Out of the Ordinary®

Investec

Investec Bank (Australia) Limited
Annual Financial Report
2009

Corporate information

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Investec Group in perspective

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Overview of the Investec Group

Who we are

Investec Group (the Group or Investec Group) (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. Investec Holdings Australia Limited and it's subsidiaries (Investec Australia) are subsidiaries of Investec plc.

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

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

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

What we do

Investec Group is 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 a commitment to our core philosophies and values.

Values

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

Distinctive Performance

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

Dedicated Partnerships

Client Focus

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

Cast-iron Integrity

- Moral strength
- Risk consciousness
- Highest ethical standards

Philosophies

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

Overview of activities of Investec Australia

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Overview of the activities of Investec Bank (Australia) Limited

Introduction

Following our entry into Australia in 1997, we entered the Australian investment banking market in March 2001 with the acquisition of Wentworth Associates, one of the leading corporate finance boutiques in Australia. This acquisition provided a platform to expand our activities into the corporate finance and private equity arenas in Australia.

In August 2002, we received a banking licence which opened up many growth opportunities. These included the expansion of the Private Client business, which specialises in property investment banking, investment management services, money market activities and, more recently, growth and acquisition finance and specialised lending.

Following organic growth within Capital Markets, the Australian banking operations of NM Rothschild & Sons Australia Limited were successfully acquired in July 2006, creating an opportunity to further our market presence in Australia.

In early 2007, with the creation of the Investec Property Opportunity Fund, the platform for property investments in Australia was enhanced.

This was followed by Investec Australia's acquisition of Experien in late 2007, which enabled Investec Australia to build relationships with specialists in the medical and accounting fields, further establishing our banking platform and increasing our brand footprint to a wider audience. This business has since been re-branded as Investec Experien.

Private Banking

We position ourselves as the investment bank for private clients, offering both credit and investment services to our select clientele. Core to this strategy is the commitment by the specialists within our business to thought leadership for the benefit of our clients. Through strong partnerships, we seek to create a community of clients who thrive on being part of an entrepreneurial and innovative environment.

Our areas of specialisation include:

Private Client Treasury

Private Client Treasury offers multi-currency money market and fixed interest products at competitive rates and flexible term structures to Australian and international high net-worth individuals.

By enlisting the treasury expertise of specialised staff, the team can tailor deposit options to maximise flexibility and meet the specific liquidity requirements that clients seek.

Private Client Investments

Private Client Investments offer select sophisticated private clients the opportunity to invest in unique financial transactions across various asset classes alongside Investec and its executives.

Investec has a strong track record in creating specialist funds, particularly in the property, private equity and infrastructure sectors. We create funds in sectors where we can apply our expertise and talent to create value, and which adhere to our strict internal management guidelines.

Property Investment Banking

Investec's Property Investment Banking group is a highly-experienced real estate team that partners with clients to provide structured finance solutions across the property development and investment markets.

Its core activities include arranging and providing senior and mezzanine debt, along with preferred equity and traditional joint venture equity structures. Joint venture activities include packaging off-market development and investment opportunities for clients.

Investec Australia predominantly operates in the major property asset classes - office, industrial, retail and residential - however, opportunities in non-traditional sectors such as hotels, pubs and retirement villages will also be considered.

This solutions-based business also provides advice on optimum transaction structures for clients.

Overview of the activities of Investec Bank (Australia) Limited

Growth and Acquisition Finance

Growth and Acquisition Finance provides senior debt, subordinated debt and preferred equity funding to small-to-medium-sized businesses, family businesses and small cap listed companies seeking between $5 million and $50 million.

The Growth and Acquisition Finance team partners with management teams to provide funding for management buy-outs and buy-ins, corporate acquisitions, to implement growth and acquisition strategies, shareholder restructuring and equity release, and for succession planning.

The team offers valuable expertise obtained through a broad range of industry experience. Contrary to traditional financiers who require tangible asset security, the Growth and Acquisition Finance team provides finance based on enterprise or business value, which is derived from business earnings or cash flow. Accordingly, financing solutions are typically more flexible.

Specialised Lending

Specialised Lending extends personalised and customised loan facilities and funding solutions to high net-worth individuals, senior executives of listed and unlisted companies, and professionals. These solutions enable clients to leverage special investment situations for wealth creation and liquidity, and to develop succession planning strategies.

Funding is at arm's length from a client's traditional retail banking relationship, and the team's expertise allows the use of innovative techniques which are typically only available to institutional investors.

To meet the particular needs of each client, the team works closely with Investec clients, family businesses, independent financial advisers, leading wealth managers and trust companies.

Wealth Management

Investec Private Advisers is one of Australia's leading boutique private advisers and portfolio management providers, typically offering services to high net-worth private clients, charitable organisations and family businesses.

The team develops tailored investment strategies to manage the entire wealth cycle of each client - from creation to management and preservation, and ultimately to distribution - and enjoys a reputation for creating long-term, trusted relationships, and in delivering discreet and tailored services to clients.

Core areas of specialisation include:

- Retirement planning, including optimisation of superannuation
- Tax structuring
- Efficient portfolio construction and investment selection
- Ongoing portfolio management

The portfolio management service encompasses direct and indirect investments - including structured products, co-investment and special opportunities.

Professional Finance

Investec offers lending and cash management facilities to medical and accounting professionals in their own practices through wholly-owned specialist financier Investec Experien.

This team is dedicated to meeting all the financing needs of professionals - whether personal, for a practice or investment - and can finance practice assets and goodwill payments for healthcare professionals, and the purchase of a practice for accounting professionals.

As part of the proposition of a complete professional funding solution, lending can be arranged for the purchase of equipment, fit-outs, computers and motor vehicles; and professionals can obtain overdraft loans to manage the working capital needs of small and large practices.

The commitment to professionals extends to offering financing for commercial and personal mortgages, and arranging personal and business insurance.

Overview of the activities of Investec Bank (Australia) Limited

Capital Markets

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

We focus on the following activities:

Treasury

Treasury provides money market, foreign exchange, commodity and interest rate management products and services to corporate clients, the public sector and small-to-medium enterprises.

The team of sales and trading professionals provides execution services across spot and forward foreign exchange - and option - markets for all major currencies, including the South African Rand, and across the precious, base metal and energy markets.

By understanding clients' need for value-enhancing solutions, Treasury are able to offer customised and innovative risk management solutions that are matched with superior quality of service.

Financial Products

The Financial Products team applies their expertise in capital markets and structured debt to tailor funding and capital solutions for entrepreneurial, high-growth finance companies and origination platforms.

The team works collaboratively with experienced management teams who have a clear competitive advantage in originating high-quality portfolios within their target markets.

Principal equity is invested in early-stage origination platforms and top-up equity is used to expand successful and rapidly-growing platforms. As clients' growth objectives materialise, the team can access the domestic debt capital markets to arrange and distribute securitisation structures - in addition to providing mezzanine financing, warehousing facilities and hedging solutions.

By employing the bank's offshore expertise and unique local business networks, the team can also assist clients to maximise enterprise value – which may include advice on capital structure, growth strategies and acquisitions, trade sales and market listings.

Project and Infrastructure Finance

The Project and Infrastructure Finance team provides specialised financial solutions to projects and sponsors in the infrastructure and energy sectors for complex or unusual projects, and can provide niche capital solutions for standard projects.

The team can arrange, underwrite and provide senior, mezzanine and subordinated project and bridging finance, as well as offer debt advisory services.

The sectors in which the team operates include renewable and conventional power generation, electricity transmission and distribution, biofuels, transport, pipelines, water, waste and public-private partnerships.

The Australian team also work closely with other Investec global specialist teams based in London, Toronto and Johannesburg.

Specialised Funds and Investments

The Specialised Funds and Investments team applies an investment banking paradigm to the investment of equity in infrastructure projects. The team originates and executes investments for Investec and for the bank's private and institutional clients through the creation of infrastructure investment funds and syndicates.

The team's primary focus is on environmentally-sustainable infrastructure, notably clean and renewable energy, waste management and water supply.

Commodities and Resource Finance

Commodities and Resource Finance provides financial advice and solutions across the debt to equity spectrum to clients in the natural resources sector in emerging and developed markets - including precious and base metals, minerals, and oil and gas.

The team provides debt financing for junior and mid-tier resources companies that develop, expand or acquire projects around the world.

In the precious and base metal markets, hedging and structured derivative solutions can be arranged for commodities, and the team can advise and implement appropriate hedging strategies for integrated resource finance transactions.

The team also invests equity in mining projects at late-exploration or pre-feasibility study stage.

Structured Finance

The Structured Finance team offers non-traditional financing solutions for corporate and project-specific financings. A disciplined approach is followed when developing financing structures involving equity, debt and hybrid capital markets and their products.

The team has a strong focus in infrastructure-style asset classes such as aviation and property, as well as the expertise to tailor unique financial products for clients.

Overview of the activities of Investec Bank (Australia) Limited

The structured Finance team in Australia, in conjunction with Structured Finance in the UK, have launched the Investec Global Aircraft Fund – a diversified fund that seeks to tap into forecast strong long-term global growth in commercial travel to generate consistent returns for investors.

Investment Banking

In Australia, our Investment Banking business comprises two distinct activities: corporate advisory and private equity.

Corporate Advisory

Corporate Advisory provides independent, objective advice on mergers, acquisitions and divestments, fund raising and capital structuring. The team has a successful track record in supporting growing and established companies across all sectors of the economy.

Typical clients include companies listed on the Australian Stock Exchange, large private companies and family businesses, private equity funds and Investec clients globally.

Corporate Advisory are valued for their relationship-based approach, innovative transaction structuring capabilities, proven deal origination and execution skills - as well as their clear and practical advice.

Importantly, the team understands the individual nature of advice, and their dedicated teams led by visible and committed senior professionals work closely with management teams and shareholders to help develop and deliver their clients' objectives.

Private Equity

Investec Wentworth Private Equity (IWPE) manages funds for investment in established businesses where significant and sustainable growth in revenue, profit and shareholder value can be achieved. The investors in the various funds are high net worth clients of Investec Australia.

IWPE invests in private companies, as well as in listed companies where the team can obtain Board representation and have input on strategic direction.

IWPE have established a strong track record of identifying, investing in, growing and realising private equity investments. Once an investment is made, the private equity team provides financial advice, management skills, entrepreneurial and strategic input by working as partners alongside existing stakeholders or an incoming management team.

Property Activities

The Property Private Equity group manages property fund investments in a diverse mix of properties with opportunistic characteristics.

By leveraging their funds management, structuring and property experience, the Property Private Equity team originate funds management opportunities, raise equity capital, and source and manage appropriate direct property investments. The team often partner with developers and other property managers that are specialised within a particular sector and have a proven track record.

The funds managed by the Property Private Equity group provide high net worth and wholesale investors with the opportunity to gain exposure to a broad range of property assets. The Property Private Equity group currently manages the Investec Property Opportunity Fund, and the Toga Accommodation Fund.

Group Services and Other Activities

Central Services

Central Services is comprised of functional areas that provide services centrally across all 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 business units. There are certain costs that are strategic in nature and which have not been allocated to the operating divisions.

Our principal Central Services functions which relate to the operations and control of our business are Risk Management, Information Technology, Finance, Marketing, Human Resources, Organisation Development, Head Office, Internal Audit and Compliance, Legal, Company Secretarial, Tax, Regulatory and Facilities Management.

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 at the time. The funds raised are applied towards acquisitions, funding central services and debt obligations, and purchasing corporate assets and investments which are not allocated to our principal operating divisions.

Financial review 3

Commentary on the results of Investec Bank (Australia) Limited for the year ended 31 March 2009

Introduction

The operating environment over the past financial year has been extremely challenging with heavy volatility and increasing weakness in Australian and global economies.

Our focus and strategy throughout the year has been on maintaining the strength and stability of our balance sheet, albeit at the expense of short term profitability.

For the year ended 31 March 2009, Investec Bank (Australia) Limited ("IBAL") reported an operating proft before goodwill and tax of $1.9 million. Operating profit before impairments, equity accounted earnings and mark-to-market adjustments on lending related equity options was $79.6 million, which was broadly in line with the prior year of $80.1 million.

The underperformance for the year is largely attributable to:

- Slow down in lending activity (other than Investec Experien) as a result of general market conditions and deliberate tightening of risk appetite;
- Significant decline in net interest income with the first half of the year impacted by fierce competition for retail deposits and the second half impacted by lower returns on surplus funds as interest rates declined rapidly;
- Increased impairments on loans and investments;
- Equity accounted losses relating to investments in associates;
- Less transaction and investment related income in an environment not conducive to closing transactions; and
- Adverse mark-to-market movements on lending related equity options portfolio.

Financial review

Balance sheet fundamentals at 31 March 2009 were strong, with a capital adequacy ratio of 18.3% (tier 1 of 14.4%) and a core liquidity ratio of 36.8%, both well in excess of our minimum regulatory requirements.

At 31 March 2009, IBAL's loan book was $2.9 billion, a 14% increase since 31 March 2008. The loan book at 31 March 2009 includes Investec Experien loans of $1.15 billion (up 34% since 31 March 2008). Excluding Investec Experien, the IBAL loan book has increased 4% since 31 March 2008.

Customer deposits at 31 March 2009 were just under $2 billion, a 51% increase since 31 March 2008. Included in this amount at year end are Private client deposits of $1.4 billion, which have increased by 46% since 31 March 2008.

In addition to strong balance sheet fundamentals, there were a number of positive business/transaction developments during the year including:

- Sale of two wind farm development assets in December 2008 for a significant profit. We continue to hold interests in other wind farm development assets with further potential upside.
- Completed several aircraft transactions for the Investec Global Aircraft Fund earning structuring fees for IBAL. We expect opportunities in this market to continue both through expansion of the Fund as well as third party advisory.
- Successfully completed the physical integration of Investec-Experien professional lending business. The business has provided a diversification to our previous lending portfolios and has continued to grow steadily throughout the year.
- Completed inaugural government guaranteed wholesale debt issues in February 2009 ($400 million 3-year and $200 million 5-year).
- Successfully implemented a new banking system in November 2008 for Private Bank deposits.

The outlook for the global economy is uncertain and markets are likely to remain volatile, although there is a general expectation that Australia may emerge from the downturn sooner than the U.S. and U.K. / Europe. However, we do not expect a material improvement in the operating environment in the short-term and we will therefore continue to focus on:

- Moderating loan book growth and shifting the emphasis to increasing non-lending income;
- Closely managing the existing loan book;
- Maintaining credit quality;
- Strictly managing risk and liquidity;
- Broadening our retail deposit base;
- Building relationships with top quality private and wholesale clients;
- Building business depth rather than business breadth to deepen existing client relationships and generate high quality sustainable revenue streams; and
- Creating additional operational efficiencies and containing costs.

We believe that the above strategies will place us in a strong position to navigate through these difficult times and benefit from opportunities that arise from the current market dislocation.

Presentation of information

Information contained in this report is presented in Australian dollars and all values have been rounded to the nearest hundred thousand dollars unless otherwise stated.

Commentary on the results of Investec Bank (Australia) Limited for the year ended 31 March 2009

Financial highlights

	31 March 2009	31 March 2008
Operating profit before impairments, equity accounted earnings, and mark-to-market adjustments on lending related equity options ($'m)	79.6	80.1
Operating profit before goodwill and acquisition adjustments ($'m)	1.9	76.5
Total shareholders' equity ($'m)	619.2	663.0
Total assets ($'m)	5,101.3	3,918.7
Capital adequacy ratio	18.3%	18.8%
Tier 1 ratio	14.4%	15.7%
Liquidity ratio	36.8%	25.0%
Cost to income ratio	69%	59%

Segmental information

For the year ended 31 March 2009 $'m	Private Client Activities	Capital Markets	Investment Banking	Property Activities	Group Service and other Activities	Total
Net operating income before impairments, equity accounted earnings, and mark-to-market adjustments on lending related equity options	111.2	42.1	17.4	7.4	10.9	189.0
Operating expenses	(56.6)	(24.0)	(20.5)	(2.8)	(5.5)	(109.4)
Net contribution	54.6	18.1	(3.1)	4.6	5.4	79.6
Impairments (loans and investments)	(48.8)	(6.3)	(7.0)	-	-	(62.1)
Equity accounted earnings	(0.5)	-	(7.7)	-	-	(8.2)
Mark-to-market adjustments on lending related equity options	(0.3)	(7.1)	-	-	-	(7.4)
Operating profit before goodwill and acquisition adjustments	5.0	4.7	(17.8)	4.6	5.4	1.9

For the year ended 31 March 2008 $'m	Private Client Activities	Capital Markets	Investment Banking	Property Activities	Group Service and other Activities	Total
Net operating income before impairments, equity accounted earnings, and mark-to-market adjustments on lending related equity options	111.3	41.2	29.5	1.4	27.6	211.0
Operating expenses	(53.5)	(28.2)	(23.4)	(1.1)	(24.7)	(130.9)
Net contribution	57.8	13.0	6.1	0.3	2.9	80.1
Impairments (loans and investments)	(14.8)	-	2.0	-	-	(12.8)
Equity accounted earnings	0.1	(0.1)	3.0	-	-	3.0
Mark-to-market adjustments on lending related equity options	(1.0)	7.2	-	-	-	6.2
Operating profit before goodwill and acquisition adjustments	42.1	20.1	11.1	0.3	2.9	76.5

Risk management 4

Risk management

Philosophy and approach

Investec Australia recognises that an effective risk management function is fundamental to its business. Taking 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.

Risk management (part of central services) independently monitors, manages and reports on our risk as mandated by the Board of directors through the Investec Board Australian Risk and Capital Committee. Business units are ultimately responsible for managing risks that arise. We monitor and control risk exposure through credit, market, liquidity, operational and legal risk reporting teams. This approach is core to assuming a tolerable risk and reward profile, helping us to pursue growth across our business.

Risk management operates as a series of specialist teams, in line with our management approach, to promote sound risk management practices and to ensure that the appropriate processes are used to address all risks across Investec Australia. Risk management continually seeks new ways to enhance its techniques. However, no one can completely or accurately predict or fully assure the effectiveness of our 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.

Group Risk Management's objectives

Group Risk Management's objectives are to:

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

Risk management

An overview of key risks, policies and procedures

In our ordinary course of business we face a number of risks that could affect our business operations. These risks are summarised briefly below. The sections that follow provide information on a number of these risk areas.

Key risks

- Credit and counterparty risk exposes us to losses caused by financial or other problems experienced by our clients
- Liquidity risk may impair our ability to fund our operations
- Our net interest earnings and net asset value may be adversely affected by interest rate risk
- Market, business and general economic conditions and fluctuations could adversely affect our businesses in a number of ways
- We may be unable to recruit, retain and motivate key personnel
- Employee misconduct could cause harm that is difficult to detect
- Operational risk may disrupt our business or result in regulatory action
- We may be vulnerable to the failure of our systems and breaches of our security systems
- We may have insufficient capital in the future and may be unable to secure additional financing when it is required
- The financial services industry in which we operate is intensely competitive
- Legal and regulatory risks are substantial in our businesses
- Reputational and strategic risk

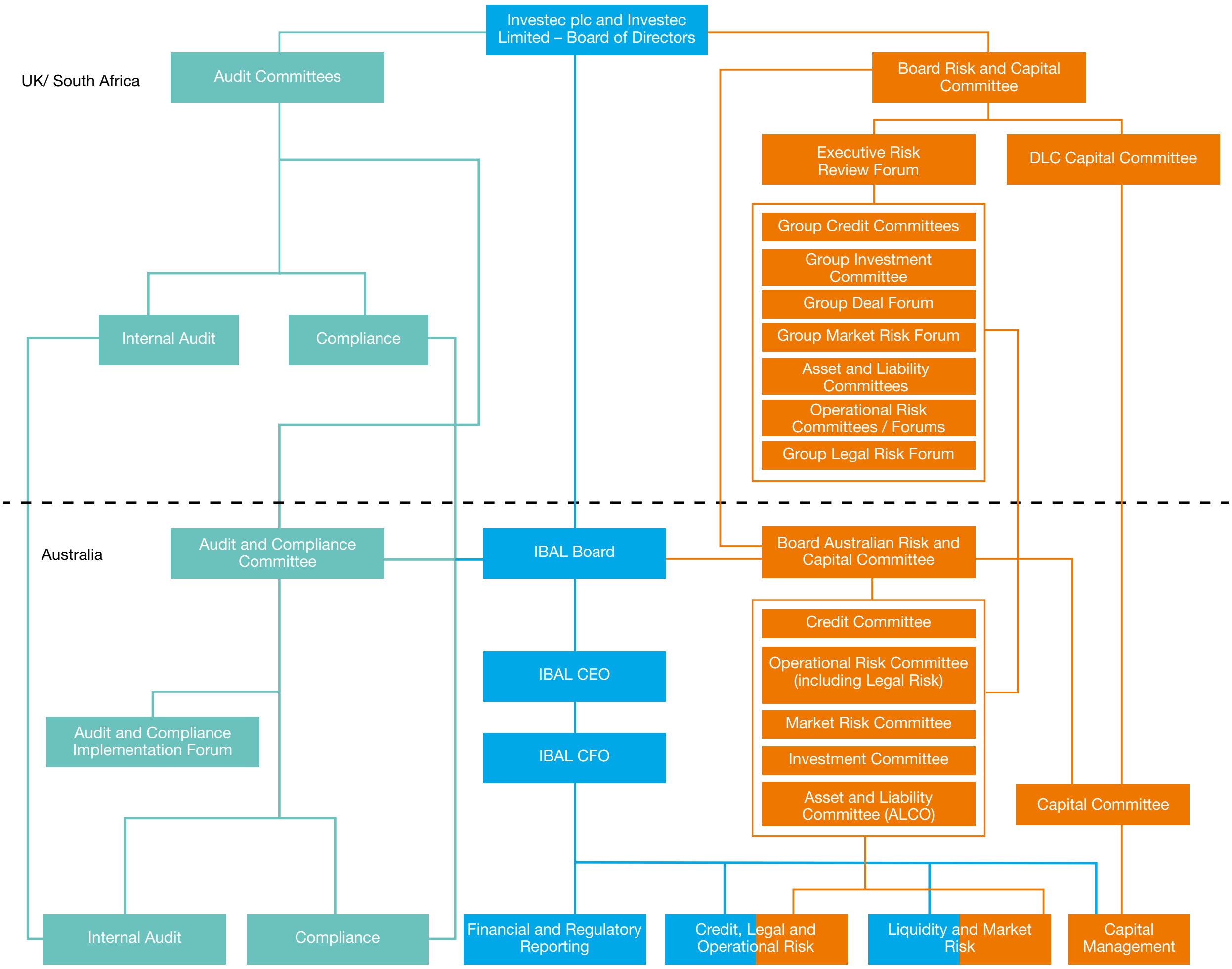
Additional risks and uncertainties not presently known to us or that we currently deem immaterial may in the future also impair our business operations. Our business, financial condition or results of operations could be materially adversely affected by any of these risk factors.

Risk management

Risk and compliance structure

A number of committees and forums identify and manage risk at a business unit level. These committees and forums operate together with Group Risk Management and are mandated by the Boards of Investec plc and Investec Limited and they cover all entities within Investec Australia.

A diagram of the Investec Australia's governance and risk framework is provided below.



Credit and counterparty risk management

Credit and counterparty risk description

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

Credit and counterparty risk arises primarily from three types of transactions:

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

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

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

Credit and counterparty risk governance structure

To manage, measure and mitigate credit and counterparty risk, we have an independent credit function and committee, which operate under board approved delegated limits, policies and procedures. The credit policies and framework have been approved by both Investec Bank (Australia) Limited Board and Investec Group Risk. There is a high level of executive and non-executive involvement in the credit decision making forums. It is policy that all sanctioning credit committees have a majority of voting members who are independent of the originating business unit. All decisions to enter a transaction are based on unanimous consent.

In addition to the above, the following structures assist in managing, measuring and monitoring credit and counterparty risk:

- Day to day arrears management and regular arrears reporting ensures that individual positions and any potential trends are dealt with in a timely manner.
- Watchlist Committee, which reviews the management of distressed loans, potential problem loans and exposures in arrears that require additional attention and supervision.
- Forums which review and manage exposures that may potentially become distressed as a result of changes in the economic environment or adverse share price movements, or that are vulnerable to volatile exchange rate or interest rate movements.

Credit and counterparty risk appetite

Credit and counterparty risk is always assessed with reference to the aggregate exposure to a single counterparty or group of related parties to avoid or minimise over exposure and concentration risk.

Our assessment of our clients includes consideration of their character and integrity, core competencies, track record and financial strength. A strong emphasis is placed on income and cash flow streams generated by the clients, third party income or cash flow streams derived from lease or rental agreements in support of property related transactions. In this manner, we seek comfort in mitigating our risk by thoroughly assessing the ability of our borrowers to meet their payment obligations. Furthermore we have very little appetite for unsecured debt and ensure that good quality collateral is provided in support of obligations.

We typically originate loans with the intent of holding these assets to maturity, thereby developing a "hands on" and longstanding relationship with our clients. In certain instances we may elect to sell certain assets down and/or securitise them. Assets originated by Investec Experien (professional finance) have been securitised. These amount to $914 million (2008: $756 million) and include leases and instalment debtors ($474 million), residential mortgages ($31 million), commercial mortgages ($246 million) and other loans, for example overdrafts ($163 million). These securitisation structures have all been rated by Standard and Poor's.

In order to allow activity in all product areas and markets, pricing is motivated by the relevant business unit on a transaction by transaction basis, with consideration given to the manner of origination of the asset and the forward strategy for the asset. Pricing recommendations are discussed and agreed at the appropriate credit committee to ensure that reward is appropriate to the risk and that pricing is not compromised in the pursuit of volume or relationship. As a consequence of market behaviour, pricing for similar risk may differ from time to time.

Credit and counterparty risk management

Management and measurement of credit and counterparty risk

Fundamental principles employed in the management of credit and counterparty risk are:

- A clear definition of our target market;
- A quantitative and qualitative assessment of the creditworthiness of our counterparties;
- Appropriate independent due diligence;
- Analysis of all related risks, including concentration risk (concentration risk considerations include asset class, industry, counterparty, and geographical concentration);
- Prudential limits;
- Regular monitoring and review of existing and potential exposures once facilities have been approved; and
- A high level of executive involvement in decision-making with non-executive review and oversight.

Consistent, regular reporting of credit and counterparty risk exposures is made to management, the executives and the Board. The Board regularly reviews and approves the appetite for credit and counterparty risk, which is documented in risk appetite statements and policy documents and implemented by our Credit division.

Despite strict adherence to the above principles increased default risk may arise from unforeseen circumstances particularly in times of extreme market volatility.

A large proportion of the book is not rated by external rating agencies. As a result we mainly place reliance upon internal considerations of counterparties and borrowers, and use ratings prepared externally where available for support. Within the credit approval process all available internal and external ratings are included in the assessment of the client quality.

