares.

Share incentive trusts

Details regarding options granted during the year are set out on pages 209 to 210.

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. Further details on the role and responsibility of the Audit Committee are set out on page 118.

Mr S E Abrahams was appointed as chairman of the Investec plc, Investec Limited and Investec DLC Audit Committees on 12 October 2004.

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 to be held on 11 August 2005.

Contracts

Refer to page 131 for details of contracts with directors.

Subsidiary and associated companies

Details of principal subsidiary and associated companies are reflected on page 172.

Major shareholders

Investec plc

At 31 March 2005 the following were the beneficial owners of 3% or more of the issued ordinary shares of the company:

Public Investment Commissioner	8.1%
Spurwing-P Investments Ltd	5.9%
Old Mutual Life Assurance	4.6%
Investec Group Ltd Share Scheme	3.2%

Investec Limited

At 31 March 2005 the following were the beneficial owners of 3% or more of the issued ordinary shares of the company:

Public Investment Commissioner	14.4%
Investec Ltd Security Purchase and Option Scheme Trust 2003	6.4%
Entrepreneurial Development Trust	6.4%
Tiso INL Investments Pty Ltd	6.4%
Peu INL Investments 1 Pty Ltd	6.0%
Old Mutual Life Assurance	5.0%

Special resolutions

Investec plc

At the Annual General Meeting held on 19 August 2004 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 UK Companies Act, 1985.
- various amendments were made to the Articles of Association to reflect the provisions of the Companies (acquisition of own shares) Treasury Shares Regulations 2003.

Investec Limited

At the Annual General Meeting held on 19 August 2004, special resolutions were passed in terms of which:

- a renewable general authority was granted until the next Annual General Meeting for Investec Limited and its subsidiaries to acquire shares in Investec Limited.
- Article 10 of the articles of Association was replaced in its entirety to provide for payments by Investec Limited to its shareholders as provided for in Section 90 of the Companies Act No 61 of 1973, as amended.

At the Extraordinary General Meeting held on 2 December 2004, special resolutions were passed in terms of which:

- the authorised share capital was increased, by the creation of 100 000 000 non-redeemable non-cumulative non-participating preference shares of one cent each, with the

Memorandum of Association being amended to reflect the increased authorised share capital.
- Article 152 of the Articles of Association was added to incorporate the terms attaching to the new preference shares.
- Articles 5.1 (a) (i), 5.2 and 151.1 of the Articles of Association were replaced in their entirety as a consequence of the creation of the new preference shares.

Investec Limited subsidiary companies

In addition to amendments to the Articles of Association and name changes of various subsidiary companies, the following special resolutions were passed by Investec Bank Limited on 23 September 2004:
- the authorised share capital was increased by the creation of 55 000 000 new non-redeemable non-cumulative non-participating preference shares of one cent each.
- the Memorandum of Association was amended to reflect the increase in authorised share capital.

Accounting policies and disclosure

Accounting policies are set having regard to commercial practice and comply with applicable United Kingdom law and accounting standards. These policies are set out on pages 167 to 171.

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 in the group's performance by means of Employee Share Schemes.

Donations

During the year, the Investec plc made donations for charitable purposes, totalling £0.8 million and Investec Limited made donations for charitable purposes, totalling £1.6 million. Investec plc and Investec Limited made no political donations during the year.

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 2005 Sustainability Report was produced as a separate report accompanying the Annual Report for 2005.

Subsequent events

Sale of Carr Sheppards Crosthwaite

The sale of Carr Sheppards Crosthwaite ("CSC") to Rensburg Plc ("Rensburg") was completed on 6 May 2005. The purchase consideration was satisfied by the issue of 25 500 500 Rensburg ordinary shares to Investec 1 Limited ("Investec 1") and the creation of a subordinated loan of £60 million due by Rensburg to Investec 1. 2 800 000 of the Rensburg shares issued to Investec 1 have been placed in an Employee Benefits Trust for the benefit of key CSC employees.

The £60 million subordinated loan has a term of 10 years from completion and creates an unsecured obligation of Rensburg to Investec 1 which is subordinated to the senior creditors of Rensburg, other than those ranking pari passu with or subordinate to Investec 1.

The loan is made up of two tranches namely:
- a fixed rate tranche of £45 million on which interest is payable semi-annually at 2.25 per cent per annum above the 10 year UK swap rate.
- a floating rate tranche of £15 million on which interest is payable semi-annually at 2.25 per cent per annum above GBP 6 month LIBOR rate.

The principal amounts of both tranches are repayable in aggregate annual instalments of £7.5 million per annum, commencing in the third year of the term. Rensburg has the right to pre-pay any amount under the floating rate loan at an interest rate payment date and has the right to pre-pay any amount under the fixed rate tranche at any time after five years.

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

Post-completion Investec 1 holds 47.7% of the issued share capital of Rensburg, which has now been renamed Rensburg Sheppards plc. For a period of five years following completion, Investec 1 has undertaken not to vote in excess of 30 per cent of the voting rights of Rensburg's issued share capital and has agreed, subject to certain exceptions, not to dispose of any of its shareholding for a period of 18 months from completion. In terms of the waiver granted to Investec 1 not to make a general offer to all shareholders of Rensburg, the Investec group, or persons acting in concert with it, is not permitted to increase its shareholding beyond 48.7% of the issued share capital of Rensburg.

Issue of Preferred Securities

The company is at an advanced stage in raising €150-200 million of innovative Tier 1 capital through the issue of 7.075 per cent, guaranteed Non-voting Non-cumulative Perpetual Preferred Callable Securities ("Preferred Securities") by Investec Tier 1 (UK) Limited (a limited partnership organised under the laws of England and Wales) having the benefit of a subordinated guarantee from the company. The Preferred Securities are callable at the option of the issuer, subject to the approval of the Financial Services Authority, on the tenth anniversary of the issue and, if not called, are subject to a step up in coupon of one and a half times the initial credit spread above the three month euro-zone interbank offered rate. The issue is expected to be signed on 22 June 2005. The capital will be used to augment the group's capital base.

Under the terms of the issue there are provisions for the Preferred Securities to be substituted for Preference Shares issued by the company if Investec plc's capital ratios fall below the minimum level permitted by the Regulator. Resolutions to create this class of shares will be proposed at the forthcoming Annual General Meeting. The issuer has the option not to pay a distribution when it falls due but this would then prevent the payment of Ordinary dividends by the company.

Directors' responsiblity statement

The following statement, which should be read in conjunction with the Auditor's report set out on page 158, 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 financial statements on pages 160 to 166, and 172 to 228 and the additional information contained on pages 01 to 39, 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 their 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

Richard Vardy
Company Secretary
Investec plc
17 June 2005

Selwyn Noik
Company Secretary
Investec Limited

Stephen Koseff
Chief Executive Officer

Bernard Kantor
Managing Director

17 June 2005

Report of the independent auditors

We have audited the group's financial statements on pages 160 to 228 for the year ended 31 March 2005 which comprise Consolidated Profit and Loss Account, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Total Recognised Gains and Losses, Reconciliation of Consolidated Shareholders' Funds and the related notes 1 to 43. These financial statements have been prepared on the basis of the accounting policies set out therein. We have also audited the information on pages 139 to 146 in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by 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 Report, including the financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards as set out in the Statement of Directors' Responsibilities in relation to the financial statements on page 157.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the group is not disclosed.

We review whether the Corporate Governance Statement on pages 111 to 127 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Directors' Report, unaudited part of the Directors' Remuneration Report, Chairman's Statement, Chief Executive Officer's and Managing Director's Report, A Detailed Analysis of the group's Performance, Divisional Reviews and Corporate Governance Report and Risk Management. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

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

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 March 2005 and of the profit of the group for the year then ended; and
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor

London
17 June 2005

Consolidated profit and loss account

For the year ended 31 March		2005			2004*		
£'000	Notes	Before goodwill & exceptional items	Goodwill & exceptional items	Total	Before goodwill & exceptional items	Goodwill & exceptional items	Total
Interest receivable- interest income arising from debt securities		81 061	-	81 061	91 845	-	91 845
Interest receivable- other interest income		639 526	-	639 526	588 188	-	588 188
Interest payable		(587 901)	-	(587 901)	(574 822)	-	(574 822)
Net interest income		**132 686**	**-**	**132 686**	**105 211**	**-**	**105 211**
Dividend income	3	9 887	-	9 887	3 450	-	3 450
Fees and commissions receivable		434 978	-	434 978	340 712	-	340 712
- annuity		325 527	-	325 527	266 373	-	266 373
- deal		109 451	-	109 451	74 339	-	74 339
Fees and commission payable		(23 611)	-	(23 611)	(20 046)	-	(20 046)
Dealing profits	4	68 747	-	68 747	90 127	-	90 127
Income from long-term assurance business		7 763	-	7 763	5 082	-	5 082
Return on shareholder's funds in the long-term assurance business		42 837	-	42 837	24 122	-	24 122
Other operating income		19 278	-	19 278	12 196	-	12 196
Other income		**559 879**	**-**	**559 879**	**455 643**	**-**	**455 643**
Total operating income		**692 565**	**-**	**692 565**	**560 854**	**-**	**560 854**
Administrative expenses	5	(452 848)	-	(452 848)	(395 188)	-	(395 188)
Depreciation and amortisation		(10 040)	(51 807)	(61 847)	(12 448)	(50 644)	(63 092)
- tangible fixed assets	21	(10 040)	-	(10 040)	(12 448)	-	(12 448)
- amortisation and impairment of goodwill	19	-	(51 807)	(51 807)	-	(50 644)	(50 644)
Provision for bad and doubtful debts	14	(21 334)	-	(21 334)	(20 958)	-	(20 958)
Operating profit before exceptional items		**208 343**	**(51 807)**	**156 536**	**132 260**	**(50 644)**	**81 616**
Share of income of associated companies	17	14 045	(3 197)	10 848	11 205	(2 132)	9 073
Exceptional items	8	-	(8 635)	(8 635)	-	8 529	8 529
Provision for losses on termination and disposal of group operations-discontinued		-	-	-	-	(5 103)	(5 103)
Losses on termination and disposal of group operations-discontinued	28	-	(3 492)	(3 492)	-	(24 328)	(24 328)
Less provision made last year	28	-	3 492	3 492	-	19 225	19 225
(Loss)/profit on termination and disposal of group operations-continuing		-	(8 635)	(8 635)	-	13 632	13 632
Profit on ordinary activities before taxation		**222 388**	**(63 639)**	**158 749**	**143 465**	**(44 247)**	**99 218**
Tax on profit on ordinary activities	9	(57 265)	-	(57 265)	(27 821)	(678)	(28 499)
Tax on profit on ordinary continuing activities		(57 265)	-	(57 265)	(27 821)	-	(27 821)
Tax on provision for losses on termination and disposal of group operations-continuing		-	-	-	-	(678)	(678)

* Restated (refer to accounting policies)

Consolidated profit and loss account

For the year ended 31 March				2005			2004*
£'000	Notes	Before goodwill & exceptional items	Goodwill & exceptional items	Total	Before goodwill & exceptional items	Goodwill & exceptional items	Total
Profit on ordinary activities after taxation		**165 123**	**(63 639)**	**101 484**	**115 644**	**(44 925)**	**70 719**
Minority interests-equity		(960)	-	(960)	(1 888)	75	(1 813)
Profit attributable to shareholders		**164 163**	**(63 639)**	**100 524**	**113 756**	**(44 850)**	**68 906**
Dividends-including non-equity	10	(83 606)	-	(83 606)	(63 709)	-	(63 709)
Retained profit for the year		**80 557**	**(63 639)**	**16 918**	**50 047**	**(44 850)**	**5 197**
Profit attributable to shareholders				**100 524**			**68 906**
Amortisation and impairment of goodwill				51 807			50 644
Loss/(profit) on termination and disposal of group operations (net of taxation and minority interest)				8 635			(13 029)
Provision for losses on termination and disposal of group operations (net of deferred tax)				-			5 103
Amortisation of goodwill of associates				3 197			2 132
Preference dividends				(13 017)			(7 553)
Earnings before goodwill and exceptional items				**151 146**			**106 203**
Earnings per share (pence)							
- basic	10			81.5			60.0
- diluted	10			79.0			59.6
Excluding goodwill and exceptional items (pence)							
- basic	10			140.8			103.8
- diluted	10			133.0			100.8
Headline earnings per share - basic (pence)	10			141.7			103.5
Dividends per share (pence)	10			67.0			58.0

*Restated (refer to accounting polices)

Consolidated statement of recognised gains and losses

For the year ended 31 March £'000	2005	2004*
Profit for the year attributable to shareholders	100 524	68 906
Translation differences on foreign currency net investments-equity	(2 724)	(5 203)
Translation differences on foreign currency net investments-perpetual preference shares	(10 472)	1 099
Unrealised surplus on revaluation of investment properties	4 478	13 982
Actuarial gains/(losses) net of deferred tax recognised on pension fund schemes	2 370	(1 294)
Total recognised gains and losses for the year	94 176	77 490
Prior year adjustments in respect of changes in accounting policies	(43)	
Total gains and losses since last annual report	94 133	

In addition to the above prior year adjustments net assets at 31 March 2004 have also been reduced by £42.6 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)

Consolidated balance sheet

For the year ended 31 March £'000	Notes	2005	2004*
Assets			
Cash and balances at central banks		105 130	363 862
Treasury bills and other eligible bills	11	323 622	332 208
Loans and advances to banks	12	2 961 809	1 704 715
Loans and advances to customers	13	7 391 038	6 347 032
Debt securities	15	1 986 864	1 466 437
Equity shares	16	439 963	418 254
Interests in associated undertakings	17	3 559	70 006
Other participating interests	18	9 124	9 135
Intangible fixed assets	19	193 317	251 508
Tangible fixed assets	21	125 022	146 326
Other assets	22	1 202 305	1 081 131
Prepayments and accrued income		122 899	81 511
Long-term assurance business attributable to the shareholder	23	230 885	265 315
		15 095 537	12 537 440
Long-term assurance assets attributable to policyholders	24	2 815 137	2 781 335
		17 910 674	15 318 775
Liabilities			
Deposits by banks	25	912 320	1 233 609
Customer accounts	26	6 805 429	7 211 292
Debt securities in issue	27	1 925 124	621 857
Other liabilities	28	3 737 901	1 969 855
Accruals and deferred Income		226 763	185 600
Pension fund liability		7 554	11 967
		13 615 091	11 234 180
Long-term assurance liabilities attributable to policyholders	24	2 815 137	2 781 335
		16 430 228	14 015 515
Capital resources			
Subordinated liabilities (including convertible debt)	30	499 995	497 858
Minority interests–equity		13 195	39 029
Called up share capital	31	165	165
Share premium account		1 029 242	1 027 539
Treasury shares	32	(118 694)	(101 304)
Shares to be issued	33	2 191	2 666
Perpetual preference shares	34	323 800	127 797
Revaluation reserves		47 620	43 142
Other reserves		(189 663)	(169 501)
Profit and loss account		(127 405)	(164 131)
Shareholders' funds		967 256	766 373
- equity		643 456	638 576
- non equity		323 800	127 797
		1 480 446	1 303 260
		17 910 674	15 318 775
Memorandum items			
Commitments	38	678 278	522 879
Contingent liabilities	39	263 851	267 441
		942 129	790 320

The directors' approved the accounts on 17 June 2005
S. Koseff
Chief Executive Officer

* Restated (refer to accounting policies)

Consolidated cash flow statement

For the year ended 31 March

£'000	Notes	2005	2004*
Net cash inflow/(outflow) from operating activities	36	**1 366 870**	**(489 371)**
Dividends received from associated undertakings		**4 893**	**3 769**
Return on investments and servicing of finance			
Preference share dividend paid		(13 017)	(7 553)
Interest paid on subordinated debt and compulsorily convertible debentures		(58 949)	(45 110)
Net cash outflow from return on investments and servicing of finance		**(71 966)**	**(52 663)**
Taxation		**(21 764)**	**(31 917)**
Capital expenditure and financial investment			
Purchase of investment securities		(2 445 643)	(2 451 611)
Sale and maturity of investment securities		1 995 176	2 791 001
Purchase of tangible fixed assets		(8 795)	(9 818)
Sale of tangible fixed assets		(840)	2 960
Net cash (outflow)/inflow from capital expenditure and financial investment		**(460 102)**	**332 532**
Acquisitions and disposals			
Net cash outflow from the purchase of interests in subsidiary undertakings		(11 963)	(4 772)
Net cash (outflow)/inflow from the disposal of group undertakings		(56 909)	44 999
Investment in associated undertakings		(1 352)	-
Net cash (outflow)/inflow from acquisitions and disposals		**(70 224)**	**40 227**
Equity dividends paid - ordinary share dividends		**(60 749)**	**(52 810)**
Financing			
Proceeds from the issue of subordinated liabilities		17 144	216 056
Repayments of compulsorily convertible debentures		(12 992)	(14 060)
Net proceeds from shares to be issued		(475)	238
Proceeds from issue of perpetual preference shares		207 313	127 484
Proceeds from issue of ordinary share capital		-	45 757
Share issue expenses		(838)	(2 031)
Net proceeds on acquisitions and disposals of treasury shares		(15 687)	15 781
Net cash inflow from financing		**194 465**	**389 225**
Increase in cash		**881 423**	**138 992**
Cash flow reconciliation			
Increase in cash		881 423	138 992
Cash and demand bank balances at beginning of the year		1 172 894	1 033 902
Cash and demand bank balances at end of the year		**2 054 317**	**1 172 894**
Cash and demand bank balances at end of year comprise:			
Cash		105 130	363 862
Demand bank balances		1 949 187	809 032
		2 054 317	**1 172 894**

* Restated (refer to accounting policies)

Consolidated statement of reconciliations of shareholders'

For the year ended 31 March 2005 £'000	Share capital Investec Limited	Share premium account Investec Limited	Treasury Shares	Capital reserve account	Share capital Investec plc	Share premium account Investec plc
At 31 March 2003 - as previously reported	45	586 497	(40 987)	7 762	113	393 824
Prior year adjustments:						
Adoption of UITF 38: Accounting for ESOP trusts	-	885	(52 223)	-	-	-
At 31 March 2003 - restated for prior year adjustments	**45**	**587 382**	**(93 210)**	**7 762**	**113**	**393 824**
Year ended 31 March 2004						
	-	-	-	-	-	-
Foreign currency adjustments	-	-	-	-	-	-
Retained profit for the year	-	-	-	-	-	-
Retained earnings of associates	-	-	-	-	-	-
Reduction in shareholding of associate	1	45 750	-	-	6	-
Issue of shares	-	-	-	-	-	-
Issue of perpetual preference shares	-	(1 245)	-	-	-	-
Share issue expenses	-	1 828	17 147	-	-	-
Re-issue of treasury shares	-	-	(25 241)	-	-	-
Purchase of treasury shares	-	-	-	150	-	-
PLC transfer to capital reserves	-	-	-	-	-	-
Transfer to pension fund deficit	-	-	-	-	-	-
Revaluation of investment properties						
At 31 March 2004 - restated for prior year adjustments	**46**	**633 715**	**(101 304)**	**7 912**	**119**	**393 824**
At 31 March 2004 - as previously reported	46	627 066	(52 102)	7 912	119	393 824
Cumulative prior year adjustments to 31 March 2004	-	6 649	(49 202)	-	-	-
Year ended 31 March 2005						
Foreign currency adjustments	-	-	-	-	-	-
Retained profit for the year	-	-	-	-	-	-
Retained earnings of associates	-	-	-	-	-	-
Issue of perpetual preference shares	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-
Re-issue of treasury shares	-	1 703	-	-	-	-
Purchase of treasury shares	-	-	(17 390)	-	-	-
PLC transfer to capital reserves	-	-	-	(244)	-	-
Transfer from pension fund deficit	-	-	-	-	-	-
Revaluation of investment properties	-	-	-	-	-	-
At 31 March 2005	**46**	**635 418**	**(118 694)**	**7 668**	**119**	**393 824**

funds and movements on reserves

Shares to be issued	Perpetual preference shares	Revaluation reserves investment properties	Equity accounted reserves	Foreign currency reserves	Profit and loss account	Total
2 428	-	29 160	14 078	(188 747)	(164 205)	639 968
-	-	-	-	-	(164)	(51 502)
2 428	**-**	**29 160**	**14 078**	**(188 747)**	**(164 369)**	**588 466**
-	1 099	-	1 124	(6 327)	-	(4 104)
-	-	-	-	-	5 197	5 197
-	-	-	3 515	-	(3 515)	-
-	-	-	(1 056)	-	-	(1 056)
568	-	-	-	-	-	46 325
-	127 484	-	-	-	-	127 484
-	(786)	-	-	-	-	(2 031)
-	-	-	-	-	-	18 975
(330)	-	-	-	-	-	(25 571)
-	-	-	-	-	(150)	-
-	-	-	-	-	(1 294)	(1 294)
-	-	13 982	-	-	-	13 982
2 666	**127 797**	**43 142**	**17 661**	**(195 074)**	**(164 131)**	**766 373**
2 666	126 698	43 142	17 661	(193 975)	(164 088)	808 969
-	1 099	-	-	(1 099)	(43)	(42 596)
-	(10 472)	-	3	(2 727)	-	(13 196)
-	-	-	-	-	16 918	16 918
-	-	-	(17 194)	-	17 194	-
-	207 313	-	-	-	-	207 313
-	(838)	-	-	-	-	(838)
-	-	-	-	-	-	1 703
(475)	-	-	-	-	-	(17 865)
-	-	-	-	-	244	-
-	-	-	-	-	2 370	2 370
-	-	4 478	-	-	-	4 478
2 191	**323 800**	**47 620**	**470**	**(197 801)**	**(127 405)**	**967 256**

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 dominate 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 propose 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 their 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 38: Accounting for ESOP trusts
The group has adopted UITF 38 in respect of the accounting for employee share incentive trusts (ESOP trusts). In summary the impact on adoption of the new standard is as follows:

- Own shares held by the ESOP trusts (which have not vested with employees) are deducted from shareholders' funds (previously included on balance sheet as an asset under "own 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 held by the ESOP trusts.
- The net finance costs of the ESOP trusts are charged to the profit and loss account as they accrue.

The impact of the above changes in accounting policies is detailed below:

12 months to 31 March 2004	£'000
Interest receivable	1 184
Interest payable	-
Net interest income	1 184
Other operating income	(1 063)
Profit on ordinary activities before taxation	121
Taxation	-
Profit on ordinary activities after taxation	**121**

The impact of the above changes in accounting policies on opening reserves is detailed below:

	£'000
Reserves at 31 March 2004 as previously reported	**808 969**
- UITF 38	(42 596)
Relating to 2004 opening reserves	(51 502)
Relating to 2004 movement in reserves	8 906
Retained profit for the year	121
Net increase in treasury shares	5 764
Net movement in share premium on re-issue of treasury shares	3 021
Restated total reserves at 31 March 2004	**766 373**

Basis of consolidation

The group financial statements incorporate the financial results of the group and its subsidiaries. All subsidiaries in which the group holds more than one half of the voting rights or over which it exercises control are consolidated from the effective dates of acquisition and up to the effective dates of disposal, except entities where they are held exclusively for subsequent resale.

Entities, other than subsidiary undertakings, in which the group has a participating interest and exercises significant influence over operating and financial policies, are treated as associates. In the group accounts, associates are accounted for using the equity method. Other participating interests on which the group does not exercise significant influence are accounted for at the lower of cost and net realisable value.

The consolidated financial statements include the attributable share of the results and reserves of associated undertakings. The group's interests in associated undertakings are included in the consolidated balance sheet at the group's share of net assets plus unamortised goodwill.

Positive goodwill arising on the acquisition of subsidiaries is amortised against income over its useful economic life, for a period not exceeding 20 years. Negative goodwill arising on acquisitions is included within intangible fixed assets and released to profit and loss account initially over the period that non-monetary assets are recovered and then over the periods expected to benefit. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

In order to reflect the different nature of the shareholders' and policyholders' interests in the long-term assurance business, the value of the long-term assurance business attributable to shareholders and the assets and liabilities attributable to policyholders are classified under separate headings in the consolidated balance sheet.

The group operates various Employee Benefit Trusts. In terms of UITF 38, the assets and liabilities of the Employee Benefit Trusts are consolidated within the group financial statements.

