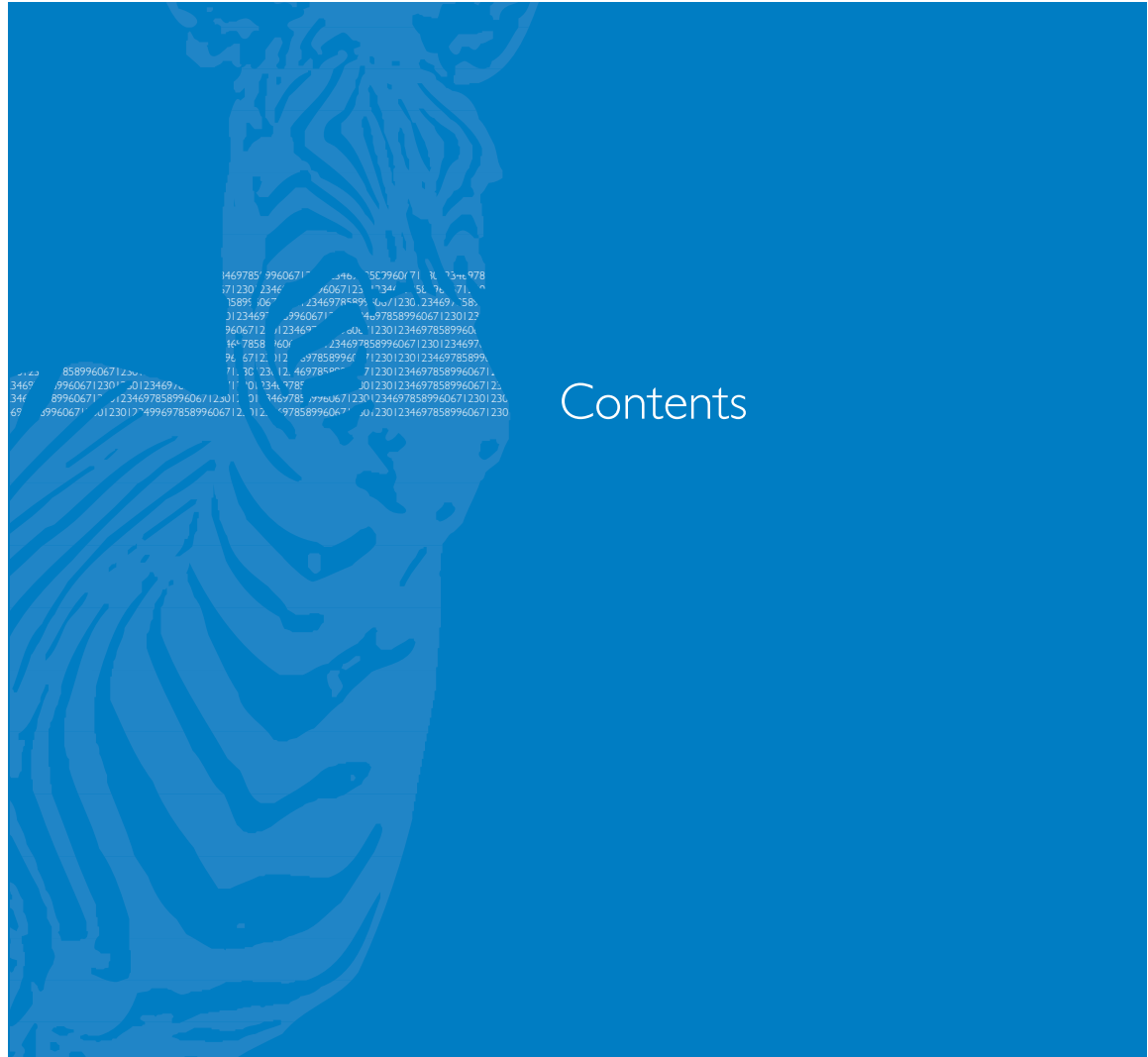




Results presentation for the
year ended **31 March 2006**

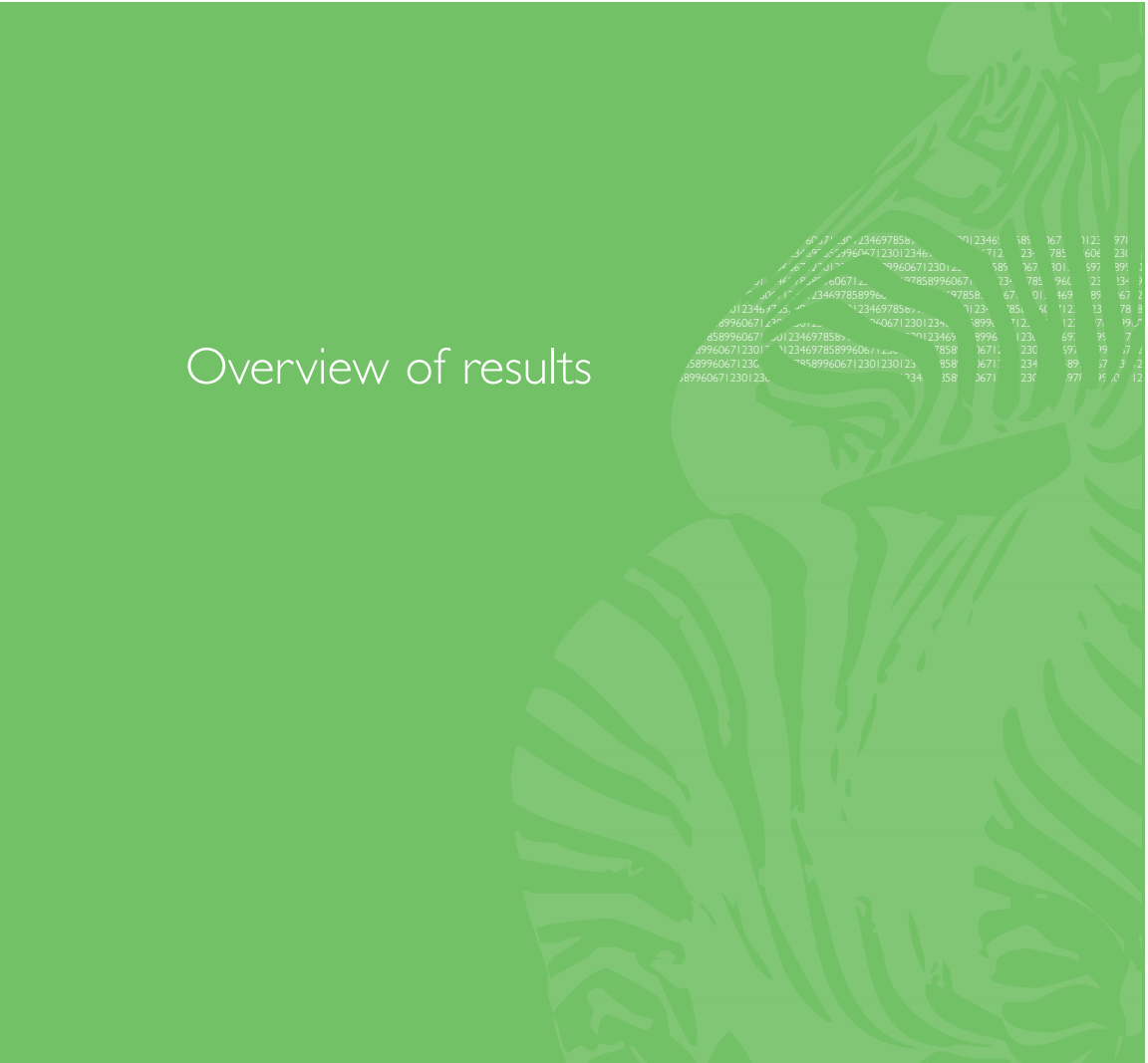


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Overview of results



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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
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Introduction

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 at www.investec.com

Under the contractual arrangements implementing the DLC structure, Investec plc and Investec Limited effectively form a single economic entity, in which the economic and voting rights of ordinary 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 combining the results and financial position of both companies.

Accordingly, the results for Investec plc and Investec Limited set out on pages 13 to 21 present the results and financial position of the combined DLC group under International Financial Reporting Standards (IFRS), denominated in Pounds Sterling (i.e. "Investec's consolidated results"). Unless the context indicates otherwise all comparatives in this document relate to the pro forma results as explained on page 13.

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

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 income statements, at the weighted average rate for the relevant year and, in the case of the balance sheets, at the relevant year end rate.

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

Currency per £1.00	31 March 2006		31 March 2005	
	Year end	Average	Year end	Average
South African Rand	10.72	11.43	11.73	11.47
Australian Dollar	2.44	2.37	2.44	2.50
Euro	1.43	1.47	1.46	1.47
US Dollar	1.73	1.78	1.89	1.85

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 their revenues and profits in Rand, as a result the depreciation/appreciation of the Rand can have an 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 plc and Investec Limited are determined with reference to the combined group's adjusted EPS, before impairment of goodwill and non-operating items (as defined on page 21) denominated in Pounds Sterling and prepared in accordance with IFRS.

Operating environment

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

	31 March 2006		31 March 2005	
	Year end	Average	Year end	Average
South Africa Prime Overdraft Rate	10.50%	10.52%	11.00%	11.19%
UK Clearing Banks Base Rate	4.50%	4.58%	4.75%	4.59%
JIBAR - 3 month	7.09%	7.05%	7.55%	7.69%
LIBOR - 3 month	4.61%	4.08%	4.98%	4.82%
Reserve Bank of Australia cash target rate	5.50%	5.50%	5.50%	5.40%
JSE All Share Index	20 351.7	16 293.0	13 298.6	11 578.5
FTSE All Share Index	3 048.0	2 709.4	2 457.7	2 313.0
Australian All Ordinaries Index	5 087.2	4 458.5	4 100.6	3 742.4

Source: Reuters

Overview of results

IFRS ¹	31 March 2006	Pro forma 31 March 2005	% Change
Income statement and selected returns			
Earnings attributable to ordinary shareholders before goodwill impairment and non-operating items (£'000) ²	230 017	149 510	53.8%
Headline earnings (£'000) ²	222 805	147 037	51.5%
Operating profit before goodwill impairment, non-operating items and taxation (£'000)	388 767	224 124	73.5%
Operating profit: SA (% of total)	68.3%	66.9%	
Operating profit: Non-SA (% of total)	31.7%	33.1%	
Cost to income ratio	58.7%	67.4%	
Staff compensation to operating income ratio	40.1%	43.4%	
Return on average adjusted shareholders' equity ³	25.5%	20.0%	
Return on average adjusted tangible shareholders' equity ³	32.7%	28.8%	
Operating profit per employee (£'000) ⁴	91.5	48.6	88.3%
Net interest income as a percentage of operating income	26.9%	23.2%	
Non-interest income as a percentage of operating income	73.1%	76.8%	
Effective tax rate	29.2%	28.2%	
Balance sheet			
Total capital resources (including subordinated liabilities) (£'million)	2 042	1 579	29.3%
Shareholders' equity (including preference shares and minority interests) (£'million)	1 512	1 076	40.5%
Total shareholders' equity (excluding minority interests) (£'million)	1 226	931	31.7%
Total assets (£'million)	23 901	19 917	20.0%
Loans and advances to customers (£'million)	9 605	6 408	49.9%
Loans and advances to customers as a percentage of total assets	40.2%	32.2%	
Third party assets under management (£'million)	54 443	33 855	60.8%
Capital adequacy ratio: Investec plc ⁵	17.7%	16.1%	
Capital adequacy ratio: Investec Limited ⁵	16.3%	17.9%	

IFRS ¹	31 March 2006	Pro forma 31 March 2005	% Change
Salient financial features and key statistics			
Adjusted earnings per share before goodwill impairment and non-operating items (pence) ²	209.5	134.6	55.6%
Headline earnings per share (pence) ²	203.0	132.4	53.3%
Basic earnings per share (pence) ²	268.9	89.2	>100%
Diluted earnings per share (pence) ²	249.8	85.4	>100%
Dividends per share (pence)	91.0	67.0	35.8%
Dividend cover (times)	2.3	2.0	
Net tangible asset value per share (pence) ⁶	754.5	498.3	51.4%
Weighted number of ordinary shares in issue (million) ²	109.8	111.1	(1.2%)
Total number of shares in issue (million)	118.6	118.6	
Closing share price (pence)	2 941	1 555	89.1%
Market capitalisation (£'million) ⁷	3 488	1 844	89.2%
Number of employees in the group	4 453	4 163	7.0%
Closing ZAR/£ exchange rate	10.72	11.73	(8.6%)
Ave ZAR/£ exchange rate	11.43	11.47	(0.3%)

Notes:

¹ Refer to definitions on page 98.

² Refer to definitions and calculations on pages 20 and 21.

³ Refer to calculation on page 87.

⁴ Refer to calculation on page 90.

⁵ Refer to calculation on page 86.

⁶ Refer to calculation on page 84.

⁷ Refer to calculation on page 96.

Introduction

The financial information contained in this commentary is prepared in accordance with International Financial Reporting Standards (IFRS).

Unless the context indicates otherwise, all comparatives relate to the pro forma results (as explained on page 13) for the year ended 31 March 2005.

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

- A subsidiary of Investec plc issued €200 million non-voting, non-cumulative, perpetual preferred securities in June 2005.
- The sale of our UK Private Client Stockbroking business, Carr Sheppards Crosthwaite Ltd ("Carr Sheppards Crosthwaite") to Rensburg plc ("Rensburg") on 6 May 2005. We retain a 47.7% interest in the combined entity, Rensburg Sheppards plc ("Rensburg Sheppards").
- The acquisition of HSBC's Private Client business in South Africa effective 1 April 2005.
- The sale of our associate investment in Capital Alliance Holdings Limited (CAL), to Liberty Group Limited effective on 31 March 2005.
- Investec Limited issued R2.3 billion (£207.3 million) of non-redeemable, non-cumulative, non-participating preference shares in February 2005.
- The reinsurance of the group risk business conducted by Investec Employee Benefits to CAL executed on 31 December 2004.
- The sale of our 80.28% stake in Investec Bank (Israel) Limited to The First International Bank of Israel Ltd on 22 December 2004.

Overall performance

We are pleased to announce that for the year ended 31 March 2006, adjusted earnings per share (EPS) before goodwill impairment and non-operating items increased by 55.6% to 209.5 pence from 134.6 pence.

This strong performance is a reflection of the initiatives we have taken over the past few years in the pursuit of a sustainable, distinctive growth strategy. This has been supported by increased investment in brand recognition while we have built our scale, expertise and capabilities. This has enabled us to take advantage of favourable market conditions with most of our businesses delivering strong performance. We have achieved all our stated growth and financial return objectives.

The salient features of the year under review are:

- Operating profit before goodwill impairment, non-operating items and taxation increased 73.5% from £224.1 million to £388.8 million.
- Earnings attributable to ordinary shareholders before goodwill impairment and non-operating items increased 53.8% from £149.5 million to £230.0 million.
- Return on adjusted shareholders' equity (inclusive of compulsorily convertible instruments) increased from 20.0% to 25.5% against a target of greater than 20%.
- The ratio of total operating expenses to total operating income improved from 67.4% to 58.7% against a target of below 65%.
- Loans and advances to customers increased 49.9% from £6.4 billion to £9.6 billion. Asset quality remains satisfactory with the percentage of gross non-performing loans to loans and advances improving from 0.88% to 0.75%.
- Third party assets under management increased 60.8% from £33.9 billion to £54.4 billion, supported by favourable markets and the corporate transactions undertaken (mentioned above).
- The board proposes an increased final dividend of 53.0 pence per ordinary share equating to a full year dividend of 91.0 pence (2005: 67.0 pence) resulting in a dividend cover based on the group's adjusted EPS before impairment of goodwill and non-operating items of 2.3 times (2005: 2.0 times), consistent with our dividend policy.

Business unit review

Unless the context indicates otherwise, reference to "operating profit" in the business unit review below, refers to profit before goodwill impairment, non-operating items and taxation.

Private Client Activities

Our Private Client Activities, comprising the Private Banking and Private Client Portfolio Management and Stockbroking divisions, reported strong growth in operating profit of 47.2% to £118.1 million (2005: £80.3 million).

- **Private Banking**

Operating profit of our Private Banking division increased by 52.7% to £101.5 million (2005: £66.5 million) driven by solid growth in total advances and strong performances recorded across the division's areas of specialisation. The private client lending book has grown by 43.2% to £6.2 billion (2005: £4.3 billion) and the division increased its retail deposit book by 46.3% to £4.8 billion (2005: £3.3 billion).

- **Private Client Portfolio Management and Stockbroking**

Private Client Portfolio Management and Stockbroking recorded strong growth, generating operating profit of £16.6 million (2005: £13.8 million), an increase of 20.6%. The Private Client business in South Africa benefited from positive equity market conditions and the acquisition of HSBC's Private Client business in South Africa. Total funds under management increased significantly to £7.8 billion (2005: £3.6 billion). The 2006 results of the UK operations include our 47.7% associate shareholding in Rensburg Sheppards post tax profit.

Treasury and Specialised Finance

Treasury and Specialised Finance posted strong growth in operating profit of 44.3% to £66.9 million (2005: £46.4 million). Growth was underpinned by a solid performance from the division's advisory, structuring, asset creation and distribution activities, with advances increasing by 50.8% to £3.0 billion (2005: £2.0 billion).

Investment Banking

Our Investment Banking division recorded a significant increase in operating profit from £49.3 million to £100.9 million. Institutional Stockbroking performed well against a backdrop of buoyant equity markets and Corporate Finance benefited from a strong deal pipeline across all geographies. Our Direct Investments and Private Equity divisions continued to perform solidly across the board reflecting our increasing presence in this activity.

Asset Management

Asset Management delivered substantial growth in operating profit of 63.6% to £59.4 million (2005: £36.3 million). The division's performance was boosted by favourable market conditions, growth in performance fee revenue and excellent mutual fund sales. Assets under management have increased by 38.1% to £31.7 billion (2005: £22.9 billion). The division has established a durable platform for growth on the back of competitive long term investment performance, management continuity and growing brand recognition in its markets.

Property Activities

Operating profit of our Property Activities division of £18.6 million was marginally ahead of that of the prior year (2005: £18.2 million). The division in South Africa posted solid results driven by an increase in funds under management and principal transactions given the favourable property market conditions. These results were offset by a weaker performance from the UK business which had benefited from several exit fees earned in the prior year.

Group Services and Other Activities

Group Services and Other Activities earned an operating profit of £24.8 million compared to the prior year loss of £6.3 million. Our Central Funding division benefited from a solid performance of its portfolio of assets and increased cash holdings arising out of the number of corporate actions undertaken as highlighted below. These results were partially offset by higher Central Services costs largely as a result of increased incentive based remuneration.

Financial statements analysis

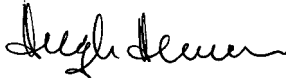
Please refer to pages 76 to 79 for a detailed financial statement analysis.

Outlook

We continue to make significant strides in enhancing the quality and sustainability of our earnings. While the levels of activity and momentum have continued into the new financial year, we remain mindful of the volatile operating environment to which some of our businesses are exposed.

We look forward to the future with the firm belief that our niche focus, distinctive offering and capability of our people will enable us to take advantage of growth opportunities as they arise.

On behalf of the boards of Investec plc and Investec Limited



Hugh Herman
Chairman



Stephen Koseff
Chief Executive Officer



Bernard Kantor
Managing Director

Intent to subdivide Investec plc and Investec Limited ordinary shares

Investec shareholders are advised that the board of directors of Investec plc and Investec Limited intend to ask shareholders to approve resolutions at the Annual General Meeting which will result in the subdivision of Investec plc and Investec Limited ordinary shares. A further announcement will be made in due course.

Investec plc - dividend announcement

In terms of the DLC structure, Investec plc shareholders who are not South African resident shareholders may receive all or part of their dividend entitlements through dividends declared and paid by Investec plc on their ordinary shares and/or through dividends declared and paid on the SA DAN share issued by Investec Limited.

Investec plc shareholders who are South African residents, may receive all or part of their dividend entitlements through dividends declared and paid by Investec plc on their ordinary shares and/or through dividends declared and paid on the SA DAS share issued by Investec Limited.

Notice is hereby given that a final dividend (No. 8) has been proposed by the board in respect of the financial year ended 31 March 2006. The Annual General Meeting of members at which the proposed dividend will be considered for approval is scheduled to take place on Thursday, 10 August 2006.

Shareholders in Investec plc will receive a total distribution of 53 pence (2005: 37 pence) per ordinary share, which will be paid as follows:

- for non-South African resident Investec plc shareholders, through a dividend paid by Investec plc of 53 pence per ordinary share.
- for South African resident shareholders of Investec plc, through a dividend paid by Investec plc equivalent to 38 pence per ordinary share and through a dividend paid on the SA DAS share equivalent to 15 pence per ordinary share.

The relevant dates for the payment of the dividends are:

Last day to trade cum-dividend:

- On the London Stock Exchange Tuesday, 25 July 2006
- On the JSE Limited Friday, 21 July 2006

Shares commence trading ex-dividend:

- On the London Stock Exchange Wednesday, 26 July 2006
- On the JSE Limited Monday, 24 July 2006

Record date:

- On the London Stock Exchange Friday, 28 July 2006
- On the JSE Limited Friday, 28 July 2006

Payment date:

- United Kingdom register Monday, 14 August 2006
- South African register Monday, 14 August 2006

Share certificates on the South African branch register may not be dematerialised or rematerialised between Monday, 24 July 2006 and Friday, 28 July 2006, both dates inclusive, nor may transfers between the UK and SA registers take place between Monday, 24 July 2006 and Friday, 28 July 2006, both dates inclusive.

Shareholders registered on the South African register are advised that the total distribution of 53 pence, equivalent to 627 cents per share, has been arrived at using the Rand/Pounds Sterling average buy/sell forward rate, as at 11h00 (SA time) on 17 May 2006.

By order of the board



R Vardy
Company Secretary
18 May 2006

Investec Limited - dividend announcement

Notice is hereby given that a final dividend (No. 101) of 627 cents (2005: 437 cents) per ordinary share has been proposed by the board in respect of the financial year ended 31 March 2006.

The Annual General Meeting of members at which the proposed dividend will be considered for approval is scheduled to take place on Thursday, 10 August 2006.

The dividend is payable to shareholders recorded in the members' register of the company at the close of business on Friday, 28 July 2006.

The relevant dates for the payment of the dividend are:

Last day to trade cum-dividend:	Friday, 21 July 2006
Shares commence trading ex-dividend:	Monday, 24 July 2006
Record date:	Friday, 28 July 2006
Payment date:	Monday, 14 August 2006

The final dividend of 627 cents per ordinary share, has been determined using the Investec plc distribution of 53 pence per ordinary share into Rands using the Rand/Pounds Sterling average buy/sell forward rate, as at 11h00 (SA time) on 17 May 2006.

Share certificates may not be dematerialised or rematerialised between Monday, 24 July 2006 and Friday, 28 July 2006, both dates inclusive.

By order of the board



S Noik
Company Secretary
18 May 2006



Financial statements (Investec plc and Investec Limited)

Transition to International Financial Reporting Standards

Overview

From 1 April 2005 we were required to prepare our consolidated results (comprising the results of Investec plc and Investec Limited) in accordance with International Financial Reporting Standards (IFRS). Previously these were prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP).

Our transition to IFRS has been performed in accordance with IFRS 1 "First-Time Adoption of International Reporting Standards" and other relevant standards applicable at 31 March 2006.

The following dates are applicable for the transition to IFRS:

- 1 April 2004 - date of transition to IFRS, being the start of the earliest period of comparative information.
- 31 March 2005 - twelve month comparative period to 31 March 2006.

This section sets out how the changes in accounting treatment under IFRS impact on our previously reported consolidated results (comprising the results of Investec plc and Investec Limited) for the financial year ended 31 March 2005.

A summary of the impact on our consolidated results of the transition to IFRS for the year ended 31 March 2005 is provided in the table below:

For the year ended 31 March 2005[^]

	Unaudited IFRS pro forma ^{***}	Audited UK GAAP (as previously reported)	% Change
Operating profit before goodwill impairment, non-operating items and taxation (£'000)	224 124	222 388	0.8%
Earnings attributable to shareholders* (£'000)	110 888	100 524	10.3%
Adjusted ^{**} earnings attributable to ordinary shareholders (£'000)	149 510	151 146	(1.1%)
Basic EPS (pence)	89.2	81.5	9.4%
Adjusted ^{**} EPS (pence)	134.6	140.8	(4.4%)
Headline EPS (pence)	132.4	141.7	(6.6%)
Basic weighted average number of shares in issue (million)	111.1	107.4	3.4%
Total equity including minority interest as at 1 April 2005 (£'000)	1 075 611	980 451	9.7%

Notes:

* After goodwill impairment, non-operating items, taxation and minority interests.

** Before goodwill impairment and non-operating items and after taking into consideration earnings attributable to perpetual preference shareholders.

*** In accordance with the provisions of IFRS 1, we have elected not to apply the requirements of IAS 32, "Financial Instruments: Disclosure and Recognition", IAS 39, "Financial Instruments: Recognition and Measurement" and IFRS 4, "Insurance Contracts" to the comparative year. The impact of adoption of these standards is reflected as an adjustment to the opening balance sheet at 1 April 2005. To facilitate comparability, a pro forma income statement is presented which incorporates the impact of the adoption of IAS32 and IAS39 in the following respects:

- recognising certain fees on an effective yield basis,
- the release of general provisions on loans and advances and
- fair value adjustments on embedded derivatives.

