Investec

2006 Investec Annual Review and Summary Financial Statements

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

Auditors
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Refer to pages 66 to 69.

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Contents

The Summary Financial Statements have been approved by the Board of Directors of the group and were signed on its behalf by the Chief Executive Officer, Mr S Koseff on 16 June 2006. This document provides a summary of the information contained in Investec's 2006 Annual Report (Annual Report). It is not the group's statutory accounts and does not contain sufficient information to allow for a complete understanding of the results and state of affairs of the group as would be provided by the full Annual Report. For further information consult the full annual financial statements, the unqualified auditors' reports on those financial statements and the directors' report. The auditors' reports did not contain a statement under section 237(2) or section 237(3) of the UK Companies Act.

Should you wish to obtain a copy of the full 2006 Annual Report, please contact the Investor Relations division, whose contact details appear at the beginning of this report.

Furthermore, the 2006 Annual Report may be viewed on our website.

Snapshot

Overview

- Distinctive performance.
- Assisted by strong market conditions.
- Growing brand recognition.
- Greater penetration of core activities and geographies.
- Increased scale and expertise.
- Strong performance from our businesses.
- Achieved all our financial targets.

Financial highlights

- Operating profit* up 73.5% to £388.8 million.
- Attributable earnings* up 53.8% to £230.0 million.
- Adjusted earnings per share* up 55.6% to 209.5 pence.
- Dividends per share up 35.8% to 91.0 pence.
- Loans and advances up 49.9% to £9.6 billion.
- Third party assets under management up 60.8% to £54.4 billion.

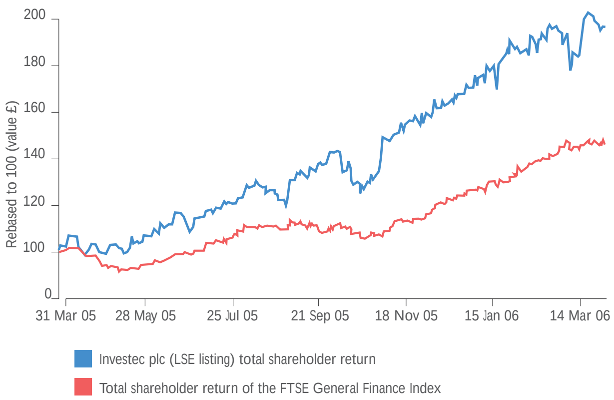
Delivered on our financial targets

	Target	31 March 2006	31 March 2005
ROE	> 20%	25.5%	20.0%
Cost to income ratio	< 65%	58.7%	67.4%
Adjusted EPS* growth	10% > UK RPI	55.6%	
Dividend cover (times)	1.7 - 2.3	2.3	2.0
Capital adequacy ratio	13% - 16%	Plc: 17.7%	Plc: 16.1%
		Ltd: 16.3%	Ltd: 17.9%

Note:

These targets were disclosed in May 2004 and are medium to long-term targets. We aim to achieve them through varying market conditions.

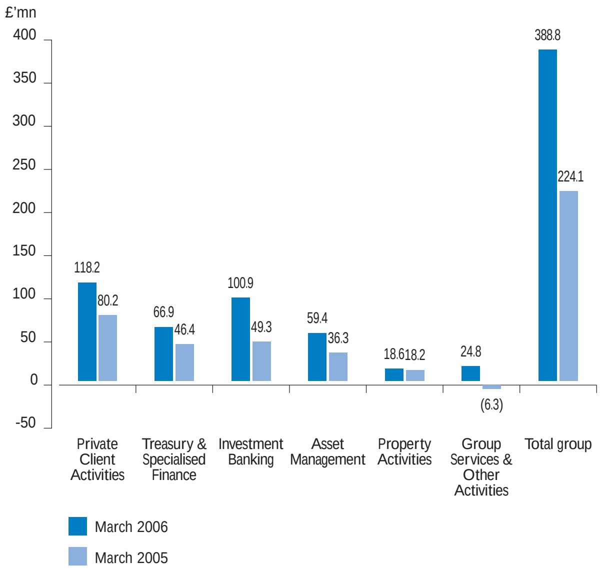
Returning value to shareholders



Source: Datastream.

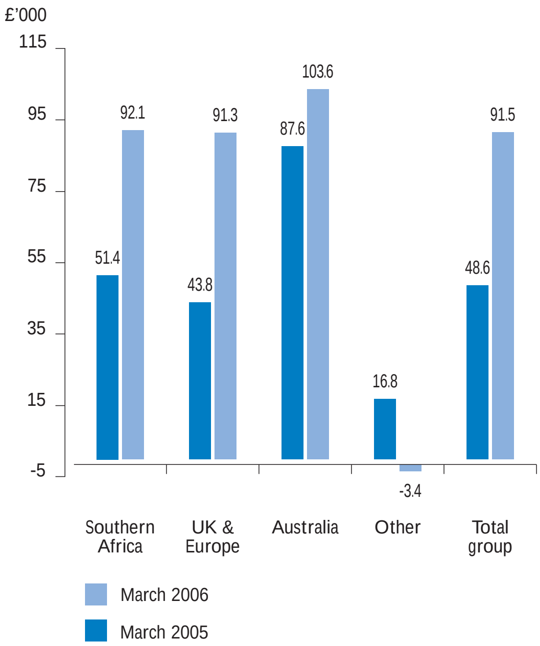
Strong operating performance

Operating profit*



Leveraged off our platforms

Operating profit* per employee

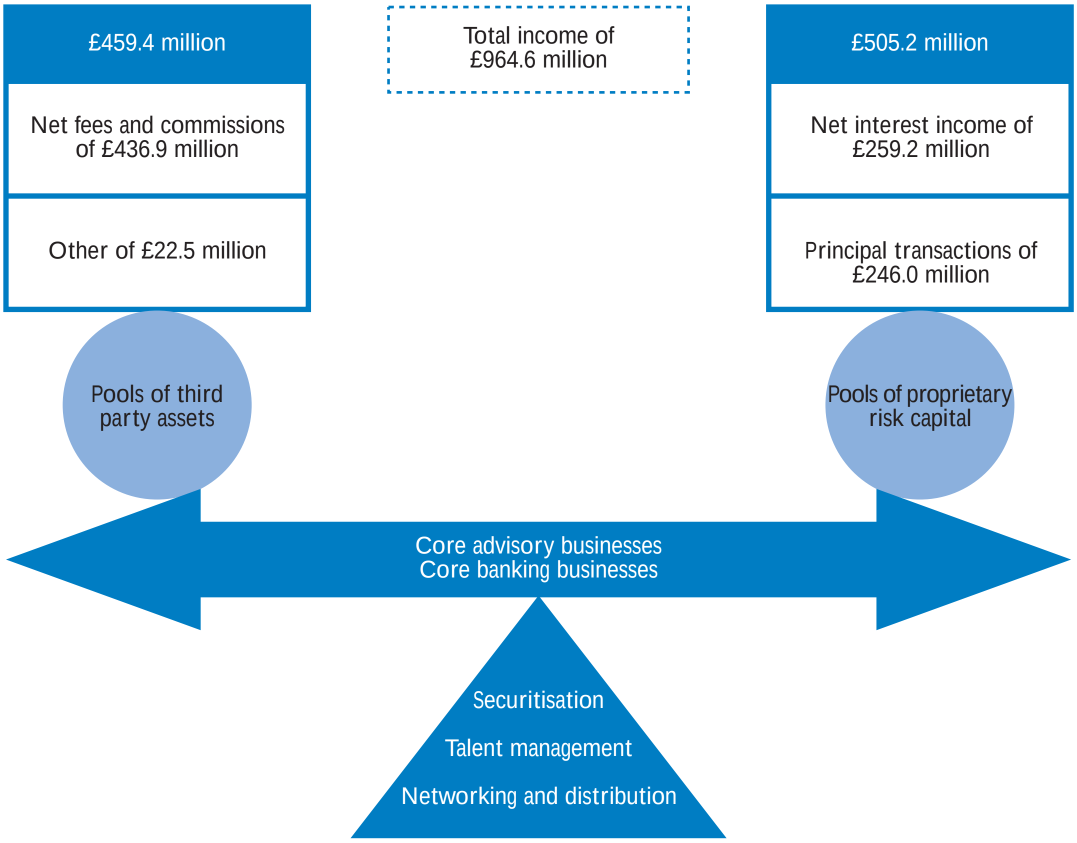


* Before goodwill impairment, non-operating items and taxation.

Strategic focus

Building a sustainable business model

- Our main strategic imperative is to build the business organically with bolt-on acquisitions where appropriate.
- We will continue to build a sustainable business model by balancing our operational risk businesses with financial risk businesses.



Outlook

- We continue to make significant strides in enhancing the quality and sustainability of our earnings.
- While the levels of activity and momentum have continued into the new financial year, we remain mindful of the volatile operating environment to which some of our businesses are exposed.
- Our niche focus, distinctive offering and capability of our people will enable us to take advantage of growth opportunities as they arise.

Operating financial review

A message from the board to our stakeholders

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 our stakeholders. 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 these risks. Furthermore, we strive 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.

The operating financial review provides an overview of the group's strategic position, performance during the financial year and outlook for the business. It should be read in conjunction with the sections that follow on pages 7 to 75 which elaborate on the aspects highlighted in this review.

Focus and commitment result in a distinctive performance

Management and the board are delighted with the group's performance for the year reflecting our focus and commitment to producing distinctive results. Although markets assisted, we believe our strong performance is also evidence of the quality earnings base that we have developed. We are also starting to see the benefits of building a strong brand. This, together with our relentless pursuit of a sustainable growth strategy, has led to increased penetration in our core activities and geographies where we have continued to build scale and expertise.

As a result, adjusted earnings per share (before goodwill impairment and non-operating items) grew by 55.6% to 209.5 pence, from 134.6 pence with the board recommending a final dividend of 53.0 pence per ordinary share. This brings the total dividends per share for the year to 91.0 pence, up from 67.0 pence in 2005.

Achieved all our financial targets

For the past two years, we have consistently focused on five long-term financial targets which are appropriate through periods of varying market conditions. These objectives were designed to measure our performance and ensure that we deliver continuously improving returns to our shareholders. Most of our businesses performed strongly, enabling us to achieve all our stated growth and financial return objectives. We believe that meeting these targets consistently will continue to provide a degree of organisational stretch. Accordingly, we focus on business activities that are expected to earn appropriate returns on our capital and satisfy the demands of our shareholders.

Capital management

It is critical that we maintain a well-capitalised group and remain committed to effective balance sheet and capital management. With a capital adequacy ratio of 17.7% and 16.3% in Investec plc and Investec Limited respectively, we have capital in excess of our target range. We do however recognise that as a growing business we continue to have demands on our capital and need a capital buffer to support this growth.

Sustainability is at our core

In a year of strong delivery on our financial targets, increased ethical awareness and greater corporate responsibility continue to be a priority for the group. We are still digesting some of the more significant international sustainability developments, while continually assessing our own sustainability efforts and their relevance to our culture and values. As a result, we made incremental progress in the non-financial aspects of our sustainability journey last year. This included various new initiatives relating to talent management and retention and succession planning. In the year ahead, the results of a greater group-wide focus on sustainability will become evident, when we seek to interact more broadly with employees as the next stage in the stakeholder engagement exercise we began last year.

In South Africa transformation and black economic empowerment remain high on the corporate agenda. Our approach is to utilise our own entrepreneurial expertise to foster the creation of new black entrepreneurial platforms, and continue to be one of the prime sources of empowerment financing. We also recognise the need for our own internal transformation and are bringing about greater representivity within our work place by creating black entrepreneurs within the organisation. From a reporting perspective, we submitted our first financial sector report to the Charter Council in April 2006 which included a comprehensive analysis of our positioning in this regard. Based on the Charter Council guidelines and our own internal analysis we are pleased to state that we achieved our target of an "A" rating in terms of the Financial Sector Charter.

Culture of governance

Sound corporate governance is implicit in our values and culture. We also have a strong, independent board, who, individually and collectively, make a major contribution to good governance and our other achievements.

During the year, the board was further strengthened by the appointment of Sir David Prosser on 23 March 2006. Sir David was former Chief Executive Officer of Legal & General Group PLC and Chairman of the Financial Services Skills Council. We welcome the rich and diverse leadership experience that he brings and value the contribution he is already making.

Collective effort at every level

In a year marked by opportunity and strong growth, our achievements would not have been possible without the dedication and talent of all our people. We thank the board for providing valuable advice and guidance to the management team, who have been responsible for driving strong performance.

Credit for our performance also goes to the collective effort of more than 4 400 highly motivated employees. The development of our people and the nurturing of talent within the group are essential to stimulating performance and creating proficiency. During the year, we added more talent, bringing in new professional expertise and adding scale to the businesses targeted for growth. Recruiting and retaining the best people remains a strategic imperative for the group.

Our business depends on strong and meaningful relationships with our clients and their needs are at the core of our business philosophy and actions. We appreciate the support of our clients and shareholders in the past year and thank them for the trust and confidence placed in us.

Pursuing a sustainable growth strategy

To maintain a sustainable growth strategy, excellent management discipline, a persistent focus on execution, vigilant risk management, and innovative products and service for clients will remain our priority.

We engaged in a number of strategic actions in 2005 to complement our existing businesses. These included the Rensburg Sheppards transaction, the purchase of HSBC's Private Client business in South Africa and the proposed acquisition in Australia of N.M. Rothschild & Sons (Australia) Limited post financial year end. However, an essential part of our growth strategy is investment in organic growth where we can build on and enhance our existing capabilities.

Accordingly, we will continue to concentrate on businesses with the potential to contribute significantly to our long-term performance, while investing in areas that will drive future growth. We will persist in the elimination of inefficiencies by consolidating and improving platforms. Another priority is aggressive pursuit of new opportunities for organic growth and, when appropriate, bolt-on acquisitions that will help expand our core activities.

Positive outlook

While the levels of activity and momentum have continued into the new financial year, we remain aware of the volatile operating environment to which some of our businesses are exposed. In the year ahead, we will strive to make further progress in enhancing the quality and sustainability of our earnings, while reinforcing the impact of our brand and strengthening our relationships with clients.

With this as our focus, we believe we are well positioned to respond to change and to anticipate it in ways that best serve our clients and shareholders. We look forward to the future, confident that our niche focus, distinctive offering and capability of our people will enable us to take advantage of growth opportunities as they arise.

On behalf of the board

Hugh Herman
Chairman

Stephen Koseff
Chief Executive Officer

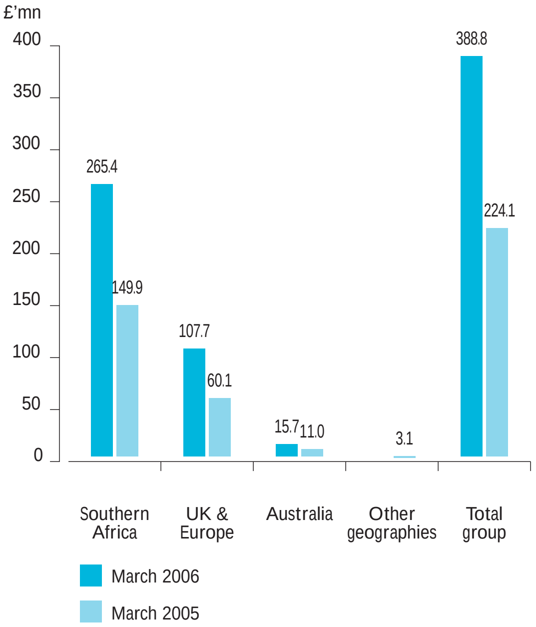
Bernard Kantor
Managing Director

Overview

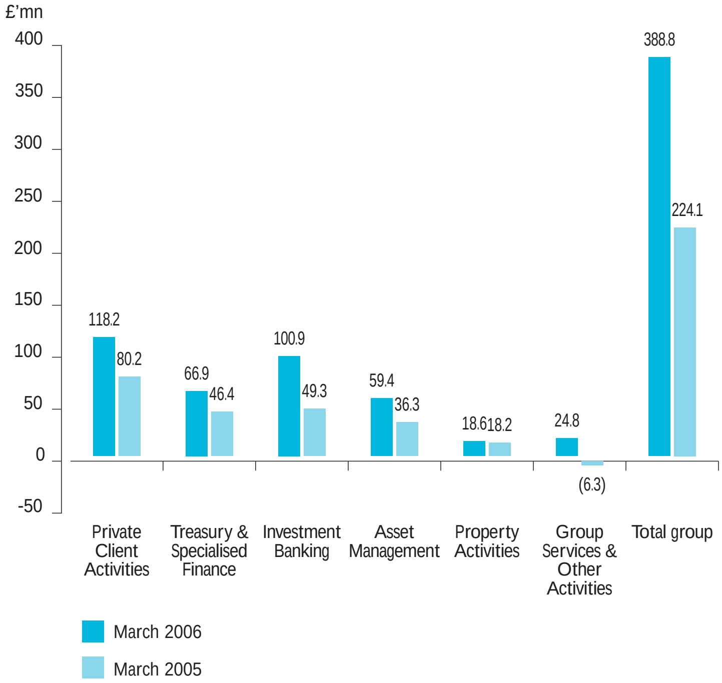
Investec delivered a solid set of results driven by strong performances from our balanced portfolio of businesses.

Operating profit before goodwill impairment, non-operating items and taxation

By geography



By division



This commentary and analysis of our financial results for the year ended 31 March 2006 provides an overview of our financial performance relative to the group's pro forma results (as explained on pages 70 to 75) for the year ended 31 March 2005. The commentary and analysis are based on our consolidated financial results presented in accordance with International Financial Reporting Standards (IFRS) denominated in Pounds Sterling. Unless the context indicates otherwise all income statement comparatives referred to on pages 2 to 75 relate to the pro forma results. All references in this document referring to "Investec" or "the group" relate to the combined DLC group comprising Investec plc and Investec Limited.

A favourable operating environment

Macro-economic

Key macro-economic data pertaining to the group's three principal geographies: the UK, South Africa and Australia is set out below.

	31 March 2006		31 March 2005	
	Year end	Average	Year end	Average
UK Clearing Banks Base Rate	4.50%	4.58%	4.75%	4.59%
LIBOR - 3 month	4.61%	4.08%	4.98%	4.82%
South Africa Prime Overdraft Rate	10.50%	10.52%	11.00%	11.19%
JIBAR - 3 month	7.09%	7.05%	7.55%	7.69%
Reserve Bank of Australia cash target rate	5.50%	5.50%	5.50%	5.40%
FTSE All Share Index	3 048.0	2 709.4	2 457.7	2 313.0
JSE All Share Index	20 351.7	16 293.0	13 298.6	11 578.5
Australian All Ordinaries Index	5 087.2	4 458.5	4 100.6	3 742.4

Source: Reuters and I-NET Bridge.

Exchange rates

Since the end of July 2002, following the implementation of our DLC 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 combined consolidated financial statements. In the case of the income statements, the weighted average rate for the relevant period is applied and, in the case of the balance sheets, the relevant closing rate is used.

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 combined consolidated financial statements.

Currency per £1.00	31 March 2006		31 March 2005	
	Year end	Average	Year end	Average
South African Rand	10.72	11.43	11.73	11.47
Australian Dollar	2.44	2.37	2.44	2.50
Euro	1.43	1.47	1.46	1.47
US Dollar	1.73	1.78	1.89	1.85

Source: Reuters and Oanda.com.

Business highlights

Operating profit before goodwill impairment, non-operating items and taxation

For the year to 31 March 2006

£'000	UK & Europe	Southern Africa	Australia	Other geographies	Total group	% Change	% of Total
Private Banking	61 533	31 981	8 009	-	101 523	52.7%	26.0%
Private Client Portfolio Management and Stockbroking	7 399*	9 243	-	-	16 642	20.6%	4.3%
Treasury and Specialised Finance	22 507	43 560	849	-	66 916	44.3%	17.2%
Investment Banking	29 631	65 887	5 412	-	100 930	>100%	26.0%
Asset Management	10 609	48 767	-	-	59 376	63.6%	15.3%
Property Activities	2 023	16 575	-	-	18 598	2.1%	4.8%
Group Services and Other Activities	(25 966)	49 397	1 473	(122)	24 782	>100%	6.4%
Total group	107 736	265 410	15 743	(122)	388 767	73.5%	100.0%
% Change	79.3%	77.0%	43.7%	>100%	73.5%		
% of Total	27.7%	68.3%	4.0%	0.0%	100.0%		

* This number is net of tax of £3.6 million.

Pro forma IFRS restated for the year to 31 March 2005

£'000	UK & Europe	Southern Africa	Australia	Other geographies	Total group	% of Total
Private Banking	35 282	24 815	4 341	2 052	66 490	29.7%
Private Client Portfolio Management and Stockbroking	8 408	5 396	-	-	13 804	6.2%
Treasury and Specialised Finance	14 051	31 335	1 193	(210)	46 369	20.7%
Investment Banking	16 632	26 975	3 514	2 165	49 286	22.0%
Asset Management	4 859	31 259	-	185	36 303	16.1%
Property Activities	5 113	13 095	-	-	18 208	8.1%
Group Services and Other Activities	(24 267)	17 055	1 909	(1 033)	(6 336)	(2.8%)
Total group	60 078	149 930	10 957	3 159	224 124	100.0%
% of Total	26.8%	66.9%	4.9%	1.4%	100.0%	

Partner of choice from wealth creation to wealth management

Strategy

- Client-focused approach.
- Provide financial leverage and acumen.
- "Investment bank for private clients".
- Differentiation - strong risk management discipline.
- Deliver distinctive value through partnerships and diagnostic approach.
- Concentrate on growth markets and niche segments.

Key income drivers

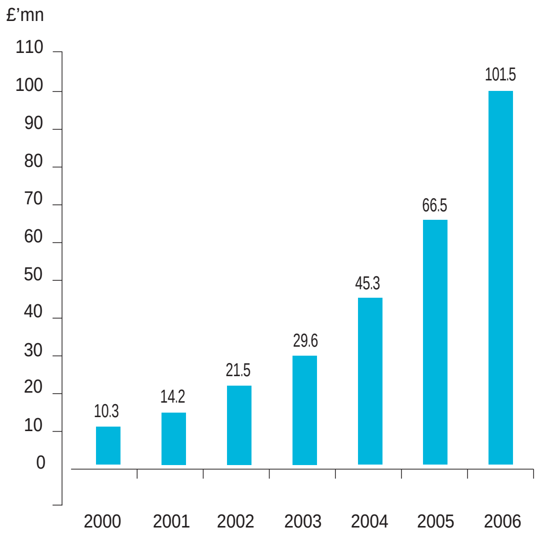
- Interest earned in terms of our lending activities.
- Fees earned for advisory, banking and lending services.
- Income earned from growth and acquisition finance activities.

Financial highlights and developments

- Excellent growth achieved in all key geographies and across all areas of specialisation.
- Benefited from growth strategy and initiatives actioned in prior years.

Operating profit^	▲ 52.7% to £101.5 million
Lending book	▲ 43.2% to £6.2 billion
Deposit book	▲ 46.3% to £4.8 billion
Funds under advice	▲ 75.9% to £1.9 billion
Adjusted shareholders' equity (£'000)	372 651
ROE (pre-tax)	29.3%
Cost to income ratio	59.7%
Operating profit per employee (£'000)	70.6
Number of employees	1 598

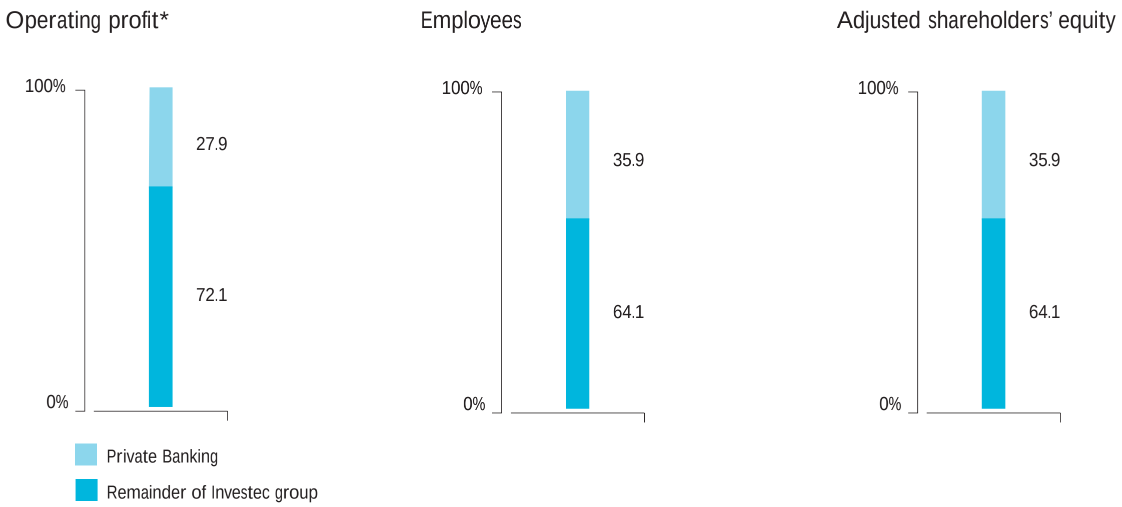
Operating profit^ - track record



Outlook

- Earnings visibility across all geographies is positive, with meaningful deal flow.
- Planned growth strategies include the expansion of distribution capability together with new strategic initiatives.

