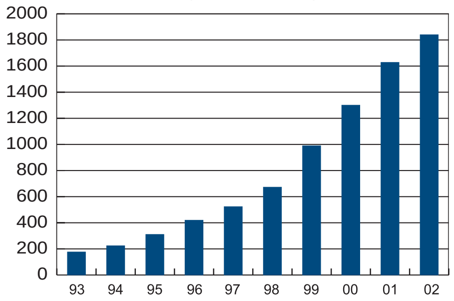
Investec Group Limited

Audited Group Results for the year ended 31 March 2002

- **23rd Year of Uninterrupted Growth**
- **Headline Earnings ↑ 28.2%**
- **Headline Earnings Per Share ↑ 13.0%**
- **10-Year Compound Growth in Headline EPS 28.9%**

Headline earnings (cents per share)

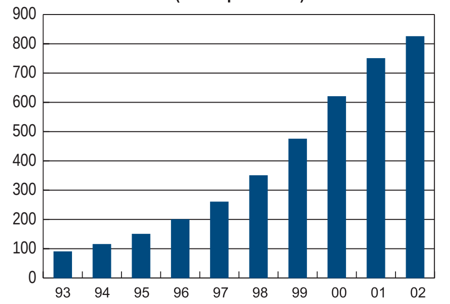


10 year compound growth in headline earnings per share 28.9% per annum

Salient Features

	31 March 2002	31 March 2001*	% Increase/ (decrease)
Headline earnings attributable to ordinary shareholders (R' millions)	**1 684**	1 314	28.2
Headline earnings per share (cents)	**1 840.4**	1 628.2	13.0
Dividends declared per share (cents)	**825.0**	750.0	10.0
Net tangible asset value per share on a fully diluted basis (R)	**70.9**	63.1	12.4
Capital adequacy ratio (%)	**13.2**	15.3	(13.7)
Return on average shareholders' funds (%)	**27.6**	25.8	
Return on average risk weighted assets (%)	**3.0**	3.0	
Total assets under administration (R' billions)	**759**	514	47.7
Weighted average number of ordinary shares in issue (millions)	**91.5**	80.7	

Dividends declared (cents per share)



10 year compound growth in dividends per share 28.0% per annum

Consolidated Income Statement

(R' Millions)	31 March 2002	31 March 2001*	% Increase/ (decrease)
Interest received	**12 444**	12 114	2.7
Interest paid	**10 261**	10 236	0.2
	2 183	1 878	16.2
Provision for bad and doubtful debts	**202**	198	2.0
Net interest income	**1 981**	1 680	17.9
Other income	**5 273**	3 621	45.6
Commission and fees – recurring	**2 990**	2 339	27.8
Principal transactions and trading income	**1 329**	638	108.5
Commission and fees – non-recurring	**734**	644	14.0
Income from long term assurance business	**220**	–	
Total income	**7 254**	5 301	36.8
Operating expenses	**4 885**	3 476	40.5
Exceptional items	**1 013**	312	224.7
Income before taxation	**1 356**	1 513	(10.4)
Taxation	**420**	321	30.8
Income after taxation	**936**	1 192	(21.5)
Share of income/(loss) of associated companies	**17**	(86)	(119.8)
Operating income	**62**	70	
Exceptional items	**(45)**	(156)	
Net income	**953**	1 106	(13.8)
Attributable to minority shareholders	**22**	13	69.2
	931	1 093	
Debenture interest	**305**	247	23.5
Earnings attributable to ordinary shareholders	**626**	846	(26.0)
Headline earnings per share (cents)	**1 840.4**	1 628.2	13.0
Earnings per share (cents)	**684.2**	1 048.4	(34.7)
Diluted earnings per share (cents)	**669.2**	1 039.7	(35.6)
Dividend paid per share (cents) – per AC104	**815.0**	692.5	17.7

Calculation of Headline Earnings

(R' Millions)	31 March 2002	31 March 2001*
Headline earnings	**1 684**	1 314
Exceptional items	**(1 058)**	(468)
Goodwill amortised	**(747)**	(312)
Goodwill impairment	**(512)**	–
Loss on disposal of subsidiaries and fixed assets	**(21)**	–
Profit on disposal of non-trading loans	**267**	–
Share of associates' exceptional items	**(45)**	(156)
Attributable earnings	**626**	846