Foreign entities

The net assets of foreign subsidiaries are translated at closing rates of exchange and the translation differences arising are taken to reserves. The results of these companies are translated at weighted average rates of exchange for the relevant period. The difference between the profit and loss translated at an average rate and the closing rate is recorded as a movement in reserves. Any exchange differences on foreign currency loans and derivatives which are used to hedge the net investment in foreign subsidiaries are also taken to reserves.
Goodwill arising on the acquisition of foreign entities is translated at the closing exchange rate.

Foreign currency transactions

Monetary assets and liabilities in foreign currencies are translated into the local reporting currency at market rates of exchange ruling at the balance sheet date. All foreign currency transactions are translated into the local reporting currency at the exchange rates ruling at the time of the transactions. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Debt securities and equity shares

Shares and securities intended for use on a continuing basis in the group's activities are classified as investment securities. Such shares and securities are stated at cost less provision for any impairment in value. The cost of dated investment securities is adjusted for the amortisation of premiums or discounts on a level yield basis over the period to maturity.

Debt securities held for the purpose of hedging are valued on the same basis as the liabilities which are being hedged. Other debt securities and equity shares are included in the balance sheet at market value. Changes in the market value of such assets are recognised in the profit and loss account as 'dealing profits' as they arise.

Where securities are sold subject to a commitment to repurchase them, they remain on balance sheet. Obligations for the repurchase of these securities are included under deposits by banks and customer accounts. Securities that are purchased under a commitment to resell the securities at a future date are not recognised on the balance sheet. The consideration paid is included in loans and advances to banks or loans and advances to customers.

Stock lending and borrowing transactions that are not cash collateralised are not included in the balance sheet. Stock lending and borrowing transactions which are cash collateralised are accounted for in the same manner as securities sold or purchased subject to repurchase commitments.

Accounting policies

Financial instruments

Financial instruments in the trading book are measured at fair value, whereas financial instruments in the non-trading book, including loans and investment securities, are measured at amortised cost. Income and expenses on trading instruments are recognised in the profit and loss account in full in the current period, whereas income and expenses on non-trading instruments are amortised over the life of the instrument, with adjustments made to reflect changes in estimated premiums and discounts.

Derivatives

Derivatives are used to hedge interest, exchange rate and equity exposures related to non-trading positions. Instruments used for hedging purposes include swaps, equity derivatives, credit derivatives, forward rate agreements, futures, options and combinations of these instruments. In addition, the use of derivatives and their sale to customers as risk management products is an integral part of the group's trading activities. Derivatives entered into for trading purposes include swaps, equity derivatives, credit derivatives, commodity derivatives, forward rate agreements, futures, options and combinations of these instruments.

Where the group has entered into legally binding netting agreements, positive and negative values of derivatives are offset within the balance sheet totals.

Exposures to market risks are limited through the use of hedging instruments. The criteria used for a derivative instrument to be classified as a designated hedge include:

- the transaction must effectively reduce the price or interest rate or credit risk of the asset, liability or cashflow to which it is linked; and
- adequate evidence of the intention to link with the underlying risk inherent in the asset, liability or cashflow; and
- the transaction must be designated as a hedge at the inception of the derivative contract.

The hedging instruments are accounted for on the same basis as the underlying asset, liability, position or cash flow being hedged with income and expense being recognised in the profit and loss account. Hedging transactions which are superseded, cease to be effective or are terminated prior to the end of the life of the asset, liability or cashflow being hedged are measured at fair value. Any profit or loss arising is deferred and amortised into income or expense over the remaining life of the item previously hedged. When the underlying asset, liability position or cashflow is terminated prior to the hedging transaction, the hedging transaction is measured at fair value and the resulting profit or loss is included in the category of income or expense relating to the previously hedged transaction.

Instalment credit, leases and rental agreements

Amounts outstanding on these contracts, net of unearned finance charges, are included in loans and advances. Finance charges on finance leases and instalment credit transactions are credited to income in proportion to the capital balances outstanding. Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Specific and general provisions for bad and doubtful debts

Specific provisions represent the quantification of actual and expected losses from identified accounts and are deducted from loans and advances in the balance sheet. The amount of specific provision raised is the group's conservative estimate of the amount needed to reduce the carrying value of the asset to the expected ultimate net realisable value, taking into account the financial status of the customer and any security for the loan. Included in the specific provisions are amounts in respect of interest that is not serviced. The charge for provision for bad and doubtful debts in the profit and loss account includes the unserviced interest which has been transferred to specific provisions. Doubtful debts are written off against the balance sheet and provision in part, or in whole, when the extent of the loss incurred has been determined.

General provisions augment specific provisions and provide cover for loans which are impaired at the balance sheet date but which will not be identified as such until some time in the future. The group's general provision has been determined taking into account the structure and the risk characteristics of the group's loan portfolio. A number of complex and changing factors are collectively weighted by management in determining the adequacy of provisions. These factors include management's view of the extent of existing risks in the loan portfolio and prevailing economic conditions. General provisions are deducted from loans and advances to customers in the balance sheet.

Tangible fixed assets

Tangible fixed assets are stated at original cost. Depreciation is provided on a straight-line basis over their anticipated useful lives. Leasehold improvements are amortised over the shorter of 20 years and the remaining period of the leases.

The annual rates used to depreciate assets are as follows:

Computer equipment	33%
Motor vehicles	20% - 25%
Equipment	20%
Furniture and fittings	10% - 20%
Freehold properties	2%

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Certain of the group's properties are held for long-term investment. Investment properties are accounted for in accordance with SSAP 19, as follows:

(i) investment properties are revalued semi-annually. The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit below original cost, or its reversal, on an individual property is expected to be permanent, in which case it is recognised in the profit and loss account for the year; and

(ii) no depreciation is provided in respect of freehold investment properties or leasehold investment properties where the lease has over 20 years to run.

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that the policy of not providing depreciation is necessary in order for the financial statements to give a true and fair view, since the current value of investment properties, and changes to that current value, are of prime importance rather than a calculation for systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which otherwise would have been included cannot be separately identified or quantified.

Dealing properties

Dealing properties are included in other assets and are stated at the lower of cost and net realisable value.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are the differences between the group's taxable profits and its results as stated in the financial statements, which are capable of reversal in one or more subsequent periods.

Deferred tax assets are generally not recognised in respect of capital losses as crystallisation of capital gains and the eligibility of potential capital losses is uncertain.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Long term life assurance

1) Investec Employee Benefits

Investec Employee Benefits is engaged in writing long-term assurance business, including the provision of life assurance, pensions and annuities. The company is structured into policyholders' funds and a shareholder's fund. All premiums received, investment returns, claims and expenses, and changes in liabilities to policyholders are accounted for within the related long-term assurance fund. Any surplus, which is determined annually by the Appointed Actuary after taking account of these items, may either be distributed between the shareholder and the policyholders according to a predetermined formula or retained within the long-term assurance fund. The shareholder will also levy investment management and administration charges upon the long-term assurance fund.

The group accounts for its interest in the long-term assurance business using the embedded value basis of accounting. The value of the shareholder's interest in the long-term assurance business ('the embedded value') included in the group's balance sheet is an actuarially determined estimate of the economic value of the group's life assurance subsidiaries, excluding any value, which may be attributed to future new business. The embedded value comprises the net tangible assets of the life assurance subsidiaries, including any surplus retained within the long-term assurance funds, which could be transferred to the shareholder, and the present value of the in-force business. The value of the in-force business is calculated by projecting the future surpluses and other net cash flows attributable to the shareholder arising from business written by the balance sheet date, using appropriate economic and actuarial assumptions, and discounting the result at a rate which reflects the shareholder's overall risk premium.

Changes in the embedded value, which are determined on a post-tax basis, are included in the profit and loss account.

The assets held within the long-term assurance funds are legally owned by the life assurance companies. However the shareholder will only benefit from ownership of these assets to the extent that surpluses are declared or from other cashflows attributable to the shareholder. Reflecting the different nature of these assets, they are classified separately on the group's balance sheet as 'Long-term assurance assets attributable to policyholders', with a corresponding liability to the policyholders also shown. Investments held within the long-term assurance funds are included on the following basis: equity shares, debt securities and unit trusts are valued at market prices; investment properties are reflected at directors' valuation , and loans are at cost less amounts written off.

2) Investec Assurance Limited

The policy liabilities of Investec Assurance Limited comprise unit-linked business sold to retirement funds and individual investors. All liabilities are directly related to asset values and the company assumes no mortality risk.

The liabilities are valued on a basis consistent with the asset values and comply with the Financial Soundness Valuation basis, as is accepted accounting practice in South Africa.

Investments are reflected at market value. Where market value cannot be determined, investments are reflected at directors' valuation.

Income from long-term assurance business comprises interest, dividends and rental income received on investments held, as well as premium income in respect of linked business sold. Gains and losses arising as result of the fluctuation in the market value of investments, whether realised or unrealised, are accounted for as movements in the long-term assurance fund.

Income recognition

Interest income is recognised in the profit and loss account as it accrues other than interest the collectability of which is considered doubtful which is credited to a suspense account and excluded from interest income. The closing balance on the suspense account is netted in the balance sheet against accrued interest receivable or, as the case may be, the amount debited to the borrower. Suspended interest is written off when there is no longer any realistic prospect of it being recovered.

Dealing profits is shown net of the funding cost of the underlying positions and includes the unrealised profits on trading portfolios, which are marked to market daily.

Commissions and fees include fees earned from providing advisory services, portfolio management and the arranging of financing for clients. All such commissions and fees are recognised as revenue when the related services are performed. Fees and commissions charged in lieu of interest are taken to income on a level yield basis over the period of the loan. Equity investments received in lieu of corporate finance fees are included in trading securities and valued accordingly.

Other operating income includes realised profits and losses on disposal of investments and dividends received.

Retirement benefits

The group operates various defined contribution schemes and two closed defined benefit schemes.

In respect of the defined contribution scheme all employer contributions are charged to income, as they become payable in accordance with the rules of the scheme, and included under staff costs.

The assets of the defined benefit schemes are measured at their market value at the balance sheet date and the liabilities of the schemes are measured using the projected unit method. The discount rate used to measure the schemes' liabilities is the current rate of return on an AA corporate bond at the balance sheet date of equivalent term and currency to the liabilities. The extent to which the schemes' assets exceed or fall short of the schemes' liabilities is shown as a surplus or deficit in the balance sheet net of deferred taxation (to the extent that it is considered recoverable).

The movement in the scheme surplus/deficit is split between operating charges, financing items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Capital instruments

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

For the year ended 31 March	Principal Activity	Country of Incorporation	Interest % 2005	Interest % 2004
1. Principal subsidiary and associated companies				
Direct subsidiaries of Investec plc				
Investec Holding Company Limited	Investment holding	England and Wales	100	100
Indirect subsidiaries of Investec plc				
Investec Bank (Australia) Ltd	Banking Institution	Australia	100	100
Investec SA	Investment holding	Luxembourg	100	100
Investec Holdings (UK) Ltd	Holding company	England and Wales	100	100
Investec 1 Ltd	Investment holding	England and Wales	100	100
Investec Bank (UK) Ltd	Banking institution	England and Wales	100	100
Investec Group (UK) PLC	Holding company	England and Wales	100	100
Investec Asset Finance PLC	Leasing company	England and Wales	100	100
Investec Finance plc	Debt issuer	England and Wales	100	100
Investec Group Investments (UK) Ltd	Investment holding	England and Wales	100	100
Investec Investment Holdings AG	Investment holding	Switzerland	100	100
Guinness Mahon & Co Limited	Investment holding	England and Wales	100	100
Investec Bank (Channel Islands) Ltd	Banking institution	Guernsey	100	100
Investec Bank (Switzerland) AG	Banking institution	Switzerland	100	100
Investec Trust (Guernsey) Limited	Trust Company	Guernsey	100	100
Investec Trust (Switzerland) S.A.	Trust Company	Switzerland	100	100
Investec Trust (Jersey) Limited	Trust Company	Jersey	100	100
Carr Sheppards Crosthwaite Ltd (see note 42)	Stockbroking and portfolio management	England and Wales	100	100
Investec Asset Management Limited	Asset Management	England and Wales	100	100
Investec Ireland Ltd	Financial Services	Ireland	100	100
Investec US Inc	Financial Services	USA	100	100
Investec Bank (Israel) Ltd (sold 22 December 2004)	Banking institution	Israel	0	80
European Capital Company Ltd	Project Finance	England and Wales	100	100
Direct subsidiaries of Investec Limited				
Investec Asset Management Holdings (Pty) Ltd	Investment holding	South Africa	100	100
Investec Assurance Ltd	Insurance company	South Africa	100	100
Investec Bank Ltd	Registered Bank	South Africa	100	100
Investec Employee Benefits Holdings Ltd	Investment holding	South Africa	100	100
Investec Int. (Gibraltar) Limited	Investment holding	Gibraltar	100	100
Investec Securities Ltd	Registered Stock Broker	South Africa	100	100
Fedsure International Limited	Investment holding	South Africa	100	100
Investec Property Group Holdings Limited	Investment holding	South Africa	100	100
Indirect subsidiaries of Investec Limited				
Investec Asset Management (Pty) Ltd	Asset management	South Africa	100	100
Investec Insurance Brokers (Pty) Ltd	Insurance broking	South Africa	100	100
Investec International Holdings (Pty) Ltd	Investment holding	South Africa	100	100
Investec Fund Managers SA Ltd	Unit trust management	South Africa	100	100
Investec Bank (Mauritius) Ltd	Banking institution	Mauritius	100	100
Investec Property Group Ltd	Property trading	South Africa	100	100
Reichmans Ltd	Trade financing	South Africa	100	100
Investec Employee Benefits Ltd	Long-term Insurance	South Africa	100	100

All of the above subsidiary undertakings are included in the consolidated accounts

Notes to the financial statements

For the year ended 31 March £'000	Private Client Activities	Treasury & Specialised Finance	Investment Banking	Asset Management & Assurance	Property Activities	Group Services & Other Activities	Total group
2. Segmental analysis							
Business analysis 2005							
Net interest income	103 719	46 970	3 340	2 842	(169)	(24 016)	132 686
Dividend income	1 444	354	7 629	-	-	460	9 887
Net fees and commissions receivable	151 360	46 727	56 781	124 085	24 594	7 820	411 367
Dealing profits	3 338	35 746	23 805	-	928	4 930	68 747
Income from long-term assurance business	-	-	-	7 763	-	-	7 763
Return on shareholder's funds in the long-term assurance business	-	-	-	-	-	42 837	42 837
Other operating income	116	959	14 539	45	2 619	1 000	19 278
Operating income	**259 977**	**130 756**	**106 094**	**134 735**	**27 972**	**33 031**	**692 565**
Administrative expenses	(157 618)	(80 695)	(57 909)	(87 824)	(15 554)	(53 248)	(452 848)
Depreciation	(3 573)	(781)	(320)	(971)	(117)	(4 278)	(10 040)
Provision for bad and doubtful debts	(13 949)	(1 346)	(709)	-	3	(5 333)	(21 334)
Operating profit/(loss) before amortisation and impairment of goodwill	**84 837**	**47 934**	**47 156**	**45 940**	**12 304**	**(29 828)**	**208 343**
Share of income/(loss) of associated companies	223	(304)	-	14 315	-	(189)	14 045
Amortisation and impairment of goodwill	(8 859)	2 558	(7 762)	(32 815)	(2 782)	(2 147)	(51 807)
Amortisation and impairment of goodwill of associate	-	-	-	(3 197)	-	-	(3 197)
Other exceptional items	(1 000)	-	-	6 221	-	(13 856)	(8 635)
Profit/(loss) on ordinary activities before taxation	**75 201**	**50 188**	**39 394**	**30 464**	**9 522**	**(46 020)**	**158 749**
Net intercompany interest	(91 890)	116 460	(3 982)	133	(3 797)	(16 924)	-
ROE (pre-tax)	30.7%	27.8%	119.1%	24.3%	66.1%	(23.7%)	29.3%
Cost to income ratio	62.0%	62.3%	54.9%	65.9%	56.0%	174.2%	66.8%
Number of employees	1 681	427	245	740	225	845	4 163
Total assets (£'million)	5 341	8 106	536	1 706	52	2 170	17 911

For the year ended 31 March £'000	Private Client Activities	Treasury & Specialised Finance	Investment Banking	Asset Management & Assurance	Property Activities	Group Services and Other Activities	Discontinued Operations	Total group
2. Segmental analysis (continued)								
Business analysis 2004								
Net interest income	83 591	40 832	6 484	2 900	(378)	(28 218)	-	105 211
Dividend income	87	2 872	308	-	-	183	-	3 450
Net fees and commissions receivable	115 571	36 256	51 992	100 129	12 647	4 071	-	320 666
Dealing profits	7 414	35 340	23 230	1 736	5 937	16 470	-	90 127
Income from long-term assurance business	-	-	-	5 082			-	5 082
Return on shareholder's funds in the long-term assurance business	-	-	-	-	-	24 122	-	24 122
Other operating income	511	(1 458)	5 904	138	2 549	4 552	-	12 196
Operating income	**207 174**	**113 842**	**87 918**	**109 985**	**20 755**	**21 180**	**-**	**560 854**
Administrative expenses	(135 075)	(72 837)	(49 636)	(79 794)	(10 463)	(47 383)	-	(395 188)
Depreciation	(4 034)	(1 258)	(563)	(998)	(120)	(5 475)	-	(12 448)
Provision for bad and doubtful debts	(14 203)	(3 942)	-	-	(46)	(2 767)	-	(20 958)
Operating profit/(loss) before amortisation and impairment of goodwill	**53 862**	**35 805**	**37 719**	**29 193**	**10 126**	**(34 445)**	**-**	**132 260**
Share of income/(loss) of associated companies	-	(300)	-	11 505	-	-	-	11 205
Amortisation and impairment of goodwill	(4 347)	(2 658)	(5 841)	(23 754)	(2 198)	(11 846)	-	(50 644)
Amortisation and impairment of goodwill of associate	-	-	-	(2 132)	-	-		(2 132)
Other exceptional items	-	-	-	-	-	13 632	(5 103)	8 529
Profit/(loss) on ordinary activities before taxation	**49 515**	**32 847**	**31 878**	**14 812**	**7 928**	**(32 659)**	**(5 103)**	**99 218**
Net intercompany interest	(89 585)	169 311	(5 447)	185	-	(74 464)	-	-
ROE (pre-tax)	24.8%	21.5%	78.2%	13.6%	63.7%	(144.1%)	-	19.4%
Cost to income ratio	67.1%	65.1%	57.1%	73.5%	51.0%	249.6%	-	72.7%
Number of employees	1 622	434	275	940	210	977	-	4 458
Total assets (£'million)	4 562	5 515	304	3 388	55	1 495	-	15 319

The Statement of Recommended Practice on Segmental Reporting by Banks recommends, inter alia, net assets to be disclosed by class of business and geographical segment. In the view of the directors it would not be meaningful to provide this information by class of business since economic capital of certain significant businesses of the group is not held in, or allocated to, these businesses, but is held centrally.

As the business of the group is mainly that of banking and insurance, no segmental analysis of turnover is given.

For the year ended 31 March £'000	United Kingdom, Europe	Southern Africa	Australia	Other geographies	Total group
2. Segmental analysis (continued)					
Geographical analysis 2005					
Net interest income	46 449	65 203	13 768	7 266	132 686
Dividend income	431	9 377	64	15	9 887
Net fees and commissions receivable	215 776	170 533	14 580	10 478	411 367
Dealing profits	17 093	48 138	(8)	3 524	68 747
Income from long-term assurance business	-	7 763	-	-	7 763
Return on shareholder's funds in the long-term assurance business	-	42 837	-	-	42 837
Other operating income	14 262	4 104	1 066	(154)	19 278
	-				
Operating income	**294 011**	**347 955**	**29 470**	**21 129**	**692 565**
Administration expenses	(224 942)	(193 358)	(17 570)	(16 978)	(452 848)
Depreciation	(3 307)	(5 663)	(354)	(716)	(10 040)
Provision for bad and doubtful debts	(4 814)	(15 997)	(88)	(435)	(21 334)
Operating profit before amortisation and impairment of goodwill	**60 948**	**132 937**	**11 458**	**3 000**	**208 343**
Share of income/(loss) of associated companies	(359)	14 316	(81)	169	14 045
Amortisation and impairment of goodwill of associate	-	(3 197)	-	-	(3 197)
Amortisation and impairment of goodwill	(14 928)	(30 796)	(6 083)	-	(51 807)
Other exceptional items	(1 000)	(1 285)	-	(6 350)	(8 635)
Profit/(loss) on ordinary activities before taxation	**44 661**	**111 975**	**5 294**	**(3 181)**	**158 749**
Taxation	(13 952)	(38 343)	(3 507)	(1 463)	(57 265)
Minorities	(252)	(152)	-	(556)	(960)
Profit/(loss) attributable to shareholders	**30 457**	**73 480**	**1 787**	**(5 200)**	**100 524**
Net intercompany interest	(6 323)	5 989	334	-	-
ROE (post-tax)	13.5%	34.3%	13.8%	3.6%	21.3%
Cost to income ratio	77.6%	57.2%	60.8%	83.7%	66.8%
Effective tax rate	22.9%	28.8%	30.6%	48.8%	27.5%
Number of employees	1 308	2 648	140	67	4 163

For the year ended 31 March £'000	United Kingdom, Europe	Southern Africa	Australia	Other geographies	Discontinued Operations	Total group
2. Segmental analysis (continued)						
Geographical analysis 2004						
Net interest income	43 022	37 633	13 210	11 346	-	105 211
Dividend income	249	3 162	12	27	-	3 450
Net fees and commissions receivable	173 201	122 848	12 571	12 046	-	320 666
Dealing profits	23 686	58 441	277	7 723	-	90 127
Income from long-term assurance business	-	5 082	-	-	-	5 082
Return on shareholder's funds in the long-term assurance business	-	24 122	-	-	-	24 122
Other operating income	3 956	7 054	11	1 175	-	12 196
Operating income	**244 114**	**258 342**	**26 081**	**32 317**	**-**	**560 854**
Administration expenses	(197 079)	(158 149)	(15 824)	(24 136)	-	(395 188)
Depreciation	(5 204)	(5 898)	(259)	(1 087)	-	(12 448)
Provision for bad and doubtful debts	(3 097)	(16 746)	(372)	(743)	-	(20 958)
Operating profit before amortisation and impairment of goodwill	**38 734**	**77 549**	**9 626**	**6 351**	**-**	**132 260**
Share of income/(loss) of associated companies	-	11 381	(300)	124	-	11 205
Amortisation and impairment of goodwill of associate	-	(2 132)	-	-	-	(2 132)
Amortisation and impairment of goodwill	(12 919)	(31 673)	(6 052)	-	-	(50 644)
Other exceptional items	-	13 632	-	-	(5 103)	8 529
Profit/(loss) on ordinary activities before taxation	**25 815**	**68 757**	**3 274**	**6 475**	**(5 103)**	**99 218**
Taxation	(6 300)	(16 291)	(2 833)	(3 075)	-	(28 499)
Minorities	(41)	(1 267)	-	(505)	-	(1 813)
Profit/(loss) attributable to shareholders	**19 474**	**51 199**	**441**	**2 895**	**(5 103)**	**68 906**
Net intercompany interest	(8 787)	10 259	(369)	(1 103)	-	-
ROE (post-tax)	8.4%	29.0%	14.1%	9.2%	-	15.4%
Cost to income ratio	82.9%	63.5%	61.7%	78.0%	-	72.7%
Effective tax rate	16.3%	20.1%	29.4%	48.4%	-	27.5%
Number of employees	1 431	2 627	112	288	-	4 458

Notes to the financial statements

For the year ended 31 March £'000	United Kingdom, Europe	Southern Africa	Australia	Other geographies	Total group
2. Segmental analysis (continued)					
Total assets 2005					
Cash and balances at central banks	9 012	94 810	1 308	-	105 130
Treasury bills and other eligible bills	6 812	181 441	135 369	-	323 622
Loans and advances to banks	2 245 854	694 025	21 693	237	2 961 809
Loans and advances to customers	2 900 889	4 169 837	320 312	-	7 391 038
- core advances	1 944 154	3 583 622	320 312	-	5 848 088
- cash and cash equivalents	956 735	586 215	-	-	1 542 950
Debt securities	1 088 806	840 812	47 142	10 104	1 986 864
Equity shares	273 844	155 724	3 457	6 938	439 963
Interests in associated undertakings	2 604	-	343	612	3 559
Other participating interests	9 124	-	-	-	9 124
Intangible fixed assets	124 157	62 958	6 202	-	193 317
Tangible fixed assets	16 942	106 471	1 292	317	125 022
Other assets	631 891	563 991	4 865	1 558	1 202 305
Prepayments and accrued income	68 097	53 114	1 685	3	122 899
Long-term assurance assets	-	3 046 022	-	-	3 046 022
Total assets	**7 378 032**	**9 969 205**	**543 668**	**19 769**	**17 910 674**
Tangible NAV by geography	225 513	433 201	106 446	8 779	773 939
Total assets 2004					
Cash and balances at central banks	8 639	104 852	2 501	247 870	363 862
Treasury bills and other eligible bills	6 663	187 427	138 118	-	332 208
Loans and advances to banks	952 649	550 675	65 300	136 091	1 704 715
Loans and advances to customers	2 424 343	3 477 614	252 915	192 160	6 347 032
- core advances	1 419 539	2 981 061	252 915	192 160	4 845 675
- cash and cash equivalents	1 004 804	496 553	-	-	1 501 357
Debt securities	638 036	678 403	-	149 998	1 466 437
Equity shares	254 849	158 881	2 261	2 263	418 254
Interests in associated undertakings	1 180	66 726	1 298	802	70 006
Other participating interests	9 135	-	-	-	9 135
Intangible fixed assets	144 327	95 443	11 738	-	251 508
Tangible fixed assets	18 068	113 752	1 234	13 272	146 326
Other assets	478 429	576 049	3 764	22 889	1 081 131
Prepayments and accrued income	47 265	41 547	1 356	(8 657)	81 511
Long-term assurance assets	-	3 046 650	-	-	3 046 650
Total assets	**4 983 583**	**9 098 019**	**480 485**	**756 688**	**15 318 775**
Tangible NAV by geography	150 777	207 713	108 212	48 163	514 865

The Statement of Recommended Practice on Segmental Reporting by Banks recommends, inter alia, net assets to be disclosed by class of business and geographical segment. In the view of the directors it would not be meaningful to provide this information by class of business since the economic capital of certain significant businesses of the group is not held in, or allocated to, these businesses, but is held centrally.