Asset quality analysis - credit risk classification and provisioning policy

It is a policy requirement that each operating division overseen by central credit management makes provision for specific impairments promptly when required and on a consistent basis. This is in accordance with established Investec Group guidelines and in conjunction with the Watchlist Committee policy and process. In the financial statements, credit losses and impairments are reported in accordance with International Financial Reporting Standards (IFRS).

The information provided below reflects the guidelines and definitions that have been applied in assessing the asset quality of credit exposures. The impairment definitions and guidelines are consistent with IFRS. IFRS differs from the requirements laid out in the "International Convergence of Capital Measurement and Capital standards" Basel II framework which has been adopted by the banking regulators. IFRS focuses on the concept of incurred loss, whereas Basel II centres on the concept of expected loss. The reconciling differences are primarily due to the fact that IFRS impairments only reflect a decrease in the value of credit risk assets where a "loss trigger event" has occurred, and only on portion of the expected loss which has actually been incurred at the reporting date. A loss trigger event is an event which exhibits a high correlation to the crystallisation of loss.

Credit and counterparty risk management

Asset quality analysis - credit risk classification and provisioning policy

Regulatory and economic capital classification	IFRS impairment treatment	Arrears, default and recoveries classification category	Description
Performing assets	For assets which form part of a homogenous portfolio a portfolio impairment* is required which recognises asset impairments that have not been individually identified.	Past due	An account is considered to be past due when it is greater than zero and less than or equal to 60 days past due the contractual / Credit agreed payment due date, although management is not concerned and there is confidence in the counterparty's ability to repay the past due obligations.
	The portfolio impairment* takes into account past events and does not cover impairments to exposures arising out of uncertain future events. By definition, this impairment is only calculated for credit exposures which are managed on a portfolio basis and only for assets where a loss trigger event has occurred.	Special mention	The counterparty is placed in special mention when that counterparty is considered to be experiencing difficulties that may threaten the counterparty's ability to fulfil their credit obligation to Investec Australia (i.e. Credit Committee is concerned), for the following reasons • Covenant breaches • There is a slowdown in the counterparty's business activity • An adverse trend in operations that signals a potential weakness in the financial strength of the counterparty • Any re-structured credit exposures until appropriate Credit Committee decides otherwise Ultimate loss is not expected, but may occur if adverse conditions persist. Supplementary reporting categories • Credit exposures overdue 1- 60 days • Credit exposures overdue 61 – 90 days
Assets in default	Specific impairments are evaluated on a case-by-case basis where objective evidence of impairment has arisen. In determining specific impairments, the following factors are considered: • Business unit's exposure to the customer. • Capability of the client to generate sufficient cash flow to service debt obligations and the ongoing viability of the client's business. • Likely dividend or amount recoverable on liquidation or bankruptcy. • Nature and extent of claims by other creditors. • Amount and timing of expected cash flows. • Realisable value of security held (or other credit mitigants). • Ability of the client to make payments in the foreign currency, for foreign currency denominated accounts.	Sub-standard	The counterparty is placed in sub-standard when the credit exposure reflects an underlying, well defined weakness that may lead to probable loss if not corrected. • The risk that such credit exposure may become an impaired asset is probable • The bank is relying, to a large extent, on available collateral. • The primary sources of repayment are insufficient to service the remaining contractual principal and interest amounts, and the bank has to rely on secondary sources for repayment. These secondary sources may include collateral, the sale of a fixed asset, refinancing and further capital. Credit exposures overdue for more than 90 days will at a minimum be included in "Sub-standard" (or a lower quality category).
		Doubtful	• The counterparty is placed in doubtful when the credit exposure is considered to be impaired but not yet considered a final loss due to some pending factors such as a merger, new financing or capital injection which may strengthen the quality of the relevant exposure.
		Loss	• A counterparty is placed in the loss category when the credit exposure is considered to be uncollectible once all efforts, such as realisation of collateral and institution of legal proceedings, have been exhausted. • Assets in this category are expected to be written off in the short term since the likelihood of future economic benefits resulting from such assets is remote.

* Investec Australia currently does not require a portfolio impairment.

Credit and counterparty risk management

Credit risk mitigation

Collateral is always assessed with reference to the sustainability of value and the likelihood of realisation. Acceptable collateral generally exhibits characteristics that allow for it to be held physically and valued relative to the market.

The bulk of collateral taken by the Private Bank, which makes up a substantial portion of on balance sheet assets, is commercial and residential real estate. Commercial real estate generally takes the form of good quality property underpinned by strong third party leases. Residential property is also generally of a high quality, reflecting clients' appetite for investments in desirable locations. In the period under review, there was downward pressure on the value of commercial and residential real estate as a result of the global economic slowdown. This has resulted in an increased focus on residential and commercial property valuations.

It is our policy to obtain a formal valuation, performed by an approved valuer, of every property offered as collateral for a lending facility before advancing funds under the credit facility and to revalue all commercial properties held as collateral on a regular basis, at the discretion of the credit committee. Other common forms of collateral in the retail asset class are motor vehicles, cash, shares and share portfolios.

Property is split between residential and commercial classes with commercial consisting of investment and development sub classes. Development property is further analysed into Residential land, Residential buildings, Commercial Industrial, Commercial Retail and Commercial Office.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during the adequacy of the allowance for impairment losses.

It is Investec Australia's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, Investec Australia does not occupy repossessed properties for business use.

An analysis of collateral is provided on page 38.

Credit and counterparty risk information

Pages 21 to 24 describe where and how credit and counterparty risk exist in our operations. The tables that follow provide an analysis of our credit and counterparty exposures.

An analysis of gross credit and counterparty exposures

Consolidated $'m	31 March 2009	31 March 2008	% Change	Average for the year*
On-balance sheet exposures	4,867.5	3,720.8	31%	4,294.4
Debt instruments - Non Sovereign (NCDs, bonds held)	1,307.9	655.4	100%	981.6
Bank placements	374.9	314.4	19%	344.7
Trading exposures (positive fair value excluding potential future exposures)	222.3	148.5	50%	185.4
Gross core loans and advances to customers	2,962.4	2,602.5	14%	2,782.5
Off-balance sheet exposures	307.4	567.1	(46%)	437.3
Guarantees entered into in the normal course of business	60.6	102.1	(41%)	81.4
Commitments to provide credit	246.8	465.0	(47%)	355.9
Total gross credit and counterparty exposures pre collateral or other credit enhancements	5,174.9	4,287.9	21%	4,731.4

*Average is based on a straight line average

Risk management

Credit and counterparty risk information

A further analysis of our on-balance sheet credit and counterparty exposures

The table below indicates which class of assets (on the face of the consolidated balance sheet) our on-balance sheet credit and counterparty exposures are reflected. Not all assets included in the balance sheet bear credit and counterparty risk.

Consolidated $'m	Debt instruments - Non Sovereign (NCDs, bonds held)	Bank placements	Trading exposures (positive fair value excluding potential future exposures)	Gross core loans and advances to customers	Total credit and counter -party exposure	Assets that we deem to have no credit exposure (i)	Total balance sheet
31 March 2009							
Cash and liquid assets	679.2	374.9			1,054.1		1,054.1
Derivative financial instruments			222.3		222.3		222.3
Financial investments							
- available-for-sale	618.6				618.6	43.4	662.0
Financial assets held for trading	10.1				10.1		10.1
Loans and advances to customers				2,962.4	2,962.4	*(32.3)	2.930.1
Investments accounted for using the equity method					-	7.9	7.9
Other financial assets					-	44.5	44.5
Property, plant and equipment					-	11.3	11.3
Deferred tax assets					-	23.4	23.4
Other assets					-	37.4	37.4
Goodwill					-	89.4	89.4
Assets held for sale					-	3.8	3.8
Intangible assets					-	5.0	5.0
	1,307.9	374.9	222.3	2,962.4	4,867.5	233.8	5,101.3
31 March 2008							
Cash and liquid assets	622.6	314.4			937.0		937.0
Derivative financial instruments			148.5		148.5		148.5
Financial investments -							
available-for-sale	8.4				8.4	42.2	50.6
Financial assets held for trading	24.4				24.4	2.6	27.0
Loans and advances to customers				2,602.5	2,602.5	*(19.2)	2,583.3
Investments accounted for using the equity method					-	19.8	19.8
Other financial assets					-	14.0	14.0
Property, plant and equipment					-	9.3	9.3
Deferred tax assets					-	18.3	18.3
Other assets					-	18.2	18.2
Goodwill					-	89.4	89.4
Intangible assets					-	3.3	3.3
	655.4	314.4	148.5	2,602.5	3,720.8	197.9	3,918.7

(i) Assets that are non-interest bearing are deemed to have no credit exposure for the purpose of above disclosure.

*Relates to impairments. Further information is provided on page 86.

Credit and counterparty risk information

A summary of gross credit and counterparty exposures by industry

Consolidated $'m	Gross core loans and advances 31 March 2009	Gross core loans and advances 31 March 2008	Other credit and counterparty exposures 31 March 2009	Other credit and counterparty exposures 31 March 2008	Total 31 March 2009	Total 31 March 2008
Private Bank, professional and HNW individuals	2,593.1	2,229.1	235.3	512.2	2,828.4	2,741.3
Agriculture	77.3	100.8	-	1.8	77.3	102.6
Electricity, gas and water (utility services)	91.2	88.0	-	9.4	91.2	97.4
Public and non-business services	-	-	0.4	-	0.4	-
Finance and insurance	0.1	-	1,845.4	1,091.8	1,845.4	1,091.8
Retailers and wholesalers	-	11.8	-	0.1	-	11.9
Manufacturing and commerce	13.0	27.3	-	1.3	13.0	28.6
Mining and resources	102.8	87.4	127.5	66.6	230.3	154.0
Leisure, entertainment and tourism	5.0	2.5	3.7	-	8.7	2.5
Transport and communication	79.9	55.6	0.3	2.2	80.2	57.8
	2,962.4	2,602.5	2,095.3	1,676.7	5,174.9	4,287.9

Credit and counterparty risk information

Detailed analysis of gross credit and counterparty exposures by industry

Consolidated $'m	Private Bank, professional and HNW individuals	Agriculture	Electricity, gas and water (utility services)	Public and non-business services
31 March 2009				
On-balance sheet exposures	2,593.1	77.3	91.2	0.4
Debt instruments - Non Sovereign (NCDs, bonds held)	-	-	-	-
Bank placements	-	-	-	-
Trading exposures (positive fair value excluding potential future exposures)	-	-	-	0.4
Gross core loans and advances to customers	2,593.1	77.3	91.2	-
Off-balance sheet exposures	235.3	-	-	-
Guarantees entered into in the normal course of business	23.2	-	-	-
Commitments to provide credit	212.1	-	-	-
Total gross credit and counterparty exposures pre collateral or other credit enhancements	2,828.4	77.3	91.2	0.4
31 March 2008				
On-balance sheet exposures	2,229.1	100.8	88.0	-
Debt instruments - Non Sovereign (NCDs, bonds held)	-	-	-	-
Bank placements	-	-	-	-
Trading exposures (positive fair value excluding potential future exposures)	-	-	-	-
Gross core loans and advances to customers	2,229.1	100.8	88.0	-
Off-balance sheet exposures	512.2	1.8	9.4	-
Guarantees entered into in the normal course of business	68.1	0.3	7.7	-
Commitments to provide credit	444.1	1.5	1.7	-
Total gross credit and counterparty exposures pre collateral or other credit enhancements	2,741.3	102.6	97.4	-

	Finance and insurance	Retailers and wholesalers	Manufacturing and commerce	Mining and resources	Leisure, entertainment and tourism	Transport and communication	Total
	1,845.4	-	13.0	162.2	5.0	79.9	4,867.5
	1,307.9	-	-	-	-	-	1,307.9
	374.9	-	-	-	-	-	374.9
	162.5	-	-	59.4	-	-	222.3
	0.1	-	13.0	102.8	5.0	79.9	2,962.4
				-			
	-	-	-	68.1	3.7	0.3	307.4
	-	-	-	37.4	-	-	60.6
	-	-	-	30.7	3.7	0.3	246.8
				-			
	1,845.4	-	13.0	230.3	8.7	80.2	5,174.9
	1,091.8	11.8	27.3	113.9	2.5	55.6	3,720.8
	655.4	-	-	-	-	-	655.4
	314.4	-	-	-	-	-	314.4
	122.0	-	-	26.5	-	-	148.5
	-	11.8	27.3	87.4	2.5	55.6	2,602.5
				-			
	-	0.1	1.3	40.1	-	2.2	567.1
	-	0.1	0.1	25.8	-	-	102.1
	-	-	1.2	14.3	-	2.2	465
				-			
	1,091.8	11.9	28.6	154.0	2.5	57.8	4,287.9

Asset quality and impairments

Calculation of core loans and advances to customers

Consolidated $'m	31 March 2009	31 March 2008
Gross core loans and advances to customers	2,962.4	2,602.5
Specific impairments	(32.3)	(19.2)
Net core loans and advances to customers	2,930.1	2,583.3

The tables that follow provide information with respect to the asset quality of our core loans and advances to customers.

Consolidated $'m	31 March 2009	31 March 2008
Gross core loans and advances to customers	2,962.4	2,602.5
Total impairments	(32.3)	(19.2)
Specific impairments	(32.3)	(19.2)
Net core loans and advances to customers	2,930.1	2,583.3
Average core loans and advances to customers	2,758.0	2,037.7
Current loans and advances to customers	2,595.5	2,422.3
Total gross non-current loans and advances to customers	366.9	180.2
Past due loans and advances to customers customers (1-90 days)	34.4	87.3
Special mention loans and advances to customers	20.3	10.9
Default loans and advances to customers	312.2	82.1
Gross core loans and advances to customers	2,962.4	2,602.5
Total gross non-current core loans and advances to customers (total exposure)	366.9	180.2
Gross core loans and advances to customers that are past due but not impaired	243.6	98.1
Gross core loans and advances to customers that are impaired	123.3	82.1
Total income statement charges for impairments	50.0	14.8
Gross core loans and advances to customers that are impaired	123.3	82.1
Specific impairments	(32.3)	(19.2)
Impaired loans net of specific impairments	91.0	62.9
Collateral and other credit enhancements	(91.4)	(74.9)
Net impaired loans and advances to customers (limited to zero)	-	-
Ratios:		
Specific impairments as a % of gross core loans and advances to customers	1.09%	0.74%
Specific impairments as a % of gross default loans and advances to customers	10.35%	23.39%
Gross default loans as a % of gross core loans and advances to customers	10.53%	3.15%
Impaired loans net of specific impairment as a % of gross core loans and advances to customers	3.07%	2.42%
Income statement charge as a % of average gross core loans and advances	1.81%	0.73%

Risk management

Asset quality and impairments

An age analysis of gross non-current core loans and advances to customers

Consolidated $'m	31 March 2009	31 March 2008
Capital exposure		
Default loans that are current	25.5	10.5
1 - 30 days	39.3	65.4
31 - 60 days	23.5	28.6
61 - 90 days	20.2	4.7
91 - 180 days	74.4	41.6
181 - 365 days	103.0	9.7
>365 days	81.0	19.7
Total gross non-current core loans and advances to customers	366.9	180.2
Amount in arrears		
1 - 30 days	1.3	2.7
31 - 60 days	0.7	0.7
61 - 90 days	0.3	0.8
91 - 180 days	30.4	36.4
181 - 365 days	96.0	9.3
>365 days	79.5	19.4
Total gross non-current core loans and advances to customers	208.2	69.3

A further age analysis of gross non-current core loans and advances to customers

Consolidated $'m	Current	1 - 30 days	31 - 60 days	61 - 90 days	91 - 180 days	181 - 365 days	>365 days	Total
31 March 2009								
Gross core loans and advances to customers that are past due but not impaired								
Total capital	-	12.0	22.6	20.1	64.4	77.8	46.7	243.6
Amounts in arrears	-	0.9	0.3	0.3	26.5	75.6	46.7	150.3
Gross core loans and advances to customers that are impaired								
Total capital	25.5	27.3	0.9	0.1	10.0	25.2	34.3	123.3
Amounts in arrears	-	0.4	0.4	-	3.9	20.4	32.8	57.9
31 March 2008								
Gross core loans and advances to customers that are past due but not impaired								
Total capital	-	65.4	28.6	4.1	-	-	-	98.1
Amounts in arrears	-	2.7	0.7	0.8	-	-	-	4.2
Gross core loans and advances to customers that are impaired								
Total capital	10.5	-	-	0.6	41.6	9.7	19.7	82.1
Amounts in arrears	-	-	-	-	36.4	9.3	19.4	65.1

Asset quality and impairments

An age analysis of gross non-current core loans and advances to customers as at 31 March 2009 (based on total capital exposure)

Consolidated $'m	Current	1 - 30 days	31 - 60 days	61 - 90 days	91 - 180 days	181 - 365 days	>365 days	Total
Past due (1-60 days)	-	12.0	22.4	-	-	-	-	34.4
Special mention	-	-	0.2	20.1	-	-	-	20.3
Special mention (1 - 60 days)	-	-	0.2	-	-	-	-	0.2
Special mention (61 - 90 days and item well secured)	-	-	-	20.1	-	-	-	20.1
Default	25.5	27.3	0.9	0.1	74.4	103.0	81.0	312.2
Sub-standard	-	-	-	-	64.4	77.8	46.7	188.9
Doubtful	25.5	27.3	0.9	0.1	10.0	25.2	33.2	122.2
Loss	-	-	-	-	-	-	1.1	1.1
Total	25.5	39.3	23.5	20.2	74.4	103.0	81.0	366.9

An age analysis of gross non-current core loans and advances to customers as at 31 March 2009 (based on actual amount in arrears)

Consolidated $'m	Current	1 - 30 days	31 - 60 days	61 - 90 days	91 - 180 days	181 - 365 days	>365 days	Total
Past due (1-60 days)	-	0.9	0.3	-	-	-	-	1.2
Special mention	-	-	-	0.3	-	-	-	0.3
Special mention (1 - 60 days)	-	-	-	-	-	-	-	-
Special mention (61 - 90 days and item well secured)	-	-	-	0.3	-	-	-	0.3
Default	-	0.4	0.4	-	30.4	96.0	79.5	206.7
Sub-standard	-	-	-	-	26.6	75.6	46.7	148.9
Doubtful	-	0.4	0.4	-	3.8	20.4	31.7	56.7
Loss	-	-	-	-	-	-	1.1	1.1
Total	-	1.3	0.7	0.3	30.4	96.0	79.5	208.2

Asset quality and impairments

An age analysis of gross non-current core loans and advances to customers as at 31 March 2008 (based on total capital exposure)

Consolidated $'m	Current	1 - 30 days	31 - 60 days	61 - 90 days	91 - 180 days	181 - 365 days	>365 days	Total
Past due (1-60 days)	-	58.6	28.6	-	-	-	-	87.2
Special mention	-	6.8	-	4.1	-	-	-	10.9
Special mention (1 - 60 days)	-	6.8	-	-	-	-	-	6.8
Special mention (61 - 90 days and item well secured)	-	-	-	4.1	-	-	-	4.1
Default	10.5	-	-	0.6	41.6	9.7	19.7	82.1
Sub-standard	-	-	-	-	-	-	-	-
Doubtful	10.5	-	-	0.6	41.6	9.7	-	62.4
Loss	-	-	-	-	-	-	19.7	19.7
Total	10.5	65.4	28.6	4.7	41.6	9.7	19.7	180.2

An age analysis of gross non-current core loans and advances to customers as at 31 March 2008 (based on actual amount in arrears)

Consolidated $'m	Current	1 - 30 days	31 - 60 days	61 - 90 days	91 - 180 days	181 - 365 days	>365 days	Total
Past due (1-60 days)	-	2.7	0.7		-	-	-	3.4
Special mention	-	-	-	0.8	-	-	-	0.8
Special mention (1 - 60 days)	-	-	-	-	-	-	-	-
Special mention (61 - 90 days and item well secured)	-	-	-	0.8	-	-	-	0.8
Special mention - watchlist	-	-	-	-	-	-	-	-
Default	-	-	-	-	36.4	9.3	19.4	65.1
Sub-standard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	36.4	9.3	-	45.7
Loss	-	-	-	-	-	-	19.4	19.4
Total	-	2.7	0.7	0.8	36.4	9.3	19.4	69.3

Asset quality and impairments

An analysis of core loans and advances to customers

Consolidated $'m	Gross core loans and advances that are neither past due nor impaired	Gross core loans and advances that are past due but not impaired	Gross core loans and advances that are impaired
31 March 2009			
Current core loans and advances	2,595.5	-	-
Past due (1-60 days)	-	34.4	-
Special mention	-	20.3	-
Special mention (1 - 60 days)	-	0.2	-
Special mention (61 - 90 days and item well secured)	-	20.1	-
Default	-	188.9	123.3
Sub-standard	-	188.9	
Doubtful	-	-	122.2
Loss	-	-	1.1
Total	2,595.5	243.6	123.3
31 March 2008			
Current core loans and advances	2,422.3	-	-
Past due (1-60 days)	-	87.3	-
Special mention	-	10.9	-
Special mention (1 - 60 days)	-	-	-
Special mention (61 - 90 days and item well secured)	-	10.9	-
Default	-	-	82.1
Sub-standard	-	-	-
Doubtful	-	-	62.4
Loss	-	-	19.7
Total	2,422.3	98.2	82.1

	Total gross core loans and advances (actual capital exposure)	Specific impairments	Total net core loans and advances (actual capital exposure)	Actual amount in arrears
	2,595.5	-	2,595.5	-
	34.4	-	34.4	1.2
	20.3	-	20.3	0.3
	0.2	-	0.2	-
	20.1	-	20.1	0.3
	312.2	(32.3)	279.9	206.7
	188.9	-	188.9	148.9
	122.2	(31.2)	91.0	56.7
	1.1	(1.1)	-	1.1
	2,962.4	(32.3)	2.930.1	208.2
	2,422.3	-	2,422.3	-
	87.3	-	87.3	3.4
	10.9	-	22.5	0.8
	-	-	-	-
	10.9	-	10.9	0.8
	82.1	(19.2)	72.9	65.1
	-	-	-	-
	62.4	-	62.4	45.7
	19.7	(19.2)	0.5	19.4
	2,602.5	(19.2)	2,583.3	69.3

Asset quality and impairments

A detailed analysis of core loans and advances to customers and impairments by counterparty type

Consolidated $'m	Current core loans and advances	Past due (1-60 days)	Special mention (1-60 days)	Special mention (61-90 days and items well secured)
31 March 2009				
Private Bank, professional and HNW individuals	2,272.3	33.0	0.2	19.6
Corporate sector	323.1	1.4	-	0.5
Banking, insurance, financial services (excluding sovereign)	0.1	-	-	-
Public and government sector (including central banks)	-	-	-	-
Total	2,595.5	34.4	0.2	20.1
31 March 2008				
Private Banking professional and HNW individuals	2,015.3	86.1	6.8	1.2
Corporate sector	393.8	1.2	-	2.9
Banking, insurance, financial services (excluding sovereign)	13.2	-	-	-
Public and government sector (including central banks)	-	-	-	-
Total	2,422.3	87.3	6.8	4.1

Summary analysis of core loans and advances to customers by counterparty type

Consolidated $'m	31 March 2009	31 March 2008
Private Banking professional and HNW individuals	2,611.6	2,189.5
Corporate sector	350.7	399.8
Banking, insurance, financial services (excluding sovereign)	0.1	13.2
Public and government sector (including central banks)	-	-
Total	2,962.4	2,602.5

Sub-standard	Doubtful	Loss	Total core loans and advances to customers	Specific impairments	Total impairments
188.0	97.7	0.8	2,611.6	(27.0)	(27.0)
0.9	24.5	0.3	350.7	(5.3)	(5.3)
-	-	-	0.1	-	-
-	-	-	-	-	-
188.9	122.2	1.1	2,962.4	(32.3)	(32.3)
-	61.2	19.0	2,189.5	(19.0)	(19.0)
-	1.2	0.7	399.8	(0.2)	(0.2)
-	-	-	13.2	-	-
-	-	-	-	-	-
-	62.4	19.7	2,602.5	(19.2)	(19.2)

Risk management

Asset quality and impairments

Collateral

The following disclosure is made with respect to Basel II requirements and definitions.

31 March 2009 Consolidated $'m	Collateral held against Gross core loans and advances	 Other credit ad counterparty exposures*	Total
Eligible financial collateral			
Listed	-	-	-
Cash	37.8	-	37.8
Debt securities issued by sovereigns	-	-	-
Mortgage bonds			
Residential mortgages	27.8	-	27.8
Residential development	1,191.0	-	1,191.0
Commercial property developments	731.5	-	731.5
Commercial property investments	243.4	-	243.4
Other collateral			
Unlisted shares	153.0	-	153.0
Bonds other than mortgage bonds	-	-	-
Asset backed lending	278.2	-	278.2
Guarantees	19.5	-	19.5
Credit derivatives	-	-	-
Other	626.0	-	626.0
Total	3,308.2	-	3,308.2

31 March 2008 Consolidated $'m	Collateral held against Gross core loans and advances	 Other credit ad counterparty exposures*	Total
Eligible financial collateral			
Listed	-	-	-
Cash	45.0	-	45.0
Debt securities issued by sovereigns	-	-	-
Mortgage bonds			
Residential mortgages	14.9	-	14.9
Residential development	1,599.3	-	1,599.3
Commercial property developments	711.2	-	711.2
Commercial property investments	584.9	-	584.9
Other collateral			
Unlisted shares	175.9	-	175.9
Bonds other than mortgage bonds	-	-	-
Asset backed lending	177.4	-	177.4
Guarantees	9.8	-	9.8
Credit derivatives	-	-	-
Other	135.4	-	135.4
Total	3,453.9	-	3,453.9

* A large percentage of these exposures (for example bank placements) are to highly rated financial institutions where limited collateral would be required due to the nature of the exposure.

Traded market risk management

Traded market risk description

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

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

Traded market risk governance structure

To manage, measure and mitigate market risk, we have an independent Market Risk Management team which assumes market risk. Limits have been set to keep potential losses within acceptable risk tolerance levels. A Market Risk Forum (mandated by the Board of directors) manages the market risks in accordance with pre-approved principles and policies.

Risk limits are reviewed and set at the Market Risk Forum and ratified by Investec Group Executive Risk Review Forum (ERRF). Limits are reviewed either annually, in the event of a significant market event (e.g. 11 September 2001), or at the discretion of the Board.

Management and measurement of traded market risk

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

VaR numbers are monitored at the 99% confidence interval. 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. There were four back testing breaches for the past financial year, predominantly due to extreme volatility in interest rate and currency markets.

