



Investec

Limited

(Incorporated in the Republic of South Africa)
(Registration number 1925/002833/06)
Share code: INL ISIN: ZAE000040531
("Investec" or "the company")

PRE-LISTING STATEMENT

Prepared in terms of the Listings Requirements of the JSE Securities Exchange South Africa ("the JSE") relating to an offer for subscription of 5 000 000 non-redeemable, non-cumulative, non-participating Investec preference shares.

Opening date of the offer for subscription (09:00)
Closing date of the offer for subscription (12:00)
Proposed listing date (09:00)

Monday, 24 January 2005
Friday, 11 February 2005
Wednesday, 16 February 2005

Subscriptions can only be made at an acquisition cost, for a single addressee acting as principal, of not less than R104 500.

At the date of listing, the authorised share capital of Investec will comprise 55 500 000 ordinary shares of R0.001 each ("the Investec ordinary shares"), 8 000 000 class "A" variable rate compulsorily convertible non-cumulative preference shares of R0.001 each ("compulsorily convertible preference shares"), 50 000 variable rate redeemable cumulative preference shares of R0.60 each ("the VRRCP shares"), 1 dividend access (South African Resident) redeemable preference share of R1.00 ("SA DAS Share"), 1 dividend access (Non-South African Resident) redeemable preference share of R1.00 ("SA DAN Share"), 112 000 000 special convertible redeemable preference shares of R0.001 each ("special convertible preference shares") and 100 000 000 non-redeemable, non-cumulative, non-participating preference shares of R0.01 each ("the preference shares"). The issued share capital of Investec will comprise 43 999 527 Investec ordinary shares, 3 958 VRRCP shares, 1 SA DAS Share, 1 SA DAN Share, 74 633 746 special convertible preference shares and 5 000 000 preference shares.

The preference shares, when issued, will rank *pari passu* with one another. The JSE has granted Investec a listing of 5 000 000 preference shares, in the Specialist Securities – "Preference Shares" sector under the abbreviated name "INVLTD PREF", subject to the condition referred to in paragraph 6.3 of this Pre-Listing Statement. It is anticipated that the listing will be effective as from the commencement of business on Wednesday, 16 February 2005.

Preference shares will only be traded in electronic form and accordingly all preference shareholders who elect to receive certificated preference shares will have to dematerialise their certificated preference shares should they wish to trade on the JSE.

All the directors of Investec, whose names are set out herein, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement false or misleading, and that they have made all reasonable enquiries to ascertain such facts and that this Pre-Listing Statement contains all information required by law.

Each of the investment bank, joint sponsor, legal adviser, lead sponsor and the transfer secretaries have consented in writing to act in the capacity stated and to its name being stated in this Pre-Listing Statement and have not withdrawn their consent prior to the publication of this Pre-Listing Statement.

An abridged version of this Pre-Listing Statement will be published in the press and on the Securities Exchange News Service on Monday, 24 January 2005.

Investment bank and joint sponsor



Lead sponsor



Legal adviser



Date of issue: 24 January 2005

CORPORATE INFORMATION RELATING TO INVESTEC

Secretary and registered office

Selwyn Noik, CA(SA)
Investec Limited
100 Grayston Drive
Sandown, Sandton, 2196
(PO Box 785700, Sandton, 2146)

Investment bank

Investec Bank Limited
(Registration number 1969/004763/06)
c/o Investec Group Secretarial
Fourth Floor
100 Grayston Drive
Sandown, Sandton 2196
(PO Box 785700, Sandton, 2146)

Legal adviser

Jowell Glyn & Marais Inc.
(Registration number 2001/020379/21)
Fourth Floor
Jowell Glyn & Marais House
72 Grayston Drive
Sandown, Sandton, 2196
(PO Box 652361, Benmore, 2010)

Joint sponsor

Investec Bank Limited
(Registration number 1969/004763/06)
c/o Investec Group Secretarial
Fourth Floor
100 Grayston Drive
Sandown, Sandton, 2196
(PO Box 785700, Sandton, 2146)

Transfer secretaries

Computershare Investor Services 2004 (Pty) Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61763, Marshalltown, 2107)

Lead sponsor

Ernst & Young Sponsors (Pty) Limited
(Registration number 2000/031843/07)
Second Floor
Ernst & Young House, Wanderers Office Park
52 Corlett Drive
Illovo, 2196
(PO Box 2322, Johannesburg, 2000)

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DEFINITIONS AND INTERPRETATIONS

In this Pre-Listing Statement and its annexures, unless otherwise stated or the context otherwise indicates, the words in the first column shall have the meanings stated opposite them in the second column and words in the singular shall include the plural and *vice versa*, words importing natural persons shall include corporations and associations of persons and an expression denoting any gender shall include the other genders.

“Act”	the South African Companies Act, 1973 (Act 61 of 1973), as amended;
“bank(s)”	public companies registered as bank(s) under the Banks Act;
“Banks Act”	the South African Banks Act, 1990 (Act 94 of 1990), as amended;
“BSE”	Botswana Stock Exchange;
“CSDP”	Central Securities Depository Participant, registered in terms of the Custody and Administration of Securities Act, No. 85 of 1992, as amended;
“common monetary area”	South Africa, the Republic of Namibia and the Kingdoms of Swaziland and Lesotho;
“Computershare ” or “transfer secretaries”	Computershare Investor Services 2004 (Pty) Limited (Registration number 2004/003647/07), a private company incorporated in South Africa;
“deemed value”	means the deemed value of each preference share for purposes of calculation of the preference dividend, being an amount of R100.00 (one hundred Rand), notwithstanding the actual issue price of a preference share (that is the nominal value of the preference share plus a premium thereon) which may vary because of a difference in the premium at which the preference shares may be issued from time to time;
“directors”	the directors of Investec;
“Income Tax Act”	the South African Income Tax Act, 1962 (Act 58 of 1962), as amended;
“Investec” or “the company”	Investec Limited (Registration number 1925/002833/06), a public company incorporated in South Africa and listed on the JSE, the BSE and the NSX;
“Investec Bank”	Investec Bank Limited (Registration number 1969/004763/06), an unlisted public company incorporated in South Africa and registered as a bank;
“Investec Group” or “the Group”	Investec and Investec plc and their respective subsidiaries, which effectively form a single economic enterprise with equivalent economic and voting rights for their shareholders by virtue of the Dual Listed Companies structure;
“Investec members” or “members”	the registered holders of Investec ordinary shares, from time to time;
“Investec ordinary shares” or “ordinary shares”	ordinary shares of R0.001 each in the issued share capital of Investec;
“Investec ordinary dividend payment dates”	the dates on which Investec pays its dividends in respect of the periods ending 31 March and 30 September of each year;
“Investec plc”	Investec plc (Registration number 3633621), a company incorporated in England and Wales under the Companies Act 1985 and with a primary listing on the London Stock Exchange and a secondary listing on the JSE;
“Investec preference shares” or “preference shares”	non-redeemable, non-cumulative, non-participating preference shares of R0.01 each, the terms and conditions of which are set out in 4.3 of this Pre-Listing Statement;
“issue price”	the allotment and issue price of the preference shares, being an amount of R104.50 each, which is equivalent to a par value of R0.01 and premium of R104.49 per preference share;
“JSE”	the JSE Securities Exchange South Africa;

“listing”	the listing of the preference shares on the JSE in the Specialist Securities – “Preference Shares” sector under the abbreviated name “INVLTD PREF”, subject to the condition referred to in paragraph 6.3 of this Pre-Listing Statement;
“NSX”	Namibian Stock Exchange;
“offer for subscription”	the offer for subscription contained in this Pre-Listing Statement, to subscribe for preference shares at a minimum subscription amount of R104 500, per single addressee acting as principal;
“preference shareholder”	the registered owner of preference shares, from time to time;
“this Pre-Listing Statement”	this Pre-Listing Statement and its annexures dated 24 January 2005;
“Prime”	the publicly quoted basic rate of interest (per cent, per annum), and calculated on a 365 (three hundred and sixty five) day year factor (irrespective of whether or not the year is a leap year) from time to time quoted by Investec Bank as being its prime overdraft rate as certified by any manager of Investec Bank whose appointment, authority and/or designation need not be proved, which certificate shall be <i>prima facie</i> proof of the contents thereof;
“public shareholder”	the general public;
“Rand”	the lawful currency of South Africa, being South African Rand or any successor currency;
“Registrar”	the Registrar of Companies in South Africa;
“SARB”	South African Reserve Bank;
“SENS”	the Securities Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“STRATE”	STRATE Limited (Registration number 1998/022242/06), a public company incorporated in South Africa and a registered central securities depository in terms of the Custody and Administration of Securities Act, No. 85 of 1992, as amended; and
“UK”	the United Kingdom.

SALIENT FEATURES

I. INTRODUCTION AND RATIONALE

Investec intends to issue the preference shares to create a more efficient capital structure, repay existing debt and pursue current opportunities in the more favourable growth environment. The preference shares represent an attractive alternative investment opportunity for the greater investment community.

The purpose of this Pre-Listing Statement is to:

- provide investors and the market with information relating to the Investec Group, its operations and its directors and management;
- enable Investec to undertake the offer for subscription of R522 500 000 and to bring about the listing of the preference shares on the JSE;
- set out the salient dates, terms and times of the offer for subscription and the procedure for completing and returning the application form; and
- set out the historical financial information for the Investec Group for the two financial years ended 31 March 2004 and 31 March 2003 and extracts of the interim results for the six months ended 30 September 2004.