Contribution analysis



* Before goodwill impairment, non-operating items and taxation and excluding Group Services and Other Activities.

^ Before goodwill impairment, non-operating items and taxation.

Strategy

- South Africa:
  - Continually deliver superior portfolio returns to clients.
  - Introduce new discretionary and non-discretionary products and services.
  - Enhance client focus - offering specialised solutions.
  - Leverage cross-sell opportunities within the broader Investec group.

Key income drivers

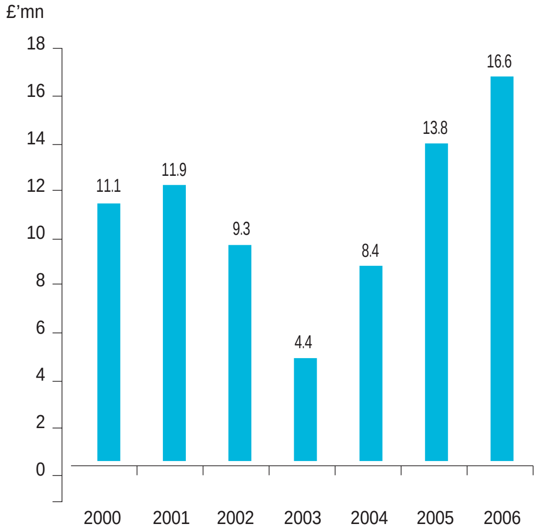
- Fees levied as a percentage of assets under management.
- Commissions earned for executing transactions for clients.

Financial highlights and developments

- Benefited from favourable equity market conditions.
- Carr Sheppards Crosthwaite sold to Rensburg on 6 May 2005. We retain a 47.7% interest in the combined entity, Rensburg Sheppards.
- South African business benefited from acquisition of HSBC's Private Client business.

Operating profit^	▲ 20.6% to £16.6 million
Funds under management - Rensburg Sheppards - South Africa	 £13.1 billion ▲ 119.2% to £7.8 billion
Adjusted shareholders' equity (£'000)	37 122
ROE (pre-tax)	40.8%
Cost to income ratio	55.9%
Operating profit per employee (£'000)	66.1
Number of employees	167

Operating profit^ - track record

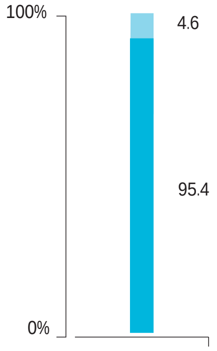


Outlook

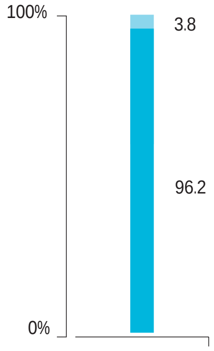
- Continue to leverage off the increased scale.
- Performance geared to equity market conditions.
- Fees will benefit from the higher base effect.

Contribution analysis

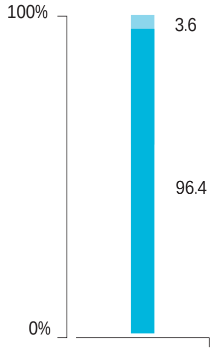
Operating profit*



Employees



Adjusted shareholders' equity



Private Client Portfolio Management and Stockbroking

Remainder of Investec group

* Before goodwill impairment, non-operating items and taxation and excluding Group Services and Other Activities.

^ Before goodwill impairment, non-operating items and taxation.

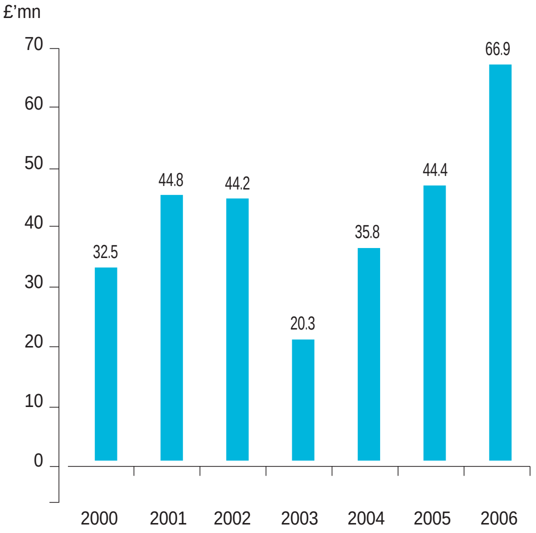
Strategy

- Focus on:
  - Asset creation opportunities - grow a portfolio of quality term assets.
  - Product structuring and distribution opportunities.
  - Advisory mandates.
  - Trading, hedging and select proprietary market opportunities.
  - Creating platforms for the origination and securitisation of internal and third party banking assets.
  - Specialist funds.

Key income drivers

- Trading and hedging.
- Product structuring and distribution.
- Asset creation.
- Advisory.

Operating profit^ - track record



Financial highlights and developments

- Solid performance from core value drivers - leveraging off a strong platform.
- Increased capability in Australia.

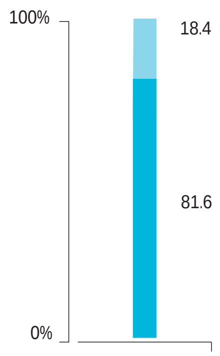
Operating profit^	↑ 44.3% to £66.9 million
Lending book	↑ 50.8% to £3.0 billion
Adjusted shareholders' equity (£'000)	293 542
ROE (pre-tax)	27.3%
Cost to income ratio	56.5%
Operating profit per employee (£'000)	137.3
Number of employees	530

Outlook

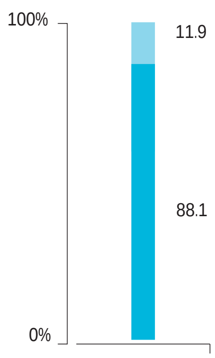
- Deal pipeline and general momentum are positive.
- We have initiatives in place and are developing niche specialisations to ensure continued performance.
- Securitisation and specialist funds are key areas of focus.

Contribution analysis

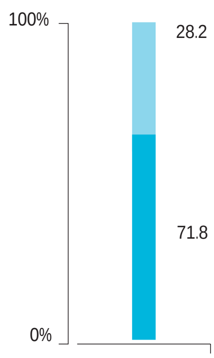
Operating profit*



Employees



Adjusted shareholders' equity



Treasury and Specialised Finance

Remainder of Investec group

* Before goodwill impairment, non-operating items and taxation and excluding Group Services and Other Activities.

^ Before goodwill impairment, non-operating items and taxation.

Integrated business focused on local client delivery with international access

Strategy

- Primary objective - secure current positioning and continue building operations.
- Strong focus on enhancing overall profitability.

Key income drivers

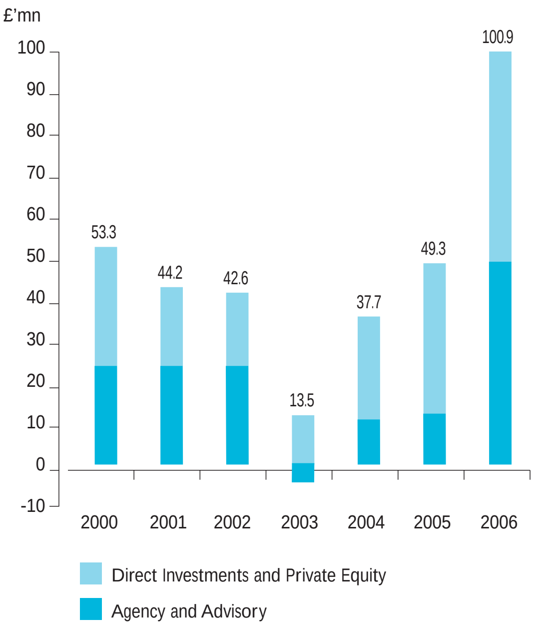
- Fees resulting from the provision of capital raising and financial advisory work.
- Brokerage commissions.
- Trading and market making activities.
- Sale of investments and revaluation of trading investments.
- Dividends received.

Financial highlights and developments

- Institutional Stockbroking performed well against backdrop of buoyant equity markets.
- Corporate Finance benefited from a strong deal pipeline across all its geographies and the increasing size and quality of its client base.
- Direct Investments and Private Equity divisions delivered very strong growth, reflecting our increasing presence in this activity.

Operating profit^	▲ 104.8% to £100.9 million
Adjusted shareholders' equity (£'000)	63 875
ROE (pre-tax)	171.8%
Cost to income ratio	45.2%
Operating profit per employee (£'000)	378.3
Number of employees	287

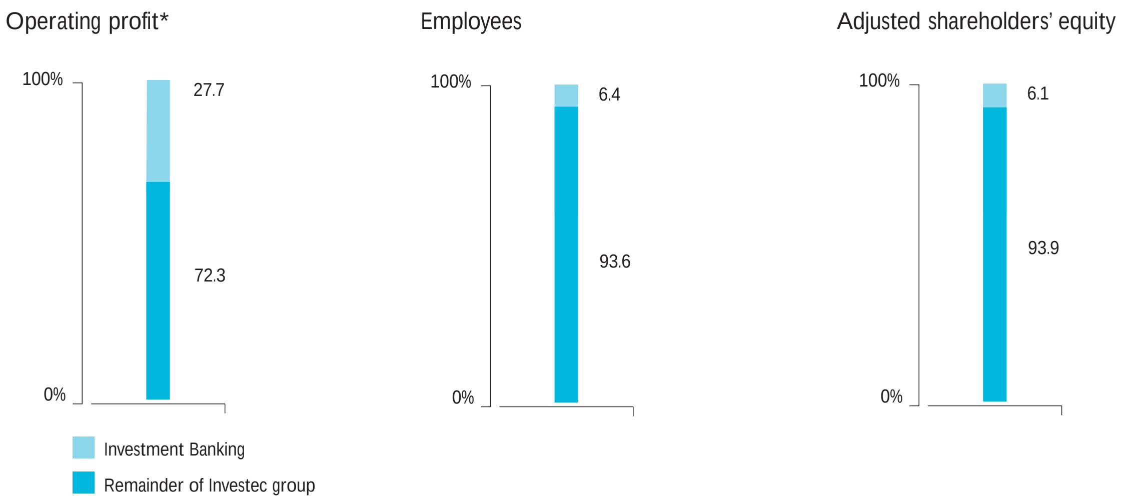
Operating profit^ - track record



Outlook

- Solid pipeline of deals in all geographies.
- Portfolios well-positioned to take advantage of market conditions.
- Integrated platform and increasing brand recognition provide growth opportunities.

Contribution analysis



* Before goodwill impairment, non-operating items and taxation and excluding Group Services and Other Activities.

^ Before goodwill impairment, non-operating items and taxation.

Investment specialist focused on performance and client needs

Strategy

- Deliver sound investment performance across all propositions.
- Provide exceptional client service.
- Remain at the forefront of product innovation.
- Driving transformation in South Africa and diversity worldwide.

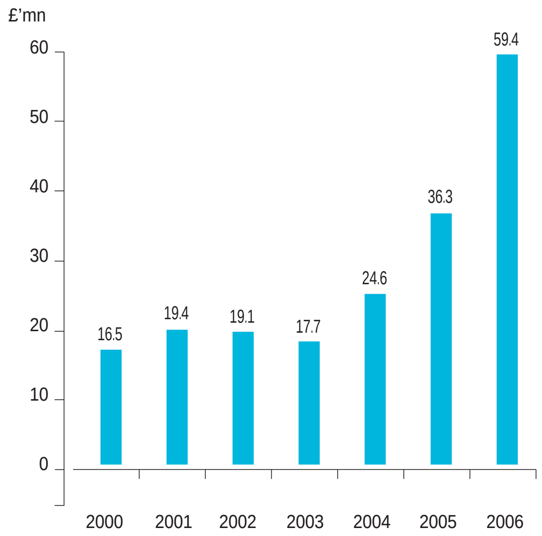
Key income driver

- Fees levied as a percentage of assets under management.

Other drivers

- Market levels.
- Net new business.
- Competitive positioning.
- Attraction and retention of talented employees.

Operating profit^ - track record



Financial highlights and developments

- Performance boosted by favourable equity markets, growth in performance fee revenue, cost control and excellent mutual fund sales.
- Investment performance remains good.

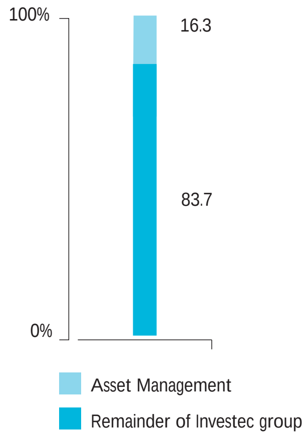
Operating profit^	▲ 63.6% to £59.4 million
Assets under management	▲ 38.1% to £31.7 billion
Adjusted shareholders' equity (£'000)	140 042
ROE (pre-tax)	36.3%
Cost to income ratio	65.4%
Operating profit per employee (£'000)	78.4
Number of employees	790

Outlook

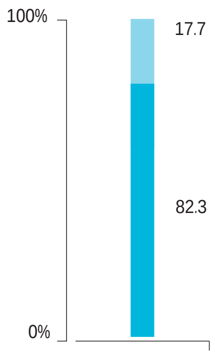
- Built a durable platform for growth based on:
  - Competitive long-term investment performance.
  - Management continuity.
  - Growing brand recognition.

Contribution analysis

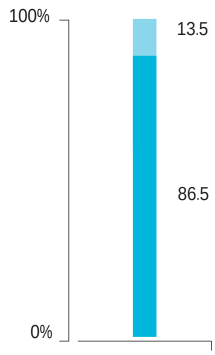
Operating profit*



Employees



Adjusted shareholders' equity



* Before goodwill impairment, non-operating items and taxation and excluding Group Services and Other Activities.

^ Before goodwill impairment, non-operating items and taxation.

Leading fund management consolidator, seeking selective trading opportunities

Strategy

- Grow funds under management through strategic acquisition of individual properties or portfolios of properties.
- Exploit development or trading opportunities that may exist from time to time.

Key income drivers

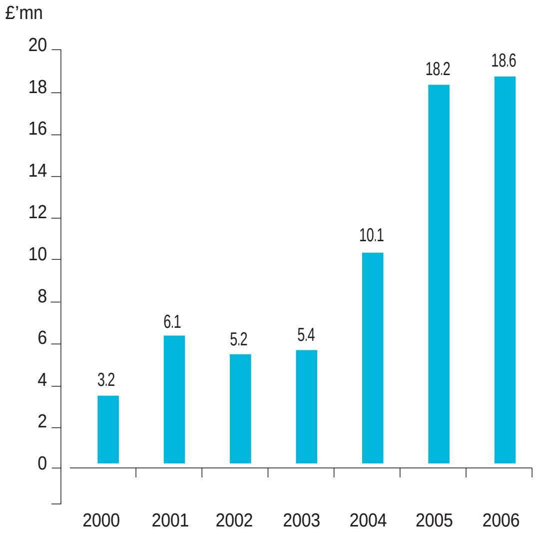
- Fees levied as a percentage of assets under management.
- Administration fees for managing client portfolios.
- Trading and development activities.

Financial highlights and developments

- Solid results from South African business, driven by an increase in funds under management and principal transactions, given favourable property market conditions.
- Weaker performance from UK business, which had benefited from exit fees earned in previous year.

Operating profit^	↑ 2.1% to £18.6 million
Funds under management	↑ 47.0% to £1.8 billion
Adjusted shareholders' equity (£'000)	17 124
ROE (pre-tax)	76.8%
Cost to income ratio	51.7%
Operating profit per employee (£'000)	76.9
Number of employees	258

Operating profit^ - track record

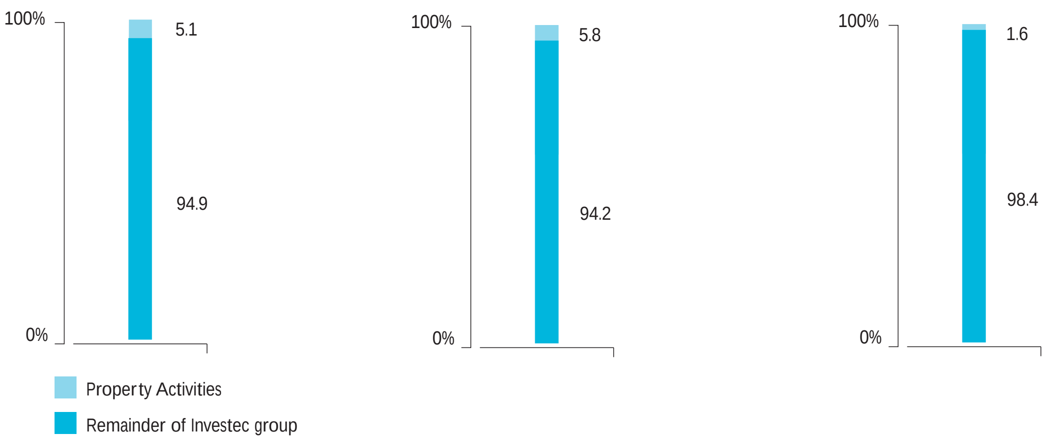


Outlook

- The business in South Africa will continue to leverage off favourable market conditions.
- We are looking to expand our property model in the UK to include property fund management and to align the strategic focus of the UK business with that of South Africa in order to build a more holistic global property business.

Contribution analysis

Operating profit* | Employees | Adjusted shareholders' equity



* Before goodwill impairment, non-operating items and taxation and excluding Group Services and Other Activities.

^ Before goodwill impairment, non-operating items and taxation.

- Operating profit of £24.8 million compared to a prior year loss of £6.3 million supported by a solid performance by the Central Funding division.

£'000	31 March 2006	31 March 2005	Variance	% Change
International Trade Finance	4 505	4 685	(180)	(3.8%)
USA continuing businesses	(120)	(1 022)	902	88.3%
UK Traded Endowments	(47)	(813)	766	94.2%
Assurance Activities	11 518	11 553	(35)	(0.3%)
	15 856	14 403	1 453	10.1%
Central Funding	66 777	19 309	47 468	>100%
Central Services	(57 851)	(40 048)	(17 803)	(44.5%)
Operating profit/(loss) before goodwill impairment, non-operating items and taxation	24 782	(6 336)	31 118	>100%

£'000 - 31 March 2006	UK & Europe	Southern Africa	Australia	Other	Total group
International Trade Finance	2 192	2 313	-	-	4 505
USA continuing businesses	-	-	-	(120)	(120)
UK Traded Endowments	-	(47)	-	-	(47)
Assurance Activities	-	11 518	-	-	11 518
Central Funding	(5 616)	67 020	5 375	(2)	66 777
Central Services	(22 542)	(31 407)	(3 902)	-	(57 851)
Operating profit/(loss) before goodwill impairment, non-operating items and taxation	(25 966)	49 397	1 473	(122)	24 782

£'000 - 31 March 2005	UK & Europe	Southern Africa	Australia	Other	Total group
International Trade Finance	1 635	3 050	-	-	4 685
USA continuing businesses	-	-	-	(1 022)	(1 022)
UK Traded Endowments	-	(813)	-	-	(813)
Assurance Activities	-	11 553	-	-	11 553
Central Funding	(12 491)	26 980	4 831	(11)	19 309
Central Services	(13 411)	(23 715)	(2 922)	-	(40 048)
Operating profit/(loss) before goodwill impairment and non-operating items	(24 267)	17 055	1 909	(1 033)	(6 336)

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

A number of significant corporate actions have been undertaken during the year under review and the previous financial year which have a bearing on our performance and these are highlighted below.

- A subsidiary of Investec plc issued €200 million non-voting, non-cumulative, perpetual preferred securities in June 2005.
- The sale of our UK Private Client Stockbroking business, Carr Sheppards Crosthwaite Ltd ("Carr Sheppards Crosthwaite") to Rensburg plc ("Rensburg") on 6 May 2005. We retain a 47.7% interest in the combined entity, Rensburg Sheppards plc ("Rensburg Sheppards").
- The acquisition of HSBC's Private Client business in South Africa effective 1 April 2005.
- The sale of our associate investment in Capital Alliance Holdings Limited (CAL), to Liberty Group Limited effective on 31 March 2005.
- Investec Limited issued R2.3 billion (£207.3 million) of non-redeemable, non-cumulative, non-participating preference shares in February 2005.
- The reinsurance of the group risk business conducted by Investec Employee Benefits to CAL executed on 31 December 2004.
- The sale of our 80.28% stake in Investec Bank (Israel) Limited to The First International Bank of Israel Ltd on 22 December 2004.

Total operating income

Total operating income increased by 31.1% to £964.6 million (2005: £735.5 million). The various components of total operating income are analysed briefly below.

£'000	31 March 2006	% of total income	31 March 2005	% of total income	% Change
Net interest income	259 152	26.9%	170 568	23.2%	51.9%
Other income	705 403	73.1%	564 975	76.8%	24.9%
Net fees and commissions receivable	436 874	45.3%	377 725	51.4%	15.7%
Principal transactions	246 059	25.5%	140 158	19.0%	75.6%
Operating income from associates	6 694	0.7%	14 474	2.0%	(53.8%)
Net income on assurance activities	13 055	1.3%	26 498	3.6%	(50.7%)
Other operating income	2 721	0.3%	6 120	0.8%	(55.5%)
Total operating income net of insurance claims	964 555	100.0%	735 543	100.0%	31.1%

Net interest income

Net interest income represents interest earned net of interest paid in connection with our portfolio of bank accounts, deposits, lending activity and financial structured products. Net interest income increased by 51.9% to £259.2 million (2005: £170.6 million) as a result of very strong growth in loans and advances of 49.9% to £9.6 billion and increased cash holdings within the Central Funding division.

Net fees and commissions receivable

Net fees and commissions receivable consist of fees receivable for the provision of asset 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. Also included are facility arrangement fees, corporate finance fees and similar items that are transactional in nature and therefore generate more erratic income streams, offset by fees and commissions payable which predominantly comprise brokerage payable, banking fees and other similar charges.

The growth in net fees and commissions of 15.7% to £436.9 million (2005: £377.7 million) is impacted by the sale of Carr Sheppards Crosthwaite to Rensburg. Our retained interest in Rensburg Sheppards is now accounted for as "operating income from associates". Excluding the consolidated income earned from Carr Sheppards Crosthwaite in both years results in an increase in net fees and commissions of 30.3% to £433.3 million. This result was supported by favourable market and economic conditions and increased transactional activity in our businesses.

Principal transactions

Principal transactions 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; dividends received and the profit/loss on realisation of the group's trading investments.

Income from principal transactions increased 75.6% to £246.1 million (2005: £140.2 million) mainly as a result of a strong performance of the underlying assets within the Direct Investments, Private Equity, Property and Central Funding portfolios; an improved performance from our market making and financial market activities; and an increased contribution from the Growth and Acquisition Finance team within the Private Bank.

Operating income from associates

Operating income from associates decreased by 53.8% to £6.7 million (2005: £14.5 million). The current years figure includes Investec's 47.7% share of the reported post-tax profit of Rensburg Sheppards for the period 6 May 2005 to 31 March 2006 (tax amounted to £3.6 million). In the prior year our most significant associate investment was Capital Alliance Holdings Limited.

Net income on assurance activities

The decline in net income from assurance activities is as a result of the reinsurance of the group risk business during the prior year. After administration expenses and tax, a profit of £1.0 million (2005: £6.7 million) was generated from assurance activities, which represents the residual earnings from the businesses that were retained.

Impairment losses on loans and advances

The decrease in impairment losses on loans and advances of 42.2% to £9.2 million (2005: £15.8 million) reflects an improvement in impairments in the Private Banking and Central Funding divisions, partially offset by an increase in specific impairments in the Treasury and Specialised Finance division.

The percentage of gross non-performing loans (NPLs) to loans and advances improved from 0.88% to 0.75%. Total impairment coverage remains highly satisfactory both as a percentage of gross NPLs and net NPLs (gross NPLs net of security), at 56.9% and 146.4% respectively.

Administrative expenses

Total administrative expenses increased by 15.1% to £558.9 million (2005: £485.4 million). If the costs of Carr Sheppards Crosthwaite and the Israeli operations are excluded in both years:

- Total costs have increased by 28.0% to £556.0 million.
- Variable remuneration increased by 64.9% to £156.3 million due to increased profitability.
- Other operating expenses (excluding variable remuneration) increased by 17.7% to £399.7 million largely as a result of an increase in headcount in certain of the businesses in line with our growth initiatives and the introduction of a long-term incentive plan (charge of £11.5 million) for a group of senior employees in June 2005.

We achieved our target of operating expenses to total operating income of less than 65% with the ratio improving from 67.4% to 58.7%, principally as a result of the strong growth in operating income of 31.1%.

£'000	31 March 2006	% of total expenses	31 March 2005	% of total expenses	% Change
Staff costs (including directors' remuneration)	(386 393)	69.1%	(319 267)	65.8%	21.0%
- fixed	(229 506)	41.0%	(211 956)	43.7%	8.3%
- variable	(156 887)	28.1%	(107 311)	22.1%	46.2%
Business expenses	(83 345)	14.9%	(85 955)	17.7%	(3.0%)
Equipment (excluding depreciation)	(27 311)	4.9%	(22 949)	4.7%	19.0%
Premises (excluding depreciation)	(39 132)	7.0%	(38 764)	8.0%	0.9%
Marketing expenses	(22 706)	4.1%	(18 509)	3.8%	22.7%
Administrative expenses as reported	(558 887)	100.0%	(485 444)	100.0%	15.1%

Goodwill impairments

The charge for goodwill impairment decreased from £37.0 million to £21.4 million. The current charge largely relates to impairment of goodwill attributable to property management contracts with respect to a portfolio of properties sold, and the Institutional Asset Management business in South Africa (relating to the loss of assets resulting from corporate actions). The prior year included an amount of £5 million relating to negative goodwill arising from a structured finance transaction offset by goodwill impairments largely relating to acquisitions made in the UK and South Africa.