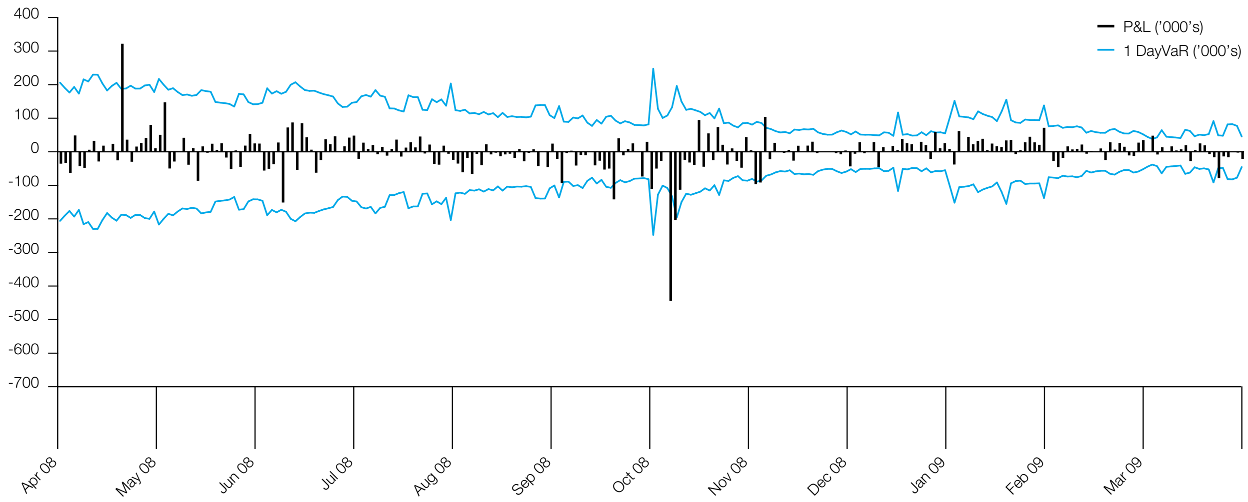
VaR is calculated using a variance covariance model. Historical data used to calculate the variances and covariances is exponentially weighted using a lamda of 0.97. Volatility limits are used when needed to compensate for data quality.

Consolidated $'m	31 March 2009	31 March 2008
VaR 99% (one-day)		
Position	0.006	0.030
Option	0.008	0.000
Interest Rate	0.052	0.343
Consolidated	0.066	0.373
High	0.307	0.373
Low	0.060	0.059
Average	0.139	0.178

Traded market risk management

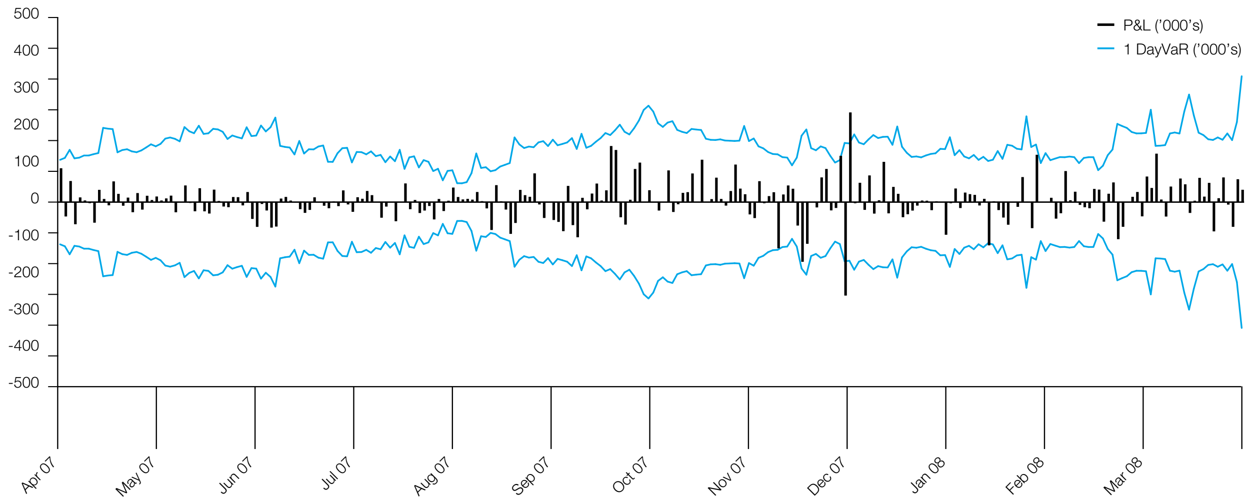
The graphs below show total daily VaR and profit and loss figures (pnl) for our trading activities over the reporting period. The values are for the 99% one-day VaR i.e. 99% of the time, the total trading activities will not lose more than the values depicted below. Based on these graphs, we can gauge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

For the year ended 31 March 2009



There have been four exceptions over the past year, i.e. where the loss is greater than the VaR. This exceeds expectations at the 99% level. These exceptions arose between September and December 2008, a particularly volatile period in the market with extreme moves across most asset classes and in particular interest rates.

For the year ended 31 March 2008



There were no exceptions in the prior year. The model would expect around 2 to 3 exceptions per annum.

Risk management

Traded market risk management

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from Investec Australia's investment portfolio.

The effect on equity due to a reasonably possible change in equity indices held over a one year time horizon with all other variables held constant, is as follows:

	Change in equity price 2009	Effect on equity 2009	Change in equity price 2008	Effect on equity 2008
	%	$'m	%	$'m
Market Indices				
ASX small cap	+ / - 72.3	3.7 / (2.3)	+ / - 54.2	14.1 / (9.4)

Stress testing

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

Consolidated $'m	31 March 2009	31 March 2008
Position	0.056	0.101
Option	0.018	0.002
Interest Rate	0.165	1.085
Consolidated	0.240	1.188

Traded market risk mitigation

The Market Risk Management team reports through a separate management structure, thereby ensuring independence from the dealing activities. The risk management software runs independently from source trading systems. The outputs from the risk system are also used for profit attribution, another risk management tool.

Risk limits are set according to guidelines set out in our risk appetite policy and are calculated on a statistical and non-statistical basis. Statistical limits include VaR analyses for various holding periods as well as "disaster" scenarios where the 15 standard deviation adverse market move is considered. VaR is calculated using a variance covariance model. Historical data used to calculate the variances and covariances between each risk factor is exponentially weighted using a lamda of 0.97.

Non-statistical limits include product limits, tenor, notional, liquidity, buckets and option sensitivities ("Greeks"). When setting and reviewing these limits, current market conditions are taken into account. Bucket limits are set on time buckets, generally at three month intervals out to two years and then, on a less granular basis, out to 20 years.

Market risk - derivatives

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

Information showing our derivative portfolio over the reporting period on the basis of the notional principal and the fair value of all derivatives can be found on page 84.

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

Balance sheet risk management

Balance sheet risk description

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

Balance sheet risk governance structure

Management believes that a centralised framework permits identification and coordination of balance sheet risk. Asset and liability oversight is centralised, using regional expertise and local market access as appropriate. The Asset and Liability Management Committee (ALCO) is mandated by the Board of directors and Investec Group to manage the balance sheet risks on a consistent basis with pre-approved principles and policies. Detailed policies cover both domestic and foreign currency funds and set out sources and amounts of funds necessary to ensure the continuation of our operations without undue interruption. The size, materiality, complexity, maturity and depth of the market as well as access to stable funds determine the risk appetite. Further we ensure that the liquidity management framework is compatible with local regulatory requirements. Investec Australia's liquidity policy requires us to be self-funding so that there is no reliance on inter-group lines either from or to other group entities.

We continue to improve risk measurement processes and methodologies in line with Basel II requirements. The Balance Sheet Risk Management team independently identifies, quantifies and monitors risks, providing independent governance and oversight of the Treasury activities (within the Capital Markets division) and the execution of our policy to management, ALCO, ERRF, Board Risk and Capital Committee (BRCC) and the Board. In carrying out its duties the Balance Sheet Risk Management team monitors historical liquidity trends, tracks prospective on- and off-balance sheet liquidity obligations, identifies and measures internal and external liquidity warning signals which permit early detection of liquidity issues (including identification and testing of various company-specific and market-driven stress scenarios) through daily liquidity reporting and scenario analysis which quantify our positions. The governance framework adopted for the management of structural interest rate risk in the banking book mirrors that of liquidity risk. The risk is transferred to and managed within our Treasury operations.

Balance sheet risk mitigation

The Treasury function centrally directs the raising of wholesale liabilities, establishes and maintains access to stable funds with the appropriate tenor and pricing characteristics, and manages liquid securities and collateral. The Treasury function is the sole interface with the wholesale market for both cash and derivative transactions, and actively manages the liquidity mismatch and non-trading interest rate risk arising from our asset and liability portfolios. The Treasury function is required to exercise tight control over funding, liquidity, concentration and non-trading interest rate risk within defined parameters.

Balance Sheet Risk Management combines traditional gap analysis and quantitative models, including stress tests. This is designed to measure the range of possible future liquidity needs and potential distribution of net interest income and economic value under various scenarios covering a spectrum of events in which we could find ourselves and prepare accordingly. The modelling process is supported by ongoing technical and economic analysis. The result is formally reported to management, ERRF, BRCC and the Board on a regular basis. The entire process is underpinned by a system of extensive internal and external controls. An active presence is maintained in professional markets and each jurisdiction manages the wholesale money market capacity for our name, supported by efforts in relationship management with corporate and institutional clients. Important factors in assuring liquidity are competitive rates, the maintenance of depositors' confidence and our reputation.

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.

Management and measurement of non-trading interest rate risk

Investec Australia utilises a number of measures to monitor and control interest rate risk in the Banking Book, including static gap analysis, % of a balance sheet limits, Earnings at Risk measures and limits, and Economic Value at Risk (EVaR) sensitivity.

Non-traded interest rate risk is stress tested on a monthly basis utilising an Economic Value at Risk sensitivity. The calculation involves measuring the present value of cashflows in the Banking Book, then recalculating the present value of cashflows having stressed the interest rate curve by 2%. The difference between the two is the measured EVaR.

The table below shows Investec Australia's stress sensitivity to interest rates in the Banking Book utilising EVaR.

Consolidated $'m	High for the year Mar 09	Low for the year Mar 09	Average for the year Mar 09	As at Mar 09	High for the year Mar 08	Low for the year Mar 08	Average for the year Mar 08	As at Mar 08
Economic Value at Risk	5.2	0.0	1.8	1.9	3.3	0.2	1.6	3.3

The Banking Book constitutes all assets on the balance sheet including (but not limited to) loans, investments, deposits, debt securities issued etc. but excluding those exposures that are arising specifically within the trading book.

Investec Australia's interest sensitivity to earnings risk (EAR) and economic value exposure (EVAR) in relation to the Experien Trusts arises in relation to various note holdings that Investec Australia has in these Trusts. These notes are liabilities of the relevant trusts and treated as assets in the balance sheet. As the notes form part of the assets in the balance sheet they are treated in the same manner and using the same methodologies as are used for all assets in the Banking Book the calculation of the EAR and EVAR.

Investec Australia also measures, on a monthly basis, the stress sensitivity of earnings to interest rate movements, utilising an EAR sensitivity. The calculation involves the measuring of the static interest rate repricing gaps arising as a result of the varying interest rate repricing characteristics of assets, liabilities and capital, and the impact, over a 12 month period, of a 2% interest rate movement on earnings arising from the static gap position

The table below shows the stress sensitivity to interest rates in the Banking Book utilising the EAR methodology as described above.

Consolidated $'m	High for the year Mar 09	Low for the year Mar 09	Average for the year Mar 09	As at Mar 09	High for the year Mar 08	Low for the year Mar 08	Average for the year Mar 08	As at Mar 08
Earnings at Risk	11.3	6.2	8.3	7.6	9.8	4.6	7.5	9.8

Non-trading interest rate risk description

Interest rate sensitivity gap

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

	Consolidated						
31 March 2009 $'m	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	> 5 years	Non Rate	Total
Assets							
Cash and liquid assets	835.0	219.0	-	-	-	0.1	1,054.1
Available-for-sale investments	152.0	288.9	28.1	182.2	50.9	(40.1)	662.0
Trading securities	-	10.1	-	-	-	-	10.1
Loans and receivables	906.3	1,097.9	283.9	654.5	23.8	(36.3)	2,930.1
Non-rate assets	-	-	-	-	-	445.0	445.0
Total assets	1,893.3	1,615.9	312.0	836.7	74.7	368.6	5,101.3
Liabilities							
Customer accounts	1,177.6	344.4	307.4	72.6	7.7	58.4	1,968.2
Debt issued and other borrowed funds	1,141.9	627.5	48.3	402.1	8.4	(15.1)	2,213.2
Subordinated loans	-	78.5	21.5	-	-	1.0	101.0
Non-rate liabilities	-	-	-	-	-	199.7	199.7
Total liabilities	2,319.5	1,050.4	377.2	474.7	16.1	244.0	4,482.1
Equity	-	-	-	-	-	619.2	619.2
Balance Sheet	(426.2)	565.5	(65.2)	361.9	58.6	(494.6)	-
Hedges	796.4	(345.9)	40.1	(349.5)	(59.9)	(81.2)	-
Repricing gap	370.2	219.6	(25.1)	12.4	(1.3)	(575.9)	-
Cumulative repricing gap	370.2	589.8	564.7	577.1	575.9	-	-

	Consolidated						
31 March 2008 $'m	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	> 5 years	Non Rate	Total
Assets							
Cash and liquid assets	858.0	78.8	-	-	-	0.1	937.0
Available-for-sale investments	50.6	-	-	-	-	-	50.6
Trading securities	12.0	15.0	-	-	-	-	27.0
Loans and receivables	1,118.3	621.9	147.1	654.4	30.3	11.3	2,583.3
Non-rate assets	-	-	-	-	-	320.8	320.8
Total assets	2,038.9	715.8	147.1	654.4	30.3	332.2	3,918.7
Liabilities							
Customer accounts	1,031.7	167.7	60.5	30.2	10.4	4.6	1,305.2
Debt issued and other borrowed funds	1,198.7	404.8	11.1	33.0	-	8.4	1,655.9
Subordinated loans	-	78.5	-	21.5	-	0.5	100.5
Non-rate liabilities	-	-	-	-	-	194.1	194.1
Total liabilities	2,230.4	651.0	71.5	84.7	10.4	207.7	3,255.7
Equity	-	-	-	-	-	663.0	663.0
Balance Sheet	(191.5)	64.8	75.6	569.7	19.9	(538.5)	-
Hedges	579.2	76.5	(116.7)	(530.4)	(8.6)	-	-
Repricing gap	387.7	141.3	(41.1)	39.3	11.3	(538.5)	-
Cumulative repricing gap	387.7	529.0	487.9	527.2	538.5	-	-

Non-trading interest rate risk description

Liquidity risk

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

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

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

Management and measurement of liquidity risk

Liquidity management is vital for protecting our depositors, preserving market confidence, safeguarding our reputation and ensuring sustainable growth with established funding sources. Through active liquidity management, we seek to preserve stable, reliable and cost-effective sources of funding.

To accomplish this, management uses a variety of liquidity risk measures that consider market conditions, prevailing interest rates, liquidity needs and the desired maturity profile of liabilities. These metrics are used to measure and manage the proportion of our external assets which are funded by customer liabilities, wholesale debt, equity and loan capital thus maintaining an appropriate mix of term funding and strong balance sheet liquidity ratios within approved risk limits.

We are an active participant in the global financial markets. We have established various domestic and offshore term funding sources involving public debt issuance and syndicated loans in AUD and other currencies, enhancing the proven capacity to borrow in the shorter term money markets. These markets serve as a cost-effective source of funds and are a valuable component of our overall liquidity management. Decisions on the timing and tenor of accessing these markets are based on relative costs, general market conditions, prospective views of balance sheet growth and a targeted liquidity profile.

We place great value on the establishment of strong relationships with all our investors and we maintain an active presence in the money markets. We benefit from stable wholesale liability balances through the normal course of business. These liability balances are a consistent source of funding due to the nature of the businesses from which they are generated.

We target a diversified funding base, avoiding undue concentrations by investor type, maturity, market source and instrument. This demonstrates our ability to generate funding from a broad range of sources, which enhances financial flexibility and limits dependence on any one source.

We acknowledge the importance of our private clients as the principal source of stable and well diversified funding for our Private Bank risk assets. We continue to develop products to attract and service the investment needs of our Private Bank clients. Although the contractual repayments of many customer accounts are on demand or at short notice, expected cash flows vary significantly from contractual maturity. For this reason, behavioural profiling is applied to liabilities with an indeterminable maturity. This process is used to identify sources of structural liquidity in the form of core deposits that exhibit stable behaviour.

We engage in transactions that involve the use of both special purpose entities and asset securitisation structures in connection with the sale of certain loans. Securitisation structures represent a relatively modest proportion of our current funding profile, but provides additional flexibility and source of liquidity.

We maintain a liquidity buffer in the form of unencumbered cash, high quality liquid assets and near cash in excess of the statutory requirements as protection against unexpected disruptions in cash flows. These portfolios are managed within limits and, apart from acting as a buffer under going concern conditions, also form an integral part of the broader liquidity generation strategy in the event of a liquidity crunch. From 1 April 2008 to 31 March 2009 average cash and near cash balances over the period amounted to $1.0 billion.

Liquidity risk

Management and measurement of liquidity risk (continued)

A key component of our liquidity management framework is assumptions-based planning and scenario modelling to estimate the funding requirement to meet expected growth. Anticipated on- and off-balance sheet cash flows are subjected to a variety of scenarios in order to evaluate the impact of both likely outcomes and unlikely but plausible events on liquidity positions. Scenarios and liquidity stress tests are designed to measure and manage the liquidity position such that payment obligations can be met under both normal and stressed conditions. Operationally the preparation of cash flow projections (for assets and liabilities) and funding requirements corresponding to the forecasted cash flow mismatch are translated into short- and long-term funding strategies. This ensures the smooth management of the day-to-day liquidity position within conservative parameters and further validates that, in the event of either a firm-specific or general market event, we are able to generate sufficient liquidity to withstand short term liquidity stress.

We maintain liquidity contingency plans and the identification of alternative sources of funds in the market. This is to ensure that cash flow estimates and commitments can be met in the event of general market disruption or adverse business and economic scenarios, while minimising detrimental long-term implications for the business.

Our liquidity management processes encompass principles set out by the regulatory authority, namely APRA.

Liquidity mismatch

The tables within Note 36 of the financial section of this report show our undiscounted contractual liquidity mismatch.

With respect to the contractual liquidity mismatch:

- No assumptions are made, and we record all asset and liabilities with the underlying contractual maturity as determined by the cash flow profile for each deal.

With respect to the behavioural liquidity mismatch:

- The new funding we would require under normal business circumstances is shown in the "behavioural mismatch".
- To this end, behavioural profiling is applied to liabilities with an indeterminable maturity, as the contractual repayments of many customer accounts are on demand or at short notice but expected cash flows vary significantly from contractual maturity.
- Additionally the contractual profile for certain high quality liquid assets are modified to reflect the expected behavioural characteristic namely:
  - For Bank Bills, for the first $300 million the time horizon is set to "on demand", with the balance treated as per the treatment of other repo-eligible assets
  - For Other repo-eligible assets (i.e. those that are eligible for repurchase transaction with the Reserve Bank of Australia), the amount realisable under repo has the time horizon is set to "2-5 days", with the balance treated at the contractual maturity date.

Risk management

Behavioural liquidity

	Consolidated						
31 March 2009 $'m	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	> 5 years	Non Rate	Total
Behavioural liquidity gap	776.3	(421.5)	(30.0)	(52.5)	(272.3)	-	-
Cumulative	776.3	354.8	324.8	272.3	-	-	-

	Consolidated						
31 March 2008 $'m	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	> 5 years	Non Rate	Total
Behavioural liquidity gap	782.1	(586.3)	(311.7)	(88.6)	201.4	3.1	-
Cumulative	782.1	195.8	(115.9)	(204.5)	3.1	-	-

Liquidity risk

Analysis of financial liabilities by remaining undiscounted contractual flows

	Consolidated					
31 March 2009 $'m	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Liabilities						
Customer accounts	1,000.2	394.1	442.0	157.1	9.2	2,002.7
Derivative financial instruments	16.8	1.7	65.8	48.1	18.5	150.9
Debt issued and other borrowed funds	217.2	152.6	845.5	1,320.4	16.7	2,552.3
Subordinated loans	0.0	1.6	77.5	25.5	0.0	104.5
Total liabilities	1,234.2	549.9	1,430.7	1,551.2	44.4	4,810.4

	Consolidated					
31 March 2008 $'m	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Liabilities						
Customer accounts	729.0	292.1	215.8	72.0	10.0	1,318.8
Derivative financial instruments	137.8	(115.2)	58.7	(212.2)	(2.4)	(133.2)
Debt issued and other borrowed funds	323.6	145.5	598.4	872.2	1.9	1,941.7
Subordinated loans	-	2.5	5.7	31.4	115.1	154.7
Total liabilities	1,190.4	324.9	878.6	763.4	124.6	3,282.0

Balance sheet risk year in review

During the year ended 31 March 2009 the impacts of the global financial crisis intensified, with funding conditions deteriorating in the first half of the financial year. In particular, weaker conditions prevailed in the Private Bank funding base, partially offset by relative strength in the wholesale book.

The weakening of the Private Bank funding base accelerated somewhat, in response to the collapse of Lehman's in late 2008 (and the uncertainty that event created in the minds of individuals with respect to the safety of Banks in general) but bounced back very strongly after the announcement of the Australian Government's Guarantee Scheme resulting in record deposit funding levels being achieved by the Private Bank.

Notwithstanding the short period of reduced Private Bank funding experienced mid-year, Investec Australia maintained a strong liquidity position well in excess of regulatory and internal policy requirements.

While, Investec Australia is extremely liquid and currently carries an excess funding position, markets remain challenging and it is anticipated that these conditions will remain in force through 2009.

We successfully embarked on several term debt funding initiatives. This allowed us to maintain liquidity and increase it well above internal and external liquidity targets.

Decisions concerning timing of issuance and the tenor of liabilities are based upon relative costs, general market conditions, prospective views of organic balance sheet growth and a targeted liquidity profile.

During July 2008 Investec Australia undertook an inaugural dual currency syndicated debt facility raising USD80 million and EUR43 million with a one year term and with 13 European and North American financial institutions participating.

During December 2008 Investec Australia modified its Debt Issuance Programme to allow it to undertake debt issuance in compliance with the Government Guarantee Scheme.

During February 2009 Investec Australia undertook two domestic term debt issues in Government Guaranteed format for a total raising of $600 million. The first issue was for an amount of $400 million and a term of 3 years, split evenly between fixed rate and floating rate tranches, and paying a coupon equal to BBSW + 1.25% (before issuance and Government Guarantee fees). The second issue, undertaken a few weeks subsequent to the first, was for an amount of $200 million in a fixed rate structure, with a term of 5 years and paying a coupon equal to BBSW + 1.30% (before issuance and Government Guarantee fees).

IBAL's activity in increasing funding through both the Private Bank and wholesale funding bases has been utilised to further increase an already strong liquidity position and to lengthen the average maturity profile of liabilities, albeit this action of building a stronger balance sheet liquidity position does come with the cost of a negative impact on the income statement.

Operational risk management

Operational risk definition

Operational risk is defined as the risk of loss or earnings volatility arising from failed or inadequate internal processes, people and technology, or from external events. We recognise operational risk as a significant risk category, and strive to manage this within acceptable levels through the promotion of sound operational risk management practices.

Operational risk governance structure

A common understanding of the definition of operational risk and its impact throughout the organisation is key to the successful management of operational risk.

The governance structure for Operational Risk Management is outlined below.

Board

The Board reviews and monitors operational risk through the Board Australian Risk and Capital Committee. An Operational Risk Committee has been established to ensure the consistent implementation of the Operational Risk Management Framework.

Operational Risk Management

An independent specialist Operational Risk Management function promotes consistent and sound operational risk management practices and processes across Investec Australia, including enterprise risk programmes, e.g. business continuity and financial crime. In addition, subject matter experts focus on information security and change management.

Senior management

Senior management is responsible for the implementation and management of operational risk at business unit level.

Operational risk management framework

We have implemented an operational risk management framework as well as policies, practices and a technology system to provide a comprehensive means of promoting operational risk management throughout Investec Australia. The framework sets out a structured and consistent approach to implementing a systematic, effective and efficient process across the organisation to manage operational risk and thereby improve business performance and regulatory compliance.

Operational risk identification and risk assessments
The risk assessment process is central to the operational risk management framework. A qualitative risk assessment is conducted using an identified universe of operational risks contained in a risk assessment framework, as a first step to promote consistency.

The assessment of risks and controls is conducted at individual business unit and review levels. Risk assessments are subject to treatment and escalation in terms of our operational risk appetite policy.

Operational risk events
We respond to risk events with appropriate analysis and actions to correct and minimise losses and improve controls. Thresholds are in place for the monitoring and escalation of recorded events, which are in line with the risk appetite policy.

Operational risk indicators
Indicators provide information that allows management to assess the effectiveness of the controls and to highlight potential issues.

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 discipline that links capital allocation and structuring, performance measurement, investment decisions, risk management and capital-based incentive compensation into one integrated framework. The Board of directors are ultimately responsible for capital management. At the highest level, the Board has, through the Investec Board Australian Risk and Capital Committee, delegated direct responsibility for capital management to the Investec Australia Capital Committee to oversee the components contributing to effective control and use of capital.

Investec Australia has also implemented (in line with the wider Investec Group) a three year capital planning framework as a mechanism to achieve effective forecasting and management of capital demands over the medium term under both expected conditions and positive and negative stress scenarios.

Investec Australia is well capitalised and capital adequacy ratios exceed the minimum regulatory requirements.

Capital adequacy

Entities within Investec Australia are subject to regulation by a variety of regulators. The Consolidated Entity is subject to regulation by the Australian Prudential Regulation Authority (APRA) and is required to maintain certain minimum ratios of capital to assets. These ratios are applied to Investec Bank (Australia) Limited as a stand-alone entity and on a consolidated basis to Investec Australia.

Under APRA, Prudential Standards, capital falls into two categories, known as Tier 1 and Tier 2. Tier 1 capital consists of shareholders funds and certain capital instruments that meet the standards set by APRA. Intangible assets and future income tax benefits are deducted to arrive at Tier 1 capital.

Tier 2 capital consists of revaluation reserves, general provisions for doubtful debts, cumulative irredeemable preference shares and other hybrid capital instruments approved by APRA, mandatory convertible notes, term subordinated debt, limited life redeemable preference shares and other capital instruments approved by APRA. Tier 2 capital may not exceed Tier 1 capital and Lower Tier 2 capital may not exceed 50% of Tier 1 capital.