2. DETAILS OF THE OFFER FOR SUBSCRIPTION

2.1 Particulars of the offer for subscription

Issue price per preference share (which equates to a premium of R104.49 per preference share)	R104.50
Deemed value	R100.00
Dividend yield based on deemed value of R100.00	70% of Prime
Effective dividend yield based on issue price of R104.50	67% of Prime
Minimum Rand value of subscription per subscriber acting as principal	R104 500
Number of preference shares offered	5 000 000
Amount raised in terms of the offer for subscription	R522.5 million

2.2 Times and dates of the opening and closing of the offer for subscription

Opening date of the offer for subscription (09:00)	Monday, 24 January 2005
Closing date of the offer for subscription (12:00)	Friday, 11 February 2005
Proposed listing date (09:00)	Wednesday, 16 February 2005

2.3 Condition to the listing

Application has been made to the JSE to list 5 000 000 preference shares in the Specialist Securities – “Preference Shares” sector. The listing is subject to the condition that Investec meets the requirements of the JSE in respect of the requisite spread of preference shareholders, being a minimum of 50 public shareholders, excluding employees and their associates.

3. SALIENT FEATURES OF THE PREFERENCE SHARES

The preference shares are non-redeemable, non-cumulative and non-participating and dividends are payable semi-annually on a date at least seven business days prior to the date on which Investec pays its ordinary dividends, if any, but shall be payable, not later than 120 business days after 31 March and 30 September of each year, respectively.

3.1 Voting rights

The preference shares are non-voting, save for those circumstances prescribed under section 194 of the Act. Preference shareholders will only be entitled to vote during periods when a preference dividend (which has been declared) or any part of it remains in arrear and unpaid after six months from the due date thereof and when resolutions are proposed which directly affect any rights attaching to the preference shares or which could prejudice the interests of preference shareholders.

3.2 Entitlements to dividends

Preference shareholders will receive an annual dividend equivalent to 70% of Prime multiplied by the deemed value of the preference shares held by a preference shareholder payable in two semi-annual instalments. An ordinary dividend will not be declared by Investec unless the preference share dividend is declared. The deemed value for the purpose of calculating a preference dividend shall be an amount of R100.00, notwithstanding the actual issue price of a preference share. The effective dividend yield of the preference shares, based on the issue price of R104.50, equates to 67% of Prime.

4. FURTHER COPIES OF THIS PRE-LISTING STATEMENT

Copies of this Pre-Listing Statement can be obtained during normal business hours prior to 12:00 on Friday, 11 February 2005 from Investec, the company's sponsors and the transfer secretaries, the addresses of which are set out in the "Corporate information relating to Investec" section of this Pre-Listing Statement.



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- enable Investec to undertake the offer for subscription of R522 500 000 and to bring about the listing of the preference shares on the JSE;
- set out the salient dates, terms and times of the offer for subscription and the procedure for completing and returning the application form; and
- set out the historical financial information for the Investec Group for the two financial years ended 31 March 2004 and 31 March 2003 and extracts of the interim results for the six months ended 30 September 2004.

Potential investors' attention is drawn to the fact that offers for subscription are limited to a minimum acquisition cost, for a single addressee acting as principal, of R104 500.

2. INFORMATION RELATING TO INVESTEC GROUP

2.1 Background

Investec was founded as a leasing company in Johannesburg in 1974. It acquired a banking licence in 1980 and was listed on the JSE in 1986.

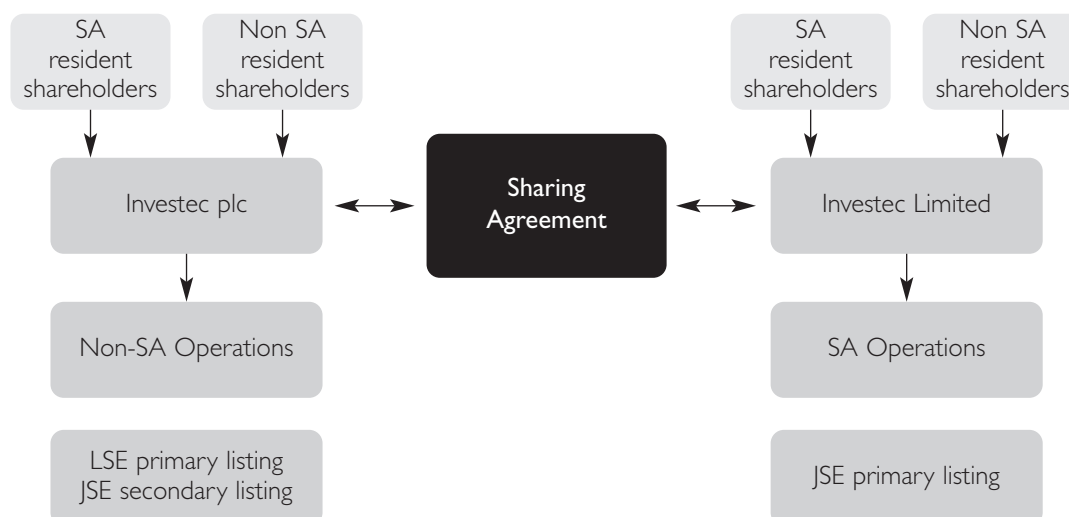
In November 2001, Investec received permission from the South African Minister of Finance and the South African Reserve Bank (SARB) to establish a Dual Listed Companies ("DLC") structure with linked companies listed in London and Johannesburg. The structure was implemented in July 2002.

In terms of the DLC structure, Investec Group Limited ("IGL") retained all its businesses in continental Southern Africa and Mauritius as well as its primary listing on the JSE. IGL was re-named Investec Limited. IGL's other businesses were unbundled and placed into a UK company, Investec plc. Investec plc has a primary listing on the London Stock Exchange and a secondary listing on the JSE.

Investec Limited and Investec plc are separate legal entities and listings, but are bound together by contractual agreements and mechanisms.

Investec has expanded through a combination of strategic acquisitions and organic growth and now operates in three principal markets, the UK, South Africa and Australia.

A simplified illustration of the DLC structure:



2.2 Nature of business

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

Activities of Investec Group

Investec is organised as a network comprising four business divisions, Investment Banking, Private Client Activities, Treasury and Specialised Finance, and Asset Management. In addition, Investec's head office provides certain group-wide integrating functions, including Risk Management, Information Technology, Finance, Investor Relations, Marketing, Human Resources and Organisational Development. It also has responsibility for the Group's central funding. Other activities conducted by the Group include Property activities and Trade Finance.

Investment Banking

Includes: Corporate Finance (South Africa, the UK and Australia)
 Institutional Research, Sales and Trading (South Africa and the UK)
 Direct Investments (South Africa, the UK and Australia)
 Private Equity (South Africa, the UK and Australia)

Corporate Finance

The Corporate Finance division in South Africa focuses on providing financial advisory services to large and mid-capitalisation companies related in particular to mergers and acquisitions, divestitures, restructurings, spin-offs and joint ventures. It is also involved in the provision of innovative and creative deal structures and advice. The division completed 93 corporate finance transactions as well as 82 sponsor broker deals during the 2004 financial year. The division was ranked first in the volume of M&A transactions and second in general corporate finance by volume and value in the DealMakers Magazine Survey for Corporate Finance (March 2004). It was also lead adviser on four of the top 10 deals of the year. The division was also ranked first for advising on the highest value of M&A transactions and second for advising on the highest volume, in the Ernst & Young Survey (March 2004).

In the UK, the Corporate Finance division provides financial advisory services, particularly in respect of mergers and acquisitions, to small and mid-capitalisation companies. It also advises on and participates in equity capital market fundraisings for such clients. During the 2004 financial year, the division completed 18 merger and acquisition transactions and 13 fund-raising transactions.

Investec entered the Australian Investment Banking market in March 2001 with the acquisition of Wentworth Associates (since renamed Investec Wentworth). This acquisition provided a platform to expand Investec's activities into the corporate finance and private equity arenas in Australia. The division advised on 15 deals during the year.

Institutional Research, Sales and Trading

The Institutional Research, Sales and Trading division offers an integrated research, sales and execution capability in South African stocks for domestic and international fund managers with an interest in, and exposure to, South Africa. The South African operations are complemented by a London-based team that promotes South African stocks to a global emerging market client base and supports Investec Securities Limited's equity analysts on South African companies that have redomiciled to the UK.

In addition, the UK division provides research, sales, trading and market making services to a full range of UK and international institutional clients.

Direct Investments and Private Equity

Due to its in-depth market knowledge and local expertise, the Direct Investments division in South Africa takes direct positions in predominantly JSE listed shares where the Group believes that the market is mispricing the value of the underlying portfolio of assets.

The Private Equity division in South Africa actively seeks and selects expansion and buy-out investments as principal in unlisted South African companies.

Investec in the UK inherited a UK managed private equity portfolio as part of the Guinness Mahon and Hambros acquisitions in 1998. No new investments (other than follow-on investments into existing investments or funds) have been made since early 2001 and the division's strategy is to divest of this portfolio as it matures.

Treasury and Specialised Finance

Investec's Treasury and Specialised Finance division comprises a number of activities that can be described as either banking or trading operations. Banking Activities comprise structured finance, asset finance, acquisition and project finance, financial products, corporate treasury and balance sheet management. Trading activities comprise commodities and resource finance, foreign exchange, equity derivatives and finance and interest rates. These units are mainly involved in the execution of client driven transaction flow, structuring and proprietary trading. Speculative proprietary trading is limited.

Treasury and Specialised Finance capabilities are represented in the following countries: South Africa, the UK, Ireland, Australia and Mauritius.

Private Client Activities

Includes: Private Banking (South Africa, the UK, Australia, Channel Islands, Ireland, Mauritius and Switzerland);
Private Client Portfolio Management and Stockbroking (South Africa and the UK).