IFRS 4 only effects the presentation of the balance sheet.

[^] Per the Transition to IFRS Report (issued on 21 September 2005) the adjustment on adoption of IAS 32 and IAS 39 increased reserves by £17.6 million. This increase has been adjusted downward by £7.4 million (after taxation effects) to £10.2 million as a result of interpretation and model enhancements relating to the recognition of certain fee income as a component of the effective yield of lending transactions and improvement to certain fair value models adopted by the group. These adjustments are isolated to Private Banking and Treasury and Specialised Finance Activities. Similarly, adjusted EPS for the year ended 31 March 2005 has been revised downward to 134.6 pence.

The most significant adjustments arising from the transition from UK GAAP to IFRS are:

- IFRS 2 - share based payments
The inclusion of a fair value charge, for equity and cash settled options granted to employees, recognised over the vesting period.
- IFRS 3 - business combinations
The cessation of goodwill amortisation, with the introduction of an annual impairment test.
- IFRS 4 - insurance contracts (applied from 1 April 2005)
Recognition of reinsured assets and liabilities on a gross basis on the balance sheet.
- IAS 1 - presentation of financial statements
Line by line consolidation of Assurance Activities.
- IAS 10 - events after balance sheet date
Recognition of dividends only once approved and declared.
- IAS 17 - leases
Recognition of annual fixed incremental costs on a straight line basis over the term of the lease.
- IAS 18 - revenue recognition
In line with IAS39 ("Financial Instruments: Recognition and Measurement") fees on lending transactions are recognised as part of the effective yield over the expected life of the transaction to the extent that they form an integral part of the effective yield.
- IAS 27 - consolidations (including special purpose vehicles)
Alignment of UK GAAP principles with that of IFRS with regard to the consolidation of special purpose vehicles.
- IAS 32/39 - financial instruments (applied from 1 April 2005)
The release of general provisions on loans and advances, partially offset by an increase in specific impairments and raising of collective impairments; fair value of embedded derivatives (e.g. profit shares) through the income statement. These aspects of IAS32/39 have been included in the pro forma income statement.

An analysis of key adjustments

An assessment of the key statements and their impact on our attributable earnings, assets, liabilities and equity for the year ended 31 March 2005 is provided in the table below:

Key statement/impacts £'000	Pro forma earnings attributable to shareholders 31 March 2005	Assets 1 April 2005	Liabilities 1 April 2005	Total equity, including minorities 1 April 2005
IFRS 2 - share based payments	(8 018)	1 240	686	554
IFRS 3 - business combinations	11 218	10 943	-	10 943
IAS 10 - events after balance sheet date	-	-	(49 593)	49 593
IAS 12 - income taxes	413	7 144	(154)	7 298
IAS 17 - leases	(6 386)	4 430	11 363	(6 933)
IAS 18 - revenue recognition	(7 067)	(7 676)	9 766	(17 442)
IAS 19 - employee benefits	-	3 297	3 437	(140)
IAS 21 - effects of changes in foreign exchange rates	1 142	-	-	-
IAS 27/28/31 - consolidations	2 340	25 676	2 030	23 646
IAS 40 - investment properties	4 333	-	-	-
IFRS 4 - insurance contracts	-	1 288 406	1 288 406	-
IAS 32/39 - financial instruments	12 389	672 746	645 105	27 641
Overall impact of IFRS	10 364	2 006 206	1 911 046	95 160

Further detail on the group's transition to IFRS

On 21 September 2005 we released a stock exchange announcement and a Transition to IFRS report detailing the impact of IFRS on our previously reported UK GAAP consolidated results. This information can be found on our website at www.investec.com

£'000	Year to 31 March 2006	Pro forma IFRS restated year to 31 March 2005
Interest receivable	934 389	758 513
Interest payable	(675 237)	(587 945)
Net interest income	259 152	170 568
Fees and commissions receivable	478 465	403 543
Fees and commissions payable	(41 591)	(25 818)
Principal transactions	246 059	140 158
Operating income from associates	6 694	14 474
Investment income on assurance activities	141 559	258 855
Premiums and reinsurance recoveries on insurance contracts	164 631	246 537
Other operating income	2 721	6 120
Other income	998 538	1 043 869
Claims and reinsurance premiums on insurance business	(293 135)	(478 894)
Total operating income net of insurance claims	964 555	735 543
Impairment losses on loans and advances	(9 160)	(15 845)
Operating income	955 395	719 698
Administrative expenses	(558 887)	(485 444)
Depreciation and impairment of property and equipment	(7 741)	(10 130)
Operating profit before goodwill impairment	388 767	224 124
Impairment of goodwill	(21 356)	(37 010)
Operating profit	367 411	187 114
Profit/(loss) on disposal or termination of group operations	73 573	(14 629)
Profit before taxation	440 984	172 485
Taxation	(111 616)	(59 226)
Profit after taxation	329 368	113 259
Earnings attributable to minority interests	14 267	2 371
Earnings attributable to shareholders	315 101	110 888
Earnings attributable to shareholders' equity	329 368	113 259
Earnings per share (pence)		
- basic	268.9	89.2
- diluted	249.8	85.4
Adjusted earnings per share (pence)		
- basic	209.5	134.6
- diluted	195.2	127.5
Headline earnings - basic (pence)	203.0	132.4
Dividends per share (pence)	91.0	67.0

Combined consolidated balance sheets

£'000

31 March 2006 | April 2005

Assets

Cash and balances at central banks	190 838	105 130
Loans and advances to banks	1 830 603	1 563 066
Cash equivalent advances to customers	690 236	710 721
Reverse repurchase agreements and cash collateral on securities borrowed	756 645	2 318 745
Trading securities	1 640 088	1 279 111
Derivative financial instruments	1 081 287	929 783
Investment securities	1 266 673	1 188 405
Loans and advances to customers	9 604 589	6 408 368
Interests in associated undertakings	63 099	13 219
Deferred taxation assets	60 035	52 686
Other assets	1 272 787	885 577
Property and equipment	26 916	28 729
Investment properties	163 049	202 352
Goodwill	183 560	199 313
Intangible assets	10 094	7 373
	18 840 499	15 892 578
Other financial instruments at fair value through income in respect of		
- liabilities to customers	3 628 574	2 815 137
- assets related to reinsurance contracts	1 431 876	1 209 165
	23 900 949	19 916 880

Liabilities

Deposits by banks	1 879 483	780 829
Derivative financial instruments	705 764	838 578
Other trading liabilities	457 254	1 892 732
Repurchase agreements and cash collateral on securities lent	358 278	508 301
Customer accounts	8 699 165	6 458 714
Debt securities in issue	2 950 103	1 926 889
Current taxation liabilities	137 426	72 834
Deferred taxation liabilities	26 210	20 784
Other liabilities	1 582 856	1 809 207
Pension fund liabilities	2 013	10 991
	16 798 552	14 319 859
Liabilities to customers under investment contracts	2 694 539	2 664 434
Insurance liabilities, including unit-linked liabilities	934 035	145 136
Reinsured liabilities	1 431 876	1 209 165
	21 859 002	18 338 594
Subordinated liabilities (including convertible debt)	529 854	502 675
	22 388 856	18 841 269

Equity

Called up share capital	165	165
Share premium	1 028 737	1 029 242
Treasury shares	(96 300)	(109 362)
Equity portion of convertible instruments	2 191	2 191
Perpetual preference shares	215 305	196 742
Other reserves	156 103	78 054
Profit and loss account	(79 709)	(266 530)
Shareholders' equity excluding minority interests	1 226 492	930 502
Minority interests	285 601	145 109
- Perpetual preferred securities issued by subsidiaries	278 459	127 058
- Other	7 142	18 051
Total shareholders' equity	1 512 093	1 075 611

Total liabilities and shareholders' equity

23 900 949 | 19 916 880

£'000

	Year to 31 March 2006	Year to 31 March 2005
Cash inflow from operations	369 197	234 204
Increase in operating assets	(2 939 470)	(3 228 141)
Increase in operating liabilities	2 739 262	2 909 285
Net cash inflow/(outflow) from operating activities	168 989	(84 652)
Net cash outflow from investing activities	(473 159)	(183 269)
Net cash inflow from financing activities	38 076	129 478
Effects of exchange rate changes on cash and cash equivalents	73 721	5 899
Net decrease in cash and cash equivalents	(192 373)	(132 544)
Cash and cash equivalents at the beginning of the year	1 382 556	1 515 100
Cash and cash equivalents at the end of the year	1 190 183	1 382 556

Cash and cash equivalents is defined as including:

cash and balances at central banks, on demand loans and advances to banks and cash equivalent advances to customers (all of which have a maturity profile of less than three months).

Combined consolidated statements of changes in equity

£'000	Share capital Investec Limited	Share premium Investec Limited	Treasury shares	Capital reserve account	Share capital Investec plc	Share premium Investec plc
At 31 March 2004	46	633 715	(84 632)	7 912	119	393 824
At 31 March 2004 - as previously reported	46	633 715	(101 304)	7 912	119	393 824
Reclassifications						
IAS 21 - foreign currency (IFRS 1 election)	-	-	-	-	-	-
IAS 40 - investment properties	-	-	-	-	-	-
Minority interests included within reconciliation of reserves	-	-	-	-	-	-
Remeasurements						
IFRS 2 - share based payments	-	-	-	-	-	-
IAS 10 - events after balance sheet date	-	-	-	-	-	-
IAS 12 - income taxes	-	-	-	-	-	-
IAS 17 - leases	-	-	-	-	-	-
IAS 19 - employee benefits	-	-	-	-	-	-
IAS 27/28/31 - consolidations, associates and joint ventures	-	-	16 672	-	-	-
Movement in reserves April 2004 - 31 March 2005						
Foreign currency adjustments	-	-	-	-	-	-
Retained profit for the year	-	-	-	-	-	-
Retained earnings of associates	-	-	-	-	-	-
Transfer from pension fund deficit	-	-	-	-	-	-
Total recognised gains and losses for the year	-	-	-	-	-	-
Share based payments adjustments	-	-	-	-	-	-
Dividends accrued to ordinary shareholders	-	-	-	-	-	-
Dividends accrued to perpetual preference shareholders	-	-	-	-	-	-
Issue of perpetual preference shares	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-
Re-issue of treasury shares	-	1 703	725	-	-	-
Purchase of treasury shares	-	-	(15 966)	-	-	-
Transfer to capital reserves	-	-	-	(244)	-	-
Movement on minorities on disposals and acquisitions	-	-	-	-	-	-
Restated at 31 March 2005	46	635 418	(99 873)	7 668	119	393 824
Adoption of IAS 32/39 - financial instruments	-	-	(9 489)	-	-	-
Restated at 1 April 2005	46	635 418	(109 362)	7 668	119	393 824
Movement in reserves April 2005 - 31 March 2006						
Foreign currency adjustments	-	-	-	-	-	-
Retained profit for the year	-	-	-	-	-	-
Fair value movements on available for sale assets	-	-	-	-	-	-
Transfer from pension fund deficit	-	-	-	-	-	-
Total recognised gains and losses for the year	-	-	-	-	-	-
Share based payments adjustments	-	-	-	-	-	-
Dividends paid to ordinary shareholders	-	-	-	-	-	-
Dividends paid to perpetual preference shareholders	-	-	-	-	-	-
Issue of equity by subsidiaries	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	(556)
Re-issue of treasury shares	-	-	13 062	-	-	51
Movement on minorities on disposals and acquisitions	-	-	-	-	-	-
Transfer from equity accounted reserve	-	-	-	-	-	-
Transfer from capital reserves	-	-	-	5 575	-	-
Transfer to regulatory general risk reserve	-	-	-	-	-	-
At 31 March 2006	46	635 418	(96 300)	13 243	119	393 319

Equity portion of convertible instruments	Perpetual preference shares	Revaluation reserves investment properties	Available for sale reserve	Regulatory general risk reserve	Equity accounted reserves	Foreign currency reserves	Share based payment reserve	Minority interests	Profit and loss account	Total
2 666	127 797	-	-	-	17 661	(1 267)	28 691	49 804	(307 213)	869 123
2 666	127 797	43 142	-	-	17 661	(195 074)	-	-	(164 131)	766 373
-	-	-	-	-	-	195 074	-	-	(195 074)	-
-	-	(43 142)	-	-	-	-	-	-	43 142	-
-	-	-	-	-	-	-	-	39 029	-	39 029
-	-	-	-	-	-	-	28 691	-	(28 963)	(272)
-	-	-	-	-	-	-	-	-	38 474	38 474
-	-	-	-	-	-	-	-	-	81	81
-	-	-	-	-	-	-	-	-	(594)	(594)
-	-	-	-	-	-	-	-	-	(140)	(140)
-	-	-	-	-	-	(1 267)	-	10 775	(8)	26 172
-	(10 472)	-	-	-	3	(4 794)	-	-	-	(15 263)
-	-	-	-	-	-	-	-	2 371	105 567	107 938
-	-	-	-	-	(17 194)	-	-	-	17 194	-
-	-	-	-	-	-	-	-	-	2 370	2 370
-	(10 472)	-	-	-	(17 191)	(4 794)	-	2 371	125 131	95 045
-	-	-	-	-	-	-	8 849	-	-	8 849
-	-	-	-	-	-	-	-	-	(55 398)	(55 398)
-	-	-	-	-	-	-	-	-	(11 738)	(11 738)
-	207 313	-	-	-	-	-	-	-	-	207 313
-	(838)	-	-	-	-	-	-	-	-	(838)
(282)	-	-	-	-	-	-	-	-	-	2 146
(193)	-	-	-	-	-	-	-	-	-	(16 159)
-	-	-	-	-	-	-	-	-	244	-
-	-	-	-	-	-	-	-	(32 931)	-	(32 931)
2 191	323 800	-	-	-	470	(6 061)	37 540	19 244	(248 974)	1 065 412
-	(127 058)	-	9 875	28 315	-	247	-	125 864	(17 555)	10 199
2 191	196 742	-	9 875	28 315	470	(5 814)	37 540	145 108	(266 529)	1 075 611
-	18 563	-	-	-	-	24 407	-	9 594	-	52 564
-	-	-	-	-	-	-	-	14 267	315 101	329 368
-	-	-	8 480	-	-	-	-	-	-	8 480
-	-	-	-	-	-	-	-	-	2 035	2 035
-	18 563	-	8 480	-	-	24 407	-	23 861	317 136	392 447
-	-	-	-	-	-	-	18 065	-	1 156	19 221
-	-	-	-	-	-	-	-	-	(84 435)	(84 435)
-	-	-	-	-	-	-	-	-	(19 940)	(19 940)
-	-	-	-	-	-	-	-	132 520	-	132 520
-	-	-	-	-	-	-	-	-	-	(556)
-	-	-	-	-	-	-	-	-	-	13 113
-	-	-	-	-	-	-	-	(15 888)	-	(15 888)
-	-	-	-	-	(470)	-	-	-	470	-
-	-	-	-	-	-	-	-	-	(5 575)	-
-	-	-	-	21 992	-	-	-	-	(21 992)	-
2 191	215 305	-	18 355	50 307	-	18 593	55 605	285 601	(79 709)	1 512 093

Dividends and earnings per share

	Year to 31 March 2006	Year to 31 March 2005
Ordinary dividends - pence per share		
Interim	38.0	30.0
Final	53.0	37.0
	91.0	67.0
Earnings per share - pence		
Basic earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders in Investec plc and Investec Limited by the weighted average number of ordinary shares in issue during the period.	268.9	89.2
	£'000	£'000
Earnings attributable to shareholders equity	315 101	110 888
Preference dividends paid	(19 940)	(11 742)
Earnings attributable to ordinary shareholders	295 161	99 146
Diluted earnings per share - pence		
Diluted earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders of Investec plc and Investec Limited, adjusted for the effects of dilutive ordinary potential shares, by the weighted average number of shares in issue during the period plus the weighted average number of ordinary shares that would be issued on conversion of the dilutive ordinary potential shares during the period.	249.8	85.4
Weighted total average number of shares in issue during the year	118 633 273	118 633 273
Weighted average number of treasury shares	(8 865 490)	(7 540 405)
	109 767 783	111 092 868
Weighted average number of shares resulting from future dilutive potential shares	5 884 874	4 975 253
Weighted average number of shares resulting from future dilutive convertible instruments	3 573 994	3 573 994
Adjusted weighted number of shares potentially in issue	119 226 651	119 642 115

	Year to 31 March 2006	Year to 31 March 2005
Adjusted earnings per share - pence		
Adjusted earnings per share is calculated by dividing the earnings, before deducting goodwill impairment and non-operating items attributable to the ordinary shareholders and after taking into account earnings attributable to perpetual preference shareholders, by the weighted average number of ordinary shares in issue during the period.	209.5	134.6
	£'000	£'000
Earnings attributable to shareholders equity	315 101	110 888
Impairment of goodwill	21 356	37 010
(Profit)/loss on disposal or termination of group operations	(73 573)	14 629
Preference dividends paid	(19 940)	(11 742)
Additional earnings attributable to other equity holders	(12 927)	(1 275)
Adjusted earnings attributable to ordinary shareholders before goodwill impairment and non-operating items	230 017	149 510
Headline earnings per share - pence		
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."	203.0	132.4
	£'000	£'000
Earnings attributable to shareholders equity	315 101	110 888
Impairment of goodwill	21 356	37 010
(Profit)/loss on disposal or termination of group operations	(73 573)	14 629
Preference dividends paid	(19 940)	(11 742)
Other headline adjustments	(20 139)	(3 748)
Headline earnings attributable to ordinary shareholders	222 805	147 037

Integrated global management structure

Global Roles

Chief Executive Officer - Stephen Koseff
 Managing Director - Bernard Kantor

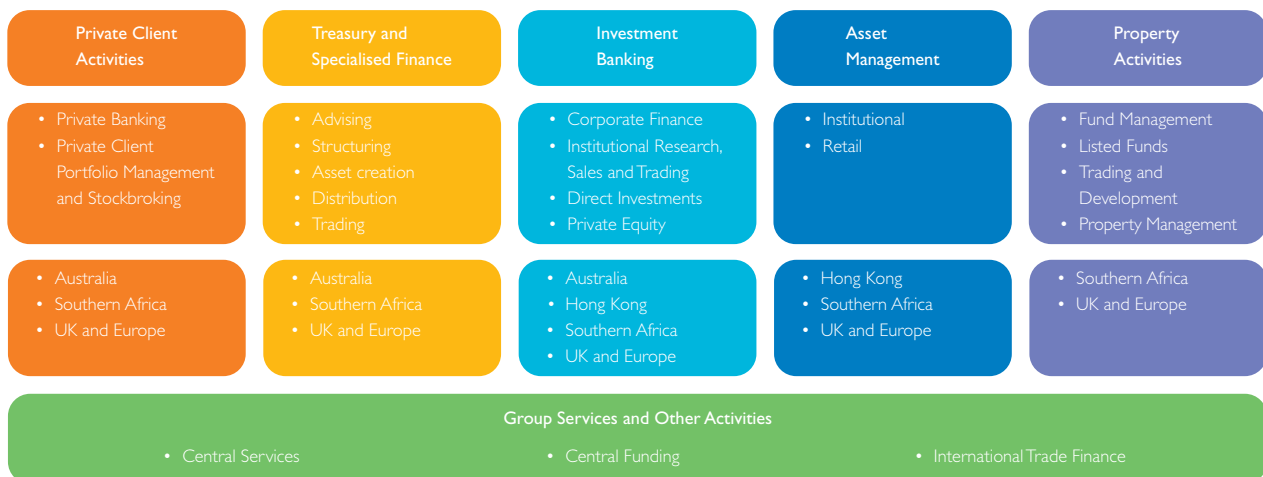
Executive Director - Alan Tapnack
 Group Risk and Finance Director - Glynn Burger

Geographic Business Leaders

	South Africa Andy Leith Glynn Burger David Lawrence	United Kingdom Bradley Fried	Australia Geoff Levy Brian Schwartz	SE Asia Richard Forlee
Divisional Business Leaders	Private Banking Steven Heilbron			
	Private Client Stockbroking Henry Blumenthal - SA			
	Treasury and Specialised Finance David van der Walt			
	Investment Banking Bradley Fried and Andy Leith			
	Asset Management Hendrik du Toit			
	Property Activities Sam Hackner			
	Support Structures			
	Banking and Institutions - David Lawrence Chief Integrating Officer - Allen Zimble Corporate Governance and Compliance - Bradley Tapnack Finance and Operations - Rayanne Jacobson			
	IT - Ingrid David and Simon Shapiro Marketing - Raymond van Niekerk Risk Management - Ciaran Whelan Secretarial - Les Penfold			

Group operating structure

Our 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 our principal business areas. Our core philosophy has been to build well-defined, value-added businesses focused on serving the needs of select market niches where we can compete effectively.



Scope of activities

Private Client Activities comprises two businesses: Private Banking and Private Client Portfolio Management and Stockbroking.

Private Banking

Activities	- Banking and Treasury - Growth and Acquisition Finance - Investment Management and Advisory services - Specialised Lending - Structured Property Finance - Trust and Fiduciary services
Target market	- Ultra high net worth individuals - High income professionals - Active wealthy entrepreneurs Including property developers and investors, self-employed entrepreneurs, MBO and MBI candidates and sophisticated investors.

Private Client Portfolio Management and Stockbroking

Activity	- Investment Portfolio Management and Stockbroking
Target market	Private Client Securities, South Africa: High net worth individuals Rensburg Sheppards, UK: Transaction concluded in May 2005, see page 31

Strategic focus

Private Banking

Our strategy is underpinned by the philosophy of “out thinking” rather than “out muscling” competitors. We position ourselves as the “investment bank for private clients”, offering specialist financial services to high income and high net worth individuals, entrepreneurs, property developers and investors.

Private Client Portfolio Management and Stockbroking

UK and Europe

Refer to page 31 for details of the sale of Carr Sheppards Crosthwaite to Rensburg in May 2005.

South Africa

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

We differentiate ourselves by:

- Continually demonstrating superior portfolio management returns to clients.
- Introducing new discretionary and non-discretionary products and services.
- Offering clients additional value through products developed within the broader Investec group.
- Enhancing client focus with teams offering specialised solutions to clients.
- Leveraging cross-sell opportunities within the Investec group.

Management structure

Private Banking

Global Head of Private Banking Steven Heilbron

UK and Europe

Regional Head	Steven Heilbron
Structured Property Finance	Paul Stevens
Specialised Lending	David Drewienka
Growth and Acquisition Finance	Leon Blitz
	Avron Epstein
Banking and Treasury	Linda McBain
Private Client Lending	Elan Mansur
	Nicky Walden
Investment Management	Robert Gottlieb
	Kim Hillier
Trust and Fiduciary	Ian Burns
	Robert Clifford
Finance and Operations	Chris Forsyth
IT	Alan Bletcher
Marketing	Antonia Kerr
Channel Islands	Mort Mirghavameddin
Ireland	Michael Cullen
Switzerland	Paul Hunt

South Africa

Regional Head	Paul Hanley
Johannesburg region	Wessel Oosthuysen
Cape Town region	Michael Barr
Durban region	Colin Franks
Port Elizabeth region	Andy Vogel
Pretoria region	Wouter de Vos
Banking	Wayne Preston
Treasury	Les Scott
Compliance	Wendy Parker
Credit Risk	Michael Leisegang
Finance	Lianne D'Agnese
Human Resources	Natalie Wessels
IT	Denton Muil
Marketing	Carol-Ann van der Merwe
Risk Management	Tim Till

Australia

Property Investment Banking	Tim Johansen
	Brendan O'Sullivan
Growth and Acquisition Finance	Mark Joffe
	Michael Sacks
Private Client Distribution	Ivan Katz
Wealth Management	Robert Lipman
Finance	Kelley-Ann Axiom
IT	Angelica Stein
Marketing	Ngairé Threlfall
Operations	Steven Munitz

Private Client Portfolio Management and Stockbroking

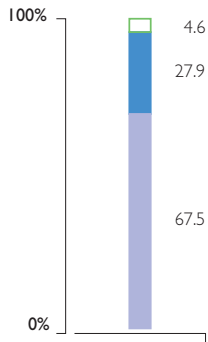
Head of Private Client Securities, South Africa	Henry Blumenthal
Investment process	Donald Glyn
	Peter Armitage
Johannesburg region	Paul Deuchar
	Raymond Goss
Cape Town region	Jonathan Bloch
	Stephen Glanz
	Angus Robertson
Durban region	Craig Hudson
Pietermaritzburg region	Andrew Smythe
Port Elizabeth region	Andy Vogel
Pretoria region	Len Olivier
Finance and Operations Administration	Andrew Birrell
Operational Risk	Ockert Olivier
Product Support	Alex Harding
	Carla Harding

Private Client Activities

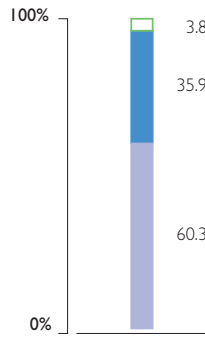
Partner of choice from wealth creation to wealth management

Contribution analysis

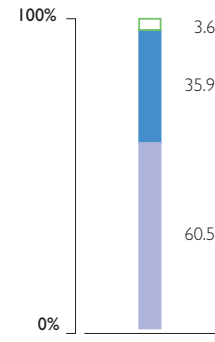
Operating profit*



Employees



Adjusted shareholders' equity**

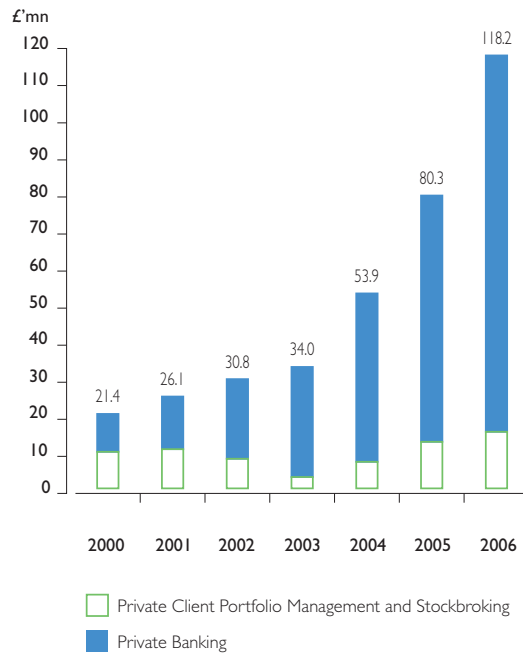


■ Private Client Portfolio Management and Stockbroking
■ Private Banking
■ Remainder of Investec group

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

** As calculated on page 89.

Operating profit[^] - track record



■ Private Client Portfolio Management and Stockbroking
■ Private Banking

[^] Trend reflects numbers as at the year ended 31 March unless stated otherwise. The numbers prior to 31 March 2005 were reported in terms of UK GAAP. Amounts are shown before goodwill impairment, non-operating items and taxation.

