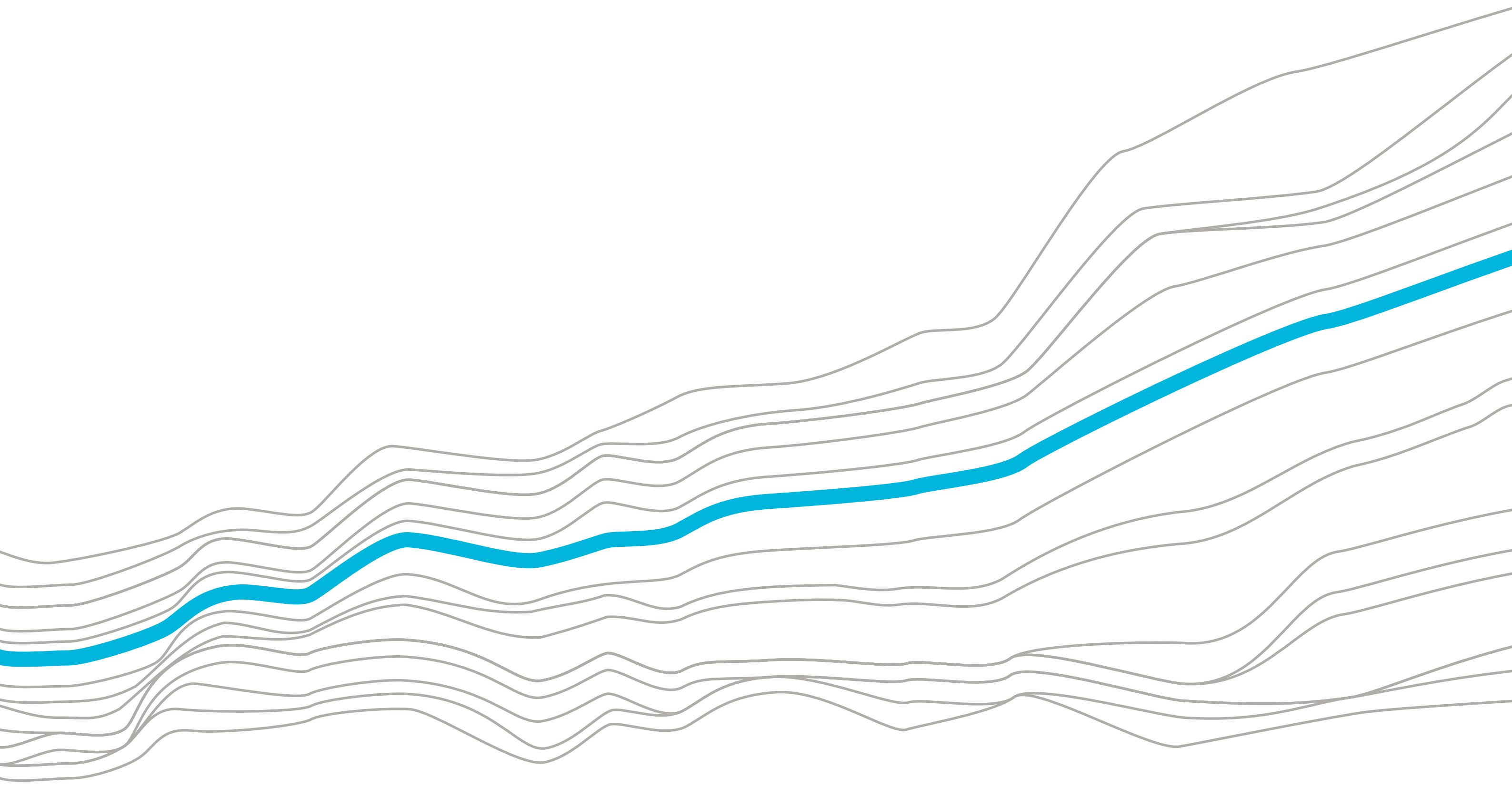
Investec



Annual Review and Summary Financial Statements **2008**

Corporate information

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Reg. No. 1925/002833/06

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Directorate

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Bernard Kantor (Managing Director)
Glynn Burger (Group Risk and Finance Director)
Alan Tapnack

Non-executive directors
Hugh Herman (Non-executive Chairman)
Sam Abrahams
George Alford
Cheryl Carolus
Haruko Fukuda OBE
Geoffrey Howe
Ian Kantor
Sir Chips Keswick (Senior Independent NED)
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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. This document provides a summary of the information contained in Investec's 2008 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 2008 annual report, please contact the Investor Relations division, whose contact details appear at the beginning of this report.

Furthermore, the 2008 annual report may be viewed on our website.

Overview of the year

Snapshot of the year

Overview

- Good operational performance supported by:
  - Diversity of income streams.
  - Strong risk management processes.
  - Senior management 'hands-on' culture.
- Met four of our five financial objectives.
- Balanced portfolio of businesses showing resilience.
- Very tough trading environment impacting the financial markets.

Financial highlights

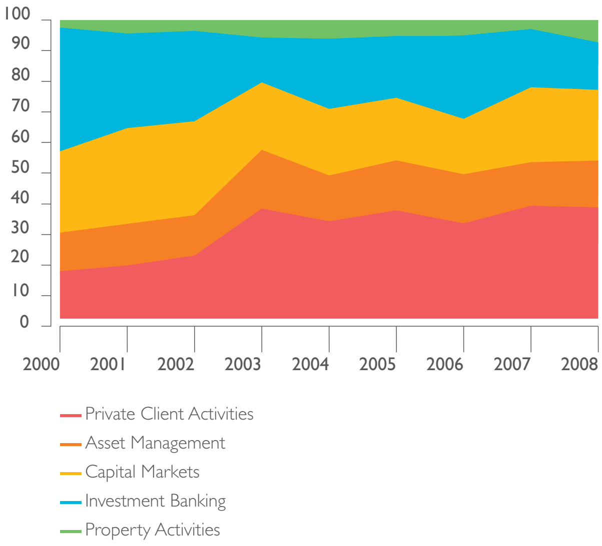
- Operating profit before tax* up 15.2% to £537.7 million.
- Adjusted attributable earnings* up 14.6% to £344.7 million.
- Adjusted earnings per share* up 6.8% to 56.9 pence.
- Proposed full year dividend up 8.7% to 25.0 pence.
- Customer deposits up 13.9% to £12.1 billion.
- Core loans and advances up 27.3% to £12.9 billion.
- Third party assets under management of £52.7 billion.

Financial objectives**

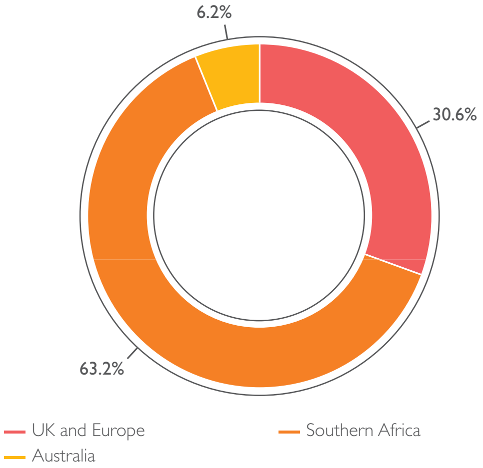
	Target	31 March 2008	31 March 2007
ROE	>20%	23.6%	26.1%
Cost to income ratio	<65%	56.1%	59.0%
Adjusted EPS* growth	10% > UK RPI	6.8%	27.2%
Dividend cover (times)	1.7-2.3	2.3	2.3
Capital adequacy ratio^	12% to 15%	Plc: 15.3% Ltd: 13.9%	Plc: 24.7% Ltd: 14.7%

Benefiting from business and geographic breadth and diversity

% contribution to operating profit before tax* (excluding Group Services and Other Activities)



Operating profit before tax* by geography

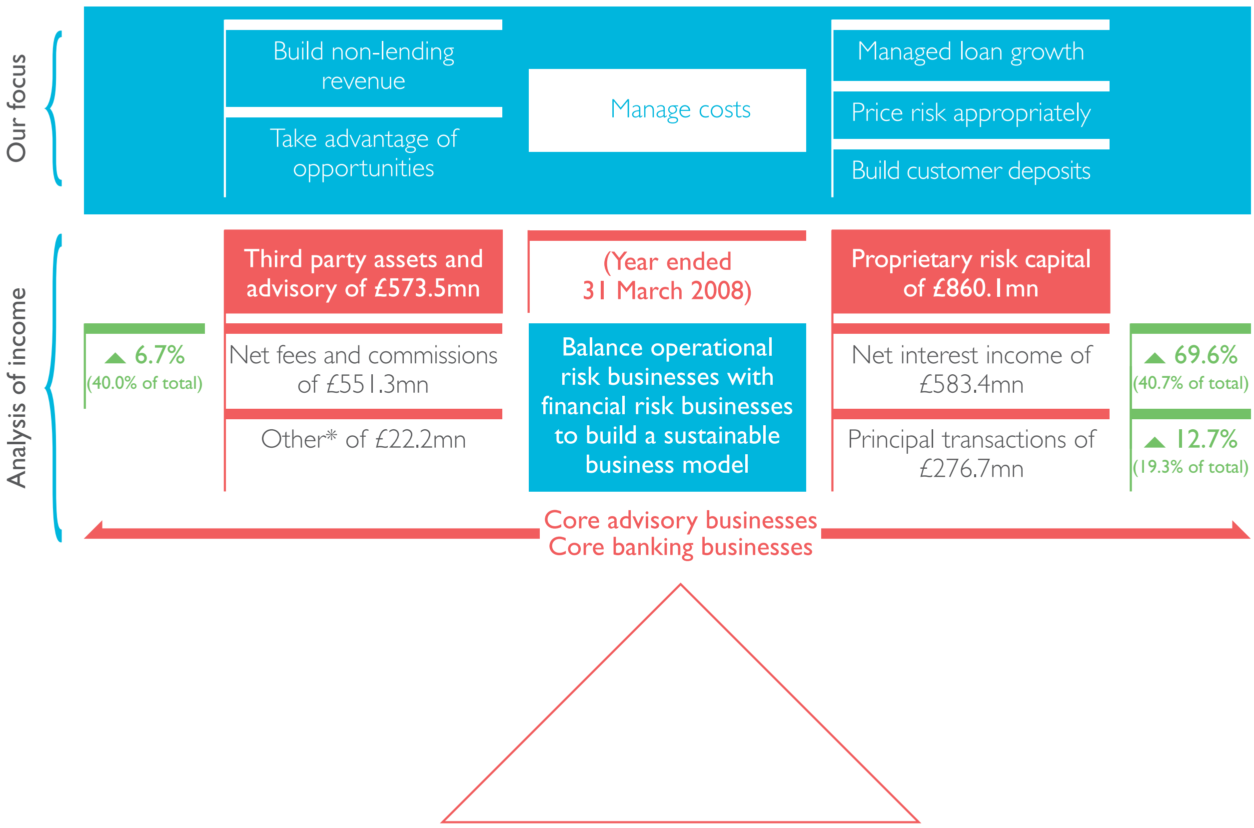


* Before goodwill and non-operating items.
^ Capital adequacy figures for 2008 are presented in terms of Basel II and for 2007 in terms of Basel I.
** These targets were disclosed in May 2004 and are medium to long-term targets. We aim to achieve them through varying market conditions.

Overview of the year

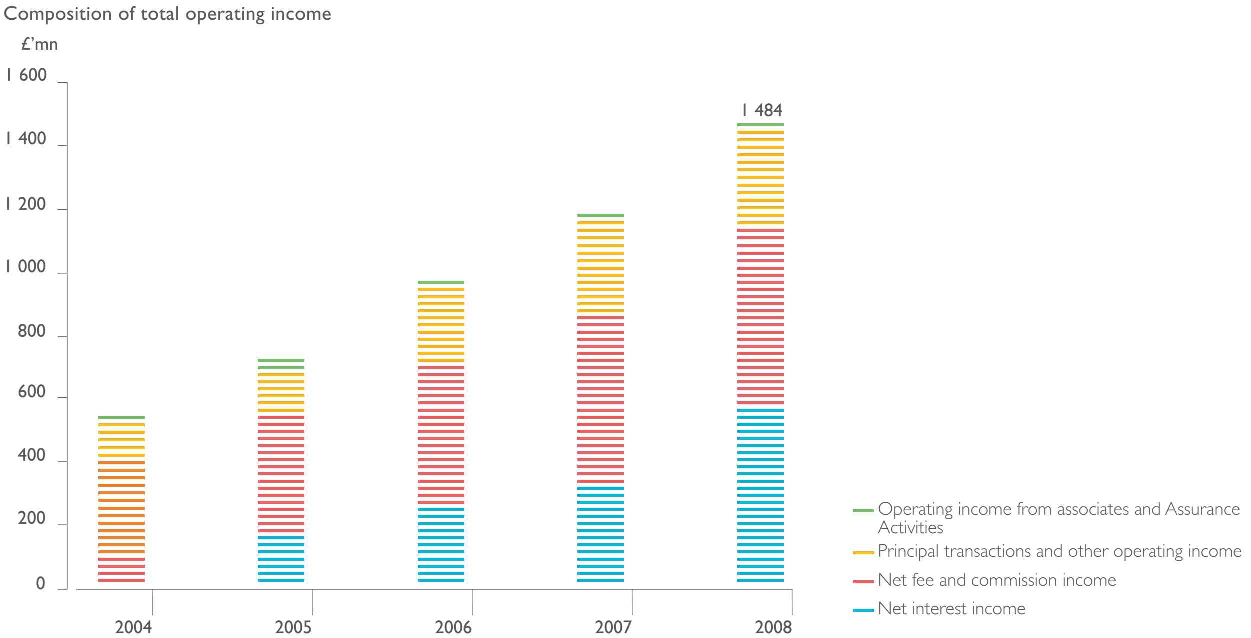
Strategic focus

Realigning the business model



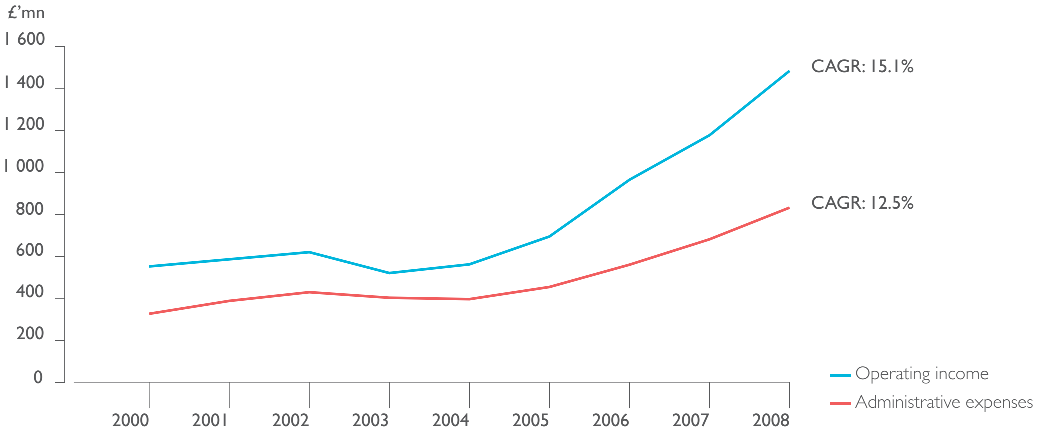
* Excludes income from private equity investments that are required to be consolidated.

Strong base of recurring income



Strategic focus

Disciplined about efficiency



Strategy for growth remains the same

UK and Europe	• Continue to drive organic growth • Manage liquidity very carefully • Build non-lending revenue
South Africa	• Continue to drive organic growth • Build non-lending revenue
Australia	• Continue to drive organic growth • Take advantage of opportunities • Build non-lending revenue

Outlook

- Experienced management team.
- Sound balance sheet.
- Strict management of risk and liquidity.
- Disciplined expense control while investing for growth.
- The environment remains challenging but the scale and diversity of our earnings should enable us to navigate through this period of continued uncertainty.
- We expect to continue to benefit from the repricing of risk and opportunities arising from dislocated markets around the world.

Operating financial review

Operating financial review

Geographic and operational diversity support growth in challenging markets

Investec has continued to deliver growth in operating profit, during a volatile period for the global financial system. We benefited from the geographic and operational diversity of our business units and were able to meet four of our five stated financial objectives in a tough trading environment.

South Africa delivered a strong performance, growing operating profit by 26.5% to £340.0 million (2007: £268.7 million), while the UK felt the impact of difficult credit market conditions posting a marginal decline in operating profit to £164.6 million (2007: £167.4 million). The Australian business was less affected by these conditions; however, activity levels in the second half slowed somewhat resulting in this geography posting a 9.7% increase in operating profit to £33.1 million (2007: £30.1 million).

Adjusted earnings per share (before goodwill and non-operating items) grew by 6.8% to 56.9 pence, from 53.3 pence, falling short of our financial growth objective of EPS growth to be 10% greater than UK RPI. The board recommended a final dividend of 13.5 pence per ordinary share, bringing the total dividends per share for the year to 25.0 pence, up from 23.0 pence in 2007.

Balanced portfolio of businesses showing resilience

The group's operating profit growth was supported by profitability from all divisions with Private Client Activities, Property Activities and Asset Management continuing to grow.

Private Client Activities

Private Client Activities reported growth in operating profit of 9.8% to £193.7 million (2007: £176.5 million).

A more diversified set of revenues, increased distribution capacity and greater penetration across all areas of specialisation underpinned the Private Banking division's performance with operating profit increasing by 7.8% to £166.4 million. Notable growth in contribution to operating profit came from Growth and Acquisition Finance and Wealth Management, as funds under advice grew 45.4% to £3.7 billion. Earnings from lending were up in all geographies with the private client core lending book growing by 29.9% to £8.9 billion (2007: £6.9 billion). The division increased its retail deposit book by 18.8% to £6.6 billion (2007: £5.6 billion), expanding activities and product development in all jurisdictions. The weaker credit cycle affected the division's performance and impairments increased in all geographies. The outlook for next year is tempered as uncertainty in the global credit markets persists. Private Banking expects to consolidate around current levels of profitability, benefiting from the growth strategy and diversification initiatives already implemented.

Private Client Portfolio Management and Stockbroking reported growth in operating profit of 23.8% to £27.3 million (2007: £22.1 million). The Private Client business in South Africa benefited from the launch of new products, increased volumes and asset swap activity. Funds under management, expressed in Rands, increased by 6.8% to R112.7 billion (2007: R105.6 billion). The results of the UK operations include Investec's 47.3% share of the directors' estimate of the post-tax profit of Rensburg Sheppards plc.

Capital Markets

Capital Markets' advisory, structuring and asset creation activities continued to perform well with a number of mandates successfully closed in Project Finance, Structured Finance, Equity Finance and Resource Finance. The division's treasury and trading activities benefited from increased market volatility while core loans and advances increased by 22.6% from £3.1 billion to £3.8 billion. The majority of the specialisations within Capital Markets performed well, however, operating profit decreased marginally to £115.8 million (2007: £117.3 million) following write downs of £48.9 million on our US structured credit investments held within the Principal Finance business. During the year we acquired the business of Kensington Group plc ("Kensington"), a specialist mortgage provider in the UK, with a view to enhancing our securitisation capabilities in this market. Difficult market conditions have subsequently impacted the growth potential of this business requiring a realignment of Kensington's business model to maintain a profitable platform and an ability respond quickly as markets change.

The diversified portfolio of activities should continue to support growth in the medium term; however, short term growth is dependent on liquidity and stability returning to the markets.

Operating financial review

Investment Banking

Investment Banking delivered a mixed performance across geographies reporting an overall decrease of 15.2% in operating profit to £77.3 million (2007: £91.2 million). The South African operations posted good results, supported by a stable deal pipeline, dividends received, realisations and an increase in the value of underlying investments held within the Principal Investments portfolio. This portfolio is now well established, delivering a meaningful base of annuity earnings for the division. Prime Broking and expansion of the international distribution business drove growth in the agency business. The UK operations were affected by a weaker performance from some of the investments held within the Private Equity and Direct Investments division and a lower level of IPO and fundraising activity.

The Investment Banking business has successfully developed a core level of sustainable earnings supporting performance through varying cycles. Out performance going forward will depend on market conditions and an ability to take advantage of opportunities presented in the current climate.

Asset Management

Investec Asset Management has built a highly scalable platform which continues to deliver steady growth in operating profit. The division posted an increase in operating profit of 12.8% to £76.8 million (2007: £68.1 million). This result was driven by an enhanced global distribution reach, strong retail inflows particularly in the first nine months of the year and solid long term investment performance. Assets under management in Pounds Sterling decreased by 3.8% to £28.8 billion (2007: £29.9 billion) (assuming a neutral Rand/Pounds Sterling exchange rate would have resulted in an increase of 3.1% to £30.8 billion).

The long term track record and growing demand for specialist high performance products support the fundamentals of the Asset Management business while new initiatives in the pipeline should support longer term growth.

Property Activities

This division, based mainly in South Africa, had an exceptional year benefiting from an increased contribution from the investment property portfolio. An operating profit of £36.3 million (2007: £14.1 million) represented growth of 156.8% from the prior year. During the course of the year, we sold our property fund management and administration business to Growthpoint Property Limited ("Growthpoint") in exchange for Growthpoint shares. Shortly thereafter we disposed of our shareholding in Growthpoint, monetising the proceeds of the transaction and realising a non-operating gain of £72.9 million on the sale of the business which was established over a number of years and primarily supported Growthpoint's property operations. Following this divestment, the South African Property division remains focused on trading and development opportunities and property fund management (listed and unlisted). Progress has been made in expanding the South African model into the UK and Australia. Property funds were successfully launched in both geographies and are now well positioned to pursue further opportunities.

Property fundamentals have weakened in all geographies and, while this business is unlikely to repeat the performance seen in the current year, good expertise and a solid portfolio will continue to drive profitability.

Group Services and Other Activities

Group Services and Other Activities performed well benefiting from an increase in net interest income which was partially offset by an increase in interest paid on sub-debt and a lower return on certain assets in the South African portfolio.

Strict management of risk and liquidity

Disciplined risk and financial management are important elements for sustainable and appropriate growth in the current market environment. We maintain capital ratios in excess of our targets and continue to focus on maintaining a stock of readily available, high quality liquid assets to support our activities.

We have successfully implemented Basel II on the standardised approach and are comfortably meeting these requirements. The capital adequacy of Investec plc (applying UK Financial Services Authority rules to its capital base) is 15.3%. The capital adequacy of Investec Limited (applying South African Reserve Bank rules to its capital base) is 13.9%.

Maintaining a broader responsibility

In a world of growing complexity and increasing demand for resources, we recognise the responsibility to protect the longevity of our environment. Our formal philosophy on our sustainability approach, known as "Our Business Responsibility", continues to develop within the group and this initiative is now represented by three overlapping key themes - Planet, People and Profits.

Operating financial review

Environmental factors received increasing attention as we tackle the challenges posed by climate change and the scarcity of energy resources. The South African business leveraged off a more established internal initiative in the UK which featured strongly in the City of London Prize, winning the Chairmans Cup.

The nurturing and development of talent and leadership and a focus on diversity underpinned our efforts on the people front. Externally, our focus on people continued on developing entrepreneurial skills and increasing the available skills pool amongst previously disadvantaged South Africans in the financial, maths and business fields.

Transformation in South Africa remains a business imperative. While we strive for greater representation within the organisation, we continued our external focus on supporting black entrepreneurs and creating empowerment platforms, winning leading BEE financier awards and receiving recognition for innovation in the BEE financing arena at the Wits Business School/Barloworld 2008 Empowerment awards. We were also awarded sixth position (first in the banking sector) in the Financial Mail/Empowerdex Top Empowerment Companies 2008 award. The survey was based on the Department of Trade and Industry's Codes of Good Practice. We recently submitted our third Financial Sector Charter report to the Financial Sector Charter Council, which was audited and included a comprehensive analysis of our positioning in this regard. We are pleased to have sustained an 'A' rating.

Promoting confidence in our business conduct

Our core values of integrity, responsibility and risk consciousness are represented in our culture of sound governance. We believe that effective communication is fundamental in building stakeholder relationships and, as a board, we are committed to providing meaningful, transparent, timely and accurate financial and non-financial information to all our stakeholders. In keeping with our commitment to promoting confidence in our conduct as a business and corporate citizen, we apply recognised corporate governance practices of a high standard in each of the jurisdictions in which we operate.

Credit to our people

Talent, leadership and diversity are key to the sustainability of our business. Today, we have more than 6 000 employees around the world, endeavouring to make our organisation distinctive. We thank all of them for their contribution to our performance. Our thanks also go to our board of directors whose leadership and commitment have helped us navigate through a difficult environment. Donn Jowell retired from our board during the year and we extend our appreciation to him for his invaluable contribution over his 18 year tenure.

We are always mindful that our financial performance is very much dependent on continuing support from our clients and shareholders, and we will continue to remain responsive to their evolving needs.

Pursuing a growth strategy

We strive to be a distinctive specialist banking group driven by commitment to our core philosophies and values. Maintaining a balanced portfolio of businesses, leveraging off our existing platforms and growing our key earnings drivers remain important to achieving our sustainable growth objectives and supporting our growing base of recurring income.

We will continue to seek organic growth across all geographies while building non-lending revenue with a specific emphasis on careful management of capital, risk and liquidity.

Driving a resilient business

The global environment remains challenging. We have established a well diversified and resilient business with an experienced management team and strong risk controls. This gives us confidence that we will be successful in meeting the challenges, and taking advantage of any opportunities, which may arise in ongoing difficult trading conditions. We will remain focused on delivering against our key financial objectives.

Hugh Herman	**Stephen Koseff**	**Bernard Kantor**
Chairman	Chief Executive Officer	Managing Director

("Operating profit" as used in the text above refers to operating profit before goodwill, non-operating items and taxation.)

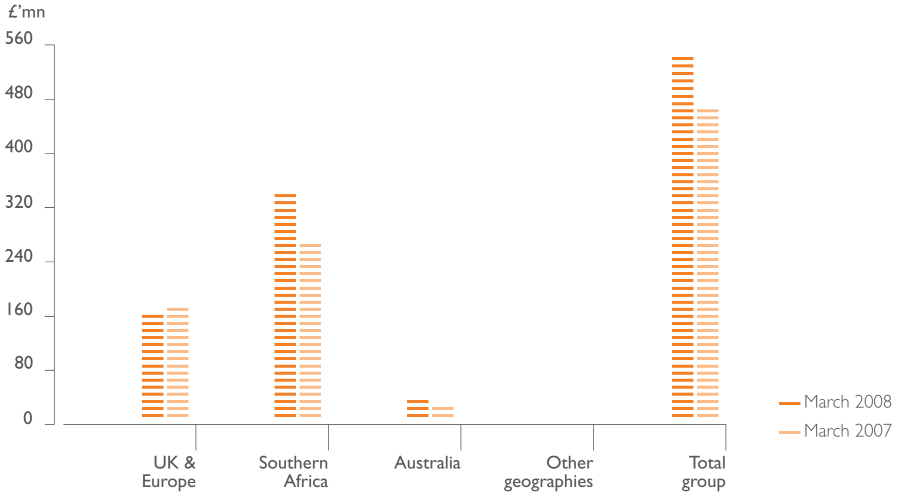
The operating financial review provides an overview of our strategic position, performance during the financial year and outlook for the business. It should be read together with the sections that follow on pages 9 to 88, which elaborate on the aspects highlighted in this review.

Financial and business review

Overview

This commentary and analysis of our financial results for the year ended 31 March 2008 provides an overview of our financial performance relative to the group's results for the year ended 31 March 2007. The commentary and analysis are based on our consolidated financial results presented in accordance with International Financial Reporting Standards (IFRS) denominated in Pounds Sterling. The financial information discussed below is based on the period under review, and may not neccessarily reflect the financial condition or results of the operations of the group going forward. All references in this document referring to "Investec" or "the group" relate to the combined DLC group comprising Investec plc and Investec Limited.

Operating profit before goodwill, non-operating items and taxation by geography



Operating profit before goodwill, non-operating items and taxation by division

Operating financial review

Financial and business review

Operating environment

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

	31 March 2008 Period end	31 March 2008 Average	31 March 2007 Period end	31 March 2007 Average
UK Clearing Banks Base Rate	5.25%	5.54%	5.25%	4.82%
LIBOR - 3 month	6.01%	6.05%	5.62%	5.08%
South Africa Prime Overdraft Rate	14.50%	13.61%	12.50%	11.62%
JIBAR - 3 month	11.38%	10.38%	9.18%	8.30%
Reserve Bank of Australia cash target rate	7.25%	6.57%	6.25%	5.99%
FTSE All Share Index	2 927.1	3 245.0	3 283.2	3 094.2
JSE All Share Index	29 587.5	28 977.8	27 267.2	22 813.1
Australian All Ordinaries Index	5 409.7	6 189.8	5 978.8	5 315.9

Source: Datastream

Fluctuations in exchange rates

Our reporting currency is Pounds Sterling. Certain 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, Euros, 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 2008 Period end	31 March 2008 Average	31 March 2007 Period end	31 March 2007 Average
South African Rand	16.17	14.31	14.20	13.38
Australian Dollar	2.18	2.32	2.42	2.47
Euro	1.25	1.42	1.47	1.47
US Dollar	1.99	2.01	1.96	1.90

Source: Datastream

Exchange rates between local currencies and Pounds Sterling have fluctuated over the period. The most significant impact arises from the volatility of the Rand. The average Rand: Pounds Sterling exchange rate over the year has depreciated by 7.0% and the closing rate has depreciated by 13.9% since 31 March 2007. The following table provides an analysis of the impact of the Rand depreciation on our reported numbers.

	Results as reported at 31 March 2008	Currency neutral results at 31 March 2008**
Southern African operating profit before tax (£'000)*	339 970	363 942
Southern African profit after tax (£'000)*	249 681	267 780
Total group operating profit before tax (£'000)*	537 671	555 770
Total group adjusted earnings attributable to ordinary shareholders (£'000)*	344 695	361 039
Adjusted EPS (pence)*	56.9	59.6
Total assets (£'million)	34 104	36 189
Total shareholders' equity (£'million)	2 210	2 307

* Before goodwill and non-operating items.

** For balance sheet items we have assumed that the Rand: Pound Sterling closing exchange rate has remained neutral since 31 March 2007. For income statement items we have used the average Rand: Pound Sterling exchange rate that was applied in the prior period, i.e. 13.38.

Business highlights

Our operating profit before goodwill, non-operating items and taxation increased by 15.2% from £466.6 million to £537.7 million.

The following tables set out information on operating profit before goodwill, non-operating items and taxation by geography and by division for the period under review.

For the year to 31 March 2008

£'000	UK & Europe	Southern Africa	Australia	Other geo-graphies	Total group	% Change	% of Total
Private Banking	91 619	56 760	18 015	-	166 394	7.8%	30.9%
Private Client Portfolio Management and Stockbroking	*11 929	15 413	-	-	27 342	23.8%	5.1%
Capital Markets	39 306	68 118	8 326	-	115 750	(1.3%)	21.5%
Investment Banking	7 607	64 775	4 948	-	77 330	(15.2%)	14.4%
Asset Management	24 940	51 881	-	-	76 821	12.8%	14.3%
Property Activities	144	36 078	99	-	36 321	>100.0%	6.8%
Group Services and Other Activities	(10 917)	46 945	1 685	-	37 713	>100.0%	7.0%
Total group	**164 628**	**339 970**	**33 073**	**-**	**537 671**	**15.2%**	**100.0%**
% Change	(1.6%)	26.5%	9.7%	100.0%	15.2%		
% of Total	30.6%	63.2%	6.2%	-	100.0%		

* This number is net of an estimate of tax of approximately £5 million.