	Consolidated	
$'m	31 March 2009	31 March 2008
Regulatory capital		
Paid-up ordinary shares	291.7	291.7
Retained earnings, including current year earnings	336.2	342.9
Other reserves	(7.2)	(1.6)
Less: impairments (goodwill and other deductions)	(183.4)	(172.5)
Tier 1 capital	**437.3**	**460.5**
Tier 2 capital (net of deductions)	116.9	92.2
Capital base	**554.2**	**552.7**
Risk-weighted assets (banking and trading)	**3,026.3**	**2,941.9**
Credit risk	2,610.7	2,520.3
Corporates	1,881.7	1,972.8
Secured on real estate property	44.1	72.7
Counterparty risk on trading positions	135.8	86.9
Short term claims on institutions and corporates	175.8	162.8
Retail	126.1	163.6
Institutions	82.5	21.5
Other exposure classes	164.7	40.0
Equity risk	82.8	99.7
Listed equities	7.3	23.7
Unlisted equities	75.5	76.0
Market risk	10.8	18.4
Interest rate	9.7	16.5
Foreign Exchange	0.7	1.8
Commodities	0.4	-
Operational risk	322.0	303.6

	Consolidated	
	31 March 2009	31 March 2008
Total capital adequacy ratio	18.3%	18.8%
Tier 1 ratio	14.4%	15.7%
Capital adequacy ratio - pre operational risk	20.5%	21.0%
Tier 1 ratio - pre operational risk	16.2%	17.5%

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Directors' report

The directors of Investec Bank (Australia) Limited ("Investec Australia") submit the following report for the year ended 31 March 2009.

Directors

The names and details of the company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

David Gonski AC B Com LLB FAICD FCPA

Chairman

David is the Chairman of Investec Holdings Australia Limited and Investec Bank (Australia) Limited. He was the co-founder of Investec Wentworth Pty Limited (formerly Wentworth Associates) and was previously a partner in the leading law firm, Freehills. David is Chairman of Coca-Cola Amatil Limited and The Australian Securities Exchange Ltd. His other non-executive directorships include Singapore Airlines Ltd and Westfield Group. David is Chancellor of the University of New South Wales and Chairman of the Trustees of Sydney Grammar School. David was appointed a Companion of the Order of Australia in June 2007.

Geoffrey Levy AO B Com LLB F FIN

Deputy Chairman

Geoff retired as Executive Chairman of Investec Bank (Australia) Limited on 1 January 2008 and has, since that date, assumed the non-executive position of Deputy Chairman. Geoff was previously CEO of Investec Bank (Australia) Limited, a principal of Wentworth Associates and before that a partner in the leading law firm, Freehills. He has over 20 years experience in the corporate advisory environment where he is regarded as an expert in mergers and acquisitions, capital raisings and general corporate commercial law. Geoff is a non-executive Chairman of listed entities the Specialty Fashion Group Limited and Cromwell Group Limited and Chairman of MZL Investments Pty Limited manager of the MZL Opportunity Fund. Geoff was appointed an Officer of the Order of Australia in 2005.

Alan Chonowitz B Acc M Com CA

Deputy Chief Executive Officer (CEO) and Chief Financial Officer

Alan was appointed Deputy Chief Executive Officer on 25 March 2009 and is currently acting CEO, until David Clarke assumes the role in June 2009 and has been the Chief Financial Officer of Investec Bank (Australia) Limited for 8 years. His responsibilities include finance, risk, and corporate governance. Alan is a director of Investec Bank (Australia) Limited, a number of its subsidiaries, and First Opportunity Fund Limited. Alan's experience includes significant exposure to the finance and funds management industries, where he has been responsible for financial structuring, financial and regulatory reporting, corporate advisory services and strategic planning.

Brian Schwartz AM FCA (resigned 31 March 2009)

Brian is a Chartered Accountant and was the Chief Executive Officer of Investec Bank (Australia) Limited for the period 14 February 2005 to 31 March 2009. Prior to that he was the Chief Executive of Ernst and Young Australia and Managing Partner for the Oceania Area. He is a Director of Insurance Australia Group, Brambles Limited, Wesfield Group and Deputy Chairman of the Board of the Football Federation of Australia. Brian was named the inaugural "Leading CEO for the Advancement of Women" by EOWA in 2001, recognising his efforts in increasing female participation at senior management levels. He was appointed a Member of the Order of Australia in 2004 for his services to business and the community.

Bradley Tapnack B Com C.A. (SA)

Group Head of Corporate Governance and Compliance

Bradley completed articles at Price Waterhouse, joined the partnership in 1977 and remained an audit partner until 1984. After three years in the advertising industry he joined I. Kuper & Co which was acquired by Investec in 1989. He became Financial Director of the Investec Group in 1984, a position which he held until 2002. He is presently a director of Investec Bank (Australia) Limited, Investec Bank Limited and Investec Asset Management Limited and holds the position of Investec Group Head of Corporate Governance and Compliance.

John Murphy B Com M Com ACA FASA

John is the Managing Director of Investec Wentworth Private Equity Limited and in this capacity is a board member of the fund's investments, including the following listed companies: Ariadne Australia Limited, Staging Connections Group Limited, Specialty Fashion Group Limited and Gale Pacific Limited. John Murphy is also a non-executive director of First Opportunity Fund Limited and an executive director of Investec Bank (Australia) Limited. During the last 3 years, Mr Murphy was a non-executive director of the following listed companies: Kids Campus Limited (2004-2006), Fone Zone Group Limited (2005 -2006) and Australian Pharmaceutical Industries Limited (2004-2007).

Kathryn Spargo LLB (Hons) BA

Kathryn was appointed a Director of Investec Bank (Australia) Limited in October 2005. After graduating from Adelaide University, she practiced both as a litigator and in a partnership as a lawyer before moving to a broader business role. She was Chairman for seven years of HomeStart Finance, a government sponsored enterprise in South Australia with funds under management exceeding $1 billion. She was appointed chairman of the Accounting Professional and Ethical Standards Board. Since moving to Melbourne, she has been appointed to the boards of Pacific Hydro, Transfield Services Infrastructure Limited and CoInvest. Her public interests include being a director of the NeuroSciences Victoria.

Directors' report

Peter Thomas C.A. (SA)

Peter is a Chartered Accountant and former Managing Director of The Unisec Group Limited. His current directorships include Investec plc, Investec Limited, Investec Bank Limited, Investec Bank (Mauritius) Limited, and JCI Limited.

Richard Longes BA LLB MBA

Richard is currently Chairman of Austbrokers Holdings Limited and a non-executive Director of Boral Ltd and Metcash Limited. He was a co-founder of Investec Wentworth Pty Limited (formerly Wentworth Associates) and was previously a partner in the leading law firm, Freehills. He holds, or has held, positions with Government advisory boards, including the Review of the National Museum and the Funds Management Committee for the IIF programme, and non-profit organisations. Richard was previously Chairman of MLC Ltd and General Property Trust.

Robert Mansfield AO B Com FCPA

Robert attended the University of NSW and graduated in 1974 with a Bachelor of Commerce degree with a major in Accounting. He held the CEO position at McDonald's Australia Limited, Wormald International Limited, Optus Communications Limited and John Fairfax Limited. In November 1999 Robert was appointed a Director of Telstra Corporation Limited and subsequently became Telstra's non-executive Chairman which he served through to April 2004. His other board positions include Director of Allco Finance Group Limited. Robert has been honoured with an Order of Australia award for his contribution to Australian business and economic development and to the telecommunications industry.

Stephen Koseff B Com CA (SA) H Dip BDP MBA

Investec Group Chief Executive Officer

Stephen joined Investec in 1980. Stephen is the Chief Executive Officer of Investec Limited and Investec plc. His directorships include Investec Bank Plc, Investec Limited, Investec plc and Bidvest Group Limited.

Company secretary

Anthony Rubin B Com B Acc CA

Anthony joined the Investec Group in 1991. In addition to a Bachelor of Commerce, Anthony is a member of the Australian Institute of Chartered Accountants.

Principal activities

The principal activities during the financial year were Private Client Activities, Investment Banking Activities, Capital Markets and Property Private Equity. There have been no significant changes in the nature of these activities during the year ended 31 March 2009.

For additional information refer to page 8.

Review of operations and results

The operating environment over the past financial year has been extremely challenging with heavy volatility and increasing weakness in Australian and global economies.

Our focus and strategy throughout the year has been on maintaining the strength and stability of our balance sheet, albeit at the expense of short term profitability.

For the year ended 31 March 2009, Investec Bank (Australia) Limited (Investec Australia) reported an operating proft before goodwill and tax of $1.9 million. Operating profit before impairments, equity accounted earnings and mark-to-market adjustments on lending related equity options was $79.6 million, which was broadly in line with the prior year of $80.1 million.

For additional information refer to page 14.

Dividends

No dividends were paid or provided for during the year.

Share options

There are no share options on issue in the Consolidated Entity.

Directors' report

Significant change in the state of affairs

There have been no significant changes in the state of affairs of the Consolidated Entity during the year ended 31 March 2009.

Significant events after the balance sheet date

David Clarke was appointed to the position of Chief Executive Officer with effect from 1 June 2009. Prior to joining Investec Bank (Australia) Limited, David was the CEO of Allco Finance Group and a Director of AMP Limited, following five years at Westpac Banking Corporation where he held a number of senior roles, including Chief Executive of the Wealth Management Business, BT Financial Group. David has 25 years experience in investment banking, funds management, property and retail banking. He was previously employed at Lend Lease Corporation Limited where he was an Executive Director and Chief Executive of MLC Limited, and prior to this was Chief Executive of Lloyds Merchant Bank in London.

There have been no other significant events occurring after balance date which may affect the operations, results or the state of affairs.

Likely developments and expected results

The outlook for the global economy is uncertain and markets are likely to remain volatile, although there is a general expectation that Australia may emerge from the downturn sooner than the U.S. and U.K. / Europe. However, we do not expect a material improvement in the operating environment in the short-term.

Rounding

The financial report is presented in Australian dollars and all values have been rounded to the nearest hundred thousand dollars unless otherwise stated, under the option available to the company under ASIC Class Order 98/0100.

Indemnification and insurance of directors and officers

In addition to the indemnity set out in the Company's Constitution, the Consolidated Entity has, during the financial year, paid an insurance premium in respect of its directors and executive officers in terms of which the cover provides indemnity against liabilities, to the extent permitted under the Corporations Act 2001 and Regulations. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy including the nature of the liability insured against and the amount of the premium.

Directors' meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

	Meetings eligible to attend	Meetings attended
Board Meetings		
David Gonski	4	4
Geoffrey Levy	4	4
Brian Schwartz	4	4
Alan Chonowitz	4	4
Bradley Tapnack	4	4
John Murphy	4	4
Kathryn Spargo	4	3
Peter Thomas	4	3
Richard Longes	4	2
Robert Mansfield	4	3
Stephen Koseff	4	4
Audit and Compliance Committee		
Bradley Tapnack	4	3
Peter Thomas	4	3
Kathryn Spargo	4	3
Remuneration Committee		
David Gonski	1	1
Robert Mansfield	1	1
Bernard Kantor	1	1
Board Australian Risk and Capital Committee		
Richard Longes	4	3
Kathryn Spargo	4	4
Peter Thomas	4	3
Bradley Tapnack	4	1
Brian Schwartz	4	4
Alan Chonowitz	4	4

Auditors' independence

We have obtained the following independence declaration from our auditors, Ernst and Young.

ERNST & YOUNG

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

Auditor's Independence Declaration to the Directors of Investec Bank (Australia) Limited

In relation to our audit of the financial report of Investec Bank (Australia) Limited for the financial year ended 31 March 2009 to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Steve Ferguson
Partner
11 June 2009

H:\FS\Client\Investec Australia\Audit 2009\Deliverables\RAP 003 Auditor Independence Declaration.doc

Signed in accordance with a resolution of the directors.

Alan Chonowitz
Director
Sydney
11 June 2009

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Income Statement

For the year ended 31 March		Consolidated		Investec Bank (Australia) Limited	
$'m	Notes	2009	2008	2009	2008
Interest income	3	372.2	313.0	286.8	277.7
Interest expense	4	(246.3)	(184.0)	(183.8)	(156.3)
Net interest income		125.9	129.0	103.0	121.4
Fee and commission income	5	51.9	53.5	36.5	38.2
Fee and commission expense	6	(2.9)	(3.2)	(0.4)	(1.7)
Principal transactions	7	6.7	36.5	50.2	34.8
Share of profit/(loss) of investments accounted for using the equity method	23	(8.2)	3.0	-	-
Other operating income	8	-	1.4	-	1.4
Other income		47.5	91.2	86.3	72.7
Total operating income		173.4	220.2	189.3	194.1
Impairment losses on financial assets	9	(62.1)	(12.8)	(72.3)	(14.3)
Net operating income		111.3	207.4	117.0	179.8
Operating expenses	10	(109.4)	(130.9)	(88.5)	(120.9)
(Loss)/Profit before goodwill, acquisiton adjustments and income tax		1.9	76.5	28.5	58.9
Share of goodwill write-off attributable to investments in associates accounted for using the equity method		(6.3)	-	-	-
Acquisition adjustments		-	(1.5)	-	(1.5)
(Loss)/Profit before income tax		(4.4)	75.0	28.5	57.4
Income tax benefit/(expense)	11	2.0	(13.3)	6.3	(9.5)
(Loss)/Profit attributable to members		(2.4)	61.7	34.8	47.9

Balance Sheet

As at 31 March		Consolidated		Investec Bank (Australia) Limited	
$'m	Notes	2009	2008	2009	2008
Assets					
Cash and liquid assets	14	1,054.1	937.0	1,004.4	900.2
Derivative financial instruments	17	222.3	148.5	221.7	141.9
Financial investments - available-for-sale	15	662.0	50.6	659.7	38.1
Financial assets held for trading	16	10.1	27.0	10.1	24.4
Loans and advances to customers	18	2,930.1	2,583.3	2,038.0	1,842.5
Investments accounted for using the equity method	23	7.9	19.8	4.4	16.3
Other financial assets	19	44.5	14.0	178.2	120.3
Property, plant and equipment	24	11.3	9.3	11.0	8.7
Deferred tax assets	11	23.4	18.3	21.3	25.3
Other assets	25	37.4	18.2	26.8	10.0
Goodwill	20	89.4	89.4	-	-
Assets held for sale	21	3.8	-	-	-
Intangible assets	22	5.0	3.3	2.9	3.0
Total assets		5,101.3	3,918.7	4,178.5	3,130.7
Liabilities					
Customer accounts	26	1,968.2	1,305.2	1,968.2	1,305.2
Derivative financial instruments	17	154.9	117.5	111.2	117.2
Debt issued and other borrowed funds	27	2,213.2	1,655.9	1,312.1	929.2
Other liabilities	30	44.8	76.6	36.7	55.8
Subordinated debt	28	101.0	100.5	101.0	100.5
Total liabilities		4,482.1	3,255.7	3,529.2	2,507.9
Total equity		619.2	663.0	649.3	622.8
Equity					
Share capital	31	291.7	291.7	291.7	291.7
Retained earnings	32	335.2	353.6	332.9	314.1
Other reserves	33	(7.7)	17.7	24.7	17.0
Total equity		619.2	663.0	649.3	622.8

Statement of Changes in Equity

$'m	Note	Consolidated				Investec Bank (Australia) Limited			
		Share capital	Other reserves	Retained earnings	Total	Share capital	Other reserves	Retained earnings	Total
Balance at 1 April 2007		291.7	19.8	292.6	604.1	291.7	19.1	266.9	577.7
Appropriation for unforeseeable risks and future losses		-	0.7	(0.7)	-	-	0.7	(0.7)	-
Net unrealised gains/(losses) on foreign exchange, net of tax	33	-	(1.6)	-	(1.6)	-	(1.6)	-	(1.6)
Fair value movement on cash flow hedge, net of tax	33	-	0.8	-	0.8	-	-	-	-
Net change in available-for-sale investments, net of tax	33	-	(2.0)	-	(2.0)	-	(1.2)	-	(1.2)
Net income recognised directly to equity		-	(2.1)	(0.7)	(2.8)	-	(2.1)	(0.7)	(2.8)
Profit for the period		-	-	61.7	61.7	-	-	47.9	47.9
At 31 March 2008 / 1 April 2008		291.7	17.7	353.6	663.0	291.7	17.0	314.1	622.8
Appropriation for unforeseeable risks and future losses		-	16.0	(16.0)	-	-	16.0	(16.0)	-
Net unrealised gains/(losses) on foreign exchange, net of tax	33	-	(5.5)	-	(5.5)	-	(5.6)	-	(5.6)
Fair value movement on cash flow hedge, net of tax	33	-	(33.2)	-	(33.2)	-	0.3	-	0.3
Net change in available-for-sale investments, net of tax	33	-	(2.7)	-	(2.7)	-	(3.0)	-	(3.0)
Net income recognised directly to equity			(25.4)	(16.0)	(41.4)		7.7	(16.0)	(8.3)
(Loss)/profit for the period		-	-	(2.4)	(2.4)	-	-	34.8	34.8
At 31 March 2009		291.7	(7.7)	335.2	619.2	291.7	24.7	332.9	649.3

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Cash Flow Statement

For the year ended 31 March		Consolidated		Investec Bank (Australia) Limited	
$'m	Notes	2009	2008	2009	2008
Cash flows from operating activities					
Interest and similar income		379.3	281.2	294.0	245.0
Interest expense and similar charges		(258.8)	(183.0)	(196.4)	(156.7)
Fees, income and receipts from customers		35.2	87.9	12.7	65.3
Trust distribution received		0.8	0.8	0.7	0.1
Payments to suppliers and employees		(143.8)	(118.9)	(107.0)	(126.1)
	34	12.7	68.0	4.0	27.6
(Increase) decrease in operating assets and liabilities:					
Net increase in loans and other receivables		(424.9)	(285.9)	(285.3)	(232.6)
Net proceeds from gold bullion		(0.7)	12.9	(0.7)	12.9
Purchase of available-for-sale investments		(630.7)	(61.5)	(635.5)	(59.1)
Proceeds from sale or maturity of available-for-sale investments		4.1	199.9	0.4	187.1
Net proceeds of trading securities and derivatives		(17.1)	171.2	(69.1)	180.4
Net proceeds from deposits		675.5	208.5	675.5	208.5
Net cash from operating activities before income tax		(381.1)	313.6	(310.7)	324.9
Income tax paid		(21.8)	(29.2)	(21.8)	(29.7)
Net cash flows from operating activities		(402.9)	284.4	(332.5)	295.2
Cash flows from investing activities					
Net cash acquired on acquisition		-	33.1	-	-
Acquisition of Subsidiary		-	(3.6)	-	(3.6)
Dividend received		-	0.3	48.0	-
Purchase of equity accounted investments		(2.6)	(2.7)	-	-
Acquisition of notes		-	-	(23.2)	(18.6)
Proceeds from / (Expenditure on) intangible assets		2.5	(3.0)	(1.8)	(3.0)
Acquisition of plant and equipment		(2.4)	(4.6)	(2.3)	(4.6)
Net cash flows from investing activities		(2.5)	19.5	(20.7)	(29.8)
Cash flows from financing activities					
Advances (to)/from related parties		12.0	1.1	32.9	30.7
Proceeds from issue/(repayment) of notes		528.1	(259.9)	430.9	(286.8)
Repayments of borrowings by related parties		(17.9)	(1.1)	(48.0)	(1.1)
Net cash flows (to)/from financing activities		522.2	(259.9)	415.8	(257.2)
Net increase in cash and cash equivalents		116.9	44.0	104.0	8.2
Cash and cash equivalents at beginning of the year		935.7	891.7	899.0	890.8
Cash and cash equivalents at end of year	14, 34	1,052.6	935.7	1,003.0	899.0

Notes to the Financial Statements

For the year ended 31 March 2009

1) Corporate information

Investec Bank (Australia) Limited is a company limited by shares that is incorporated and domiciled in Australia. Its ultimate Australian parent entity is Investec Holdings Australia Limited. Its ultimate parent is Investec plc, a UK entity listed on the London Stock Exchange.

The financial report of Investec Bank (Australia) Limited for the year ended 31 March 2009 was authorised for issue in accordance with a resolution of the directors on 11 June 2009.

2) Summary of significant accounting policies

(a) Basis of Preparation

In this financial report Investec Bank (Australia) Limited is referred to as the "Chief Entity" or "Bank", and the "Consolidated Entity" or "Investec Australia" consists of the Chief Entity and its controlled entities.

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments, trading securities, bullion and available-for-sale investments, which have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of Investec Bank (Australia) Limited and its subsidiaries as at 31 March each year.

The financial statements of the subsidiaries are prepared for the same reporting period as the Chief Entity, using consistent accounting policies. In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to Investec Australia and cease to be consolidated from the date on which control is transferred out of Investec Australia.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocation of the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

(c) Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by Investec Australia for the annual reporting period ended 31 March 2009. These are outlined in the table below.

Reference	Title	Summary	Application date of standard*	Impact on the financial report	Application date
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	Amending standard issued as a consequence of AASB 8 *Operating Segments*.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in Investec Australia financial statements. However the amendments may have an impact on the segment disclosures as segment information included in internal management reports is more detailed than is currently reported under AASB 114 *Segment Reporting*.	1 April 2009

*designates the beginning of the applicable annual reporting period unless otherwise stated

Notes to the Financial Statements

For the year ended 31 March 2009

(c) Statement of compliance

Reference	Title	Summary	Application date of standard*	Impact on the financial report	Application date
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	Amending standard issued as a consequence of revisions to AASB 123 *Borrowing Costs*.	1 January 2009	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. Investec Australia has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the financial report.	1 April 2009
AASB 2007-8	Amendments to Australian Accounting Standards arising from AASB 101	Amending standard issued as a consequence of revisions to AASB 101 *Presentation of Financial Statements*.	1 January 2009	The amendments are expected to only affect the presentation of the financial report and will not have a direct impact on the measurement and recognition of amounts under the current AASB 101. Investec Australia has not determined at this stage whether to present the new statement of comprehensive income as a single or two statements.	1 April 2009
AASB 2007-9**	Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137]	This pronouncement was issued as a result of the review of AASs 27, 29 and 31, which largely relocates the industry-based standards to topic-based standards.	1 July 2008	These amendments are only applicable to the public sector and as such are not expected to have any impact on the financial report.	1 April 2009
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations [AASB 2]	The amendments to AASB 2 requires instances where a failure to satisfy a non-vesting condition that is within the control of either the entity or the counterparty to be accounted for as a cancellation.	1 January 2009	A review of the Directors' remuneration identified share-based payments with non-vesting conditions. Investec Australia will assess the impact this may have on future financial reports.	1 April 2009
AASB 2008-2	Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation [AASB 7, AASB 101, AASB 132, AASB 139 & Interpretation 2]	The amending standard introduces an exception to the definition of financial liability to classify as equity instruments certain puttable financial instruments and certain instruments that impose on an entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation of the entity.	1 January 2009	Investec Australia does not engage in puttable financial instruments and as such, is not expected to impact the financial report.	1 April 2009

*designates the beginning of the applicable annual reporting period unless otherwise stated

Notes to the Financial Statements

For the year ended 31 March 2009

(c) Statement of compliance

Reference	Title	Summary	Application date of standard*	Impact on the financial report	Application date
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107]	Amending standard issued as a consequence of revisions to AASB 3 *Business Combinations* and AASB 127 *Consolidated and Separate Financial Statements*.	1 July 2009	Investec Australia does not intend to acquire business entities in the future nor outstanding non-controlling interests. Impact to the financial report is expected to be minimal.	1 April 2010
AASB 3 (revised)	Business Combinations	The revised standard introduces a number of changes in accounting for business combinations that will impact the amount of goodwill recognised, the results in the period that an acquisition occurs, and future revenues reported.	1 July 2009	Refer to AASB 2008-3 above.	1 April 2010
AASB 8	Operating Segments	New standard replacing AASB 114 *Segment Reporting*, which adopts a management approach to segment reporting.	1 January 2009	Refer to AASB 2007-3 above.	1 April 2009
AASB 101 (revised)	Presentation of Financial Statements	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	Refer to AASB 2007-8 above.	1 April 2009
AASB 123 (revised)	Borrowing Costs	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset must be capitalised.	1 January 2009	Refer to AASB 2007-6 above.	1 April 2009
AASB 127 (revised)	Consolidated and Separate Financial Statements	The revised standard allows a change in the ownership interest of a subsidiary (that does not result in loss of control) to be accounted for as an equity transaction and will have no impact on goodwill nor will it give rise to a gain or loss.	1 July 2009	Refer to AASB 2008-3 above.	1 April 2010
AASB 1004 (revised)**	Contributions	This standard contains the original requirements on contributions from AASB 1004 as issued in July 2004, as well as the requirements on contributions from AASs 27, 29 and 31 substantively unamended (with some exceptions).	1 July 2008	Refer to AASB 2007-9 above.	1 April 2009

*designates the beginning of the applicable annual reporting period unless otherwise stated

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For the year ended 31 March 2009

(c) Statement of compliance

Reference	Title	Summary	Application date of standard*	Impact on the financial report	Application date
AASB 1049**	Whole of Government and General Government Sector Financial Reporting	New standard to address differences between Generally Accepted Accounting Principles (GAAP) and Government Finance Statistics (GFS).	1 July 2008	This standard is only applicable to the public sector and as such is not expected to have any impact on the financial report.	1 April 2009
AASB 1050**	Administered Items	This standard contains the requirements for the disclosure of administered items from AAS 29, substantively unamended (with some exceptions).	1 July 2008	Refer to AASB 2007-9 above.	1 April 2009
AASB 1051**	Land Under Roads	This standard contains the specific transitional requirements relating to land under roads. It applies to general purpose financial reports of local governments, government departments and whole of governments and financial statements of GGSs.	1 July 2008	Refer to AASB 2007-9 above.	1 April 2009 1 April 2009 1 April 2009
AASB 1052**	Disaggregated Disclosures	This standard contains the requirements for the reporting of disaggregated information by local governments from AASs 27 and 29, substantively unamended (with some exceptions).	1 July 2008	Refer to AASB 2007-9 above.	1 April 2008 1 April 2008 1 April 2009
AASB Interpretation 13	Customer Loyalty Programmes	Deals with the accounting for customer loyalty programmes, which are used by companies to provide incentives to their customers to buy their products or use their services.	1 July 2008	Investec Australia does not have any customer loyalty programmes and as such this interpretation is not expected to have any impact on the financial report.	
AASB Interpretation 129	Service Concession Arrangements: Disclosures	Requires disclosure of provisions or significant features necessary to assist in assessing the amount, timing and certainty of future cash flows and the nature and extent of the various rights and obligations involved. These disclosures apply to both grantors and operators.	1 January 2008	Refer to AASB 2007-2 above.	
AASB Interpretation 1003	Australian Petroleum Resource Rent Tax	Requires Australian Petroleum Resource Rent Tax to be accounted for within the scope of AASB 112.	ending 30 June 2008	Investec Australia does not engage in petroleum projects that would fall under AASB Interpretation 1003 and as such this interpretation is not expected to have any impact on the financial report.	
AASB Interpretation 1038 (revised)**	Contributions by Owners Made to Wholly-Owned Public Sector Entities	This interpretation has been revised as a consequence of the issue of revised AASB 1004.	1 July 2008	Refer to AASB 2007-9 above.	