Private Banking

Investec Private Bank provides a range of private banking services targeting select, high income and high net worth individuals. The services provided include: structured finance, specialised lending activities, trust and fiduciary services, treasury and banking services, investment management and growth finance.

Private Bank positions itself in the low volume, high value advisory market. One of its key strengths has been the ability to originate new business by leveraging off the strong client relationships which it has been able to establish through its lending activities. This operating model positions it more favourably during times of high market volatility compared to private banks that are dependent on the more traditional asset-gathering model.

The Private Bank in South Africa targets and offers services and products to three distinct market segments. These comprise individuals with a net asset value of at least R50 million and investible assets of at least R15 million, private clients with a net asset value of at least R5 million and minimum earnings of at least R1 million and professionals and others with high earnings potential. The division was rated the number one private bank for the fourth consecutive year in the PricewaterhouseCoopers SA Banking Survey. As at 31 March 2004, the South African bank's lending book was R22.5 billion.

The UK private banking operation is based in London with offshore subsidiaries in the Channel Islands and Switzerland. Investec's Dublin office also provides a private banking service to clients based in the Republic of Ireland. Investec Private Bank UK's principal target market comprises individuals with an average net worth in excess of £5 million and investible assets of £3 million with specific focus on select niches and community groups. Its unique offering has a strong franchise among successful entrepreneurs, high earning employees and self-directed internationally mobile clients. As at 31 March 2004, the UK bank's lending book was £1,062 million.

In August 2002, Investec Australia received a banking licence which opened up many growth opportunities for the business, allowing it to further expand its Private Client division, specialising in property investment banking, investment management services and more recently, growth and acquisition finance.

Private Client Portfolio Management and Stockbroking

In South Africa, the Private Client Portfolio Management and Stockbroking business offers a range of personal investment and stockbroking services to a client base comprising predominantly high net worth individuals. The business is one of the largest in South Africa, as measured by assets under administration.

The principal activities of Carr Sheppards Crosthwaite in the UK are portfolio management for private clients and small charities and private client stockbroking. Most of the private clients are UK residents but a specialist team looks after non-residents whose requirement is for more internationally biased portfolios. Holistic financial advice, particularly in the areas of retirement and pension planning, is provided as a complementary service to portfolio management. Funds under management in the UK and South Africa total £5.9 billion and R30 billion, respectively.

Asset Management and Assurance Activities

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

In South Africa, Investec Asset Management is one of the largest managers of third party institutional assets and is an active specialist manager and a market leader in specialist equity, fixed interest, balanced and absolute return funds. It is also a key player in the institutional funds market in Botswana and Namibia.

Investec Asset Management is a leading player in the South African unit trust and portfolio product industry with a dominant retail market position. Product areas include a comprehensive range of domestic and offshore unit trusts, portfolio products and absolute return products.

Investec Asset Management in the UK provides management services to the UK institutional market and is a leading provider of liquidity management to the public sector. Products offered include equity, fixed income and balanced portfolios. The retail funds business offers a comprehensive range of investment options, covering both bonds and equities with a diverse geographic spread, to the upper end of the UK retail funds market. Offshore fund ranges are distributed in Investec's two core markets, namely South Africa and the UK, as well as via select channels into the offshore territories of Asia, Europe and the US. Funds under management total R240 billion (\$20.6 billion).

The Group's assurance activities are conducted through Investec Employee Benefits, which comprises:

- A Risk Only business
- An Investment Only business

The Risk Only business provides death and disability benefits on a standalone basis, while another company is responsible for member administration. The business also manages disability claims and provides various disability and underwriting services.

The Investment Only business designs and manufactures specialised investment products, together with other divisions within the Group, which then distribute these products to their clients.

Group Services and Other Activities

Group Services and Other Activities comprise three components: Central Costs, Central Funding and Other Activities.

Central Costs

Central Costs is made up of functional areas that provide services centrally across all of the Group's business operations. Consistent with Investec's philosophy of operating as a single organisation, Group Services provides integrating mechanisms between the business operations. These activities do not form part of the four operating divisions. However, the Group has recently adopted a policy of allocating a portion of these costs to the divisions.

Investec's principal Central Costs, relating to the operations and control of its business are Group Finance, Group Risk Management, Group Information Technology, Investor Relations, Group Marketing and Organisational Development. Other Group support services include: Head Office, Internal Audit and Compliance, Legal, Company Secretarial, Tax, Information Centre, Corporate Social Investment, Regulatory and Facilities.

Central Funding

Investec has 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. Investec employs various sources of funding, the determination of which depends on the specific financial and strategic requirements it faces at the relevant point in time. The funds raised are applied towards the making of acquisitions, the funding of central services and debt obligations, and the purchase of corporate assets and investments not allocated to Investec's principal operating divisions.

Other Activities

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

Investec Property Group

The services provided by the Property division in South Africa include management of property investment funds (listed and unlisted), property trading and development, property administration and listed property portfolio management.

The Property division in the UK offers agency and investment, professional property management and bank valuation services. The division is now devoting an increasing amount of time to assisting the Private Bank with mezzanine investments in client transactions. These niche investments have attractive risk/reward profiles and the division therefore intends to allocate some of the capital from the property group to these investments.

International Trade Finance

The International Trade Finance business known as ReichmansCapital, offers trade, asset and debtor finance to small and medium sized owner managed businesses. The division provides clients with working capital, to fund the acquisition of assets and facilitate growth.

2.3 General commentary

Conditions are currently favourable and the board remains optimistic on the outlook for the remainder of the financial year. The Group strives to build distinctive businesses in its core areas of operation focusing on activities in regions where it believes it can compete effectively. The Group has made significant progress towards delivering on its financial objectives and remains committed to ensuring that these objectives are met over the long term. By concentrating on the fundamentals of growing revenues, improving efficiency and maintaining credit quality, Investec is confident that it can continue to build a sustainable business model that will deliver value to shareholders.

2.4 Historical financial information

In terms of the DLC structure (refer paragraph 2.1 above), Investec Group reports in UK GAAP. The financial information for Investec Group is thus reported in terms of Investec plc, incorporating the results of Investec Limited. As the DLC structure was implemented in July 2002, only two years of financial information is available. Relevant financial information, extracted from the annual financial statements of Investec Group for the two financial years ended 31 March 2004 and 31 March 2003, are set out in Annexure 1. Extracts of the interim financial results for the six months ended 30 September 2004 is set out in Annexure 4.

3. DIRECTORS

3.1 Directors

The full names, ages, nationalities (if not South African), addresses, occupations and profiles of the directors are set out below:

3.1.1 Hugh S Herman (64) (Non-executive Chairman – appointed 1994)

Business address: Investec Bank Limited, 100 Grayston Drive, Sandown, Sandton, 2196

Qualifications: BA LLB LLD (Honoris CAUSA)

Hugh practised as a lawyer before joining Pick 'n Pay, a leading South African retail group, where he became Managing Director. He joined Investec in 1994. His directorships include Investec Bank Limited, Investec Bank (UK) Limited, Pick 'n Pay Holdings Limited and Pick 'n Pay Stores Limited.

3.1.2 Stephen Koseff (53) (Chief Executive Officer – appointed 1986)

Business address: Investec Bank Limited, 100 Grayston, Sandown, Sandton, 2196

Qualification: BCom CA(SA) H Dip BDP MBA

Stephen joined Investec in 1980. He has had diverse experience within Investec as Chief Accounting Officer and General Manager of Banking, Treasury and Merchant Banking. His directorships include the JSE Securities Exchange South Africa, Investec Bank Limited, Investec Bank (UK) Limited and The Bidvest Group Limited.

3.1.3 Bernard Kantor (55) (Managing Director – appointed 1987)

Business address: Investec plc, 2 Gresham Street, London, EC2V 7QP, United Kingdom

Qualification: CTA

Bernard joined Investec in 1980. He has had diverse experience within Investec as a Manager of the Trading division, Marketing Manager and Chief Operating Officer. His directorships include Investec Bank Limited, Investec Bank (UK) Limited and Phumelela Gaming and Leisure Limited.

3.1.4 Glynn R Burger (48) (Executive Director – appointed 2002)

Business address: Investec Bank Limited, 100 Grayston, Sandown, Sandton, 2196

Qualification: BAcc CA(SA) H Dip BDP MBL

Executive Director responsible for Finance and Risk. Glynn joined Investec in 1980. He has had diverse experience within Investec as Chief Accounting Officer, Group Risk Manager and Joint Managing Director for South Africa. His directorships include Investec Bank Limited.

3.1.5 Alan Tapnack* (58) (Executive Director – appointed 2002)

Business address: Investec plc, 2 Gresham Street, London, EC2V 7QP, United Kingdom

Qualification: BCom CA(SA)

Alan practised as a Chartered Accountant and is a former partner of Price Waterhouse and former Managing Director of Grey Phillips Bunton Mundell and Blake, a leading South African marketing services group. Alan joined Investec in 1991. He recently stepped down as Chief Executive Officer of Investec's UK operations. His directorships include Investec Bank (UK) Limited and Carr Sheppards Crosthwaite Limited.

3.1.6 Sam E Abrahams (66) (Non-executive Director – appointed 1996)

Business address: c/o Investec Bank Limited, 100 Grayston, Sandown, Sandton, 2196

Qualifications: FCA CA(SA)

Sam is a former international partner and South African Managing Partner of Arthur Andersen. His current directorships include Foschini Limited, Super Group Limited, Investec Bank Limited and Phumelela Gaming and Leisure Limited.

3.1.7 George F O Alford* (56) (Non-executive Director – appointed 2002)

Business address: Investec plc, 2 Gresham Street, London, EC2V 7QP, United Kingdom

Qualifications: BSc (Econ) FCIS FIPD MSI

George is former Head of Private Banking and Head of Personnel at Kleinwort Benson Group, and is currently a senior advisor to the FSA. His directorships include Investec Bank (UK) Limited.