Overview and financial analysis

- Operating profit increased by 52.7% to £101.5 million, contributing 27.9% to group profit.
- Excellent growth was achieved in all key geographies.
- Since 1 April 2005:
 - The lending book grew by 43.2% to £6.2 billion.
 - The deposit book increased by 46.3% to £4.8 billion.
 - Funds under advice increased by 75.9% to £1.9 billion.

£'000	31 March 2006	31 March 2005	Variance	% Change
Net interest income	165 308	123 067	42 241	34.3%
Net fees and commissions receivable	70 675	56 289	14 386	25.6%
Principal transactions	11 657	4 402	7 255	>100%
Other operating income and operating income from associates	(132)	261	(393)	(>100%)
Impairment losses on loans and advances	1 745	(7 333)	9 078	>100%
Admin expenses and depreciation	(147 730)	(110 196)	(37 534)	34.1%
Operating profit before goodwill impairment, non-operating items and taxation	101 523	66 490	35 033	52.7%
UK and Europe	61 533	35 282	26 251	74.4%
Southern Africa	31 981	24 815	7 166	28.9%
Australia	8 009	4 341	3 668	84.5%
Other geographies	-	2 052	(2 052)	(100%)
Operating profit before goodwill impairment, non-operating items and taxation	101 523	66 490	35 033	52.7%
Adjusted shareholders' equity*	372 651	270 540	102 111	37.7%
ROE (pre-tax)*	29.3%	26.4%		
Cost to income ratio	59.7%	59.9%		
Operating profit per employee (£'000)*	70.6	54.7		29.1%
Number of employees	1 598	1 280		24.8%

* As calculated on pages 89 and 90.

The variance in operating profit can be explained as follows:

- The solid increase in net interest income has been driven by:
 - Very strong growth in loans and advances and deposits.
 - A strong increase in arrangement and exit fees associated with a 54.1% increase in lending turnover.
- The impact of IAS 18 has resulted in R345 million (£30.0 million) (2005: R201 million (£17.5 million)) of lending fees in the South African business being deferred for recognition as margin, 75% of which will be recognised as income by 31 March 2008.
- Net fees and commissions receivable principally include fees in relation to trust and fiduciary services, investment management, banking and treasury activities as well as profit share fees arising out of lending transactions. The growth in net fees and commissions has been driven by strong activity levels in the majority of these areas of specialisation.
- Principal transactions include the revaluations and realisations of equity and warrant positions held (these are associated with our lending activities and the manner in which certain of our deals are structured). The increase in principal transactions reflects the increasing contribution made by the Growth and Acquisition Finance business.
- Impairment losses on loans and advances have decreased primarily due to the recovery of £5.6 million of specific impairments previously held against two loans and an improvement in the non-performing book in South Africa.
- The increase in expenses is mainly as a result of an increase in variable remuneration in line with growth in profitability, an increase in personnel costs given an increase in average headcount and investment in product development and IT infrastructure.

Loans and deposits

£million As at	UK & Europe		Southern Africa		Australia		Total		% Change
	31 March 2006	1 April 2005	31 March 2006	1 April 2005	31 March 2006	1 April 2005	31 March 2006	1 April 2005	
Residential	818	614	908	703	11	6	1 737	1 323	31.3%
Securitised assets	-	-	423	199	-	-	423	199	>100%
Commercial	721	595	1 559	869	319	265	2 599	1 729	50.3%
Cash-backed lending	117	114	-	-	-	-	117	114	2.6%
Other Private Bank loans	325	204	925	733	51	26	1 301	963	35.2%
Total gross loans and advances	1 981	1 527	3 815	2 504	381	297	6 177	4 328	42.7%
Specific impairments	2	4	9	16	1	-	12	20	(40.0%)
Portfolio impairments	1	1	6	5	-	-	7	6	16.7%
Net loans and advances	1 978	1 522	3 800	2 483	380	297	6 158	4 302	43.2%
Asset quality									
Gross non-performing loans (NPLs)	20	18	18	25	12	-	50	43	16.3%
Collateral value	18	14	9	9	11	-	38	23	65.2%
Specific impairments	2	4	9	16	1	-	12	20	(40.0%)
Net exposure	-	-	-	-	-	-	-	-	
Gross NPLs as a % of loans and advances	1.0%	1.2%	0.5%	1.0%	3.2%	-	0.4%	1.0%	

Total deposits	2 921	2 047	1 650	1 035	202	182	4 773	3 264	46.3%
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	£'million			Home currency 'million		
	31 March 2006	1 April 2005	% Change	31 March 2006	1 April 2005	% Change
UK and Europe	1 978	1 522	30.0%	£1 978	£1 522	30.0%
Southern Africa	3 800	2 483	53.1%	R40 749	R29 128	39.9%
Australia	380	297	27.9%	A\$928	A\$724	28.2%
Net loans and advances	6 158	4 302	43.2%			

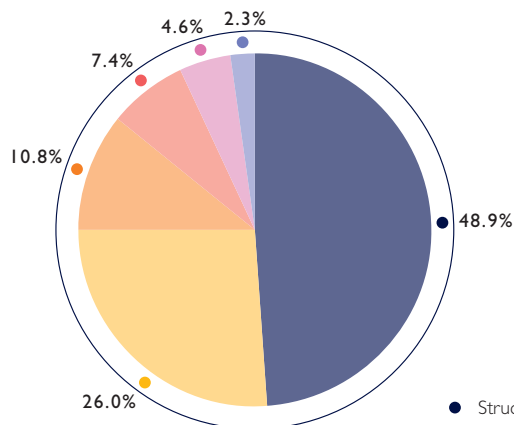
	£'million			Home currency 'million		
	31 March 2006	1 April 2005	% Change	31 March 2006	1 April 2005	% Change
UK and Europe	2 921	2 047	42.7%	£2 921	£2 047	42.7%
Southern Africa	1 650	1 035	59.4%	R17 687	R12 141	45.7%
Australia	202	182	11.5%	A\$495	A\$446	11.0%
Total deposits	4 773	3 264	46.3%			

Funds under advice

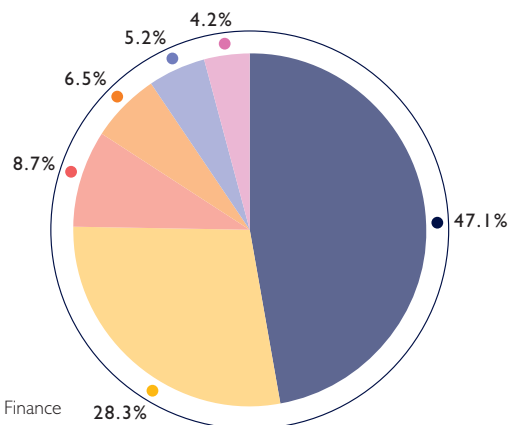
	£'million			Home currency 'million		
	31 March 2006	1 April 2005	% Change	31 March 2006	1 April 2005	% Change
UK and Europe	642	362	77.3%	£642	£362	77.3%
Southern Africa	1 006	532	89.1%	R10 784	R6 249	72.6%
Australia	240	179	34.0%	A\$586	A\$436	34.4%
Total funds under advice	1 888	1 073	75.9%			

Analysis of total income by area of specialisation

31 March 2006



31 March 2005



Developments

UK and Europe

- The Structured Property Finance team concluded a number of significant transactions in Europe and expanded its distribution capability in London, Manchester and Ireland.
- The Banking business launched a range of mortgage offerings for private clients with bespoke mortgage requirements. These included an innovative multi-currency offering.
- The Growth and Acquisition Finance business was a key contributor to bottom line and its portfolio of deals was significantly enhanced. It was named "Alternative Debt Provider of the Year" in the Real Deals Private Equity Awards in London (2005 calendar year).
- The Investment Management business is validating the investment made over the last few years and has won a number of significant private client mandates. It was recognised through its nomination for "Best Private Bank Internationally for Innovative Products and Services" in The Private Banker International Awards 2005, alongside Goldman Sachs and Credit Suisse.
- The Guernsey based bank continues to successfully penetrate the Channel Islands market for deposit raising and is a key provider of liquidity for the Private Bank in Europe.
- The Trust and Fiduciary business acquired Quorum Management Limited in Jersey during November 2005 to bolster the scale of its existing operations.
- A boutique property fund administration business was launched successfully in Guernsey.

South Africa

- The Banking division launched the first full internet based mobile banking service in South Africa. This enables clients to view accounts and make payments and inter-account transfers using their mobile phones, thereby completing the daily banking value proposition.
- The treasury cash aggregation product launched during the year was significantly enhanced. A number of off-balance sheet securitisation vehicles were also established in support of funding initiatives.
- The significant ongoing increase in headcount in support of the South African growth strategy bore fruit. This was reflected in a 39.9% growth in advances, 45.7% growth in deposits and 72.6% increase in funds under advice.
- The Growth and Acquisition Finance team completed 24 transactions, providing R758 million of funding for black economic empowerment initiatives.

Australia

- The Growth and Acquisition Finance team was bolstered with new specialist skills.
- The Structured Property Finance team diversified its proposition and partnered with its clients in a number of principle investments.
- The business successfully distributed A\$135 million special investment opportunities created by the bank to its high net worth investor base.

Outlook

- The earnings outlook across all geographies is positive, with strong deal pipelines.
- There are planned growth strategies in each jurisdiction which include the expansion of distribution capability together with new strategic initiatives.

Overview and financial analysis

- Operating profit increased by 20.6% to £16.6 million, contributing 4.6% to group profit.
- Both Rensburg Sheppards in the UK and Private Client Securities in South Africa benefited from favourable operating environments.
- Total private client funds under management in South Africa grew in excess of 100% to £7.8 billion (R84.1 billion) since 1 April 2005.
- Rensburg Sheppards reported funds under management of £13.1 billion.

£'000	31 March 2006	31 March 2005	Variance	% Change
Net interest income	480	5 374	(4 894)	(91.1%)
Net fees and commissions receivable	30 264	60 165	(29 901)	(49.7%)
Principal transactions	631	433	198	45.7%
Other operating income and operating income from associates	6 389	228	6 161	>100%
Admin expenses and depreciation	(21 122)	(52 396)	31 274	(59.7%)
Operating profit before goodwill impairment, non-operating items and taxation	16 642	13 804	2 838	20.6%
UK and Europe	7 399	8 408	(1 009)	(12.0%)
Southern Africa	9 243	5 396	3 847	71.3%
Operating profit before goodwill impairment, non-operating items and taxation	16 642	13 804	2 838	20.6%
Adjusted shareholders' equity*	37 122	20 744	16 378	79.0%
ROE (pre-tax)*	40.8%	58.5%		
Cost to income ratio	55.9%	79.1%		
Operating profit per employee (£'000)*	66.1	30.1		>100%
Number of employees	167	415		(59.8%)

* As calculated on pages 89 and 90.

The variance in operating profit can be explained as follows:

- The South African Private Client business has benefited from positive equity market conditions and the acquisition of HSBC's Private Client business in South Africa (effective 1 April 2005).
- Investec's UK Private Client Stockbroking business, Carr Sheppards Crosthwaite was sold to Rensburg on 6 May 2005. We retain a 47.7% interest in the combined entity, Rensburg Sheppards. Prior to 6 May 2005 the results of Carr Sheppards Crosthwaite have been consolidated into the group's results. Post 6 May 2005 the results of the combined entity Rensburg Sheppards have been equity accounted and are included in the line item "operating income from associates" (the £6.4 million income reflected above is post tax of £3.6 million).

Developments

UK and Europe

- As mentioned previously, Carr Sheppards Crosthwaite (CSC) was sold to Rensburg in May 2005. The net gain on the sale, included in non-operating items, is £79.5 million.

£million

Sale of 100% of CSC		
* 22.7 million Rensburg shares at £4.99	113.3	
* subordinated loan	60.0	
Total purchase consideration	173.3	
Apportionment - gain equals 52.3% of total:		90.6
Deduct: 52.3% CSC net assets		(11.1)
Net assets	12.1	
Goodwill	9.1	
	21.2	
		79.5

Note:

As at 31 March 2006, the Rensburg Sheppards share price was £8.05.

Rensburg Sheppards released its results for the 16 months ended 31 March 2006 on 17 May 2006. Salient features of the results, extracted directly from the announcement released by the company include:

- "It is pleasing to report such good progress even during the major integration of Carr Sheppards Crosthwaite. I look forward to the year ahead with considerable optimism..."
- Profit before tax, amortisation of both goodwill and the Employee Benefit Trust ('EBT') prepayment and exceptional items* for the 16 months ended 31 March 2006 of £29.3 million (12 months ended 30 November 2004: £8.8 million).
- Basic earnings per share before amortisation of both goodwill and the EBT prepayment and exceptional items* for the 16 months ended 31 March 2006 of 55.6p (12 months ended 30 November 2004: 27.9p).
- In respect of the acquisition of Carr Sheppards Crosthwaite, we continue to expect to achieve annualised pre-tax cost synergies of approximately £5.5 million per annum by the year ending 31 March 2008.
- Group funds under management at 31 March 2006 of £13.1 billion (30 November 2004: £4.2 billion).

* Amortisation of both goodwill and the EBT prepayment and exceptional items before taxation amount to a net charge of £19.6 million (12 months ended 30 November 2004: £0.4 million)."

For further information please contact Rensburg Sheppards directly (www.rensburg.co.uk)

South Africa

- Revenue increased substantially over the prior year, assisted by robust market conditions and the successful integration of HSBC.
- Managed client portfolios again benefited from superior returns.

Funds under management as at	31 March 2006*	1 April 2005	% Change	31 March 2006*	1 April 2005	% Change
	R'million			£'million		
Discretionary	14 339	7 428	93.0%	1 338	633	>100%
Non-discretionary	69 748	34 557	>100%	6 506	2 946	>100%
Total	84 087	41 985	>100%	7 844	3 579	>100%
	31 March 2006*	1 April 2005				
R'million						
Net flows at cost over the year						
Discretionary	2 799	859				
Non-discretionary	13 957	3 111				
Total	16 756	3 970				

* Includes HSBC funds acquired of R13.4 billion (R2.1 billion discretionary and R11.3 billion non-discretionary).

Outlook

South Africa

- Revenue will be geared to stock market conditions in the new financial year.
- Portfolio management fees will benefit from the higher base effect compared to last year.
- A number of new products will be launched during the new financial year.

Scope of activities

The Treasury and Specialised Finance division provides a wide range of specialist products, services and solutions to select corporate clients, public sector bodies and institutions. The division undertakes the bulk of Investec's wholesale debt, structuring, proprietary trading, capital markets and derivatives business.

Strategic focus

Our objectives include:

- Continuing to remain a focused and specialised business, targeting markets and products where we can be distinctive and competitive.
- Seeking through strong discipline, centred on clients and delivery of structured products:
 - Asset creation opportunities
 - Product structuring and distribution opportunities
 - Trading, hedging and proprietary market opportunities
 - Advisory mandates
- Creating platforms for the origination and securitisation of internal and third party originated banking assets on a sustainable basis.
- Developing our market leading position, focusing on growth initiatives and growing a portfolio of quality term assets.
- Continuing to concentrate on systems, processes and automation, particularly in the trading businesses, to ensure maximum competitive advantage and long-term cost savings.
- Taking advantage of significant opportunity to use our specialist skills to launch specialist funds. A number of initiatives are under way which should ensure significant annuity fees in time.
- Investing in the future and targeting growth.

Management structure

Global Head of Treasury and Specialised Finance

David van der Walt

UK and Europe

Regional Head

David van der Walt

Interest Rates

John Barbour

Foreign Exchange

Phillip Wells

Equity Derivatives

Mark Roessgen

Treasury: Balance Sheet

John Barbour

Financial Products

Ruth Leas

Michael Schewitz

Structured and Asset Finance

Alistair Crowther

Project Finance (UK and International)

Maurice Hochschild

Commodities and Resource Finance

George Rogers

Principal Finance

Andy Clapham

Operations (UK and International)

Kevin McKenna

Regional Head: Ireland

Michael Cullen

Corporate Treasury: Ireland

Aisling Dodgson

Equity Derivatives and Finance: Ireland

Loman Gallagher

Operations: Ireland

Alan Byrne

South Africa

Regional Head

Richard Wainwright

Interest Rates

Brett Hopkins

Foreign Exchange

Grant Barrow

Equity Derivatives (South Africa and International)

Milton Samios

Treasury: Balance Sheet

Clive Sindelman

Corporate Treasury

Gary Gorman

Financial Products

Mark Currie

Structured and Asset Finance

David Kuming

Anton Millar

Project Finance

Michael Meeser

Commodities and Resource Finance

Dharmesh Kaylan

Operations

Stuart Spencer

Mauritius

Craig McKenzie

Australia

Regional Head

Jose de Nobrega

Treasury: Balance Sheet

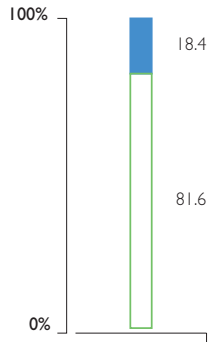
Peter Binetter

Commodities and Resource Finance (Australia and International)

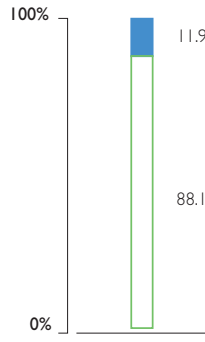
Jose de Nobrega

Contribution analysis

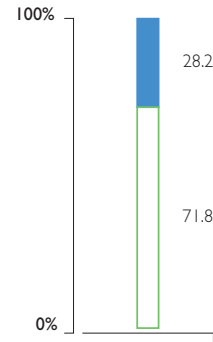
Operating profit*



Employees



Adjusted shareholders' equity**

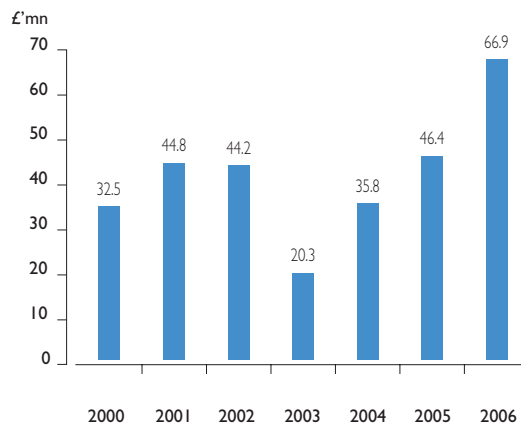


■ Treasury and Specialised Finance
■ Remainder of Investec group

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

** As calculated on page 89.

Operating profit[^] - track record



[^] Trend reflects numbers as at the year ended 31 March unless stated otherwise. The numbers prior to 31 March 2005 were reported in terms of UK GAAP. Amounts are shown before goodwill impairment, non-operating items and taxation.

Overview and financial analysis

- Strong growth continued as operating profit increased by 44.3% to £66.9 million, contributing 18.4% to group profit.
- Growth was underpinned by contributions from all our core value drivers: advising, structuring, asset creation, distribution, trading and proprietary portfolio management.
- The lending book grew by 50.8% to £3.0 billion since 1 April 2005.

£'000	31 March 2006	31 March 2005	Variance	% Change
Net interest income	71 228	45 996	25 232	54.9%
Net fees and commissions receivable	55 878	45 967	9 911	21.6%
Principal transactions	55 098	37 094	18 004	48.5%
Other operating income and operating income from associates	(72)	(339)	267	78.8%
Impairment losses on loans and advances	(12 342)	445	(12 787)	(>100%)
Admin expenses and depreciation	(102 874)	(82 794)	(20 080)	24.3%
Operating profit before goodwill impairment, non-operating items and taxation	66 916	46 369	20 547	44.3%
UK and Europe	22 507	14 051	8 456	60.2%
Southern Africa	43 560	31 335	12 225	39.0%
Australia	849	1 193	(344)	(28.8%)
Other geographies	-	(210)	210	100%
Operating profit before goodwill impairment, non-operating items and taxation	66 916	46 369	20 547	44.3%
Adjusted shareholders' equity*	293 542	190 380	103 162	54.2%
ROE (pre-tax)*	27.3%	26.6%		
Cost to income ratio	56.5%	64.3%		
Operating profit per employee (£'000)*	137.3	106.1		29.4%
Number of employees	530	445		19.1%

* As calculated on pages 89 and 90.

Note:

The breakdown of profit between Financial Market Activities and Banking Activities as previously provided is no longer considered relevant as the Financial Market Activities support customer flow in the Banking Activities and the businesses are therefore integrated.

The variance in operating profit can be explained as follows:

- Net interest income has benefited from an increase in advances and average margin, and a stable interest rate environment.
- 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 Project Finance, Resource Finance, Structured Finance and Financial Products.
- Principal transactions reflect a significantly improved trading performance in South Africa, particularly from the Equity Derivatives desk which has benefited from its "back to basics" approach coupled with an increase in volumes, volatilities and the return of the retail investor. Furthermore, the establishment of the Structured Derivatives Sales team has contributed to the overall performance in South Africa. In the UK we continue to invest in the trading infrastructure and the newly formed Principle Finance team presents us with a new business opportunity.
- The increase in impairment losses on loans and advances reflects an increase in specific provisions in relation to certain project finance and leasing exposures.
- Expenses have increased largely due to an increase in headcount (staff have been hired to progress various new initiatives) and an increase in variable remuneration in line with strong growth in profitability.

Loans

£'million As at	UK & Europe		Southern Africa		Australia		Total		% Change
	31 March 2006	1 April 2005	31 March 2006	1 April 2005	31 March 2006	1 April 2005	31 March 2006	1 April 2005	
Loans	942	743	1 862	1 213	25	27	2 829	1 983	42.6%
Assets to be securitised/warehouse assets	172	-	-	-	-	-	172	-	100%
Total gross loans and advances	1 114	743	1 862	1 213	25	27	3 001	1 983	51.3%
Specific impairments	5	-	8	2	1	-	14	2	>100%
Portfolio impairments	-	-	2	1	-	-	2	1	64.2%
Net loans and advances	1 109	743	1 852	1 210	24	27	2 985	1 980	50.8%
Asset quality									
Gross non-performing loans (NPLs)	5	-	8	2	1	-	14	2	>100%
Specific impairments	5	-	8	2	1	-	14	2	>100%
Net exposure	-	-	-	-	-	-	-	-	
Gross NPLs as a % of loans and advances	0.5%	-	0.4%	0.2%	4.2%	-	0.5%	0.1%	

Loans as at	31 March 2006	1 April 2005	% Change	31 March 2006	1 April 2005	% Change
	£'million			Home currency 'million		
UK and Europe	1 109	743	49.3%	£1 109	£743	49.3%
Loans	937	743	26.1%	£937	£743	26.1%
Assets to be securitised/warehouse assets	172	-	>100%	£172	-	>100%
South Africa	1 852	1 210	53.1%	R19 855	R14 970	32.6%
Australia	24	27	(11.1%)	A\$58	A\$65	(10.8%)
Net loans and advances	2 985	1 980	50.8%			

Developments

UK and Europe

- We successfully recruited a Principle Finance team to target the UK and European securitisation markets. This team will seek to create platforms for the securitisation of internal and third party originated banking assets. We placed our first collateralised loan obligation of acquisition finance assets in March 2006.
- Activity continued in the aircraft finance market and we were awarded the Jane's Transport Aircraft Leasing Deal of the Year 2005 - Asia.
- The Acquisition Finance business continued to show good growth. The team recruited from Citigroup (medium ticket leasing) has been operational for nine months and performed well over the period. A small ticket leasing team was acquired from the Bank of Scotland and became operational in March 2006.
- The Project and Infrastructure business earned advisory fees on a number of successfully closed PFI projects. Fees were also earned on renewable energy transactions and investments we made into some of these projects showed significant value uplift during the period.
- The Resource Finance team had a positive year with good fee income and earnings from direct equity investments. The integrated Commodities desk achieved a return to profitability with a renewed mandate better suited to our risk appetite.
- The Equity Finance business in Ireland continued to perform strongly and successfully diversified its product range and client base.
- The Equity Derivatives business was remodelled and much of the year was spent developing sophisticated, cross exchange trading platforms which will be launched in the new year.