*designates the beginning of the applicable annual reporting period unless otherwise stated

(c) Statement of compliance

Reference	Title	Summary	Application date of standard*	Impact on the financial report	Application date
AASB 2008-7	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The main amendments of relevance to Australian entities are those made to AASB 127 deleting the 'cost method' and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e., parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment. AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.	1 January 2009		1 April 2009
AASB 2008-8	Amendments to Australian Accounting Standards – Eligible Hedged Items	The amendment to AASB 139 clarifies how the principles underlying hedge accounting should be applied when (i) a one-sided risk in a hedged item and (ii) inflation in a financial hedged item existed or was likely to exist.	1 July 2009		1 April 2010
Amendments to International Financial Reporting Standards***	Embedded Derivatives (Amendments to IFRIC 9 and IAS 39)	The amendments clarify that on reclassification of a financial asset out of the 'at fair value through profit or loss' category all embedded derivatives have to be assessed and, if necessary, separately accounted for in financial statements.	Ending on or after 30 June 2009		1 April 2009

*designates the beginning of the applicable annual reporting period unless otherwise stated

(d) Significant accounting judgements, estimates and assumptions

Investec Australia makes estimates and assumptions that affect the reported amounts of assets and liabilities within the financial year ended 31 March 2009. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Impairment losses on loans and receivables

Investec Australia reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, we makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group.

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(ii) Fair value of derivatives

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates.

Changes in assumptions about these factors could affect reported fair value of financial instruments.

Where the fair values cannot be estimated, for example derivatives over unlisted equity securities, derivatives are carried at cost.

(iii) Impairment of available for-sale equity investments

Investec Australia determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, we evaluate among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

(e) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is determined using valuation techniques. Transaction costs arising on the issue of equity instruments are recognised directly to equity.

Except for non-current assets or assets classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the business combination over the net fair value of Investec Australia's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than Investec Australia's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

When settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from independent financier under comparable terms and conditions.

(f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Investec Australia and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Fee and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and we retained no part of the loan package for itself or retained a part at the same effective interest rate for the other participants. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party is recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportionate basis. Asset management fees related to investment funds are recognised rateably over the period the service is provided. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time.

(ii) Interest and similar income and expense

Interest income and expense are recognised in the income statement for all instruments measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, we estimate cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(iii) Dividends

Revenue is recognised when Investec Australia's right to receive the payment is established.

(iv) Net trading income

Results arising from trading include all gains and losses from changes in fair value and related interest income or expense and dividends for financial assets and financial liabilities held for trading. This includes any ineffectiveness recorded in hedging transactions.

(g) Foreign currency translation

Both the functional and presentation currency of Investec Bank (Australia) Limited and its subsidiaries is Australian dollars ($). Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The assets and liabilities of foreign equity accounted investments are translated at exchange rates prevailing at balance date.

Exchange variations resulting from the translation are recognised in the foreign currency translation reserve.

(h) Cash and liquid assets

Cash and cash equivalents

Cash and liquid assets includes cash on hand and in banks, bank bills with a term of three months or less, and short-term deposits. Cash at bank earns interest at floating rates based on daily bank deposit rates. They are brought to account at the face value or the gross value of the outstanding balance. Interest is taken to profit and loss using the effective interest method when earned.

For the purposes of the cash flow statement, cash and cash equivalents comprise of cash and non-restricted balances with central banks, bank bills, loans and advances to banks, amounts due from other banks and short-term government securities, with less than three month maturity from the date of acquisition and with insignificant risk of change in value, net of outstanding overdrafts.

(i) Bullion

Gold and silver bullion are principally acquired with the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin. They are measured as traded assets at fair (market) value. Any unrealised movements in fair value of these stocks are recognised in the income statement.

(j) Receivables due from other financial institutions

Receivables from other financial institutions include settlement account balances due from other banks. They are brought to account at the gross value of the outstanding balance. Interest is taken to profit and loss using the effective interest method.

(k) Financial instruments – initial recognition and subsequent measurement

(i) Date of recognition

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that Investec Australia commits to purchase or sell the asset. Derivatives are recognised on trade date basis.

(ii) Initial recognition of financial instruments

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, any directly attributable incremental costs of acquisition or issue.

(iii) Derivatives recorded at fair value through profit or loss

Investec Australia uses derivative financial instruments as risk management tools and as part of its trading activities. Derivatives include interest rate swaps and futures, foreign exchange (including bullion) spot, forwards, swaps and options, and base metal spot and forwards. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives held for trading are included in "Gains less losses arising from trading securities".

Derivatives embedded in other financial instruments, such as the conversion option in an acquired convertible bond, are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself held for trading or designated at fair value through the profit or loss. The embedded derivatives separated from the host are carried at fair value in the trading portfolio with changes in fair value recognised in the income statement.

(iv) Financial assets and liabilities held for trading

Financial assets or financial liabilities held for trading, comprising financial instruments held for trading other than derivatives, are recorded in the balance sheet at fair value. Changes in fair value are recognised in "Gains less losses arising from trading securities" according to the terms of the contract, or when the right to the payment has been established.

Included in this classification are debt securities, equities, commodities and short positions in debt securities and securities which have been acquired principally for the purpose of selling or repurchasing in the near term.

(l) Financial assets or financial liabilities designated at fair value through profit or loss

Financial assets and financial liabilities classified in this category are designated on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the balance sheet at fair value. Changes in fair value are recorded through the profit or loss. Interest earned or incurred is accrued in interest income or expense, respectively, according to the terms of the contract.

Included in this classification are loans and receivables to customers economically hedged by credit derivatives which do not qualify for hedge accounting as well as structured notes which are managed at fair value.

(m) "Day 1" profit

Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, we immediately recognises the difference between the transaction price and fair value (a "Day 1" profit) in the income statement in "Gains less losses arising from trading securities".

In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognised in the income statement when inputs become observable, or when the instrument is derecognised.

(n) Due from banks and loans and receivables to customers

Due from banks and loans and receivables to customers are financial assets with fixed or determined payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets held for trading or designated as available-for-sale investments.

After initial measurement, amounts due from banks and loans and receivables to customers are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate. The amortisation is included in "Interest and similar income" in the income statement. The losses arising from impairment of such investments are recognised in the income statement line "Impairment losses on loans and advances".

(o) Available-for-sale financial investments

Available-for-sale financial investments are those which are designated as such or do not qualify to be classified as designated at fair value through profit or loss, held-to-maturity or loans and receivables. They include equity instruments, investments in funds and money market and other debt instruments.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value. Unrealised gains and losses are recognised directly in equity in "Other Reserves". When the security is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the income statement in "Gains less losses arising from available-for-sale investments". Where Investec Australia holds more than one investment in the same security they are deemed to be disposed of on a first-in first-out basis. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the effective interest rate. Dividends earned whilst holding available-for-sale financial investments are recognised in the income statement when the right of the payment has been established. The losses arising from impairment of such investments are recognised in the income statement in "Impairment losses on financial assets" and removed from the available-for-sale reserve.

(p) Assets held for sale

Assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with Investec Australia's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell.

(q) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, when applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired; or
- We have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and
- Either (a) we have has transferred substantially all the risks and rewards of the asset, or (b) we have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When Investec Australia has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of Investec Australia's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that could be required to repay.

Where continuing involvement takes the form of a written and/or purchase option (including a cash-settlement option or similar provision) on the transferred asset, the extent of Investec Australia's continuing involvement is the amount of the transferred asset that may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of Investec Australia's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Securitisation

As part of its operational activities, Investec Australia securitises financial assets, generally through the sale of these assets to special purposes entities which issue securities to investors. The transferred assets may qualify for derecognition in full or in part. Interests in the securitised financial assets may be retained and are primarily classified as financial assets recorded at fair value through profit or loss, and gains and losses are reported in "Net trading income". Gains or losses on securitisations are based on the carrying amount of the financial assets derecognised and the retained interest, based on their relative fair values at the date of the transfer.

(iii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(r) Determination of fair value

The fair value for financial instruments traded in active markets at the balance sheet date is based on their quoted market price of dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

Where stocks of gold and silver bullion are principally acquired with the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin, they are measured as traded assets at fair (market) value. Any unrealised movements in fair value of these stocks are recognised in the income statement.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models and other relevant calculation models.

(s) Impairment of financial assets

Investec Australia assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(i) Due from banks and loans and receivables to customers

For amounts due from banks and loans and receivables to customers carried at amortised cost, we first assesses whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If we determine that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in the group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of future cash flows (excluding future expected credit losses that have not yet been incurred).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to Investec Australia. If a write-off is later recovered, the recovery is credited to "Impairment losses on loans and advances" in the income statement.

The present value of the estimate future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial asset are grouped on the basis of Investec Australia's internal credit grading system that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cash flows on group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the years on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experiences.

(ii) held-to-maturity financial investments

For held-to-maturity investments we assess individually whether there is objective evidence of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

If, in a subsequent year, the amount of the estimated impairment loss decreased because of an event occurring after the impairment was recognised, any amounts formerly charged are credited to the income statement.

(iii) Available-for-sale financial investments

For available-for-sale financial investments, we assess at each balance sheet date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged declined in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in equity.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost.

Interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is recorded as part of "Interest and similar income". If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

(iv) Renegotiated loans

Where possible, Investec Australia seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate.

(t) Hedge accounting

Investec Australia makes use of derivative instruments to manage exposures to interest rate, foreign currency and credit risks, including exposures arising from forecast transactions. In order to manage particular risks, we apply hedge accounting for transactions which meet the specified criteria.

At inception of the hedge relationship, we formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship.

Also at the inception of the hedge relationship, a formal assessment is undertaken to ensure the hedging instrument is expected to be highly effective in offsetting the designated risk in the hedged item. Hedges are formally assessed each quarter. A hedge is regarded as highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated are expected to offset in a range of 80% to 125%. For situations where that hedged item is a forecast transaction, we assess whether the transactions is highly probable and presents an exposure to variations in cash flows that could ultimately affect the income statement.

(i) Cash flow hedges

For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognised directly in equity in the cash flow hedge reserve. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in the income statement in "Gains less losses arising from trading securities".

When the hedged cash flow affects the income statement, the gain or loss on the hedging instrument is "recycled" in the corresponding income or expense line of the income statement. When a hedging instrument expires, or is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement in "Gains less losses arising from trading securities".

(ii) Fair value hedges

For designated and qualifying fair value hedges, the change in the fair value of a hedge derivative is recognised in the income statement in "Gains less losses arising from trading securities". The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the income statements in "Gains less losses arising from trading securities".

If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated. For hedged items recorded at amortised cost, using the effective interest rate method, the difference between the carrying value of the hedged item on termination and the face value is amortised over the remaining term of the original hedge. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statement

(iii) Hedge of a net investment

Hedges of net investments in a foreign operation, including a hedge of monetary items that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges.

Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in equity while any gains or losses relating to the ineffective portion are recognised in the income statement in "Gains less losses arising from trading securities". On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in equity is transferred to the income statement.

(u) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting arrangements, and the related assets and liabilities are presented gross in the balance sheet.

(v) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to Investec Australia substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that we will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

(w) Investments accounted for using the equity method

Investec Australia's investments in its associates are accounted for using the equity method of accounting in the consolidated financial statements. An associate is an entity in which Investec Australia has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in associates is carried in the consolidated balance sheet at cost plus post-acquisition changes in our share of net assets of associates. After application of the equity method, we determine whether it is necessary to recognise any additional impairment loss with respect to our net investment in associates.

The consolidated income statement reflects Investec Australia's share of the results of operations of its associates.

Where there has been a change recognised directly in an associate's equity, we recognise its share of any changes and discloses this in the consolidated statement of change in equity.

The associates accounting policies conform to those used by Investec Australia for like transactions and events in similar circumstances.

(x) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is provided on a diminishing value basis on all property, plant and equipment and is based on their expected useful lives.

	2009	2008
Office furniture and equipment	5 to 10 yrs	5 to 10 yrs
Computer equipment	2 to 3 yrs	2 to 3 yrs
Computer software	7 yrs	7 yrs
Leasehold Improvements	5 to 10 yrs	5 to 10 yrs

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

(i) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(y) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over Investec Australia's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of our cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- Represents the lowest level at which the goodwill is monitored for internal management purposes; and
- Is not larger than a segment based on either the primary or the secondary reporting format determined in accordance with AASB 114 Segment Reporting.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(z) Intangible assets

Intangible assets include the value of computer software, wind farms development assets and brand names acquired in a business combination. All intangible assets acquired separately are measured on initial recognition at cost.

The useful live's of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Amortisation is calculated on a straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

	2009	2008
Brand name	3 yrs	3 yrs

(aa) Impairment of assets

Investec Australia assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, we make an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease). An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(bb) Customer accounts

Are brought to account at fair value plus directly attributable transaction costs at inception. Customer accounts are subsequently stated at amortised cost. Interest and yield related fees are taken to profit and loss based on the effective interest method when incurred.

Where we have hedged the deposits with derivative instruments, hedge accounting rules are applied (refer to Note 2(t) Derivative financial instruments).

(cc) Debt issued, subordinated loans and other borrowed funds

Are brought to account at fair value plus directly attributable transaction costs at inception. Deposits and other public borrowings are subsequently stated at amortised cost. Interest and yield related fees are taken to profit and loss based on the effective interest method when incurred.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

(dd) Other liabilities

(i) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided prior to the end of the financial year that are unpaid and arise when we becomes obliged to make future payments in respect of the purchase of these goods and services.

(ii) Provisions

Provisions are recognised when we have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When we expect some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(ee) Employee benefits

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include:

(i) Wages, salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other liabilities in respect of employees' services up to the reporting date.

They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation

Contributions are made by the Consolidated Entity to an employee superannuation fund and are recognised as an expense on an accrual basis.

(iv) Share based payments

Investec Australia engages in cash-settled share-based payments and in certain circumstances equity 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 liability that will eventually vest. The liability is recognised at the current fair value as at each balance sheet date, based on an estimate of the amount of instruments that will eventually vest. Subsequent to vesting the liability is measured at fair value, with gains and losses recognised in the profit and loss account 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.

(v) Other employee benefits

The provision for other employee entitlements also includes liabilities for employee incentives under employee share plans and bonus schemes.

The level of these provisions has been determined in accordance with the requirements of AASB 119.

(ff) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

Investec Bank (Australia) Limited and its 100% owned Australian controlled entities have formed a tax consolidated group with effect 1 April 2004.

The head entity, Investec Holdings Australia Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. Investec Australia has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, we also recognises the tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable and payable to the head entity (Investec Holdings Australia Limited). Details of the tax funding agreement are disclosed in Note 11.

(gg) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority

(hh) Share capital

Ordinary share capital is the amount of paid up capital from the issue of ordinary shares.

(ii) Fiduciary activities

The Bank and designated controlled entities act as Responsible Entity, Trustee and/or Manager and/or Custodian for a number of Managed Investment Schemes, Wholesale Investment Funds, Trusts and Approved Deposit Funds. Further details are shown in Note 40.

The assets and liabilities of these Schemes, Trusts and Funds are not included in the consolidated financial statements as the Bank does not have direct or indirect control of the Schemes, Trusts and Funds as defined by AASB 127: Consolidated and Separate Financial Statements. Commissions and fees earned in respect of the activities are included in the consolidated profit and the designated controlled entity.

(jj) Rounding

The financial report is presented in Australian dollars and all values have been rounded to the nearest hundred thousand dollars unless otherwise stated, under the option available to the company under ASIC Class Order 98/0100.

(kk) Deferred acquisition

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the effective date of acquisition. The discount rate used is the entity's incremental borrowing rate.

(ll) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in these financial statements.

Adjustments have been made to balances reported in our previous financial report. The nature of the adjustments to the prior period balances are summarised below:

1. An adjustment has been made to the tax payable on the 2008 tax return to reflect the finalised and lodged return. The impact for Investec Australia is a decrease in both the tax payable and deferred tax asset of $5 million. The impact for Investec Bank (Australia) Limited is a decrease in both the tax payable and deferred tax asset of $2 million.
2. The accounting 2007 tax balances recognised in the prior year have been restated to reflect the tax position following the lodgement of the 2008 tax return. The impact for Investec Australia is a increase to deferred tax assets of $9 million and an increase to retained earnings of $9 million as at 31 March 2007. The impact for Investec Bank (Australia) Limited is a increase to deferred tax assets of $6 million and an increase to retained earnings of $6 million as at 31 March 2007.

Notes to the Financial Statements

As at 31 March		Consolidated		Investec Bank (Australia) Limited	
$'m		2009	2008	2009	2008

3) Interest income

$'m		Consolidated 2009	Consolidated 2008	Investec Bank (Australia) Limited 2009	Investec Bank (Australia) Limited 2008
Cash and liquid assets		61.0	64.7	58.5	63.3
Available-for-sale investments		5.4	1.2	5.4	1.2
Trading securities		2.5	5.1	2.5	5.1
Loans and receivables		302.9	237.0	216.3	205.9
Related entities		0.2	4.8	4.0	2.0
Other		0.2	0.2	0.1	0.2
		372.2	313.0	286.8	277.7

4) Interest expense

$'m		Consolidated 2009	Consolidated 2008	Investec Bank (Australia) Limited 2009	Investec Bank (Australia) Limited 2008
Customer accounts					
- On demand and short-time deposits		19.1	26.4	19.1	26.4
- Term deposits		84.2	48.9	84.2	48.9
Debt issued and other borrowed funds					
- Interest bearing notes payable		62.5	28.4	-	-
- Debt issued		68.9	71.9	68.9	71.9
- Related entities - wholly owned group		0.6	0.5	0.6	0.5
Subordinated loans		7.3	7.7	7.3	7.7
Government guarantee costs		3.0	-	3.0	-
Other		0.7	0.2	0.7	0.9
		246.3	184.0	183.8	156.3

5) Fee and commission income

$'m		Consolidated 2009	Consolidated 2008	Investec Bank (Australia) Limited 2009	Investec Bank (Australia) Limited 2008
Corporate finance fees		25.7	37.5	11.9	23.9
Structuring and arrangement fees		19.3	9.5	15.7	8.2
Asset management and related fees		3.7	4.2	-	0.4
Other fees		3.2	2.3	0.3	2.3
Management fees received from subsidiaries		-	-	8.6	3.4
		51.9	53.5	36.5	38.2

6) Fee and commission expense

$'m		Consolidated 2009	Consolidated 2008	Investec Bank (Australia) Limited 2009	Investec Bank (Australia) Limited 2008
Brokerage fees paid		2.9	3.2	0.4	1.7
		2.9	3.2	0.4	1.7

7) Principal transactions

$'m		Consolidated 2009	Consolidated 2008	Investec Bank (Australia) Limited 2009	Investec Bank (Australia) Limited 2008
Dividend income - Available-for-sale securities		-	0.3	-	-
Dividend income - Related entities - wholly owned group		-	-	48.0	-
Disposal of property, plant and equipment		(0.2)	(0.2)	-	(0.2)
Trust distribution		0.8	0.8	0.7	0.1
Profit on sale of wind farms		10.0	3.5	-	3.5
Gains less losses arising from trading securities and derivatives	(i)	(4.6)	28.9	0.8	28.9
FX translation gains less losses on non-trading activities		0.8	(1.0)	0.8	(1.0)
Gains less losses arising from available-for-sale investments		(0.1)	4.2	(0.1)	3.5
		6.7	36.5	50.2	34.8

(i) Gains less losses arising from trading securities and derivatives:

$'m		Consolidated 2009	Consolidated 2008	Investec Bank (Australia) Limited 2009	Investec Bank (Australia) Limited 2008
Foreign exchange and commodities		(6.4)	13.1	(6.4)	13.1
Interest rate instruments		7.9	(9.3)	13.7	(9.3)
Equities	(a)	(6.1)	25.1	(6.5)	25.1
		(4.6)	28.9	0.8	28.9

a) Gains less losses arising from equities in the year ended 31 March 2008 includes $20.4 million from the revaluation of the warrant held over 64.5% of equity in the Experien Group prior to the purchase.

Financial statements

As at 31 March		Consolidated		Investec Bank (Australia) Limited	
$'m		2009	2008	2009	2008
8) Other operating income					
Reversal of Rothschild Acquisition related accruals		-	1.4	-	1.4
		-	1.4	-	1.4
9) Impairment losses on financial assets					
Specific impairment		15.4	14.1	13.9	13.9
Impairment of available-for-sale investments		4.4	(2.0)	3.2	-
Investments written off		7.7	-	21.7	-
Bad debts recovered		(0.8)	-	(0.8)	-
Bad debts written off		35.4	0.7	34.3	0.4
		62.1	12.8	72.3	14.3
10) Other operating expenses					
Employee benefit expenses	(a)	77.1	94.7	65.4	87.9
Occupancy expenses	(b)	7.0	5.8	5.5	5.5
Asset expenses	(c)	1.5	1.1	1.0	1.0
Advertising and marketing		3.3	4.3	1.6	3.6
Travel and accommodation		3.8	5.1	3.3	4.7
Legal, compliance, consultancy and audit		6.8	10.0	5.7	9.3
Insurance		0.7	1.1	0.6	1.0
Printing, postage and stationery		0.6	0.9	0.5	0.8
Communication and information technology		2.5	1.7	1.9	1.5
Other expenses		6.0	6.2	3.0	5.6
		109.4	130.9	88.5	120.9
(a) Employee benefit expenses					
Remuneration		55.8	73.9	45.9	68.7
Annual leave and long service leave		0.4	0.7	0.7	1.1
Superannuation		4.9	3.9	3.9	3.2
Workers' compensation costs		0.8	0.6	0.8	0.6
Termination benefits		2.9	0.9	2.9	0.9
Share-based payments expense		5.3	4.0	5.3	3.9
Payroll tax		3.9	4.3	3.1	4.0
Other		3.2	6.4	2.8	5.5
		77.1	94.7	65.4	87.9
(b) Occupancy expenses					
Maintenance and repairs		0.6	0.8	–	0.7
Rental on operating leases		5.8	4.5	5.0	4.3
Depreciation - Leasehold improvements		0.6	0.5	0.5	0.5
		7.0	5.8	5.5	5.5
(c) Asset expenses					
Depreciation		1.5	1.1	1.0	1.0
		1.5	1.1	1.0	1.0

As at 31 March	Consolidated		Investec Bank (Australia) Limited	
$'m	2009	2008	2009	2008

11) Income tax

The major components of income tax expense are:

Income statement

Current income tax				
Current income tax charge	17.3	22.9	7.2	17.6
Deferred income tax				
Relating to origination and reversal of temporary differences	(19.3)	(9.6)	(13.5)	(8.1)
Income tax expense /(benefit) reported in the income statement	(2.0)	13.3	(6.3)	9.5

Statement of recognised change in equity

Deferred income tax related to items charged or credited directly to equity

Unrealised gain/(loss) on available-for-sale investments	2.1	(0.7)	2.1	(0.7)
Unrealised gain/(loss) on cash flow hedge reserve	16.6	0.4	1.7	-
Unrealised gain/(loss) on foreign currency translation reserve	1.7	(0.9)	1.7	(0.5)
Income tax expense reported in equity	20.4	(1.2)	5.5	(1.2)

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the applicable income tax rate is as follows:

Accounting profit before income tax	(4.4)	75.0	28.5	57.4
At the statutory income tax rate of 30%	(1.3)	22.5	8.6	17.2
Dividends received - wholly owned group	-	-	(14.4)	-
Non taxable income - Gain on acquisition	-	0.5	-	0.5
Adjustments in respect of current income tax of previous years	-	(4.2)	-	(3.3)
Non taxable income	(0.8)	(5.2)	(0.8)	(5.2)
Other non deductible expenditure	0.1	0.2	0.1	0.2
Other	-	(0.5)	0.2	0.1
	(2.0)	13.3	(6.3)	9.5

Tax consolidation

Investec Bank (Australia) Limited and its 100% owned Australian resident subsidiaries have formed a tax consolidated group with effect 1 April 2004. Investec Holdings Australia Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. The amount due to/from Investec Holdings Australia Limited in respect of the Consolidated Entity's notional tax liability is reflected under related entity disclosures (Note 42).

Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group in accordance with their accounting profit for the period, while deferred taxes are allocated to members of the tax consolidated group in accordance with the principles of AASB 112 Income Taxes. The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' inter-company accounts with the tax consolidated group head company, Investec Holdings Australia Limited.

Because under UIG 1052 Tax Consolidation Accounting the allocation of current taxes to tax consolidated group members on the basis of accounting profits is not an acceptable method of allocation given the group's circumstances, the difference between the current tax amount that is allocated under the tax funding agreement and the amount that is allocated under an acceptable method is recognised as a contribution/distribution of the subsidiaries' equity accounts. We have applied the group allocation approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group.

11) Income tax (continued)

Franking credit balance

On formation of the tax consolidated group, any surplus in the franking account balances were transferred to Investec Holdings Australia Limited's franking account. The franking account of the subsidiary members remains inoperative whilst they are members of the tax consolidated group.

Deferred income tax asset

Deferred income tax assets are recognised to the extent that realisation of the related tax benefit is probable. Changes in circumstances in future periods may adversely impact the assessment of recoverability. The uncertainty of the recoverability of the tax losses and tax credits is taken into account in establishing the deferred tax assets.