Statement of Changes in Shareholders' Equity

(R' Millions)	31 March 2002	31 March 2001*
Balance at beginning of year	**9 028**	7 912
– as previously reported		7 604
– prior year adjustment – dividends		308
Net issue of shares and debentures	**4 339**	697
Own shares acquired	**(1 584)**	(27)
Issue of convertible preference shares	**–**	385
Earnings attributable to ordinary shareholders	**626**	846
Dividends paid	**(791)**	(558)
Movement in foreign currency translation	**1 612**	152
Movement in investment revaluation reserve	**–**	(379)
	13 230	9 028

Abridged Cash Flow Statement

(R' Millions)	31 March 2002	31 March 2001*
Cash retained/(utilised) from operating activities	**26 053**	(6 857)
Cash utilised in investing activities	**(1 649)**	(1 423)
Cash (outflows)/inflows from financing activities	**(395)**	2 974
Net increase/(decrease) in cash and short-term funds	**24 009**	(5 306)
Cash and short term funds at beginning of year	**69 176**	73 118
Effect of exchange rates on opening balance of cash and short term funds	**18 039**	1 364
Cash and short term funds at end of year	**111 224**	69 176

Consolidated Balance Sheet

(R' Millions)	31 March 2002	31 March 2001*
Assets		
Cash and short term funds	**111 224**	69 176
Short term negotiable securities	**64 738**	53 874
Investment and trading securities	**17 917**	9 968
Other assets	**9 020**	6 237
Advances	**54 413**	38 062
Associated companies	**503**	544
Fixed assets	**2 499**	1 320
Goodwill	**5 485**	2 849
Long-term assurance assets attributable to policyholders	**38 042**	12 702
	303 841	194 732
Equity and liabilities		
Capital and reserves		
Ordinary share capital	**58**	49
Compulsorily convertible debentures	**2 317**	2 321
Convertible preference shares	**385**	385
Reserves	**10 470**	6 273
	13 230	9 028
Interest of minority shareholders in subsidiaries	**541**	267
Total shareholders' funds	**13 771**	9 295
Subordinated debt	**2 245**	1 945
Total capital resources	**16 016**	11 240
Liabilities		
Deposits and other accounts	**249 270**	170 292
Taxation	**513**	498
Long term assurance liabilities attributable to policyholders	**38 042**	12 702
	303 841	194 732
Acceptances, guarantees and letters of credit	**13 226**	11 368

*Restated for changes to accounting policies and disclosures

Geographic and business analysis of headline net income before tax** – 31 March 2002

(R' Millions)	Southern Africa & Other	United Kingdom & Europe	Israel	United States of America	Investec Group Limited
Investment Banking	282	296	52	(46)	584
Treasury and Specialised Finance	568	153	4	–	725
Asset Management and Assurance Activities	467	29	4	–	500
– Asset Management	247	29	4	–	280
– Assurance Activities	220	–	–	–	220
Private Client Activities	134	370	46	19	569
Other	(118)	67	(1)	43	(9)
Headline net income before tax	1 333	915	105	16	2 369

**Headline net income before tax represents income before taxation prior to exceptional items relating to income before taxation.

This interim report has been prepared in compliance with South African Statements of Generally Accepted Accounting Practice. Accounting policies are consistent with those of the previous year.