South Africa

- The “back to basics” approach adopted in the Equity Derivatives division enabled us to take advantage of increasing volatility and renewed retail interest in the buoyant equity market.
- The newly created Derivative Sales and Structuring team had a successful year and remains a key focus going forward.
- The Structured Finance business achieved record payout levels during the year; with good activity and profitability across all focused lines of business. It continues to focus on debt capital markets as this is believed to be a significant growth area in South Africa.
- The Foreign Exchange desk had a difficult year; with limited trading and structuring opportunities.

Australia

- The Viridis Clean Energy Fund was successfully listed and we continue to source clean energy mandates.
- A structured finance and financial product capability was established.
- A strategic focus on commodity and resource finance was created and appropriately resourced.

Outlook

- The deal pipeline and general momentum are positive.
- Line of sight income remains good.
- Activity levels in the trading businesses should increase as we leverage the underlying infrastructure and increase market activities.
- The establishment of platforms to provide securitisable assets is under way and presents a significant new business opportunity.
- The recently announced acquisition of Rothschilds in Australia provides an annuity base and a level of scale which will allow further business growth.
- Market conditions favour strong growth.

Scope of activities

We engage in a range of investment banking activities and position ourselves as an integrated business focused on local client delivery with international access. We target clients seeking a highly customised service, which we offer through a combination of domestic depth and expertise within each geography and a client centric approach.

Activities	<ul style="list-style-type: none">- Corporate Finance- Institutional Research, Sales and Trading- Direct Investments- Private Equity
Target market	<ul style="list-style-type: none">- Listed and unlisted companies- Fund managers- Government- Parastatals

Strategic focus

Mission: To be a premier international investment bank distinguished by our leadership in chosen niches, our people and their approach, and our bond with our clients.

Our primary objectives are to secure our current positionings and to continue building our operations, with a strong focus on enhancing overall profitability.

UK and Europe

Our strategic objectives are to:

- Become a pre-eminent full service mid-market investment bank.
- Complete the final phases of our sector build out.
- Leverage our highly rated product and service offering internationally, specifically in the US and Europe.
- Offer additional corporate services such as private equity and debt advisory.
- Increase the current use of capital to reinforce our mid-market offering.

South Africa

Corporate Finance

Our strategy is to:

- Take advantage of our leading position in the South African market.
- Improve the size and profile of our client base with a focus on servicing existing clients and undertaking new client initiatives.
- Identify appropriate investment banking transactions, mergers and acquisitions and IPO opportunities.
- Continue with strategy relating to black economic empowerment.
- Improve cross-border activity.

Institutional Research, Sales and Trading

Our strategic objectives are to:

- Reinforce the South African specialist broker service offering.
- Enhance the mid-market research and service offering through greater coverage and use of capital.
- Expand product into the UK, US and European markets.
- Continue to diversify the revenue stream by moving into related areas such as prime broking and algorithmic trading.
- Use the team's intellectual capital across the group.

Direct Investments and Private Equity

Our purpose is to:

- Focus on quality, not quantity of investments, in selected industries.
- Identify and pursue transactions with the potential for significant value unlocking in the short to medium term.
- Target platform investments that can be significantly grown through the implementation of an agreed strategy that operates in industries that will benefit strongly from economic growth in South Africa.
- Co-invest with experienced executives and non-executives with a proven track record, strategic investors and empowerment partnerships built on trust.
- Concentrate on closer co-operation with BEE platform investee companies.
- Convert our current transaction pipeline.

Australia

Our strategy is to:

- Build on our existing business model from trusted client relationships and strong networks.
- Continue combining direct investment and private equity opportunities (where appropriate).
- Continue diversifying revenue streams.
- Continue to take advantage of cross-divisional and cross-border transaction opportunities.

Management structure

Joint Global Heads of Investment Banking

Bradley Fried
Andy Leith

UK and Europe

Regional Head
Joint Heads Investec Investment Banking and Securities

Bradley Fried
David Currie and Craig Tate
Erik Anderson
Keith Anderson
Andrew Feinstein
Christian Maher
Clive Murray
Andrew Marsh
Trevor Gatfield
Ray Milner
Michael Cullen

IT and Operations
Finance
Ireland

South Africa

Regional Head
Corporate Finance

Head Investec Securities Institutional Stockbroking

Finance and Operations

Direct Investments
Private Equity
Finance

Andy Leith
Kevin Kerr
Hugo Steyn
Craig Tate
Kevin Brady
Andrew Birrell
Ockert Olivier
Khumo Shuenyane
Thomas Prins
Caroline Thompson

Australia

Regional Head
Corporate Finance
Direct Investments
Private Equity

Geoff Levy
Stephen Chipkin
Geoff Levy
John Murphy

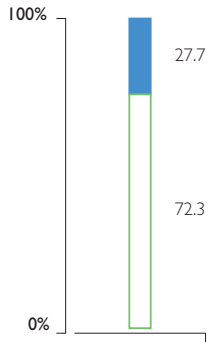
Hong Kong

Regional Head

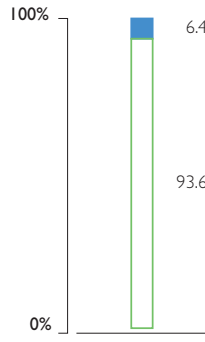
Richard Forlee

Contribution analysis

Operating profit*



Employees



Adjusted shareholders' equity**

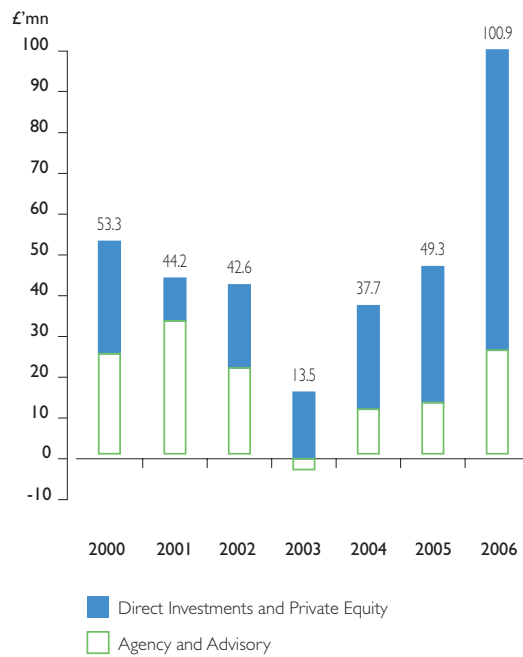


■ Investment Banking
■ Remainder of Investec group

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

** As calculated on page 89.

Operating profit[^] - track record



[^] Trend reflects numbers as at the year ended 31 March unless stated otherwise. The numbers prior to 31 March 2005 were reported in terms of UK GAAP. Amounts are shown before goodwill impairment, non-operating items and taxation.

Overview and financial analysis

- Operating profit increased significantly to £100.9 million, contributing 27.7% to group profit.

£'000	31 March 2006	31 March 2005	Variance	% Change
Net interest income	2 216	3 345	(1 129)	(33.8%)
Net fees and commissions receivable	82 633	59 824	22 809	38.1%
Principal transactions	97 864	47 706	50 158	>100%
Other operating income and operating income from associates	307	-	307	100%
Impairment losses on loans and advances	722	(709)	1 431	>100%
Admin expenses and depreciation	(82 812)	(60 880)	(21 932)	36.0%
Operating profit before goodwill impairment, non-operating items and taxation	100 930	49 286	51 644	>100%
Corporate Finance	11 608	7 986	3 622	45.4%
Institutional Research, Sales and Trading	14 982	4 609	10 373	>100%
Direct Investments	34 218	16 568	17 650	>100%
Private Equity	40 122	20 123	19 999	99.4%
Operating profit before goodwill impairment, non-operating items and taxation	100 930	49 286	51 644	>100%
UK, Europe and Hong Kong	29 631	16 632	12 999	78.2%
Southern Africa	65 887	26 975	38 912	>100%
Australia	5 412	3 514	1 898	54.0%
Other geographies	-	2 165	(2 165)	(100%)
Operating profit before goodwill impairment, non-operating items and taxation	100 930	49 286	51 644	>100%
Adjusted shareholders' equity*	63 875	27 493	36 382	>100%
ROE (pre-tax)*	171.8%	116.9%		
Cost to income ratio	45.2%	54.9%		
Operating profit per employee (£'000)*	378.3	189.6		99.5%
Number of employees	287	245		17.1%

* As calculated on pages 89 and 90.

The variance in operating profit can be explained as follows:

- The Corporate Finance operations benefited from a strong deal pipeline across all geographies.
- The Institutional Stockbroking operations performed very well against a backdrop of favourable equity markets.
- The Direct Investments and Private Equity divisions continue to benefit from the strong performance of their underlying portfolios and increased presence in these activities.
- The increase in expenses largely relates to an increase in variable remuneration given increased profitability.

Developments

Corporate Finance and Institutional Research, Sales and Trading

£'000	31 March 2006	31 March 2005	Variance	% Change
Net interest income	43	1 641	(1 598)	(97.4%)
Net fees and commissions receivable	79 768	56 497	23 271	41.2%
Principal transactions	10 095	4 035	6 060	>100%
Impairment losses on loans and advances	(44)	-	(44)	(100%)
Admin expenses and depreciation	(63 272)	(49 578)	(13 694)	27.6%
Operating profit before goodwill impairment and non-operating items	26 590	12 595	13 995	>100%

Corporate Finance

UK and Europe

- We benefited from a high level of merger and acquisition (M&A) activity and an active IPO market.
- Seven IPOs were concluded during the period, the most significant being Land of Leather (a furniture retailer) and Aurora Russia (a vehicle that invests in Russian financial services companies).
- We completed 14 M&A transactions with a value of £1.9 billion (2005:19 transactions with a value of £1.1 billion).
- We completed 21 fundraisings during the year, raising in aggregate £634 million (2005:12 transactions raising £376 million). This included a £200 million fundraising for Melrose's acquisition of McKechnie and Dynacast.
- We were involved in two syndicated transactions that raised £151 million.
- We continue to build the quality and size of the corporate client list, gaining 24 new brokerships with the total number of quoted clients now at 84. Average market capitalisation of these clients is £257 million.

South Africa

- We maintained our strong positioning with a good level of activity.
- Our focus was on M&A, corporate restructuring activities and black economic empowerment transactions.
- We retained all our major clients and gained several new mandates during the period, particularly for black economic empowerment transactions.
- Corporate finance transactions during the period increased to 119 (2005: 88), with a similar value to the prior year of R31.2 billion (2005: R32.4 billion).
- Sponsor broker deals completed during the period increased to 128 (2005: 94), with the value increasing to R28.6 billion (2005: R25.8 billion).
- The Corporate Finance division was ranked first in volume of M&A transactions and general corporate finance in the Dealmakers Magazine Survey for Corporate Finance (2005 calendar year).
- The 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 (2005 calendar year).
- The Corporate Finance and Sponsor divisions were also ranked first in volume of M&A transactions in the Ernst & Young review for M&A (2005 calendar year).

Australia

- There is increasing awareness and recognition of the Investec brand.
- We advised on 20 transactions (2005: 18) valued at approximately A\$6.5 billion (2005: A\$26.7 billion).
- We continued to take advantage of cross-border opportunities within the broader group.
- Dedicated Property Advisory and Resources teams were added to expand on our capabilities.

Institutional Research, Sales and Trading

This was the first year that we ran the South African and UK Securities operations as a fully integrated and unified business. The alignment of the businesses has enabled us to serve our clients far more effectively – as we have integrated our offering, optimised the use of our risk capital, created leverage across sales and research (especially on dual listed stocks) and better facilitated South African and UK product distribution into the US and Europe.

UK and Europe

- Strong secondary commissions were recorded during the period as a result of:
 - Increasing market share on the back of an improving research ranking and service delivery.
 - Improved market levels and market volumes.
 - A greater focus on hedge fund clients.
 - An expanded specialist sector offering.
- The recent Starmine awards emphasised the quality of research where, as a specialist house, Investec Securities scored joint fifth place across all UK brokers.

South Africa

- Strong agency performance was driven by healthy market conditions.
- Excellent progress was made on the development of the international franchise (US and UK).
- There was healthy progress in diversifying revenue streams (for example prime broking and algorithmic trading).
- The mid-market offering was enhanced.
- In the Institutional Investor survey for 2006 our South African offering was rated number 2 in the UK and, after only one year, 7th in the US.

Direct Investments and Private Equity

£'000	31 March 2006	31 March 2005	Variance	% Change
Net interest income	2 173	1 704	469	27.5%
Net fees and commissions receivable	2 865	3 327	(462)	(13.9%)
Principal transactions	87 769	43 671	44 098	>100%
Other operating income and operating income from associates	307	-	307	100%
Impairment losses on loans and advances	766	(709)	1 475	>100%
Admin expenses and depreciation	(19 540)	(11 302)	(8 238)	72.9%
Operating profit before goodwill impairment and non-operating items	74 340	36 691	37 649	>100%

Value of investments on balance sheet at 31 March 2006

£'million	Listed	Unlisted	Advances	Total
SA Direct Investments	24	35	6	65
SA Private Equity	-	77	9	86
UK Private Equity	11	7	-	18
Australia	5	3	-	8
Hong Kong	10	-	-	10
	50	122	15	187

Value of investments on balance sheet at 31 March 2005

£'million	Listed	Unlisted	Advances	Total
SA Direct Investments	25	14	8	47
SA Private Equity	-	25	6	31
UK Private Equity	-	10	-	10
Australia	-	1	-	1
	25	50	14	89

Further analysis of operating profit at 31 March 2006

£'million	Realised	Unrealised	Dividends	Interest and other	Income	Funding costs	Net income	Expenses	Net profit
SA Direct Investments	2.3	31.6	0.5	1.9	36.3	(3.0)	33.3	(7.0)	26.3
SA Private Equity	13.4	17.5	6.0	0.7	37.6	(1.3)	36.3	(5.8)	30.5
Australia	-	0.8	-	2.9	3.7	-	3.7	(1.1)	2.6
UK Private Equity	10.3	-	-	0.6	10.9	-	10.9	(3.1)	7.8
Hong Kong Direct Investments	-	9.6	-	-	9.6	-	9.6	(2.5)	7.1
Total	26.0	59.5	6.5	6.1	98.1	(4.3)	93.8	(19.5)	74.3

Further analysis of operating profit at 31 March 2005

£'million	Realised	Unrealised	Dividends	Interest and other	Income	Funding costs	Net income	Expenses	Net profit
SA Direct Investments	6.1	15.1	1.4	0.9	23.5	(5.1)	18.4	(2.8)	15.6
SA Private Equity	0.4	6.9	5.3	-	12.6	(1.4)	11.2	(3.3)	7.9
Australia	-	1.0	-	1.2	2.2	-	2.2	(1.1)	1.1
UK Private Equity	14.0	-	-	2.2	16.2	-	16.2	(4.1)	12.1
Total	20.5	23.0	6.7	4.3	54.5	(6.5)	48.0	(11.3)	36.7

UK, Europe and Hong Kong

- We benefited from the sale of investments in the underlying funds of the Private Equity portfolio.
- We are developing a Direct Investments business in Hong Kong driven by Richard Forlee.

South Africa

- The Private Equity and Direct Investments portfolios increased significantly, driven by a good performance from the underlying investments, further investment acquisitions and a number of realisations during the period under review.
- The Private Equity portfolio increased to an aggregate value of R922 million (2005: R366 million), while the Direct Investments portfolio at year end was approximately R697 million (2005: R550 million).

Australia

- The investment portfolio continued to perform strongly, with four new investments made over the past year.
- The strong IPO and takeover markets provided some attractive exit opportunities.
- Direct Investments profits were driven primarily by good performance from underlying investments and an increase in the market value of the portfolio.

Outlook

Corporate Finance

- Black economic empowerment and M&A transactions are expected to continue to drive activity in South Africa.
- We continue to build our corporate client base in the UK and have pitched and won a number of brokering with larger corporates.
- Continuing sound levels of M&A activity within the Australian market together with increased brand awareness provide a solid platform for ongoing growth.
- The pipeline looks positive across all areas.

Institutional Research, Sales and Trading

- Investec Securities remains well positioned to capitalise on healthy market conditions. International leverage from revenue stream diversification will add to future franchise strength.
- The UK business continues to strengthen its broking franchise with the introduction of three new sectors (Speciality and Other Financials, Biotech and Building and Construction) and the expansion of product into the US and Europe.

Direct Investments and Private Equity

- The outlook for Private Equity remains positive based on good performance of the portfolio companies and the quality pipeline in place. We continue to look for value creation opportunities.
- We remain active in seeking direct investment opportunities, while continuing to unlock further value from the portfolio and building quality black economic empowerment platforms.

Scope of activities

We offer a comprehensive range of portfolio management services and products to institutional and retail clients.

UK	<ul style="list-style-type: none"> - Rapidly growing comprehensive OEIC range - Recognised player in pension fund market - Leading public sector liquidity management provider
Southern Africa	<ul style="list-style-type: none"> - Market leader of unit trust funds and portfolio products - One of the largest third party institutional managers
Offshore	<ul style="list-style-type: none"> - Growing offshore funds provider to Asia, Europe, UK, Southern Africa and other offshore markets

Strategic focus

Mission: To exceed client expectations of investment performance and service.

We intend to achieve this by:

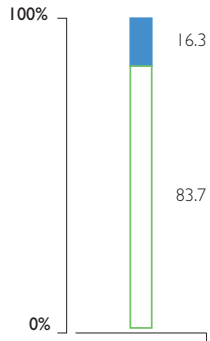
- Delivering sound investment performance across all propositions.
- Providing exceptional client service.
- Being at the forefront of product innovation.
- Driving transformation in South Africa and diversity worldwide.

Management structure

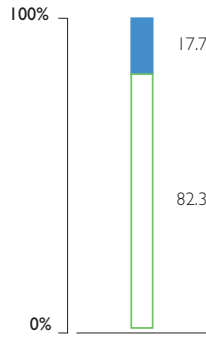
Global Head of Asset Management	Hendrik du Toit
Chief Operating Officer	Kim McFarland
MD, South Africa	John Green
Deputy MD, South Africa	Thabo Khojane
Investments (South Africa)	John McNab
Equities (South Africa)	Gail Daniel
Fixed Income (South Africa)	Andre Roux
Communications	Jeremy Gardiner
Retail (UK and Europe)	David Aird
Institutional (UK)	Mark Samuelson
Investments (UK)	Domenico Ferrini
Fixed Income (UK)	John Stopford
Multi-Asset	Philip Saunders

Contribution analysis

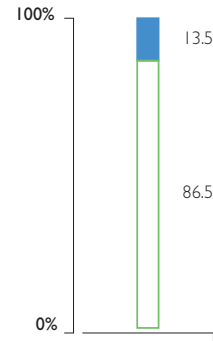
Operating profit*



Employees



Adjusted shareholders equity**

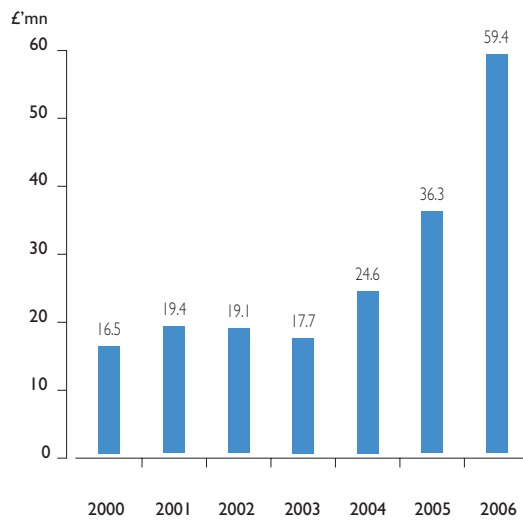


■ Asset Management
■ Remainder of Investec group

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

** As calculated on page 89.

Operating profit[^] - track record



[^] Trend reflects numbers as at the year ended 31 March unless stated otherwise. The numbers prior to 31 March 2005 were reported in terms of UK GAAP. Amounts are shown before goodwill impairment, non-operating items and taxation.

Overview and financial analysis

- Operating profit increased by 63.6% to £59.4 million, contributing 16.3% to group profit.
- Assets under management increased by 38.1% to £31.7 billion (R339.4 billion) since 31 March 2005.
- Although overall net inflows for the total business amount to a modest £442.9 million, the higher fee earning mutual funds business delivered record net inflows of £1.7 billion.

£'000	31 March 2006	31 March 2005	Variance	% Change
Net interest income	4 050	2 842	1 208	42.5%
Net fees and commissions receivable	165 890	123 361	42 529	34.5%
Other income	1 514	52	1 462	>100%
Impairment losses on loans and advances	(16)	-	(16)	(100%)
Admin expenses and depreciation	(112 062)	(89 952)	(22 110)	24.6%
Operating profit before goodwill impairment, non-operating items and taxation	59 376	36 303	23 073	63.6%
UK and international	10 609	4 859	5 750	>100%
Southern Africa	48 767	31 259	17 508	56.0%
Other geographies	-	185	(185)	(100%)
Operating profit before goodwill impairment, non-operating items and taxation	59 376	36 303	23 073	63.6%
Adjusted shareholders' equity*	140 042	140 577	(535)	(0.4%)
ROE (pre-tax)*	36.3%	20.5%		
Cost to income ratio	65.4%	71.2%		
Operating profit per employee (£'000)*	78.4	48.1		63.0%
Number of employees	790	723		9.3%

* As calculated on page 89 and 90.

The variance in operating profit can be explained as follows:

UK and international

- Operating profit growth of 118.3% to £10.6 million.
- The significant growth of the business was underpinned by favourable conditions for financial markets and substantial net inflows into our mutual funds.
- Assets under management increased to £11.8 billion on the back of net inflows in excess of £1 billion for the reporting period.

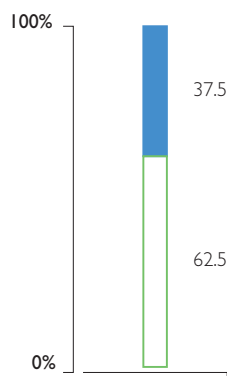
Southern Africa

- Operating profit growth of 56.0% to £48.8 million (R552.2 million).
- The increase in revenue is primarily attributable to the increase in asset levels and benchmark beating investment performance of the specialist propositions which translated to substantial growth in performance fees. Performance fees for the financial year grew to £18.8 million (R209.9 million), up from £8.0 million (R91.4 million) in the previous year.
- The retail book had net inflows of R3.7 billion. The institutional book benefited from the take-on of the assets from the Alliance Capital acquisition (R9.2 billion)* but was impacted by client portfolio restructures and rebalances of R4.6 billion and continued structural outflows from the ex-Fedsure book of R5.5 billion.
- The increase in expenses is largely due to an increase in variable remuneration in line with the strong growth in profitability and an increase in headcount to drive future growth opportunities of the business.

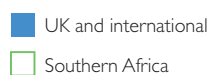
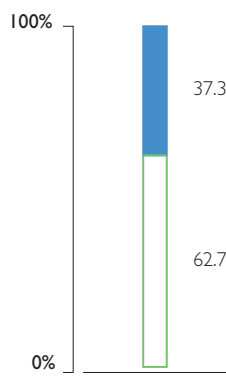
* Assets from Alliance Capital acquisition excluded from flows.

Assets under management*

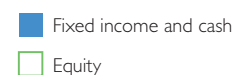
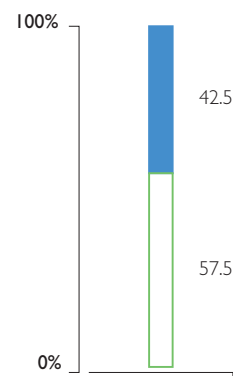
Business type



Geographic



Asset class



Movement in assets under management

£'million

	Total	UK and international	Southern Africa
31 March 2005	22 913	9 244	13 669
New clients/funds	2 374	582	1 792
Disinvestments/closed funds	(2 907)	(680)	(2 227)
Existing client/fund net flows	976	1 142	(166)
Net flows	443	1 044	(601)
Acquisition	848	-	848
Market movement	7 449	1 532	5 917
31 March 2006	31 653	11 820	19 833

£'million

	Total	Institutional	Retail
31 March 2005	22 913	15 711	7 202
New clients/funds	2 374	2 295	79
Disinvestments/closed funds	(2 907)	(2 857)	(50)
Existing client/fund net flows	976	(695)	1 671
Net flows	443	(1 257)	1 700
Acquisition	848	848	-
Market movement	7 449	4 480	2 969
31 March 2006	31 653	19 782	11 871

Sales (gross inflows)

Clients £'million	31 March 2006	31 March 2005	Products £'million	31 March 2006	31 March 2005
Institutional	2 540	3 396	Fixed interest and cash	3 628	4 221
Retail	6 811	4 097	Equity	4 625	2 275
			Balanced	1 098	997
	9 351	7 493		9 351	7 493

* Managed basis

Developments

UK and international

- There was strong investment performance across equity propositions and steady improvement of fixed income propositions. The positive momentum was used to continue to add capable people to our investment team.
 - 85% of mutual funds by value and 63% of mutual funds by numbers are in the first or second quartile over three years.
 - 82% of institutional propositions over three years outperformed their benchmarks.
- The institutional business achieved “buy” status from a number of key investment consultants.
- There was accelerated growth in the UK onshore mutual funds book from £1.5 billion to £2.7 billion, an increase of 76.3%.
- Retail market share continued to grow.
- The Standard & Poor's Best Small Group Award (over one year) in Germany bodes well for enhanced cross-border sales and further penetration into Europe.
- Record net inflows into the offshore funds were boosted by strong sales from Taiwan, Hong Kong and Switzerland.