	Consolidated			
As at 31 March	Balance Sheet		Income Statement	
$'m	2009	2008	2009	2008
Deferred income tax				
Deferred income tax at 31 March relates to the following:				
Deferred tax assets				
Revaluations of available-for-sale investments to fair value	4.7	(0.6)	3.2	0.2
Loans and receivables	(6.5)	(0.5)	(6.0)	0.3
Employee entitlements	2.6	11.3	(8.7)	1.0
Fair value of derivative instruments & Foreign exchange	9.7	7.0	(15.6)	(4.6)
Unearned income	0.4	0.5	(0.1)	-
Specific provisions	8.2	4.3	3.9	(4.2)
Equity accounted for investments	4.8	0.5	4.3	-
Other provisions and accrual	(0.5)	(4.2)	(0.3)	(2.3)
	23.4	18.3		
Deferred tax income			(19.3)	(9.6)

	Investec Bank (Australia) Limited			
As at 31 March	Balance Sheet		Income Statement	
$'m	2009	2008	2009	2008
Deferred income tax				
Deferred income tax at 31 March relates to the following:				
Deferred tax assets				
Revaluations of available-for-sale investments to fair value	7.7	2.8	2.8	0.5
Loans and receivables	7.8	8.6	(0.7)	(2.6)
Employee entitlements	2.5	11.0	(8.6)	1.0
Fair value of derivative instruments	(10.0)	1.2	(18.0)	(4.6)
Specific provisions	8.1	5.4	2.7	(4.2)
Equity accounted investments	4.2	-	4.2	-
Other provisions and accrual	1.0	3.7	4.1	1.8
	21.3	25.3		
Deferred tax income			(13.5)	(8.1)

Notes to the Financial Statements

12) Analysis of operating income by category of financial instrument

Consolidated $'m	At fair value through profit and loss -Trading	Loans and receivables	Available for sale	Financial liabilities at amortised cost	Other Activities	Total
31 March 2009						
Net interest income	2.5	364.0	5.4	(245.6)	(0.4)	125.9
Fee and commission receivable	-	20.0	-	-	31.9	51.9
Fee and commission payable	-	(1.6)	-	-	(1.3)	(2.9)
Principal transactions	(4.6)	-	0.9	-	10.6	6.7
Share of profit/(loss) of investments accounted for using the equity method	-	-	-	-	(8.2)	(8.2)
Other operating income	-	-	-	-	-	-
Total operating income	(2.1)	382.4	6.1	(245.6)	32.6	173.4
Impairment losses on financial assets		(50.0)	(12.1)			(62.1)
Operating income	(2.1)	332.4	(6.0)	(245.6)	32.6	111.3
31 March 2008						
Net interest income	5.1	306.5	1.2	(183.8)	-	129.0
Fee and commission receivable	-	2.9	-	-	50.6	53.5
Fee and commission payable	-	(0.9)	-	-	(2.3)	(3.2)
Principal transactions	28.9	-	5.3	-	2.3	36.5
Share of profit/(loss) of investments accounted for using the equity method	-	-	-	-	3.0	3.0
Other operating income	-	-	-	-	1.4	1.4
Total operating income	34.0	308.5	6.5	(183.8)	55.0	220.2
Impairment losses on financial assets		(14.8)	2.0			(12.8)
Operating income	34.0	293.7	8.5	(183.8)	55.0	207.4

Notes to the Financial Statements

13) Analysis of financial assets and liabilities by measurement basis

The table below provides details of the categorisation of on balance sheet assets and liabilities. For financial assets and financial liabilities carried at fair value the table provides further details of the basis used for determining fair value according to the following hierarchy:

- Level 1 - The use of quoted market prices for identical instruments in an active market.
- Level 2 - The use of a valuation technique using observable inputs. This may include:
  - using quoted prices in active markets for similar instruments;
  - using quoted prices in inactive markets for identical or similar instruments, or
  - using models where all significant inputs are observable.
- Level 3 - Using models where one or more significant inputs are not observable.

								Valuation Technique applied		
As at 31 March 2009 - Consolidated $'m	At fair value through profit and loss -Trading	Loans and receiv-ables	Available for sale	Financial liabilities at amortis-ed cost	Other Activities	Total	Assets and liabilities carried at fair value	Level 1	Level 2	Level 3
Assets										
Cash and liquid assets	-	1,054.1	-	-	-	1,054.1	-	-	-	-
Derivative financial instruments	222.3	-	-	-	-	222.3	222.3	-	222.3	-
Financial investments										
- available-for-sale	-	-	662.0	-	-	662.0	662.0	399.1	224.6	38.3
Financial assets held for trading	10.1	-	-	-	-	10.1	10.1	10.1	-	-
Loans and advances to customers	-	2,930.1	-	-	-	2,930.1	-	-	-	-
Investments accounted for using the equity method	-	-	-	-	7.9	7.9	-	-	-	-
Other financial assets	-	-	-	-	44.5	44.5	-	-	-	-
Property, plant and equipment	-	-	-	-	11.3	11.3	-	-	-	-
Deferred tax assets	-	-	-	-	23.4	23.4	-	-	-	-
Other assets	-	-	-	-	37.4	37.4	-	-	-	-
Goodwill	-	-	-	-	89.4	89.4	-	-	-	-
Assets held for sale	-	-	-	-	3.8	3.8	-	-	-	-
Intangible assets	-	-	-	-	5.0	5.0	-	-	-	-
Total assets	232.4	3,984.2	662.0	-	221.7	5,101.3	894.4	409.2	446.9	38.3
Liabilities										
Customer accounts	-	-	-	1,968.2	-	1,968.2	-	-	-	-
Derivative financial instruments	154.9	-	-	-	-	154.9	154.9	-	154.9	-
Debt issued and other borrowed funds	-	-	-	2,213.2	-	2,213.2	-	-	-	-
Other liabilities	-	-	-	-	44.8	44.8	-	-	-	-
Subordinated loans	-	-	-	101.0	-	101.0	-	-	-	-
Total liabilities	154.9	-	-	4,282.4	44.8	4,482.1	154.9	-	154.9	-

13) Analysis of financial assets and liabilities by measurement basis

As at 31 March 2008 - Consolidated $'m	At fair value through profit and loss -Trading	Loans and receiv-ables	Available for sale	Financial liabilities at amortis-ed cost	Other Activities	Total	Assets and liabilities carried at fair value	Valuation Technique applied Level 1	Level 2	Level 3
Assets										
Cash and liquid assets	-	937.0	-	-	-	937.0	-	-	-	-
Derivative financial instruments	148.5	-	-	-	-	148.5	148.5	-	148.5	-
Financial investments										
- available-for-sale	-	-	50.6	-	-	50.6	50.6	7.5	8.4	34.7
Financial assets held for trading	27.0	-	-	-	-	27.0	27.0	2.6	24.4	-
Loans and advances										
to customers	-	2,583.3	-	-	-	2,583.3	-	-	-	-
Investments accounted for										
using the equity method	-	-	-	-	19.8	19.8	-	-	-	-
Other financial assets	-	-	-	-	14.0	14.0	-	-	-	-
Property, plant and equipment	-	-	-	-	9.3	9.3	-	-	-	-
Deferred tax assets	-	-	-	-	18.3	18.3	-	-	-	-
Other assets	-	-	-	-	18.2	18.2	-	-	-	-
Goodwill	-	-	-	-	89.4	89.4	-	-	-	-
Intangible assets	-	-	-	-	3.3	3.3	-	-	-	-
Total assets	175.5	3,520.3	50.6	-	172.3	3,918.7	226.1	10.1	181.3	34.7
Liabilities										
Customer accounts	-	-	-	1,305.2	-	1,305.2	-	-	-	-
Derivative financial instruments	117.5	-	-	-	-	117.5	117.5	-	117.5	-
Debt issued and other										
borrowed funds	-	-	-	1,655.9	-	1,655.9	-	-	-	-
Other liabilities	-	-	-	-	76.6	76.6	-	-	-	-
Subordinated loans	-	-	-	100.5	-	100.5	-	-	-	-
Total liabilities	117.5	-	-	3,061.6	76.6	3,255.7	117.5	-	117.5	-

As at 31 March	Consolidated		Investec Bank (Australia) Limited	
$'m	2009	2008	2009	2008

14) Cash and liquid assets

	2009	2008	2009	2008
Cash at bank	53.4	47.2	8.0	16.5
Reserve Bank of Australia Settlement Account	0.7	13.5	0.7	13.5
Bank Bills - with less than three months' maturity	679.2	622.6	679.2	622.6
Short term deposits	219.1	252.4	214.9	246.3
Short term deposits with related parties	100.2	-	100.2	-
Included in cash and cash equivalents (Note 34 (b))	1,052.6	935.7	1,003.0	898.9
Short term deposits not available for day to day operations	1.5	1.3	1.4	1.3
	1,054.1	937.0	1,004.4	900.2

15) Available-for-sale investments

	2009	2008	2009	2008
Bonds	187.7	-	187.7	-
Floating rate notes	430.9	8.4	430.9	8.4
Equity securities at fair value:				
- listed	2.4	7.5	2.4	3.8
- unlisted	41.0	34.7	38.7	25.9
	662.0	50.6	659.7	38.1

Impairment of available-for-sale investments are included in Note 9

16) Trading securities

	2009	2008	2009	2008
Floating rate notes	10.1	24.4	10.1	24.4
Listed equity securities at fair value	-	2.6	-	-
	10.1	27.0	10.1	24.4

17) Derivative financial instruments

Investec Australia 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 in an orderly market transaction at balance sheet date.

	Consolidated			Investec Bank (Australia) Limited		
As at 31 March 2009 $'m	Contract/ notional amount	Fair values Assets	Fair values Liabilities	Contract/ notional amount	Fair values Assets	Fair values Liabilities
Derivatives held for hedging						
Derivatives designated as fair value hedges						
- Interest rate swaps	905.5	5.5	(17.4)	905.5	5.5	(17.4)
Derivatives designated as cashflow hedges						
- Interest rate swaps	994.6	47.8	(43.8)	211.5	47.2	(0.1)
Derivatives designated as hedge of foreign operation						
- Forward exchange contracts	32.9	-	(8.0)	32.9	-	(8.0)
	1,933.0	53.3	(69.2)	1,149.9	52.7	(25.5)
Derivatives not held for hedging						
- Forward exchange contracts	524.3	101.5	(20.4)	524.3	101.5	(20.4)
- Currency swaps	490.9	9.6	(11.2)	490.9	9.6	(11.2)
- Interest rate option	34.8	3.3	(3.3)	34.8	3.3	(3.3)
- Other foreign exchange contracts	7.1	-	-	7.1	-	-
- Interest rate swaps	1,350.5	32.8	(23.8)	1,350.5	32.8	(23.8)
- Interest rate exchange traded futures	202.9	1.7	-	202.9	1.7	-
- Commodity options	114.1	0.5	(0.5)	114.1	0.5	(0.5)
- Commodity swaps and forwards	15.0	17.8	(26.5)	15.0	17.8	(26.5)
- Credit linked note	2.7	-	-	2.7	-	-
- Equity options	-	1.8		-	1.8	-
	2,742.3	169.0	(85.7)	2,742.3	169.0	(85.7)
Total derivatives assets/(liabilities)	4,675.3	222.3	(154.9)	3,892.2	221.7	(111.2)

	Consolidated			Investec Bank (Australia) Limited		
As at 31 March 2008 $'m	Contract/ notional amount	Fair values Assets	Fair values Liabilities	Contract/ notional amount	Fair values Assets	Fair values Liabilities
Derivatives held for hedging						
Derivatives designated as fair value hedges						
- Interest rate swaps	161.9	1.7	(1.4)	161.9	1.7	(1.4)
Derivatives designated as cashflow hedges						
- Interest rate swaps	643.4	6.7	(0.3)	-	-	-
	805.3	8.4	(1.7)	161.9	1.7	(1.4)
Derivatives not held for hedging						
- Forward exchange contracts	559.1	89.4	(41.7)	559.1	89.4	(41.7)
- Currency swaps	117.9	2.0	(7.0)	117.9	2.0	(7.0)
- Interest rate option	6.1	0.0	-	6.1	0.0	-
- Interest rate swaps	2,389.6	13.0	(13.2)	2,389.6	13.0	(13.2)
- Interest rate exchange traded futures	871.8	0.6	(2.0)	871.8	0.6	(2.0)
- Commodity options	434.4	9.4	(9.4)	434.4	9.4	(9.4)
- Commodity swaps and forwards	36.5	17.0	(42.5)	36.5	17.0	(42.5)
- Equity options	-	8.7	-	-	8.7	-
	4,415.4	140.1	(115.7)	4,415.4	140.1	(115.7)
Total derivatives assets/(liabilities)	5,220.7	148.5	(117.5)	4,577.3	141.9	(117.2)

17) Derivative financial instruments

Cash flow hedges

Investec Australia is exposed to variability in future interest cash flows on non-trading liabilities which bear interest at a variable rate. Investec Australia uses interest rate swaps as cash flow hedges of these interest rate risks.

During the year Investec Australia designated foreign debt held into cash flow hedge relationships using cross currency swaps to hedge foreign exchange and interest rate risk. The amount recognised in the cash flow hedge reserve is the net of foreign currency translation on the hedged and hedging item.

	As at 31 March 2009				As at 31 March 2008			
	Consolidated		Investec Bank (Australia) Limited		Consolidated		Investec Bank (Australia) Limited	
$'m	Asset	Liabilities	Asset	Liabilities	Asset	Liabilities	Asset	Liabilities
Fair value of hedge instrument	47.7	(43.8)	47.1	-	6.7	(0.3)	-	-
Amount recognised in equity during the period	41.6	(48.9)	47.3	-	2.9	(1.5)	-	-
Amount removed from equity and included in P&L during the period	0.2	5.4	0.2	-	(0.3)	-	-	-
Period cash flow expected to occur	3 months	1 to 5 yrs	3 months	-	1 to 5 yrs	1 to 5 yrs	-	-
Period cash flow expected to affect profit or loss	3 months	1 to 5 yrs	3 months	-	1 to 5 yrs	1 to 5 yrs	-	-

Fair value hedges

Fair value hedges are used by Investec Australia to protect it against changes in fair value of financial assets and financial liabilities due to movements in exchange rates and interest rates. The financial instruments hedged for interest rate risk include loans, available-for-sale debt securities, debt issued and other borrowed funds. We use forward foreign exchange contracts and currency swaps to hedge against specifically identified currency risks, and interest rate swaps, interest rate futures and options to hedge interest rate risk.

	As at 31 March 2009				As at 31 March 2008			
	Consolidated		Investec Bank (Australia) Limited		Consolidated		Investec Bank (Australia) Limited	
$'m	Asset	Liabilities	Asset	Liabilities	Asset	Liabilities	Asset	Liabilities
Fair value of hedge instrument	-	(11.9)	-	(11.9)	0.3	-	0.3	-
Life to date cumulative gains and losses on hedging instrument	-	(11.9)	-	(11.9)	0.3	-	0.3	-
Year to date current year gains and losses on hedging instrument	-	(12.5)	-	(12.5)	0.7	-	0.7	-
Fair value of hedged item	-	957.3	-	957.3	68.5	-	68.5	-
Life to date cumulative gains and losses on hedged item	-	13.7	-	13.7	(0.4)	-	(0.4)	-
Year to date current year gains and losses on hedged item	-	14.3	-	14.3	(1.3)	-	(1.3)	-

Notes to the Financial Statements

As at 31 March		Consolidated		Investec Bank (Australia) Limited	
$'m		2009	2008	2009	2008
18) Loans and receivables					
Term lending	(i)	2,897.9	2,516.8	2,003.7	1,774.8
Loans - related parties	(ii)	64.5	85.7	64.5	85.7
		2,962.4	2,602.5	2,068.2	1,860.5
Less: Specific impairment for loan impairments		(32.3)	(19.2)	(30.2)	(18.0)
		2,930.1	2,583.3	2,038.0	1,842.5
Impairment allowance for losses on loans and advances					
Balance at 1 April		19.2	4.1	19.2	4.1
Increase in specific impairment for loan impairment		48.5	14.9	45.3	14.9
Arising from acquisition		-	0.9	-	0.9
Amounts utilised (written off) during the year		(35.4)	(0.7)	(34.3)	(0.7)
Balance at 31 March		32.3	19.2	30.2	19.2

Investec Australia does not currently maintain a collective provision for loan impairment.

(i) Term lending maturity analysis is contained in Note 36

(ii) Details of the terms of conditions of related party receivables are set out in Notes 42 and 43

As at 31 March		Consolidated		Investec Bank (Australia) Limited	
$'m		2009	2008	2009	2008
Finance lease receivables					
Minimum lease payments receivable:					
No later than one year		20.7	64.7	2.1	2.7
Later than one year but not later than five years		296.6	186.6	3.7	7.9
Later than five years		29.7	8.3	-	0.3
		347.0	259.6	5.8	10.9
Unearned future finance income on finance leases		(51.3)	(45.5)	(0.3)	(2.3)
Net investment in finance leases		295.7	214.1	5.5	8.6
19) Other financial assets					
Investments in controlled entities		-	-	143.5	120.3
Loans to parent entity		44.5	14.0	34.7	-
	(i)	44.5	14.0	178.2	120.3

(i) Details of the terms of conditions of related party transactions are set out in Note 42 and 43

As at 31 March	Consolidated		Investec Bank (Australia) Limited	
$'m	2009	2008	2009	2008
20) Goodwill				
Goodwill acquired through business combinations has been allocated to two individual cash generating units, which are reportable segments for impairment testing as follows: • Investment banking; and • Investec Experien				
The carrying amount allocated to each of the cash generating units is as follows:				
- Investment banking	49.1	49.1	-	-
- Experien	40.3	40.3	-	-
	89.4	89.4	-	-

Impairment testing of goodwill

Goodwill is subject to annual impairment testing. No impairment loss was considered necessary in the 2009 financial year.

Investment Banking

Goodwill acquired through business combinations has been allocated to investment banking, which is a reportable segment, for impairment testing purposes.

The recoverable amount of goodwill represents a pre-tax historic average earnings multiple of approximately four times. Management are comfortable that this carrying value is supported based on discussions with investment banking executives and available market data for comparable businesses. Management believe that it is highly unlikely that a change in any of the above key assumptions would cause the carrying value to materially exceed its recoverable amount.

Investec Experien

Experien was acquired through a business combination during the prior year. The goodwill amount is derived from the estimated purchase consideration taking into account an upfront payment plus future expected earn-out payments which have now substantially been achieved.

The recoverable amount of goodwill represents a pre-tax historic average earnings multiple of approximately five times. Management are comfortable that this carrying value is supported based on discussions with Experien executives and available market data for comparable businesses. Management believe that it is highly unlikely that a change in any of the above key assumptions would cause the carrying value to materially exceed its recoverable amount.

As at 31 March	Consolidated		Investec Bank (Australia) Limited	
$'m	2009	2008	2009	2008
21) Assets held for sale				
Collgar wind farm	3.8	-	-	-
	3.8	-	-	-

Collgar wind farm is expected to be realised with 12 months. No gain or loss has been recognised to the income statement in the current year.

Notes to the Financial Statements

As at 31 March	Consolidated				Investec Bank (Australia) Limited			
$'m	Brand Name	Wind farms	Computer Software	Total	Brand Name	Wind farms	Computer Software	Total
22) Intangible assets								
Balance as at 1 April 07	-	-	-	-	-	-	-	-
Additions	-	1.7	1.3	3.0	-	1.7	1.3	3.0
Acquisition of Experien Group	0.4	-	-	0.4	-	-	-	-
Balance as at 31 March 08 / 1 April 08	0.4	1.7	1.3	3.4	-	1.7	1.3	3.0
Additions	-	8.0	3.5	11.5	-	3.7	3.5	7.2
Reclassification	-	(3.8)	(1.9)	(5.7)	-	-	(1.9)	(1.9)
Sale of Wind farms	-	(4.0)	-	(4.0)	-	(5.4)	-	(5.4)
Balance as at 31 March 09	0.4	1.9	2.9	5.2	-	-	2.9	2.9
Amortisation:								
Balance as at 1 April 07	-	-	-	-	-	-	-	-
Amortisation and impairment	(0.1)	-	-	(0.1)	-	-	-	-
Balance as at 31 March 08 / 1 April 08	(0.1)	-	-	(0.1)	-	-	-	-
Amortisation and impairment	(0.1)	-	-	(0.1)	-	-	-	-
Balance as at 31 March 09	(0.2)	-	-	(0.2)	-	-	-	-
Net balance 1 April 2008	0.3	1.7	1.3	3.3	-	1.7	1.3	3.0
Net balance 31 March 2009	0.2	1.9	2.9	5.0	-	-	2.9	2.9

Intangible assets

Brand name represents the value attributed to the Experien brand name on acquisition. Windfarms include costs incurred in developing windfarm assets prior to the commencement of the construction. Computer Software comprises the cost of developing a new banking system. All costs acquired separately are measured on initial recognition at cost.

As at 31 March	Consolidated		Investec Bank (Australia) Limited	
$'m	2009	2008	2009	2008

23) Investments accounted for using the equity method

	2009	2008	2009	2008
Investment in associates	7.9	19.8	4.4	16.3
	7.9	19.8	4.4	16.3

Details of associate	Balance Date	Ownership interest held	Place of incorporation	Principal activity
924 Pacific Highway Unit Trust	30 June	33.3%	Australia	Development and leasing of a commercial property
Viridis Energy Capital Pty Limited	30 June	35.3%	Australia	Development of a commercial property
Rozelle Bay Unit Trust	30 June	25.1%	Australia	Development of a commercial property
Global Ethanol Holdings Limited	30 June	20.5%	Australia	Holding investments in various ethanol plants
Canberra Estates Consortium No 19	30 June	25%	Australia	Development of a residential property
Spinnakers Lake Macquarie	30 June	50%	Australia	Development of a commercial property
Apollo Hotel (land) Pty Limited	30 June	50%	Australia	Development of a commercial property
Apollo Hotel (business) Pty Limited	30 June	50%	Australia	Development of a commercial property
Tall Trees Motel (business) Pty Limited	30 June	50%	Australia	Development of a commercial property
Tall Trees Motel (land) Pty Limited	30 June	50%	Australia	Development of a commercial property
Hotel Townsville Pty Limited	30 June	50%	Australia	Development of a commercial property
Mackenzie Towers	30 June	50%	Australia	Development of a commercial property
Bluewater Development (WA) P/L	30 June	50%	Australia	Development of a commercial property
IPCO Investments Limited	30 June	50%	Australia	Development of a commercial property
Experien Insurance Services Pty Limited	30 June	33%	Australia	Insurance broker

23) Investments accounted for using the equity method

$'m	924 Pacific Highway Unit Trust	Viridis Energy Capital Pty Limited	Rozelle Bay Unit Trust	Spinnakers Lake Macquarie	Global Ethanol Holdings Limited	Canberra Estates Consortium No 19	Apollo Hotel (land) Pty Limited
Balance 1 April 2007	0.4	-	2.5	0.1	13.3	-	-
New investments	-	0.1	-	-	-	2.1	0.2
Share of profits/(losses)	0.6	(0.1)	-	0.1	4.3	(0.1)	(0.1)
Share of income tax	(0.2)	-	-	(0.1)	(1.3)	-	-
Disposals	(0.8)	-	-	-	-	-	-
Foreign Exchange translation	-	-	-	-	(2.3)	-	-
Balance 31 March 2008	-	-	2.5	0.1	14.0	2.0	0.1
New investments	-	-	0.4	-	-	0.2	
Share of profits/(losses)	-	-	(0.3)	(0.1)	(11.0)	1.0	(0.1)
Share of income tax	-	-	0.1	-	3.3	(0.3)	-
Goodwill impairment	-	-	-	-	(6.3)		-
Balance 31 March 2009	-	-	2.7	-	-	2.9	-
Groups proportionate share of assets & liabilities:							
Current assets	-	0.5	0.1	-	14.1	-	0.9
Non-current assets	-	-	2.2	0.2	58.4	13.2	3.3
Current liabilities	-	(0.2)	(0.3)	-	(3.9)	-	-
Non-current liabilities	-	-	-	-	(40.1)	(13.6)	(3.7)
Net assets/(liabilities) 31 March 2008	-	0.3	2.0	0.2	28.5	(0.4)	0.5
Current assets	-	0.4	0.1	0.1	12.9	-	0.8
Non-current assets	-	-	2.7	4.3	61.6	22.2	3.1
Current liabilities	-	(0.3)	(1.0)	(0.1)	(10.8)	-	-
Non-current liabilities	-	-	-	(4.2)	(46.6)	(19.8)	(4.2)
Net assets/(liabilities) 31 March 2009	-	0.1	1.8	0.1	17.1	2.4	(0.3)

Apollo Hotel (business) Pty Limited	Tall Trees Motel (business) Pty Limited	Tall Trees Motel (land) Pty Limited	Hotel Townsville Pty Limited	Mackenzie Towers	Bluewater Development (WA) P/L	IPCO Investments Limited	Experien Insurance Services Pty Limited	Consolidated
-	-	-	-	-	-	-	-	16.3
0.1	0.2	0.1	0.8	-	-	-	-	3.6
-	0.1	(0.1)	(0.1)	-	-	-	-	4.6
-	-	-	-	-	-	-	-	(1.6)
-	-	-	-	-	-	-	-	(0.8)
-	-	-	-	-	-	-	-	(2.3)
0.1	0.3	-	0.7	-	-	-	-	19.8
-		-	0.3	0.5	0.3	1.0	-	2.6
(0.1)	(0.3)	-	(0.3)	-	-	(0.6)	-	(11.8)
-	0.1	-	0.1	-	-	0.2	-	3.5
-		-		-	-		-	(6.3)
-	0.1	-	0.8	0.5	0.3	0.6	-	7.9
0.1	0.1	-	0.3	-	-	-	0.03	16.1
1.0	2.6	3.8	4.2	-	-	-	-	88.9
(0.1)	-	-	(0.3)	-	-	-	-	(4.8)
(0.9)	(2.5)	(3.3)	(3.5)	-	-	-	-	(67.6)
0.1	0.2	0.5	0.7	-	-	-	0.03	32.6
0.1	0.1	1.9	0.1	0.1	1.2	14.8	-	32.6
1.0	2.6	1.7	4.3	-	-	10.0	0.2	113.7
(0.8)	(2.0)	(0.3)	(0.2)	(0.1)	-	(14.5)	-	(30.1)
(0.2)	(0.5)	(3.4)	(3.6)	-	-	(5.8)	(0.1)	(88.4)
0.1	0.2	(0.1)	0.6	-	1.2	4.5	0.1	27.8

24) Property, plant and equipment

$'m	Consolidated				Investec Bank (Australia) Limited			
	Leasehold improve-ments	Office equipment & furniture & fittings	Computer equipment	Total	Leasehold improve-ments	Office equipment & furniture & fittings	Computer equipment	Total
At 1 April 2007, net of accumulated depreciation and impairment	3.6	0.7	1.5	5.8	3.6	0.7	1.5	5.8
Additions	1.9	0.8	1.9	4.6	1.9	0.8	1.9	4.6
Reclassification	-	-	-	-	-	-	-	-
Acquired on acquisition	-	0.7	-	0.7	-	-	-	-
Disposals	-	-	(0.2)	(0.2)	-	-	(0.2)	(0.2)
Impairment	-	-	-	-	-	-	-	-
Depreciation charge for the year	(0.5)	(0.3)	(0.8)	(1.6)	(0.5)	(0.2)	(0.8)	(1.5)
At 31 March 2008 / 1 April 2007, net of accumulated depreciation and impairment	5.0	1.9	2.4	9.3	5.0	1.3	2.4	8.7
Additions	1.3	0.7	0.4	2.4	1.3	0.6	0.4	2.3
Reclassification	-	-	1.9	1.9	-	-	1.9	1.9
Disposals	-	(0.2)	-	(0.2)	-	-	-	-
Depreciation charge for the year	(0.7)	(0.6)	(0.8)	(2.1)	(0.7)	(0.4)	(0.8)	(1.9)
At 31 March 2009, net of accumulated depreciation and impairment	5.6	1.8	3.9	11.3	5.6	1.5	3.9	11.0
At 31 March 2008								
Cost or fair value	6.6	2.7	6.4	15.7	6.6	2.0	6.4	15.0
Accumulated depreciation and impairment	(1.6)	(0.8)	(4.0)	(6.4)	(1.6)	(0.7)	(4.0)	(6.3)
Net carrying amount	5.0	1.9	2.4	9.3	5.0	1.3	2.4	8.7
At 31 March 2009								
Cost or fair value	7.9	3.6	8.7	20.2	7.9	2.6	8.7	19.2
Accumulated depreciation and impairment	(2.3)	(1.8)	(4.8)	(8.9)	(2.3)	(1.1)	(4.8)	(8.2)
Net carrying amount	5.6	1.8	3.9	11.3	5.6	1.5	3.9	11.0

As at 31 March		Consolidated		Investec Bank (Australia) Limited	
$'m		2009	2008	2009	2008
25) Other assets					
Trade debtors		9.4	11.5	3.4	5.7
Sundry debtors		9.2	2.4	7.1	1.8
Underwriting deposit		12.1	-	12.1	-
Prepayments		4.2	4.3	1.9	2.6
Receivables from related entities		2.5	-	2.3	-
		37.4	18.2	26.8	10.1
Details of the terms of conditions of related party payables are set out in Note 42					
26) Customer accounts					
On demand and short-term deposits *		514.5	312.8	514.5	312.8
Term deposits *		1,453.7	992.4	1,453.7	992.4
	(a)	1,968.2	1,305.2	1,968.2	1,305.2
a) The maturity analysis is contained in Note 36					
27) Debt Issued and other borrowed funds					
Interest bearing notes payable *		906.8	762.5	-	-
Debt issued *		1,301.7	870.8	1,301.7	870.8
Unsecured loans from related entities		-	14.4	-	15.0
Loans from controlled entities		-	-	5.7	36.1
Loans from parent entity		4.7	8.2	4.7	7.3
		2,213.2	1,655.9	1,312.1	929.2
• Details of the terms of conditions of related party payables are set out in Note 42					
• The maturity analysis is contained in Note 36					
28) Subordinated debt					
Fixed rate subordinated notes (6.75%) *		22.3	20.9	22.3	20.9
Floating rate subordinated notes *		78.7	79.6	78.7	79.6
	(a)	101.0	100.5	101.0	100.5

a) Subordinated notes are subordinated in right of payment to the claims of depositors and all other creditors of the company. Subordinated notes with an original maturity of at least 5 years constitute lower Tier 2 capital as defined by the Australian Prudential Regulation Authority for capital adequacy purposes. These subordinated notes were issued 6 December 2004 ($75 million) maturing December 2014 and 10 August 2005 ($25 million) maturing August 2015.

