

Corporate information

Investec Limited

Secretary and Registered Office

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Registration number

Investec Limited
Reg. No.1925/002833/06

Auditors

Ernst & Young Inc.
KPMG Inc.

Investec directors

Refer to pages 36 to 39.

Transfer Secretaries in South Africa

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Investec offices - contact details

Refer to page 93.

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Overview of the Investec group

Who we are

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

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

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

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

What we do

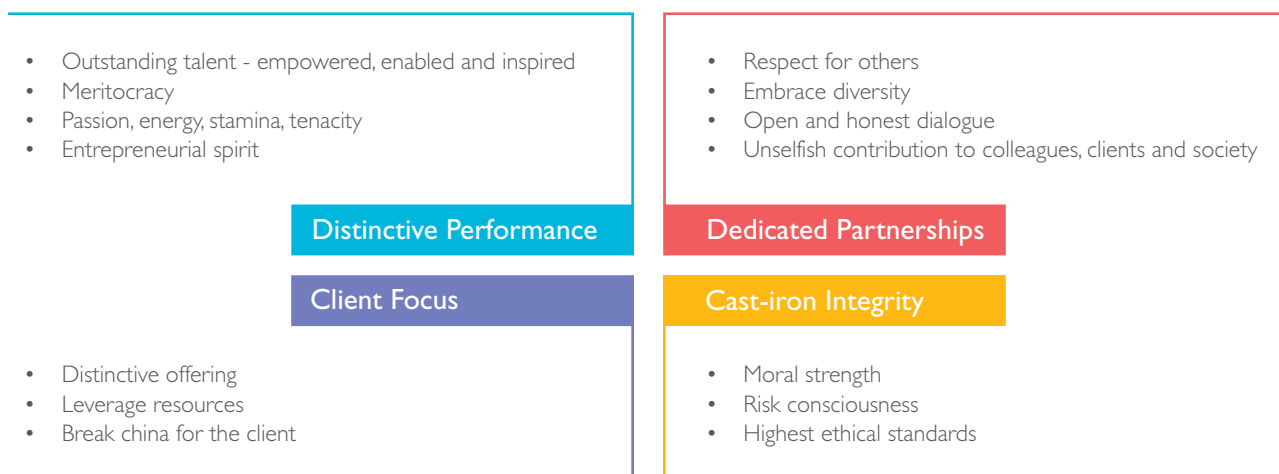
We are organised as a network comprising five business divisions: Private Client Activities, Capital Markets, Investment Banking, Asset Management and Property Activities. Our head office provides certain group-wide integrating functions and is also responsible for our central funding and the Trade Finance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

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

Mission statement

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

Values



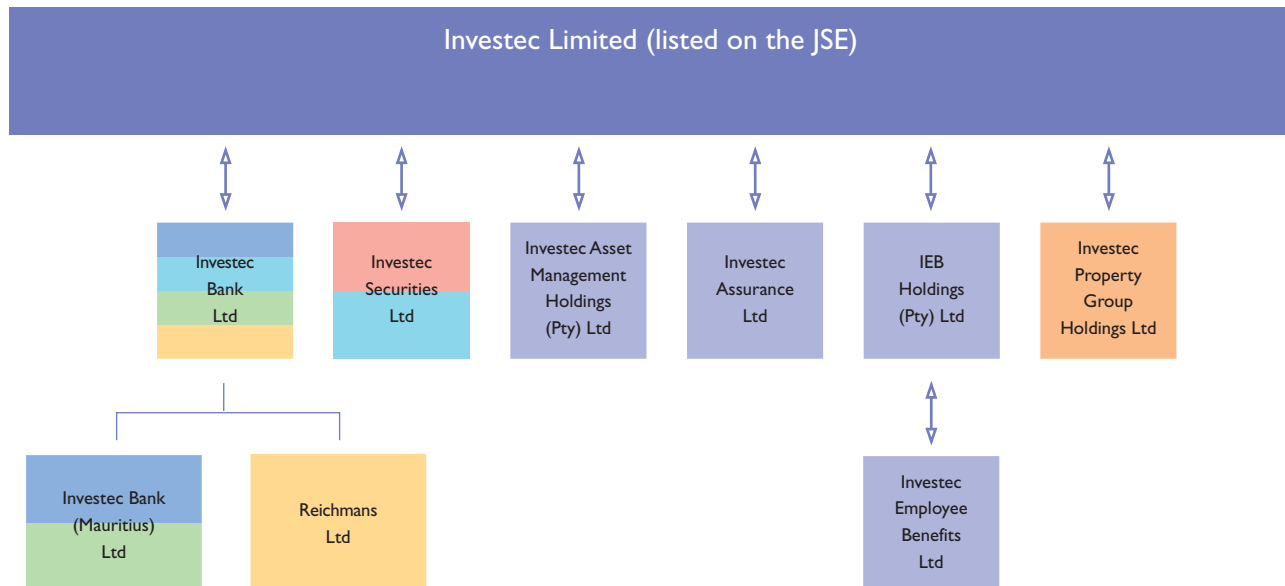
Philosophies

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

Investec Limited organisational structure

In terms of the implementation of the DLC structure (refer to page 4) Investec Limited is the controlling company of our businesses in Southern Africa and Mauritius. Investec Limited is listed on the JSE Limited South Africa.

As at 31 March 2007



Key: activities conducted

- | | |
|-----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| ■ Private Banking | ■ Asset Management and Assurance Activities |
| ■ Private Client Portfolio Management and Stockbroking | ■ Property Activities |
| ■ Capital Markets | ■ Other Activities |
| ■ Investment Banking | |

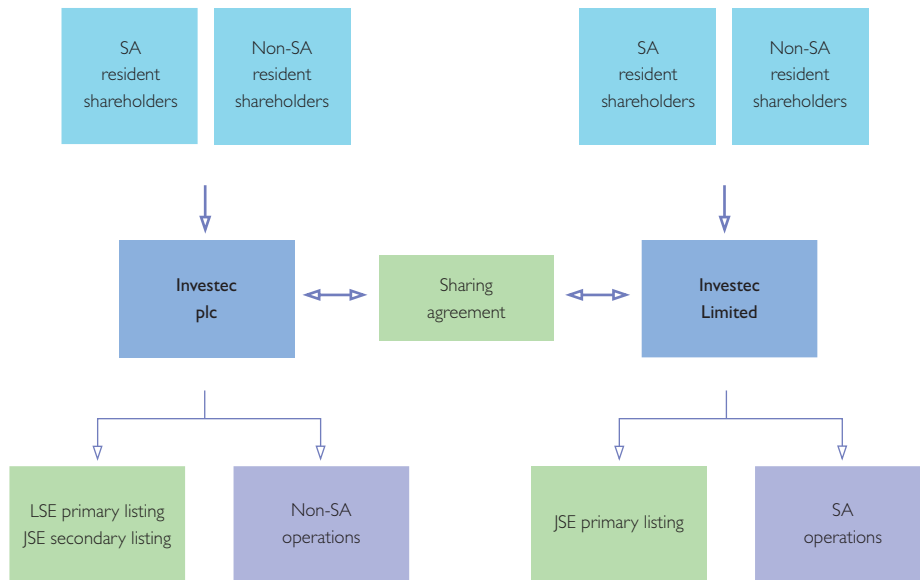
Note:

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

Overview of Investec's Dual Listed Companies Structure

During July 2002 Investec Group Limited (since renamed Investec Limited), implemented a Dual Listed Companies (DLC) structure and listed its offshore business on the London Stock Exchange. A circular on the establishment of our DLC structure was issued on 20 June 2002.

DLC structure



Salient features:

- Investec plc and Investec Limited are separate legal entities and listings, but are bound together by contractual agreements and mechanisms.
- Investec operates as if it is a single unified economic enterprise.
- Shareholders have common economic and voting interests as if Investec plc and Investec Limited were a single company.
- Creditors, however, are ring-fenced to either Investec plc or Investec Limited as there are no cross guarantees between the companies.

Further information on our DLC structure is available in the circular mentioned above, as well as in the preliminary offering circular issued on 8 July 2002. A copy of these circulars can be found on our website.

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Overview of the activities of Investec Limited 0.001 PBANK

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The activities conducted by the significant 'operating' subsidiaries of Investec Limited are discussed below.

I. Investec Bank Limited

Investec Bank Limited's structure comprises three principal business units: Private Banking, Capital Markets and Investment Banking. Each division provides specialised products and services to defined target markets. Our head office also provides certain group-wide integrating functions including Risk Management, Information Technology, Finance, Investor Relations, Marketing, Human Resources and Organisational Development. The office is also responsible for our central funding as well as other activities such as trade finance.

Private Banking

Investec Private Bank provides a range of private banking services, targeting select high income and net worth individuals in chosen niche markets. These services include:

- Banking.
- Structured Property Finance.
- Growth and Acquisition Finance.
- Investment Management and Advisory.
- Trust and Fiduciary.

We position ourselves as "an investment bank for private clients" in the high value advisory market, striving to "out think" not "out muscle" our competitors.

The division's distinctive focus is on wealth creation through gearing, driven by the predominance of active over passive high net worth individuals in South Africa. These individuals gain access to structured property and growth and acquisition finance. Ultra high net worth clients receive these products and services, as well as a comprehensive wealth management, advisory and trust and fiduciary service. In addition, we provide banking products and services to high income earning clients.

This unique offering has a strong franchise among successful entrepreneurs, high earning employees and self-directed internationally mobile clients. Our principal private banking products and services are described in further detail below.

One of our key strengths is the ability to originate new business by leveraging off our strong client relationships, which we establish through our lending activities. This sets us apart from other private banks that are dependent on the more traditional asset-gathering model.

Finally, not only do we have a presence in each of the major centres of South Africa, but we are strongly integrated with the group's UK and Australian operations.

Banking

This offering comprises a wide range of onshore and offshore banking services from a range of jurisdictions in multiple currencies. These include lending, foreign exchange, daily transactional banking, short-term insurance and treasury. The treasury area spans currency deposits, money market deposits, structured deposits and cash management services.

Structured Property Finance

Structured property finance, a key part of our business, provides senior debt, mezzanine and equity to high net worth individuals involved in residential and commercial property markets.

Growth and Acquisition Finance

We provide private empowerment consortia, family businesses, entrepreneurs and management teams with senior, mezzanine or composite debt funding and minority equity investment solutions. Flexible and bespoke finance is available for implanting acquisition and organic growth strategies for South African based, privately owned, mid-market companies with a net asset value of less than R125 million.

Investment Management and Advisory

We offer ultra high net worth private clients an independent wealth management service. Driven by an individual's specific requirements, the offering represents a bespoke strategic asset allocation where a dedicated investment practitioner proactively partners clients in line with their changing needs.

Through an open architecture, this highly disciplined yet personal service encapsulates a wide range of asset types, blending both traditional and alternative investments in accordance with the targeted risk profile and agreed objectives.

Our investment methodology, detailed qualitative and quantitative due diligence processes and access to the expertise of some of the world's leading financial institutions enable us to offer clients products and services that are often exclusive and institutional in nature.

Trust and Fiduciary Services

Critical to our offering is the ability to implement appropriate structures on behalf of clients. Investec Trust operates in a unique space in the fiduciary market, as a bank owned trust company with the independence to work with partners best suited to client needs. Working alongside these partners, the focus is on the delivery and administration of complex and effective international financial structures.

Capital Markets

Our Capital Markets division provides a wide range of specialist products, services and solutions to select corporate clients, public sector bodies and institutions. The division undertakes the bulk of our wholesale debt, structuring, proprietary trading, capital markets and derivatives business.

We focus on the following activities:

Corporate treasury and asset and liability management

Treasury provides South African Rand, Sterling, Euro and US Dollar funding to the group and manages liquidity and interest rate risk for the group. We offer a broad range of treasury products and services to the corporate and public sector markets.

Financial Products and Principal Finance

We are involved in commercial paper and bond origination, securitisation, financial engineering, preference share investments and structures, equities scrip lending, collateralised debt obligation structures, credit derivatives and the development of investment products.

Structured and Asset Finance

This area focuses on structured and conventional lending, bond origination, securitisation and advice, asset leasing and finance, preference share finance, mezzanine debt financing, leveraged buy-out funding, executive share schemes and financing solutions for corporate, government and public sector clients.

Project Finance

We provide advisory services, debt arranging and underwriting and equity raising in the infrastructure, power and industrial sectors with a focus on healthcare, defence projects, transport and power.

Commodities and Resource Finance

We are a participant in the precious and base metals markets, and provide hedging and structured trades for clients in the spot and derivatives markets. We also offer advisory services, debt arranging and underwriting, equity raising in the mining resources industry and structured hedging solutions.

Interest Rates

This unit is involved with interest rate products, forward rate agreements, interest rate swaps, money market instruments, government and certain public sector bonds, interest rate options and repurchase agreements.

Foreign Exchange

We are a participant in the spot, forward exchange, currency swaps and currency derivatives markets, principally in Rand and G7 currencies and certain emerging markets currencies.

Equity Derivatives

Our focus is on major equity index options, certain single stock options, equity structured products, futures index arbitrage and equity warrants. We provide hedging and structuring services to financial intermediaries, institutions and companies.

Investment Banking

We engage in a range of investment banking activities, including corporate finance, direct investments and private equity.

We are established as one of South Africa's leading domestic corporate finance houses, focusing on the provision of corporate advisory services to large and mid-capitalisation companies. In addition, as a result of our local knowledge and expertise, we are well placed to take advantage of opportunistic, direct investments in connection with corporate advisory transactions in which we have been involved.

Corporate Finance

We focus on the development of our domestic financial advisory business, in particular regarding black economic empowerment transactions, mergers and acquisitions, divestitures, restructurings and the provision of innovative and creative deal structures and advice. In addition, since 2006 we have started to focus on initial public offerings and capital raisings as the domestic capital market activity in South Africa has improved.

Direct Investments

As a result of our in-depth market knowledge and local expertise, we are well positioned to take direct positions in predominantly JSE listed shares where we believe that the market is mispricing the value of underlying portfolio of assets. These investment positions will be carefully researched with the intent to stimulate corporate activity. We also continue to pursue opportunities to help create and grow black owned and controlled companies.

Private Equity

We actively seek and select expansion and buy-out investments as principal in unlisted South African companies. Investments are selected based on the track record of the management, the attractiveness of the industry and the ability to build value for the existing business by implementing an agreed strategy.

Group Services and Other Activities

Central Services

Central Services is made up of functional areas that provide services centrally across all our business operations. Consistent with our philosophy of operating as a single organisation, Central Services provides integrating mechanisms between the business operations. While these services do not form part of the operating divisions, we have a policy in place whereby a portion of these costs are allocated to the divisions.

Our principal Central Services, relating to the operations and control of our business, are Group Risk Management, Group Information Technology, Group Finance, Investor Relations, Group Marketing and Organisation Development. Other group support services include: Head Office, Internal Audit and Compliance, Legal, Company Secretarial, Tax, Information and Business Intelligence Centre, Regulatory and Facilities. There are certain costs that are strategic in nature and which have not been allocated to the operating divisions.

Central Funding

Our business model involves maintaining a central pool of capital, with the aim of obtaining economies of scale for corporate investments, funding and overall management. We use various sources of funding, depending on the specific financial and strategic requirements we face at the time. The funds raised are applied towards making acquisitions, funding central services and debt obligations, and purchasing corporate assets and investments not allocated to our principal operating divisions.

Other Activities

Other Activities include those operations that are better managed separately due to the specific expertise which would be diluted if incorporated and split across the business operations. Also included are those operations that do not yet fall into one of our principal business divisions and that we have grown organically or retained following acquisition due to their profitability and diversifying effect on our income streams.

International Trade Finance

We acquired our International Trade Finance business, ReichmansCapital, in South Africa in 1990. Clients are small to medium-sized owner managed businesses. We offer trade, asset and debtor finance to provide clients with working capital and funding for the acquisition of assets, and to facilitate growth.

2. Investec Asset Management

Investec Asset Management provides a comprehensive range of portfolio management services and products to institutional and retail clients.

We have grown significantly since inception in 1991 in South Africa with R225 million of assets under management. Today, we are one of the largest managers of third party assets in Southern Africa, managing funds on behalf of individuals, retirement funds, insurance companies, government bodies, universities, corporations and other institutions. We are a multi-specialist investment manager and a market leader in specialist equity, fixed interest, balanced and absolute return funds. As at 31 March 2007, South African assets under management amounted to R238.8 billion.

We are committed to achieving excellent investment performance, delivering quality client service and creating appropriate investment solutions that fulfil the needs of our clients.

3. Investec Securities Limited

Private Client Portfolio Management and Stockbroking

Private Client Portfolio Management and Stockbroking offers a selection of personal investment and stockbroking services to a client base comprising predominantly high net worth individuals.

We began operating in South Africa in 1996 through the acquisition of Fergusson Bros, and now operate under the name of Investec Securities Limited.

Measured by assets under management, we are one of the largest private client stockbrokers and one of the largest private client portfolio managers in South Africa. Our growth has come primarily through strategic acquisitions, supplemented with good discretionary portfolio management returns for managed clients. Our acquisitions include:

- the June 1999 purchase of HSBC's Johannesburg private client operation (resulting in the addition of approximately R4.5 billion in assets under management);
- the October 2000 purchase of Quyn Martin Asset Management (adding R1.8 billion in assets under management);
- the January 2002 purchase of Merrill Lynch South Africa's private client operation in Cape Town (adding R4.3 billion in assets under management); and
- the March 2005 acquisition of HSBC's Cape Town private client operation, (adding approximately R13.4 billion to assets under management).

During the course of 2005 we launched Investec World Axis, an offshore multi-manager platform domiciled in Guernsey, in order to offer our clients greater options in respect of their offshore investments. We continue to maintain an excellent track record in our discretionary managed portfolios, with our model portfolio showing returns in the upper decile of fund managers.

During 2006 we launched a new range of alternative mandates, initially comprising "High Growth" and "Absolute Return" offerings. These mandates have shown excellent performance and have attracted substantial funds from clients. The "High Growth" mandate was closed to further new clients in April 2007, as a result of it meeting its fund capping target earlier than expected.

As at 31 March 2007, assets under management amounted to R105.6 billion.

Institutional Research, Sales and Trading

Institutional Securities offers an integrated research, sales and execution capability in South African stocks for domestic and international fund managers with an interest in, and exposure to, South Africa. We are also represented in the UK and USA to promote South African stocks to a global emerging market client base.

4. Investec Property Group

Services provided by our Property business in South Africa include management of property investment funds (listed and unlisted), property trading and development, property administration and listed property portfolio management.

Property assets under administration grew to approximately R25.9 billion (2006: R19.8 billion) by financial year-end, an increase of 31.0%, making us one of the largest property managers in South Africa.

Commentary on the results of Investec Limited for the year ended 31 March 2007

Unless the context indicates otherwise, all income statement comparatives in the review below, relate to the results for the year ended 31 March 2006.

Introduction

Investec Limited increased headline earnings attributable to ordinary shareholders by 15.0% from R2 021 million to R2 325 million. Our strategy of maintaining a balanced business model continues to support the operating fundamentals of the group. We have benefited from the strong performance by the majority of our business.

Financial highlights

	31 March 2007	31 March 2006	% Change
Profit before taxation (R'million)	3 797	3 270	16.1%
Headline earnings attributable to ordinary shareholders (R'million)	2 325	2 021	15.0%
Cost to income ratio	50.4%	54.3%	
Total capital resources (including subordinated liabilities) (R'million)	14 308	12 290	16.4%
Total shareholders' equity (excluding minority interests) (R'million)	9 768	7 656	27.6%
Total assets (R'million)	210 829	174 597	20.8%
Capital adequacy ratio	14.7%	16.3%	
Tier 1 ratio	10.4%	11.1%	

Segmental information

	Private Client Activities	Capital Markets	Investment Banking	Asset Management	Property Activities	Group Services & Other Activities	Total
For the year ended 31 March 2007							
R'million							
Net operating income after headline adjustments	2 021	1 427	1 302	1 456	449	1 348	8 003
Operating expenses	(1 302)	(677)	(467)	(780)	(272)	(595)	(4 093)
Operating profit before taxation and after non-operational adjustments	719	750	835	676	177	753	3 910
Non-operational adjustments	-	-	-	(87)	(28)	2	(113)
Operating profit before taxation	719	750	835	589	149	755	3 797
Cost to income ratio (%)	62.5	45.4	35.9	53.6	60.6	44.3	50.4

	Private Client Activities	Capital Markets	Investment Banking	Asset Management	Property Activities	Group Services & Other Activities	Total
For the year ended 31 March 2006							
R'million							
Net operating income after headline adjustments	1 445	1 026	1 095	1 203	406	1 527	6 702
Operating expenses	(981)	(526)	(361)	(651)	(223)	(456)	(3 198)
Operating profit before taxation and after non-operational adjustments	464	500	734	552	183	1 071	3 504
Non-operational adjustments	-	-	-	(147)	(81)	(6)	(234)
Operating profit before taxation	464	500	734	405	102	1 065	3 270
Cost to income ratio (%)	67.8	48.2	33.2	54.1	54.9	30.6	47.6

Business unit review

An analysis of the performance of each business unit is provided. "Operating profit" in the business unit review below, refers to profit before taxation and after non-operational adjustments.

