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Overview of results



Corporate information

Investec plc and Investec Limited

Secretary and Registered Office

Investec plc

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Investec Limited

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Internet Address

www.investec.com

Registration Number

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

Auditors

Ernst & Young
KPMG Inc.

Transfer Secretaries in the UK

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PO Box 82
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United Kingdom
Telephone (44) 870 702 0001

Transfer Secretaries in South Africa

Computershare Investor Services 2004 (Pty) Limited
70 Marshall Street Johannesburg 2001
PO Box 61051 Marshalltown 2107
Telephone (27 11) 370 5000

Directorate

Executive Directors

Stephen Koseff (Chief Executive Officer)
Bernard Kantor (Managing Director)
Glynn Burger (Group Risk and Finance Director)
Alan Tapnack

Non-Executive Directors

Hugh Herman (Chairman)
Sam Abrahams
George Alford
Cheryl Carolus
Haruko Fukuda
Donn Jowell
Geoffrey Howe
Ian Kantor
Sir Chips Keswick (Senior Independent NED)
Peter Malungani
Peter Thomas
Fani Titi

- Benefited from continued focus on driving profitable growth in our key business areas and geographies.
- Favourable economic conditions.
- Achieved the majority of our stated growth and financial return objectives and we have made significant progress towards achieving the others.

Salient features of the financial year were:

- Earnings per share (EPS) before exceptional items and amortisation of goodwill increased 35.6% to 140.8 pence from 103.8 pence (as restated).
- Operating profit before exceptional items and amortisation of goodwill increased 57.5% from £132.3 million to £208.3 million.
- Earnings attributable to ordinary shareholders before exceptional items and amortisation of goodwill increased 42.3% from £106.2 million to £151.1 million.
- Return on adjusted equity shareholders' funds (inclusive of compulsorily convertible instruments) increased from 15.4% to 21.3%.
- Recurring/annuity income as a percentage of total operating income increased from 64.8% to 65.2%.
- The ratio of total operating expenses to total operating income improved from 72.7% to 66.8%.
- Investec Limited issued R2.3 billion (£207.3 million) of non-redeemable, non-cumulative, non-participating preference shares in February 2005.
- The board proposes an increased final dividend of 37.0 pence per ordinary share equating to a full year dividend of 67.0 pence (2004: 58.0 pence) and a dividend cover based on the group's EPS before exceptional items and goodwill amortisation of 2.10 times (2004: 1.79 times). This is consistent with our policy of increasing our cover to the upper end of our target range of 1.7 to 2.3 times in years of strong performance.

Operating environment

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

Indicator	31 March 2005		31 March 2004	
	Period end	Average	Period end	Average
SA Prime Overdraft	11.00%	11.19%	11.50%	13.81%
UK Clearing Banks Base Rate	4.75%	4.59%	4.00%	3.71%
JIBAR - 3 month	7.55%	7.69%	8.05%	9.86%
LIBOR - 3 month	4.98%	4.82%	4.38%	3.83%
Reserve Bank of Australia cash target rate	5.50%	5.27%	5.25%	4.93%
JSE All Share Index	13 298.6	11 578.5	10 692.6	9 442.6
FTSE All Share Index	2 457.7	2 313.0	2 197.0	2 088.7
Australian All Ordinaries Index	4 100.6	3 742.4	3 416.4	3 174.2

Source: Reuters

Overview of results

UK GAAP ¹	31 March 2005	31 March 2004*	% Change
Profit and loss account and selected returns			
Earnings attributable to ordinary shareholders before exceptional items and amortisation of goodwill (£'000) ²	151 146	106 203	42.3%
Headline earnings (£'000) ²	152 163	105 873	43.7%
Operating profit before exceptional items and amortisation of goodwill (£'000)	208 343	132 260	57.5%
Operating profit: SA (% of total)	63.8%	58.6%	
Operating profit: Non-SA (% of total)	36.2%	41.4%	
Cost to income ratio	66.8%	72.7%	
Staff compensation to operating income ratio	43.8%	47.3%	
Return on average shareholders' funds	23.6%	16.6%	
Return on adjusted average shareholders' funds ³	21.3%	15.4%	
Return on adjusted average tangible shareholders' funds ³	30.9%	25.6%	
Recurring/annuity income as a percentage of operating income	65.2%	64.8%	
Net-interest income as a percentage of operating income	19.2%	18.8%	
Non-interest income as a percentage of operating income	80.8%	81.2%	
Effective tax rate	27.5%	21.0%	
Balance sheet			
Total capital resources (£'million)	1 480	1 303	13.6%
Total shareholders' funds (including perpetual preference shares) (£'million)	967	766	26.2%
Total equity shareholders' funds (excluding perpetual preference shares) (£'million)	643	639	0.6%
Total assets (£'million)	17 911	15 319	16.9%
Core loans and advances (£'million)	5 848	4 846	20.7%
Core loans and advances as a percentage of total assets	32.7%	31.6%	
Client assets under administration (£'million)	33 862	30 031	12.8%
Capital adequacy ratio: Investec plc ⁴	15.5%	17.3%	
Capital adequacy ratio: Investec Limited ⁴	20.1%	15.1%	

UK GAAP ¹	31 March 2005	31 March 2004*	% Change
Salient financial features and key statistics			
Earnings per share before exceptional items and amortisation of goodwill (pence) ²	140.8	103.8	35.6%
Headline earnings per share (pence) ²	141.7	103.5	36.9%
Basic earnings per share (pence) ²	81.5	60.0	35.8%
Diluted earnings per share (pence) ²	79.0	59.6	32.6%
Dividends declared per share (pence)	67.0	58.0	15.5%
Dividend cover (times)	2.10	1.79	17.3%
Net tangible asset value per share (pence) ⁵	467.0	414.8	12.6%
Weighted number of ordinary shares in issue (million) ²	107.4	102.3	5.0%
Total number of shares in issue (million)	118.6	118.6	0.0%
Closing share price (pence)	1 555	1 089	42.8%
Market capitalisation (£million) ⁶	1 844	1 292	42.7%
Number of employees in the group	4 163	4 458	(6.6%)
Closing ZAR/£ exchange rate	11.73	11.67	0.5%
Ave ZAR/£ exchange rate	11.47	12.02	(4.6%)

Notes:

¹ Refer to definitions on page 84.

² Refer to definitions and calculations on page 65 and 66.

³ Refer to calculation on page 73.

⁴ Refer to calculation on page 76.

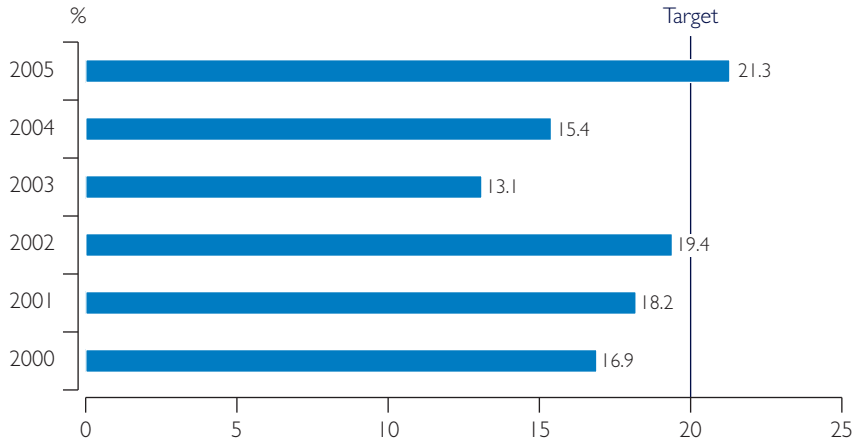
⁵ Refer to calculation on page 71.

⁶ Refer to calculation on page 82.

* Restated for changes to accounting policies and disclosures.

Financial objectives

Target: ROE* 20%

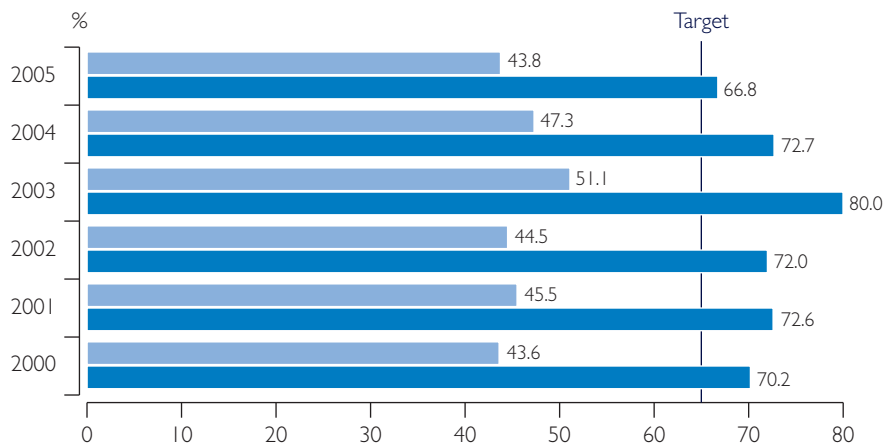


* ROE is post-tax return on adjusted equity shareholders' funds (inclusive of compulsorily convertible instruments) as calculated on page 73.

Target: Cost to income ratio: 65%

Staff compensation to operating income ratio: 45% - 50%

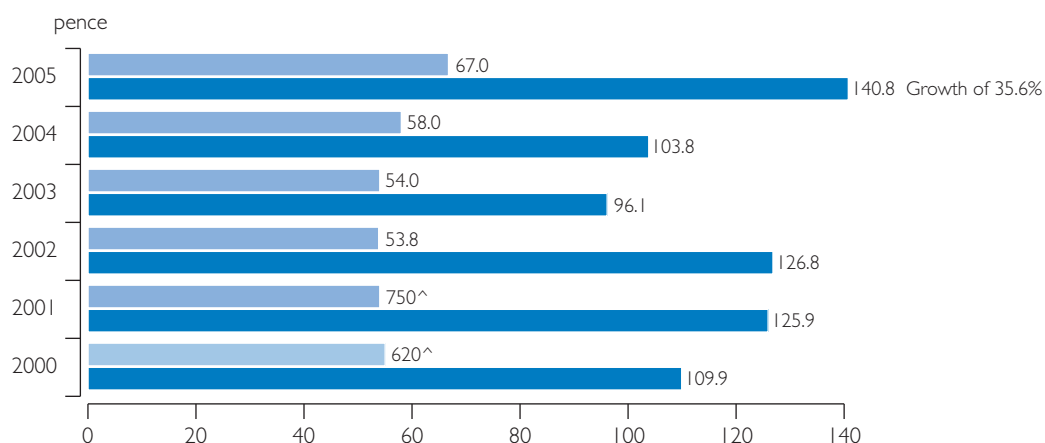
■ Cost to income ratio
■ Staff compensation to operating income ratio



- Note:**
- Six-year trend reflects numbers as at the year ended 31 March.
 - Targets as disclosed at the time of release of March 2004 results. These are medium to long-term targets based on the group's results determined in accordance with UK GAAP and denominated in Pounds Sterling.

Target: EPS* growth of 10% in excess of UK inflation
Dividend cover of between 1.7 and 2.3 times

■ EPS*
■ DPS^

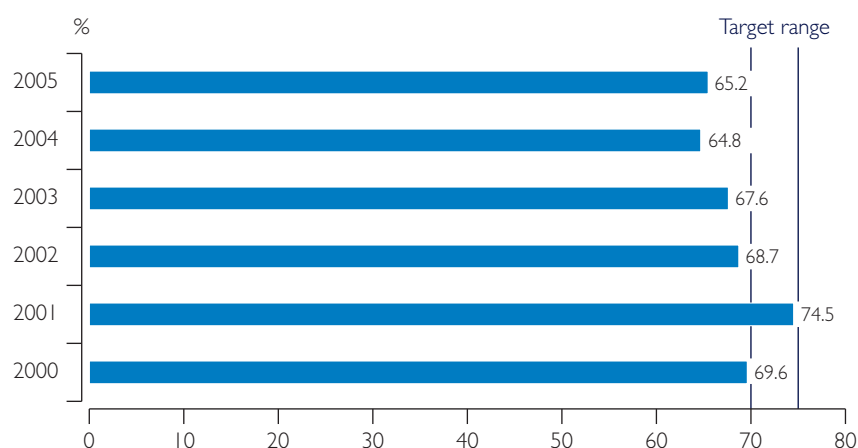


* Before exceptional items and amortisation of goodwill.

^ The dividend for 2000 and 2001 was set in Rand and the dividend thereafter was determined in Pounds Sterling. Dividend cover is based on EPS before exceptional items and amortisation of goodwill, denominated in Pounds Sterling.

Target: 70% - 75% recurring/annuity income as a percentage of operating income

■ Recurring income** as a % of operating income



** **Where:** Recurring income includes net interest margin, net recurring fees and commissions and a portion of the return on shareholders' funds.

Note:

- Six-year trend reflects numbers as at the year ended 31 March.
- Targets as disclosed at the time of release of March 2004 results. These are medium to long-term targets based on the group's results determined in accordance with UK GAAP and denominated in Pounds Sterling.

Presentation of financial information

Investec plc and Investec Limited

During July 2002 Investec Group Limited (since renamed Investec Limited) implemented a Dual Listed Companies (DLC) structure and listed its offshore businesses on the London Stock Exchange. Further information is provided on the group's website: www.investec.com

Under the contractual arrangements implementing the DLC structure, Investec Limited and Investec plc effectively form a single economic entity, in which the economic and voting rights of shareholders are equalised. In accordance with this structure, the directors of the two companies consider that for financial reporting purposes, the fairest presentation is achieved by consolidating the results and financial position of both companies using merger accounting principles.

Accordingly, the results for Investec plc set out on pages 12 to 16 presents the results and financial position of the combined DLC group under UK GAAP, denominated in Pounds Sterling (i.e. "Investec's consolidated results").

All references in this document referring to Investec or the group relate to the combined DLC group comprising Investec Limited and Investec plc.

Investec had previously reported its consolidated results both in accordance with SA GAAP, denominated in Rands and UK GAAP, denominated in Pounds Sterling. Investec is now only required to report its consolidated results in accordance with UK GAAP denominated in Pounds Sterling. However, because SA GAAP, differs in certain respects from UK GAAP the group sets out a high-level reconciliation and summary of these principal differences on pages 79 and 80.

Exchange rates

Investec's reporting currency is Pounds Sterling. Other foreign currency denominated values included in this document have been translated into Pounds Sterling, in the case of the profit and loss accounts, at the weighted average rate for the relevant period and, in the case of the balance sheets, at the relevant period end rate.

The following table sets out the movements in certain relevant exchange rates against Pounds Sterling over the reporting period:

Currency per £1.00	31 March 2005		31 March 2004	
	Period end	Average	Period end	Average
South African Rand	11.73	11.47	11.67	12.02
Australian Dollar	2.44	2.50	2.41	2.45
US Dollar	1.89	1.85	1.83	1.69
Israeli Shekel	n/a	n/a	8.30	7.51

Source: Reuters and Oanda.com

These rates are indicative only and are not necessarily the rates at which the relevant currencies were converted into Pounds Sterling for the purposes of preparation of the group's consolidated financial statements. A large portion of Investec's businesses generate the majority of their revenues and profits in Rand, as a result the depreciation/appreciation of the Rand has a profound effect on the results expressed in Pounds Sterling. Where the impact of Rand depreciation/appreciation is key to understanding the performance of the group's businesses, this has been noted.

Dividend declaration

The dividends per share declared by Investec Limited and Investec plc are determined with reference to the combined group's EPS, before exceptional items and amortisation of goodwill, denominated in Pounds Sterling and prepared in accordance with UK GAAP.

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**Financial performance of
Investec plc** (incorporating the
results of Investec Limited)



Financial performance of Investec plc (incorporating the results of Investec Limited)

Consolidated financial results in UK GAAP Pounds Sterling for the year ended 31 March 2005

Accounting policies and disclosures

The comparative information provided in the financial information is for the year ended 31 March 2004. Other than changes noted below, accounting policies adopted by the group are consistent with the prior period.

Change in accounting policies since the release of the 31 March 2004 annual results

UITF 38: Accounting for ESOP trusts:

The group has adopted UITF 38 in respect of accounting for employee share incentive trusts (ESOP trusts). In summary, the impact on the adoption of the new standard is as follows:

- Own shares held by the ESOP trusts (which have not vested to employees) are deducted from shareholders' funds (previously included on balance sheet as an asset under "own shares").
- No gain or loss is recognised in the profit and loss account or statement of total recognised gains and losses on the purchase, sale or cancellation of the group's own shares held by the ESOP trusts.
- The net finance costs of the ESOP trusts are charged to the profit and loss account as they accrue.

The impact of the change in accounting policies arising from the adoption of UITF 38 is detailed below:

Year to 31 March 2004

	£'000
Interest receivable	1 184
Interest payable	-
Net interest income	1 184
Other operating income	(1 063)
Profit on ordinary activities before taxation	121
Taxation	-
Profit on ordinary activities after taxation	121

The impact of the change in accounting policies arising from the adoption of UITF 38 on reserves is detailed below:

Reserves at 31 March 2004 as previously reported	808 969
UITF 38	(42 596)
Relating to 2004 opening reserves	(51 502)
Relating to 2004 movement in reserves	8 906
• Retained profit for the year	121
• Net reduction in treasury shares	5 764
• Net movement in share premium on reduction of treasury shares	3 021
Restated total reserves at 31 March 2004	766 373

Conversion to International Financial Reporting Standards

Under regulations adopted by the European Union as well as changes introduced to the JSE Securities Exchange South Africa Listing Requirements, we are required to prepare our financial statements in accordance with International Financial Reporting Standards (IFRS) for the year ending 31 March 2006.

The results relating to the six months ending 30 September 2005 will be presented under IFRS, alongside restated comparative information in accordance with IAS 34 - Interim Financial Reporting. The date of transition to IFRS will be 1 April 2004, being the start of the earliest period for which comparative information will be presented in the first set of IFRS compliant financial statements.

We have made significant progress in the conversion to IFRS. The major differences between IFRS and UK GAAP have been identified, and we are currently quantifying the impact. More detailed information will be made available prior to the release of the September 2005 interim results.

The most significant areas of impact for us due to IFRS are as follows:

Transition to IFRS

IFRS 1 governs the conversion to and first time adoption of IFRS. We are analysing the impact of the utilisation of certain exemptions allowed by the standard, and will choose them in such a fashion as to strike a balance between fair presentation and practicability of application. We will disclose the impact of the transition in accordance with this standard.

Share based payments

The introduction of IFRS 2 will result in the expensing of all share based payments made by us. The major area of impact will be as a result of the expense arising from share options granted to employees under share option schemes as well as other long-term Incentive plans.

Goodwill

Existing goodwill will no longer be amortised, but tested for impairment on an annual basis in accordance with IFRS 3 - Business Combinations. Negative goodwill will be released to the income statement as and when it arises.

Insurance contracts

IFRS 4 may lead to a gross-up on the balance sheet as a result of a restriction on netting off reinsurance contracts and the related liabilities.

Dividends

IAS 10 - Events after Balance Sheet Date will prohibit the recognition of a liability for any dividends declared after balance sheet date.

Financial instruments

The adoption of IAS 32 - Financial Instruments: Disclosure and Presentation, and IAS 39 - Financial Instruments: Recognition and Measurement will result in the following key changes:

- All derivative financial instruments will be carried at fair value, regardless of whether they form part of the banking or trading books. Where possible, the effect of this will be negated by hedge accounting or treatment of related financial instruments at fair value.
- Certain fees earned as part of lending transactions will be spread over the life of the lending arrangement as an integral component of the effective interest yield.
- General provisions will no longer be raised.
- Specific and portfolio impairments will be introduced, which take into account the discounting of future cash flows.
- Certain financial assets and related liabilities may no longer be offset, which will result in gross values on the balance sheet.

Consolidated profit and loss account

UK GAAP £'000	Year to 31 March 2005			Year to 31 March 2004*		
	Before goodwill & exceptional items	Goodwill & exceptional items	Total	Before goodwill & exceptional items	Goodwill & exceptional items	Total
Interest receivable - interest income arising from debt securities	81 061	-	81 061	91 845	-	91 845
Interest receivable - other interest income	639 526	-	639 526	588 188	-	588 188
Interest payable	(587 901)	-	(587 901)	(574 822)	-	(574 822)
Net interest income	132 686	-	132 686	105 211	-	105 211
Dividend income	9 887	-	9 887	3 450	-	3 450
Fees and commissions receivable	434 978	-	434 978	340 712	-	340 712
- annuity	325 527	-	325 527	266 373	-	266 373
- deal	109 451	-	109 451	74 339	-	74 339
Fees and commission payable	(23 611)	-	(23 611)	(20 046)	-	(20 046)
Dealing profits	68 747	-	68 747	90 127	-	90 127
Income from long-term assurance business	7 763	-	7 763	5 082	-	5 082
Return on shareholder's funds in the long-term assurance business	42 837	-	42 837	24 122	-	24 122
Other operating income	19 278	-	19 278	12 196	-	12 196
Other income	559 879	-	559 879	455 643	-	455 643
Total operating income	692 565	-	692 565	560 854	-	560 854
Administrative expenses	(452 848)	-	(452 848)	(395 188)	-	(395 188)
Depreciation and amortisation	(10 040)	(51 807)	(61 847)	(12 448)	(50 644)	(63 092)
- tangible fixed assets	(10 040)	-	(10 040)	(12 448)	-	(12 448)
- amortisation and impairment of goodwill	-	(51 807)	(51 807)	-	(50 644)	(50 644)
Provision for bad and doubtful debts	(21 334)	-	(21 334)	(20 958)	-	(20 958)
Operating profit before exceptional items	208 343	(51 807)	156 536	132 260	(50 644)	81 616

*Restated for changes to accounting policies and disclosures.