Geographic and business analysis of headline net income before tax** – 31 March 2001

(R' Millions)	Southern Africa & Other	United Kingdom & Europe	Israel	United States of America	Investec Group Limited
Investment Banking	172	432	29	–	633
Treasury and Specialised Finance	468	121	2	–	591
Asset Management and Assurance Activities	194	32	2	–	228
– Asset Management	194	32	2	–	228
– Assurance Activities	–	–	–	–	–
Private Client Activities	100	235	32	33	400
Other	(230)	145		58	(27)
Headline net income before tax	704	965	65	91	1 825

Investec Group Limited
("Investec")
(Registration number 1925/002833/06)
JSE Code: INT **ISIN:** ZAE000012555

Investec
Group Limited

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Commentary

Overall performance

In a year characterised by profound external events contributing to heightened market volatility as well as challenging internal experiences, Investec is satisfied to announce that headline earnings per share for the year ended 31 March 2002 increased by 13% to 1 840.4c. The Group's geographic spread and diverse business portfolios and the inclusion of the insurance and financial services business acquired from Fedsure Holdings ("the Fedsure acquisition") for the ten months in the period enabled it to achieve growth in its headline earning of 28.2% to R1 684 million, despite the challenging period experienced by most investment banks worldwide.

Financial highlights of the period include:

- Growth in income before tax and exceptional items ("headline NIBT") of 29.8% to R2 369 million was underpinned by an increase of 45.6% in non-interest income, raising the percentage of other income to total income from 65.8% to 70.7%.
- Return on average tangible shareholders' funds increased from 25.8% (restated) to 27.6%, with growth in tangible net assets of 25.3% to R7 745 million. More importantly, the Group's return on investment remained constant at 17.2% during a period in which shareholders' funds increased following the issue of equity to finance the Fedsure acquisition.
- Annuity income as a percentage of total income decreased from 76.1% to 71.8% due to a significant increase in income from principal transactions and trading activities. Strong contributions from the newly acquired commodities trading team, the United Kingdom ("UK") and South African ("SA") private equity activities and the SA property division together with the inclusion of the traded endowment business from the Fedsure acquisition for the first time were largely responsible for this increase. Notwithstanding the decrease in annuity income, the percentage remains high for a specialist banking group like Investec demonstrating the stability of the Group's earnings base.
- An increase in total dividends per share of 10% over the prior period to 825 cents, representing a 10-year compound annual growth rate of 28.0% and retaining the Group's dividend cover of 2.2.

The past twelve months represented the achievement of a significant milestone in the history of Investec with the receipt of permission to dual-list the Group on the London Stock Exchange. This initiative is considered a key step in the Group's established internationalisation strategy with benefits expected to be derived from raising Investec's international profile and recognition as an international financial group.

The Group faced a number of challenges during the period. Considerable negative sentiment was expressed with respect to the Fedsure acquisition and the settlement of outstanding claims between the contracting parties. Furthermore, the delays in receiving permission to list in the UK created uncertainty in the market about Investec's future strategic endeavours. On a macro level, the SA banking sector endured an extremely difficult period, prompting a number of consolidations amongst its participants and more recently a number of banks surrendering their banking licences. Globally, depressed market conditions had an adverse effect on the earnings of investment banking groups given their vulnerability to market fluctuations.

Group Operating Review

• Investment Banking

Investment Banking headline NIBT decreased by 7.7%, reflecting the difficult market conditions across all geographies in which the division operates. As a result, the division's contribution to Group headline NIBT (excluding "other" activities) dropped from 34.2% last year to 24.6% in the current year.

Investment Banking in SA performed well with headline NIBT increasing by 44.2% during the period under review. The sluggish capital raising market resulted in Investec Corporate Finance ("ICF") focusing primarily on mergers and acquisition ("M&A") activity, concluding 39 transactions with a combined value of approximately R25.4 billion during the reporting period. ICF has established itself as one of SA's leading domestic corporate finance houses and was ranked by the most recent Ernst & Young survey as having advised on the highest volume and value of transactions undertaken during the 2001 calendar year. Furthermore, the private equity division continued to make select investments and realisations resulting in the division posting results above expectations.

The period under review proved difficult for Investec Henderson Crosthwaite in the UK (rebranded Investec Investment Banking and Securities)("IIBS") which reported headline NIBT down 69.1% on the previous year in which it had significantly benefited from the booming TMT sector. The division sought to offset the decline in revenues, resulting from the severe drop in capital market transactions, by raising its profile in domestic financial advisory work, particularly in respect of M&A activities. For the year ended 31 March 2002, the division advised on 21 M&A transactions with a combined value of approximately £800 million. IIBS received number one rankings for its research in the leisure, beverages, telecommunications and media sectors, as well as top three rankings in three other sectors in the Reuters 2001 small-cap survey.