For the year to 31 March 2007

£'000	UK & Europe	Southern Africa	Australia	Other geo-graphies	Total group	% of Total
Private Banking	96 734	41 413	16 244	-	154 391	33.1%
Private Client Portfolio Management and Stockbroking	**10 065	12 016	-	-	22 081	4.7%
Capital Markets	51 409	56 145	9 737	-	117 291	25.1%
Investment Banking	23 294	60 632	7 309	-	91 235	19.6%
Asset Management	17 555	50 557	-	-	68 112	14.6%
Property Activities	1 292	12 852	-	-	14 144	3.0%
Group Services and Other Activities	(32 967)	35 058	(3 141)	381	(669)	(0.1%)
Total group	**167 382**	**268 673**	**30 149**	**381**	**466 585**	**100.0%**
% of Total	35.9%	57.6%	6.4%	0.1%	100.0%	

** This number is net of tax of £5 million.

Private Banking

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 connection with the bank's lending activities.
- Fees earned for advisory, banking and lending services.
- Income earned in respect of growth and acquisition finance activities.

Financial highlights and developments

- The division has benefited from increased distribution and greater penetration across all areas of specialisation.

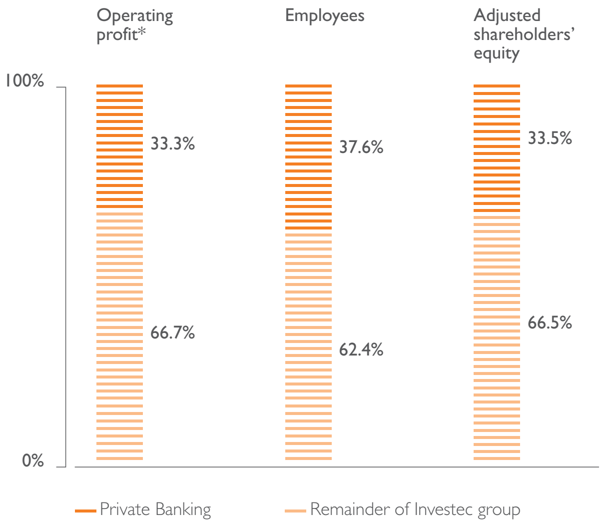
Operating profit^ up 7.8% to £166.4mn.
Core loans and advances up 29.9% to £8.9bn.
Deposit book up 18.8% to £6.6bn.
Funds under advice up 45.4% to £3.7bn.
Adjusted shareholders' equity up 15.4% to £553mn.
ROE (pre-tax) down to 33.2%.
Cost to income ratio down to 52.3%.
Operating profit per employee^ down 11.7% to £77.0th.

Outlook

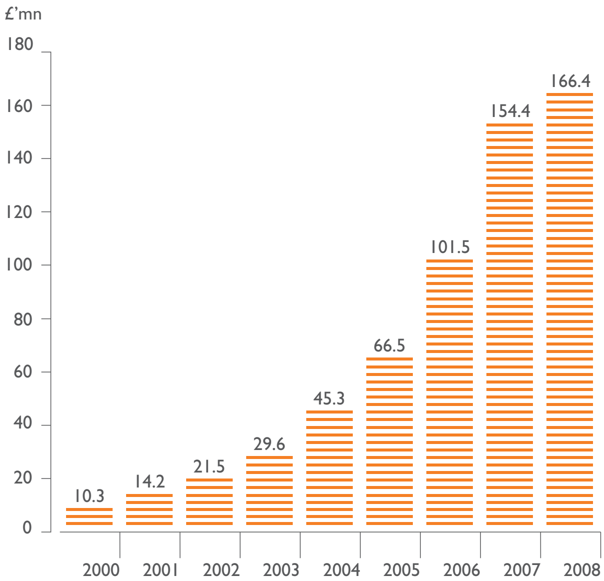
- The outlook for the forthcoming twelve months is tempered as the markets navigate through the credit crunch and its impact on the broader economy. This could have a meaningful impact on pipelines and exits across all geographies.
- These conditions could present opportunities which the business and its clients are well placed to take advantage of. This, combined with the well diversified earnings streams will mitigate, to some extent, the effects of the broader market environment.

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

Contribution analysis



Operating profit^ track record



Private Client Portfolio Management and Stockbroking

Partner of choice from wealth creation to wealth management

Strategy

South Africa

Mission: To be the premier South African portfolio management and stockbroking house.

We differentiate ourselves through:

- The quality of investment professionals we employ and the relationships we build with our clients.
- A dynamic and focused investment process that provides consistent and superior returns.
- The provision of innovative investment products and services.
- Leveraging the outstanding opportunities available to our clients within the broader Investec group.

UK and Europe

- We hold a 47.3% interest in Rensburg Sheppards plc.

Key income drivers

- Fees levied as a percentage of assets under management.
- Commissions earned for executing transactions for clients.
- Performance fees paid for achieving outperformance against benchmark.

Financial highlights and developments

Operating profit^ up 23.8% to £27.3mn.
Funds under management down 8.8% to £19.9bn.
Adjusted shareholders' equity down 31.0% to £29.6mn.
ROE (pre-tax) up to 65.5%.
Cost to income ratio^^ down to 45.1%.
Operating profit per employee^ up 13.6% to £73.4th.

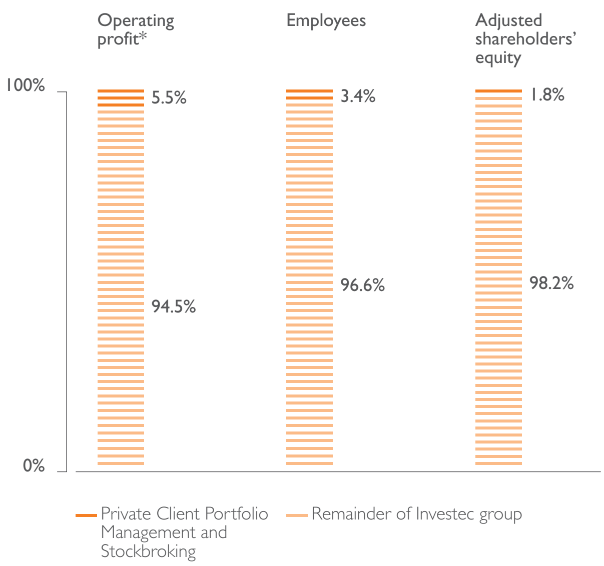
Outlook

South Africa

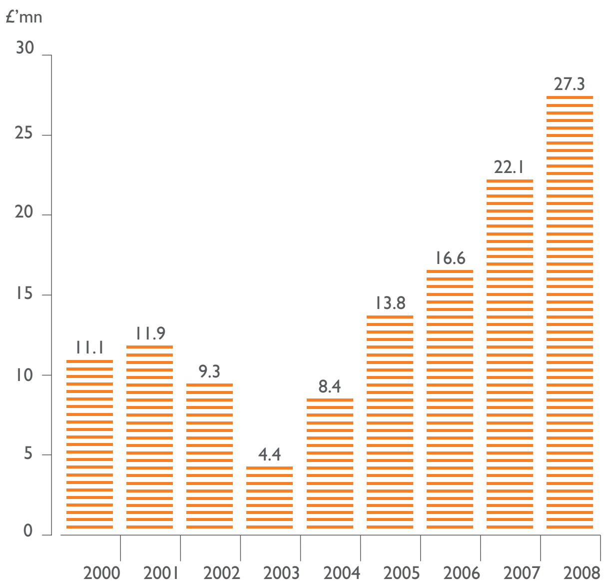
- Notwithstanding a material correction in broad market prices and valuations, there remains a high level of uncertainty among private client investors and traders given ongoing global financial market instability. In addition to tight credit market conditions, consumers and investors alike are facing various new and ongoing challenges in the form of a weak Rand, power outages, high interest and inflation rates and weakening house prices. These factors have, and will most likely continue to erode investor confidence going forward. As a result, we expect trading, particularly speculative related revenues, to soften in the near term.
- We are relatively confident that, as a result of the diverse business mix and strong annuity income from discretionary funds under management, the negative impact on trading related activity should be partially offset.
- Newly implemented client service strategy initiatives are showing early signs of increased market penetration which is expected to gain momentum as the implementation phase matures.
- The business has however, become more resilient to volatility over time through its annuity based specialist portfolio management and alternative investment services and is also ideally placed to capitalise on current asset allocation/investment rotation trends.

* Before goodwill, non-operating items and taxation and excluding Group Services and Other Activities.
^ Before goodwill, non-operating items and taxation.
^^ Excluding income from associates.

Contribution analysis



Operating profit^ track record



Capital Markets

Specialist structuring and advisory business

Strategy

Our objectives include:

- Continuing to remain a focused and specialised business, targeting markets and products where we can be distinctive and competitive.
- Through a strong disciplined approach centred on clients and delivery of structured products, we seek:
  - Asset creation opportunities.
  - Product structuring and distribution opportunities.
  - Trading, hedging and proprietary market opportunities.
  - Advisory mandates.
- Creating platforms for the origination and distribution of internal and third party originated banking assets on a sustainable basis.
- Developing our market leading position, focusing on growth initiatives and growing a portfolio of quality term assets.
- Continuing to concentrate on systems, processes and automation, to ensure maximum competitive advantage and long-term cost savings.
- Taking advantage of opportunities to use our specialist skills to launch specialist funds.
- Investing in the future and targeting growth.

Key income drivers

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

Financial highlights and developments

- The results of the division were affected by a poor performance from the US Principle Finance division which has been negatively affected by the credit crisis.
- Our advisory, structuring and asset creation activities continued to perform well.
- The Australian business continued to build on the Rothschild's platform and introduced a number of new initiatives.
- The results were adversely affected by a poor performance from the US Principal Finance division which has been negatively affected by the credit crisis.
- The businesses of Kensington now form part of the Capital Markets business in the UK.

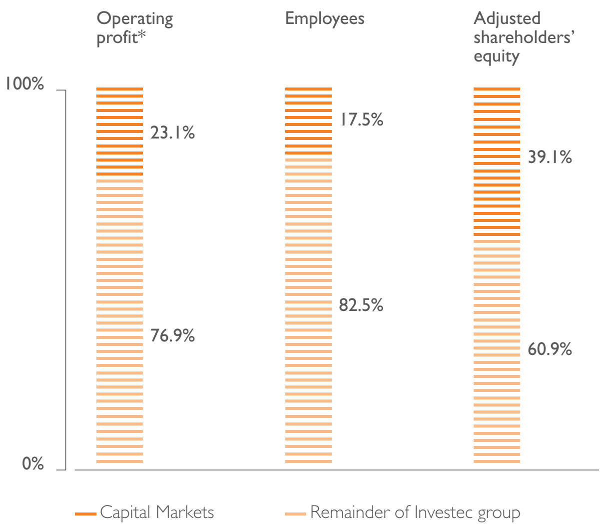
Operating profit^ down 1.3% £115.8mn.
Core loans and advances up 22.6% to £3.8bn.
Adjusted shareholders' equity up 80.4% £647.0mn.
ROE (pre-tax) down to 23.4%.
Cost to income ratio down to 52.6%.
Operating profit per employee^ down 32.3% £127.4th.

Outlook

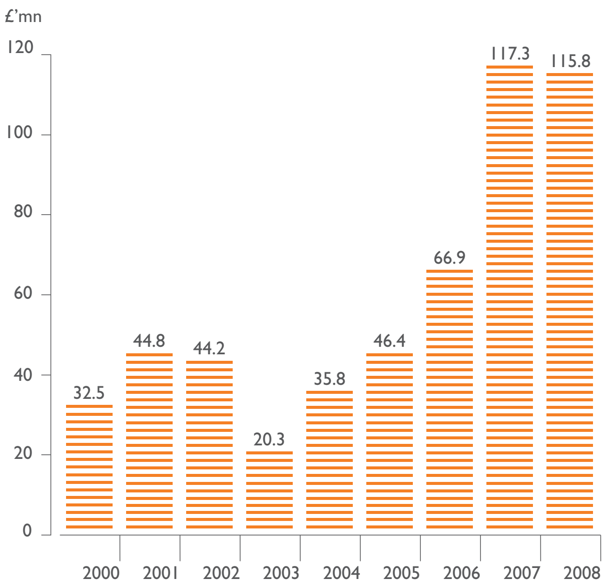
- The strategy has not changed. We remain a focused business targeting markets where we can be distinctive and competitive.
- In the UK and South Africa we will continue to strive for depth and greater penetration. In Australia we continue to look for opportunities to broaden our franchise.
- Our strategy around specialist funds remains a key focus.
- We will continue to invest in the business to ensure continued growth in the medium term.
- The liquidity issues have affected all our markets although opportunities continue to present themselves.
- Deal volume has slowed in line with market conditions, and the growth of the business is dependent on liquidity and stability returning to the financial markets, including the return of securitisation in some form.
- These factors will have an impact on some of our businesses in the coming year, but we have a diversified portfolio of businesses within Capital Markets and the pipeline remains good in many of our specialised lending areas, including Project Finance, Resource Finance and Structured Finance.

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

Contribution analysis



Operating profit^ track record



Investment Banking

Integrated business focused on local client delivery with international access

Strategy

Our mission is to be an integrated entrepreneurial investment banking business.

Our primary objectives are to secure our current positionings and to continue building our operations, with a strong focus on generating a higher level of core sustainable earnings.

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.

Financial highlights and developments

- Mixed performance from balanced portfolio of businesses. However, we have generated a higher level of core sustainable earnings.

Operating profit^ down 15.2% to £77.3mn.
Adjusted shareholders' equity up 34.5% to £175.9mn.
ROE (pre-tax) down to 34.3%.
Cost to income ratio down to 55.7%.
Operating profit per employee^ down 25.8% to £216.6th.

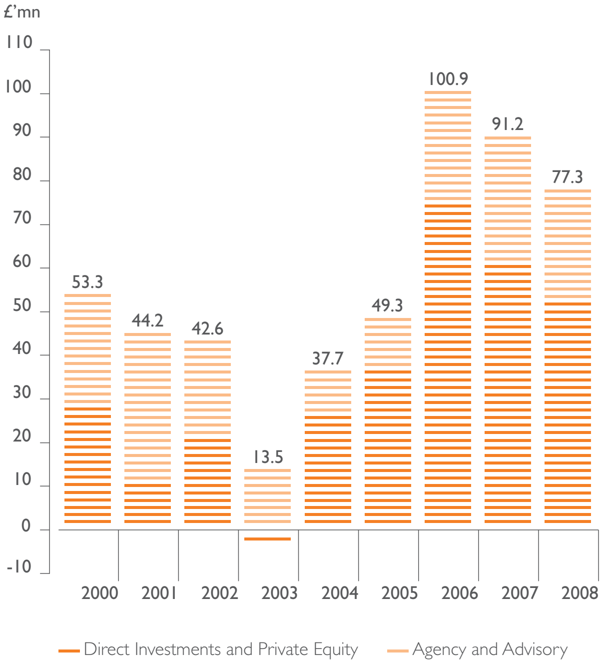
Outlook

- Focus continues to be on diversifying earnings streams.
- A core level of sustainable earnings enables us to perform through varying cycles.
- Outperformance going forward depends on market conditions and our ability to take advantage of opportunities.

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

Contribution analysis

Operating profit^ track record



Operating financial review

Asset Management

Investment specialist focused on performance and client needs

Strategy

- Deliver sound investment performance across all propositions.
- Provide exceptional client service.
- Recognise capacity constraints (alpha and service), where relevant.
- Remain at the forefront of product innovation.
- Driving diversity worldwide.

Key income drivers

- Fees levied as a percentage of assets under management.
- Variable performance fees.

Other drivers

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

Financial highlights and developments

- Performance supports our positioning as a specialist provider of high alpha investment product.
- We attracted substantial new business flows into our highly scaleable platform.
- We successfully widened global sales reach as a result of growing confidence in quality of product range.

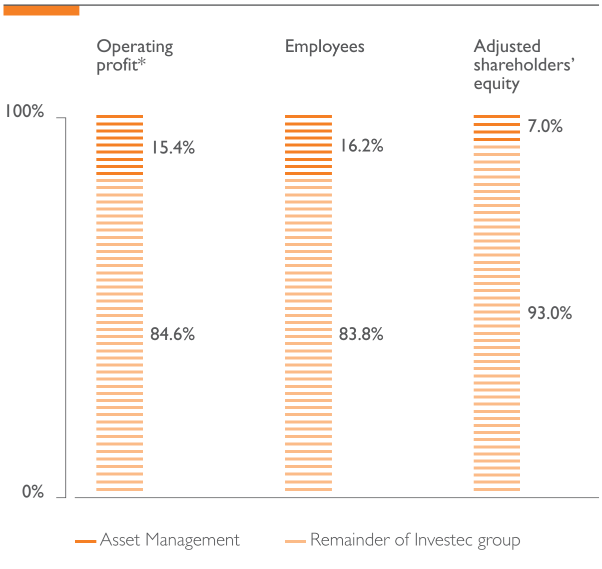
Operating profit^ up 12.8% to £76.8mn.
Total assets under management down 3.8% to £28.8bn.
Adjusted shareholders' equity down 5.5% to £116.5mn.
ROE (pre-tax) up to 55.0%.
Cost to income ratio up to 64.9%.
Operating profit per employee^ down 1.0% to £78.7th.

Outlook

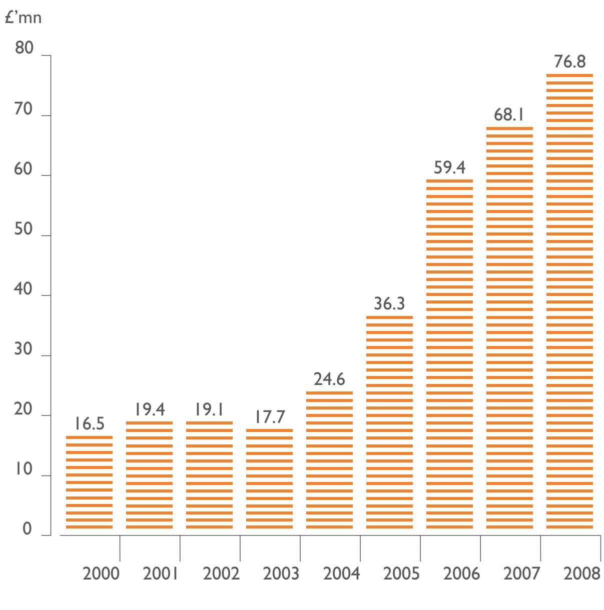
- Momentum across the business remains solid.
- A solid long-term track record and a growing demand for specialist high performance products support the fundamentals of the business.
- Markets are uncertain. The liquidity crisis has impacted markets across the globe and there is continued uncertainty as to the impact this will have on the market in the short to medium term.

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

Contribution analysis



Operating profit^ track record



Operating financial review

Property Activities

Leading fund and asset manager, seeking selective trading opportunities

Strategy

- Grow funds under management.
- Source development and trading opportunities to create value and trade for profit within agreed risk parameters.
- Develop global property products.

Key income drivers

- Fees levied as a percentage of assets under management.
- Trading and development activities.

Financial highlights and developments

- Strong performance of investment property portfolio.
- Sale of South African property fund management and administrative business to Growthpoint.

Operating profit^ up > 100% to £36.3mn.
Adjusted shareholders' equity up 49.1% to £29.8mn.
ROE (pre-tax) up to 122.8%.
Cost to income ratio down to 34.6%.
Operating profit per employee^ up >100% to £209.9th.

Outlook

UK and Europe

- We are making progress in expanding our property model in the UK to include property fund management and aligning the strategic focus of the UK business with that of South Africa.

South Africa

- Vacancies are low in all commercial sectors.
- Opportunities to enhance value to existing portfolios remains positive, however, there are continued concerns around skills availability and the increased cost and shortage of building materials and power shortages are likely to result in a slowdown in developments.
- A shortage of prime zoned land has become evident, driving prices to unprecedented levels, particularly industrial land.
- The volatility in global markets and property values has resulted in a sharp sell-off in South African property equities. Assets under management are likely to reflect a reduction as a direct consequence of this.
- Markets are expected to start reflecting value and therefore opportunities on the back of weakening prices.

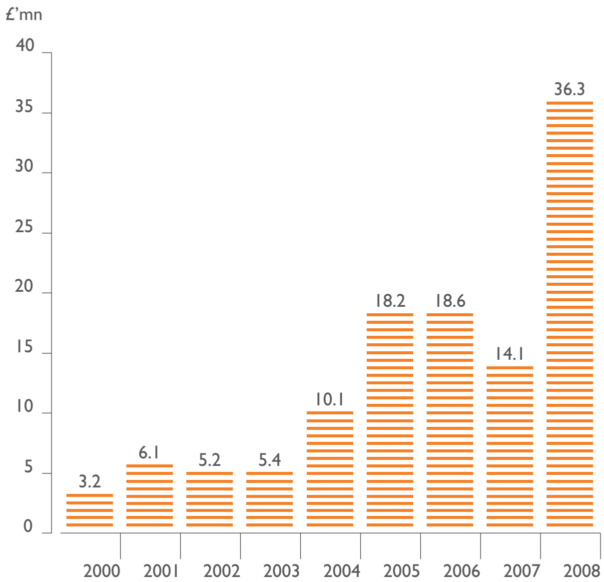
Australia

The Australian property market is presenting many interesting development and investment opportunities that reflect good value given the current environment.

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

Contribution analysis

Operating profit^ track record



Operating financial review

Group Services and Other Activities

Overview and financial analysis

£'000	31 March 2008	31 March 2007	Variance	% Change
International Trade Finance	7 258	5 462	1 796	32.9%
UK Traded Endowments	652	(109)	761	(>100.0%)
Assurance Activities	4 116	1 646	2 470	>100.0%
	12 026	6 999	5 027	71.8%
Central Funding	99 075	66 981	32 094	47.9%
Central Services	(73 388)	(74 649)	1 261	(1.7%)
Operating profit before goodwill, non-operating items and taxation	**37 713**	**(669)**	**38 382**	**(>100.0%)**

£'000 - 31 March 2008	UK & Europe	Southern Africa	Australia	Other	Total group
International Trade Finance	3 229	4 029	-	-	7 258
UK Traded Endowments	-	652	-	-	652
Assurance Activities	-	4 116	-	-	4 116
Central Funding	19 992	67 806	11 277	-	99 075
Central Services	(34 138)	(29 658)	(9 592)	-	(73 388)
Operating profit before goodwill, non-operating items and taxation	**(10 917)**	**46 945**	**1 685**	**-**	**37 713**

£'000 - 31 March 2007	UK & Europe	Southern Africa	Australia	Other	Total group
International Trade Finance	2 957	2 505	-	-	5 462
UK Traded Endowments	-	(109)	-	-	(109)
Assurance Activities	-	1 646	-	-	1 646
Central Funding	(4 516)	63 716	7 400	381	66 981
Central Services	(31 408)	(32 700)	(10 541)	-	(74 649)
Operating profit before goodwill, non-operating items and taxation	**(32 967)**	**35 058**	**(3 141)**	**381**	**(669)**

Developments

International Trade Finance

- Notwithstanding the higher interest rates and a volatile exchange rate, the International Trade Finance business continued to add new clients across the board.

Central Costs

- We have a policy of allocating costs housed in the centre that are, in effect, performing a function for the divisions of the group.
- There are certain costs that are strategic in nature which have not been allocated for pure segmental disclosure, amounting to £73.4 million (2007: £74.6 million).
- Central costs are in line with the prior year.

Cental Funding

- We have a business model of maintaining a central pool of capital with the aim of ensuring that economies of scale with respect to corporate investments, funding and overall management are obtained.
- Central Funding increased operating profit before goodwill, non-operating items and taxation by 47.9% to £99.1 million largely as a result of a strong increase in net ineterest income.

Financial statement analysis

Salient features of our results in the year under review

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

- The sale of the South African property fund management and property administration business to Growthpoint Properties Limited ("Growthpoint"), as approved by the Competition Tribunal of South Africa on 18 October 2007. A non-operating exceptional gain of £72.9 million (pre-tax) was made on the sale of this business. The purchase consideration was satisfied by the issue of new Growthpoint linked units. Furthermore, as announced on 6 November 2007, Investec disposed of 152 473 544 Growthpoint linked units representing its entire shareholding in Growthpoint, inter alia, monetising the proceeds on the disposal of the property fund management and property administration business.
- Investec Bank Australia Limited acquired Experien (Pty) Ltd ("Experien") as of 1 October 2007.
- Investec plc acquired Kensington Group plc ("Kensington") with effect from 8 August 2007. The business was acquired for £216.3 million, via the issue of 36.8 million Investec plc shares, with a net asset value at date of acquisition of £100.2 million (after a special dividend of £13.7 million). Kensington now forms part of the Capital Markets business in the UK.

Total operating income

Operating income increased by 26.0% to £1 484 million (2007: £1 177 million). The various components of total operating income are analysed below.

£'000	31 March 2008	% of total income	31 March 2007	% of total income	% Change
Net interest income	583 420	39.3%	343 915	29.2%	69.6%
Other income	900 266	60.7%	833 202	70.8%	8.0%
Net fee and commission income	551 296	37.2%	521 498	44.3%	5.7%
Principal transactions	276 705	18.6%	245 463	20.9%	12.7%
Operating income from associates	12 138	0.8%	10 685	0.9%	13.6%
Net income on Assurance Activities	10 084	0.7%	5 871	0.5%	77.4%
Other operating income	50 043	3.4%	49 685	4.2%	0.7%
Total operating income net of insurance claims	**1 483 686**	**100.0%**	**1 177 117**	**100.0%**	**26.0%**

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 69.6% to £583.4 million (2007: £343.9 million) as a result of growth in advances, the acquisition of Kensington, and a solid performance from the Central Funding division.

Net fee and commission income

Net fee and commission income consists 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 create more erratic income streams, offset by fees and commissions payable which predominantly comprise brokerage payable, banking fees and similar charges.

Net fee and commission income increased by 5.7% to £551.3 million (2007: £521.5 million) benefiting from increased transactional activity, particularly in the first half of the year, and higher average assets under management.

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 and revaluation of the group's trading investments.

Income from principal transactions increased by 12.7% to £276.7 million (2007: £245.5 million). The Growth and Acquisition Finance, Property, Private Equity, Direct Investments and Capital Markets trading divisions delivered a strong performance. This result was negatively impacted by write downs of £48.9 million on US structured credit investments.

Operating income from associates

Operating income from associates increased by 13.6% to £12.1 million (2007: £10.7 million). The current year's figure includes Investec's 47.3% share of the directors' estimate of the post-tax profit of Rensburg Sheppards plc for the year ended 31 March 2008.

Other operating income

Other operating income amounts to £50 million (2007: £49.7 million). The operating results of two investments held within the Private Equity portfolio have been consolidated largely into other operating income and administrative expenses.

Impairment losses on loans and advances

As a result of the weaker credit cycle we have seen a decline in the performance of the loan portfolio resulting in an increase in impairment losses on loans and advances from £16.5 million to £58.8 million (excluding Kensington). The percentage of gross default loans to core loans and advances has increased from 1.31% to 1.71% since 31 March 2007. Impairment losses on loans and advances relating to the Kensington business amount to £55.4 million.

Total expenses

Total expenses increased by 19.9% to £831.8 million (2007: £694.0 million). Variable remuneration increased slightly from £205.8 million to £206.7 million. Other operating expenses (excluding variable remuneration) increased by 28.1% to £625.1 million largely as a result of an increase in headcount in certain of our businesses in line with growth initiatives, an increase in costs associated with complying with regulatory requirements and the acquisition of Kensington. Total expenses also includes £35.4 million from the consolidation of two private equity investments.

We achieved our target of less than 65% for operating expenses to total operating income, with the ratio improving from 59.0% to 56.1%.

£'000	31 March 2008	% of total expenses	31 March 2007	% of total expenses	% Change
Staff costs (including directors' remuneration)	552 211	66.4%	482 020	69.5%	14.6%
- fixed	345 518	41.6%	276 177	39.8%	25.1%
- variable	206 693	24.8%	205 843	29.7%	0.4%
Business expenses	141 593	17.0%	105 943	15.3%	33.7%
Equipment (excluding depreciation)	37 087	4.5%	29 684	4.3%	24.9%
Premises (excluding depreciation)	45 737	5.5%	35 610	5.1%	28.4%
Marketing expenses	30 872	3.7%	27 430	3.9%	12.5%
Depreciation	24 330	2.9%	13 315	1.9%	82.7%
Total expenses	**831 830**	**100.0%**	**694 002**	**100.0%**	**19.9%**

Goodwill

The current year goodwill impairment relates to:

- An impairment of £2.9 million in the South African Asset Management business relating to businesses acquired in prior years.
- An impairment of £59.9 million relating to the acquisition of Kensington taking into account the managed reduction in business volumes and the limited activity in the securitisation markets.

Financial statement analysis

Taxation

The operational effective tax rate decreased from 26.3% to 22.6% as a result of certain income accruing in lower tax jurisdictions and income earned that is either non-taxable or subject to a lower tax rate.

Earnings attributable to minority interests

Earnings attributable to minority interests of £28.9 million largely comprise:
- £4.8 million relating to investments held in the Private Equity division.
- £23.4 million relating to Euro denominated preferred securities issued by a subsidiary of Investec plc which are reflected on the balance sheet as part of minority interests. The transaction is hedged and a forex transaction gain arising on the hedge is reflected in operating profit before goodwill with the equal and opposite impact reflected in earnings attributable to minorities.

Earnings attributable to ordinary shareholders

As a result of the foregoing factors, earnings attributable to ordinary shareholders increased from £340.3 million to £391.6 million.

Dividends and earnings per share

Information with respect to dividends and earnings per share is provided on pages 90 and 91 and page 108, respectively.

Balance sheet analysis

Capital resources and total assets

Total shareholders' equity (including minority interests) increased by 21.4% to £2.2 billion (2007: £1.8 billion) largely as a result of the issue of £230.7 million of ordinary shares and increased retained earnings.

Net asset value per share increased from 216.0 pence to 260.6 pence and net tangible asset value per share (which excludes goodwill and intangible assets) increased from 178.6 pence to 215.0 pence.

Return on adjusted average shareholders' equity (inclusive of compulsorily convertible instruments) decreased from 26.1% to 23.6% against a target of greater than 20%

Disciplined risk and capital management remain a key focus. On balance sheet assets have increased by 29.7% to £34.1 billion (2007: £26.3 billion) largely as a result of the acquisition of Kensington and the growth of core loans and advances.