Private Client Activities

Overview of performance

Private Client Activities, comprising Private Banking and Private Client Portfolio Management and Stockbroking posted an operating profit of R719 million (2006: R464 million), an increase of 55.0%.

The Private Bank recorded an increase in operating profit of 56.0% from R359 million to R560 million driven by strong growth in advances and non-interest income. The division continues to penetrate its core markets and recorded strong performances across its areas of specialisation.

Private Client Portfolio Management and Stockbroking benefited from increased volumes and reported an operating profit of R159 million (2006: R105 million), an increase of 51.4%.

Private Banking

Developments

- The Structured Property Finance and Growth and Acquisition Finance teams completed 29 transactions, providing R2.7 billion in funding for black economic empowerment initiatives.
- The Wealth Management team's increased focus on the ultra-wealthy South African private client led to a significant increase in assets under advice.
- The pricing strategy for transactional banking was revised from being transaction based, to a consolidated monthly fee. The change has had a materially favourable impact on client behaviour and client acquisition, with notable progress being made with clients engaging Investec as their primary banking partner.
- Significant investment in information technology, relating to the Banking specialisation, was undertaken as a result of the considerable increase in volumes of online banking transactions resulting from client acquisition and client usage.
- We securitised R1.4 billion of our commercial loans under the first multi-borrower commercial securitisation undertaken in South Africa.
- Since 31 March 2006, the Private Bank has shown good growth in all of its key earnings drivers:
 - Loans and advances have increased 36.9% to R55.8 billion.
 - The deposit book has grown 48.6% to R26.3 billion.
 - Funds under advice have increased by 67.9% to R18.1 billion.

Outlook

- On the assumption that current market conditions prevail, the earnings outlook is positive, with good deal pipelines in place.
- There are planned growth strategies, which include the expansion of distribution capability together with new strategic initiatives.

Private Client Portfolio Management and Stockbroking

Developments

- Revenue increased substantially over the prior period, assisted by higher volumes.
- Total funds under management increased from R84.1 billion (including HSBC funds acquired of R13.4 billion) to R105.6 billion.

Outlook

- Market conditions were strong over the past year, encouraging many private clients to enter or remain in the stock market. This was partly driven by the flow of funds into emerging economies, given their favourable valuation fundamentals compared to developed economies. Although valuations can be supported by local underlying fundamentals, there are concerns that given the record price and index levels, driven by strong performances from resource counters, the South African market remains vulnerable to external shocks that will affect emerging economies.
- Revenue from stockbroking advisory and execution activities is expected to increase above that of the prior year, although at a modest rate. This is dependent on current market conditions remaining benign.
- Revenue from portfolio management activities is expected to increase, given the base effect of higher portfolio values.

Capital Markets

Overview of performance

Capital Markets (formerly known as Treasury and Specialised Finance) posted a significant increase in operating profit of 50.0% to R750 million (2006: R500 million). Growth was underpinned by a solid performance from the division's advisory, structuring, asset creation, trading and distribution activities. Advances increased by 2.1% to R20.3 billion (2006: R19.9 billion).

Developments

- Deal activity in most of our lending areas was strong but we were negatively affected by unexpected repayments, resulting in a lower than anticipated closing advances book.
- We increased our market share significantly in the equity derivative listed products market through an ongoing focus on innovation and service levels.
- The central Derivative Sales and Structuring team continued to be successful, reflected by increased levels of client flows and profitability on the trading desks.
- Our focus in the debt capital markets area was rewarded with numerous successful securitisations concluded in the financial year and significant mandates received for deals yet to close. We continue to concentrate on establishing platforms to provide securitisable assets.
- The division holds numerous equity related positions, which are linked to underlying advances. The results were positively affected both through realisation of certain of these and through the increase in valuation of the positions held at year end.

Outlook

- The strategy has not changed. We continue to remain a focused specialist business targeting markets where we can be distinctive and competitive focusing on our core value drivers.
- We will continue to strive for depth and greater penetration.
- Securitisation and capital markets are a key focus, in particular we will look to originate assets in higher margin niche areas to be funded through securitisation in the capital markets.
- We will continue to pursue our strategy around specialist funds.
- Momentum in the business is good.

Investment Banking

Overview of performance

Our Investment Banking division recorded a 13.8% increase in operating profit to R835 million (2006: R734 million). The Corporate Finance division benefited from a high level of activity. The Institutional Stockbroking operations were positively affected by increased volumes over the period. The unlisted investments within the Private Equity and Direct Investments portfolios continued to perform well. However, the entrepreneurial investment component of the Direct Investment division generated less revenue than in prior years.

Developments

Corporate Finance

- We maintained our strong positioning with a good level of activity.
- Our focus was on M&As, corporate restructuring activities, IPOs and black economic empowerment transactions.
- We retained all our major clients and gained several new mandates during the period, particularly for black economic empowerment transactions and IPOs.
- Corporate Finance transactions during the period increased to 140 (2006: 119), with a value of R52 billion (2006: R31.2 billion).
- Sponsor broker deals completed during the period increased to 161 (2006: 128), with the value increasing substantially to R70.1 billion (2006: R28.6 billion).
- The Corporate Finance division was ranked first in volume of M&A transactions and second in general corporate finance by volume in the Dealmakers Magazine Survey for Corporate Finance (2006 calendar year).
- The Sponsor division was ranked first in volume of M&A transactions and in general corporate finance in the Dealmakers Magazine Survey for Sponsors (2006 calendar year).
- The Sponsor and Corporate Finance divisions were also ranked first and second respectively in volume of M&A transactions in the Ernst & Young review for M&A (2006 calendar year).

Institutional Research, Sales and Trading

- Strong agency performance was driven by active market volumes and greater international penetration.
- We broadened our stock coverage and filled key gaps in our research offering to underpin our South African distinctiveness.
- Further to our stock association initiative, leading market share positions were achieved in the key dual listed shares.
- Our Prime Broking operation performed well, exceeding expectations in the growth of funds on the system and new client mandates.
- Good progress was made across our key product offerings.

Direct Investments and Private Equity

- The Direct Investments portfolio increased significantly from R697 million at 31 March 2006 to R1 012 million at 31 March 2007. This was driven by a good performance from the underlying investments and further investment acquisitions. The entrepreneurial investment side of Direct Investments was not as active this year compared to previous years because opportunities in this part of the business tend to arise in weaker stock market conditions.
- We continued to expand the capacity of our Private Equity investments through acquisitions and capital expenditure. The Private Equity portfolio was approximately R1 266 million at 31 March 2007 (March 2006: R922 million).

Outlook

Corporate Finance

- Black economic empowerment, IPOs and M&A transactions are expected to continue to drive activity.
- The pipeline looks positive and we continue to build our client base.

Institutional Research, Sales and Trading

- The business remains well positioned to capitalise on current market conditions. The focus on broadening the research product, combined with increased international leverage, the stock association programme and improved traction from new initiatives, has improved the outlook for the operation.

Direct Investments and Private Equity

- We remain active in seeking direct investment opportunities, while continuing to unlock further value from the portfolio and building quality black economic empowerment platforms.
- The companies in our Private Equity portfolio are all trading in line with expectations and the outlook remains positive.

Asset Management

Overview of performance

Asset Management posted an increase in operating profit of 22.5% to R676 million (2006: R552 million). Assets under management increased by 12.3% to R238.8 billion. Solid long term investment performance has continued to support the fundamentals of the business.

Developments

- Long-term investment performance remains good.
 - 69% of mutual funds by value and 53% of mutual funds by number are in the first or second quartile over three years.
 - Over three years 100% and over five years 89% of institutional propositions outperformed their benchmarks.
- The Africa initiative has been established as a viable investment option in the eyes of investors, resulting in good flows from several large investors.
- The Liberty/Stalib transfer of ex-Fedsure assets was completed in the second half of the year.
- Key awards won over the period are:
 - Best Larger Group over three and five years - Standard & Poor's fund awards.
 - ACI/Personal Finance Raging Bull award for the Best Offshore Global Equity Fund and Offshore Management Company of the year.
 - Second place overall - PlexCrown Offshore Survey March 2007.

Outlook

- Momentum across the business remains positive.
- A solid long-term track record and growing demand for specialist high performance product support the fundamentals of the business.

Property Activities

Overview of performance

Our Property Activities generated an operating profit of R177 million (2006: R183 million), a decline of 3.3%. The division continued to perform well benefiting from strong equity and property fundamentals, higher funds under management and realisations. The results were negatively impacted by a lower contribution from our investment property portfolio due to increased funding costs.

Developments

- Property assets under administration increased by 31.0% to R25.9 billion (2006: R19.8 billion).

Outlook

- Property fundamentals continue to be positive, with lower vacancies, increasing rentals in all sectors and reasonably stable financing costs.
- Development opportunities also remain positive; however, there are concerns on the availability of skills and the increased cost and shortage of building materials.
- A shortage of prime zoned land has become evident, driving land prices to unprecedented levels, particularly industrial land.
- Subsequent to the year end we sold our property fund management and property administration businesses to Growthpoint Properties Limited.

Group Services and Other Activities

Overview of performance

Group Services and Other Activities posted a 29.7% decrease in operating profit to R753 million (2006: R1 071 million) largely as a result of increased variable remuneration given the growth in the group's profitability, and a decline in the contribution from the group's assurance activities.

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 Review 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 and South Africa and smaller risk divisions in other regions, to promote sound risk management practices.

Group Risk Management divisions with international responsibility are locally responsive yet globally aware. This helps to ensure that all initiatives and businesses operate within our defined risk parameters and objectives.

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

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

This section provides an overview of these types of risks and related developments that occurred during the period under review. Further detail on our risk management framework, committees and forums as well as our risk management and measurement techniques can be found in the Investec group's 2007 Annual Report.

Credit risk management

Credit risk represents the potential loss to the group as a result of:

- A counterparty being unable or unwilling to meet its obligations.
- A deterioration in the credit quality of third parties to whom we are exposed.

Credit risk arises from two types of transactions:

- Lending transactions and positions in debt instruments (the risk that a counterparty to a transaction will be unable or unwilling to repay capital and interest on loans and advances as they fall due).
- Derivative transactions giving rise to settlement and replacement risk. Settlement risk is the risk that the settlement of a transaction does not take place as expected, with us effecting required settlements as they fall due but not receiving settlements to which we are entitled. Continuous linked settlement and exchange settlement reduce the level of settlement risk in the banking system. Replacement risk is the risk that a derivative instrument needs to be replaced following default by the original counterparty and that such replacement is done at a cost which equates to the mark-to-market of the trade at the date of replacement.

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

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

Credit risk in South Africa

Private Banking

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

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

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

Capital Markets

Investec Corporate Treasury provides money market and foreign exchange products to corporates and investors. We are an active market maker in the spot and forward US Dollar/Rand interbank markets. Trading transactions giving rise to issuer, settlement and replacement risk were among the primary areas of potential credit risk in the year under review. Scenario analyses were performed regularly for clients whose exposures showed a material level of volatility as a result of these factors.

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

Typical assets that are funded include property, plant and equipment, infrastructure and movable assets. Credit limits are set for each counterparty and monitored to ensure risk is mitigated. The credit appetite for each counterparty is based on the financial strength of the principal borrower, underlying security, cash flow and, in the case of trading products, the nature of the underlying security traded.

The Resource Finance business may be exposed to countries presenting complex legal and political risks. Extensive knowledge of Africa (which represents the bulk of the exposure in this business unit), good technical and financial skills, and strong adherence to prudent country risk limits ensure that concentration risks are well managed. Exposures are monitored continuously and assets provided as security in support of borrowing facilities are generally easily realisable. Most of the Resource Finance business activities form part of the corporate asset class (as defined by Basel II), since recourse in the event of default will be to the total assets of the corporate and not merely the resources being financed. Transactions are structured so that scenarios resulting in increased exposure coincide with increased profitability of the entity being financed and thus a relatively stable expected loss.

ReichmansCapital

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

Credit risk in Mauritius

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

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

Asset quality and impairments

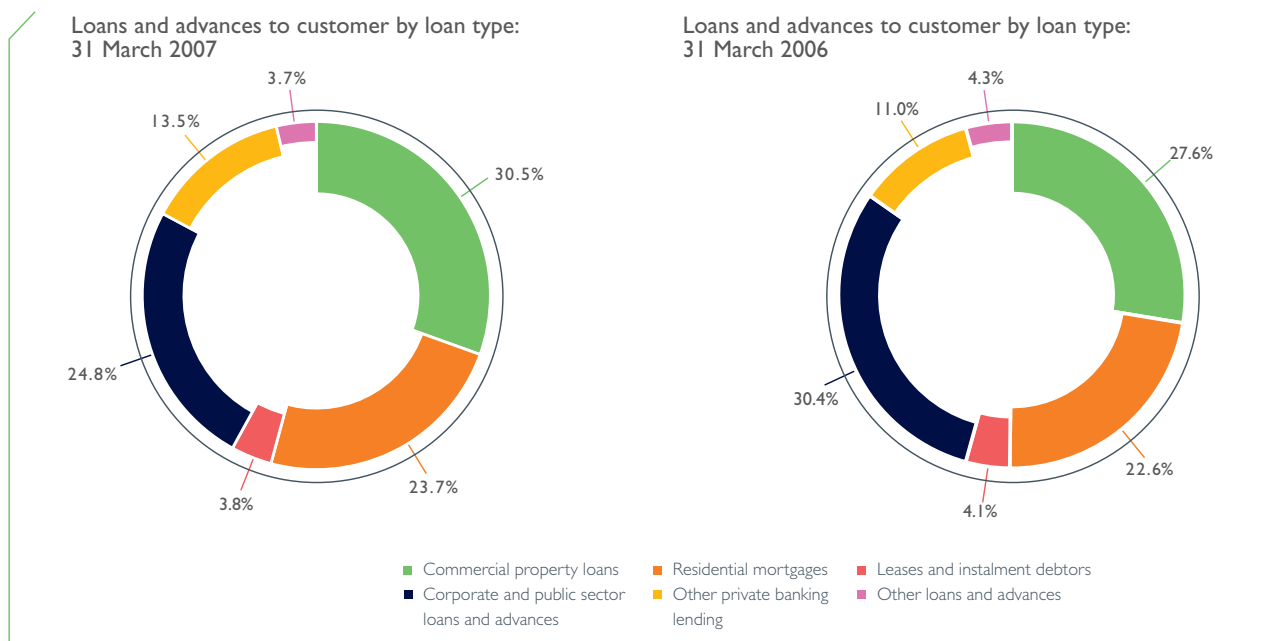
At 31 March R'million	2007	2006
Total loans and advances to customers (gross of impairments)	78 725	64 365
Specific impairments	241	240
Portfolio impairments	75	93
Total impairments	316	333
Gross default loans	1 010	745
Sub-standard	410	211
Doubtful	573	512
Loss	27	22
Less: security	839	550
Net default loans (pre impairments held against these loans)	171	195
Adequacy of impairments		
Specific impairments as a % of loans and advances to customers	0.31%	0.37%
Portfolio impairments as a % of net loans and advances to customers	0.10%	0.14%
Total impairments as a % of loans and advances to customers	0.40%	0.52%
Total impairments as a % gross default loans	31.29%	44.67%
Total impairments as a % of net default loans	184.80%	170.77%
Specific impairments as a % of gross default loans	23.86%	32.20%
Specific impairments as a % of net default loans	140.94%	123.08%
Gross default loans as a % of loans and advances to customers	1.28%	1.16%

Note:

As part of our Basel process we have revisited the definitions applied in terms of our asset quality information and refined these across divisions and geographies. These have been some minor changes as a result, and the 2006 information as depicted above has been restated accordingly.

Loans and advances to customers by loan type

At 31 March R'million	2007	2006
Category analysis		
Commercial property loans	24 078	17 498
Residential mortgages	18 735	14 280
Leases and instalment debtors	2 982	2 665
Corporate and public sector loans and advances	19 387	20 493
Other private bank lending	10 628	6 927
Other loans and advances	2 915	2 502
	78 725	64 365
Specific impairment	(241)	(240)
Portfolio impairment	(75)	(93)
	78 409	64 032



Credit risk year in review

Basel II

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

Overview

The loan portfolio increased by 22.3% to R78.7 billion.

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

- Upward pressure on interest rates (the prime lending rate increased from 10.5% at 31 March 2006 to 12.5% at 31 March 2007) but a negative yield curve, indicating an expectation of future interest rate cuts.
- Moderate levels of Rand volatility and a substantial depreciation in the Rand against the US Dollar.
- Highly volatile and high real prices of oil and metals (both base and precious).
- Strong equity markets and a slowdown in the real growth of residential and commercial property.
- Upward pressure on food prices as a result of the effects of the drought on the agricultural sector.

While the South African property market has been more resilient than that of the more established first world economies, 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. For this reason, we constantly monitor property exposures by stress testing the property portfolio. This is undertaken by assuming a sharp fall in property values and assessing the resultant loan to value ratios, changes in the ability of the borrower to service or repay from independent means and interest rate shocks resulting in rental income falling below interest expenses.

The high net worth and/or stable income streams shown by our target market clients provide a level of protection from decreases in property values, should a declining trend 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.

As a result of the early realisation of profits in respect of precious metal hedges (mainly gold) subsequent to corporate action in the mining sector, our exposure to corporate commodity producers is significantly lower than in the prior year.

As detailed above, the Rand has devalued significantly 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, we have advanced exposure simulation methodologies, which enable us to identify more accurately the level of potential exposures to counterparties for these trading activities. These simulation methodologies recognise volume of trading, volatility of products traded, deal tenor and credit mitigants in deriving granular counterparty exposure profiles (and, in so doing, allow for roll-off risk assessments).

The quality of the overall loan portfolio remains satisfactory with gross default loans as a percentage of total loans of 1.28%.

Market risk management

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

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

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

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

Scenario analysis considers the impact of a significant market event on our current trading portfolios. We consider the impact for the 10 days after the event, not merely the instantaneous shock to the markets. The following scenarios are analysed: October 1987, Black Monday, 11 September 2001 and the December Rand crisis in 2001.

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

VaR 95% (one-day)

31 March

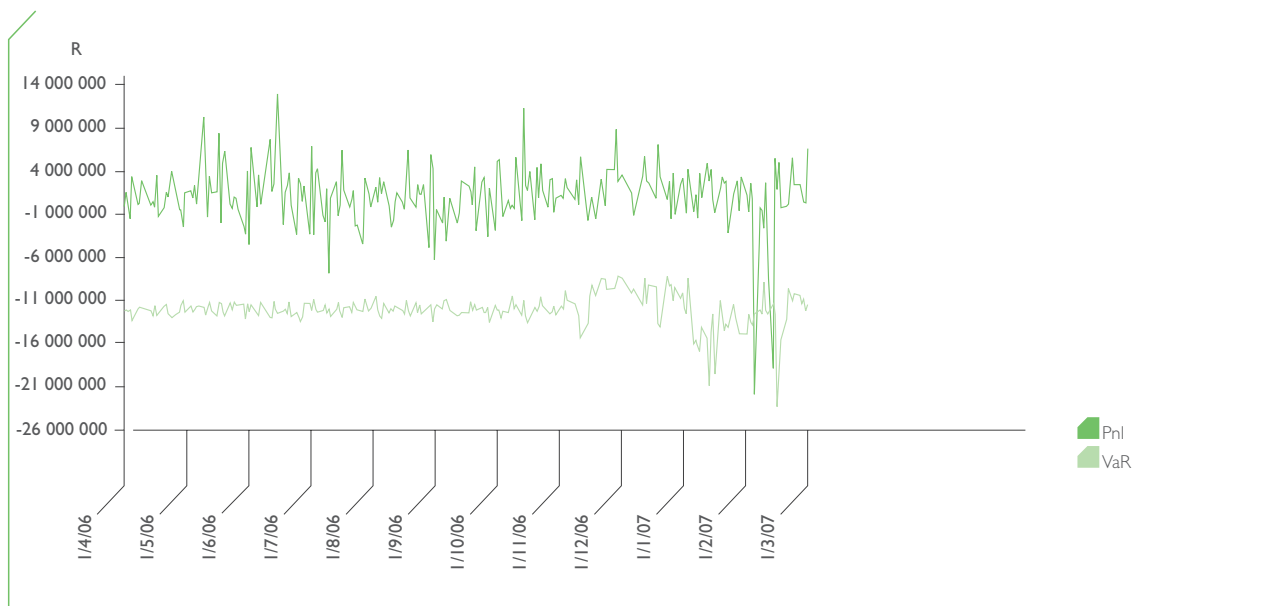
R'million

	2007	2006
Commodities	0.4	-
Equity derivatives	6.5	2.3
Foreign exchange	0.9	1.6
Interest rates	0.6	1.1
Consolidated*	7.0	3.1
High	13.9	10.5
Low	2.8	2.1
Average	6.5	4.9

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

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

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



The VaR numbers show two exceptions for the period under review as a result of losses on the Interest Rates desk due to adverse moves in South African consumer price inflation.