UK GAAP £'000	Year to 31 March 2005			Year to 31 March 2004*		
	Before goodwill & exceptional items	Goodwill & exceptional items	Total	Before goodwill & exceptional items	Goodwill & exceptional items	Total
Operating profit before exceptional items	208 343	(51 807)	156 536	132 260	(50 644)	81 616
Share of income of associated companies	14 045	(3 197)	10 848	11 205	(2 132)	9 073
Exceptional items	-	(8 635)	(8 635)	-	8 529	8 529
Provision for losses on termination and disposal of group operations - discontinued	-	-	-	-	(5 103)	(5 103)
Losses on termination and disposal of group operations - discontinued	-	(3 492)	(3 492)	-	(24 328)	(24 328)
Less provision made last year	-	3 492	3 492	-	19 225	19 225
(Loss)/profit on termination and disposal of group operations - continuing	-	(8 635)	(8 635)	-	13 632	13 632
Profit on ordinary activities before taxation	222 388	(63 639)	158 749	143 465	(44 247)	99 218
Tax on profit on ordinary activities	(57 265)	-	(57 265)	(27 821)	(678)	(28 499)
Tax on profit on ordinary continuing activities	(57 265)	-	(57 265)	(27 821)	-	(27 821)
Tax on provision for losses on termination and disposal of group operations - continuing	-	-	-	-	(678)	(678)
Profit on ordinary activities after taxation	165 123	(63 639)	101 484	115 644	(44 925)	70 719
Minority interests - equity	(960)	-	(960)	(1 888)	75	(1 813)
Profit attributable to shareholders	164 163	(63 639)	100 524	113 756	(44 850)	68 906
Dividends - including non-equity	(83 606)	-	(83 606)	(63 709)	-	(63 709)
Retained profit for the year	80 557	(63 639)	16 918	50 047	(44 850)	5 197
Earnings per share						
- basic (pence)			81.5			60.0
- diluted (pence)			79.0			59.6
Earnings per share excluding goodwill amortisation and exceptional items						
- basic (pence)			140.8			103.8
- diluted (pence)			133.0			100.8
Headline earnings - basic (pence)			141.7			103.5
Dividends per share (pence)			67.0			58.0

*Restated for changes to accounting policies and disclosures.

Consolidated statement of recognised gains and losses

UK GAAP £'000

	Year to 31 March 2005	Year to 31 March 2004*
Profit for the period attributable to shareholders	100 524	68 906
Translation differences on foreign currency net investments - equity	(2 724)	(5 203)
Translation differences on foreign currency net investments - perpetual preference shares	(10 472)	1 099
Unrealised surplus on revaluation of investment properties	4 478	13 982
Actuarial gains/(losses) net of deferred tax recognised on pension fund schemes	2 370	(1 294)
Total recognised gains and losses for the period	94 176	77 490
Prior year adjustments in respect of change in accounting policies		(43)
Total gains and losses since last report		94 133

There was no material difference between the results as reported and the results that would have been reported on an unmodified historical cost basis. Accordingly no note of historical cost profits and losses has been included.

*Restated for changes to accounting policies and disclosures.

Consolidated balance sheet

UK GAAP £'000

Assets

Cash and balances at central banks
Treasury bills and other eligible bills
Loans and advances to banks
Loans and advances to customers
Debt securities
Equity shares
Interests in associated undertakings
Other participating interests
Intangible fixed assets
Tangible fixed assets
Other assets
Prepayments and accrued income
Long-term assurance business attributable to the shareholder

Long-term assurance assets attributable to policyholders

Liabilities

Deposits by banks
Customer accounts
Debt securities in issue
Other liabilities
Accruals and deferred income
Pension fund liability

Long-term assurance liabilities attributable to policyholders

Capital resources

Subordinated liabilities (including convertible debt)
Minority interests - equity

Called up share capital
Share premium account
Treasury shares
Shares to be issued
Perpetual preference shares
Revaluation reserves
Other reserves
Profit and loss account
Shareholders' funds
- equity
- non-equity

Memorandum items

Commitments
Contingent liabilities

	31 March 2005	31 March 2004*
	105 130	363 862
	323 622	332 208
	2 961 809	1 704 715
	7 391 038	6 347 032
	1 986 864	1 466 437
	439 963	418 254
	3 559	70 006
	9 124	9 135
	193 317	251 508
	125 022	146 326
	1 202 305	1 081 131
	122 899	81 511
	230 885	265 315
	15 095 537	12 537 440
	2 815 137	2 781 335
	17 910 674	15 318 775
	912 320	1 233 609
	6 805 429	7 211 292
	1 925 124	621 857
	3 737 901	1 969 855
	226 763	185 600
	7 554	11 967
	13 615 091	11 234 180
	2 815 137	2 781 335
	16 430 228	14 015 515
	499 995	497 858
	13 195	39 029
	165	165
	1 029 242	1 027 539
	(118 694)	(101 304)
	2 191	2 666
	323 800	127 797
	47 620	43 142
	(189 663)	(169 501)
	(127 405)	(164 131)
	967 256	766 373
	643 456	638 576
	323 800	127 797
	1 480 446	1 303 260
	17 910 674	15 318 775
	680 075	522 879
	265 014	267 441
	945 089	790 320

*Restated for changes to accounting policies and disclosures.

Consolidated statement of reconciliations of shareholders' funds and movements on reserves

UK GAAP £'000

Balance at the beginning of the year

- As previously reported
- Changes in accounting policies
 - Adoption of UITF 38 : Accounting for ESOP trusts

Retained profit for the year	16 918	5 197
Foreign currency adjustments - equity	(2 724)	(5 203)
Issue of ordinary shares	-	46 325
Net movement of perpetual preference shares	196 003	126 552
- Issue of perpetual preference shares	207 313	127 484
- Share issue expenses	(838)	(2 031)
- Foreign currency adjustments - perpetual preference shares	(10 472)	1 099
Share premium movement on re-issue of treasury shares	1 703	18 975
Net purchase of treasury shares	(17 865)	(25 571)
Actuarial gains/(losses) net of deferred tax recognised on pension fund schemes	2 370	(1 294)
Revaluation of investment properties	4 478	13 982
Reduction in shareholding in associate	-	(1 056)

Balance at the end of the year

	Year to 31 March 2005	Year to 31 March 2004*
766 373	588 466	
808 969	639 968	
(42 596)	(51 502)	
16 918	5 197	
(2 724)	(5 203)	
-	46 325	
196 003	126 552	
207 313	127 484	
(838)	(2 031)	
(10 472)	1 099	
1 703	18 975	
(17 865)	(25 571)	
2 370	(1 294)	
4 478	13 982	
-	(1 056)	
967 256	766 373	

Consolidated cash flow statement

UK GAAP £'000

Net cash inflow from trading activities	281 114	166 911
Increase/(decrease) in other operating assets/liabilities	1 085 756	(656 282)
Net cash inflow/(outflow) from operating activities	1 366 870	(489 371)
Dividends received from associated undertakings	4 893	3 769
Net cash outflow from return on investments and servicing of finance	(71 966)	(52 663)
Taxation	(21 764)	(31 917)
Net cash (outflow)/inflow from capital expenditure and financial investment	(460 102)	332 532
Net cash (outflow)/inflow from acquisitions and disposals	(70 224)	40 227
Ordinary share dividends paid	(60 749)	(52 810)
Net cash inflow from financing	194 465	389 225

Increase in cash

Cash and demand bank balances at beginning of year

Cash and demand balances at end of year

	Year to 31 March 2005	Year to 31 March 2004*
281 114	166 911	
1 085 756	(656 282)	
1 366 870	(489 371)	
4 893	3 769	
(71 966)	(52 663)	
(21 764)	(31 917)	
(460 102)	332 532	
(70 224)	40 227	
(60 749)	(52 810)	
194 465	389 225	
881 423	138 992	
1 172 894	1 033 902	
2 054 317	1 172 894	

*Restated for changes to accounting policies and disclosures.

03

Divisional review



Divisional and segmental review

Group operating structure

Investec's strategic goals and objectives are motivated by the desire to develop an efficient and integrated business on an international scale through the active pursuit of clearly established core competencies in the group's principal business areas. The group's core philosophy has been to build well-defined, value-added businesses focused on serving the needs of select market niches where the group can compete effectively.

Private Client Activities	Treasury and Specialised Finance	Investment Banking	Asset Management	Property Activities
<ul style="list-style-type: none"> Private Banking Private Client Portfolio Management and Stockbroking 	<ul style="list-style-type: none"> Banking Activities Financial Market Activities 	<ul style="list-style-type: none"> Corporate Finance Institutional Research, Sales and Trading Private Equity Direct Investments 	<ul style="list-style-type: none"> Institutional Retail Assurance Activities 	<ul style="list-style-type: none"> Fund management Listed Funds Trading and Development Property Management
<ul style="list-style-type: none"> Australia Southern Africa UK and Europe 	<ul style="list-style-type: none"> Australia Southern Africa UK and Europe 	<ul style="list-style-type: none"> Australia Southern Africa UK and Europe 	<ul style="list-style-type: none"> Hong Kong Southern Africa UK and Europe 	<ul style="list-style-type: none"> Southern Africa UK and Europe
Group Services and Other Activities <ul style="list-style-type: none"> Central Services International Trade Finance Central Funding USA Continuing Operations 				

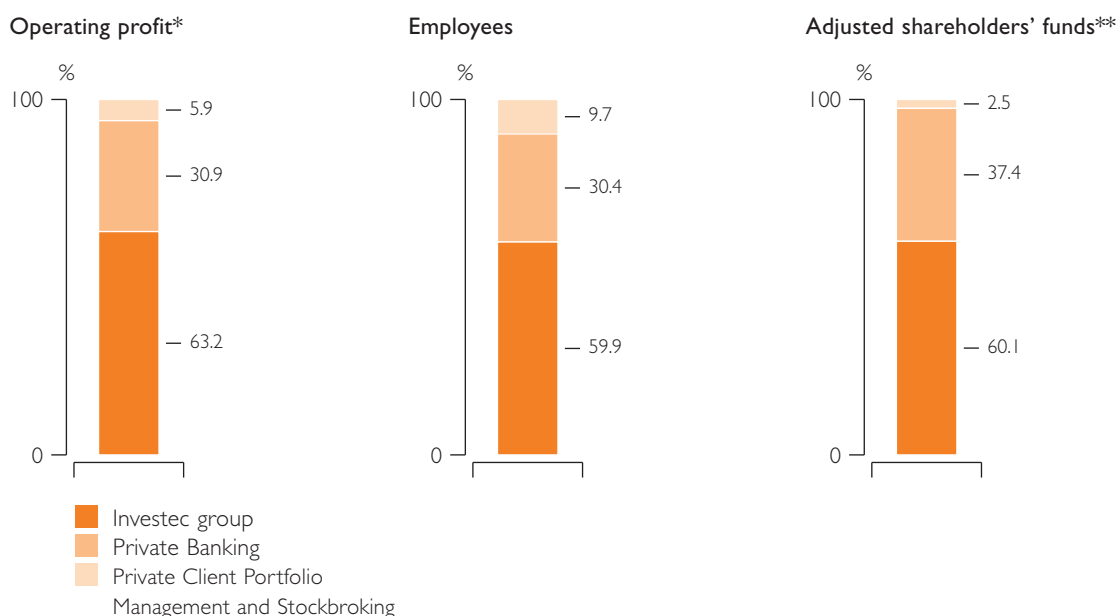
Private Client Activities

Partner of choice from wealth creation to wealth management

Overview

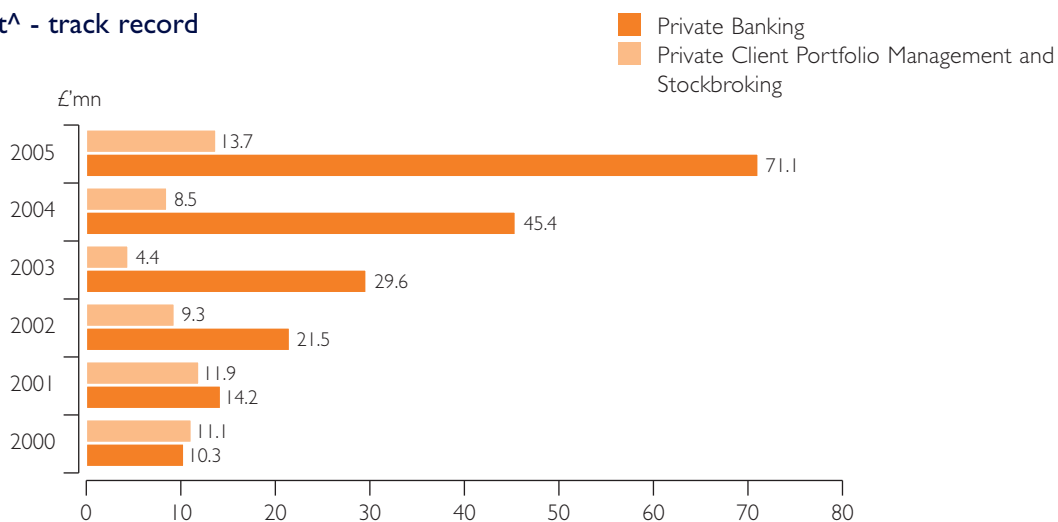
- Private Client Activities comprise the Private Banking and Private Client Portfolio Management and Stockbroking divisions.
- Operating profit increased by 57.5% to £84.8 million, contributing 36.8% to group profit.

Contribution analysis



* Before taxation, exceptional items and amortisation of goodwill and excluding Assurance and Group Services and Other Activities.
 ** As calculated on page 75.

Operating profit[^] - track record



[^] Six-year trend reflects numbers as at the year ended 31 March. Amounts are shown before taxation, exceptional items and amortisation of goodwill.

Private Banking

Partner of choice from wealth creation to wealth management

Overview and financial analysis

- Operating profit increased by 56.7% to £71.1 million, contributing 30.9% to group profit.
- There was excellent growth across all geographies.
- Net interest income grew solidly by 24.6% to £98.3 million and non-interest income by 36.9% to £95.7 million.
- The lending book increased by 26.5% to £4.3 billion.
- The deposit book increased by 21.4% to £3.2 billion.

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% Change
Net interest income	98 345	78 914	19 431	24.6%
Net fees and commissions receivable	91 196	62 181	29 015	46.7%
Dealing profits	2 905	7 211	(4 306)	(59.7%)
Other operating income and dividends received	1 560	468	1 092	>100%
Admin expenses and depreciation	(108 909)	(89 174)	(19 735)	22.1%
Provision for bad and doubtful debts	(13 949)	(14 203)	254	(1.8%)
Operating profit before exceptional items and amortisation of goodwill	71 148	45 397	25 751	56.7%
Southern Africa	28 077	17 164	10 913	63.6%
UK and Europe	36 901	24 608	12 293	50.0%
Australia	4 119	3 025	1 094	36.2%
Israel	2 051	600	1 451	>100%
Operating profit before exceptional items and amortisation of goodwill	71 148	45 397	25 751	56.7%
Shareholders' funds	267 896	216 993		23.5%
ROE (pre-tax)	28.4%	23.6%		
Cost to income ratio	56.1%	59.9%		
Number of employees	1 266	1 150		10.1%

The variance in operating profit over the period can be explained as follows:

- The solid increase in net interest income was driven by a healthy growth in advances in the UK and Europe, Australia and SA of 20.3% (to £1.5 billion), 33.0% (to £294 million), 29.7% (to £2.5 billion), respectively.
- The significant growth in net fees and commissions receivable is attributable to increased lending turnover in all operations. Furthermore, we continued to benefit from our diverse nature of activities, with strong contributions from Structured Property Finance, Specialised Lending, Growth Finance and Investment Management activities.
- Dealing profits are largely revaluations of equity stakes held as a result of Growth and Acquisition Finance transactions.
- The increase in expenses is mainly as a result of a rise in variable remuneration in line with strong growth in profitability and an increase in personnel costs in SA, given an increase in average headcount.
- Provisions increased as a result of book growth; however, the variance is distorted by the fact that provisions were made against certain loans in the prior years that are no longer required.

Loans and advances

£'million For the year ended 31 March	UK		Ireland		SA		Australia		Total		%
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	Change
Residential	597	623	12	10	872	674	6	5	1 487	1 312	13.3%
Commercial	395	277	195	162	844	644	265	205	1 699	1 288	31.9%
Cash-backed lending	101	27	12	8	-	-	-	-	113	35	>100%
Other private bank loans	198	149	-	-	778	609	26	13	1 002	771	30.0%
Total gross core loans and advances	1 291	1 076	219	180	2 494	1 927	297	223	4 301	3 406	26.3%
Specific provisions	4	3	-	-	10	12	1	-	15	15	(5.4%)
General provisions	13	11	2	2	13	10	2	2	30	25	20.8%
Net core loans and advances	1 274	1 062	217	178	2 471	1 905	294	221	4 256	3 366	26.5%
Gross non-performing loans (NPLs)	18	13	-	-	25	33	1	-	44	46	(4.4%)
Asset quality											
Gross NPLs as a % of core loans and advances	1.39%	1.17%	-	-	1.01%	1.71%	0.19%	-	1.01%	1.34%	
General provisions as a % of core loans and advances	1.02%	1.05%	0.91%	1.11%	0.53%	0.52%	0.77%	0.90%	0.71%	0.74%	
Total provisions as a % of gross NPLs	95.72%	117.25%	-	-	94.10%	67.94%	494.78%		104.67%	90.29%	
Total deposit book	1 758	1 520	68	57	1 153	886	182	140	3 161	2 603	21.4%

A contribution analysis of non-interest income by area of specialisation is shown below:

2005



2004



Private Banking

Partner of choice from wealth creation to wealth management

Developments

UK and Europe

- Our Structured Property Finance distribution capability increased within London, Manchester and Dublin.
- We established a leading facilitation role among providers of specialised lending products for high net worth individuals.
- Our Growth and Acquisition Finance brand was entrenched in the market and we concluded 12 transactions.
- We succeeded in attracting talented investment practitioners.

South Africa

- We increased our share of the residential property development market.
- Our Growth and Acquisition Finance capability expanded into all regions.
- Significant progress was achieved in our wealth management specialisation with a number of individual portfolios, in excess of R20 million each, being secured.
- We provided funding in excess of R1.45 billion in support of black economic empowerment initiatives.

Australia

- A Growth and Acquisition Finance team was established and concluded 6 transactions during the period.
- We continued to enhance and achieve growth in our Structured Property Finance and advisory capability with further expansion into the Melbourne and Brisbane markets.
- We raised private client money of A\$172 million into the Investec Wentworth Specialised Property Trust and Private Equity Fund.

Outlook

- We have set ourselves a growth target of 20% earnings growth. This should be seen in the context of current year growth of 57% and three-year compound annual growth of 48%. This is supported by carefully planned growth strategies in each jurisdiction, which include increased distribution capability and a pipeline of new initiatives and existing deal flow that will support this momentum.
- Although the Structured Property Finance specialisation had strong growth over the last three years, we have reduced our dependency on this specialisation by developing scale in Growth and Acquisition Finance, Investment Management and Specialised Lending activities.
- The quality of our book remains sound. Non-performing loans, net of collateral, are fully covered by specific provisions. General provisions are 71 basis points of core loans and advances.

Private Client Portfolio Management and Stockbroking

Partner of choice from wealth creation to wealth management

Overview and financial analysis

- Operating profit increased by 61.7% to £13.7 million, contributing 5.9% to group profit.
- Both Carr Sheppards Crosthwaite in the UK and Private Client Securities in SA benefited from the rising and more buoyant equity market and a healthy flow of net new business.
- Total private client funds under management increased by 14.0% to £9.7 billion.

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% Change
Net interest income	5 374	4 677	697	14.9%
Net fees and commissions receivable	60 164	53 390	6 774	12.7%
Dealing profits	433	203	230	>100%
Other operating income and dividends received	-	130	(130)	-
Admin expenses and depreciation	(52 282)	(49 935)	(2 347)	4.7%
Provision for bad and doubtful debts	-	-	-	-
Operating profit before exceptional items and amortisation of goodwill	13 689	8 465	5 224	61.7%
Southern Africa	5 509	2 446	3 063	>100%
UK and Europe	8 180	6 019	2 161	35.9%
Operating profit before exceptional items and amortisation of goodwill	13 689	8 465	5 224	61.7%
Shareholders' funds	18 164	17 412		4.3%
ROE (pre-tax)	62.0%	37.1%		
Cost to income ratio	79.2%	85.5%		
Number of employees	415	472		(12.1%)

Developments

UK and Europe

- Carr Sheppards Crosthwaite's funds under management increased by 2.7% to £6.1 billion.
 - The loss of a £230 million client, acquired by a competitor, was substantially offset by the addition of £224 million in net new business.
 - Private clients and trusts made up 62%, by value, of these funds and 38% emanated from charities, with virtually 100% of net new funds being subject to discretionary mandates.
- The Charities Property Fund continued to grow strongly, increasing by £97 million to £262 million during the year.
- Restructuring of the London fund manager teams produced a tighter, more efficient administration, improving client service.
- After year end, Carr Sheppards Crosthwaite was acquired by Rensburg Plc. In terms of the transaction, Rensburg Plc is issuing 25.5 million new shares and repaying a £60 million subordinated 10-year loan to Investec for Carr Sheppards Crosthwaite (a total of £188 million). Investec will receive 47.7% of the merged company, which will be called Rensburg Sheppards plc. The combined entity will have approximately £10.3 billion in funds under management, making it the seventh largest private client fund manager in the UK. Rensburg Plc shareholders' approved the transaction on 20 April 2005.