3.1.8 Haruko Fukuda OBE* (58) (Non-executive Director – appointed 2003)

Business address: c/o Investec plc, 2 Gresham Street, London, EC2V 7QP, United Kingdom

Qualification: MA (Cantab) DSc

Previously Chief Executive of the World Gold Council.

Directorships include AB Volvo, The Foreign and Colonial Investment Trust PLC and Aberdeen Asian Smaller Companies Investment Trust PLC. Advisor to Metro AG and Lazard.

3.1.9 Geoffrey M T Howe* (55) (Non-executive Director – appointed 2003)

Business address: c/o Investec plc, 2 Gresham Street, London, EC2V 7QP, United Kingdom

Qualification: MA (Hons)

Geoffrey is a former Managing Partner of Clifford Chance LLP and Director and Group General Counsel of Robert Fleming Holdings Limited. He is also a former Chairman of Railtrack Group plc. His current directorships include Jardine Lloyd Thompson Group plc, The JP Morgan Overseas Investment Trust plc and Ahli United Bank plc. He is also an advisor to a number of leading professional and financial service organisations.

3.1.10 Donn E Jowell (63) (Non-executive Director – appointed 1989)

Business address: c/o Investec Bank Limited, 100 Grayston, Sandown, Sandton, 2196

Qualification: BCom LLB

Donn is Chairman of and a consultant to Jowell Glyn & Marais Inc, the South African legal advisers to Investec. His current directorships include Investec Bank Limited and various other Investec companies.

3.1.11 Ian R Kantor (58) (Non-executive Director – appointed 1980)

Business address: Herengracht 537, 1017 BV Amsterdam, The Netherlands

Qualification: BSc (Eng) MBA

Ian is former Chief Executive of Investec Bank Limited, resigning in 1985 and relocating to the Netherlands. His current directorships include Insinger de Beaufort Holdings SA (where he is Chairman of the management board and in which Investec holds an 8.6% interest), Bank Insinger de Beaufort NV and Investec Bank (UK) Limited.

3.1.12 Sir Chips Keswick* (64) (Non-executive Director – appointed 2002)

Business address: c/o Investec plc, 2 Gresham Street, London, EC2V 7QP, United Kingdom

Sir Chips Keswick is former Chairman of Hambros Bank Limited and Hambros PLC and a former director of Anglo American Plc. He was on the Court of the Bank of England. His directorships include De Beers SA, De Beers Consolidated Mines Limited, Persimmon Plc and Investec Bank (UK) Limited.

3.1.13 Mangalani Peter Malungani (46) (Non-executive Director – appointed 2002)

Business address: Suite 702, Nedbank Gardens, 33 Bath Street, Rosebank, 2196

Qualification: BCom MAP LDP

Peter is Chairman of Peu Group (Proprietary) Limited. He is Chairman of Phumelela Gaming and Leisure Limited and is a Director of Super Group Limited, BACSA (Business Against Crime South Africa) and Investec Bank Limited. He is deputy Chairman of Capital Alliance Holdings Limited and Capital Alliance Life Limited.

3.1.14 Peter R S Thomas (59) (Non-executive Director – appointed 1981)

Business address: 5 St Peter Road, Houghton, 2192

Qualification: CA(SA)

Peter is a Chartered Accountant and former Managing Director of The Unisec Group Limited. His current directorships include Investec Bank Limited.

3.1.15 Fani Titi (42) (Non-executive Director – appointed 2004)

Business address: Abcon House, Fairway Office Park, 52 Grovenor Road, Bryanston East, 2152

Qualification: BSc (Hons) MA MBA

Fani is currently Chief Executive Officer of Tiso Group, a former Chairman of the Armaments Corporation of South Africa Limited and a Director of The Bidvest Group Limited and Kumba Resources Limited.

*British

3.2 Qualifications, borrowing powers and appointment of directors

The relevant provisions of the Articles of Association of Investec governing the appointment, qualification, remuneration and borrowing powers of directors are set out in Annexure 2 to this Pre-Listing Statement.

3.3 Remuneration of directors

The remuneration received by the directors is in respect of their directorships in Investec and Investec plc. Relevant extracts detailing directors' remuneration, as required by the JSE Listings Requirements, are set out in Annexure 3.

3.4 Directors' interests

At 31 December 2004 the directors had the following beneficial and non-beneficial interests in the Investec Group shares. Further disclosure of directors' interests are detailed in Annexure 3.

Name	Beneficial and non-beneficial interest in Investec plc ¹	Percentage of shares in issue – Investec plc ²	Beneficial and non-beneficial interest in Investec Limited	Percentage of shares in issue – Investec Limited ²
Executive directors				
S Koseff	1 117 425	1.5	181 386	0.4
B Kantor ³	100	–	1 145 428	2.6
G R Burger	615 864	0.8	80 977	0.2
A Tapnack	–	–	48 203	0.1
Non-executive directors				
H S Herman	389 251	0.5	48 905	0.1
S E Abrahams	8 000	–	–	–
G F O Alford	–	–	–	–
H Fukuda OBE	1 000	–	–	–
G M T Howe	–	–	–	–
D E Jowell	62 340	0.1	–	–
I R Kantor ⁴	353 648	0.5	450	–
Sir C Keswick	3 150	–	1 850	–
M P Malungani ⁵	–	–	1 545 778	3.5
P R S Thomas	157 718	0.2	51 191	0.1
F Titi ⁵	–	–	364 000	0.8
Total number	2 708 496	3.6	3 468 168	7.8

Notes:

1. Towards the end of the 2003 financial year, certain directors acquired shares through a special purpose vehicle called Spurwing. These shares are included in the amounts reflected under beneficial interests.
2. The total number of Investec Limited and Investec plc shares in issue as at 31 October 2004 was 44.0 million and 74.6 million respectively.
3. In addition to his shareholdings reflected in the table above, B Kantor has an interest in options over Investec Limited and Investec plc shares, the details of which are as follows:
 - A put and call option agreement was entered into with Investec Securities Limited on 30 November 2001 pursuant to which Investec Securities Limited is entitled to a put option on 126 000 Investec plc shares at a strike price of R225.00 per share and B Kantor is entitled to a call option at a strike price of R300.00 per share. The expiry date was renegotiated from 28 November 2003 to 15 March 2005.
 - A put and call option agreement was entered into with Investec Securities Limited on 30 November 2001 pursuant to which Investec Securities Limited is entitled to a put option on 74 000 Investec Limited shares at a strike price of R225.00 per share and B Kantor is entitled to a call option at a strike price of R300.00 per share. The expiry date was renegotiated from 28 November 2003 to 15 March 2005.
4. In addition to his shareholdings reflected in the table above, I R Kantor has an interest in options over Investec Limited shares, the details of which are as follows:
 - I R Kantor acquired 200 000 European call options at an average strike price of R110.00 per option, on 26 February 2004 in the market – expiring on 19 February 2007.
 - I R Kantor acquired 200 000 European call options at an average strike price of R136.83 per option, on 26 February 2004 in the market – expiring on 19 February 2007.
 - I R Kantor sold 200 000 European put options at an average strike price of R136.83 per option, on 26 February 2004 in the market – expiring on 19 February 2007.

5. On 15 May 2003, Investec Limited announced that it has entered an empowerment transaction with Tiso Group (Tiso), Peu Group (Peu) and the Entrepreneurship Development Trust. In terms of this transaction, Tiso, Peu, the broadbased Entrepreneurship Development Trust and an Employee Share Trust have acquired a 25.1% stake in the issued share capital of Investec Limited. This transaction was concluded at the end of November 2003. M P Malungani is the Chairman of Peu and F Titi is the Chief Executive Officer of Tiso.

3.5 Directors' declaration

All of the directors of the Company have confirmed that they have not been:

- disqualified by any court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- convicted of an offence resulting from dishonesty, fraud or embezzlement or any offence under legislation relating to the Act;
- adjudged bankrupt or entered into any voluntary creditors liquidation or been sequestered in any jurisdiction or been a director of any company at the time or within the 12 months preceding any of the following events taking place: receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangement with creditors generally or any class of creditors; or
- barred from entry into any profession or occupation.

3.6 Directors' interests in contracts

No directors of Investec had any material beneficial interest in transactions effected by Investec during the current or immediately preceding year, or in an earlier financial year and which remain in any respect outstanding or unperformed, except for disclosure in the Investec Group Annual Financial Statements.

As announced in May 2003, Investec has entered into a Black Economic Empowerment transaction with, *inter alia*, Tiso Capital (Pty) Limited and Peu Group (Pty) Limited of which Fani Titi and Mangalani Peter Malungani are directors respectively.

3.7 Corporate governance

Sound corporate governance is an integral part of Investec's business philosophy and continues to be instilled in the Group's values, culture, processes, functions and organisational structure. Investec Group's governance philosophy is to focus on practices that add competence rather than mere compliance.

The Group's values stress the importance of transparency, accountability, integrity and good corporate citizenship. Over time, the Group has created the structures necessary to formalise oversight and to ensure that the values remain embedded in all businesses and processes.

The board is of the view that the Group complied in all respects with King II, except as follows:

- The Chairman of the board is not considered to be independent but has further enhanced his non-executive status.
- The Chairman of the Investec Limited Audit Committee and the combined group Audit Committee is not independent, but is considered by the board to be the most appropriate non-executive director to chair the Audit Committee.

For a full report of the Group's corporate governance policies, potential investors are referred to the company's 2004 Annual Report which may be obtained from Investec's website, www.investec.com.