The Statement of Recommended Practice on Segmental Reporting by Banks and the Companies Act recommends the disclosure by geographical segment of gross income, consisting of interest receivable, dividend income, fees and commissions receivable, dealing profits and other operating income. In the view of the directors, interest receivable and fees and commissions receivable are monitored on a net basis and an aggregate split of fees and commissions receivable and payable by geographical segment would not provide meaningful disclosure. Consequently, gross income is not separately disclosed.

2. Segmental analysis (continued)

The statement of Recommended Practice on Segmental Reporting by banks recommends that the geographical analysis be based on the location of the office at which the transaction was recorded or the location of the customer. The group geographical analysis is based on the location of the office at which the transaction was recorded, except for the traded endowment business. Although the traded endowment business is conducted and recorded in the United Kingdom, it has been allocated to the South African segment as the business is held by Investec Limited and managed as part of the South African operations.

As the business of the group is mainly that of banking and insurance, no segmental analysis of turnover is given.

A breakdown of business and geographical operating profit before exceptional items and goodwill amortisation is shown below:

For the year ended 31 March £'000	United Kingdom, Europe	Southern Africa	Australia	Other geographies	Total group
2005					
Private Client Activities	45 081	33 586	4 119	2 051	84 837
Treasury and Specialised Finance	15 527	31 121	1 496	(210)	47 934
Investment Banking	15 290	26 186	3 515	2 165	47 156
Asset Management	5 373	32 617	-	185	38 175
Property Activities	5 071	7 233	-	-	12 304
Assurance Activities	-	7 765	-	-	7 765
Group Services and Other Activities	(25 394)	(5 571)	2 328	(1 191)	(29 828)
Total group	**60 948**	**132 937**	**11 458**	**3 000**	**208 343**
2004					
Private Client Activities	30 627	19 610	3 025	600	53 862
Treasury and Specialised Finance	14 015	18 887	436	2 467	35 805
Investment Banking	2 939	27 147	4 312	3 321	37 719
Asset Management	1 614	22 740	-	257	24 611
Property Activities	1 521	8 605	-	-	10 126
Assurance Activities	-	4 582	-	-	4 582
Group Services and Other Activities	(11 982)	(24 022)	1 853	(294)	(34 445)
Total group	**38 734**	**77 549**	**9 626**	**6 351**	**132 260**

Notes to the financial statements

For the year ended 31 March £'000	2005	2004
2. Segmental analysis (continued)		
Further breakdowns of businesses line operating profit before exceptional items and goodwill amortisation are shown below:		
Private Client Activities		
Private Banking	71 148	45 397
Private Client Portfolio Management and Stockbroking	13 689	8 465
	84 837	**53 862**
Treasury and Specialised Finance		
Banking Activities	43 233	29 878
Financial Market Activities	4 701	5 927
	47 934	**35 805**
Investment Banking		
Corporate Finance	8 226	8 206
Institutional Research and Sales and Trading	5 592	4 129
Direct Investments	14 736	18 635
Private Equity	18 602	6 749
	47 156	**37 719**
Asset Management and Assurance		
Asset Management	38 175	24 611
Assurance	7 765	4 582
	45 940	**29 193**
Property Activities	**12 304**	**10 126**
Group Services and Other Activities		
International Trade Finance	3 490	2 725
USA continuing operations	(1 022)	178
Traded Endowments	(813)	(3 279)
	1 655	(376)
Central Funding	(1 170)	(8 342)
Central Costs	(30 313)	(25 727)
	(29 828)	**(34 445)**
	208 343	**132 260**
3. Dividend income		
Income from equity shares	9 887	3 450
4. Dealing profits		
Interest rate instruments	12 051	(4 121)
Foreign exchange instruments	14 876	9 031
Commodities trading	(4 550)	(4 903)
Profit on disposal of dealing properties	921	4 875
Equities and other securities	44 174	83 373
Traded endowments	1 275	1 872
	68 747	90 127

For the year ended 31 March
£'000

	2005	2004
5. Administrative expenses		
Staff costs (including directors' remuneration)		
Wages and salaries	276 404	239 336
Social security costs	13 705	12 951
Pension and provident fund contributions	12 971	12 947
	303 080	265 234
Other administrative expenses		
Premises (excluding depreciation)	4 761	8 885
Operating lease rental expenses	25 018	17 363
Equipment (excluding depreciation and operating rental expenses)	22 112	22 838
Business expenses	79 405	65 924
Marketing expenses	18 472	14 944
	149 768	129 954
	452 848	395 188
The following amounts were paid to the auditors		
Audit fees	3 630	2 751
Audit related fees	213	715
Other services	2 670	1 220
	6 513	4 686
Audit fees by audit firm		
Ernst & Young LLP	5 229	2 989
KPMG Inc	1 282	1 695
Other	2	2
	6 513	4 686
Number of employees		
The number of persons employed by the group was as follows:	**Number**	**Number**
Private Client Activities	1 681	1 622
Treasury and Specialised Finance	427	434
Investment Banking	245	275
Asset Management	723	784
Property Activities	225	210
Assurance	17	156
Group Services and Other Activities	845	977
	4 163	4 458

Details of the directors' emoluments, pensions and their interests are disclosed in the directors' remuneration report on pages 128 to 146.

	2005	2004
6. Group profits on ordinary activities before tax is stated after:		
Income:		
Gains on disposal/reclassifications of investment securities	15 047	12 828
Operating lease income	4 102	5 061

Notes to the financial statements

For the year ended 31 March £'000	2005	2004
7. Pension commitments		
Defined contributions	12 971	12 947
Pension and provident fund contributions	12 971	12 947

The group operates pension schemes throughout its areas of operation. The majority of the schemes are defined contribution schemes, with the exception of the Guinness Mahon Pension Fund Scheme ("GM Scheme") and the Investec Asset Management Pension scheme ("IAM Scheme") which are defined benefit schemes. These schemes have been valued at 31 March 2005 by qualified independent actuaries in accordance with FRS 17. The group has agreed with the trustees of both schemes that it will make contributions to both schemes so as to eliminate the deficit shown by the latest actuarial valuations over the seven year period beginning 1 April 2004.

The major assumptions used were:

31 March	2005	2004	2003
Discount rate	5.50%	5.60%	5.50%
Rate of increase in salaries	3.50%	3.65%	3.25%
Rate of increase in pensions in payment for pre 1997 pension (GM Scheme)	1.50%	1.90%	1.67%
Rate of increase in pensions in payment for post 1997 pension	2.70%	2.90%	2.50%
Inflation	2.90%	2.90%	2.50%

The assets held in the scheme and the expected rates of return were:

	Value at 2005 £'000	Long-term rate of return expected	Value at 2004 £'000	Long-term rate of return expected	Value at 2003 £'000	Long-term rate of return expected
GM Scheme						
Equities	25 557	7.70%	23 391	7.70%	17 986	6.50%
Gilts	43 484	4.70%	43 933	4.70%	32 484	4.50%
Insurance policy	-	-	-	-	9 405	5.50%
Cash	5 606	4.75%	1 041	4.00%	2 934	3.75%
Total market value of assets	74 647		68 365		62 809	
Present value of plan liabilities	(82 871)		(83 186)		(74 456)	
Deficit in the plan	(8 224)		(14 821)		(11 647)	
Related deferred tax asset	2 467		4 446		3 494	
Net pension liability	(5 757)		(10 375)		(8 153)	
IAM Scheme						
Equities	4 743	7.70%	5 059	7.70%	3 804	8.25%
Gilts	2 051	4.70%	1 492	4.70%	1 386	4.50%
Cash	496	4.75%	222	4.00%	527	3.75%
Total market value of assets	7 290		6 773		5 717	
Present value of plan liabilities	(9 857)		(9 047)		(8 414)	
Deficit in the plan	(2 567)		(2 274)		(2 697)	
Related deferred tax asset	770		682		809	
Net pension liability	(1 797)		(1 592)		(1 888)	

For the year ended 31 March	GM £'000	IAM £'000	Total £'000
7. Pension commitments (continued)			
The following amounts have been recognised in the performance statements in the year to 31 March:			
2005			
No amount has been charged to operating profit relating to current and past service costs as the schemes are closed.			
Analysis of amount credited (debited) to other finance income			
Expected return on pension scheme assets	3 920	464	4 384
Interest on pension scheme liabilities	(4 571)	(503)	(5 074)
Net interest expense	(651)	(39)	(690)
Analysis of amount recognised in the consolidated statement of recognised gains and losses (STRGL):			
Actual return less expected return on pension scheme assets	1 905	192	2 097
Experience gains and losses arising on the scheme liabilities	80	-	80
Changes in assumptions underlying the present value of the scheme liabilities	1 651	(442)	1 209
Actuarial gain/(loss)	3 636	(250)	3 386
Deferred tax	(1 091)	75	(1 016)
Actuarial gain/(loss) recognised in the STRGL	2 545	(175)	2 370
Movement in deficit during the year:			
Deficit in the scheme at beginning of the year	(14 821)	(2 274)	(17 095)
Movement in year:			
Employer contributions	3 612	53	3 665
Other outgoings	-	(57)	(57)
Net interest expense	(651)	(39)	(690)
Actuarial gain/(loss)	3 636	(250)	3 386
Deficit in scheme at end of year	(8 224)	(2 567)	(10 791)
Deferred tax	2 467	770	3 237
	(5 757)	(1 797)	(7 554)
2004			
No amount has been charged to operating profit relating to current and past service costs as the schemes are closed.			
Analysis of amount credited (debited) to other finance income			
Expected return on pension scheme assets	3 183	390	3 573
Interest on pension scheme liabilities	(4 015)	(460)	(4475)
Net interest expense	(832)	(70)	(902)
Analysis of amount recognised in the STRGL:			
Actual return less expected return on pension scheme assets	5 311	852	6 163
Experience gains and losses arising on the scheme liabilities	(1 871)	-	(1 871)
Changes in assumptions underlying the present value of the scheme liabilities	(5 782)	(359)	(6 141)
Actuarial (loss)/gain	(2 342)	493	(1 849)
Deferred tax	703	(148)	555
Actuarial (loss)/gain recognised in the STRGL	(1639)	345	(1294)
Movement in deficit during the year:			
Deficit in the scheme at beginning of the year	(11 647)	(2 697)	(14 344)
Movement in year:			
Net interest expense	(832)	(70)	(902)
Actuarial loss	(2 342)	493	(1 849)
Deficit in scheme at end of year	(14 821)	(2 274)	(17 095)
Deferred tax	4 446	682	5 128
	(10 375)	(1 592)	(11 967)

For the year ended 31 March	GM £'000	IAM £'000	Total £'000
7. Pension commitments (continued)			
2003			
Analysis of amount credit to other finance income			
Expected return on pension scheme assets	4 001	524	4 525
Interest on pension scheme liabilities	(4 001)	(458)	(4 459)
Net return	-	66	66
Analysis of amount recognised in statement of total recognised gains and losses (STRGL):			
Actual return less expected return on pension scheme assets	(9 038)	(1 654)	(10 692)
Experience gains and losses arising on the scheme liabilities	(451)	394	(57)
Changes in assumptions underlying the present value of the scheme liabilities	(4 968)	(962)	(5 930)
Impact of change in irrecoverable surplus	2 810		2 810
Actuarial loss	(11 647)	(2 222)	(13 869)
Deferred tax	3 494	668	4 162
Actuarial loss recognised in the STRGL	(8 153)	(1 554)	(9 707)
Movement in surplus/(deficit) during the year:			
Surplus in the scheme at beginning of the year	2 429	(541)	1 888
Movement in year:			
Net returns	-	66	66
Actuarial loss	(14 076)	(2 222)	(16 298)
Deficit in scheme at end of year	(11 647)	(2 697)	(14 344)
History of experience gains and losses: 1 April 2004 to 31 March 2005			
Difference between the expected and actual return on scheme assets:			
Amount (£'000)	1 905	192	2 097
Percentage of scheme assets at year end	2.6%	2.6%	2.6%
Experience gains and losses of scheme liabilities:			
Amount (£'000)	80	-	80
Percentage of the present value of the scheme liabilities at year end	0.1%	-	0.1%
Amount recognised in STRGL:			
Amount (£'000)	3 636	(250)	3 386
Percentage of the present value of the scheme liabilities at year end	4.4%	(2.5%)	3.7%
The GM Scheme is closed to new entrants and accruals of service ceased on 31 March 2002.			
History of experience gains and losses: 1 April 2003 to 31 March 2004			
Difference between the expected and actual return on scheme assets:			
Amount (£'000)	5 311	852	6 163
Percentage of scheme assets at year end	7.8%	12.6%	8.2%
Experience gains and losses of scheme liabilities:			
Amount (£'000)	(1 871)	-	(1 871)
Percentage of the present value of the scheme liabilities at year end	(2.2%)	-	(2.0%)
Amount recognised in STRGL:			
Amount (£'000)	(2 342)	493	(1 849)
Percentage of the present value of the scheme liabilities at year end	(2.8%)	5.4%	(2.0%)

Contributions in the year ended 31 March 2004 were £NIL for both schemes.

8. Non-operational exceptional items

2005

Net loss on termination and disposal of group operations-continuing largely comprises:

- Profits of £8.1 million arising on the sale of the group's investment in Capital Alliance Holdings Limited to Liberty Group Limited.
- Profits of £5.9 million and an impairment of goodwill of £7.7 million arising on the reinsurance of the group risk business in Investec Employee Benefits to Capital Alliance Holdings Limited.

- Losses arising on the sale of the banking subsidiary in Israel of £6.3 million largely relating to a write down in the value of the buildings it occupied.
- Losses of £3.7 million and an impairment of goodwill of £2.7 million arising on the closure of the Traded Endowment operation in the UK.

2004

- Losses of £5.1 million on termination of the group's operations in the US were recorded. The group made a final exceptional charge (including future run-off costs) for the closure of these operations. This charge was raised in the first half of the financial year and to the extent that any costs are incurred in future periods (inclusive of the second half of the 2004 financial year) in excess of this charge, they will be treated as non-exceptional operating expenses. There was no tax or minority effect on the above.
- A £13.6 million profit on disposal of group operations relating to the sale of the companies, 100 Grayston Drive Property (Pty) Limited, Block E Power Station Properties (Pty) Limited, Westrust (Pty) Ltd, and Investec Bank (Botswana) Limited at market value. The tax effect and minority interest in relation to the £13.6 million profit was £678 000 and £75 000, respectively.

For the year ended 31 March £'000	2005	2004
9. Tax		
Corporation tax		
United Kingdom		
- current tax on income for the year	2 621	1 330
- adjustments in respect of prior years	(11)	(521)
- corporation tax before double tax relief	2 610	809
- double tax relief	(2 621)	(1 425)
	(11)	(616)
Overseas current tax charge:		
Current tax on income for the year		
Europe	1 115	2 553
Southern Africa	28 514	9 920
Australia	3 537	2 962
Israel	1 463	3 678
USA	(3)	(47)
Other	2 208	(352)
	36 834	18 714
Adjustment in respect of prior years:		
Southern Africa	-	3 587
	-	3 587
Secondary taxation on companies(*)	223	783
Total current tax	37 046	22 468
Deferred tax		
United Kingdom		
- tax on income for the year	15 799	4 869
- prior year	(5 155)	(506)
	10 644	4 363
Overseas deferred tax		
Southern Africa(**)	9 605	2 001
Australia	(30)	(129)
Israel	-	(204)
	9 575	1 668
Total deferred tax	20 219	6 031
Total tax charge for the year	57 265	28 499

(*) Secondary taxation on companies is a tax on dividends declared by South African entities. The rate of taxation is 12.5% on the net dividend being dividends declared less dividend credits.
(**) Includes a net credit of £0.4 million relating to the reduction of corporation tax from 30% to 29% effective from 1 April 2005.

Notes to the financial statements

For the year ended 31 March £'000	2005	2004
9. Tax (continued)		
The rates of corporation tax for the relevant years are:		
United Kingdom	30%	30%
Europe (average)	20%	20%
South Africa	30%	30%
Australia	30%	30%
Israel	36%	45%
USA(*)	35%	35%
Profit on ordinary activities before taxation	158 749	99 218
Tax on profit on ordinary activities	57 265	28 499
Effective tax rate	36.1%	28.7%
The tax charge on activities for the year is different to the standard rate as detailed below:		
Tax on profit on ordinary activities before taxation, at UK rate of 30%	47 625	29 765
Tax adjustments relating to foreign earnings(**)	(6 828)	(12 304)
Taxation relating to prior years	(11)	(521)
Capital allowances in excess of depreciation	(4 696)	(7 405)
Goodwill and exceptional items	8 113	7 226
Permanently disallowed items for corporation tax purposes	6 804	6 543
Losses utilised in the year	(3 767)	(2 269)
Losses carried forward	-	982
Non taxable income	(8 880)	-
Other timing differences	(1 314)	451
Current tax charge	37 046	22 468
Items which affect the tax rate going forward are:		
Estimated gross tax losses, arising from trading activities, available for relief against future taxable income:		
United Kingdom	-	15 500
Europe	-	29 405
South Africa	2 465	6 484
	2 465	51 389

- £nil (2004 - £3 million) of the above losses had been recognised as deferred tax assets.

(*) These are the statutory federal tax rates and therefore exclude state and local income taxed which range from 7.3% to 9%.
(**) Includes the effect of goodwill and exceptional items arising in foreign jurisdictions.

For the year ended 31 March

£'000	2005	2004
10. Dividends and earnings per share		
Ordinary dividends - pence per share		
Interim	30.0	28.0
Final	37.0	30.0
	67.0	58.0
Ordinary dividends		
Interim	31 626	25 277
Final	38 963	30 879
	70 589	56 156
Preference dividends		
Dividends	13 017	7 553
Total dividends	83 606	63 709
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 by the weighted average number of ordinary shares in issue during the period.	81.5	60.0
Group profit attributable to the shareholders per profit and loss account	100 524	68 906
Preference dividends	(13 017)	(7 553)
Group profit attributable to ordinary shareholders	87 507	61 353
Diluted earnings per share - pence per share		
Diluted earnings per share is calculated by dividing the profit attributable to the ordinary shareholders of Investec, 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.	79.0	59.6
Group profit attributable to ordinary shareholders	87 507	61 353
Weighted average number of shares in issue during the year	118 633 273	113 033 273
Weighted average number of treasury shares	(11 270 934)	(10 733 202)
	107 362 339	102 300 071
Weighted average number of shares in issue resulting from future dilutive potential shares	4 975 253	718 364
Weighted average number of shares resulting from future dilutive convertible instruments	3 573 995	-
Adjusted weighted number of shares potentially in issue	115 911 587	103 018 435

For the year ended 31 March
£'000

	2005	2004
10. Dividends and earnings per share (continued)		
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 by the weighted average number of ordinary shares in issue during the year.	140.8	103.8
Profit attributable to ordinary shareholders	100 524	68 906
Amortisation and impairment of goodwill	51 807	50 644
Loss/(profit) on termination and disposal of group operations (net of taxation and minority interest)	8 635	(13 029)
Provision for losses on termination and disposal of group operations (net of deferred tax)	-	5 103
Amortisation of goodwill of associates	3 197	2 132
Preference dividends	(13 017)	(7 553)
Earnings attributable to ordinary shareholders excluding goodwill and exceptional items	151 146	106 203
Reconciliation between earnings per share and earnings per ordinary share before exceptional items and amortisation of goodwill		
Earnings per ordinary share	81.5	60.0
Amortisation and impairment of goodwill	48.3	49.5
Loss/(profit) on termination and disposal of group operations		
- continuing (net deferred tax and minority interest)	8.0	(12.7)
Provision for losses on termination and disposal of group operations (net of deferred tax)	-	5.0
Amortisation of goodwill of associates	3.0	2.0
Earnings per ordinary share before exceptional items and amortisation of goodwill	140.8	103.8
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".	141.7	103.5
Profit attributable to ordinary shareholders	87 507	61 353
Amortisation and impairment of goodwill	51 807	50 644
Loss/(profit) on termination and disposal of group operations (net of taxation and minority interest)	8 635	(13 029)
Provision for losses on termination and disposal of group operations (net of deferred tax)	-	5 103
Amortisation of goodwill of associates	3 197	2 132
Profit on sale of available for sale equities	-	(330)
Impairment of owner occupied property	1 017	-
Headline earnings attributable to ordinary shareholders	152 163	105 873

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.

For the year ended 31 March
£'000

	2005	2004
11. Treasury bills and other eligible bills		
Dealing securities held at fair value		
Treasury bills	38 424	20 631
Other unlisted eligible bills with banks	143 016	166 796
	181 440	187 427
Investment securities held at cost		
Other unlisted eligible bills with banks	142 182	144 781
	142 182	144 781
	323 622	332 208
Investment securities:		
Opening balance	144 781	68 318
Purchases	1 013 937	1 441 803
Maturities	(1 014 935)	(1 373 654)
Exchange adjustments	(1 601)	8 314
Closing balance	142 182	144 781

Treasury bills and other eligible bills are mainly short term in maturity with a book value not materially different from market value.

	2005	2004
12. Loans and advances to banks		
Remaining maturity:		
Repayable on demand	1 949 187	809 032
Up to three months, excluding on demand	932 587	833 481
Three months to one year	78 406	52 277
One year to five years	1 629	9 925
	2 961 809	1 704 715

For the year ended 31 March
£'000

	2005	2004
13. Loans and advances to customers		
Remaining maturity:		
Repayable on demand or at short notice	1 709 435	1 551 320
Up to three months, excluding on demand or at short notice	415 197	655 115
Three months to one year	972 109	704 048
One year to five years	2 609 156	1 867 477
Greater than five years	1 775 518	1 659 301
Provision for bad and doubtful debts	(90 377)	(90 229)
	7 391 038	6 347 032
Included in loans and advances to customers are:		
Core loans and advances to customers	5 938 465	4 935 904
Net investment in finance leases	129 740	51 889
Net investment in HP contracts	137 678	139 573
Non-performing loans	56 717	90 347
Less : Security held against non-performing loans	(34 833)	(64 904)
Net non-performing loans	21 884	25 443

All of the net non-performing loans are covered by specific provisions.