Private Client Portfolio Management and Stockbroking

Partner of choice from wealth creation to wealth management

South Africa

- Private Client Securities funds under management increased by 41.1% to R42.0 billion (£3.6 billion) (excluding HSBC funds acquired).
- The cost cutting exercise over the last few years and the scalability built into the business model translated into increased revenues.
- The Corporate Broking business is now fully established and performed exceptionally well over the last financial year.
- The Staff Share Incentive Scheme business, which offers fully outsourced administration services to corporate clients who run staff share schemes, is established, with a number of clients using the service.
- The offshore offering (Investec World Axis) targeting amnesty and asset swap money was launched towards the end of the financial year and achieved breakeven in funds.
- Private Client Securities purchased the private client business of HSBC, resulting in additional discretionary funds under management of approximately R2.3 billion and non-discretionary funds under management of R13.5 billion. The transaction was effective from 1 March 2005, and regulatory approval was obtained on 29 March 2005.

Funds under management for the period ended 31 March

	UK		South Africa			
	2005 £'million	2004 £'million	2005* R'million	2004 R'million	2005* £'million	2004 £'million
Discretionary	4 029	3 808	7 428	5 317	633	456
Non-discretionary	2 078	2 139	34 557	24 439	2 946	2 094
Total	6 107	5 947	41 985	29 756	3 579	2 550
Discretionary net inflow	224		859		75	

* Excludes HSBC funds acquired of approximately R15.8 billion (discretionary of R2.3 billion and non-discretionary of R13.5 billion).

Outlook

UK and Europe

- While the quantum of revenue is dependent, to an extent, on the level and performance of global equity markets, Carr Sheppards Crosthwaite's operating cost base will, following the merger with Rensburg Plc, reduce materially as a result of the variation of remuneration arrangements and infrastructural costs.
- In addition to maintaining a high level of client service and winning new mandates, a significant amount of time and effort will be devoted to the integration with Rensburg Plc and the achievement of the synergies outlined in the Listing Particulars for the transaction.

South Africa

- Prospects remain good, notwithstanding the market coming off its high in December 2004.
- We anticipate continued private client interest in the market as well as significant corporate activity, which will benefit both our corporate broking and private client activities.

Treasury and Specialised Finance

Specialist structuring and advisory business

25

Overview and financial analysis

- Operating profit increased by 33.9% to £47.9 million, contributing 20.8% to group profit.
- We continued to focus on our core value drivers - advising, structuring, asset creation, distribution, trading and proprietary portfolio management.
- Core lending books grew by 34.5% from £1.2 billion to £1.6 billion. There was substantial growth in the Acquisition Finance business, where low interest rates and private equity investment drove activity.

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% Change
Net interest income	46 970	40 832	6 138	15.0%
Net fees and commissions receivable	46 727	36 256	10 471	28.9%
Dealing profits	35 746	35 340	406	1.1%
Other operating income and dividends received	1 313	1 414	(101)	(7.1%)
Admin expenses and depreciation	(81 476)	(74 095)	(7 381)	10.0%
Provision for bad and doubtful debts	(1 346)	(3 942)	2 596	(65.9%)
Operating profit before exceptional items and amortisation of goodwill	47 934	35 805	12 129	33.9%
Banking Activities	43 233	29 878	13 355	44.7%
Financial Markets Activities	4 701	5 927	(1 226)	(20.7%)
Operating profit before exceptional items and amortisation of goodwill	47 934	35 805	12 129	33.9%
Southern Africa	31 121	18 887	12 234	64.8%
UK and Europe	15 527	14 015	1 512	10.8%
Australia	1 496	436	1 060	>100%
Israel	(210)	2 467	(2 677)	>100%
Operating profit before exceptional items and amortisation of goodwill	47 934	35 805	12 129	33.9%
Shareholders' funds	187 422	201 941		(7.2%)
ROE (pre-tax)	27.8%	21.5%		
Cost to income ratio	62.3%	65.1%		
Number of employees	427	434		(1.6%)

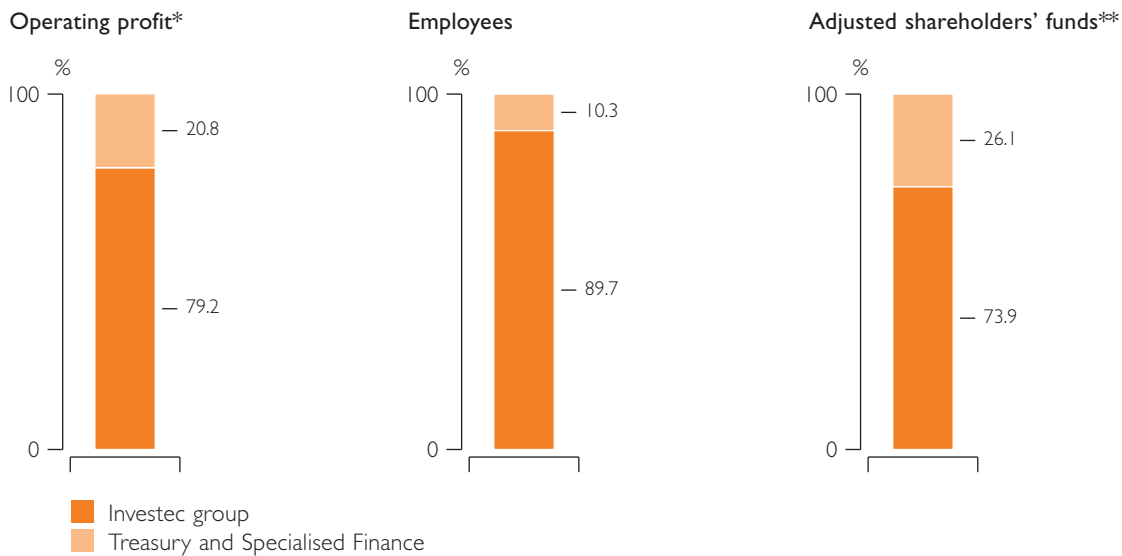
The variance in operating profit over the period can be explained as follows:

- Net interest income benefited from growth in core advances and a stable interest rate environment in SA, following the negative impact of the 5.5% rate cuts experienced in the prior period.
- The increase in net fees and commissions receivable is attributable to a solid performance from the advisory and structuring businesses, with a number of mandates closed successfully in the year in the Project Finance, Resource Finance, Structured Finance and Financial Products divisions.
- Trading and hedging activity, although subdued, improved year-on-year if Israel is excluded. Initiatives to develop client flows started to benefit the foreign exchange side of the business. Dealing profits reflect an improvement in the performance of the SA trading activities, following losses incurred by the Interest Rate and Currency Trading desks in the prior period. This result was, however, offset by the weaker performance of the UK trading activities, with losses incurred by the Commodities desk in the first half of the year and a difficult environment experienced by the Equity Derivatives desk in the second half of the year.
- Variable remuneration grew, based on increased profitability. Business expenses were higher, largely as a result of increased legal costs incurred in the UK, given strong deal flow in the Project Finance and Structured Finance divisions.
- Provisions decreased as a result of a bad debt recovery in SA.

Treasury and Specialised Finance

Specialist structuring and advisory business

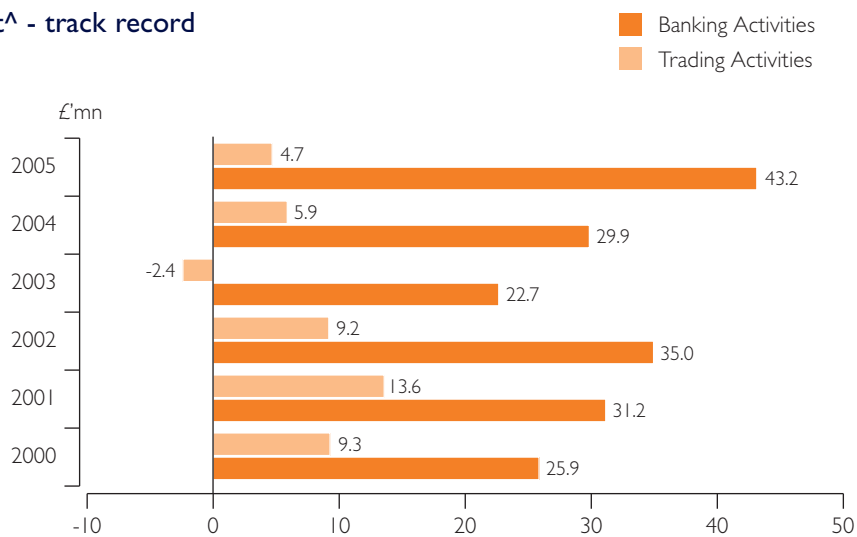
Contribution analysis



* Before taxation, exceptional items and amortisation of goodwill and excluding Assurance and Group Services and Other Activities.

** As calculated on page 75.

Operating profit[^] - track record



[^] Six-year trend reflects numbers as at the year ended 31 March. Amounts are shown before taxation, exceptional items and amortisation of goodwill.

Developments

Our focus on specialised and niche activities continued during the year and we have developed a strong platform and are well positioned for growth.

Treasury

- Asset creation opportunities increased in the UK and SA.
- **UK and Europe:** A €500 million commercial paper programme and a £1 billion medium-term note programme were established, with both completing successful issues.
- **SA:** Liquidity remained well managed and we performed strongly in a more stable interest rate environment.
- **Australia:** We remained well funded and continued to have excess liquidity.

Financial Products

- **UK and Europe:** Structuring opportunities remained good and a number of collateralised loan obligation and collateralised debt obligation deals were successfully arranged and structured in a joint venture. This resulted in good structuring fees and a growing annuity of management fees.
- **SA:** A specialist derivative sales and structuring team was created to focus on providing customers with specialist solutions across all trading book products. Product innovation remains high and the commercial paper conduit was successfully launched, with R1.5 billion of assets generated in the last nine months of the year.

Structured and Asset Finance

- Momentum in aircraft finance was positive, with a number of lead mandates and specialist leasing opportunities successfully concluded e.g. South African Airways, Jet Airways, Qantas and SAS.
- **UK and Europe:**
 - A number of leasing deals were concluded during the year, generating good fee income.
 - The Acquisition Finance business was successfully established, with asset creation well ahead of expectations.
 - The Asset Finance business was bolstered with the recruitment of a small team from Barclay's Capital and we are actively looking to grow assets. After year end, a business comprising structured medium ticket asset finance was acquired from Citigroup. The business has a book of £70 million, manages assets of £240 million and employs 18 people.
- **SA:**
 - The Acquisition Finance business had a good year, completing a number of successful large corporate deals.
 - The debt origination and securitisation business was moved from the Financial Products team to enhance synergies in the two areas and a number of new initiatives were implemented, focusing on black economic empowerment, mid corporate market and property finance.

Project and Infrastructure Finance

- We remained highly rated and were ranked the leading bank advisor by number of closed projects in the Europe, Africa and Middle East region in 2004.
- **UK and Europe:**
 - We successfully lead arranged, participated and structured the largest power deal in Ireland, Tynagh Power.
 - A number of mandates were successfully concluded in the health and transport sectors and we expanded to increase our capability in the power sector. Defence remained a core competence.
- **SA:**
 - Prospects remained good but projects were generally slow to complete, largely as a result of government delays.
- **Australia:**
 - We completed significant transactions earning substantial fees well in excess of prior years.
 - The build up of assets in partnership with Viridis for a proposed listing and launch of the Viridis Clean Energy Fund in Australia, in which we have a large stake in the management company, is progressing well.

Treasury and Specialised Finance

Specialist structuring and advisory business

Commodities and Resource Finance

- To ensure that the proprietary trading losses from the first half of the financial year were not repeated, strict discipline was enforced and we restructured the business to focus on resource finance and related commodity hedging.
- A number of deals were successfully closed in all geographies, although the strong Rand meant that deal flow in SA was slow.

Equity Derivatives

- **UK and Europe:**
 - The Equity Finance business in Ireland continued to perform well and we successfully diversified our product range and client base.
 - The Equity Derivatives business was hampered by declining equity volatilities in the second half of the year.
- **SA:**
 - A difficult year was experienced as equity volatilities reached their lowest level. This was offset by successes in the structuring area.
 - A number of steps were taken to address our positioning where we lost market share.

Foreign Exchange

- The strategies implemented during the previous financial year were largely responsible for a turnaround in the performance of the SA and UK business.
- **SA:** Successful corporate foreign exchange marketing initiatives contributed to the achievement of good profitability.
- **UK and Europe:** The corporate business expanded actively and differentiated its client base after a disappointing year.
- **Australia:** Foreign exchange trading commenced during the period, largely to capture margin on internally generated deal flow.

Interest Rates

- **UK and Europe:** The business was set up to facilitate internal deal flow and no new plans are in the pipeline.
- **SA:** Liquidity and flow levels in the market remained low and performance was acceptable given market conditions.

Loans and advances

For the year ended
£'million

UK
Ireland
Australia
South Africa

	31 March 2005	31 March 2004	% Change
UK	335	125	>100%
Ireland	71	7	>100%
Australia	27	31	(14.0%)
South Africa	1 210	1 058	14.4%
	1 643	1 221	34.5%

Outlook

- There is a good level of positive momentum in the business, which is more apparent than at the same time last year.
- Line of sight income is good.
- Initiatives with potential benefit in the year ahead relate to leveraging off existing platforms, with greater penetration of the existing client base and active measures to increase this.
- On balance, we have built a strong platform and are well positioned to target significant and sustainable growth.

Investment Banking

Super-boutique strategy targeting specific clients and market niches

Overview and financial analysis

- Operating profit increased by 25.0% to £47.2 million, contributing 20.5% to group profit.

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% Change
Net interest income	3 340	6 484	(3 144)	(48.5%)
Net fees and commissions receivable	56 781	51 992	4 789	9.2%
Dealing profits	23 805	23 230	575	2.5%
Other operating income and dividends received	22 168	6 212	15 956	>100%
Admin expenses and depreciation	(58 229)	(50 199)	(8 030)	16.0%
Provision for bad and doubtful debts	(709)	-	(709)	>100%
Operating profit before exceptional items and amortisation of goodwill	47 156	37 719	9 437	25.0%
Corporate Finance	8 226	8 206	20	0.2%
Institutional Research, Sales and Trading	5 592	4 129	1 463	35.4%
Direct Investments	14 736	18 635	(3 899)	(20.9%)
Private Equity	18 602	6 749	11 853	>100%
Operating profit before exceptional items and amortisation of goodwill	47 156	37 719	9 437	25.0%
Southern Africa	26 186	27 147	(961)	(3.5%)
UK and Europe	15 290	3 194	12 096	>100%
Australia	3 515	4 312	(797)	(18.5%)
Israel	2 165	3 066	(901)	(29.4%)
Operating profit before exceptional items and amortisation of goodwill	47 156	37 719	9 437	25.0%
Shareholders' funds	22 600	41 218		(45.2%)
ROE (pre-tax)	119.1%	78.2%		
Cost to income ratio	54.9%	57.1%		
Number of employees	245	275		(10.9%)

The variance in operating profit over the period can be explained as follows:

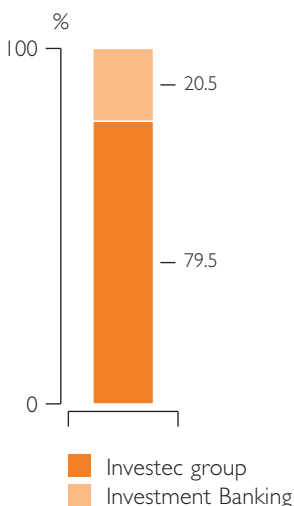
- The Institutional Stockbroking operations performed well against a backdrop of favourable equity markets and the Corporate Finance divisions posted sound results, with a solid performance reported by the UK division.
- The Direct Investments and Private Equity divisions benefited as a result of a sound performance from their underlying portfolios.
- The increase in expenses relates to a rise in retention and redundancy costs, as well as in variable remuneration.

Investment Banking

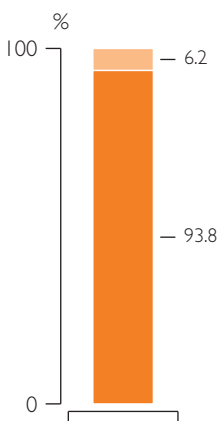
Super-boutique strategy targeting specific clients and market niches

Contribution analysis

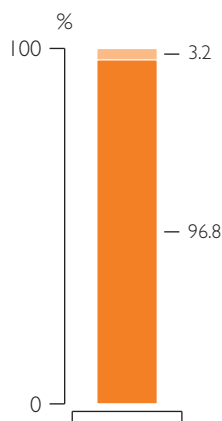
Operating profit*



Employees



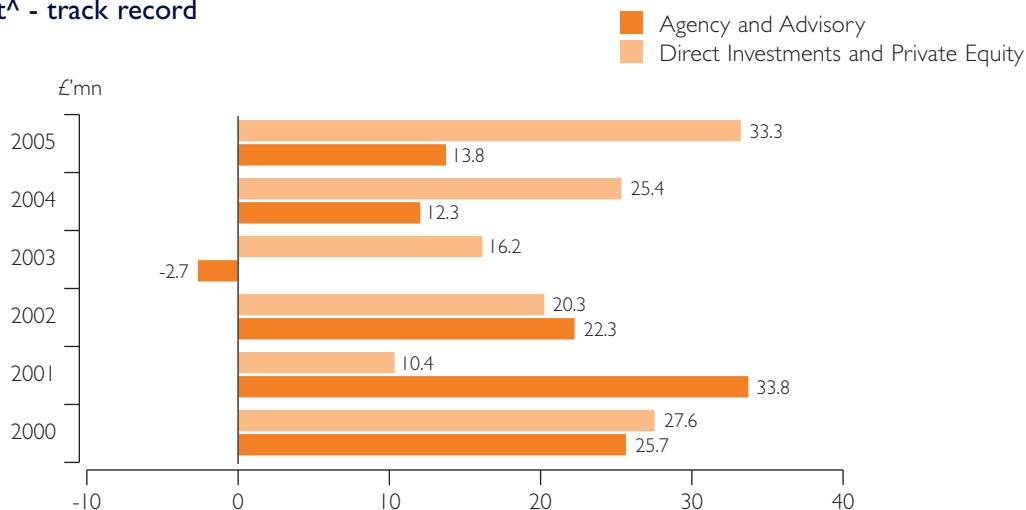
Adjusted shareholders' funds**



* Before taxation, exceptional items and amortisation of goodwill and excluding Assurance and Group Services and Other Activities.

** As calculated on page 75.

Operating profit^ - track record



^ Six-year trend reflects numbers as at the year ended 31 March. Amounts are shown before taxation, exceptional items and amortisation of goodwill.

Developments

Corporate Finance and Institutional Research, Sales and Trading

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% Change
Net interest income	1 641	1 947	(306)	(15.7%)
Net fees and commissions receivable	56 484	49 566	6 918	14.0%
Dealing profits	4 032	2 681	1 351	50.4%
Other operating income and dividends received	4	1 922	(1 918)	(99.8%)
Admin expenses and depreciation	(48 343)	(43 781)	(4 562)	10.4%
Provision for bad and doubtful debts	-	-	-	-
Operating profit before exceptional items and amortisation of goodwill	13 818	12 335	1 483	12.0%

Corporate Finance

UK and Europe

- We benefited from a higher level of M&A activity and an improved IPO market as investor confidence returned.
- Five IPO's were concluded during the financial year, the most notable being Virgin Mobile.
- Statistics:
 - Completed 19 M&A transactions during the year, with a value of £1.1 billion (2004: 18 transactions with a value of £960 million).
 - Completed 12 fundraisings during the year, raising in aggregate £376 million, including £150 million in relation to Dignity and £125 million for Virgin Mobile where we worked with other brokers (2004: 13 transactions with a value of £174 million).
- We continued to build the quality and size of the corporate client list, gaining 23 new clients during the year, with the total number of quoted clients at 73.

South Africa

- We maintained our strong positioning with a steady level of activity.
- Our focus was on corporate restructuring activities, black economic empowerment (BEE) transactions, de-listings and the high profile hostile bid by Harmony for Goldfields.
- All our major clients were retained and several new mandates were gained during the period, particularly for BEE transactions.
- Statistics:
 - Number of corporate finance transactions completed during the period decreased to 88 (2004: 93), with the value increasing to R32.4 billion (2005: R20.0 billion).
 - Number of sponsor broker deals completed during the period increased to 94 (2004: 83), with the value increasing to R25.8 billion (2004: R17.3 billion).
 - Corporate Finance division was ranked second in volume of M&A transactions and second in general corporate finance by volume in the Dealmakers Magazine Survey for Corporate Finance (March 2005).
 - Sponsor division was ranked first in the volume of M&A transactions and second in general corporate finance by volume in the Dealmakers Magazine Survey for Sponsors (March 2005).

Australia

- Strong cross-border activity was maintained between SA and Australia.
- The continued strengthening of the advisory franchise, advising on 18 transactions (2004: 15) valued at A\$26.7 billion (2004: A\$2.7 billion) during the financial year.
- Increased level of activity in private equity advisory (internally and externally).

Investment Banking

Super-boutique strategy targeting specific clients and market niches

Institutional Research, Sales and Trading

UK and Europe

- Secondary commissions improved over the prior period despite market volumes being relatively unchanged. This was largely as a result of the following:
 - Increased research coverage.
 - First fully operational year for support services research team.
 - Increased market traction in sales and sales trading.
 - Greater use of balance sheet to facilitate broking commissions in both market making and selected large cap stocks.
 - Hedge funds are an important source of new business.
- Rankings (Starmine Survey, 2004):
 - Second place overall.
 - Individual analysts received 11 top three rankings, including five number one rankings.

South Africa

- During the period, the institutional securities business was strategically re-aligned. As a result, a global presence was established in the US to create an improved platform to leverage the SA product into select international markets.
- The agency business performed well as improved JSE volumes translated into geared bottom line revenues.
- Simultaneously, the achievement of top tier rankings with our target client base enabled us to grow our market share.
- The Prime Broking initiative was launched early in 2005.