Nine year review

Salient features*

For the year ended 31 March**	2008	2007	2006	2005	2004	2003	2002	2001	2000
Income statement and selected returns									
Adjusted earnings attributable to ordinary shareholders before goodwill and non-operating items (£'000)	344 695	300 704	230 017	149 510	106 203	89 668	127 613	100 906	87 246
Operating profit before goodwill, non-operating items and taxation (£'000)	537 671	466 585	388 767	224 124	132 260	85 762	158 567	133 196	123 474
Operating profit: Southern Africa (% of total)	63.2%	57.6%	68.3%	66.9%	58.6%	81.0%	51.6%	25.6%	15.4%
Operating profit: UK, Europe, Australia and Other (% of total)	36.8%	42.4%	31.7%	33.1%	41.4%	19.0%	48.4%	74.4%	84.6%
Cost to income ratio	56.1%	59.0%	58.7%	67.4%	72.7%	80.0%	72.0%	72.6%	70.2%
Staff compensation to operating income ratio	37.2%	40.9%	40.1%	43.4%	47.3%	51.1%	44.5%	45.5%	43.6%
Return on average adjusted shareholders' equity	23.6%	26.1%	25.5%	20.0%	15.4%	13.1%	19.4%	18.2%	16.9%
Net interest income as a percentage of operating income	39.3%	29.2%	26.8%	23.2%	18.8%	21.3%	26.5%	28.9%	24.6%
Non-interest income as a percentage of operating income	60.7%	70.8%	73.2%	76.8%	81.2%	78.7%	73.5%	71.1%	75.4%
Effective tax rate	22.6%	26.3%	27.3%	28.8%	21.0%	6.3%	18.0%	22.6%	29.2%
Balance sheet									
Total capital resources (including subordinated liabilities (£'million)	3 275	2 665	2 042	1 579	1 303	1 012	958	842	639
Total shareholders' equity (including preference shares and minority interests) (£'million)	2 210	1 820	1 512	1 076	805	679	768	603	555
Total assets (£'million)	34 104	26 300	23 901	19 917	15 319	14 914	16 957	15 984	16 030
Core loans and advances (£'million)	12 854	10 095	9 605	6 408	4 846	3 909	3 314	3 299	3 083
Core loans and advances as a percentage of total assets	37.7%	38.4%	40.2%	32.2%	31.6%	26.2%	19.5%	20.6%	19.2%
Third party assets under management (£'million)	52 749	56 121	56 331	33 855	30 138	24 088	24 741	23 084	24 157
Capital adequacy ratio: Investec plc°	15.3%	24.7%	17.7%	16.1%	17.3%	14.2%	^	^	^
Capital adequacy ratio: Investec° Limited	13.9%	14.7%	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)#	56.9	53.3	41.9	26.9	20.8	19.2	28.0	25.2	22.0
Basic earnings per share (pence)#	57.7	54.7	53.8	17.8	12.0	(13.4)	3.0	19.8	18.0
Diluted earnings per share (pence)#	54.0	50.4	50.0	17.1	11.9	(13.4)	2.8	19.3	17.9
Dividends per share (pence)#	25.0	23.0	18.2	13.4	11.6	10.8	10.8	^^13.7	^^12.3
Dividend cover (times)	2.3	2.3	2.3	2.0	1.8	1.8	2.6	1.8	1.8
Net tangible asset value per share (pence)#	215.0	178.6	148.9	99.2	83.0	75.0	74.8	^	^
Weighted number of ordinary shares in issue (million)#	606.2	563.8	548.8	555.5	511.5	466.5	456.5	401.0	397.0
Total number of shares in issue (million)#	657.6	609.3	593.0	593.0	593.0	565.0	461.0	405.0	403.0
Closing share price (pence)#	339	658	588	311	218	123	161	346	497
Market capitalisation (£'million)	2 229	4 009	3 488	1 844	1 292	695	742	1 400	2 005
Number of employees in the group	6 333	5 430	4 453	4 163	4 458	4 874	5 529	4 836	4 441
Average ZAR/£ exchange rate	14.31	13.38	11.43	11.47	12.02	15.04	13.65	10.82	9.93

* Refer to definitions on page 109.
** The numbers prior to 2005 are reported in terms of UK GAAP, and thereafter in terms of IFRS.
^ Calculation not comparable.
° The information for 2008 is in terms of Basel II and prior to that in terms of Basel I.
^^ 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.
\# For comparative purposes historical information has been adjusted for the 5:1 share split that took place on 4 September 2006.

Risk and governance

Risk management

Philosophy and approach

The group recognises that an effective risk management function is fundamental to its business. Taking international best practice into account, our comprehensive risk management process involves identifying, understanding and managing the risks associated with each of our businesses.

Risk awareness, control and compliance are embedded in our day-to-day activities.

Group Risk Management (part of Group Services) independently monitors, manages and reports on our risk as mandated by the board of directors through the Board Risk and Capital Committee. Business units are ultimately responsible for managing risks that 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, South Africa, Australia 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.

Group Risk Management's objectives

Group Risk Management's objectives are to:

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

An overview of key risks, policies and procedures

In our ordinary course of business we face a number of risks that could affect our business operations. These risks are summarised briefly in the table below. The sections that follow provide information on a number of these risk areas. For additional information pertaining to the management and monitoring of these risks, see the references provided.

Key risks	Reference
• Credit and counterparty risk exposes us to losses caused by financial or other problems experienced by our clients.	See pages 25 to 30.
• Liquidity risk may impair our ability to fund our operations.	See pages 39 to 42.
• Our net interest earnings and net asset value may be adversely affected by interest rate risk.	See pages 36 to 38 and page 43.
• Market conditions and fluctuations could adversely affect our businesses in a number of ways.	See pages 31 to 36.
• We may be unable to recruit, retain and motivate key personnel.	See our business responsibility website.
• Employee misconduct could cause harm that is difficult to detect.	See pages 43 and 44.
• Operational risk may disrupt our business or result in regulatory action.	See pages 43 and 44.
• We may be vulnerable to the failure of our systems and breaches of our security systems.	See pages 43 and 44.
• We may have insufficient capital in the future and may be unable to secure additional financing when it is required.	See pages 44 to 47.
• The financial services industry in which we operate is intensely competitive.	See pages 6 to 8 and page 10.
• Legal and regulatory risks are substantial in our businesses.	See page 44.
• Reputational and strategic risk.	See page 44.
• We may be exposed to pension risk in our UK operations.	See page 44.

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

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 manangement and measurement techniques can be found in the Investec group's 2008 annual report.

Note:
In the sections that follow the following abbreviations are used on numerous occasions:
BRCC - Board Risk and Capital Committee
ERRF - Executive Risk Review Forum
FSA - Financial Services Authority
SARB - South African Reserve Bank
APRA - Australian Prudential Regulatory Authority

Credit and counterparty risk management

Credit and counterparty risk description

Credit and counterparty risk is defined as the current and prospective risk to earnings or capital arising from an obligor's (typically a client's or counterparty's) failure to meet the terms of any obligation to us or otherwise to perform as agreed. Credit and counterparty risk arises when our funds are extended, committed, invested, or otherwise exposed through actual or implied contractual agreements, whether reflected on or off balance sheet.

Credit and counterparty risk arises primarily from three types of transactions:
- Lending transactions, giving rise to a direct exposure. The risk is created that an obligor will be unable or unwilling to repay capital and/or interest on advances and loans granted to it. This category includes bank placements, where we have placed funds with other financial institutions;
- Issuer risk on financial instruments where payments due from the issuer of a financial instrument will not be received;
- Trading transactions, giving rise to settlement and replacement risk (collectively counterparty risk).
  - Settlement risk is the risk that the settlement of a transaction does not take place as expected, with one party effecting required settlements as they fall due but not receiving settlements to which they are entitled.
  - Replacement risk is the risk following default by the original counterparty resulting in the contract holder having to enter into a replacement contract with a second counterparty in order to finalise the transaction.

Credit and counterparty risk can manifest as country risk as a result of the geopolictical and transfer risk associated with exposures arising from transactions with borrowers who are resident in a particular foreign country, or dependent on that country's economy.

Credit and counterparty risk may also arise in other ways and it is the role of the various independent credit committees, assisted by Credit Risk Management, to identify situations falling outside these definitions where credit risk may also be present.

Credit and counterparty risk year in review

Basel II

As of 1 January 2008 Investec Limited and Investec plc have been reporting to banking regulators in accordance with Basel II under the Standardised Approach for credit risk. Internally the focus towards the end of the financial year has shifted from compliance to entrenching internal capital processes at all levels in the organisation. We have leveraged off the changes required in terms of Basel II and taken the opportunity to refine and improve some of our risk management techniques.

UK and Europe

The financial year started with a fair amount of activity in the credit markets although margins began to narrow as a result of competitive pressures across the financial services industry. By September 2007 the credit landscape had changed dramatically as a result of the severe downgrade in the US of sub prime mortgage loans. As financial institutions took stock of their own balance sheets, market activity and liquidity diminished evidenced by repricing and lower market activity.

Against this backdrop the core loan book grew by 33.0% to £5.3 billion. This growth has not been at the expense of risk or pricing and our overall philosophy has been to decline transactions rather than compromise price or quality.

We have witnessed an increase in impairments and defaults, notably in the Private Bank. Residential mortgages have however, performed satisfactory and assets have not shown a worrying trend. Future performance continues to be monitored against the general economy and data on home prices. Generally there has been a slowing of asset activity however, client quality and proactive management has ensured that arrears are well controlled. Gross defaults as a percentage of gross core loans and advances increased from 1.0% to 2.6%.

The UK Capital Markets Principal Finance division has certain exposures to US structured credit investments. We have taken a market write down of £48.9 million against the US positions largely as a result of rating agency downgrades and US house price performance related to these portfolios. As at 31 March 2008 the on balance sheet value of the US portfolio is £71 million of which £16 million is dependent on the performance of the US sub-prime markets. These residual exposures represent less than 0.6% of the UK bank's balance sheet.

During the year Investec plc acquired Kensington.

South Africa

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

- Continued upward pressure on interest rates (the prime lending rate increased from 12.5% at 31 March 2007 to 14.5% at 31 March 2008).
- High levels of Rand volatility and a depreciation in the Rand against the US Dollar despite the US Dollar losing ground against the Euro.
- Highly volatile and high real prices of oil and metals (both base and precious).
- Volatile equity markets and low or negative real growth of residential and commercial property.

While the South African property market has been more resilient than that of the more established first world economies it has come under pressure towards the end of the year under review. We are conscious of the potential effect of the combination of a slowdown of growth in the property market (both global and local) and upward pressure on interest rates.

The high net worth and/or stable income streams of our target market clients provides a level of protection from decreases in property values, should a declining trend continue to occur in the future. Over the past few years as property values increased, these clients built an effective equity buffer, resulting in lower average loan to value ratios which have reduced potential losses on depreciation of values. For assets put on book during the current year there has been strict adherence to lower loan to value lending. As at 31 March 2008 average loan to value ratios within the property development book were around 55% to 60% (in line with the prior year).

As detailed above, the Rand has devalued against the US Dollar over the past year and has shown higher levels of volatility compared to the prior year. An increase in client flow, together with greater hedging activity (due to higher levels of volatility), has resulted in increased profitability and exposure in the Treasury Foreign Exchange business.

For both interest rate and foreign exchange products rate simulation methodologies are employed which enable us to identify more accurately the level of potential exposures to counterparties for these trading activities. The 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 core loan portfolio increased by 33.5% to R103.6 billion. The quality of the overall loan portfolio in Southern Africa remains satisfactory with gross default loans as a percentage of total loans of decreasing from 1.3% to 1.0%.

Risk management

Australia

The core loan portfolio increased by 59.6% to A$2.6 billion, bolstered by the acquisition of Experien and good growth across our business particularly in the first half of the year. The quality of the overall portfolio remains satisfactory with gross defaults as a percentage of gross core loans and advances decreasing from 2.8% to 1.6%. However a disciplined approach to risk remains a key area of focus in a weaker trading environment.

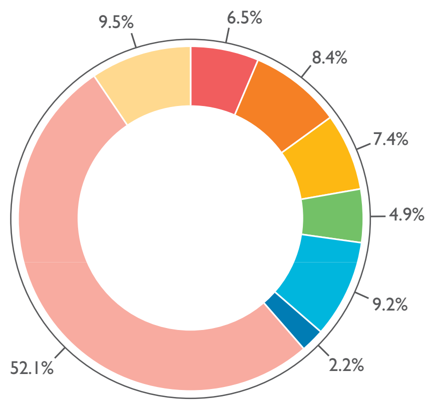
Credit and counterparty risk information

An analysis of gross credit and counterparty exposures

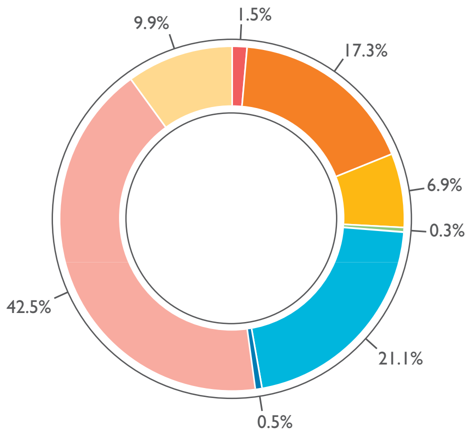
£'000	31 March 2008	31 March 2007	% change	Average* for the year ended 31 March 2008
On-balance sheet exposures	**21 661 399**	**19 058 446**	**13.7%**	**20 359 924**
Securitisation exposures arising from securitisation/principal finance activities - and amounts not reflected in core loans and advances	861 766	177 358	>100.0%	519 562
Rated instruments	121 127	36 554	>100.0%	78 841
Unrated instruments	291 665	140 804	>100.0%	216 235
Other	448 974	-	>100.0%	224 487
Debt instruments (NCDs, bonds held, debentures)	1 594 676	2 241 358	(28.9%)	1 918 017
Bank placements	2 438 631	2 474 482	(1.4%)	2 456 557
Sovereign, government placements	1 002 781	491 870	>100.0%	747 326
Call facilities (non-bank entities)	493 257	571 627	(13.7%)	532 442
Trading exposures (positive fair value excluding potential future exposures)	2 056 412	2 909 303	(29.3%)	2 482 858
Other credit exposures	306 109	58 111	>100.0%	182 110
Gross core loans and advances to customers (before impairments)**	12 907 767	10 134 337	27.4%	11 521 052
Off-balance sheet exposures	**3 374 450**	**1 937 227**	**74.2%**	**2 655 839**
Guarantees	435 098	429 684	1.3%	432 391
Contingent liabilities, committed facilities and other	2 939 352	1 507 543	95.0%	2 223 448
Total gross credit and counterparty exposures pre collateral or other credit enhancements	**25 035 849**	**20 995 673**	**19.2%**	**23 015 761**

* Where the average is based on a straight line average.
** As calculated on page 29.

31 March 2008



31 March 2007



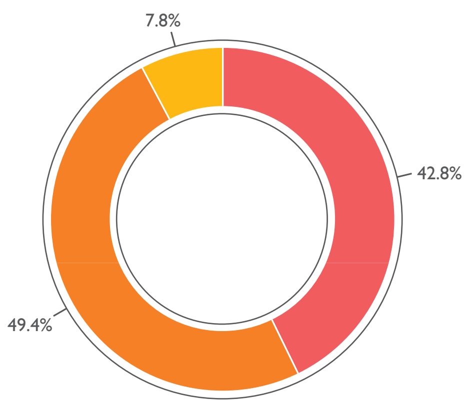
Securitisation/principal finance exposures
Debt instruments
Bank placements
Sovereign, government placements
Call facilities (non-bank entities)
Trading exposures
Other credit exposures
Gross core loans and advances to customers
Off-balance sheet exposures

Breakdown of gross credit and counterparty exposures by geography

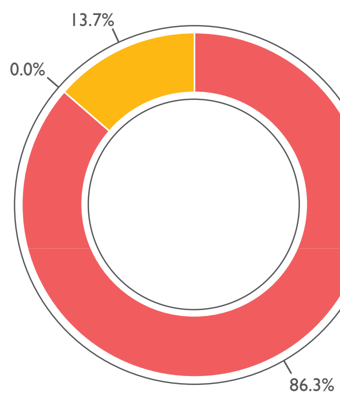
As at 31 March

£'000	UK and Europe 2008	UK and Europe 2007	Southern Africa 2008	Southern Africa 2007	Australia 2008	Australia 2007	Total 2008	Total 2007
On-balance sheet exposures	**9 775 140**	**8 639 429**	**10 195 495**	**9 198 330**	**1 690 764**	**1 220 687**	**21 661 399**	**19 058 446**
Securitisation exposures arising from securitisation/principal finance activities - and amounts not reflected in core loans and advances	821 378	162 661	40 388	14 697	-	-	861 766	177 358
Rated instruments	121 127	36 554	-	-	-	-	121 127	36 554
Unrated instruments	278 988	126 107	12 677	14 697	-	-	291 665	140 804
Other	421 263	-	27 711	-	-	-	448 974	-
Debt instruments (NCDs, bonds held, debentures)	762 531	1 477 246	530 954	352 232	301 191	411 880	1 594 676	2 241 358
Bank placements	909 837	680 097	1 384 861	1 707 409	143 933	86 976	2 438 631	2 474 482
Sovereign, government placements	616 122	37 487	386 659	454 383	-	-	1 002 781	491 870
Call facilities (non-bank entities)	-	-	493 257	571 627	-	-	493 257	571 627
Trading exposures (positive fair value excluding potential future exposures)	1 100 903	2 249 120	891 505	593 333	64 004	66 850	2 056 412	2 909 303
Other credit exposures	268 656	58 111	37 453	-	-	-	306 109	58 111
Gross core loans and advances to customers	5 295 713	3 974 707	6 430 418	5 504 649	1 181 636	654 981	12 907 767	10 134 337
Off-balance sheet exposures	**948 139**	**822 372**	**2 166 703**	**856 366**	**259 608**	**258 489**	**3 374 450**	**1 937 227**
Guarantees	50 256	64 115	338 098	323 323	46 744	42 246	435 098	429 684
Contingent liabilities, committed facilities and other	897 883	758 257	1 828 605	533 043	212 864	216 243	2 939 352	1 507 543
Total gross credit and counterparty exposures pre collateral or other credit enhancements	**10 723 279**	**9 461 801**	**12 362 198**	**10 054 696**	**1 950 372**	**1 479 176**	**25 035 849**	**20 995 673**

31 March 2008



31 March 2007



UK and Europe
Southern Africa
Australia

Breakdown of gross credit and counterparty exposures by industry

£'000	Gross core loans and advances		Other credit and counterparty exposures		Total	
	31 March 2008	31 March 2007	31 March 2008	31 March 2007	31 March 2008	31 March 2007
HNW and professional individuals	7 947 927	6 087 179	2 453 598	1 238 060	10 401 525	7 325 239
Agriculture	98 121	52 980	18 913	39 209	117 034	92 189
Electricity, gas and water (utility services)	125 913	159 472	13 047	61 539	138 960	221 011
Public and non-business services	275 884	195 545	50 033	174 207	325 917	369 752
Business service	378 634	288 375	120 379	101 382	499 013	389 757
Finance and insurance (including central banks)	760 998	841 237	7 475 343	8 224 123	8 236 341	9 065 360
Retailers and wholesalers	315 103	135 141	126 272	47 318	441 375	182 459
Manufacturing and commerce	620 943	664 239	288 177	257 072	909 120	921 311
Real estate	1 402 469	838 729	951 869	182 892	2 354 338	1 021 621
Mining and resources	181 382	127 224	217 852	276 119	399 234	403 343
Leisure, entertainment and tourism	305 983	202 405	24 485	10 676	330 468	213 081
Transport and communication	494 410	541 811	158 223	83 818	652 633	625 629
Other*	-	-	229 891	164 921	229 891	164 921
Total	**12 907 767**	**10 134 337**	**12 128 082**	**10 861 336**	**25 035 849**	**20 995 673**

* Largely relating to our principal finance/securitisation activities.

Asset quality and impairments

Core loans and advances to customers

In order to assess and analyse the credit risk associated with loans and advances we believe that certain adjustments should be made to the category "loans and advances to customers" as reflected on the IFRS consolidated balance sheet. We believe that these adjustments are necessary in order to derive a value that reflects actual core lending activities. In this regard the following methodology has been applied:

- Loans and advances which have been originated by us and securitised primarily to provide an alternative source of funding are added to loans and advances.
- Warehouse funding facilities and warehouse assets arising out of our securitisation and principal finance activities have been deducted.

Calculation of core loans and advances to customers

£'000	31 March 2008	31 March 2007
Loans and advances to customers per balance sheet (before impairments)	14 125 466	9 566 871
Less: warehouse facilities and warehouse assets arising out of our Securitisation and Principal Finance activities	(2 131 513)	(36 555)
Add: own-originated securitised assets	913 814	604 020
Gross core loans and advances to customers (before impairments)	**12 907 767**	**10 134 336**

Risk and governance

An analysis of core loans and advances to customers and asset quality by geography

As at 31 March

£'000	UK and Europe		Southern Africa		Australia		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Gross core loans and advances to customers	5 295 713	3 974 707	6 430 418	5 486 576	1 181 636	673 053	12 907 767	10 134 336
Total impairments	**(21 854)**	**(8 159)**	**(23 367)**	**(22 023)**	**(8 790)**	**(9 609)**	**(54 011)**	**(39 791)**
Portfolio impairments	(2 053)	(1 540)	(4 642)	(5 122)	-	-	(6 695)	(6 662)
Specific impairments	(19 801)	(6 619)	(18 725)	(16 901)	(8 790)	(9 609)	(47 316)	(33 129)
Net core loans and advances to customers	**5 273 859**	**3 966 548**	**6 407 051**	**5 464 553**	**1 172 846**	**663 444**	**12 853 756**	**10 094 545**
% of total	41.0%	39.3%	49.8%	54.1%	9.1%	6.6%	100.0%	100.0%
% change year on year	33.0%	-	17.2%	-	76.8%	-	27.3%	-
Current loans and advances to customers	4 816 940	3 752 533	6 276 582	5 241 087	1 089 087	612 069	12 182 609	9 605 689
Past due loans and advances to customers (1-60 days and management not concerned)	283 445	143 793	73 219	143 866	44 100	21 283	400 764	308 942
Special mention loans and advances to customers	56 165	37 179	18 282	28 825	29 531	20 663	103 978	86 667
Default loans and advances to customers	139 162	41 203	62 335	72 797	18 919	19 038	220 416	133 038
Gross core loans and advances to customers	**5 295 712**	**3 974 708**	**6 430 418**	**5 486 575**	**1 181 637**	**673 053**	**12 907 767**	**10 134 336**
Total gross non-current loans and advances to customers (actual capital exposure)	**478 772**	**222 175**	**153 836**	**245 488**	**92 550**	**60 984**	**725 158**	**528 647**
Gross core loans and advances to customers that are past due but not impaired	399 966	197 398	92 187	184 453	75 649	43 524	567 802	425 375
Gross core loans and advances to customers that are impaired	78 807	24 776	61 649	61 036	16 900	17 460	157 356	103 272
Total gross non-current loans and advances to customers (actual amount in arrears)	**15 369**	**3 757**	**35 257**	**49 954**	**18 394**	**17 822**	**69 020**	**71 533**
Bad debts written off during the period	**-**	**(5 193)**	**(20 584)**	**(8 674)**	**(168)**	**(93)**	**(20 752)**	**(13 960)**
Gross default loans and advances to customers	139 163	41 203	62 334	72 797	18 919	19 038	220 416	133 038
Collateral and other credit enhancements	114 011	42 032	83 844	75 899	12 362	10 169	210 217	128 100
Specific impairments	(19 801)	(6 619)	(18 725)	(16 901)	(8 790)	(9 609)	(47 316)	(33 129)
Net default loans and advances to customers (limited to zero)	**5 351**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Gross defaults as a % of gross core loans and advances to customers	2.6%	1.0%	1.0%	1.3%	1.6%	2.8%	1.7%	1.3%

Equity and investment risk in the banking book

Equity and investment risk description

Equity and investment risk in the banking book arises primarily from the following activities conducted within the group:

- Investment Banking Principal Investments (Private Equity and Direct Investments): We actively seek and select expansion and buy-out investments as principal in unlisted companies. Investments are selected based on the track record of management, the attractiveness of the industry and the ability to build value for the existing business by implementing an agreed strategy. In addition, as a result of our local market knowledge and investment banking expertise, we are well positioned to take direct positions in listed shares where we believe that the market is mispricing the value of the underlying portfolio of assets. These investment positions are carefully researched with the intent to stimulate corporate activity. In South Africa, we also continue to pursue opportunities to help create and grow black owned and controlled companies.
- Lending transactions (within the Private Banking and Capital Markets divisions): The manner in which we structure certain transactions results in equity, warrant and profit shares being held, predominantly within unlisted companies.
- Property Activities: We source development, investment and trading opportunities to create value and trade for profit within agreed risk parameters.
- Central Funding: In South Africa the Central Funding division is the custodian of certain equity and property investments, which have largely arisen from corporate acquisitions made, notably in the early 2000s.

Valuation

The table below provides an analysis of income and revaluations recorded with respect to these investments.

£'000	Income (pre funding costs) - for the year ended				Fair value directly to equity
	Unrealised	Realised	Dividends, net interest and other	Total	
31 March 2008					
Unlisted investments	**50 547**	**22 846**	**60 467**	**133 860**	**1 687**
UK and Europe	(1 892)	12 854	36 981	47 943	1 687
South Africa	49 942	8 947	23 170	82 059	-
Australia	2 497	1 045	316	3 858	-
Listed equities	**(6 486)**	**35 196**	**(756)**	**27 955**	**(8 173)**
UK and Europe	3 616	15 077	362	19 055	(4 705)
South Africa	(9 375)	19 646	(2 013)	8 258	(1 679)
Australia	(726)	473	895	642	(1 789)
Investment and trading properties	**49 714**	**8 882**	**14 331**	**72 927**	**-**
South Africa	49 714	8 882	14 331	72 927	-
Warrants, profit shares and other embedded derivatives	**(3 847)**	**44 293**	**5 446**	**45 893**	**-**
UK and Europe	(5 805)	39 070	5 064	38 330	-
South Africa	1 958	5 223	382	7 563	-
Total	**89 929**	**111 217**	**79 488**	**280 635**	**(6 486)**
31 March 2007					
Unlisted investments	**60 329**	**10 696**	**52 951**	**123 976**	**1 392**
UK and Europe	3 525	2 387	38 236	44 147	1 392
South Africa	55 324	7 749	13 799	76 872	-
Australia	1 481	561	916	2 958	-
Listed equities	**9 536**	**5 035**	**1 321**	**15 893**	**24 228**
UK and Europe	1 245	10 294	228	11 768	5 628
South Africa	9 206	(4 934)	913	5 185	18 600
Australia	(915)	(325)	181	(1 060)	-
Investment and trading properties	**24 602**	**3 550**	**3 090**	**31 242**	**-**
South Africa	24 602	3 550	3 090	31 242	-
Warrants, profit shares and other embedded derivatives	**7 901**	**60 413**	**2 923**	**71 236**	**-**
UK and Europe	3 999	53 881	-	57 880	-
South Africa	3 902	6 532	2 923	13 357	-
Total	**102 368**	**79 694**	**60 285**	**242 347**	**25 619**

Summary of investments held and stress testing analyses

The balance sheet value of investments is indicated in the table below.

£'000	Balance sheet value of investments 31 March 2008	Valuation change stress test* 31 March 2008	Balance sheet value of investments 31 March 2007	Valuation change stress test* 31 March 2007
Unlisted investments	**365 189**	**54 778**	**334 541**	**50 182**
UK and Europe	120 872	18 131	135 572	20 336
South Africa	225 249	33 787	194 718	29 208
Australia	19 068	2 860	4 251	638
Listed equities	**96 771**	**24 193**	**139 910**	**34 978**
UK and Europe	40 359	10 090	36 372	9 093
South Africa	54 520	13 630	95 708	23 927
Australia	1 892	473	7 830	1 958
Investment and trading properties	**174 091**	**8 787**	**159 140**	**30 682**
South Africa	174 091	8 787	159 140	30 682
Warrants, profit shares and other embedded derivatives	**65 640**	**22 974**	**41 448**	**14 507**
UK and Europe	41 879	14 658	26 742	9 360
South Africa	23 761	8 316	14 706	5 147
Total	**701 691**	**110 732**	**675 039**	**130 349**

* In order to assess our earnings sensitivity to a movement in the valuation of these investments the following stress testing parameters are applied.

Stress test values applied

Unlisted investments	15%
Listed equities	25%
Trading properties	15%
Investment properties	5%
Warrants, profit shares and other embedded derivatives	35%

Stress testing summary

Based on the information above we could have a £110.7 million reversal in revenue (which assumes a year in which there is a "worst case scenario"). This would not cause the group to report a loss but could have a significantly negative impact on earnings for that period. The probability of all these asset classes in all geographies in which we operate being negatively impacted at the same time is very low, although the probability of listed equities being negatively impacted at the same time is very high.

Traded market risk management

Traded market risk description

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

VaR

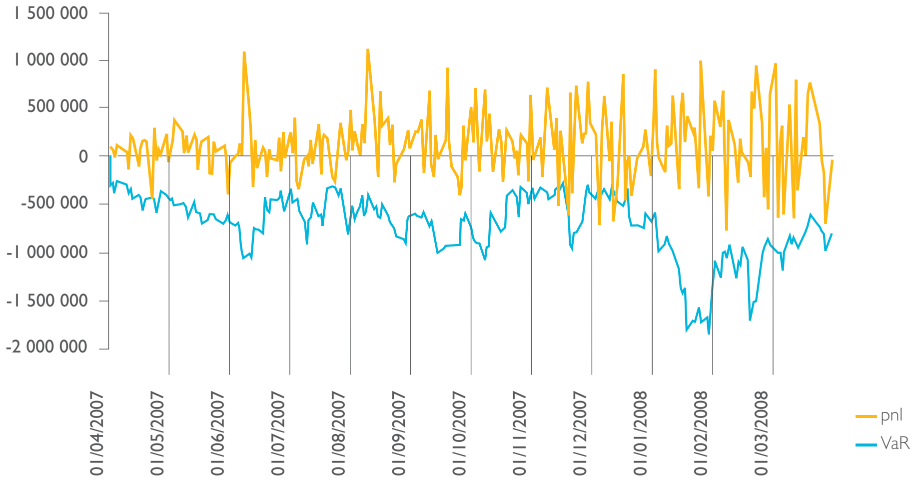
	Investec plc IBUK^ 95% (one-day) £'000	Investec plc IBAL^ 99% (one-day) A$'000	Investec Limited 95% (one-day) R'million
31 March 2008			
Commodities	93	-	0.4
Equity derivatives	275	-	4.0
Foreign exchange	23	34	1.8
Interest rates	397	343	0.4
Consolidated*	**434**	**374**	**3.8**
High	951	374	10.8
Low	130	59	1.9
Average	385	178	6.2
31 March 2007			
Commodities	79	72	0.4
Equity derivatives	124	-	6.5
Foreign exchange	5	30	0.9
Interest rates	77	132	0.6
Consolidated*	**179**	**234**	**7.0**
High	539	500	13.9
Low	130	105	2.8
Average	238	279	6.5

* The consolidated VaR for each desk and each entity is lower than the sum of the individual VaRs. This arises from the correlation offset between various asset classes.
^ Where: IBUK is Investec Bank (UK) Limited and IBAL is Investec Bank (Australia) Limited

The graphs below show total daily VaR and profit and loss figures for our trading activities 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 Bank (UK) Limited

99% 1-day VaR backtesting (GBP)

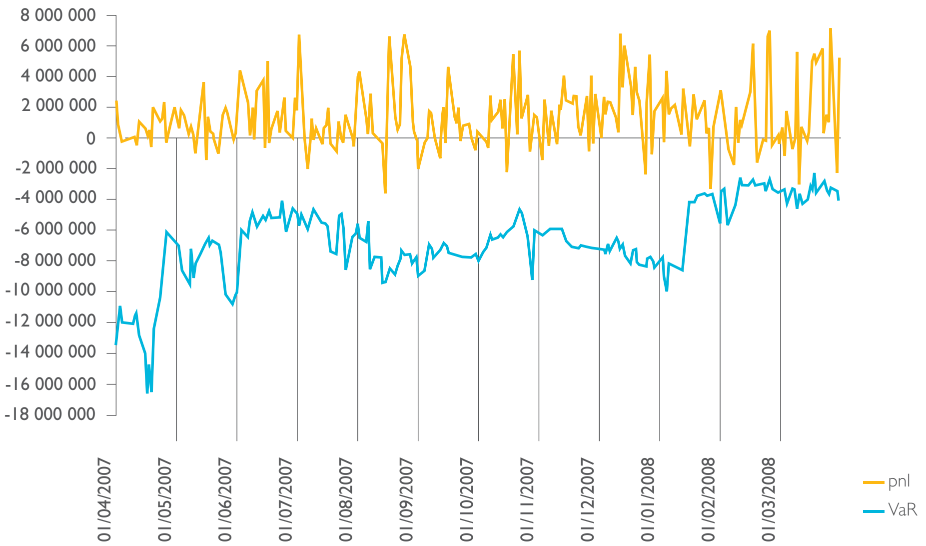


There have been seven exceptions i.e. where the loss is greater than the VaR. This exceeds the expectations at the 99% level. All exceptions arose on the Fixed Income desk. These exceptions arose largely in November and December 2007, a particularly volatile period in the markets with extreme moves across most asset classes and in particular interest rates.