Non-operating items

Non-operating items of £73.6 million principally includes a profit of £79.5 million arising out of the effective 52.3% sale of Carr Sheppards Crosthwaite to Rensburg offset by Investec's £3 million share of integration costs relating to the transaction.

Taxation

The operational effective tax rate of the group increased from 28.2% to 29.2%, and from 25.9% to 26.5% if the impact of the gross up on assurance activities is excluded in both years.

Earnings attributable to minority interests

Earnings attributable to minority interests increased from £2.4 million to £14.3 million largely as a result of:

- An increase in the value of a portfolio of investment properties in which minorities have a 23.1% holding.
- A loss arising on the translation of the preferred securities issued by a subsidiary of Investec plc from Euros into Pounds Sterling. In accordance with IFRS these preferred securities are reflected on the balance sheet as part of minority interests. The transaction is hedged and income arising on the hedge is reflected in operating profit before goodwill impairment.

Earnings attributable to ordinary shareholders

As a result of the foregoing factors, earnings attributable to ordinary shareholders increased from £110.9 million to £315.1 million.

Balance sheet analysis

Since 1 April 2005 total capital resources (including total equity and subordinated liabilities) increased by 29.3% to £2.0 billion largely as a result of the issue of €200 million (£132 million) preferred securities by a subsidiary of Investec plc in June 2005, the gain on the sale of Carr Sheppards Crosthwaite and increased operating earnings.

On balance sheet assets grew by 20.0% from £19.9 billion to £23.9 billion with strong growth in loans and advances to customers partially offset by the closure of the Stock Lending matched book in the UK (reflected in the balance sheet as reverse repurchase agreements and cash collateral on securities borrowed).

Seven year review

Salient features*

For the year ended 31 March**	2006	2005	2004	2003	2002	2001	2000
Income statement and selected returns							
Earnings attributable to ordinary shareholders before goodwill and non-operating items (£'000)	230 017	149 510	106 203	89 668	127 613	100 906	87 246
Headline earnings (£'000)	222 805	147 037	105 873	83 595	115 777	100 906	87 246
Operating profit before goodwill, non-operating items and taxation (£'000)	388 767	224 124	132 260	85 762	158 567	133 196	123 474
Operating profit: Southern Africa (% of total)	68.3%	66.9%	58.6%	81.0%	51.6%	25.6%	15.4%
Operating profit: UK, Europe, Australia and Other (% of total)	31.7%	33.1%	41.4%	19.0%	48.4%	74.4%	84.6%
Cost to income ratio	58.7%	67.4%	72.7%	80.0%	72.0%	72.6%	70.2%
Staff compensation to operating income ratio	40.1%	43.4%	47.3%	51.1%	44.5%	45.5%	43.6%
Return on average adjusted shareholders' equity	25.5%	20.0%	15.4%	13.1%	19.4%	18.2%	16.9%
Net-interest income as a percentage of operating income	26.9%	23.2%	18.8%	21.3%	26.5%	28.9%	24.6%
Non-interest income as a percentage of operating income	73.1%	76.8%	81.2%	78.7%	73.5%	71.1%	75.4%
Effective tax rate	29.2%	28.2%	21.0%	6.3%	18.0%	22.6%	29.2%
Balance sheet							
Total capital resources (including subordinated liabilities) (£'million)	2 042	1 579	1 303	958	958	842	639
Shareholders' equity (including preference shares and minority interests) (£'million)	1 512	1 076	805	679	768	603	555
Total assets (£'million)	23 901	19 917	15 319	14 914	16 957	15 984	16 030
Loans and advances (£'million)	9 605	6 408	4 846	3 909	3 314	3 299	3 083
Loans and advances as a percentage of total assets	40.2%	32.2%	31.6%	26.2%	19.5%	20.6%	19.2%
Third party assets under management (£'million)	54 443	33 855	47 763	40 559	44 219	43 977	45 853
Capital adequacy ratio: Investec plc	17.7%	16.1%	17.3%	14.2%	^	^	^
Capital adequacy ratio: Investec Limited	16.3%	17.9%	15.1%	12.2%	^	^	^
Salient financial features and key statistics							
Adjusted earnings per share before goodwill and non-operating items (pence)	209.5	134.6	103.8	96.1	139.8	125.9	109.9
Headline earnings per share (pence)	203.0	132.4	103.5	89.6	126.8	125.9	109.9
Basic earnings per share (pence)	268.9	89.2	60.0	(67.2)	14.8	99.2	90.2
Diluted earnings per share (pence)	249.8	85.4	59.6	(67.2)	13.9	96.4	89.6
Dividends per share (pence)	91.0	67.0	58.0	54.0	53.8	68.7^^	61.4^^
Dividend cover (times)	2.3	2.0	1.8	1.8	2.6	1.8	1.8
Net tangible asset value per share (pence)	744.3	495.8	414.8	374.9	373.8	^	^
Weighted number of ordinary shares in issue (million)	109.8	111.1	102.3	93.3	91.3	80.2	79.4
Total number of shares in issue (million)	118.6	118.6	118.6	113.0	92.2	81.0	80.6
Closing share price (pence)	2 941	1 555	1 089	615	805	1 729	2 487
Market capitalisation (£'million)	3 488	1 844	1 292	695	742	1 400	2 005
Number of employees in the group	4 453	4 163	4 458	4 874	5 529	4 836	4 441
Average ZAR/£ exchange rate	11.43	11.47	12.02	15.04	13.65	10.82	9.93

* Refer to definitions on page 92.

** From 2000 to 2004 numbers are reported in terms of UK GAAP and for March 2005 and March 2006 in terms of IFRS.

^ 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.

Risk, governance and sustainability

Philosophy and approach

The group recognises that the effectiveness of the risk management function is fundamental to its business. 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.

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

An independent function, Group Risk Management (part of Group Services) independently monitors, manages and reports on our risk as mandated by the board through the Board Risk Review Committee. Business units are ultimately responsible for managing risks that will arise.

We monitor and control risk exposure through credit, market, 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.

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 has specialist divisions in the UK and South Africa and smaller risk divisions in other regions, to promote sound risk management practices.

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 techniques. However, no bank can completely or accurately predict or fully assure the effectiveness of its policies and procedures for managing risk.

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

This section provides an overview of these types of risks and related developments that occurred during the period under review. Further detail on our risk management framework, committees and forums as well as our risk management and measurement techniques can be found in the Investec group's 2006 Annual Report.

Credit risk management

Credit risk is 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 and positions in debt instruments (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 as they fall due).
- Derivative transactions giving rise to settlement and replacement risk. Settlement risk is the risk that the settlement of a transaction does not take place as expected, with Investec effecting required settlements as they fall due but not receiving settlements to which they are entitled. As markets evolve, safe settlement mechanisms such as Continuous Linked Settlement and exchange settlement serve to reduce the level of settlement risk in the banking system. Replacement risk is the risk that a derivative instrument needs to be replaced following default by the original counterparty and that such replacement is done at a cost which equates to the mark-to-market of the trade at the date of replacement.

The nature and degree of credit risk vary depending on the type of business transactions entered into.

Credit risk in the UK and Europe

The UK and European group comprises businesses in the UK, including a branch in Ireland and banking businesses in the Channel Islands and Switzerland.

Credit risk arises mainly through our Private Bank and Treasury and Specialised Finance activities. Some settlement risk is assumed in the Investment Banking division, but is to approved market counterparties.

Private Bank

The Private Bank has businesses in the UK, including a branch in Ireland, the Channel Islands, and Switzerland. Credit risk arises from our Structured Property Finance, Specialised Lending, and Growth and Acquisition Finance activities.

The Structured Property Lending area provides senior debt, mezzanine and equity funding for property transactions covering the residential and commercial markets. Our exposure to the property market is well diversified with no individual concentration risk. Our properties are well located residential or good quality commercial assets with recognised tenant covenant. Our property assets are located in the UK, with limited exposure to retail properties in Germany and Switzerland which are anchored by major European retail covenants. Client quality and expertise are at the core of our credit philosophy, ensuring a low probability of default. Furthermore, robust debt service cover ratios and reasonable loan to values ensure a low level of expected loss, which is supported by low historical actual losses. Where a more commercial view is taken on debt structure and leverage, significantly increased returns are expected. All facilities are reviewed at least annually and property values are monitored by our appointed panel of valuation firms. Committees review and monitor our mezzanine and equity property funding exposure on a quarterly basis.

Growth and Acquisition Finance provides successful entrepreneurs, management teams, private equity houses and UK based mid-market companies implementing acquisition and organic growth strategies with mezzanine or composite debt funding. Deal sizes typically range between £8 million and £20 million. Credit risk is assessed against the debt service coverage and robustness of the cash generation for the business both historically and against forecasts. Other factors include the quality of the management team and the amortisation profile of the debt package.

Specialised Lending provides bespoke credit facilities and hedging solutions to high net worth individuals and financially sophisticated clients. This involves securities lending against holders of listed equities and transaction facilitation, where we work with clients, law firms and trust companies to facilitate financial planning and structuring for their clients.

Treasury and Specialised Finance

The bulk of Treasury and Specialised Finance activities are conducted from London.

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. This may give rise to counterparty failure. Positions are marked to market daily with margin calls where necessary to mitigate credit exposure in the event of default.

The Acquisition Finance business focuses on senior debt facilities in the leveraged market to scale businesses operating in mature markets with leading and defendable market shares.

Credit exposures also arise through project finance, resource finance, asset finance, corporate lending and structured transactions. There are pre-approved limits specifying the maximum exposure for each counterparty, to ensure there is no concentration risk.

Most facilities are secured on the assets of the underlying corporate.

Credit risk in South Africa

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

Private Bank

Our lending product offered through our structured property and growth and acquisition finance activities supports the needs of our clients. Central to our credit philosophy is the concept of sustainability of income through the cycle. As such, the client base has been defined to include high net worth clients (who through diversification of income streams would reduce income volatility) and individuals with a profession which has historically supported a high and sustainable income stream irrespective of the stage in the economic cycle. The combination of low probability of default clients (due to niche focus) and low and decreasing loan to value ratios results in a low level of expected loss, which has been borne out by historical experience of actual losses.

Residential mortgages and commercial property make up the bulk of our lending exposure. Exposure to commercial, retail and industrial properties are generally at conservative loan to value ratios. Income producing assets are generally substantially let with good quality anchor tenants.

Exposure to the South African property market is well spread among the regions in which we mainly operate (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 assessing resultant loan to value ratios, 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 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 oil and commodity price environment were among the primary areas of potential credit risk in the year under review. Scenario analyses were performed regularly for clients whose exposures exhibited a material level of volatility as a result of these factors.

The Specialised Finance, Project Finance and Resource Finance businesses lend money on a structured basis to corporates, government and institutions, with full recourse, to either a suitable asset or to the balance sheet of the entity to which the funds are advanced.

Typical assets that are funded include property, plant and equipment, infrastructure and movable assets. Specific credit limits are set for each counterparty and monitored to ensure 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.

The Resource Finance business may be exposed to countries presenting complex legal and political risks. Extensive knowledge of Africa (which represents the bulk of the exposure in this business unit), 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. Most of the Resource Finance business activities form part of the corporate asset class (as defined by Basel II) since recourse in the event of default will be to the total assets of the corporate and not merely the resources being financed. Transactions are structured so that scenarios resulting in increased level of exposure coincide with increased profitability of the entity being financed and thus a relatively stable expected loss.

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 accept.

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, servicing corporate and private clients. Prudential limits have been set and are monitored daily to ensure that should excesses occur, they 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 group credit philosophy, policy and procedures, as well as the Central Bank of Mauritius' regulatory framework.

Credit risk in Australia

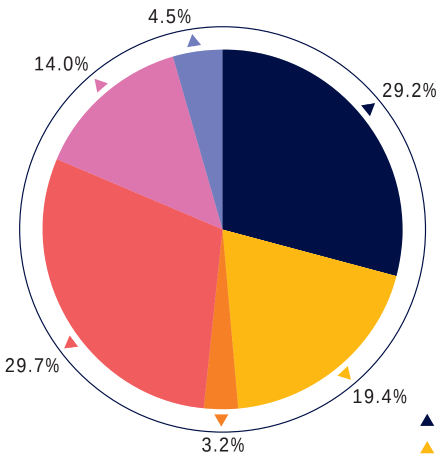
Investec Bank (Australia) Limited operates within a clearly defined framework for managing credit risk. The policies and procedures for credit risk management are consistent with those of the group and comply with the prudential standards issued by the Australian Prudential Regulatory Authority.

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

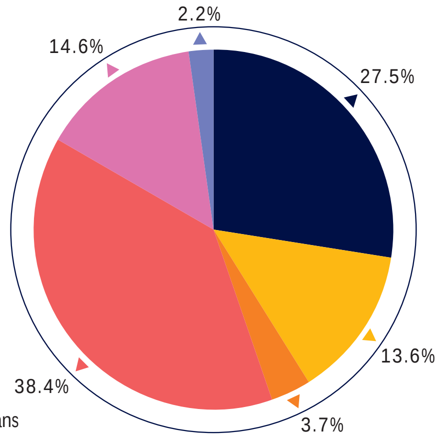
Loans and advances to customers by loan type

At 31 March £'000	2006	2005
Category analysis		
Commercial property loans	2 816 243	2 057 203
Residential mortgages	1 872 477	1 018 936
Leases and instalment debtors	306 933	279 810
Corporate and public sector loans and advances	2 864 206	2 877 686
Other private bank lending	1 352 121	1 094 387
Other loans and advances	433 735	164 814
	9 645 715	7 492 836
Specific impairment	(31 056)	(21 657)
Portfolio impairment	(10 070)	(68 719)
	9 604 589	7 402 460

Loans and advances to customers by loan type:
31 March 2006



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



Asset quality analysis

£'million	31 March 2006	1 April 2005
Total loans and advances to customers (gross of impairments)	9 646	6 445
Managed book	(107)	(113)
Net loans and advances to customers	9 539	6 332
Specific impairments	31	28
Portfolio impairments	10	9
Total impairments	41	37
Gross non-performing loans	72	57
Less: security	(44)	(35)
Net non-performing loans	28	22
Adequacy of impairments		
Specific impairments as a % of loans and advances to customers	0.32%	0.43%
Portfolio impairments as a % of net loans and advances to customers	0.10%	0.14%
Total impairments as a % of loans and advances to customers	0.43%	0.57%
Total impairments as a % of gross non-performing loans	56.94%	64.91%
Total impairments as a % of net non-performing loans	146.43%	168.18%
Specific impairments as a % of gross non-performing loans	43.06%	49.12%
Specific impairments as a % of net non-performing loans	110.71%	127.27%
Gross non-performing loans as a % of loans and advances to customers	0.75%	0.88%

Credit risk year in review

Basel II

From a credit risk perspective there has been significant investment in people and technology in order to re-engineer existing credit process in such a way as to meet additional requirements of the jurisdictional regulators which are in the process of being aligned to the International Convergence of Capital Measurement and Capital Standards issued by the Bank of International Settlements. This re-engineering of credit processes is being conducted within the context of Investec's core credit philosophy.

UK and Europe

The loan portfolio increased by 48.4% to £3.2 billion largely driven by solid growth in our Structured Property Lending and Acquisition Finance businesses.

House price growth in the UK slowed to low levels during 2005, consistent with expectations of a soft landing and dampening fears of a property crash. Growth is generally anticipated to be in line with incomes during the next three years, with markets in prime central London showing the healthiest increases in the £1 million plus bracket. Good quality investment property remains strong, with a number of funds underweight in this asset class. 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 in our Private Banking division to high net worth and market professional individuals who can afford rate rises and have equity at risk gives comfort.

While leverage in the leveraged buy-out market continues to increase our Acquisition Finance business remains highly selective in terms of the transactions it undertakes. The book is well diversified and credit quality is solid. There is good appetite in the secondary market for these assets which presents us with securitisation opportunities.

The quality of the overall loan portfolio in the UK and Europe remains satisfactory with the percentage of gross non-performing loans to total loans improving from 1.01% to 0.77%.

South Africa

The loan portfolio increased by 52.7% to £6.0 billion driven by strong performances in the Private Banking and Treasury and Specialised Finance divisions.

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.
- Volatile oil and metal (both base and precious) 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 about the level of residential property prices (which have experienced strong growth for some time).

The high net worth and/or stable income streams of our clients will provide a level of protection from decreases in property values, should this trend occur in the future. Over the past year, as property values increased, these clients built an effective equity buffer, resulting in lower average loan to value ratios, which have served to minimise potential losses on depreciation of values.

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. To assess the effect 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, hedging activity declined over the current financial year and, together with strong growth in the Private Bank business, resulted 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. This enables 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).

The quality of the overall loan portfolio in Southern Africa remains satisfactory with the percentage of gross non-performing loans to total loans improving from 0.86% to 0.57%.

Australia

The loan portfolio increased by 25.0% to £403 million driven by growth across all business streams.

Market risk management

Market risk is a measure of potential change in the value of a portfolio of instruments as a result of changes in the financial environment (resulting in changes in underlying market risk factors such as interest rates, equity markets, bond markets, commodity markets, exchange rates and volatilities) between now and a future point in time. The Market Risk Management team identifies, quantifies and manages the effects of these potential changes in accordance with Basel II and policies determined by the board.

Within our trading activities, we act as principle with clients or the market. Market risk, therefore, exists where we have taken on principle positions, resulting from proprietary trading, market trading, 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.

Measurement techniques used to quantify the market risk arising from our trading activities include sensitivity analysis, Value at Risk (VaR) and Expected Tail Loss (ETL). Stress testing and scenario analysis are also used to simulate extreme conditions to supplement these core measures.

VaR is the amount by which a portfolio will change in a certain time frame no more than a certain percentage of the time. For example, a 99% one-day VaR of £50 000 means that 99% of the time we do not expect the loss on a portfolio to exceed £50 000. ETL starts where VaR ends, i.e. where the VaR threshold is exceeded. In the example above, we can ask how much we expect to lose 1% of the time? A 99% ETL of £62 000 means that 1% of the time, the portfolio will lose £62 000 on average.

VaR numbers are monitored at the 95%, 99% and 100% (maximum loss) confidence intervals. ETLs are monitored at the 95% and 99% levels.

Scenario analysis considers the impact of a significant market event on our current trading portfolios. For example, we would analyse the impact of the 11 September 2001 terrorist attack in New York on the market and, consequently, on our portfolios. We consider the impact for the 10 days after the event, not merely the instantaneous shock to the markets.

All VaR models, while forward-looking, are based on past events and depend on the quality of available market data. The accuracy of the VaR model as a predictor of potential loss is continuously monitored through back testing. This involves comparing the actual trading revenues arising from the previous day's closing positions with the one-day VaR calculated for the previous day on these same positions. If the revenue is negative and exceeds the one-day VaR, a "back testing breach" is considered to have occurred.

VaR 95% (one-day)

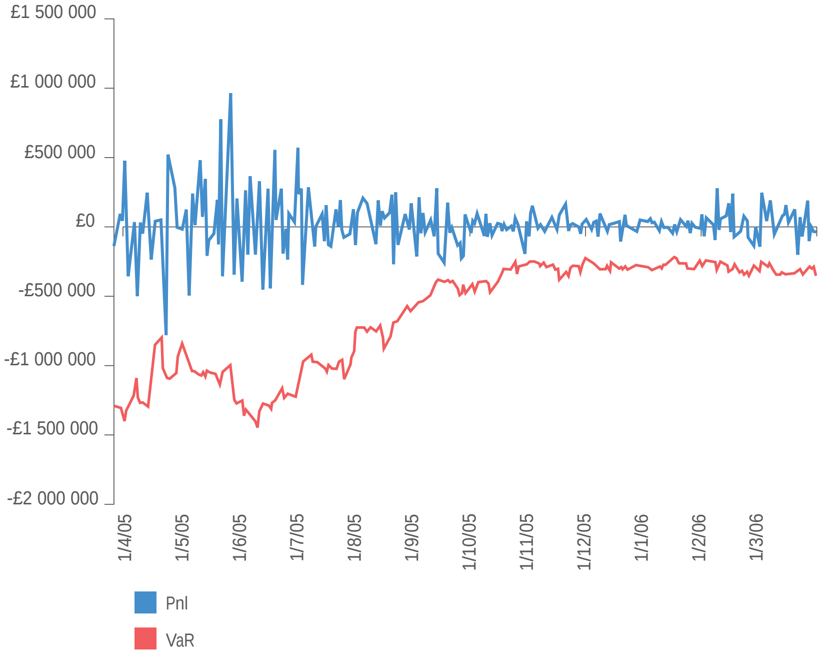
31 March 2006 £'000	Investec plc	Investec Limited	Consolidated
Commodities	36	-	36
Equity derivatives	212	289	404
Foreign exchange	8	133	131
Interest rates	14	134	159
Consolidated*	203	341	478

31 March 2005 £'000	Investec plc	Investec Limited	Consolidated
Commodities	24	-	24
Equity derivatives	856	178	774
Foreign exchange	11	188	170
Interest rates	10	223	215
Consolidated*	836	375	867

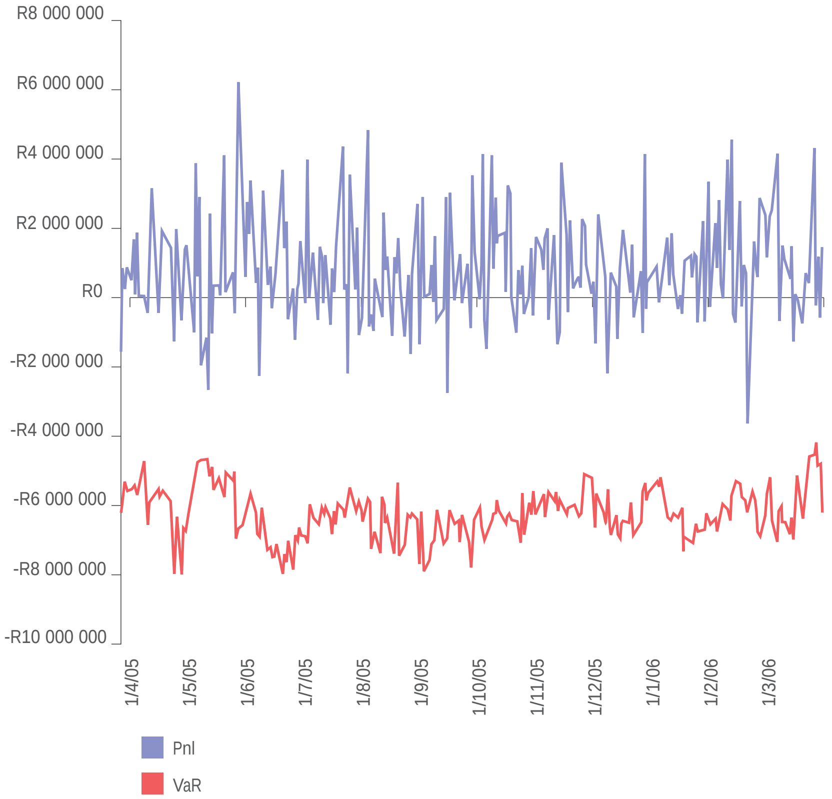
* The consolidated VaR for each desk and each entity is significantly lower than the sum of the individual VaRs. This arises from the correlation offset between the various asset classes.

The graphs below detail total daily VaR and profit and loss figures for the trading activities of Investec plc and Investec Limited over the reporting period. The values are for the 99% one-day VaR, i.e. 99% of the time, the total trading activities will not lose more than the values depicted below. Based on these graphs, we can gauge the accuracy of the VaR figures.

Investec plc daily profit and losses (pnl) vs 99% VaR



Investec Limited daily profit and losses (pnl) vs 99% VaR



The above graphs show no exceptions for the past financial year. VaR numbers for Investec plc decreased significantly in the second half of the year as a result of the consolidation and re-focusing of the Equity Derivatives desk in London.

ETL 95% (one-day)

31 March 2006 £'000	Investec plc	Investec Limited	Consolidated
Commodities	46	-	46
Equity derivatives	268	392	483
Foreign exchange	10	219	212
Interest rates	23	181	161
Consolidated*	219	447	535

31 March 2005 £'000	Investec plc	Investec Limited	Consolidated
Commodities	36	-	36
Equity derivatives	1 180	251	1 134
Foreign exchange	14	318	304
Interest rates	15	407	408
Consolidated*	1 160	584	1 269

* The consolidated ETL for each desk and each entity is significantly lower than the sum of the individual ETLs. This arises from the correlation offset between the various asset classes.

Stress testing

The portfolio stress tested under extreme conditions (15 standard deviations) will result in a loss of £2.1 million in Investec plc, £4.3 million in Investec Limited and £6.3 million on a consolidated group basis (based on a one-day holding period).