Direct Investments and Private Equity

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% Change
Net interest income	1 699	4 537	(2 838)	(62.6%)
Net fees and commissions receivable	297	2 426	(2 129)	(87.8%)
Dealing profits	19 773	20 549	(776)	(3.8%)
Other operating income and dividends received	22 164	4 290	17 874	>100%
Admin expenses and depreciation	(9 886)	(6 418)	(3 468)	54.0%
Provision for bad and doubtful debts	(709)	-	(709)	-
Operating profit before exceptional items and amortisation of goodwill	33 338	25 384	7 954	31.3%

The variance in operating profit can be explained as follows:

- Underlying investments performed well, generating realised and unrealised (year to date cumulative increase/decrease in the value of the portfolios) returns.
- These returns are reflected under dealing profits, with the exception of dividends received of £7.6 million and the income generated on the UK private equity portfolio, which is reflected under other operating income.

UK and Europe

- We benefited from the sale of investments in the underlying funds of the private equity portfolio.

South Africa

- The private equity portfolio increased to an aggregate value of R366 million (2004: R217 million), mainly driven by good performance from existing investments, a number of acquisitions and improved equity markets.
- The direct investment portfolio at year end was approximately R460 million (2004: R980 million).

Australia

- Raised an additional private equity fund of A\$140 million.
- Total funds under management were A\$240 million as at 31 March 2005.

Outlook

UK and Europe

- The pipeline is looking positive as a result of an increase in the number of planned IPOs and fundraisings as clients look to raise equity capital. However, optimism should be tempered by a concern that a high level of fundraisings in the market may reduce investor demand.
- Generally the client list is looking more active. We have also gained traction in the market, shown by our pitching for syndicate roles on large floats as well as pitching and winning brokering in larger corporates e.g. PHS and Enodis.

South Africa

- The **corporate finance** pipeline is reasonable which will maintain the current momentum and we expect BEE transactions to continue to drive activity.
- **Institutional Securities** is well positioned to take advantage of the current buoyant market and we are leveraging our position as the top local securities house. Furthermore, our focus will be on distributing the SA product into the UK and the US markets.
- The outlook for **private equity** for the next six months remains positive based on the quality pipeline in place. We continue to look for value creation opportunities.
- We remain active in looking for **direct investment** opportunities while continuing to unlock further value from the portfolio and building quality BEE platforms.

Australia

- With strong recognition and brand building, the growing Australian platform will provide growth opportunities in future.

Asset Management

Investment specialist focused on performance and client needs

Overview and financial analysis

- Operating profit increased 55.1% to £38.2 million, contributing 16.6% to group profit.
- Assets under management increased by 11.4% in Pound Sterling terms to £22.9 billion and by 12.0% in Rand terms to R268.9 billion.
- Sound investment performance achieved across core propositions.

	31 March 2005	31 March 2004	Variance	% Change
Net interest income	2 842	2 900	(58)	(2.0%)
Net fees and commissions receivable	124 085	100 129	23 956	23.9%
Other income	45	1 874	(1 829)	(97.6%)
Admin expenses and depreciation	(88 797)	(80 292)	(8 505)	10.6%
Provision for bad and doubtful debts	-	-	-	-
Operating profit before exceptional items and amortisation of goodwill	38 175	24 611	13 564	55.1%
Southern Africa	32 617	22 740	9 877	43.4%
UK and International	5 373	1 614	3 759	>100%
Israel	185	257	(72)	(28.0%)
Operating profit before exceptional items and amortisation of goodwill	38 175	24 611	13 564	55.1%
Adjusted shareholders' funds	140 425	171 056		(17.9%)
ROE (pre-tax)	21.7%	12.7%		
Cost to income ratio	69.9%	76.5%		
Number of employees	723	784		(7.8%)

The variance in operating profit over the period can be explained as follows:

UK and International

- Operating profit of the UK and other international operations in Sterling (approximately £5.4 million) is significantly higher (an increase of £3.8 million) than the prior year period.
- The increase in net fees and commissions receivable is attributable primarily to the growth in retail fees due to strong flows into the retail fund ranges. Total net inflows into the onshore funds amounted to £347 million whilst the offshore funds had net inflows of £76 million supported by strong sales from Asia. Although the institutional book suffered net outflows due to the loss of a large low margin insurance client, institutional revenue increased on the back of a shift to higher margin pension business.

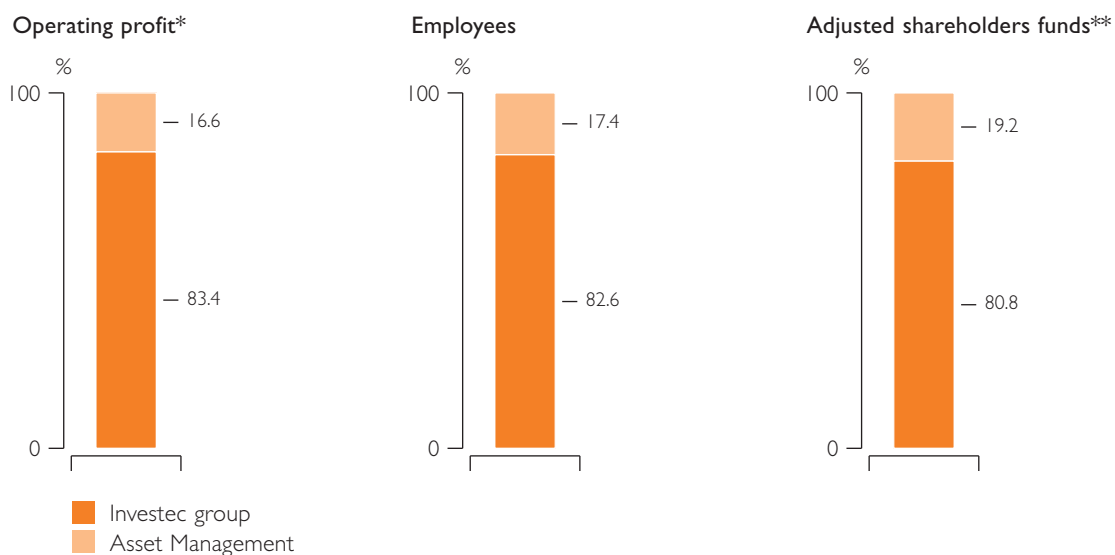
Southern Africa

- Operating profit of the SA operations in Rands (approximately R372.0 million) is 36.2% higher than the prior year.
- Net fees and commissions receivable benefited from strong equity and bond markets. This coupled with excellent investment performance in the specialist propositions and a subsequent increase in performance fee revenue of R91.4 million (£7.9 million) ((2004: R19.0 million (£1.6 million)), resulted in a significant increase in institutional fees. Retail fees also benefited from net inflows of R1.7 billion (£145 million)).

Costs remain a priority

- The increase in costs is attributable to one-off costs associated with the outsourcing of the administration function, active recruitment and an increase of variable remuneration in line with business performance.

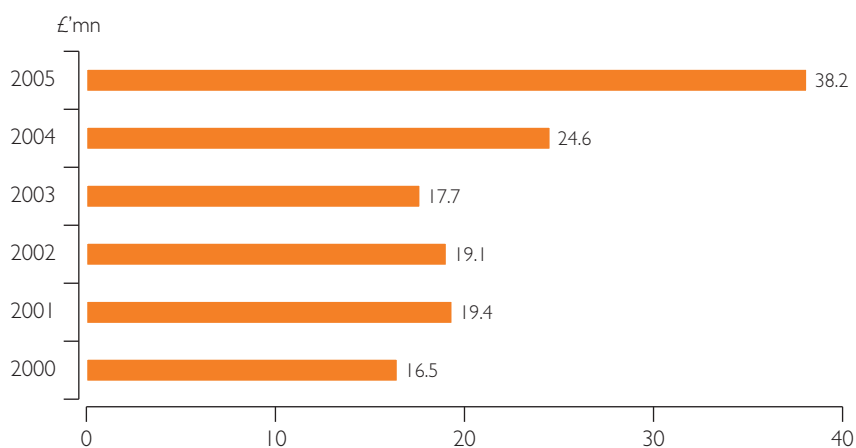
Contribution analysis



* Before taxation, exceptional items and amortisation of goodwill and excluding Assurance and Group Services and Other Activities.

** As calculated on page 75.

Operating profit[^] - track record



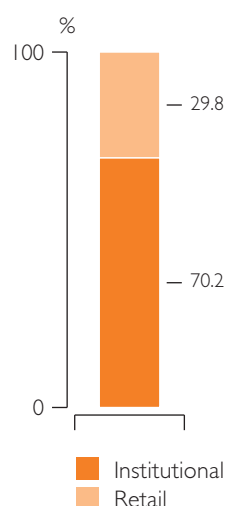
[^] Six-year trend reflects numbers as at the year ended 31 March. Amounts are shown before taxation, exceptional items and amortisation of goodwill.

Asset Management

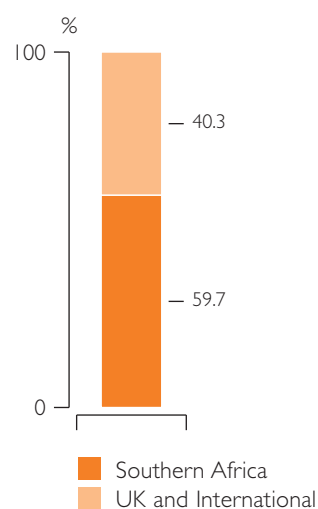
Investment specialist focused on performance and client needs

Assets under management

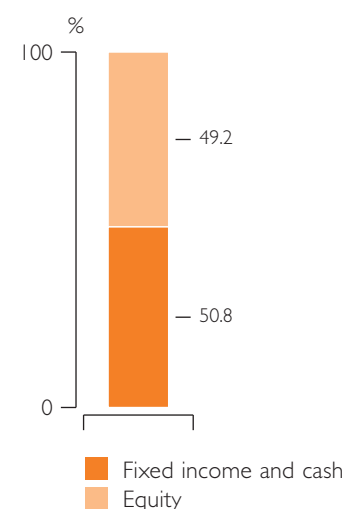
Business type



Geographic*



Asset class*



*Managed basis

Movement in assets under management

£'million

	Total	Institutional	Retail	UK & Int'l	SA	SA (R'mn)
31 March 2004	20 568	14 930	5 638	8 062	12 506	145 949
Net flows	(590)	(1 154)	564	(398)	(192)	(2 183)
New clients and funds	3 253	3 146	107	1 228	2 025	23 168
Disinvestments/closed funds	(3 420)	(3 384)	(36)	(1 532)	(1 888)	(21 580)
Existing client movements	(423)	(916)	493	(94)	(329)	(3 771)
Market movement	2 935	2 298	637	518	2 417	29 102
31 March 2005	22 913	16 074	6 839	8 182	14 731	172 868

Sourced basis

Sales (gross inflows)

Clients	31 March 2005	31 March 2004	Products	31 March 2005	31 March 2004
£'million					
Institutional	3 396*	2 769	Fixed interest and cash	4 221	3 744
Retail	4 097	3 185	Equity	2 275	1 540
	-		Balanced	997	670
	7 493	5 954		7 493	5 954

*Includes £1.4 billion of restructures of SA institutional funds from balanced products.

Market recognition

- Overall Group - Small (UK), Mixed Asset Group - Small (UK) and Equity Group (Hong Kong) - Lipper Fund Awards 2005.
- High Alpha Equity - Pensions Management Provider Awards 2004 (UK).
- Best Large Manager over five years for the fifth consecutive year - Standard & Poor's/Financial Mail Awards 2005 (SA).
- Finalist - Global Pension's Fixed Income Manager of 2004 (UK).
- Financial Adviser/LIA Four Star Service Award (UK).
- Runner-up Unit Trust Company of Year - ACI/Personal Finance Raging Bull Awards 2004 (SA).
- Second place overall - Plexus Survey March 2005 (SA).

Developments

UK and International

- Investment team operating well and delivering sound performance:
 - Achieved new consultant "buy" ratings for UK equities and small caps, reinforcing 4Factor equity team and process which is producing excellent returns.
 - Exceptional performance from UK contrarian team.
 - Momentum in fixed income team further enhanced by key appointments.
 - Global equity team strengthened by new hires.
- Strong performance from retail business, with continued growth in market share:
 - Significant net inflows of £347million into the onshore funds supported by strong sales of cautious managed and balanced products.
 - Substantial offshore sales from Asia, especially Taiwan.
- Although institutional flows were marred by the loss of a large low margin insurance client (about £700 million), the business achieved £725 million of new business to shift the book in favour of higher margin pension fund assets.
- Further strategic rationalisation achieved through US and Dublin offices.

Investec in the UK mutual fund industry

31 March

	2005	2004	2003
IAM assets under management (£'million)	2 020	1 128	666
Total industry size (£'million)	282 283	246 040	188 267
Market share (%)	0.7%	0.5%	0.3%
Size ranking in industry	43rd of 118	52nd of 127	58th of 129
Industry net retail sales (£'million)	3 729	8 855	6 842
IAM % of net industry retail sales	7.3%	3.2%	2.7%
Industry gross retail sales (£'million)	30 823	29 766	26 839
IAM % of gross industry retail sales	1.8%	1.5%	1.2%

Source: Investment Management Association statistics
Industry sales for the 12-month period

Asset Management

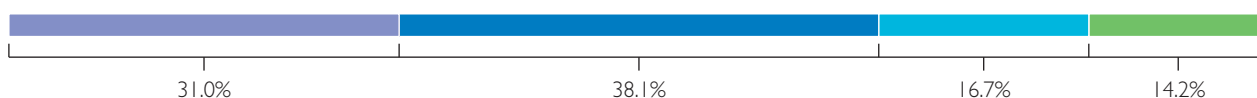
Investment specialist focused on performance and client needs

UK and global retail investment performance

One year



Three years



Source: Standard & Poors, DataStream

Graphs depict percentage of Investec funds ranked in each quartile.

UK and global institutional investment performance

Benchmark out-performance

	6 months	1 year	2 years p.a.	3 years p.a.
UK Equity Conservative	-	-	-	+
UK Equity Aggressive	-	-	-	+
Global Equity Core	+	-	+	+
Global Equity Aggressive	+	+	+	+
Balanced	-	+	-	+
UK Government Bonds	+	+	+	+
UK Corporate Bonds	-	+	+	-
Sterling Cash Plus	+	+	-	+
Global Bonds	-	-	-	+

Note: + depicts above benchmark performance; - depicts below benchmark performance

Source: Standard & Poor's Micropal, WM Spectrum

Southern Africa

- Outstanding specialist equity investment performance over all periods.
- Superior retail funds performance recognised by numerous industry awards.
- Successful retention of assets (with improved margins) in institutional client restructuring process from balanced to specialist mandates.

- Strong net inflows of R1.7 billion (£148 million) into the retail funds due to excellent retail investment performance and a focused marketing strategy.
- African initiative continues to gain momentum, with Botswana generating significant net flows.
- Commitment to clients remains paramount as demonstrated through the closure of certain of the best selling propositions, such as value equities, to new business.
- Focused talent and transformation programme under way, supporting a key objective of the business.

Investec in the South African unit trust industry

31 March

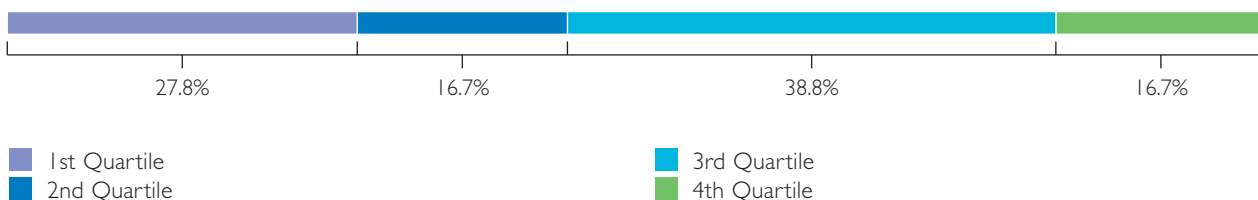
IAM assets under management (R'million)
 Total industry size (R'million)
 Market share (%)
 Size ranking in industry
 Industry gross sales (R'million)
 IAM % of gross industry sales

	2005	2004	2003
IAM assets under management (R'million)	27 166	23 542	18 484
Total industry size (R'million)	339 812	243 539	174 075
Market share (%)	8.0%	9.7%	10.6%
Size ranking in industry	3rd of 26	4th of 28	4th of 29
Industry gross sales (R'million)	295 891	205 559	142 793
IAM % of gross industry sales	8.7%	12.2%	12.6%

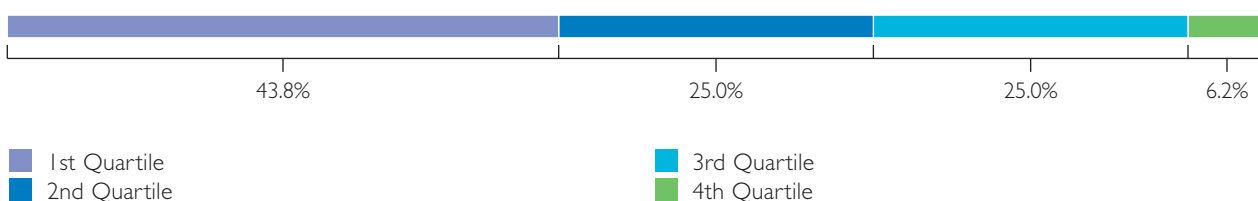
Source: Association of Collective Investments (unadjusted)
 Industry sales for the 12-month period

South African retail investment performance

One year



Three years



Source: Standard & Poors, DataStream
 Graphs depict percentage of Investec funds ranked in each quartile.

Asset Management

Investment specialist focused on performance and client needs

South African institutional investment performance

Quartile rank

	6 months	1 year	3 years p.a.	5 years p.a.
Equity	2	1	1	1
Value Equity	1	1	1	1
Growth Equity	1	1	1	1
Enhanced Index	1	1	2	-
Cash	1	1	2	1
Core Bond	4	4	2	1
Absolute Return	1	1	1	1
Balanced International	3	4	3	4
Balanced Domestic	3	3	4	4

Source: Alexander Forbes

Outlook

Priorities remain:

- The delivery of sound investment performance across all propositions.
- To provide a superior experience in terms of client service and product innovation.
- To continue to attract and retain the kind of people who built the division from scratch to one of the top 100 providers of third party asset management in the world.

The primary objectives of the business to achieve sustainable profit growth are:

- Maintain and grow the momentum in Southern Africa, with a key focus on transformation.
- Become a significant player in the UK with a meaningful presence in Europe and Asia in both the institutional and retail arenas.
- Leverage the unique Africa link.

Property Activities

Leading fund management consolidator, seeking out selective trading opportunities

Overview and financial analysis

- Operating profit increased 21.5% to £12.3 million, contributing 5.3% to group profit.

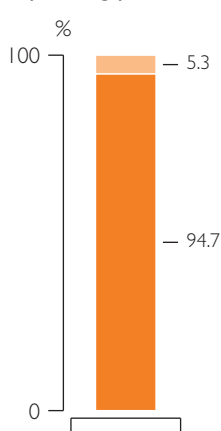
UK GAAP £'000	31 March 2005	31 March 2004	Variance	% Change
Net interest income	(169)	(378)	209	(55.3%)
Net fees and commissions receivable	24 594	12 647	11 947	94.5%
Other income	3 547	8 486	(4 939)	(58.2%)
Admin expenses and depreciation	(15 671)	(10 583)	(5 088)	48.1%
Provision for bad and doubtful debts	3	(46)	49	>100%
Operating profit before exceptional items and amortisation of goodwill	12 304	10 126	2 178	21.5%
Southern Africa	7 233	8 605	(1 372)	(15.9%)
UK	5 071	1 521	3 550	>100%
Operating profit before exceptional items and amortisation of goodwill	12 304	10 126	2 178	21.5%
Shareholders' funds	15 962	16 173		(1.3%)
ROE (pre-tax)	66.1%	63.7%		
Cost to income ratio	56.0%	51.0%		
Number of employees	225	210		7.1%

The variance in operating profit over the period can be explained as follows:

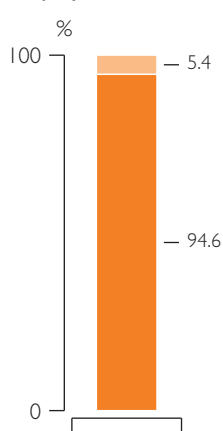
- The significant growth in net fees and commissions receivable is attributable to an increase in funds under management in the SA division of 17.8% to R14.7 billion (£1.3 billion) and realised gains earned in the UK.
- The division in SA took advantage of the favourable operating environment and sold a number of properties during the year, although trading revenue declined year on year.
- Costs increased largely as a result of the Primegro acquisition in SA in the previous year.

Contribution analysis

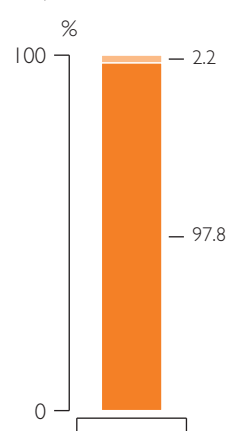
Operating profit*



Employees



Adjusted shareholders' funds**



Investec group
Property Activities

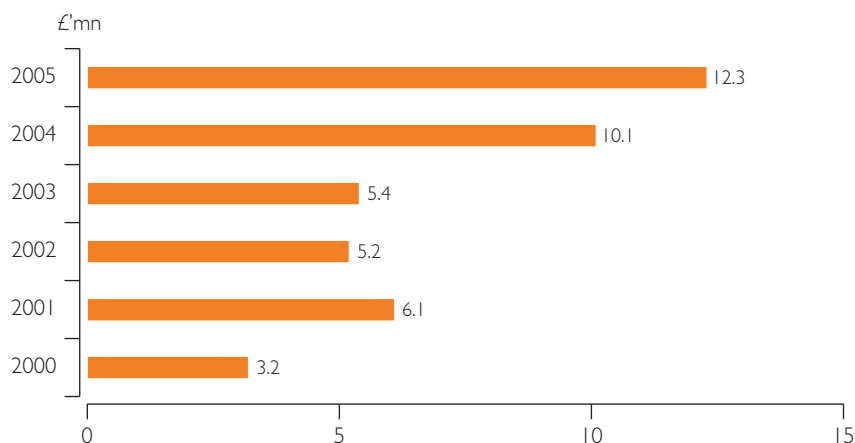
* Before taxation, exceptional items and amortisation of goodwill and excluding Assurance and Group Services and Other Activities.