PMG Capital (since renamed Investec Inc.) in the US, which was acquired in July 2001, posted operating losses of R46 million. The operation's merchant banking, technology sector focused, micro-cap model was particularly vulnerable to the weak operating environment during the financial year. The Group sought to strengthen its advisory capability through the recruitment of two teams in its chosen niches of TMT and healthcare.

Investec Wentworth generated creditable results in its first year of operation under the Investec banner. The Group strengthened its investment banking capability in the Australian market through the acquisition of Melbourne-based Chronworth in February 2002 and the establishment of a private equity capability.

The Investment Banking division continued to pursue its internationalisation strategy. Specifically, an effort was made to refocus on the management of several key sectors on an international basis and a number of senior appointments were made in the UK and SA.

• Treasury and Specialised Finance

The Treasury and Specialised Finance division experienced another year of solid growth contributing 30.5% to the Group's overall headline NIBT (excluding "other activities"), with a growth of 22.7%. The division's banking activities performed particularly well, with strong contributions from the treasury, financial products, structured finance and project and resource finance units. The financial markets activities produced mixed performances with losses incurred on the interest rate desk slightly offsetting the strong results from the commodities unit.

The division continued to enhance, expand and integrate its international capabilities. During the period under review an equities derivatives operation and forex trading desk were established in New York. In the third quarter of 2001, Investec launched its equity derivatives business in the UK. The project and resources finance unit expanded its product range to include project and specialist advisory services and initiated expansion into the UK. Furthermore, the structured finance unit extended its capabilities in the UK and in Australia.

The acquisition of the European Capital team in November 2001 substantially enhanced the project finance and advisory platform in the UK and Europe. In SA, the project finance team successfully closed the N1-N4 Platinum Toll Road project, the largest project of its type in SA to date. Furthermore, the team arranged, underwrote and placed R1 billion of CPI-linked bonds in the SA capital market to finance this project.

The financial products division performed well, with notable contributions from the financial engineering team which advised on a number of structured credit transactions.

Particularly strong performance was experienced by the commodities team in its first year of operation. Substantial progress was made in creating an internal infrastructure establishing new and leveraging off existing Investec customers. The division actively traded with a number of corporate clients across the base metals and bullion markets.

• Private Client Activities

Private Client Activities posted strong results, particularly as a result of solid performances from the Group's UK and SA private banking operations, with headline NIBT increasing by 42.3%, comprising 23.9% of the Group's total versus 21.6% last year. Of the total headline NIBT generated by the division, the private banking business contributed 62% and private client stockbroking and portfolio management businesses contributed 38%.

• Private Banking

The private banking operations in the UK and SA benefited from the lower interest rate environment enjoyed for most of the period under review. The Group was able to grow its global lending book from R20.2 billion in the previous year to R28.1 billion, an increase of 39.1%.

The performance from the South African private banking operation was largely driven by strong growth in advances, assets under administration and non-interest income. The private bank received a number of accolades, including the PricewaterhouseCoopers' peer rating as the number one private bank in Southern Africa for the second consecutive year.

Investec Private Bank in the UK posted creditable results with particularly strong growth from the trust and fiduciary businesses which now operate under the name of Investec Trust Group. In addition, the division expanded its investment advisory offering and launched a number of new multi-currency products into the UK market.

In Australia, a private advisory boutique was acquired providing retirement and superannuation planning and private client portfolio management services.

• Private Client Stockbroking and Portfolio Management

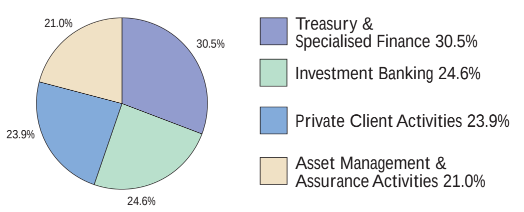
Investec's Private Client Stockbroking and Portfolio Management division was negatively affected by the lower market indices and reduced market volumes. As at 31 March 2002, the division had R157 billion assets under administration.