Investec Asset Management (IAM) in the UK mutual fund industry

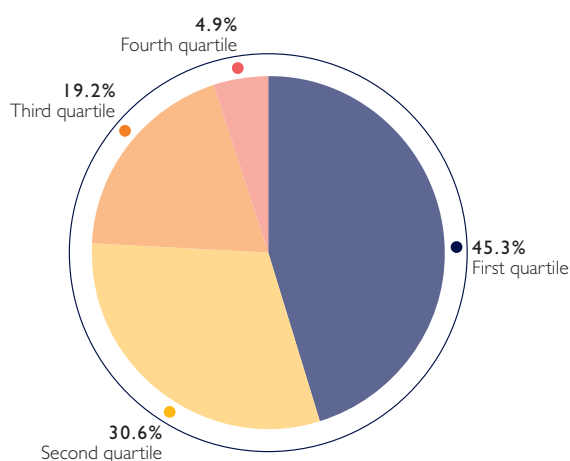
£million	31 March 2006	31 March 2005	31 March 2004
IAM assets under management	3 231	2 020	1 128
Total industry size	382 670	282 283	246 040
Market share	0.8%	0.7%	0.5%
Size ranking in industry	37th of 118	43rd of 118	52nd of 127
Industry net retail sales	11 818	3 729	8 855
IAM % of industry net retail sales	6.8%	7.3%	3.2%
Industry gross retail sales	45 693	30 823	29 766
IAM % of industry gross retail sales	2.9%	1.8%	1.5%

Sourced from data from the Investment Management Association
Sales for the 12-month period

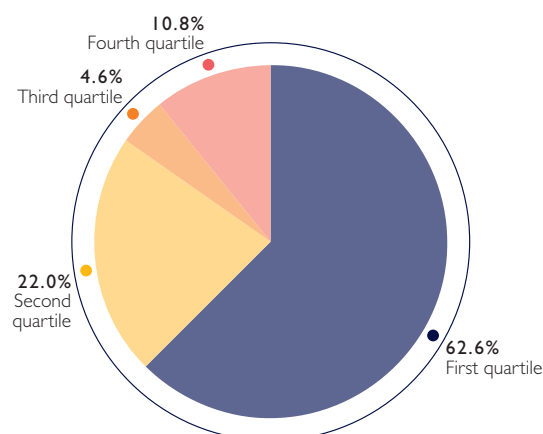
UK and global retail investment performance

By value of funds

One year



Three years

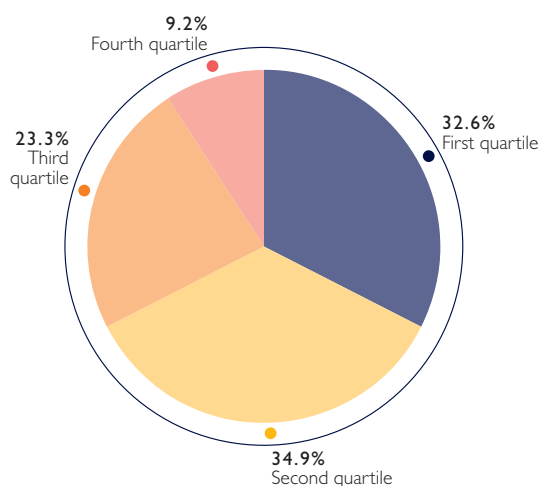


Calculated from Lipper data
Excludes cash, cash plus and liquidity funds

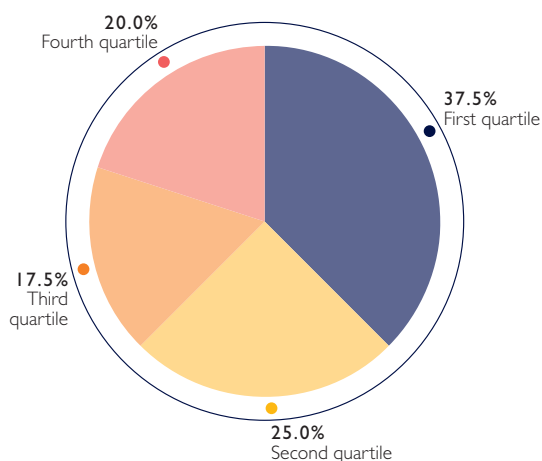
UK and global retail investment performance

By number of funds

One year



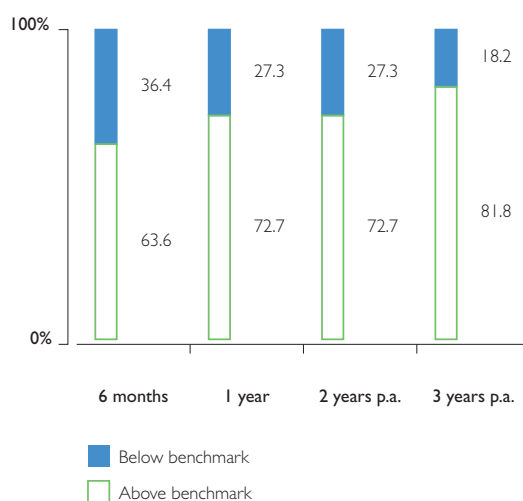
Three years



Calculated from Lipper data

Excludes cash, cash plus and liquidity funds

UK and global institutional investment performance



Calculated from Standard & Poor's Micropal, WM Spectrum, Lipper Hindsight data

Southern Africa

- There was good specialist equity investment performance and steady improvement in fixed income investment performance. The investment team was bolstered by additional appointments, with a positive effect on balanced investment performance.
- Outstanding retail investment performance was endorsed by industry awards:
 - Best Larger Group (over one, three and five years) and Best Overall Group, Standard & Poor's Fund Awards 2006.
 - First place overall in the PlexCrown Survey March 2006 (measuring risk adjusted performance across full range).
 - ACI/Personal Finance Raging Bull Award for the top-performing fund over 10 years.
- The successful conversion of high alpha propositions to performance based mandates created a new axis for revenue generation. This had a minimal impact on base levels but will result in an increased variability in revenue.
- Strong net retail sales were boosted by the implementation of a retail fund manager team and new sales channels.
- The successful acquisition of Alliance Capital Management (Pty) Limited in South Africa consolidated our leadership in the market for growth style specialist equity portfolios.
- The launch of our Africa manufacturing capability and subsequent initial asset raising was successful. This initiative provides a unique calling card to many of the world's leading institutional investors.
- A solid foundation for the domestic hedge fund range was established.

Investec Asset Management (IAM) in the South African unit trust industry

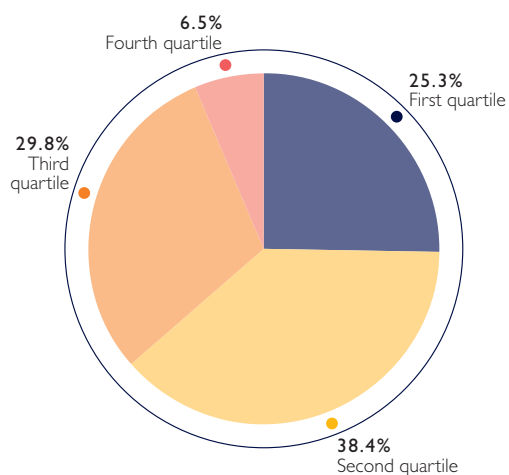
R'million	31 March 2006	31 March 2005	31 March 2004
IAM assets under management	40 867	27 166	23 542
Total industry size	485 410	339 812	243 539
Market share	8.4%	8.0%	9.7%
Size ranking in industry	3rd of 28	3rd of 26	4th of 28
Industry gross sales	393 186	295 891	205 559
IAM % of gross industry sales	9.0%	8.7%	12.2%

Sourced from data from the Association of Collective Investments
Sales for the 12-month period

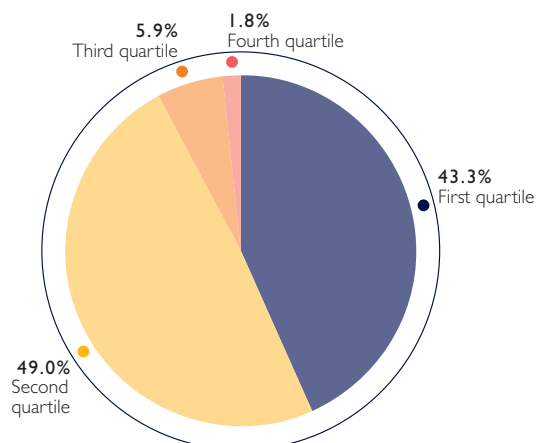
South African retail investment performance

By value of funds

One year

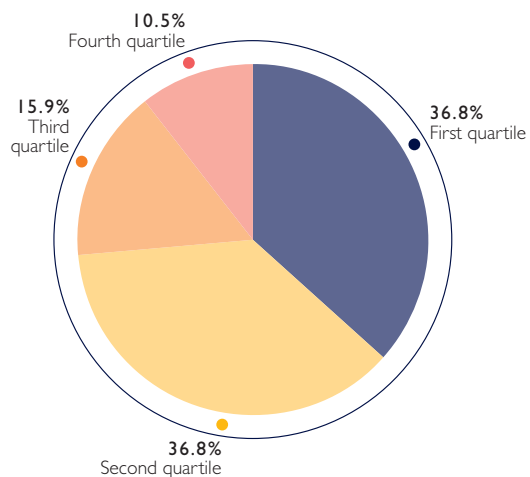


Three years

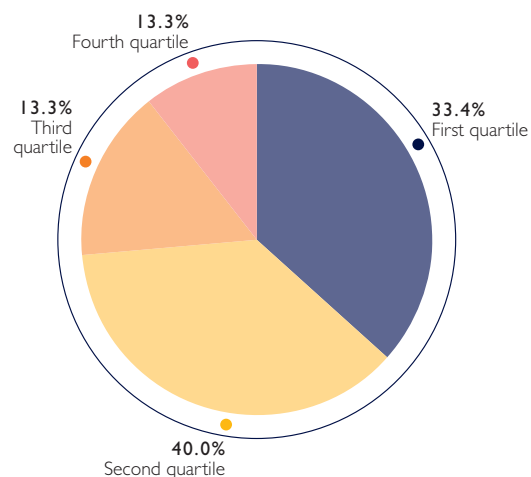


By number of funds

One year

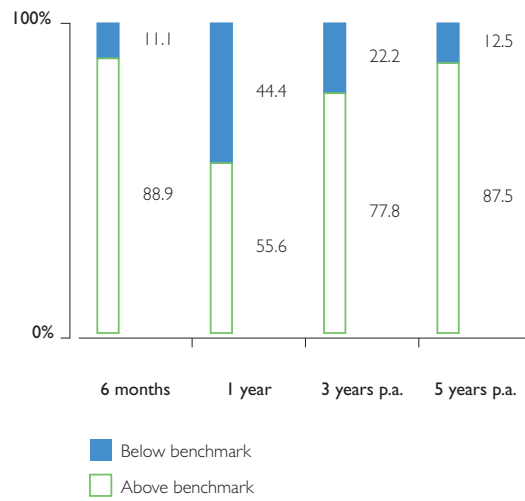


Three years



Calculated from Standard & Poor's Datastream data

South African institutional investment performance



Calculated from Alexander Forbes data

Outlook

- There is a positive momentum across the business.
- Continuously improving brand recognition, good investment performance and a highly experienced team provide a durable platform from which to target significant and sustainable growth, and to face the future challenges of the asset management industry.

Scope of activities

- Property Fund Management
- Property Administration
- Property Projects (development and trading)
- Listed Property Portfolio Management

Strategic focus

UK and Europe

- We are intending to expand our property model in the UK to include property fund management and to align the strategic focus of the UK business with that of South Africa in order to build a more holistic global property business.

South Africa

Property Fund Management

Our strategy is to:

- Continue to grow third party assets under management.
- Focus on the strategic acquisition of individual properties or portfolios.

Property Administration

Our strategic objective is integrally linked to the growth strategy of Property Fund Management.

Property Projects

Our strategy is to:

- Source development and trading opportunities where we can create value and focus on maximum capital profit within agreed risk parameters.

Listed Property Portfolio Management

Our objective is to:

- Increase assets under management to R6 billion or 10% of the listed property sector, whichever is greater.

Management structure

Global Head of Property Activities

Sam Hackner

UK and Europe

Regional Head

Paul Stevens
Mike Donovan
Will Scoular

South Africa

Regional Head

Fund Management

Property Administration

Property Projects

Listed Property Portfolio Management

Finance

Sam Leon

Norbert Sasse

Andrew Cox

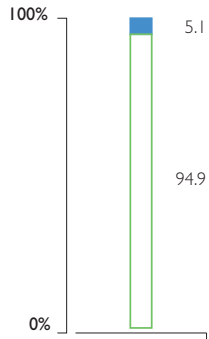
Robin Magid

Angelique de Rauville

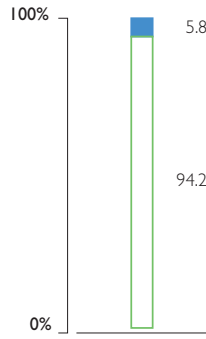
Dave Donald

Contribution analysis

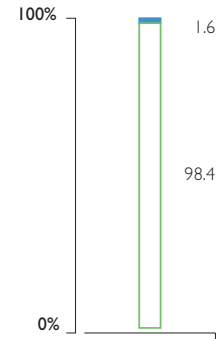
Operating profit*



Employees



Adjusted shareholders equity**

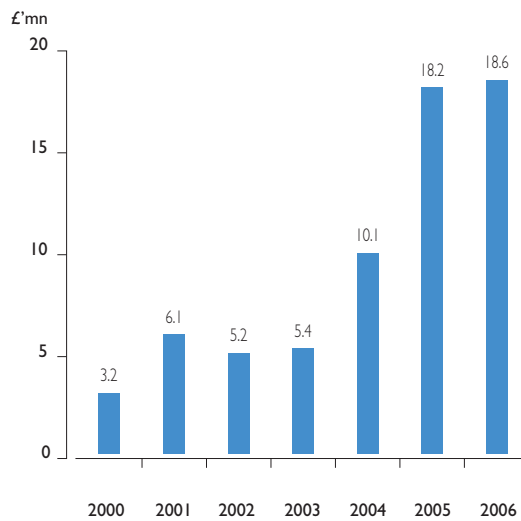


■ Property Activities
 □ Remainder of Investec group

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

** As calculated on page 89.

Operating profit[^] - track record



[^] Trend reflects numbers as at the year ended 31 March unless stated otherwise. The numbers prior to 31 March 2005 were reported in terms of UK GAAP. Amounts are shown before goodwill impairment, non-operating items and taxation.

Overview and financial analysis

- Operating profit increased to £18.6 million, contributing 5.1% to group profit.

£'000	31 March 2006	31 March 2005	Variance	% Change
Net interest income	(4 002)	(3 488)	(514)	(14.7%)
Net fees and commissions receivable	20 586	24 471	(3 885)	(15.9%)
Other income	21 944	12 923	9 021	69.8%
Impairment losses on loans and advances	-	46	(46)	100%
Admin expenses and depreciation	(19 930)	(15 744)	(4 186)	26.6%
Operating profit before goodwill impairment, non-operating items and taxation	18 598	18 208	390	2.1%
UK and Europe	2 023	5 113	(3 090)	(60.4%)
Southern Africa	16 575	13 095	3 480	26.6%
Operating profit before goodwill impairment, non-operating items and taxation	18 598	18 208	390	2.1%
Adjusted shareholders' equity*	17 124	18 967	1 843	9.7%
ROE (pre-tax)*	76.8%	87.7%		
Cost to income ratio	51.7%	46.4%		
Operating profit per employee (£'000)*	76.9	83.5		(7.9%)
Number of employees	258	225		14.7%

* As calculated on page 89 and 90.

The variance in operating profit can be explained as follows:

- The South African division posted solid results largely due to:
 - Favourable equity and property market conditions.
 - A 34.4% increase in funds under management from R14.7 billion (£1.3 billion) to R19.8 billion (£1.8 billion).
 - Realised gains on the sale of properties.
 - Revaluation of investment properties ((2006: £6.4 million); (2005: £6.0 million) net of funding costs).
This portfolio of investment properties is managed by the Property division in South Africa. Previously the income in this regard was recorded in the Central Funding division. On reflection we believe that it is more appropriate and more accurate to reflect this income in the earnings of the Property division (the prior year numbers have been restated).
- The UK division earned several exit fees in the prior year.
- The increase in costs is largely as a result of an increase in variable remuneration given increased profitability and an increase in headcount in the South African division.

Outlook

UK and Europe

- Refer to strategic focus above.

South Africa

- We expect to be able to continue to capitalise on the buoyant property market, due primarily to our dominant positioning in the listed sector.
- We have a good pipeline of development and trading opportunities.

Group Services and Other Activities

Group Services includes the Central Services and Central Funding functions, while Other Activities predominantly includes the International Trade Finance business and Assurance Activities.

Scope of activities

Central Services	<ul style="list-style-type: none">- Corporate Affairs- Corporate Social Investment- Economics Research- Facilities- Finance and Operations- Head Office- Human Resources- Information Centre- Information Technology	<ul style="list-style-type: none">- International Financial Institutions- Investor Relations- Legal and Tax- Marketing- Organisation Development- Regulatory, Internal Audit and Compliance- Risk Management- Secretarial
Other Activities	International Trade Finance (ReichmansCapital) <ul style="list-style-type: none">- Trade, asset and debtor finance	

Management structure

Banking and Institutions

David Lawrence

Chief Integrating Officer

Allen Zimble

Corporate Affairs

Carole Mason (SA)

Corporate Governance and Compliance

Bradley Tapnack

Corporate Social Investment

Setlogane Manchidi (SA)

Facilities

Craig Gunnell

Finance and Operations

Rayanne Jacobson

Human Resources

Allen Zimble (UK)

Tracey Rowe (SA)

Information Centre

Bruce Braude (UK)

Amanda Ritchie (SA)

Information Technology

Ingrid David

Simon Shapiro

International Financial Institutions

Helmut Bahrs

Andrew Timm

Investor Relations

Ursula Nobrega

Legal

David Nurek

Marketing

Raymond van Niekerk

Organisational Development

Caryn Solomon (UK)

Rene Dembo (SA)

Risk Management

Ciaran Whelan

Secretarial

Les Penfold

Richard Vardy (UK)

Selwyn Noik (SA)

Tax

Pankaj Shah (UK)

Justin Cowley (SA)

ReichmansCapital

Robin Jacobson

Howard Tradonsky

John Wilks

Overview and financial analysis

- Operating profit of £24.8 million compared to a prior year loss of £6.3 million supported by a solid performance by the Central Funding division.

£'000	31 March 2006	31 March 2005	Variance	% Change
International Trade Finance	4 505	4 685	(180)	(3.8%)
USA continuing businesses	(120)	(1 022)	902	88.3%
UK Traded Endowments	(47)	(813)	766	94.2%
Assurance Activities	11 518	11 553	(35)	(0.3%)
	15 856	14 403	1 453	10.1%
Central Funding	66 777	19 309	47 468	>100%
Central Services	(57 851)	(40 048)	(17 803)	(44.5%)
Operating profit/(loss) before goodwill impairment, non-operating items and taxation	24 782	(6 336)	31 118	>100%

£'000 - 31 March 2006	Southern Africa	UK & Europe	Australia	Other	Total group
International Trade Finance	2 313	2 192	-	-	4 505
USA continuing businesses	-	-	-	(120)	(120)
UK Traded Endowments	(47)	-	-	-	(47)
Assurance Activities	11 518	-	-	-	11 518
Central Funding	67 020	(5 616)	5 375	(2)	66 777
Central Services	(31 407)	(22 542)	(3 902)	-	(57 851)
Operating profit/(loss) before goodwill impairment, non-operating items and taxation	49 397	(25 966)	1 473	(122)	24 782

£'000 - 31 March 2005	Southern Africa	UK & Europe	Australia	Other	Total group
International Trade Finance	3 050	1 635	-	-	4 685
USA continuing businesses	-	-	-	(1 022)	(1 022)
UK Traded Endowments	(813)	-	-	-	(813)
Assurance Activities	11 553	-	-	-	11 553
Central Funding	26 980	(12 491)	4 831	(11)	19 309
Central Services	(23 715)	(13 411)	(2 922)	-	(40 048)
Operating profit/(loss) before goodwill impairment and non-operating items	17 055	(24 267)	1 909	(1 033)	(6 336)

Developments

International Trade Finance

The positive macro-economic environment and stable Rand continues to support the operating fundamentals of the business.

USA continuing business and UK Traded Endowments

The businesses have been sold or closed during the year under review.

Assurance Activities

A post-tax profit of £1.0 million (2005: £6.7 million) was generated from Assurance Activities, which represents the residual earnings from the businesses that were retained.

Central Services 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 £57.9 million (2005: £40.0 million). However, a portion thereof (£33.2 million) is allocated to the operating divisions for purposes of determining return on adjusted capital per business segment. Refer to page 89 for further details.

Central services costs have increased from £40.0 million to £57.9 million largely as a result of:

- An increase in variable remuneration given increased profitability (an increase of £9.9 million).
- The introduction of a long-term incentive plan in June 2005 for a group of senior employees.
- An increase in headcount in the Central Services areas due to a large number of regulatory issues underway.
- A shortfall in the recovery of costs in the UK due to the sale of Carr Sheppards Crosthwaite.
- An increase in infrastructural costs relating to certain projects underway to improve efficiency which should result in long term cost savings.

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 the group 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.

£'000	31 March 2006	31 March 2005	Variance	% Change
Net interest income (excluding interest on sub-debt and debentures)	63 992	41 049	22 943	55.9%
Principal transactions	53 989	32 402	21 587	66.6%
Operating income from associates	-	14 223	(14 223)	(100%)
Other income	5 035	9 437	(4 402)	(46.6%)
	123 016	97 111	25 905	26.7%
Interest paid on sub-debt and debentures	(52 911)	(55 159)	2 248	(4.1%)
Impairment losses on loans and advances	1 771	(8 694)	10 465	>100%
Admin expenses and depreciation	(5 099)	(13 949)	8 850	(63.4%)
Operating profit before goodwill impairment, non-operating items and taxation	66 777	19 309	47 468	>100%

The variance in operating profit can be explained as follows:

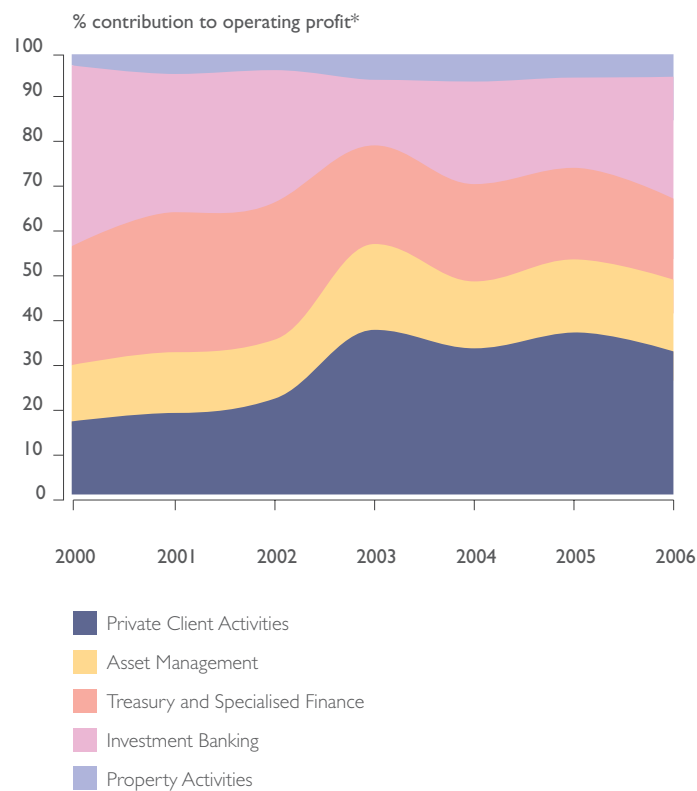
- Net interest income in the South African and UK divisions were positively impacted by the following transactions:
 - Investec Limited issued R2.3 billion non-redeemable, non-cumulative, non-participating preference shares in February 2005. The cost of the preference dividends of approximately 7% is reflected as part of dividends payable (i.e. "below the line").
 - The sale of Capital Alliance Holdings Limited (CAL) to Liberty Group Limited (31 March 2005) and the reinsurance of the group risk business conducted by Investec Employee Benefits to CAL (31 December 2004) generating net cash proceeds of approximately R1.3 billion.
 - The £60 million loan to Rensburg arising from the sale of Carr Sheppards Crosthwaite to Rensburg accruing interest at approximately 7.0% from 6 May 2005.
 - A subsidiary of Investec plc issued €200 million (£132 million) preferred securities on 24 June 2005. The dividends of approximately 7.0% are accounted for as part of dividends payable.
- The growth in income from principal transactions reflects the solid performance of the assets within the division's portfolio particularly:
 - Equity and listed property holdings revaluations and realisations.
 - Income of approximately £23 million relating to a portfolio of properties which is in the process of being sold (expected to be completed in the first half of the 2007 financial year).
- Operating income from associates has declined as a result of the sale of our associate investment in CAL, to Liberty Group Limited effective on 31 March 2005.
- Impairment losses on loans and advances decreased largely as a result of a large provision made in the prior year.