** As calculated on page 75.

Property Activities

Leading fund management consolidator, seeking out selective trading opportunities

Operating profit[^] - track record



[^]Six-year trend reflects numbers as at the year ended 31 March. Amounts are shown before taxation, exceptional items and amortisation of goodwill.

Outlook

UK and Europe

- The commercial property market is still in a good space and we are co-investing alongside quality professionals as opposed to direct participation.
- We are beginning to look at overseas markets for co-investment where more value is perceived than exists currently in the UK.

South Africa

- Activity in the property market is favourable given the low interest rate environment and we expect to continue to perform well, leveraging off our market share and dominant positioning.
- There is opportunity to continue to realise our trading portfolio given the buoyancy in the market.
- There is a reasonable pipeline of property projects and developments.
- We are actively and continually reviewing opportunities to grow the fund business.

The group's SA assurance activities, conducted by Investec Employee Benefits reported an increase in operating profit of 69.5% to £7.8 million. The business has benefited from an increase in embedded value as a consequence of improved efficiencies. The group risk business has been sold to Capital Alliance Holdings Limited through a reinsurance contract executed on 31 December 2004, and the earnings reflect income to the date of sale.

Long-term assurance business attributable to the shareholder

UK GAAP £'000	31 March 2005	31 March 2004
Investec Employee Benefits Limited		
The embedded value comprises:		
Net tangible assets of life company including surplus	257 619	343 590
Reallocated to investments in associated undertakings	-	(58 832)
Elimination of intercompany balances	(21 621)	(27 842)
Value of in-force business	(5 113)	8 399
	230 885	265 315
Movements in embedded value		
At beginning of year	265 315	108 528
Profit after tax per profit and loss account	7 763	5 082
Return on shareholders' funds	42 837	24 122
Exchange adjustments	(734)	12 244
Gain on revaluation of investment properties	-	4 327
Dividends to shareholder	(88 143)	-
Reclassification of shareholder assets	3 847	111 012
At end of year	230 885	265 315
Income from long-term assurance business comprises		
Premium income	252 029	264 423
Investment income	145 760	157 717
Total income	397 789	422 140
Operating expenses	(19 304)	(19 029)
Policyholders' benefits paid	(361 671)	(416 556)
Decrease in technical provisions	110 921	139 280
Re-insurance premium expense	(117 223)	(115 972)
Operating profit	10 512	9 863
Tax charged to technical account	(4 923)	(5 564)
Surplus attributable to shareholders	5 589	4 299
Movement in value of in-force business	2 174	783
Income from long-term assurance business	7 763	5 082

Assumptions

No current taxation has been provided on the surplus attributable to shareholders due to the availability of brought forward taxation losses. A deferred tax charge of £10.26 million has been raised representing a reduction to deferred tax asset attributable to shareholders in respect of the amount of taxation losses utilised during the current year.

Assurance Activities

Long-term assurance business attributable to the shareholder

UK GAAP	31 March 2005	31 March 2004
Assumptions		
The economic assumptions are based upon a long-term view of economic activity in South Africa and are therefore not adjusted for market movements which are considered to be short term. This approach is considered to be the most appropriate given the long-term nature of the portfolio of products and that the business is located in South Africa. The economic assumptions are derived by adding appropriate long term risk/equity margins to the benchmark gilt (i.e. R153 South African government bond). The principal economic assumptions which have been used are as follows:		
Risk-adjusted discount rate (%)	11.3	12.8
Return on equities (gross of tax) (%)	10.3	11.8
Return on fixed interest securities (gross of tax) (%)	8.3	9.8
Return on property investments (gross of tax) (%)	9.3	10.8
Return of cash held (gross of tax) (%)	6.3	7.8
Inflation rate (%)	5.3	6.8
Balance sheet	£'000	£'000
The assets of the long-term assurance fund attributable to the shareholder are detailed below:		
Investments	270 777	326 264
Intercompany loans receivable	21 621	27 842
Other assets	39 349	61 207
Assets of the long-term assurance fund attributable to shareholder	331 747	415 313
Current liabilities	(74 128)	(71 723)
Net asset value	257 619	343 590
Investments shown above comprise:		
Interest bearing securities	14 818	40 118
Stocks, shares and unit trusts	93 020	94 448
Investment properties	115 449	76 484
Associate	-	58 832
Deposits	47 490	56 382
	270 777	326 264
Qualifying capital (net of inadmissible assets) (£'million)	360.38	348.07
Statutory capital adequacy requirement (CAR) (£'million)	5.03	8.83
CAR cover (times)	71.70	39.44

Group Services and Other Activities

Overview and financial analysis

- Operating loss of £29.8 million compared to the prior period loss of £34.4 million.
- Improved performance largely attributable to the results of the SA Central Funding division, which benefited from an improved capital structure and a lower interest rate environment.

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% Change
International Trade Finance	3 490	2 725	765	28.1%
USA continuing businesses	(1 022)	178	(1 200)	(>100%)
UK Traded Endowments	(813)	(3 279)	2 466	75.2%
	1 655	(376)	2 031	>100%
Central Funding	(1 170)	(8 342)	7 172	86.0%
Central Costs	(30 313)	(25 727)	(4 586)	(17.8%)
Operating loss before exceptional items and amortisation of goodwill	(29 828)	(34 445)	4 617	13.4%

UK GAAP £'000 - 31 March 2005	Southern Africa	UK & Europe	Australia	Israel	USA	Total group
International Trade Finance	1 953	1 537	-	-	-	3 490
USA continuing businesses	-	-	-	-	(1 022)	(1 022)
UK Traded Endowments	(813)	-	-	-	-	(813)
Central Funding	8 075	(13 941)	4 865	(169)	-	(1 170)
Central Costs	(14 786)	(12 990)	(2 537)	-	-	(30 313)
Operating (loss)/profit before exceptional items and amortisation of goodwill	(5 571)	(25 394)	2 328	(169)	(1 022)	(29 828)

UK GAAP £'000 - 31 March 2004	Southern Africa	UK & Europe	Australia	Israel	USA	Total group
International Trade Finance	1 038	1 687	-	-	-	2 725
USA continuing businesses	-	-	-	-	178	178
UK Traded Endowments	(3 279)	-	-	-	-	(3 279)
Central Funding	(10 559)	(1 615)	4 304	(472)	-	(8 342)
Central Costs	(11 222)	(12 054)	(2 451)	-	-	(25 727)
Operating (loss)/profit before exceptional items and amortisation of goodwill	(24 022)	(11 982)	1 853	(472)	178	(34 445)

Group Services and Other Activities

Developments

International Trade Finance

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% Change
Net interest income	7 261	6 216	1 045	16.8%
Other income	543	373	170	45.6%
Admin expenses and depreciation	(3 432)	(2 865)	(567)	19.8%
Provision for bad and doubtful debts	(882)	(999)	117	(11.7%)
Operating profit before exceptional items and amortisation of goodwill	3 490	2 725	765	28.1%

- ReichmansCapital continued to perform strongly.
- The positive macro economic factors in South Africa have resulted in ongoing demand for imports and strong retail sales, supporting both the Trade Finance and Factoring businesses.
- The strong Rand exchange rate has also resulted in an increased demand for imported manufacturing equipment resulting in continued good business for the Asset Finance division.

USA continuing businesses

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% Change
Net interest income	281	310	(29)	(9.4%)
Other income	6 979	9 240	(2 261)	(24.5%)
Admin expenses and depreciation	(8 282)	(9 372)	1 090	(11.6%)
Provision for bad and doubtful debts	-	-	-	-
Operating (loss)/profit before exceptional items and amortisation of goodwill	(1 022)	178	(1 200)	>100%

- Revenues and profitability are highly dependent on fixed income market activity which has experienced reduced volumes as a consequence of rising interest rates.
- During 2004 we added desks for Institutional Equities and Institutional Options which provides some level of diversification.

UK Traded Endowments

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% Change
Net interest income	528	163	365	>100%
Other income	1 292	1 884	(592)	(31.4%)
Admin expenses and depreciation	(2 633)	(5 326)	2 693	(50.6%)
Provision for bad and doubtful debts	-	-	-	-
Operating loss before exceptional items and amortisation of goodwill	(813)	(3 279)	2 466	(75.2%)

- During the period we withdrew from the traded endowments market.
- Costs and write-offs associated with the closure of this part of the business amounted to £6.4 million and have been reflected as part of exceptional items.

Central Funding

- We have a business model of maintaining a central pool of capital with the aim of ensuring that economies of scale with respect to corporate investments, funding and overall management are obtained.
- Various sources of funding are employed, the determination of which depends on the specific financial and strategic requirements it faces at the relevant point in time.
- The funds raised are applied towards the making of acquisitions, the funding of central services and debt obligations and the purchase of corporate assets and investments not allocated to the five operating divisions.

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% Change
Net interest income (excluding interest on sub-debt and debentures)	23 502	11 109	12 393	>100%
Return on shareholder's funds in the long-term assurance business	42 837	24 122	18 715	77.6%
Other income	4 782	13 277	(8 495)	(64.0%)
	71 121	48 508	22 613	46.6%
Interest paid on sub-debt and debentures	(55 159)	(45 105)	(10 054)	22.3%
Admin expenses and depreciation	(12 546)	(8 828)	(3 718)	42.1%
Provision for bad and doubtful debts	(4 586)	(2 917)	(1 669)	57.2%
Operating loss before exceptional items and amortisation of goodwill	(1 170)	(8 342)	7 172	(86.0%)

The variance in performance over the period can be explained as follows:

- The SA division benefited from an improved capital structure and a lower interest rate environment (following the margin squeeze experienced in the prior period). This performance was partially offset by a net increase in interest costs in the UK division following an issue of Tier II subordinated debt of £200 million in March 2004.
- The growth in the return on shareholder's funds in the long-term assurance business conducted through IEB is as a result of the substantial increase in the average long-term assurance assets attributable to the shareholder from £186.9 million to £248.1 million, supported by favourable capital market conditions.
- In the prior period other operating income had been positively affected by the profit realised on a share buy-back concluded by Insinger. Furthermore, the division has recorded a more moderate performance on certain investments held directly by the group.

Central Costs

- We have a policy of allocating costs that are housed in the centre that are in effect performing a function for the divisions of the group.
- There are certain costs that are strategic in nature which have not been allocated for pure segmental disclosure amounting to £30.3 million (2004: £25.7 million). However, a portion thereof (£20.8 million) is allocated to the operating divisions for purposes of determining return on adjusted capital per business segment. Refer to page 75 for further details.

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% Change
Net interest income	(429)	(911)	482	(52.9%)
Other income	614	502	112	22.3%
Admin expenses and depreciation	(30 633)	(26 467)	(4 166)	15.7%
Provision for bad and doubtful debts	135	1 149	(1 014)	(88.3%)
Operating loss before exceptional items and amortisation of goodwill	(30 313)	(25 727)	(4 586)	17.8%

The variance in central costs over the period is as a result of an increase in:

- Unrecovered rent.
- Regulatory and compliance costs in the UK.
- Risk management costs in SA in line with increased activity.
- Consulting fees relating to certain projects we have undertaken which are aimed at improving efficiency and eliminating duplication.
- Marketing costs relating to certain sponsorships and other initiatives undertaken by the group.
- Variable remuneration as a result of strong growth in profitability.

Geographical Overview

The table below indicates the changes in the operating profit before taxation, exceptional items and amortisation of goodwill by geography. Reasons as to the changes in operating profit have been discussed in the divisional section above. Taxation, exceptional items and goodwill amortisation are discussed elsewhere in this document.

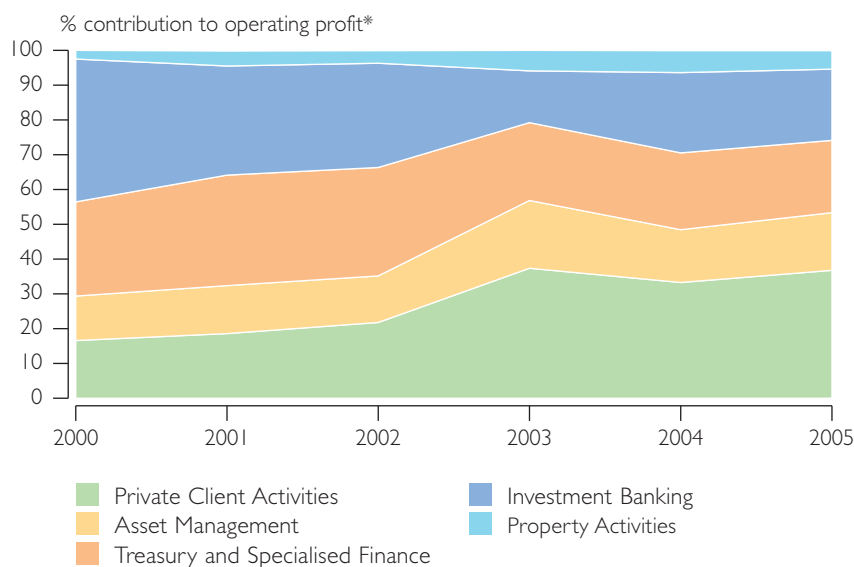
UK GAAP £'000

	31 March 2005	31 March 2004	Variance	% Change
Southern Africa	132 937	77 549	55 388	71.4%
UK and Europe	60 948	38 734	22 214	57.4%
Australia	11 458	9 626	1 832	19.0%
Israel	4 022	5 918	(1 896)	(32.0%)
USA	(1 022)	433	(1 455)	>100%
Operating profit before exceptional items and amortisation of goodwill	208 343	132 260	76 083	57.5%

Note:

As announced on 30 July 2004 Investec plc sold its 80.28% stake in Investec Bank (Israel) Limited to The First International Bank of Israel. The transaction was completed on 22 December 2004 and hence the results of Investec Bank (Israel) Limited to that date have been consolidated into the group results for the year ended 31 March 2005.

Balanced Portfolio of Businesses



* Excluding Assurance and Group Services and Other Activities.

Segmental information

Segmental geographic and business analysis of operating profit before taxation, exceptional items and amortisation of goodwill, post allocation of central costs[^]

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For the year ended 31 March 2005

UK GAAP £'000	Southern Africa	UK & Europe	Australia	Israel	USA	Total group	% Change	% of Total
Private Banking	28 077	36 901	4 119	2 051	-	71 148	56.7%	34.1%
Private Client Portfolio Management and Stockbroking	5 509	8 180	-	-	-	13 689	61.7%	6.6%
Treasury and Specialised Finance	31 121	15 527	1 496	(210)	-	47 934	33.9%	23.0%
Investment Banking	26 186	15 290	3 515	2 165	-	47 156	25.0%	22.6%
Asset Management	32 617	5 373	-	185	-	38 175	55.1%	18.3%
Assurance Activities	7 765	-	-	-	-	7 765	69.5%	3.7%
Property Activities	7 233	5 071	-	-	-	12 304	21.5%	5.9%
Group Services and Other Activities	(5 571)	(25 394)	2 328	(169)	(1 022)	(29 828)	(13.4%)	(14.3%)
Total group	132 937	60 948	11 458	4 022	(1 022)	208 343	57.5%	100%
% Change	71.4%	57.4%	19.0%	(32.0%)	>100%	57.5%		
% of Total	63.8%	29.3%	5.5%	1.9%	(0.5%)	100%		

For the year ended 31 March 2004*

UK GAAP £'000	Southern Africa	UK & Europe	Australia	Israel	USA	Total group	% of Total
Private Banking	17 164	24 608	3 025	600	-	45 397	34.3%
Private Client Portfolio Management and Stockbroking	2 446	6 019	-	-	-	8 465	6.4%
Treasury and Specialised Finance	18 887	14 015	436	2 467	-	35 805	27.1%
Investment Banking	27 147	2 939	4 312	3 066	255	37 719	28.5%
Asset Management	22 740	1 614	-	257	-	24 611	18.6%
Assurance Activities	4 582	-	-	-	-	4 582	3.5%
Property Activities	8 605	1 521	-	-	-	10 126	7.7%
Group Services and Other Activities	(24 022)	(11 982)	1 853	(472)	178	(34 445)	(26.0%)
Total group	77 549	38 734	9 626	5 918	433	132 260	100%
% of Total	58.6%	29.3%	7.3%	4.5%	0.3%	100%	

* Restated for changes to accounting policies and disclosures.

[^] The group has a policy of allocating costs that are housed in the centre that are in effect performing a function for the group. There are certain costs that are strategic in nature which have not been allocated amounting to £30.3 million (2004: £25.7 million).

Segmental information

Segmental business analysis - profit and loss account, post allocation of central costs[^]

For the year ended 31 March 2005

UK GAAP £'000	PC*	TSF*	IB*	AM*	PA*	GSO*	Total group
Net interest income	103 719	46 970	3 340	2 842	(169)	(24 016)	132 686
Other income	156 258	83 786	102 754	131 893	28 141	57 047	559 879
Dividend income	1 444	354	7 629	-	-	460	9 887
Net fees and commissions receivable	151 360	46 727	56 781	124 085	24 594	7 820	411 367
Dealing profits	3 338	35 746	23 805	-	928	4 930	68 747
Income from long-term assurance business	-	-	-	7 763	-	-	7 763
Return on shareholder's funds in the long-term assurance business	-	-	-	-	-	42 837	42 837
Other operating income	116	959	14 539	45	2 619	1 000	19 278
Total operating income	259 977	130 756	106 094	134 735	27 972	33 031	692 565
Administrative expenses [^]	(157 618)	(80 695)	(57 909)	(87 824)	(15 554)	(53 248)	(452 848)
Depreciation - tangible fixed assets	(3 573)	(781)	(320)	(971)	(117)	(4 278)	(10 040)
Provision for bad and doubtful debts	(13 949)	(1 346)	(709)	-	3	(5 333)	(21 334)
Operating profit/(loss) before exceptional items and amortisation of goodwill	84 837	47 934	47 156	45 940	12 304	(29 828)	208 343
Share of income/(loss) of associated companies	223	(304)	-	14 315	-	(189)	14 045
Profit/(loss) on ordinary activities before taxation	85 060	47 630	47 156	60 255	12 304	(30 017)	222 388
Amortisation and impairment of goodwill	(8 859)	2 558	(7 762)	(32 815)	(2 782)	(2 147)	(51 807)
Amortisation and impairment of goodwill of associate	-	-	-	(3 197)	-	-	(3 197)
Other exceptional items	(1 000)	-	-	6 221	-	(13 856)	(8 635)
Selected returns and key statistics							
Net intercompany interest	(91 890)	116 460	(3 982)	133	(3 797)	(16 924)	-
ROE (pre-tax)	30.7%	27.8%	119.1%	24.3%	66.1%	(23.7%)	29.3%
Cost to income ratio	62.0%	62.3%	54.9%	65.9%	56.0%	174.2%	66.8%
Staff compensation to operating income ratio	39.6%	34.8%	38.4%	38.0%	37.1%	158.4%	43.8%
Number of employees	1 681	427	245	740	225	845	4 163
Total assets (£'million)	5 341	8 106	536	1 706	52	2 170	17 911

* **Where:** PC = Private Client Activities TSF = Treasury and Specialised Finance IB = Investment Banking AM = Asset Management and Assurance Activities PA = Property Activities GSO = Group Services and Other Activities

[^] The group has a policy of allocating costs that are housed in the centre that are in effect performing a function for the group. There are certain costs that are strategic in nature which have not been allocated amounting to £30.3 million (2004: £25.7 million).

For the year ended 31 March 2004**

UK GAAP £'000	PC*	TSF*	IB*	AM*	PA*	GSO*	Total group
Net interest income	83 591	40 832	6 484	2 900	(378)	(28 218)	105 211
Other income	123 583	73 010	81 434	107 085	21 133	49 398	455 643
Dividend income	87	2 872	308	-	-	183	3 450
Net fees and commissions receivable	115 571	36 256	51 992	100 129	12 647	4 071	320 666
Dealing profits	7 414	35 340	23 230	1 736	5 937	16 470	90 127
Income from long-term assurance business	-	-	-	5 082	-	-	5 082
Return on shareholder's funds in the long-term assurance business	-	-	-	-	-	24 122	24 122
Other operating income	511	(1 458)	5 904	138	2 549	4 552	12 196
Total operating income	207 174	113 842	87 918	109 985	20 755	21 180	560 854
Administrative expenses [^]	(135 075)	(72 837)	(49 636)	(79 794)	(10 463)	(47 383)	(395 188)
Depreciation - tangible fixed assets	(4 034)	(1 258)	(563)	(998)	(120)	(5 475)	(12 448)
Provision for bad and doubtful debts	(14 203)	(3 942)	-	-	(46)	(2 767)	(20 958)
Operating profit/(loss) before exceptional items and amortisation of goodwill	53 862	35 805	37 719	29 193	10 126	(34 445)	132 260
Share of income/(loss) of associated companies	-	(300)	-	11 505	-	-	11 205
Profit/(loss) on ordinary activities before taxation	53 862	35 505	37 719	40 698	10 126	(34 445)	143 465
Amortisation and impairment of goodwill	(4 347)	(2 658)	(5 841)	(23 754)	(2 198)	(11 846)	(50 644)
Amortisation and impairment of goodwill of associate	-	-	-	(2 132)	-	-	(2 132)
Other exceptional items	-	-	-	-	-	8 529	8 529
Selected returns and key statistics							
Net intercompany interest	(89 585)	169 311	(5 447)	185	-	(74 464)	-
ROE (pre-tax)	24.8%	21.5%	78.2%	13.6%	63.7%	(144.1%)	19.4%
Cost to income ratio	67.1%	65.1%	57.1%	73.5%	51.0%	249.6%	72.7%
Staff compensation to operating income ratio	40.9%	36.9%	36.0%	45.2%	32.1%	237.5%	47.3%
Number of employees	1 622	434	275	940	210	977	4 458
Total assets (£'million)	4 562	5 515	304	3 388	55	1 495	15 319

* **Where:** PC = Private Client Activities TSF = Treasury and Specialised Finance IB = Investment Banking AM = Asset Management and Assurance Activities PA = Property Activities GSO = Group Services and Other Activities

** Restated for changes to accounting policies and disclosures.

[^] The group has a policy of allocating costs that are housed in the centre that are in effect performing a function for the group. There are certain costs that are strategic in nature which have not been allocated amounting to £30.3 million (2004: £25.7 million).