Risk and governance

Investec Limited

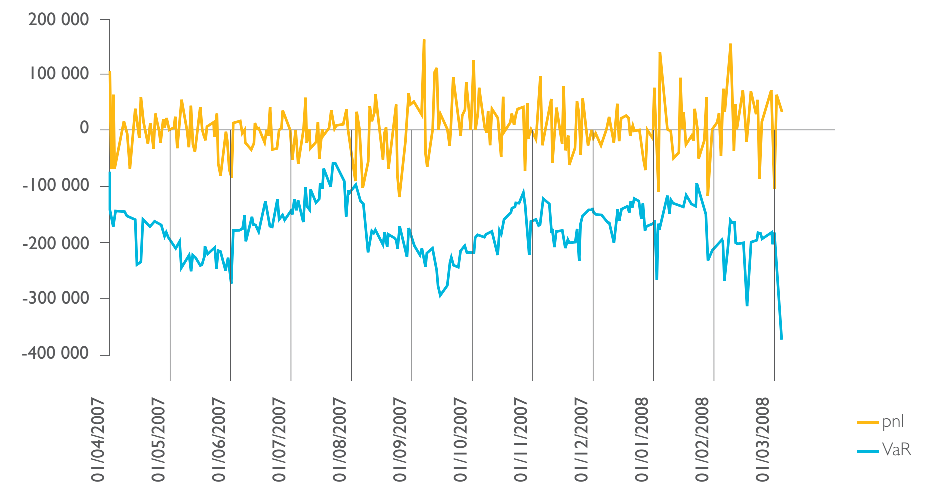
99% 1-day VaR backtesting (Rands)



There have been no exceptions over the past year. The model would expect around 2 to 3 exceptions per annum.

Investec Bank (Australia) Limited

99% 1-day VaR backtesting (A$)



There have been no exceptions over the past year. The model would expect around 2 to 3 exceptions per annum.

ETL

	Investec plc 95% (one-day) £'000	Investec Limited 95% (one-day) R'million
31 March 2008		
Commodities	134	0.5
Equity derivatives	347	6.1
Foreign exchange	31	2.7
Interest rates	581	0.7
Consolidated*	**648**	**5.7**
31 March 2007		
Commodities	126	0.7
Equity derivatives	158	9.1
Foreign exchange	6	2.4
Interest rates	150	0.8
Consolidated*	**248**	**9.8**

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

Stress testing

The table below indicates the potential losses that could arise if the portfolio is stress tested under extreme market conditions (15 standard deviations).

	Investec plc		Investec Limited
	IBUK^ Using VaR £'000	IBAL^ Using VaR A$'000	Using VaR R'million
31 March 2008			
Commodities	712	-	3.1
Equity derivatives	2 105	-	30.6
Foreign exchange	176	200	13.8
Interest rates	3 038	1 995	3.1
Consolidated	**6 031**	**2 195**	**50.6**
31 March 2007			
Commodities	602	420	2.8
Equity derivatives	946	-	49.8
Foreign exchange	37	175	7.2
Interest rates	587	767	4.9
Consolidated	**2 172**	**1 362**	**65.0**

^ Where: IBUK is Investec Bank (UK) Limited and IBAL is Investec Bank (Australia) Limited

Traded market risk year in review

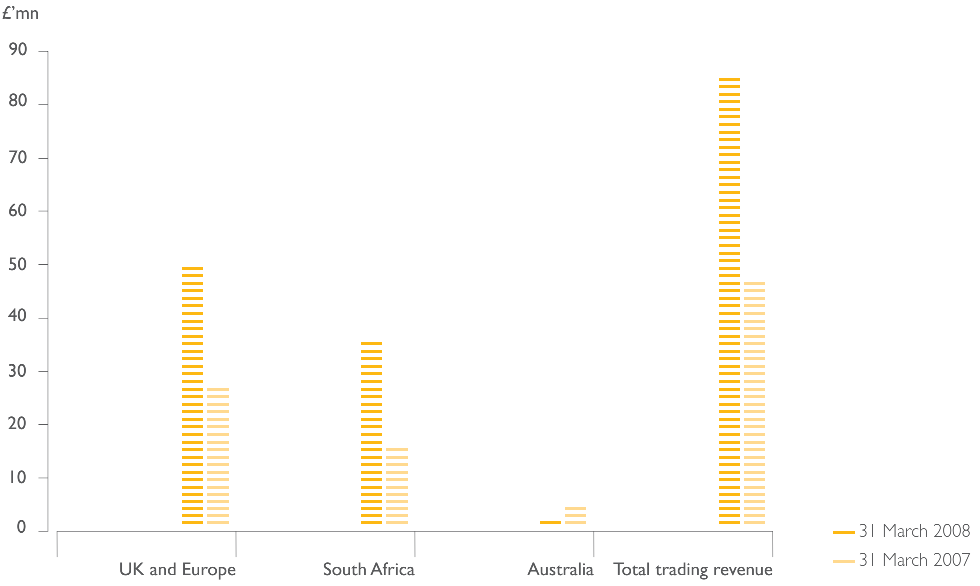
In South Africa, we use our internal models for market risk measurement which in effect puts us at the level of the advanced approach for Basel II. In terms of this model, trading capital is calculated as a function of the 99% 10-day VaR. Backtesting results and a detailed stress testing pack will be submitted to the regulator on a monthly basis. In the UK, all desks are currently at the Capital Adequacy (CAD) I level and will be applying for CAD II later in the year.

The past year was characterised by strong, albeit volatile, growth in the equity, commodity and bond markets. These market conditions, coupled with good client flows and product sales, resulted in strong performances from the South African trading operations. The model of concentrating on client flow proved very successful with the good results being obtained with relatively low risk taking.

In the UK, the bank continues to build its customer base in an attempt to replicate the South African model. The new structured equity desk has commenced trading and is expected to produce good income through its product suite and hedging strategies for clients. The fixed income desk, which makes markets in short Sterling, Euribor and Euro Dollar options and futures, ended the year marginally down on the back of difficult market conditions, especially in the second half of the year on the back of the sub-prime crisis and subsequent liquidity squeeze. The Irish equity trading businesses performed well.

Australia continues to grow although trading activity remains modest with the focus being mainly commodity hedging.

Revenue from trading activities within our Capital Markets division



Balance sheet risk management

Balance sheet risk description

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

Non-trading interest rate risk description

Non-trading interest rate risk is the impact on net interest earnings and sensitivity to economic value, as a result of increases or decreases in interest rates arising from the execution of our core business strategies and the delivery of products and services to our customers.

Sources of banking-related risk exposures include potential adverse effect of 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, which has a direct effect on future net interest income and the economic value of equity. The mix of interest rate repricing characteristics is influenced by the underlying financial needs of customers.

Interest rate sensitivity gap

The tables below 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

£'million	Not > 3 months	>3 months but < 6 months	> 6 months but < 1 year	> 1 year but < 5 years	> 5 years	Non rate	Total non-trading
Cash and short term funds - banks	1 509	14	-	-	-	3	1 526
Cash and short term funds - non-banks	-	-	-	-	-	-	-
Statutory liquids	-	-	-	-	-	-	-
Investment/trading assets	1 316	149	19	4	24	157	1 669
Securitised assets	4 563	5	134	204	-	-	4 906
Advances	5 611	948	129	708	87	4	7 487
Non-rate assets	187	84	14	5	12	601	903
Assets	**13 186**	**1 200**	**296**	**921**	**123**	**765**	**16 491**
Deposits - banks	(4 102)	(238)	(146)	(44)	(11)	-	(4 541)
Deposits - non-banks	(4 006)	(160)	(34)	(73)	(36)	-	(4 309)
Negotiable paper	(97)	(111)	(15)	-	-	-	(223)
Investment/trading liabilities	(190)	(4)	-	-	-	(42)	(236)
Securitised liabilities	(4 627)	-	-	-	-	(1)	(4 628)
Subordinated liabilities	9	(2)	(10)	(208)	(357)	(159)	(727)
Non-rate liabilities	(340)	(3)	(48)	-	-	(357)	(748)
Liabilities	**(13 353)**	**(518)**	**(254)**	**(325)**	**(404)**	**(559)**	**(15 413)**
Net interdivs and interco's	291	(46)	(56)	(242)	(9)	(57)	(119)
Shareholders' funds	-	-	-	-	-	(1 050)	(1 050)
Balance sheet	**123**	**636**	**(14)**	**355**	**(290)**	**(902)**	**(91)**
Hedges	(368)	96	(204)	135	340	-	
Repricing gap	**(245)**	**732**	**(217)**	**490**	**50**	**(902)**	**(91)**
Cumulative repricing gap	(245)	487	270	760	810	(91)	-

South Africa - interest rate sensitivity

R'million	Not > 3 months	>3 months but < 6 months	> 6 months but < 1 year	> 1 year but < 5 years	> 5 years	Non rate	Total non-trading
Cash and short term funds - banks	16 535	-	-	-	-	2 804	19 339
Cash and short-term funds - non-banks	7 544	-	-	-	-	33	7 577
Statutory liquids	6 398	-	346	-	-	-	6 744
Investment/trading assets	9 279	102	477	25	21	12 896	22 800
Securitised assets	12 989	25	35	260	56	79	13 444
Advances	77 689	2 440	2 314	9 409	3 692	(746)	94 798
Other assets	1 191	(125)	(380)	(15)	39	5 061	5 771
Assets	**131 625**	**2 442**	**2 792**	**9 679**	**3 808**	**20 127**	**170 473**
Deposits - banks	(8 844)	(522)	(61)	-	-	-	(9 427)
Deposits - non-banks	(74 549)	(5 167)	(6 090)	(1 953)	(581)	38	(88 302)
Negotiable paper	(14 704)	(6 668)	(4 473)	(210)	(20)	-	(26 075)
Securitised liabilities	(12 574)	(10)	-	(835)	-	750	(12 669)
Investment/trading liabilities	(6)	-	-	-	-	(3 770)	(3 776)
Subordinated liabilities	(941)	(19)	-	(3 750)	-	-	(4 710)
Other liabilities	(2 380)	(491)	(319)	(890)	(2)	(6 806)	(10 888)
Liabilities	**(113 998)**	**(12 877)**	**(10 943)**	**(7 638)**	**(603)**	**(9 788)**	**(155 847)**
Shareholders' funds	(3 515)	-	-	(70)	-	(10 834)	(14 419)
Balance sheet	**14 112**	**(10 435)**	**(8 151)**	**1 971**	**3 205**	**(495)**	**207**
Hedges	(5 711)	4 541	7 678	(4 760)	(1 955)	-	(207)
Repricing gap	**8 401**	**(5 894)**	**(473)**	**(2 789)**	**1 250**	**(495)**	**-**
Cumulative repricing gap	8 401	2 507	2 034	(755)	495	-	-

Australia - interest rate sensitivity

A$'million	Not > 3 months	>3 months but < 6 months	> 6 months but < 1 year	> 1 year but < 5 years	> 5 years	Non rate	Total non-trading
Cash and short term funds - banks	263	15	-	-	-	-	278
Cash and short-term funds - non-banks	-	-	-	-	-	-	-
Statutory liquids	623	-	-	-	-	-	623
Investment/trading assets	8	-	-	-	-	35	43
Securitised assets	803	-	-	-	-	-	803
Advances	1 579	53	11	144	17	-	1 804
Intergroup	-	-	-	-	-	82	82
Other assets	-	-	-	-	-	148	148
Assets	**3 276**	**68**	**11**	**144**	**17**	**265**	**3 781**
Deposits - banks	(108)	-	-	-	-	-	(108)
Deposits - non-banks	(941)	(172)	(29)	(39)	(8)	(8)	(1 197)
Negotiable paper	(795)	(43)	(1)	(28)	-	(4)	(871)
Securitised liabilities	(762)	-	-	-	-	(10)	(772)
Investment/trading liabilities	-	-	-	-	-	-	-
Subordinated liabilities	(79)	-	-	-	(21)	(1)	(101)
Other liabilities	-	-	-	-	-	(66)	(66)
Liabilities	**(2 685)**	**(215)**	**(30)**	**(67)**	**(29)**	**(89)**	**(3 115)**
Shareholders' funds	**-**	**-**	**-**	**-**	**-**	**(666)**	**(666)**
Balance sheet	**591**	**(147)**	**(19)**	**77**	**(12)**	**(489)**	**-**
Hedges	113	8	(6)	(109)	(6)	-	-
Repricing gap	**704**	**(139)**	**(25)**	**(33)**	**(18)**	**(489)**	**-**
Cumulative repricing gap	**704**	**565**	**540**	**508**	**490**	**-**	**-**

Economic value sensitivity

As discussed above our preference for monitoring and measuring non-trading interest rate risk is economic value sensitivity. The tables below reflect our economic value sensitivity to a 2% parallel shift in interest rates i.e. the numbers represent the change in our net asset value should such a scenario arise.

UK and Europe

'million	GBP	USD	EUR	Other (GBP)	AUD	ZAR	All (GBP)
200bp Down	4.3	3.2	3.2	0.8	0.1	-	9.3
200bp Up	(4.3)	(3.2)	(3.2)	(0.8)	(0.1)	-	(9.3)

South Africa

'million	GBP	USD	EUR	Other (GBP)	AUD	ZAR	All (ZAR)
200bp Down	(326.3)	0.2	3.2	-	0.3	0.1	(293.2)
200bp Up	228.1	(0.2)	(3.6)	-	(0.3)	(0.1)	194.0

Australia

'million	AUD
200bp Down	(3.3)
200bp Up	3.3

Liquidity risk description

Liquidity risk is the risk that we have insufficient capacity to fund increases in assets, or are unable to meet our payment obligations as they fall due, including repaying depositors or maturing wholesale debt. This risk is inherent in all banking operations and can be impacted by a range of institution-specific and market-wide events.

Risk management has become more sophisticated with liquidity risk being no exception and we consider both funding liquidity risk and market liquidity risk.

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

Liquidity mismatch

The tables that follow show our liquidity mismatch across our core geographies.

With respect to the contractual liquidity mismatch:

- No assumptions are made, and we record all asset and liabilities with the underlying contractual maturity as determined by the cash flow profile for each deal.
- As an integral part of the broader liquidity generation strategy (as mentioned above), we maintain a liquidity buffer in the form of unencumbered, cash, high quality liquid assets and near cash as a buffer against both expected and unexpected cash flows. As the actual contractual profile of this asset class is of little consequence, we have:
  - Set the time horizon to one month to monetise our cash and near cash portfolio of "available for sale" discretionary treasury assets, where there are deep secondary markets for this elective asset class.
  - Set the time horizon to "on demand" to monetise our statutory liquid assets for which liquidity is guaranteed by the central bank.
  - Reported the "contractual" profile by way of a note to the tables.

With respect to the behavioural liquidity mismatch:

- The new funding we would require under normal business circumstances is shown in the "behavioural mismatch". To this end, behavioural profiling is applied to liabilities with an indeterminable maturity, as the contractual repayments of many customer accounts are on demand or at short notice but expected cash flows vary significantly from contractual maturity. In addition, re-investment behaviour, with profile and attrition based on history, is applied to term deposits in the normal course of business.

Risk management

UK and Europe

Contractual liquidity

£'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Cash and short term funds - banks	1 479	97	7	16	-	1	-	1 600
Cash and short term funds - non-banks	-	-	1	1	5	-	-	7
Statutory liquids	-	-	-	-	-	-	-	-
Investment/trading assets*	825	834	85	12	44	56	461	2 316
Securitised assets	16	-	-	-	-	1	4 889	4 906
Advances**	302	361	577	638	489	2 033	3 088	7 487
Non-rate assets	299	213	16	44	16	34	355	976
Assets	**2 920**	**1 505**	**686**	**710**	**553**	**2 125**	**8 793**	**17 293**
Deposits - banks	(287)	(312)	(71)	(521)	(312)	(2 833)	(299)	(4 635)
Deposits - non-banks	(1 170)	(510)	(2 004)	(382)	(166)	(190)	(20)	(4 443)
Negotiable paper	(1)	(44)	(57)	(91)	(18)	(12)	-	(222)
Securitised liabilities	-	-	-	-	-	-	(4 627)	(4 627)
Investment/trading liabilities	(511)	(23)	(115)	4	(6)	(5)	(18)	(673)
Subordinated liabilities	-	-	-	-	(9)	(197)	(521)	(727)
Non-rate liabilities	(396)	(174)	(31)	(21)	(111)	(3)	(20)	(756)
Liabilities	**(2 365)**	**(1 064)**	**(2 277)**	**(1 011)**	**(622)**	**(3 240)**	**(5 505)**	**(16 084)**
Net interdivs and interco's	(443)	(11)	530	(35)	(41)	(103)	(47)	(151)
Shareholders' funds	**-**	**-**	**-**	**-**	**-**	**-**	**(1 057)**	**(1 057)**
Balance sheet	**113**	**430**	**(1 062)**	**(336)**	**(110)**	**(1 219)**	**2 183**	**(113)**
Hedges	-	-	-	-	-	-	-	-
Liquidity gap	**113**	**430**	**(1 062)**	**(336)**	**(110)**	**(1 219)**	**2 183**	**-**
Cumulative liquidity gap	**113**	**543**	**(518)**	**(854)**	**(964)**	**(2 183)**	**-**	**-**

Note: contractual liquidity adjustments (as discussed on page 39)

£'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
* Investment/trading assets	-	-	145	107	43	270	-	565
** Advances	-	-	-	-	-	181	-	181

Behavioural liquidity (as discussed on page 39)

£'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Behavioural liquidity gap	**722**	**560**	**(645)**	**(499)**	**(274)**	**(2 047)**	**2183**	**-**
Cumulative	722	1 282	637	138	(136)	(2 183)	-	-

South Africa

Contractual liquidity

R'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Cash and short term funds - banks*	10 787	2 214	6 125	1	1	21	222	19 371
Cash and short-term funds - non-banks	7 544	(15)	17	24	27	409	33	8 039
Statutory liquids**	6 744	-	-	-	-	-	-	6 744
Investment/trading assets***	10 574	10 791	1 522	1 298	1 440	9 164	2 599	37 388
Securitised assets	182	50	164	205	553	5 959	6 331	13 444
Advances	3 155	3 421	11 209	6 514	11 681	28 192	30 626	94 798
Other assets	2 641	27	239	280	78	191	3 187	6 643
Assets	**41 627**	**16 488**	**19 276**	**8 322**	**13 780**	**43 936**	**42 998**	**186 427**
Deposits - banks	(418)	(453)	(1 224)	(197)	(3 720)	(3 415)	-	(9 427)
Deposits - non-banks	(34 007)	(26 264)	(13 091)	(5 497)	(6 601)	(2 085)	(4 384)	(91 929)
Negotiable paper	(44)	(2 826)	(5 474)	(7 882)	(9 088)	(741)	(20)	(26 075)
Securitised liabilities	-	(894)	(1 635)	(26)	-	(8 857)	(1 257)	(12 669)
Investment/trading liabilities	(4 031)	(2 528)	(1 368)	(1 189)	(1 339)	(7 689)	2 211	(15 933)
Subordinated liabilities	-	-	-	(19)	-	(4 691)	-	(4 710)
Other liabilities	(2 240)	(78)	(23)	(1 542)	(177)	(2 515)	(4 548)	(11 123)
Liabilities	**(40 740)**	**(33 043)**	**(22 815)**	**(16 352)**	**(20 925)**	**(29 993)**	**(7 998)**	**(171 866)**
Shareholders' funds	**(1 174)**	**-**	**-**	**-**	**-**	**(73)**	**(13 314)**	**(14 561)**
Balance sheet	**(287)**	**(16 555)**	**(3 539)**	**(8 030)**	**(7 145)**	**13 870**	**21 686**	**-**
Hedges	-	-	-	-	-	-	-	-
Liquidity gap	**(287)**	**(16 555)**	**(3 539)**	**(8 030)**	**(7 145)**	**13 870**	**21 686**	**-**
Cumulative liquidity gap	**(287)**	**(16 842)**	**(20 381)**	**(28 411)**	**(35 556)**	**(21 686)**	**-**	**-**

Note: contractual liquidity adjustments (as discussed on page 39)

R'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
* Cash and short term funds - banks	8 010	2 214	6 125	1	1	21	2 999	19 371
** Statutory liquids	-	3 575	2 823	-	346	-	-	6 744
*** Investment/trading assets	10 574	5 195	4 030	2 253	3 543	9 192	2 599	37 388

Behavioural liquidity (as discussed on page 39)

R'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Behavioural liquidity gap	**20 266**	**4 247**	**3 069**	**(9 811)**	**(38 246)**	**(1 212)**	**21 686**	**-**
Cumulative	20 266	24 513	27 582	17 772	(20 474)	(21 686)	-	-

Risk and governance

Australia

Contractual liquidity

A$'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Cash and short term funds - banks	258	3	-	15	-	-	1	278
Cash and short term funds - non-banks	-	-	-	-	-	-	-	-
Statutory liquids	623	-	-	-	-	-	-	623
Investment/trading assets	3	4	4	16	68	114	30	239
Securitised assets	122	12	38	42	83	491	16	803
Advances	11	72	127	155	319	976	143	1 804
Other assets	-	-	16	-	-	-	131	148
Assets	**1 017**	**92**	**185**	**229**	**469**	**1 580**	**322**	**3 895**
Deposits - banks	-	-	-	-	(108)	-	-	(108)
Deposits - non-banks	(315)	(409)	(283)	(77)	(30)	(72)	(10)	(1 197)
Negotiable paper	-	(206)	(85)	(140)	(77)	(361)	(2)	(871)
Securitised liabilities	11	(102)	(42)	(43)	(217)	(365)	(14)	(773)
Investment/trading liabilities	(6)	(8)	(5)	(16)	(41)	(37)	-	(113)
Subordinated liabilities	-	-	-	-	-	-	(101)	(101)
Other liabilities	-	-	-	(66)	-	-	-	(66)
Liabilities	**(311)**	**(725)**	**(414)**	**(343)**	**(474)**	**(836)**	**(126)**	**(3 229)**
Shareholders' funds	**-**	**-**	**-**	**-**	**-**	**(666)**	**-**	**(666)**
Balance sheet	**707**	**(633)**	**(229)**	**(114)**	**(4)**	**79**	**196**	**-**
Hedges	-	-	-	-	-	-	-	-
Liquidity gap	**707**	**(633)**	**(229)**	**(114)**	**(4)**	**79**	**196**	**-**
Cumulative liquidity gap	**707**	**73**	**(156)**	**(270)**	**(275)**	**(196)**	**-**	

Note: contractual liquidity adjustments (as discussed on page 39)

A$'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
* Statutory liquids	-	20	524	79	-	-	-	623

Behavioural liquidity (as discussed on page 39)

A$'million	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	> 5 years	Total
Behavioural liquidity gap	**616**	**(213)**	**(333)**	**(401)**	**(235)**	**370**	**196**	**-**
Cumulative	616	403	70	(331)	(566)	(196)	-	-

Risk management

Balance sheet risk year in review

The financial year exhibited two extremes globally. The beginning of the year started with continued spread compression in credit markets to historically tight levels. Asset growth was strong and all forms of funding were freely available. There was extremely active uptake in capital markets for Financial Institution paper. July saw the beginning of the dramatic unwinding of the excessive levels of gearing that characterised the last five years of activity in international financial markets.

In the UK, Interbank lending ceased, overnight rates rose dramatically over official rates and secured lending through non-gilt repo markets ended. All capital markets activities came to a halt. Banks that had underwritten leveraged buy-out debt could not sell down, forcing them to fund on-balance sheet. Off-balance sheet conduits were unable to roll maturing commercial paper funding, forcing distressed selling of assets and draw-down of bank lines. In this environment, banks in general were unable to issue paper in the capital markets. In addition, funding through securitisation all but dried up. Although financial markets continue to deteriorate in certain respects, some stability has returned to the interbank market; deposits have rolled over showing evidence of a certain measure of calm having returned to the market.

The credit markets dislocation has seen a fundamental change to issuance in the domestic Australian debt capital markets. This has most directly affected structured investment vehicles relying on asset backed commercial paper and term debt securities funding. The domestic major banks have successfully undertaken senior debt issues, albeit at dramatically wider credit spreads. Investec Bank (Australia) Limited (IBAL) has continued to maintain a strong liquidity position, with consistent funding flow from wholesale relationships particularly in the "middle market" client base. IBAL's Private Bank has been a beneficiary of the current environment with a significant inflow of funds from private clients over this period.

On the Rand funding side, Investec Bank Limited (IBL) experienced strong organic growth in balance sheet, deposit and surplus cash valuer. During the financial year the balance sheet benefited from our books being well positioned for multiple rate hikes in the Rand and several rate cuts in the US Dollar. However, the key feature of the latter part of the year was the slow impact of the global credit crisis on local markets increasing the cost of Rand deposits across the board. In response to the global liquidity crunch IBL instituted a policy of holding higher levels of cash and near cash.

Markets remain challenging and it is anticipated that these conditions will remain in force at least until the end of 2008.

We successfully embarked on several term debt funding initiatives. This allowed us to maintain liquidity well above internal and external liquidity targets, while growing our profitable lending portfolios. Decisions concerning timing of issuance and the tenor of liabilities are based upon relative costs, general market conditions, prospective views of organic balance sheet growth and a targeted liquidity profile.

- Investec Bank (UK) Limited:
  - A €240 million 3-year Schuldschein issue was completed in October 2007 at LIBOR + 0.25% and a market related upfront arrangement fee.
  - During the period of market dislocation we successfully arranged substantial bi-lateral facilities through long-standing historical relationships maintained with other banks.
  - In addition we were able to arrange a one year syndicated loan in an amount of €300 million, to start in April 2008 at the lower end of market terms.
- Investec Bank (Australia) Limited:
  - A new Debt Issuance Programme was established with a programme capacity of A$2.5 billion. An inaugural debt issuance by IBAL of A$250 million of floating rate medium term notes comprising A$100m of 3 year MTNs at BBSW + 0.35% and A$150m of 5year MTNs at BBSW +0.45% was successfully completed in June, prior to the dislocation in credit markets.

Operational risk management

Operational risk definition

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

We recognise operational risk as a significant risk category, and strive to manage this within acceptable levels through the promotion of sound operational risk management practices.

Developments

As part of our Basel II programme, approval, where required, was obtained from regulators for the implementation of the Standardised Approach. The process included engagements with regulators and assessments of our operational risk practices against the regulations to ensure compliance with the requirements.

Operational risk management practices continue to be addressed and reported.

Our processes provide for continuous development and monitoring to ensure that our framework and practices are appropriate, adequate, in line with regulatory requirements and sufficiently embedded in our business. We continue to develop and enhance our framework, policies and practices in line with developing practice and regulations.

Industry developments are monitored through active participation in industry forums.

We are evaluating measurement approaches in order to enhance the management of operational risk.

Reputational and strategic risk

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.

One of the largest single potential causes of reputational risk is strategic risk. Strategic risk is the risk of unexpected losses arising as a result of incorrect decisions taken by senior management or an internal event having an adverse effect on the perception of Investec by its clients and customers.

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

Legal risk management

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

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

Pension risk

Pension risk arises from defined benefit schemes, where Investec plc is expected to provide funds to reduce any deficit in the schemes. There are two defined benefit schemes within Investec plc and both are closed to new business. Pension risk could arise if the net present value of future cash outflows is greater than the current value of the asset pool set aside to cover those payments. Primary causes of any deficit include:

- A mismatch in the duration of the assets relative to the liabilities.
- Market-driven asset price volatility.
- Increased life expectancy of individuals leading to increased liabilities.

Investec plc monitors the position of the funds closely, assessing potential adverse movements in the schemes and ensuring that the risk to our capital does not exceed board approved levels.

Capital management and allocation

Our capital management approach is driven by our strategy and associated risk appetite, taking into account the regulatory and economic environment applicable to the group. We seek to balance our capital consumption to ensure that we are prudently capitalised to meet our risks, but are also able to optimise shareholder returns. Discipline in selection of markets, deals and investments are key to the processes by which we operate to ensure that returns are commensurate with the risk taken.

Risk management

Our approach to capital is tied to a group-wide discipline that links capital allocation and structuring, performance measurement, investment decisions, risk management and capital-based incentive compensation into one integrated framework.

Capital is managed on both a regulatory and an internal (economic) capital basis.