* Items flagged are included in the Concentration of Risk disclosure in the Risk Management section of this report

Notes to the Financial Statements

As at 31 March		Consolidated		Investec Bank (Australia) Limited	
$'m		2009	2008	2009	2008
29) Concentration of risk					
The consolidated entity has an exposure to grouping of individual deposits & debt issuances (including subordinated debt) which concentrate risk and create exposure to particular segments as follows:					
Private client		1,358.0	930.9	1,358.0	930.9
Corporate and institutional		2,919.7	2,108.2	2,012.9	1,345.7
		4,277.7	3,039.1	3,370.9	2,276.6
30) Other liabilities					
Trade payables		3.6	2.4	1.9	1.8
Other payables		32.6	36.7	26.5	17.1
Employee benefits		8.6	37.5	8.3	36.9
		44.8	76.6	36.7	55.8
31) Share capital					
291,697,616 Ordinary shares fully paid	(i)	291.7	291.7	291.7	291.7
		291.7	291.7	291.7	291.7

(i) Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up Investec Australia, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up to shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of Investec Australia.

As at 31 March	Consolidated		Investec Bank (Australia) Limited	
$'m	2009	2008	2009	2008
32) Retained earnings				
Movements in retained earnings were as follows:				
Balance 1 April	353.6	293.3	314.1	267.6
Net profit for the year	(2.4)	61.7	34.8	47.9
Net income recognised directly to equity	-	(0.7)	-	(0.7)
Transfer to general reserve for credit losses	(16.0)	(0.7)	(16.0)	(0.7)
Balance 31 March	335.2	353.6	332.9	314.1

33) Other reserves

	Consolidated					
$'m	Net unrealised gains reserve	Employee benefits reserve	Foreign currency translation reserve	Cash flow hedge reserve	General reserve for credit losses	Total
Balance 1 April 2007	1.8	0.9	-	-	17.1	19.8
Net unrealised gains / (losses) on available-for-sale investments net of tax effect	(2.3)	-	-	-	-	(2.3)
Impairment of available-for-sale investments net of tax effect	0.3	-	-	-	-	0.3
Net unrealised gains / (losses) on foreign exchange net of tax effect	-	-	(1.6)	-	-	(1.6)
Fair value movement on cash flow hedges net of tax effect	-	-	-	0.8	-	0.8
Transfer from retained Earnings	-	-	-	-	0.7	0.7
Balance 31 March 2008	(0.2)	0.9	(1.6)	0.8	17.8	17.7
Net unrealised gains / (losses) on available-for-sale investments net of tax effect	(5.1)	-	-	-	-	(5.1)
Impairment of available-for-sale investments net of tax effect	2.4	-	-	-	-	2.4
Net unrealised gains / (losses) on foreign exchange net of tax effect	-	-	(5.5)	-	-	(5.5)
Fair value movement on cash flow hedges net of tax effect	-	-	-	(33.2)	-	(33.2)
Transfer from retained Earnings	-	-	-	-	16.0	16.0
Balance 31 March 2009	(2.9)	0.9	(7.1)	(32.4)	33.8	(7.7)

Net unrealised gains reserve

This reserve records fair value changes on available-for-sale investments. Also recorded here is the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge. Amounts are recorded net of tax.

General reserve for credit losses

The general reserve for credit losses represents transfers from retained earnings to meet requirements under relevant banking legislation. We make an appropriation to the general reserve for credit losses for unforeseeable risks and future losses.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the net investment in foreign operations, net of the effects of hedging.

Cash flow hedge reserve

This reserve comprises the portion of gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

Employee benefits reserve

The Employee benefits reserve represents equity settled share-based payments in respect of services received from employees.

	Investec Bank (Australia) Limited					
	Net unrealised gains reserve	Employee benefits reserve	Foreign currency translation reserve	Cash flow hedge reserve	General reserve for credit losses	Total
	1.1	0.9	-	-	17.1	19.1
	(1.2)	-	-	-	-	(1.2)
	-	-	-	-	-	-
	-	-	(1.6)	-	-	(1.6)
	-	-	-	-	-	-
	-	-	-	-	0.7	0.7
	(0.1)	0.9	(1.6)	-	17.8	17.0
	(5.4)	-	-	-	-	(5.4)
	2.4	-	-	-	-	2.4
	-	-	(5.6)	-	-	(5.6)
	-	-	-	0.3	-	0.3
	-	-	-	-	16.0	16.0
	(3.1)	0.9	(7.2)	0.3	33.8	24.7

Financial statements

As at 31 March		Consolidated		Investec Bank (Australia) Limited	
$'m		2009	2008	2009	2008
34) Notes to the statement of cash flow					
(a) Reconciliation of profit for the year to net cash flows from operating activities					
Net profit / (loss) before income tax		(4.4)	75.0	28.5	57.4
Net decrease / (increase) in assets at fair value through the Income Statement		3.9	(27.9)	(1.6)	(27.9)
Loss on acquisition		-	1.5	-	1.5
Amortisation of leasehold improvements		0.7	0.5	0.7	0.5
Amortisation of intangibles		0.1	0.1	-	-
Asset expense		1.4	1.1	1.2	1.0
Loss on sale property plant and equipment		0.2	0.2	-	0.2
Net loss/(gains) on disposal of available-for-sale investments		0.1	(6.7)	0.1	(3.5)
Net loss/(gains) on disposal of intangible assets		(10.0)	-	-	-
Impairment of available-for-sale investments		4.7	(0.5)	3.2	-
Write-off of available-for-sale investments		7.7	-	21.7	-
Bad debts written off / (recovered)		34.6	-	33.5	-
Management fees received from subsidiaries		-	-	(8.6)	(3.5)
Dividends received		-	(0.3)	(48.0)	-
Share of net (gain) / loss of associate accounted for using the equity method		14.5	(3.0)	-	-
Increase / (decrease) in capitalisation of net fees and interest relating to an integral part of a loan		7.2	(5.2)	7.2	(5.2)
Increase / (decrease) in interest payable on deposits		(12.5)	4.0	(12.5)	4.0
(Increase) / decrease in provision for employee entitlements		(28.9)	(2.6)	(28.6)	(3.2)
Decrease/(increase) in net receivables		(16.8)	(0.4)	(15.1)	(8.3)
Decrease/(increase) in prepayments		0.1	(2.0)	0.7	(0.3)
(Decrease) / Increase in trade and other creditors		(2.9)	19.0	9.5	0.6
Increase in provision for impairments		13.1	15.3	12.2	14.3
		12.7	68.0	4.0	27.6
(b) Reconciliation of cash					
For the purpose of the statement of cash flows, cash includes money at short call, bills, at call deposits with other financial institutions and settlement account balances with other banks.					
Cash at bank		53.4	47.2	8.0	16.5
Bank bills - with less than three months' maturity		679.2	622.6	679.2	622.6
Short term deposits		219.1	252.4	214.9	246.4
Due from other financial institutions - at call		0.7	13.5	0.7	13.5
Short term deposits with related parties		100.2	-	100.2	-
	(a)	1,052.6	935.7	1,003.0	899.0

a) Of this balance $ Nil (2008 $130 million) relates to a commitment to hold a pool of assets at a quality specified by the RBA in relation to its gold deposit. This pool of assets is classified as a cash equivalent on the basis that it is readily convertible to known amounts of cash and is subject to an insignificant risk of changes in value.

Financial statements

As at 31 March	Consolidated		Investec Bank (Australia) Limited	
$'m	2009	2008	2009	2008

34) Notes to the statement of cash flow

(c) Financing facilities

At reporting date, the following financing facilities had been negotiated and were available:

	2009	2008	2009	2008
Total facilities				
- Bank overdraft	-	-	-	-
- Standby facilities	-	-	-	-
- Bill acceptance/discount facilities	20.0	20.0	20.0	20.0
- Securitisation warehouse	1,093.0	1,519.9	-	-
Facilities used at reporting date				
- Bank overdraft	-	-	-	-
- Standby facilities	-	-	-	-
- Bill acceptance/discount facilities	0.3	5.3	0.3	5.3
- Securitisation warehouse	918.0	757.6	-	-
Facilities unused at reporting date				
- Bank overdraft	-	-	-	-
- Standby facilities	-	-	-	-
- Bill acceptance/discount facilities	19.7	14.7	19.7	14.7
- Securitisation warehouse	175.0	762.3	-	-

35) Change in composition of entity

Acquisition of Investec Experien Pty Limited (Formerly Experien Pty Limited)

On 1 October 2007, Investec Bank (Australia) Limited acquired 100% of the voting shares of Experien Pty Limited, an unlisted company based in Australia specialising in finance to healthcare and accounting professionals.

Loss for the period 1 October 2007 to 31 March 2008 included within the consolidated financial results was $659,639 (pre income tax $923,339). For the period 1 April 2007 to 31 March 2008 the Experien Group's loss was $1,097,055 (pre income tax $1,539,577).

The total cost of the combination was $31,679,609 and comprised of the payment of cash $3,150,000, future earn-out payments of $8,096,261 and the reclassification of option previously held.

The contingent consideration comprises the present value of future payments to be made to the previous owners of the business if certain annual and cumulative loan book, margin and profit targets are achieved. The earn-out is payable in instalments over a three year period.

Goodwill represents the difference between the net fair value of assets and liabilities acquired and the present value of the estimated purchase consideration. The value of goodwill is attributed to the future growth potential under the Investec stewardship.

The fair value of the identifiable assets and liabilities of Experien Pty Limited as at the date of acquisition are:

	Consolidated	
$'m	Recognised on acquisition	Carrying Value at date of acquisition
Cash and liquid assets	33.1	33.1
Loans and receivables	693.7	698.7
Property, plant and equipment	0.5	0.5
Goodwill	40.2	-
Intangible assets	0.4	-
Deferred income tax assets	9.8	1.7
Other assets	4.9	4.8
	782.6	738.8
Interest bearing liabilities	731.0	731.0
Other liabilities	11.5	11.5
Current income tax liabilities	8.4	8.4
	750.9	750.9
Fair value of net assets	31.7	(12.1)
Purchase price	31.7	

36) Maturity analysis of assets and liabilities

The following tables analyse the assets and liabilities into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. Refer to the Risk Management section of this report for the contractual undiscounted repayment obligations.

	Consolidated						
Maturity period at 31 March 2009 $'m	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	> 5 years	Not specified	Total
Assets							
Cash and liquid assets	835.0	219.0	-	-	-	0.1	1,054.1
Derivative financial instruments	22.3	24.7	97.0	36.3	24.8	17.1	222.3
Available-for-sale investments	-	16.5	76.4	528.1	41.1	-	662.0
Trading securities	-	10.1	-	-	-	-	10.1
Loans and receivables	143.5	294.8	1,105.0	1,221.6	143.7	21.6	2,930.1
Investments accounted for using the equity method	-	-	-	-	-	7.9	7.9
Other assets	-	-	-	-	-	214.8	214.8
Total assets	1,000.8	565.0	1,278.4	1,786.0	209.6	261.5	5,101.3
Liabilities							
Customer accounts (1)	1,207.0	398.4	232.1	122.7	7.9	-	1,968.2
Derivative financial instruments	13.2	1.9	57.9	50.3	27.3	4.0	154.9
Debt issued and other borrowed funds	205.0	130.4	688.3	1,171.5	13.1	4.8	2,213.2
Other liabilities	-	-	-	-	-	44.8	44.8
Subordinated loans	-	-	75.7	25.1	-	-	101.0
Total liabilities	1,425.1	530.8	1,054.2	1,369.7	48.4	53.6	4,482.1

(1) Includes substantial "core" deposits that are contractually at call and are represented as such in this disclosure, but history demonstrates such accounts provide a stable source of long term funding.

The above maturity analysis reflects Investec Australia's financial assets and liabilities.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of Investec Australia. It is unusual for banks to be completely matched, as transacted business is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature are important factors in assessing the liquidity and its exposure to changes in interest rates and exchange rates.

36) Maturity analysis of assets and liabilities

	Consolidated						
Maturity period at 31 March 2008 $'m	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	> 5 years	Not specified	Total
Assets							
Cash and liquid assets	841.8	78.8	15.1	-	1.3	-	937.0
Derivative financial instruments	5.1	4.1	70.3	67.0	2.0	-	148.5
Available-for-sale investments	-	-	-	41.9	8.7	-	50.6
Trading securities	2.6	-	15.0	9.4	-	-	27.0
Loans and receivables	455.6	164.7	597.5	1,211.9	153.6	-	2,583.3
Investments accounted for using the equity method	-	-	-	-	19.8	-	19.8
Other assets	-	-	-	-	-	152.5	152.5
Total assets	1,305.1	247.6	697.9	1,330.2	185.4	152.5	3,918.7
Liabilities							
Customer accounts (1)	724.5	283.0	215.7	72.0	10.0	-	1,305.2
Derivative financial instruments	15.0	4.8	58.9	38.4	0.4	-	117.5
Debt issued and other borrowed funds	313.5	123.2	477.4	738.1	3.7	-	1,655.9
Other liabilities	5.9	3.7	66.7	0.4	-	-	76.6
Subordinated loans	-	-	-	-	100.5	-	100.5
Total liabilities	1,058.7	414.7	818.7	848.9	126.3	-	3,255.7

37) Fair value of financial instruments

Set out below is a comparison by class of the carrying amounts and fair values of the financial instruments that are carried in the financial statements. The table does not include the fair values of non-financial assets and non-financial liabilities.

As at 31 March $'m	Carrying value 2009	Fair value 2009	Unrecognised Gain/(loss) 2009	Carrying value 2008	Fair value 2008	Unrecognised Gain/(loss) 2008
Financial assets						
Cash and liquid assets	1,054.1	1,054.1	-	937.0	937.0	-
Derivative financial instruments	221.8	221.8	-	148.5	148.5	-
Financial investments - available-for-sale	662.0	662.0	-	50.6	50.6	-
Financial assets held for trading	10.1	10.1	-	27.0	27.0	-
Loans and advances to customers	2,930.1	2,915.3	(14.8)	2,583.3	2,568.4	(14.9)
Financial liabilities						
Customer accounts	1,968.2	1,968.2	-	1,305.2	1,305.8	(0.6)
Derivative financial instruments	154.5	154.5	-	117.5	117.5	-
Debt issued and other borrowed funds	2,213.2	2,206.4	(6.8)	1,655.9	1,655.9	-
Subordinated loans	101.0	101.2	0.2	100.5	101.1	(0.6)
Total unrecognised change in unrealised fair value			(20.6)			(16.1)

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

Assets of which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or having a short term maturity (less than twelve months) it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to all Private client deposits without a specific maturity and variable rate financial instruments.

Fixed rate financial instruments

The fair value of fixed rate financial assets and financial liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates offered for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk maturity. For quoted debt issued the fair values are calculated based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on current interest rate yield curve appropriate for the remaining term.

As at 31 March		Consolidated		Investec Bank (Australia) Limited	
$'m		2009	2008	2009	2008
38) Commitments and contingencies					
Operating lease commitments - As lessee					
- not later than one year		9.7	9.7	9.7	9.3
- later than one year and not later than five years		17.6	26.1	17.6	25.7
- longer than five years		2.1	3.8	2.1	3.8
	(a)	29.4	39.6	29.4	38.8
Operating lease commitments - As lessor					
- not later than one year		4.2	3.9	4.2	3.9
- later than one year and not later than five years		1.1	4.9	1.1	4.9
- longer than five years		-	-	-	-
		5.3	8.8	5.3	8.8
Capital commitments					
- not later than one year		2.1	14.7	2.1	4.8
- later than one year and not later than five years		-	2.8	-	0.7
		2.1	17.5	2.1	5.5

There are no restrictions imposed on the lease of space other than those forming part of the negotiated lease arrangements for each specific premise.

a) The commitment is mainly in respect of an operating lease arrangement entered into for the rental of office space in The Chifley Tower, Sydney.

Guarantees and commitments to provide credit

Investec Bank (Australia) Limited is involved in a range of transactions that give rise to contingent and/or future liabilities. These transactions meet the financing requirements of customers and include guarantees and commitments to provide credit.

These transactions combine varying levels of credit, interest rate and liquidity risk. In accordance with Investec Australia's policy, exposure to any of these transactions is not carried at a level that would have a material effect on the financial condition of Investec Australia.

Details of contingent liabilities and off balance sheet business (excluding derivatives) are:

	Consolidated			
As at 31 March	Carrying Amount		Credit Equivalent	
$'m	2009	2008	2009	2008
Guarantees entered into in the normal course of business	60.6	102.1	60.6	102.1
Commitments to provide credit:				
- One year or less	246.8	465.0	160.3	352.2
- Over one year	-	-	-	-
	307.4	567.1	220.9	454.3

38) Commitments and contingencies

Guarantees represent unconditional undertakings by Investec Bank (Australia) Limited to support the obligations of its customers to third parties.

Commitments to provide credit include all obligations on the part of Investec Bank (Australia) Limited to provide credit facilities.

The transactions are categorised and credit equivalents calculated under APRA guidelines for the risk based measurement of capital adequacy.

The credit equivalent exposure from direct credit substitutes (guarantees) is the face value of the transaction. The exposure to commitments to provide credit is calculated by applying given credit conversion factors to the face value to reflect the duration, the nature and the certainty of the contractual undertaking to provide the facility.

Where the potential loss depends on the performance of a counterparty, Investec Bank (Australia) Limited utilises the same credit policies and assessment criteria for off balance sheet business as it does for on balance sheet business and if it is deemed necessary, collateral is obtained based on management's credit evaluation of the counterparty. If a probable loss is identified, suitable provisions are raised.

Remuneration commitments

Investec Bank (Australia) Limited has a commitment to make certain performance based payments in future years to two employees. A provision of $0.5 million has been recognised in these financial statements.

Legal claims

Investec Australia is presently engaged in litigation arising from the sale of security property pursuant to the recovery of a loan. The trial commenced on 13 June 2007 and concluded on 26 June 2007. Judgement was awarded against Investec Australia. We appealed the judgement and the Appeal was heard on 10 June 2008. We are still waiting for the judgement to be handed down. A provision of $3.0 million has been recognised in these financial statements.

There are no other outstanding material legal claims as at 31 March 2009.

39) Events after the balance date

There have been no significant events which have occurred subsequent to 31 March 2009.

As at 31 March	Consolidated		Investec Bank (Australia) Limited	
$'m	2009	2008	2009	2008

40) Fiduciary activities

The Consolidated Entity conducts investment management and other fiduciary activities for numerous investment funds and trusts.
The aggregate amounts of funds concerned, which are not included in the Consolidated Entity's balance sheet, are as follows:

Funds under advice	495.8	689.3	-	-
Funds under management	806.7	711.9	-	-
Funds managed and committed	1,302.5	1,401.2	-	-

As at 31 March	Consolidated		Investec Bank (Australia) Limited	
$'000	2009	2008	2009	2008

41) Auditor's remuneration

The auditor of Investec Bank (Australia) Limited is Ernst & Young.
The auditor of the Experien Group was Deloitte Touche Tohmatsu.
The following amounts were paid to the auditors:

• Audit fees	828	756	828	530
• Audit related fees	467	158	375	158
• Tax fees	348	373	348	373
• Other services	-	71	-	-
	1,643	1,358	1,551	1,061
Audit Fees by audit firm:				
Ernst & Young	1,551	1,061	1,551	1,061
Deloitte Touche Tohmatsu	92	297	-	-
	1,643	1,358	1,551	1,061

The Audit and Compliance Committee has considered the non-audit services provided by the auditors and is satisfied that the services and the level of fees are compatible with maintaining the auditor's independence.

Audit fees consist of fees for the audit of the annual consolidated financial statements of Investec Australia, the audit of the annual financial statements of Investec Bank (Australia) Limited and each of its controlled entities that are required to prepare financial statements and review and audit opinions to the head office auditor of the ultimate controlling entity.

Audit-related fees consist of (i) fees for services required by statute or regulation that are reasonably related to the performance of the audit or review of the financial statements and which are traditionally performed by the external auditor, and (ii) fees for other assurance services reasonably related to the audit or review of the financial statements, including accounting and regulatory consultations.

Tax fees consist of fees for tax advisory and tax compliance services.

Ernst & Young are also auditors of a number of funds and trusts that Investec Australia conduct investment management and other fiduciary activities. These funds and trusts are not consolidated into the Consolidated Entity's balance sheet. The audit fees for these funds and trusts in the period were $229,000 (2008: $158,000).

Notes to the Financial Statements

42) Related party disclosure

The consolidated financial statements include the financial statements of Investec Bank (Australia) Limited and the subsidiaries listed in the following table.

As at 31 March		% Beneficial Interest		Investment ($)	
Name	Country of incorporation	2009	2008	2009	2008
Parent Entity:					
Investec Bank (Australia) Limited	Australia	-	-	-	-
Subsidiaries of Investec Bank (Australia) Limited:					
Wentworth Associates Pty Limited	Australia	100%	100%	64,176,015	64,176,015
Investec Wentworth Pty Limited	Australia	100%	100%	-	-
Investec Wentworth Private Equity Limited	Australia	100%	100%	5	5
IWPE Nominees Pty Limited	Australia	100%	100%	12	12
Investec Australia Direct Investments Pty Limited	Australia	100%	100%	12	12
Investec Property Limited	Australia	100%	100%	5,000,000	5,000,000
Investec Private Advisers Pty Limited	Australia	100%	100%	862,456	862,456
Dartgrove Pty Limited	Australia	100%	100%	24	24
Investec Australia Funds Management Limited	Australia	100%	100%	100	100
Investec (Australia) Investment Management Pty Limited	Australia	100%	100%	-	-
Oaklands Hill Wind Farm Pty Limited	Australia	-	100%	-	-
Cooper's Gap Pty Limited	Australia	-	100%	-	-
Investec Experien Pty Limited (formerly Experien Pty Limited)	Australia	100%	100%	31,679,609	31,679,609
Experien Securitisation Trust	Australia	100%	100%	-	-
Experien Securitisation Trust No. 2	Australia	100%	100%	-	-
Experien Securitisation Trust No. 3	Australia	100%	100%	-	-
Experien Warehouse Trust	Australia	100%	100%	-	-
Impala Trust No. 1	Australia	100%	100%	41,817,538	18,595,782
Nyala Trust	Australia	100%	-		
Experien Nominees Pty Limited	Australia	100%	100%	-	-
MSN 1195 Pty Limited	Australia	-	100%	-	2
MSN 1438 Pty Limited	Australia	100%	100%	2	2
Investec Power Holdings Pty Ltd (formerly Investec Wind Farm Holdings Pty Limited)	Australia	100%	100%	-	-
Mannum PowerCo Pty Ltd	Australia	100%	-	-	-
Collgar Wind Farm Pty Ltd	Australia	100%	-	-	-
Tungkillo PowerCo Pty Ltd	Australia	100%	-	-	-
Total				143,535,775	120,314,019

Investec Bank (Australia) Limited's ultimate Australian parent entity is Investec Holdings Australia Limited. Its ultimate parent is Investec plc, incorporated in the United Kingdom.

Notes to the Financial Statements

42) Related party disclosure

The following provides the total amount of transactions that were entered into with related parties for the relevant financial year:

Wholly owned group transactions

Loans

1. Interest free loans were made between Investec Bank (Australia) Limited to wholly owned subsidiaries with no fixed repayment date.
2. On entering into tax consolidation, interest free loans were made between Investec Holdings Australia Limited (parent entity) and its subsidiaries (Investec Australia) with no fixed repayment date.
3. Investec Bank (Australia) Limited has provided Investec Experien Pty Limited a variable line of credit. Balance as at 31 March 2009 is $6,926,625 (2008: $17,315,067). The facility is at normal commercial terms. $1,174,144 interest was earned on the facility.

Management fees

1. Investec Bank (Australia) Limited receives management fees from wholly owned subsidiaries in respect of services provided by personnel employed by the Chief Entity.