In January 2002, Investec Securities in South Africa purchased Merrill Lynch SA's private client operation in Cape Town which added R4 billion in assets under management and further enhanced the divisions capabilities.

Carr Sheppards Crosthwaite ("CSC") in the UK, despite low market volumes, managed to generate net new funds under management of £505 million, although total funds under management declined marginally to £6.1 billion. In 2001, the division's capabilities were extended through the recruitment of most of the international team of the Gerrard Group which provides an international portfolio management service to existing and potential clients. Another growth area has been the successful targeting of the small- to medium-sized charities sector where CSC now manages £850 million for over 400 charities.

In the US, the private client group was particularly affected by the poor market conditions. In consideration of the minimal prospects for growth of this unit as well as the strategic fit with the Group, in March 2002 Investec management decided to exit the retail brokerage business with a management buy-out of the business presenting the most likely alternative.

Contribution analysis – % of Net Income Before Tax (excluding "other" activities)



Asset Management and Assurance Activities

• Asset Management

The Group's Asset Management activities delivered a period of strong headline NIBT growth of 22.8% to R280 million, successfully leveraging off its scalable SA platform and utilising synergies from the acquisition of the Fedsure Asset Management business. Similarly, assets under management have grown 53% from R172 billion to R263 billion, influenced by the depreciation of the Rand.

The key achievements of the past year include strong investment performance in SA; the successful absorption of the asset management businesses forming part of the Fedsure acquisition; the retention of its client base in extremely volatile markets; and the further development of the business' international growth platform.

The core SA institutional business had a strong recovery, in terms of both performance and new business production. Investec Asset Management achieved second position over the critical one year and five year periods in the Alexander Forbes South African Large Manager Watch.

During the period under review, the SA personal investments division of Investec Asset Management successfully integrated Fedsure Unit Trusts and TMA to form the second largest unit trust and portfolio product complex in the SA market. The good performance of the division's unit trusts over the reporting period earned it, on average, top quartile rankings in its in-house managed funds. Investec also achieved third place overall in the most recent Plexus survey which assesses three-year investment performance.

In spite of weakening industry conditions, the Investec Asset Management UK unit trust business produced more than R2.5 billion of net inflows during the past twelve months with its offshore funds, listed in Guernsey and Dublin, also receiving net inflows in excess of R4.5 billion. This can be attributed to a well-coordinated effort from the Group's retail businesses.

On the institutional front, Investec Asset Management continues to win fixed income mandates in the UK with specific success in the public sector market. Future focus will be entering the UK pensions market in a meaningful manner, supplying both specialist equity and fixed income services.

• Assurance Activities

Having concluded and implemented a reinsurance contract for the individual life book with Capital Alliance Holding ("CAL"), focus was directed towards addressing the numerous problems inherent in the remainder of the assurance business acquired as part of the Fedsure acquisition comprising group benefits and a select element of individual life activities.

Most critical was the restructuring of the smoothed bonus portfolios where losses in the prior period resulted in the well-publicised removal of a portion of non-vested bonuses attached to these policies. The restructuring exercise was completed by December 2001 and is expected to ultimately contribute towards the future protection of policyholder portfolios and the mitigation of shareholder risks arising from volatile financial markets.

Marked inroads were achieved from an operational perspective in that significant cost reductions were realised with the decrease in the workforce to 560 employees from 760 on acquisition; enhancement to systems facilitating more efficient valuation exercises; and significant improvements in the compliance and management aspect of the business with the appointment of an independent statutory actuary and the assignment of qualified executive management.

As at 31 March 2002, the embedded value of Investec Employee Benefits was R2 951 million, increasing by R306 million since 30 September 2001 largely due to reduced costs and the benefits of improved matching of assets and liabilities factored into the calculation. As a further consequence, the statutory capital adequacy requirement ("CAR") dropped to R866 million, increasing the CAR cover from 2.47 to 2.73.

Future attention will be devoted to improving efficiencies and the level of service offered to clients.