ETL 95% (one-day)

At 31 March
R'million

	2007	2006
Commodities	0.7	-
Equity derivatives	9.1	3.5
Foreign exchange	2.4	2.1
Interest rates	0.8	1.7
Consolidated*	9.8	4.1

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

Stress testing

The portfolio stress tested under extreme conditions (15 standard deviations) will result in a loss of R64.7 million in Investec Limited (based on a one-day holding period).

At 31 March
R'million

	2007	2006
Commodities	2.8	-
Equity derivatives	49.8	17.6
Foreign exchange	7.2	12.2
Interest rates	4.9	8.4
Consolidated	64.7	38.2

Market risk year in review

We obtained approval of our internal model for market risk from the South African Reserve Bank, which has put us at the level of the advanced approach for Basel II. In terms of this model, trading capital is calculated as a function of VaR at the 99% confidence level and back testing results will be submitted to the regulator monthly.

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 a strong performance from the South African Equity Derivatives desk.

Balance sheet risk management

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

Non-trading interest rate risk 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 interest rate risk include volatility and changes in interest rate levels, yield curves and spreads. These affect the interest rate margin realised between lending income and borrowing costs, when applied to our rate sensitive asset and liability portfolios. We are also exposed to basis risk, which is the difference in repricing characteristics of two floating-rate indices, such as the South African prime rate and three-month Jibar.

The table below shows our non-trading interest rate mismatch. These exposures affect the interest rate margin realised between lending income and borrowing costs.

Interest rate sensitivity gap

At 31 March 2007 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
Assets							
Cash and short-term funds (banks and non-banks)	33 494	-	-	-	-	-	33 494
Negotiable securities	10 797	2 048	2 664	706	452	1 362	18 029
Loans and advances to customers	59 832	677	1 070	9 470	3 285	185	74 519
All other assets	139	138	113	329	153	13 762	14 634
Total	104 262	2 863	3 847	10 505	3 890	15 309	140 676
Funding							
Deposits	(70 250)	(5 930)	(4 663)	(1 296)	(756)	(146)	(83 041)
All other liabilities	(25 728)	(4 906)	(3 995)	(3 445)	(1 908)	(17 653)	(57 635)
Total	(95 978)	(10 836)	(8 658)	(4 741)	(2 664)	(17 799)	(140 676)
Economic hedges	3 471	2 775	1 110	(3 957)	(3 399)	-	-
Interest rate repricing gap	11 755	(5 198)	(3 701)	1 807	(2 173)	(2 490)	-
Cumulative repricing gap	11 755	6 557	2 856	4 663	2 490	-	-

Liquidity risk

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

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

The table on the following page shows our liquidity mismatch, which represents our contractual cash obligations and commercial commitments.

Liquidity view

At 31 March 2007 R'million	Demand	Up to 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 5 years	>5 years	Total
Assets								
Cash and balances at central banks	851	-	-	-	-	-	-	851
Loans and advances to banks	2 127	17 448	1 674	1 939	15	4	-	23 207
Cash equivalent advances to customers	7 458	1 978	-	-	-	-	-	9 436
Reverse repurchase agreements and cash collateral on securities borrowed	2 917	-	-	-	-	-	-	2 917
Trading securities	12 984	6 072	75	2 497	996	-	-	22 624
Derivative financial instruments	5 310	-	-	120	-	458	14	5 902
Investment securities	27	123	264	-	-	-	-	414
Loans and advances to customers	987	1 916	2 779	4 219	6 920	31 015	30 573	78 409
Other assets *	2 085	3 661	459	39	84	599	3 106	10 033
	34 746	31 198	5 251	8 814	8 015	32 076	33 693	153 793
Funding								
Deposits by banks	356	4 987	704	59	595	6 113	145	12 959
Derivative financial instruments	5 342	9	-	-	2	317	-	5 670
Repurchase agreements and cash collateral on securities lent	2 378	-	-	-	-	-	-	2 378
Customer accounts	39 109	6 688	13 669	6 003	5 794	1 269	542	73 074
Debt securities in issue	-	3 804	7 180	5 631	6 702	7 464	89	30 870
Other liabilities **	3 101	5 450	916	1 290	308	2 549	920	14 534
	50 286	20 938	22 469	12 983	13 401	17 712	1 696	139 485
Subordinated liabilities (including convertible debt)	-	-	-	-	-	3 029	-	3 029
Equity	-	-	-	-	-	-	11 279	11 279
	50 286	20 938	22 469	12 983	13 401	20 741	12 975	153 793
Liquidity gap	(15 540)	10 260	(17 218)	(4 169)	(5 386)	11 335	20 718	-
Cumulative liquidity gap	(15 540)	(5 280)	(22 498)	(26 667)	(32 053)	(20 718)	-	-

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

** Includes other trading liabilities, current taxation liabilities, deferred taxation liabilities and other liabilities.

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

Balance sheet risk year in review

The last financial year was characterised by a rising global interest rate environment.

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. These initiatives were designed to further diversify sources of funding and maintain surplus medium-term liquidity at low rates to facilitate asset growth. Key initiatives included the following:

- We raised a \$340 million five-year syndicated loan at LIBOR plus 35 basis points in January 2007. This was done to diversify support for the Rand balance sheet across term and geography and to exploit improved investor sentiment towards emerging markets. We also set up a \$1.5 billion EMTN programme, which is listed in Luxembourg, for similar reasons.
- On the funding side, there was rapid growth in balance sheet, deposit and surplus cash sizes. The three are linked as we respond appropriately to rapid asset growth and increases in Private Bank call funding. Risks to income increased as the prime-jibar gap narrowed. This was largely due to pressures from banks competing to raise term deposits to fund high asset creation. Income pressures were exacerbated by the increasing opportunity cost of holding liquid assets as banks fought to balance rising needs with limited supply.

Operational risk management

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.

Operational risk year in review

Operational risk exposure continued to be addressed and reported.

During the year, we continued to embed our operational risk practices across the group. Our strategy provides for continuous development to ensure that our framework and practices are appropriate and adequate for our business, and in line with regulatory requirements. In addition, we continue to develop and enhance our policies, practices and processes in line with leading practice. Industry developments are monitored through active participation in industry forums.

A number of engagements with regulators took place during the year as part of our Basel II programme. The Standardised Approach application requirements are being met. An internal assessment of our operational risk practices has been undertaken to evaluate compliance with Basel II requirements, and we are of the view that we are substantially meeting these requirements.

During the year, the processes around the gathering of internal data were refined. Risks above our threshold were reported to the Board Risk Review Committee and are being appropriately treated.

Certain key risk indicators are tracked and continue to be an area of focus.

Business continuity risk was a focus for regulators during the year. Participation in regulatory initiatives confirmed that our business continuity practices are appropriate and adequate. Certain minor incidents were effectively responded to without disruption to the business, but highlighted the need for ongoing attention to operational resilience and partial disruption recoverability. The management of this risk remains a focus.

Information security training was rolled out to all staff to increase the awareness of information security risk.

Financial crime remains a concern. During the year, various internal and external incidents were identified and responded to, in order to minimise losses and recover assets or to report suspicious transactions to the authorities.

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.

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

Reputational risk management

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

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

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

Capital management

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

The Investec plc and Investec Limited boards of directors are ultimately responsible for the respective silo's capital management. At the highest level, the boards have delegated direct responsibility for capital management to the DLC Capital Committee to oversee the components contributing to effective control and use of capital. This forum was constituted in June 2002 and its roles and responsibilities are discussed in the Investec group's 2007 Annual Report.

Basel II

We intend to implement the Basel II Standardised approaches for credit and operational risk across our divisions and geographies from January 2008, moving to the Advanced approaches over time. For market risk in the trading book, we currently adopt a combination of the EU CAD I model approach and internal value-at-risk models and we intend to move to the latter in the near future. The Basel II implementation is taking account of our long-term sustainability and strategic view. The evaluation extends to the entire risk and operational environment, including the infrastructure and data framework to ultimately support the advanced approach.

While the adoption of the Basel II framework may have a significant impact on the capital management process, the process will allow greater flexibility for us to manage our capital requirements through a better understanding of risk and reward. From a philosophical standpoint however, the use of risk to manage the business will not change. The reason is that the acute sensitivity of transactions to capital use is already embedded in our deal/credit approval and performance measurement ethos (as detailed above).

The underlying process for determining capital adequacy relative to our chosen risk profile will remain essentially the same. However, under Basel II, the basis for quantification of required capital will become more sophisticated.

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

- Board and senior management oversight in relation to the nature and level of risk taken and how this risk relates to capital adequacy. Strategic plans outline our capital needs, anticipated capital expenditure, target capital level and structure and external capital sources.
- Sound capital assessment through the establishment of capital adequacy goals supported by a process of internal controls, reviews and audits to ensure the integrity of the overall management process.
- Comprehensive assessment of risks by a number of governance committees guided by methodologies and policies, supported by sophisticated systems which ensure the adequacy and completeness of information on which decisions are based. To this end, detailed reports are prepared regularly on our risk profile and capital needs.

The adoption of Pillar II through our internal capital model allows us to manage risk more effectively and to target performance accurately on the basis of risk. This will enable an extension to the current internal capital model by allowing for a greater understanding of the sources of all risk capital at a transactional level.

Internal Audit

Internal Audit provides objective and independent assurance to the board that management 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.

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

Further details on the internal audit function can be found in the Investec group's 2007 Annual Report.

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.

Further details on the compliance function can be found in the Investec group's 2007 Annual Report.

South Africa - year in review

Implementation of Financial Intelligence Centre Act and Protection of Constitutional Democracy against Terrorist and Related Activities Act

The implementation of the Financial Intelligence Centre Act and Protection of Constitutional Democracy against Terrorist and Related Activities is ongoing. As required by the legislation, new clients are required to undergo a significant process at the take-on stage to ensure that they are adequately identified and verified prior to transacting. The allocated time periods set by the South African Reserve Bank for the re-identification of existing clients expired during 2006. Accordingly and, as required by legislation, all existing Investec clients who have not been adequately identified or verified have had their accounts frozen, subject to our receipt of the outstanding information and documentation.

The focus during the year was on ongoing implementation of international best practice standards of anti-money laundering and anti-terror financing in the banking environment. These standards include:

- Risk weighting of clients according to the money laundering and/or terror financing risks they pose.
- An enhancement of the Client Acceptance Policy to accommodate this risk weighting.
- A comparison of client lists to databases of adverse client information (including persons named on the United Nations lists).
- The ongoing maintenance of a client's identification and verification and risk weighting.

Implementation of the National Credit Act 34 of 2005

The National Credit Act, 2005 (NCA) governs the granting and management of credit and comes into operation on 1 June 2007. The NCA applies to all categories of credit agreements we enter with affected parties, at arm's length. It focuses on consumer protection, specifically the prevention of reckless credit behaviour, combating over-indebtedness and curbing discriminatory lending practices. The Act imposes strict requirements on credit providers including disclosure to consumers, advertising and marketing practices, complaints and pricing.

Affected entities within the group have successfully applied to the National Credit Regulator for registration as credit providers. A project plan has been implemented to ensure that the affected entities will be compliant with the provisions of the NCA by the effective date.

Compliance monitoring

A project was initiated 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 first phase of the project involved a comprehensive analysis of all acts, regulations, rules, 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 use to mitigate such risks.

The second phase of the project involves a review of the 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.

Mauritius - year in review

Following the significant legislative changes that were introduced in the previous year, the regulatory environment remained stable. Investec Bank (Mauritius) Limited adopted, and is an active participant in, the compliance projects initiated by the South African Compliance function.

Group processes implemented to address conflicts of interest

It has become increasingly important to ensure that actual or potential conflicts of interest are managed appropriately. A project has been initiated across the group to identify areas where conflicts of interest may arise and to ensure that appropriate processes are implemented to either avoid or manage these. To facilitate this process, a conflicts of interest control room is being established to manage conflicts of interest within 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.

Ratings for Investec Limited

CA Ratings

Local currency short-term rating	(za) A1+
Local currency long-term rating	(za) AA-

Fitch

Individual rating	B/C
Support rating	5
Foreign currency short-term rating	F3
Foreign currency long-term rating	BBB (positive outlook)

Ratings for Investec Bank Limited - a subsidiary of Investec Limited

CA Ratings

Local currency short-term rating	(za) A1+
Local currency long-term rating	(za) AA-

Capital Intelligence Ratings

Domestic strength rating	A-
Foreign currency short-term rating	A3
Foreign currency long-term rating	BBB-

Fitch

Individual rating	B/C
Support rating	2
Foreign currency short-term rating	F3
Foreign currency long-term rating	BBB (positive outlook)
Local currency short-term rating	F1 (zaf)
Local currency long-term rating	A+ (zaf)

Global Credit Rating Co.

Local currency short-term rating	A1+ (za)
Local currency long-term rating	AA- (za)

Moody's

Financial strength rating	C
Global local currency deposit long-term rating	A2
Foreign currency deposit long-term rating	Baa1 (positive outlook)
Foreign currency deposit short-term rating	Prime-2
National scale long-term rating	Aa2.za
National scale short-term rating	P1.za

Corporate governance

This section provides a summary of our corporate governance philosophy and practices. A more detailed review is provided in the Investec group's 2007 Annual Report.

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

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

Board statement

The board is of the opinion that Investec complied with King II, during the period under review, except as outlined below.

King II - Independence of the Chairman

Since 2005, the Chairman of the board is not considered to be independent but continues to enhance his status as a non-executive director.

Financial reporting and going concern

The directors are responsible for monitoring and reviewing the preparation, integrity and reliability of the financial statements, accounting policies and the information contained in the annual report.

Our financial statements were prepared on the going concern basis.

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

Board of directors

The composition of the board of Investec Limited is set out on pages 36 to 39.

The majority of the board members are non-executive directors.

The board is accountable for the performance and affairs of Investec, it is responsible for the adoption of strategic plans, monitoring of operational performance and management, ensuring an effective risk management strategy and our compliance with applicable legislation.

The board meets its objectives by reviewing and guiding corporate strategy, approving key policies and objectives, understanding the key risks we face, and determining our risk tolerance and approving and reviewing the processes in operation to mitigate them.

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

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

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

Board committees

The board is supported by key committees, as follows:

- Audit Committee
 - Audit Sub-Committees
 - Audit and Compliance Implementation Forums
- Board Risk Review Committee
 - Executive Risk Review Forum
 - Various specialist risk committees and forums as described in the risk management section of the Investec group's 2007 Annual Report
- Nomination Committee
- Remuneration Committee
- Capital Committee

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

Management and succession planning

Global business unit heads, geographic management, and the heads of central and group service functions are appointed by executive management and endorsed by the board, based on the skills and experience deemed necessary to perform the required function. In general, managers do not have fixed term employment contracts and there are no employment contracts with managers for a term of more than three years. Our management structure, reporting lines and the division of responsibilities are built around a geographic, divisional and functional network.

Each strategic business unit has an executive management committee and is responsible for taking and implementing operational decisions, managing risk and aligning divisional objectives with the group strategy and vision.

Matters of succession are considered regularly. Decision making is spread to encourage and develop an experienced pool of talent.

Internal control

We 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 Code requirements in South Africa.

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

The board recognises its responsibility for the overall risk and control framework and for reviewing its effectiveness.

The overall system of internal control is designed to mitigate, not eliminate, significant risks we face and was in place for the year under review. It is recognised that such a system provides reasonable, but not absolute, assurance against material error, omission, misstatement or loss. This is achieved within the group through a combination of risk identification, evaluation and monitoring processes, appropriate decision and oversight forums, and assurance and control functions such as Group Risk Management, Internal Audit and Compliance. These ongoing processes were in place throughout the year under review.

The process, which includes risk and control identification, is completed and assessed at business unit level. Each business unit is empowered with the responsibility and accountability for management of its own risk. Each business unit follows a consistent risk assessment process as contained in the risk assessment framework, which is facilitated by Group Operational Risk Management. Risks to shareholder value are identified, and controls and mitigants for each risk are identified and evaluated. The action plans and risk and control issues arising from this process are reviewed regularly at the relevant executive and management committees based at a business unit level.

Internal Audit reports any control recommendations to senior management, Group Risk Management and the relevant Audit Committee. Appropriate processes, including review by the Audit and Compliance Implementation Forums, ensure that timely corrective actions are taken on matters raised by Internal Audit. Significant risks are reviewed weekly by the Executive Risk Review Forum and monthly by the Board Risk Review Committee. Material incidents and losses and significant breaches of systems and controls are reported to the Board Risk Review Committee and the Audit Committee. Reports from the Audit Committees, Board Risk Review Committee and Risk and Control functions are reviewed at each board meeting.

Internal financial controls

Internal financial controls are based on established policies and procedures. Management is responsible for implementing internal financial controls, ensuring that personnel are suitably qualified and that an appropriate segregation exists between duties and independent review. These areas are monitored by the board through the Audit Committees, reviewed by Group Risk Management and independently assessed by Internal Audit and Compliance.

External audit

Our external auditors are Ernst & Young Inc. and KPMG Inc. The independence of the external auditors is recognised and reviewed with the auditors by the Audit Committee each year.

The Audit Committees meet with the external auditors to review the scope of the external audit, budgets and any audit matters arising.

The external auditors attend Audit Committee meetings and have access to the Chairman of the Audit Committee. Recommendations on the rotation of auditors, as laid out in circular 16/2004 of the South African Banks Act, were adhered to during the period under review.

Non-audit services are dealt with in terms of an agreed policy.

Regulation and supervision

We are subject to external regulation and supervision by various supervisory authorities, the main one being the South African Reserve Bank (SARB). Some of our businesses are subject to supervision by the South African Financial Services Board.

Communication, public disclosure obligations and stakeholder relations

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

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

Values and code of conduct

We have a strong organisational culture of entrenched values, which forms the cornerstone of our behaviour towards all stakeholders. These values are embodied in a written Statement of Values, which serves as our Code of Ethics and is continually reinforced.

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

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

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

Sustainable business practices

We have an acute awareness of the need for longevity and durability, across all our businesses, and an ingrained understanding of the practices that underpin sustainability. Further detail can be found on our website at www.investec.com/grouplinks/obr

Shareholder analysis

The group has implemented a Dual Listed Companies (DLC) structure in terms of which it has primary listings both in Johannesburg and London. Investec plc, which houses the majority of the group's non-Southern African businesses, was listed on the London Stock Exchange on 29 July 2002. Investec plc also has a secondary listing on the JSE Limited (JSE). Investec Limited, which houses the group's Southern African and Mauritius operations, has been listed in South Africa since 1986 and is also listed on the Botswana and Namibian Stock Exchanges.

On 4 September 2006 the group implemented a 5:1 share split of Investec Limited shares.

As at 31 March 2007 Investec Limited had 227.7 million ordinary shares in issue.

Spread of ordinary shareholders as at 31 March 2007

Investec Limited ordinary shares in issue

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
2 309	1 to 500	35.9	588 019	0.3
1 283	501 - 1 000	20.0	989 403	0.4
1 717	1 001 - 5 000	26.7	4 021 883	1.8
317	5 001 - 10 000	4.9	2 321 152	1.0
461	10 001 - 50 000	7.2	10 748 433	4.7
127	50 001 - 100 000	2.0	9 376 179	4.1
216	100 001 and over	3.3	199 626 351	87.7
6 430		100.0	227 671 420	100.0

Shareholder classification as at 31 March 2007

	Investec Limited number of shares	% holding
Public*	171 415 965	75.3
Non-public	56 255 455	24.7
Non-executive directors of Investec Limited**	2 436 266	1.1
Executive directors of Investec Limited	7 381 870	3.3
Investec staff share schemes	19 381 764	8.5
Tiso Group Limited**	14 000 000	6.1
Peu Group (Proprietary) Limited**	13 055 555	5.7
Total	227 671 420	100.0

* As per the JSE listing requirements.

** In November 2003, Investec Limited implemented an empowerment transaction. The shareholdings held by F Titi and MP Malungani (non-executive directors of Investec) are shown under the holdings of Tiso Group Limited and Peu Group (Proprietary) Limited, respectively.