4. SHARE CAPITAL OF INVESTEC

4.1 Authorised and issued share capital

The authorised and issued share capital of Investec, before and after the offer for subscription, assuming that the preference shares of R522 500 000 are allotted and issued, are set out below:

Before the offer for subscription

		R
<i>Authorised share capital</i>		
55 500 000	ordinary shares of R0.001 each	55 500
8 000 000	class "A" variable rate compulsorily convertible non-cumulative preference shares of R0.001 each	8 000
50 000	variable rate redeemable cumulative preference shares R0.60 each	30 000
1	dividend access (South African resident) redeemable preference share of R1.00	1
1	dividend access (Non-South African resident) redeemable preference share of R1.00	1
112 000 000	special convertible redeemable preference shares of R0.001 each	112 000
100 000 000	non-redeemable, non-cumulative, non-participating preference shares of R0.01 each	1 000 000
<i>Issued share capital</i>		
43 999 527	ordinary shares of R0.001 each	44 000
3 958	variable rate redeemable cumulative preference shares of R0.60 each	2 375
1	dividend access (South African resident) redeemable preference share of R1.00	1
1	dividend access (Non-South African resident) redeemable preference share of R1.00	1
74 633 746	special convertible redeemable preference shares of R0.001 each	74 634
	<i>Share premium</i>	7 340 015 466

After the offer for subscription

<i>Authorised share capital</i>		
55 500 000	ordinary shares of R0.001 each	55 500
8 000 000	class "A" variable rate compulsorily convertible non-cumulative preference shares of R0.001 each	8 000
50 000	variable rate redeemable cumulative preference shares R0.60 each	30 000
1	dividend access (South African resident) redeemable preference share of R1.00	1
1	dividend access (Non-South African resident) redeemable preference share of R1.00	1
112 000 000	special convertible redeemable preference shares of R0.001 each	112 000
100 000 000	non-redeemable, non-cumulative, non-participating preference shares of R0.01 each	1 000 000
<i>Issued share capital</i>		
43 999 527	ordinary shares of R0.001 cents each	44 000
3 958	variable rate redeemable cumulative preference shares of R0.60 each	2 375
1	dividend access (South African resident) redeemable preference share of R1.00	1
1	dividend access (Non-South African resident) redeemable preference share of R1.00	1
74 633 746	special convertible redeemable preference shares of R0.001 each	74 634
5 000 000	non-redeemable, non-cumulative, non-participating preference shares of R0.01 each	50 000
	<i>Share premium</i>	7 862 465 466

Compulsorily convertible debentures – unlisted

Issued

880 000 series 1 class "A" variable rate unsecured subordinated compulsorily convertible debentures of R0.60 issued at a premium of R174.40 per debenture	154 000
Interest accrues on 31 March and 30 September of each year and is calculated at an annually compounded six monthly rate of 3% below the official rate as defined in the 7th Schedule of the Income Tax Act, payable on the issue price of R175.00 per debenture	
980 000 series 2 class "A" variable rate unsecured subordinated compulsorily convertible debentures of R0.60 issued at a premium of R229.40 per debenture	225 400
Interest accrues on 31 March and 30 September of each year and is calculated at an annually compounded six monthly rate of 3% below the official rate as defined in the 7th Schedule of the Income Tax Act, payable on the issue price of R230.00 per debenture	

The company's authorised share capital was increased by R1 000 000.00 (one million Rand) by the creation of 100 000 000 (one hundred million) non-redeemable, non-cumulative, non-participating preference shares of a nominal value of R0.01 each by special resolution approved by the requisite number of shareholders at the General Meeting of Investec Limited and the Extraordinary Meeting of Investec plc, both held on Thursday, 2 December 2004. The special resolution has been registered with the Registrar of Companies.

At the General Meeting, shareholders also approved the ordinary resolution placing all the new preference shares under the control of the directors of the company who were authorised to allot and issue the preference shares at their discretion until the next Annual General Meeting of the company.

4.2 Alterations to share capital

Unissued preference shares

The authorised but unissued preference shares, after the listing, will be under the control of the directors until Investec's next Annual General Meeting, subject to the provisions of the Act, the Banks Act and the JSE Listings Requirements. Investec will from time to time seek to raise additional capital by issuing further preference shares, which will rank *pari passu* with existing preference shares. Such preference shares will also be listed on the JSE, subject to the approval of the JSE.

4.3 Rights attaching to preference shares

The preference shares are non-redeemable, non-cumulative and non-participating. Preference dividends are payable semi-annually at least seven business days prior to the date on which Investec pays its ordinary dividends, if any, but shall be payable, not later than 120 business days after 31 March and 30 September of each year, respectively.

4.3.1 Voting rights

The preference shares are non-voting, save for those circumstances prescribed under section 194 of the Act. Preference shareholders will only be entitled to vote during periods when a preference dividend (which has been declared) or any part of it remains in arrear and unpaid after 6 (six) months from the due date thereof and when resolutions are proposed which directly affect any rights attaching to the preference shares or which could prejudice the interests of preference shareholders.

4.3.2 Entitlements to dividends

Preference shareholders will receive an annual dividend equivalent to 70% of Prime multiplied by the deemed value of the preference shares held by a preference shareholder payable in two semi-annual instalments. An ordinary dividend will not be declared by Investec unless the preference share dividend is declared. The deemed value for the purpose of calculating a preference dividend shall be an amount of R100.00, notwithstanding the actual issue price of a preference share. The effective dividend yield of the preference shares, based on the issue price of R104.50, equates to 67% of Prime.

4.3.3 Changes to tax status

If there is a change to the Income Tax Act that results in preference dividends being taxable in the hands of the preference shareholders, and which results in the payment of the preference dividends becoming a deductible expense for the company paying the dividend, Investec will increase the percentage of Prime. The aggregate increase will be limited to the aggregate benefit gained by Investec pursuant to the change to the Income Tax Act. Preference shareholders will bear all other risk due to changes in laws or regulations.

The entire terms and conditions of the preference shares, as set out in the Articles of Association of Investec, have been included in Annexure 2.

5. CONTROLLING AND MAJOR SHAREHOLDERS

Investec's entire issued ordinary share capital is listed on the JSE. So far as Investec is aware the following are the only shareholders holding more than 5% of Investec's issued ordinary share capital and accordingly there is no controlling shareholder:

Name	Number of shares held	Percentage shareholding (%)
Public Investment Commissioner	5 154 087	11.71
Entrepreneurship Development Trust	2 800 000	6.36
Tiso International Investments (Pty) Limited	2 800 000	6.36
Peu Group (Pty) Limited	2 611 111	5.94
Old Mutual Life Assurance Company (South Africa) Limited	2 369 512	5.39
Cumulative Total	15 734 710	35.76

6. DETAILS OF THE OFFER FOR SUBSCRIPTION

6.1 Particulars of the offer for subscription

Issue price per preference share (which equates to a premium of R104.49 per preference share)	R104.50
Deemed value	R100.00
Dividend yield based on deemed value of R100.00	70% of Prime
Effective dividend yield based on issue price of R104.50	67% of Prime
Minimum Rand value of subscription per subscriber acting as principal	R104 500
Number of preference shares offered	5 000 000
Amount raised in terms of the offer for subscription	R522.5 million

6.2 Times and dates of the opening and closing of the offer for subscription

Opening date of the offer for subscription (09:00)	Monday, 24 January 2005
Closing date of the offer for subscription (12:00)	Friday, 11 February 2005
Proposed listing date (09:00)	Wednesday, 16 February 2005

Shareholders applying for dematerialised shares must inform their CSDP or broker of their application by the cut-off time stipulated by their CSDP or broker in terms of their agreement.

6.3 Condition to the listing

The JSE has granted Investec a listing of 5 000 000 preference shares in the Specialist Securities – "Preference Shares" sector. The listing is subject to the condition that Investec meets the requirements of the JSE in respect of the requisite spread of preference shareholders, being a minimum of 50 public shareholders, excluding employees and their associates.

6.4 Applications

Applications to subscribe for preference shares in terms of the offer for subscription must be made in accordance with the application procedure set out below:

6.4.1 Application form

Applications for certificated preference shares may only be made on the application form (blue), which accompanies this Pre-Listing Statement, and in accordance with the requirements, terms and conditions set out in the application form and this Pre-Listing Statement. Applications for preference shares submitted through CSDPs or brokers must be made in accordance with the agreement governing the relationship with the CSDP or broker and by the cut-off time stipulated by them.

Application forms and further copies of this Pre-Listing Statement can be obtained during normal business hours prior to the closing of the offer for subscription from Investec, the sponsors and the transfer secretaries, the details of which are set out in the "Corporate information relating to Investec" section of this Pre-Listing Statement.

6.4.2 Minimum number

Applications must be for a minimum number of 1 000 preference shares per subscriber acting as principal.

6.4.3 Fractional entitlements

Fractions of preference shares will not be issued.

6.4.4 Applications irrevocable

Applications will be irrevocable and may not be withdrawn once received by Investec and/or the transfer secretaries.

6.4.5 Copies

Copies or reproductions of the application form will not be accepted.

6.4.6 Reservation of rights

The directors of Investec reserve the right to accept or refuse any application(s), either in whole or in part in accordance with the procedure set out in paragraph 6.7 below, or to abate any or all application(s) (whether or not received timeously) in such manner as they may, in their sole and absolute discretion, determine.

6.4.7 Receipts

Receipts will not be issued for applications, application monies or supporting documents received.

6.4.8 Minors and deceased estates

Preference shares may not be applied for in the name of a deceased estate.

No documentary evidence of capacity to apply need accompany the application form, but Investec reserves the right to call upon any applicant to submit such evidence for noting, which evidence will be held on file with the transfer secretaries or returned to the applicant at the applicant's risk.