	2005	2004
14. Provisions for bad and doubtful debts		
Specific provisions		
At beginning of year	29 869	30 813
Charged against income	11 284	4 547
- increase in provisions	11 284	4 820
- recoveries	-	(273)
Utilised	(11 031)	(6 964)
Transfers from general provisions	621	1 128
Acquired or disposed with subsidiaries	(7 770)	-
Exchange adjustments	(1 038)	345
At end of year	21 935	29 869

For the year ended 31 March
£'000

	2005	2004
14. Provisions for bad and doubtful debts (continued)		
General provisions		
At beginning of year	60 360	52 171
Charged against income	10 050	16 411
Disposed with subsidiaries	(1 150)	(295)
Utilised	-	(8 791)
Transfers to specific provisions	(621)	(1 128)
Exchange adjustments	(197)	1 992
At end of year	68 442	60 360
Total provisions		
At beginning of year	90 229	82 984
Charged against income	21 334	20 958
- increase in provisions	21 334	21 231
- recoveries	-	(273)
Acquired or disposed with subsidiaries	(8 920)	(295)
Utilised	(11 751)	(15 755)
Exchange adjustments	(515)	2 337
At end of year	90 377	90 229
15. Debt securities		
Dealing and market making securities at market value		
Government securities	106 034	194 849
Unlisted bank and building society certificates of deposit	151 734	9 674
Other debt securities	500 126	366 485
	757 894	571 008
The cost of dealing and market making securities has not been disclosed, as it cannot be determined without unreasonable expense.		
Investment securities at cost		
Government securities	86 646	205 225
Unlisted bank and building society certificates of deposit	705 460	475 993
Other unlisted debt securities	436 864	214 211
	1 228 970	895 429
Total debt securities	**1 986 864**	**1 466 437**
Amounts include:		
Unamortised net premiums on investment securities	68	-

The cost of the investment securities, all of which are held in the banking book, does not differ materially from the fair value.

Notes to the financial statements

For the year ended 31 March
£'000

	2005	2004
15. Debt securities (continued)		
Remaining maturity:		
Up to one year	1 056 204	974 856
Greater than one year	930 660	491 581
	1 986 864	1 466 437
The cost of dealing and market making securities is:	735 034	416 283
Investment securities		
Opening balance	895 428	1 282 862
By acquisition or disposal of subsidiary undertaking	(73 233)	-
Additions	1 424 724	1 002 175
Sold/matured	(929 419)	(1 378 921)
Exchange adjustments	(10 307)	(10 687)
Reclassification	(78 223)	-
Closing balance	1 228 970	895 429
16. Equity shares		
Dealing securities at market value		
Listed	349 831	284 603
Unlisted	71 335	98 601
	421 166	383 204
Investment securities at book value		
Listed	6 767	4 388
Unlisted	12 030	30 662
	18 797	35 050
	439 963	418 254
Investment securities at market value		
Listed	6 943	4 229

The market value of unlisted investment securities is not disclosed as its determination is not practicable. Unlisted investment securities are valued by the directors for impairment at each reporting date. This valuation is based on predicted cash flows. To the extent that the book value has been impaired, an impairment loss has been recognised in the profit and loss account.

The cost of dealing securities has not been disclosed, as its cost cannot be determined without unreasonable expense.

For the year ended 31 March

£'000	2005	2004
16. Equity shares (continued)		
Investment securities at book value		
At beginning of year	35 050	54 280
Additions	6 982	7 633
Provisions	12 144	9 063
Disposals	(35 775)	(25 598)
Reclassifications	-	(9 495)
Exchange adjustments	396	(833)
At end of year	18 797	35 050
Provisions on investment securities		
Opening Balance	(31 647)	(40 710)
Movement	12 144	9 063
Closing Balance	(19 503)	(31 647)
17. Interests in associated undertakings		
Interests in associated undertakings consist of:		
Net asset value	2 978	57 560
Goodwill	581	12 446
Investment in associated undertaking	3 559	70 006
Analysis of the movement in share of net assets:		
At beginning of year	57 560	48 720
Exchange adjustments	3 083	2 460
Acquisitions	229	-
Operating profits	14 045	7 436
Dividends received	(4 543)	-
Reduction in shareholding	(350)	(1 056)
Disposal of subsidiary undertaking	(258)	-
Disposal of shareholding in associate company*	(66 418)	-
At end of year	3 348	57 560

*In the prior year the the only significant investment held in associates was Capital Alliance Limited ("CAL"), which was disposed of in the current financial year.

Notes to the financial statements

For the year ended 31 March £'000	2005	2004
17. Interests in associated undertakings (continued)		
Analysis of the movement in goodwill:		
At beginning of year	12 446	13 702
Acquisitions	1 123	-
Goodwill amortisation	(2 894)	(2 132)
Disposal of subsidiary undertaking	(17)	-
Disposal of shareholding in associate company	(9 475)	-
Impairment of carrying value	(303)	-
Movement in foreign currency translation reserve	(669)	876
At end of year	211	12 446
Associated undertakings:		
Listed	-	66 667
Unlisted	3 559	3 339
	3 559	70 006
Market value of listed investments	-	50 905

All investments in 2005 are indirectly held. None of the individual investments are considered significant.

	2005	2004
18. Other participating interests		
Investment in other participating interest at book value	**9 124**	**9 135**
Analysis of the movement in investment:		
At beginning of year	9 135	-
Acquisitions	-	385
Exchange adjustments	(11)	-
Transfers from equities	-	8 750
At end of year	9 124	9 135
Other participating interests:		
Listed	374	385
Unlisted	8 750	8 750
	9 124	9 135

The only significant interest is a 35% investment in Hargreave Hale Limited. The directors do not consider Hargreave Hale Limited to be an associated undertaking because they do not exercise significant influence over the operating and financial policies of Hargreave Hale Limited.

For the year ended 31 March	Total £'000	Goodwill £'000	Negative goodwill £'000
19. Intangible fixed assets			
Year ended 31 March 2005			
Goodwill			
At 1 April 2004	621 320	645 155	(23 835)
Additions	3 557	8 580	(5 023)
Exchange adjustments	165	165	-
Cost at 31 March 2005	**625 042**	**653 900**	**(28 858)**
Accumulated amortisation and impairments			
Accumulated amortisation at 1 April 2004	369 812	393 647	(23 835)
Charge/(credit) to the profit and loss account	62 216	67 239	(5 023)
Exchange adjustments	(303)	(303)	-
Accumulated amortisation and impairments at 31 March 2005	**431 725**	**460 583**	**(28 858)**
Net book value at 31 March 2005	**193 317**	**193 317**	**-**
Year ended 31 March 2004			
Goodwill			
At 1 April 2003	612 497	629 327	(16 830)
Additions	(6 206)	799	(7 005)
Disposals	(18)	(18)	-
Exchange adjustments	15 047	15 047	-
Cost at 31 March 2004	**621 320**	**645 155**	**(23 835)**
Accumulated amortisation and impairments			
Accumulated amortisation at 1 April 2003	312 724	329 554	(16 830)
Charge/(credit) to the profit and loss account	50 644	57 649	(7 005)
Disposals	(7)	(7)	-
Exchange adjustments	6 451	6 451	-
Accumulated amortisation and impairments at 31 March 2004	**369 812**	**393 647**	**(23 835)**
Net book value at 31 March 2004	**251 508**	**251 508**	**-**

Additions comprise goodwill arising on the acquisition of subsidiaries which is being amortised over periods of between 3 and 20 years reflecting its expected useful life. For the majority of acquisitions the goodwill is amortised over 5 to 10 years.

Negative goodwill is released to the profit and loss account over a period of 1 to 4 years, reflecting the period expected to benefit.

Charge to the profit and loss account of £62.2 million comprises the following:

- Amortisation of goodwill of £41.5 million

- Impairment of £10.3 million
  - £8.8 million in respect of the portfolio of businesses acquired from Fedsure Group. The impairment calculation was based on a discounted cashflow valuation, utilising a discount rate of 12.8%.
  - £1.3 million in respect of the Swiss Trusts and fiduciary businesses. The impairment calculation was based on a discounted cashflow valuation, utilising a discount rate of 10.0%.
  - Other impairments of £0.2 million.

19. Intangible fixed assets (continued)

- Exceptional items of £10.4 million
- £7.7 million arising from the disposal of the risk business of Investec Employee Benefits.
- £2.7 million arising from the closure of the Traded Endowment business.

Included in the goodwill amortisation charge for 31 March 2004 are impairment losses of £8.3 million.

The goodwill attributable to Investec Ireland's Shannon subsidiary was fully impaired by £0.2 million.

An impairment review was conducted on the goodwill attributable to Fedsure Traded Endowments using a combination of value in use and discounted cash flow valuations. This resulted in an impairment of £8.1 million. A discount rate of 12.5% was applied in discounting cash flows of the income generating units.

20. Acquisitions

The group made the following acquisitions of subsidiary undertakings or net assets and operations in the year ended 31 March 2005 which were accounted for on an acquisition basis:

i. £5.1 million goodwill relating to the acquisition of two property management companies in South Africa.

ii. £3.1 million goodwill relating to the acquisition of South African private client business of HSBC.

iii. On 7 June 2004 a subsidiary of IBUK, Investec Group Investments (UK) Limited, acquired 100% of the issued share capital of ICF Investments Limited (formerly ING UK Corporate Finance Holdings Limited) by way of a cash consideration. £5.0 million negative goodwill arose as a result of the acquisition of ICF Investments Limited.

iv. Other immaterial acquisitions giving raise to net goodwill of £0.4 million.

The acquisitions were satisfied by the payment of cash. Assets and liabilities at the date of acquisition and total consideration paid are disclosed in the table below.

For the year ended 31 March 2005 £'000	Book value at date of acquisition	Fair value adjustment	Fair values at date of acquisition
Loans and advances to banks	38 817	-	38 817
Debt securities, equity shares and investments in associates	989	-	989
Prepayments and accrued income	14	-	14
Other assets - deferred tax	-	8 880	8 880
Total assets	39 820	8 880	48 700
Other liabilities	(38 000)	-	(38 000)
Accruals and deferred income	(294)	(2 000)	(2 294)
	(38 294)	(2 000)	(40 294)
Net assets/fair value of net assets	1 526	6 880	8 406
Net goodwill			3 557
Fair value of consideration			11 963

The fair value adjustments relate mainly to deferred tax assets available to the acquiror but not recognised by the company acquired.

20. Acquisitions (continued)

Disposals

The group disposed of its interest in the risk business of Investec Employee Benefits during the year which resulted in a reduction in goodwill of £7.7 million.

£2.7 million of goodwill was written off as result of the closure of the Traded Endowment business.

The interest in the business in Israel was disposed of in the current year, there was no impact on goodwill.

21. Tangible fixed assets

£'000	Freehold properties	Leasehold improve-ments	Furniture & vehicles	Equipment	Investment property	Total
Cost or valuation						
At 31 March 2004	**14 870**	**26 436**	**26 966**	**47 875**	**100 231**	**216 378**
Exchange adjustments	152	(83)	13	(115)	(478)	(511)
Revaluation of investment properties	-	-	-	-	5 811	5 811
Disposal of a subsidiary undertaking	(14 025)	-	(8 487)	-	(11 784)	(34 296)
Reclassifications	-	-	(113)	305	-	192
Additions	110	1 080	2 425	3 555	1 625	8 795
Disposals	-	(3 562)	(2 953)	(1 031)	-	(7 546)
At 31 March 2005	**1 107**	**23 871**	**17 851**	**50 589**	**95 405**	**188 823**
Accumulated depreciation and amortisation						
At 31 March 2004	**-**	**(11 513)**	**(19 978)**	**(38 561)**	**-**	**(70 052)**
Exchange adjustments	(39)	105	3	95	-	164
Disposal of a subsidiary undertaking	1 240	-	6 693	-	-	7 933
Reclassifications	-	-	23	(215)	-	(192)
Disposals	-	3 169	1 083	4 134	-	8 386
Charge for the year	(1 246)	(1 100)	(1 022)	(6 672)	-	(10 040)
At 31 March 2005	**(45)**	**(9 339)**	**(13 198)**	**(41 219)**	**-**	**(63 801)**
Net book value						
At 31 March 2004	**14 870**	**14 923**	**6 988**	**9 314**	**100 231**	**146 326**
At 31 March 2005	**1 062**	**14 532**	**4 653**	**9 370**	**95 405**	**125 022**

The group values its investment properties twice annually. The properties were valued by directors of the company concerned. The valuation is performed by capitalising the budgeted annual net income of a property at the market related yield applicable at the time. No depreciation is provided on investment properties.

Notes to the financial statements

For the year ended 31 March
£'000

	2005	2004
21. Tangible fixed assets (continued)		
Cost of investment properties	46 377	57 089
Carrying value of properties occupied by group entities	15 594	29 793
22. Other assets		
Settlement debtors	644 547	385 900
Deferred tax asset (refer to note on deferred taxation)	32 158	33 745
Derivative instruments positive fair values	430 722	522 960
Dealing properties	33 235	46 236
Other investments	991	14 689
Traded endowments	-	11 380
Other debtors	60 652	66 221
	1 202 305	1 081 131
23. Long-term assurance business attributable to shareholder		
Investec Employee Benefits Limited		
The embedded value comprises:		
Net tangible assets of life company including surplus	257 619	343 590
Reallocated to investments in associated undertakings	-	(58 832)
Elimination of intercompany balances	(21 621)	(27 842)
Value of in-force business	(5 113)	8 399
	230 885	265 315
Movements in embedded value		
At beginning of year	265 315	108 528
Profit per profit and loss account	7 763	5 082
Return on shareholder's funds	42 837	24 122
Exchange adjustments	(734)	12 244
Gain on revaluation of investment properties	-	4 327
Dividends to shareholder	(88 143)	-
Reclassification of shareholder's assets	3 847	111 012
At end of year	230 885	265 315
Income from long-term assurance business comprises:		
Premium income	252 029	264 423
Investment income	145 760	157 717
Total income	397 789	422 140
Operating expenses	(19 304)	(19 029)
Policyholders' benefits paid	(361 671)	(416 556)
Decrease in technical provisions	110 921	139 280
Re-insurance premium expense	(117 223)	(115 972)
Operating profit	10 512	9 863
Tax charged to technical account	(4 923)	(5 564)
Surplus attributable to shareholders	5 589	4 299
Movement in value of in-force business	2 174	783
Income from long-term assurance business	7 763	5 082

For the year ended 31 March
£'000

	2005	2004

23. Long-term assurance business attributable to shareholder (continued)

No current taxation has been provided on the surplus attributable to shareholders due to the availability of brought forward taxation losses. A deferred tax charge of £10.26 million (2004: £5.25 million) has been raised representing a reduction in the deferred tax asset attributable to shareholders in respect of the amount of taxation losses utilised during the current year.

Assumptions

The economic assumptions are based upon a long-term view of economic activity in South Africa and are therefore not adjusted for market movements which are considered to be short term. This approach is considered to be the most appropriate given the long-term nature of the portfolio of products and that the business is located in South Africa. The economic assumptions are derived by adding appropriate long term risk/equity margins to the benchmark gilt (i.e. R153 South African government bond). The principal economic assumptions which have been used are as follows:

	%	%
Risk-adjusted discount rate	11.3	12.8
Return on equities (gross of tax)	10.3	11.8
Return on fixed interest securities (gross of tax)	8.3	9.8
Return on property investments (gross of tax)	9.3	10.8
Return on cash held (gross of tax)	6.3	7.8
Inflation rate	5.3	6.8

Balance sheet

The assets of the long-term assurance fund attributable to the shareholder are detailed below:	**£'000**	**£'000**
Investments	270 777	326 264
Intercompany loans due	21 621	27 842
Other assets	39 349	61 207
Assets of the long-term assurance fund attributable to the shareholder	331 747	415 313
Current liabilities	(74 128)	(71 723)
	257 619	343 590

Investments shown above comprise:		
Interest bearing securities	14 818	40 118
Stocks, shares, and unit trusts	93 020	94 448
Investment properties	115 449	76 484
Associate	-	58 832
Deposits	47 490	56 382
	270 777	326 264

For the year ended 31 March
£'000

	2005	2004
24. Long-term assurance business attributable to policyholders		
Long-term assurance business attributable to policyholders		
Investec Employee Benefits Limited	1 118 698	1 257 948
Investec Assurance Limited	1 696 439	1 523 387
	2 815 137	2 781 335
Investec Employee Benefits Limited		
The assets of the long-term assurance fund attributable to policyholders are detailed below:		
Investments	1 118 698	1 257 948
Investments shown above comprise:-		
Interest bearing securities	106 698	264 270
Stocks, shares, and unit trusts	670 040	622 271
Deposits	341 960	371 407
	1 118 698	1 257 948
Investec Assurance Limited		
The assets of the long-term assurance fund attributable to policyholders are detailed below:		
Investments	1 659 079	1 501 377
Debtors and prepayments	32 138	18 300
Other assets	5 222	3 710
	1 696 439	1 523 387
Investments shown above comprise:		
Interest bearing securities	353 840	369 076
Stocks, shares, and unit trusts	794 704	604 489
Investment properties	-	1 500
Deposits	510 535	526 312
	1 659 079	1 501 377

The business of Investec Assurance Limited is that of linked business with retirement funds. The retirement funds hold units in a pooled portfolio of assets via a linked policy issued by the company. The assets are beneficially held by Investec Assurance Limited. Due to the nature of a linked policy, Investec Assurance Limited's liability to the policyholders is equal to the market value of the assets underlying the policies.

	2005	2004
The liabilities to policyholders comprise:		
Technical provisions	216 084	342 803
Funds for future appropriations	902 614	915 145
Technical provisions for linked liabilities	1 696 439	1 523 387
	2 815 137	2 781 335

Liabilities relating to Investec Employee Benefits of £1 395 million have been reinsured with CAL (£1 073 million) and Liberty Group Limited (£322 million). Until such time as a formal s37 (of the South African Long-Term Assurance Act) transfer is concluded, there remains a potential contingent liability.

For the year ended 31 March

£'000	2005	2004
25. Deposits by banks		
With agreed maturity date or periods of notice, by remaining maturity:		
Repayable on demand	151 652	259 940
Up to three months, excluding on demand	440 587	700 358
Three months to one year	157 704	247 383
One year to five years	140 919	18 217
Greater than five years	21 458	7 711
	912 320	1 233 609
26. Customer accounts		
With agreed maturity date or periods of notice, by remaining maturity:		
Repayable on demand	2 636 830	2 217 332
Up to three months, excluding on demand	2 947 623	3 757 976
Three months to one year	738 524	877 639
One year to five years	261 180	179 399
Greater than five years	221 272	178 946
	6 805 429	7 211 292
Redeemable preference shares issued by subsidiary undertakings of Investec Limited, which have been guaranteed by Investec Bank Limited, are included in customer accounts.	141 032	149 123
27. Debt securities in issue		
Bonds and medium term notes repayable:		
Over two years but not more than five years	295 211	-
Over five years	189 607	190 701
	484 818	190 701
Other unlisted debt securities in issue repayable:		
Not more than three months	670 414	213 496
Over three months but not more than one year	641 180	155 257
Over one year but not more than two years	89 945	35 663
Over two years but not more than five years	38 767	26 740
	1 440 306	431 156
	1 925 124	621 857

The bonds maturing over five years are listed on the Bond Exchange of South Africa. The maturity dates of the bonds are as noted below.

£78.6 million:
- final legal maturity of 15 December 2025.
- the group, subject to certain conditions being met, may at its discretion redeem these bonds at an earlier date but not before 15 December 2006.

£111.0 million:
- final legal maturity of 15 November 2029.
- the group, subject to certain conditions being met, may at its discretion redeem these bonds at an earlier date but not before 15 November 2007.

Notes to the financial statements

For the year ended 31 March
£'000

	2005	2004
28. Other liabilities		
Settlement creditors	1 037 535	989 128
Short positions in securities	1 892 731	519 792
Provision for deferred tax (refer to note on deferred taxation)	6 098	3 767
Current corporation tax	72 363	50 218
Shareholders for ordinary dividend	42 580	32 740
Derivatives negative fair values	226 736	194 934
Other creditors and accruals	459 858	179 276
	3 737 901	1 969 855
Short positions in securities comprise:		
Commodities - gold	1 295	4 974
Debt securities - government bonds	20 995	47 415
Equities - listed securities	1 870 441	467 403
	1 892 731	519 792
Included above is:		
Provision for losses on termination and disposal of group operations - discontinued		
At beginning of year	6 457	18 784
Additions to provisions during year	-	4 510
Utilisation of the provision during year	(3 492)	(14 851)
Exchange adjustments	(113)	(1 986)
At end of year	2 852	6 457
29. Deferred tax		
Deferred tax asset		
Deferred capital allowances	15 663	16 347
Tax relief in respect of the utilisation of tax losses brought forward against future taxable income	-	2 586
Income and expenditure accruals	16 495	14 755
Other timing differences	-	57
	32 158	33 745
Deferred tax liability		
Income and expenditure accruals	4 820	199
Unrealised gains on investments	924	3 546
Other timing differences	354	22
Deferred tax liability	6 098	3 767
Net deferred tax asset	26 060	29 978

For the year ended 31 March
£'000

	2005	2004
29. Deferred tax (continued)		
Reconciliation of net deferred tax asset		
Opening balance	29 978	21 975
Charge to profit and loss	(20 219)	(6 031)
Included within pension fund deficit liability	690	270
Charge to profit and loss relating to long-term assurance assets attributable to the shareholder	10 260	5 250
Arising on acquisitions	7 006	10 950
Exchange adjustments	(1 655)	(2 436)
Closing balance	26 060	29 978
30. Subordinated debt		
Subordinated debt		
Issued by Investec Finance plc		
- a wholly owned subsidiary of Investec Bank (UK) Limited which is a wholly owned subsidiary of Investec plc		
Guaranteed subordinated step-up notes	196 254	195 775
Issued by Investec Bank (UK) Limited		
Zero coupon bonds	23 262	6 596
Issued by Investec Limited		
Class "A" Series I Unsecured subordinated compulsorily convertible debentures ("CCD's")	-	1 293
Class "A"Series II Unsecured subordinated CCD's	-	2 332
Issued by Investec Bank Limited		
- a wholly owned subsidiary of Investec Limited		
Unsecured subordinated CCD's	21 646	21 743
Class "A" Unsecured subordinated CCD's	-	4 866
Class "A" Series II Unsecured subordinated CCD's	-	1 008
Class "B" Unsecured subordinated CCD's	-	1 989
Class "C" Unsecured subordinated CCD's	6 506	8 474
16% subordinated bonds 2012 issued in South African Rands	167 110	168 074
IV02 12.55% Subordinated unsecured callable bonds	85 217	85 708
	499 995	497 858

All subordinated debt issued by Investec Limited and its subsidiaries is denominated in South African Rand

For the year ended 31 March

£'000	2005	2004
30. Subordinated debt (continued)		
Remaining maturity:		
In one year or less, or on demand	-	7 863
In more than one year, but not more than two years	8 494	-
In more than two years, but not more than five years	42 920	40 438
In more than five years	448 581	449 557
	499 995	497 858

The compulsorily convertible debentures issued by Investec Bank Limited were split at issue into their debt and equity components. The equity components were sold to employee share trusts. The debt components were sold to third parties, represented by the amounts above.

Guaranteed subordinated step-up notes

On 1 March 2004 Investec Finance plc issued £200 000 000 of 7.75% guaranteed subordinated step-up notes due 2016 at a discount. Interest is paid annually. The notes are guaranteed by Investec Bank (UK) Limited and are listed on the Luxembourg Stock Exchange. The step-up notes may be redeemed by the issuer, at par, at any time after 1 March 2011, subject to the prior consent of the Financial Services Authority. On 1 March 2011 the interest rate will be reset to become the aggregate of 3.5% and the gross redemption yield of the relevant benchmark gilt.

Zero coupon bonds

On 25 March 2004 Investec Bank (UK) Limited issued 9 253 zero coupon bonds of £1 000 each at an effective yield of 6.89094%. The bonds mature on 25 March 2009.

On 29 July 2004 Investec Bank (UK) Limited issued 17 000 zero coupon bonds of US$1 000 each at an effective yield of 4.57%. The bonds mature on 31 July 2006. On 16 November 2004 Investec Bank (UK) Limited issued 10 434 zero coupon bonds of £1 000 each at an effective yield of 6.95%. The bonds mature on 16 November 2009.