Largest shareholders as at 31 March 2007

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

Investec Limited

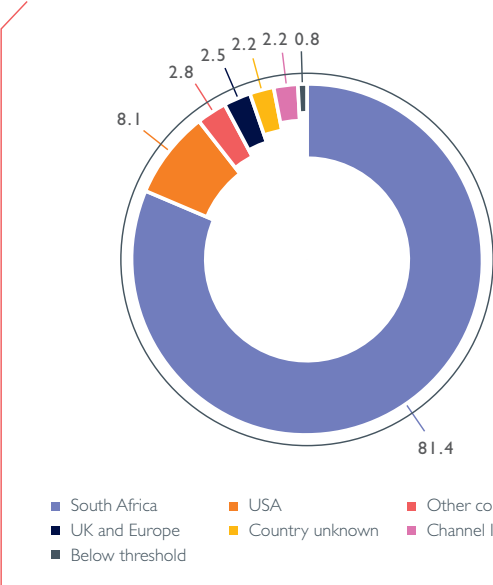
Shareholder analysis by manager group

	Number of shares	% holding
1 Public Investment Commissioner (ZA)	24 569 804	10.8
2 Investec Staff Share Schemes (ZA)	19 381 764	8.5
3 Old Mutual Asset Managers (ZA)	16 384 922	7.2
4 Investec Asset Management (ZA)	14 037 074	6.2
5 Tiso INL Investments (Pty) Ltd (ZA)*	14 000 000	6.1
6 Entrepreneurial Development Trust (ZA)*	14 000 000	6.1
7 Peu INL Investments I (Pty) Ltd (ZA)*	13 055 555	5.7
8 Polaris Capital (Pty) Limited (ZA)	9 958 172	4.4
9 RMB Asset Management (ZA)	7 470 551	3.3
10 Investec Securities Limited (ZA)**	6 911 846	3.0
Cumulative total	139 769 688	61.3

The top 10 shareholders account for 61.3% of the total shareholding in Investec Limited. This information is based on a threshold of 20 000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

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

Geographic holding by beneficial owner as at 31 March 2007



Share statistics

Investec Limited ordinary shares in issue

For the year ended 31 March	2007	2006	2005	2004	2003	2002	2001
Closing market price per share (cents) ¹							
- year end	9 330	6 260	3 560	2 506	1 530	2 600	3 940
- highest	9 460	6 650	3 800	3 020	3 488	4 916	5 560
- lowest	5 906	3 410	2 156	1 550	1 530	2 600	3 840
Number of ordinary shares in issue (million) ¹	227.7	220.0	220.0	220.0	192.0	481.0	405.0
Market capitalisation (R'million) ²	56 848	37 121	21 111	14 860	8 645	14 196	19 286
Daily average volume of shares traded ('000) ^{1/3}	619.7	478.0	510.5	495.0	527.0	-	-

Notes:

- ¹ On 4 September 2006 the group implemented a 5:1 share split of Investec Limited shares. Historical information has been restated for comparative purposes.
- ² 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 609.3 million shares in issue.
- ³ Information prior to the implementation of the DLC structure in 2002 is not comparable.

Directorate Investec Limited

Executive directors

Name	Age at 31 March 2007	Qualifications	Current directorships	Investec committee membership	Brief biography	Area of expertise
Chief Executive Officer						
Stephen Koseff	55	BCom CA (SA) H Dip BDP MBA	The Bidvest Group Limited, JSE Limited, Rensburg Sheppards plc and a number of Investec subsidiaries	Board Risk Review Committee and DLC Capital Committee	Stephen joined Investec in 1980. He has had diverse experience within Investec as Chief Accounting Officer and General Manager of Banking, Treasury and Merchant Banking.	Finance
Managing director						
Bernard Kantor	57	-	Phumelela Gaming and Leisure Limited, Rensburg Sheppards plc and a number of Investec subsidiaries	Board Risk Review Committee and DLC Capital Committee	Bernard joined Investec in 1980. He has had varied experience within Investec as a Manager of the Trading division, Marketing Manager and Chief Operating Officer.	Finance
Group Risk and Finance director						
Glynn R Burger	50	BAcc CA(SA) H Dip BDP MBL	Investec Bank Limited and a number of Investec subsidiaries	Board Risk Review Committee and DLC Capital Committee	Glynn joined Investec in 1980. His positions within Investec have included Chief Accounting Officer; Group Risk Manager and Joint Managing Director for South Africa.	Finance
Alan Tapnack	60	BCom CA (SA)	Investec Bank (UK) Limited and a number of Investec subsidiaries	Board Risk Review Committee and DLC Capital Committee	Alan is a former partner of Price Waterhouse and former Managing Director of Grey Phillips Bunton Mundell and Blake, a leading South African marketing services group. Alan joined Investec in 1991 and has held the positions of Chief Finance Officer and Chief Executive Officer of Investec Bank (UK) Limited and Chief Executive Officer of Investec's UK operations.	Finance

Non-executive directors

Name	Age at 31 March 2007	Qualifications	Current directorships	Investec committee membership	Brief biography	Area of expertise
Non-executive Chairman						
Hugh S Herman	66	BA LLB LLD (hc)	Growthpoint Properties Limited, Pick 'n Pay Holdings Limited, Pick 'n Pay Stores Limited and a number of Investec subsidiaries	Nomination Committee	Hugh practiced as an attorney before joining Pick 'n Pay, a leading South African retail group, where he became Managing Director.	Law
Sam E Abrahams	68	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, Nomination Committee, Board Risk Review Committee and DLC Capital Committee	Sam is a former international partner and South African Managing Partner of Arthur Andersen.	Finance Auditing
George FO Alford	58	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 Review Committee	George is a former Head of Private Banking and Personnel at Kleinwort Benson Group and was a senior advisor to the UK Financial Services Authority.	Banking Regulations Finance
Cheryl A Carolus	48	BA (Law) B Ed	De Beers Consolidated Mines Limited, IQ Business Group (Pty) Limited, Fenner Conveyor Belting South Africa (Pty) Limited, Ponhalo Holdings (Pty) Limited, Investec Asset Management Holdings (Pty) Ltd and Executive Chairperson of Peotona Group Holdings (Pty) Limited	-	Cheryl acted as the South African High Commissioner to London between 1998 and 2001 and was Chief Executive Officer of South African Tourism. She is Chairperson of South African National Parks.	Sustainable development Education

Non-executive directors (continued)

Name	Age at 31 March 2007	Qualifications	Current directorships	Investec committee membership	Brief biography	Area of expertise
Huruko Fukuda OBE	60	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.	-	Huruko 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.	Finance Asset Management
Geoffrey MT Howe	57	MA (Hons)	Jardine Lloyd Thompson Group plc (Chairman), The JP Morgan Overseas Investment Trust plc and Nationwide Building Society	DLC Audit Committee, Investec plc Audit Committee, Investec Limited Audit Committee, Remuneration Committee and Board Risk Review Committee	Geoffrey is a former Managing Partner of Clifford Chance LLP and was Director and Group General Counsel of Robert Fleming Holdings Ltd. He is also a former Chairman of Railtrack Group plc.	Law
Donn E Jowell	65	BCom LLB	Investec Bank Limited, Wits Donald Gordon Medical Centre, JCI Limited and Werksmans Inc	DLC Audit Committee, Investec Limited Audit Committee, Board Risk Review Committee, DLC Capital Committee.	Donn is a director of Werksmans Inc., and former Chairman and founder of Jowell, Glynn and Marais, Investec's South African legal advisors.	Law
Ian R Kantor	60	BSc (Eng) MBA	Insinger de Beaufort Holdings SA (in which Investec holds an 8.6% interest), Bank Insinger de Beaufort NV where he is Chairman of the management board	-	Former Chief Executive of Investec Limited.	Finance
Senior independent director Sir Chips Keswick	67	-	Investec Bank 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, Nomination Committee and Board Risk Review Committee	Sir Chips is former Chairman of Hambros Bank Limited and Hambros PLC and a former director of Anglo American plc. He was on the Court of the Bank of England.	Finance

Name	Age at 31 March 2007	Qualifications	Current directorships	Investec committee membership	Brief biography	Area of expertise
M Peter Malungani	49	BCom MAP LDP	Super Group Limited (Chairman), Phumelela Gaming and Leisure Limited (Chairman), Investec Bank Limited, Investec Asset Management Holdings (Pty) Limited and a number of Peu subsidiaries	-	Peter is Chairman and founder of Peu Group (Proprietary) Limited.	Finance
Sir David Prosser	63	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.	Finance
Peter RS Thomas	62	CA (SA)	Investec Bank Limited, various Investec companies and JCI Limited	DLC Audit Committee, Investec plc Audit Committee, Investec Limited Audit Committee and Board Risk Review Committee	Peter was the former Managing Director of The Unisec Group Limited.	Finance
Fani Titi	44	BSc (Hons) MA MBA	Investec Bank Limited (Chairman), AECL Limited and Investec Asset Management Holdings (Pty) Ltd	Board Risk Review Committee	Fani is Chief Executive Officer of Tiso Group Limited.	Finance

Directors' responsibility statement

The annual financial statements and the group annual financial statements of Investec Limited are prepared to present the financial position, results and cash flows of Investec Limited and its directly owned subsidiaries in the manner required by the Companies Act of South Africa, in the absence of a DLC structure, and are prepared in accordance with International Financial Reporting Standards on this basis, as further discussed in the purpose and basis of preparation of financial statements in the directors' report on page 43.

The directors' consider that in preparing the financial statements, the company and group have used appropriate accounting policies supported by reasonable and prudent judgements and estimates.

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

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

The financial statements appearing on pages 43 to 92 were approved by the Board of Directors on 28 June 2007 and are signed on its behalf by



Hugh Herman
Director



Stephen Koseff
Director

Furthermore, the group's external auditors have audited the financial statements and their unqualified report appears on page 42.

Declaration by the company secretary

In terms of Section 268G (d) of the Companies Act, 1973, as amended, I hereby certify that to the best of my knowledge, the company has lodged with the Registrar of Companies, for the financial year ended 31 March 2007, all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.



B Coetsee
Group Secretary

28 June 2007

Independent auditors' report to the members of Investec Limited

We have audited the annual financial statements and the group annual financial statements of Investec Limited, which comprise, the balance sheets at 31 March 2007, the income statements, the statements of changes in equity and cash flow statements for the year then ended, a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 43 to 92.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards as if Investec Limited were a standalone component of the Dual Listed Companies structure of Investec Limited and Investec plc, as explained in the paragraph of the directors' report headed: Purpose and basis of preparation of financial statements. The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements are prepared to present, in all material respects, the consolidated and separate financial position of Investec Limited at 31 March 2007, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, as if Investec Limited were a standalone component of the Dual Listed Companies structure of Investec Limited and Investec plc, as explained in the directors' report.

For an understanding of the combined consolidated financial position of the Dual Listed Companies structure of Investec Limited and Investec plc at 31 March 2007, and their combined consolidated financial performance and combined consolidated cash flows for the year then ended, the user is referred to the combined consolidated financial statements contained in the 2007 Annual Report of Investec Limited and Investec plc.

KPMG Inc.

KPMG Inc.
Registered Auditor

Per VT Yuill
Chartered Accountant (SA)
Registered Auditor
Director
Sandton
28 June 2007

KPMG Crescent
85 Empire Road, Parktown
Johannesburg

Policy Board:

RM Kgosana (Chairman), TW Grieve (Chief Executive),
TH Bashall, BG Bauer, DC Duffield, J Geel, A Hari,
TH Hoole, D Jackson, GI Maile, AM Mokgabudi,
CM Read, YGH Suleman, D van Heerden, JM Vice

Ernst & Young Inc.

Ernst & Young Inc.
Registered Auditor

Per JP Quinn
Chartered Accountant (SA)
Registered Auditor
Director
Sandton
28 June 2007

Wanderers Office Park
52 Corlett Drive, Illovo
Johannesburg

Chief Executive:

Phillip Hourquebie

Directors' report

Business review

Investec Limited is an international, specialist banking group that provides a diverse range of financial products and services to a niche client base in Southern Africa. It is 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 the group's central funding as well as other activities, such as trade finance. A review of the operations for the year can be found on pages 10 to 15.

Authorised and issued share capital

Details of the share capital are set out in note 31 to the financial statements.

The ordinary shares, class "A" variable rate compulsory convertible preference shares and the special convertible preference shares were subdivided on a 5 for 1 basis on 4 September 2006.

During the year the following shares were issued:

- 1 100 000 ordinary shares on 4 July 2006 at R164.50 per share (this occurred prior to the 5 for 1 share split).
- 2 173 785 ordinary shares on 20 November 2006 at R31.94 per share (this occurred after the 5 for 1 share split).
- 800 000 special convertible redeemable preference shares on 4 July 2006 at R0.001 per share (this occurred prior to the 5 for 1 share split).
- 1 830 642 special convertible redeemable preference shares on 20 November 2006 at R0.0002 per share (this occurred after the 5 for 1 share split).
- 2 613 835 special convertible redeemable preference shares on 19 February 2007 at R0.0002 per share (this occurred after the 5 for 1 share split).

Financial results

The results of Investec Limited are set out in the financial statements and accompanying notes for the year ended 31 March 2007.

Ordinary dividends

An interim dividend of 138 cents per ordinary share (2006: 89.2 cents) was declared to shareholders registered on 15 December 2006 and was paid on 22 December 2006.

The directors have proposed a final dividend of 180 cents per ordinary share (2006: 125.4 cents) to shareholders registered on 27 July 2007 to be paid on 13 August 2007. The final dividend is subject to the approval of members of Investec Limited at the Annual General Meeting scheduled for 8 August 2007.

The holders of 3 700 000 Investec Limited shares have agreed to waive their rights to the proposed final dividend.

Preference dividends

Non-redeemable non-cumulative non-participating preference shares

Preference dividend number 4 for the period 1 April 2006 to 30 September 2006 amounting to 385 cents per share was declared to members holding preference shares registered on 8 December 2006 and was paid on 11 December 2006.

Preference dividend number 5 for the period 1 October 2006 to 31 March 2007 amounting to 428.44 cents per share was declared to members holding preference shares registered on 29 June 2007 and will be paid on 4 July 2007.

Redeemable cumulative preference shares

Dividends amounting to R32 452 219.18 were paid on the redeemable cumulative preference shares.

Directors' report (continued)

Directors and secretaries

Details of directors and secretaries of Investec Limited are reflected on pages 36 to 39 and at the beginning of the Annual Report.

In accordance with the Articles of Association, Messrs SE Abrahams, GFO Alford, GR Burger, HS Herman, DE Jowell, IR Kantor, A Tapnack, PRS Thomas and FTiti retire by rotation at the forthcoming Annual General Meeting, but being eligible, offer themselves for re-election.

Directors and their interests

Directors' shareholdings and options to acquire shares are set out in the Investec group's 2007 Annual Report.

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 in the Investec group's 2007 Annual Report.

Audit Committee

The Audit Committee comprising non-executive directors meets regularly with senior management, the external auditors, Operational Risk, Internal Audit, Group Compliance and the group's Finance division, to consider the nature and scope of the audit reviews and the effectiveness of the group's risk and control systems. Further details on the role and responsibility of the Audit Committee are set out in the Investec group's 2007 Annual Report.

Auditors

Ernst & Young Inc. and KPMG Inc. have indicated their willingness to continue in office as auditors of Investec Limited. A resolution to reappoint them as auditors will be proposed at the next Annual General Meeting scheduled to take place on 8 August 2007.

Contracts

Refer to the Investec group's 2007 Annual Report for details of contracts with directors.

Subsidiary and associated companies

Details of principal subsidiary companies are reflected on page 80 and details of associated companies on page 74.

Major shareholders

The largest beneficial shareholders of Investec Limited are reflected on page 34.

Special resolutions

At the Annual General Meeting held on 10 August 2006, 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 shares in terms of Section 85 and 89 of the South African Companies Act No 61 of 1973.
- authority was granted to Investec Limited that each ordinary share, each class "A" variable rate compulsory convertible non-cumulative preference share and each special convertible redeemable preference share be subdivided on a 5 for 1 basis.
- Amendments were made to the Memorandum of Association to reflect the subdivision of the above mentioned shares in the authorised share capital of the company.

Accounting policies and disclosure

Accounting policies are set having regard to commercial practice and comply with applicable South African law and International Financial Reporting Standards. These policies are set out on pages 51 to 58.

Purpose and basis of preparation of financial statements

Under the contractual arrangements implementing the Dual Listed Companies (DLC) structure, Investec Limited and Investec plc, the latter a company incorporated in the United Kingdom, effectively form a single economic enterprise, in which the economic and voting rights of shareholders are equalised. In accordance with this structure the appropriate presentation under International Financial Reporting Standards is achieved by combining the results and the financial position of both companies using merger accounting principles. Those combined financial statements have been separately prepared.

The Companies Act of South Africa does not specifically envisage a reporting structure such as the DLC structure. The combined consolidated financial statements of Investec Limited and Investec plc are considered the statutory financial statements of Investec Limited and Investec plc.

The attached annual financial statements and the group annual financial statements of Investec Limited are prepared to present the financial position, results and cash flows of Investec Limited and its directly owned subsidiaries in the manner required by the Companies Act of South Africa, in the absence of a DLC structure, and are prepared in accordance with International Financial Reporting Standards on this basis, but with earnings per share disclosed in the DLC combined consolidated financial statements by virtue of the sharing arrangement. For an understanding of the financial position, results and cash flows of the Investec DLC structure the user is referred to the combined consolidated financial statements of Investec Limited and Investec plc.

Creditor payment policy

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

Employees

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

Donations

During the year, Investec Limited made donations for charitable purposes, totalling R23 842 770.

Environment

The group is committed to pursuing sound environmental policies in all aspects of its business and seeks to encourage and promote good environmental practice among its employees and within the community in which it operates. Further information on the group's sustainability practices can be found on our website.

Subsequent events

Refer to note 43 on page 90.



Benita Coetsee
Company Secretary
Investec Limited

28 June 2007

Consolidated income statements

For the year to 31 March R'million	Notes	Group		Company	
		2007	2006	2007	2006
Interest receivable		9 725	7 122	165	168
Interest payable		(7 402)	(5 599)	(78)	(173)
Net interest income/(expense)		2 323	1 523	87	(5)
Fees and commissions receivable		3 407	2 623	-	-
Fees and commissions payable		(164)	(129)	-	-
Principal transactions	3	2 446	2 553	867	951
Operating loss from associates		(10)	-	-	-
Investment income on assurance activities	25	521	1 521	-	-
Premiums and reinsurance recoveries on insurance contracts	25	1 137	1 770	-	-
Other operating income	4	39	15	-	-
Other income		7 376	8 353	867	951
Claims and reinsurance premiums on insurance business	25	(1 575)	(3 151)	-	-
Total operating income net of insurance claims		8 124	6 725	954	946
Impairment losses on loans and advances		(121)	(23)	-	-
Operating income		8 003	6 702	954	946
Administrative expenses	5	(4 028)	(3 147)	(105)	(7)
Depreciation and impairment of property, equipment and software	19/22	(65)	(51)	-	-
Operating profit before goodwill impairment		3 910	3 504	849	939
Impairment of goodwill	21	(115)	(233)	-	-
Operating profit		3 795	3 271	849	939
Profit/(loss) on disposal of subsidiaries		2	(1)	-	119
Profit before taxation		3 797	3 270	849	1 058
Taxation	7	(1 115)	(917)	-	(59)
Profit after taxation		2 682	2 353	849	999
Earnings attributable to minority interests		37	80	-	-
Earnings attributable to shareholders		2 645	2 273	849	999
		2 682	2 353	849	999

Consolidated balance sheets

At 31 March R'million	Notes	Group		Company	
		2007	2006	2007	2006
Assets					
Cash and balances at central banks		851	1 930	-	-
Loans and advances to banks		23 207	13 207	28	27
Cash equivalent advances to customers		9 436	7 400	-	-
Reverse repurchase agreements and cash collateral on securities borrowed		2 917	1 224	-	-
Trading securities	12	22 624	16 585	1	-
Derivative financial instruments	13	5 902	9 187	-	-
Investment securities	14	414	284	-	-
Loans and advances to customers	15	78 409	64 032	3	5
Interests in associated undertakings	16	221	-	-	-
Deferred taxation assets	17	444	350	-	-
Other assets	18	7 392	3 696	-	2
Property and equipment	19	124	104	-	-
Investment properties	20	1 213	1 748	-	-
Goodwill	21	384	499	-	-
Intangible assets	22	255	92	-	-
Investment in subsidiaries	24	-	-	6 561	6 023
		153 793	120 338	6 593	6 057
Other financial instruments at fair value through income in respect of					
- liabilities to customers	25	42 942	38 906	-	-
- assets related to reinsurance contracts	25	14 094	15 353	-	-
		210 829	174 597	6 593	6 057
Liabilities					
Deposits by banks		12 959	7 775	-	-
Derivative financial instruments	13	5 670	7 064	-	-
Other trading liabilities	26	3 203	3 575	-	-
Repurchase agreements and cash collateral on securities lent		2 378	919	-	-
Customer accounts		73 074	56 162	-	-
Debt securities in issue	27	30 870	23 502	-	-
Current taxation liabilities	28	918	999	84	84
Deferred taxation liabilities	17.2	605	265	-	-
Other liabilities	29	9 808	7 787	827	767
		139 485	108 048	911	851
Liabilities to customers under investment contracts	25	42 648	37 407	-	-
Insurance liabilities, including unit-linked liabilities	25	294	1,499	-	-
Reinsured liabilities	25	14 094	15 353	-	-
		196 521	162 307	911	851
Subordinated liabilities (including convertible debt)	30	3 029	3 069	379	379
		199 550	165 376	1 290	1 230
Equity					
Ordinary share capital	31	1	1	1	1
Share premium		4 951	4 701	5 061	4 811
Treasury shares	32	(1 177)	(833)	-	-
Equity portion of compulsorily convertible debentures		22	22	-	-
Perpetual preference shares	33	2 309	2 309	2 309	2 309
Other reserves		1 078	629	62	62
Retained income/(loss)		2 584	827	(2 130)	(2 356)
Shareholders' equity excluding minority interests		9 768	7 656	5 303	4 827
Minority interests	34	1 511	1 565	-	-
- Perpetual preferred securities issued by subsidiaries		1 491	1 491	-	-
- Minority interests in partially held subsidiaries		20	74	-	-
Total equity		11 279	9 221	5 303	4 827
Total liabilities and equity		210 829	174 597	6 593	6 057