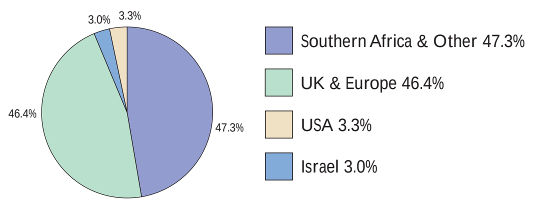
Other activities

The negative contribution by the Group's "Other Activities" of R9 million represents different businesses and activities whose profitability is offset by the costs incurred in providing centralised services to the Group, thereby ensuring that key functions are effectively integrated and standardised across the Group. Moreover, the costs associated with the centralised funding of the Group's operations, are included in this category.

Highlights of the "Other Activities" performance include a strong contribution from the SA property division which has, over the course of the year, been actively involved in a number of property-related corporate finance transactions, asset management mandates (including the Fedsure Life property portfolio) and realisation of select portfolios. Inclusion of the UK traded endowment business for the first time during 2002 following the Fedsure acquisition assisted in compensating for the reduced profitability generated from the Group's USA clearing and execution and international trade finance activities, both of which struggled in unfavourable operating conditions.

The final component, the return on surplus capital, posted earnings of R317 million, albeit that it was 10.5% down from the prior year. Declining interest rates coupled with additional funding of central costs and other Group-wide initiatives contributed towards this decline in earnings.

Headline attributable earnings by geography



Geographic Performance

From a regional perspective, an analysis of headline earnings by geography between the 2001 and 2002 financial years reveals a notable shift from the UK and Europe to Southern African operations, with the latter increasing its contribution from 30.7% in 2001 to 47.3% in the current year and a concomitant drop in the comparative UK percentage from 62.8% to 46.4%.

This trend is explained as follows:

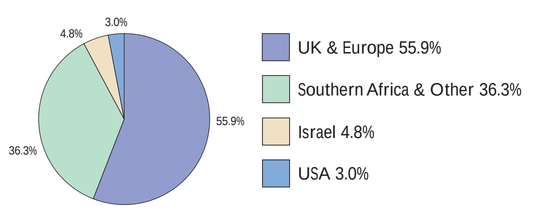
- The majority of businesses acquired as part of the Fedsure acquisition were SA-based, thereby contributing to enhanced earnings growth in the region due to its inclusion for 10 months in the period under review;
- All round strong performances from the SA operations, with a notable contribution from its investment banking, private banking, treasury and specialised finance and property activities;
- First year of positive contribution amounting to R15 million from the Group's Australian operations, which is included in Southern African and Other regions; and
- The fact that the UK investment banking business enjoyed a year of exceptional performance in 2001. The equity market buoyancy in the first half of that year served to establish a high base from which to grow. This latter point contributed towards the drop in real earnings of the UK businesses which was partially absorbed by the steep devaluation of the rand, amounting to 27.5% on average, over the relevant period.

Of its remaining worldwide operations, the Group's Israeli businesses ended the year on a stronger note, generating growth in real terms of some 30.6% off a low base in 2001. The United States ("US") operations continued to suffer from prolonged equity investment scepticism with the dramatic slow-down of transactional and market activity resulting in overall negative growth, aggravated by the losses of R46 million attributable to the new investment banking business, Investec Inc (formerly PMG Capital), which was introduced for the first time in 2002.

Australia, on the other hand, remained relatively insulated from global conditions, as falling interest rates and a weak Australian dollar in the second six months coupled with high property prices boosted economic growth.

Notwithstanding the above, the concentration of assets and net tangible shareholders' funds is weighted towards the Group's international activities, with 63% and 66% respectively residing offshore.

Assets by geography



Financial Statements Analysis

Income

Total income grew by 36.8% to R7 254 million, of which 70.7% comprised other (non-interest) income which increased by 45.6% to R5 273 million.

Factors contributing towards this strong growth include an increase of 27.8% in recurring fees and commissions aided by the acquisition of Fedsure's financial services operations; the inclusion of income from life assurance business for the first time in 2002; and most notably the doubling of income derived from principal transactions and trading income. As indicated in the financial highlights section of this report, commodities and foreign exchange trading, investment banking including private equity activities in both SA and UK and the SA property division performed particularly well during the year. Furthermore, the UK traded endowment business, which was part of the Fedsure acquisition was included in earnings for the first time in 2002, contributing R139 million to trading income.