6.4.9 Submission of application forms

6.4.9.1 Certificated preference shares

Submission of application forms may only be made either by hand delivery or postal delivery as set out below:

Hand delivery

Application forms must be delivered by hand in a sealed envelope, marked "**Investec: Offer for Subscription**", together with the payment referred to below, to Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, so as to be received by no later than 12:00 on Friday, 11 February 2005.

Postal delivery

Application forms must be posted, at the risk of the applicant concerned, in a sealed envelope, marked "**Investec: Offer for Subscription**", together with the payment referred to below, to Computershare Investor Services 2004 (Proprietary) Limited, PO Box 61763, Marshalltown, 2107, so as to be received by no later than 12:00 on Friday, 11 February 2005.

6.4.9.2 Dematerialised preference shares

In respect of those applicants opting for dematerialised preference shares, application forms must be sent to the addressees duly appointed CSDP or broker, in the manner and time stipulated in the agreement governing their relationship with such CSDP or broker, together with the method of payment as stipulated in such agreement. The CSDP or broker will then process such applications electronically with the transfer secretaries.

No late applications will be accepted, unless approved by the directors of Investec.

6.4.10 Payment

6.4.10.1 Certificated preference shares

Each application form must be accompanied by payment of the total monetary value of the preference shares applied for by way of a cheque or banker's draft, crossed "not transferable" with the words "or bearer" deleted and drawn in favour of "**Investec – Offer for Subscription**". Such cheques and/or banker's drafts will be deposited immediately for payment. Should any cheque or banker's draft be dishonoured, the directors of Investec, in their absolute discretion, may regard the relevant application as revoked or take such other steps in regard thereto as they deem fit.

6.4.10.2 Dematerialised preference shares

Each application must be made to the subscriber's CSDP or broker in terms of the relevant custody agreement. Payment of the total monetary value of the preference shares applied for will be made in terms of the existing agreement with the appointed CSDP or broker. The method of delivery versus payment will apply.

6.4.11 Application monies

The amount payable in respect of the application for preference shares in terms of the offer for subscription is payable in full in the currency of South Africa.

All monies received in respect of applications for materialised preference shares will be held by Investec in a designated "trust" account with a registered South African bank. If the condition referred to in paragraph 6.3 above is not met by the closing date of the offer for subscription, or if there are over-subscriptions, such monies will be refunded by cheque, posted at the risk of the subscriber, within seven business days of such date.

6.4.12 Issue of preference shares

Preference shares applied for and subscribed for in terms of this Pre-Listing Statement will be issued at the expense of Investec.

All preference shares issued in terms of this Pre-Listing Statement will be allotted and issued subject to the provisions of the Articles of Association of Investec.

6.4.13 Trading of preference shares

The JSE introduced STRATE, which was designed to eliminate the many risks inherent in the previous method of clearing and settling transactions executed on the JSE. The principal features of STRATE are as follows:

- trades executed on the JSE must be settled on a T+5 basis, being five business days after the date of the trade;
- there will be penalties for late settlement;
- electronic record of ownership replaces share certificates and physical delivery thereof;
- all investors are required to appoint either a broker or CSDP to act on their behalf and to handle their settlement requirements; and
- preference shares will be listed on the listing date against receipt of application monies from a CSDP or broker.

However, should a preference shareholder require a certificate for his preference shares, the requisite certificate will be issued within five business days of Investec receiving written notification of such request.

6.5 Exchange Control Regulations

The following summary is intended as a guide and is therefore not comprehensive. If you are in any doubt in regard hereto, please consult your professional adviser.

6.5.1 South African Exchange Control Regulations

In terms of the South African Exchange Control Regulations:

- 6.5.1.1 a former resident of the common monetary area who has emigrated may use emigrant blocked funds to subscribe for preference shares in terms of this Pre-Listing Statement;
- 6.5.1.2 all payments in respect of subscriptions for preference shares by an emigrant using emigrant blocked funds must be made through the authorised dealer in foreign exchange controlling the blocked assets;
- 6.5.1.3 any preference share certificates that might be issued pursuant to the use of emigrant blocked funds will be endorsed "non-resident" and will be sent to the authorised dealer in foreign exchange through whom the payment was made; and
- 6.5.1.4 if applicable, refund monies payable in respect of unsuccessful applications or partly successful applications, as the case may be, for preference shares in terms of this Pre-Listing Statement emanating from emigrant blocked funds will be returned to the authorised dealer in foreign exchange through whom the payments were made, for credit to such applicants' blocked funds. Applicants resident outside the common monetary area should note that, where preference share certificates are in fact issued, such preference share certificates will be endorsed "non-resident" in terms of the South African Exchange Control Regulations.

6.5.2 Applicants resident outside the common monetary area

- 6.5.2.1 A person who is not resident in the common monetary area should obtain advice as to whether any governmental and/or legal consent is required and/or whether any other formality must be observed to enable a subscription to be made in terms of the offer for subscription.
- 6.5.2.2 This Pre-Listing Statement is not an offer in any area of jurisdiction in which it is illegal to make such an offer. In such circumstances, this Pre-Listing Statement and application form are sent for information purposes only.

6.6 Underwriting and minimum subscription

The offer for subscription is not underwritten. The offer for subscription is not conditional on the placing of 5 000 000 preference shares. The listing will occur, regardless of the amount raised, subject only to the condition referred to in paragraph 6.3 above. Subscriptions can only be made at an acquisition cost, for a single addressee acting as principal, of not less than R104 500.

6.7 Over-subscriptions

The directors of Investec reserve the right to accept all subscriptions, in whole or part.

If applicable, applications may be reduced on an equitable basis, as determined by the directors in their sole discretion, subject to the minimum subscription amount of R104 500, for a single addressee.

6.8 Brokerages and commissions

Commissions of 0.25% will be payable to brokers and/or agents who place preference shares.

7. EXPENSES OF THE OFFER FOR SUBSCRIPTION AND LISTING

The cash expenses of the offer for subscription and the listing are estimated to be R3 500 000 and relate, *inter alia*, to:

- the printing, publication and distribution costs of this Pre-Listing Statement and other related announcements of R300 000;
- fees payable to the transfer secretaries of R125 000;
- fees payable to the lead sponsor of R35 000;
- fees payable to legal adviser of R15 000;
- share issue duty on the shares to be issued in terms of the offer for subscription R1 306 250;
- JSE documentation and listing fees of R51 975 and R133 510, respectively.

All the above fees are exclusive of VAT.

8. ADVISERS' INTERESTS

None of the advisers of Investec had an interest in the issued share capital of Investec as at 31 December 2004.

9. MATERIAL CHANGES

Other than in the ordinary course of business or as set out in this Pre-Listing Statement, there have been no material changes between the financial or trading position of the Group since the release of Investec's audited interim results for the six months ended 30 September 2004.

10. MATERIAL CONTRACTS, ACQUISITIONS OR DISPOSALS

All material contracts, acquisitions or disposals by Investec in the past two years, appear in the financial statements of Investec Group for the period in question.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of Investec, whose names and details are given in paragraph 3.1 above, collectively and individually, accept full responsibility for the accuracy of the information contained in this Pre-Listing Statement and certify that, to the best of their knowledge and belief, there are no omissions of material facts or other considerations which would make any statement herein false or misleading and that they have made all reasonable enquiries in this regard and that this Pre-Listing Statement contains all information required by law.

12. LITIGATION STATEMENT

The directors of Investec are not aware of any legal or arbitration proceedings (including any such proceedings that are pending or threatened), which may have or have had a significant impact on the financial position of Investec Group during the 12 months preceding the date of this circular.

13. EXPERTS' CONSENTS

Each of the investment bank and joint sponsor; legal adviser; lead sponsor and transfer secretaries have consented in writing to act in the capacities stated and to their names being included in this Pre-Listing Statement and have not withdrawn their consent prior to the publication of this document.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of Investec during normal business hours (excluding Saturdays, Sundays and South African public holidays) from the date of issue of this Pre-Listing Statement up to and including Friday, 11 February 2005:

- 14.1 the Memorandum and Articles of Association of Investec;
- 14.2 the audited annual financial statements of Investec for the two financial years ended 31 March 2004 and 31 March 2003;
- 14.3 the unaudited interim financial statements of Investec for the six months ended 30 September 2004;
- 14.4 written consents of the investment bank and joint sponsor; legal adviser; lead sponsor and transfer secretaries to the inclusion of their names in this document in the context and form in which they appear; and
- 14.5 a signed copy of this Pre-Listing Statement.

SIGNED IN SANDTON BY OR ON BEHALF OF ALL THE DIRECTORS OF INVESTEC LIMITED ON OR ABOUT 21 JANUARY 2005.

HISTORICAL FINANCIAL INFORMATION ON INVESTEC

The financial information for two financial the years ended 31 March 2004 and 31 March 2003 set out below has been extracted from Investec's annual financial statements for the years ended 31 March 2004 and 31 March 2003 respectively. Each of these financial statements were audited by Messrs KPMG Inc (Chartered Accountants (SA)) and Ernst & Young (Chartered Accountants (SA)), and were all issued without qualification. **For a full report of the company's financial statements, potential investors are referred to the company's 2004 Annual Report which may be obtained from Investec's website, www.investec.com.**

ACCOUNTING POLICIES

Basis of presentation

The Group comprises Investec plc, Investec Limited and their subsidiary undertakings.

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

These financial statements have been prepared having regard to Part VII, Chapter II of, and Schedule 9 to, the Companies Act 1985 in accordance with applicable UK accounting standards, and with the Statement of Recommended Practice issued by the British Bankers' Association, except where noted in the financial statements below.