Segmental information

Segmental geographic analysis - profit and loss account, post allocation of central costs[^]

For the year ended 31 March 2005

UK GAAP £'000	Southern Africa	UK & Europe	Australia	Israel	USA	Total group
Net interest income	65 203	46 449	13 768	6 985	281	132 686
Other income	282 752	247 562	15 702	6 884	6 979	559 879
Dividend income	9 377	431	64	15	-	9 887
Net fees and commissions receivable	170 533	215 776	14 580	6 482	3 996	411 367
Dealing profits	48 138	17 093	(8)	177	3 347	68 747
Income from long-term assurance business	7 763	-	-	-	-	7 763
Return on shareholder's funds in the long-term assurance business	42 837	-	-	-	-	42 837
Other operating income	4 104	14 262	1 066	210	(364)	19 278
Total operating income	347 955	294 011	29 470	13 869	7 260	692 565
Administrative expenses [^]	(193 358)	(224 942)	(17 570)	(8 881)	(8 097)	(452 848)
Depreciation - tangible fixed assets	(5 663)	(3 307)	(354)	(531)	(185)	(10 040)
Provision for bad and doubtful debts	(15 997)	(4 814)	(88)	(435)	-	(21 334)
Operating profit/(loss) before exceptional items and amortisation of goodwill	132 937	60 948	11 458	4 022	(1 022)	208 343
Share of income/(loss) of associated companies	14 316	(359)	(81)	72	97	14 045
Profit on ordinary activities before taxation	147 253	60 589	11 377	4 094	(925)	222 388
Taxation	(38 343)	(13 952)	(3 507)	(1 463)	-	(57 265)
Minorities interests	(152)	(252)	-	(556)	-	(960)
Profit on ordinary activities after taxation	108 758	46 385	7 870	2 075	(925)	164 163
Amortisation and impairment of goodwill	(30 796)	(14 928)	(6 083)	-	-	(51 807)
Amortisation and impairment of goodwill of associate	(3 197)	-	-	-	-	(3 197)
Other exceptional items	(1 285)	(1 000)	-	(6 350)	-	(8 635)
Selected returns and key statistics						
Net intercompany interest	5 989	(6 323)	334	-	-	-
ROE (post-tax)	34.3%	13.5%	13.8%	6.7%	(91.2%)	21.3%
Cost to income ratio	57.2%	77.6%	60.8%	67.9%	114.1%	66.8%
Staff compensation to operating income ratio	35.3%	52.7%	49.2%	37.4%	77.0%	43.8%
Effective tax rate	28.8%	22.9%	30.6%	36.4%	-	27.5%
Number of employees	2 648	1 308	140	^^	67	4 163

[^] The group has a policy of allocating costs that are housed in the centre that are in effect performing a function for the group. There are certain costs that are strategic in nature which have not been allocated amounting to £30.3 million (2004: £25.7 million).

^{^^} The sale of Investec Bank (Israel) Limited was concluded on 22 December 2004.

For the year ended 31 March 2004*

UK GAAP £'000	Southern Africa	UK & Europe	Australia	Israel	USA	Total group
Net interest income	37 633	43 022	13 210	10 874	472	105 211
Other income	220 709	201 092	12 871	11 632	9 339	455 643
Dividend income	3 162	249	12	27	-	3 450
Net fees and commissions receivable	122 848	173 201	12 571	10 026	2 020	320 666
Dealing profits	58 441	23 686	277	977	6 746	90 127
Income from long-term assurance business	5 082	-	-	-	-	5 082
Return on shareholder's funds in the long-term assurance business	24 122	-	-	-	-	24 122
Other operating income	7 054	3 956	11	602	573	12 196
Total operating income	258 342	244 114	26 081	22 506	9 811	560 854
Administrative expenses [^]	(158 149)	(197 079)	(15 824)	(14 911)	(9 225)	(395 188)
Depreciation - tangible fixed assets	(5 898)	(5 204)	(259)	(934)	(153)	(12 448)
Provision for bad and doubtful debts	(16 746)	(3 097)	(372)	(743)	-	(20 958)
Operating profit/(loss) before exceptional items and amortisation of goodwill	77 549	38 734	9 626	5 918	433	132 260
Share of income/(loss) of associated companies	11 381	-	(300)	(17)	141	11 205
Profit on ordinary activities before taxation	88 930	38 734	9 326	5 901	574	143 465
Taxation	(15 613)	(6 300)	(2 833)	(3 474)	399	(27 821)
Minorities interests	(1 342)	(41)	-	(505)	-	(1 888)
Profit on ordinary activities after taxation	71 975	32 393	6 493	1 922	973	113 756
Amortisation and impairment of goodwill	(31 673)	(12 919)	(6 052)	-	-	(50 644)
Amortisation and impairment of goodwill of associate	(2 132)	-	-	-	-	(2 132)
Other exceptional items	13 029	-	-	-	(5 103)	7 926
Selected returns and key statistics						
Net intercompany interest	10 259	(8 787)	(369)	-	(1 103)	-
ROE (post-tax)	29.0%	8.4%	14.1%	5.6%	138.0%	15.4%
Cost to income ratio	63.5%	82.9%	61.7%	70.4%	95.6%	72.7%
Staff compensation to operating income ratio	39.8%	55.0%	47.5%	39.8%	69.3%	47.3%
Effective tax rate	20.1%	16.3%	29.4%	58.7%	(92.1%)	21.0%
Number of employees	2 627	1 431	112	213	75	4 458

* Restated for changes to accounting policies and disclosures.

[^] The group has a policy of allocating costs that are housed in the centre that are in effect performing a function for the group. There are certain costs that are strategic in nature which have not been allocated amounting to £30.3 million (2004: £25.7 million).

Segmental information

Segmental business analysis of operating profit before taxation, exceptional items and amortisation of goodwill, post allocation of central costs[^]

UK GAAP £'000	31 March 2005			31 March 2004*
	Year end	2H05	1H05	Year end
Private Client Activities				
Private Banking	71 148	36 264	34 884	45 397
Private Client Portfolio Management and Stockbroking	13 689	7 670	6 019	8 465
	84 837	43 934	40 903	53 862
Treasury and Specialised Finance				
Trading Activities	4 701	3 525	1 176	5 927
Banking Activities	43 233	22 957	20 276	29 878
	47 934	26 482	21 452	35 805
Investment Banking				
Corporate Finance	8 226	1 551	6 675	8 206
Institutional Research, Sales and Trading	5 592	2 720	2 872	4 129
Direct Investments ¹	14 736	8 105	6 631	18 635
Private Equity	18 602	16 796	1 806	6 749
	47 156	29 172	17 984	37 719
Asset Management	38 175	23 294	14 881	24 611
Assurance Activities	7 765	4 240	3 525	4 582
Property Activities	12 304	5 593	6 711	10 126
Group Services and Other Activities				
International Trade Finance	3 490	1 919	1 571	2 725
USA Continuing Activities	(1 022)	(1 036)	14	178
UK Traded Endowments	(813)	(201)	(612)	(3 279)
	1 655	682	973	(376)
Central Funding	(1 170)	3 432	(4 602)	(8 342)
Central Costs	(30 313)	(17 192)	(13 121)	(25 727)
	(29 828)	(13 078)	(16 750)	(34 445)
Total group	208 343	119 637	88 706	132 260

* Restated for changes to accounting policies and disclosures.

[^] The group has a policy of allocating costs that are housed in the centre that are in effect performing a function for the group. There are certain costs that are strategic in nature which have not been allocated amounting to £30.3 million (2004: £25.7 million).

UK GAAP £'000

Private Client Activities

Private Banking
Private Client Portfolio Management and Stockbroking

Treasury and Specialised Finance

Trading Activities
Banking Activities

Investment Banking

Corporate Finance
Institutional Research, Sales and Trading
Direct Investments'
Private Equity

Asset Management**Assurance Activities****Property Activities****Group Services and Other Activities**

International Trade Finance
USA Continuing Activities
UK Traded Endowments

Central Funding
Central Costs^

Total group

	Year to 31 March 2005	Year to 31 March 2004*	% Change
	71 148	45 397	56.7%
	13 689	8 465	61.7%
	84 837	53 862	57.5%
	4 701	5 927	(20.7%)
	43 233	29 878	44.7%
	47 934	35 805	33.9%
	8 226	8 206	0.2%
	5 592	4 129	35.4%
	14 736	18 635	(20.9%)
	18 602	6 749	>100%
	47 156	37 719	25.0%
	38 175	24 611	55.1%
	7 765	4 582	69.5%
	12 304	10 126	21.5%
	3 490	2 725	28.1%
	(1 022)	178	(>100%)
	(813)	(3 279)	75.2%
	1 655	(376)	>100%
	(1 170)	(8 342)	86.0%
	(30 313)	(25 727)	(17.8%)
	(29 828)	(34 445)	13.4%
	208 343	132 260	57.5%

* Restated for changes to accounting policies and disclosures.

^ The group has a policy of allocating costs that are housed in the centre that are in effect performing a function for the group. There are certain costs that are strategic in nature which have not been allocated amounting to £30.3 million (2004: £25.7 million).

Segmental information

Segmental geographic analysis - balance sheet

For the year ended 31 March 2005

UK GAAP £'000	Southern Africa	UK & Europe	Australia	Israel [^]	USA	Total group
Cash and balances at central banks	94 810	9 012	1 308	-	-	105 130
Treasury bills and other eligible bills	181 441	6 812	135 369	-	-	323 622
Loans and advances to banks	694 025	2 245 854	21 693	-	237	2 961 809
Loans and advances to customers	4 169 837	2 900 889	320 312	-	-	7 391 038
- core advances	3 583 622	1 944 154	320 312	-	-	5 848 088
- cash and cash equivalents	586 215	956 735	-	-	-	1 542 950
Debt securities	840 812	1 088 806	47 142	-	10 104	1 986 864
Equity shares	155 724	273 844	3 457	-	6 938	439 963
Interests in associated undertakings	-	2 604	343	-	612	3 559
Participating interests	-	9 124	-	-	-	9 124
Intangible fixed assets	62 958	124 157	6 202	-	-	193 317
Tangible fixed assets	106 471	16 942	1 292	-	317	125 022
Other assets	563 991	631 891	4 865	-	1 558	1 202 305
Prepayments and deferred income	53 114	68 097	1 685	-	3	122 899
Long-term assurance assets	3 046 022	-	-	-	-	3 046 022
Total assets	9 969 205	7 378 032	543 668	-	19 769	17 910 674

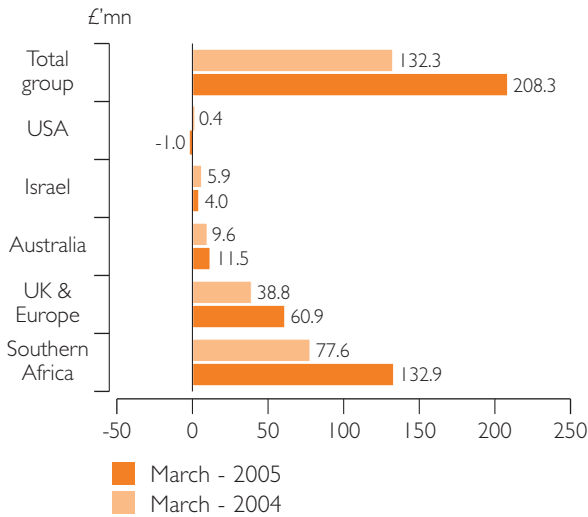
For the year ended 31 March 2004*

UK GAAP £'000	Southern Africa	UK & Europe	Australia	Israel	USA	Total group
Cash and balances at central banks	104 852	8 639	2 501	247 870	-	363 862
Treasury bills and other eligible bills	187 427	6 663	138 118	-	-	332 208
Loans and advances to banks	550 675	952 649	65 300	130 756	5 335	1 704 715
Loans and advances to customers	3 477 614	2 424 343	252 915	192 160	-	6 347 032
- core advances	2 981 061	1 419 539	252 915	192 160	-	4 845 675
- cash and cash equivalents	496 553	1 004 804	-	-	-	1 501 357
Debt securities	678 403	638 036	-	132 795	17 203	1 466 437
Equity shares	158 881	254 849	2 261	-	2 263	418 254
Interests in associated undertakings	66 726	1 180	1 298	269	533	70 006
Participating interests	-	9 135	-	-	-	9 135
Intangible fixed assets	95 443	144 327	11 738	-	-	251 508
Tangible fixed assets	113 752	18 068	1 234	12 732	540	146 326
Other assets	576 049	478 429	3 764	19 741	3 148	1 081 131
Prepayments and deferred income	41 547	47 265	1 356	(8 662)	5	81 511
Long-term assurance assets	3 046 650	-	-	-	-	3 046 650
Total assets	9 098 019	4 983 583	480 485	727 661	29 027	15 318 775

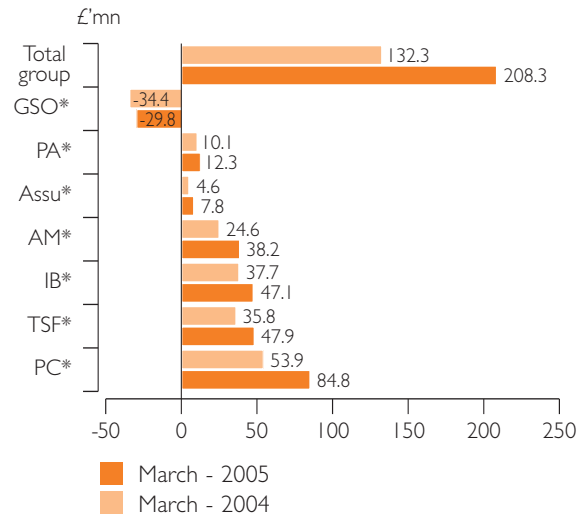
* Restated for changes to accounting policies and disclosures.

[^] As announced on 30 July 2004 Investec plc sold its 80.28% stake in Investec Bank (Israel) Limited to The First International Bank of Israel. The transaction was completed on 22 December 2004.

Operating profit before taxation, exceptional items and amortisation of goodwill by geography

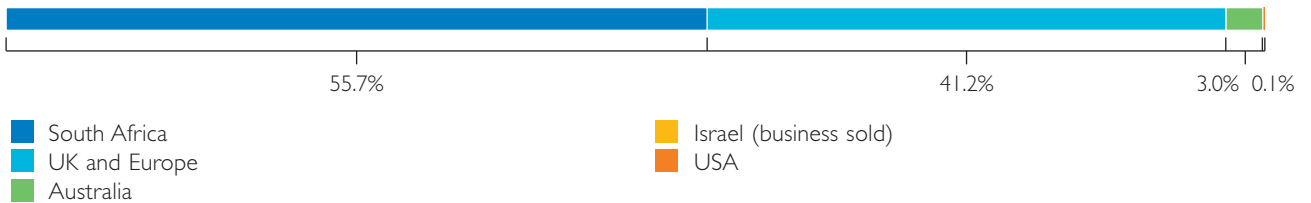


Operating profit before taxation, exceptional items and amortisation of goodwill by business

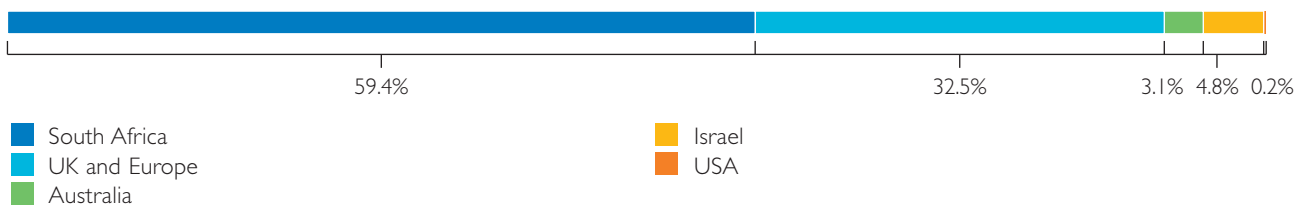


Percentage of assets by geography

31 March 2005: £17.9 billion



31 March 2004: £15.3 billion

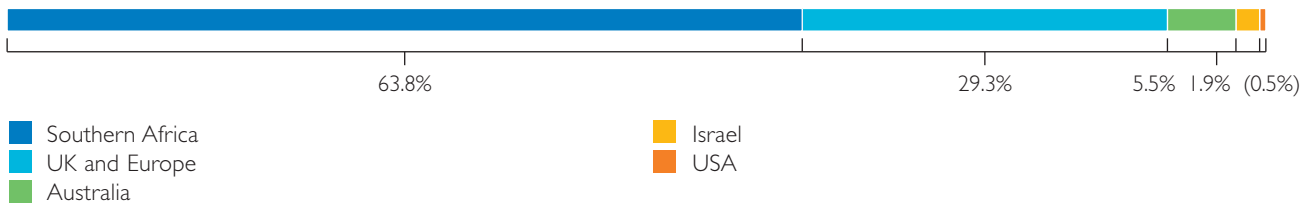


* **Where:** GSO = Group Services and Other Activities PA = Property Activities Assu = Assurance Activities AM = Asset Management IB = Investment Banking TSF = Treasury and Specialised Finance PC = Private Client Activities

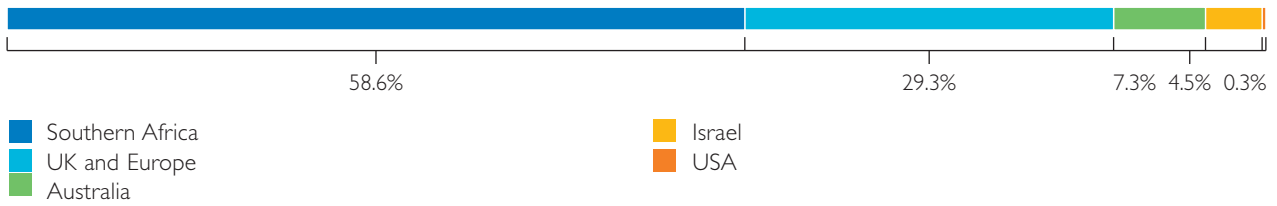
General information

Percentage of operating profit before taxation, exceptional items and amortisation of goodwill by geography

31 March 2005: £208.3 million

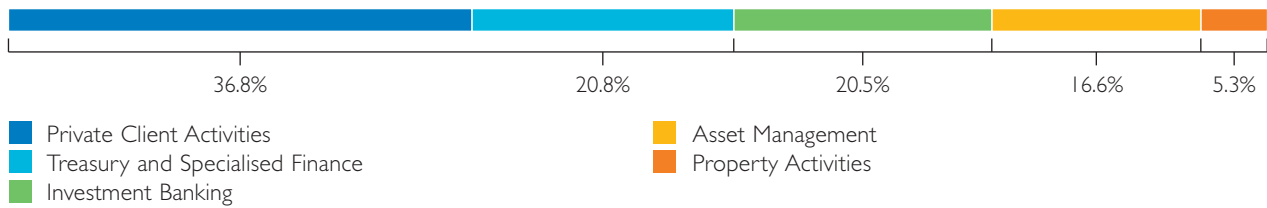


31 March 2004: £132.3 million

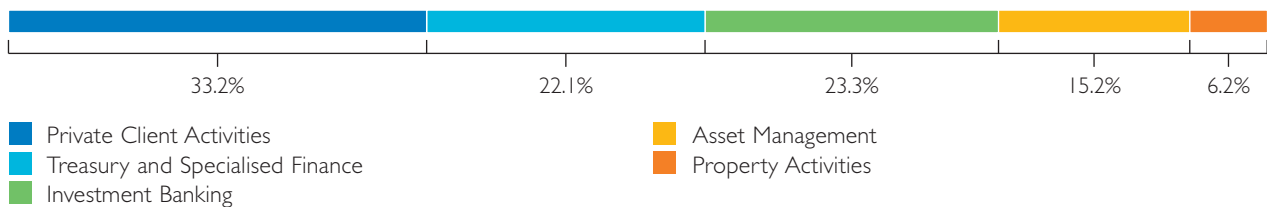


Percentage of operating profit before taxation, exceptional items and amortisation of goodwill by business (excluding Assurance Activities and Group Services and Other Activities)

31 March 2005: £230.4 million



31 March 2004: £162.1 million



04

Additional information



Financial performance of Investec plc

Incorporating the results of Investec Limited

Profit and loss account variance analysis

The following overview will highlight the main reasons for the variances in the major category line items on the face of the profit and loss account.