31 March 2006 £'000	Investec plc	Investec Limited	Consolidated
Commodities	277	-	277
Equity derivatives	1 626	2 212	3 838
Foreign exchange	62	1 021	1 083
Interest rates	109	1 023	1 132
Consolidated	2 074	4 256	6 330

31 March 2005 £'000	Investec plc	Investec Limited	Consolidated
Commodities	182	-	182
Equity derivatives	6 551	1 363	7 914
Foreign exchange	84	1 437	1 521
Interest rates	77	1 705	1 782
Consolidated	6 894	4 505	11 399

Market risk year in review

In South Africa we applied to the South African Reserve Bank for approval of our internal model for market risk. Should this application be successful, this will put us at the level of the advanced approach for Basel II. In terms of this model, trading capital will be calculated as a function of VaR at the 99% confidence level and back testing results will be submitted to the regulator monthly. In the UK, all desks are currently at Capital Adequacy (CAD) 1 level and are in the process of applying for CAD 11.

Over the past year, the equity and commodity markets performed strongly and the rand strengthened marginally. These market conditions coupled with good client flows and product sales resulted in strong performances from the South African trading desks. In the UK, the Equity Derivatives desk went through a consolidation and restructuring phase with the hiring of a total new team. The UK business model is to build a presence in the exchange traded markets and then on the back of the price discovery to offer a suite of products to generate annuity income (similar to the South African model). Phase one is currently operational after extensive testing and implementation of a new trade execution system.

Balance sheet risk management

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.

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 interest rates.

Sources of interest rate risk include volatility and changes in interest rate levels, yield curves and spreads. These affect the interest rate margin realised between lending income and borrowing costs, when applied to our rate sensitive asset and liability portfolios.

The tables below and on the following page show our non-trading interest rate mismatch. These exposures affect the interest rate margin realised between lending income and borrowing costs.

UK and Europe - interest rate sensitivity gap

At 31 March 2006 £'million	Not > 3 months	> 3 months but < 6 months	> 6 months but < a year	> 1 year but < 5 years	> 5 years	Non-interest bearing	Total non-trading
Assets							
Cash and short-term funds (banks and non-banks)	511	-	-	-	-	7	518
Negotiable securities	932	240	397	111	-	28	1 708
Derivative financial instruments	9	1	1	10	3	-	24
Loans and advances to customers (net of provisions)	2 418	167	185	347	101	10	3 228
All other assets	109	(6)	5	31	(1)	413	551
Total	3 979	402	588	499	103	458	6 029
Funding							
Deposits	(3 752)	(260)	(160)	(134)	(72)	(6)	(4 384)
All other liabilities	(405)	(20)	(14)	(395)	(4)	(807)	(1 645)
Total	(4 157)	(280)	(174)	(529)	(76)	(813)	(6 029)
Economic hedges	(143)	47	69	41	(14)	-	-
Interest rate repricing gap	(321)	169	483	11	13	(355)	-
Cumulative repricing gap	(321)	(152)	331	342	355	-	-

South Africa - interest rate sensitivity gap

At 31 March 2006 R'million	Not > 3 months	> 3 months but < 6 months	> 6 months but < a year	> 1 year but < 5 years	> 5 years	Non-interest bearing	Total non-trading
Assets							
Cash and short-term funds (banks and non-banks)	17 283	-	-	-	339	1 872	19 494
Negotiable securities	7 999	2 060	1 355	420	874	3 027	15 735
Loans and advances to customers (net of provisions)	44 787	578	1 089	9 593	4 669	-	60 716
All other assets	13 200	116	288	2 782	3 244	9 167	28 793
Total	83 269	2 754	2 732	12 795	9 126	14 066	124 738
Funding							
Deposits	(68 575)	(7 008)	(7 994)	(587)	(1 389)	-	(85 553)
All other liabilities	(11 855)	(426)	(444)	(2 634)	(9 197)	(14 384)	38 940
Total	(80 430)	(7 434)	(8 438)	(3 221)	(10 586)	(14 384)	124 493
Economic hedges	2 703	(2 618)	4 747	(3 328)	(1 753)	-	(250)
Interest rate repricing gap	5 542	(7 298)	(959)	6 247	(3 213)	(318)	-
Cumulative repricing gap	5 542	(1 756)	(2 715)	3 531	318	-	-

Australia - interest rate sensitivity gap

At 31 March 2006 A$'million	Not > 3 months	> 3 months but < 6 months	> 6 months but < a year	> 1 year but < 5 years	> 5 years	Non-interest bearing	Total non-trading
Assets							
Cash and short-term funds (banks and non-banks)	453	51	-	-	-	-	504
Negotiable securities	-	-	-	-	-	64	64
Loans and advances to customers (net of provisions)	919	5	9	50	4	-	987
All other assets	-	-	-	-	-	22	22
Total	1 372	56	9	50	4	86	1 577
Funding							
Deposits	(1 013)	(116)	(48)	(35)	-	-	(1 212)
All other liabilities	-	-	(1)	(3)	(4)	(357)	(365)
Total	(1 013)	(116)	(49)	(38)	(4)	(357)	(1 577)
Economic hedges	35	(4)	(6)	(25)	-	-	-
Interest rate repricing gap	394	(64)	(46)	(13)	-	(271)	-
Cumulative repricing gap	394	330	284	271	271	-	-

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.

The tables below and on the following page show our liquidity mismatch, which represents our contractual cash obligations and commercial commitments.

UK and Europe - liquidity view

The table below reflects contractual maturities and management has made no assumptions or adjustments with respect to customer behaviour.

At 31 March 2006 £'million	Not > 3 months	> 3 months but < 6 months	> 6 months but < a year	> 1 year but < 5 years	> 5 years	Total non-trading
Assets						
Cash and short-term funds (banks and non-banks)	523	-	-	4	-	527
Investment and trading securities	741	6	13	8	34	802
Negotiable securities	1 003	32	43	16	10	1 104
Derivative financial instruments	222	1	1	11	3	238
Loans and advances to customers (net of provisions)	508	180	468	1 539	534	3 229
All other assets	866	14	17	58	-	955
Total	3 863	233	542	1 636	581	6 855
Funding						
Private client deposits	(1 888)	(53)	(443)	(88)	(12)	(2 482)
Wholesale deposits	(492)	(78)	(24)	(113)	(18)	(725)
Deposits by banks	(329)	(148)	(97)	(441)	(139)	(1 154)
Debt securities in issue	(198)	(9)	(6)	(298)	-	(511)
All other liabilities	(1 247)	(13)	(63)	(3)	(655)	(1 981)
Total	(4 154)	(301)	(633)	(943)	(824)	(6 853)
Liquidity gap	(291)	(68)	(91)	693	(243)	-
Cumulative liquidity gap	(291)	(359)	(450)	243	-	-

Australia - liquidity view

The table below reflects contractual maturities and management has made no assumptions or adjustments with respect to customer behaviour.

At 31 March 2006 A$'million	Not > 3 months	> 3 months but < 6 months	> 6 months but < a year	> 1 year but < 5 years	> 5 years	Total non-trading
Assets						
Cash and short-term funds (banks and non-banks)	452	-	-	51	-	503
Investment and trading securities	-	-	-	23	-	23
Negotiable securities	-	-	-	-	-	-
Loans and advances to customers (net of provisions)	131	97	300	458	-	986
All other assets	-	-	-	64	-	64
Total	583	97	300	596	-	1 576
Funding						
Private client deposits	(510)	(66)	(21)	(15)	-	(613)
Wholesale deposits	-	-	-	-	-	-
Deposits by banks	-	-	-	-	-	-
NCDs	(151)	(89)	(65)	(294)	-	(599)
All other liabilities	(8)	(12)	(12)	(15)	(318)	(365)
Total	(669)	(167)	(98)	(324)	(318)	(1 576)
Liquidity gap	(86)	(70)	202	272	(318)	-
Cumulative liquidity gap	(86)	(156)	46	318	-	-

South Africa - liquidity view

The table below reflects contractual maturities and management has made no assumptions or adjustments with respect to customer behaviour.

At 31 March 2006 R'million	Demand	Up to 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 - 5 years	> 5 years	Total
Assets								
Cash and balances at central banks	1 930	-	-	-	-	-	-	1 930
Loans and advances to banks	829	12 378	-	-	-	-	-	13 207
Cash equivalent advances to customers	7 081	319	-	-	-	-	-	7 400
Reverse repurchase agreements and cash collateral on securities borrowed	1 224	-	-	-	-	-	-	1 224
Trading securities	6 893	4 567	2 977	2 148	-	-	-	16 585
Derivative financial instruments	8 497	12	13	75	30	436	124	9 187
Investment securities	1	68	3	-	-	33	179	284
Loans and advances to customers	1 840	1 097	1 789	2 189	6 236	31 421	19 460	64 032
Other assets *	978	1 422	269	13	672	692	2 443	6 489
	29 273	19 863	5 051	4 425	6 938	32 582	22 206	120 338
Funding								
Deposits by banks	(116)	(2 440)	(478)	(593)	(867)	(3 281)	-	(7 775)
Derivative financial instruments	(6 248)	-	(195)	(2)	(312)	(76)	(231)	(7 064)
Repurchase agreements and cash collateral on securities lent	(919)	-	-	-	-	-	-	(919)
Customer accounts	(12 107)	(21 499)	(11 496)	(4 833)	(4 075)	(1 590)	(562)	(56 162)
Debt securities in issue	-	(2 228)	(5 948)	(3 430)	(8 033)	(3 863)	-	(23 502)
Other liabilities**	(5 353)	(1 463)	(1 479)	(1 030)	(1 204)	(1 749)	(348)	(12 626)
	(24 743)	(27 630)	(19 596)	(9 888)	(14 491)	(10 559)	(1 141)	(108 048)
Subordinated liabilities (including convertible debt)	-	-	-	-	-	108	2 961	3 069
Equity	-	-	-	-	-	-	9 221	9 221
	(24 743)	(27 630)	(19 596)	(9 888)	(14 491)	(10 667)	(13 323)	(120 338)
Liquidity gap	4 530	(7 767)	(14 545)	(5 463)	(7 553)	21 915	8 883	-
Cumulative liquidity gap	4 530	(3 237)	(17 782)	(23 245)	(30 798)	(8 883)	-	-

* Includes deferred taxation assets, other assets, property and equipment, investment properties,goodwill and intangible assets.
** Includes other trading liabilities, current taxation liabilities, deferred taxation liabilities and other liabilities.

The above table excludes assets and liabilities relating to the long-term assurance business attributable to policyholders.

Balance sheet risk year in review

The year in review was again characterised by a low global interest rate environment.

We took advantage of these market conditions and successfully embarked on several term debt funding initiatives. This ensured that we maintain liquidity well above internal and external liquidity targets, while growing our profitable lending portfolios. These initiatives were designed to further diversify sources of funding and maintain surplus medium-term liquidity at low rates to facilitate asset growth.

Operational risk management

Operational risk is the risk of losses or earnings volatility arising from failed or inadequate internal processes, people and technology or from external events.

Operational risk year in review

We continued to embed our operational risk practices during the year. Awareness and understanding of the business opportunities in sound operational risk management practices continued to be a focus, as was the achievement of the supervisory requirements.

There were no significant operational risk management risk events during the year under review.

Basel II readiness remains a priority. Plans are in place to achieve the implementation of the Standardised Approach to Operational Risk Capital Adequacy requirements.

Developments in sound operational risk management practices including supervisory guidance for jurisdictional application of the Basel II principles are monitored and where appropriate adopted into our framework and 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 where the counterparty defaults and the relevant documentation may not give rise to the rights and remedies anticipated when the transaction was entered into.

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.

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 also 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.

Capital management

The management of the capital at our disposal is paramount to our success. 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 shareholders. 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.

The Investec Board of Directors is ultimately responsible for the bank's capital and effective management. At the highest level, the boards have delegated direct responsibility for capital management to the DLC Capital Committee to oversee the components contributing to effective control and use of capital.

Basel II

We intend to implement the Basel II Standardised Approaches for credit, operational and market risk across our divisions and geographies, moving to the Advanced Approaches for credit and market risk in time. This implementation is being executed taking into account our long-term sustainability and strategic view. The evaluation extends to the entire risk and operational environment, including the infrastructure and data framework to ultimately support the advanced approach. Due to complexity and differing national discretion on timing of implementation, the date of transition is currently under review.

Clearly, the adoption of the Basel II framework 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 use is already embedded in our deal/credit approval and performance measurement ethos. However, the basis for quantifying the capital use will become more sophisticated under the revised 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 our risk appetite.

In terms of the current process, the following features exist:

- Board and senior management oversight in relation to 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 audits 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 regularly on our risk profile and capital needs.

Our key challenge in terms of Pillar II compliance will be twofold:

- Training deal and credit forum members and business unit practitioners on the changes to capital computations and the resultant impact on risk, pricing, profitability and capital levels.

- The capital computations, which would have to be determined at deal initiation so that the resultant amount is presented to the various committees at the appropriate time to ensure effective decision making within a Basel II framework.

Internal Audit

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

Compliance

Compliance risk is the risk that we fail to comply with the letter and spirit of all statutes, regulations, supervisory requirements and industry codes of conduct which apply to our businesses. We seek to bring the highest standard of compliance best practice to all our jurisdictions. In keeping with our core values, we also endeavour to comply with the highest professional standards of integrity and ethical behaviour.

We are subject to extensive supervisory and regulatory governance in South Africa, the UK and all other countries in which we operate. The South African Reserve Bank is our lead regulator. Significant business developments in any of our operations must be approved by the Reserve Bank as well as by the business's home country regulatory authority.

UK and Europe year in review

The UK financial services regulator, the FSA, stated in 2005 that 80% of its policy making is now driven by European legislation. Most of this legislation derives from the Financial Services Action Plan, comprising more than 40 directives which will create the EU Common Market in 2007. The largest UK rule changes last year and those on the horizon for 2006-2007 are based on European legislation.

In July 2005, the Market Abuse Directive and the Prospectus Directive came into effect. The Market Abuse Directive aims to create common dealing rules and dealing standards for European firms, while the Prospectus Directive harmonises listing and disclosure rules across Europe. Both the Market Abuse Directive and Prospectus Directive contain requirements relating to UK listing rules. The FSA merged these separate implementation projects with its own efforts to update the UK Listing Rules. On 1 July 2005, the FSA revoked the old code and introduced three new FSA sourcebooks: Listing Rules (new), Prospectus Rules and Disclosure Rules.

During the year, a new and controversial requirement to disclose derivatives positions (as per the existing equity holdings disclosure rules) to the Takeover Panel was also introduced. This is designed to track the influence of hedge funds and other large players on listed issuers.

Our Compliance function proactively monitors developments in law and regulation to identify changes which may affect our businesses. In addition to the above, the FSA continued with a number of ongoing initiatives including:

- Bundled brokerage and soft dollar arrangements: The FSA completed its consultation and published new rules on bundled brokerage and soft commission ("soft dollar") arrangements. The rules limit the use of brokerage fees to execution and research and part of the fee used for research must now be expressly quantified and disclosed to clients.
- Hedge funds: The FSA investigated if more regulation was required to manage hedge fund dealings in UK markets. It concluded that it should not increase regulation on hedge funds, but established a hedge fund supervisory division to monitor significant developments.
- Treating customers fairly/conflicts of interest: More guidance was published in the form of "Dear CEO" letters, speeches and best practice communications. The FSA remains reluctant to deliver prescriptive rules on these topics, but reminds firms that they must have internal systems to actively manage and monitor treating customers fairly and conflicts of interest.
- Simplification of FSA Handbook: The FSA announced that it will remove the Money Laundering Sourcebook and replace this in 2006 with high level standards in the Senior Management Systems and Controls Sourcebook. The FSA is refraining from further simplification measures until the detailed requirements of the Markets in Financial Instruments Directive and other EU legislation are clear in 2006.
- Joint Money Laundering Steering Group guidance notes: In February 2006, the Joint Money Laundering Steering Group published its long-awaited review of the 2003 Guidance Notes. The new rules require firms covered by the Guidance Notes to identify their money laundering risks and implement mitigation systems which are appropriate to their business.

In the remainder of 2006, the FSA seeks to prepare itself and UK firms for implementation of EU directives which have not yet come into force under the EU Financial Services Action Plan. Key directives which will be implemented during 2007 include the Capital Requirements Directive, which will bring Basel II standards to Europe, and the Markets in Financial Instruments Directive, which will deliver harmonised organisational requirements and conduct of business rules and new exchange trading practices to Europe. During 2006, the detailed Markets in Financial Instruments Directive requirements and FSA plans for UK implementation will be published. In addition to these directives, the Takeover Directive and Transparency Directives will also affect us, but to a lesser extent.

The FSA will continue to move from a prescriptive, code-based regime to a regime based on high level principles.

South Africa year in review

Implementation of the Financial Intelligence Centre Act (FICA)
As required by FICA, the Money Laundering Control Officer and Money Laundering Reporting Officer manage compliance with money laundering control legislation. FICA requirements have been built into business processes and undergo ongoing monitoring. The aim of FICA is to counter terrorist financing following the promulgation of the Protection of Constitutional Democracy against Terrorist and Related Activities Act.

The focus this year was on elevating compliance with anti-money laundering and terrorist financing controls to the standards outlined in international best practice documents. These include the Financial Action Task Force recommendations and Basel guidance, to prepare for South Africa's evaluation by the Financial Action Task Force, the International Monetary Fund and the World Bank in 2007. During the year, the Registrar of Banks initiated a series of reviews of the major banks for compliance with FICA. The findings of the review were presented to the Chief Executive Officer, Money Laundering Compliance Officer and Compliance Officer of each participating bank. We were found to be in compliance with FICA.

The regulatory focus this year was the re-identification of existing clients under a final agreed accelerated deadline of 31 March 2006. We undertook significant efforts to meet this compliance challenge. These included: contacting existing clients and requesting all outstanding information and documentation, systems development to monitor progress and quarterly reporting to the supervisory bodies. In keeping with ongoing deadlines and the requirements, non-compliant accounts were frozen. All deadlines were met in compliance with our accelerated time frame.

Implementation of the Financial Advisory and Intermediary Services Act (FAIS)
The ongoing implementation of FAIS was a major imperative for the business and the Compliance unit last year. Twenty seven licence applications were approved by the Financial Services Board (FSB). Compliance reports were also completed and submitted to the FSB during the period.

Compliance monitoring
We initiated a project to enhance Basel reporting by aligning the existing compliance monitoring process with the operational risk processes. The project entailed adopting the Enterprise Risk Assessor risk based methodology used by the Operational Risk division. Although the project is still being implemented, significant enhancements and benefits have been achieved.

Mauritius year in review

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.

Australia year in review

During the past year, the Australian regulatory environment underwent further reform. This included new legislation, Australian Securities and Investments Commission policy statements and Australian Prudential Regulation Authority standards, specifically on “Fit and Proper” requirements for responsible persons, conflicts of interest and a draft standard on “corporate governance”.

In December 2005, the Commonwealth Government of Australia published its long-awaited exposure draft of the Anti-Money Laundering and Counter-Terrorism Financing Bill. The stated aim of this legislation is to bring Australia in line with international best practice. Our Compliance unit is beginning to plan for the implementation of programmes to comply with our responsibilities under the bill.

USA year in review

Regulatory scrutiny and awareness of anti-money laundering regulations remain a priority by the industry. US self-regulatory organisations are focusing on internal controls and supervision, research analyst qualifications and the execution of short sale orders. 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.

Further information on our credit ratings can be found in the Investec group’s 2006 Annual Report or on our website.

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.

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.

While the board is responsible for the overall process and structure of our corporate governance, each business area and every employee worldwide is 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.
- Facilitate legal compliance.

Our values and philosophies form the framework against which we measure behaviour, practices and activities 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.

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 has always been a pillar of our culture.

This section provides a summary of our corporate governance philosophy, practices and key developments for the year ended 31 March 2006. A more detailed review is provided in the Investec group's 2006 Annual Report.

Board of directors

The board is responsible for reviewing and guiding corporate strategy, approving key policies and objectives, understanding the key risks we face, and determining our risk tolerance and approving and reviewing 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 expenditure, 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.
- Evaluates the performance of senior management and considers succession planning.

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.

The board 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.

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 before re-appointment. Biographical details of the directors standing for re-election at the 2006 annual general meeting are on pages 66 to 69.

Name	Date of appointment Investec plc	Investec Limited	Independent	Last elected	Retiring and seeking re-election in 2006	Number of meetings Held	Attended
Executive directors							
S Koseff (Chief Executive Officer)	26 June 02	06 Oct 86	-	2003	Yes	6	6
B Kantor (Managing Director)	26 June 02	08 Jun 87	-	2003	Yes	6	6
GR Burger (Group Risk and Finance Director)	03 Jul 02	03 Jul 02	-	2004	No	6	5
A Tapnack	01 Jul 02	01 Jul 02	-	2004	No	6	6
Non-executive directors							
HS Herman (Chairman)	26 Jun 02	01 Jan 94	No	2004	Yes	6	6
SE Abrahams	26 Jun 02	21 Oct 96	Yes	2004	Yes	6	6
GFO Alford	26 Jun 02	26 Jun 02	Yes	2004	No	6	6
CA Carolus	18 Mar 05	18 Mar 05	Yes	2005	No	6	6
H Fukuda OBE	21 Jul 03	21 Jul 03	Yes	2003	No	6	6
GMT Howe	21 Jul 03	21 Jul 03	Yes	2003	No	6	5
DE Jowell	26 Jun 02	01 Jan 89	No	2003	Yes	6	5
IR Kantor	26 Jun 02	30 Jul 80	No	2004	Yes	6	6
Sir C Keswick (Senior Independent Director)	26 Jun 02	26 Jun 02	Yes	2002	No	6	5
MP Malungani	26 Jun 02	26 Jun 02	No	2002	No	6	6
Sir D Prosser	23 Mar 06	23 Mar 06	Yes	Recently appointed	No	Recently appointed	Recently appointed
PRS Thomas	26 Jun 02	29 Jun 81	Yes	2003	Yes	6	6
F Titi	30 Jan 04	30 Jan 04	No	2004	No	6	6

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.

The board is supported by specialist committees, as follows:

- DLC Audit Committee
- Investec plc Audit Committee
  - Audit sub-committees
  - Audit and Compliance Implementation Forum
- Investec Limited Audit Committee
  - Audit sub-committees
  - Audit and Compliance Implementation Forum
- Board Risk Review Committee
  - Executive Risk Review Forum
  - Group Credit Committees
  - Asset and Liability Committees
  - Group Market Risk Forum
  - Group Deal Forum
  - Operational Risk Forums
  - Group Legal Risk Forum
- DLC Nomination Committee
- DLC 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.

Year in review

Board statement

The board is of the opinion 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:

London Combined Code and King II - Chairman
As reported in 2005, the Chairman of the board is not considered to be independent, but continued to enhance his status as a non-executive director.

Developments

Key developments during the year include:

Appointment of non-executive director

Sir David Prosser was appointed to the boards of Investec plc and Investec Limited as well as the DLC, Investec plc and Investec Limited Audit Committees on 23 March 2006 to fulfill the need for an independent non-executive director with recent and relevant UK financial experience.

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 and revised in 2005, throughout the group during the year under review. We also took cognisance of the King II requirements in South Africa.

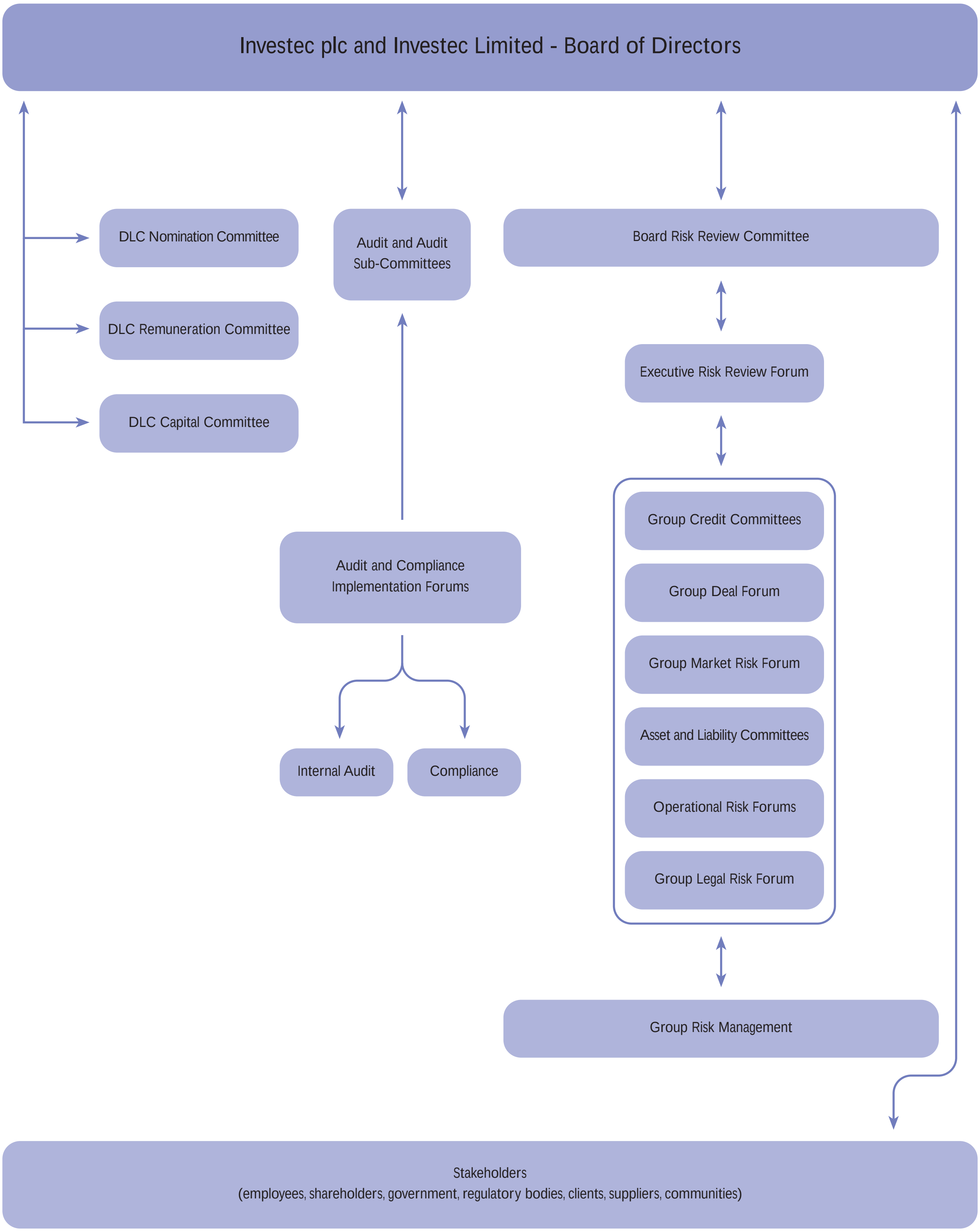
Ongoing communication with stakeholders

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, the USA 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 was provided at such meetings.