Series I and II Class "A" debentures:

Interest is payable six monthly arrears on 1 May and 1 November of each year at a variable rate of 3% below the official rate as defined in the 7th schedule of the South African Income Tax Act of 1962. The debentures convert into ordinary shares, on a one for one basis, at the election of the holders. If not converted by election, the Series 1 debentures will automatically convert on 1 October 2008. The Series II debentures will automatically convert on 4 December 2010. These debentures are all held by the staff share schemes and are therefore eliminated on consolidation.

Unsecured subordinated CCD's

The compulsorily convertible debentures will convert into Investec Bank Limited ordinary shares, on a one for one basis, on 31 July 2008. The company at its discretion, may at the request of the holder convert at an earlier date.

The Investec Bank Limited shares arising out of the conversion have been sold forward by the holder thereof to Investec Limited in exchange for 3 573 994 Investec Limited ordinary shares.

Class A unsecured, Class A Series II, Class B and Class C unsecured CCD's:

The 5 000 000 Class A unsecured, 1 000 000 Class A Series II, 1 500 000 Class B and 2 000 000 Class C unsecured subordinated compulsorily convertible debentures were acquired by Investec Limited on 18 June 2002 in exchange for the issue of 9 500 000 Investec Group Limited shares. Pursuant to the implementation of the Dual Listed Company structure, the 9 500 000 Investec Group Limited shares were exchanged for 5 985 000 Investec plc shares and 3 515 000 Investec Limited shares.

16% subordinated bonds 2012 issued in South African Rands R1 961 million (2004 - R1 961 million) Investec Bank Limited 16% local registered unsecured subordinated bonds are due in 2012. Interest is paid six monthly in arrears on 31 March and 30 September at a rate of 16% per annum. The settlement date of the bonds is 31 March 2012.

IV02 12.55% Subordinated unsecured callable bonds

R1 000 million (2004 - R1000 million) Investec Bank Limited IV02 subordinated 12.55% unsecured callable bonds. The bonds redemption date is 31 March 2013 but the company has the option to call the bond on 31 March 2008. If not called, the bonds will switch to a floating rate of 3 month JIBAR plus 300 basis points payable quarterly in arrears until maturity.

For the year ended 31 March
£'000

	2005	2004
31. Called up share capital		
Investec plc		
Authorised		
The authorised share capital of Investec plc is £167 500 000 comprising: 112 000 000 ordinary shares of £0.001 each, 55 500 000 Special Converting Shares of £0.001 each, 1 Special Voting share of £0.001, 1 UK DAN Share of £0.001 and 1 UK DAS Share of £0.001		
The above is consistent with the prior year.		
Issued, allotted and fully paid		
Number of ordinary shares	**Number**	**Number**
At beginning and end of year	74 633 746	74 633 746
Nominal value of ordinary shares - GBP	**£'000**	**£'000**
At beginning and end of year	74	74
Number of special converting shares	**Number**	**Number**
At beginning of year	43 999 527	38 399 527
Issued during the year	-	5 600 000
At end of year	43 999 527	43 999 527
Nominal value of special converting shares - GBP	**£'000**	**£'000**
At beginning of year	44	38
Issued during the year	-	6
At end of year	44	44
Number of UK DAN shares	**Number**	**Number**
At beginning and end of year	1	1
Nominal value of UK DAN share - GBP	**£'000**	**£'000**
At beginning and end of year	-*	-*
Number of UK DAS shares	**Number**	**Number**
At beginning and end of year	1	1
Nominal value of UK DAS share - GBP	**£'000**	**£'000**
At beginning and end of year	-*	-*
Number of special voting shares	**Number**	**Number**
At beginning and end of year	1	1
Nominal value of special voting share	**Number**	**Number**
At beginning and end of year	-*	-*

* Less than £1 000

For the year ended 31 March
£'000

	2005	2004
31. Called up share capital (continued)		
Investec Limited		
Authorised		
The authorised share capital of Investec Limited is South African Rand 1 205 502 (2004: R205 502), comprising 55 500 000 (2004: 55 500 000) ordinary shares of South African Rand 0.001 each, 8 000 000 (2004: 8 000 000) convertible non-cumulative preference shares of South African Rand 0.001 each, 50 000 (2004: 50 000) variable rate cumulative redeemable preference shares of South African Rand 0.60 cents each, 100 000 000 (2004: 0) non-redeemable non-cumulative non-participating preference shares of South African Rand 0,01 each, 1 (2004: 1) SA DAS redeemable preference share of 1 South African Rand, 1 (2004: 1) SA DAN redeemable preference share of 1 South African Rand, 112 000 000 (2004: 112 000 000) convertible redeemable preference shares of South African Rand 0.001 each (special converting shares).		
Issued, allotted and fully paid		
Number of ordinary shares	**Number**	**Number**
At beginning of year	43 999 527	38 399 527
Issued during the year	-	5 600 000
At end of year	43 999 527	43 999 527
Nominal value of ordinary shares - GBP	**£'000**	**£'000**
At beginning of year	46	45
Issued during the year	-	1
At end of year	46	46
Number of perpetual preference shares	**Number**	**Number**
At beginning of year	-	-
Issued during the year	22 182 000	-
At end of year	22 182 000	-
Nominal value of perpetual preference shares - GBP	**£'000**	**£'000**
At beginning of year	-	-
Issued during the year	19	-
At end of year	19	-
Number of redeemable preference shares	**Number**	**Number**
At beginning of year	1 750	1 750
Issued during the year	2 208	-
At end of year	3 958	1 750
Nominal value of redeemable preference shares - GBP	**£'000**	**£'000**
At beginning and end of year	-*	-*
Number of special converting shares	**Number**	**Number**
At beginning and end of year	74 633 746	74 633 746
Nominal value of special converting shares - GBP	**£'000**	**£'000**
At beginning and end of year	5	5
Number of SA DAN shares	**Number**	**Number**
At beginning and end of year	1	1
Nominal value of SA DAN share - GBP	**£'000**	**£'000**
At beginning and end of year	-*	-*

For the year ended 31 March
£'000

	2005	2004
31. Called up share capital (continued)		
Number of SA DAS shares	Number	Number
At beginning and end of year	1	1
Nominal value of SA DAS share - GBP	£'000	£'000
At beginning and end of year	-*	-*
* Less than £1 000		
Nominal value of issued, allotted and fully paid called up share capital of Investec plc and Investec Limited		
Total called up share capital	188	169
Less: Held by Investec Limited	-	-
Less: Held by Investec plc	(4)	(4)
Total called up share capital	184	165

Included in the above is £19 000 (2004: nil) of the nominal value of perpetual preference shares.

The Investec Limited shares were issued in South African Rands. The amounts recorded above were calculated by reference to historic Sterling/Rand exchange rates.

The redeemable preference shares are all variable rate, cumulative and redeemable. The terms of the various issues are as follows: Shares issued at a premium of R99 999.40 per share pay a dividend annually in advance on 28 November of 10.83% of the subscription price (175 million) and are redeemable on 29 November 2005. Shares issued at a premium of R999 999.40 per share pay a dividend on 22 March and 20 September of 68% of SA prime of the subscription price (R600 million) and are redeemable on 22 March 2006. Shares issued at a premium of R999 999.40 per share pay a dividend on 30 March and 29 September of 65% of SA prime of the subscription price (R877 million) and are redeemable on 31 March 2014. Shares issued at a premium of R999 999.40 per share pay a dividend on 30 June, 30 September, 31 December and 31 March ranging between 69.5% and 69.8% of SA prime of the subscription price (R731 million) and are redeemable between 1 April 2014 and 12 May 2014.

The perpetual preference shares are non-redeemable non-cumulative and non-participating. The shares were issued at a premium of R104.49 per share. Preference shareholders will be entitled to receive dividends, if declared, at a rate of 70% of prime on R100 being the deemed value of the issue price of the preference share held. Preference shareholders receive dividends in priority to any payment of dividends to the holder of any other class of shares in the capital of the company not ranking prior or pari passu with the preference shares. An ordinary dividend will not be declared by Investec Limited unless the preference dividend has been declared. When declared, preference dividends are payable semi-annually at least seven business days prior to the date on which Investec Limited pays it ordinary dividends, if any, but shall be payable no later than 120 business days after 31 March and 30 September, respectively.

The holder of 2 775 000 Investec Limited and 4 725 000 Investec plc shares waived its right to dividends until 15 December 2004. The holder of 740 000 Investec Limited and 1 260 000 Investec plc shares has agreed to waive its right to dividends until 31 March 2008.

In terms of the Dual Listed Companies structure, shareholders have common economic and voting rights as if Investec plc and Investec Limited were a single company. These include equivalent dividends on a per share basis, joint electorate and class right voting, and equivalent position on the termination of either company.

The UK DAS shares, UK DAN share, SA DAS share, the SA DAN share and the special converting shares have been issued to achieve this.

Staff share scheme
The Bank operates a share option and a share purchase scheme for employees. The number of ordinary shares conditionally allocated to employees are disclosed in note 35.

For the year ended 31 March
£'000

	2005	2004
31. Called up share capital (continued)		
Movements in the number of share options issued for 1 share each, held by employees are as follows:		
Each option is in respect of one share.		
	Number	Number
Outstanding at 1 April	15 561 992	15 156 463
Issued during the year	1 006 911	2 062 413
Exercised	(1 735 641)	(31 477)
Lapsed	(3 982 232)	(1 625 407)
Outstanding at 31 March	10 851 030	15 561 992

The purpose of the Staff Share Scheme is to promote an "esprit de corps" within the organisation, create an awareness of Investec's performance and provide an incentive to maximise individual and group performance by allowing all staff to share in the risks and rewards of the group. Further information on the group share options and long-term incentive plans are provided on pages 131 to 137.

32. Treasury shares

	2005	2004
Treasury shares held by subsidiaries of Investec plc and Investec Limited		
Investec plc ordinary shares	56 316	57 374
Investec Limited ordinary shares	62 378	43 930
	118 694	101 304
Number of Investec plc ordinary shares held by subsidiaries	5 262 111	6 644 211
Number of Investec Limited ordinary shares held by subsidiaries	6 065 785	5 741 590
Total number of Investec plc and Investec Limited shares held by subsidiaries	11 327 896	12 385 801
Reconciliation of treasury shares	**Number**	**Number**
Opening balance	12 385 801	13 423 877
Purchase of own shares by subsidiary companies	3 052 347	1 703 268
Shares disposed of by subsidiaries	(4 110 252)	(2 741 344)
Closing balance	11 327 896	12 385 801
Market value of treasury shares:	**£'000**	**£'000**
Investec plc	81 826	72 355
Investec Limited	92 657	62 526
	174 483	134 881

Dividends on treasury shares have not been included in the profit and loss account.

For the year ended 31 March
£'000

	2005	2004
33. Shares to be issued		
Number of ordinary shares	**Number**	**Number**
At beginning of year	3 220 469	2 969 818
(Acquired)/sold by staff share scheme	(466 683)	250 651
At end of year	2 753 786	3 220 469
Nominal value of ordinary shares	**£'000**	**£'000**
At beginning of year	2 666	2 428
(Acquired)/sold by staff share scheme	(475)	238
At end of year	2 191	2 666

The amounts included in the above figures represent contributions received by the group in respect of employee share schemes. All of the 2 753 786 shares to be issued at 31 March 2005 are due to be issued on 31 July 2008. However, the company may on the election of the holder issue shares to the holders of these shares at an earlier date.

During the year the staff share scheme bought the rights in respect of 466 683 (2004: sold 250 651) shares to be issued.

34. Perpetual preference shares

	2005	2004
22 182 000 (2004: -) non-redeemable, non-cumulative, non-participating preference shares of 1 cent each, issued at a premium of R104.49 per share.	196 736	-

Preference shareholders will be entitled to receive dividends, if declared, at a rate of 70% of prime on R100 being the deemed value of the issue price of the preference share held. Preference shareholders receive dividends in priority to any payment of dividends to the holder of any other class of shares in the capital of the Company not ranking prior or pari passu with the preference shares.

An ordinary dividend will not be declared by Investec Limited unless the preference dividend has been declared. If declared, preference dividends are payable semi-annually at least seven business days prior to the date on which Investec Limited pays its ordinary dividends, if any, but shall be payable no later than 120 business days after 31 March and 30 September respectively.

	2005	2004
15 000 000 (2004: 15 000 000) authorised and issued non-redeemable, non-cumulative, non-participating preference shares.	127 064	127 797

Preference shareholders will be entitled to receive dividends, if declared, at a rate of 75% of prime of the issue price of the preference share held. Preference shareholders receive dividends in priority to any payment of dividends to the holder of any other class of shares in the capital of the company not ranking prior or pari passu with the preference shares.

An ordinary dividend will not be declared by Investec Limited unless the preference dividend has been declared. If declared, preference dividends are payable semi-annually at least seven business days prior to the date on which Investec Bank Limited pays its ordinary dividends, if any, but shall be payable no later than 120 business days after 31 March and 30 September respectively.

	2005	2004
	323 800	127 797

Details of share options

	Instrument	Expiry date	Exercise price	Number of options issued or exercised
35. Share options				
Details of share options: 2005				
Granted during the year	Investec Limited	9 Sep 2009	R 120.83	81 779
	Investec plc	9 Sep 2009	R 121.71	139 221
	Investec plc	9 Sep 2009	£10.26	97 520
	Investec Limited	14 Mar 2010	R 167.30	186 874
	Investec plc	14 Mar 2010	R 171.00	318 176
	Investec plc	16 Mar 2010	£15.90	146 511
	Investec plc	9 Sep 2013	£10.26	36 830
Exercised during the year	Investec Limited		R 246.00	756
	Investec Limited		R 175.00	3 966
	Investec Limited		R 170.00	47 243
	Investec Limited		R 169.80	15 909
	Investec Limited		R 168.00	1 835
	Investec Limited		R 167.00	43 628
	Investec Limited		R 165.00	4 389
	Investec Limited		R 164.50	11 614
	Investec Limited		R 160.00	2 057
	Investec Limited		R 143.60	1 388
	Investec Limited		R 130.00	5 600
	Investec Limited		R 120.83	407
	Investec Limited		R 115.43	2 127
	Investec Limited		R 111.32	189 081
	Investec Limited		R 110.00	85
	Investec Limited		R 101.39	610
	Investec Limited		R 100.00	281
	Investec Limited		R 67.50	283
	Investec Limited		R 54.00	130
	Investec plc		R 175.00	6 713
	Investec plc		R 170.00	80 650
	Investec plc		R 168.00	3 033
	Investec plc		R 167.00	73 747
	Investec plc		R 165.00	7 481
	Investec plc		R 164.50	17 179
	Investec plc		R 160.00	3 507
	Investec plc		R 130.00	9 498
	Investec plc		R 121.71	693
	Investec plc		R 115.95	3 623
	Investec plc		R 111.96	261 746
	Investec plc		R 110.00	145
	Investec plc		R 101.76	567
	Investec plc		R 100.00	476
	Investec plc		R 67.50	482
	Investec plc		R 54.00	220
	Investec plc		£15.73	151 974
	Investec plc		£15.15	450
	Investec plc		£15.03	18 719
	Investec plc		£10.86	67 452
	Investec plc		£10.60	63
	Investec plc		£10.52	418 845
	Investec plc		£9.18	9 291
	Investec plc		£7.93	158 030
	Investec plc		£7.76	109 668

Details of share options

	Instrument	Expiry date	Exercise price	Number of options issued or exercised
35. Share options (continued)				
2004				
Granted during the year	Investec Limited	17 Sep 2008	R 101.39	9 827
	Investec plc	17 Sep 2008	£7.76	636 943
	Investec plc	3 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	3 Mar 2010	R 115.95	483 517
	Investec Limited	3 Dec 2010	R115.43	283 933
	Investec plc	17 Sep 2012	£7.76	41 982
	Investec plc	3 Mar 2013	£10.60	138 470
Exercised during the year	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

Terms of share options	South African Schemes			UK Schemes			
Instrument	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
31 March 05	R 167.03	93	158	-	-	-	-
31 March 06	R 151.91	1 333	2 273	R 246.00	3 516	£15.73	6 054
31 March 07	R 170.00	6 886	11 742	R 236.00	14 459	£15.09	24 667
31 March 08	R 157.78	22 540	39 197	R 160.60	708 808	£10.41	1 212 939
31 March 09	R 180.02	841 367	1 434 119	R 106.36	168 711	£7.83	817 027
31 March 10	R 196.19	735 712	1 340 130	-	-	£10.46	385 164
31 March 11	R 238.70	277 050	471 710	R 241.50	174 321	£15.72	411 479
31 March 12	R 230.64	126 809	215 921	R235.00	14 679	£15.03	23 316
31 March 13	R 166.89	268 679	458 072	R 169.80	44 844	£8.58	427 388
31 March 14	-	-	-	-	-	£10.43	159 642
31 March 15	-	-	-	-	-	-	-
31 March 16	R 175.00	83	142	-	-	-	-

For the year ended 31 March

£'000	2005	2004
36. Cash flow reconciliations		
Reconciliation of operating profit to net operating cash flows		
Operating profit	**156 536**	**81 616**
(Increase)/decrease in accrued income and prepayments	(41 374)	42 879
Increase/(decrease) in accruals and deferred income	38 869	(73 916)
Interest expense on subordinated liabilities (including convertible debt)	58 949	45 110
Depreciation	10 040	12 448
Provision for bad and doubtful debts	21 334	20 958
Amortisation of goodwill	51 807	50 644
Gains on disposal of investment securities	(15 047)	(12 828)
Net cash inflow from trading activities	**281 114**	**166 911**
Net decrease/(increase) in treasury bills and other eligible bills	7 588	(31 708)
Net (increase)/decrease in loans and advances to banks	(245 952)	1 217 555
Net decrease in loans and advances to customers	(1 238 988)	(1 507 029)
Net decrease in non-investment debt and equity securities	(221 134)	(220 236)
Net increase/(decrease) in debt securities in issue	1 303 267	(467 899)
Net (increase)/decrease in other assets	(79 673)	172 477
Long-term assurance business attributable to the shareholder	40 281	(157 815)
Net decrease in deposits by banks	(319 004)	(932 716)
Net increase in customer accounts	113 409	892 144
Net increase in other liabilities	1 729 896	378 945
Net decrease in pension fund liability	(3 934)	-
Net cash inflow/(outflow) from operating activities	**1 366 870**	**(489 371)**
Subordinated liabilities		
At beginning of year	497 858	279 702
Exchange adjustments	(2 015)	16 039
Issues during the year	17 144	216 056
Repayments	(12 992)	(13 939)
At end of year	499 995	497 858
Called up share capital		
At beginning of year	165	158
Net issues during the year	-	7
At end of year	165	165
Share premium		
At beginning of year	1 027 539	981 206
Net issues during the year	1 703	45 750
Reissuing of shares	-	1 828
Share issue expense	-	(1 245)
At end of year	1 029 242	1 027 539

For the year ended 31 March
£'000

	2005	2004
36. Cash flow reconciliations (continued)		
Treasury shares		
At beginning of year	(101 304)	(93 210)
Net acquisitions during the year	(17 390)	(25 241)
Net disposals during the year	-	17 147
At end of year	(118 694)	(101 304)
Shares to be issued		
At beginning of year	2 666	2 428
Net(conversions)/issues during the year	(475)	238
At end of year	2 191	2 666
Total financing		
At beginning of year	1 426 924	1 170 284
At end of year	1 412 899	1 426 924
The group is required to make deposits with central banks as a result of government regulations in the territories in which it operates, amounting to:	367 183	405 708
Purchase of interests in subsidiary undertakings		
Net assets acquired	8 406	10 978
Goodwill	3 557	(6 206)
	11 963	4 772
Satisfied by:		
Cash and acquisition cost	11 963	4 772
	11 963	4 772
Analysis of the net cash outflow from the purchase of subsidiary undertakings		
Cash consideration	(11 963)	(4 772)
Net cash outflow	(11 963)	(4 772)
Due to the integration of acquisitions into continuing operations it is not practical to analyse the post-acquisition cashflows of the acquired units.		
Disposal of group undertakings		
Goodwill written off	-	11
Fixed assets and other accounts	534 877	103 285
Other liabilities	(585 437)	(31 930)
Net assets disposed of	(50 560)	71 366
(Loss)/profit on disposal	(6 349)	13 632
Net proceeds from disposal of group undertakings	(56 909)	84 998
Satisfied by		
Cash	(56 909)	44 999
Deferred payments	-	16 243
Equity shares	-	23 756
	(56 909)	84 998

For the year ended 31 March £'000	2005	2004
37. Annual commitments in respect of non-cancellable operating leases		
Leasehold properties		
Within one year	19	1 680
Between one and five years	577	8 449
Over five years	22 155	15 567
	22 751	25 696
38. Commitments		
Forward repurchase agreements	64	195
Undrawn facilities	651 312	514 955
Other commitments	26 902	7 729
	678 278	522 879

The group has entered into forward foreign exchange contracts and loan commitments in the normal course of its banking business.

	2005	2004
39. Contingent Liabilities		
Guarantees and assets pledged as collateral security:		
- guarantees and irrevocable letters of credit	223 508	265 758
Other contingent liabilities	40 343	1 683
	263 851	267 441

The amounts shown above are intended only to provide an indication of the volume of business outstanding at the balance sheet date.

Legal proceedings

Investec is party to various legal proceedings, the ultimate resolution of which is not expected to have a material adverse effect on the financial position of the group.

Investec Bank (UK) Ltd ("Bank") has received a claim in relation to a loan book sold to another institution in 2000. Proceedings have not yet been issued. The directors have obtained legal advice, which is ongoing. The directors consider that even if a claim is brought and is successful, it will be within the Bank's existing provisions and/or any exposure in excess of that will not have a material adverse effect on the position of the Bank. Furthermore, if the claim is successful in whole or in part, the Bank may in turn have a claim against its professional advisors and/or insurers.

Following falls in the value of assets in the split capital investment trust sector, Carr Sheppards Crosthwaite Limited ("CSC"), in common with other firms in the industry, has received a number of complaints. Each complaint has been investigated in accordance with CSC's complaints procedures and within guidelines set by the applicable regulatory authority. A number of complaints are still in the process of adjudication by the Financial Ombudoman service. Meanwhile in December 2004 a group of firms, of which CSC is not a member, have together agreed to make a contribution of £194 million towards the settlement of claims received to date. A reliable estimate cannot yet be made of any compensation payable by CSC in respect of this issue. As part of the arrangement for the sale of CSC to Rensburg plc, Investec 1 Limited has indemnified Rensburg plc for any loss CSC incurs in relation to this matter.