Philosophy and approach

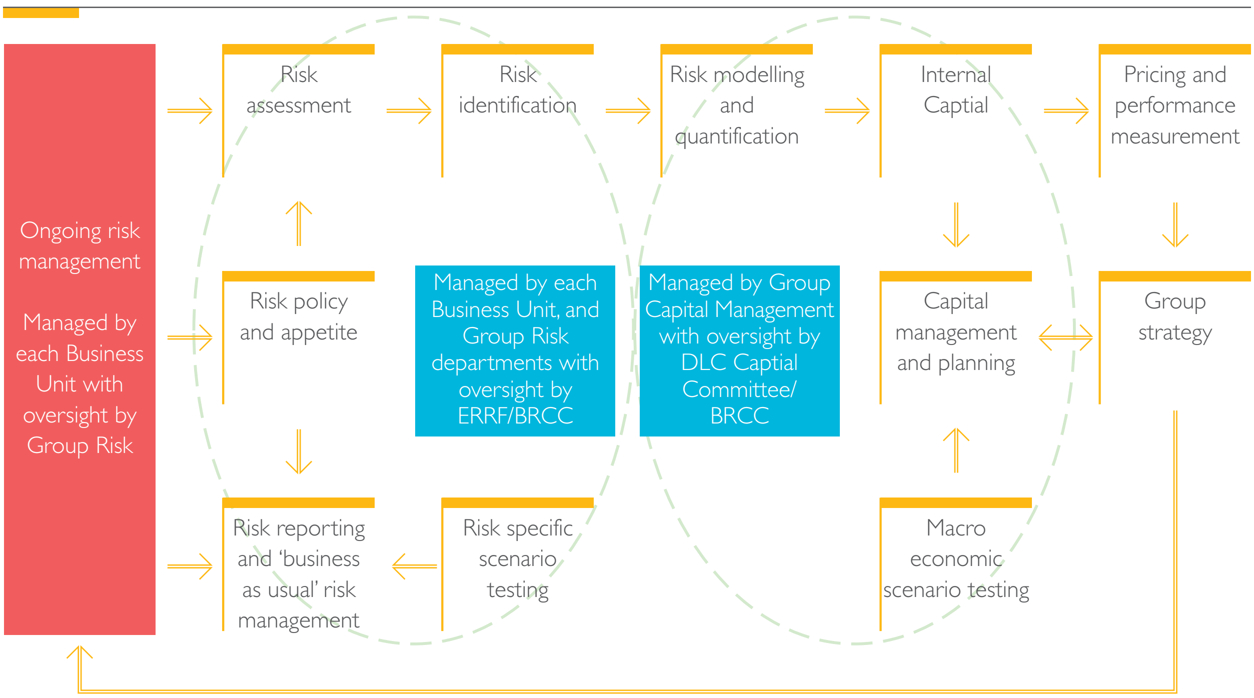
The Investec group comprises Investec plc (and its subsidiaries) and Investec Limited (and its subsidiaries). The DLC structure considers the two groups as independent entities from a credit perspective and hence capital is managed on a separate basis. The BRCC (via the Investec DLC Capital Committee) is a board sub-committee with ultimate responsibility for the capital sufficiency for both Investec plc and Investec Limited.

The legal and regulatory treatment of capital is independent of existing shareholder arrangements that are in place to ensure that shareholders have common economic and voting interests as if Investec plc and Invested Limited were a single unified enterprise. Investec plc is regulated by the UK FSA and Investec Limited is regulated by the SARB.

Consequently, the management of capital is undertaken on a "silo" basis at the lowest level but considered in aggregate from a group perspective. Regardless of the statutory entity, the objectives of capital management are to:

- Support a target level of financial strength aligned with a long-term rating of at least A;
- Maintain sufficient capital to satisfy the board's risk appetite across all risks faced by the group;
- Maintain sufficient capital to meet regulatory requirements;
- Support our growth strategy;
- Allow the exploration of acquisition opportunities where such opportunities are consistent with our strategy and risk appetite;
- Provide protection to depositors against losses arising from risks inherent in the business;
- Provide sufficient capital surplus to ensure that the group is able to retain its going concern basis under relatively severe operating conditions and support growth in assets.

In order to achieve these objectives, we have adopted the following approach to the integration of risk and capital management:



Capital structure

As at 31 March 2008	Investec plc £'000	Investec Limited R'000
Regulatory capital		
Tier 1		
Share capital	131	148
Share premium	651 023	3 918 743
Non-redeemable, non-cumulative, non-participating preference shares	129 558	3 277 549
Retained income	299 345	6 507 782
Treasury shares	(16 511)	-
Other reserves	89 522	47 996
Minority interests in subsidiaries	159 420	-
Less: impairments (goodwill and other deductions)	(376 675)	(642 022)
	935 813	**13 110 196**
Tier 2		
Aggregate amount	735 462	5 289 667
Less: deductions	(69 015)	(203 912)
	666 447	**5 085 755**
Tier 3		
Aggregate amount	18 087	-
Less: deductions	-	-
	18 087	**-**
Other deductions from Tier 1 and Tier 2	**(66 838)**	**-**
Total eligible capital	**1 553 509**	**18 195 951**

Capital requirements

As at 31 March 2008	Investec plc		Investec Limited	
	Capital requirements £'000	Risk-weighted assets £'000	Capital requirements R'000	Risk-weighted assets R'000
Credit risk - standardised approach	675 140	8 439 250	10 579 149	111 359 465
Equity risk - standardised approach	11 363	142 038	360 829	3 798 204
Market risk	29 717	371 463	194 398	2 046 288
Capital requirements for portfolios subject to internal models approach				
- Interest rate	20 380	254 749	9 011	94 850
- Foreign exchange	1 041	13 013	17 491	184 113
- Commodities	2 657	33 213	3 432	36 125
- Equities	5 639	70 488	164 464	1 731 200
Operational risk - standardised approach	96 749	1 209 363	1 260 648	13 269 977
Total	**812 969**	**10 162 114**	**12 395 024**	**130 473 934**

Capital adequacy

At 31 March 2008	Investec plc £'million	IBUK* £'million	IBAL* A$'million	Investec Limited R'million	IBL* R'million
Primary capital (Tier 1)	1 005	894	637	13 752	12 628
Other capital (Tier 2 and 3)	754	620	118	5 290	5 006
	1 759	1 514	755	19 042	17 634
Less: impairments	(205)	(248)	(213)	(846)	(607)
Net qualifying capital	**1 554**	**1 266**	**542**	**18 196**	**17 027**
Risk-weighted assets (banking and trading)	**10 162**	**8 687**	**2 933**	**130 474**	**118 792**
Credit risk	8 439	7 174	2 509	111 360	105 593
Equity risk	142	138	102	3 798	3 645
Market risk	372	371	18	2 046	605
Operational risk	1 209	1 004	304	13 270	8 949
Capital adequacy ratio	**15.3%**	**14.6%**	**18.5%**	**13.9%**	**14.3%**
Tier 1 ratio	9.2%	9.1%	15.3%	10.0%	10.3%
Capital adequacy ratio - pre operational risk	**17.4%**	**16.5%**	**20.6%**	**15.5%**	**15.5%**
Tier 1 ratio - pre operational risk	10.5%	10.3%	17.1%	11.2%	11.1%

* Where: IBUK is Investec Bank (UK) Limited; IBAL is Investec Bank (Australia) Limited and IBL is Investec Bank Limited

Basel I vs Basel II

The most material difference in calculating our minimum capital requirements under Basel II vs Basel I regimes arises from capital to be held with respect to operational risk. There are a number of other adjustments which result in higher or lower adjustments to capital, but these are relatively immaterial in nature and substantially net off against one another. However, under the principles of Basel II, Pillar 2, a significant difference between the two regimes has been introduced. Pillar 2 has led to the introduction and use of the Internal Capital framework. The Internal Capital framework (as discussed in the capital management section) seeks to utilise the identification and quantification of all key risks (as described in this section) to internally derive capital requirements across the group. This has led to a regime where capital is increasingly allocated on a risk basis rather than utilising regulatory capital as a proxy for risk.

Internal Audit

Internal Audit provides objective and independent assurance to management and the board that group processes are adequate for identifying the significant risks to which we are exposed 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 behaviour, which builds trust.

We are subject to extensive supervisory and regulatory governance in the countries in which we operate. The SARB 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

Regulatory activity in the UK and Europe continued to be focused on the implementation of various European directives and initiatives of the UK's FSA.

Risk management

These included:
- More principles based regulation.
- Markets in Financial Instruments Directive (MiFID).
- Treating Customers Fairly (TCF).
- Management and control of inside information.
- Anti-money laundering (AML) and financial crime.
- Capital Requirements Directive (CRD).

More principles based regulation

We continue to monitor the FSA's Better Regulation Action Plan, which aims to improve future regulation in the UK. This plan is underpinned by the FSA's objective to become a more principles based regulator by moving the balance of financial services regulation towards high-level principles rather than detailed rules and guidance. Our Compliance function is closely involved with the development of more principles based regulation. The business has dealt effectively with practical issues arising out of the principles based initiatives to date. These include TCF, the deletion of the Money Laundering sourcebook in favour of high level principles and proposals to delete the Training and Competence sourcebook.

MiFID

MiFID came into force across Europe on 1 November 2007 and aims to create a single set of rules for certain investment services and activities for a defined list of financial instruments (MiFID business). Where firms carry on MiFID business, a number of new requirements have come into force in relation to matters such as conflicts of interest, outsourcing, client categorisation, inducements, best execution and transaction reporting. We ran a cross-divisional project to implement MiFID across our European jurisdictions.

TCF

At the forefront of the more principles based regulation agenda has been an initiative to ensure that the principle of TCF is embedded in an organisation's culture. In addition, the FSA requires organisations to have practical arrangements in place that measure and demonstrate that customers are consistently being treated fairly. Principle 6 states that "A firm must pay due regard to the interests of its customers and treat them fairly". The FSA's approach is focused on the culture that an organisation has and, for us, the TCF agenda is closely aligned to our core values.

We have met the March 2008 deadline which required authorised firms to have management information in place to test whether they are delivering against the TCF consumer outcomes. The next step is to ensure that by the end of December 2008 we are able to prove that this management information demonstrates that we are consistently treating customers fairly.

Management and control of inside information

Since 2005 one of the FSA's key objectives has been the prevention and combating of what they call "institutional market abuse", i.e. the exploitation of information that financial institutions legitimately receive for illegitimate purposes. In mid-2007 the FSA published a document outlining good practice guidelines in relation to the management and control of inside information which it expected financial institutions to adopt. We subsequently conducted a group-wide review of our flows of inside information and the controls we have to manage them. Our work included enhancing policies and procedures and an extensive training and awareness programme for employees.

AML and financial crime

There has been considerable focus on implementing new directive and legislative requirements related to anti-money laundering and financial crime across the European businesses. On 15 December 2007 the UK adopted the 3rd EU Money Laundering Directive through the implementation of the Money Laundering Regulations 2007. The UK bank's policies and procedures have been reviewed for compliance with the new regulations. On the same date the EU Wire Transfer Directive came into force requiring originator names, address details and account numbers to be quoted on incoming and outgoing payments. We have implemented procedures to ensure compliance with this directive.

On 15 December 2007 Guernsey introduced the amended Criminal Justice Regulations and Money Laundering handbook. On 4 February 2008 Jersey introduced the new Money Laundering Order 2008 and a new Money Laundering Handbook and on 19 February 2008 they also introduced new Proceeds of Crime Regulations.

Risk management

South Africa - year in review

Anti-money laundering

The implementation of the Financial Intelligence Centre Act (FICA) and Protection of Constitutional Democracy against Terrorist and Related Activities is ongoing. In response to international best practice standards of anti-money laundering and anti-terror financing and in particular to Guidance Note 3 issued by the Financial Intelligence Centre, which permits an accountable institution to adopt a risk based approach, we have developed and implemented a centralised AML system that has the capability to:

- Risk weight clients according to the money laundering and/or terror financing risks they may potentially pose.
- Compare client lists to databases of adverse client information issued by regulatory authorities (which includes persons named on the United Nations lists).
- Administer in a central repository the ongoing maintenance of a client's identification and verification and risk weighting.

A further enhancement to the AML system to more adequately address the legislative requirements of suspicious activity reporting is planned for implementation by the end of 2008. These systematic developments are supported by an enhanced Group Anti-Money Laundering and Anti-Terror Financing Policy which incorporates a Client Acceptance Policy to accommodate this risk weighting and the screening of clients.

Consumer law

The National Credit Act was successfully implemented during June 2007 in affected entities which have been registered as credit providers. The Act imposes strict requirements on credit providers including affordability assessments, disclosure to consumers, advertising and marketing practices, complaints, pricing and reporting to the National Credit Regulator.

The past year saw further regulatory reform pertaining to the financial services industry, particularly relating to legislation aimed at consumer protection in the form of progress made towards the Consumer Protection Bill. The Bill aims to provide a legal framework for consumer protection by attempting to codify the common law with specific regard to the rights of consumers and the obligations of those providing services and products to them. The developments are being closely monitored to assess the impact on affected entities.

Conflicts of interest

Conflicts of interest are inherent in our business. We are not required to avoid conflicts but rather to ensure that they are managed appropriately.

Accordingly we have engaged in a group-wide initiative for identifying and managing the conflicts of interest that exist across our various businesses. Following the implementation of an enhanced framework in the United Kingdom, this initiative has commenced in South Africa with a project to identify all conflicts of interest within and between the South African areas of business as well as a review of all existing mitigations and controls. Mitigations and controls will be in line with international best practice in this area, including policies and procedures, information flow management, disclosure and declining to act.

Risk based monitoring

A project was initiated in October 2006 to align the existing compliance monitoring process with the operational risk processes. The project entails the adoption of the Enterprise Risk Assessor risk based methodology used by the Operational Risk division. The project is due for completion by 30 September 2008.

The first phase of the project involved a comprehensive analysis of all acts, regulations, guidance notes and codes of conduct affecting each of the operating units, the performance of a risk assessment of each underlying regulatory risk and the identification and recording of all controls the operating units have adopted to mitigate such risks. The first phase of the project was completed in March 2008.

The second phase of the project involves the review of compliance monitoring programmes used within the operating units and the design and migration of a fully comprehensive risk based monitoring programme onto the Enterprise Risk Assessor software. The second phase of the project is due for completion by 30 September 2008.

Mauritius - year in review

There were no major compliance developments in the region during the period under review. The Mauritian entities strongly align themselves with the policies and procedures adopted by the broader group.

Australia - year in review

The main areas of regulatory focus were:

Anti-Money Laundering/Counter Terrorism Financing Act 2006 (AML/CTF Act)

This year has seen the continued roll out of anti-money laundering/counter terrorism financing procedures as a number of AML obligations came into effect on 12 December 2007.

The AML/CTF Act, which is being implemented in stages, includes obligations such as customer identification and verification, record-keeping and the establishment and maintenance of an AML/CTF programme. Part A of the programme outlines the framework which we use to identify, mitigate and manage the risks which we may reasonably face should the provision of our products and services, whether inadvertently or otherwise, involve or facilitate money laundering or financing of terrorism.

Part B, encompasses our ongoing customer due diligence procedures and takes into account the risk profiles and types of clients we deal with.

Licensing

Various Investec Australian Financial Services Licenses have been amended to reflect recent changes in our activities.

All jurisdictions - Basel II capital requirements

The new Basel Accord was implemented and came into effect on 1 January 2008. As discussed in the various risk sections we have implemented these requirements across the group.

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 2008 annual report and our website.

Corporate governance

Introduction

We are committed to promoting sustainable stakeholder confidence in our conduct as a business and as a corporate citizen.

While the board oversees the overall process and structure of corporate governance, each business area and every employee worldwide is responsible for acting in accordance with good corporate governance practices.

In formulating our governance framework, we apply recognised corporate governance practices pragmatically so as to:
- Identify and mitigate significant risks, including reputational risk.
- Exercise effective review and monitoring of our activities.
- Promote informed and sound decision making.
- Enable effectiveness, efficiency, responsibility and accountability.
- Enhance the capital market's perception of us.
- Facilitate legal and regulatory compliance.
- Secure trust and confidence of all stakeholders.
- Protect our brand and reputation.
- Ensure sustainable business practices, including social and environmental activities.
- Disclose the necessary group information to enable all stakeholders to make a meaningful analysis of our financial position and actions.

Our values and philosophies are the framework against which we measure behaviour and practices so as to assess the characteristics of good governance. Our values require that directors and employees behave with integrity, displaying consistent and uncompromising moral strength and conduct in order to promote trust.

Sound corporate governance is implicit in our values, culture, processes, functions and organisational structure. Structures are designed to ensure that the values remain embedded in all businesses and processes. We continually refine these structures and a written Statement of Values serves as our Code of Ethics.

We operate under a Dual Listed Company (DLC) structure, and we adhere to the corporate governance regulations of the UK and South Africa.

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

This section provides a summary of our corporate governance philosophy, practices and key developments for the year ended 31 March 2008. A more detailed review is provided in the Investec group's 2008 annual report.

Board of directors

The board is accountable for the performance and affairs of Investec. It provides entrepreneurial leadership for the company within a framework of prudent and effective controls which allows risk to be assessed and managed. Specifically, it is responsible for the adoption of strategic plans, monitoring of operational performance and management, ensuring an effective risk management strategy, compliance with applicable legislation, upholding corporate governance standards and succession.

The board meets its objectives by reviewing and guiding corporate strategy, setting the company's values and standards, approving key policies and objectives, ensuring that obligations to its shareholders and other stakeholders are understood and met, understanding the key risks we face, determining our risk tolerance and approving and reviewing the processes in operation to mitigate risk from materialising, including the approval of the terms of reference of key supporting board committees.

The board has defined the limits of delegated authority. It is responsible for assessing and managing risk policies and philosophies; ensuring appropriate internal controls; 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 in implementing the plans and strategies approved by the board. The board monitors and evaluates 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, regular review of forecasts and regular management strategic and operational updates.
- Approves annual budgets, capital projections 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.
- Ensures we adopt sustainable business practices, including our social and environmental activities.
- Evaluates the performance of senior management and considers succession planning.

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

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

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. In compliance with the London Combined Code A.7.2., non-executive directors who have served on the board for more than nine years from the date of their first election are re-elected annually. Retiring directors are subject to an assessment of their performance by the Chairman and Nominations and Directors Affairs Committee before nomination for re-election and re-appointment. Biographical details of the directors standing for re-election at the 2008 Annual General Meeting are on pages 81 to 84.

	Date of appointment Investec plc	Investec Limited	Independent	Last elected	Retiring and seeking re-election in 2008
Executive directors					
S Koseff (Chief Executive Officer)	26 Jun 02	06 Oct 86	-	2006	No
B Kantor (Managing Director)	26 Jun 02	08 Jun 87	-	2006	Yes
GR Burger (Group Risk and Finance Director)	03 Jul 02	03 Jul 02	-	2007	No
A Tapnack	01 Jul 02	01 Jul 02	-	2007	No
Non-executive directors					
HS Herman (Chairman)	26 Jun 02	01 Jan 94	No	2007	Yes
SE Abrahams	26 Jun 02	21 Oct 96	Yes	2007	Yes
GFO Alford	26 Jun 02	26 Jun 02	Yes	2007	No
CA Carolus	18 Mar 05	18 Mar 05	Yes	2005	Yes
H Fukuda OBE	21 Jul 03	21 Jul 03	Yes	2005	Yes
GMT Howe	21 Jul 03	21 Jul 03	Yes	2005	Yes
IR Kantor	26 Jun 02	30 Jul 80	No	2007	Yes
Sir C Keswick (Senior Independent Director)	26 Jun 02	26 Jun 02	Yes	2005	Yes
MP Malungani	26 Jun 02	26 Jun 02	No	2005	Yes
Sir D Prosser	23 Mar 06	23 Mar 06	Yes	2006	No
PRS Thomas	26 Jun 02	29 Jun 81	Yes	2007	Yes
F Titi	30 Jan 04	30 Jan 04	No	2007	No

Donn Jowell resigned from the boards with effect 30 September 2007.

Corporate governance

The board is supported by key committees, as follows:

- DLC Audit Committee
- Investec plc Audit Committee
  - Audit Sub-Committees
  - Audit and Compliance Implementation Forums
- Investec Limited Audit Committee
  - Audit Sub-Committees
  - Audit and Compliance Implementation Forums
- Board Risk and Capital Committee
  - DLC Capital Committee
  - Executive Risk Review Forum
  - Various specialist risk committees and forums
- DLC Nomination and Directors' Affairs Committee
- DLC Remuneration Committee

These committees have specific terms of reference, appropriately skilled members, independent non-executive director membership, senior management participation and access to specialist advice when necessary.

Year in review

Board statement

The board, management and employees of Investec are in full support of and committed to complying with the Disclosure and Transparency Rules and Listing Rules of the United Kingdom Listing Authority (UKLA), the JSE Limited (JSE) Listings Requirements, regulatory requirements in the countries in which we operate, the London Combined Code (2006) and the King Code of Corporate Practices and Conduct (King II), whereby all stakeholders are assured that we are being managed ethically and in compliance with the latest legislation, regulations and best practices.

The board is of the opinion that Investec has complied with the Principles of Good Governance and Code of Best Practice contained in section 1 of the London Combined Code (2006) as well as King II, during the period under review, except as outlined below.

London Combined Code A.3.1. and King II - Independence of the Chairman

The Chairman, Hugh Herman, is not considered to be independent. At the time of his appointment, his duties included promoting the group and introducing clients but excluded day-to-day executive decisions. His role was full time and he sat on certain management forums. He was also included in various management incentive and share ownership schemes. For these reasons, he is not considered by the board to be independent in accordance with the London Combined Code and King II. However, since 2005 Hugh has distanced himself from executive responsibilities.

Developments

Internal control

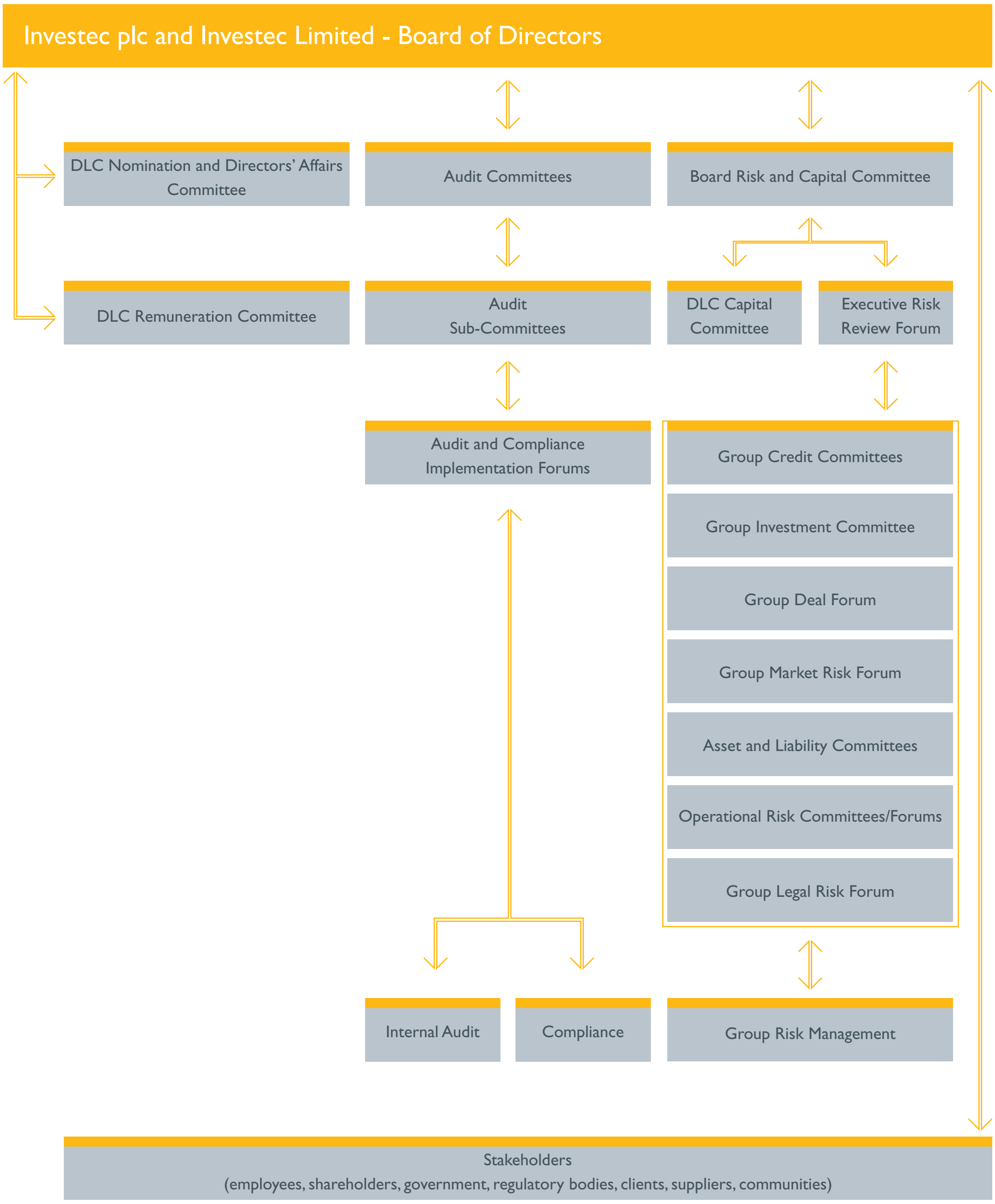
We have adopted the Turnbull guidance ("Internal Control: Guidance for Directors on the Combined Code" issued by the Institute of Chartered Accountants of England and Wales in 1999 and revised in 2005), and continued to embed the principles throughout the group during the year under review. Cognisance has also been taken of the King II requirements in South Africa.

Communication and stakeholder relations

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 is provided at such meetings. Non-executive directors and the Senior Independent Director are available and will attend meetings if requested and, as mentioned above, feedback on any issues or concerns raised by investors is provided to the board.

Governance framework

Our governance framework can be depicted as follows:



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 (which has remained unchanged) and directors' remuneration for the 2008 financial year.

During the period, in addition to its regular business, the committee continued to focus specifically on:

- Talent management and the retention of senior management and executives.
- The appropriateness of the various share option and long-term incentive plans currently in place, including inter alia, grant levels, dilution limits, performance criteria and vesting schedules.

Key points to note for the period under review include:

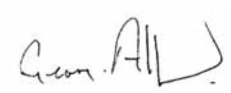
- Investec has posted an increase in attributable earnings of 14.6% from £300.7 million to £344.7 million.
- Executive directors hold 1.8% and 2.6% of the issued share capital of Investec plc and Investec Limited, respectively. Non-executive directors hold 0.8% and 4.3% of the issued share capital of Investec plc and Investec Limited, respectively (see table on page 67).
- Our total shareholder return was negative 44.8% for Investec plc in Pounds Sterling and negative 34.8% for Investec Limited in Rands. This compares to a negative return of 15.3% for the FTSE 350 General Finance Index. The group increased its dividend return by 18.9% in Pounds Sterling and 28.9% in Rand over the year. We have however, experienced a decline in our share price as a result of the global credit and liquidity crisis. This decline is not out of line with the fall in share prices of other UK universal and global investment banks. Since listing on the London Stock Exchange in 2002, Investec plc has outperformed the FTSE 350 General Finance Index (see graph on page 64).

The report complies with the provisions of the 2006 London Combined Code, Schedule 7A of the UK Companies Act 1985, the UK Financial Services Authority Listing Rules, the South African King II "Code of Corporate Practice and Conduct" and the JSE Limited Listing Rules. Additional information has also been included to reflect the most common enquiries received.

Furthermore, the auditors are of the opinion that the auditable part of this report on pages xx to xx was properly prepared, in accordance with Schedule 7A of the UK Companies Act 1985.

The committee unanimously recommends that you vote to approve this report at the 2008 Annual General Meeting.

Signed on behalf of the board



George Alford
Chairman, Remuneration Committee

17 June 2008

Remuneration report

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, develop and agree with the board, the framework or broad policy for the remuneration of executive directors and executive management (comprising individuals discharging managerial responsibilities, 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 the success of the group and alignment with the corporate objectives and business strategy.
- Review and approve the design of, and determine targets and objectives for any performance related pay schemes for directors and executive management and approve annual payouts under such schemes.
- 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 eight 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 acts as Secretary to the committee. Executive directors do not attend these meetings, although the Chairman of the board has attended on one occasion. The Chairman of the committee reports on the activities of the committee at each meeting of the full board.

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 continued to use the services of its advisers, Hewitt New Bridge Street, which amongst other things specifically reviewed and provided information on appropriate benchmark, industry and comparable organisations' remuneration practices.

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 the group.

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.

Remuneration report

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.
    - The committee also reviews on an individual basis data on other international banks with whom we compete.
    - The committee recognises that we operate an international business and compete with both local and international competitors in each of our markets.
    - 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 2008 and 2009 financial years is shown below:

Non-executive directors' remuneration	2008 financial year	As approved by the board for the 2009 financial year
Basic fee	£50 000 per year	£53 000 per year
Chairman of the DLC Audit Committee	£40 000 per year	£45 000 per year
Chairman of the DLC Remuneration Committee	£30 000 per year	£32 000 per year
Member of the DLC Audit Committee	£12 500 per year	£13 000 per year
Member of the DLC Remuneration Committee	£12 000 per year	£12 500 per year
Member of Investec Bank (UK) Limited board	£8 500 per year	£9 000 per year
Member of the Investec Bank Limited board	R135 000 per year	R150 000 per year
Fees are also payable for any additional time committed to the group including attendance at certain other meetings		

During the 2008 financial year, the Chairman received a total fee of £340 000 for his services as a director and it is intended that he will receive £360 000 for the 2009 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.

There is no requirement for non-executive directors to hold shares in the company. The company has left this choice to the discretion of each non-executive director.

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. The letters of appointment do not contain provisions for compensation payable on early termination. 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 2009 (subject to rotational re-election as directors at the 2008 meeting and in terms of the provision of the Articles of Association). All non-executive directors who have been members of the board for longer than nine years are subject to annual re-election as required in terms of our Articles of Association. Those directors seeking rotational re-election at the 2008 Annual General Meeting are shown on page 52.

Biographical details of the directors of the board

These details can be found on pages 81 to 84.

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 xx.

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. Only salaries are pensionable, the annual bonuses paid are not pensionable. Our disclosure of executive directors' salaries on page xx has been done on a gross basis (i.e. inclusive of pension fund contributions from the company). It is the company's policy to seek to set base salaries (including benefits) at median market levels.

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 so as to ensure that overall reward levels are positioned at the upper quartile level for superior performance, in line with our overriding remuneration policy.

As explained in the prior year's report, the committee undertook a thorough assessment of the executive remuneration structure in 2007 which resulted in the removal of the annual bonus limit. This practice was maintained during the 2008 financial year. The committee still believes that an upper limit on the bonus award is inappropriate given the remuneration practices within the group and in similar financial services businesses. Our policy remains to target at median salaries and upper quartile for total compensation in order to limit the increase in fixed costs.

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.