Net interest income increased by 17.9% to R1 981 million as a consequence of healthy organic growth in advances of 20.8%, net of exchange rate devaluations, fuelled predominantly by increased private banking activity worldwide and stable growth in the SA corporate loan book.

Notwithstanding this growth, the Group witnessed an improvement in the quality of its advances, as depicted by the continuing declining trend in the percentage of gross non-performing loans to advances from 1.65% last year to 1.12%, thereby facilitating a drop in the income statement provision from 0.54% to 0.43% of average advances in the current year. Total provision coverage remains high by SA industry norms both on a gross and net basis with the relevant percentages being 168.3 and 244.0 respectively.

Also included in net interest income is an amount of R88 million representing the translation gain attributable to the Group's only integrated operation, Reichmans which conducts international trade finance activities in Europe, the US and Mauritius. All other gains generated by the rand's significant decline over the period are included in the foreign currency translation reserve which increased by R1 612 million in 2002. This reserve enhances total shareholders' funds and essentially represents the benefit of the Group's international diversification undertaken over the past ten years.

Cost Control

Despite a sharp increase of 40.5% of operating expenses to R4 885 million, an analysis of the movement reveals that 37.0% of this growth was attributable to acquisitions included for the full year under review; 45.2% was due to the devaluation of the rand across all the Group's international operations serving to magnify the increase; and the remaining 17.8% represented underlying organic growth in expenses (equivalent to 7.2% growth). Of all expense categories, personnel costs grew by 10.8% organically due to the Group exploiting subdued market conditions to seek out strategic recruits in existing businesses worldwide.

Having regard to this, the overall ratio of operating expenses to total income increased from 63.2% to 65.5%. This mainly reflects the reduced revenues generated from the Group's UK investment banking activities as well as capacity building in some of the recent offshore acquisitions. However, the inclusion of ten months' income from the Fedsure acquisition helped to cushion this ratio to some extent due to synergistic gains producing higher income growth compared to expenses.

Taxation

The effective tax rate for the Group remained constant at 20.4%, reflecting the continued utilisation of assessed losses in the UK and the negative tax charges resulting from operational and provisional losses in the US due to the pending disposal of its private client activities. These decreases were offset by an increase in the SA effective tax rate from 26.5% to 28.6% in the current year.

Income from Associates

Investec underwrote a rights issue undertaken by CAL in October 2001, increasing the Group's effective interest in CAL to 29.7%, making it as an associate in terms of AC 110. Based on publicly available information, an amount of R49 million has been accrued representing Investec's share in its operating earnings for the five and a half months ended 31 March 2002.

Recognising that the effective date of the Fedsure acquisition was 1 June 2001, treatment of Fedsure's earnings as income from an associate was appropriate for the first two months of Investec's financial year. The net impact on Investec's earnings was a loss of R32 million, comprising operating profits of R13 million and exceptional losses of R45 million.

Exceptional Items

The significant increase in exceptional items from R468 million in 2001 to R1 058 million in 2002 is as a result of a number of factors listed below:

- Investec's share of associates' exceptional items as detailed in the previous paragraph.
- Increased goodwill amortisation relating to acquisitions made during the current year and towards the end of the previous year, of which the largest contributor was the Fedsure acquisition.
- Losses of R80 million in respect of the pending disposal of the US private client operations, of which R40 million represents the impairment of unamortised goodwill attributable to those particular businesses.
- An impairment of R472 million in relation to the purchased goodwill on Fedsure's insurance business, reflecting the problems in that business which were not apparent at the time of acquisition. The impairment test was performed in terms of the requirements of both AC 128 and AC 131, applying a combination of value in use and net selling price on all components of the Fedsure acquisition.

Offsetting these exceptional losses was the recognition of profits on the disposal of the UK insurance business as well as the realisation of a fixed income long term loan asset which formed part of the Group's non-trading portfolio. Low interest rates which prevailed for the majority of the year provided the opportunity for the Group to realise this investment to its best advantage.