For the year ended 31 March
£'000

	2005	2004
40. Related party transactions		
Transactions, arrangements and agreements involving directors and others:		
Particulars of transactions, arrangements and agreements entered into by the group with directors and connected persons and companies controlled by them, and with officers of the company:		
(a) At the respective year-end dates 6 directors had outstanding loans from Investec Bank Limited. For loans to related parties, normal credit parameters are applied		
Loans - Investec Bank Limited	10 542	6 987
(b) H Herman has a 13.25% holding in Taaibos Square (Pty) Ltd. Loans were provided to these entities by Investec Bank Limited on an arms length, fully secured basis as follows:		
Taaibos Square (Pty) Ltd	-	6 007
(c) Boutique Finance II Ltd is an investment company owned by certain members of senior management. Investec Bank (UK) Limited provided a loan to Boutique Finance II Ltd and uses Boutique Finance II Ltd's investment in shares as security therefore.		
Loan provided by Investec Bank (UK) Limited	565	1 480
The terms of the loan in (c) above are such that 200% cover is required at all times. If the cover drops below 175% a margin call back to 200% must be made. I Kantor, who is a director of Investec Limited, has guaranteed 32% of the above loan provided.		
S Koseff, G Burger, B Kantor, I Kantor, H Herman, P Thomas and D Jowell have an interest in Spurwing-P Investments Limited and Spurwing-L Investments Limited, which jointly amount to a holding of 32.3% and 12.02% respectively. Loans were provided to these entities by Investec Bank (Mauritius) Limited on an arms length, fully secured basis as follows:		
Spurwing-P Investments Limited	3 520	6 087
Spurwing-L Investments Limited	1 000	1 730

For the year ended 31 March
£'000

	2005	2004
40. Related party transactions (continued)		
All of the above loans are included in loans and advances to customers.		
(d) The group's personal account trading policy requires all employees who participate in securities transactions to deal on an arm's length basis through Investec Securities Limited. This has no material effect on either Investec Securities Limited or the group.		
(e) Directors portfolios are subject to management fees on an arms length basis.		
(f) Particulars of directors' dealings in Investec shares are recorded in a register held at the Registered Office of the Company which is available for inspection.		
Other loans		
Funding provided to finance the Black Economic Empowerment deal:		
Peu Group (Proprietary) Limited	5 421	4 805
Tiso Group	2 087	1 906
	7 508	6 711
Transactions with other related parties of the group		
Any dealings with regards to investments in unit trusts or the asset management division occur at arms length.		
41. Miscellaneous		
Assets subject to sale and repurchase transactions, including stock borrowed against cash collateral:		
Loans and advances to banks	1 356 618	200 636
Loans and advances to customers	779 121	777 824
Government securities, included within debt securities	168 837	13 039
	2 304 576	991 499
All the above are trading book loans and advances and are secured with debt securities or equities.		
Value of liabilities secured by assets, including stock lent against cash collateral:		
Deposits by banks	45 420	217 821
Deposits by customers	291 987	163 940
Debt securities in issue	189 607	190 701
	527 014	572 462
Stock borrowing and lending		
Stock borrowed against non-cash collateral	3 200 678	994 364
Stock lent against non-cash collateral	1 462 730	235 566
Aggregate amounts receivable, including capital repayments, under finance leases, hire purchase and conditional sale contracts	34 762	38 258
Costs of assets acquired for the purpose of letting under financial leases	107 142	37 999

The group has investment, management and stock broking businesses.

42. Post balance sheet events

42.1. Sale of Carr Sheppards Crosthwaite

The sale of Carr Sheppards Crosthwaite Limited ("CSC") to Rensburg plc ("Rensburg") was completed on 6 May 2005. The purchase consideration was satisfied by the issue of 22,700,000 Rensburg ordinary shares to Investec 1 Limited and the creation of a Subordinated Loan of £60 million due by Rensburg plc to Investec 1 Limited ("Investec 1"). A further 2.8 million of Rensburg shares issued in relation to the sale have been placed in an Employee Benefit Trust for the benefit of key CSC employees. The £60 million Subordinated Loan has a term of 10 years from completion and creates an unsecured obligation of Rensburg to Investec 1 which is subordinated to the senior creditors of Rensburg, other than those ranking pari passu with or subordinate to Investec.

The loan is made up of two tranches:
(a) Fixed rate tranche of £45 million. Interest is payable semi-annually at 2.25 per cent per annum above the 10 year UK swap rate.
(b) Floating rate tranche of £15 million. Interest is payable semi-annually at 2.25 per cent per annum above GBP 6 month LIBOR.

The principal amounts of both tranches are repayable in aggregate annual instalments of £7.5 million per annum, commencing in the third year of the term. Rensburg has the right to pre-pay any amount under the floating rate loan at an interest payment date and has the right to pre-pay any amount under the fixed rate tranche at any time after five years. Post-completion Investec 1 holds 47.7per cent (excluding the shares held by the Employee Benefit Trust) of the issued share capital of Rensburg, which has now been renamed Rensburg Sheppards plc. For a period of five years following completion, Investec 1 has undertaken not to vote in excess of 30 per cent of the voting rights of Rensburg's issued share capital and has agreed (subject to certain exceptions) not to dispose of any of its shareholding for a period of 18 months from completion. In terms of the waiver granted to Investec 1 not to make a general offer to all shareholders of Rensburg, the Investec group, or persons acting in concert with it, is not permitted to increase its shareholding beyond 48.7 per cent of the issued share capital of Rensburg.

42.2. Issue of Preferred Securities

The company is at an advanced stage in raising €150-200 million of innovative Tier 1 capital through the issue of 7.075 per cent, guaranteed Non-voting Non-cumulative Perpetual Preferred Callable Securities ("Preferred Securities") by Investec Tier 1 (UK) Limited (a limited partnership organised under the laws of England and Wales) having the benefit of a subordinated guarantee from the company. The Preferred Securities are callable at the option of the issuer, subject to the approval of the Financial Services Authority, on the tenth anniversary of the issue and, if not called, are subject to a step up in coupon of one and a half times the initial credit spread above the three month euro-zone interbank offered rate. The issue is expected to be signed on 22 June 2005. The capital will be used to augment the group's capital base.

Under the terms of the issue there are provisions for the Preferred Securities to be substituted for Preference Shares issued by the company if Investec plc's capital ratios fall below the minimum level permitted by the Regulator. Resolutions to create this class of shares will be proposed at the forthcoming Annual General Meeting. The issuer has the option not to pay a distribution when it falls due but this would then prevent the payment of Ordinary dividends by the company.

43. Risk management

Financial instruments, including derivatives and risk disclosure

Fair values

The group's trading book comprises treasury bills, settlement accounts, debt securities, equity shares, short positions in securities, and derivatives as well as secured customer loans and deposits. All amounts are included in the balance sheet at fair value. The fair values of listed and publicly traded securities held for non-trading book purposes (comprising debt securities and equity shares) are disclosed under the relevant balance sheet note. The fair values of other non-trading book balances approximate to their carrying value in the balance sheet where a liquid and active market exists as defined by FRS 13.

Derivatives (Off-balance sheet financial instruments)

The group enters into various contracts for derivatives both as principal for trading purposes and as customer for hedging foreign exchange and interest rate exposures. These include financial futures, options, swaps and forward rate agreements. All interest rate contracts are transacted with other financial institutions. The risks associated with derivative instruments are monitored in the same manner as for the underlying instruments. Risks are also measured across the product range in order to take into account possible correlation's.

In the tables below, notional principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The fair value of a derivative financial instrument represents the positive or negative cash flows which would have occurred had the rights and obligations arising from that instrument been closed out by the group in an orderly market transaction at balance sheet date. Detailed below is the derivative exposure for both trading and non-trading portfolios.

For the year ended 31 March £'000	Notional principal amounts 2005	Positive fair value 2005	Negative fair value 2005	Notional principal amounts 2004	Positive fair value 2004	Negative fair value 2004
43. Risk management (continued)						
Trading derivatives						
Foreign exchange derivatives						
Forward foreign exchange	4 982 495	114 844	98 239	5 599 108	268 483	273 996
Currency swaps	508 022	78 428	11 457	975 185	133 946	9 614
OTC options bought and sold	311 986	11 889	8 527	1 320 680	78 244	31 561
Other foreign exchange contracts	41	-	-	28 455	-	-
OTC derivatives	5 802 544	205 161	118 223	7 923 428	480 673	315 171
Exchange traded futures	1 199	111	12 842	131 972	299	28
	5 803 743	205 272	131 065	8 055 400	480 972	315 199
Interest rate derivatives						
Caps and floors	1 053 987	2 585	2 960	611 606	2 342	3 393
Swaps	21 003 581	516 805	463 985	24 884 365	403 228	327 102
Forward rate agreements	40 040 854	53 732	51 813	62 362 574	63 714	58 948
OTC options bought and sold	272 511	2 727	1 340	631 813	2 003	3 230
OTC derivatives	62 370 933	575 849	520 098	88 490 358	471 287	392 673
Exchange traded futures	1 072 984	312	536	10 298 932	1 842	1 310
	63 443 917	576 161	520 634	98 789 290	473 129	393 983
Equity and stock index derivatives						
OTC options bought and sold	934 264	84 121	67 461	12 932 626	151 748	177 583
Equity swaps and forwards	331 435	3 593	17 701	60 708	4 026	4 193
OTC derivatives	1 265 699	87 714	85 162	12 993 334	155 774	181 776
Exchange traded futures	711 704	-	80	472 714	380	216
Exchange traded options	659 207	5 261	-	1 197 962	10 963	6 773
Warrants	43 933	28 492	-	40 540	41 603	-
	2 680 543	121 467	85 242	14 704 550	208 720	188 765
Commodity derivatives						
OTC options bought and sold	1 191 390	75 111	51 280	943 376	71 354	8 423
Commodity swaps and forwards	615 990	25 274	9 506	471 346	25 579	21 234
OTC derivatives	1 807 380	100 385	60 786	1 414 722	96 933	29 657
Exchange traded futures	1 392 504	3 157	4 130	3 312 844	135 665	162 191
Exchange traded options	1 177 101	1 244	1 550	1 601 844	62 867	40 678
	4 376 985	104 786	66 466	6 329 410	295 465	232 526
Credit derivatives						
Credit swaps bought and sold	43 350	51	344	58 573	233	20
	43 350	51	344	58 573	233	20
Gross fair values	-	1 007 737	803 751	-	1 458 519	1 130 493
Effect of netting	-	(577 015)	(577 015)	-	(935 559)	(935 559)
Amounts includes in other assets/liabilities	-	430 722	226 736	-	522 960	194 934

The replacement values of these contracts are their positive fair values. The notional principal amounts represent the volume of transactions outstanding at the balance sheet date and do not represent amounts at risk.

For the year ended 31 March £'000	Notional principal amounts 2005	Positive fair value 2005	Negative fair value 2005	Notional principal amounts 2004	Positive fair value 2004	Negative fair value 2004
43. Risk management (continued)						
Non-trading derivatives						
Foreign exchange derivatives						
Forward foreign exchange	523 332	15 959	22 662	17 188	476	86
Currency swaps	163 789	1 135	16 213	8 378	141	-
OTC options bought and sold	454	3	3	-	-	-
OTC foreign exchange contracts	113	-	-	-	-	-
OTC derivatives	687 688	17 097	38 878	25 566	617	86
Interest rate derivatives						
Caps and floors	15 301	5	-	-	-	-
Swaps	3 575 857	9 688	68 578	1 401 600	3 886	18 101
Forward rate agreements	1 056 686	582	-	3 000	-	84
OTC options bought and sold	25 650	-	-	4 200	-	-
OTC derivatives	4 673 494	10 275	68 578	1 408 800	3 886	18 185
Exchange traded futures	2 507	-	-	17 626	535	-
	4 676 001	10 275	68 578	1 426 426	4 421	18 185
Credit derivatives						
Credit link notes bought and sold	-	-	-	8 378	-	-
Total		27 372	107 456		5 038	18 271

For the year ended 31 March
£'000

	2005	2004
43. Risk management (continued)		
Non-trading derivatives		
Book carrying values		
Foreign exchange contracts		
Currency swaps	(2 334)	-
OTC derivatives	(2 334)	-
Interest rate derivatives		
Swaps	-	(6 609)
Forward rate agreements	(247)	(84)
OTC derivatives	(247)	(6 693)
Exchange traded futures	-	816
	(247)	(5 877)
Total book carrying values	(2 581)	(5 877)
Hedging instruments		
Gains and losses on derivatives used for hedging are recognised in line with the underlying items that are being hedged. These values have been calculated by reference to the ultimate maturity date of the derivatives.		
Unrecognised gains to be recognised within one year	3 620	6 137
Unrecognised gains to be recognised in more than one year	18 964	36 767
Total unrecognised gains	22 584	42 904
Unrecognised losses to be recognised within one year	6 121	5 483
Unrecognised losses to be recognised in more than one year	98 178	103 634
Total unrecognised losses	104 299	109 117
Total recognised (loss)/gain in current year	(27 806)	8 489
Portion of recognised gain which was unrecognised in prior year	7 445	2 288
Net recognised gain arising in the current year	(20 361)	10 777

For the year ended 31 March £'000	2005 Up to one year	2005 One to five years	2005 More than five years	2004 Up to one year	2004 One to five years	2004 More than five years
43. Risk management (continued)						
Maturities of derivative instruments Notional principal						
Foreign exchange derivatives						
Forward foreign exchange	5 274 261	225 852	5 868	5 063 494	431 363	149 894
Currency swaps	478 797	190 537	2 477	204 287	403 992	375 284
Futures	1 199	-	-	131 972	-	-
Options	302 791	-	9 649	1 174 788	145 892	-
	6 057 048	416 389	17 994	6 574 541	981 247	525 178
Interest rate derivatives						
Caps and floors	967 955	101 333	-	611 606	-	-
Swaps	20 678 303	3 479 750	421 385	23 713 974	1 563 960	1 008 032
Futures	838 317	237 174	-	9 502 969	813 589	-
Options	272 511	25 650	-	636 013	-	-
Forward rate agreements	40 040 854	1 056 686	-	62 365 573	-	-
Other interest rate contracts	-	-	-	-	-	-
	62 797 940	4 900 593	421 385	96 830 135	2 377 549	1 008 032
Equity and stock index derivatives						
Swaps and forwards	331 435	-	-	60 708	-	-
Futures	709 444	2 260	-	472 714	-	-
Options	1 551 791	38 407	3 273	14 024 123	106 465	-
Warrants	-	43 933	-	-	30 022	10 518
	2 592 670	84 600	3 273	14 557 545	136 487	10 518
Commodity derivatives						
Options	634 624	1 193 610	540 257	1 397 370	799 206	348 644
Futures	838 432	554 072	-	2 854 340	458 504	-
Commodity swaps and forwards	166 878	357 590	91 522	324 327	142 076	4 943
	1 639 934	2 105 272	631 779	4 576 037	1 399 786	353 587
Credit derivatives						
Credit linked notes bought and sold	-	-	-	8 378	-	-
Credit swaps bought and sold	31 787	9 179	2 384	29 681	28 892	-
	31 787	9 179	2 384	38 059	28 892	-

For the year ended 31 March £'000	2005 Up to one year	2005 One to five years	2005 More than five years	2004 Up to one year	2004 One to five years	2004 More than five years
43. Risk management (continued)						
Positive fair value						
Foreign exchange derivatives						
Forward foreign exchange	124 496	6 260	47	209 930	45 805	13 224
Currency swaps	40 099	39 464	-	12 763	59 812	61 512
Futures	-	111	-	299	-	-
Options	11 892	-	-	65 471	12 773	-
	176 487	45 835	47	288 463	118 390	74 736
Interest rate derivatives						
Caps and floors	2 577	13	-	2 342	-	-
Swaps	491 360	11 665	23 468	373 793	21 486	11 835
Futures	308	4	-	2 262	115	-
Options	2 727	-	-	2 003	-	-
Forward rate agreements	53 926	388	-	63 714	-	-
Other interest rate contracts	-	-	-	-	-	-
	550 898	12 070	23 468	444 114	21 601	11 835
Equity and stock index derivatives						
Swaps and forwards	3 593	-	-	4 026	-	-
Futures	-	-	-	380	-	-
Options	79 407	7 581	2 394	148 432	14 279	-
Warrants	-	28 492	-	-	41 083	520
	83 000	36 073	2 394	152 838	55 362	520
Commodity derivatives						
Options	7 916	41 224	27 215	65 319	38 844	30 058
Futures	2 055	1 102	-	126 581	9 084	-
Commodity swaps and forwards	9 764	11 658	3 852	18 562	6 664	353
	19 735	53 984	31 067	210 462	54 592	30 411
Credit derivatives						
Credit linked notes bought and sold	-	-	-	-	-	-
Credit swaps bought and sold	15	36	-	124	109	-
	15	36	-	124	109	-
Total	**830 135**	**147 998**	**56 976**	**1 096 001**	**250 054**	**117 502**

For the year ended 31 March £'000	2005 Up to one year	2005 One to five years	2005 More than five years	2004 Up to one year	2004 One to five years	2004 More than five years
43. Risk management (continued)						
Negative fair value						
Foreign exchange derivatives						
Forward foreign exchange	111 075	9 803	23	211 508	52 496	10 078
Currency swaps	8 023	18 017	1 630	1 613	5 119	2 882
Futures	1	12 841	-	28	-	-
Options	8 530	-	-	22 184	9 377	-
	127 629	40 661	1 653	235 333	66 992	12 960
Interest rate derivatives						
Caps and floors	2 960	-	-	3 393	-	-
Swaps	437 489	73 163	21 911	311 277	18 026	15 900
Futures	536	-	-	1 112	198	-
Options	1 340	-	-	3 230	-	-
Forward rate agreements	51 813	-	-	59 032	-	-
Other interest rate contracts	-	-	-	-	-	-
	494 138	73 163	21 911	378 044	18 224	15 900
Equity and stock index derivatives						
Swaps and forwards	17 701	-	-	4 193	-	-
Futures	80	-	-	216	-	-
Options	65 053	2 408	-	177 370	6 986	-
Warrants	-	-	-	-	-	-
	82 834	2 408	-	181 779	6 986	-
Commodity derivatives						
Options	8 401	17 087	27 342	29 889	15 363	3 849
Futures	2 567	1 563	-	146 274	15 917	-
Commodity swaps and forwards	4 983	4 523	-	16 520	4 714	-
	15 951	23 173	27 342	192 683	35 994	3 849
Credit derivatives						
Credit linked notes bought and sold	-	-	-	-	-	-
Credit swaps bought and sold	196	-	148	20	-	-
	196	-	148	20	-	-
Total	**720 748**	**139 405**	**51 054**	**987 859**	**128 196**	**32 709**

For the year ended 31 March
£'000

	2005	2004
43. Risk management (continued)		
Currency disclosure		
Assets and liabilities denominated in sterling and foreign currencies		
Denominated in sterling	4 613 298	2 801 233
Denominated in currencies other than sterling	13 297 376	12 517 542
Total assets	**17 910 674**	**15 318 775**
Denominated in sterling	4 511 661	2 500 214
Denominated in currencies other than sterling	12 418 562	12 013 159
Total liabilities(*)	**16 930 223**	**14 513 373**

(*) Includes subordinated liabilities.

Non-trading currency risk - structural currency exposures

Non-trading currency risk exposure arises principally from the group's net investments in overseas subsidiaries and associated undertakings, principally in South Africa and Australia.

The group's structural currency exposures at each reporting period were as follows:

Currency of structural exposure	Net investments in overseas operations £'000	Borrowings or derivatives which hedge the net investments £'000	Remaining structural currency exposure £'000
31 March 2005			
South African Rand	165 567	-	165 567
Australian Dollar	120 312	98 626	21 686
European Euro	38 646	-	38 646
US Dollar	750	-	750
	325 275	98 626	226 649
31 March 2004			
South African Rand	130 563	-	130 563
Israeli Shekel	47 992	-	47 992
Australian Dollar	122 881	-	122 881
European Euro	33 458	-	33 458
US Dollar	1 410	-	1 410
	336 304	-	336 304

Goodwill is not considered to form part of the net investment in overseas operations in the above table.

43. Risk management (continued)

Non-trading currency risk - non-structural currency exposure

The table below shows the group's currency exposures. These non-structural exposures give rise to the net currency gains and losses recognised on the profit and loss account. Such exposures comprise the monetary assets and monetary liabilities of the group that are not determined in the functional currency of the operating unit involved.

Net foreign currency monetary assets/(liabilities) in £'000

Functional currency of group operation	Sterling	South African Rand	US Dollar	Euro	Other	Total
31 March 2005						
Sterling	-	38 246	76 564	(536)	(24 447)	89 827
SA Rand	(150 298)	-	(37 872)	19 243	11 828	(157 099)
US Dollar	(36 041)	(412)	-	-	(3 519)	(39 972)
Euro	17 703	-	(7 518)	-	-	10 185
Other	-	-	-	-	-	-
	(168 636)	37 834	31 174	18 707	(16 138)	(97 059)

Functional currency of group operation	Sterling	South African Rand	US Dollar	Israeli Shekel	Euro	Other	Total
31 March 2004							
Sterling	-	(231 988)	(46 514)	(60 434)	18 333	(97 148)	(417 751)
SA Rand	(419 213)	-	(93 193)	(7 693)	(24 562)	(65 045)	(609 706)
US Dollar	(166)	(14 337)	-	-	-	-	(14 503)
Israeli Shekel	-	(21 699)	4 743	-	-	-	(16 956)
Euro	1 035 430	(7 482)	16 446	-	-	38	1 044 432
Other	3 706	(18 572)	-	-	-	-	(14 866)
	619 757	(294 078)	(118 518)	(68 127)	(6 229)	(162 155)	(29 350)

The amounts shown do not take into account the effect of any currency swaps, forward contracts and other derivatives entered into to manage these currency exposures.

The currency exposures are managed in each operational entity with limits set relating to net open positions in currencies other than the operational currency of the entity. These limits are monitored on a daily basis by the risk function of each jurisdiction and strict adherence to set limits is maintained.

For the year ended 31 March £'000	Not more than 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year but not more than 5 years
43. Risk management (continued)				
Interest rate sensitivity gap for the non-trading book				
31 March 2005				
Assets				
Treasury bills and other eligible bills	301 604	22 018	-	-
Loans and advances to banks	1 029 749	-	3 407	-
Loans and advances to customers	4 335 020	299 164	225 744	939 850
Debt securities and equity shares	611 483	167 122	312 453	456 864
Other assets	139 353	-	-	-
Total assets	6 417 209	488 304	541 604	1 396 714
Liabilities				
Deposits by banks	419 995	193 220	8 163	141 376
Customer accounts	4 930 417	588 595	523 691	184 362
Debt securities in issue	1 661 773	79 945	216	183 190
Other liabilities	-	-	-	-
Subordinated liabilities	-	-	-	43 999
Minorities interest and shareholders' funds	323 800	-	-	-
Total liabilities	7 335 985	861 760	532 070	552 927
Off-balance sheet items	687 154	(240 048)	(281 569)	(329 090)
Interest rate repricing gap	(231 622)	(613 504)	(272 035)	514 697
Cumulative repricing gap	(231 622)	(845 126)	(1 117 161)	(602 464)
31 March 2004				
Assets				
Treasury bills and other eligible bills	144 781	-	-	-
Loans and advances to banks	980 806	10 903	-	6 505
Loans and advances to customers	3 593 070	200 136	165 822	786 335
Debt securities and equity shares	336 688	219 796	136 782	174 433
Other assets	450 009	-	-	-
Total assets	5 505 354	430 835	302 604	967 273
Liabilities				
Deposits by banks	694 358	126 179	121 126	18 208
Customer accounts	5 800 550	369 161	667 311	79 918
Debt securities in issue	596 177	3 625	22 055	-
Other liabilities	-	-	-	-
Subordinated liabilities	5 874	-	-	128 135
Minorities interest and shareholders' funds	-	-	-	-
Total liabilities	7 096 959	498 965	810 492	226 261
Off-balance sheet items	1 138 284	(212 514)	24 558	(736 829)
Interest rate repricing gap	(453 321)	(280 644)	(483 330)	4 183
Cumulative repricing gap	(453 321)	(733 965)	(1 217 295)	(1 213 112)

More than 5 years	Non interest bearing	Total non-trading	Trading	Total
-	-	323 622	-	323 622
-	1 287	1 034 443	1 927 366	2 961 809
501 501	-	6 301 279	1 089 759	7 391 038
133 020	21 071	1 702 013	724 814	2 426 827
-	820 444	959 797	1 032 444	1 992 241
634 521	842 802	10 321 154	4 774 383	15 095 537
16 298	-	779 052	133 268	912 320
180 571	140	6 407 776	397 653	6 805 429
-	-	1 925 124	-	1 925 124
-	815 216	815 216	3 157 002	3 972 218
455 996	-	499 995	-	499 995
-	656 651	980 451	-	980 451
652 865	1 472 007	11 407 614	3 687 923	15 095 537
163 553	-	-	-	-
145 209	(629 205)	(1 086 460)	1 086 460	-
(457 255)	(1 086 460)	(1 086 460)	-	
-	-	144 781	187 427	332 208
-	-	998 214	706 501	1 704 715
634 362	5 605	5 385 330	961 702	6 347 032
27 729	35 050	930 478	954 213	1 884 691
-	859 569	1 309 578	959 216	2 268 794
662 091	900 224	8 768 381	3 769 059	12 537 440
4 634	2 437	966 942	266 667	1 233 609
69 773	-	6 986 713	224 579	7 211 292
-	-	621 857	-	621 857
-	463 568	463 568	1 703 854	2 167 422
363 849	-	497 858	-	497 858
-	805 402	805 402	-	805 402
438 256	1 271 407	10 342 340	2 195 100	12 537 440
(213 499)	-	-	-	-
10 336	(371 183)	(1 573 959)	1 573 959	-
(1 202 776)	(1 573 959)	(1 573 959)	-	

Investec plc parent company accounts - balance sheet

For the year ended 31 March £'000		2005	2004
Fixed assets			
Investments	a	421 446	421 446
Current assets			
Cash at bank		281	67
Other debtors	b	17 241	26 114
		17 522	26 181
Creditors falling due within one year	c	(43 863)	(53 216)
Net current liabilities		(26 341)	(27 035)
Total assets less current liabilities		395 105	394 411
Capital and reserves			
Called up equity share capital	d	119	119
Share premium	e	393 823	393 823
Capital redemption reserve	e	50	50
Profit and loss account	e	1 113	419
		395 105	394 411

The directors' approved the accounts on 17 June 2005
S Koseff
Chief Executive Officer

For the year ended 31 March
£'000

a. Investments	Subsidiaries
At beginning and end of year	421 446

The principal subsidiary undertakings of the group are detailed in note 1 of the group accounts on page 172.

b. Other debtors	2005	2004
Amounts owed by group undertakings	15 964	26 103
Taxation	1 261	-
Other debtors	16	11
	17 241	26 114

The amounts owed by group undertakings are payable on demand

c. Creditors falling due within one year	2005	2004
Amount due to group undertakings	26 496	30 876
Accruals and deferred income	2 410	1 899
Other creditors	309	267
Proposed dividends	14 648	20 174
	43 863	53 216

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 31 of the group accounts on pages 204 to 207.

e. Reserves	Share premium	Capital redemption	Profit and loss account reserves	Total reserves
At 1 April 2004	393 823	50	419	394 292
Profit for the year	-	-	694	694
At 31 March 2005	393 823	50	1 113	394 986

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 own profit and loss account.
The Company's profit for the year, determined in accordance with the Act, was £593 798 (2004 - Loss of £826 508).

f. Reconciliation of shareholders' equity	2005	2004
Issue of shares	-	6
Retained profit/(loss) for the year	694	(826)
Opening shareholders' equity	394 411	395 231
Closing shareholders' equity	395 105	394 411

Reconciliation of principal differences between UK GAAP and SA GAAP

The results as presented on pages 160 to 166 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	2005	2004*
Earnings before goodwill amortisation and exceptional items attributable to ordinary shareholders under UK GAAP		**151 146**	**106 203**
SA GAAP adjustments:			
Acquisition accounting	1	612	3 036
Employee share option plans	2	(2 200)	(7 519)
AC 133 adjustments	3	5 749	9 230
Debenture interest	4	5 811	8 471
Interest rate swaps	5	(2 339)	(3 224)
Embedded value earnings	6	(2 174)	(783)
Revaluation of investment properties	7	4 478	13 982
Treasury shares	8	2 345	1 427
Other		(222)	482
Earnings before goodwill amortisation and exceptional items attributable to ordinary shareholders under SA GAAP	**9**	**163 206**	**131 305**

* Restated (refer to accounting policy)

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. 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.
3. AC133 is a South African accounting statement on recognition and measurement of financial instruments. The adoption of AC133 under SA GAAP has resulted in a further difference between SA and UK GAAP.
4. Investec has issued Compulsorily 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 "shares to be issued" and share 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 e.g. 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 shareholder's interest in the inforce 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 amortisation 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. The exchange rates used in the above reconciliation was based on the actual rates ruling on the date of the transactions.