Executive directors collectively hold approximately 2.1% 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 a leveraged equity plan known as Fintique II, which was established in 1996. 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	Options/ shares	Maximum award per individual[1]	Performance conditions[2]	Vesting period	Awards made during the year[3]	Total unvested as at 31 March 2008[4/5/6]
Current share option 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 Aug 2002	Investec plc	• Cumulative limit of 2 500 000 across all option 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	Nil	Number: 1 846 230 % of issued share capital of company: 0.4%
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 Aug 2002	Investec plc	• Cumulative limit of 2 500 000 across all option 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	360 103	Number: 2 767 745 % of issued share capital of company: 0.7%
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 Mar 2005	Investec plc	• Cumulative limit of 2 500 000 across all option plans • In any financial year: 1x remuneration package	None	75% end of year 4 and 25% end of year 5	6 780 166	Number: 20 829 786 % of issued share capital of company 4.9%
Investec Limited Share Incentive Plan - nil cost options	• New and existing full time employees in SA, Botswana, Namibia and Mauritius • Excluding executive directors	16 Mar 2005	Investec Limited	• Cumulative limit of 2 500 000 across all option plans • In any financial year: 1x remuneration package	None	75% end of year 4 and 25% end of year 5	7 601 180	Number: 23 598 776 % of issued share capital of company 10.1%

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

Plan	Eligibility	Date implemented	Options/ shares	Maximum award per individual[1]	Performance conditions[2]	Vesting period	Awards made during the year[3]	Total unvested as at 31 March 2008[4/5/6]
Long-term incentive plans[7]								
Investec plc Share Matching Plan 2005	• Executive directors	14 Nov 2005	Matching awards of Investec Limited and Investec plc shares in the ratio of 1:1 against shares invested in plan by the director	• A maximum of 750 000 investment shares may be invested in the plan each time the plan is operated	Vesting scale over the period based on normalised EPS growth in excess of UK RPI, with 0% vesting if EPS growth is less than 4% plus RPI p.a. and 100% vesting if EPS growth is in excess of RPI plus 12% p.a.	75% end of year 4 and 25% end of year 5	150 000	Number 2 450 000 % of issued share capital of company 0.4%
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	• 500 000 individual limit in terms of this scheme • Cumulative limit of 2 500 000 across all option plans • In any financial year: 1x remuneration package	None	Tranches over eight years ending 15 May 2011	2 733 409	Number: 10 739 994 % of issued share capital of company: 4.6%
Share plans not currently in use								
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 Aug 2002	Cash settled based on the increase in the Investec Limited share price	• Cumulative limit of 2 500 000 across all option 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	Last grant made on 17 June 2003	Number: 10 440 % of issued share capital of company: 0%
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	• Cumulative limit of 2 500 000 across all option 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	Last grant made on 14 Dec 2005	Number: 2 778 206 % of issued share capital of company: 0.4%

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

Plan	Eligibility	Date implemented	Options/ shares	Maximum award per individual[1]	Performance conditions[2]	Vesting period	Awards made during the year[3]	Total unvested as at 31 March 2008[4/5/6]
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 Nov 1999	Investec Group Limited (prior to implementation of DLC structure) (now Investec Limited and Investec plc)	• Cumulative limit of 2 500 000 across all option plans • In any financial year: 1x remuneration package	None	Tranches of 25% each on the second, third, fourth and fifth anniversaries. Awards lapse 10 years after grant.	Last grant made on 20 June 2002. No further grants will be made	Number: 410 510 % of issued share capital of company 0.1%
Investec Limited Security Purchase and Option Scheme Trust	• Employees in SA, Botswana, Namibia and Mauritius • Directors and executives	25 Nov 1988	Investec Limited and Investec plc	• Cumulative limit of 2 500 000 across all option plans • In any financial year: 1x remuneration package	None	Tranches of 25% each on the second, third, fourth and fifth anniversaries. Awards lapse 10 years after grant.	Last grant made on 2 May 2002. No further grants will be made	Number: 2 540 824 % of issued share capital of company 0.4%

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 2009 financial year but keeps the whole matter of the suitability of target-linked share based remuneration under periodic review. This note does not apply to the Share Matching Plan 2005 which has different performance conditions as approved by shareholders (further information is available on our website).

3 This represents the number of awards made to all participants. For further details, see the directors' report on page 92. More details on the directors' shareholdings are also provided in tables accompanying this report.

4 Dilution limits: Investec is committed to following the Association of British Insurers' (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 2008 was 423.3 million shares and 234.3 million shares, respectively. As announced on the stock exchange news services, 4.9 million Investec plc and 6.7 million Investec Limited shares were issued to the staff share schemes during the year.

5 The market price of an Investec plc share as at 31 March 2008 was £3.39 (2007: £6.58), ranging from a low of £2.94 to a high of £7.65 during the financial year.

6 The market price of an Investec Limited share as at 31 March 2008 was R57.43 (2007: R93.30), ranging from a low of R50.90 to a high of R104.40 during the financial year.

7 The rules of these long-term incentive plans do not allow Investec to issue new shares to the plan to satisfy any awards made to participants, nor may awards be made to executive directors.

Performance graph total shareholder return

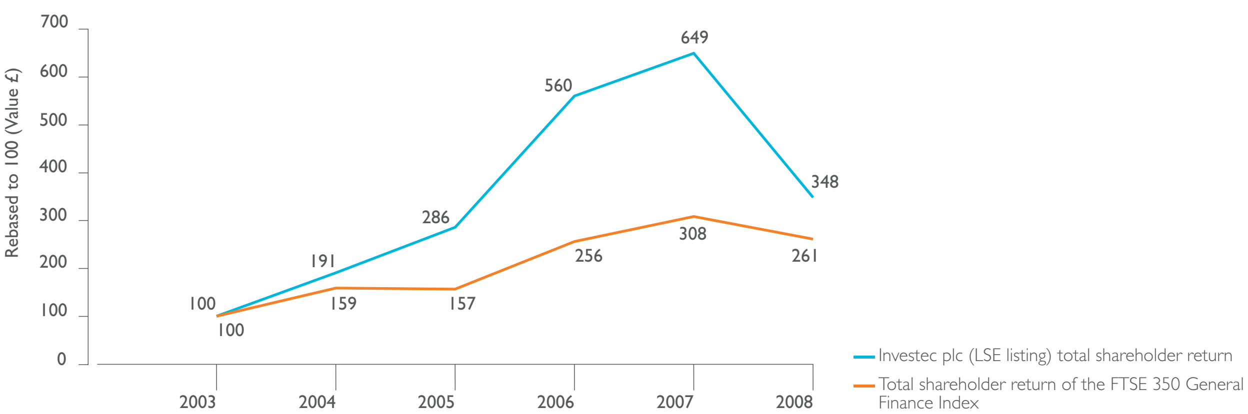
We have implemented a DLC structure, in terms of which we have primary listings in London and Johannesburg. The listing on the London Stock Exchange (LSE) took place on 29 July 2002, although we have been listed in South Africa since 1986.

Schedule 7A of the UK Companies Act 1985 requires 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 below 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 2008, 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 £248 compared with a return of £161 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 2007 to 31 March 2008, the return to shareholders of Investec plc (measured in Pounds Sterling) and Investec Limited (measured in Rands) was negative 44.8% and negative 34.8%, respectively. This compares to a negative return of 15.3% for the FTSE 350 General Finance Index.

The market price of our shares on the LSE was £3.39 as at 31 March 2008, ranging from a low of £2.94 to a high of £7.65 during the financial year. Furthermore, the market price of our shares on the JSE Limited was R57.43 as at 31 March 2008, ranging from a low of R50.90 to a high of R104.40 during the financial year.



Source: Datastream

Remuneration report

Audited information

Director's annual remuneration

The following table shows a breakdown of the annual remuneration (excluding share based payments and equity awards) of directors for the year ended 31 March 2008:

Name	Salaries, directors fees and other remuneration 2008 £	Total other benefits 2008[3] £	Gross remuneration 2008[1/2] £	Annual bonus 2008 £	Total remuneration 2008 £	Total remuneration 2007[4] £
Executive directors						
S Koseff (Chief Executive Officer)	323 740	73 760	397 500	2 900 000	3 297 500	3 435 000
B Kantor (Managing Director)	370 236	37 723	407 959	2 900 000	3 307 959	3 435 000
GR Burger (Group Risk and Finance Director)	219 729	42 830	262 559	2 445 842	2 708 401	2 511 121
A Tapnack	258 333	30 844	289 177	750 000	1 039 177	1 323 304
Total Pounds Sterling	**1 172 038**	**185 157**	**1 357 195**	**8 995 842**	**10 353 037**	**10 704 425**
Non-executive directors						
HS Herman (Chairman)	340 000	-	340 000	-	340 000	340 000
SE Abrahams	171 826	-	171 826	-	171 826	152 471
GFO Alford	114 000	-	114 000	-	114 000	107 000
CA Carolus	51 572	-	51 572	-	51 572	45 000
H Fukuda OBE	50 000	-	50 000	-	50 000	45 000
GMT Howe	82 000	-	82 000	-	82 000	76 000
DE Jowell[5]	83 229	-	83 229	-	83 229	185 506
IR Kantor	58 500	-	58 500	-	58 500	53 000
Sir C Keswick	83 000	-	83 000	-	83 000	77 000
MP Malungani	57 862	-	57 862	-	57 862	53 965
Sir D Prosser	62 500	-	62 500	-	62 500	57 000
PRS Thomas	137 244	-	137 244	-	137 244	127 977
F Titi	132 968	-	132 968	-	132 968	53 966
Total Pounds Sterling	**1 424 701**	**-**	**1 424 701**	**-**	**1 424 701**	**1 373 885**
Total Pounds Sterling	**2 596 739**	**185 157**	**2 781 896**	**8 995 842**	**11 777 738**	**12 078 310**

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 5.0%. The gross remuneration of GR Burger is determined in Rands and converted into Pounds Sterling. In Rand terms GR Burger's gross remuneration increased by 6.5% from R2 625 000 to R2 795 833. Gross remuneration increases for other employees across the group have generally been in the range of 4% to 10% depending on where they are employed, 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] A breakdown of the components of the reward packages for the executive directors in the 2007 financial year is as follows:

Name	Salary £	Total other benefits £	Gross remuneration £	Annual bonus £	Total remuneration £
Executive directors					
S Koseff (Chief Executive Officer)	315 644	69 356	385 000	3 050 000	3 435 000
B Kantor (Managing Director)	354 796	30 204	385 000	3 050 000	3 435 000
GR Burger (Group Risk and Finance Director)	212 944	48 177	261 121	2 250 000	2 511 121
A Tapnack	244 167	29 137	273 304	1 050 000	1 323 304
Total Pounds Sterling	1 127 551	176 874	1 304 425	9 400 000	10 704 425

[5] Resigned with effect from 30 September 2007.

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	2008 £	2007 £
Executive directors		
S Koseff (Chief Executive Officer)	54 813	49 828
B Kantor (Managing Director)	27 563	21 021
GR Burger (Group Risk and Finance Director)	26 841	29 418
A Tapnack	25 833	24 417
Total Pounds Sterling	135 050	124 684

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 (in terms of IFRS 2) 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 2008 £	Accounting IFRS charge in relation to equity awards 2008 £	Total assumed remuneration expense 2008 £	Salary, bonus and other benefits 2007 £	Accounting IFRS charge in relation to equity awards 2007 £	Total remuneration expense 2007 £
Executive directors						
S Koseff (Chief Executive Officer)	3 297 500	636 737	3 934 237	3 435 000	662 087	4 097 087
B Kantor (Managing Director)	3 307 959	633 809	3 941 768	3 435 000	653 331	4 088 331
GR Burger (Group Risk and Finance Director)	2 708 401	647 000	3 355 401	2 511 121	552 800	3 063 921
A Tapnack	1 039 177	170 075	1 209 252	1 323 304	179 591	1 502 895
Total Pounds Sterling	10 353 037	2 087 621	12 440 658	10 704 425	2 047 809	12 752 234

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 2008.

Directors' shareholdings in Investec plc and Investec Limited shares as at 31 March 2008

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 2007	31 March 2008	31 March 2008	1 April 2007	31 March 2008	31 March 2008
Executive directors						
S Koseff	4 845 383	4 886 633	1.2%	420 265	441 515	0.2%
B Kantor[4]	1 500	1 500	-	6 336 200	5 001 000	2.1%
GR Burger	2 410 095	2 530 095	0.6%	432 385	499 885	0.2%
A Tapnack	-	88 900	-	185 105	185 105	0.1%
Total number	**7 256 978**	**7 507 128**	**1.8%**	**7 373 955**	**6 127 505**	**2.6%**
Non-executive directors						
HS Herman	1 369 915	1 369 915	0.3%	44 525	44 525	-
SE Abrahams	30 000	30 000	-	-	-	-
GFO Alford	-	3 100	-	-	-	-
CA Carolus	-	-	-	-	-	-
H Fukuda OBE	5 000	5 000	-	-	-	-
GMT Howe	-	-	-	-	-	-
IR Kantor	1 380 066	1 512 570	0.4%	2 126 536	2 002 100	0.9%
Sir C Keswick	15 750	15 750	-	9 250	9 250	-
MP Malungani[5]	-	-	-	7 728 890	7 728 890	3.3%
Sir D Prosser	10 000	10 000	-	-	-	-
PRS Thomas	415 855	415 855	0.1%	255 955	255 955	0.1%
F Titi[5]	-	-	-	1 540 000	-	-
Total number	**3 226 586**	**3 362 190**	**0.8%**	**11 705 156**	**10 040 720**	**4.3%**
Total number	**10 483 564**	**10 869 318**	**2.6%**	**19 079 111**	**16 168 225**	**6.9%**

Notes:

1 The total number of Investec plc and Investec Limited shares in issue as at 31 March 2008 was 423.3 million and 234.3 million, respectively.

2 The market price of an Investec plc share as at 31 March 2008 was £3.39 (2007: £6.58), ranging from a low of £2.94 to a high of £7.65 during the financial year.

3 The market price of an Investec Limited share as at 31 March 2008 was R57.43 (2007: R93.30), ranging from a low of R50.90 to a high of R104.40 during the financial year.

4 In addition to his shareholdings reflected in the table above, B Kantor has an interest in Investec Limited shares via futures contracts, the details of which are as follows:

- B Kantor purchased single stock futures over 800 000 Investec Limited shares at a strike price of R62.30 per share.

5 In November 2003, Investec Limited concluded an empowerment transaction with Tiso Group (Tiso), Peu Group (Proprietary) Limited (Peu), a broad-based Entrepreneurship Development Trust and an Employee Share Trust in terms of which they acquired a 25.1% stake in the issued share capital of Investec Limited. MP Malungani is the Chairman of Peu and F Titi was the former Chief Executive Officer of Tiso. F Titi disposed of his entire interest in Tiso on 31 January 2008, resulting in his indirect interest in Investec Limited reducing to nil.

Directors' interest in preference shares as at 31 March 2008

Name	Investec Bank Limited		Investec Limited		Investec plc	
	1 April 2007	31 March 2008	1 April 2007	31 March 2008	1 April 2007	31 March 2008
Executive directors						
S Koseff	4 000	4 000	3 000	3 000	21 198	21 198
Non-executive directors						
HS Herman	1 135	1 135	-	-	-	-

Notes:
- The market price of an Investec Bank Limited preference share as at 31 March 2008 was R91.00 (2007: R103.10).
- The market price of an Investec Limited preference share as at 31 March 2008 was R84.40 (2007: R95.00).
- The market price of an Investec plc preference share as at 31 March 2008 was R98.00 (2007: R124.99).

Directors' attributable interest in Investec plc and Investec Limited shares through a leveraged equity plan called Fintique II as at 31 March 2008

Name	Entitlement to Investec plc shares		Entitlement to Investec Limited shares		Settlement period	Total entitlement (i.e. Investec plc and Investec Limited shares) - % interest in scheme 31 March 2008
	1 April 2007	31 March 2008	1 April 2007	31 March 2008		
Executive directors						
S Koseff	918 420	918 420	539 395	539 395	1 April 2008 to 31 July 2008	8.2%
B Kantor[1]	-	-	221 500	-	1 April 2008 to 31 July 2008	-
GR Burger	629 515	629 515	369 715	369 715	1 April 2008 to 31 July 2008	5.6%
A Tapnack	-	-	168 340	168 340	1 April 2008 to 31 July 2008	0.9%
Non-executive directors						
HS Herman	451 045	451 045	264 900	264 900	1 April 2008 to 31 July 2008	4.0%
Total number	**1 998 980**	**1 998 980**	**1 563 850**	**1 342 350**		**19.0%**

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 4 430 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 17.8 million shares.
- All the shares to which the directors are entitled in terms of the Fintique II scheme are fully tradable and so "fully vested" as the term is understood in the UK, and can be taken up at a price of R3.52 per share, based on the valuation of the scheme as at 31 March 2008. The market price of an Investec plc share and an Investec Limited share as at 31 March 2008 was £3.39 and R57.43, 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] In terms of the scheme B Kantor disposed of his entitlements in respect of 221 500 Investec Limited shares at a market price of R61.61 per share on 28 February 2008. Following the disposal of the 221 500 Investec Limited shares, B Kantor has no remaining entitlements in terms of the Fintique II scheme.

Directors' interest in options as at 31 March 2008

Investec plc shares

Name	Date of grant	Exercise price	Number of Investec plc shares at 1 April 2007	Exercised during the year[1]	Options granted/ lapsed during the year	Balance at 31 March 2008	Market price at date of exercise[1]	Gross gains made on date of exercise[1]	Period exercisable
Executive directors									
S Koseff	20 Dec 2002	R22.39	41 250	41 250	-	-	R58.20	R1 477 162	
B Kantor	20 Dec 2002	£1.59	72 905	57 775	-	15 130	£4.18	£149 637	Vesting scale in terms of the scheme rules. Vesting ends 20 March 2012
GR Burger	20 June 2002	R32.90	78 750	78 750	-	-	R72.52	R3 120 075	
	20 Dec 2002	R22.39	41 250	41 250	-	-	R58.20	R1 477 162	
A Tapnack	28 June 2002	£2.10	59 070	59 070	-	-	£4.90	£165 396	Vesting scale in terms of the scheme rules. Vesting ends 20 March 2012
	20 Dec 2002	£1.59	72 905	57 775	-	15 130	£3.19	£92 440	

Directors' interest in options as at 31 March 2008 (continued)

Investec Limited shares

Name	Date of grant	Exercise price	Number of Investec Limited shares at 1 April 2007	Exercised during the year[1]	Options granted/ lapsed during the year	Balance at 31 March 2008	Market price at date of exercise[1]	Gross gains made on date of exercise[1]
Executive directors								
S Koseff	20 Dec 2002	R22.26	21 250	21 250	-	-	R59.29	R786 888
GR Burger	20 June 2002	R32.90	46 250	46 250	-	-	R72.40	R1 826 875
	20 Dec 2002	R22.26	21 250	21 250	-	-	R59.29	R786 888
A Tapnack	20 June 2002	R32.90	34 680	34 680	-	-	R72.40	R1 369 860

Notes:

No new option grants were made to executive directors during the financial year. The market price of an Investec plc share as at 31 March 2008 was £3.39 (2007: £6.58), ranging from a low of £2.94 to a high of £7.65 during the financial year. A total of 423.3 million Investec plc shares were in issue as at 31 March 2008. The market price of an Investec Limited share as at 31 March 2008 was R57.43 (2007: R93.30), ranging from a low of R50.90 to a high of R104.40 during the financial year. A total of 234.3 million Investec Limited shares were in issue as at 31 March 2008.

[1] Details with respect to options exercised:

- S Koseff exercised his options and bought 41 250 Investec plc shares and 21 250 Investec Limited shares on 18 January 2008, when the share price was R58.20 and R59.29 per Investec plc and Investec Limited share, respectively. The performance conditions with respect to these options were met.
- B Kantor exercised his options and bought 57 775 Investec plc shares on 18 January 2008, when the share price was £4.18 per share. The performance conditions with respect to these options were met.
- GR Burger exercised his options and bought 78 750 Investec plc shares and 46 250 Investec Limited shares on 18 September 2007, when the share price was R72.52 and R72.40 per Investec plc and Investec Limited share, respectively. GR Burger exercised his options and bought 41 250 Investec plc shares and 21 250 Investec Limited shares on 18 January 2008, when the share price was R58.20 and R59.29 per Investec plc and Investec Limited share, respectively. The performance conditions with respect to these options were met.
- A Tapnack exercised his options and bought a net 3 180 Investec plc shares and sold 34 680 Investec Limited shares on 18 September 2007, when the share price was £4.90 and R72.40 per Investec plc and Investec Limited share, respectively. A Tapnack exercised and bought 57 775 Investec plc shares on 19 March 2008, when the share price was £3.19 per 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 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 2008

Name	Date of grant	Exercise price	Number of Investec plc shares at 1 April 2007[1]	Balance at 31 March 2008	Period exercisable
Executive directors					
S Koseff	21 Nov 05	£0.00	750 000	750 000	75% of the matching award is exercisable on 30 June 2009 and 25% on 30 June 2010
B Kantor	21 Nov 05	£0.00	750 000	750 000	75% of the matching award is exercisable on 30 June 2009 and 25% on 30 June 2010
GR Burger[1]	21 Nov 05	£0.00	600 000	600 000	75% of the matching award is exercisable on 30 June 2009 and 25% on 30 June 2010
	25 Jun 07	£0.00	-	150 000	75% of the matching award is exercisable on 25 June 2011 and 25% on 25 June 2012
A Tapnack	21 Nov 05	£0.00	200 000	200 000	75% of the matching award is exercisable on 30 June 2009 and 25% on 30 June 2010

Notes:

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. Further details on the plan are available on our website.

[1] GR Burger was awarded nil cost options over 150 000 Investec plc shares on 25 June 2007 and has pledged the equivalent number of shares in terms of the plan rules.The award is subject to performance conditions.

Summary: total interest in Investec plc and Investec Limited ordinary shares, options and long-term incentive awards as at 31 March 2008

Investec plc

Name	Beneficially and non-beneficially held	Fintique II	Options	Share Matching Plan	Balance at 31 March 2008	Balance at 31 March 2007
Executive directors						
S Koseff	4 886 633	918 420	-	750 000	6 555 053	6 555 053
B Kantor	1 500	-	15 130	750 000	766 630	824 405
GR Burger	2 530 095	629 515	-	750 000	3 909 610	3 759 610
A Tapnack	88 900	-	15 130	200 000	304 030	331 975
Total number	**7 507 128**	**1 547 935**	**30 260**	**2 450 000**	**11 535 323**	**11 471 043**

Summary: total interest in Investec plc and Investec Limited ordinary shares, options and long-term incentive awards as at 31 March 2008 (continued)

Investec Limited

Name	Beneficially and non-beneficially held	Fintique II	Options	Share Matching Plan	Balance at 31 March 2008	Balance at 31 March 2007
Executive directors						
S Koseff	441 515	539 395	-	-	980 910	980 910
B Kantor[1]	5 001 000	-	-	-	5 001 000	6 557 700
GR Burger	499 885	369 715	-	-	869 600	869 600
A Tapnack	185 105	168 340	-	-	353 445	388 125
Total number	**6 127 505**	**1 077 450**	**-**	**-**	**7 204 955**	**8 796 335**

Notes:

The total number of Investec plc and Investec Limited shares in issue as at 31 March 2008 was 423.3 million and 234.3 million, respectively. The market price of an Investec plc share as at 31 March 2008 was £3.39 (2007: £6.58), ranging from a low of £2.94 to a high of £7.65 during the financial year. The market price of an Investec Limited share as at 31 March 2008 was R57.43 (2007: R93.30), ranging from a low of R50.90 to a high of R104.40 during the financial year.

[1] In addition to his shareholdings reflected in the table above, B Kantor has an interest in Investec Limited shares via futures contracts, the details of which are as follows:

- B Kantor purchased single stock futures over 800 000 Investec Limited shares at a strike price of R62.30 per share.

Conclusion

The Remuneration Committee will continue to ensure that reward packages remain competitive, provide appropriate incentive for performance and take due regard of our culture, values and philosophies. The committee will keep the existing remuneration arrangements, as discussed in this report, under review during the 2009 financial year.

Our business responsibility

Our Business Responsibility

Taking stock

Just as international sustainability issues are showing signs of becoming mainstream, the realities of the global economic cycle have surfaced to push back against an excessive business focus on non-financial matters. Inevitably, fears about the deepening international global credit crunch, deteriorating health of the international banking system, sharply weakening economic and inflation outlook, and the rising threat of international protectionism, took precedence during the reporting period. Whereas this inevitably reduced some of the momentum that had previously built up around broader sustainability issues within business, the financial concerns of the period did not result in an outright reversal of focus on the non-financial components of sustainability. Rather, the period merely manifested a changed balance of emphasis, all the while within the broad realm of sustainability, and any tensions that may have arisen between the different elements during the period were clearly seen to be cyclical not structural.

From an Investec standpoint, the reporting period saw continued efforts at cementing and entrenching Our Business Responsibility within the bank. Increasingly understood as Investec's adopted terminology for sustainability, Our Business Responsibility has now come to be seen as the logical confluence between Profits, People and Planet.

Developments during the year

The detail pertaining to group-wide developments relating to the different aspects of Our Business Responsibility during the reporting period can be accessed in full elsewhere, on our website. The period saw continued solid progress on a broad array of fronts.

The non-financial dimensions of Our Business Responsibility saw continued focus on the many different aspects of our people and environmental endeavours, inside and outside the organisation. On the people front, continued internal focus on diversity, talent and leadership development commanded much time and attention, while our external people focus revolved around the developmental aspect of our CSI activities. Our environmental endeavours, everywhere, continued to gain traction.

Specific sustainability initiatives on the South African front during the period included a commissioned third-party review of the CIDA City Campus. Designed to provide assurance regarding both the financial and non-financial sustainability dimensions of the institution, the review was also intended to inform our continued involvement with CIDA in the context of so many competing demands on our resources. On the environmental front, South Africa launched an internal countrywide paper reduction campaign, aimed at effecting a 15% reduction in per capita consumption, the eventual outcome of which was a per capita decrease in consumption in excess of 20%. A new South African staff initiative, Team Green, modelled on the success of its Investec UK equivalent, was established to help change internal environmental behaviours. We also featured very strongly in this year's Financial Mail Top Empowerment Company awards, ranking sixth and placing first of the banking groups in the overall ranking.

On the UK front, traditional CSI activities remained an ongoing source of focus but an extensive review throughout the period may drive some strategic change in emphasis going forward. The UK's internal environmental activities, further established than elsewhere in the group, continued to win external plaudits and, for the second successive year, we featured very strongly in the prestigious City of London Prize, winning the Chairman's Cup.

Outside of our principal geographies, sustainability has been more a function of the financial prerequisites associated with the need to grow, build critical mass and ensure the successful integration of acquired business. However, here too, steps are being taken to broaden the understanding of Our Business Responsibility and to cement the notion of the triple bottom line.

Looking ahead

In seeking to demystify what sustainability means for our organisation, we have adopted the approach that Our Business Responsibility is not something that we are looking to do as an aside. Rather, in the context of the culture and values that drive our organisation, Our Business Responsibility is a logical extension of who we are and how we go about things. Indeed, increasingly within Investec, the recognition is that Our Business Responsibility is simply 'good business'.

As sustainability issues worldwide have become increasingly mainstream in recent years, so have they within Investec. There is now a more soundly based appreciation of our responsibilities as an effective corporate citizen. Having always had an innate sense of wanting to do the right thing, the adoption of a formal group philosophy in respect of Our Business Responsibility now not only seeks to align the interests of both shareholders and stakeholders over time, but provides the business units and regions with a framework of reference within which to determine their own approach.

This philosophy very simply states that 'in pursuit of sustainable profits, we seek to be a positive influence in all our business activities, in each of the societies in which we operate. We do this by empowering communities through entrepreneurship and education, recognising the true value of diversity and addressing the challenges posed by climate change, and our use of natural resources'.

Our Business Responsibility

From an overall group perspective, there is a certain asymmetry in our non-financial sustainability endeavours. South Africa, where our focus on sustainability has its roots, has long prioritised the social aspects of the triple bottom line, embracing only recently the environmental dimensions, whereas the emphasis has been exactly the other way around in our other principal geographies.

The social aspects which underpin our approach to Our Business Responsibility revolve around education and entrepreneurship. We boast a long-standing and credible track record whereby we have sought to satisfy unmet needs, principally in South Africa, by means of entrepreneurial flair and innovation (examples are the CIDA City Campus and The Business Place). On the Black Economic Empowerment front, too, we have been consistently proactive, and are a recognised leader in the identification, financing, creation and replication of BEE platforms within South Africa.

Outside of South Africa, the other principal geographies are also beginning to focus more attention on the specific social dynamics within their respective operating environments and drawing where possible on the essence of the group approach. As has been the case in South Africa, education and entrepreneurship are being singled out for pursuit, with the same regional desire for active engagement.

The environmental dimensions of sustainability remain an incremental advance for us. As a specialist bank, we continue to ponder the ramifications, and value-add, of signing up to inviolable commitments around our carbon-emissions or financing status. That said, we have actively explored, and continue to explore, ways in which we can address our own internal behaviours, and are looking to cement, in a more structured way, an understanding of the risks posed by environmental considerations. All regions are now looking to begin the exercise of measuring their respective carbon footprint, and the pursuit of commercial opportunity within the environmental space is well understood, and selectively pursued.

The ongoing electricity crisis in South Africa has highlighted the need to preserve energy and this theme, which will also translate well outside of South Africa, will represent the next phase in our group-wide internal environmental awareness campaign. Beyond that, the year ahead will see continued focus on the many multifaceted sub-components of sustainability, on the recognition that the business units will be the primary driver of our energies on this front, with the centre merely seeking to maintain responsibility for oversight, coordination and integration.

Having accomplished the goal of re-energising our sustainability efforts in the past year, and formally incorporating the missing component of the environment, we have now built an appropriate platform from which to progress further. Our more comprehensive, widespread and mature understanding of Our Business Responsibility will provide us with the sense of purpose to guide our continued sustainability journey and, the vagaries of the economic cycle permitting, the year ahead will enable us to make additional advances.

The 2008 Our Business Responsibility report can be accessed on our website at www.investec.com/grouplinks/obr

Additional information

Shareholder analysis

We have implemented a Dual Listed Companies (DLC) structure in terms of which we have primary listings both in Johannesburg and London. Investec plc, which houses the majority of our 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 our Southern African and Mauritius operations, has been listed in South Africa since 1986.

As at 31 March 2008 Investec plc and Investec Limited had 423.3 million and 234.3 million ordinary shares in issue, respectively.

Spread of ordinary shareholders as at 31 March 2008

Investec plc ordinary shares in issue

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
6 164	1 to 500	32.6	1 765 234	0.4
4 385	501 to 1 000	23.2	3 477 335	0.8
5 596	1 001 to 5 000	29.6	13 235 804	3.1
1 026	5 001 to 10 000	5.3	7 664 017	1.8
1 031	10 001 to 50 000	5.4	23 804 401	5.6
257	50 001 to 100 000	1.4	17 990 847	4.2
464	100 001 and over	2.5	355 381 861	84.1
18 923		**100.0**	**423 319 499**	**100.0**

Investec Limited ordinary shares in issue

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
4 235	1 to 500	41.3	1 070 304	0.5
2 105	501 to 1 000	20.5	1 631 496	0.7
2 588	1 001 to 5 000	25.3	5 911 003	2.5
446	5 001 to 10 000	4.4	3 278 657	1.4
514	10 001 to 50 000	5.0	11 844 549	5.1
142	50 001 to 100 000	1.4	10 368 935	4.4
218	100 001 and over	2.1	200 206 370	85.4
10 248		**100.0**	**234 311 314**	**100.0**

Shareholder classification as at 31 March 2008

	Investec plc number of shares	% holding	Investec Limited number of shares	% holding
Public*	410 337 813	96.9	191 902 690	81.9
Non-public	12 981 686	3.1	42 408 624	18.1
Non-executive directors of Investec plc/Investec Limited**	3 362 190	0.8	2 311 830	1.0
Executive directors of Investec plc/Investec Limited	*7 507 128	1.8	6 127 505	2.6
Investec staff share schemes	2 112 368	0.5	20 913 734	8.9
Peu Group (Proprietary) Limited**	-	-	13 055 555	5.6
Total	**423 319 499**	**100.0**	**234 311 314**	**100.0**

* As per the JSE Limited listing requirements.