Under UK GAAP the accounts of Investec plc and Investec Limited have been combined in accordance with S227 (5) of the Companies Act 1985 on the grounds that they form a single economic entity. The merger method of accounting has been used to account for the combination in accordance with the provisions of FRS 6 applying to group reconstructions, since the Dual Listed Company structure was brought into effect, in the 2003 financial year; by de-merging the then existing Investec Group into two sub-groups headed by Investec plc and Investec Limited by virtue of share for share transfers which did not alter the rights of existing shareholders or the interest of any minority. The nature of the DLC merger has resulted in the inclusion of amounts attributable to the shareholders of both Investec plc and Investec Limited in capital and reserves on the balance sheet and in attributable profit.

The effect of the DLC merger is that Investec plc and its subsidiaries and Investec Limited and its subsidiaries operate together as a single economic entity, with neither assuming a dominate role. This is demonstrated by the following key features of the arrangements:

- The shareholders of Investec plc and Investec Limited have a common economic interest in both groups;
- The shareholders of Investec plc and Investec Limited take key decisions, including the election of directors, through a joint electoral procedure under which the shareholders of the two companies effectively vote on a joint basis;
- Investec plc and Investec Limited have a common Board of Directors, a unified management structure and joint objectives; and
- Dividends and capital distributions made by the two companies are equalised.

If either Investec plc or Investec Limited proposes to pay a dividend to its shareholders, then the other Company must pay a matching cash dividend of an equivalent amount per share to its shareholders. If either Company is prohibited by law or is otherwise unable to declare, pay or otherwise make all or any portion of such a matching dividend, the Investec plc or Investec Limited will, so far as it is practicable to do so, enter into such transactions with each other as Boards agree to be necessary or desirable so as to enable both Companies to pay dividends as nearly as practicable at the same time.

Changes to accounting policies and comparative information

The accounting policies adopted by the Group are consistent with the prior year except as noted below.

The Group adopted the following new UK accounting standards during the year:

UITF 37: Purchase and sale of own shares (excluding ESOP trusts)

The Group has adopted UITF 37 in respect of own shares held. In summary the impact for the group is as follows:

- Consideration paid for the group's own shares are deducted from shareholders' funds (referred to as 'treasury shares')
- No gain or loss is recognised in the profit and loss account or statement of total recognised gains and losses on the purchase, sale or cancellation of the Group's own shares.

The impairment charge booked in the 2003 financial year that would not have been booked under UITF 37 was a loss of £935 thousand. The adoption of UITF 37 resulted in treasury shares being included within capital resources amounting to £52.1 million at 31 March 2004 and £41 million at 31 March 2003. Previously these own shares were presented within assets on the balance sheet.

Included in the restatement related to own shares is a correction of £10.2 million in respect of an overstatement of share premium in 2002 on the issuance of shares by a Group share scheme.

FRS 17 – Retirement Benefits

The Group has fully adopted the requirements of FRS 17 in respect of retirement benefits. In line with the objective of the standard, the Group reflects the fair value of assets and liabilities and any related funding arising from defined benefit schemes within the Group.

The implementation of FRS 17 resulted in a reduction of net assets at 31 March 2003 of £9.1 million (£10.1 million representing FRS 17 deficit less the SSAP 24 accrual of £0.9 million). This change in policy increased net assets at 31 March 2002 by £0.5 million (£0.4 million representing the FRS 17 deficit less the SSAP 24 accrual of £0.9 million). The charge to the consolidated statement of recognised gains and losses charge for FRS 17 for the 2003 financial year was £9.7 million, net of deferred taxation. The impact on the statement of recognised gains and losses for 2004 was a charge of £1.3 million, net of deferred taxation. FRS 17 resulted in interest income of £0.1 million in 2003 and interest payable of £0.9 million in 2004.

Restatements to prior year's consolidated profit and loss accounts

In the US business, certain directly attributable variable staff costs were netted against the dealing profits generated there from. In the current financial year these costs (£4.9 million) have been included under administrative expenses (staff costs) with a corresponding restatement to the prior year (£8.3 million).

In the prior year income on shareholders' funds within the life assurance business of £15.5 million was reflected as part of interest margin. In the current year, this return on shareholders' funds (£24.1 million) is disclosed as a separate line item in the consolidated profit and loss account.

Further, there were minor reclassifications between income categories. Specifically, they relate to interest earned on cash balances held on behalf of third parties (disclosed under net interest income instead of annuity fees and commissions receivable); returns generated on private client investment banking activities (disclosed under dealing profits instead of fees and commissions receivable); income from the Group's interest in securitisation schemes (disclosed under net interest income instead of other operating income); income on certain trading positions (included in dealing profits instead of other operating income); and the funding costs associated with scrip lending activities (deducted from fees and commissions receivable instead of interest income). The net effect of the above was a decrease in net interest income of £3.4 million, a decrease of £0.4 million in net fees and commissions' receivable, a decrease in other operating income of £0.2 million, all of which were offset by an increase in dealing profits of £4.0 million.

The above reclassifications were made so as to reflect the nature of the underlying transactions in a more meaningful manner. The reclasses have no net impact on the profit and loss account.

Restatement to the weighted average number of shares in issue (“the wanos”)

Investec has established a number of share incentive plans that are designed to link the interests of employees with shareholders and long-term organisational interest through performance and risk-based equity grants. These schemes are required to be consolidated into the accounts of the Group. However, to the extent that the underlying risks and rewards inherent in these schemes have already vested with the participants, Investec is entitled to recognise its respective pro-rata share of any income on related balances. This accounting treatment has been consistently applied in the current and prior years.

Historically shares that were not entitled to dividends were not included in the wanos. In order to match the wanos to the Group's share of income associated with such schemes, the wanos has been increased by the weighted number of shares vested, notwithstanding no dividend being payable on these shares.

The impact of this change in methodology has resulted in the wanos increasing from 90 878 706 to 93 291 446 in the prior year, resulting in comparative earnings per share – pre goodwill and exceptional items decreasing from 98.7 pence (including the effects of UITF 37 and FRS 17 per above) to 96.1 pence.

Had the original methodology been applied in the current year, the wanos would have been 97 330 743 (instead of 102 300 071) and the equivalent earnings per share – pre goodwill and exceptional items would have been 109.0 pence (instead of 103.7 pence), an increase of 10.4% over the prior year.

Basis of consolidation

The Group financial statements incorporate the financial results of the Group and its subsidiaries. All subsidiaries in which the group holds more than one half of the voting rights or over which it exercises control are consolidated from the effective dates of acquisition and up to the effective dates of disposal, except entities where they are held with a view to subsequent resale. In the case of Investec Bank (Israel) Limited, whose accounts are compiled to 31 December annually, the group uses interim management accounts, drawn up to 31 March annually.

Entities, other than subsidiary undertakings, in which the Group has a participating interest and exercises significant influence over operating and financial policies, are treated as associates. In the Group accounts, associates are accounted for using the equity method. Other participating interests on which the Group does not exercise significant influence are accounted for at the lower of cost and net realisable value.

The consolidated financial statements include the attributable share of the results and reserves of associated undertakings. The Group's interests in associated undertakings are included in the consolidated balance sheet at the Group's share of net assets plus unamortised goodwill.

Positive goodwill arising on the acquisition of subsidiaries is amortised against income over its useful economic life, for a period not exceeding 20 years. Negative goodwill arising on acquisitions is included within intangible fixed assets and released to profit and loss account initially over the period that non-monetary assets are recovered and then over the periods expected to benefit. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

In order to reflect the different nature of the shareholders' and policyholders' interests in the long-term assurance business, the value of the long-term assurance business attributable to shareholders and the assets and liabilities attributable to policyholders are classified under separate headings in the consolidated balance sheet.

The Group operates various Employee Benefit Trusts. In terms of UITF 13, the assets and liabilities of the Employee Benefit Trusts are consolidated within the Group financial statements.

Foreign entities

The net assets of foreign subsidiaries are translated at closing rates of exchange and the translation differences arising are taken to reserves. The results of these companies are translated at weighted average rates of exchange for the relevant period. The difference between the profit and loss translated at an average rate and the closing rate is recorded as a movement in reserves. Any exchange differences on foreign currency loans which are used to hedge the net investment in foreign subsidiaries are also taken to reserves.

Goodwill arising on the acquisition of foreign entities is translated at the closing exchange rate.

Foreign currency transactions

Monetary assets and liabilities in foreign currencies are translated into the local reporting currency at market rates of exchange ruling at the balance sheet date. All foreign currency transactions are translated into the local reporting currency at the exchange rates ruling at the time of the transactions. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Debt securities and equity shares

Shares and securities intended for use on a continuing basis in the Group's activities are classified as investment securities. Such shares and securities are stated at cost less provision for any impairment in value. The cost of dated investment securities is adjusted for the amortisation of premiums or discounts on a level yield basis over the period to maturity.

Debt securities held for the purpose of hedging are valued on the same basis as the liabilities which are being hedged. Other debt securities and equity shares are included in the balance sheet at market value. Changes in the market value of such assets are recognised in the profit and loss account as 'Dealing profits' as they arise.

Where securities are sold subject to a commitment to repurchase them, they remain on Balance Sheet. Obligations for the repurchase of these securities are included under deposits by banks and customer accounts. Securities that are purchased under a commitment to resell the securities at a future date are not recognised on the Balance Sheet. The consideration paid is included in loans and advances to banks or loans and advances to customers. Stock lending and borrowing transactions which are cash collateralised are accounted for in the same way as securities sold or purchased subject to repurchase commitments. Stock borrowing and lending transactions that are not cash collateralised are not included in the balance sheet.