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% Change
Net interest income	132 686	105 211	27 475	26.1%
Private Banking	98 345	78 914	19 431	24.6%
Private Client Portfolio Management and Stockbroking	5 374	4 677	697	14.9%
Treasury and Specialised Finance	46 970	40 832	6 138	15.0%
Investment Banking	3 340	6 484	(3 144)	(48.5%)
Asset Management	2 842	2 900	(58)	(2.0%)
Property Activities	(169)	(378)	209	(55.3%)
Group Services and Other Activities	(24 016)	(28 218)	4 202	(14.9%)

Net interest income increased by 26.1% to £132.7 million. We reported strong growth in Private Banking and UK Treasury and Specialised Finance lending portfolios, with total core loans and advances increasing by 20.7% to £5.8 billion. A more stable interest rate environment in SA has led to an improvement in the performance of the Treasury and Specialised Finance and Central Funding divisions.

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% Change
Net fees and commissions receivable	411 367	320 666	90 701	28.3%
Private Banking	91 196	62 181	29 015	46.7%
Private Client Portfolio Management and Stockbroking	60 164	53 390	6 774	12.7%
Treasury and Specialised Finance	46 727	36 256	10 471	28.9%
Investment Banking	56 781	51 992	4 789	9.2%
Asset Management	124 085	100 129	23 956	23.9%
Property Activities	24 594	12 647	11 947	94.5%
Group Services and Other Activities	7 820	4 071	3 749	92.1%

Net fees and commissions increased by 28.3% to £411.4 million. This was largely attributable to increased lending turnover and transactional activity in the Private Banking division and a sound performance by the UK Project Finance, UK Investment Banking, Financial Products and Property divisions. In addition the Asset Management and Private Client Portfolio and Stockbroking divisions benefited from improved equity market conditions and net inflows across a number of the product ranges.

Profit and loss account variance analysis

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% Change
Dealing profits	68 747	90 127	(21 380)	(23.7%)
Private Banking	2 905	7 211	(4 306)	(59.7%)
Private Client Portfolio Management and Stockbroking	433	203	230	>100%
Treasury and Specialised Finance	35 746	35 340	406	1.1%
Investment Banking	23 805	23 230	575	2.5%
Asset Management	-	1 736	(1 736)	(100%)
Property Activities	928	5 937	(5 009)	(84.4%)
Group Services and Other Activities	4 930	16 470	(11 540)	(70.1%)

Dealing profits decreased by 23.7% to £68.7 million mainly as a result of the moderate performance of the trading investments held within the Property and Private Banking divisions in SA and certain other investments held directly by the group in its corporate portfolio.

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% Change
Income from long-term assurance business	7 763	5 082	2 681	52.8%

- The group's SA assurance activities, conducted by Investec Employee Benefits (IEB), benefited from an increase in embedded value as a consequence of improved efficiencies. The group risk business has been sold to Capital Alliance Holdings Limited through a reinsurance contract executed on 31 December 2004, and the earnings reflect income to the date of sale.

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% Change
Return on shareholder's funds in the long-term assurance business	42 837	24 122	18,715	77.6%

- The growth in the return on shareholder's funds in the long-term assurance business conducted through IEB results from the substantial increase in the average long-term assurance assets attributable to the shareholder from £186.9 million to £248.1 million, supported by favourable capital market conditions.

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% Change
Other operating income	19 278	12 196	7 082	58.1%
Private Banking	116	381	(265)	(69.6%)
Private Client Portfolio Management and Stockbroking	-	130	(130)	(100%)
Treasury and Specialised Finance	959	(1 458)	2 417	>100%
Investment Banking	14 539	5 904	8 635	>100%
Asset Management	45	138	(93)	(67.4%)
Property Activities	2 619	2 549	70	2.7%
Group Services and Other Activities	1 000	4 552	(3 552)	(78.0%)

Other operating income increased by 58.1% to £19.3 million as a result of gains achieved on the sale of investments in the underlying funds of the UK private equity portfolio.

Financial performance of Investec plc

Incorporating the results of Investec Limited

Profit and loss account variance analysis

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% Change
Administrative expenses	(452 848)	(395 188)	(57 660)	14.6%
Private Banking	(105 877)	(86 176)	(19 701)	22.9%
Private Client Portfolio Management and Stockbroking	(51 741)	(48 899)	(2 842)	5.8%
Treasury and Specialised Finance	(80 695)	(72 837)	(7 858)	10.8%
Investment Banking	(57 909)	(49 636)	(8 273)	16.7%
Asset Management	(87 824)	(79 794)	(8 030)	10.1%
Property Activities	(15 554)	(10 463)	(5 091)	48.7%
Group Services and Other Activities	(53 248)	(47 383)	(5 865)	12.4%

Administrative expenses increased by 14.6%. Variable remuneration increased by 41.0% to £106.9 million due to increased profitability. Other operating expenses increased by 8.3% to £346.0 million largely as a result of an increase in compliance, risk management and regulatory costs, an increase in rental costs given that the group no longer owns certain of the buildings from which it operates, and an increase in consulting fees relating to certain projects undertaken by us to improve efficiency which should result in long-term cost savings.

We have made material progress towards reaching our operating expenses to total operating income target of 65% as the ratio improved from 72.7% to 66.8%, principally as a result of the strong growth in operating income of 23.5%.

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% Change
Goodwill amortisation and impairments	(51 807)	(50 644)	(1 163)	2.3%
Private Banking	(5 292)	(3 740)	(1 552)	41.5%
Private Client Portfolio Management and Stockbroking	(3 567)	(607)	(2 960)	>100%
Treasury and Specialised Finance	2 558	(2 658)	5 216	>100%
Investment Banking	(7 762)	(5 841)	(1 921)	32.9%
Asset Management	(32 815)	(23 754)	(9 061)	38.1%
Property Activities	(2 782)	(2 198)	(584)	26.6%
Group Services and Other Activities	(2 147)	(11 846)	9 699	(81.9%)

The charge for goodwill amortisation and impairment increased from £50.6 million to £51.8 million. Included in the current period is an amount of £5 million relating to negative goodwill arising from a structured finance transaction and an impairment of £8.8 million in respect of the Institutional Asset Management business in SA. The prior year included an amount of £8.1 million relating to an impairment of the Traded Endowments business.

Profit and loss account variance analysis

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% Change
Provision for bad and doubtful debts	(21 334)	(20 958)	(376)	1.8%
Private Banking	(13 949)	(14 203)	254	(1.8%)
Private Client Portfolio Management and Stockbroking	-	-	-	-
Treasury and Specialised Finance	(1 346)	(3 942)	2 596	(65.9%)
Investment Banking	(709)	-	(709)	100%
Asset Management	-	-	-	-
Property Activities	3	(46)	49	>100%
Group Services and Other Activities	(5 333)	(2 767)	(2 566)	92.7%

The bad and doubtful debts charge in the income statement increased marginally by 1.8% to £21.3 million. We have experienced an increase in provisions as a result of book growth mitigated by bad debt recoveries and provisions made in prior years against certain loans, which are no longer required.

The percentage of gross non-performing loans (NPLs) to core loans and advances decreased from 1.8% to 0.9%. Total provision coverage remains highly satisfactory both as a percentage of gross NPLs and net NPLs (gross NPLs net of security), at 157.9% and 409.1% respectively. The group's general provision as a percentage of net loans and advances has remained at approximately 1.2%.

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% Change
Share of income of associated companies	10 848	9 073	1 775	19.6%

The group's main associate was Capital Alliance Holdings Limited (CAL). An amount of £14.0 million before goodwill amortisation was accrued, representing Investec's share of the estimate of CAL's operating earnings for the year ended 31 March 2005.

UK GAAP £'000	31 March 2005	31 March 2004	Variance
Exceptional items	(8 635)	8 529	(17 164)
Provision for losses on termination and disposal of group operations – discontinued	-	(5 103)	5 103
(Loss)/profit on disposal of group operations - continuing	(8 635)	13 632	(22 267)

Exceptional items comprise:

- Profits of £8.1 million arising on the sale of the group's investment in CAL to Liberty Group Limited.
- Profits of £5.9 million and an impairment of goodwill of £7.7 million arising on the reinsurance of the group risk business in IEB to CAL.
- Losses arising on the sale of the banking subsidiary in Israel of £6.3 million largely relating to a write down in the value of the buildings it occupied.
- Losses of £3.7 million and an impairment of goodwill of £2.7 million arising on the closure of the Traded Endowments operation in the UK.
- Losses of £2.2 million relating to restructuring costs incurred in certain businesses.

Financial performance of Investec plc

Incorporating the results of Investec Limited

Profit and loss account variance analysis

UK GAAP £'000	31 March 2005	31 March 2004	Variance	% Change
Taxation	(57 265)	(28 499)	(28 766)	>100%
Southern Africa	(38 343)	(16 291)	(22 052)	>100%
UK and Europe	(13 952)	(6 300)	(7 652)	>100%
Australia	(3 507)	(2 833)	(674)	23.8%
Israel	(1 463)	(3 474)	2 011	(57.9%)
USA	-	399	(399)	100%

- The effective tax rate of the group (excluding the tax effect of exceptional items) increased from 21.7% to 27.5% due to the reversal of deferred tax assets as a result of reduced availability of assessed losses.

Dividends and earnings per share

UK GAAP

Ordinary dividends - pence per share

Interim

Final

Total

Ordinary dividends

Interim

Final

Preference dividends

Dividends

Total dividends

Earnings per share - pence per share

Basic earnings per share (pence per share) are calculated by dividing the profit attributable to the ordinary shareholders in Investec by the weighted average number of ordinary shares in issue during the year:

Profit attributable to the shareholders per profit and loss account

Preference dividends

Profit attributable to ordinary shareholders

Diluted earnings per share - pence per share

Diluted earnings per share is calculated by dividing the profit attributable to the ordinary shareholders of Investec, adjusted for the effects of dilutive potential ordinary shares, by the weighted average number of shares in issue during the year plus the weighted average number of ordinary shares that would be issued on conversion of the dilutive potential ordinary shares (being share options outstanding not yet exercised) during the year:

Weighted average number of shares in issue during the year

Weighted average number of treasury shares

Weighted average number of shares resulting from future dilutive potential shares

Weighted average number of shares resulting from future dilutive convertible instruments

Adjusted weighted number of shares potentially in issue

	Year to 31 March 2005	Year to 31 March 2004*
	30.0	28.0
	37.0	30.0
	67.0	58.0
	£'000	£'000
	31 626	25 277
	38 963	30 879
	70 589	56 156
	13 017	7 553
	83 606	63 709
	81.5	60.0
	£'000	£'000
	100 524	68 906
	(13 017)	(7 553)
	87 507	61 353
	79.0	59.6
	118 633 273	114 884 639
	(11 270 934)	(12 584 568)
	107 362 339	102 300 071
	4 975 253	718 364
	3 573 994	-
	115 911 586	103 018 435

*Restated for changes to accounting policies and disclosures.

Financial performance of Investec plc

Incorporating the results of Investec Limited

Dividends and earnings per share

UK GAAP

EPS excluding goodwill amortisation and exceptional items - pence per share

Basic earnings per share excluding goodwill amortisation and exceptional items (pence per share) are calculated by dividing the profit, before deducting goodwill amortisation and impairment and exceptional items attributable to the ordinary shareholders, by the weighted average number of ordinary shares in issue during the year.

Profit attributable to ordinary shareholders

Amortisation and impairment of goodwill

Loss/(profit) on termination and disposal of group operations - continuing
(net of taxation and minority interest)

Provision for losses on termination and disposal of group operations

Amortisation of goodwill of associates

Preference dividends

Earnings attributable to ordinary shareholders excluding goodwill amortisation and exceptional items

Headline EPS - pence per share

Headline earnings per share has been calculated in accordance with the definition in the Institute of Investment Management Research Statement of Investment Practice No. 1 "The Definition of Headline Earnings."

Profit attributable to ordinary shareholders

Amortisation and impairment of goodwill

Loss/(profit) on termination and disposal of group operations -
(net of taxation and minority interest)

Provision for losses on termination and disposal of group operations

Amortisation of goodwill of associates

Preference dividends

Other headline adjustments

Other headline earnings attributable to ordinary shareholders

	Year to 31 March 2005	Year to 31 March 2004*
	140.8	103.8
	£'000	£'000
Profit attributable to ordinary shareholders	100 524	68 906
Amortisation and impairment of goodwill	51 807	50 644
Loss/(profit) on termination and disposal of group operations - continuing (net of taxation and minority interest)	8 635	(13 029)
Provision for losses on termination and disposal of group operations	-	5 103
Amortisation of goodwill of associates	3 197	2 132
Preference dividends	(13 017)	(7 553)
Earnings attributable to ordinary shareholders excluding goodwill amortisation and exceptional items	151 146	106 203
	141.7	103.5
	£'000	£'000
Profit attributable to ordinary shareholders	100 524	68 906
Amortisation and impairment of goodwill	51 807	50 644
Loss/(profit) on termination and disposal of group operations - (net of taxation and minority interest)	8 635	(13 029)
Provision for losses on termination and disposal of group operations	-	5 103
Amortisation of goodwill of associates	3 197	2 132
Preference dividends	(13 017)	(7 553)
Other headline adjustments	1 017	(330)
Other headline earnings attributable to ordinary shareholders	152 163	105 873

*Restated for changes to accounting policies and disclosures.

An analysis of operating income

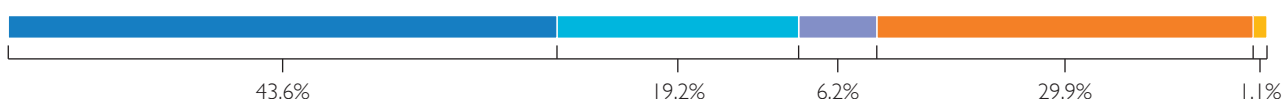
UK GAAP £'000

	Year to 31 March 2005	Year to 31 March 2004*	% Change
Net interest income	132 686	105 211	26.1%
Dividend income	9 887	3 450	>100%
Fees and commissions receivable	411 367	320 666	28.3%
- annuity (net of payable)	301 916	246 327	22.6%
- deal	109 451	74 339	47.2%
Dealing profits	68 747	90 127	(23.7%)
Income from long-term assurance business	7 763	5 082	52.8%
Return on shareholder's funds in the long-term assurance business	42 837	24 122	77.6%
Other operating income	19 278	12 196	58.1%
Operating income	692 565	560 854	23.5%

*Restated for changes to accounting policies and disclosures.

Quality of earnings

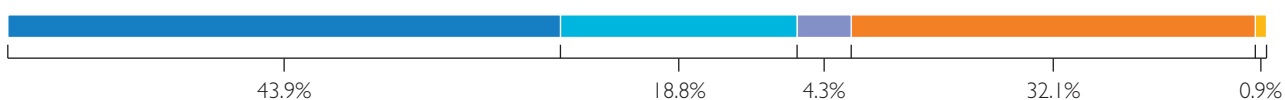
Total income 31 March 2005: £692.6 million



■ Net annuity fees and commissions
 ■ Net interest income
 ■ Return on shareholder's funds in the long-term assurance business

■ Dealing profits, dividend income, other operating income, deal fees and commissions
 ■ Income from long-term assurance business

Total income 31 March 2004: £560.9 million



■ Net annuity fees and commissions
 ■ Net interest income
 ■ Return on shareholder's funds in the long-term assurance business

■ Dealing profits, dividend income, other operating income, deal fees and commissions
 ■ Income from long-term assurance business

Financial performance of Investec plc

Incorporating the results of Investec Limited

An analysis of administrative expenses

UK GAAP £'000

Staff costs (including director's remuneration)
 - fixed
 - variable

Business expenses

Equipment (excluding depreciation)

Premises (excluding depreciation)

Marketing expenses

Administrative expenses

	Year to 31 March 2005	Year to 31 March 2004*	% Change
Staff costs (including director's remuneration)	303 080	265 234	14.3%
- fixed	196 189	189 443	3.6%
- variable	106 891	75 791	41.0%
Business expenses	79 405	65 924	20.4%
Equipment (excluding depreciation)	22 112	22 838	(3.2%)
Premises (excluding depreciation)	29 779	26 248	13.5%
Marketing expenses	18 472	14 944	23.6%
Administrative expenses	452 848	395 188	14.6%

*Restated for changes to accounting policies and disclosures.

% of total costs

Total costs 31 March 2005: £452.8 million



Total costs 31 March 2004: £395.2 million



Goodwill analysis

UK GAAP £'000

South Africa

Private Client Activities
Asset Management
Assurance Activities
Property Activities
Group Services and Other Activities

UK and Europe

Private Client Activities
Treasury and Specialised Finance
Investment Banking
Asset Management
Group Services and Other Activities

Australia

Investment Banking

Total group

	Year to 31 March 2005	Year to 31 March 2004
South Africa	62 958	95 443
Private Client Activities	3 080	1 023
Asset Management	45 633	67 226
Assurance Activities	-	11 635
Property Activities	13 965	11 681
Group Services and Other Activities	280	3 878
UK and Europe	124 157	144 327
Private Client Activities	17 799	25 443
Treasury and Specialised Finance	8 424	11 300
Investment Banking	5 681	7 359
Asset Management	88 018	94 686
Group Services and Other Activities	4 235	5 539
Australia	6 202	11 738
Investment Banking	6 202	11 738
Total group	193 317	251 508

Financial performance of Investec plc

Incorporating the results of Investec Limited

Assets under administration

UK GAAP £'million

As at 31 March 2005

	Southern Africa	UK Australia Israel, USA	Total group
Retail	3 284	3 505	6 789
Institutional	9 406	5 082	14 488
Private clients	5 395	6 361	11 756
- Private clients - discretionary	633	3 816	4 449
- Private clients - non-discretionary	4 762 [^]	2 545	7 307
Properties managed for third parties	1 256	7	1 263
Acceptances on behalf of clients	-	-	-
Scrip lending	-	4 603	4 603
Total third party assets	19 341	19 558	38 899
On balance sheet asset	9 969	7 942	17 911
Total assets under administration	29 310	27 500	56 810

As at 31 March 2004*

Retail	2 867	2 762	5 629
Institutional	7 865	5 693	13 558
Private clients	3 738	7 322	11 060
- Private clients - discretionary	456	4 175	4 631
- Private clients - non-discretionary	3 282 [^]	3 147	6 429
Properties managed for third parties	950	16	966
Acceptances on behalf of clients	-	1	1
Scrip lending	-	1 230	1 230
Total third party assets	15 420	17 024	32 444
On balance sheet assets	9 098	6 221	15 319
Total assets under administration	24 518	23 245	47 763

* Restated for changes to accounting policies and disclosures.

[^] Includes funds managed by the Corporate Broking division.

Note: The Assurance assets (approximately £1.7 billion (2004:£1.5 billion)) are included in the on-balance sheet numbers but are managed by Investec Asset Management.

Net asset value per share

In calculating net tangible asset value per share the group assumes that all previously issued Compulsorily Convertible Debentures (CCD's) are treated as equity. Under UK GAAP however, a portion of these CCD's is treated as debt and not included in shareholders' funds. As a result, adjustments must be made to the shareholder base which would more appropriately reflect their permanent capital nature.

UK GAAP £'000	31 March 2005	31 March 2004*	Notes
A Shareholders' funds	967 256	766 373	
B Less: perpetual preference shares	(323 800)	(127 797)	
C Convertible debt included in subordinated liabilities	28 355	38 258	Debt component of CCD's in subordinated liabilities (included in equity under SA GAAP) relating to unsecured, Class A, Class A Series 11, Class B and Class C subordinated CCD's. Refer to a more detailed explanation of the difference between SA GAAP and UK GAAP.
D CCD's issued by Investec Limited included in subordinated liabilities	-	3 447	These CCD's (approximately 1.9 million shares) relate to the group's staff share schemes but have largely remained unallocated.
E Less: intangible fixed assets	(193 317)	(251 508)	Per the balance sheet.
F Add: Final dividend accrued but not paid	38 963	30 879	
Net asset value	517 457	459 652	
Number of shares in issue	118.6	118.6	
CCD's	3.6	3.6	Relates to C above.
CCD's	-	0.1	Allocated in terms of D above.
Treasury shares	(11.4)	(11.5)	
Number of shares in issue in this calculation (millions)	110.8	110.8	
Tangible NAV per share (pence)	467.0	414.8	

*Restated for changes to accounting policies and disclosures.

Financial performance of Investec plc

Incorporating the results of Investec Limited

Asset quality

UK GAAP £'million	Year to 31 March 2005	Year to 31 March 2004*
Total loans and advances to customers (gross of provisions)	7 481	6 437
Less: cash equivalent debtors	(1 543)	(1 501)
Core loans and advances to customers	5 938	4 936
Managed book	(113)	(134)
Net loans and advances to customers	5 825	4 802
Average net loans and advances to customers	5 314	4 450
Consolidated profit and loss provision charge	21	21
Specific provisions	22	30
General provisions	68	60
Total provisions	90	90
Gross non-performing loans	57	90
Less: security	(35)	(65)
Net non-performing loans	22	25
Adequacy of provisions		
Specific provisions as a % of core loans and advances to customers	0.37%	0.61%
General provisions as a % of net loans and advances to customers	1.17%	1.25%
Total provisions as a % of core loans and advances to customers	1.52%	1.82%
Total provisions as a % of gross non-performing loans	157.89%	100.00%
Total provisions as a % of net non-performing loans	409.09%	360.00%
Specific provisions as a % of gross non-performing loans	38.60%	33.33%
Specific provisions as a % of net non-performing loans	100.00%	120.00%
Gross non-performing loans as a % of core loans and advances to customers	0.96%	1.82%

* Restated for changes to accounting policies and disclosures.

UK GAAP £'million	Core loans and advances	General provisions	Specific provisions	Total provisions	Gross NPLs	Security held against NPLs	Net NPLs
31 March 2005							
Southern Africa	3 643	42	17	59	34	18	16
UK and Europe	1 972	24	4	28	22	17	5
Australia	323	2	1	3	1	-	1
Israel	-	-	-	-	-	-	-
Total group	5 938	68	22	90	57	35	22
31 March 2004*							
Southern Africa	3 036	36	19	55	67	47	20
UK and Europe	1 443	19	4	23	14	9	5
Australia	257	3	1	4	1	1	-
Israel	200	2	6	8	8	8	-
Total group	4 936	60	30	90	90	65	25

Where: NPLs is non-performing loans.