Executive management also met with shareholder representative organisations in the UK prior to the annual general meetings, to engage with them largely on governance policies and practices. Feedback on this process and the issues raised by the shareholder representative bodies was provided to the board and the relevant board committees. In March 2006, the Chairman and the 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.

Risk management and governance framework

Our risk management and governance framework can be depicted as follows:



Overall philosophy

In a period of very strong delivery on our financial targets, goals and objectives, the non-financial aspects of our sustainability journey last year saw us make further incremental progress.

Within Investec, sustainability is very closely aligned to corporate social investment and strongly perceived to be "the right thing to do". This is closely aligned to our desire to be an effective, and accountable, corporate citizen, to be able to act as a force for good in the communities within which we operate, and reflects the importance we attach to reputation management. It is clearly informed by our culture and values, specifically those groupings of values that revolve around cast-iron integrity and dedicated partnerships, as well as our aspiration to be an international, specialist, bank.

Sustainability is further supported by the more clinical recognition that it may unleash commercial and business opportunities for the organisation, hitherto largely untapped, in a way that may confer a competitive advantage. This view, too, is informed by our culture and values, specifically those groupings of values that revolve around distinctive performance and client focus.

As we see it, Investec's core purpose revolves around our ability to create wealth, for shareholders and stakeholders alike, over the long-term, and to foster entrepreneurs, whether inside or outside the organisation. To this end, our sustainability approach has been built on the desire to take a leadership position, in selective instances, where our in-house expertise, entrepreneurial ethos and resource base, enables us to act as a force for good.

Our approach

In the context of our activities in South Africa, where the political and socio-economic imperatives revolve around the need for transformation, black economic empowerment, human capital development, poverty alleviation and employment creation, Investec has, in its own way, made a notable contribution to sustainability considerations.

The first of the banks in South Africa to effect a change in ownership so as to accommodate the need for black economic empowerment (BEE), Investec took a lead in underpinning its own sustainability from this angle. Although subsequent sector developments have eroded that particular competitive advantage, Investec nonetheless continues to maintain a very dominant position in transferring the knowledge and expertise accumulated as a consequence of its own change in ownership, to others seeking to effect this change for themselves. Drawing heavily on its own entrepreneurial expertise and foundations, Investec has been instrumental in fostering the creation of many new black entrepreneurs and many new black entrepreneurial platforms in recent years, and continues to be one of the predominant sources of BEE financing for these endeavours in the local market.

Our activities in relation to transformation and BEE are not confined to these external realities. We continue to focus a lot of attention on the need for our own internal transformation, by bringing about greater representivity within our work place and by creating black entrepreneurs within the organisation. As with many of our peers within the financial services industry, the issue of retention of black employees, in an environment where so many external BEE opportunities present themselves, is difficult, but we are taking steps to better understand these dynamics and to ensure that our internal environment is one that remains attractive and conducive to self-development and career progression.

Against a background of the very many prevailing imperatives in the South African context, we have adopted a strategic and niched approach to our corporate social investment endeavours, which has seen us concentrate our efforts on three key areas. In focusing on education, entrepreneurship and HIV/Aids, we believe we are highlighting those issues most pertinent to the sustainability of economic growth in South Africa, as well as to the viability of its young democracy.

On the educational front, our flagship project remains that of the CIDA City Campus, the low-cost tertiary education provider, now catering to 1 500 students, all of whom are working towards a Bachelor of Business Administration degree. This initiative, beginning to consolidate around a track record, with two successive groups of students now having graduated, is one where, after seeding the project, we were happy to partner with a number of other South African companies.

Our broader attempt to meet the backlog of educational need in South Africa revolves around a specific desire to build, and enlarge, the available pool of financial and entrepreneurial skills. A not entirely unselfish source of focus, our niched approach in this area, which has seen us support various clusters of schools as well as a number of universities and non-governmental organisations, is one from which we ourselves hope to be able to draw, in time.

Our own entrepreneurial background renders us uniquely well-equipped to foster other entrepreneurs, whether would-be or emerging ones. Anxious to instill a greater degree of understanding of, and appreciation for, the benefits of entrepreneurship in the South African environment, Investec has actively researched the needs in this area, and identified its own unique response. In a space where Investec has demonstrably gone for the gap, the Business Place is an initiative where we have partnered, across a wide variety of fronts, with local government and a number of service providers, to facilitate the emergence of micro-entrepreneurs, through the provision of a number of user-friendly, one-stop shop, information and advice centres around the country. That this model, too, is highly innovative and distinctive, as well as easily replicable, is apparent by the increasing number of accolades, from a wide array of sources, coming its way.

HIV/AIDS, the third strategic prong of our corporate social investment focus in South Africa, is an area where, through our ongoing efforts, we hope to be able to display an equally innovative and creative approach, more specifically in the year ahead. A lot of base work has had to be conducted first, alongside our selected partners, in order for us to be able to determine what our approach in this regard should be. Mindful that this area, although hugely important, is one which many South African companies will, through their own endeavours, also seek to address, we hope to be able to differentiate our offering in this space and continue to work towards that objective. In essence, our approach revolves around the desire to inject substantively more capacity into the many non-governmental and other organisations working in this arena, as well as to develop a leveraged cluster approach to meeting the basic needs of HIV/AIDS orphans, specifically in the Alexandra township adjacent to the central business district of Sandton and neighbour to our Johannesburg office.

Outside of South Africa, our sustainability focus has been influenced by individual realities and prevailing circumstances in each geography, a consideration that has allowed for a more ad-hoc, perhaps somewhat less considered, approach. This, it is anticipated, will change and the recent expansion of the Sustainability Task Team to include representation from the UK and Australia will allow for a more integrated group approach going forward, on the explicit and continuing recognition that, even within this, priorities will differ from geography to geography.

We have developed a strategic positioning in the alternative energy sector which provides us the opportunity to develop key portfolios in renewable motor fuel, wind, landfill gas fuelled energy, hydroelectric and process gas generation projects across a number of key global markets. To date, we have already been involved in the launch of the Viridis Clean Energy Fund in Australia and select windfarm transactions in Europe, and more recently targeted a number of ethanol assets for investment.

Year in review

The year saw us pay very close attention to monitoring our previously established and ongoing sustainability practices and activities, both inside and outside the organisation, and to continue assessing the relevance of these in the context of our culture and values, and our aspirations as an organisation. It also saw us bring extensive internal focus on a number of new initiatives relating to human capital, diversity and talent management, retention and succession planning. Driven by the identified need, among other things, for distinctive leader development, this strategic imperative embraced a number of different dimensions, across the varying geographies, and resulted in the launch of a number of partnered, highly customised, leadership programmes throughout the organisation.

In keeping with one of our core values, cast-iron integrity, last year also saw continued internal focus on the issues of corporate governance and shareholder activism. We are of the view, however, that substantively increased company regulation is not the only available response to the need to mitigate against the possibility of corporate malfeasance. Clearly, a more pro-active stance by shareholders everywhere is also required and, as a substantial investor in our own right, we will pursue this where appropriate.

Looking forward

The drivers for sustainability in the corporate sphere are many and varied. We believe we can be a force for good in a way that is true to who we are as an organisation and in a way that enables us, distinctively, to satisfy unmet needs. Simply put, sustainability for us is not a mere adjunct to our aspiration to be an international, specialist bank. Rather, it is one of the means by which we will attain this.

With sustainability considerations, more specifically on the environmental front, now being given enormous international prominence, we look forward to engaging on the topic anew in the year ahead.

Finally, stakeholders will note that, from this year, we are introducing a change to the way we report on our sustainability activities and will no longer publish a stand alone Sustainability Report. Informed by some of the feedback from the early rounds of our 2005 stakeholder engagement exercise, we have decided to incorporate this message into the main body of our annual financial statements. In doing so, we want to reinforce the view that Sustainability within Investec is not simply an arm's length exercise but, rather, is core to who we are and represents a fundamental part of our integrated offering. Our former stand-alone Sustainability Report will now be presented as an electronic document, to be sourced on our new Sustainability website (www.investec.com/grouplinks/sustainability), to the obvious benefit of countless forests of trees.

Remuneration report

Statement from the Chairman of the Board Remuneration Committee - an overview

The remuneration report was prepared by the Remuneration Committee and approved by the board.

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 2006 financial year.

The focus of the committee during the period was:

- A formal review of the executive remuneration structure, assessing the balance between fixed and variable remuneration, in order to ensure (in line with the committee's stated philosophy) that overall packages are positioned at the upper quartile relative to comparator groups for superior performance (further information is provided on pages 46 and 47).
- The introduction of the Share Matching Plan 2005 for executive directors (which was approved by shareholders at an extraordinary general meeting held on 14 November 2005, see page 52). This plan, together with the introduction of new long-term incentive plans for other senior employees early in 2005, was introduced following the maturity of one of our leveraged equity plans in December 2004. These plans are considered essential in improving our long-term prospects for recruitment and retention of key individuals.
- Talent management and the retention of senior management and executives.

Key points to note for the period under review include:

- Our total shareholder return was 94.0% for Investec plc in Pounds Sterling and 80.8% for Investec Limited in Rands. This compares to a return of 45.9% for the FTSE 350 General Finance Index.
- Executive directors' bonuses reflect their contribution to the significant improvement in attributable earnings of 53.8% to £230.0 million and the improvement in the return to shareholders of Investec plc and Investec Limited.
- Executive directors hold 2.1% and 4.5% of the issued share capital of Investec plc and Investec Limited, respectively. Non-executive directors hold 1.0% and 4.3% of the issued share capital of Investec plc and Investec Limited, respectively (see table on page 56).

The report complies 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 Limited Listing Rules.

Furthermore, the auditors are of the opinion that the auditable part of this report on pages 54 to 60 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

Composition and role of the committee

The members of the Remuneration Committee throughout the year were 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:

- Determine and agree with the board, the framework or broad policy for the remuneration of executive directors and executive management (comprising individuals who are the global heads of our core areas of activity and are members of our global operations forum).
- Ensure that qualified and experienced management and executives will be provided with appropriate incentives to encourage enhanced performance and will be, in a fair and responsible manner, rewarded for their contribution to our performance.
- Determine targets and objectives for any performance related pay schemes for directors and executive management.
- Determine, within the terms of the agreed policy, the total individual remuneration packages of executive directors and executive management including, where appropriate, bonuses, incentive payments and share scheme awards.
- Oversee any major changes in our employee benefit structures.
- Ensure that the comments, recommendations and rules within the UK and South Africa pertaining to director's remuneration are given due regard, in determining the packages of executive directors.

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 on our website.

Meetings

The committee met nine times during the financial year with full attendance other than for one meeting which Sir Chips Keswick was unable to attend. 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 Investec funds any expenses relating to the appointment of external consultants.

During the financial year, the committee used the services of its advisers, New Bridge Street Consultants LLP, which:

- Advised us on our policy for executive directors' remuneration, particularly in relation to performance related pay and maximum annual bonus limits.
- Reviewed and provided advice on competitive levels and forms of pay for the executive directors.
- Reviewed all stock based and long-term incentive plans.
- Advised us on the implementation of a share matching plan for executives.

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.

Certain specialist divisions within the group, for example, Human Resources and the Staff Shares division, provide supporting information and documentation relating to matters that are presented to the committee. This includes, for example, comparative data and motivations for proposed salary, bonus and share awards. The employees within these specialist divisions, which provide support to the committee, are not board directors and are not appointed by the committee. While executive directors have the right to address any meeting of the committee, they play no role in the determination of their 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 the 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 were consistently 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.
- Total compensation (base salary, pension, benefits and incentives) is targeted to the relevant competitive market (see below) at upper quartile levels for superior performance.
- 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 350 General Finance firms provide the most appropriate benchmark.
    - For employees, a combination of firms from the JSE Financial 15 and the FTSE 350 General 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.

Policy on non-executive directors' remuneration

The board agrees and determines the fees of non-executive directors and the fees are reviewed annually. The board's policy is that fees should reflect individual responsibilities and membership of board committees. The fee structure covers the dual roles that the directors perform for the UK listed Investec plc and the South African listed Investec Limited boards. The fee structure for non-executive directors (except the Chairman) for the 2006 and 2007 financial years is shown below:

Non-executive directors' remuneration	2006 financial year	As approved by the board for the 2007 financial year
Basic fee	£40 000 per year	£45 000 per year
Chairman of the DLC Audit Committee	£25 000 per year	£35 000 per year
Chairman of the DLC Remuneration Committee	£20 000 per year	£30 000 per year
Member of the DLC Audit Committee	£10 000 per year	£12 000 per year
Member of the DLC Remuneration Committee	£10 000 per year	£12 000 per year
Member of Investec Bank (UK) Limited board	£7 000 per year	£8 000 per year
Member of the Investec Bank Limited board	R15 000 per meeting	R20 000 per meeting
Fees are also payable for any additional time committed to the group including attendance at certain other meetings		

During the 2006 financial year, the Chairman received a total fee of £300 000 for his services as a director and it is intended that he will receive £340 000 for the 2007 financial year.

Non-executive directors may not participate in our share 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. Any fees earned by executives in this regard are not retained and are given back to the respective companies.

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 remain appointed as directors until the close of our annual general meeting in 2007 (subject to rotational re-election as directors at the 2006 meeting and in terms of the provision of the Articles of Association). Those directors seeking rotational re-election at the 2006 annual general meeting are shown on page 37.

Biographical details of the directors of the board

These details can be found on pages 66 to 69.

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 37.

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 contribution by the individual and the business as a whole, 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.

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.

It is the company's policy to seek to set base salaries (including benefits) at median market levels. However, base salaries have in many instances dropped below this level as annual increases in the recent past have largely been in line with prevailing inflation rates and have not been increased to median market levels due to a desire, in current circumstances, to maintain a low level of fixed costs.

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 given that base salaries are currently below median market levels. This is to ensure that overall reward levels are positioned at the upper quartile level for superior performance, in line with our overriding remuneration policy.

A review of the executive remuneration structure, assessing the balance between fixed and variable remuneration

A review of the executive remuneration structure undertaken by the committee's external advisors during the prior financial year indicated that base salaries (including benefits) were below median levels and consequently, the key principle of targeting an upper quartile level of compensation for superior performance was unlikely to be achievable within the remuneration structure that prevailed during 2005.

The committee undertook a thorough assessment of the executive remuneration structure during the 2006 financial year. As part of this review, the committee, with assistance from its advisors, assessed the appropriateness of the quantum of, and balance between, fixed and variable remuneration.

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. Basic salary increases (including benefits) for other employees across the group have generally been in the range of 4% to 10%, and the increases awarded to executive directors are consistent with this.

Although the base salaries of executive directors have dropped below the median external market levels, the committee is at this stage reluctant to significantly increase the fixed component of the executives' remuneration package, due to a desire to maintain a low level of fixed costs.

In conjunction with this view, and based on the committee's belief of delivering a significant proportion of rewards linked to the performance of the business, it was decided that the objective of upper quartile levels of total compensation for superior performance will be achieved through higher performance linked variable pay. In this regard, the maximum annual bonus limit for executive directors of three times their basic salaries (including benefits) that prevailed during the 2005 financial year was removed by the committee. The committee believes that an upper limit on the bonus award is inappropriate given the remuneration practices within the group and in similar financial services businesses.

The remuneration packages of the executive directors for the 2006 financial year have been determined in accordance with this philosophy. The committee will continue to target an upper quartile level of compensation for superior performance whilst limiting the fixed element of remuneration packages at the median level.

Share option and long-term share incentive plans

We have a number of share option and 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 share option plans 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 option and long-term share incentive plans in operation, and in which the directors are eligible to participate, are summarised in the table below and further details are provided on our website.

During the year the committee implemented the Share Matching Plan 2005, which was approved by shareholders at an extraordinary general meeting held on 14 November 2005 (further information is provided on page 52 and on our website). As a result, the committee does not currently intend to grant further options to executive directors under the existing share option plans.

Executive directors collectively hold approximately 3.0% of our issued share capital.

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 (prior to the implementation of the DLC structure) in leveraged equity plans known as Fintique II and Fintique III. The Fintique III scheme matured on 15 December 2004 and further details on Fintique II are provided in tables accompanying this report and on our website.

Summary of Investec's share option and long-term share incentive plans

Plan	Eligibility	Date implemented	Option/shares
Current share 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
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
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
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 and Investec plc
Long-term incentive plans[7]			
Investec 1 Limited Share Incentive Plan - nil cost options	• New and existing full time employees • Excluding employees in SA, Botswana, Namibia and Mauritius • Excluding executive directors	16 March 2005	Investec plc
Investec Limited Share Incentive Plan - nil cost options	• New and existing full time employees in SA, Botswana, Namibia and Mauritius • Excluding executive directors	16 March 2005	Investec Limited
Plan introduced in terms of our empowerment transaction			
The Investec Limited Security Purchase Scheme 2003	• Employees of Investec Limited who are African, Coloured or Indian individuals • Excluding executive directors	15 May 2003	Investec Limited

Refer to the notes on page 50.

Maximum award per individual[1]	Performance conditions[2]	Vesting period	Options granted during the year[3]	Total allocated as at 31 March 2006[4/5/6]
• Cumulative limit of 500 000 across all plans • In any financial year: 1x remuneration package	Growth in headline EPS ≥ UK RPI plus 3% compounded annually over the period of the grant	Tranches of 50%, 25% and 25% at the third, fourth and fifth anniversaries respectively	70 950	Number: 520 603 % of issued share capital of company: 0.7%
• Cumulative limit of 500 000 across all plans • In any financial year: 1x remuneration package	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	173 577	Number: 1 878 696 % of issued share capital of company: 2.5%
• Cumulative limit of 500 000 across all plans • In any financial year: 1x remuneration package	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	Nil	Number: 109 294 % of issued share capital of company: 0.2%
• Cumulative limit of 500 000 across all plans • In any financial year: 1x remuneration package	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	257 785	Number: 3 498 559 % of issued share capital of company: 2.9%
• Cumulative limit of 500 000 across all plans • In any financial year: 1x remuneration package	None	75% in year four and 25% in year five	329 500	Number: 2 162 761 % of issued share capital of company: 2.9%
• Cumulative limit of 500 000 across all plans • In any financial year: 1x remuneration package	None	75% in year four and 25% in year five	459 250	Number: 2 307 400 % of issued share capital of company: 5.2%
• 100 000 individual limit in terms of this scheme • Cumulative limit of 500 000 across all plans • In any financial year: 1x remuneration package	None	Tranches over eight years	512 325	Number: 1 780 725 % of issued share capital of company: 4.0%

Plan	Eligibility	Date implemented	Option/shares
Share 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)
Investec Limited Security Purchase and Option Scheme Trust	• Employees in SA, Botswana, Namibia and Mauritius • Directors and executives	25 November 1988	Investec Limited and Investec plc

Notes:

1. The limits for allocations to employees and executive management during a financial year may be exceeded if the directors determine that exceptional circumstances make it desirable that options should be granted in excess of that limit.
2. 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 the 2007 financial year but keeps the whole matter of the suitability of target-linked share based remuneration under periodic review.
3. This represents the number of options issued to all participants. For further details, see the Directors' Report on page 78. More details on the directors' shareholdings are also provided in tables accompanying this report.
4. Investec is committed to following the ABI guidelines and accordingly, 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 (in respect of grants made after July 2002) may not exceed 10% of the issued share capital of the company over a rolling ten year period. The committee regularly monitors the utilisation of dilution limits and available headroom to ensure that these guidelines are complied with. The issued share capital of Investec plc and Investec Limited at 31 March 2006 was 74.6 million shares and 44.0 million shares, respectively. No new shares have been issued to any share scheme since the implementation of the DLC structure.
5. The market price of an Investec plc share as at 31 March 2006 was £29.41 (2005: £15.55).
6. The market price of an Investec Limited share as at 31 March 2006 was R313.00 (2005: R178.00).
7. The rules of these long-term incentive plans do not allow Investec to issue new shares to satisfy any awards made to participants.

Maximum award per individual[1]	Performance conditions[2]	Vesting period	Options granted during the year[3]	Total allocated as at 31 March 2006[4/5/6]
• Cumulative limit of 500 000 across all option plans • In any financial year: 1x remuneration package	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: 552 941 % of issued share capital of company: 1.3%
• Cumulative limit of 500 000 across all option plans • In any financial year: 1x remuneration package	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: 1 020 357 % of issued share capital of company: 0.9%

Share Matching Plan 2005

Following the maturity of one of our leveraged equity plans in December 2004, the committee established a share matching plan for executives. This plan was approved by shareholders at an extraordinary general meeting held on 14 November 2005. The 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.

The salient features of the plan are:

- Only matching awards can be granted and they will only be granted to executives provided they first invest (pledge) Investec shares in the incentive plan ("investment shares").
- Matching awards granted (over 'matching' shares) will be on a maximum matching award ratio of 1:1 (free matching shares to investment shares).
- No payment will be required for the grant of a matching award.
- A maximum of 150 000 investment shares may be invested in the plan each time the plan is operated.
- It is the current intention only to operate the plan again once the first matching awards have vested or lapsed.
- Awards (investment and matching shares) will vest in June 2009 (75% of the award) and June 2010 (25% of the award).
- All matching awards will be subject to performance conditions set by the committee that reflect Investec's performance over three consecutive financial years (the "performance period").
- The performance conditions will be based on Investec's normalised earnings per share growth in excess of UK inflation ("RPI") over the performance period.
- Accordingly matching awards will only vest to the extent that the aggregated EPS figure is in excess of the following RPI targets:

EPS growth of the company over the performance period	Vesting percentage of the shares comprised in a matching award
Less than RPI + 4% p.a.	0%
RPI + 4% p.a.	16²/₃%
RPI + 6% p.a.	50%
RPI + 8% p.a.	66²/₃%
RPI + 10% p.a.	80%
RPI + 12% p.a.	100%

Performance graph total shareholder return

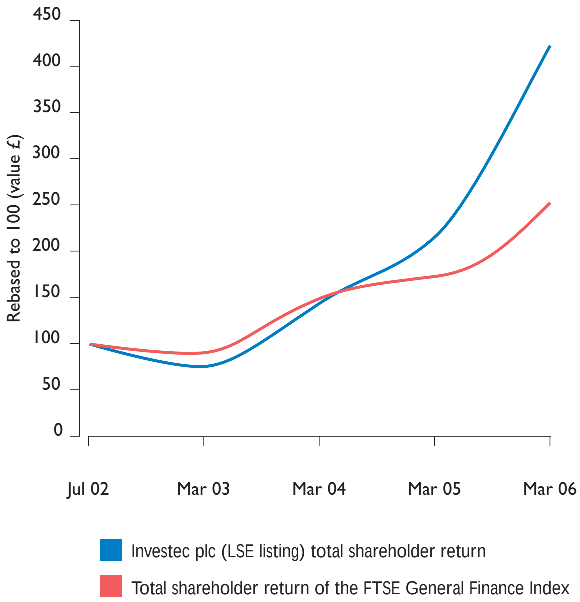
We have implemented a DLC structure, in terms of which we have primary listings in London and Johannesburg. The listing on the London Stock Exchange (LSE) took place on 29 July 2002, although we have been listed in South Africa since 1986.

The UK Directors' Remuneration Report Regulations 2002 require this report to include a performance graph of Investec plc's total shareholder return (TSR) 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 350 General 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.

The graph on the following page shows the cumulative shareholder return for a holding of our shares (in blue) in Pounds Sterling on the LSE, compared to the average total shareholder return of other members of the FTSE 350 General Finance Index. It shows that, at 31 March 2006, a hypothetical £100 invested in Investec plc at the time of its listing on the LSE in July 2002 would have generated a total return of £323, compared with a return of £153 if invested in the FTSE 350 General Finance Index. Investec plc has therefore outperformed the FTSE 350 General Finance Index over the period.