Definitions

Term	Definition
Adjusted shareholders' funds	Refer to calculation on page 28.
Client assets under administration	Includes third party assets under administration managed by the Private Client, Asset Management and Property businesses.
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	Refer to pages 186 to 187.
Earnings per ordinary share before exceptional items and amortisation of goodwill	Refer to pages 186 to 187.
Effective tax rate	Tax on profit on ordinary activities divided by operating profit.
Equity shareholders' funds	Total shareholders' funds excluding perpetual preference shares.
Headline earnings	Refer to page 187.
Headline earnings per share	Refer to page 187.
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.
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: SA	Operating profit earned in South Africa, Mauritius and Botswana.
Operating profit: Non-SA	Operating profit earned in UK and Europe, USA, Israel and Australia.

Term	Definition
Recurring/annuity income as a percentage of operating income	Net interest income, a portion of the return on shareholder's funds in the long-term assurance business and annuity commissions receivable (net of commissions payable) expressed as a percentage of operating income.
Tangible net asset value per share	As per calculation on page 31.
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 adjusted equity shareholders' funds	Refer to calculation on page 28.
Return on average adjusted tangible shareholders' funds	Refer to calculation on page 28.
Staff compensation to operating income ratio	All employee related costs expressed as a percentage of operating income.
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. Refer to calculation on page 186.

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United States
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Notice of Annual General Meeting

Investec plc

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION
If you are in any doubt as to the action you should take, you are recommended to obtain your own personal financial advice immediately from your stockbroker, bank manager, accountant or other independent professional adviser authorised under Part VI of the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your ordinary shares in Investec plc, please send this document together with the accompanying Form of Proxy at once to the relevant transferee or to the stockbroker, bank or other person through whom the sale or transfer was effected, for transmission to the relevant transferee.

Notice is hereby given that the Annual General Meeting of Investec plc will be held at 14:00 (UK time) on Thursday, 11 August 2005, at the registered office of Investec plc at 2 Gresham Street, London EC2V 7QP to transact the following business:

Ordinary Business: Investec Limited

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolutions of Investec Limited:

1. To receive and adopt the audited financial statements of Investec Limited for the year ended 31 March 2005 together with the reports of the directors of Investec Limited and of the auditors of Investec Limited.

2. To determine, ratify and approve the remuneration of the directors of Investec Limited for the year ended 31 March 2005.

3. To sanction the interim dividend paid by Investec Limited on the ordinary shares in Investec Limited for the six month period ended 30 September 2004.

4. To sanction the interim dividend paid by Investec Limited on the SA DAS share for the six month period ended 30 September 2004.

5. To declare a final dividend on the ordinary shares in Investec Limited for the year ended 31 March 2005 of an amount equal to that recommended by the directors of Investec Limited.

6. To declare a final dividend on the SA DAS share of Investec Limited for the year ended 31 March 2005 of an amount equal to that recommended by the directors of Investec Limited.

7. To re-appoint Ernst & Young Chartered Accountants (SA) of Ernst & Young House, Wanderers Office Park, 52 Corlett Drive, Illovo, 2196 (PO Box 2322, Johannesburg, 2000) and KPMG Inc. of 85 Empire Road, Parktown, 2193 (Private Bag 9, Parkview, 2122) as auditors of Investec Limited to hold office until the conclusion of the Annual General Meeting of Investec Limited to be held in 2006 and to authorise the directors of Investec Limited to fix their remuneration.

Special Business: Investec Limited

To consider and, if deemed fit, to pass, with or without modification, the following ordinary and special resolutions of Investec Limited:

8. **Ordinary Resolution: Investec Limited**
   Resolved that:
   - a total of 1 150 047 (one million one hundred and fifty thousand and forty seven) being 10% (ten percent) of the unissued ordinary shares in the authorised share capital of Investec Limited be and are hereby placed under the control of the directors of Investec Limited as a general authority in terms of Section 221 of the South African Companies Act, No 61 of 1973, as amended, (the "SA Act") who are authorised to allot and issue the same at their discretion until the next Annual General Meeting of Investec Limited to be held in 2006, subject to the provisions of the SA Act, the South African Banks Act, No. 94 of 1990, as amended, and the Listings Requirements of the JSE Securities Exchange South Africa.

9. **Ordinary Resolution: Investec Limited**
   Resolved that:
   - all the unissued shares in the authorised share capital of Investec Limited, excluding the ordinary shares, be and are hereby placed under the control of the directors of Investec Limited as a general authority in terms of Section 221 of the South African Companies Act, No 61 of 1973, as amended, (the "SA Act") who are authorised to allot and issue the same at their discretion until the next Annual General Meeting of Investec Limited to be held in 2006, subject to the provisions of the SA Act, the South African Banks Act, No. 94 of 1990, as amended, and the Listings

Requirements of the JSE Securities Exchange South Africa.

10. Ordinary Resolution: Investec Limited
    Resolved that:
    - subject to the passing of ordinary resolution No. 8, the Listings Requirements of the JSE Securities Exchange South Africa and the South African Banks Act, No. 94 of 1990, as amended, the directors of Investec Limited be and they are hereby authorised to allot and issue 1 150 047 (one million one hundred and fifty thousand and forty seven) ordinary shares of ZAR 0.001 each, for cash as and when suitable situations arise, subject to the South African Companies Act, No 61 of 1973, as amended, and subject to the following specific limitations as required by the Listing Requirements of the JSE Securities Exchange South Africa:
    (i) this authority shall not extend beyond the later of the date of the next Annual General Meeting of the company or the date of the expiry of fifteen months from the date of the Annual General Meeting of Investec Limited convened for 11 August 2005;
    (ii) a paid press announcement giving full details including the impact on net asset value and earnings per ordinary share, will be published at the time of an issue representing, on a cumulative basis within one financial year, five per cent or more of the number of ordinary shares in issue prior to such issue;
    (iii) the issue in the aggregate in any one financial year will not exceed fifteen per cent of the number of ordinary shares in issue, including instruments which are compulsorily convertible;
    (iv) in determining the price at which an allotment and issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be ten per cent of the weighted average traded price of the ordinary shares in question as determined over the thirty days prior to the date that the price of the issue is determined or agreed by the directors of Investec Limited; and
    (v) the equity securities/shares must be issued to public shareholders and not to related parties.

If this Resolution 10 and Resolution 24 are both passed, the directors will have authority to allot shares for cash other than by way of rights in respect of both Investec Limited and Investec plc up to the limits specified in those respective Resolutions. In such circumstances, the directors confirm that, as and when they exercise such authorities, they intend to comply with the relevant guidelines of the Association of British Insurers.

In order for Resolution 10 to be passed, a seventy five per cent majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec Limited must be cast in favour of Resolution 10.

11. Special Resolution No. 1: Investec Limited
    Resolved that:
    - subject to the passing and registration of Special Resolution Number 1 in the Investec Limited Notice of Annual General Meeting convened for 11 August 2005 and in terms of Article 9 of the Articles of Association of Investec Limited and with effect from 11 August 2005, Investec Limited hereby approves, as a general approval contemplated in Sections 85 and 89 of the South African Companies Act, No. 61 of 1973, as amended (the "SA Act"), the acquisition by Investec Limited or its subsidiaries from time to time, of the issued ordinary shares and non-redeemable non-cumulative non-participating preference shares of Investec Limited, upon such terms and conditions and in such amounts as the directors of Investec Limited or its subsidiaries may from time to time decide, but subject to the provisions of the SA Act and the Listings Requirements of the JSE Securities Exchange South Africa (the "JSE"), being that:
    (i) any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement;
    (ii) this general authority shall be valid until Investec Limited's next Annual General Meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this Special Resolution No.1;
    (iii) an announcement will be published as soon as Investec Limited or any of its subsidiaries has acquired ordinary shares constituting, on a cumulative basis, 3% (three per cent) of the number of ordinary shares in issue prior to the acquisition pursuant to which the aforesaid 3% (three per cent) threshold is reached, and for each 3% (three per cent) in aggregate acquired thereafter, containing full details of such acquisitions;
    (iv) acquisitions of shares in aggregate in any one financial year may not exceed 20% (twenty per cent) of Investec Limited's ordinary issued share capital as at the date of passing of this Special Resolution No.1;
    (v) in determining the price at which ordinary shares issued by Investec Limited are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten per cent) of the weighted average of the market value at which such ordinary shares are traded on the JSE as determined over the five business days immediately preceding the date of repurchase of such ordinary shares by Investec Limited or any of its subsidiaries;
    (vi) Investec Limited has been given authority by its Articles of Association;
    (vii) at any point in time, Investec Limited may only appoint one agent to effect any repurchase on Investec Limited's behalf;
    (viii) Investec Limited's sponsor must confirm the adequacy

of Investec Limited's working capital for purposes of undertaking the repurchase of shares in writing to the JSE before entering the market to proceed with the repurchase;

(ix) Investec Limited remaining in compliance with the minimum shareholder spread requirements of the JSE Listings Requirements; and

(x) Investec Limited and/or its subsidiaries not repurchasing any shares during a prohibited period as defined by the JSE Listings Requirements.

The reason and effect of this Special Resolution No. 1 is to grant a renewable general authority to Investec Limited to acquire ordinary shares and non-redeemable non-cumulative non-participating preference shares of Investec Limited which are in issue from time to time in terms of the SA Act and the JSE Listing Requirements for the repurchase by Investec Limited or a subsidiary of Investec Limited, of Investec Limited's shares.

The directors of Investec Limited have no present intention of making any purchases but believe that Investec Limited should retain the flexibility to take action if future purchases were considered desirable and in the best interests of shareholders. The directors of Investec Limited are of the opinion, after considering the effect of such acquisition of ordinary shares and non-redeemable non-cumulative non-participating preference shares, if implemented and on the assumption that the maximum of twenty per cent of the current issued ordinary share capital of Investec Limited will be repurchased using the mechanism of the general authority at the maximum price at which the repurchase may take place (a ten per cent premium above the weighted average of the market value for the securities for the five business days immediately preceding the date of the repurchase) and having regard to the price of the ordinary shares of Investec Limited on the JSE at the last practical date prior to the date of the notice of Annual General Meeting of Investec Limited convened for 11 August 2005 that:

- Investec Limited and the group will be able, in the ordinary course of business, to pay its debt for a period of twelve months after the date of the notice of Annual General Meeting of Investec Limited convened for 11 August 2005;
- the consolidated assets of Investec Limited and the group, fairly valued in accordance with Generally Accepted Accounting Practice, will be in excess of the consolidated liabilities of Investec Limited and the group for a period of twelve months after the date of the notice of Annual General Meeting of Investec Limited convened for 11 August 2005;
- Investec Limited and the group will have adequate capital and reserves for ordinary business purposes for a period of twelve months after the date of the notice of Annual General Meeting of Investec Limited convened for 11 August 2005; and
- the working capital of Investec Limited and the group will be adequate for ordinary business purposes for a period of twelve months after the date of the notice of Annual General Meeting of Investec Limited convened for 11 August 2005.

The following additional information, some of which may appear elsewhere in the annual report of which this notice forms part, is provided in terms of the JSE Listings Requirements for purposes of the general authority:

- Directors and management - Annual Report pages 150 to 153;
- Major beneficial shareholders - Annual Report page 148;
- Directors' interests in ordinary shares - Annual Report page 141; and
- Share capital of Investec Limited - Annual Report pages 205 to 207.

Litigation statement

In terms of section 11.26 of the JSE Listings Requirements, the directors, whose names appear on pages 150 and 151 of the Annual Report of which this notice forms part, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12, (twelve) months, a material effect on the group's financial position.

Directors' responsibility statement

The directors, whose names appear on pages 150 and 151 of the Annual Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information.

Material changes

Other than the facts and developments reported on in the Annual Report, there have been no material changes in the affairs or financial position of Investec Limited and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

Ordinary Business: Investec plc

To consider and, if deemed fit, to pass, with or without modification, the following resolutions of Investec plc:

12. To receive and adopt the audited financial statements of Investec plc for the year ended 31 March 2005 together with the reports of the directors of Investec plc and of the auditors of Investec plc.

13. To approve the Remuneration Report of Investec plc for the year ended 31 March 2005.

14. To sanction the interim dividend paid by Investec plc on the ordinary shares in Investec plc for the six month period ended 30 September 2004.

15. To declare a final dividend on the ordinary shares in Investec plc for the year ended 31 March 2005 of an amount equal to that recommended by the directors of Investec plc.

16. To re-elect Geoffrey Michael Thomas Howe as a director of Investec plc in accordance with the provisions of the Articles of Association of Investec plc.

17. To re-elect Haruko Fukuda OBE as a director of Investec plc in accordance with the provisions of the Articles of Association of Investec plc.

18. To re-elect Sir John Chippendale Lindley Keswick as a director of Investec plc in accordance with the provisions of the Articles of Association of Investec plc.

19. To re-elect Mangalani Peter Malungani as a director of Investec plc in accordance with the provisions of the Articles of Association of Investec plc.

20. To re-elect Peter Richard Suter Thomas as a director of Investec plc in accordance with the provisions of the Articles of Association of Investec plc.

21. To re-elect Cheryl Ann Carolus, whose appointment as a director terminates at the end of the Annual General Meeting of Investec plc convened for 11 August 2005, as a director of Investec plc in accordance with the provisions of the Articles of Association of Investec plc.

    For brief biographical details of the directors to be re-elected, please refer to the Annual Report of Investec Limited/Investec plc.

22. To re-appoint Ernst & Young LLP of Beckett House, 1 Lambeth Palace Road, London SEI 7EU as auditors of Investec plc to hold office until the conclusion of the Annual General Meeting of Investec plc to be held in 2006 and to authorise the directors of Investec plc to fix their remuneration.

Special Business: Investec plc

To consider and, if deemed fit, to pass, with or without modification, the following resolutions of Investec plc:

23. Ordinary Resolution: Investec plc
Resolved that:

- the authority conferred on the directors of Investec plc by paragraph 12.2 of Article 12 of Investec plc's Articles of Association be renewed for the period ending on the date of the Annual General Meeting of Investec plc to be held in 2006 or, if earlier, fifteen months from the date on which this Resolution is passed, and for such period the Section 80 Amount shall be £36 378.

The Articles of Association of Investec plc permit the directors of Investec plc to allot shares and other securities in accordance with section 80 of the UK Companies Act 1985, up to an amount authorised by the shareholders in general meeting. The authority conferred on the directors at Investec plc's Annual General Meeting held in 2004 expires on the date of the forthcoming Annual General Meeting of Investec plc convened for 11 August 2005 and the directors of Investec plc recommend that this authority be renewed.

Resolution 23 will, if passed, authorise the directors of Investec plc to allot Investec plc's unissued shares up to a maximum nominal amount of £36 378 representing approximately forty eight per cent of Investec plc's issued ordinary share capital as at 17 June 2005 (the latest practicable date prior to publication of this notice). This amount is higher than the one-third of issued ordinary share capital limit normally adopted by UK companies at their Annual General Meetings to allow the directors of Investec plc to issue special converting shares in Investec plc as and when required in accordance with the agreements which constitute Investec's dual listed company structure. The directors of Investec plc would not issue ordinary shares representing more than one-third of the current issued ordinary share capital prior to the date of the Annual General Meeting of Investec plc to be held in 2006 without seeking shareholder approval. The directors of Investec plc have no present intention of exercising their authority to allot shares, but believe that Investec plc should retain the flexibility to take action if future allotments are considered desirable.

24. Special Resolution No.1: Investec plc
Resolved that:

- subject to the passing of Resolution 23 the power conferred on the directors of Investec plc by paragraph 12.3 of Article 12 of Investec plc's Articles of Association be renewed for the period referred to in Resolution 23 and for such period the Section 89 amount shall be £5 931.66.

The purpose of Resolution 24 is to renew the authority of the directors of Investec plc to allot equity securities for cash otherwise than to shareholders in proportion to existing holdings. In the case of allotments other than rights issues, the authority is limited to equity securities up to an aggregate nominal value of

£5 931.66 which represents approximately five per cent of the total combined issued ordinary share capital of Investec plc and Investec Limited as at 17 June 2005 (being the latest practicable date prior to publication of this notice). The authority will expire at the end of the next Annual General Meeting of Investec plc to be held in 2006 or, if earlier, fifteen months after passing this Resolution 24.

If this Resolution 24 and Resolution 10 are both passed, the directors will have authority to allot shares for cash other than by way of rights in respect of both Investec Limited and Investec plc up to the limits specified in those respective Resolutions. In such circumstances, the directors confirm that, as and when they exercise such authorities, they intend to comply with the relevant guidelines of the Association of British Insurers.

25. Special Resolution No. 2: Investec plc
Resolved that:

- Investec plc be and is hereby unconditionally and generally authorised for the purpose of Section 166 of the UK Companies Act, 1985 (the "UK Act") to make market purchases (as defined in Section 163 of the UK Act) of ordinary shares of £0.001 each in the capital of Investec plc provided that:

(i) the maximum aggregate number of ordinary shares which may be purchased is 7 463 375;

(ii) the minimum price which may be paid for each ordinary share is its nominal value of £0.001;

(iii) the maximum price which may be paid for any ordinary share is an amount equal to one hundred and five per cent of the average of the middle market quotations of the ordinary shares of Investec plc as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased; and

(iv) this authority shall expire at the conclusion of the Annual General Meeting of Investec plc to be held in 2006, or if earlier, fifteen months from the date on which this Resolution is passed (except in relation to the purchase of ordinary shares the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry) unless such authority is renewed prior to that time.

The directors of Investec plc consider it may, in certain circumstances, be in the best interests of shareholders generally for Investec plc to purchase its own ordinary shares. Accordingly, the purpose and effect of Resolution 25 is to grant a general authority, subject to specified limits, to Investec plc to acquire ordinary shares of Investec plc. You are asked to consent to the purchase by Investec plc of up to a maximum of 7 463 375 ordinary shares of £0.001, which represents less than ten per cent of Investec plc's issued ordinary share capital as at 17 June 2005 (the latest practicable date prior to publication of this notice).

As of 17 June 2005 (the latest practicable date prior to publication of this notice), there were options outstanding over 10 665 102 ordinary shares, representing 14.3 per cent of Investec plc's issued ordinary share capital at that date. If the authority to buy back shares under this Resolution 25 was exercised in full, the total number of options to subscribe for ordinary shares would represent 15.9 per cent of Investec plc's issued ordinary share capital.

The Companies (Acquisition of own Shares) (Treasury Shares) Regulations 2003 (the "Regulations") permit Investec plc to purchase its own ordinary shares to be held in treasury, with a view to possible resale at a future date as opposed to cancelling these shares as previously required.

The directors of Investec plc have no present intention of making any purchases, but believe that Investec plc should retain the flexibility to take further action if future purchases were considered desirable and in the best interests of shareholders. If Investec plc were to purchase shares under the Regulations they will be cancelled or, to the extent determined by the directors of Investec plc, held in treasury, provided that the number of shares held in treasury at any one time does not exceed ten per cent of Investec plc's issued ordinary share capital. The authority will be exercised only if the directors of Investec plc believe that to do so would result in an increase of earnings per ordinary share and would be in the interests of shareholders generally or, in the case of the creation of treasury shares, that to do so would be in the best interests of shareholders generally.

26. Ordinary Resolution: Investec plc
Resolved that:

- the authorised share capital of Investec plc be and hereby is increased by the creation of 1 000 000 Non-cumulative perpetual Preference Shares of €0.01 each, such shares having attached thereto the rights and privileges and being subject to the limitations and restrictions set out in the new Articles of Association of Investec plc.

The purpose of Resolution 26 is to create a new class of non-cumulative perpetual preference shares in the capital of Investec plc.

27. Special Resolution No. 3: Investec plc
Resolved that:

- subject to the passing of Resolution 26 in this notice and the regulations contained in the print of the Articles of Association tabled at the meeting and, for the purpose of identification, signed by the Chairman of the Meeting, be approved and adopted as the new Articles of Association of Investec plc.

The purpose of Special Resolution 27 is to adopt new Articles of Association of Investec plc containing the terms of the non-cumulative perpetual preference shares in the capital of Investec plc.

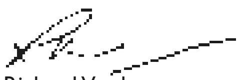
28. Ordinary Resolution: Investec plc
Resolved that:

- the authority conferred on the directors of Investec plc by paragraph 12.3 of Article 12 of Investec plc's new Articles of Association be renewed for the period ending on the fifth anniversary of the passing of this Resolution and for such period the Section 80 Preference Share Amount shall be 1 000 000. This authority is in addition to the authority conferred by resolution number 23 above.

The new Articles of Association of Investec plc permit the directors of Investec plc to allot preference shares and other securities in accordance with Section 80 of the UK Companies Act 1985, up to an amount and for a period authorised by the shareholders in general meeting.

The directors of Investec plc consider that the proposed resolutions in the notice of the Annual General Meeting are in the best interests of Investec plc and its shareholders and recommends that you vote in favour as the directors of Investec plc intend to do in respect of their own beneficial holdings.