ROE by country and business

In order to assess the return on economic capital utilised, the group believes that certain adjustments should be made to the profit and loss analysis and balance sheet analysis as reflected under UK GAAP. The group believes that these adjustments are necessary as they reflect the actual utilisation of capital and return thereon, notwithstanding accounting conventions.

The methodology applied in assessing the utilisation of the group's economic capital is as follows:

- A notional return on capital (net of the cost of subordinated debt) which is managed and borne in the centre is allocated from "Other Activities" to the business segments based on their total capital utilisation.
- Shareholders' funds as shown under UK GAAP is increased to reflect permanent capital which is reflected under subordinated debt.
- The final dividend is added back to shareholders' funds which, under UK GAAP, reduces reserves.

£'000	31 March 2005	31 March 2004*	Average
Calculation of average shareholders' funds			
Shareholders' funds per balance sheet	643 456	638 576	641 016
Add: Convertible debt included in subordinated liabilities	28 355	41 705	35 030
Final dividend declared	38 963	30 879	34 921
Adjusted shareholders' funds	710 774	711 160	710 967
Goodwill per balance sheet	(193 317)	(251 508)	(222 413)
Adjusted tangible shareholders' funds	517 457	459 652	488 554
Operating profit before amortisation of goodwill and exceptional items	208 343	132 260	
Share of associated companies before goodwill	14 045	11 205	
Minority interests	(960)	(1 888)	
Preference dividends	(13 017)	(7 553)	
Revised operating profit	208 411	134 024	
Tax on ordinary activities	(57 265)	(27 821)	
Revised operating profit after tax	151 146	106 203	
Pre-tax return on average adjusted shareholders' funds	29.3%	19.4%	
Post-tax return on average adjusted shareholders' funds	21.3%	15.4%	
Pre-tax return on average adjusted tangible shareholders' funds	42.7%	32.3%	
Post-tax return on average adjusted tangible shareholders' funds	30.9%	25.6%	

*Restated for changes to accounting policies and disclosures.

Financial performance of Investec plc

Incorporating the results of Investec Limited

ROE by country

For the year ended 31 March
£'000

	Southern Africa	UK & Europe	Australia	Israel	USA	Total group
Total operating profit	132 937	60 948	11 458	4 022	(1 022)	208 343
Share of income of associated companies	14 316	(359)	(81)	72	97	14 045
Tax on profit on ordinary activities	(38 343)	(13 952)	(3 507)	(1 463)	-	(57 265)
Minority interests	(152)	(252)	-	(556)	-	(960)
Preference dividends	(13 017)	-	-	-	-	(13 017)
Profit on ordinary activities after taxation and preference dividends - 2005	95 741	46 385	7 870	2 075	(925)	151 146
Profit on ordinary activities after taxation and preference dividends - 2004	64 422	32 393	6 493	1 922	973	106 203
Adjusted shareholders' funds at 31 March 2005	283 324	367 473	59 227	-	750	710 774
Adjusted shareholders' funds at 31 March 2004	237 023	392 775	49 854	30 098	1 410	711 160
Adjusted average shareholders' funds	279 141	342 792	57 125	30 895	1 014	710 967
Pre-tax return on adjusted average shareholders' funds - 2005	48.0%	17.6%	19.9%	11.5%	(91.2%)	29.3%
Pre-tax return on adjusted average shareholders' funds - 2004	36.0%	10.0%	20.3%	15.8%	81.4%	19.4%
Post-tax return on adjusted average shareholders' funds - 2005	34.3%	13.5%	13.8%	6.7%	(91.2%)	21.3%
Post-tax return on adjusted average shareholders' funds - 2004	29.0%	8.4%	14.1%	5.6%	138.0%	15.4%

ROE by business

For the year ended 31 March
£'000

	PB*	PCSB*	TSF*	IB*	AM*	ASU*	PA*	GSO*	Total group
Total operating profit**	71 148	13 689	47 934	47 156	38 175	7 765	12 304	(15 783)	222 388
Notional return on regulatory capital	26 878	901	23 121	1 912	862	556	485	(54 715)	-
Notional cost of statutory capital	(2 466)	(1 247)	(1 275)	(650)	(3 147)	-	(2)	8 787	-
Cost of subordinated debt	(13 822)	(510)	(12 250)	(818)	(462)	(313)	(274)	28 449	-
Minority interest	-	-	-	-	-	-	-	(960)	(960)
Cost of preference shares	(5 803)	(192)	(6 196)	(356)	(180)	(197)	(130)	37	(13 017)
Absorption of additional residual costs ***	(4 583)	(1 094)	(4 218)	(6 119)	(1 532)	(1 623)	(1 600)	20 769	-
Adjusted earnings/(losses) - 2005	71 352	11 547	47 116	41 125	33 716	6 188	10 783	(13 416)	208 411
Adjusted earnings/(losses) - 2004	47 063	7 195	40 141	33 699	22 810	4 686	10 304	(31 874)	134 024
Adjusted shareholders' funds at 31 March 2005	267 896	18 164	187 422	22 600	140 425	2 652	15 962	55 653	710 774
Adjusted shareholders' funds at 31 March 2004	216 993	17 412	201 941	41 218	171 056	16 640	16 173	29 727	711 160
Adjusted average shareholders' funds	251 216	18 634	169 558	34 544	155 549	8 470	16 313	56 683	710 967
Pre-tax return on adjusted average shareholders' funds - 2005	28.4%	62.0%	27.8%	119.1%	21.7%	73.1%	66.1%	(23.7%)	29.3%
Pre-tax return on adjusted average shareholders' funds - 2004	23.6%	37.1%	21.5%	78.2%	12.7%	20.7%	63.7%	(144.1%)	19.4%

* **Where:** PB = Private Banking PCSB = Private Client Stockbroking TSF = Treasury and Specialised Finance IB = Investment Banking AM = Asset Management ASU = Assurance Activities PA = Property Activities GSO = Group Services and Other Activities

** Includes share of income of associated companies.

*** This allocation represents a portion of the costs remaining in the centre which are indirectly allocated to operating divisions as they facilitate their operations but are excluded in calculating performance incentive remuneration. These allocations are based on management's estimates of relative benefit derived.

Financial performance of Investec plc

Incorporating the results of Investec Limited

Capital adequacy

Investec Limited and Investec plc are the two listed holding companies in terms of the DLC structure. Investec Bank Limited (IBL) and Investec Bank UK Limited (IBUK) are the main banking subsidiaries of Investec Limited and Investec plc, respectively.

Investec plc and Investec Limited are well capitalised and capital adequacy ratios exceed the minimum regulatory requirements.

The group aims to maintain a capital adequacy ratio for Investec Limited and Investec plc of 13-16% and targets a tier I ratio of 10%.

	IBL R'million	Investec Limited R'million	IBUK £'million	Investec plc £'million
As at 31 March 2005				
Net qualifying capital	10 555	11 321	545	522
Risk-weighted assets	54 194	56 290	3 075	3 360
Capital adequacy ratio	19.5%	20.1%	17.7%	15.5%
Tier I ratio	13.2%	13.1%	15.7%	9.5%
As at 31 March 2004				
Net qualifying capital	11 496	7 532	513	507
Risk-weighted assets	57 967	49 868	2 652	2 934
Capital adequacy ratio	19.8%	15.1%	19.3%	17.3%
Tier I ratio	10.5%	8.3%	17.7%	11.2%

The above ratios are determined under South African Reserve Bank regulations in respect of IBL (solo) and Investec Limited (consolidated) and UK Financial Services Authority requirements in respect of IBUK (consolidated) and Investec plc (consolidated).

Number of employees

	31 March 2005	31 March 2004	31 March 2003	31 March 2002
By Business				
Private Banking				
SA and Other	855	719	664	571
UK and Europe	360	334	329	293
Australia	51	43	55	43
Israel	^	54	73	51
USA	-	-	-	-
Total	1 266	1 150	1 121	958
Private Client Portfolio Management and Stockbroking				
SA and Other	122	126	144	148
UK and Europe	293	346	400	415
Australia	-	-	-	-
Israel	^	-	-	-
USA	-	-	-	292
Total	415	472	544	855
Private Client Activities Total				
SA and Other	977	845	808	719
UK and Europe	653	680	729	708
Australia	51	43	55	43
Israel	^	54	73	51
USA	-	-	-	292
Total	1 681	1 622	1 665	1 813
Treasury and Specialised Finance				
SA and Other	275	258	283	271
UK and Europe	137	134	156	166
Australia	15	8	10	11
Israel	^	34	25	48
USA	-	-	-	7
Total	427	434	474	503
Investment Banking				
SA and Other	105	101	105	116
UK and Europe	115	114	101	156
Australia	25	21	16	30
Israel	^	39	46	49
USA	-	-	68	111
Total	245	275	336	462

^The sale of Investec Bank (Israel) Limited was concluded on 22 December 2004.

Financial performance of Investec plc

Incorporating the results of Investec Limited

Number of employees

	31 March 2005	31 March 2004	31 March 2003	31 March 2002
By Business continued				
Asset Management				
SA and Other	533	517	490	512
UK and Europe	190	257	267	245
Australia	-	-	-	-
Israel	^	10	14	-
USA	-	-	-	6
Total	723	784	771	763
Assurance Activities				
	17	156	490	576
Property Activities				
SA and Other	220	204	163	147
UK and Europe	5	6	3	3
Total	225	210	166	150
Group Services and Other Activities				
SA and Other	521	546	558	668
UK and Europe	208	240	253	232
Australia	49	40	22	-
Israel	^	76	76	90
USA	67	75	63	272
Total	845	977	972	1 262
Total number of employees	4 163	4 458	4 874	5 529
By Geography				
SA and Other	2 648	2 627	2 897	3 009
UK and Europe	1 308	1 431	1 509	1 510
Australia	140	112	103	84
Israel	^	213	234	238
USA	67	75	131	688
Total number of employees	4 163	4 458	4 874	5 529

^The sale of Investec Bank (Israel) Limited was concluded on 22 December 2004.

Financial performance of Investec plc

Incorporating the results of Investec Limited

Notes

1. Under SA GAAP, certain acquisitions incorporated a sign-on guarantee to select members of staff which were treated as goodwill and amortised over the period over which these guarantees remained in force. For UK GAAP, they are treated as prepayments and expensed to personnel costs (within administrative expenses) over a similar period.
2. Investec has established a number of employee share incentive schemes, some of which place greater residual risk in the hands of the participants. On certain of the executive schemes where participants have assumed substantially all the risks and rewards of the scheme, the accounting treatment for SA GAAP continues to recognise these schemes as external to the group such that the loans advanced to the schemes remain under "advances" and interest income generated therefrom recognised in the income statement. Conversely, UK GAAP requires Investec, as a sponsoring company of such schemes, to consolidate their financial position with the result that the balance sheet and the profit and loss effects representing the component of the scheme which has not fully vested with the participants are added to those of the group and the respective intercompany items eliminated. These adjustments unwound as a greater percentage of the scheme vests with the participants.
3. AC133 is a South African accounting statement on recognition and measurement of financial instruments and is based on the international accounting standard IAS 39. The adoption of AC133 under SA GAAP has resulted in a further difference between SA and UK GAAP.
4. Investec has issued Compulsorily Convertible Debentures, which under SA GAAP have been classified as shareholders' equity. UK GAAP requires capital instruments (other than shares) to be classified as liabilities if they contain an obligation or contingent obligation to transfer an economic benefit. At the time that they were issued, certain of these instruments were split into their debt and equity components. Under UK GAAP, the debt component has been recorded as a liability in the balance sheet and the equity component accounted for as "shares to be issued" and share capital within shareholders' funds. Accordingly, the interest payable on the debt portion has been split between interest and repayments of the principal. This has the effect of reducing the interest charge on convertible debt under UK GAAP compared to SA GAAP.
5. Differences arising on the accrual of certain income items e.g. Income on certain trading related interest swaps which was recognised upfront under SA GAAP but phased in over a period of time under UK GAAP.
6. Under UK GAAP the shareholder's interest in the inforce life assurance and fund pensions policies of the long-term assurance fund are valued at the net present value of the profits inherent in such policies (embedded value). Under SA GAAP the value of these profits is not recognised.
7. The revaluation on investment properties is recognised in earnings pre-goodwill amortisation and exceptional items under SA GAAP whereas UK GAAP requires the net movements to be taken to the statement of recognised gains and losses and hence excluded from operational earnings.
8. To the extent that no new assets are created by the group on the issue of shares, such shares are treated as treasury shares under UK GAAP with any income derived from such capital excluded from earnings.
9. The exchange rates used in the above reconciliation was based on the actual rates ruling on the date of the transactions.

Shareholder analysis

The group has implemented a Dual Listed Companies (DLC) structure in terms of which it has primary listings both in Johannesburg and London. Investec plc, which houses the majority of the group's non-SA businesses, was listed on the London Stock Exchange on 29 July 2002. Investec plc also has a secondary listing on the JSE Securities Exchange South Africa (JSE). Investec Limited, which houses the group's Southern African and Mauritius operations, has been listed in South Africa since 1986. As at 30 September 2004 Investec plc and Investec Limited had 74 633 746 and 43 999 527 ordinary shares in issue, respectively.

Largest beneficial shareholders as at 31 March 2005

In accordance with the terms provided for in Section 212 of the UK Companies Act 1985 and Section 140A of the South African Companies Act, 1973, the group has conducted investigations into the registered holders of its ordinary shares (including nominee and asset management companies) and the results are as disclosed below.

Investec plc

Beneficial owner

	Number of shares	% holding
1 Public Investment Commissioner (ZA)	6 077 692	8.14
2 Old Mutual Life Assurance (ZA)	3 439 382	4.61
3 Investec Group Ltd Share Scheme (ZA)	2 393 937	3.21
4 Citigroup Global Markets UK Equity (UK)	2 056 659	2.76
5 Barclays Global Investors Pension Fund (UK)	2 030 258	2.72
6 Fintique Three* (BVI)	1 999 265	2.68
7 Legal and General Pooled Index Fund (UK)	1 965 799	2.63
8 Investec Bank CI Ltd (CI)	1 618 647	2.17
9 Jupiter Financial Opportunities Trust (UK)	1 200 000	1.61
10 Investec Employee Benefits Limited (ZA)	1 144 527	1.53
Cumulative total	23 926 166	32.06

The top 10 beneficial shareholders account for 32.06% of the total shareholding in Investec plc. This information is based on a threshold of 20 000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

Investec Limited

Beneficial owner

	Number of shares	% holding
1 Public Investment Commissioner (ZA)	6 341 147	14.41
2 Investec Ltd Security Purchase and Opt 2003 (ZA)**	2 832 770	6.44
3 Ed Trust Inl Investments CP (ZA)**	2 800 000	6.36
4 Tiso Inl Invest Pty Ltd CP (ZA)**	2 800 000	6.36
5 Peu Inl Investments Pty Ltd CP (ZA)**	2 611 111	5.94
6 Old Mutual Life Assurance (ZA)	2 183 295	4.96
7 Spurwing Investments Ltd (CI)	1 291 179	2.93
8 Sanlam Investment Management (Simlend Main Account) (ZA)	1 115 064	2.53
9 Fintique Three (BVI) *	755 392	1.72
10 Investec Bank CI Ltd (CI)	654 218	1.49
Cumulative total	23 384 176	53.14

The top 10 beneficial shareholders account for 51.3% of the total shareholding in Investec Limited. This information is based on a threshold of 20,000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

Financial performance of Investec plc

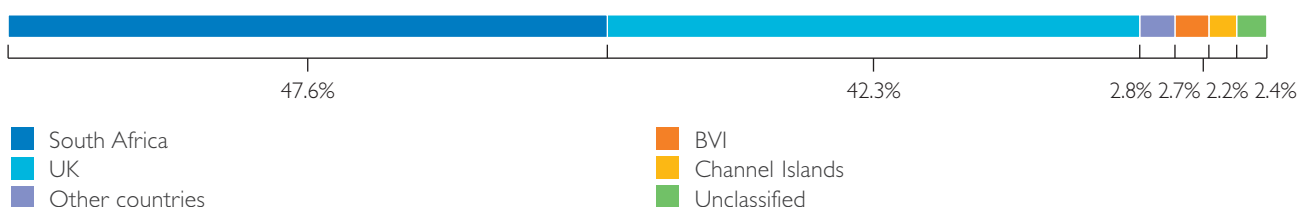
Incorporating the results of Investec Limited

* A small group of senior and executive management, including certain Investec Limited/ Investec plc directors, who have or can have a significant impact on the business, have been granted participation in leveraged equity plans known as Fintique II and Fintique III. In terms of these plans, participants acquired units that entitled them to the risks and, on maturity of the plans in 2004 and 2008, future benefits of ownership of the underlying Investec shares. Fintique III matured on 15 December 2004.

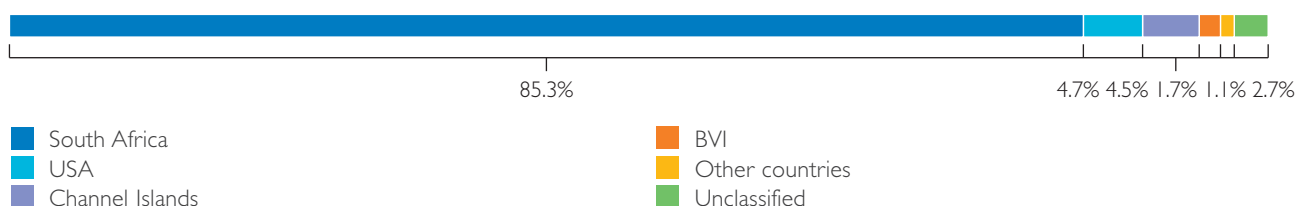
** In November 2003 Investec Limited implemented an empowerment transaction in which empowerment partners, a broad-based development trust and an employee trust collectively acquired 25.1% of the issued share capital of Investec Limited.

Geographic holding as at 31 March 2005

Investec plc - total non-SA shareholding excluding group related schemes is 36.5%



Investec Limited - total non-SA shareholding excluding group related schemes is 5.8%



Share statistics

	Year to 31 March 2005	Year to 31 March 2004
Investec plc		
Closing market price per share (pence)		
- period end	1 555	1 089
- highest	1 735	1 181
- lowest	920	612
Number of ordinary shares in issue (million)	74.6	74.6
Market capitalisation (£'million) ¹	1 160	812
Investec Limited		
Closing market price per share (cents)		
- period end	17 800	12 530
- highest	19 000	15 100
- lowest	10 780	7 750
Number of ordinary shares in issue (million)	44.0 ²	44.0 ²
Market capitalisation (R'million) ³	21 111	14 860
Market capitalisation (£'million)	1 844	1 292

Notes:

¹ The LSE only includes the shares in issue for Investec plc i.e. 74.6 million, in calculating market capitalisation, as Investec Limited is not incorporated in the UK.

² The number of shares in issue has reduced significantly following the implementation of the DLC structure, in terms of which Investec plc was unbundled from Investec Group Limited (now Investec Limited).

³ The JSE have agreed to use the total number of shares in issue for the combined group, comprising Investec Limited and Investec plc, in calculating market capitalisation i.e. currently a total of 118.6 million shares in issue.

05

Annexure I
(definitions)



Annexure I

Term

Adjusted shareholders' funds

Annuity income as a percentage of operating income

Client assets under administration

Core loans and advances

Cost to income ratio

Dividend cover

Earnings attributable to ordinary shareholders before exceptional items and amortisation of goodwill

Earnings per ordinary share before exceptional items and amortisation of goodwill

Effective tax rate

Equity shareholders' funds

Headline earnings

Headline earnings per share

Market capitalisation

Net interest income

Operating income

Operating profit

Operating profit: SA

Operating profit: Non-SA

Definition

Refer to calculation on page 73.

Net interest income, a portion of the return on shareholders' funds in the long-term assurance business and annuity commissions receivable (net of commissions payable) expressed as a percentage of operating income.

Includes third party assets under administration managed by the Private Client, Asset Management and Property businesses.

Loans and advances to customers less cash and short-term funds included therein.

Administrative expenses and depreciation divided by operating income.

Earnings per ordinary share before exceptional items and amortisation of goodwill divided by dividends per ordinary share.

Refer to pages 65 and 66.

Refer to pages 65 and 66.

Tax on profit on ordinary activities divided by operating profit.

Total shareholders' funds excluding preference shares.

Refer to page 66.

Refer to page 66.

Total number of shares in issue (including Investec Limited and Investec plc) multiplied by the closing share price of Investec plc on the London Stock Exchange.

Interest receivable less interest payable.

All income less interest payable and fees and commission payable.

Operating income less administrative expenses, provisions for bad and doubtful debts and depreciation of tangible fixed assets. This amount is before exceptional items and amortisation of goodwill.

Operating profit earned in South Africa, Mauritius and Botswana.

Operating profit earned in UK and Europe, USA, Israel and Australia.

Term

Net tangible asset value per share

Return on average equity shareholders' funds

Return on average adjusted shareholders' funds

Return on average adjusted tangible shareholders' funds

Staff compensation to operating income ratio

Total capital resources

Weighted number of ordinary shares in issue

Definition

As per calculation on page 71.

Earnings attributable to ordinary shareholders before exceptional items and amortisation of goodwill expressed as a percentage of average equity shareholders' funds.

Refer to calculation on page 73.

Refer to calculation on page 73.

All employee related costs expressed as a percentage of operating income.

Includes shareholders' funds, subordinated liabilities and minority interests.

The number of ordinary shares in issue at the beginning of the year; increased by shares issued during the year; weighted on a time basis for the period during which they have participated in the income of the group less treasury shares. Refer to calculation on page 65.