The table below indicates the changes in operating profit before goodwill impairment, non-operating items and taxation by geography. Goodwill impairment, non-operating items and taxation are discussed elsewhere in this document.

£'000	31 March 2006	31 March 2005	Variance	% Change
Southern Africa	265 410	149 930	115 480	77.0%
UK and Europe	107 736	60 078	47 658	79.3%
Australia	15 743	10 957	4 786	43.7%
Other geographies	(122)	3 159	(3 281)	(>100%)
Operating profit before goodwill impairment and non-operating items	388 767	224 124	164 643	73.5%

A balanced mix of businesses

- We have a much more balanced portfolio of businesses than we did in 2000.
- We will continue to balance our operational risk businesses with financial risk businesses to build a sustainable business model.



* Excluding Group Services and Other Activities.
Trend reflects numbers as at the year ended 31 March unless stated otherwise.

Segmental geographical analysis - income statement

For the year to 31 March 2006

£'000	Southern Africa	UK & Europe	Australia	Other geographies	Total group
Interest receivable	605 470	277 848	50 514	557	934 389
Interest payable	(471 505)	(176 762)	(26 970)	-	(675 237)
Net interest income	133 965	101 086	23 544	557	259 152
Fees and commissions receivable	230 674	226 860	16 322	4 609	478 465
Fees and commissions payable	(11 321)	(29 311)	(680)	(279)	(41 591)
Principal transactions	181 747	57 572	3 664	3 076	246 059
Operating income from associates	-	6 902*	(207)	(1)	6 694
Investment income on assurance activities	141 559	-	-	-	141 559
Premiums and reinsurance recoveries on insurance contracts	164 631	-	-	-	164 631
Other operating income	1 143	1 578	-	-	2 721
Other income	708 433	263 601	19 099	7 405	998 538
Claims and reinsurance premiums on insurance business	(293 135)	-	-	-	(293 135)
Total operating income net of insurance claims	549 263	364 687	42 643	7 962	964 555
Impairment losses on loans and advances	(1 919)	(6 291)	(950)	-	(9 160)
Net operating income	547 344	358 396	41 693	7 962	955 395
Administrative expenses	(277 482)	(248 053)	(25 376)	(7 976)	(558 887)
Depreciation and impairment of property and equipment	(4 452)	(2 607)	(574)	(108)	(7 741)
Operating profit before goodwill impairment	265 410	107 736	15 743	(122)	388 767
Impairment of goodwill	(21 356)	-	-	-	(21 356)
Operating profit	244 054	107 736	15 743	(122)	367 411
Profit on disposal or termination of group operations	-	73 700	-	(127)	73 573
Profit before taxation	244 054	181 436	15 743	(249)	440 984
Taxation	(78 378)	(28 387)	(4 851)	-	(111 616)
Profit after taxation	165 676	153 049	10 892	(249)	329 368
Earnings attributable to minority interests	(7 374)	(6 893)	-	-	(14 267)
Earnings attributable to shareholders	158 302	146 156	10 892	(249)	315 101
Selected returns and key statistics					
ROE (post-tax)	42.8%	14.1%	13.9%	(305.0%)	25.5%
Cost to income ratio	51.3%	68.7%	60.9%	>100%	58.7%
Staff compensation to operating income	33.7%	48.2%	47.1%	69.9%	40.1%
Operating profit/(loss) per employee (£'000)	92.1	91.3	103.6	(3.4)	91.5
Effective tax rate	29.5%	28.2%	30.4%	-	29.2%
Number of employees	3 114	1 166	168	5	4 453

* This number is net of tax of £3.6 million.

Pro forma IFRS restated segmental geographical analysis - income statement

For the year to 31 March 2005

£'000	Southern Africa	UK & Europe	Australia	Other geographies	Total group
Interest receivable	456 804	243 663	36 114	21 932	758 513
Interest payable	(367 538)	(183 403)	(22 338)	(14 666)	(587 945)
Net interest income	89 266	60 260	13 776	7 266	170 568
Fees and commissions receivable	157 841	218 218	16 078	11 406	403 543
Fees and commissions payable	(6 613)	(16 778)	(1 499)	(928)	(25 818)
Principal transactions	104 191	31 714	1 122	3 131	140 158
Operating income from associates	14 316	70	(81)	169	14 474
Investment income on assurance activities	258 855	-	-	-	258 855
Premiums and reinsurance recoveries on insurance contracts	246 537	-	-	-	246 537
Other operating income	5 865	-	-	255	6 120
Other income	780 992	233 224	15 620	14 033	1 043 869
Claims and reinsurance premiums on insurance business	(478 894)	-	-	-	(478 894)
Total operating income net of insurance claims	391 364	293 484	29 396	21 299	735 543
Impairment losses on loans and advances	(14 256)	(1 040)	(114)	(435)	(15 845)
Net operating income	377 108	292 444	29 282	20 864	719 698
Administrative expenses	(221 520)	(229 059)	(17 876)	(16 989)	(485 444)
Depreciation and impairment of property and equipment	(5 658)	(3 307)	(449)	(716)	(10 130)
Operating profit before goodwill impairment	149 930	60 078	10 957	3 159	224 124
Impairment of goodwill	(26 597)	(10 413)	-	-	(37 010)
Operating profit	123 333	49 665	10 957	3 159	187 114
Loss on disposal or termination of group operations	(8 422)	(1 000)	-	(5 207)	(14 629)
Profit before taxation	114 911	48 665	10 957	(2 048)	172 485
Taxation	(42 270)	(12 375)	(3 118)	(1 463)	(59 226)
Profit after taxation	72 641	36 290	7 839	(3 511)	113 259
Earnings attributable to minority interests	(1 563)	(252)	-	(556)	(2 371)
Earnings attributable to shareholders	71 078	36 038	7 839	(4 067)	110 888
Selected returns and key statistics					
ROE (post-tax)	35.4%	12.1%	13.1%	3.6%	20.0%
Cost to income ratio	58.0%	79.2%	62.3%	83.1%	67.4%
Staff compensation to operating income	34.4%	54.2%	49.8%	50.7%	43.4%
Operating profit per employee (£'000)	51.4	43.8	87.6	16.8	48.6
Effective tax rate	31.2%	20.6%	28.2%	48.9%	28.2%
Number of employees	2 648	1 308	140	67	4 163

Segmental business analysis - income statement

For the year to 31 March 2006

£'000	PC*	TSF*	IB*	AM*	PA*	GSO*	Total group
Net interest income	165 788	71 228	2 216	4 050	(4 002)	19 872	259 152
Fees and commissions receivable	111 821	58 598	86 800	190 139	20 586	10 521	478 465
Fees and commissions payable	(10 882)	(2 720)	(4 167)	(24 249)	-	427	(41 591)
Principal transactions	12 288	55 098	97 864	1 514	21 387	57 908	246 059
Operating income from associates	6 257**	(75)	307	-	-	205	6 694
Investment income on assurance activities	-	-	-	-	-	141 559	141 559
Premiums and reinsurance recoveries on insurance contracts	-	3	-	-	-	164 628	164 631
Other operating income	-	-	-	-	557	2 164	2 721
Other income	119 484	110 904	180 804	167 404	42 530	377 412	998 538
Claims and reinsurance premiums on insurance business	-	-	-	-	-	(293 135)	(293 135)
Total operating income net of insurance claims	285 272	182 132	183 020	171 454	38 528	104 149	964 555
Impairment losses on loans and advances	1 745	(12 342)	722	(16)	-	731	(9 160)
Net operating income	287 017	169 790	183 742	171 438	38 528	104 880	955 395
Administrative expenses	(166 058)	(102 549)	(82 669)	(111 163)	(19 823)	(76 625)	(558 887)
Depreciation and impairment of property and equipment	(2 794)	(325)	(143)	(899)	(107)	(3 473)	(7 741)
Operating profit before goodwill impairment	118 165	66 916	100 930	59 376	18 598	24 782	388 767
Impairment of goodwill	-	-	-	(14 157)	(7 199)	-	(21 356)
Operating profit	118 165	66 916	100 930	45 219	11 399	24 782	367 411
Profit on disposal or termination of group operations	-	-	(1 071)	-	-	74 644	73 573
Profit before taxation	118 165	66 916	99 859	45 219	11 399	99 426	440 984
Selected returns and key statistics							
ROE (pre-tax)	30.3%	27.3%	171.8%	36.3%	76.8%	(0.9%)	37.9%
Cost to income ratio	59.2%	56.5%	45.2%	65.4%	51.7%	76.9%	58.7%
Staff compensation to operating income	37.8%	34.8%	34.3%	41.2%	33.6%	66.4%	40.1%
Operating profit per employee (£'000)	70.1	137.3	378.3	78.4	76.9	29.7	91.5
Total assets (£'million)	7 120	9 855	584	324	141	5 877	23 901
Number of employees	1 765	530	287	790	258	823	4 453

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

** This number is net of tax of £3.6 million.

Pro forma IFRS restated segmental business analysis - income statement

For the year to 31 March 2005

£'000	PC*	TSF*	IB*	AM*	PA*	GSO*	Total group
Net interest income	128 441	45 996	3 345	2 842	(3 488)	(6 568)	170 568
Fees and commissions receivable	122 460	48 946	64 107	135 552	24 471	8 007	403 543
Fees and commissions payable	(6 006)	(2 979)	(4 283)	(12 191)	-	(359)	(25 818)
Principal transactions	4 835	37 094	47 706	46	13 360	37 117	140 158
Operating income from associates	451	(304)	-	6	-	14 321	14 474
Investment income on assurance activities	-	-	-	-	-	258 855	258 855
Premiums and reinsurance recoveries on insurance contracts	-	(35)	-	-	-	246 572	246 537
Other operating income	38	-	-	-	(437)	6 519	6 120
Other income	121 778	82 722	107 530	123 413	37 394	571 032	1 043 869
Claims and reinsurance premiums on insurance business	-	-	-	-	-	(478 894)	(478 894)
Total operating income net of insurance claims	250 219	128 718	110 875	126 255	33 906	85 570	735 543
Impairment losses on loans and advances	(7 333)	445	(709)	-	46	(8 294)	(15 845)
Net operating income	242 886	129 163	110 166	126 255	33 952	77 276	719 698
Administrative expenses	(159 026)	(82 002)	(60 559)	(88 981)	(15 627)	(79 249)	(485 444)
Depreciation and impairment of property and equipment	(3 566)	(792)	(321)	(971)	(117)	(4 363)	(10 130)
Operating profit before goodwill impairment	80 294	46 369	49 286	36 303	18 208	(6 336)	224 124
Impairment of goodwill	(3 554)	5 023	(2 170)	(28 709)	(2 783)	(4 817)	(37 010)
Operating profit	76 740	51 392	47 116	7 594	15 425	(11 153)	187 114
Loss on disposal or termination of group operations	(1 000)	-	-	-	-	(13 629)	(14 629)
Profit before taxation	75 740	51 392	47 116	7 594	15 425	(24 782)	172 485
Selected returns and key statistics							
ROE (pre-tax)	28.8%	26.6%	116.9%	20.5%	87.7%	(7.5%)	27.9%
Cost to income ratio	65.0%	64.3%	54.9%	71.2%	46.4%	97.7%	67.4%
Staff compensation to operating income	41.7%	36.3%	38.8%	41.5%	31.2%	72.7%	43.4%
Operating profit per employee (£'000)	48.1	106.1	189.6	48.1	83.5	(21.0)	48.6
Total assets (£'million)	5 383	8 705	552	251	99	4 927	19 917
Number of employees	1 695	445	245	723	225	830	4 163

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

Segmental geographic and business analysis of operating profit before goodwill impairment, non-operating items and taxation

For the year to 31 March 2006

£'000	Southern Africa	UK & Europe	Australia	Other	Total group	% Change	% of Total
Private Banking	31 981	61 533	8 009	-	101 523	52.7%	26.0%
Private Client Portfolio Management and Stockbroking	9 243	7 399*	-	-	16 642	20.6%	4.3%
Treasury and Specialised Finance	43 560	22 507	849	-	66 916	44.3%	17.2%
Investment Banking	65 887	29 631	5 412	-	100 930	>100%	26.0%
Asset Management	48 767	10 609	-	-	59 376	63.6%	15.3%
Property Activities	16 575	2 023	-	-	18 598	2.1%	4.8%
Group Services and Other Activities	49 397	(25 966)	1 473	(122)	24 782	>100%	6.4%
Total group	265 410	107 736	15 743	(122)	388 767	73.5%	100%
% Change	77.0%	79.3%	43.7%	>100%	73.5%		
% of Total	68.3%	27.7%	4.0%	0.0%	100%		

* This number is net of tax of £3.6 million.

Pro forma IFRS restated for the year to 31 March 2005

£'000	Southern Africa	UK & Europe	Australia	Other	Total group	% of Total
Private Banking	24 815	35 282	4 341	2 052	66 490	29.7%
Private Client Portfolio Management and Stockbroking	5 396	8 408	-	-	13 804	6.2%
Treasury and Specialised Finance	31 335	14 051	1 193	(210)	46 369	20.7%
Investment Banking	26 975	16 632	3 514	2 165	49 286	22.0%
Asset Management	31 259	4 859	-	185	36 303	16.1%
Property Activities	13 095	5 113	-	-	18 208	8.1%
Group Services and Other Activities	17 055	(24 267)	1 909	(1 033)	(6 336)	(2.8%)
Total group	149 930	60 078	10 957	3 159	224 124	100%
% of Total	66.9%	26.8%	4.9%	1.4%	100%	

Segmental analysis of operating profit goodwill impairment, non-operating items and taxation

£'000	1st half 2006	2nd half 2006	Year to 31 March 2006	Pro forma Year to 31 March 2005	% Change
Private Client Activities					
Private Banking	42 332	59 191	101 523	66 490	52.7%
Private Client Portfolio Management and Stockbroking	7 724	8 918	16 642	13 804	20.6%
	50 056	68 109	118 165	80 294	47.2%
Treasury and Specialised Finance	28 661	38 255	66 916	46 369	44.3%
Investment Banking					
Corporate Finance	5 898	5 710	11 608	7 986	45.4%
Institutional Research, Sales and Trading	5 568	9 414	14 982	4 609	>100%
Direct Investments	8 753	25 465	34 218	16 568	>100%
Private Equity	21 870	18 252	40 122	20 123	99.4%
	42 089	58 841	100 930	49 286	>100%
Asset Management	21 809	37 567	59 376	36 303	63.6%
Property Activities	9 814	8 784	18 598	18 208	2.1%
Group Services and Other Activities					
International Trade Finance	1 866	2 639	4 505	4 685	(3.8%)
USA continuing businesses	365	(485)	(120)	(1 022)	88.3%
UK Traded Endowments	(69)	22	(47)	(813)	94.2%
Assurance Activities	1 476	10 042	11 518	11 553	(0.3%)
	3 638	12 218	15 856	14 403	10.1%
Central Funding	19 269	47 508	66 777	19 309	>100%
Central Services	(22 565)	(35 286)	(57 851)	(40 048)	44.5%
	342	24 440	24 782	(6 336)	>100%
Total group	152 771	235 996	388 767	224 124	73.5%

Segmental geographic analysis - balance sheet

At 31 March 2006

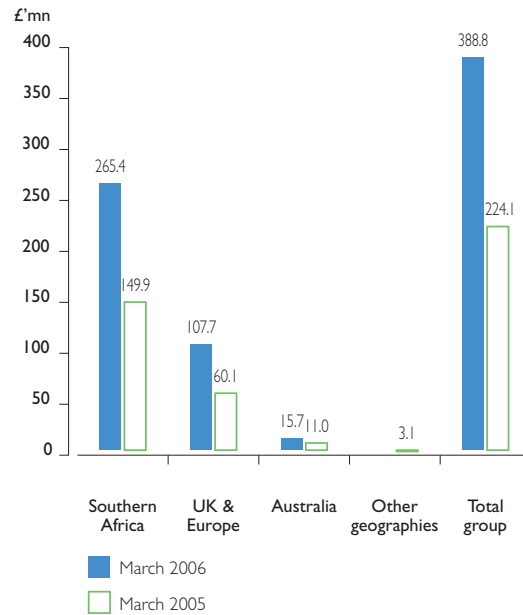
£'000	Southern Africa	UK & Europe	Australia	Other geographies	Total group
Assets					
Cash and balances at central banks	179 963	8 982	1 893	-	190 838
Loans and advances to banks	1 231 767	517 574	81 262	-	1 830 603
Cash equivalent advances to customers	690 182	54	-	-	690 236
Reverse repurchase agreements and cash collateral on securities borrowed	114 180	642 465	-	-	756 645
Trading securities	1 479 417	159 460	1 211	-	1 640 088
Derivative financial instruments	842 448	237 078	1 761	-	1 081 287
Investment securities	26 487	1 103 904	136 282	-	1 266 673
Loans and advances to customers	5 971 902	3 229 630	403 057	-	9 604 589
Interests in associated undertakings	-	61 768	1 331	-	63 099
Deferred taxation assets	32 619	24 763	2 653	-	60 035
Other assets	314 836	954 844	3 098	9	1 272 787
Property and equipment	9 713	15 209	1 994	-	26 916
Investment properties	163 049	-	-	-	163 049
Goodwill	46 488	125 479	11 593	-	183 560
Intangible assets	8 601	1 262	231	-	10 094
	11 111 652	7 082 472	646 366	9	18 840 499
Other financial instruments at fair value through income in respect of					
- liabilities to customers under insurance and investment contracts	3 628 574	-	-	-	3 628 574
- assets related to reinsurance contracts	1 431 876	-	-	-	1 431 876
	16 172 102	7 082 472	646 366	9	23 900 949
Liabilities					
Deposits by banks	725 160	1 154 323	-	-	1 879 483
Derivative financial instruments	658 859	45 798	1 107	-	705 764
Other trading liabilities	333 463	123 791	-	-	457 254
Repurchase agreements and cash collateral on securities lent	85 694	272 584	-	-	358 278
Customer accounts	5 237 891	3 208 040	253 234	-	8 699 165
Debt securities in issue	2 191 880	511 469	246 754	-	2 950 103
Current taxation liabilities	99 494	36 473	1 459	-	137 426
Deferred taxation liabilities	24 674	430	1 083	23	26 210
Other liabilities	730 807	840 901	11 060	88	1 582 856
Pension fund liabilities	-	2 013	-	-	2 013
	10 087 922	6 195 822	514 697	111	16 798 552
Liabilities to customers under investment contracts	2 694 539	-	-	-	2 694 539
Insurance liabilities, including unit-linked liabilities	934 035	-	-	-	934 035
Reinsured liabilities	1 431 876	-	-	-	1 431 876
	15 148 372	6 195 822	514 697	111	21 859 002
Subordinated liabilities (including convertible debt)	304 171	225 683	-	-	529 854
	15 452 543	6 421 505	514 697	111	22 388 856

At 1 April 2005

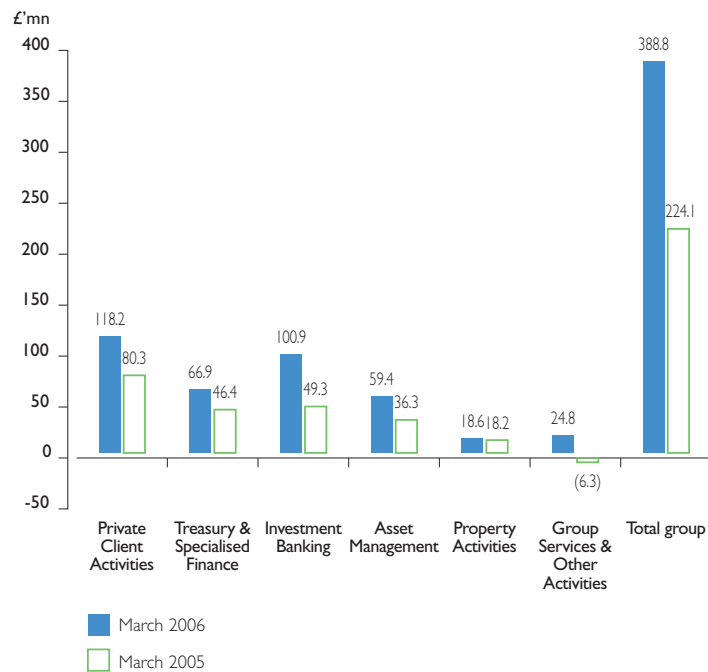
£'000	Southern Africa	UK & Europe	Australia	Other geographies	Total group
Assets					
Cash and balances at central banks	94 810	9 012	1 308	-	105 130
Loans and advances to banks	617 848	923 285	21 693	240	1 563 066
Cash equivalent advances to customers	533 108	177 613	-	-	710 721
Reverse repurchase agreements and cash collateral on securities borrowed	183 005	2 135 740	-	-	2 318 745
Trading securities	975 703	288 002	-	15 406	1 279 111
Derivative financial instruments	801 767	127 291	725	-	929 783
Investment securities	88 055	912 523	186 190	1 637	1 188 405
Loans and advances to customers	3 910 188	2 175 843	322 337	-	6 408 368
Interests in associated undertakings	-	12 264	343	612	13 219
Deferred taxation assets	24 026	26 972	1 688	-	52 686
Other assets	347 456	532 721	3 842	1 558	885 577
Property and equipment	9 574	17 147	1 699	309	28 729
Investment properties	202 352	-	-	-	202 352
Goodwill	58 642	129 085	11 586	-	199 313
Intangible assets	6 079	897	389	8	7 373
	7 852 613	7 468 395	551 800	19 770	15 892 578
Other financial instruments at fair value through income in respect of					
- liabilities to customers under investment securities	2 815 137	-	-	-	2 815 137
- assets related to reinsurance contracts	1 209 165	-	-	-	1 209 165
	11 876 915	7 468 395	551 800	19 770	19 916 880
Liabilities					
Deposits by banks	29 870	750 959	-	-	780 829
Derivative financial instruments	741 353	97 089	136	-	838 578
Other trading liabilities	154 974	1 737 616	-	142	1 892 732
Repurchase agreements and cash collateral on securities lent	170 894	337 407	-	-	508 301
Customer accounts	3 805 932	2 440 033	212 749	-	6 458 714
Debt securities in issue	1 277 626	444 604	204 659	-	1 926 889
Current taxation liabilities	54 634	18 574	(323)	(51)	72 834
Deferred taxation liabilities	18 714	2 048	-	22	20 784
Other liabilities	813 984	977 536	13 216	4 471	1 809 207
Pension fund liabilities	-	10 991	-	-	10 991
	7 067 981	6 816 857	430 437	4 584	14 319 859
Liabilities to customers under investment contracts	2 664 434	-	-	-	2 664 434
Insurance liabilities, including unit-linked liabilities	145 136	-	-	-	145 136
Reinsured liabilities	1 209 165	-	-	-	1 209 165
	11 086 716	6 816 857	430 437	4 584	18 338 594
Subordinated liabilities (including convertible debt)	280 479	222 196	-	-	502 675
	11 367 195	7 039 053	430 437	4 584	18 841 269

Segmental geographical and business analysis

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



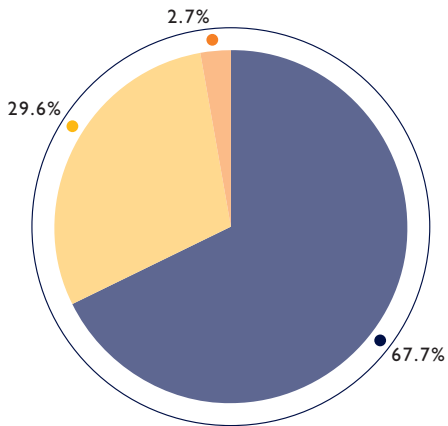
Operating profit before goodwill impairment, non-operating items and taxation by line of business



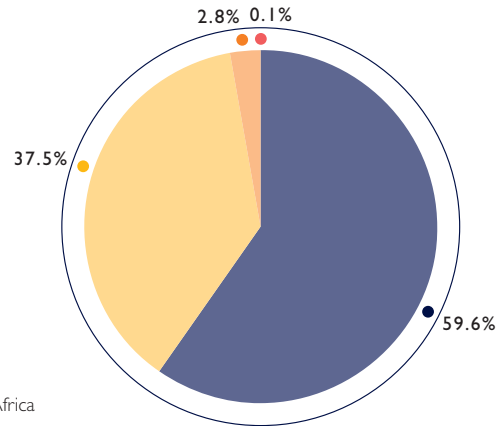
Segmental geographical and business analysis