Statement of changes in equity

	Ordinary share capital	Share premium	Treasury shares	Compulsorily convertible debentures	Perpetual preference shares
R'million					
Group					
At 1 April 2005	1	4 701	(686)	22	2 309
Movement in reserves 1 April 2005 - 31 March 2006					
Foreign currency adjustments	-	-	-	-	-
Profit after taxation	-	-	-	-	-
Share based payments	-	-	-	-	-
Dividends paid to ordinary shareholders	-	-	-	-	-
Dividends paid to perpetual preference shareholders	-	-	-	-	-
Movement on minorities on disposals and acquisitions	-	-	-	-	-
Purchase of treasury shares	-	-	(147)	-	-
Transfer from retained income to regulatory general risk reserve	-	-	-	-	-
Release of cash flow hedging reserve to income statement	-	-	-	-	-
Movement in equity revaluations	-	-	-	-	-
At 31 March 2006	1	4 701	(833)	22	2 309
Movement in reserves 1 April 2006 - 31 March 2007					
Foreign currency adjustments	-	-	-	-	-
Profit after taxation	-	-	-	-	-
Share based payments	-	-	-	-	-
Dividends paid to ordinary shareholders	-	-	-	-	-
Dividends paid to perpetual preference shareholders	-	-	-	-	-
Movement on minorities on disposals and acquisitions	-	-	-	-	-
Purchase of treasury shares	-	-	(344)	-	-
Shares issued	-	250	-	-	-
Transfer from retained income to regulatory general risk reserve	-	-	-	-	-
Dividends paid to minority shareholders	-	-	-	-	-
Movement in equity revaluations	-	-	-	-	-
At 31 March 2007	1	4 951	(1 177)	22	2 309
	Share capital	Share premium	Perpetual preference shares	Capital reserve account	Retained income/ (loss)
R'million					
Company					
At 1 April 2005	1	4 811	2 309	62	(2 697)
Movement in reserves 1 April 2005 - 31 March 2006					
Profit after taxation	-	-	-	-	999
Share based payments	-	-	-	-	132
Dividends paid to ordinary shareholders	-	-	-	-	(687)
Dividends paid to perpetual preference shareholders	-	-	-	-	(103)
Share issue expenses	-	-	-	-	-
At 31 March 2006	1	4 811	2 309	62	(2 356)
Movement in reserves 1 April 2006 - 31 March 2007					
Profit after taxation	-	-	-	-	849
Share based payments	-	-	-	-	234
Dividends paid to ordinary shareholders	-	-	-	-	(690)
Dividends paid to perpetual preference shareholders	-	-	-	-	(167)
Issue of shares	-	250	-	-	-
At 31 March 2007	1	5 061	2 309	62	(2 130)

Cash flow statements

For the year to 31 March R'million	Notes	Group		Company	
		2007	2006	2007	2006
Cash flows from operating activities					
Cash generated by operating activities	36	4 094	3 392	1 083	939
Taxation paid		(950)	(461)	-	(43)
Cash available from operating activities		3 144	2 931	1 083	896
Dividends paid		(915)	(860)	(857)	(790)
Dividends paid to minorities		(8)	-	-	-
Net cash inflow from operating activities		2 221	2 071	226	106
Cash flows from banking activities					
Increase/(decrease) in deposits and other accounts		33 955	32 059	60	(1 534)
Increase/(decrease) in income earning assets		(33 819)	(32 790)	3	34
Net cash inflow/(outflow) from banking activities		136	(731)	63	(1 500)
Cash flows from investing activities					
Net cash flow on acquisition of group businesses	23	(148)	(58)	-	-
Net cash outflow on acquisition of associate		(231)	-	-	-
Net disposals of property and equipment		646	751	-	-
Net cash inflow from investing activities		267	693	-	-
Cash flows from financing activities					
Repurchase of treasury shares		(344)	(147)	-	-
Issue of shares		250	-	250	-
Capital reduction paid to minorities		(83)	-	-	-
Net increase/(decrease) in subsidiaries and loans to group companies		-	-	(538)	1 406
Net cash inflow/(outflow) from financing activities		(177)	(147)	(288)	1 406
Net increase in cash and cash equivalents		2 447	1 886	1	12
Cash and cash equivalents at beginning of year		10 159	8 273	27	15
Cash and cash equivalents at end of year		12 606	10 159	28	27
Cash and cash equivalents is defined as including:					
Cash and balances at central banks		851	1 930	-	-
On demand loans and advances to banks		2 319	829	28	27
Cash equivalent advances to customers		9 436	7 400	-	-
Cash and cash equivalents at the end of the year		12 606	10 159	28	27

Note:

(cash and cash equivalents have a maturity profile of less than 3 months).

I. Accounting policies

Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies Act of South Africa, as if Investec Limited were a standalone component of the DLC structure, as explained in the directors' report, but with earnings per share disclosed in the combined consolidated financial statements of Investec plc and Investec Limited by virtue of the sharing arrangement.

The financial statements are presented in South African Rand, rounded to the nearest million. They are prepared on the historical cost basis except where indicated otherwise.

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

Basis of consolidation

All subsidiaries in which the group holds more than one half of the voting rights or over which it has the ability to control 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.

Segmental reporting

A segment is a distinguishable component of the group engaged in providing products or services within a particular economic environment which is subject to risks and rewards that are distinguishable from those of other segments.

The group's primary segmental reporting is presented in the form of a business analysis (primary segment).

The business analysis is presented in terms of the group's five principal business divisions and Group Services and Other Activities.

No geographical analysis is presented for the group as Investec Limited mainly operates within the Southern African region.

Goodwill

Goodwill represents the net excess of the purchase consideration over the fair value of net identifiable assets of entities acquired. Goodwill is capitalised and tested for impairment at balance sheet date or when there is an indication of impairment. Goodwill is allocated to cash generating units for the purposes of testing impairment based on the synergies expected in the business combination, with any impairments arising being recognised immediately in the income statement. Impairments recognised are not reversed in subsequent periods.

In circumstances where the group acquires an interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the acquisition, the group reassess the identification and measurement of all assets and liabilities (including contingent liabilities) following which any remaining excess is recognised immediately in the income statement.

Goodwill arising is denominated in the functional currency of the foreign operation and is translated to the presentation currency of the group at the applicable closing rate.

Share based payments to employees

The group engages in equity settled share-based payments and in certain limited circumstances cash-settled share-based payments in respect of services received from employees.

The fair value of the services received in respect of equity settled share-based payments is determined by reference to the fair value of the shares or share options on the date of grant to the employee. The cost of the share based payment is recognised over the vesting period of the grant in the income statement on a straight-line basis, based on an estimate of the amount of instruments that will eventually vest.

A liability and expense in respect of cash settled share based payments is recognised over the vesting period of the grant in the income statement on a straight-line basis, based on the fair value of the instrument that will eventually vest. The liability is recognised at the current fair value at each balance sheet date, based on an estimate of the number of instruments that will eventually vest. Subsequent to vesting the liability is measured at fair value, with gains and losses recognised in the income statement until such time as the liability is settled.

Fair value measurements are based on option pricing models, taking into account the risk-free interest rate, volatility of the underlying equity instrument, expected dividends and current share prices.

Foreign currency transactions and foreign operations

The presentation and functional currency of the group is South African Rand, being the currency in which the group mainly operates.

Foreign operations are subsidiaries, associates, joint ventures or branches of the group, the activities of which are based in a functional currency other than that of the reporting entity. The functional currency of group entities is determined based on the primary economic environment in which the entity operates.

On consolidation, the results and financial position of foreign operations are translated into the presentation currency of the group as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet.
- Income and expense items are translated at exchange rates ruling at the date of the transaction.
- All resulting exchange differences are recognised in equity (foreign currency translation reserve), which is recognised in the income statement on disposal of the foreign operation.
- Cash flow items are translated at the exchange rates ruling at the date of the transaction.

Foreign currency transactions are translated into the functional currency of the entity in which the transaction arises based on rates of exchange ruling at the date of the transaction. At each balance sheet date foreign currency items are translated as follows:

- Foreign currency monetary items (other than monetary items that form part of the net investment in a foreign operation) are translated using closing rates, with gains and losses recognised in the income statement.
- Exchange differences arising on monetary items that form part of the net investment in a foreign operation are determined using closing rates and recognised as a separate component of equity (foreign currency translation reserve) upon consolidation, and is recognised in the income statement upon disposal of the net investment.
- Non-monetary items that are measured at historical costs are translated using the exchange rates ruling at the date of the transaction.

Revenue recognition

Interest income is recognised in the income statement using the effective interest method. Fees charged on lending transactions are included in the effective yield calculation to the extent that they form an integral part of the effective interest yield, but excludes those fees earned for a separately identifiable significant act, which are recognised upon completion of the act. Fees and commissions charged in lieu of interest are recognised as income as part of the effective interest rate on the underlying loan.

The effective interest method is based on the estimated life of the underlying instrument, and, where this estimate is not readily available, the contractual life.

Commissions and fees include fees earned from providing advisory services as well as portfolio management. All such commissions and fees are recognised as revenue when the related services are performed. Fees and commission income are only recognised when they can be estimated reliably.

Principal transaction income includes trading profits, gains and losses on financial assets and liabilities designated as held at fair value and fair value gains and losses on investment properties.

Trading profits are shown net of the funding cost of the underlying positions and includes the unrealised profits on trading portfolios,

which are marked to market daily. Equity investments received in lieu of corporate finance fees are included in trading securities and valued accordingly. Trading profits gross of funding costs are disclosed in note 3.

Financial instruments

Financial instruments are initially recognised at their fair value, plus in the case of financial assets or financial liabilities not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liabilities.

Regular way purchase and sales transactions in respect of financial assets that require delivery of a financial instrument within the time frame established by market convention are recorded at trade date.

Financial assets and liabilities held at fair value through profit and loss

Financial instruments held at fair value through profit and loss include all instruments classified as held for trading and those instruments designated as held at fair value through profit and loss.

Financial instruments classified as held for trading or designated as held at fair value through profit and loss are recorded at fair value on the balance sheet with changes in fair value recognised in the income statement. Financial instruments are classified as trading when they are held with the intention of short-term disposal, held with intention of generating short-term profits, or are derivatives which are not designated as part of effective hedges. Financial instruments designated as held at fair value through profit and loss are designated as such on initial recognition of the instrument and remain in this classification until derecognition. In certain instances debt instruments which contain equity features are designated as held at fair value through profit and loss.

Financial assets and liabilities are designated as held at fair value through profit and loss only if:

- It eliminates or significantly reduces an inconsistent measurement or recognition that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the group's key management personnel; and
- If a contract contains one or more embedded derivatives (which significantly modifies the cash flows that would be required by the contract and is not clearly prohibited from separation from the host contract) and the group has designated the entire hybrid contract as a financial instrument at fair value through profit and loss.

Held-to-maturity assets

Held to maturity assets are non-derivative financial instruments with fixed or determinable payments and maturity dates. Financial assets that the group has the positive intent and ability to hold to maturity are classified as held-to-maturity and are measured at amortised cost using the effective interest method, less impairment losses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and exclude the following:

- Those that the group intends to trade in, which are classified as held for trading, and those that the group designates as fair value through profit and loss.
- Those that the group designates as available for sale.
- Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which are accounted for at fair value through profit and loss.

Loans and receivables are measured at amortised cost, using the effective interest method, less impairment losses subsequent to initial recognition.

Available for sale assets

Financial assets classified as available for sale are measured at fair value on the balance sheet, with unrealised gains and losses recognised in equity. Realised gains and losses are recognised in income in the period in which the asset is realised.

If an available for sale instrument is determined to be impaired, the respective cumulative unrealised losses previously recognised in equity are included in the income statement in the period in which the impairment is identified.

Impairments on available for sale equity instruments are not reversed once recognised in the income statement .

Financial liabilities

Financial liabilities are classified as non-trading, held for trading or designated as held at fair value through profit and loss.

Non-trading liabilities are recorded at amortised cost applying the effective interest method.

Held for trading liabilities or liabilities designated as held at fair value through profit and loss, are accounted for as indicated above.

Valuation of financial instruments

The following financial instruments are held at fair value:

- Fixed maturity securities classified as trading, held at fair value through profit or loss and available for sale.
- Equity securities.
- Private equity investments.
- Derivative positions.
- Loans and advances designated as held at fair value through profit and loss/available for sale.
- Financial liabilities classified as trading or designated as held at fair value through profit and loss.

Where available, market prices provide the best basis of fair value. Where market prices are not available, the fair value is determined by discounting the expected cash flows, using market interest rates taking into account the credit quality and duration of the investment. In certain instances model pricing may be used to determine fair values. For private equity investments that are not publicly traded, management uses comparisons to similar companies, relevant third party arm's length transactions and other information specific to the investment.

Impairments of financial assets held at amortised cost

Financial assets carried at amortised cost are impaired if there is objective evidence that the group would not receive cash flows according to the original contractual terms. Financial assets are assessed for objective evidence of impairment at least at each balance sheet reporting date. The test for impairment is based either on specific financial assets or collectively on a portfolio of similar, homogeneous assets. Impairments are credited against the carrying value of financial assets. The impairment is calculated as the difference between the carrying value of the asset and the expected cash flows discounted at the original effective rate. An allowance for impairment is only reversed when there is objective evidence that the credit quality has improved to the extent that there is reasonable assurance of timely collection of principal and interest in terms of the original contractual agreement. Assets specifically identified as impaired are removed from the portfolio assessment.

To cater for any shortfall between regulatory provision requirements (in the respective jurisdictions) and impairments based on the principles above, a transfer is made from distributable to non distributable reserves, being the regulatory general risk reserve. The non distributable regulatory provision reserve ensures that minimum regulatory provisioning requirements are maintained.

Derecognition of financial assets and liabilities

A financial asset or a portion thereof, is derecognised when the group's rights to cash flows have expired; or when the group has transferred its rights to cash flows relating to the financial assets, including the transfer of substantially all the risk and rewards associated with the financial assets or when control over the financial assets has passed.

A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled or expired.

Derivative instruments

All derivative instruments of the group are recorded on balance sheet at fair value. Positive and negative fair values are reported as assets and liabilities respectively and are offset when there is both an intention to settle net and a legal right to offset exists.

Derivative positions are entered into either for trading purposes or as part of the group's asset and liability management activities to manage exposures to interest rate and foreign currency risks. Both realised and unrealised profits and losses arising on derivatives are recognised in the income statement as part of trading income (other than circumstances in which cash flow hedging is applied as detailed below).

Hedge accounting

The group applies either fair value or cash flow hedge accounting when the transactions meet the specified hedge accounting criteria. To qualify for hedge accounting treatment, the group ensures that all of the following conditions are met:

- At inception of the hedge the group formally documents the relationship between the hedging instrument(s) and hedged item(s) including the risk management objectives and the strategy in undertaking the hedge transaction.
- The hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, consistent with the originally documented risk management strategy for that particular hedging relationship.
- For cash flow hedges, a forecasted transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect net profit.
- The effectiveness of the hedge can be reliably measured, i.e. the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured.

- The hedge effectiveness is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

Hedge accounting is discontinued when it is determined that the instrument ceases to be highly effective as a hedge; the derivative expires, or is sold, terminated or exercised; when the hedge item matures or is sold or repaid; or when a forecasted transaction is no longer deemed highly probable.

For qualifying fair value hedges, the change in fair value of the hedging instrument is recognised in the income statement. Changes in fair value of the hedged item that are attributable to the hedged risk are also recognised in the income statement.

For qualifying cash flow hedges in respect of non-financial assets and liabilities, the change in fair value of the hedging instrument is initially recognised in equity and is released to the initial cost of any asset/liability recognised or in all other cases, to the income statement when the hedged firm commitment or forecasted transaction affects net profit.

For qualifying cash flow hedges in respect of financial assets and liabilities, the change in fair value of the hedging instrument, which represents an effective hedge, is initially recognised in equity and is released to the income statement in the same period during which the relevant financial asset or liability affects net profit. Any ineffective portion of the hedge is immediately recognised in the income statement.

Derivative instruments transacted as economic hedges but which do not qualify for hedge accounting and derivatives that are entered into for trading purposes are treated in the same way as instruments that are held for trading.

To the extent that a derivative may be embedded in a host contract and the host contract is not carried at fair value with changes in fair value recorded in the income statement, the embedded derivative is separated from the host contract and accounted for as a standalone derivative if and only if:

- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset when there is both an intention to settle on a net basis (or simultaneously) and a legal right to offset exists.

Issued debt and equity financial instruments

Financial instruments issued by the group are classified as liabilities if they contain an obligation to transfer economic benefits. Financial instruments issued by the group are classified as equity where they confer on the holder a residual interest in the group. The components of compound issued financial instruments are accounted for separately with the liability component separated first and any residual amount being allocated to the equity component.

Equity instruments issued by subsidiaries of Investec Limited are recorded as minority interests on balance sheet.

Equity instruments are initially measured net of directly attributable issue costs.

Treasury shares represent issued equity repurchased by the group which has not been cancelled. Treasury shares are deducted from shareholders' equity and represent the purchase consideration, including directly attributable costs. Where treasury shares are subsequently sold or reissued, net proceeds received are included in shareholders' equity.

Dividends on ordinary shares are recognised as a deduction from equity at the earlier of payment date or the date that it is approved by the board of directors.

Sale and repurchase agreements (including securities borrowing and lending)

Where securities are sold subject to a commitment to repurchase them, they remain on balance sheet. Proceeds received are recorded as a liability on balance sheet under "repurchase agreements and cash collateral on securities lent". Securities that are purchased under a commitment to resell the securities at a future date are not recognised on the balance sheet. The consideration paid is recognised as an asset under "reverse repurchase agreements and cash collateral on securities borrowed".

Securities borrowing transactions that are not cash collateralised are not included in the balance sheet. Securities lending and borrowing transactions which are cash collateralised are accounted for in the same manner as securities sold or purchased subject to repurchase commitments.

Financial guarantees

Financial guarantees are initially recognised at fair value, being the premium received. Subsequent to initial recognition, the liability under each guarantee is measured at the higher of the amortised premium and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee. Subsequent to initial measurement all changes in balance sheet carrying value are recognised in the income statement.

Instalment credit, leases and rental agreements

Where classified as a finance lease, amounts outstanding on these contracts, net of unearned finance charges, are included in loans and advances where the entity is the lessor and included in liabilities where the entity is the lessee. Finance charges on finance leases and instalment credit transactions are credited or debited to income in proportion to the capital balances outstanding at the rate implicit in the agreement.

Where classified as operating leases, rentals payable/receivable are charged/credited in the profit and loss account on a straight line basis over the lease term. Contingent rentals (if any) are accrued to the income statement when incurred.

Property and equipment

Property and equipment is recorded at cost less accumulated depreciation and impairments.

Depreciation is provided on the depreciable amount of each component on a straight-line basis over the anticipated useful life of the asset. The depreciable amount related to each asset is determined as the difference between the cost and the residual value of the asset. The residual value is the estimated amount, net of disposal costs that the group would currently obtain from the disposal of an asset in similar age and condition as expected at the end of its useful life.

The current annual depreciation rates for each class of property and equipment is as follows:

- Computer and related equipment 20-33%
- Motor vehicles 20-25%
- Furniture and fittings 10-20%
- Freehold buildings 2%
- Leasehold improvements*

* Leasehold improvements depreciation rates are determined by reference to the appropriate useful life of its separate components, limited to the period of the lease.

No depreciation is provided on freehold land, however, similar to other property related assets, it is subject to impairment testing when deemed necessary.

Routine servicing and maintenance of assets are expensed as incurred. Subsequent expenditure is only capitalised if it is probable that future economic benefits associated with the item will flow to the group.

Investment property

Properties held by the group which are held for capital appreciation or rental yield are classified as investment properties. Investment properties are carried on balance sheet at fair value, with fair value gains and losses recognised in the income statement under "principal transactions".

Fair value of investment property is calculated by taking into account the expected rental stream associated with the property, and is supported by market evidence.

Impairment of non-financial assets

At each balance sheet date the group reviews the carrying value of non-financial assets for indication of impairment. The recoverable amount, being the lower of fair value less cost to sell and value in use, is determined for any assets for which an indication of impairment is identified. If the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is reduced to its recoverable value.