By order of the board



Richard Vardy
Secretary

Date: 17 June 2005

Registered No: 3633621

Registered Office:
2 Gresham Street
London
EC2V 7QP

Notes:

1. All of the above resolutions are Joint Electorate Actions under the Articles of Association of Investec plc and, accordingly, both the holders of ordinary shares in Investec plc and the holder of the special voting share in Investec plc are entitled to vote. Voting will be on a poll which will remain open for sufficient time to allow the Investec Limited Annual General Meeting to be held and for the votes of the holder of the Investec plc special voting share to be ascertained and cast on a poll.

2. On the poll:
   (a) each fully paid ordinary share in Investec plc (other than those subject to voting restrictions) will have one vote;
   (b) the holder of the Investec plc special voting share will cast the same number of votes as were validly cast for and against the equivalent resolution by Investec Limited shareholders on the poll at the Investec Limited Annual General Meeting.
   (c) The holder of the Investec plc special voting share will be obliged to cast these votes for and against the relevant resolution in accordance with the votes cast for and against the equivalent resolution by Investec Limited shareholders on the poll at the Investec Limited Annual General Meeting;
   (d) Through this mechanism, the votes of the Investec Limited shareholders at the Investec Limited Annual General Meeting will be reflected at Investec plc's Annual General Meeting in respect of each Joint Electorate Action; and
   (e) The results of the Joint Electorate Action will be announced after both polls have closed.

3. A member entitled to attend and vote is entitled to appoint a proxy (or proxies) to attend and, on a poll, vote instead of him/her. A proxy need not be a member of Investec plc or Investec Limited. A proxy may not speak at the meeting except with permission from the Chairman of the meeting.

4. A form of proxy and a voting instruction form are enclosed. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting in person.

5. To be effective, the instrument appointing a proxy, and any power of attorney or other authority under which it was executed (or a duly certified copy of any such power or authority) must be returned so as to reach Investec plc's registrars, Computershare Investor Services plc, The Pavillions, Bridgwater Road, Bristol BS99 3FA, not less than forty eight hours before the time for holding the meeting or adjourned meeting (or in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used.

Notice of Annual General Meeting

6. Entitlement to attend and vote at the meeting, the number of votes which may be cast thereat, will be determined by reference to Investec plc's register of members at 14:00 (UK time) on Tuesday, 9 August 2005 or, if the meeting is adjourned, forty eight before the time fixed for the adjourned meeting, as the case may be.

7. Copies of all contracts of service under which the directors of Investec plc are employed by Investec plc or any of its subsidiaries are available for inspection at Investec plc's registered office during business hours on any weekday (Saturdays, Sundays and any public holidays excluded) and, along with a copy of the register of interests of the directors, will also be available for inspection at the place of the meeting for fifteen minutes before and during the meeting.

Investec Limited

Notice is hereby given that the Annual General Meeting of Investec Limited will be held at 15:00 (South African time) on Thursday, 11 August 2005, at the registered office of Investec Limited at 2nd Floor, 100 Grayston Drive, Sandown, Sandton, 2196, to transact the following business:

Ordinary Business: Investec Limited

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolutions of Investec Limited:

1. To receive and adopt the audited financial statements of Investec Limited for the year ended 31 March 2005, together with the reports of the directors of Investec Limited and of the auditors of Investec Limited.

2. To determine, ratify and approve the remuneration of the directors of Investec Limited for the year ended 31 March 2005.

3. To sanction the interim dividend paid by Investec Limited on the ordinary shares in Investec Limited for the six month period ended 30 September 2004.

4. To sanction the interim dividend paid by Investec Limited on the SA DAS share for the six month period ended 30 September 2004.

5. To declare a final dividend on the ordinary shares in Investec Limited for the year ended 31 March 2005 of an amount equal to that recommended by the directors of Investec Limited.

6. To declare a final dividend on the SA DAS share of Investec Limited for the year ended 31 March 2005 of an amount equal to that recommended by the directors of Investec Limited.

7. To re-elect Geoffrey Michael Thomas Howe as a director of Investec Limited in accordance with the provisions of the Articles of Association of Investec Limited.

8. To re-elect Haruko Fukuda OBE as a director of Investec Limited in accordance with the provisions of the Articles of Association of Investec Limited.

9. To re-elect Sir John Chippendale Lindley Keswick as a director of Investec Limited in accordance with the provisions of the Articles of Association of Investec Limited.

10. To re-elect Mangalani Peter Malungani as a director of Investec Limited in accordance with the provisions of the Articles of Association of Investec Limited.

11. To re-elect Peter Richard Suter Thomas as a director of Investec Limited in accordance with the provisions of the Articles of Association of Investec Limited.

12. To re-elect Cheryl Ann Carolus, whose appointment as a director terminates at the end of the Annual General Meeting of Investec Limited convened for 11 August 2005, as a director of Investec Limited in accordance with the provisions of the Articles of Association of Investec Limited.

    For brief biographical details of the directors to be re-elected, please refer to the Annual Report of Investec Limited/Investec plc.

13. To re-appoint Ernst & Young Chartered Accountants (SA) of Ernst & Young House, Wanderers Office Park, 52 Corlett Drive, Illovo, 2196 (PO Box 2322, Johannesburg, 2000) and KPMG Inc. of 85 Empire Road, Parktown, 2193 (Private Bag 9, Parkview, 2122) as auditors of Investec Limited to hold office until the conclusion of the Annual General Meeting of Investec Limited to be held in 2006 and to authorise the directors of Investec Limited to fix their remuneration.

Special Business: Investec Limited

To consider and, if deemed fit, to pass, with or without modification, the following ordinary and special resolutions of Investec Limited:

14. **Ordinary Resolution: Investec Limited**
    Resolved that:
    - a total of 1 150 047 (one million one hundred and fifty thousand and forty seven) being 10% (ten percent) of the unissued ordinary shares in the authorised share capital of Investec Limited be and are hereby placed under the control of the directors of Investec Limited as a general authority in terms of Section 221 of the South African Companies Act, No 61 of 1973, as amended, (the "SA Act") who are authorised to allot and issue the same at their discretion until the next Annual General Meeting of Investec Limited to be held in 2006, subject to the provisions of the SA Act, the South African Banks Act, No. 94 of 1990, as amended, and the Listings Requirements of the JSE Securities Exchange South Africa.

15. **Ordinary Resolution: Investec Limited**
    Resolved that:
    - all the unissued shares in the authorised share capital of Investec Limited, excluding the ordinary shares, be and are hereby placed under the control of the directors of Investec Limited as a general authority in terms of Section 221 of the South African Companies Act, No 61 of 1973, as amended, (the "SA Act") who are authorised to allot and issue the same at their

discretion until the next Annual General Meeting of Investec Limited to be held in 2006, subject to the provisions of the SA Act, the South African Banks Act, No. 94 of 1990, as amended, and the Listings Requirements of the JSE Securities Exchange South Africa.

16. **Ordinary Resolution: Investec Limited**
Resolved that:
- subject to the passing of ordinary resolution No. 14, the Listings Requirements of the JSE Securities Exchange South Africa and the South African Banks Act, No. 94 of 1990, as amended, the directors of Investec Limited be and they are hereby authorised to allot and issue 1 150 047 (one million one hundred and fifty thousand and forty seven) ordinary shares of R0.001 each, for cash as and when suitable situations arise, subject to the South African Companies Act, No. 61 of 1973, as amended, and subject to the following specific limitations as required by the Listing Requirements of the JSE Securities Exchange South Africa:

(i) this authority shall not extend beyond the later of the date of the next annual general meeting of the company or the date of the expiry of fifteen months from the date of the Annual General Meeting of Investec Limited convened for 11 August 2005;
(ii) a paid press announcement giving full details including the impact on net asset value and earnings per ordinary share, will be published at the time of an issue representing, on a cumulative basis within one financial year, five per cent or more of the number of ordinary shares in issue prior to such issue;
(iii) the issue in the aggregate in any one financial year will not exceed fifteen per cent of the number of ordinary shares in issue, including instruments which are compulsorily convertible;
(iv) in determining the price at which an allotment and issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be ten per cent of the weighted average traded price of the ordinary shares in question as determined over the thirty days prior to the date that the price of the issue is determined or agreed by the directors of Investec Limited; and
(v) the equity securities/shares must be issued to public shareholders and not to related parties.

If this Resolution 16 and Resolution 24 are both passed, the directors will have authority to allot shares for cash other than by way of rights in respect of both Investec Limited and Investec plc up to the limits specified in those respective Resolutions. In such circumstances, the directors confirm that, as and when they exercise such authorities, they intend to comply with the relevant guidelines of the Association of British Insurers.

In order for Resolution 16 to be passed, a seventy five per cent majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec Limited must be cast in favour of Resolution 16.

17. **Special Resolution No. 1: Investec Limited**
Resolved that:
- in terms of Article 9 of the Articles of Association of Investec Limited and with effect from 11 August 2005, Investec Limited hereby approves, as a general approval contemplated in Sections 85 and 89 of the South African Companies Act, No. 61 of 1973, as amended (the "SA Act"), the acquisition by Investec Limited or its subsidiaries from time to time, of the issued ordinary shares and non-redeemable non-cumulative non-participating preference shares of Investec Limited, upon such terms and conditions and in such amounts as the directors of Investec Limited or its subsidiaries may from time to time decide, but subject to the provisions of the SA Act and the Listings Requirements of the JSE Securities Exchange South Africa (the "JSE"), being that :

(i) any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement;
(ii) this general authority shall be valid until Investec Limited's next Annual General Meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this Special Resolution No. 1;
(iii) an announcement will be published as soon as Investec Limited or any of its subsidiaries has acquired ordinary shares constituting, on a cumulative basis, 3% (three per cent) of the number of ordinary shares in issue prior to the acquisition pursuant to which the aforesaid 3% (three per cent) threshold is reached, and for each 3% (three per cent) in aggregate acquired thereafter, containing full details of such acquisitions;
(iv) acquisitions of shares in aggregate in any one financial year may not exceed 20% (twenty per cent) of Investec Limited's ordinary issued share capital as at the date of passing of this Special Resolution No. 1;
(v) in determining the price at which ordinary shares issued by Investec Limited are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten per cent) of the weighted average of the market value at which such ordinary shares are traded on the JSE as determined over the five business days immediately preceding the date of repurchase of such ordinary shares by Investec Limited or any of its subsidiaries;
(vi) Investec Limited has been given authority by its Articles of Association;
(vii) at any point in time, Investec Limited may only appoint one agent to effect any repurchase on Investec Limited's behalf;
(viii) Investec Limited's sponsor must confirm the adequacy of Investec Limited's working capital for purposes of

undertaking the repurchase of shares in writing to the JSE before entering the market to proceed with the repurchase;

(ix) Investec Limited remaining in compliance with the minimum shareholder spread requirements of the JSE Listings Requirements; and

(x) Investec Limited and/or its subsidiaries not repurchasing any shares during a prohibited period as defined by the JSE Listings Requirements.

The reason and effect of this Special Resolution No. 1 is to grant a renewable general authority to Investec Limited to acquire ordinary shares and non-redeemable non-cumulative non-participating preference shares of Investec Limited which are in issue from time to time in terms of the SA Act and the JSE Listing Requirements for the repurchase by Investec Limited or a subsidiary of Investec Limited, of Investec Limited's shares.

The directors of Investec Limited have no present intention of making any purchases but believe that Investec Limited should retain the flexibility to take action if future purchases were considered desirable and in the best interests of shareholders. The directors of Investec Limited are of the opinion, after considering the effect of such acquisition of ordinary shares and non-redeemable non-cumulative non-participating preference shares, if implemented and on the assumption that the maximum of twenty per cent of the current issued ordinary share capital of Investec Limited will be repurchased using the mechanism of the general authority at the maximum price at which the repurchase may take place (a ten per cent premium above the weighted average of the market value for the securities for the five business days immediately preceding the date of the repurchase) and having regard to the price of the ordinary shares of Investec Limited on the JSE at the last practical date prior to the date of the notice of Annual General Meeting of Investec Limited convened for 11 August 2005 that:

- Investec Limited and the group will be able, in the ordinary course of business, to pay its debts for a period of twelve months after the date of the notice of Annual General Meeting of Investec Limited convened for 11 August 2005;
- the consolidated assets of Investec Limited and the group, fairly valued in accordance with Generally Accepted Accounting Practice, will be in excess of the consolidated liabilities of Investec Limited and the group for a period of twelve months after the date of the notice of Annual General Meeting of Investec Limited convened for 11 August 2005;
- Investec Limited and the group will have adequate capital and reserves for ordinary business purposes for a period of twelve months after the date of the notice of Annual General Meeting of Investec Limited convened for 11 August 2005; and
- the working capital of Investec Limited and the group will be adequate for ordinary business purposes for a period of twelve months after the date of the notice of Annual General Meeting of Investec Limited convened for 11 August 2005.

The following additional information, some of which may appear elsewhere in the Annual Report of which this notice forms part, is provided in terms of the JSE Listings Requirements for purposes of the general authority:

- Directors and management - Annual Report pages 150 to 153;
- Major beneficial shareholders - Annual Report page 148;
- Directors' interests in ordinary shares - Annual Report page 141; and
- Share capital of Investec Limited - Annual Report pages 205 to 207.

Litigation statement

In terms of section 11.26 of the JSE Listings Requirements, the directors, whose names appear on pages 150 to 151 of the Annual Report of which this notice forms part, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the group's financial position.

Directors' responsibility statement

The directors, whose names appear on pages 150 to 151 of the Annual Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information.

Material changes

Other than the facts and developments reported on in the Annual Report, there have been no material changes in the affairs or financial position of Investec Limited and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

Ordinary Business: Investec plc

To consider and, if deemed fit, to pass, with or without modification, the following resolutions of Investec plc:

18. To receive and adopt the audited financial statements of Investec plc for the year ended 31 March 2005, together with the reports of the directors of Investec plc and of the auditors of Investec plc.

19. To approve the Remuneration Report of Investec plc for the year ended 31 March 2005.

20. To sanction the interim dividend paid by Investec plc on the ordinary shares in Investec plc for the six month period ended 30 September 2004.

Notice of Annual General Meeting

21. To declare a final dividend on the ordinary shares in Investec plc for the year ended 31 March 2005 of an amount equal to that recommended by the directors of Investec plc.

22. To re-appoint Ernst & Young LLP of Beckett House, 1 Lambeth Palace Road, London, SEI 7EU, as auditors of Investec plc to hold office until the conclusion of the Annual General Meeting of Investec plc to be held in 2006 and to authorise the directors of Investec plc to fix their remuneration.

Special Business: Investec plc

To consider and, if deemed fit, to pass, with or without modification, the following resolutions of Investec plc:

23. Ordinary Resolution: Investec plc
    Resolved that:
    - the authority conferred on the directors of Investec plc by paragraph 12.2 of Article 12 of Investec plc's Articles of Association be renewed for the period ending on the date of the Annual General Meeting of Investec plc to be held in 2006 or, if earlier, fifteen months from the date on which this Resolution is passed, and for such period the Section 80 Amount shall be £36 378.

The Articles of Association of Investec plc permit the directors of Investec plc to allot shares and other securities in accordance with section 80 of the UK Companies Act 1985, up to an amount authorised by the shareholders in general meeting. The authority conferred on the directors at Investec plc's Annual General Meeting held in 2004 expires on the date of the forthcoming Annual General Meeting of Investec plc convened for 11 August 2005 and the directors of Investec plc recommend that this authority be renewed.

Resolution 23 will, if passed, authorise the directors of Investec plc to allot Investec plc's unissued shares up to a maximum nominal amount of £36 378 representing approximately forty eight per cent of Investec plc's issued ordinary share capital as at 17 June 2005 (the latest practicable date prior to publication of this notice). This amount is higher than the one-third of issued ordinary share capital limit normally adopted by UK companies at their Annual General Meetings to allow the directors of Investec plc to issue special converting shares in Investec plc as and when required in accordance with the agreements which constitute Investec's dual listed company structure. The directors of Investec plc would not issue ordinary shares representing more than one-third of the current issued ordinary share capital prior to the date of the Annual General Meeting of Investec plc to be held in 2006 without seeking shareholder approval. The directors of Investec plc have no present intention of exercising their authority to allot shares, but believe that Investec plc should retain the flexibility to take action if future allotments are considered desirable.

24. Ordinary Resolution: Investec plc
    Resolved that:
    - subject to the passing of Resolution 23 the power conferred on the directors of Investec plc by paragraph 12.3 of Article 12 of Investec plc's Articles of Association be renewed for the period referred to in Resolution 23 and for such period the Section 89 amount shall be £5 931.66.

The purpose of Resolution 24 is to renew the authority of the directors of Investec plc to allot equity securities for cash otherwise than to shareholders in proportion to existing holdings. In the case of allotments other than rights issues, the authority is limited to equity securities up to an aggregate nominal value of £5 931.66 which represents approximately five per cent of the total combined issued ordinary share capital of Investec plc and Investec Limited as at 17 June 2005 (being the latest practicable date prior to publication of this notice). The authority will expire at the end of the next Annual General Meeting of Investec plc to be held in 2006 or, if earlier, fifteen months after the passing of this Resolution 24.

If this Resolution 24 and Resolution 16 are both passed, the directors will have authority to allot shares for cash other than by way of rights in respect of both Investec Limited and Investec plc up to the limits specified in those respective Resolutions. In such circumstances, the directors confirm that, as and when they exercise such authorities, they intend to comply with the relevant guidelines of the Association of British Insurers.

In order for Resolution 24 to be passed, a seventy five per cent majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec Limited must be cast in favour of Resolution 24.

25. Ordinary Resolution: Investec plc
    Resolved that:
    - Investec plc be and is hereby unconditionally and generally authorised for the purpose of Section 166 of the UK Companies Act, 1985 (the "UK Act") to make market purchases (as defined in Section 163 of the UK Act) of ordinary shares of £0.001 each in the capital of Investec plc provided that:

    (i) the maximum aggregate number of ordinary shares which may be purchased is 7 463 375;
    (ii) the minimum price which may be paid for each ordinary share is its nominal value of £0.001;
    (iii) the maximum price which may be paid for any ordinary share is an amount equal to one hundred and five per cent of the average of the middle market quotations of the ordinary shares of Investec plc as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased; and
    (iv) this authority shall expire at the conclusion of the Annual General Meeting of Investec plc to be held in 2006, or if earlier, fifteen months from the date on

which this Resolution is passed (except in relation to the purchase of ordinary shares the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry) unless such authority is renewed prior to that time.

The directors of Investec plc consider it may, in certain circumstances, be in the best interests of shareholders generally for Investec plc to purchase its own ordinary shares. Accordingly, the purpose and effect of Resolution 25 is to grant a general authority, subject to specified limits, to Investec plc to acquire ordinary shares of Investec plc. You are asked to consent to the purchase by Investec plc of up to a maximum of 7 463 375 ordinary shares of £0.001, which represents less than ten per cent of Investec plc's issued share capital as at 17 June 2005 (the latest practicable date prior to publication of this notice).

As of 17 June 2005 (the latest practicable date prior to publication of this notice), there were options outstanding over 10 665 102 ordinary shares, representing 14.3 per cent of Investec plc's issued ordinary share capital at that date. If the authority to buy back shares under this Resolution 25 was exercised in full, the total number of options to subscribe for ordinary shares would represent 15.9 per cent of Investec plc's issued ordinary share capital.

The Companies (Acquisition of own Shares) (Treasury Shares) Regulations 2003 (the "Regulations") permit Investec plc to purchase its own ordinary shares to be held in treasury, with a view to possible resale at a future date as opposed to cancelling these shares as previously required.

The directors of Investec plc have no present intention of making any purchases, but believe that Investec plc should retain the flexibility to take further action if future purchases were considered desirable and in the best interests of shareholders. If Investec plc were to purchase shares under the Regulations they will be cancelled or, to the extent determined by the directors of Investec plc, held in treasury, provided that the number of shares held in treasury at any one time does not exceed ten per cent of Investec plc's issued ordinary share capital. The authority will be exercised only if the directors of Investec plc believe that to do so would result in an increase of earnings per ordinary share and would be in the interests of shareholders generally or, in the case of the creation of treasury shares, that to do so would be in the best interests of shareholders generally.

In order for Resolution 25 to be passed, a seventy five per cent majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec Limited must be cast in favour of Resolution 25.

26. Ordinary Resolution: Investec plc
Resolved that:

- the authorised share capital of Investec plc be and hereby is increased by the creation of 1 000 000 non-cumulative perpetual Preference Shares of €0.01 each, such shares having attached thereto the rights and privileges and being subject to the limitations and restrictions set out in the new Articles of Association of Investec plc.

The purpose of Resolution 26 is to create a new class of non-cumulative perpetual preference shares in the capital of Investec plc.

27. Ordinary Resolution: Investec plc
Resolved that:

- subject to the passing of Resolution 26 in this notice and the regulations contained in the print of the Articles of Association tabled at the meeting and, for the purpose of identification, signed by the Chairman of the Meeting, be approved and adopted as the new Articles of Association of Investec plc.

The purpose of Resolution 27 is to adopt new Articles of Association of Investec plc containing the terms of the non-cumulative perpetual preference shares in the capital of Investec plc.

In order for Resolution 27 to be passed, a seventy five per cent majority of the votes of all members present or represented by proxy at the Annual General Meeting of Investec Limited must be cast in favour of Resolution 27.

28. Ordinary Resolution: Investec plc
Resolved that:

- the authority conferred on the directors of Investec plc by paragraph 12.3 of Article 12 of Investec plc's new Articles of Association be renewed for the period ending on the fifth anniversary of the passing of this Resolution and for such period the Section 80 Preference Share Amount shall be 1 000 000. This authority is in addition to the authority conferred by resolution number 23 above.

The new Articles of Association of Investec plc permit the directors of Investec plc to allot preference shares and other securities in accordance with Section 80 of the UK Companies Act 1985, up to an amount and for a period authorised by the shareholders in general meeting.

Notice of Annual General Meeting

The directors of Investec Limited consider that the proposed resolutions in the notice of the Annual General Meeting are in the best interests of Investec Limited and its shareholders and recommend that you vote in favour as the directors of Investec Limited intend to do in respect of their own beneficial holdings.

By order of the board,

Selwyn Noik
Company Secretary

Date: 17 June 2005

Registration No: 1925/002833/06

Registered Office:
100 Grayston Drive
Sandown
Sandton, 2196

(PO Box 785700, Sandton, 2146)

Notes:

1. All of the above resolutions are Joint Electorate Actions under the Articles of Association of Investec Limited and, accordingly, both the holders of ordinary shares in Investec Limited and the holders of the special convertible redeemable preference shares in Investec Limited are entitled to vote. Voting will be on a poll which will remain open for sufficient time to allow the Investec plc Annual General Meeting to be held and for the vote of the holders of Investec Limited's special convertible redeemable preference shares to be ascertained and cast on a poll.

2. On the poll:
   (a) each ordinary share in Investec Limited (other than those subject to voting restrictions) will have one vote;
   (b) the holder of Investec Limited's special convertible redeemable preference shares will cast the same number of votes as were validly cast for and against the equivalent resolution at the Investec plc Annual General Meeting;
   (c) the holder of Investec Limited's special convertible redeemable preference shares will be obliged to cast these votes for and against the relevant resolution in accordance with the votes cast for and against the equivalent resolution by Investec plc shareholders on the poll at the Investec plc Annual General Meeting;
   (d) through this mechanism, the votes of the Investec plc shareholders at the Investec plc Annual General Meeting will be reflected at Investec Limited's Annual General Meeting in respect of each Joint Electorate Action; and
   (e) the results of the Joint Electorate Actions will be announced after both polls have closed.

3. A member entitled to attend and vote is entitled to appoint a proxy (or proxies) to attend and, on a poll, vote instead of him/her. A proxy need not be a member of Investec Limited or Investec plc. A proxy may not speak at the meeting except with permission from the chairman of the meeting.

4. A form of proxy and a voting instruction form are enclosed. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting in person.

5. To be effective, the instrument appointing a proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be deposited at the Transfer Secretary's office not less than forty eight hours before the time for holding the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used.

6. Entitlement to attend and vote at the meeting, and the number of votes which may be cast thereat, will be determined by reference to Investec Limited's register of members at 15:00 (South African time) on Tuesday, 9 August 2005 or, if the meeting is adjourned, forty eight hours before the time fixed for the adjourned meeting, as the case may be.