Assets by geography

31 March 2006



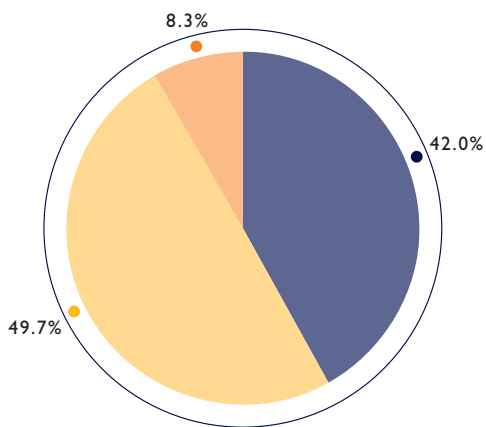
1 April 2005



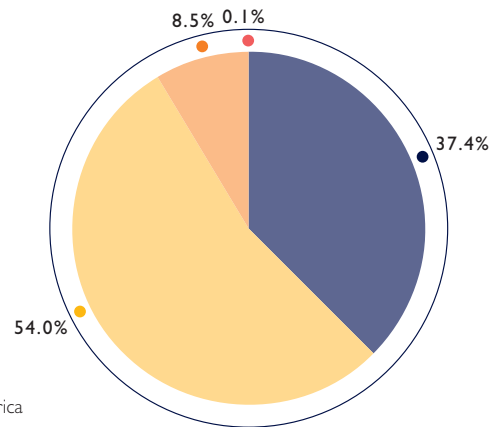
- Southern Africa
- UK and Europe
- Australia
- Other geographies

Adjusted shareholders' equity by geography

31 March 2006



1 April 2005

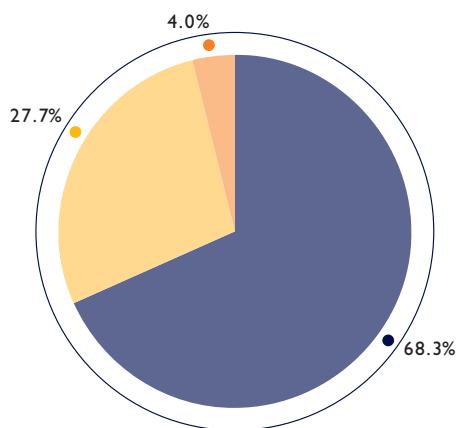


- Southern Africa
- UK and Europe
- Australia
- Other geographies

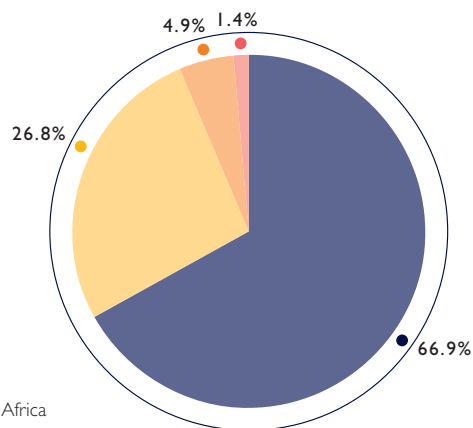
Segmental geographical and business analysis

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

31 March 2006



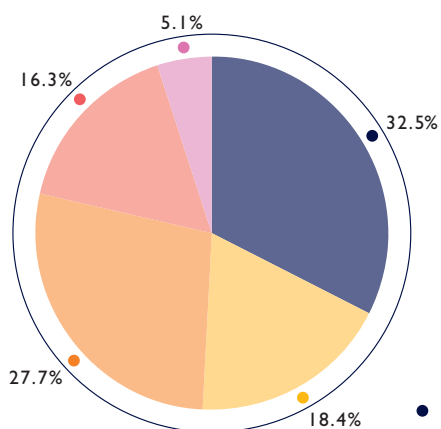
31 March 2005



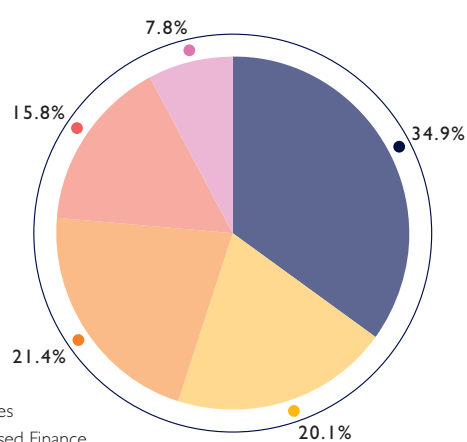
- Southern Africa
- UK and Europe
- Australia
- Other geographies

Operating profit before goodwill impairment, non-operating items and taxation by line of business (excluding Group Services and Other Activities)

31 March 2006



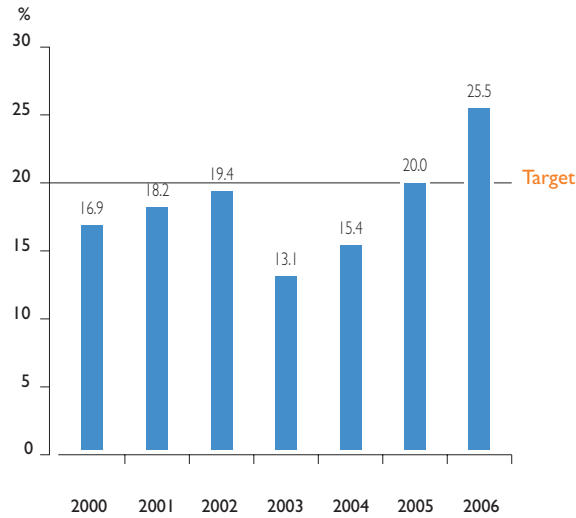
31 March 2005



- Private Client Activities
- Treasury and Specialised Finance
- Investment Banking
- Asset Management
- Property Activities

We have achieved our financial objectives.

ROE*



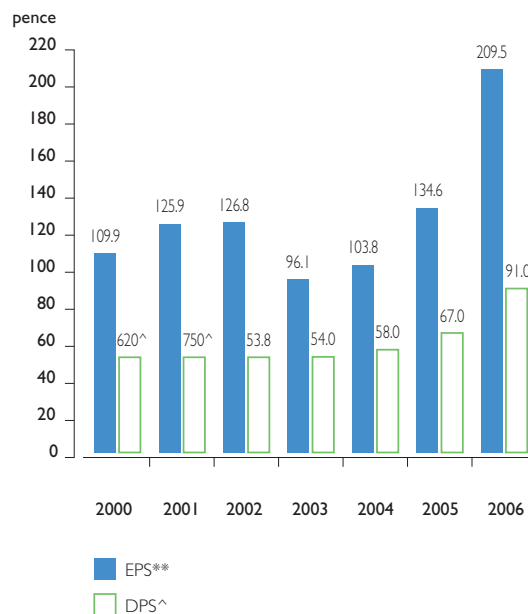
* ROE is post-tax return on adjusted average shareholders' equity (inclusive of compulsorily convertible instruments) as calculated on page 87.

Our objective is to continue to focus on increasing ROE, as opposed to nominal capital, through the efficient deployment of our capital base. We intend to generate ROE in excess of our cost of capital.

We have set the following targets over the medium to long-term:

- Group ROE: greater than 20% in Pounds Sterling.

Adjusted earnings per share (EPS) and dividends per share (DPS)



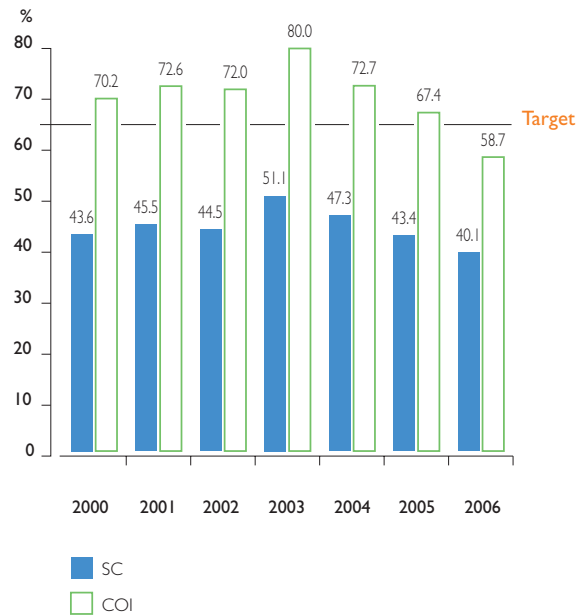
** Adjusted EPS before goodwill impairment and non-operating items as defined on page 21.

^ The dividend for 2000 and 2001 was set in Rand and the dividend thereafter was determined in Pounds Sterling.

In the medium to long-term, we aim to achieve **adjusted EPS growth of 10% in excess of UK inflation** (in Pounds Sterling). We continually strive to build and maintain a sustainable business model. We intend to maintain a **dividend cover of between 1.7 and 2.3 times** based on earnings per share as defined above, denominated in Pounds Sterling. We maintain this range to allow us the ability to apply a progressive dividend policy in terms of which dividends should grow in line with earnings. Interim and final dividends will be declared and proposed in accordance with the above policy.

Refer to note on page 75.

Cost to income ratio (COI) and staff compensation to operating income ratio (SC)

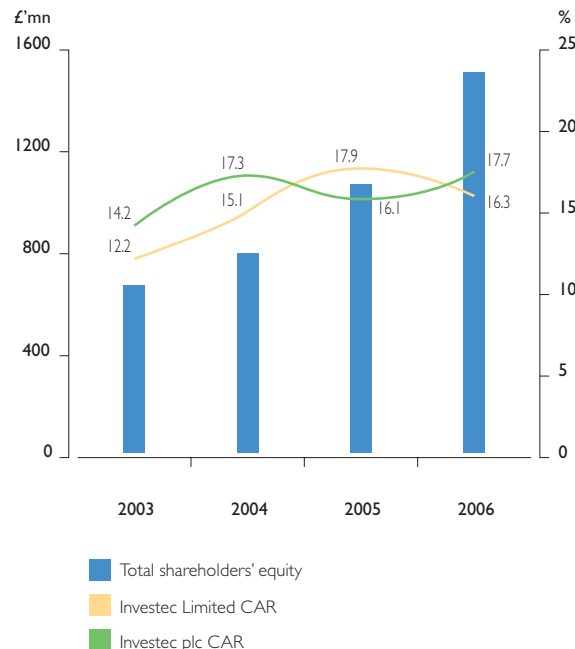


We have significantly rationalised and restructured our operations over the past couple of years in an effort to reduce our overall cost base. Increased emphasis continues to be placed on enhancing income growth while at the same time ensuring effective containment of costs.

We have set the following targets over the medium to long-term:

- **Group COI ratio: less than 65% in Pounds Sterling.**

Total shareholders' equity and capital adequacy ratios (CAR)



We intend to maintain a sufficient level of capital to satisfy regulatory requirements, as well as take advantage of opportunities that may arise in the financial services industry focusing on increasing our return on equity in the medium to long-term. We target a **capital adequacy ratio of between 13% - 16% for Investec plc and Investec Limited** and we target a minimum tier 1 ratio of 10%.

Note:

The numbers shown in the financial objectives graphs on pages 74 and 75 are for the years ended 31 March, unless stated otherwise. From 2000 to 2004 numbers are reported in terms of UK GAAP and for March 2005 and March 2006 in terms of IFRS.

Income statement analysis

The following overview will highlight the main reasons for the variances in the major category line items on the face of the income statement.

£'000	31 March 2006	31 March 2005	Variance	% Change
Net interest income	259 152	170 568	88 584	51.9%
Private Banking	165 308	123 067	42 241	34.3%
Private Client Portfolio Management and Stockbroking	480	5 374	(4 894)	(91.1%)
Treasury and Specialised Finance	71 228	45 996	25 232	54.9%
Investment Banking	2 216	3 345	(1 129)	(33.8%)
Asset Management	4 050	2 842	1 208	42.5%
Property Activities	(4 002)	(3 488)	(514)	(14.7%)
Group Services and Other Activities	19 872	(6 568)	26 440	>100%

Net interest income increased by 51.9% to £259.2 million (2005: £170.6 million) as a result of very strong growth in loans and advances of 49.9% to £9.6 billion and increased cash holdings within the Central Funding division.

£'000	31 March 2006	31 March 2005	Variance	% Change
Net fees and commissions receivable	436 874	377 725	59 149	15.7%
Private Banking	70 675	56 289	14 386	25.6%
Private Client Portfolio Management and Stockbroking	30 264	60 165	(29 901)	(49.7%)
Treasury and Specialised Finance	55 878	45 967	9 911	21.6%
Investment Banking	82 633	59 824	22 809	38.1%
Asset Management	165 890	123 361	42 529	34.5%
Property Activities	20 586	24 471	(3 885)	(15.9%)
Group Services and Other Activities	10 948	7 648	3 300	43.1%

The growth in net fees and commissions of 15.7% to £436.9 million (2005: £377.7 million) is impacted by the sale of Carr Sheppards Crosthwaite to Rensburg. Our retained interest in Rensburg Sheppards is now accounted for as "operating income from associates". Excluding the consolidated income earned from Carr Sheppards Crosthwaite in both years results in an increase in net fees and commissions of 30.3% to £433.3 million. This result was supported by favourable market and economic conditions and increased transactional activity in our businesses.

£'000	31 March 2006	31 March 2005	Variance	% Change
Principal transactions	246 059	140 158	105 901	75.6%
Private Banking	11 657	4 402	7 255	>100%
Private Client Portfolio Management and Stockbroking	631	433	198	45.7%
Treasury and Specialised Finance	55 098	37 094	18 004	48.5%
Investment Banking	97 864	47 706	50 158	>100%
Asset Management	1 514	46	1 468	>100%
Property Activities	21 387	13 360	8 027	60.1%
Group Services and Other Activities	57 908	37 117	20 791	56.0%

Income from principal transactions increased 75.6% to £246.1 million (2005: £140.2 million) mainly as a result of a strong performance of the underlying assets within the Direct Investments, Private Equity, Property and Central Funding portfolios; an improved performance from our market making and financial market activities; and an increased contribution from the Growth and Acquisition Finance team within the Private Bank.

£'000	31 March 2006	31 March 2005	Variance	% Change
Operating income from associates	6 694	14 474	(7 780)	(53.8%)

Operating income from associates decreased by 53.8% to £6.7 million (2005: £14.5 million). The current years figure includes Investec's 47.7% share of the reported post-tax profit of Rensburg Sheppards for the period 6 May 2005 to 31 March 2006 (tax amounted to £3.6 million). In the prior year our most significant associate investment was Capital Alliance Holdings Limited.

£'000	31 March 2006	31 March 2005	Variance	% Change
Net income on assurance activities	13 055	26 498	(13 443)	(50.7%)
Investment income on assurance activities	141 559	258 855	(117 296)	(45.3%)
Premiums and reinsurance recoveries on insurance contracts	164 631	246 537	(81 906)	(33.2%)
Claims and reinsurance premiums on insurance business	(293 135)	(478 894)	185 759	(38.8%)

The decline in net income from assurance activities is as a result of the reinsurance of the group risk business during the prior year. After administration expenses and tax, a profit of £1.0 million (2005: £6.7 million) was generated from assurance activities, which represents the residual earnings from the businesses that were retained.

£'000	31 March 2006	31 March 2005	Variance	% Change
Impairment losses on loans and advances	(9 160)	(15 845)	6 685	42.2%
Private Banking	1 745	(7 333)	9 078	>100%
Treasury and Specialised Finance	(12 342)	445	(12 787)	(>100%)
Investment Banking	722	(709)	1 431	>100%
Asset Management	(16)	-	(16)	(100%)
Property Activities	-	46	(46)	(100%)
Group Services and Other Activities	731	(8 294)	9 025	>100%

The decrease in impairment losses on loans and advances of 42.2% to £9.2 million (2005: £15.8 million) reflects an improvement in impairments in the Private Banking and Central Funding divisions, partially offset by an increase in specific impairments in the Treasury and Specialised Finance division.

The percentage of gross non-performing loans (NPLs) to loans and advances improved from 0.88% to 0.75%. Total impairment coverage remains highly satisfactory both as a percentage of gross NPLs and net NPLs (gross NPLs net of security), at 56.9% and 146.4% respectively.

£'000	31 March 2006	31 March 2005	Variance	% Change
Administrative expenses	(558 887)	(485 444)	(73 443)	15.1%
Private Banking	(145 044)	(107 164)	(37 880)	35.3%
Private Client Portfolio Management and Stockbroking	(21 014)	(51 862)	30 848	(59.5%)
Treasury and Specialised Finance	(102 549)	(82 002)	(20 547)	25.1%
Investment Banking	(82 669)	(60 559)	(22 110)	36.5%
Asset Management	(111 163)	(88 981)	(22 182)	24.9%
Property Activities	(19 823)	(15 627)	(4 196)	26.9%
Group Services and Other Activities	(76 625)	(79 249)	2 624	(3.3%)

Total administrative expenses increased by 15.1% to £558.9 million (2005: £485.4 million), and by 28.0% to £556.0 million if the costs of Carr Sheppards Crosthwaite and the Israeli operations are excluded in both years. Variable remuneration increased by 64.9% to £156.3 million due to increased profitability. Other operating expenses (excluding variable remuneration) increased by 17.7% to £399.7 million largely as a result of an increase in headcount in certain of the businesses in line with our growth initiatives and the introduction of a long-term incentive plan (charge of £11.5 million) for a group of senior employees in June 2005.

We achieved our target of operating expenses to total operating income of less than 65% with the ratio improving from 67.4% to 58.7%, principally as a result of the strong growth in operating income of 31.3%.

£'000	31 March 2006	31 March 2005	Variance	% Change
Goodwill impairments	(21 356)	(37 010)	15 654	(42.3%)
Private Banking	-	(2 569)	2 569	(100%)
Private Client Portfolio Management and Stockbroking	-	(985)	985	(100%)
Treasury and Specialised Finance	-	5 023	(5 023)	(100%)
Investment Banking	-	(2 170)	2 170	(100%)
Asset Management	(14 157)	(28 709)	14 552	(50.7%)
Property Activities	(7 199)	(2 783)	(4 416)	>100%
Group Services and Other Activities	-	(4 817)	4 817	(100%)

The charge for goodwill impairment decreased from £37.0 million to £21.4 million. The current charge largely relates to impairment of goodwill attributable to property management contracts with respect to a portfolio of properties sold, and the Institutional Asset Management business in South Africa (relating to the loss of assets resulting from corporate actions). The prior year included an amount of £5 million relating to negative goodwill arising from a structured finance transaction offset by goodwill impairments largely relating to acquisitions made in South Africa and in the United Kingdom.

£'000	31 March 2006	31 March 2005	Variance	% Change
Non-operating items	73 573	(14 629)	88 202	>100%

Non-operating items of £73.6 million principally includes a profit of £79.5 million arising out of the effective 52.3% sale of Carr Sheppards Crosthwaite to Rensburg offset by Investec's £3 million share of integration costs relating to the transaction.

£'000	31 March 2006	31 March 2005	Variance	% Change
Taxation	(111 616)	(59 226)	(52 390)	88.5%
Southern Africa	(78 378)	(42 270)	(36 108)	85.4%
UK and Europe	(28 387)	(12 375)	(16 012)	>100%
Australia	(4 851)	(3 118)	(1 733)	55.6%
Other geographies	-	(1 463)	1 463	(100%)

The operational effective tax rate of the group increased from 28.2% to 29.2%, and from 25.9% to 26.5% if the impact of the gross up on assurance activities is excluded in both years.

Earnings attributable to minority interests

Earnings attributable to minority interests increased from £2.4 million to £14.3 million largely as a result of:

- An increase in the value of a portfolio of investment properties in which minorities have a 23.1% holding.
- A loss arising on the translation of the preferred securities issued by a subsidiary of Investec plc from Euros into Pounds Sterling. In accordance with IFRS these preferred securities are reflected on the balance sheet as part of minority interests. The transaction is hedged and income arising on the hedge is reflected in operating profit before goodwill impairment.

Balance sheet analysis

Since 1 April 2005 total capital resources (including total equity and subordinated liabilities) increased by 29.3% to £2.0 billion largely as a result of the issue of €200 million (£132 million) preferred securities by a subsidiary of Investec plc in June 2005, the gain on the sale of Carr Sheppards Crosthwaite and increased operating earnings.

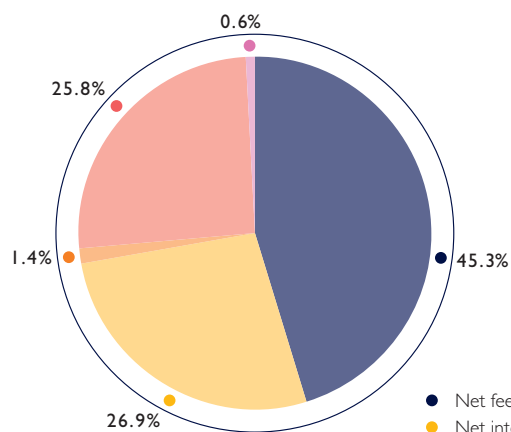
On balance sheet assets grew by 20.0% from £19.9 billion to £23.9 billion with strong growth in loans and advances to customers partially offset by the closure of the Stock Lending matched book in the UK (reflected in the balance sheet as reverse repurchase agreements and cash collateral on securities borrowed).

An analysis of operating income

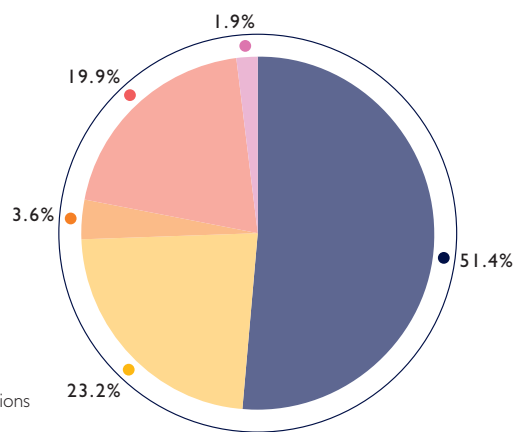
£'000	31 March 2006	31 March 2005	% Change
Net interest income	259 152	170 568	51.9%
Other income	705 403	564 975	24.9%
Net fees and commissions receivable	436 874	377 725	15.7%
Principal transactions	246 059	140 158	75.6%
Operating income from associates	6 694	14 474	(53.8%)
Net income on assurance activities	13 055	26 498	(50.7%)
Other operating income	2 721	6 120	(55.5%)
Total operating income net of insurance claims	964 555	735 543	31.1%

% of total income

31 March 2006



31 March 2005



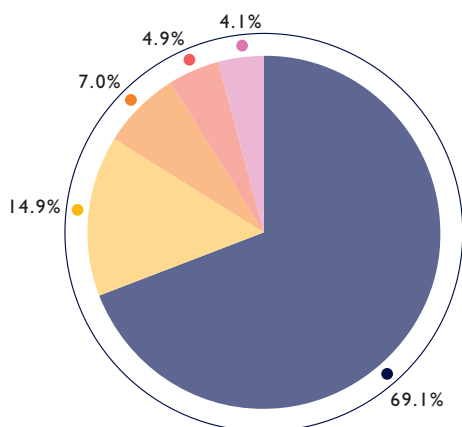
- Net fees and commissions
- Net interest income
- Net income on assurance activities
- Principal transactions and other operating income
- Operating income from associates

An analysis of administrative expenses

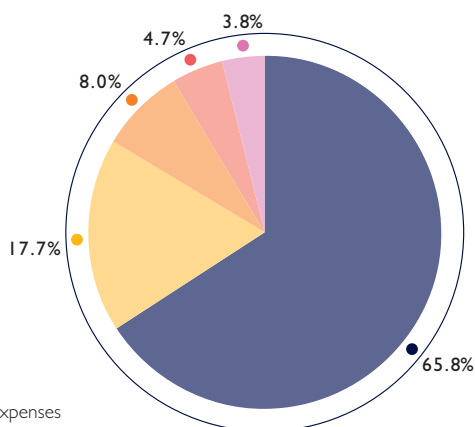
£'000	31 March 2006	31 March 2005	% Change
Staff costs	386 393	319 267	21.0%
- fixed	229 506	211 956	8.3%
- variable	156 887	107 311	46.2%
Business expenses	83 345	85 955	(3.0)%
Equipment (excluding depreciation)	27 311	22 949	19.0%
Premises (excluding depreciation)	39 132	38 764	0.9%
Marketing expenses	22 706	18 509	22.7%
Administrative expenses	558 887	485 444	15.1%

% of total expenses

31 March 2006



31 March 2005



- Staff costs
- Business expenses
- Premises
- Equipment
- Marketing

Asset quality

£'million	31 March 2006	1 April 2005
Total loans and advances to customers (gross of impairments)	9 646	6 445
Managed book	(107)	(113)
Net loans and advances to customers	9 539	6 332
Specific impairments	31	28
Portfolio impairments	10	9
Total impairments	41	37
Gross non-performing loans	72	57
Less: security	(44)	(35)
Net non-performing loans	28	22
Adequacy of impairments		
Specific impairments as a % of loans and advances to customers	0.32%	0.43%
Portfolio impairments as a % of net loans and advances to customers	0.10%	0.14%
Total impairments as a % of loans and advances to customers	0.43%	0.57%
Total impairments as a % gross non-performing loans	56.94%	64.91%
Total impairments as a % of net non-performing loans	146.43%	168.18%
Specific impairments as a % of gross non-performing loans	43.06%	49.12%
Specific impairments as a % of net non-performing loans	110.71%	127.27%
Gross non-performing loans as a % of loans and advances to customers	0.75%	0.88%

£'million	Loans and advances	Portfolio impairments	Specific impairments	Total impairments	Gross NPLs	Security held against NPLs	Net NPLs
31 March 2006							
Southern Africa	6 004	9	23	32	34	17	17
UK and Europe	3 238	1	7	8	25	19	6
Australia	404	-	1	1	13	8	5
Total group	9 646	10	31	41	72	44	28
1 April 2005							
Southern Africa	3 941	8	23	31	34	18	16
UK and Europe	2 181	1	4	5	22	17	5
Australia	323	-	1	1	1	-	1
Total group	6 445	9	28	37	57	35	22

Where: NPLs are non-performing loans.