** In November 2003, Investec implemented an empowerment transaction. The shareholding of MP Malungani (non-executive director of Investec) is shown under the holding of Peu Group (Proprietary) Limited.

Largest shareholders as at 31 March 2008

In accordance with the terms provided for in Section 793 of the UK Companies Act 2006 and Section 140A of the South African Companies Act, 1973, we have conducted investigations into the registered holders of our ordinary shares (including nominee and asset management companies) and the results are as disclosed below.

Investec plc

Shareholder analysis by manager group	Number of shares	% holding
1 Public Investment Commissioner (ZA)	38 386 376	9.1
2 Old Mutual Asset Managers (ZA)	30 738 426	7.3
3 Investec Securities (Pty) Limited (ZA)*	27 170 269	6.4
4 Legal & General Investment Mgmt Ltd (UK)	19 383 804	4.6
5 Coronation Fund Managers (ZA)	19 212 614	4.5
6 RMB Asset Management (ZA)	15 332 295	3.6
7 JP Morgan Asset Management (UK)	14 320 783	3.4
8 Jupiter Asset Management Limited (UK)	13 173 074	3.1
9 Investec Asset Management (ZA)*	10 663 833	2.5
10 Sanlam Investment Management (ZA)	10 232 649	2.4
Cumulative total	**198 614 123**	**46.9**

The top 10 shareholders account for 46.9% 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

Shareholder analysis by manager group	Number of shares	% holding
1 Public Investment Commissioner (ZA)	28 825 669	12.3
2 Investec Staff Share Schemes (ZA)	20 913 734	8.9
3 Investec Asset Management (ZA)*	15 778 185	6.7
4 STANLIB Asset Management (ZA)	15 671 328	6.7
5 Tiso INL Investments (Pty) Ltd (ZA)**	14 000 000	6.0
6 Entrepreneurial Development Trust (ZA)**	14 000 000	6.0
7 Peu INL Investment 1 (Pty) Ltd (ZA)**	13 055 555	5.6
8 Old Mutual Asset Managers (ZA)	11 452 929	4.9
9 Investec Securities (Pty) Limited (ZA)*	8 843 792	3.8
10 RMB Asset Management (ZA)	7 147 243	3.1
Cumulative total	**149 688 435**	**64.0**

The top 10 shareholders account for 64.0% 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.

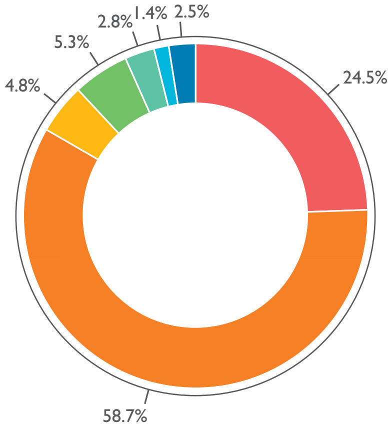
* Managed on behalf of clients.

** 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.

Shareholder analysis

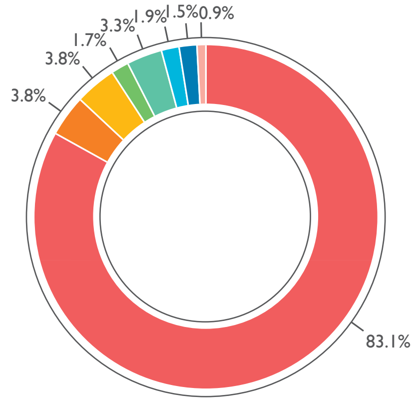
Geographic holding by beneficial owner as at 31 March 2008

Investec plc



UK · South Africa · USA · Other countries · Channel Islands · Luxembourg · Below threshold

Investec Limited



South Africa · USA · Other countries · UK · Country unknown · Channel Islands · Singapore · Below threshold

Share statistics

Investec plc ordinary shares in issue

For the year ended 31 March[1]	2008	2007	2006	2005	2004	2003
Closing market price per share (Pounds)[2]						
- year end	3.39	6.58	5.88	3.11	2.18	1.23
- highest	7.65	6.76	6.07	3.47	2.36	1.92
- lowest	2.94	4.95	3.04	1.84	1.22	1.21
Number of ordinary shares in issue (million)[2]	423.3	381.6	373.0	373.0	373.0	373.0
Market capitalisation (£'million)[3]	1 435	2 511	2 194	1 160	812	459
Daily average volume of shares traded ('000)	3 925.9	2 832.5	1 489.0	741.0	498.0	349.5
Price earnings ratio[4]	6.0	12.4	14.0	11.6	10.5	6.3
Dividend cover (times)[4]	2.3	2.3	2.3	2.0	1.8	1.8
Dividend yield (%)[4]	7.4	3.5	3.1	4.3	5.3	8.8
Earnings yield (%)[4]	16.7	8.1	7.1	8.6	9.5	15.6

Investec Limited ordinary shares in issue

For the year ended 31 March	2008	2007	2006	2005	2004	2003
Closing market price per share (Rands)[2]						
- year end	57.43	93.30	62.60	35.60	25.06	15.30
- highest	104.40	94.60	66.50	38.00	30.20	34.88
- lowest	50.90	59.06	34.10	21.56	15.50	15.30
Number of ordinary shares in issue (million)[2]	234.3	227.7	220.0	220.0	220.0	192.0
Market capitalisation (R'million)[5]	37 766	56 848	37 121	21 111	14 860	8 645
Market capitalisation (£'million)	2 229	4 009	3 488	1 844	1 292	695
Daily average volume of shares traded ('000)	840.6	619.7	478.0	510.5	495.0	527.0

Notes:

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

2 On 4 September 2006 we implemented a 5:1 share split of Investec plc and Investec Limited shares. Historical information has been restated for comparative purposes.

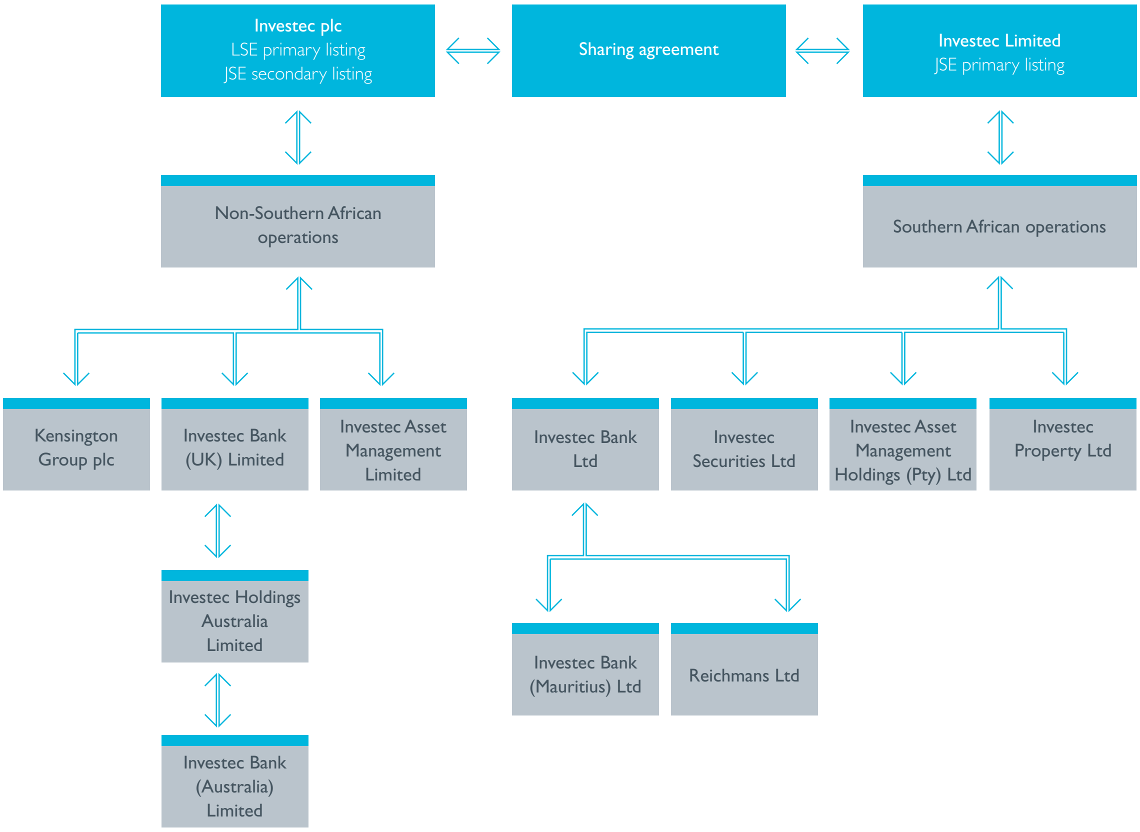
3 The LSE only include the shares in issue for Investec plc i.e. 423.3 million, in calculating market capitalisation, as Investec Limited is not incorporated in the UK.

4 Calculations are based on the group's consolidated earnings per share before goodwill and non-operating items and dividends per share as prepared in accordance with IFRS and denominated in Pounds Sterling.

5 The JSE have agreed to use the total number of shares in issue for the combined group, comprising Investec Limited and Investec plc, in calculating market capitalisation i.e. a total of 657.6 million shares in issue.

Organisational structure

The diagram below depicts our DLC structure and our main operating subsidiaries.



Note:
All shareholdings in the ordinary share capital of the subsidiaries are 100%, unless otherwise stated.

The directorate of the main operating entities and subsidiaries are indicated on the pages that follow.

Directorate Investec plc and Investec Limited

Executive directors

Name	Age at 31 March 2008	Qualifications	Current directorships	Investec committee membership	Brief biography
Chief Executive Officer Stephen Koseff	56	BCom CA (SA) H Dip BDP MBA	The Bidvest Group Limited, JSE Limited, Rensburg Sheppards plc and a number of Investec subsidiaries	Board Risk and Capital 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.
Managing director Bernard Kantor	58	CTA	Phumelela Gaming and Leisure Limited, Rensburg Sheppards plc and a number of Investec subsidiaries	Board Risk and Capital 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.
Group Risk and Finance director Glynn R Burger	51	BAcc CA(SA) H Dip BDP MBL	Investec Bank Limited and a number of Investec subsidiaries	Board Risk and Capital 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.
Alan Tapnack	61	BCom CA (SA)	Investec Bank (UK) Limited and a number of Investec subsidiaries	Board Risk and Capital 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.

Directorate Investec plc and Investec Limited

Non-executive directors

Name	Age at 31 March 2008	Qualifications	Current directorships	Investec committee membership	Brief biography
Non-executive Chairman Hugh S Herman	67	BA LLB LLD (hc)	Growthpoint Properties Limited, Pick 'n Pay Holdings Limited, Pick 'n Pay Stores Limited and a number of Investec subsidiaries	DLC Nomination and Directors' Affairs Committee	Hugh practised as an attorney before joining Pick 'n Pay, a leading South African retail group, where he became Managing Director.
Sam E Abrahams	69	FCA CA (SA)	Investec Bank Limited, Foschini Limited, Super Group Limited and Phumelela Gaming and Leisure Limited	DLC Audit Committee, Investec plc Audit Committee, Investec Limited Audit Committee, DLC Nomination and Directors' Affairs Committee, Board Risk and Capital Committee and DLC Capital Committee	Sam is a former international partner and Auditing South African Managing Partner of Arthur Andersen.
George FO Alford	59	BSc (Econ) FCIS FIPD MSI	Investec Bank (UK) Limited	DLC Audit Committee, Investec plc Audit Committee Investec Limited Audit Committee, Remuneration Committee and Board Risk and Capital 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.
Cheryl A Carolus	49	BA (Law) B Ed	De Beers Consolidated Mines Limited, The IQ Business Group (Pty) Limited, Fenner Conveyor Belting South Africa (Pty) Limited, Ponahalo Capital (Pty) Ltd, 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.

Additional information

Directorate Investec plc and Investec Limited

Non-executive directors

Name	Age at 31 March 2008	Qualifications	Current directorships	Investec committee membership	Brief biography
Haruko Fukuda OBE	61	MA (Cantab) DSc	Chairman Caliber Global Investments Ltd, Aberdeen Asian Smaller Companies Investment Trust PLC. She is an adviser to Metro AG, Centaurus Capital Ltd and Aspis Bank SA	-	Haruko was previously Chief Executive Officer of the World Gold Council, and senior advisor at Lazard. She is former vice Chairman of Nikko Europe plc and a partner of James Capel & Co and a former director of AB Volvo and of Foreign and Colonial Investment Trust plc.
Geoffrey MT Howe	58	MA (Hons)	Jardine Lloyd Thompson Group plc (Chairman) and Nationwide Building Society (Chairman)	DLC Audit Committee, Investec plc Audit Committee, Investec Limited Audit Committee, Remuneration Committee and Board Risk and Capital 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.
Ian R Kantor	61	BSc (Eng) MBA	Insinger de Beaufort Holdings SA (in which Investec holds an 9.2% interest), Bank Insinger de Beaufort NV where he is Chairman of the management board	-	Former Chief Executive of Investec Limited.
Senior independent director					
Sir Chips Keswick	68	-	Investec Bank (UK) Limited, De Beers SA, Arsenal Holdings Plc and Arsenal Football Club Plc	DLC Audit Committee, Investec plc Audit Committee, Investec Limited Audit Committee, Remuneration Committee, DLC Nomination and Directors' Affairs Committee and Board Risk and Capital 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.

Directorate Investec plc and Investec Limited

Non-executive directors

Name	Age at 31 March 2008	Qualifications	Current directorships	Investec committee membership	Brief biography
M Peter Malungani	50	BCom MAP LDP	Super Group Limited (Chairman), Phumelela Gaming and Leisure Limited (Chairman), Investec Bank Limited, Investec Asset Management Holdings (Pty) Limited, Peu Group (Pty) Limited and a number of Peu subsidiaries	Board Risk and Capital Committee	Peter is Chairman and founder of Peu Group (Pty) Limited.
Sir David Prosser	64	BSc (Hons) FIA	Pippbrook Limited, Epsom Downs Racecourse Limited, The Royal Automobile Club Limited and Intercontinental Hotels Group PLC	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.
Peter RS Thomas	63	CA (SA)	Investec Bank Limited, various Investec companies and JCI Limited	DLC Audit Committee, Investec plc Audit Committee, Investec Limited Audit Committee, Board Risk and Capital Committee and DLC Nomination and Directors' Affairs Committee. Peter is the director responsible for our Sustainability process.	Peter was the former Managing Director of The Unisec Group Limited.
Fani Titi	45	BSc (Hons) MA MBA	Investec Bank Limited (Chairman), AECI Limited and Investec Asset Management Holdings (Pty) Ltd	Board Risk and Capital Committee and DLC Nomination and Directors' Affairs Committee	Fani is Chairman of Investec Bank Limited and was the former Chairman of Tiso Group Limited.

Notes:

- Donn Jowell resigned with effect from 30 September 2007.
- The dates on which the directors were appointed to the boards of Investec plc and Investec Limited can be found on page 52.

Directorate

Investec Bank Ltd

A subsidiary of Investec Limited

Fani Titi (45)
BSc (Hons) MA MBA
Non-Executive Chairman (appointed 1 June 2007)

David M Lawrence (57)
BA(Econ) (Hons) MCom
Deputy Chairman

Sam E Abrahams (69)
FCA CA(SA)

Glynn R Burger (51)
BAcc CA(SA) H Dip BDP MBL

Richard MW Dunne (60)*
CA(SA)

Bernard Kantor (58)
CTA

Stephen Koseff (56)
BCom CA(SA) H Dip BDP MBA

M Peter Malungani (50)
BCom MAP LDP

Karl-Bart XT Socikwa (39)
BCom LLB MAP IPBM

Bradley Tapnack (61)
BCom CA(SA)

Peter R S Thomas (63)
CA(SA)

C Busi Tshili (44)
CA(SA)

Donn Jowell resigned with effect from 30 September 2007.
Hugh Herman resigned with effect from 1 June 2007.
* Appointed with effect from 2 June 2008.

Investec Asset Management Holdings (Pty) Ltd

A subsidiary of Investec Limited

Hugh S Herman (67)
BA LLB LLD (hc)
Non-Executive Chairman

Hendrik J du Toit (46)
BCom (Law) BCom Hons (cum laude) MCom (cum laude)
MPhil (Cambridge)
Chief Executive Officer

Cheryl A Carolus (49)
BA (Law) B Ed

Gail Daniel (40)
BA (Hons) MBA

Domenico Ferrini (39)
BCom

Jeremy B Gardiner (42)**
BCom (Hons)

Noluthando P Gosa (45)
BA (Hons) MBA

John C Green (42)
BCom LLB

Bernard Kantor (58)
CTA

Thabo Khojane (35)
BA (Econ) (Hons) BSc (Eng)

Stephen Koseff (56)
BCom CA(SA) H Dip BDP MBA

M Peter Malungani (50)
BCom MAP LDP

Kim M McFarland (43)
BAcc BCom CA(SA) MBA

John T McNab (41)
BEng MEng CFA

Bradley Tapnack (61)
BCom CA(SA)

Fani Titi (45)
BSc (Hons) MA MBA

** Appointed with effect from 1 April 2008.

Directorate

Investec Securities Ltd

A subsidiary of Investec Limited

Andrew WJ Leith (48)^
BCom CA(SA)
Chairman

Sam E Abrahams (69)
FCA CA(SA)

Reginald S Berkowitz (71)
Natal Law Certificate

Henry E Blumenthal (49)
BCom BAcc CA(SA)

Kevin Brady (41)
BA (Hons)

Joubert D Hay (42)*
BCom (Hons) (Acc) CA(SA)

Stephen Koseff (56)
BCom CA(SA) H Dip BDP MBA

Kevin P McKenna (41)
CA(SA)

* Appointed with effect from 31 July 2007.
^ Appointed with effect from 1 April 2007.

Investec Property Ltd

A subsidiary of Investec Limited

Stephen Koseff (56)
BCom CA(SA) H Dip BDP MBA
Chairman

Glynn R Burger (51)
BAcc CA(SA) H Dip BDP MBL

Angelique N du Hecquet De Rauville (33)
BSSc, FSA, FSB

Dave AJ Donald (57)
BCom CA H Dip Tax Law

Sam Hackner (52)
BCom (Hons) CA(SA)

Sam R Leon (58)
LLB (London)

Robin Magid (35)**
BCom

David M Nurek (58)
Dip Law Dip Advanced Company Law

Ronnie Sevitz (64)

David Kuper, previous Chairman, passed away on 20 August 2007.
** Appointed with effect from 7 December 2007.

Directorate

Investec Bank (Mauritius) Ltd

A subsidiary of Investec Bank Ltd

David M Lawrence (57)
BA(Econ) (Hons) MCom
Chairman

Pierre de Chasteigner du Mee (55)
ACEA FBIM FMAAT

Angelique A Desvaux de Marigny (32)
LLB, Barrister-at-Law
Maitrise en Droit (Université de Paris I-Panthéon - Sorbonne)

Hugh S Herman (67)
BA LLB LLD (hc)

Craig C McKenzie (47)
BSc MSc CFA

Peter RS Thomas (63)
CA(SA)

David M van der Walt (43)
BCom (Hons) CA(SA)

Investec Bank (UK) Limited

A subsidiary of Investec plc

Hugh S Herman (67)
BA LLB LLD (hc)
Non-Executive Chairman

Bradley Fried (42)
BCom CA(SA) MBA
Chief Executive Officer

George F O Alford (59)
BSc (Econ) FCIS FIPD MSI

Bernard Kantor (58)
CTA

Ian R Kantor (61)
BSc(Eng) MBA

Sir Chips Keswick (68)

Stephen Koseff (56)
BCom CA(SA) H Dip BDP MBA

Alan Tapnack (61)
BCom CA(SA)

David M van der Walt (43)
BCom (Hons) CA (SA)

Ian R Wohlman (53)
ACIB

Directorate

Investec Asset Management Limited

A subsidiary of Investec plc

Hugh S Herman (67)
BA LLB LLD (hc)
Non-Executive Chairman

Hendrik J du Toit (46)
BCom (Hons, cum laude) MCom (cum laude) MPhil (Cambridge)
Chief Executive Officer

David J Aird (41)
BA (Hons)

Domenico Ferrini (39)
BCom

Howard E Flight (59)
MA MBA

Luc JJJ van Hoof (55)

Bernard Kantor (58)
CTA

Stephen Koseff (56)
BCom CA(SA) H Dip BDP MBA

Kim M McFarland (43)
BAcc CA(SA) MBA

Mark I Samuelson (43)
BCom CFA

Philip GS Saunders (50)
MA (Hons)

Bradley Tapnack (61)
BCom CA(SA)

Investec Bank (Australia) Limited

A subsidiary of Investec Bank (UK) Limited

David M Gonski (54)
BCom LLB
Non-Executive Chairman

Geoffrey Levy AO (49)
BCom LLB FFIN
Non-Executive Deputy Chairman

Brian M Schwartz (55)
FCA
Chief Executive Officer

Alan H Chonowitz (53)
BAcc MCom CA(SA)

Stephen Koseff (56)
BCom CA(SA) H Dip BDP MBA

Richard A Longes (62)
BA LLB MBA

Robert C Mansfield (56)
BCom FCPA

John W Murphy (55)
BCom MCom ACA FASA

Kathryn Spargo (56)
BA LLB (Hons)

Bradley Tapnack (61)
BCom CA(SA)

Peter RS Thomas (63)
CA(SA)

Financial statements

Summarised directors' report

Financial statements (Investec plc and Investec Limited)

Extended business review

We are 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. We are organised into five principal business divisions: Private Client Activities, Capital Markets, Investment Banking, Asset Management and Property Activities. In addition, our head office provides certain group-wide integrating functions such as Risk Management, Information Technology, Finance, Investor Relations, Marketing, Human Resources and Organisational Development. It is also responsible for our central funding as well as other activities, such as trade finance.

The operating financial review on pages 5 to 22 provides an overview of the our strategic position, performance during the financial year and outlook for the business. It should be read in conjunction with the sections on pages 23 to 88 which elaborate on the aspects highlighted in this review.

The 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

Details of the share capital are set out in note 35 to the financial statements.

Investec plc

During the year the following shares were issued:

- 3 003 040 ordinary shares on 25 June 2007 at 213 pence per share.
- 3 772 740 special converting shares on 25 June 2007 at par.
- 37 449 427 ordinary shares on 8 August 2007 at 587.5 pence.
- 1 253 825 ordinary shares on 23 November 2007 at 196 pence per share.
- 2 867 154 special converting shares on 23 November 2007 at par.

Investec Limited

During the year the following shares were issued:

- Allotment on 20 June 2007 and issue on 25 June 2007 of 3 772 740 ordinary shares of R0.0002 each at a premium of R32.4098 per share (total issue price of R32.41 per share).
- Allotment on 20 June 2007 and issue on 25 June 2007 of 3 003 040 special convertible redeemable preference shares at par.
- Allotment and issue on 8 August 2007 of 37 449 427 special convertible redeemable preference shares at par.
- Allotment and issue on 23 November 2007 of 2 867 154 ordinary shares of R0.0002 each at a premium of R25.0498 per share (total issue price of R25.05 per share).
- Allotment and issue on 23 November 2007 of 1 253 825 special convertible redeemable preference shares at par.

Financial results

The combined results of Investec plc and Investec Limited are set out in the financial statements and accompanying notes for the year ended 31 March 2008.

Ordinary dividends

Investec plc

An interim dividend was declared to shareholders as follows:

- 11.5 pence per ordinary share to non-South African resident shareholders (2007: 10 pence) registered on 14 December 2007.
- to South African resident shareholders registered on 14 December 2007, a dividend paid by Investec Limited on the SA DAS share, equivalent to 5.5 pence per ordinary share and 6 pence per ordinary share paid by Investec plc.

The dividends were paid on 21 December 2007.

Summarised directors' report

The directors have proposed a final dividend to shareholders registered on 25 July 2008, which is subject to the approval of the members of Investec plc at the Annual General Meeting which is scheduled to take place on 7 August 2008 and, if approved, will be paid on 12 August 2008 as follows:

- 13.5 pence per ordinary share to non-South African resident shareholders (2007: 13 pence) registered on 25 July 2008.
- to South African resident shareholders registered on 25 July 2008, a dividend paid by Investec Limited on the SA DAS share, equivalent to 9.0 pence per ordinary share and 4.5 pence per ordinary share paid by Investec plc.

Shareholders in Investec plc will receive a distribution of 13.5 pence (2007: 13 pence) per ordinary share.

Investec Limited

An interim dividend of 159.5 cents per ordinary share (2006: 138 cents) was declared to shareholders registered on 14 December 2007 and was paid on 21 December 2007.

The directors have proposed a final dividend of 202 cents per ordinary share (2007: 180 cents) to shareholders registered on 25 July 2008 to be paid on 12 August 2008. The final dividend is subject to the approval of members of Investec Limited at the Annual General Meeting scheduled for 7 August 2008.

The holders of 3 700 000 Investec Limited shares have agreed to waive their rights to dividends payable up to 31 March 2008.

Preference dividends

Investec plc

Perpetual preference shares

Preference dividend number 3 for the period 1 April 2007 to 30 September 2007, amounting to 32.93 pence per share, was declared to members holding preference shares registered on 30 November 2007 and was paid on 11 December 2007.

Preference dividend number 4 for the period 1 October 2007 to 31 March 2008, amounting to 32.67 pence per share, was declared to members holding preference shares registered on 20 June 2008 and will be paid on 3 July 2008.

Preferred securities

The third 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 1 (UK) LP on 24 June 2005, is due on 24 June 2008 and will be paid on 24 June 2008.

Investec Limited

Non-redeemable, non-cumulative, non-participating preference shares

Preference dividend number 6 for the period 1 April 2007 to 30 September 2007 amounting to 454.04 cents per share was declared to members holding preference shares registered on 30 November 2007 and was paid on 11 December 2007.

Preference dividend number 7 for the period 1 October 2007 to 31 March 2008 amounting to 501.41 cents per share was declared to members holding preference shares registered on 20 June 2008 and will be paid on 3 July 2008.

Redeemable cumulative preference shares

Dividends amounting to R38 108 887.64 were paid on the redeemable cumulative preference shares.

Directors and secretaries

Details of directors and secretaries of Investec plc and Investec Limited are reflected on pages 81 to 84 and at the beginning of the annual report.

In accordance with the Articles of Association, SE Abrahams, CA Carolus, H Fukuda OBE, HS Herman, GMT Howe, B Kantor, IR Kantor, Sir Chips Keswick, MP Malungani and PRS Thomas retire by rotation at the forthcoming Annual General Meeting but, being eligible, offer themselves for re-election.

DE Jowell resigned as a director of Investec plc and Investec Limited with effect from 30 September 2007.

Summarised directors' report

Directors and their interests

Directors' shareholdings and options to acquire shares are set out on pages 66 to 72.
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 106 and 107.

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 Finance division, to consider the nature and scope of the audit reviews and the effectiveness of our risk and control systems. Further details on the role and responsibility of the Audit Committee can be found in the Investec group's 2008 annual report.

Auditors

Ernst & Young LLP and Ernst & Young Inc. have indicated their willingness to continue in office as auditors of Investec plc and Investec Limited respectively. A resolution to reappoint them as auditors will be proposed at the next Annual General Meeting scheduled to take place on 7 August 2008.

Contracts

Refer to page 59 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 2008 annual report.

Major shareholders

The largest shareholders of Investec plc and Investec Limited are reflected on page 78.

Special resolutions

Investec plc

At the Annual General Meeting held on 8 August 2007, special resolutions were passed in terms of which:
- A renewable authority was granted to Investec plc to acquire its own shares in terms of Section 166 of the Companies Act, 1985.
- A renewable authority was granted to Investec plc 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.
- An amendment was made to Article 85 of the Articles of Association of Investec plc to reflect the implementation of a policy in accordance with the best practice principles of corporate governance requiring non-executive directors serving more than 9 (nine) years to seek annual re-election and that all eligible directors retiring by rotation, could offer themselves for re-election.

Investec Limited

At the Annual General Meeting held on 8 August 2007, the following special resolutions were passed in terms of which:
- A renewable authority was granted to Investec Limited and its subsidiaries to acquire its own ordinary and non-redeemable, non-cumulative, non-participating preference shares in terms of Section 85 and 89 of the South African Companies Act No 61 of 1973.
- An amendment was made to Article 85 of the Articles of Association of Investec Limited to reflect the implementation of a policy in accordance with the best practice principles of corporate governance requiring non-executive directors serving more than 9 (nine) years to seek annual re-election and that all eligible directors retiring by rotation, could offer themselves for re-election.

Summarised directors' report

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

Our 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. Our policy is to adopt an open management style, thereby encouraging informal consultation at all levels about aspects of our operations, and motivating staff involvement in our 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 £2.3 million.

Environment

We are committed to pursuing sound environmental policies in all aspects of our business and seek to encourage and promote good environmental practice among our employees and within the community in which we operate. Further information on our sustainability practices can be found on pages 73 to 75 and on our website.

Additional information for shareholders

Schedule A to the directors' report is a summary of certain provisions of Investec plc's current Articles of Association and applicable English law concerning companies (the Companies Act 1985 and the Companies Act 2006).

David Miller
Company Secretary
Investec plc

Benita Coetsee
Company Secretary
Investec Limited

17 June 2008

Directors' responsibility statement

The following statement, which should be read in conjunction with the auditors' report set out on page 99, is made with a view to distinguishing for stakeholders the respective responsibilities of the directors and of the auditors in relation to the combined consolidated financial statements.

The directors are responsible for the preparation, integrity and objectivity of the combined consolidated financial statements that fairly present the state of affairs of the company and the group at the end of the financial year and the net income and cash flows for the year, and other information contained in this report.

To enable the directors to meet these responsibilities:

- The board and management set standards and management implements systems of internal controls and accounting and information systems aimed at providing reasonable assurance that assets are safeguarded and the risk of fraud, error or loss is reduced in a cost effective manner. These controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties;
- The group's Internal Audit function, which operates unimpeded and independently from operational management, and has unrestricted access to the group Audit Committee, appraises and, when necessary, recommends improvements in the system of internal controls and accounting practices, based on audit plans that take cognisance of the relative degrees of risk of each function or aspect of the business; and
- The group Audit Committee, together with the Internal Audit department, plays an integral role in matters relating to financial and internal control, accounting policies, reporting and disclosure.

To the best of our knowledge and belief, based on the above, the directors are satisfied that no material breakdown in the operation of the system of internal control and procedures has occurred during the year under review.

The group consistently adopts appropriate and recognised accounting policies and these are supported by reasonable judgements and estimates on a consistent basis and provides additional disclosures when compliance with the specific requirements in International Financial Reporting Standards (IFRS) are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group's financial position and financial performance.

The financial statements of the company and the group have been prepared in accordance with the respective Companies Acts of the United Kingdom and South Africa, comply with IFRS and Article 4 of the IAS regulation.

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. These financial statements have been prepared on that basis.

It is the responsibility of the independent auditors to report on the combined consolidated financial statements. Their report to the members of the company and group is set out on page 99 of this report. 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.