Impairment losses are recognised as an expense in the income statement in the period in which they are identified. Reversal of impairment losses is recognised in income in the period in which the reversal is identified, to the extent that the asset is not revalued to a carrying value that would have been calculated without impairment.

Trust and fiduciary activities

The group acts as a trustee or in other fiduciary capacities that result in the holding, placing or managing of assets for the account of and at the risk of clients.

As these are not assets of the group, they are not reflected on the balance sheet but are included at market value as part of assets under administration.

Taxation and deferred taxation

Current tax payable is provided on taxable profits at rates that are enacted and applicable to the relevant period.

Deferred taxation is provided using the balance sheet method on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base, except where such temporary differences arise from:

- The initial recognition of goodwill.
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction has no effect on net profit.
- In respect of taxable temporary differences associated with the investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets or liabilities are measured using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the asset can be utilised.

Items recognised directly in equity are net of related taxation and deferred taxation.

Insurance contracts

Insurance contracts are those contracts in which the group assumes significant insurance risk. The deposit components of insurance contracts are unbundled and accounted for separately.

Insurance premiums are recognised in income in the period in which the group is entitled to the premium. Insurance claims are recognised in the income statement in the period in which a contractual obligation arises for the group to make payment under an insurance contract.

Reinsurance assets and liabilities and associated premiums/claims are not offset in the income statement or balance sheet.

Insurance liabilities are measured at their actuarial values, and are tested for adequacy on an annual basis. Any deficiency identified is recognised in the income statement.

Employee benefits

The group operates various defined contribution schemes. In respect of the defined contribution scheme all employer contributions are charged to income, as incurred in accordance with the rules of the scheme, and included under staff costs.

The group has no liabilities for other post retirement benefits.

Intangible assets

Intangible assets are recorded at cost less accumulated amortisation and impairments.

For intangible assets with a finite life, amortisation is provided on the depreciable amount of each intangible asset on a straight-line basis over the anticipated useful life of the asset (currently 3 to 8 years). The depreciable amount related to each intangible asset is determined as the difference between the cost and the residual value of the asset. The residual value is the estimated amount, net of disposal costs, which the group would currently obtain from the disposal of an intangible asset in similar age and condition as expected at the end of its useful life.

Intangible assets with an indefinite life are not amortised, however they are tested for impairment on an annual basis.

Borrowing costs

Borrowing costs in respect of property developments that take a substantial period of time to develop for sale are capitalised.

Provisions, contingent liabilities and contingent assets

Provisions are liabilities of uncertain timing or amount, and are recognised as soon as the group has created a legal or constructive obligation which will lead to an outflow of economic resources to settle the obligation as a result of a past event. Contingent assets and contingent liabilities are not recognised on balance sheet.

Standards and interpretations not yet effective

The following standards and interpretations, which have been issued but are not yet effective, are applicable to the group. These standards and interpretations have not been applied in these financial statements. The group intends to comply with these standards from the effective dates.

The requirements of and amendments to the following standards and interpretations are not expected to have a significant impact on the group's results as they are consistent with existing accounting policies:

IFRS 8 - Operating Segments (effective for the financial year beginning on or after 1 January 2009).

AC 503 - Accounting for Black Economic Empowerment Transactions (effective for the financial year beginning on or after 1 May 2006).

IFRIC 9 - Reassessment of Embedded Derivatives (effective for the financial year beginning on or after 1 June 2006).

IFRIC 10 - Interim Financial Reporting and Impairment (effective for the financial year beginning on or after 1 November 2006).

IFRS 7 – Financial Instruments: Disclosures (effective for the financial year beginning 1 April 2007)

The standard relates to disclosure requirements for financial instruments and replaces IAS 30 (Disclosures in the Financial Statements of Bank and Similar Financial Institutions) and elements of IAS 32 (Financial Instruments: Disclosure and Presentation). Adoption of the standard will change the format of disclosure presented but will not affect recognition or measurement criteria as currently applied.

Key management assumptions

In preparation of the financial statements the group makes estimations and applies judgment that could affect the reported amount of assets and liabilities within the next financial year. Key areas in which judgment is applied include:

- Valuation of unlisted investments in the private equity and direct investments portfolios. Key valuation inputs are based on observable market inputs, adjusted for factors that specifically apply to the individual investments and recognising market volatility.
- Valuation of investment properties is performed twice annually by directors that are qualified valuers. The valuation is performed by capitalising the budgeted net income of a property at the market related yield applicable at the time.

	Private Client Activities	Capital Markets	Investment Banking	Asset Management	Property Activities	Group Services & Other Activities	Total
For the year to 31 March R'million							
2. Segmental analysis							
Group Business analysis 2007							
Interest receivable	9 019	10 143	57	37	(6)	(9 525)	9 725
Interest payable	(7 747)	(9 532)	(40)	-	(71)	9 988	(7 402)
Net interest income	1 272	611	17	37	(77)	463	2 323
Fees and commissions receivable	762	376	473	1 380	381	35	3 407
Fees and commissions payable	(115)	(19)	(39)	-	-	9	(164)
Principal transactions	164	522	851	2	145	762	2 446
Operating loss from associates	-	-	-	-	-	(10)	(10)
Investment income on assurance activities	-	-	-	-	-	521	521
Premiums and reinsurance recoveries on insurance contracts	-	-	-	-	-	1 137	1 137
Other operating income	1	-	-	37	-	1	39
Other income	812	879	1 285	1 419	526	2 455	7 376
Claims and reinsurance premiums on insurance business	-	-	-	-	-	(1 575)	(1 575)
Total operating income net of insurance claims	2 084	1 490	1 302	1 456	449	1 343	8 124
Impairment losses on loans and advances	(63)	(63)	-	-	-	5	(121)
Operating income	2 021	1 427	1 302	1 456	449	1 348	8 003
Administrative expenses	(1 283)	(675)	(466)	(769)	(271)	(564)	(4 028)
Depreciation and impairment of property, equipment and software	(19)	(2)	(1)	(11)	(1)	(31)	(65)
Operating profit before goodwill impairment	719	750	835	676	177	753	3 910
Impairment of goodwill	-	-	-	(87)	(28)	-	(115)
Operating profit	719	750	835	589	149	753	3 795
Profit on disposal of subsidiaries	-	-	-	-	-	2	2
Profit before taxation	719	750	835	589	149	755	3 797
Cost to income ratio	62.5%	45.4%	35.9%	53.6%	60.6%	44.3%	50.4%
Total assets	41 625	95 498	2 489	1 768	323	69 126	210 829

	Private Client Activities	Capital Markets	Investment Banking	Asset Management	Property Activities	Group Services & Other Activities	Total group
For the year to 31 March R'million							
2. Segmental analysis (continued)							
Group Business analysis 2006							
Interest receivable	6 015	8 071	35	23	27	(7 049)	7 122
Interest payable	(5 116)	(7 604)	(10)	(1)	(63)	7 195	(5 599)
Net interest income	899	467	25	22	(36)	146	1 523
Fees and commissions receivable	608	291	270	1 165	232	57	2 623
Fees and commissions payable	(86)	(26)	(24)	-	-	7	(129)
Principal transactions	25	359	816	16	204	1 133	2 553
Investment income on assurance activities	-	-	-	-	-	1 521	1 521
Premiums and reinsurance recoveries on insurance contracts	-	-	-	-	-	1 770	1 770
Other operating income	-	-	-	-	6	9	15
Other income	547	624	1 062	1 181	442	4 497	8 353
Claims and reinsurance premiums on insurance business	-	-	-	-	-	(3 151)	(3 151)
Total operating income net of insurance claims	1 446	1 091	1 087	1 203	406	1 492	6 725
Impairment losses on loans and advances	(1)	(65)	8	-	-	35	(23)
Operating income	1 445	1 026	1 095	1 203	406	1 527	6 702
Administrative expenses	(966)	(524)	(360)	(642)	(222)	(433)	(3 147)
Depreciation and impairment of property, equipment and software	(15)	(2)	(1)	(9)	(1)	(23)	(51)
Operating profit before goodwill impairment	464	500	734	552	183	1 071	3 504
Impairment of goodwill	-	-	-	(147)	(81)	(5)	(233)
Operating profit	464	500	734	405	102	1 066	3 271
Loss on disposal of subsidiaries	-	-	-	-	-	(1)	(1)
Profit before taxation	464	500	734	405	102	1 065	3 270
Cost to income ratio	67.8%	48.2%	33.2%	54.1%	54.9%	30.6%	47.6%
Total assets	26 563	78 473	1 736	1 571	425	65 829	174 597

For the year to 31 March R'million	Group	
	2007	2006
2. Segmental analysis (continued)		
Further breakdowns of business line operating profit before goodwill impairment, non-operating items and taxation are shown below:		
Private Client Activities		
Private Banking	560	359
Private Client Portfolio Management and Stockbroking	159	105
	719	464
Capital Markets	750	500
Investment Banking		
Corporate Finance	135	48
Institutional Research and Sales and Trading	93	55
Direct Investments	181	294
Private Equity	426	337
	835	734
Asset Management	676	552
Property Activities	177	183
Group Services and Other Activities		
International Trade Finance	34	26
Assurance Activities	24	124
UK Traded Endowments	(1)	(1)
	57	149
Central Funding	1 015	1 273
Central Costs	(319)	(351)
	753	1 071
Total group	3 910	3 504

Net assets by class of business is not disclosed as the directors do not view it to be meaningful to provide this information since the economic capital of certain significant businesses of the group is not held in, or allocated to, these businesses, but is centrally held.

No geographical analysis has been presented as Investec Limited only operates in one geographical segment, namely Southern Africa.

The company's activities mainly comprise central funding activities within the Group Services and Other Activities segment.

For the year to 31 March R'million	Group		Company	
	2007	2006	2007	2006
3. Principal transactions				
Principal transaction income includes:				
Gross trading income	805	938	-	1
Funding cost set-off against trading income	(328)	(128)	-	2
Net trading income	477	810	-	3
Net income from financial instruments designated at fair value through profit and loss	1 579	1 334	-	-
Fair value income on investment properties	232	307	-	-
Dividend income	130	102	867	948
Other income	28	-	-	-
	2 446	2 553	867	951
Net income from financial instruments designated at fair value through profit and loss includes:				
Fair value gain on designated equity positions	1 494	1 281	-	-
Fair value loss on designated loans and receivables	(53)	(1)	-	-
Fair value gain on designated securities	14	-	-	-
Fair value gain on designated liabilities	124	54	-	-
	1 579	1 334	-	-
4. Other operating income				
Rental income from properties	2	6	-	-
Gains on realisation of properties	1	9	-	-
Operating profit of non-core businesses	36	-	-	-
	39	15	-	-
5. Administrative expenses				
Staff costs	2 730	2 081	103	-
- Salaries and wages (including directors' remuneration)	2 379	1 852	103	-
- Share based payments expense	239	138	-	-
- Social security costs	17	12	-	-
- Pensions and provident fund contributions	95	79	-	-
Premises (excluding depreciation)	258	265	-	-
Equipment (excluding depreciation)	252	201	-	-
Business expenses*	623	469	2	7
Marketing expenses	165	131	-	-
	4 028	3 147	105	7
The following amounts were paid to the auditors				
Audit fees	37	34	-	-
Audit related fees	2	2	-	-
Other services	4	4	-	-
	43	40	-	-
Audit fees by audit firm				
Ernst & Young	23	25	-	-
KPMG Inc	19	14	-	-
Other	1	1	-	-
	43	40	-	-
Minimum operating lease payments recognised in administrative expenses	209	199	-	-

Details of the directors' emoluments, pensions and their interests are disclosed in the directors' remuneration report in the combined consolidated financial statements of Investec plc and Investec Limited.

* Business expenses is mainly comprised of insurance costs, consulting and professional fees, travel expenses and subscription costs.

For the year to 31 March R'million	Group	
	2007	2006
6. Share based payments		
The group operates share option and share purchase schemes for employees, which are 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 in the remuneration report of the combined consolidated financial statements of Investec plc and Investec Limited.		
Expense charged to the income statement	239	138
Fair value of options granted in the year	492	179

	Group			
	2007		2006 [^]	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Details of options outstanding during the year				
Outstanding at the beginning of the year	34 131 575	20.95	40 515 080	24.03
Granted during the year	6 627 281	-	3 585 175	15.11
Exercised during the year*	(8 457 472)	30.20	(8 510 895)	30.33
Expired during the year	(1 759 038)	18.50	(1 457 785)	32.62
Outstanding at the end of the year	30 542 346	14.02	34 131 575	20.95
Exercisable at the end of the year	3 355 132	39.73	3 957 805	40.71

* Weighted average share price during the year:

The exercise price range and weighted average remaining contractual life for the options outstanding at 31 March 2007, were as follows:

	2007	2006 [^]
Exercise price range	R0 - R57.60	
Weighted average remaining contractual life	3.13 years	
The fair values of options granted where 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	R64 - R81	R33.46 - R54.83
- Exercise price	R nil	R33.46 - R54.41
- Expected volatility	35%-39%	28% -30%
- Option life	5 years	5 - 5.75 years
- Expected dividend yields	3.94% - 4.00%	3.36% - 4.67%
- Risk-free rate	8.82% - 8.94%	6.74% - 7.78%

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

[^] Restated for the share subdivision of Investec Limited Shares of 5 shares for 1 that took place on 4 September 2006.

For the year to 31 March R'million	Group		Company	
	2007	2006	2007	2006
7. Taxation				
Taxation on income	1 017	867	-	16
South Africa	1 008	853	-	16
- current taxation	879	884	-	16
- capital gains taxation	6	-	-	-
- deferred taxation	123	(31)	-	-
Foreign taxation	9	14	-	-
- Mauritius	13	6	-	-
- Botswana	(4)	8	-	-
Secondary taxation on companies	98	50	-	43
Total tax charge for the year	1 115	917	-	59
Tax rate reconciliation				
Profit before taxation as per income statement	3 797	3 270	849	1 058
Total taxation charge in income statement	1 115	917	-	59
Less: secondary taxation on companies	(98)	(50)	-	(43)
Total taxation on income	1 017	867	-	16
Effective rate of taxation	26.8%	26.5%	-	1.5%
The standard rate of South African normal taxation has been affected by:				
- dividend income	1.1%	0.9%	29.6%	27.0%
- foreign earnings*	0.1%	0.1%	-	-
- other permanent differences	1.0%	1.5%	(0.6%)	0.5%
	29.0%	29.0%	29.0%	29.0%

* Includes the effect of cumulative tax losses and other permanent differences relating to foreign subsidiaries.

For the year to 31 March R'million	Group				Company			
	2007		2006 [^]		2007		2006 [^]	
	Cents per share	R'million	Cents per share	R'million	Cents per share	R'million	Cents per share	R'million
8. Dividends								
Ordinary dividend								
Final dividend from prior year	125.40	287	87.40	322	125.40	317	87.40	342
Interim dividend for current year	138.00	341	89.20	314	138.00	373	89.20	345
Total dividend attributable to ordinary shareholders recognised in current financial year	263.40	628	176.60	636	263.40	690	176.60	687
Perpetual preference dividend								
Final dividend from prior year	759.16	140	504.19	82	366.49	81	92.82	21
Interim dividend for current year	797.50	147	767.13	142	385.00	86	370.14	82
Total dividend attributable to perpetual preference shareholder recognised in current financial year	1 556.66	287	1 271.32	224	751.49	167	462.96	103

The directors have proposed a final dividend in respect of the financial year ended 31 March 2007 of 180 cents (2006: 125 cents) per ordinary share. The final dividend will be payable on 13 August 2007 to shareholders on the register at the close of business on 27 July 2007. The annual general meeting at which the proposed dividend will be considered for approval is scheduled to take place on 13 August 2007.

The directors have declared a final dividend in respect of the financial year ended 31 March 2007 of 428.44 cents (2006: 366.49 cents) per perpetual preference share (Investec Limited) and 459.04 cents (2006: 392.67 cents) per perpetual preference share (Investec Bank Limited). The final dividend will be payable on 4 July 2007 to shareholders on the register at the close of business on 29 June 2007.

[^] Restated for the share subdivision of Investec Limited Shares of 5 shares for 1 that took place on 4 September 2006.

For the year to 31 March R'million	Group		Company	
	2007	2006	2007	2006
9. Headline earnings				
Headline earnings attributable to ordinary shareholders				
Earnings attributable to shareholders	2 645	2 273	849	1 027
Headline adjustments	(33)	(28)	-	(119)
Goodwill impairment	115	233	-	-
Revaluation of investment properties	(148)	(260)	-	-
Reversal of impairment of subsidiaries	-	-	-	(119)
Disposal of available for sale instruments	-	(1)	-	-
Headline earnings attributable to shareholders	2 612	2 245	849	908
Preference dividends paid	(287)	(224)	(167)	(103)
Headline earnings attributable to ordinary shareholders	2 325	2 021	682	805

At 31 March 2007 R'million	At fair value through profit and loss		Loans and receivables
	Trading	Designated at inception	
10. Analysis of assets and liabilities by financial instrument classification			
Group			
Assets			
Cash and balances at central banks	-	-	851
Loans and advances to banks	13	-	23 194
Cash equivalent advances to customers	685	-	8 751
Reverse repurchase agreements and cash collateral on securities borrowed	2 917	-	-
Trading securities	12 107	10 517	-
Derivative financial instruments	5 902	-	-
Investment securities	-	27	-
Loans and advances to customers	-	13 007	64 988
Interests in associated undertakings	-	-	-
Deferred taxation assets	-	-	-
Other assets	1 611	527	5 174
Property and equipment	-	-	-
Investment properties	-	-	-
Goodwill	-	-	-
Intangible assets	-	-	-
	23 235	24 078	102 958
Other financial instruments at fair value through income			
- in respect of liabilities to customers	-	-	-
- assets related to reinsurance contracts	-	-	-
	23 235	24 078	102 958
Liabilities			
Deposits by banks	-	-	-
Derivative financial instruments	5 670	-	-
Other trading liabilities	3 203	-	-
Repurchase agreements and cash collateral on securities lent	2 378	-	-
Customer accounts	18	8 503	-
Debt securities in issue	4 611	4 500	-
Current taxation liabilities	-	-	-
Deferred taxation liabilities	-	-	-
Other liabilities	1 000	118	-
	16 880	13 121	-
Liabilities to customers under investment contracts			
Insurance liabilities, including unit-linked liabilities			
Reinsured liabilities			
	16 880	13 121	-
Subordinated liabilities (including convertible debt)	-	-	-
	16 880	13 121	-

Available for sale	Financial liabilities at amortised cost	Insurance related	Non-financial instruments	Total
-	-	-	-	851
-	-	-	-	23 207
-	-	-	-	9 436
-	-	-	-	2 917
-	-	-	-	22 624
-	-	-	-	5 902
387	-	-	-	414
414	-	-	-	78 409
-	-	-	221	221
-	-	-	444	444
-	-	-	80	7 392
-	-	-	124	124
-	-	-	1 213	1 213
-	-	-	384	384
-	-	-	255	255
801	-	-	2 721	153 793
-	-	42 942	-	42 942
-	-	14 094	-	14 094
801	-	57 036	2 721	210 829
-	12 959	-	-	12 959
-	-	-	-	5 670
-	-	-	-	3 203
-	-	-	-	2 378
-	64 553	-	-	73 074
-	21 759	-	-	30 870
-	918	-	-	918
-	-	-	605	605
-	8 414	-	276	9 808
-	108 603	-	881	139 485
-	-	42 648	-	42 648
-	-	294	-	294
-	-	14 094	-	14 094
-	108 603	57 036	881	196 521
-	3 029	-	-	3 029
-	111 632	57 036	881	199 550

At 31 March 2006 R'million	At fair value through profit and loss		Loans and receivables
	Trading	Designated at inception	
10. Analysis of assets and liabilities by financial instrument classification (continued)			
Group			
Assets			
Cash and balances at central banks	-	-	1 930
Loans and advances to banks	-	-	13 207
Cash equivalent advances to customers	2 269	-	5 131
Reverse repurchase agreements and cash collateral on securities borrowed	1 224	-	-
Trading securities	12 736	3 849	-
Derivative financial instruments	9 187	-	-
Investment securities	-	104	1
Loans and advances to customers	-	12 935	50 766
Interests in associated undertakings	-	-	-
Deferred taxation assets	-	-	-
Other assets	-	302	3 394
Property and equipment	-	-	-
Investment properties	-	-	-
Goodwill	-	-	-
Intangible assets	-	-	-
	25 416	17 190	74 429
Other financial instruments at fair value through income			
- in respect of liabilities to customers	-	-	-
- assets related to reinsurance contracts	-	-	-
	25 416	17 190	74 429
Liabilities			
Deposits by banks	-	-	-
Derivative financial instruments	7 064	-	-
Other trading liabilities	3 575	-	-
Repurchase agreements and cash collateral on securities lent	919	-	-
Customer accounts	16	3 918	-
Debt securities in issue	4 602	6 702	-
Current taxation liabilities	-	-	-
Deferred taxation liabilities	-	-	-
Other liabilities	1 336	25	-
	17 512	10 645	-
Liabilities to customers under investment contracts	-	-	-
Insurance liabilities, including unit-linked liabilities	-	-	-
Reinsured liabilities	-	-	-
	17 512	10 645	-
Subordinated liabilities (including convertible debt)	-	-	-
	17 512	10 645	-