Other related party transactions

Related party	Balance Mar 09	Balance Mar 08	Interest rate	Term	Interest expense/ (income) Mar 09	Interest expense Mar 08
Investec Limited (current account)	$(1,985,864)	$1,159,747	0.00%	no fixed repayment date	-	-
Investec Bank Mauritius	-	$4,154,542	2.75%	90 day term USD facility	$64,864	$116,208
Investec Bank Mauritius	-	$9,008,666	7.28%	90 day term	$304,350	$182,947
Investec Asset Management UK Limited (current account)	$(1,056)	($48,440)	0.00%	no fixed repayment date	-	-
Investec Bank Plc (current account)	$(459,151)	$2,392,774	0.00%	no fixed repayment date	-	-
Investec Bank Plc	$(100,151,370)	-	4.00%	10 day Notice deposit	$(151,370)	-
Investec Bank Plc	$170,008	-	17.76%	semi-annual coupon	$170,008	-
Investec Bank Plc	$4,624,675	$5,879,412	6.18%	10 year amortising loan - started in 2002 financial year.	$327,630	$ 475,789

42) Related party disclosure

Loans to associates

Related party	Balance Mar 09	Balance Mar 08	Interest rate	Original term
Viridis Investment Management Limited	-	$9,797	2.25%	1 year guarantee facility
Viridis Investment Management Limited	-	$15,898,749	10.66%	20 month interest only facility
Viridis Investment Management Limited	-	$20,000,000	10.41%	20 month interest only facility
Global Ethanol Holding Limited	$21,407,856	$21,407,856	0.00%	6 year Interest free facility
Canberra Estates Consortium No 19	$3,915,920	$4,834,797	8.21%	3 year interest capitalising facility
Spinnakers Lake Macquarie	$1,580,000	$1,580,000	8.98%	2 year interest only facility
Spinnakers Lake Macquarie	$998,817	$888,962	9.13%	2 year interest only facility
Apollo Hotel (land) Pty Limited	$976,838	$798,998	9.88%	2 year interest only facility
Apollo Hotel (land) Pty Limited	$759,189	$675,222	10.03%	2 year interest only facility
Apollo Hotel (business) Pty Limited	$230,000	$230,000	9.88%	2 year interest only facility
Apollo Hotel (business) Pty Limited	$220,410	$196,032	10.03%	2 year interest only facility
Tall Trees Motel (business) Pty Limited	$649,062	$935,866	9.5%	2 year interest only facility
Tall Trees Motel (business) Pty Limited	$399,598	$356,632	9.65%	2 year interest only facility
Tall Trees Motel (land) Pty Limited	$183,022	$163,343	9.65%	2 year interest only facility
Tall Trees Motel (land) Pty Limited	$300,000	$300,000	9.5%	2 year interest only facility
Hotel Townsville Pty Limited	$1,548,000	$1,548,000	6.11%	2 year interest only facility
IPCO Investments Pty Ltd	$14,514,292	-	5.79%	2 year interest capitalising facility

Credit Linked Notes

1. Investec Bank (Australia) Limited provided Investec Bank Plc with a unfunded Credit Linked Note facility of € 1,000,000 (AUD $1,927,896). The Credit Linked Notes issued under this facility indemnify Investec Bank Plc against half of the exposure on a guarantee facility provided by Investec Bank Plc for € 2,000,000. Credit Linked Notes issued under this facility at 31 March 2009 are € 1,000,000 (2008: € 1,000,000). Investec Bank Plc pays a fee calculated as a percentage of the value of Credit Linked Notes issued.

Derivatives

1. Investec Bank (Australia) Limited entered into an interest rate swap and commodity averaging contracts with Investec Bank Plc valued at a positive market value of AUD11,259,532 (2008: negative market value of AUD4,111,410).

43) Director and relevant executive disclosure

(a) Details of directors and relevant executives

Directors	
David Gonski	Chairman
Geoffrey Levy	Deputy Chairman
Alan Chonowitz	Deputy Chief Executive Officer (CEO) and Chief Financial Officer
Brian Schwartz	Former CEO, Resigned 31 March 2009
Bradley Tapnack	Non -Executive Director
John Murphy	Executive Director
Kathryn Spargo	Non-Executive Director
Peter Thomas	Non-Executive Director
Richard Longes	Non-Executive Director
Robert Mansfield	Non-Executive Director
Stephen Koseff	Non-Executive Director

Certain directors are directors of other companies in the Investec plc and Investec Limited Group.

(b) Compensation of director and relevant executives

	Consolidated		Investec Bank (Australia) Limited	
As at 31 March 2009	2009	2008	2009	2008
Short-term employee benefits	4,423,077	12,433,583	4,423,077	12,433,583
Post-employment benefits	374,974	115,918	374,974	115,918
Other long-term benefits	(33,978)	(12,037)	(33,978)	(12,037)
Termination benefits	-	-	-	-
Share-based payments	1,636,174	1,546,183	1,636,174	1,546,183
	6,400,248	14,083,648	6,400,248	14,083,648

(c) Loans and guarantees to director and relevant executives

Guarantees

Related party	Balance Mar 09	Balance Mar 08	Term
Stridecorp Pty Limited (1)	-	$272,253	Back to back guarantee under normal commercial terms, guarantee is fully secured by a cash deposit and expired during the current year.

(1) Alan Chonowitz is a director of Stridecorp Pty Limited

43) Director and relevant executive disclosure

(c) Loans and guarantees to director and relevant executives

Loans

Related party	Balance Mar 09	Balance Mar 08	Average Interest rate	Facility Limit	Term
Alan Chonowitz	$2,820,906	$3,081,807	5.15%	$6,021,875	Normal commercial terms
Alan Chonowitz	$159,701	$159,701	0.00%	$159,701	Interest free, 3 yr bullet non-revolving cash advance facility (4)
APM Enterprises Pty Ltd (1)	$189,768	$191,308	6.06%	$300,000	Normal commercial terms
APM Enterprises Pty Ltd (1)	$535,786	$493,105	10.00%	$2,250,000	Non recourse loan
Brian Schwartz	$159,701	$159,701	0.00%	$159,701	Interest free, 3 yr bullet non-revolving cash advance facility (4)
Brian Schwartz	$683,464	$558,000	5.64%	$3,000,000	Normal commercial terms
David Gonski	$159,701	$159,701	0.00%	$159,701	Interest free, 3 yr bullet non-revolving cash advance facility (4)
Eminence Grise Pty Limited (6)	$226,486	-	7.22%	$250,000	Normal commercial terms
GDL Investments Pty Ltd (2)	$1,029,054	$1,072,113	5.14%	$1,100,000	Normal commercial terms
Geoffrey Levy	-	$1,469,772	10.83%	$2,000,000	Normal commercial terms
Geoffrey Levy	$159,701	$159,701	0.00%	$159,701	Interest free, 3 yr bullet non-revolving cash advance facility (4)
Gooinda Pty Limited (3)	$1,338,021	$1,288,021	4.78%	$2,100,000	Normal commercial terms
John Murphy	$3,371,568	$4,278,231	6.15%	$4,450,000	Normal commercial terms
John Murphy	$144,000	$144,000	0.00%	$144,060	Interest free, 3 yr bullet non-revolving cash advance facility (4)
Tuwele Pty Limited (5)	$2,14 1,168	$1,715,324	10.00%	$9,000,000	Non recourse loan

1) APM Enterprises Pty Limited is an investor in the MGB Equity Growth Unit Trust (MGB) and the Investec Wentworth Property Opportunity Fund (IPOF). Investec Wentworth Private Equity Limited (formerly Investec Wentworth Private Equity Pty Limited) (subsidiary of the Chief Entity) acts as manager of MGB and IPOF. John Murphy is a director of Investec Wentworth Private Equity Limited (formerly Investec Wentworth Private Equity Pty Limited). John Murphy's wife is a director of APM Enterprises Pty Limited.

2) Geoffrey Levy is a director of GDL Investments Pty Limited.

3) Brian Schwartz is a director of Gooinda Pty Limited.

4) Loan provided in connection with and part of the Investec Group's long term incentive plan.

5) John Murphy is a director of Tuwele Pty Limited

6) Kathryn Spargo is a director of Eminence Grise Pty Limited

44) Financial risk management

Investec Australia faces a number of risks that could affect our business operations. These risks are summarised below.

Key risks

- Credit and counterparty risk exposes us to losses caused by financial or other problems experienced by our clients
- Liquidity risk may impair our ability to fund our operations
- Our net interest earnings and net asset value may be adversely affected by interest rate risk
- Market, business and general economic conditions and fluctuations could adversely affect our businesses in a number of ways
- We may be unable to recruit, retain and motivate key personnel
- Employee misconduct could cause harm that is difficult to detect
- Operational risk may disrupt our business or result in regulatory action
- We may be vulnerable to the failure of our systems and breaches of our security systems
- We may have insufficient capital in the future and may be unable to secure additional financing when it is required
- The financial services industry in which we operate is intensely competitive
- Legal and regulatory risks are substantial in our businesses
- Reputational and strategic risk

The sections that follow provide information on the main risks the entity faces - credit, liquidity and market risk.

For further information pertaining to the management and monitoring of financial risks, refer to the Risk Management section of this report set out on page 18 – 49.

Credit risk

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

To manage, measure and mitigate credit risk, we have an independent credit function and committee, which operate under Board approved delegated limits, policies and procedures. These are consistent with those of the Investec Group and comply with the prudential standards issued by the Australian Prudential Regulatory Authority.

The credit function has significant interaction with Group Credit, which includes the requirement for Group Credit approval for all transactions outside of local delegated limits. Regular credit reporting to Group Risk management for a and periodic on site credit reviews by members of Group Credit. There is a high level of executive and non-executive involvement in credit decision making forums. All decisions to enter a transaction are based on unanimous consent.

We use the following fundamental principles to manage credit risk:

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

Notes to the Financial Statements

44) Financial risk management

Credit risk – maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The table below shows the maximum exposure to credit risk for the components of the balance sheet, including derivatives. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements.

Consolidated $'m	31 March 2009	31 March 2008
On balance sheet exposures	4,867.5	3,720.8
Debt instruments - Non Sovereign (NCDs, bonds held)	1,307.9	655.4
Bank placements	374.9	314.4
Trading exposures (positive fair value excluding potential future exposures)	222.3	148.5
Inter-group assets	117.2	8.7
Off balance sheet exposures	307.4	567.1
Guarantees entered into in the normal course of business	60.6	102.1
Commitments to provide credit	246.8	465.0
Total gross exposures pre collateral or other credit enhancements	5,174.9	4,287.9

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Investec Australia's credit risk is predominantly focussed on the Australian market with in excess of 95% of committed exposures to this geography.

Risk concentration of the maximum exposure to credit risk

Consolidated $'m	31 March 2009	31 March 2008
Private Bank, professional and HNW individuals	2,828.4	2,741.3
Agriculture	77.3	102.6
Electricity, gas and water (utility services)	91.2	97.4
Public and non-business services	0.4	-
Finance and insurance	1,845.4	1,091.8
Retailers and wholesalers	-	11.9
Manufacturing and commerce	13.0	28.6
Mining and resources	230.3	154.0
Leisure, entertainment and tourism	8.7	2.5
Transport and communication	80.2	57.8
	5,174.9	4,287.9

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty and the requirements of the relevant credit committee. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The bulk of collateral taken is within the Private Bank division which makes up a substantial portion of our on balance sheet assets. This tends to be residential and commercial real estate. Other forms of security are cash, motor vehicles, cash and shares.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during the adequacy of the allowance for impairment losses.

It is the Investec Australia's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, we do not occupy repossessed properties for business use.

Notes to the Financial Statements

44) Financial risk management

Asset quality of non-impaired banking assets

The table below provides details of the categorisation of on balance sheet banking assets for which Investec Australia rates individual exposures. The basis used for determining grading of non-impaired banking assets are:

Performing – graded 1 to 6	- Facilities graded 1-6 inclusive of all Experien Group facilities (equivalent to S&P AAA -> B-)
Performing – graded 7 and above	- Facilities graded 7 and above (equivalent to S&P CCC -> C)
Un-graded	- Grading not yet determined

Consolidated $'m	Neither past due nor impaired: Performing – graded 1 to 6	Performing – graded 7 and above	Un-graded	Total
As at 31 March 2009:				
Financial investments - available-for-sale	618.6	-	43.4	662.0
Loans and advances to customers	2,178.7	416.8	-	2,595.5
Investments accounted for using the equity method	-	-	7.9	7.9
As at 31 March 2008:				
Financial investments - available-for-sale	8.4	-	42.2	50.6
Loans and advances to customers	2,203.6	207.0	-	2,410.6
Investments accounted for using the equity method	-	-	19.8	19.8

Aging analysis of past due but not impaired assets

Consolidated $'m	1 - 30 days	31 - 60 days	61 - 90 days	91 - 180 days	181 - 365 days	>365 days	Total
31 March 2009							
Private Bank, professional and HNW individuals	10.6	22.6	19.6	63.5	77.8	46.7	240.8
Corporate sector	1.4	-	0.5	0.9	-	-	2.8
	12.0	22.6	20.1	64.4	77.8	46.7	243.6
31 March 2008							
Private Bank, professional and HNW individuals	64.2	28.6	1.2	-	-	-	94.0
Corporate sector	1.2	-	2.9	-	-	-	4.1
	65.4	28.6	4.1	-	-	-	98.1

Impairment assessment

Impaired facilities include any facility (on balance sheet or off balance sheet) where there is doubt over the timely collection of the full amounts of cash flows contracted to be received by Investec Australia.

As a minimum, the following events constitute doubt and require a facility to be regarded as impaired.

- a facility 90 days past due unless otherwise well secured
- an entity to which facilities have been provided is subject to administration or bankruptcy proceedings, unless the facilities are otherwise well secured
- a write off has been taken on the facility even if the facility is not in breach of contractual requirements. This does not apply in the case of some restructured facilities and assets acquired through enforcement of security; and
- with respect to off-balance sheet facilities Investec Australia is unlikely to receive timely payment of the full amounts which it has exchanged or is contracted to advance

Consolidated $'m	31 March 2009	31 March 2008
Gross core loans and advances to customers that are impaired	123.3	82.1
Collateral and other credit enhancements	(91.4)	(74.9)
Specific impairments	(32.3)	(19.2)
Net impaired loans and advances to customers (limited to zero)	-	-

44) Financial risk management

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.

To manage, measure and mitigate liquid risk, management uses a variety of liquidity risk measures that consider market conditions, prevailing interest rates, liquidity needs and the desired maturity profile of liabilities. These metrics are used to measure and manage the proportion of our external assets which are funded by customer liabilities, wholesale debt, equity and loan capital thus maintaining an appropriate mix of term funding and strong balance sheet liquidity ratios within approved risk limits.

A key component of our liquidity management framework is assumptions-based planning and scenario modelling to estimate the funding requirement to meet expected growth. Anticipated on- and off-balance sheet cash flows are subjected to a variety of scenarios in order to evaluate the impact of both likely outcomes and unlikely but plausible events on liquidity positions. Scenarios and liquidity stress tests are designed to measure and manage the liquidity position such that payment obligations can be met under both normal and stressed conditions. Operationally the preparation of cash flow projections (for assets and liabilities) and funding requirements corresponding to the forecasted cash flow mismatch are translated into short- and long-term funding strategies. This ensures the smooth management of the day-to-day liquidity position within conservative parameters and further validates that, in the event of either a firm-specific or general market event, we are able to generate sufficient liquidity to withstand short term liquidity stress.

We maintain liquidity contingency plans and the identification of alternative sources of funds in the market. This is to ensure that cash flow estimates and commitments can be met in the event of general market disruption or adverse business and economic scenarios, while minimising detrimental long-term implications for the business.

Our liquidity management processes encompass principles set out by the regulatory authority, namely APRA.

Analysis of financial liabilities by remaining undiscounted contractual flows

	Consolidated					
As at 31 March 2009 $'m	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Liabilities						
Customer accounts	1,000.2	394.1	442.0	157.1	9.2	2,002.7
Derivative financial instruments	16.8	1.7	65.8	48.1	18.5	150.9
Debt issued and other borrowed funds	217.2	152.6	845.5	1,320.4	16.7	2,552.3
Subordinated loans	0.0	1.6	77.5	25.5	0.0	104.5
Total liabilities	1,234.2	549.9	1,430.7	1,551.2	44.4	4,810.4

	Consolidated					
As at 31 March 2008 $'m	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Liabilities						
Customer accounts	729.0	292.1	215.8	72.0	10.0	1,318.8
Derivative financial instruments	137.8	(115.2)	58.7	(212.2)	(2.4)	(133.2)
Debt issued and other borrowed funds	323.6	145.5	598.4	872.2	1.9	1,941.7
Subordinated loans	-	2.5	5.7	31.4	115.1	154.7
Total liabilities	1,190.4	324.9	878.6	763.4	124.6	3,282.0

44) Financial risk management

Market risk

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.

Traded market risk

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 to our clients, arbitrage, 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 and Value at Risk (VaR). Stress testing is also used to simulate extreme conditions to supplement these core measures.

VaR numbers are monitored at the 99% confidence interval. 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. There were four back testing breaches for the past financial year, predominantly due to extreme volatility in interest rate and currency markets.

VaR is calculated using a variance covariance model. Historical data used to calculate the variances and covariances is exponentially weighted using a lamda of 0.97. Volatility limits are used when needed to compensate for data quality.

Consolidated $'m	31 March 2009	31 March 2008
VaR 99% (one-day)		
Position	0.006	0.030
Option	0.008	0.000
Interest Rate	0.052	0.343
Consolidated	0.066	0.373
High	0.307	0.373
Low	0.060	0.059
Average	0.139	0.178

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the investment portfolio.

The effect on equity due to a reasonably possible change in equity indices held over a one year time horizon with all other variables held constant, is as follows:

	Change in equity price	Effect on equity	Change in equity price	Effect on equity
	2009	2009	2008	2008
	%	$'m	%	$'m
Market Indices				
ASX small cap	+ / - 72.3	3.2 / (1.8)	+ / - 54.2	12.5 / (8.4)

44) Financial risk management

Non-trading interest rate risk description

Non-trading interest rate 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 utilise a number of measures to monitor and control interest rate risk in the Banking Book, including static gap analysis, % of a balance sheet limits, Earnings at Risk measures and limits, and Economic Value at Risk (EVaR) sensitivity.

Non-traded interest rate risk is stress tested on a monthly basis utilising an Economic Value at Risk sensitivity. The calculation involves measuring the present value of cashflows in the Banking Book, then recalculating the present value of cashflows having stressed the interest rate curve by 2%. The difference between the two is the measured EVaR.

The table below shows the stress sensitivity to interest rates in the Banking Book utilising EVaR:

Consolidated $'m	High for the year Mar 09	Low for the year Mar 09	Average for the year Mar 09	As at Mar 09	High for the year Mar 08	Low for the year Mar 08	Average for the year Mar 08	As at Mar 08
Economic Value at Risk	5.2	0.0	1.8	1.9	3.1	0.1	1.7	3.0

The Banking Book constitutes all assets balance sheet including (but not limited to) loans, investments, deposits, debt securities issued etc. but excluding those exposures that are arising specifically within the trading book.

Investec Australia's interest sensitivity to earnings risk (EAR) and economic value exposure (EVAR) in relation to the Experien Trusts arises in relation to various note holdings that we have in these Trusts. These notes are liabilities of the relevant trusts and treated as assets in the balance sheet. As the notes form part of the assets in the balance sheet they are treated in the same manner and using the same methodologies as are used for all assets in the Banking Book the calculation of the EAR and EVAR.

We also measure, on a monthly basis, the stress sensitivity of earnings to interest rate movements, utilising an Earnings at Risk sensitivity. The calculation involves the measuring of the static interest rate repricing gaps arising as a result of the varying interest rate repricing characteristics of assets, liabilities and capital, and the impact, over a 12 month period, of a 2% interest rate movement on earnings arising from the static gap position

The table below shows the stress sensitivity to interest rates in the Banking Book utilising the EAR methodology as described above.

Consolidated $'m	High for the year Mar 09	Low for the year Mar 09	Average for the year Mar 09	As at Mar 09	High for the year Mar 08	Low for the year Mar 08	Average for the year Mar 08	As at Mar 08
Earnings at Risk	11.3	6.2	8.3	7.7	4.9	2.3	3.7	4.9

45) 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 discipline that links capital allocation and structuring, performance measurement, investment decisions, risk management and capital-based incentive compensation into one integrated framework. The Board of directors are ultimately responsible for capital management. At the highest level, the Board has, through the Investec Board Australian Risk and Capital Committee, delegated direct responsibility for capital management to Investec Australian Capital Committee to oversee the components contributing to effective control and use of capital.

We have has also implemented (in line with the wider Investec Group) a three year capital planning framework as a mechanism to achieve effective forecasting and management of capital demands over the medium term under both expected conditions and positive and negative stress scenarios.

Investec Australia is well capitalised and capital adequacy ratios exceed the minimum regulatory requirements.

Notes to the Financial Statements

46) Share based payment plans

The Investec Group operates internationally through a Dual Listed Company structure ("DLC"). Investec plc, the Group's ultimate parent company, is listed on the London Stock Exchange. Investec Limited is listed on the Johannesburg Securities Exchange. Investec plc and Investec Limited are linked by the DLC.

The employees of the Group in Australia are eligible to participate in the employee share schemes operated by Investec plc and Investec Limited. These schemes operate on an equity settled basis and were created to promote an 'esprit de corps' within the organisation, create an awareness of Investec's performance, and to provide an incentive to maximise individual and group performance by allowing all staff to share in the risks and rewards of the Group. From the perspective of Investec Bank (Australia) Limited and it's consolidated Group, share based payments are reimbursed through cash settlement back to the issuing entity, and are therefore considered cash settled.

There are two types of plans in which employees may participate:

Security purchase and options plans

Investec plc or Investec Limited grant share options to selected Company employees. The exercise price of the options is equal to the market price of the shares on the date of grant. The options vest in tranches of 25% on each of the second, third, fourth and fifth anniversary of grant. The portion of options granted under these plans that have not been exercised lapse as follows:

- Investec plc Share Option Plan 2002 (unapproved plan) - on expiry of 90 days after each vesting date
- Investec Limited Security Purchase and Option Scheme 2002 Trust - on expiry of 90 days after each vesting date
- Investec Limited Security Purchase and Option Scheme Trust- on the 10th anniversary of the grant

Long Term Share Incentive Plans

Investec plc or Investec Limited grant share options to selected Company employees. There is a zero exercise price of the options and they vest in tranches of 75% in year 4 and 25% in year 5.

The expense recognised in the income statement in relation to share-based payments is disclosed in note 10 (a).

The exercise price range and weighted average remaining contractual life for options outstanding at 31 March 2009, were as follows:

Exercise price range	£0 - £4.99
Weighted average remaining contractual life	2.57 years

The fair value of options granted were calculated using a Black-Scholes option pricing model. For options granted during the period, the inputs were as follows;

	2009	2008
Share price at date of grant	£2.60 - £3.02	£4.89 - £6.52
Exercise price	£0	£0
Expected volatility	34% - 45%	30%
Option life	5-5.25 years	5 - 5.25 Years
Expected dividend yield	11.55% - 11.95%	4.63% - 6.90%
Risk-free rate	2.84% - 6.12%	5.18% - 6.14%

Financial statements

46) Share based payment plans

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of and movements in share options issued during the year:

Investec plc Share Option Plan 2002 (unapproved plan)	2009 No.	2009 WAEP	2008 No.	2008 WAEP
Outstanding at the beginning of the year	218,335	£ 2.40	618,330	£ 2.12
Granted during the year	-	£ 0.00	-	£ -
Exercised during the year	12,500	£ 2.39	(345,805)	£ 1.91
Lapsed during the year	(67,216)	£ 2.15	(54,190)	£ 2.36
Outstanding at the end of the year	(113,160)	£ 2.34	218,335	£ 2.40
Exercisable at the end of the year	50,459	£ 2.80	-	£ -

Investec Limited Security Purchase and Option Scheme 2002 Trust	2009 No.	2009 WAEP	2008 No.	2008 WAEP
Outstanding at the beginning of the year	2,871	R 29.55	296,055	R 32.73
Granted during the year	-	R 0.00	-	R -
Re-allocation of employees during the year	6,201	R 23.30	71,250	R 28.90
Exercised during the year	(7,238)	R 23.20	(363,404)	R 31.94
Lapsed during the year	(190)	R 54.41	(1,030)	R 54.41
Outstanding at the end of the year	1,644	R 31.06	2,871	R 29.55
Exercisable at the end of the year	-	R -	-	R -

Investec Limited Share Incentive Plan - Nil Cost Option	2009 No.	2009 WAEP	2008 No.	2008 WAEP
Outstanding at the beginning of the year	105,860	R -	-	R -
Granted during the year	-	R -	-	R -
Re-allocation of employees during the year	57,500	R -	105,860	R -
Exercised during the year	(17,655)	R -	-	R -
Lapsed during the year	-	R -	-	R -
Outstanding at the end of the year	145,705	R -	105,860	R -
Exercisable at the end of the year	-	R -	-	-

46) Share based payment plans

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of and movements in share options issued during the year:

Investec Group Limited Share Option Plan	2009 No.	2009 WAEP	2008 No.	2008 WAEP
Outstanding at the beginning of the year	2,220	R 3.04	-	R -
Granted during the year	-	R 0.00	-	R -
Re-allocation of employees during the year	-	R 0.00	8,475	R 2.30
Exercised during the year	-	R 0.00	(6,255)	R 2.03
Lapsed during the year	-	R 0.00	-	R -
Outstanding at the end of the year	2,220	R 3.04	2,220	R 3.04
Exercisable at the end of the year	2,220	R 3.04	2,220	R 3.04

Investec 1 Limited Share Incentive Plan - Nil Cost Option	2009 No.	2009 WAEP	2008 No.	2008 WAEP
Outstanding at the beginning of the year	733,550	R 42.46	1,097,155	R 41.93
Granted during the year	-	R 0.00	-	R -
Exercised during the year	(38,900)	R 34.35	(362,575)	R 46.77
Lapsed during the year	(8,200)	R 50.18	(1,030)	R 48.72
Outstanding at the end of the year	686,450	R 42.83	733,550	R 39.52
Exercisable at the end of the year	686,450	R 42.83	733,550	R 42.46
Investec 1 Limited Share Incentive	733,550	R 42.46	1,097,155	R 41.93

Investec 1 Limited Share Incentive Plan - Nil Cost Option	2009 No.	2009 WAEP	2008 No.	2008 WAEP
Outstanding at the beginning of the year	3,576,717	£ -	2,355,590	£ -
Granted during the year	492,650	£ -	1,137,422	£ -
Re-allocation of employees during the year	59,800	£ -	231,695	£ -
Exercised during the year	(190,042)	£ -	-	£ -
Lapsed during the year	(128,255)	£ -	(147,990)	£ -
Outstanding at the end of the year	3,810,870	£ -	3,579,717	£ -
Exercisable at the end of the year	6,750	£ -	-	£ -

Directors' Declaration

In accordance with a resolution of the Directors of Investec Bank (Australia) Limited, I state that:

1. In the opinion of the directors:

(a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 March 2009 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A Chonowitz

Alan Chonowitz
Director
Sydney
11 June 2009

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Independent auditor's report to the members of Investec Bank (Australia) Limited

Report on the Financial Report

We have audited the accompanying financial report of Investec Bank (Australia) Limited, which comprises the balance sheet as at 31 March 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is 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. In Note 2, the directors also state that the financial report comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report 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 controls. 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 report.

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

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

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Ernst & Young

Auditor's Opinion

In our opinion:

1. the financial report of Investec Bank (Australia) Limited is in accordance with the *Corporations Act 2001*, including:

    i giving a true and fair view of the financial position of Investec Bank (Australia) Limited and the consolidated entity at 31 March 2009 and of their performance for the year ended on that date; and

    ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Ernst & Young

Ernst & Young

Steve Ferguson
Partner
Sydney
11 June 2009