Approval of financial statements

The summarised directors' report and the financial statements of the company and the group, which appear on pages 90 to 93 and pages 100 to 108 respectively, were approved by the board of directors on 17 June 2008.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the companies' website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the board

Stephen Koseff
Chief Executive Officer

Bernard Kantor
Managing Director

17 June 2008

Schedule A to the directors' report

Additional information for shareholders

Set out below is a summary of certain provisions of Investec plc's current Articles of Association (the "Articles") and applicable English law concerning companies (the Companies Act 1985 and the Companies Act 2006, together the "Companies Acts"). This is a summary only and the relevant provisions of the Articles or the Companies Acts should be consulted if further information is required. Certain amendments will be proposed to the Articles at the Annual General Meeting to be held on 7 August 2008.

Authorised share capital

The share capital of Investec plc at 17 June 2008 consists of 560 000 000 plc ordinary shares of £0.0002 each, 1 000 000 plc preference shares of 0.01 each, 100 000 000 non-redeemable, non-cumulative, non-participating preference shares of £0.01 each, 277 500 000 plc special converting shares of £0.0002 each, the special voting share of £0.001, the UK DAN share of £0.001 and the UK DAS share of £0.001 (each class as defined in the Articles).

Purchase of own shares

Subject to the provisions of the Articles, the Companies Act 1985, the Uncertificated Securities Regulations 2001 and every other statute for the time being in force concerning companies and affecting Investec plc, the approval of shareholders as provided in the Investec plc's Articles, and without prejudice to any relevant special rights attached to any class of shares, Investec plc may purchase, or may enter into a contract under which it will or may purchase, any of its own shares of any class, including without limitation any redeemable shares, in any way and at any price (whether at par or above or below par).

Dividends and distributions

Subject to the provisions of the Companies Acts, Investec plc may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the board. The board may pay interim dividends whenever the financial position of Investec plc, in the opinion of the board, justifies such payment.

The board may withhold payment of all or any part of any dividends or other monies payable in respect of Investec plc's shares from a person with a 0.25 per cent. or more interest in nominal value of the issued shares if such a person has been served with a notice after failure to provide Investec plc with information concerning interests in those shares required to be provided under the Companies Acts.

Voting rights

Subject to any special rights or restrictions attaching to any class of shares, at a general meeting, every member present in person has, upon a show of hands, one vote and on a poll every member who is present in person or by proxy has one vote for each share. In the case of joint holders of a share the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the share. Under the Companies Acts members are entitled to appoint a proxy, who need not be a member of Investec plc, to exercise all or any of their rights to attend and vote on their behalf at a general meeting or class meeting. A member may appoint more than one proxy in relation to a general meeting or class meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member that is a corporation may appoint an individual to act on its behalf at a general meeting or class meetings as a corporate representative. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of Investec plc.

Restrictions on voting

No member shall be entitled to vote either in person or by proxy at any general meeting or class meeting in respect of any shares held by him if any call or other sum then payable by him in respect of that share remains unpaid. In addition no member shall be entitled to vote if he has been served with a notice after failure to provide Investec plc with information concerning interests in those shares required to be provided under the Companies Acts.

Schedule A to the directors' report

Deadlines for exercising voting rights

Votes are exercisable at a general meeting of Investec plc in respect of which the business being voted upon is being heard. Votes may be exercised in person, by proxy, or in relation to corporate members, by corporate representatives. The Articles provide a deadline for submission of proxy forms of not more than 48 hours before the time appointed for the holding of the meeting or adjourned meeting.

Variation of rights

Subject to the Companies Acts, the Articles specify that rights attached to any class of shares may be varied with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting the quorum shall be two persons or, if there is only one holder, that holder at least holding or representing by proxy at least one third in nominal value of the issued shares of the class (calculated excluding any shares held as treasury shares). The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking pari passu with them.

Where, under the company's share incentive plan, participants are the beneficial owners of the shares, but not the registered owners, the participants are not entitled to exercise any voting rights until the shares are released to the participants. Under the company's employee trust, the trustee does not vote in respect of unallocated shares.

Transfer of shares

All transfers of shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the directors. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully-paid shares) by or on behalf of the transferee. Transfers of shares which are in uncertificated form are effected by means of the CREST system. The directors may, in the case of shares in certificated form, in their absolute discretion and without assigning any reason, refuse to register any transfer of shares (not being fully paid shares) provided that such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis. The directors may also refuse to register an allotment or transfer of shares (whether fully-paid or not) in favour of more than four persons jointly. If the directors refuse to register an allotment or transfer they shall within two months after the date on which the letter of allotment or transfer was lodged with Investec plc send to the allottee or transferee a notice of the refusal.

The directors may decline to recognise any instrument of transfer unless the instrument of transfer is in respect of only one class of share and when submitted for registration is accompanied by the relevant share certificates and such other evidence as the directors may reasonably require.

Subject to the Companies Acts and regulations and applicable CREST rules, the directors may determine that any class of shares may be held in uncertificated form and that title to such shares may be transferred by means of the CREST system or that shares of any class should cease to be so held and transferred.

A number of the company's employee share plans include restrictions on transfer of shares while the shares are subject to the plans, in particular, the share incentive plan.

Plc preference shares

The following are the rights and privileges which attach to the plc preference shares:

- to receive a non-cumulative preferential dividend out of the profits of Investec plc in priority to the plc ordinary shares but pari passu with the perpetual preference shares, on such dates in respect of such periods and on such other terms and conditions as may be determined by the directors prior to the allotment thereof;
- the plc preference shares will rank as regards participation in profits pari passu inter se and with the most senior ranking preference shares of Investec plc in issue (if any) from time to time and with the perpetual preference shares;
- on a return of capital, whether or not on a winding up (but not on a redemption or purchase of any shares by Investec plc) or otherwise, the plc preference shares will rank, pari passu inter se and with the most senior ranking preference shares of Investec plc in issue (if any) from time to time and with any other shares of Investec plc that are expressed to rank pari passu therewith as regards participation in the capital, and otherwise in priority to any other class of shares of Investec plc;
- Investec plc may, at its option, redeem all or any of the plc preference shares for the time being issued and outstanding on the first call date or any dividend payment date thereafter; and
- holders of plc preference shares will not be entitled to attend and vote at general meetings of Investec plc. Holders will be entitled to attend and vote at a class meeting of holders of plc preference shares.

Non-redeemable, non-cumulative, non-participating preference shares

The following are the rights and privileges which attach to the perpetual preference shares:

- Each perpetual preference share will rank as regards dividends and a repayment of capital on the winding-up of Investec plc prior to the ordinary shares, the plc special converting shares, the UK DAN share, the UK DAS share, but pari passu with the plc preference shares. The perpetual preference shares shall confer on the holders, on a per perpetual preference share and equal basis, the right to a return of capital on the winding-up of Investec plc of an amount equal to the aggregate of the nominal value and premiums in respect of perpetual preference shares issued divided by the number of perpetual preference shares in issue;
- Each perpetual preference share may confer upon the holder thereof the right to receive out of the profits of Investec plc which it shall determine to distribute, in priority to the ordinary shares, the plc special converting shares, the UK DAN share and the UK DAS share, but pari passu with the plc preference shares, the preference dividend calculated in accordance with the Articles;
- The holders of the perpetual preference shares shall be entitled to receive notice of and be present but not to vote, either in person or by proxy, at any meeting of Investec plc, by virtue of or in respect of the perpetual preference shares, unless either or both of the following circumstances prevail as at the date of the meeting:
  - (i) the preference dividend or any part thereof remains in arrear and unpaid as determined in accordance with Article 150.2(e).
  - (ii) after six months from the due date thereof; and a resolution of Investec plc is proposed which resolution directly affects the rights attached to the perpetual preference shares or the interests of the holders thereof, or a resolution of Investec plc is proposed to wind up or in relation to the winding-up of Investec plc or for the reduction of its capital, in which event the preference shareholders shall be entitled to vote only on such resolution.

Shares required for the DLC structure

Investec SSC (UK) Limited, a UK trust company, specially formed for the purpose of DLC structure, holds the plc special voting share, the plc special converting shares, the UK DAN share and the UK DAS share. These shares can only be transferred to another UK trust company, in limited circumstances.

The plc special voting shares are specially created shares so that shareholders of both Investec plc and Investec Limited effectively vote together as a single decision-making body on matters affecting shareholders of both companies in similar ways, as set out in the Articles.

Prior to a change of control, approval of termination of the sharing agreement (which regulates the DLC), liquidation or insolvency of Investec plc, the plc special converting shares have no voting rights except in relation to a resolution proposing the (i) variation of the rights attaching to the shares or (ii) winding-up, and they have no rights to dividends. The special converting shares are held on trust for the Investec Limited ordinary shareholders.

Investec plc and Investec Limited have established dividend access trust arrangements as part of the DLC. Investec plc has issued two dividend access shares, the UK DAS share and UK DAN share which enables Investec plc to pay dividends to the shareholders of Investec Limited. This facility may be used by the board to address imbalances in the distributable reserves of Investec plc and Investec Limited and/or to address the effects of South African exchange controls and/or if they otherwise consider it necessary or desirable.

Appointment and replacement of directors

Directors shall be no less than four and no more than twenty in number. A director is not required to hold any shares of Investec plc by way of qualification. Investec plc may by special resolution increase or reduce the maximum or minimum number of directors.

At each Annual General Meeting held in each year (other than 2002) any director who was elected or last re-elected or, if later, deemed in terms of the Articles to have been elected or re-elected a director at or before the Annual General Meeting held in the third calendar year before the current year shall retire by rotation. Any further directors, other than those retiring under any other provision in Investec plc's Articles shall retire by rotation to bring the number retiring by rotation up to one-third of the number of directors in office at the date of the notice of meeting.

Investec plc may by ordinary resolution in accordance with the relevant provisions of the Articles appoint any person to be a director (so long as the total number of directors does not exceed the limit prescribed in the Articles). Any such director shall hold office only until the next Annual General Meeting and shall then be eligible for re-election.

Schedule A to the directors' report

Powers of directors

Subject to the Articles, the Companies Acts, the CREST regulations and every other statute for the time being in force concerning companies and affecting Investec plc, and any directions given by ordinary or special resolution, the business of Investec plc will be managed by the board who may exercise all the powers of Investec plc.

The board may exercise all the powers of Investec plc to borrow money and to mortgage or charge any of its undertaking, property, assets and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of Investec plc or of any third party.

Significant agreements: change of control

The Articles of Association of both Investec plc and Investec Limited ensure that a person cannot make an offer for one company without having made an equivalent offer to the shareholders of both companies on equivalent terms.

Pursuant to the terms of the agreements establishing the DLC structure, if either Investec plc or Investec Limited serves written notice on the other at any time after either party becomes a subsidiary of the other party or after both Investec plc and Investec Limited become subsidiaries of a third party the agreements establishing the DLC structure will terminate.

All of Investec plc's share plans contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control and, where applicable, subject to the satisfaction of any performance conditions at that time.

Independent auditor's report to the members of Investec plc

We have examined the group's summary financial statement for the year ended 31 March 2008 on pages 100 to 102 and 104 and 105, which comprise the summary consolidated profit and loss account, summary consolidated balance sheet, summary consolidated cash flow statement, summary consolidated statement of total income and expenses, summary reconciliation of consolidated shareholders' equity 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 summarised annual report in accordance with applicable law.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the summarised annual report with the full annual financial statements, the 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 summarised annual report 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. Our report on the company's full annual financial statements describes the basis of our audit opinion on those financial statements and the directors' remuneration report.

Opinion

In our opinion the summary financial statement is consistent with the full annual financial statements, the directors' report and directors' remuneration report, of Investec plc for the year ended 31 March 2008 and complies with the applicable requirements of section 251 of the Companies Act 1985, and regulations made thereunder. We have not considered the effects of any events between the date on which we signed our report on the full annual financial statements 17 June 2008 and the date of this statement.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

17 June 2008

Combined consolidated income statement

For the year to 31 March £'000	2008	2007
Interest income	2 083 380	1 233 226
Interest expense	(1 499 960)	(889 311)
Net interest income	**583 420**	**343 915**
Fee and commission income	614 357	577 773
Fee and commission expense	(63 061)	(56 275)
Principal transactions	276 705	245 463
Operating income from associates	12 138	10 685
Investment income on assurance activities	89 593	36 821
Premiums and reinsurance recoveries on insurance contracts	40 849	80 542
Other operating income	50 043	49 685
Other income	**1 020 624**	**944 694**
Claims and reinsurance premiums on insurance business	(120 358)	(111 492)
Total operating income net of insurance claims	**1 483 686**	**1 177 117**
Impairment losses on loans and advances	(114 185)	(16 530)
Operating income	**1 369 501**	**1 160 587**
Administrative expenses	(807 500)	(680 687)
Depreciation, amortisation and impairment of property, equipment and intangible assets	(24 330)	(13 315)
Operating profit before goodwill	**537 671**	**466 585**
Goodwill	(62 765)	2 569
Operating profit	**474 906**	**469 154**
Profit on disposal of group operations	72 855	-
Profit before taxation	**547 761**	**469 154**
Taxation	(127 249)	(119 781)
Profit after taxation	**420 512**	**349 373**
Earnings attributable to minority shareholders	28 954	9 054
Earnings attributable to shareholders	391 558	340 319
	420 512	**349 373**
Earnings per share (pence)		
- Basic	57.7	54.7
- Diluted	54.0	50.4
Dividends per share (pence)		
- Interim	11.5	10.0
- Final	13.5	13.0

Combined consolidated balance sheet

At 31 March £'000	2008	2007
Assets		
Cash and balances at central banks	788 472	102 751
Loans and advances to banks	2 153 773	2 431 769
Cash equivalent advances to customers	504 382	548 602
Reverse repurchase agreements and cash collateral on securities borrowed	794 153	2 324 638
Trading securities	1 984 580	2 015 144
Derivative financial instruments	1 305 264	724 492
Investment securities	1 130 872	1 776 601
Loans and advances to customers	14 046 135	9 527 080
Securitised assets	6 082 975	831 742
Interests in associated undertakings	82 576	70 332
Deferred taxation assets	84 493	59 394
Other assets	882 209	1 420 681
Property and equipment	141 352	131 505
Investment properties	134 975	85 424
Goodwill	271 932	195 883
Intangible assets	31 506	35 829
	30 419 649	**22 281 867**
Financial instruments at fair value through income in respect of		
- liabilities to customers	2 878 894	3 024 997
- assets related to reinsurance contracts	805 009	992 824
	34 103 552	**26 299 688**
Liabilities		
Deposits by banks	3 489 032	2 347 095
Deposits by banks - Kensington warehouse funding	1 778 438	-
Derivative financial instruments	881 577	509 919
Other trading liabilities	450 580	321 863
Repurchase agreements and cash collateral on securities lent	382 384	1 765 671
Customer accounts	12 133 120	10 650 102
Debt securities in issue	777 769	1 253 752
Liabilities arising on securitisation	5 760 208	826 627
Current taxation liabilities	132 656	113 967
Deferred taxation liabilities	79 172	48 048
Other liabilities	1 279 373	1 778 488
Pension fund liabilities	-	1 467
	27 144 309	**19 616 999**
Liabilities to customers under investment contracts	2 862 916	3 004 254
Insurance liabilities, including unit-linked liabilities	15 978	20 743
Reinsured liabilities	805 009	992 824
	30 828 212	**23 634 820**
Subordinated liabilities (including convertible debt)	1 065 321	844 452
	31 893 533	**24 479 272**
Equity		
Called up share capital	177	169
Share premium	1 360 450	1 129 859
Treasury shares	(114 904)	(109 279)
Equity portion of convertible debentures	2 191	2 191
Perpetual preference shares	272 335	292 173
Other reserves	(42 057)	40 545
Profit and loss account	433 012	186 827
Shareholders' equity excluding minority interests	**1 911 204**	**1 542 485**
Minority interests	298 815	277 931
- Perpetual preferred securities issued by subsidiaries	251 637	241 081
- Minority interests in partially held subsidiaries	47 178	36 850
Total equity	**2 210 019**	**1 820 416**
Total liabilities and shareholders' equity	**34 103 552**	**26 299 688**

Combined consolidated statement of total recognised income and expenses

For the year to 31 March £'000	2008	2007
Profit after taxation	420 512	349 373
Total gains and losses recognised directly in equity	(110 879)	(175 030)
Fair value movements on available for sale assets	(38 907)	12 287
Foreign currency movements	(79 591)	(184 847)
Pension fund actuarial gains/(losses)	7 619	(2 470)
Total recognised income and expenses	**309 633**	**174 343**
Total recognised income and expenses attributable to minority shareholders	17 365	(29 931)
Total recognised income and expenses attributable to ordinary shareholders	270 327	225 114
Total recognised income and expenses attributable to perpetual preferred securities	21 941	(20 840)
	309 633	**174 343**

Combined consolidated cash flow statement

For the year to 31 March £'000	2008	2007
Operating profit adjusted for non cash items	708 295	524 434
Taxation paid	(97 845)	(122 881)
Increase in operating assets	(655 805)	(6 265 563)
Increase in operating liabilities	1 080 433	5 858 320
Net cash inflow/(outflow) from operating activities	**1 035 078**	**(5 690)**
Cash flow on acquisition of subsidiaries	(32 419)	(151 402)
Cash flow on net acquisition of associates	(1 563)	(29)
Cash flow on acquisition and disposal of property, equipment and intangible assets	(31 660)	(26 821)
Net cash outflow from investing activities	**(65 642)**	**(178 252)**
Dividends paid to ordinary shareholders	(145 926)	(112 592)
Dividends paid to other equity holders	(45 702)	(38 649)
Proceeds on issue of shares, net of related costs	8 630	90 980
Proceeds on issue of other equity instruments*	6 777	134 503
Proceeds on subordinated debt raised	209 871	356 229
Repayment of subordinated debt	(88 543)	-
Net cash (outflow)/inflow from financing activities	**(54 893)**	**430 471**
Effects of exchange rates on cash and cash equivalents	**(97 791)**	**(301 588)**
Net increase/(decrease) in cash and cash equivalents	**816 752**	**(55 059)**
Cash and cash equivalents at the beginning of the year	1 135 124	1 190 183
Cash and cash equivalents at the end of the year	**1 951 876**	**1 135 124**
Cash and cash equivalents is defined as including:		
Cash and balances at central banks	788 472	102 751
On demand loans and advances to banks	659 022	483 771
Cash equivalent advances to customers	504 382	548 602
Cash and cash equivalents at the end of the year	**1 951 876**	**1 135 124**

* Includes equity instruments issued by subsidiaries.

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

Accounting policies

Basis of presentation

The group financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU") which comply with the IFRSs as issued by the International Accounting Standards Board. At 31 March 2008, IFRS standards as endorsed by the EU are identical to current IFRSs applicable to the group.

The group financial statements have been prepared on a historical cost basis, except for investment properties, available for sale investments, derivative financial instruments, financial assets and financial liabilities held at fair value through profit or loss, and pension fund surpluses and deficits that have been measured at fair value.

Accounting policies applied are consistent with those of the prior year.

Basis of consolidation

Investec consists of two separate legal entities, being Investec plc and Investec Limited, that operate under a dual listed company ("DLC") structure. The effect of the DLC structure is that Investec plc and its subsidiaries and Investec Limited and its subsidiaries operate together as a single economic entity, with neither assuming a dominant role and accordingly are reported as a single reporting entity under IFRS.

All subsidiaries and special purpose vehicles in which the group holds more than one half of the voting rights or over which it has the ability to control (either directly or in substance) are consolidated from the effective dates of acquisition (that is from when control exists) and up to the effective dates of loss of control, except entities which are classified as non-current assets held for sale. Subsidiaries classified as non-current assets held for sale are consolidated as discontinued operations.

Entities, other than subsidiary undertakings, in which the group exercises significant influence over operating and financial policies, are treated as associates. In the group accounts, associates are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases, except as noted below.

The combined consolidated financial statements include the attributable share of the results and reserves of associated undertakings. The group's interests in associated undertakings are included in the consolidated balance sheet at the group's share of net assets of the associate plus goodwill arising on acquisition, less any impairment recognised.

In circumstances where associates or joint venture holdings arise in which the group has no strategic intention, these investments are classified as "venture capital" holdings and are designated as held at fair value through profit and loss.

All intergroup balances, transactions and unrealised gains and losses within the group are eliminated to the extent that they do not reflect an impairment to the asset.

Notes to the financial statements

£'000	Share capital Investec Limited	Share premium account Investec Limited	Treasury shares	Share capital Investec plc	Share premium account Investec plc
Reconciliation of equity					
At 1 April 2006	46	635 418	(96 300)	119	393 319
Movement in reserves 1 April 2006 - 31 March 2007					
Foreign currency adjustments	-	-	-	-	-
Retained profit for the year	-	-	-	-	-
Fair value movements on available for sale assets	-	-	-	-	-
Pension fund actuarial losses	-	-	-	-	-
Total recognised gains and losses for the year	-	-	-	-	-
Share based payments adjustments	-	-	1 112	-	-
Dividends paid to ordinary shareholders	-	-	-	-	-
Dividends paid to perpetual preference shareholders	-	-	-	-	-
Issue of ordinary shares	-	18 873	-	4	28 984
Issue of perpetual preference shares by the holding company	-	-	-	-	-
Issue of equity by subsidiaries	-	-	-	-	-
Minorities arising on acquisition of subsidiaries	-	-	-	-	-
Share issue expenses	-	(36)	-	-	(23)
Movement of treasury shares	-	20 660	(8 513)	-	32 664
Transfer from capital reserves	-	-	-	-	-
Transfer to regulatory general risk reserve	-	-	-	-	-
Transfer between reserves	-	-	(5 578)	-	-
Dividends paid to minorities	-	-	-	-	-
Capital reduction paid to minority	-	-	-	-	-
At 31 March 2007	46	674 915	(109 279)	123	454 944
Movement in reserves 1 April 2007 - 31 March 2008					
Foreign currency adjustments	-	-	-	-	-
Retained profit for the year	-	-	-	-	-
Pension fund actuarial gains	-	-	-	-	-
Fair value movements on available for sale assets	-	-	-	-	-
Profit on realisation of available for sale assets recycled through income	-	-	-	-	-
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 ordinary shares	-	13 889	-	8	216 767
Issue of equity by subsidiaries	-	-	-	-	-
Minorities arising on acquisition of subsidiaries	-	-	-	-	-
Share issue expenses	-	-	-	-	(65)
Movement of treasury shares	-	-	(5 625)	-	-
Transfer to capital reserves	-	-	-	-	-
Transfer to regulatory general risk reserve	-	-	-	-	-
Dividends paid to minorities	-	-	-	-	-
At 31 March 2008	46	688 804	(114 904)	131	671 646

Equity portion of convertible debentures	Perpetual preference shares	Capital reserve account	Other Reserves Available for sale reserve	Regulatory general risk reserve	Foreign currency reserve	Profit and loss account	Share-holder's equity excluding minority interests	Minority interests	Total equity
2 191	215 305	13 243	18 355	50 307	18 593	(24 104)	1 226 492	285 601	1 512 093
-	(52 690)	-	-	-	(93 172)	-	(145 862)	(38 985)	(184 847)
-	-	-	-	-	-	340 319	340 319	9 054	349 373
-	-	-	12 287	-	-	-	12 287	-	12 287
-	-	-	-	-	-	(2 470)	(2 470)	-	(2 470)
-	(52 690)	-	12 287	-	(93 172)	337 849	204 274	(29 931)	174 343
-	-	-	-	-	-	32 878	33 990	-	33 990
-	-	-	-	-	-	(112 592)	(112 592)	-	(112 592)
-	-	-	-	-	-	(31 850)	(31 850)	-	(31 850)
-	-	-	-	-	-	-	47 861	-	47 861
-	131 187	-	-	-	-	-	131 187	-	131 187
-	-	-	-	-	-	-	-	20 949	20 949
-	-	-	-	-	-	-	-	8 111	8 111
-	(1 629)	-	-	-	-	-	(1 688)	-	(1 688)
-	-	-	-	-	-	-	44 811	-	44 811
-	-	(701)	-	-	-	701	-	-	-
-	-	-	-	21 633	-	(21 633)	-	-	-
-	-	-	-	-	-	5 578	-	-	-
-	-	-	-	-	-	-	-	(528)	(528)
-	-	-	-	-	-	-	-	(6 271)	(6 271)
2 191	292 173	12 542	30 642	71 940	(74 579)	186 827	1 542 485	277 931	1 820 416
-	(19 838)	-	-	-	(48 164)	-	(68 002)	(11 589)	(79 591)
-	-	-	-	-	-	391 558	391 558	28 954	420 512
-	-	-	-	-	-	7 619	7 619	-	7 619
-	-	-	(66 306)	-	-	-	(66 306)	-	(66 306)
-	-	-	27 399	-	-	-	27 399	-	27 399
-	(19 838)	-	(38 907)	-	(48 164)	399 177	292 268	17 365	309 633
-	-	-	-	-	-	39 182	39 182	-	39 182
-	-	-	-	-	-	(145 926)	(145 926)	-	(145 926)
-	-	-	-	-	-	(41 779)	(41 779)	-	(41 779)
-	-	-	-	-	-	-	230 664	-	230 664
-	-	-	-	-	-	-	-	6 777	6 777
-	-	-	-	-	-	-	-	665	665
-	-	-	-	-	-	-	(65)	-	(65)
-	-	-	-	-	-	-	(5 625)	-	(5 625)
-	-	(5 609)	-	-	-	5 609	-	-	-
-	-	-	-	10 078	-	(10 078)	-	-	-
-	-	-	-	-	-	-	-	(3 923)	(3 923)
2 191	272 335	6 933	(8 265)	82 018	(122 743)	433 012	1 911 204	298 815	2 210 019

Notes to the financial statements

For the year to 31 March £'000	2008	2007
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 61 to 63 of the remuneration report.		
Expense charged to the income statement (included in administrative expenses):		
Equity settled^	39 182	27 568
Cash settled	418	408
Total income statement charge	**39 600**	**27 976**
Liabilities on cash settled options		
Total liability included in other liabilities	6	121
Total fair value for vested appreciation rights	13	390
Weighted average fair value of options granted in the year		
UK schemes	25 239	43 616
South African schemes	28 509	34 618

At 31 March	UK schemes				South African schemes			
	2008		2007		2008		2007	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price ZAR	Number of share options	Weighted average exercise price ZAR
Details of options outstanding during the year								
Outstanding at the beginning of the year	29 029 906	0.84	27 875 005	1.27	30 542 346	14.02	34 131 575	20.95
Granted during the year	7 290 269	0.26	7 640 248	0.54	7 601 180	-	6 627 281	-
Exercised during the year*	(5 790 043)	1.63	(5 198 882)	2.13	(7 433 770)	30.30	(8 457 472)	30.20
Expired during the year	(2 225 861)	0.86	(1 286 465)	3.24	(1 791 950)	7.63	(1 759 038)	18.50
Outstanding at the end of the year	**28 304 271**	**0.53**	**29 029 906**	**0.84**	**28 917 806**	**6.55**	**30 542 346**	**14.02**
Exercisable at the end of the year	**910 733**	**2.98**	**1 059 148**	**3.11**	**2 538 170**	**39.69**	**3 355 132**	**39.73**

* Weighted average share price during the year was £5.45 (2007: £5.81).

^ The expense charged to the income statement in respect of equity settled options included £1 363 774 (2007: £726 405) expensed by IdaTech plc, a private equity direct investment. Full details of IdaTech plc's share based payments are included in their 2007 annual report.

Share based payments (continued)

The exercise price range and weighted average remaining contractual life for the options are as follows:

For the year to 31 March	UK schemes		South African schemes	
	2008	2007	2008	2007
Options with strike prices				
Exercise price range	£1.55 - £6.52	£1.55 - £6.11	R20.28 - R57.60	R20.28 - R57.60
Weighted average remaining contractual life	3.12 years	2.62 years	2.33 years	2.22 years
Long term incentive grants with no strike price				
Exercise price range	£0	£0	R0	R0
Weighted average remaining contractual life	3.21 years	3.43 years	3.34 years	3.82 years
The fair values of options granted were calculated using a Black-Scholes option pricing model. For options granted during the year, the inputs into the model were as follow:				
- Share price at date of grant	£4.89 - £6.52	£4.98 - £6.11	R71 - 93	R64 - R81
- Exercise price	£0, £4.89 - £6.52	£0, £4.98 - £6.11	R nil	R nil
- Expected volatility	30%	39%	30%	35% - 39%
- Option life	5 - 5.25 years	5 - 5.25 years	5 years	5 years
- Expected dividend yields	4.63% - 6.90%	3.52% - 4.03%	4.30% - 6%	3.94% - 4%
- Risk-free rate	5.18% - 6.14%	3.98% - 5.10%	9.55% - 10.20%	8.82% - 8.94%

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, with an adjustment to actual attrition on final vesting.

Dividends and earnings per share

	Year to 31 March 2008	Year to 31 March 2007
Ordinary dividends - pence per share		
Interim	11.5	10.0
Final	13.5	13.0
	25.0	23.0
Earnings	**£'000**	**£'000**
Earnings attributable to shareholders'	391 558	340 319
Preference dividends paid	(41 779)	(31 850)
Earnings attributable to ordinary shareholders	**349 779**	**308 469**
Earnings resulting from future dilutive convertible instruments	736	974
Diluted earnings attributable to ordinary shareholders	**350 515**	**309 443**
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	640 059 998	602 052 096
Weighted average number of treasury shares	(33 894 292)	(38 269 412)
Weighted average number of shares in issue during the year	606 165 706	563 782 684
Weighted average number of shares resulting from future dilutive potential shares	35 390 062	41 146 215
Weighted average number of shares resulting from future dilutive convertible instruments	7 489 820	8 787 292
Adjusted weighted number of shares potentially in issue	**649 045 588**	**613 716 191**
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 year.	57.7	54.7
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.	54.0	50.4
Adjusted earnings per share - pence		
Adjusted earnings per share is calculated by dividing the earnings before goodwill 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.	56.9	53.3
	£'000	**£'000**
Earnings attributable to shareholders	391 558	340 319
Goodwill	62 765	(2 569)
Profit on disposal of group operations, net of taxation	(64 345)	-
Preference dividends paid	(41 779)	(31 850)
Additional earnings attributable to other equity holders*	(3 504)	(5 196)
Adjusted earnings attributable to ordinary shareholders before goodwill and non-operating items	**344 695**	**300 704**

* In accordance with IFRS, dividends attributable to equity holders is accounted for when a constructive liability arises, i.e. on declaration by the board of directors and approval by the shareholders, where required. Investec is of the view that earnings per share (EPS) is best reflected by adjusting for earnings that are attributed to equity instruments (other than ordinary shares) on an accrual basis and therefore adjusts the paid dividend on such instruments to accrued in arriving at adjusted EPS.

Definitions

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.
Core loans and advances	Refer to calculation on page 29.
Dividend cover	Adjusted earnings per ordinary share before goodwill and non-operating items divided by dividends per ordinary share.
Earnings attributable to ordinary shareholders before goodwill and non-operating items	Refer to page108.
Adjusted earnings per ordinary share before goodwill and non-operating items	Refer to page 108.
Effective operational tax rate	Tax on profit on ordinary activities (excluding exceptional items) divided by operating profit (excluding profit from associates and Assurance Activities).
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 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 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 108.

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