Available for sale	Financial liabilities at amortised cost	Insurance related	Non-financial instruments	Total
-	-	-	-	1 930
-	-	-	-	13 207
-	-	-	-	7 400
-	-	-	-	1 224
-	-	-	-	16 585
-	-	-	-	9 187
179	-	-	-	284
331	-	-	-	64 032
-	-	-	-	-
-	-	-	350	350
-	-	-	-	3 696
-	-	-	104	104
-	-	-	1 748	1 748
-	-	-	499	499
-	-	-	92	92
510	-	-	2 793	120 338
-	-	38 906	-	38 906
-	-	15 353	-	15 353
510	-	54 259	2 793	174 597
-	7 775	-	-	7 775
-	-	-	-	7 064
-	-	-	-	3 575
-	-	-	-	919
-	52 228	-	-	56 162
-	12 198	-	-	23 502
-	999	-	-	999
-	-	-	265	265
-	6 426	-	-	7 787
-	79 626	-	265	108 048
-	-	37 407	-	37 407
-	-	1 499	-	1 499
-	-	15 353	-	15 353
-	79 626	54 259	265	162 307
-	3 069	-	-	3 069
-	82 695	54 259	265	165 376

At 31 March R'million	Designated at fair value through profit and loss	Loans and receivables	Financial liabilities at amortised cost	Non-financial instruments	Total
10. Analysis of assets and liabilities by financial instrument classification (continued)					
2007					
Company					
Assets					
Loans and advances to banks	-	28	-	-	28
Trading securities	1	-	-	-	1
Loans and advances to customers	-	3	-	-	3
Investment in subsidiaries	-	-	-	6 561	6 561
	1	31	-	6 561	6 593
Liabilities					
Current taxation liabilities	-	-	84	-	84
Other liabilities	-	-	827	-	827
	-	-	911	-	911
Subordinated liabilities (including convertible debt)	-	-	379	-	379
	-	-	1 290	-	1 290
2006					
Company					
Assets					
Loans and advances to banks	-	27	-	-	27
Loans and advances to customers	-	5	-	-	5
Other assets	-	2	-	-	2
Investment in subsidiaries	-	-	-	6 023	6 023
	-	34	-	6 023	6 057
Liabilities					
Current taxation liabilities	-	-	-	84	84
Other liabilities	-	-	767	-	767
	-	-	767	84	851
Subordinated liabilities (including convertible debt)	-	-	379	-	379
	-	-	1 146	84	1 230

At 31 March R'million	Carrying value	Fair value gain/(loss)	
		Life to date	Year to date
11. Financial assets and liabilities designated at fair value			
Group			
2007			
Investment securities	27	2	2
Loans and advances to customers	13 007	(15)	(390)
Trading securities	10 517	2 224	1 363
Other assets	527	276	147
	24 078	2 487	1 122
Customer accounts	8 503	146	(140)
Debt securities in issue	4 500	(6)	(6)
Other liabilities	118	118	112
	13 121	258	(34)
2006			
Investment securities	104	20	20
Loans and advances to customers	12 935	904	17
Trading securities	3 849	390	387
Other assets	302	(35)	95
	17 190	1 279	519
Customer accounts	3 918	285	53
Debt securities in issue	6 702	(1)	-
Other liabilities	25	-	-
	10 645	284	53

At 31 March R'million	Group				Company			
	2007		2006		2007		2006	
	Fair value	Unrealised gains/ losses	Fair value	Unrealised gains/ losses	Fair value	Unrealised gains/ losses	Fair value	Unrealised gains/ losses
12. Trading securities								
Listed equities	6 072	(468)	3 341	17	-	-	-	-
Unlisted equities	2 497	1 299	1 832	578	1	-	-	-
Promissory notes	569	19	799	213	-	-	-	-
Liquid asset bills	3 844	39	3 779	30	-	-	-	-
Debentures	4 963	60	4 223	63	-	-	-	-
Bonds	4 679	56	2 611	245	-	-	-	-
	22 624	1 005	16 585	1 146	1	-	-	-

13. Derivative financial instruments

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

In the tables below, notional principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The fair value of a derivative financial instrument represents the positive or negative cash flows which would have occurred had the rights and obligations arising from that instrument been closed out by the group in an orderly market transaction at balance sheet date.

At 31 March R'million	Group					
	Notional principal amount	2007 Positive fair value	2007 Negative fair value	Notional principal amount	2006 Positive fair value	2006 Negative fair value
Foreign exchange derivatives						
Forward foreign exchange	68 249	850	1 133	55 522	1 560	-
Currency swaps	5 208	175	-	4 989	678	159
OTC options bought and sold	3 651	16	21	4 422	90	96
	77 108	1 041	1 154	64 933	2 328	255
Interest rate derivatives						
Caps and floors	16 076	19	21	13 726	21	112
Swaps	250 402	1 809	1 934	317 300	3 682	4 145
Forward rate agreements	548 653	288	370	606 259	180	192
OTC options bought and sold	25 371	13	5	19 540	10	9
Other interest rate contracts	-	-	-	13 185	-	57
OTC derivatives	840 502	2 129	2 330	970 010	3 893	4 515
Exchange traded futures	4 752	-	3	16 022	5	5
	845 254	2 129	2 333	986 032	3 898	4 520
Equity and stock index derivatives						
OTC options bought and sold	1 021	871	512	80	1 409	1 006
Equity swaps and forwards	112	36	-	-	-	-
OTC derivatives	1 133	907	512	80	1 409	1 006
Exchange traded futures	3 198	1	-	40	-	-
Exchange traded options	575	3	-	1	3	-
Warrants	560	-	222	-	-	-
	5 466	911	734	121	1 412	1 006
Commodity derivatives						
OTC options bought and sold	2 758	1 337	1 343	4 701	1 100	1 073
Commodity swaps and forwards	3 241	156	106	1 882	242	210
	5 999	1 493	1 449	6 583	1 342	1 283
Credit derivatives						
Credit swaps bought and sold	-	-	-	40	-	-
	-	-	-	40	-	-
Embedded derivatives	-	328	-	-	207	-
Derivatives per balance sheet		5 902	5 670		9 187	7 064
Effect of master netting agreements		(3 937)	(3 937)		(4 495)	(4 495)
Net balances after master netting		1 965	1 733		4 692	2 569

At 31 March R'million	Group		Company	
	2007	2006	2007	2006
14. Investment securities				
Listed equities	123	174	-	-
Unlisted equities	264	80	-	-
Bonds	27	30	-	-
	414	284	-	-
15. Loans and advances to customers				
Category analysis				
Commercial property loans	24 078	17 498	-	-
Residential mortgages	18 735	14 280	-	-
Leases and instalment debtors	2 982	2 665	-	-
Corporate and public sector loans and advances	19 387	20 493	-	-
Other private bank lending	10 628	6 927	-	-
Other loans and advances	2 915	2 502	3	5
	78 725	64 365	3	5
Specific impairments	(241)	(240)	-	-
Portfolio impairment	(75)	(93)	-	-
	78 409	64 032	3	5
Specific and portfolio impairments				
Reconciliation of movements in allowances for specific and portfolio impairments for bad and doubtful debts.				
Specific impairments				
Balance at beginning of year	240	264	-	-
Charge to the income statement	135	23	-	-
Acquired	(2)	-	-	-
Utilised	(134)	(47)	-	-
Foreign currency movement	2	-	-	-
Balance at end of year	241	240	-	-
Portfolio impairment				
Balance at beginning of year	93	93	-	-
Charge to the income statement	(14)	-	-	-
Utilised	(4)	-	-	-
Balance at end of year	75	93	-	-

Securitisations

Investec Bank Limited enters into transactions in the normal course of business by which it transfers financial assets directly to third parties or to special purpose entities. These transfers may give rise to the full or partial derecognition of the financial assets concerned.

The table below reflects securitised assets and related liabilities that continue to be recognised.

Nature of transactions	2007		2006	
	Carrying amount of transferred asset	Carrying amount of associated liabilities	Carrying amount of transferred asset	Carrying amount of associated liabilities
Group				
Residential mortgages	6 377	6 377	4 538	4 700
Auto loans	992	992	-	-
Commercial mortgages	1 208	1 208	-	-
	8 577	8 577	4 538	4 700

At to 31 March R'million	Group	
	2007	2006
16. Interest in associated undertakings		
Interests in associated undertakings consist of:		
Net asset value	221	-
Investments in associated undertakings	221	-
Analysis of the movement in our share of net assets:		
At beginning of year	-	-
Acquisitions	83	-
Loan to associate	148	-
Share of associate losses	(10)	-
Share of net asset value at end of year	221	-
Associated undertakings:		
Unlisted	221	-
	221	-

During the year, the group acquired a 21.4% shareholding in Global Ethanol Holdings Limited ("Global Ethanol") for an amount of R231 million, being R83 million for the acquisition of share capital and the advance of a shareholders loan of R148 million. Global Ethanol's principal activity is holding investments in various Ethanol plants.

2007	Country of Incorporation	Assets	Liabilities
Global Ethanol Holdings Limited	Australia	2 231	826

At 31 March R'million	Group		Company	
	2007	2006	2007	2006
17. Deferred taxation				
17.1 Deferred taxation asset				
Income and expenditure accruals	444	254	-	-
Arising on available STC credits	-	96	-	-
	444	350	-	-
17.2 Deferred taxation liability				
Unrealised fair value adjustments on financial instruments	563	246	-	-
Other temporary differences	42	19	-	-
	605	265	-	-
Net deferred tax (liability)/asset	(161)	85	-	-
Reconciliation of net deferred tax (liability)/asset				
Opening balance	85	65	-	-
Charge to the income statement	(123)	31	-	-
Charged directly to equity	(27)	(11)	-	-
STC credits utilised	(96)	-	-	-
Closing balance	(161)	85	-	-
Deferred tax on available for sale instruments recognised directly in equity	(27)	(11)	-	-
Deferred tax assets are recognised to the extent it is likely that profits will be available in future periods. The assessment of the likelihood of future profits is based on past performance and current projections. Deferred tax assets are not recognised in respect of capital losses as crystallisation of capital gains and the eligibility of potential capital losses is uncertain.				
18. Other assets				
Settlement debtors	4 565	2 035	-	-
Dealing properties	342	236	-	-
Accruals and prepayments	542	701	-	1
Other debtors	1 943	724	-	1
	7 392	3 696	-	2

At 31 March R'million	Freehold properties	Leasehold improvements	Furniture & vehicles	Equipment	Total
19. Property and equipment					
Group					
2007					
Cost					
At beginning of year	17	5	125	220	367
Additions	-	17	18	38	73
Disposals	-	(3)	(8)	(13)	(24)
At end of year	17	19	135	245	416
Accumulated depreciation and impairment					
At beginning of year	(12)	(3)	(85)	(163)	(263)
Disposals	-	3	2	6	11
Depreciation	-	(2)	(10)	(28)	(40)
At end of year	(12)	(2)	(93)	(185)	(292)
Net book value	5	17	42	60	124
2006					
Cost					
At beginning of year	17	5	124	209	355
Additions	-	-	14	26	40
Disposals	-	-	(13)	(15)	(28)
At end of year	17	5	125	220	367
Accumulated depreciation and impairment					
At beginning of year	(12)	(2)	(79)	(150)	(243)
Disposals	-	-	3	15	18
Depreciation	-	(1)	(9)	(28)	(38)
At end of year	(12)	(3)	(85)	(163)	(263)
Net book value	5	2	40	57	104

20. Investment properties

At 31 March R'million	Group		Company	
	2007	2006	2007	2006
At the beginning of year	1 748	2 375	-	-
Additions	9	147	-	-
Disposals	(776)	(1 081)	-	-
Revaluation	232	307	-	-
At the end of year	1 213	1 748	-	-

The group values its investment properties twice annually. The properties were valued by directors who are qualified valuers of the company concerned. The valuation is performed by capitalising the budgeted annual net income of a property at the market related yield applicable at the time. Investment properties are carried at fair value. No investment properties are occupied by group entities.

At 31 March R'million	Company	
	2007	2006
21. Goodwill		
Cost		
At beginning of year	1 270	1 221
Additions	-	49
Disposals	-	-
At end of year	1 270	1 270
Accumulated impairments		
At beginning of year	(771)	(538)
Impairment	(115)	(233)
Disposals	-	-
At end of year	(886)	(771)
Net book value	384	499
Analysis of goodwill by line of business		
Private Client Portfolio Management and Stockbroking	36	36
Asset Management	344	430
Property Activities	4	33
Total group	384	499

Goodwill is tested annually for impairment, or more frequently if evidence exists that goodwill might be impaired.

The recoverable amount of goodwill is determined based on expected cash flows within the cash generating units of the group to which the goodwill is allocated. Key assumptions within the calculation include discount rates, growth rates in revenue and related expenditure.

Discount rates are calculated based on pre-tax rates that reflect current market conditions, adjusted for the specific risks associated with the cash generating unit. Growth rates are based on industry growth forecasts. Cash flow forecasts are based on most recent financial budgets for the next financial year and are extrapolated for a period of 3 years and adjusted for expected future events.

2007

Impairment losses comprises:

- R115 million in respect of the portfolio of businesses acquired from Fedsure Group. The impairment calculation was based on a discounted cashflow valuation, utilising a discount rate of 10%. R87 million of the impairment was in the Asset Management segment and R28 million was in the Property segment.

2006

Impairment losses comprises:

- R233 million in respect of the portfolio of businesses acquired from Fedsure Group. The impairment calculation was based on a discounted cashflow valuation, utilising a discount rate of 12.31%.

At 31 March R'million	Acquired contracts	Acquired software	Internally generated software	Total
22. Intangible assets				
Group				
2007				
Cost				
At beginning of year	87	98	12	197
Acquisition of subsidiary	148	-	-	148
Additions	8	37	18	63
Disposals	-	(2)	-	(2)
At end of year	243	133	30	406
Accumulated amortisation and impairments				
At beginning of year	(20)	(79)	(6)	(105)
Amortisation	(21)	(13)	(12)	(46)
At end of year	(41)	(92)	(18)	(151)
Net book value	202	41	12	255
2006				
Cost				
At beginning of year	64	83	7	154
Additions	35	16	5	56
Disposals	(12)	(1)	-	(13)
At end of year	87	98	12	197
Accumulated amortisation and impairments				
At beginning of year	(5)	(70)	(2)	(77)
Impairment	(1)	-	-	(1)
Amortisation	(14)	(9)	(4)	(27)
At end of year	(20)	(79)	(6)	(105)
Net book value	67	19	6	92

2007

Charge to the income statement of R46 million in 2007 comprises the following:

- Amortisation of acquired contracts and computer software of R46 million.
- The amortisation and impairments of acquired contracts is included in business expenses.

2006

Charge to the profit and loss account of R28 million in 2006 comprises the following:

- Amortisation of acquired contracts and computer software of R27 million.
- Acquired contracts impairment of R1 million in respect of a property management company. The impairment calculation was based on discounted cashflow valuation, utilising a discount rate of 13.5%.
- The amortisation and impairments of acquired contracts is included in business expenses.

23. Acquisitions and disposals

Acquisitions

On 17 October 2006, Investec Property Group Limited (a subsidiary of Investec Limited) acquired a 100% holding in Spire Property Services (Pty) Ltd ("Spire"), a company engaged in the management of properties. The acquisition was satisfied by the payment of cash. The acquisition resulted in an increase in intangible assets of R148 million, which relate to management contracts in Spire.

For the year ended 31 March 2006:

The group made the following acquisitions of subsidiary undertakings or net assets and operations in the year ended 31 March 2006 which were accounted for on an acquisition basis:

- i. In January 2006 Alliance Capital Management (Pty) Ltd was acquired resulting in R45 million of goodwill.
- ii. Other immaterial acquisitions giving rise to net goodwill of R4 million.

The acquisitions were satisfied by the payment of cash. Assets and liabilities at the date of acquisition and total consideration paid are disclosed in the table below.

R'million

Total assets	13
Total liabilities	(4)
	9
Goodwill arising on acquisition	49
Fair value of consideration (paid in cash)	58

Disposals

For the years ended 31 March 2007 and 31 March 2006:

Certain immaterial subsidiaries were disposed of during the year at net asset value.

At 31 March	Nature of business	Issued ordinary capital	Holding %	Shares at book value R'million		Net indebtedness R'million	
				2007	2006	2007	2006
24. Investment in Subsidiaries							
Direct subsidiaries of Investec Limited							
Investec Bank Ltd Ä	Bank	R15 850 000	100	5 173	5 173	194	18
Investec Asset Management Holdings (Pty) Ltd Ä	Investment holding	R 200	100	(110)	(110)	-	-
Investec Assurance Ltd Ä	Insurance company	R10 000 000	100	10	10	-	-
Investec Employee Benefits Holdings (Pty) Ltd Ä	Investment holding	R 1	100	-	-	(1)	-
Investec Hong Kong (Pty) Ltd _	Investment holding	HKD 2	100	(1)	(1)	-	-
Investec Int. (Gibraltar) Ltd §	Investment holding	£1 000	100	382	280	-	-
Investec Personal Financial Services (Pty) Ltd Ä	Stockbroking	R7 000	100	36	36	-	-
Investec Securities Ltd Ä	Stockbroking	R172 000	100	132	132	(36)	4
Sibvest Limited Ä	Investment holding	R100	100	97	97	(98)	(98)
Fedsure International Ltd Ä	Investment holding	R1 012 456	100	149	149	-	-
Investec Property Group Holdings Ltd Ä	Investment holding	R3 000	100	-	-	-	-
Other subsidiaries				(84)	(84)	718	417
				5 784	5 682	777	341

Loans to/(from) subsidiaries are interest bearing, with no fixed terms of repayment.

Indirect subsidiaries of Investec Limited			
Grayinvest Limited Ä	Investment holding	R1 000	100
Investec Asset Management (Pty) Ltd Ä	Asset management	R50 000	100
Investec Insurance Brokers (Pty) Ltd Ä	Insurance broking	R2	100
Investec International Holdings (Pty) Ltd Ä	Investment holding	R102	100
Investec Fund Managers SA Ltd Ä	Unit trust management	R8 000 000	100
Investec Bank (Mauritius) Ltd i	Banking	R281 630 447	100
Investec Property Group Ltd Ä	Property trading	R1 174	100
Reichmans Holdings (Pty) Ltd Ä	Trade financing	R15	100
Investec Employee Benefits Ltd Ä	Long-term insurance	R7 544 000	100
Traded Endowment Policies Ltd (Formerly Fedsure Traded Endowments Ltd)^	Endowments trading	£28 530 788	100

Details of subsidiary companies which are not material to the financial position of the group are not stated above.

Investec Limited has no equity interest in the following special purpose vehicles, but they are consolidated on the basis of the group sharing in the majority of the risks and rewards associated with the entity.