Third party assets under management

£'million	31 March 2006	31 March 2005
South Africa Private Client Securities	7 844	3 579
Rensburg Sheppards plc/Carr Sheppards Crosthwaite*	13 100	6 107
South Africa Property Activities	1 846	1 256
Investec Asset Management: Southern Africa	19 833	13 669
Investec Asset Management: UK and international	11 820	9 244
Total third party assets under management	54 443	33 855

£'million	Southern Africa	UK, Europe and Other	Total group
31 March 2006			
Private Clients	7 844	13 100	20 944
Discretionary	1 338	*	*
Non-discretionary	6 506	*	*
Institutional	14 088	5 694	19 782
Retail	5 745	6 126	11 871
Property activities	1 846	-	1 846
Total third party assets under management	29 523	24 920	54 443
31 March 2005			
Private Clients	3 579	6 107*	9 686
Discretionary	633	4 029	4 662
Non-discretionary	2 946	2 078	5 024
Institutional	10 147	5 564	15 711
Retail	3 522	3 680	7 202
Property activities	1 256	-	1 256
Total third party assets under management	18 504	15 351	33 855

* The numbers as at 1 April 2005 reflect the funds managed by Carr Sheppards Crosthwaite only. The numbers as at 31 March 2006 reflect the funds under management as reported by Rensburg Sheppards (a further breakdown of these numbers is not provided).

Net tangible asset value per share

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

£'000	31 March 2006	1 April 2005	Notes
Shareholders' equity	1 226 492	933 410	
Less: perpetual preference shares issued by Investec Limited	(215 305)	(196 742)	
Convertible debt included in subordinated liabilities	28 016	28 355	
Less: goodwill and intangible assets (excluding software)	(189 700)	(203 900)	
Net asset value	849 503	561 123	
Number of shares in issue	118.6	118.6	
CCD's	3.6	3.6	Relates to the convertible debt mentioned above.
Treasury shares	(9.6)	(9.6)	
Number of shares in issue in this calculation (million)	112.6	112.6	
Tangible NAV per share (pence)	754.5	498.3	

Goodwill and intangible assets analysis - balance sheet information

£'000	31 March 2006	1 April 2005
South Africa	52 628	63 125
Private Client Portfolio Management and Stockbroking	3 371	3 116
Asset Management	40 115	45 786
Property Activities	9 142	14 223
UK and Europe	125 479	129 187
Private Banking	17 536	18 047
Private Client Portfolio Management and Stockbroking	-	1 182
Treasury and Specialised Finance	13 787	11 301
Investment Banking	6 111	10 612
Asset Management	88 045	88 045
Australia	11 593	11 593
Investment Banking	11 593	11 593
Software	3 954	2 781
Total group	193 654	206 686

Capital adequacy

Investec plc and Investec Limited are the two listed holding companies in terms of the DLC structure. Investec Bank (UK) Limited (IBUK) and Investec Bank Limited (IBL) are the main banking subsidiaries of Investec plc and Investec Limited, 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 plc and Investec Limited of 13-16%, and targets a Tier I ratio of 10%

31 March 2006	IBL R'million	Investec Limited R'million	IBUK £'million	Investec plc £'million
Net qualifying capital	11 035	12 134	725	762
Risk-weighted assets	68 517	74 560	3 815	4 312
Capital adequacy ratio	16.1%	16.3%	19.0%	17.7%
Tier I ratio	10.0%	11.1%	14.4%	11.6%

1 April 2005	IBL R'million	Investec Limited R'million	IBUK £'million	Investec plc £'million
Net qualifying capital	10 429	10 374	554	544
Risk-weighted assets	54 273	58 048	3 084	3 383
Capital adequacy ratio	19.2%	17.9%	18.0%	16.1%
Tier I ratio	11.4%	10.9%	16.5%	10.3%

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

ROE by country and division

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

Return on capital by segment

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

- A notional return on capital (net of the cost of subordinated debt and preference shares) which is managed and borne in the centre is allocated from Group Services and Other Activities ("GSO") to the business segments based on their total capital utilisation
- Shareholders' equity is increased to reflect permanent capital which is reflected under subordinated debt

£'000	31 March 2006	Restated 1 April 2005	Average	Restated 31 March 2004	Average
Calculation of average shareholders' equity					
Shareholders' equity per balance sheet (excluding preference shares)	1 011 187	733 760	872 474	691 522	712 641
Add: Convertible debt included in subordinated liabilities	28 016	28 355	28 185	41 705	35 030
Adjusted shareholders' equity	1 039 203	762 115	900 659	733 227	747 671
Goodwill and intangible assets (excluding software)	(189 700)	(203 900)	(196 800)	(251 508)	(227 704)
Adjusted tangible shareholders' equity	849 503	558 215	703 859	481 719	519 967

	31 March 2006	31 March 2005
Operating profit before goodwill impairment and non-operating items	388 767	224 124
Minority interests	(14 267)	(2 371)
Preference dividends	(32 867)	(13 017)
Operating profit before taxation	341 633	208 736
Tax on ordinary activities	(111 616)	(59 226)
Operating profit after taxation	230 017	149 510
Pre-tax return on average adjusted shareholders' equity	37.9%	27.9%
Post-tax return on average adjusted shareholders' equity	25.5%	20.0%
Pre-tax return on average adjusted tangible shareholders' equity	48.5%	40.1%
Post-tax return on average adjusted tangible shareholders' equity	32.7%	28.8%

ROE by country

For the year to

£'000	Southern Africa	UK & Europe	Australia	Other geographies	Total group
Total operating profit	265 410	107 736	15 743	(122)	388 767
Tax on ordinary activities	(78 378)	(28 387)	(4 851)	-	(111 616)
Minority interests	(7 374)	(6 893)	-	-	(14 267)
Preference dividends	(25 326)	(7 541)	-	-	(32 867)
Profit on ordinary activities after taxation - 31 March 2006	154 332	64 915	10 892	(122)	230 017
Profit on ordinary activities after taxation - 31 March 2005	93 081	47 450	7 839	1 140	149 510
Adjusted shareholders' equity at 31 March 2006	436 086	516 401	86 727	(11)	1 039 203
Goodwill and intangible assets (excluding software)	52 627	125 480	11 593	-	189 700
Adjusted tangible shareholders' equity at 31 March 2006	383 459	390 921	75 134	(11)	849 503
Adjusted shareholders' equity at 1 April 2005	285 139	411 614	64 612	750	762 115
Goodwill and intangible assets (excluding software)	63 125	129 187	11 588	-	203 900
Adjusted tangible shareholders' equity at 1 April 2005	222 014	282 427	53 024	750	558 215
Adjusted average shareholders' equity - 31 March 2006 [^]	360 613	461 564	78 442	40	900 659
Adjusted average shareholders' equity at 1 April 2005	262 599	393 345	59 818	31 909	747 671
Post tax return on average shareholders' equity - 31 March 2006	42.8%	14.1%	13.9%	(305.0%)	25.5%
Post tax return on average shareholders' equity - 1 April 2005	35.4%	12.1%	13.1%	3.6%	20.0%

[^] This number is not necessarily a straight line average as these numbers are calculated on a monthly basis using actual capital utilised.

ROE by business

For the year to

£'000	PB*	PCSB*	TSF*	IB*	AM*	PA*	GSO*	Total group
Total operating profit	101 523	16 642	66 916	100 930	59 376	18 598	24 782	388 767
Notional return on regulatory capital	32 010	2 474	23 823	3 904	966	967	(64 144)	-
Notional cost of statutory capital	(2 869)	(827)	(1 846)	(3)	(5 684)	(804)	12 033	-
Cost of subordinated debt	(13 071)	(1 254)	(9 874)	(1 556)	(438)	(388)	26 581	-
Minority interest	-	-	-	-	-	-	(14 267)	(14 267)
Cost of preference shares	(6 888)	(473)	(5 443)	(951)	(211)	(236)	(18 665)	(32 867)
Absorption of additional residual costs **	(7 947)	(1 897)	(7 314)	(10 610)	(2 656)	(2 774)	33 198	-
Adjusted earnings/(losses) - 31 March 2006	102 758	14 665	66 262	91 714	51 353	15 363	(482)	341 633
Adjusted earnings/(losses) - 31 March 2005	66 694	11 662	45 551	43 255	31 844	16 687	(6 957)	208 736
Adjusted shareholders' equity at 31 March 2006	372 651	37 122	293 542	63 875	140 042	17 124	114 847	1 039 203
Goodwill and intangible assets (excluding software)	17 536	3 371	13 787	17 704	128 160	9 142	-	189 700
Adjusted tangible shareholders' equity at 31 March 2006	355 115	33 751	279 755	46 171	11 882	7 982	114 847	849 503
Adjusted shareholders' equity at 1 April 2005	270 540	20 744	190 380	27 493	140 577	18 967	93 414	762 115
Goodwill and intangible assets (excluding software)	18 047	4 298	11 301	22 200	133 831	14 223	-	203 900
Adjusted tangible shareholders' equity at 1 April 2005	252 493	16 446	179 079	5 293	6 746	4 744	93 414	558 215
Adjusted average shareholders' equity - 31 March 2006 [^]	351 205	35 921	242 905	53 380	141 361	19 993	55 894	900 659
Adjusted average shareholders' equity - 1 April 2005	252 538	19 924	171 037	36 990	155 625	19 022	92 535	747 671
Pre-tax return on adjusted average shareholders' equity - 31 March 2006	29.3%	40.8%	27.3%	171.8%	36.3%	76.8%	(0.9%)	37.9%
Pre-tax return on adjusted average shareholders' equity - 1 April 2005	26.4%	58.5%	26.6%	116.9%	20.5%	87.7%	(7.5%)	27.9%

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

** 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 managements' estimates of relative benefit derived.

[^] This number is not necessarily a straight line average as these numbers are calculated on a monthly basis using actual capital utilised.

Operating profit (before goodwill impairment, non-operating items and taxation and excluding income from associates) per employee

By business	PB*	PCSB*	TSF*	IB*	AM*	PA*	GSO*	Total group
Number of employees - 31 March 2006	1 598	167	530	287	790	258	823	4 453
Number of employees - 31 March 2005	1 280	415	445	245	723	225	830	4 163
Number of employees - 31 March 2004	1 150	472	434	275	784	210	1 133	4 458
Average employees - year 2006	1 439	157**	488	266	757	242	827	4 176
Average employees - year 2005	1 215	444	440	260	754	218	982	4 313
Operating profit [^] - 31 March 2006 (£'000)	101 523	10 385	66 991	100 623	59 376	18 598	24 577	382 073
Operating profit [^] - 31 March 2005 (£'000)	66 490	13 353	46 673	49 286	36 297	18 208	(20 657)	209 650
Profit per employee^{^^} - 31 March 2006 (£'000)	70.6	66.1	137.3	378.3	78.4	76.9	29.7	91.5
Profit/(loss) per employee ^{^^} - 31 March 2005 (£'000)	54.7	30.1	106.1	189.6	48.1	83.5	(21.0)	48.6
By geography	Southern Africa		UK & Europe	Australia	Other	Total group		
Number of employees - 31 March 2006	3 114		1 166	168	5	4 453		
Number of employees - 31 March 2005	2 648		1 308	140	67	4 163		
Number of employees - 31 March 2004	2 627		1 431	112	288	4 458		
Average number of employees - year 2006	2 881		1 105**	154	36	4 176		
Average number of employees - year 2005	2 639		1 370	126	178	4 313		
Operating profit [^] - 31 March 2006 (£'000)	265 410		100 834	15 950	(121)	382 073		
Operating profit [^] - 31 March 2005 (£'000)	135 614		60 008	11 038	2 990	209 650		
Profit/(loss) per employee^{^^} - 31 March 2006 (£'000)	92.1		91.3	103.6	(3.4)	91.5		
Profit per employee ^{^^} - 31 March 2005 (£'000)	51.4		43.8	87.6	16.8	48.6		

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

** Adjusted for the sale of Carr Sheppards Crosthwaite to Rensburg.

[^] Excluding operating income from associates.

^{^^} Based on average number of employees for the year.

Number of employees

	31 March 2006	31 March 2005	31 March 2004
By business			
Private Banking			
Southern Africa	1 118	855	719
UK and Europe	415	374	334
Australia	65	51	43
USA	-	-	-
Israel	^	^	54
Total	1 598	1 280	1 150
Private Client Portfolio Management and Stockbroking			
Southern Africa	167	122	126
UK and Europe	*	293	346
Australia	-	-	-
USA	-	-	-
Israel	-	-	-
Total	167	415	472
Private Client Activities total			
Southern Africa	1 285	977	845
UK and Europe	415	667	680
Australia	65	51	43
USA	-	-	-
Israel	^	^	54
Total	1 765	1 695	1 622
Treasury and Specialised Finance			
Southern Africa	303	275	258
UK and Europe	208	155	134
Australia	19	15	8
USA	-	-	-
Israel	^	^	34
Total	530	445	434
Investment Banking			
Southern Africa	124	105	101
UK, Europe and Hong Kong	124	115	114
Australia	34	25	21
USA	5	-	-
Israel	^	^	39
Total	287	245	275
Asset Management			
Southern Africa	583	533	517
UK and Europe	207	190	257
Australia	-	-	-
USA	-	-	-
Israel	^	^	10
Total	790	723	784

Number of employees (continued)

	31 March 2006	31 March 2005	31 March 2004
By business			
Property Activities			
Southern Africa	255	220	204
UK and Europe	3	5	6
Australia	-	-	-
USA	-	-	-
Israel	^	^	-
Total	258	225	210
Group Service and Other Activities			
Southern Africa	564	538	702
UK and Europe	209	176	240
Australia	50	49	40
USA	**	67	75
Israel	^	^	76
Total	823	830	1 133
Total number of employees	4 453	4 163	4 458
By geography			
Southern Africa	3 114	2 648	2 627
UK and Europe	1 166	1 308	1 431
Australia	168	140	112
USA	5	67	75
Israel	^	^	213
Total number of employees	4 453	4 163	4 458

^ The sale of Investec Bank (Israel) was concluded in mid-December 2004.

* The sale of Carr Sheppards Crosthwaite to Rensburg plc was concluded in May 2005.

** The US business was sold in August 2005.

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 Limited (JSE). Investec Limited, which houses the group's Southern African and Mauritius operations, has been listed in South Africa since 1986.

As at 31 March 2006 Investec plc and Investec Limited had 74 633 746 and 43 999 527 ordinary shares in issue, respectively.

Spread of ordinary shareholders as at 31 March 2006

Investec plc ordinary shares in issue

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
6 316	1 to 500	68.7	1 180 704	1.6
1 121	501 - 1 000	12.2	830 873	1.1
1 049	1 001 - 5 000	11.4	2 265 558	3.0
235	5 001 - 10 000	2.5	1 713 802	2.3
325	10 001 - 50 000	3.5	7 480 125	10.0
82	50 001 - 100 000	0.9	5 886 849	7.9
71	100 001 and over	0.8	55 275 835	74.1
9 199		100.0	74 633 746	100.0

Investec Limited ordinary shares in issue

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
4 835	1 to 500	74.3	748 922	1.7
578	501 - 1 000	8.9	433 758	1.0
620	1 001 - 5 000	9.5	1 442 504	3.3
160	5 001 - 10 000	2.5	1 155 129	2.6
224	10 001 - 50 000	3.4	5 206 421	11.8
33	50 001 - 100 000	0.5	2 412 034	5.5
60	100 001 and over	0.9	32 600 759	74.1
6 510		100.0	43 999 527	100.0

Shareholder classification as at 31 March 2006

	Investec plc number of shares	% holding	Investec Limited number of shares	% holding
Public*	69 380 674	93.1	33 774 872	76.9
Non-public	5 253 072	6.9	10 224 655	23.1
Non-executive directors of Investec plc/Investec Limited**	797 832	1.0	62 396	0.1
Executive directors of Investec plc/Investec Limited	1 608 438	2.1	1 475 041	3.3
Investec staff share schemes and leveraged ownership schemes	2 846 802	3.8	3 276 107	7.4
Tiso Group**	-	-	2 800 000	6.4
Peu Group (Proprietary) Limited**	-	-	2 611 111	5.9
Total	74 633 746	100.0	43 999 527	100.0

* As per the JSE listing requirements

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

Largest beneficial shareholders as at 31 March 2006

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

Shareholders	Number of shares	% of issued share capital
1 Public Investment Commissioner	5 503 114	7.4
2 Spurwing-P Investments Ltd	3 932 883	5.3
3 Barclays Group	3 041 262	4.1
4 Old Mutual Asset Managers	3 257 810	4.4
5 Legal & General Investment Management	2 709 438	3.6
6 Investec Group Staff Share Schemes	2 546 923	3.4
7 Jupiter Asset Management	2 272 276	3.0
8 Citigroup Asset Management	2 071 078	2.8
9 JP Morgan Asset Management	1 917 879	2.5
10 Schroder Investment Management	1 457 705	2.0
Cumulative total	28 710 368	38.5

The top 10 shareholders account for 38.5% 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

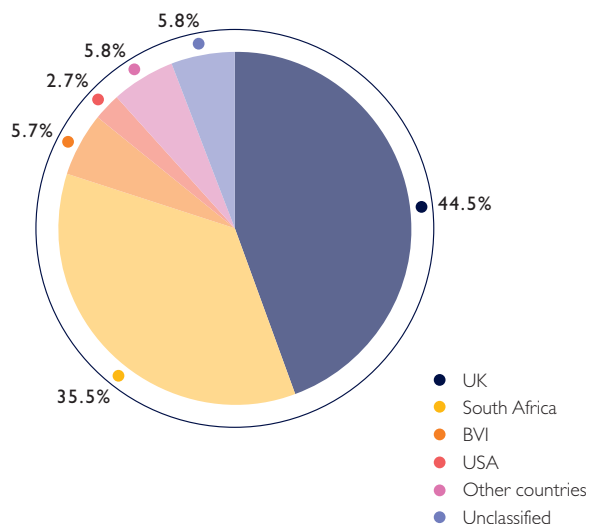
Shareholders	Number of shares	% of issued share capital
1 Public Investment Commissioner	5 315 086	12.1
2 Investec Group Staff Share Schemes	3 276 107	7.4
3 Entrepreneurial Development Trust*	2 800 000	6.4
4 Tiso INL Investments (Pty) Ltd*	2 800 000	6.4
5 Peu INL Investments (Pty) Ltd*	2 611 111	5.9
6 Old Mutual Asset Managers	1 705 419	3.9
7 Metropolitan Asset Managers	1 436 033	3.3
8 Stanlib Asset Management	1 432 977	3.3
9 Spurwing-L Investments Ltd	1 291 179	2.9
10 Sanlam Investment Management	1 142 013	2.6
Cumulative total	23 809 925	54.2

The top 10 shareholders account for 54.2% of the total shareholding in Investec Limited. This information is based on a threshold of 20 000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

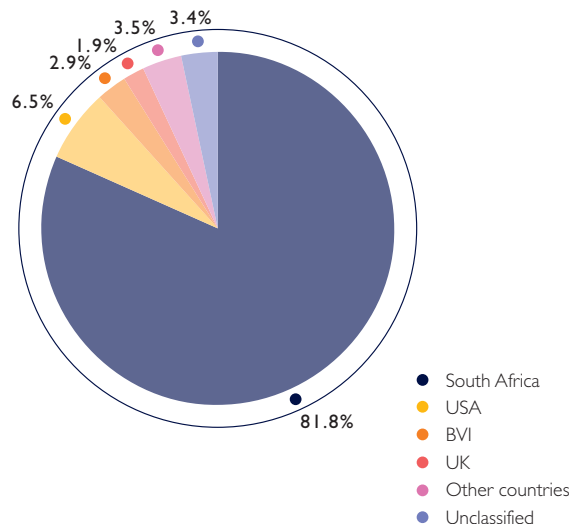
* In November 2003, Investec Limited implemented an empowerment transaction in which empowerment partners and an employee share scheme acquired 25.1% of the equity shareholding in Investec Limited.

Geographic holding by beneficial owner as at 31 March 2006

Investec plc



Investec Limited



Share statistics

Investec plc ordinary shares in issue

For the year ended 31 March¹

	2006	2005	2004	2003
Closing market price per share (pence)				
- year end	2 941	1 555	1 089	615
- highest	3 034	1 735	1 181	960
- lowest	1 522	920	612	607
Number of ordinary shares in issue (million)	74.6	74.6	74.6	74.6
Market capitalisation (£'million) ²	2 194	1 160	812	459
Daily average volume of shares traded ('000)	297.8	148.2	99.6	69.9
Price earnings ratio ³	14.0	11.6	10.5	6.3
Earnings yield (%) ³	7.1	8.6	9.5	15.6
Dividend cover (times) ³	2.3	2.0	1.8	1.8
Dividend yield (%) ³	31	4.3	5.3	8.8
Number of shareholders ⁴	9 199	15 951	18 174	20 684

Share statistics

Investec Limited ordinary shares in issue

For the year ended 31 March	2006	2005	2004	2003	2002	2001	2000
Closing market price per share (cents)							
- year end	31 300	17 800	12 530	7 650	13 000	19 700	26 020
- highest	33 250	19 000	15 100	17 440	24 580	27 800	30 000
- lowest	17 050	10 780	7 750	7 650	13 000	19 200	18 440
Number of ordinary shares in issue (million) ⁵	44.0	44.0	44.0	38.4	96.2	81.0	80.6
Market capitalisation (R'million) ⁶	37 121	21 111	14 860	8 645	14 196	19 286	24 095
Market capitalisation (£'million)	3 488	1 844	1 292	695	742	1 400	2 005
Daily average volume of shares traded ('000) ⁷	95.6	102.1	99.0	105.4	-	-	-
Number of shareholders ⁴	6 510	13 728	15 611	17 957	19 445	3 454	3 070

Notes:

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

² The LSE only include 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.

³ Calculations for 2006 and 2005 are based on the group's consolidated earnings per share before goodwill impairment and non-operating items, and dividends per share as prepared in accordance with IFRS and denominated in Pounds Sterling. Prior to 2005 the group reported its consolidated results in accordance with UK GAAP.

⁴ The number of shareholders has decreased following an odd-lot offer undertaken by the group.

⁵ 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).

⁶ The JSE have agreed to use the total number of shares in issue for the combined group, comprising Investec plc and Investec Limited, in calculating market capitalisation i.e. a total of 118.6 million shares in issue.

⁷ Information prior to the implementation of the DLC structure is not comparable.

01234 596067123 4567858996 0123469785 0671230 3469785 0671230 469785 0671230123456
57123 897858996 301234697 0671230123 8589960 1230123469 996067 012346 996067123
8996 01234697 0671230 8589960671 23469785 96 1230123 58996 23012 8589960
5978 06712301 8589960 234697858 1230123 7858 0671230 97858 0671230 89785
012 88996067 23469785 71230123 89960671 234697 99606712 469785 99606712
971 30123469 4697123 897858996 1230123 858996067 12346978 06712301230123
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3671230 785899 012346 0671 2346978 0671230 4697858 7123012
589960 1234697 367123 78589 71230 469785899406712 12346978 067123
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123012 589960 46971 0 23469 89 3012346978589 123469 012346

Annexure I (definitions)

Term	Definition
Adjusted shareholders' equity	Refer to calculation on page 87.
Cost to income ratio	Administrative expenses and depreciation divided by operating income.
Dividend cover	Adjusted earnings per ordinary share before impairment of goodwill and non-operating items divided by dividends per ordinary share.
Earnings attributable to ordinary shareholders before impairment of goodwill and non-operating items	Refer to pages 20 and 21.
Earnings per ordinary share before impairment of goodwill and non-operating items	Refer to pages 20 and 21.
Effective tax rate	Tax on profit on ordinary activities divided by operating profit (excluding income from associates).
Headline earnings	Refer to page 21.
Headline earnings per share	Refer to page 21.
Market capitalisation	Total number of shares in issue (including Investec plc and Investec Limited) multiplied by the closing share price of Investec plc on the London Stock Exchange.
Operating profit	Operating income less administrative expenses, impairments for bad and doubtful debts and depreciation of tangible fixed assets. This amount is before impairment of goodwill and non-operating items.
Operating profit: SA	Operating profit earned in South Africa, Mauritius and Botswana.
Operating profit: Non-SA	Operating profit earned in UK and Europe, Australia and Hong Kong.
Return on average adjusted shareholders' equity	Refer to calculation on page 87.
Return on average adjusted tangible shareholders' equity	Refer to calculation on page 87.
Staff compensation to operating income ratio	All employee related costs expressed as a percentage of operating income.
Tangible net asset value per share	As per calculation on page 84.
Third party assets under administration	Includes third party assets under administration managed by the Private Client, Asset Management and Property businesses.
Total capital resources	Includes shareholders' equity, subordinated liabilities and minority interests.
Total equity	Total shareholders' equity including minority interests.
Weighted number of ordinary shares in issue	The number of ordinary shares in issue at the beginning of the year; increased by shares issued during the year; weighted on a time basis for the period during which they have participated in the income of the group less treasury shares. Refer to calculation on page 21.