During the period from 1 April 2005 to 31 March 2006, the return to shareholders of Investec plc (measured in Pounds Sterling) and Investec Limited (measured in Rands) was 94.0% and 80.8%, respectively. This compares to a return of 45.9% for the FTSE 350 General Finance Index.

The market price of our shares on the LSE was £29.41 as at 31 March 2006, ranging from a low of £15.22 to a high of £30.34 during the financial year. Furthermore, the market price of our shares on the JSE Limited was R313.00 as at 31 March 2006, ranging from a low of R170.50 to a high of R332.50 during the financial year.



Source: Datastream.

Note:

The Directors' Remuneration Report Regulations 2002, require that the graph shows TSR for the five years ending with the relevant financial year. The information for Investec plc, is however, only available since its listing on the LSE in July 2002.

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 2006:

Name	Salaries, directors fees and other remuneration 2006[2] £	Total other benefits 2006[3] £	Gross remuneration 2006[1] £	Annual bonus 2006[4] £	Total remuneration 2006 £	Total remuneration 2005[5] £
Executive directors						
S Koseff (Chief Executive Officer)	287 627	77 373	365 000	1 850 000	2 215 000	1 400 000
B Kantor (Managing Director)	333 539	31 461	365 000	1 850 000	2 215 000	1 400 000
GR Burger (Group Risk and Finance Director)	218 266	62 957	281 223	1 520 000	1 801 223	1 022 362
A Tapnack	215 000	26 341	241 341	750 000	991 341	755 039
Total Pounds Sterling	1 054 432	198 132	1 252 564	5 970 000	7 222 564	4 577 401
Non-executive directors						
HS Herman (Chairman)	300 000	-	300 000	-	300 000	275 000
SE Abrahams	128 430	-	128 430	-	128 430	110 079
GFO Alford	87 000	-	87 000	-	87 000	75 000
C Carolus[6]	40 000	-	40 000	-	40 000	4 375
H Fukuda OBE	40 000	-	40 000	-	40 000	35 000
GMT Howe	65 000	-	65 000	-	65 000	55 833
DE Jowell	193 920	-	193 920	-	193 920	188 729
IR Kantor	47 000	-	47 000	-	47 000	40 000
Sir C Keswick	67 000	-	67 000	-	67 000	65 000
MP Malungani	46 562	-	46 562	-	46 562	37 093
Sir D Prosser[7]	6 700	-	6 700	-	6 700	-
PRS Thomas	113 428	-	113 428	-	113 428	105 875
F Titi	45 249	-	45 249	-	45 249	39 447
Total Pounds Sterling	1 180 289	-	1 180 289	-	1 180 289	1 031 431
Total Pounds Sterling	2 234 721	198 132	2 432 853	5 970 000	8 402 853	5 608 832

Notes:

1. Gross remuneration comprises base salary and other benefits (see point 2 and 3 below).
2. Gross remuneration of S Koseff, B Kantor and A Tapnack has increased on average by approximately 4.5%, and the gross remuneration of GR Burger increased by 9.8%. Gross remuneration increases for other employees across the group have generally been in the range of 4% to 10%, and the increases awarded to executive directors are consistent with this.
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 53.8% to £230.0 million, the improvement in the return to shareholders of Investec plc and Investec Limited of 94.0% (Pounds Sterling) and 80.8% (Rands), respectively, and individual contribution to the group's performance.

5 A breakdown of the components of the reward packages for the executive directors in the 2005 financial year is as follows:

Name	Salary £	Total other benefits £	Gross remuneration £	Annual bonus £	Total remuneration £
Executive directors					
S Koseff (Chief Executive Officer)	267 389	82 611	350 000	1 050 000	1 400 000
B Kantor (Managing Director)	317 764	32 236	350 000	1 050 000	1 400 000
GR Burger (Group Risk and Finance Director)	202 357	53 875	256 232	766 130	1 022 362
A Tapnack	186 764	18 275	205 039	550 000	755 039
Total Pounds Sterling	974 274	186 997	1 161 271	3 416 130	4 577 401

6 Appointed to the board with effect from 18 March 2005.
7 Appointed to the board with effect from 23 March 2006.

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 tables above, is as follows:

Name	2006 £	2005 £
Executive directors		
S Koseff (Chief Executive Officer)	56 653	53 887
B Kantor (Managing Director)	20 549	26 364
GR Burger (Group Risk and Finance Director)	32 262	29 435
A Tapnack	21 500	18 275
Total Pounds Sterling	130 964	127 961

Executive directors' total assumed cost to company

The table below provides an indication of the total cost to the company in relation to executive directors' remuneration. Total cash payments and benefits reflect the information disclosed in the tables above. The IFRS accounting charge reflects the cost that has been expensed by the company in its income statement in the relevant period in relation to share options and long-term incentive awards that have been granted to the executives. Further details on these equity awards are provided in the tables that follow.

Name	Salary, bonus and other benefits 2006 £	Accounting IFRS charge in relation to equity awards 2006 £	Total assumed remuneration expense 2006 £	Salary, bonus and other benefits 2005 £	Accounting IFRS charge in relation to equity awards 2005 £	Total assumed remuneration expense 2005 £
Executive directors						
S Koseff (Chief Executive Officer)	2 215 000	275 198	2 490 198	1 400 000	29 027	1 429 027
B Kantor (Managing Director)	2 215 000	257 436	2 472 436	1 400 000	6 305	1 406 305
GR Burger (Group Risk and Finance Director)	1 801 223	271 752	2 072 975	1 022 362	106 065	1 128 427
A Tapnack	991 341	78 885	1 070 226	755 039	44 135	799 174
Total Pounds Sterling	7 222 564	883 271	8 105 835	4 577 401	185 532	4 762 933

Directors' shareholdings, options and long-term incentive awards

The company's register of directors' interests contains full details of directors' shareholdings, options and long-term incentive awards. The tables that follow provide information on the directors' shareholdings, options and long-term incentive awards for the year ended 31 March 2006.

Directors' shareholdings in Investec plc and Investec Limited shares as at 31 March 2006

Name	Beneficial and non-beneficial interest Investec plc[2]		% of shares in issue[1] Investec plc	Beneficial and non-beneficial interest Investec Limited[3]		% of shares in issue[1] Investec Limited
	1 April 2005	31 March 2006	31 March 2006	1 April 2005	31 March 2006	31 March 2006
Executive directors						
S Koseff	1 087 017	1 057 573	1.4%	185 636	185 636	0.4%
B Kantor[4]	100	300	-	1 195 288	1 666 044	3.8%
GR Burger	605 460	550 655	0.7%	85 227	86 477	0.2%
A Tapnack	-	-	-	48 203	37 021	0.1%
Total number	1 692 577	1 608 528	2.1%	1 514 354	1 975 178	4.5%
Non-executive directors						
HS Herman	380 079	308 301	0.4%	48 905	8 905	-
SE Abrahams	8 000	6 000	-	-	-	-
GFO Alford	-	-	-	-	-	-
C Carolus	-	-	-	-	-	-
H Fukuda OBE	1 000	1 000	-	-	-	-
GMT Howe	-	-	-	-	-	-
DE Jowell	62 340	62 340	0.1%	-	-	-
IR Kantor[5]	346 155	316 711	0.4%	450	450	-
Sir C Keswick	3 150	3 150	-	1 850	1 850	-
MP Malungani[6]	-	-	-	1 545 778	1 545 778	3.5%
Sir D Prosser	-	-	-	-	-	-
PRS Thomas	156 219	100 330	0.1%	51 191	51 191	0.1%
F Titi[6]	-	-	-	308 000	308 000	0.7%
Total number	956 943	797 832	1.0%	1 956 174	1 916 174	4.3%
Total number	2 649 520	2 406 360	3.1%	3 470 528	3 891 352	8.8%

Notes:

1 The total number of Investec plc and Investec Limited shares in issue as at 31 March 2006 was 74.6 million and 44.0 million respectively.

2 The market price of an Investec plc share as at 31 March 2006 was £29.41 (2005: £15.55).

3 The market price of an Investec Limited share as at 31 March 2006 was R313.00 (2005: R178.00).

4 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 R255.00 per option expiring on 18 August 2006.
- B Kantor sold 250 000 call options at a strike price of R380.00 per option expiring on 18 August 2006.
- B Kantor sold 300 000 call options at a strike price of R255.00 per option expiring on 18 August 2006.

5 In addition to his shareholdings reflected in the table above, I Kantor has an interest in options over Investec Limited shares, the details of which are as follows:
- I Kantor acquired 200 000 European call options at an average strike price of R110.00 per option, on 26 February 2004 in the market - expiring on 19 February 2007.
- I Kantor acquired 200 000 European call options at an average strike price of R136.83 per option, on 26 February 2004 in the market - expiring on 19 February 2007.
- I Kantor sold 200 000 European put options at an average strike price of R136.83 per option, on 26 February 2004 in the market - expiring on 19 February 2007.

6 In November 2003, Investec Limited concluded an empowerment transaction with Tiso Group Limited (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 2006

Name	Investec Limited 1 April 2005	Investec Limited 31 March 2006	Investec Bank Limited 1 April 2005	Investec Bank Limited 31 March 2006
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 2006 was R115.00 (2005:R104.80).
- The market price of an Investec Bank Limited preference share as at 31 March 2006 was R123.01 (2005: R119.00).

1 S Koseff acquired an interest in the preference shares of Investec Bank Limited on 13 August 2003 at a price of R100.

2 B Kantor acquired an interest in the preference shares of Investec Limited on 16 February 2005 at a price of R104.50. B Kantor sold 70 904 Investec Limited preference shares on 22 July 2005 at R103.90 per share.

3 HS Herman acquired an interest in the preference shares of Investec Bank Limited on 13 August 2003 at a price of R100.

Directors' attributable interest in Investec plc and Investec Limited shares through a leveraged equity plan called Fintique II as at 31 March 2006

Name	Entitlement to Investec plc shares 1 April 2005	Entitlement to Investec plc shares 31 March 2006	Entitlement to Investec Limited shares 1 April 2005	Entitlement to Investec Limited shares 31 March 2006	Settlement period	Total entitlement (i.e. Investec plc and Investec Limited shares) - % interest in scheme 31 March 2006
Executive directors						
S Koseff	183 684	183 684	107 879	107 879	1 April 2006 to 31 July 2008	8.2%
B Kantor[1]	-	-	144 921	44 300	1 April 2006 to 31 July 2008	1.2%
GR Burger	125 904	125 904	73 943	73 943	1 April 2006 to 31 July 2008	5.6%
A Tapnack	-	-	33 668	33 668	1 April 2006 to 31 July 2008	0.9%
Non-executive directors						
HS Herman	90 209	90 209	52 980	52 980	1 April 2006 to 31 July 2008	4.0%
IR Kantor	50 236	50 236	29 504	29 504	1 April 2006 to 31 July 2008	2.2%
Total number	**450 033**	**450 033**	**442 895**	**342 274**		**22.1%**

Notes:

- Fintique II was constituted on 31 July 1996, via a special purpose vehicle (SPV), initially available to 235 selected executives, senior managers and directors. Participants acquired units in the SPV, where the underlying instruments are compulsory convertible debentures, which convert into 886 Investec shares for every 1 000 units in Fintique II. The scheme was funded through cash contributions from participants and the upfront sale of the income stream on the debentures and the right to the redemption proceeds. A total of 4.0 million units were issued in terms of the scheme, converting into approximately 3.5 million shares.
- 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 R52.81 per share, based on the valuation of the scheme as at 31 March 2006. The market price of an Investec plc share and an Investec Limited share as at 31 March 2006 was £29.41 and R313.00, 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 B Kantor took up his entitlement in respect of 100 621 Investec Limited shares in terms of the Fintique II scheme on 7 December 2005 for a cash amount of R61.68 per share, by settling the appropriate liability in respect of the shares taken up.

Directors' interest in options as at 31 March 2006

Investec plc shares

Name	Date of grant	Exercise price	Number of Investec plc shares at 1 April 2005	Exercised during the year[1]	Lapsed during the year	Balance at 31 March 2006	Period exercisable
Executive directors							
S Koseff	20 Dec 2002	R111.96	24 750	8 250	-	16 500	20 Dec 2006 to 20 Mar 2008
B Kantor	20 Dec 2002	£7.93	38 446	12 311	-	26 135	20 Dec 2006 to 20 Mar 2012
GR Burger	20 June 2002	R164.50	47 250	15 750	-	31 500	20 June 2006 to
	20 Dec 2002	R111.96	24 750	8 250	-	16 500	20 Mar 2008
A Tapnack	28 Aug 2002	£10.52	35 438	11 812	-	23 626	20 June 2006 to
	20 Dec 2002	£7.93	38 446	12 311	-	26 135	20 Mar 2012

Investec Limited shares

Name	Date of grant	Exercise price	Number of Investec Limited shares at 1 April 2005	Exercised during the year[1]	Lapsed during the year	Balance at 31 March 2006	Period exercisable
Executive directors							
S Koseff	20 Dec 2002	R111.32	12 750	4 250	-	8 500	20 Dec 2006 to 20 Mar 2008
GR Burger	20 June 2002	R164.50	27 750	9 250	-	18 500	20 June 2006 to
	20 Dec 2002	R111.32	12 750	4 250	-	8 500	20 Mar 2008
A Tapnack	20 June 2002	R164.50	20 812	6 938	-	13 874	20 June 2006 to 20 Sept 2007

Notes:
No new grants were made to executive directors during the financial year other than set out below in the Share Matching Plan 2005. The market price of an Investec plc share as at 31 March 2006 was £29.41 (2005: £55.55). A total of 74.6 million Investec plc shares were in issue as at 31 March 2006. The market price of an Investec Limited share as at 31 March 2006 was R313.00 (2005: R178.00). A total of 44.0 million Investec Limited shares were in issue at 31 March 2006.

[1]Details with respect to options exercised:
- S Koseff exercised his options and sold 8 250 Investec plc shares and 4 250 Investec Limited shares on 16 March 2006, when the share price was R315.00 and R310.18 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 12 311 Investec plc shares on 20 December 2005, when the share price was £24.47 per Investec plc share. The performance conditions with respect to these options were met.
- GR Burger exercised his options and received 15 750 Investec plc shares and 9 250 Investec Limited shares on 11 August 2005, when the share price was R227.00 and R222.00 per Investec plc and Investec Limited share, respectively. The performance conditions with respect to these options were met.
- Furthermore, GR Burger exercised his options and sold 8 250 Investec plc shares and 4 250 Investec Limited shares on 12 January 2006, when the share price was R285.31 and R283.69 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 and 6 938 Investec Limited shares on 20 June 2005, when the share price was £18.00 and R217.00 per Investec plc share and Investec Limited share respectively. The performance conditions with respect to these options were met.
- Furthermore, A Tapnack exercised his options and sold 12 311 Investec plc shares on 2 March 2006, when the share price was £29.15 per Investec plc share. The performance conditions with respect to these options were met.

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 have certain performance conditions attached which require 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 the Share Matching Plan 2005 as at 31 March 2006

Name	Date of grant	Exercise price	Number of Investec plc shares at 1 April 2005	Balance at 31 March 2006	Vesting period
Executive directors					
S Koseff	21 Nov 2005	nil cost	-	150 000	75% of the matching award will vest on 30 June 2009 and 25% on 30 June 2010
B Kantor	21 Nov 2005	nil cost	-	150 000	75% of the matching award will vest on 30 June 2009 and 25% on 30 June 2010
GR Burger	21 Nov 2005	nil cost	-	120 000	75% of the matching award will vest on 30 June 2009 and 25% on 30 June 2010
A Tapnack	21 Nov 2005	nil cost	-	40 000	75% of the matching award will vest on 30 June 2009 and 25% on 30 June 2010

Note:
Details with respect to this plan are provided on page 52.

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

These derivatives were entered into through a SPV, in terms of the funding of a share investment vehicle called Spurwing, and not directly by any of the individual directors. Further detail on Spurwing can be found on our website.

The directors, together with a selected group of senior managers who are beneficiaries of Spurwing and as part of the scheme's leveraged nature, at 31 March 2006 are indirectly interested in:

- Put options written in respect of 397 091 (2005: 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 (2005: 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 (2005: 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:

- 9 394 (2005: 40 698) unallocated Investec Limited shares.
- 600 172 (2005: 2 045 127) 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 1 000 000 (2005: 1 500 000) Investec plc shares at R180.06 per share.
- Call options in respect of 105 230 (2005: 0) Investec plc shares at R204.00 per share.
- Call options in respect of 61 801 (2005: 0) Investec Limited shares at R196.00 per share.
- 203 676 (2005:0) unallocated Investec Limited shares.
- 1 387 (2005:0) unallocated Investec plc shares.

The executive directors, together with all other employees of the Investec Limited group, are deemed to be beneficiaries of the Investec Limited Security Purchase Scheme 2003, although they are not entitled to be participants, and are therefore interested in:

- 1 052 046 (2005: 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 I trust and are therefore interested in:

- Call options in respect of 790 598 (2005: 1 275 951) unallocated Investec plc shares at £7.93 per share.
- Call options in respect of 449 693 (2005: 449 693) unallocated Investec plc shares at £10.52 per share.
- Call options in respect of 174 560 (2005: 0) unallocated Investec plc shares at £17.06 per share.
- 1 156 060 (2005: 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 I trust and are therefore interested in:

- Call options in respect of 3 300 (2005: 4 950) unallocated Investec plc shares at £7.93 per share.
- Call options in respect of 6 221 (2005: 6 221) unallocated Investec plc shares at £10.52 per share.

The executive directors, together with all other employees of the Investec plc group, are beneficiaries of the Investec plc Employee Benefits Trust and are therefore interested in:

- 100 000 (2005: 0) unallocated Investec Limited shares.

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 2007 financial year.

Additional information

The group has implemented a Dual Listed Companies (DLC) 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-Southern African businesses, was listed on the London Stock Exchange on 29 July 2002. Investec plc also has a secondary listing on the JSE Limited (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 2006 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 2006

Investec plc ordinary shares in issue

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
6 316	1 to 500	68.7	1 180 704	1.6
1 121	501 - 1 000	12.2	830 873	1.1
1 049	1 001 - 5 000	11.4	2 265 558	3.0
235	5 001 - 10 000	2.5	1 713 802	2.3
325	10 001 - 50 000	3.5	7 480 125	10.0
82	50 001 - 100 000	0.9	5 886 849	7.9
71	100 001 and over	0.8	55 275 835	74.1
9 199		100.0	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
4 835	1 to 500	74.3	748 922	1.7
578	501 - 1 000	8.9	433 758	1.0
620	1 001 - 5 000	9.5	1 442 504	3.3
160	5 001 - 10 000	2.5	1 155 129	2.6
224	10 001 - 50 000	3.4	5 206 421	11.8
33	50 001 - 100 000	0.5	2 412 034	5.5
60	100 001 and over	0.9	32 600 759	74.1
6 510		100.0	43 999 527	100.0

Shareholder classification as at 31 March 2006

	Investec plc number of shares	% holding	Investec Limited number of shares	% holding
Public*	68 679 825	92.1	33 505 002	76.2
Non-public	5 953 921	7.9	10 494 525	23.8
Non-executive directors of Investec plc/Investec Limited**	797 832	1.0	62 396	0.1
Executive directors of Investec plc/Investec Limited	1 608 528	2.1	1 975 178	4.5
Investec staff share schemes	3 547 561	4.8	3 045 840	6.9
Tiso Group Limited**	-	-	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 (non-executive directors of Investec) are shown under the holdings of Tiso Group Limited and Peu Group (Proprietary) Limited, respectively.

Largest beneficial shareholders as at 31 March 2006

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, the group has conducted investigations into the registered holders of its ordinary shares (including nominee and asset management companies) and the results are as disclosed below.

Investec plc

	Shareholders	Number of shares	% of issued share capital
1	Public Investment Commissioner	5 503 114	7.4
2	Spurwing-P Investments Ltd	3 932 883	5.3
3	Old Mutual Asset Managers	3 257 810	4.4
4	Barclays Group	3 041 262	4.1
5	Legal & General Investment Management	2 709 438	3.6
6	Jupiter Asset Management	2 272 276	3.0
7	Citigroup Asset Management	2 071 078	2.8
8	JP Morgan Asset Management	1 917 879	2.5
9	Investec Group Staff Share Schemes	1 857 619	2.5
10	Investec Employee Benefits Ltd	1 689 942	2.3
	Cumulative total	28 253 301	37.9

The top 10 shareholders account for 37.9% 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

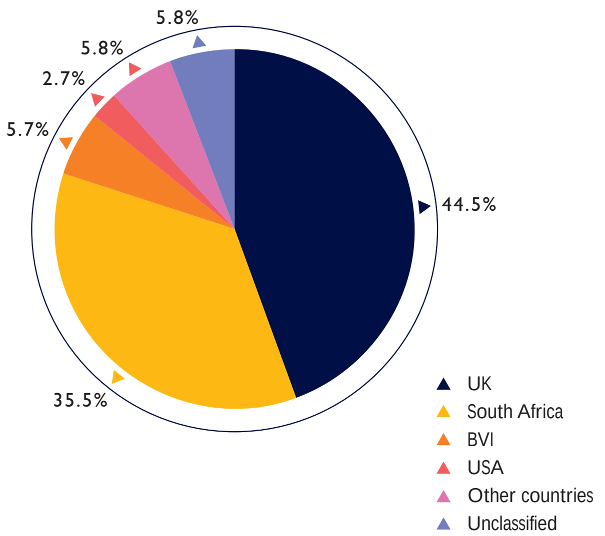
	Shareholders	Number of shares	% of issued share capital
1	Public Investment Commissioner	5 315 086	12.1
2	Investec Group Staff Share Schemes	3 045 840	6.9
3	Entrepreneurial Development Trust*	2 800 000	6.4
4	Tiso INL Investments (Pty) Ltd*	2 800 000	6.4
5	Peu INL Investments 1 (Pty) Ltd*	2 611 111	5.9
6	Old Mutual Asset Managers	1 705 419	3.9
7	Metropolitan Asset Managers	1 436 033	3.3
8	Stanlib Asset Management	1 432 977	3.3
9	Spurwing-L Investments Ltd	1 291 179	2.9
10	Sanlam Investment Management	1 142 013	2.6
	Cumulative total	23 579 658	53.7

The top 10 shareholders account for 53.7% 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.

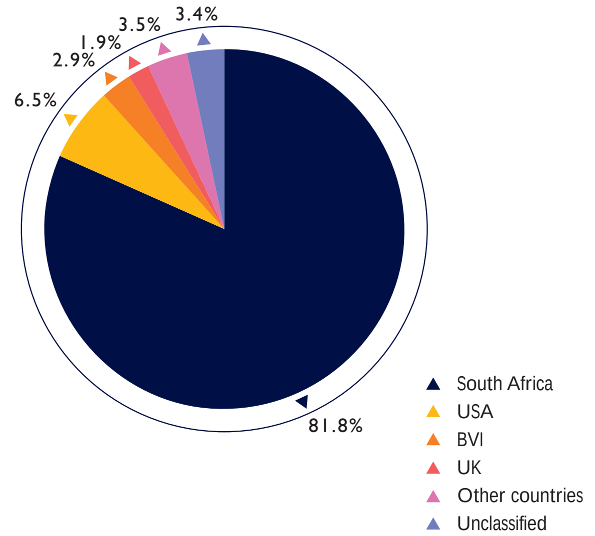
* In November 2003, Investec Limited implemented an empowerment transaction in which empowerment partners and an employee share scheme acquired 25.1% of the equity shareholding in Investec Limited.

Geographic holding by beneficial owner as at 31 March 2006

Investec plc



Investec Limited



Share statistics

Investec plc ordinary shares in issue

For the year ended 31 March[1]	2006	2005	2004	2003
Closing market price per share (pence)				
- year end	2 941	1 555	1 089	615
- highest	3 034	1 735	1 181	960
- lowest	1 522	920	612	607
Number of ordinary shares in issue (million)	74.6	74.6	74.6	74.6
Market capitalisation (£'million)[2]	2 194	1 160	812	459
Daily average volume of shares traded ('000)	297.8	148.2	99.6	69.9
Price earnings ratio[3]	14.0	11.6	10.5	6.3
Earnings yield (%)[3]	7.1	8.6	9.5	15.6
Dividend cover (times)[3]	2.3	2.0	1.8	1.8
Dividend yield (%)[3]	3.1	4.3	5.3	8.8
Number of shareholders[4]	9 199	15 951	18 174	20 684

Investec Limited ordinary shares in issue

For the year ended 31 March	2006	2005	2004	2003	2002	2001	2000
Closing market price per share (cents)							
- year end	31 300	17 800	12 530	7 650	13 000	19 700	26 020
- highest	33 250	19 000	15 100	17 440	24 580	27 800	30 000
- lowest	17 050	10 780	7 750	7 650	13 000	19 200	18 440
Number of ordinary shares in issue (million)[5]	44.0	44.0	44.0	38.4	96.2	81.0	80.6
Market capitalisation (R'million)[6]	37 121	21 111	14 860	8 645	14 196	19 286	24 095
Market capitalisation (£'million)	3 488	1 844	1 292	695	742	1 400	2 005
Daily average volume of shares traded ('000)[7]	95.6	102.1	99.0	105.4	-	-	-
Number of shareholders[4]	6 510	13 728	15 611	17 957	19 445	3 454	3 070

Refer to notes on the following page.