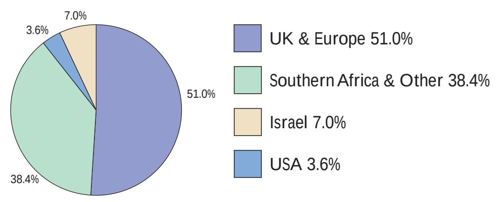
Capital Resources

Total capital resources increased by 42.5% to R16 016 million since March 2001. This was attributable to a net increase of R2 755 million in shares and debenture issues following the Fedsure acquisition; the substantial movement in the foreign currency translation reserve detailed elsewhere in this report; and the issue of an additional R300 million of subordinated debt in the SA market.

As a consequence, the Group's capital adequacy ratio remains high at 13.2% against a growth in risk weighted assets of 32.9% during the financial year. Tier one capital of R12 109 million represents 66.0% of the total net qualifying capital attributable to banking activities, which is well in excess of the statutory minimum of 50%.

Viewed in conjunction with headline earnings, the return on average shareholders' funds over the period increased from 25.8% to 27.6%, with the net tangible asset value per share increasing by 12.5% from 6 311.5 cents to 7 099 cents.

Tangible net asset value by geography



Total Assets Under Management

On balance sheet assets recorded strong growth of 56.0% from March 2001, influenced by the inclusion of the Fedsure assets and its resultant goodwill; organic growth in advances; and the impact of the gain realised by the devaluation of the rand against the world's major currencies.

Third party assets under management increased by 42.2% to R455.0 billion, positively affected by recent acquisitions within the institutional, retail, property and, to a lesser extent, private client stockbroking activities.

Prospects

Despite the possibility of subdued market conditions continuing into the next financial period with its obvious repercussions to the organisation's performance, the Group has overcome a major hurdle in dealing with the complexities surrounding the Fedsure acquisition and completed the integration of aligned businesses.

By perpetuating its specialised and focused approach through the construction of well-defined, value-added businesses and concentrating on select market niches in which it can compete effectively, the Group looks forward to a year in which it can focus all its efforts on its core strategy of building one of the world's leading specialist banking groups.

On behalf of the board

H S Herman	S Koseff	B Kantor
Chairman	***Chief Executive***	***Managing Director***

Dividends

Note on Dividend Declaration

In line with the requirements of the revised accounting statement, Events After the Balance Sheet Date (AC107) in terms of which dividends to holders of equity instruments that are proposed or declared after the balance sheet are not recognised as a liability at the balance sheet date, the total value of this dividend has not been recognised in the current reporting period. Consequently, reserves at 31 March 2002 have increased to the extent of R416.7 million, with opening reserves restated accordingly giving rise to an increase of R356 million.

Dividend Announcement

A final dividend (No. 94) of 450 cents (2001 – 440,0 cents) per ordinary share has been declared in respect of the year ended 31 March 2002.

The last day to trade cum dividend will be Friday 7 June 2002. The shares will commence trading ex dividend on Monday 10 June 2002. The record date will be Friday 14 June 2002. Payment will be made on Tuesday 18 June 2002.

Share certificates may not be dematerialised or rematerialised between Monday 3 June and Friday 14 June 2002, both dates inclusive.

By order of the board

S Noik
Secretary 23 May 2002

Registered office:
100 Grayston Drive, Sandown, Sandton 2196.

Transfer secretaries:
Computershare Investor Services Limited, 8th Floor, 11 Diagonal Street, Johannesburg 2001.

Directors:
H S Herman *(Chairman)*, S Koseff* *(Chief Executive)*, B Kantor* *(Managing)*,
S E Abrahams, Dr H K Davies, G H Davin, D E Jowell, I R Kantor,
D M Lawrence*, D R Motsepe, Dr M Z Nkosi,
B Tapnack*, P R S Thomas.
* *Executive*

Investec Group Limited
("Investec")
(Registration number 1925/002833/06)
JSE Code: INT **ISIN Code:** ZAE000012555