- PEU II Ltd
- Securitisation entities
 - Private Mortgages 1 (Pty) Ltd
 - Private Mortgages 2 (Pty) Ltd
 - Private Mortgages 3 (Pty) Ltd
 - Private Residential Mortgages (Pty) Ltd
 - Private Commercial Mortgages (Pty) Ltd
 - Grayston Conduit 1 (Pty) Ltd

i Mauritius

Ä South Africa

_ Hong Kong

§ Gibraltar

^ United Kingdom

At 31 March R'million	2007	2006
25. Long-term assurance business attributable to shareholder		
Liabilities to customers under investment contracts		
Investec Employee Benefits Limited ("IEB")	7 329	10 015
Investec Assurance Limited	35 319	27 392
Insurance liabilities, including unit-linked liabilities - IEB	294	1 499
Reinsured liabilities - IEB	14 094	15 353
Total policyholder liabilities	57 036	54 259
Investec Employee Benefits Limited		
The assets of the long-term assurance fund attributable to policyholders are detailed below:		
Investments	7 517	11 147
Reinsured assets	14 094	15 353
Other assets	106	367
	21 717	26 867
Investments shown above comprise:		
Interest bearing securities	1 125	1 528
Stocks, shares and unit trusts	4 884	6 192
Deposits	1 508	3 427
	7 517	11 147
Investec Assurance Limited		
The assets of the long-term assurance fund attributable to policyholders are detailed below:		
Investments	33 917	26 832
Debtors and prepayments	956	82
Other assets	446	478
Assets of long-term assurance fund attributable to policyholders	35 319	27 392
Investments shown above comprise:		
Interest bearing securities	2 263	3 529
Stocks, shares and unit trusts	20 567	15 431
Deposits	11 087	7 872
	33 917	26 832
The business of Investec Assurance Limited is that of linked business with retirement funds. The retirement funds hold units in a pooled portfolio of assets via a linked policy issued by the company. The assets are beneficially held by Investec Assurance Limited. Due to the nature of the linked policy, Investec Assurance Limited's liability to the policyholders is equal to the market value of the assets under the policy.		
Income statement items related to assurance activities		
Investment income on assurance activities	521	1 521
Premiums and reinsurance recoveries on insurance contracts	1 137	1 770
Claims and reinsurance premiums on insurance business	(1 575)	(3 151)
Operating expenses	(59)	(16)
Net income before taxation	24	124
Taxation	(7)	(112)
Net income after taxation	17	12

At 31 March R'million	Group		Company	
	2007	2006	2007	2006
26. Other trading liabilities				
Short positions:				
- equities	2 121	2 729	-	-
- gilts	1 082	846	-	-
	3 203	3 575	-	-
27. Debt securities in issue				
Bonds and medium term notes:				
Not more than one year	4 522	3 218	-	-
Greater than one year but less than five years	6 957	3 602	-	-
Greater than five years	89	-	-	-
	11 568	6 820	-	-
Other unlisted debt securities in issue:				
Not more than three months	6 662	5 958	-	-
Over three months but not more than one year	12 133	10 463	-	-
Over one year but not more than five years	507	261	-	-
	19 302	16 682	-	-
	30 870	23 502	-	-
Bonds that are listed on the Bond Exchange of South Africa have maturity dates as noted below:				
R1.4 billion				
Final legal maturity of 20 April 2024.				
The group, subject to certain conditions being met, may at its discretion redeem these bonds at an earlier date but not before 20 April 2011.				
R1.3 billion				
Final legal maturity of 15 November 2029.				
The group, subject to certain conditions being met, may at its discretion redeem these bonds at an earlier date but not before 15 November 2007.				
R2.3 billion				
Final legal maturity of 15 October 2031.				
The group, subject to certain conditions being met, may at its discretion redeem these bonds at an earlier date but not before 15 July 2009.				
R2 billion				
Final legal maturity of 15 November 2032.				
The group, subject to certain conditions being met, may at its discretion redeem these bonds at an earlier date but not before 15 November 2010.				
28. Taxation				
Income taxation payable	798	913	84	84
Indirect taxes payable	120	86	-	-
	918	999	84	84
29. Other liabilities				
Settlement liabilities	3 859	2 185	-	-
Cumulative redeemable preference shares including accrued dividends	2 651	3 073	755	732
Other non-interest bearing liabilities	1 199	975	11	12
Other creditors and accruals	2 099	1 554	61	23
	9 808	7 787	827	767

At 31 March R'million	Group		Company	
	2007	2006	2007	2006
30. Subordinated liabilities				
Issued by Investec Limited				
Class "A" Series I unsecured subordinated compulsorily convertible debentures ("CCD's")	-	-	154	154
Class "A" Series II unsecured subordinated CCDs	-	-	225	225
Issued by Investec Bank Limited - a wholly owned subsidiary of Investec Limited				
Unsecured subordinated CCDs	68	108	-	-
16% subordinated bonds 2012	526	1 961	-	-
IV02 12.55% subordinated unsecured callable bonds	1 000	1 000	-	-
IV03 16% subordinated bonds 2017	1 435	-	-	-
	3 029	3 069	379	379
All subordinated debt issued by Investec Limited and its subsidiaries is denominated in South African Rand.				
Remaining maturity:				
In more than one year, but not more than two years	68	108	154	379
In more than two years, but not more than five years	526	2 961	225	-
In more than five years	2 435	-	-	-
	3 029	3 069	379	379

The only event of default in relation to the subordinated debt is the non-payment of principal or interest. The only remedy available to the holders of the subordinated debt in the event of default is to petition for the winding up of the company. In a winding up, no amount will be paid in respect of the subordinated debt until all other creditors have been paid in full.

The compulsorily convertible debentures issued by Investec Bank Limited were split at issue into their debt and equity components. The equity components were sold to employee share trusts. The debt components were sold to third parties, represented by the amounts above.

Series I & II Class "A" debentures

Interest is payable six monthly arrears on 1 May and 1 November of each year at a variable rate of 3% below the official rate as defined in the 7th schedule of the South African Income Tax Act of 1962. The debentures convert into ordinary shares, on a one for one basis, at the election of the holders. If not converted by election, the Series I debentures will automatically convert on 1 October 2008. The Series II debentures will automatically convert on 4 December 2010.

The debentures are all held by the staff share schemes and are eliminated on consolidation. The unissued debentures are under control of the directors until the next annual general meeting.

Unsecured subordinated CCDs

The CCDs will convert into Investec Bank Limited ordinary shares, on a one for one basis, on 31 July 2008. The company at its discretion, may at the request of the holder convert at an earlier date.

The Investec Bank Limited shares arising out of the conversion have been sold forward by the holder thereof to Investec Limited in exchange for 3 573 994 Investec Limited ordinary shares.

16% subordinated bonds 2012

R526 million (2006: R1 961 million) Investec Bank Limited 16% local registered unsecured subordinated bonds are due in 2012. Interest is paid six monthly in arrears on 31 March and 30 September at a rate of 16% per annum. The settlement date of the bonds is 31 March 2012.

IV02 12.55% subordinated unsecured callable bonds

R1 000 million (2006: R1 000 million) Investec Bank Limited IV02 subordinated 12.55% unsecured callable bonds. The bonds redemption date is 31 March 2013 but the company has the option to call the bond on 31 March 2008. If not called, the bonds will switch to a floating rate of 3 month JIBAR plus 300 basis points payable quarterly in arrears until maturity.

IV03 16% subordinated bonds 2017

R1 435 million (2006: nil) Investec Bank Limited local registered unsecured subordinated bonds are due in 2017. Interest is paid at a rate of 16% per annum until 31 March 2012, whereafter the interest rate will change to a floating rate of 3-month JIBAR plus 200 basis points until maturity. Interest is paid monthly in arrears on 31 March and 30 September at a rate of 16% per annum. The settlement date of the bonds is 31 March 2017.

The unissued debentures are under control of the directors until the next annual general meeting.

At 31 March R'million	Group		Company	
	2007	2006	2007	2006
31. Ordinary share capital				
Authorised 277 500 000 (2006 [^] : 277 500 00) ordinary shares of R0.0002 (2006:R0.0002) each.				
Issued 227 671 420 (2006 [^] : 219 997 635) ordinary shares of R0.0002 (2006: R0.0002) each.				

The unissued shares are under the control of the directors

[^] The authorised and issued number of shares have been restated for the share subdivision of 5 shares for 1 that took place on 4 September 2006.

At 31 March R'million	2007	2006
32. Treasury shares		
Treasury shares held by subsidiaries of Investec limited		
Investec Limited ordinary shares	1 198	854
Options held to acquire Investec Limited shares	(21)	(21)
	1 177	833
Number of Investec Limited ordinary shares held by subsidiaries	26 901 375	23 122 105
Reconciliation of treasury shares	Number	Number[^]
Opening balance	23 122 105	21 787 940
Purchase of own shares by subsidiary companies	7 673 786	1 817 955
Shares disposed of by subsidiaries	(3 894 516)	(483 790)
Closing balance	26 901 375	23 122 105
Market value of treasury shares	R'million 2 510	R'million 1 447

[^] Restated for the share subdivision of Investec Limited Shares of 5 shares for 1 that took place on 4 September 2006.

At 31 March R'million	Group		Company	
	2007	2006	2007	2006
33. Perpetual preference shares of holding company				
Authorised 100 000 000 (2006:100 000 000) non-redeemable, non-cumulative, non-participating preference shares of 1 cent each.				
Issued 22 182 000 (2006: 22 182 000) non-redeemable, non-cumulative, non-participating preference shares of one cent each, issued at a premium of R104.49 per share.				
	2 309	2 309	2 309	2 309

Preference shareholders will be entitled to receive dividends if declared, at a rate of 70% of prime on R100 being the deemed value of the issue price of the preference share held. Preference shareholders receive dividends in priority to any payment of dividends to the holder of any other class of shares in the capital of the company not ranking prior or pari passu with the preference shares.

An ordinary dividend will not be declared by Investec Limited unless the preference dividend has been declared. If declared, preference dividends are payable semi-annually at least seven business days prior to the date on which Investec Limited pays its ordinary dividends, if any, but shall be payable no later than 120 business days after 31 March and 30 September respectively.

At 31 March R'million	2007	2006
34. Minority interests		
Minority interests in partially held subsidiaries	20	74
Perpetual preference shares issued by subsidiary	1 491	1 491
Authorised 70 000 000 (2006: 70 000 000) non-redeemable, non-cumulative, non-participating preference shares of 1 cent each.		
Issued 15 000 000 (2006 - 15 000 000) non-redeemable, non-cumulative, non-participating preference shares of 1 cent each, issued at a premium of R99,99 per share.		
	1 511	1 565

Preference shareholders will be entitled to receive dividends, if declared, at a rate of 75% of prime interest rate on the issue price of the preference share held. Preference shareholders receive dividends in priority to any payment of dividends to the holder of any other class of shares in the capital of the company not ranking prior or pari passu with the preference shares.

An ordinary dividend will not be declared by Investec Bank Limited unless the preference dividend has been declared. If declared, preference dividends are payable semi-annually at least seven business days prior to the date on which Investec Bank Limited pays its ordinary dividends, if any, but shall be payable no later than 120 business days after 31 March and 30 September respectively.

For the year to 31 March R'million	2007		2006	
	Total future minimum payments	Present value	Total future minimum payments	Present value
35. Miscellaneous balance sheet disclosure				
Group				
Finance less receivables included in loans and advance to customers				
Receivable in:				
Less than 1 year	302	252	253	193
1-5 years	248	204	271	242
	550	456	524	435
Unearned finance income	94		89	

At 31 March 2007 and 31 March 2006, there were no unguaranteed residual values.

There were no finance lease receivables in Investec Limited company at 31 March 2007 and 31 March 2006.

For the year to 31 March R'million	Group		Company	
	2007	2006	2007	2006
36. Notes to cash flow statement				
Cash flows from operations is derived as follows:				
Profit before taxation	3 797	3 270	849	1 058
Adjustments for:				
Interests expense on subordinated liabilities (including convertible debt)	(40)	(32)	-	-
Depreciation and impairment of property and equipment	65	38	-	-
Fair value gains on investment properties	(232)	(306)	-	-
Amortisation of intangible assets	21	28	-	-
Impairment of goodwill	115	233	-	-
Impairment of loans and advances	121	23	-	-
Share based payments expense	239	138	234	-
Profit on sale of subsidiaries	(2)	-	-	-
Operating loss from associate	10	-	-	-
Loss on sale of subsidiary	-	-	-	(119)
Cash flow from operating activities	4 094	3 392	1 083	939

For the year to 31 March R'million	Group	
	2007	2006
37. Related party transactions		
Compensation to the Board of Directors and other key management personnel*		
Short-term employee benefits	418	233
Share-based payments	52	34
	470	267

* Key management personnel are board directors and members of the Global Operations Forum.

R'million	2007		2006	
	Highest balance during the year#	Balance at end of year#	Highest balance during the year#	Balance at end of year#
Transactions, arrangements and agreements involving directors and others:				
Particulars of transactions, arrangements and agreements entered into by the bank with directors and connected persons companies controlled by them, and with officers of the company, were as follows:				
Directors, key management and connected persons and companies controlled by them				
Loans	414	385	212	197
Guarantees on behalf of	15	15	21	21
Other	(227)	(146)	(123)	(79)
	202	254	110	139
The above transactions were made in the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with persons of a similar standing or, where applicable, with other employees. The transactions did not involve more than the normal risk of repayment.				
Transactions with other related parties				
F Titi has a 11% holding in Tiso Group. At 31 March 2006 Investec Limited group had the following total investments in Tiso Group and its affiliate companies	319	286	83	83
S Koseff, G R Burger, B Kantor, I R Kantor, H Herman, and D E Jowell have an interest in Spurwing-P Investments Limited and Spurwing-L Investments Limited, which jointly amount to a holding of 32.3% and 12.02% respectively. Loans were provided to these entities by Investec Bank (Mauritius) Limited on an arms length, fully secured basis as follows:				
Spurwing-P Investments Limited	40	-	44	40
Spurwing-L Investments Limited	11	-	12	11

During the current financial year, Spurwing-P Investments Limited and Spurwing-L Investments Limited repaid their loans outstanding with Investec Bank (Mauritius) Limited.

The above outstanding balances arose from the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with third party counterparties.

The disclosure of the year-end balance and highest balance during the year is considered the most meaningful information to represent transactions during the year.

Refer to note 24 for loans to/(from) subsidiaries

At 31 March R'million	Group		Company	
	2007	2006	2007	2006
38. Commitments				
Undrawn facilities	7 567	4 050	-	-
Other commitments	531	114	-	-
	8 098	4 164	-	-
<p>The group has entered into forward foreign exchange contracts and loan commitments in the normal course of its banking business for which the fair value is recorded on balance sheet.</p>				
Operating lease commitments				
Future minimum lease payments under non-cancellable operating leases:				
Less than 1 year	212	134	-	-
1-5 years	1 033	639	-	-
Later than 5 years	2 092	2 911	-	-
	3 337	3 684	-	-
<p>At 31 March 2007, Investec was obligated under a number of operating leases for properties, computer equipment and office equipment for which the future minimum lease payments extend over a number of years. The annual escalation clauses range between 8% and 13.5% percent per annum. The majority of the leases have renewal options.</p>				
39. Contingent liabilities				
Guarantees and assets pledged as collateral security:				
- guarantees and irrevocable letters of credit	4 606	3 246	-	-
Other contingent liabilities	-	631	-	-
	4 606	3 877	-	-

The amounts shown above are intended only to provide an indication of the volume of business outstanding at the balance sheet date.

Guarantees are issued by Investec Limited on behalf of third parties and other group companies. The guarantees are issued as part of the banking business.

Legal proceedings

Investec is party to various legal proceedings, the ultimate resolution of which is not expected to have a material adverse effect on the financial position of the group.

A number of legal actions have been instituted against Investec Employee Benefits Limited (IEB) a subsidiary of Investec Limited, which they are defending. The legal claims were instituted against IEB by various industrial pension and provident funds. The legal claims are based primarily on allegations that IEB breached certain alleged implied terms of policies issued by them. IEB will only have an obligation to pay the legal claims once a final judgement has been made. IEB's legal representative has advised that the funds have a difficult claim to prove and there is a reasonable prospect that IEB will successfully defend the claims. IEB's insurers have indicated that the possible claims are covered by existing insurance cover, subject to any policy exclusions.

40. Hedges

The group uses derivatives for the management of financial risks relating to its asset and liability portfolios, mainly associated with non-trading interest rate risks and exposures to foreign currency risk. Most non-trading interest rate risk is transferred from the originating business to the central Treasury in Capital Markets. Once aggregated and netted, Treasury, as the sole interface to the wholesale market for cash and derivative transactions, actively manages the liquidity mismatch and non-trading interest rate risk from our asset and liability portfolios. In this regard, Treasury is required to exercise tight control of funding, liquidity, concentration and non-trading interest rate risk within defined parameters.

The accounting treatment of accounting hedges is dependant on the classification between fair value hedges, cash flow hedges and in particular, accounting hedges require the identification of a direct relationship between a hedged item and hedging instrument. This relationship is established in limited circumstances based on the manner in which the group manages its risk exposure. Below is a description of each category of accounting hedges achieved by the group.

Fair value hedges

Fair value hedges are entered into mainly to hedge the exposure of changes in fair value of fixed rate financial instruments attributable to interest rates.

At 31 March R'million	Description of financial instrument being hedged	Fair value of hedging instrument	Cumulative gains or (losses) on hedging instrument	Current year gains or (losses) on hedging instrument	Cumulative gains or (losses) on hedged item	Current year gains or (losses) on hedged item
2007						
Interest rate swaps - liabilities	Subordinated bonds	162	73	118	(63)	(112)
2006						
Interest rate swaps - liabilities	Subordinated bonds	175	(45)	17	49	(16)

There were no cash flow hedges at year end.

At 31 March R'million	Group	
	2007	2006
41. Asset quality		
Total loans and advances to customers (gross of impairments)	78 725	64 365
Net loans and advances to customers	78 725	64 365
Income statement impairment charge	(121)	(23)
Specific impairment	241	240
Portfolio impairment	75	93
Total impairments	316	333
Gross default loans	1 010	745
Sub-standard	410	211
Doubtful	573	512
Loss	27	22
Less: security	(839)	(550)
Net default loans	171	195
Adequacy of impairments		
Specific impairments as a % of total loans and advances to customers	0.31%	0.37%
Portfolio impairments as a % of net loans and advances to customers	0.10%	0.14%
Total impairments as a % of total loans and advances to customers	0.40%	0.52%
Total impairments as a % of gross default loans	31.29%	44.67%
Total impairments as a % of net default loans	184.80%	170.77%
Specific impairments as a % of gross default loans	23.86%	32.20%
Specific impairments as a % of net default loans	140.94%	123.20%
Gross default loans as a % of loans and advances to customers	1.28%	1.16%
42. Capital adequacy		
The regulatory capital of the bank as reported to the South African Reserve Bank is detailed below:		
Primary capital (Tier 1)	9 973	8 335
Secondary capital (Tier 2)	3 991	3 856
Total	13 964	12 191
Less : Impairments	(277)	(58)
Net qualifying capital	13 687	12 133
Risk weighted assets (banking and trading assets)	93 075	74 560
Capital adequacy ratio	14.7%	16.3%

43. Post balance sheet events

Disposal of the Property Fund Management and Property Administration Business of Investec Property Group Limited

Investec Property Group Limited ("IPG") has agreed to dispose of its property fund management business and its property administration business, collectively the Property Services businesses as a going concern to Growthpoint Properties Limited ("Growthpoint") ("the proposed transaction").

IPG is a wholly owned subsidiary of Investec Limited ("Investec") and its operations include property development, property fund management, property administration and listed property investment management. The property development and listed property investment management businesses will not form part of the proposed transaction.

The effective date of the proposed transaction, which is subject to the suspensive conditions set out below, is 1 July 2007.

Growthpoint has agreed to acquire IPG's interest in the Property Services businesses, for a purchase consideration of R1 393 649 600 (one billion three hundred and ninety three million and six hundred and forty nine thousand six hundred rand), ("the purchase consideration"). The purchase consideration will be settled through the issue of 87 103 100 new Growthpoint linked units at a price of 1 600 cents per linked unit, ex distribution for the 6 month period ending 30 June 2007.

The proposed transaction is subject, inter alia, to the fulfillment of the following suspensive conditions:

- The signing of binding legal agreements between IPG, Investec Limited, Growthpoint and Growthpoint's BEE partners
- Granting of all regulatory approvals as may be required from various authorities including the Competition Authorities
- Growthpoint obtaining approval for the proposed transaction from the requisite majority of its linked unitholders in a general meeting.

	Demand	Up to one month	One month to three months	Three months to six months	Six months to one year	One year to five years	Greater than five years	Total
At 31 March 2007 R'million								
44. Maturity analysis								
Group								
Assets								
Cash and balances at central banks	851	-	-	-	-	-	-	851
Loans and advances to banks	2 127	17 448	1 674	1 939	15	4	-	23 207
Cash equivalent advances to customers	7 458	1 978	-	-	-	-	-	9 436
Reverse repurchase agreements and cash collateral on securities borrowed	2 917	-	-	-	-	-	-	2 917
Trading securities	12 984	6 072	75	2 497	996	-	-	22 624
Derivative financial instruments	5 310	-	-	120	-	458	14	5 902
Investment securities	27	123	264	-	-	-	-	414
Loans and advances to customers	987	1 916	2 779	4 219	6 920	31 015	30 573	78 409
Other assets*	2 085	3 661	459	39	84	599	3 106	10 033
	34 746	31 198	5 251	8 814	8 015	32 076	33 693	153 793
Liabilities								
Deposits by banks	356	4 987	704	59	595	6 113	145	12 959
Derivative financial instruments	5 342	9	-	-	2	317	-	5 670
Repurchase agreements and cash collateral on securities lent	2 378	-	-	-	-	-	-	2 378
Customer accounts	39 109	6 688	13 669	6 003	5 794	1 269	542	73 074
Debt securities in issue	-	3 804	7 180	5 631	6 702	7 464	89	30 870
Other liabilities**	3 101	5 450	916	1 290	308	2 549	920	14 534
	50 286	20 938	22 469	12 983	13 401	17 712	1 696	139 485
Subordinated liabilities (including convertible debt)	-	-	-	-	-	3 029	-	3 029
Equity	-	-	-	-	-	-	11 279	11 279
	50 286	20 938	22 469	12 983	13 401	20 741	12 975	153 793
Liquidity gap	(15 540)	10 260	(17 218)	(4 169)	(5 386)	11 335	20 718	-
Cumulative liquidity gap	(15 540)	(5 280)	(22 498)	(26 667)	(32 053)	(20 718)	-	-

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

** Includes other trading liabilities, current taxation liabilities, deferred taxation liabilities and other liabilities.

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

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

** Includes other trading liabilities, current taxation liabilities, deferred taxation liabilities and other liabilities.

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