Notes:

[1] Investec plc has been listed on the LSE since 29 July 2002.

[2] The LSE only include the shares in issue for Investec plc i.e. 74.6 million, in calculating market capitalisation, as Investec Limited is not incorporated in the UK.

[3] Calculations for 2006 and 2005 are based on the group's consolidated earnings per share before goodwill impairment and non-operating items, and dividends per share as prepared in accordance with IFRS and denominated in Pounds Sterling. Prior to 2005 the group reported its consolidated results in accordance with UK GAAP.

[4] The number of shareholders has decreased following an odd-lot offer undertaken by the group.

[5] 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).

[6] The JSE have agreed to use the total number of shares in issue for the combined group, comprising Investec plc and Investec Limited, in calculating market capitalisation i.e. a total of 118.6 million shares in issue.

[7] Information prior to the implementation of the DLC structure is not comparable.

Executive directors

Name	Age at 31 March 2006	Qualifications	Current directorships	Investec committee membership	Brief biography	Area of expertise
Chief Executive Officer Stephen Koseff	54	BCom CA (SA) H Dip BDP MBA	The Bidvest Group Limited, JSE Limited, Rensburg Sheppards plc and a number of Investec subsidiaries	Board Risk Review Committee and DLC Capital Committee	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.	Finance
Managing director Bernard Kantor	56	-	Phumelela Gaming and Leisure Limited, Rensburg Sheppards plc and a number of Investec subsidiaries	Board Risk Review Committee and DLC Capital Committee	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.	Finance
Group Risk and Finance director Glynn R Burger	49	BAcc CA(SA) H Dip BDP MBL	Investec Bank Limited and a number of Investec subsidiaries	Board Risk Review Committee and DLC Capital Committee	Glynn joined Investec in 1980. His positions within Investec have included Chief Accounting Officer, Group Risk Manager and Joint Managing Director for South Africa.	Finance
Alan Tapnack	59	BCom CA (SA)	Investec Bank (UK) Limited and a number of Investec subsidiaries	Board Risk Review Committee and DLC Capital Committee	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 Chief Finance Officer and Chief Executive Officer of Investec Bank (UK) Limited and Chief Executive Officer of Investec's UK operations.	Finance

Non-executive directors

Name	Age at 31 March 2006	Qualifications	Current directorships	Investec committee membership	Brief biography	Area of expertise
Non-executive Chairman						
Hugh S Herman	65	BA LLB LLD (hc)	Growthpoint Properties Limited, Metboard Holdings Limited, Pick 'n Pay Holdings Limited, Pick 'n Pay Stores Limited and a number of Investec subsidiaries	Nomination Committee	Hugh practised as an attorney before joining Pick 'n Pay, a leading South African retail group, where he became Managing Director.	Law
Sam E Abrahams	67	FCA CA (SA)	Investec Bank Limited, Foschini Limited, Super Group Limited and Phumelela Gaming and Leisure Limited	Combined group/DLC Audit Committee, Investec plc Audit Committee, Investec Limited Audit Committee, Nomination Committee, Board Risk Review Committee and DLC Capital Committee	Sam is a former international partner and South African Managing Partner of Arthur Andersen.	Finance Auditing
George FO Alford	57	BSc (Econ) FCIS FIPD MSI	Investec Bank (UK) Limited	Combined group/DLC Audit Committee, Investec plc Audit Committee, Investec Limited Audit Committee, Remuneration Committee and Board Risk Review Committee	George is a former Head of Private Banking and Personnel at Kleinwort Benson Group and was a senior advisor to the UK Financial Services Authority.	Banking Regulations Finance
Cheryl A Carolus	47	BA (Law) B Ed	De Beers Consolidated Mines Limited, IQ Business Group (Pty) Limited, Fenner Conveyor Belting South Africa (Pty) Limited, Ponhalo Holdings (Pty) Limited, Investec Asset Management Holdings (Pty) Ltd and Executive Chairperson of Peotona Group Holdings (Pty) Limited	-	Cheryl acted as the South African High Commissioner to London between 1998 and 2001 and was Chief Executive Officer of South African Tourism. She is Chairperson of South African National Parks.	Sustainable development Education

Name	Age at 31 March 2006	Qualifications	Current directorships	Investec committee membership	Brief biography	Area of expertise
Haruko Fukuda OBE	59	MA (Cantab) DSc	AB Volvo, Aberdeen Asian Smaller Companies Investment Trust PLC. She is an adviser to Metro AG.	-	Haruko was previously Chief Executive Officer of the World Gold Council.	Finance Asset Manage-ment
Geoffrey MT Howe	56	MA (Hons)	Jardine Lloyd Thompson Group plc (Chairman), The JP Morgan Fleming Overseas Investment Trust plc and Nationwide Building Society	Combined group/DLC Audit Committee, Investec plc Audit Committee, Investec Limited Audit Committee, Remuneration Committee and Board Risk Review Committee	Geoffrey is a former Managing Partner of Clifford Chance LLP and was Director and Group General Counsel of Robert Fleming Holdings Ltd. He is also a former Chairman of Railtrack Group plc.	Law
Donn E Jowell	64	BCom LLB	Jowell, Glynn and Marais Inc, Investec Bank Limited, Wits Donald Gordon Medical Centre and JCI Limited	Combined group/DLC Audit Committee, Investec Limited Audit Committee, Board Risk Review Committee and DLC Capital Committee	Donn is Chairman of and a consultant to Jowell Glynn Marais Inc, the South African legal advisers to Investec Limited.	Law
Ian R Kantor	59	BSc (Eng) MBA	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	-	Former Chief Executive of Investec Limited.	Finance
Senior independent director Sir Chips Keswick	66	-	Investec Bank Limited, De Beers SA, De Beers Consolidated Mines Limited, Arsenal Holdings Plc and Arsenal Football Club Plc.	Combined group/DLC Audit Committee, Investec plc Audit Committee, Investec Limited Audit Committee, Remuneration Committee, Nomination Committee and Board Risk Review Committee	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.	Finance

Non-executive directors (continued)

Name	Age at 31 March 2006	Qualifications	Current directorships	Investec committee membership	Brief biography	Area of expertise
M Peter Malungani	48	BCom MAP LDP	Super Group Limited (Chairman), Phumelela Gaming and Leisure Limited (Chairman), Investec Bank Limited, Investec Asset Management Holdings (Pty) Limited and a number of Peu subsidiaries	-	Peter is Chairman and founder of Peu Group (Proprietary) Limited.	Finance
Sir David Prosser	62	BSc (Hons) FIA	Pippbrook Limited, Epsom Downs Racecourse Limited, The Royal Automobile Club Limited and Intercontinental Hotels Group PLC	Combined group/DLC Audit Committee, Investec plc Audit Committee and Investec Limited Audit Committee	Sir David was previously Chief Executive of Legal & General Group PLC, joining Legal & General in 1998 as Group Director (Investments) becoming Deputy Chief Executive in January 1991 and Group Chief Executive in September 1991. Sir David was previously Chairman of the Financial Services Skills Council.	Finance
Peter RS Thomas	61	CA (SA)	Investec Bank Limited, various Investec companies and JCI Limited	Combined group/DLC Audit Committee, Investec plc Audit Committee, Investec Limited Audit Committee and Board Risk Review Committee	Peter was the former Managing Director of The Unisec Group Limited.	Finance
Fani Titi	43	BSc (Hons) MA MBA	Kumba Resources Limited, AECI Limited and Investec Asset Management Holdings (Pty) Ltd	-	Fani is Chief Executive Officer of Tiso Group Limited.	Finance

Notes:

- The dates on which the directors were appointed to the boards of Investec plc and Investec Limited can be found on page 109.
- Sir David Prosser was appointed as an independent non-executive director to the boards of Investec plc and Investec Limited on 23 March 2006.

Transition to International Financial Reporting Standards

Overview

From 1 April 2005 we were required to prepare our combined consolidated results (comprising the results of Investec plc and Investec Limited) in accordance with International Financial Reporting Standards (IFRS). Previously these were prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP).

Our transition to IFRS has been performed in accordance with IFRS 1 "First-Time Adoption of International Financial Reporting Standards" and other relevant standards applicable at 31 March 2006.

The following dates are applicable for the transition to IFRS:
- 1 April 2004 - date of transition to IFRS, being the start of the earliest period of comparative information.
- 31 March 2005 - twelve month comparative period to 31 March 2006.

A summary of the impact on our consolidated results of the transition to IFRS for the year ended 31 March 2005 is provided in the table below.

For the year ended 31 March 2005^	Unaudited IFRS pro forma***	Audited UK GAAP (as previously reported)	% Change
Operating profit before goodwill impairment, non-operating items and taxation (£'000)	224 124	222 388	0.8%
Earnings attributable to shareholders* (£'000)	110 888	100 524	10.3%
Adjusted** earnings attributable to ordinary shareholders (£'000)	149 510	151 146	(1.1%)
Basic EPS (pence)	89.2	81.5	9.4%
Adjusted** EPS (pence)	134.6	140.8	(4.4%)
Headline EPS (pence)	132.4	141.7	(6.6%)
Basic weighted average number of shares in issue (million)	111.1	107.4	3.4%
Total equity including minority interest as at 1 April 2005 (£'000)	1 075 611	980 451	9.7%

Notes:

* After goodwill impairment, non-operating items, taxation and minority interests.

** Before goodwill impairment and non-operating items and after taking into consideration earnings attributable to perpetual preference shareholders.

*** In accordance with the provisions of IFRS 1, we have elected not to apply the requirements of IAS 32, "Financial Instruments: Disclosure and Recognition", IAS 39, "Financial Instruments: Recognition and Measurement" and IFRS 4, "Insurance Contracts" to the comparative year. The impact of adoption of these standards is reflected as an adjustment to the opening balance sheet at 1 April 2005. To facilitate comparability, a pro forma income statement is presented which incorporates the impact of the adoption of IAS 32 and IAS 39 in the following respects:
- recognising certain fees on an effective yield basis,
- the release of general provisions on loans and advances and
- fair value adjustments on embedded derivatives.

IFRS 4 only effects the presentation of the balance sheet.

^ Per the Transition to IFRS Report (issued on 21 September 2005 and which can be found on our website) the adjustment on adoption of IAS 32 and IAS 39 increased reserves by £17.6 million. This increase has been adjusted downward by £7.4 million (after taxation effects) to £10.2 million as a result of interpretation and model enhancements relating to the recognition of certain fee income as a component of the effective yield of lending transactions and improvement to certain fair value models adopted by the group. These adjustments are isolated to Private Banking and Treasury and Specialised Finance Activities. Similarly, adjusted EPS for the year ended 31 March 2005 has been revised downward to 134.6 pence.

The most significant adjustments arising from the transition from UK GAAP to IFRS are:

- IFRS 2 - share based payments
  The inclusion of a fair value charge, for equity and cash settled options granted to employees, recognised over the vesting period.
- IFRS 3 - business combinations
  The cessation of goodwill amortisation, with the introduction of an annual impairment test.
- IFRS 4 - insurance contracts (applied from 1 April 2005)
  Recognition of reinsured assets and liabilities on a gross basis on the balance sheet.
- IAS 1 - presentation of financial statements
  Line by line consolidation of Assurance Activities.
- IAS 10 - events after balance sheet date
  Recognition of dividends only once approved and declared.
- IAS 17 - leases
  Recognition of annual fixed incremental costs on a straight line basis over the term of the lease.
- IAS 18 - revenue recognition
  In line with IAS 39 ("Financial Instruments: Recognition and Measurement") fees on lending transactions are recognised as part of the effective yield over the expected life of the transaction to the extent that they form an integral part of the effective yield.
- IAS 27 - consolidations (including special purpose vehicles)
  Alignment of UK GAAP principles with that of IFRS with regard to the consolidation of special purpose vehicles.
- IAS 32/39 - financial instruments (applied from 1 April 2005)
  The release of general provisions on loans and advances, partially offset by an increase in specific impairments and raising of collective impairments; fair value of embedded derivatives (e.g. profit shares) through the income statement. These aspects of IAS 32/39 have been included in the pro forma income statement.

An analysis of key adjustments

An assessment of the key statements and their impact on our attributable earnings, assets, liabilities and equity for the year ended 31 March 2005 is provided in the table below.

Key statement/impacts £'000	Pro forma earnings attributable to shareholders 31 March 2005	Assets 1 April 2005	Liabilities 1 April 2005	Total equity, including minorities 1 April 2005
IFRS 2 - share based payments	(8 018)	1 240	686	554
IFRS 3 - business combinations	11 218	10 943	-	10 943
IAS 10 - events after balance sheet date	-	-	(49 593)	49 593
IAS 12 - income taxes	413	7 144	(154)	7 298
IAS 17 - leases	(6 386)	4 430	11 363	(6 933)
IAS 18 - revenue recognition	(7 067)	(7 676)	9 766	(17 442)
IAS 19 - employee benefits	-	3 297	3 437	(140)
IAS 21 - effects of changes in foreign exchange rates	1 142	-	-	-
IAS 27/28/31 - consolidations	2 340	25 676	2 030	23 646
IAS 40 - investment properties	4 333	-	-	-
IFRS 4 - insurance contracts	-	1 288 406	1 288 406	-
IAS 32/39 - financial instruments	12 389	672 746	645 105	27 641
Overall impact of IFRS	10 364	2 006 206	1 911 046	95 160

Further detail on the group's transition to IFRS

On 21 September 2005 we released a stock exchange announcement and a Transition to IFRS report detailing the impact of IFRS on our previously reported UK GAAP consolidated results. This information can be found on our website.

The combined consolidated income statements below represent the group's actual reported results for the year ended 31 March 2006 relative to the group's pro forma restated results for the year ended 31 March 2005. The pro forma 2005 results enhance comparability against the 2006 results and differ from the 2005 results reflected on pages 82 to 88 for the reasons explained on page 70. All income statement comparatives referred to on pages 2 to 75 relate to the pro forma 2005 results.

Combined consolidated income statements

£'000	Year to 31 March 2006	Pro forma IFRS restated year to 31 March 2005
Interest receivable	934 389	758 513
Interest payable	(675 237)	(587 945)
Net interest income	**259 152**	**170 568**
Fees and commissions receivable	478 465	403 543
Fees and commissions payable	(41 591)	(25 818)
Principal transactions	246 059	140 158
Operating income from associates	6 694	14 474
Investment income on assurance activities	141 559	258 855
Premiums and reinsurance recoveries on insurance contracts	164 631	246 537
Other operating income	2 721	6 120
Other income	**998 538**	**1 043 869**
Claims and reinsurance premiums on insurance business	(293 135)	(478 894)
Total operating income net of insurance claims	**964 555**	**735 543**
Impairment losses on loans and advances	(9 160)	(15 845)
Operating income	**955 395**	**719 698**
Administrative expenses	(558 887)	(485 444)
Depreciation and impairment of property and equipment	(7 741)	(10 130)
Operating profit before goodwill impairment	**388 767**	**224 124**
Impairment of goodwill	(21 356)	(37 010)
Operating profit	**367 411**	**187 114**
Profit/(loss) on disposal or termination of group operations	73 573	(14 629)
Profit before taxation	**440 984**	**172 485**
Taxation	(111 616)	(59 226)
Profit after taxation	**329 368**	**113 259**
Earnings attributable to minority interests	14 267	2 371
Earnings attributable to shareholders	315 101	110 888
Earnings attributable to shareholders' equity	**329 368**	**113 259**
Earnings per share (pence)		
- basic	268.9	89.2
- diluted	249.8	85.4
Adjusted earnings per share (pence)		
- basic	209.5	134.6
- diluted	195.2	127.5
Headline earnings - basic (pence)	203.0	132.4
Dividends per share (pence)	91.0	67.0

Combined consolidated balance sheets

£'000	31 March 2006	1 April 2005
Assets		
Cash and balances at central banks	190 838	105 130
Loans and advances to banks	1 830 603	1 563 066
Cash equivalent advances to customers	690 236	710 721
Reverse repurchase agreements and cash collateral on securities borrowed	756 645	2 318 745
Trading securities	1 640 088	1 279 111
Derivative financial instruments	1 081 287	929 783
Investment securities	1 266 673	1 188 405
Loans and advances to customers	9 604 589	6 408 368
Interests in associated undertakings	63 099	13 219
Deferred taxation assets	60 035	52 686
Other assets	1 272 787	885 577
Property and equipment	26 916	28 729
Investment properties	163 049	202 352
Goodwill	183 560	199 313
Intangible assets	10 094	7 373
	18 840 499	15 892 578
Other financial instruments at fair value through income in respect of		
- liabilities to customers	3 628 574	2 815 137
- assets related to reinsurance contracts	1 431 876	1 209 165
	23 900 949	**19 916 880**
Liabilities		
Deposits by banks	1 879 483	780 829
Derivative financial instruments	705 764	838 578
Other trading liabilities	457 254	1 892 732
Repurchase agreements and cash collateral on securities lent	358 278	508 301
Customer accounts	8 699 165	6 458 714
Debt securities in issue	2 950 103	1 926 889
Current taxation liabilities	137 426	72 834
Deferred taxation liabilities	26 210	20 784
Other liabilities	1 582 856	1 809 207
Pension fund liabilities	2 013	10 991
	16 798 552	14 319 859
Liabilities to customers under investment contracts	2 694 539	2 664 434
Insurance liabilities, including unit-linked liabilities	934 035	145 136
Reinsured liabilities	1 431 876	1 209 165
	21 859 002	18 338 594
Subordinated liabilities (including convertible debt)	529 854	502 675
	22 388 856	**18 841 269**
Equity		
Called up share capital	165	165
Share premium	1 028 737	1 029 242
Treasury shares	(96 300)	(109 362)
Equity portion of convertible instruments	2 191	2 191
Perpetual preference shares	215 305	196 742
Other reserves	156 103	78 054
Profit and loss account	(79 709)	(266 530)
Shareholders' equity excluding minority interests	1 226 492	930 502
Minority interests	285 601	145 109
- Perpetual preferred securities issued by subsidiaries	278 459	127 058
- Other	7 142	18 051
Total shareholders' equity	**1 512 093**	**1 075 611**
Total liabilities and shareholders' equity	**23 900 949**	**19 916 880**

Dividends and earnings per share

	Year to 31 March 2006	Pro forma IFRS restated year to 31 March 2005
Ordinary dividends - pence per share		
Interim	38.0	30.0
Final	53.0	37.0
	91.0	**67.0**
Earnings per share - pence		
Basic earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders in Investec plc and Investec Limited by the weighted average number of ordinary shares in issue during the period.	**268.9**	**89.2**
	£'000	**£'000**
Earnings attributable to shareholders equity	315 101	110 888
Preference dividends paid	(19 940)	(11 742)
Earnings attributable to ordinary shareholders	**295 161**	**99 146**
Diluted earnings per share - pence		
Diluted earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders of Investec plc and Investec Limited, adjusted for the effects of dilutive ordinary potential shares, by the weighted average number of shares in issue during the period plus the weighted average number of ordinary shares that would be issued on conversion of the dilutive ordinary potential shares during the period.	**249.8**	**85.4**
Weighted total average number of shares in issue during the year	118 633 273	118 633 273
Weighted average number of treasury shares	(8 865 490)	(7 540 405)
	109 767 783	**111 092 868**
Weighted average number of shares resulting from future dilutive potential shares	5 884 874	4 975 253
Weighted average number of shares resulting from future dilutive convertible instruments	3 573 994	3 573 994
Adjusted weighted number of shares potentially in issue	**119 226 651**	**119 642 115**

	Year to 31 March 2006	Pro forma IFRS restated year to 31 March 2005
Adjusted earnings per share - pence Adjusted earnings per share is calculated by dividing the earnings, before deducting goodwill impairment and non-operating items attributable to the ordinary shareholders and after taking into account earnings attributable to perpetual preference shareholders, by the weighted average number of ordinary shares in issue during the period.	209.5	134.6
	£'000	£'000
Earnings attributable to shareholders equity	315 101	110 888
Impairment of goodwill	21 356	37 010
(Profit)/loss on disposal or termination of group operations	(73 573)	14 629
Preference dividends paid	(19 940)	(11 742)
Additional earnings attributable to other equity holders	(12 927)	(1 275)
Adjusted earnings attributable to ordinary shareholders before goodwill impairment and non-operating items	**230 017**	**149 510**
Headline earnings per share - pence Headline earnings per share has been calculated in accordance with the definition in the Institute of Investment Management Research Statement of Investment Practice No. 1 "The Definition of Headline Earnings."	203.0	132.4
	£'000	£'000
Earnings attributable to shareholders equity	315 101	110 888
Impairment of goodwill	21 356	37 010
(Profit)/loss on disposal or termination of group operations	(73 573)	14 629
Preference dividends paid	(19 940)	(11 742)
Other headline adjustments	(20 139)	(3 748)
Headline earnings attributable to ordinary shareholders	**222 805**	**147 037**

Financial statements

Summarised directors' report

Business review

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.

The operating financial review on pages 4 to 6 provides an overview of the group's strategic position, performance during the financial year and outlook for the business. It should be read in conjunction with the sections on pages 7 to 75 which elaborate on the aspects highlighted in this review.

The summarised directors' report deals with the requirements of the combined consolidated Investec group, comprising the legal entities Investec plc and Investec Limited.

Authorised and issued share capital

Investec plc and Investec Limited

On the 24 June 2005, Investec plc raised €200 million of innovative Tier I capital through the issue of fixed/floating rate, guaranteed non-voting non-cumulative perpetual preferred callable securities by Investec Tier I (UK) Limited (a limited partnership organised under the laws of England and Wales), having the benefit of a subordinated guarantee from Investec plc.

Investec Limited

During the year no shares, convertible instruments or debentures were issued by Investec Limited.

I 750 redeemable cumulative preference shares of 60 cents each were redeemed at R100 000 per share on 29 November 2005. 600 redeemable cumulative preference shares of 60 cents each were redeemed at R100 000 per share on 22 March 2006. 633 redeemable cumulative preference shares of 60 cents each were redeemed at R1 000 000 per share on 31 March 2006.

Financial results

The combined results of Investec plc and Investec Limited for the year ended 31 March 2006 are set out on pages 82 to 88.

Ordinary dividends

Investec plc

An interim dividend was declared to shareholders as follows:

- 38 pence per ordinary share to non-South African resident shareholders (2005: 30 pence) registered on 16 December 2005.
- to South African resident shareholders registered on 15 December 2005, a dividend paid by Investec Limited on the SA DAS share, equivalent to 38 pence per ordinary share (2005: 30 pence).

The dividends were paid on 23 December 2005.

The directors have proposed a final dividend to shareholders registered on 28 July 2006, which is subject to the approval of the members of Investec plc at the annual general meeting which is scheduled to take place on 10 August 2006 and, if approved, will be paid on 14 August 2006.

Shareholders in Investec plc will receive a distribution of 53 pence (2005: 37 pence) per ordinary share, which will be paid as follows:

- 53 pence per ordinary share to non-South African resident shareholders registered on 28 July 2006.
- 38 pence per ordinary share to South African resident shareholders registered on 28 July 2006, plus a dividend paid by Investec Limited on the SA DAS share, equivalent to 15 pence per ordinary share.

The holders of I 260 000 Investec plc shares have agreed to waive their rights to the proposed final dividend.

Investec Limited

An interim dividend of 446 cents per ordinary share (2005: 335 cents) was declared to shareholders registered on 15 December 2005 and was paid on 23 December 2005.

The directors have proposed a final dividend of 627 cents per ordinary share (2005: 437 cents) to shareholders registered on 28 July 2006 to be paid on 14 August 2006. The final dividend is subject to the approval of members of Investec Limited at the annual general meeting scheduled for 10 August 2006.

The holders of 740 000 Investec Limited shares have agreed to waive their rights to the proposed final dividend.

Preference dividends

Investec Limited

Non-redeemable non-cumulative non-participating preference shares

Preference dividend number 2 for the six months ended 30 September 2005 amounting to 370.14 cents per share was declared to members holding preference shares registered on 9 December 2005 and was paid on 12 December 2005.

Preference dividend number 3 for the six months ended 31 March 2006 amounting to 366.49 cents per share was declared to members holding preference shares registered on 30 June 2006 and will be paid on 3 July 2006.

Redeemable cumulative preference shares

Dividends amounting to £13.2 million were paid on the redeemable cumulative preference shares.

Preferred securities

The first annual distribution, fixed at 7.075 per cent, on the 200 million fixed/floating rate, guaranteed non-voting non-cumulative perpetual preferred callable securities issued by Investec Tier I (UK) Limited on the 24 June 2005, is due on 24 June 2006 and will be paid on the next business day, the 26 June 2006.

Directors and secretaries

Details of directors and secretaries of Investec plc and Investec Limited are reflected on pages 66 to 68 and at the beginning of this report.

In accordance with the Articles of Association, Messrs SE Abrahams, HS Herman, DE Jowell, B Kantor, IR Kantor, S Koseff and PRS Thomas retire by rotation at the forthcoming annual general meeting, but being eligible, offer themselves for re-election.

Sir David Prosser was appointed as a non-executive director to the boards of Investec plc and Investec Limited with effect from 23 March 2006. His appointment terminates at the end of the forthcoming annual general meeting and being eligible, offers himself for re-election.

Directors and their interests

Directors' shareholdings and options to acquire shares are set out on pages 90 to 91.

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 89 and 90.

Audit Committee

The 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 can be found in the Investec group's 2006 Annual Report.

Auditors

Ernst & Young LLP and Ernst & Young (South Africa) have indicated their willingness to continue in office as auditors of Investec plc and Investec Limited respectively. A resolution to re-appoint them as auditors will be proposed at the next annual general meeting scheduled to take place on 10 August 2006.

Contracts

Refer to page 46 for details of contracts with directors.

Subsidiary and associated companies

Details of principal subsidiary and associated companies can be found in the Investec group's 2006 Annual Report.

Major shareholders

The largest beneficial shareholders of Investec plc and Investec Limited are reflected on page 63.

Special resolutions

Investec plc

At the annual general meeting held on 11 August 2005, special resolutions were passed in terms of which:

- Investec plc created 1 000 000 non-cumulative perpetual preference shares of €0.01 each.
- 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 terms of the newly created non-cumulative perpetual preference shares in the capital of Investec plc.

At the extraordinary general meeting held on 14 November 2005, special resolutions were passed in terms of which:

- amendments were made to the Articles of Association to provide the authority to make Odd-lot Offers.
- an authority was granted to Investec plc to make repurchases of Investec plc ordinary shares under the terms of the Odd-lot Offer.
- amendments were made to the Articles of Association to ensure that the joint takeover provisions of Investec plc and Investec Limited comply with the EU Takeover Directive.

Investec Limited

At the annual general meeting held on 11 August 2005, a special resolution was passed in terms of which Investec Limited and its subsidiaries were granted a renewable general authority to acquire Investec Limited ordinary shares and non-redeemable non-cumulative non-participating preference shares of Investec Limited.

At the extraordinary general meeting held on 14 November 2005, special resolutions were passed in terms of which:

- amendments were made to the Articles of Association to provide the authority to make Odd-lot Offers.
- an authority was granted to Investec Limited or its subsidiaries to make repurchases of Investec Limited ordinary shares under the terms of the Odd-lot Offer in terms of Section 89 of the Companies Act, 1973.
- amendments were made to the Articles of Association to ensure that the joint takeover provisions of Investec plc and Investec Limited comply with the EU Takeover Directive.

Accounting policies and disclosure

Accounting policies are set having regard to commercial practice and comply with applicable United Kingdom and South African law and International Financial Reporting Standards.

Creditor payment policy

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

Employees

The group's policy is to recruit and promote on the basis of aptitude and ability, without discrimination of any kind. Applications for employment by disabled people are always considered bearing in mind the qualifications and abilities of the applicants. In the event of employees becoming disabled, every effort is made to ensure their continued employment. The group's policy is to adopt an open management style, thereby encouraging informal consultation at all levels about aspects of the group's operations, and motivating staff involvement in the group's performance by means of Employee Share Schemes.

Donations

During the year, Investec plc made donations for charitable purposes, totalling £1.1 million and Investec Limited made donations for charitable purposes, totalling £1.6 million. Investec group 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. Further information on the group's sustainability practices can be found on pages 40 and 41 and our website.

Subsequent events

Acquisition of N.M. Rothschild Australia Holdings Pty Ltd
Investec Bank (UK) Limited, a wholly owned subsidiary of Investec plc, has agreed to acquire N.M. Rothschild Australia Holdings Pty Ltd for a consideration of approximately A$150 million.

The agreement, which is subject to regulatory approval, will add critical mass and scale to Investec Bank (UK) Limited's existing Australian subsidiary, Investec Bank (Australia) Limited and at the same time add to its capability to originate new business.

N.M. Rothschild & Sons (Australia) Limited has total assets of approximately A$2.1 billion (£890 million) and is principally involved in Property, Resources, Infrastructure, Commercial Finance, Acquisition Finance and Treasury activities operating in Sydney, Melbourne and Perth.

Proposed creation of a new class of Investec plc perpetual preference shares
Investec plc intends to create a new class of perpetual preference shares in order to raise permanent capital in due course thus creating a more efficient capital structure and allowing it to pursue opportunities in the more favourable growth environment. This proposal is conditional amongst other things, on the approval of the Members of both Investec plc and Investec Limited voting together as a single decision-making body. This approval will be sought at the General Meeting of Investec Limited and at an Extraordinary General Meeting of Investec plc to be held at 10:00 (UK time) on Wednesday 28 June 2006.

Richard Vardy
Company Secretary
Investec plc

Selwyn Noik
Company Secretary
Investec Limited

16 June 2006

Directors' responsibility statement

The following statement, which should be read in conjunction with the Auditor's report set out on page 81, 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 82 to 88, and the additional information contained on pages 4 to 10, 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.

Signed on behalf of the board

Stephen Koseff
Chief Executive Officer

Bernard Kantor
Managing Director

16 June 2006

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.

Furthermore, as far as the directors are aware, there is no relevant audit information of which the companies' auditors are unaware. All steps which ought to have been taken as directors, have been completed in order to be aware of the relevant audit information and to establish that the companies' auditors are aware of that information.

Independent auditors report to the members of Investec plc

We have examined the group's summary financial statements for the year ended 31 March 2006, on pages 82 to 88, which comprise the Summary Combined Consolidated Income Statement, Summary Combined Consolidated Statement of Total Recognised Income and Expenses, Summary Combined Consolidated Balance Sheet, Summary Combined Consolidated Statement of Shareholders' Equity, Summary Combined Consolidated Cash Flow Statement and the related note.

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

Respective responsibilities of directors and auditors

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

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

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

Basis of opinion

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

Opinion

In our opinion the summary financial statement is consistent with the full annual accounts, Directors' Report and Directors' Remuneration Report of Investec plc for the year ended 31 March 2006 and complies with the applicable requirements of section 251 of the Companies Act 1985, and regulations made thereunder.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor

London

16 June 2006

For the year to 31 March £'000	2006	2005
Interest receivable	934 389	734 765
Interest payable	(675 237)	(587 945)
Net interest income	**259 152**	**146 820**
Fees and commissions receivable	478 465	439 958
Fees and commissions payable	(41 591)	(25 818)
Principal transactions	246 059	135 358
Operating income from associates	6 694	14 474
Investment income on assurance activities	141 559	258 855
Premiums and reinsurance recoveries on insurance contracts	164 631	246 537
Other operating income	2 721	6 120
Other income	**998 538**	**1 075 484**
Claims and reinsurance premiums on insurance business	(293 135)	(478 894)
Total operating income net of insurance claims	**964 555**	**743 410**
Impairment losses on loans and advances	(9 160)	(27 796)
Net operating income	**955 395**	**715 614**
Administrative expenses	(558 887)	(485 444)
Depreciation and impairment of property, equipment and software	(7 741)	(10 130)
Operating profit before goodwill impairment	**388 767**	**220 040**
Impairment of goodwill	(21 356)	(37 010)
Operating profit	**367 411**	**183 030**
Profit/(loss) on termination or disposal of group operations	73 573	(14 629)
Profit before taxation	**440 984**	**168 401**
Taxation	(111 616)	(60 463)
Profit after taxation	**329 368**	**107 938**
Earnings attributable to minority interests	14 267	2 371
Earnings attributable to shareholders	315 101	105 567
Earnings attributable to shareholders' equity	**329 368**	**107 938**
Earnings per share (pence)		
- Basic	268.9	84.5
- Diluted	249.8	81.0
Adjusted earnings per share (pence)		
- Basic	209.5	129.8
- Diluted	195.2	127.5
Dividends per share (pence)		
- Interim	38.0	30.0
- Final	53.0	37.0

For the year to 31 March £'000	2006	2005
Earnings attributable to shareholders' equity	329 368	107 938
Fair value movements on available for sale assets	8 480	-
Foreign currency movements	52 564	(15 263)
Gain and losses on pension fund liabilities recognised directly in equity	2 035	2 370
Total recognised income and expenses	**392 447**	**95 045**
Total recognised income and expenses attributable to minority interests	23 861	2 371
Total recognised income and expenses attributable to ordinary shareholders	350 023	103 146
Total recognised income and expenses attributable to perpetual preferred securities	18 563	(10 472)
	392 447	**95 045**

At 31 March £'000	2006	2005
Assets		
Cash and balances at central banks	190 838	105 130
Treasury bills and other eligible bills		323 622
Loans and advances to banks	1 830 603	3 017 326
Cash equivalent advances to customers	690 236	
Reverse repurchase agreements and cash collateral on securities borrowed	756 645	
Trading securities	1 640 088	
Derivative financial instruments	1 081 287	
Investment securities	1 266 673	
Loans and advances to customers	9 604 589	7 402 460
Debt securities		2 001 682
Equity shares		531 262
Interests in associated undertakings	63 099	13 219
Deferred taxation assets	60 035	49 023
Other assets	1 272 787	1 346 017
Property and equipment	26 916	28 729
Investment properties	163 049	202 352
Goodwill	183 560	199 313
Intangible assets	10 094	7 373
	18 840 499	15 227 508
Financial instruments at fair value through income in respect of		
- liabilities to customers	3 628 574	
- assets related to reinsurance contracts	1 431 876	
Long-term assurance assets attributable to policyholders		2 815 137
	23 900 949	**18 042 645**
Liabilities		
Deposits by banks	1 879 483	912 526
Derivative financial instruments	705 764	
Other trading liabilities	457 254	
Repurchase agreements and cash collateral on securities lent	358 278	
Customer accounts	8 699 165	6 805 429
Debt securities in issue	2 950 103	1 925 124
Current taxation liabilities	137 426	72 834
Deferred taxation liabilities	26 210	7 445
Other liabilities	1 582 856	3 700 989
Accruals and deferred income		226 763
Pension fund liabilities	2 013	10 991
	16 798 552	13 662 101
Liabilities to customers under investment contracts	3 488 756	
Insurance liabilities, including unit-linked liabilities	139 818	
Reinsured liabilities	1 431 876	
Long-term assurance liabilities attributable to policyholders		2 815 137
	21 859 002	16 477 238
Subordinated liabilities (including convertible debt)	529 854	499 995
	22 388 856	**16 977 233**

At 31 March £'000	2006	2005
Equity		
Called up share capital	165	165
Share premium	1 028 737	1 029 242
Treasury shares	(96 300)	(99 873)
Equity portion of convertible debentures	2 191	2 191
Perpetual preference shares	215 305	323 800
Other reserves	156 103	39 617
Profit and loss account	(79 709)	(248 974)
Shareholders' equity excluding minority interests	1 226 492	1 046 168
Minority interests	285 601	19 244
- Perpetual preferred securities issued by subsidiaries	278 459	
- Other	7 142	
Total equity	**1 512 093**	**1 065 412**
Total liabilities and shareholders' equity	**23 900 949**	**18 042 645**

£'000	Share capital Investec Limited	Share premium Investec Limited	Treasury shares	Capital reserve account	Share capital Investec plc	Share premium Investec plc
At 31 March 2004 - restated for prior year adjustments	46	633 715	(84 632)	7 912	119	393 824
At 31 March 2004 - as previously reported	46	633 715	(101 304)	7 912	119	393 824
Reclassifications						
IAS 21 - foreign currency (IFRS 1 election)	-	-	-	-	-	-
IAS 40 - investment properties	-	-	-	-	-	-
Minority interests included within reconciliation of reserves	-	-	-	-	-	-
Remeasurements						
IFRS 2 - share based payments	-	-	-	-	-	-
IAS 10 - events after balance sheet date	-	-	-	-	-	-
IAS 12 - income taxes	-	-	-	-	-	-
IAS 17 - leases	-	-	-	-	-	-
IAS 19 - employee benefits	-	-	-	-	-	-
IAS 27/28/31 - consolidations, associates and joint ventures	-	-	16 672	-	-	-
Movement in reserves 1 April 2004 - 31 March 2005						
Foreign currency adjustments	-	-	-	-	-	-
Retained profit for the year	-	-	-	-	-	-
Retained earnings of associates	-	-	-	-	-	-
Transfer from pension fund deficit	-	-	-	-	-	-
Total recognised gains and losses for the year	-	-	-	-	-	-
Share based payments adjustments	-	-	-	-	-	-
Dividends paid to ordinary shareholders	-	-	-	-	-	-
Dividends paid to perpetual preference shareholders Issue	-	-	-	-	-	-
of perpetual preference shares	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-
Re-issue of treasury shares	-	1 703	725	-	-	-
Purchase of treasury shares	-	-	(15 966)	-	-	-
Transfer to capital reserves	-	-	-	(244)	-	-
Movement on minorities on disposals and acquisitions	-	-	-	-	-	-
Restated at 31 March 2005	46	635 418	(99 873)	7 668	119	393 824
Adoption of IAS 32/39 - financial instruments	-	-	(9 489)	-	-	-
Restated at 1 April 2005	46	635 418	(109 362)	7 668	119	393 824
Movement in reserves 1 April 2005 - 31 March 2006						
Foreign currency adjustments	-	-	-	-	-	-
Retained profit for the year	-	-	-	-	-	-
Fair value movements on available for sale assets	-	-	-	-	-	-
Transfer from pension fund deficit	-	-	-	-	-	-
Total recognised gains and losses for the year	-	-	-	-	-	-
Share based payments adjustments	-	-	-	-	-	-
Dividends paid to ordinary shareholders	-	-	-	-	-	-
Dividends paid to perpetual preference shareholders	-	-	-	-	-	-
Issue of equity by subsidiaries	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	(556)
Re-issue of treasury shares	-	-	13 062	-	-	51
Movement on minorities on disposals and acquisitions	-	-	-	-	-	-
Transfer from equity accounted reserve	-	-	-	-	-	-
Transfer from capital reserves	-	-	-	5 575	-	-
Transfer to regulatory general risk reserve	-	-	-	-	-	-
At 31 March 2006	**46**	**635 418**	**(96 300)**	**13 243**	**119**	**393 319**

Equity portion of convertible instruments	Perpetual preference shares	Revaluation reserves investment properties	Available for sale reserve	Regulatory general risk reserve	Equity accounted reserves	Foreign currency reserves	Share based payment reserve	Minority interests	Profit and loss account	Total equity
2 666	127 797	-	-	-	17 661	(1 267)	28 691	49 804	(307 213)	869 123
2 666	127 797	43 142	-	-	17 661	(195 074)	-	-	(164 131)	766 373
-	-	-	-	-	-	195 074	-	-	(195 074)	-
-	-	(43 142)	-	-	-	-	-	-	43 142	-
-	-	-	-	-	-	-	-	39 029	-	39 029
-	-	-	-	-	-	-	28 691	-	(28 963)	(272)
-	-	-	-	-	-	-	-	-	38 474	38 474
-	-	-	-	-	-	-	-	-	81	81
-	-	-	-	-	-	-	-	-	(594)	(594)
-	-	-	-	-	-	-	-	-	(140)	(140)
-	-	-	-	-	-	(1 267)	-	10 775	(8)	26 172
-	(10 472)	-	-	-	3	(4 794)	-	-	-	(15 263)
-	-	-	-	-	-	-	-	2 371	105 567	107 938
-	-	-	-	-	(17 194)	-	-	-	17 194	-
-	-	-	-	-	-	-	-	-	2 370	2 370
-	(10 472)	-	-	-	(17 191)	(4 794)	-	2 371	125 131	95 045
-	-	-	-	-	-	-	8 849	-	-	8 849
-	-	-	-	-	-	-	-	-	(55 398)	(55 398)
-	-	-	-	-	-	-	-	-	(11 738)	(11 738)
-	207 313	-	-	-	-	-	-	-	-	207 313
-	(838)	-	-	-	-	-	-	-	-	(838)
(282)	-	-	-	-	-	-	-	-	-	2 146
(193)	-	-	-	-	-	-	-	-	-	(16 159)
-	-	-	-	-	-	-	-	-	244	-
-	-	-	-	-	-	-	-	(32 931)	-	(32 931)
2 191	323 800	-	-	-	470	(6 061)	37 540	19 244	(248 974)	1 065 412
-	(127 058)	-	9 875	28 315	-	247	-	125 864	(17 555)	10 199
2 191	196 742		9 875	28 315	470	(5 814)	37 540	145 108	(266 529)	1 075 611
-	18 563	-	-	-	-	24 407	-	9 594	-	52 564
-	-	-	-	-	-	-	-	14 267	315 101	329 368
-	-	-	8 480	-	-	-	-	-	-	8 480
-	-	-	-	-	-	-	-	-	2 035	2 035
-	18 563	-	8 480	-	-	24 407	-	23 861	317 136	392 447
-	-	-	-	-	-	-	18 065	-	1 156	19 221
-	-	-	-	-	-	-	-	-	(84 435)	(84 435)
-	-	-	-	-	-	-	-	-	(19 940)	(19 940)
-	-	-	-	-	-	-	-	132 520	-	132 520
-	-	-	-	-	-	-	-	-	-	(556)
-	-	-	-	-	-	-	-	-	-	13 113
-	-	-	-	-	-	-	-	(15 888)	-	(15 888)
-	-	-	-	-	(470)	-	-	-	470	-
-	-	-	-	-	-	-	-	-	(5 575)	-
-	-	-	-	21 992	-	-	-	-	(21 992)	-
2 191	**215 305**	**-**	**18 355**	**50 307**	**-**	**18 593**	**55 605**	**285 601**	**(79 709)**	**1 512 093**

For the year to 31 March £'000	2006	2005
Operating profit adjusted for non cash items	419 650	257 508
Taxation paid	(50 104)	(23 030)
Increase in operating assets	(2 950 085)	(3 269 612)
Increase in operating liabilities	2 749 528	2 909 285
Net cash inflow/(outflow) from operating activities	**168 989**	**(125 849)**
Cash flow on acquisition of subsidiaries	(102 600)	(11 963)
Cash flow on disposal of subsidiaries	(364 970)	(119 122)
Cash flow on acquisition and disposal of property, plant and equipment	(5 589)	(9 635)
Investment in associated undertakings	-	(1 352)
Net cash outflow from investing activities	**(473 159)**	**(142 072)**
Dividends paid to ordinary shareholders	(84 435)	(55 398)
Dividends paid to other equity holders	(19 940)	(11 738)
Net cash flow on treasury share purchases and disposals	12 557	(14 851)
Proceeds on issue of other equity instruments*	132 520	207 313
Proceeds on subordinated debt raised	-	17 144
Repayment of subordinated debt	(2 626)	(12 992)
Net cash inflow from financing activities	**38 076**	**129 478**
Effects of exchange rates on cash and cash equivalents	73 721	5 899
Net decrease in cash and cash equivalents	(192 373)	(132 544)
Cash and cash equivalents at the beginning of the year	1 382 556	1 515 100
Cash and cash equivalents at the end of the year	**1 190 183**	**1 382 556**
Cash and cash equivalents is defined as including:		
Cash and balances at central banks	190 838	105 130
On demand loans and advances to banks	309 109	566 705
Cash equivalent advances to customers	690 236	710 721
Cash and cash equivalents at the end of the year	**1 190 183**	**1 382 556**

* Includes equity instruments issued by subsidiaries

Note:
(cash and cash equivalents have a maturity profile of less than three months).

Basis of presentation

The group financial statements are prepared in accordance with International Financial Reporting Standards and International Accounting Standards (collectively, IFRS), as adopted for use by the European Union (EU). IFRSs as endorsed by the EU are identical to current IFRSs except for the EU's amendment to IAS 39, under which the application of hedge accounting requirements have been simplified. The group has elected not to apply the amendments as adopted by the EU, thus applying the more restrictive requirements under IAS 39.

Further detail with respect to our accounting policies can be found in the Investec group's 2006 Annual Report.

First time adoption of IFRS

From 1 April we were required to prepare our consolidated results (comprising the results of Investec plc and Investec Limited) in accordance with International Financial Reporting Standards (IFRS). Previously these were prepared for Investec plc (incorporating the results of Investec Limited) in accordance with UK Generally Accepted Accounting Practice (UK GAAP). Since 2004 Investec Limited shareholders have been provided with the combined financial statements presented in terms of UK GAAP. Combined SA GAAP financial statements have not been provided as a frame of reference to the shareholders of Investec Limited. In order to ensure that information to shareholders is relevant and reliable the reconciliation for the combined group financial statements is from UK GAAP to IFRS. The financial statements for the year ended 31 March 2006 represent the first full year of IFRS compliant financial statements prepared by us.

Our transition to IFRS has been performed in accordance with IFRS 1 "First-Time Adoption of International Reporting Standards" and other relevant standards applicable at 31 March 2006.

The following dates are applicable for the transition to IFRS:

- 1 April 2004 - date of transition to IFRS, being the start of the earliest period of comparative information.
- 31 March 2005 - twelve month comparative period to 31 March 2006.

Further detail with respect to the impact of IFRS on the group's previously reported UK GAAP results can be found in the Investec group's 2006 Annual Report.

For the year to 31 March £'000	2006	2005
Share based payments		

The group operates share option and share purchase schemes for employees, the majority of which is on an equity settled basis. The purpose of the staff share schemes 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 47 to 52 of the remuneration report.

	2006	2005
Expense charged to profit and loss:		
Equity settled	18 065	8 849
Cash settled	575	761
Total profit and loss charge	**18 640**	**9 610**
Liabilities on cash settled options:		
Total liability included in other liabilities	495	481
Total intrinsic value for vested appreciation rights	2 064	966
Fair value of options granted in the year		
UK Schemes	12 500	32 977
South African Schemes	15 678	38 785

At 31 March	UK Schemes 2006 Number of share options	UK Schemes 2006 Weighted average exercise price £	UK Schemes 2005 Number of share options	UK Schemes 2005 Weighted average exercise price £	South African Schemes 2006 Number of share options	South African Schemes 2006 Weighted average exercise price R	South African Schemes 2005 Number of share options	South African Schemes 2005 Weighted average exercise price R
Details of options outstanding during the year								
Outstanding at the beginning of the year	6 261 564	8.12	7 720 933	12.11	8 103 016	120.13	8 456 207	157.40
Granted during the year	1 034 027	4.13	2 114 322	1.75	717 035	75.57	2 593 050	37.26
Exercised during the year*	(1 316 342)	12.01	(966 033)	10.79	(1 702 179)	151.64	(729 185)	135.74
Expired during the year	(404 248)	11.58	(2 607 658)	13.92	(291 557)	163.09	(2 217 056)	171.86
Outstanding at the end of the year	**5 575 001**	**6.36**	**6 261 564**	**8.12**	**6 826 315**	**104.73**	**8 103 016**	**120.13**
Exercisable at the end of the year	**272 361**	**18.36**			**791 561**	**203.55**		

* Weighted average share price during the year

Share based payments (continued)

The exercise price range and weighted average remaining contractual life for the options outstanding at 31 March 2006, were as follows:

	UK Schemes	South African Schemes
Exercise price range	£7.76 - £24.96	R100.00 - R272.05
Weighted average remaining contractual life	7.4 years	5.9 years

The fair values of options granted were calculated using a Black Scholes option pricing model. For options granted during the period, the inputs into the model were as follows:

	UK Schemes		South African Schemes	
For the year to 31 March	2006	2005	2006	2005
The fair values of options granted where calculated on a Black-Scholes option pricing model. For options granted during the year, the inputs into the model were as follows:				
- Share price at date of grant	£17.06 - £24.96	£10.26 - £15.90	R167.30 - R274.13	R117.50 - R125.20
- Exercise price	£7.76 - £21.52	£7.76 - £15.73	R167.30 - R272.05	R115.45 - R121.71
- Expected volatility	28% -30%	30%	28% -30%	30%
- Option life	5 years	5 - 9 years	5 - 5.75 years	5 - 7 years
- Expected dividend yields	3.15% - 4.27%	4.21% - 4.27%	3.36% - 4.67%	4.51% - 6.39%
- Risk-free rate	4.23% - 4.69%	5.60%	6.74% - 7.78%	10.64%

Expected volatility was determined based on historical volatility of the respective share price over 6 months. The expected attrition rates used were determined based on historical group data.

Term	Definition
Adjusted shareholders' equity	Shareholders' equity inclusive of goodwill and compulsorily convertible debentures, excluding preference shares.
Cost to income ratio	Administrative expenses and depreciation divided by operating income.
Dividend cover	Adjusted earnings per ordinary share before impairment of goodwill and non-operating items divided by dividends per ordinary share.
Earnings attributable to ordinary shareholders before impairment of goodwill and non-operating items	Refer to page 74.
Adjusted earnings per ordinary share before impairment of goodwill and non-operating items	Refer to pages 74 and 75.
Effective tax rate	Tax on profit on ordinary activities divided by operating profit (excluding income from associates).
Headline earnings	Refer to page 75.
Headline earnings per share	Refer to page 75.
Market capitalisation	Total number of shares in issue (including Investec plc and Investec Limited) multiplied by the closing share price of Investec plc on the London Stock Exchange.
Non-operating items	Reflects profits and/or losses on termination or disposal of group operations.
Operating profit	Operating income less administrative expenses, impairments for bad and doubtful debts and depreciation of tangible fixed assets. This amount is before impairment of goodwill and non-operating items.
Operating profit per employee	Operating profit (excluding income from associates) divided by the average number of employees in the group.
Return on average adjusted shareholders' equity	Earnings attributable to ordinary shareholders before impairment of goodwill and non-operating items divided by average adjusted shareholders' equity.
Staff compensation to operating income ratio	All employee related costs expressed as a percentage of operating income.
Third party assets under administration	Includes third party assets under administration managed by the Private Client, Asset Management and Property businesses.
Total capital resources	Includes shareholders' equity, subordinated liabilities and minority interests.
Total equity	Total shareholders' equity including 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 74.

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