Financial instruments

Financial instruments in the trading book are measured at fair value, whereas financial instruments in the non-trading book, including loans and investment securities, are measured at amortised cost. Income and expenses on trading instruments are recognised in the profit and loss account in full in the current period, whereas income and expenses on non-trading instruments are amortised over the life of the instrument, with adjustments made to reflect changes in estimated premiums and discounts.

Derivatives

Derivatives are used to hedge interest, exchange rate and equity exposures related to non-trading positions. Instruments used for hedging purposes include swaps, equity derivatives, credit derivatives, forward rate agreements, futures, options and combinations of these instruments. In addition, the use of derivatives and their sale to customers as risk management products is an integral part of the group's trading activities. Derivatives entered into for trading purposes include swaps, equity derivatives, credit derivatives, commodity derivatives, forward rate agreements, futures, options and combinations of these instruments.

Where the group has entered into legally binding netting agreements, positive and negative values of derivatives are offset within the balance sheet totals.

Exposures to market risks are limited through the use of hedging instruments. The criteria used for a derivative instrument to be classified as a designated hedge include:

- the transaction must effectively reduce the price or interest rate or credit risk of the asset, liability or cashflow to which it is linked; and
- adequate evidence of the intention to link with the underlying risk inherent in the asset, liability or cashflow; and
- the transaction must be designated as a hedge at the inception of the derivative contract.

The hedging instruments are accounted for on the same basis as the underlying asset, liability, position or cash flow being hedged with income and expense being recognised in the profit and loss account. Hedging transactions which are superseded, cease to be effective or are terminated prior to the end of the life of the asset, liability or cashflow being hedged are measured at fair value. Any profit or loss arising is deferred and amortised into income or expense over the remaining life of the item previously hedged. When the underlying asset, liability position or cashflow is terminated prior to the hedging transaction, the hedging transaction is measured at fair value and the resulting profit or loss is included in the category of income or expense relating to the previously hedged transaction.

Instalment credit, leases and rental agreements

Amounts outstanding on these contracts, net of unearned finance charges, are included in loans and advances. Finance charges on finance leases and instalment credit transactions are credited to income in proportion to the capital balances outstanding. Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

Specific and general provisions for bad and doubtful debts

Specific provisions represent the quantification of actual and expected losses from identified accounts and are deducted from loans and advances in the balance sheet. The amount of specific provision raised is the Group's conservative estimate of the amount needed to reduce the carrying value of the asset to the expected ultimate net realisable value, taking into account the financial status of the customer and any security for the loan. Included in the specific provisions are amounts in respect of interest that is not serviced. The charge for provision for bad and doubtful debts in the income statement includes the unserviced interest which has been transferred to specific provisions. Doubtful debts are written off against the balance sheet and provision in part, or in whole, when the extent of the loss incurred has been determined.

General provisions augment specific provisions and provide cover for loans which are impaired at the balance sheet date but which will not be identified as such until some time in the future. The Group's general provision has been determined taking into account the structure and the risk characteristics of the Group's loan portfolio. A number of complex and changing factors are collectively weighted by management in determining the adequacy of provisions. These factors include management's view of the extent of existing risks in the loan portfolio and prevailing economic conditions. General provisions are deducted from loans and advances to customers in the balance sheet.

Tangible fixed assets

Tangible fixed assets are stated at original cost. Depreciation is provided on a straight-line basis over their anticipated useful lives. Leasehold improvements are amortised over the shorter of 20 years and the remaining period of the leases.

The annual rates used to depreciate assets are as follows:

Computer equipment	33%
Motor vehicles	20% – 25%
Equipment	20%
Furniture and fittings	10% – 20%
Freehold properties	2%

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Certain of the Group's properties are held for long-term investment. Investment properties are accounted for in accordance with SSAP 19, as follows:

- (i) investment properties are revalued semi-annually. The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit below original cost, or its reversal, on an individual property is expected to be permanent, in which case it is recognised in the profit and loss account for the year; and
- (ii) no depreciation is provided in respect of freehold investment properties or leasehold investment properties where the lease has over 20 years to run.

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that the policy of not providing depreciation is necessary in order for the financial statements to give a true and fair view, since the current value of investment properties, and changes to that current value, are of prime importance rather than a calculation for systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which otherwise have been included cannot be separately identified or quantified.

Dealing properties

Dealing properties are included in other assets and are stated at the lower of cost and net realisable value.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation

The directors have implemented FRS 19 on deferred taxation. Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are the differences between the Group's taxable profits and its results as stated in the financial statements, which are capable of reversal in one or more subsequent periods.

Deferred tax assets are not recognised in respect of capital losses as crystallisation of capital gains and the eligibility of potential capital losses is uncertain.

Deferred tax is recognised in respect of future remittance of retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable (or a binding agreement to distribute past earnings in the future has been entered into by the subsidiary).

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Long term life assurance

(1) Investec Employee Benefits

Investec Employee Benefits is engaged in writing long-term assurance business, including the provision of life assurance, pensions and, annuities. The company is structured into policyholders' funds and a shareholder's fund. All premiums received, investment returns, claims and expenses, and changes in liabilities to policyholders are accounted for within the related long-term assurance fund. Any surplus, which is determined annually by the Appointed Actuary after taking account of these items, may either be distributed between the shareholder and the policyholders according to a predetermined formula or retained within the long-term assurance fund. The shareholder will also levy investment management and administration charges upon the long-term assurance fund.

The Group accounts for its interest in long-term assurance business using the embedded value basis of accounting. The value of the shareholder's interest in the long-term assurance business ('the embedded value') included in the Group's balance sheet is an actuarially determined estimate of the economic value of the Group's life assurance subsidiaries, excluding any value, which may be attributed to future new business. The embedded value comprises the net tangible assets of the life assurance subsidiaries, including any surplus retained within the long-term assurance funds, which could be transferred to the shareholder; and the present value of the in-force business. The value of the in-force business is calculated by projecting the future surpluses and other net cash flows attributable to the shareholder arising from business written by the balance sheet date, using appropriate economic and actuarial assumptions, and discounting the result at a rate which reflects the shareholder's overall risk premium.

Changes in the embedded value, which are determined on a post-tax basis, are included in the profit and loss account.

The assets held within the long-term assurance funds are legally owned by the life assurance companies, however the shareholder will only benefit from ownership of these assets to the extent that surpluses are declared or from other cashflows attributable to the shareholder. Reflecting the different nature of these assets, they are classified separately on the Group's balance sheet as 'Long-term assurance assets attributable to policyholders', with a corresponding liability to the policyholders also shown. Investments held within the long-term assurance funds are included on the following basis: equity shares, debt securities and unit trusts are valued at market prices; investment properties are reflected at directors' valuation, and loans are at cost less amounts written off.

(2) Investec Assurance Limited

The policy liabilities of Investec Assurance Limited comprise unit-linked business sold to retirement funds and individual investors. All liabilities are directly related to asset values and the company assumes no mortality risk.

The liabilities are valued on a basis consistent with the asset values and comply with the Financial Soundness Valuation basis, as is accepted accounting practice in South Africa.

Investments are reflected at market value. Where market value cannot be determined, investments are reflected at directors' valuation.

Income from long term assurance business comprises interest, dividends and rental income received on investments held, as well as premium income in respect of linked business sold. Gains and losses arising as result of the fluctuation in the market value of investments, whether realised or unrealised, are accounted for as movements in the long-term assurance fund.

Income recognition

Interest income is recognised in the profit and loss account as it accrues other than interest the collectibility of which is considered doubtful which is credited to a suspense account and excluded from interest income. The closing balance on the suspense account is netted in the balance sheet against accrued interest receivable or, as the case may be, the amount debited to the borrower. Suspended interest is written off when there is no longer any realistic prospect of it being recovered.

Dealing profits is shown net of the funding cost of the underlying positions and includes the unrealised profits on trading portfolios, which are marked to market daily.

Commissions and fees include fees earned from providing advisory services, portfolio management and the arranging of financing for clients. All such commissions and fees are recognised as revenue when the related services are performed. Fees and commissions charged in lieu of interest are taken to income on a level yield basis over the period of the loan. Equity investments received in lieu of corporate finance fees are included in trading securities and valued accordingly.

Other operating income includes realised profits and losses on disposal of investments and dividends received.

Retirement benefits

The Group operates various defined contribution schemes and two closed defined benefit schemes.

In respect of the defined contribution scheme all employer contributions are charged to income, as they become payable in accordance with the rules of the scheme, and included under staff costs.

The assets of the defined benefit schemes are measured at their market value at the balance sheet date and the liabilities of the schemes are measured using the projected unit method. The discount rate used to measure the schemes' liabilities is the current rate of return on an AA corporate bond of equivalent term and currency to the liabilities. The extent to which the schemes' assets exceed or fall short of the schemes' liabilities is shown as a surplus or deficit in the balance sheet, net of deferred taxation (to the extent that it is considered recoverable).

The movement in the scheme surplus/deficit is split between operating charges, financing items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Capital instruments

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

Investec plc (incorporating the results of Investec Limited)
CONSOLIDATED PROFIT AND LOSS ACCOUNTS
For the year ended 31 March

(£'000)	Notes	2004			2003*		
		Before goodwill and exceptional items	Goodwill and exceptional items	Total	Before goodwill and exceptional items	Goodwill and exceptional items	Total
Interest receivable – interest income arising from debt securities		91,845	–	91,845	171,066	–	171,066
Interest receivable – other interest income		588,067	–	588,067	678,615	–	678,615
Interest payable		(574,249)	–	(574,249)	(738,980)	–	(738,980)
Net interest income		105,663	–	105,663	110,701	–	110,701
Dividend income	1	3,450	–	3,450	3,597	–	3,597
Fees and commissions receivable		340,528	–	340,528	330,959	–	330,959
– Annuity		272,718	–	272,718	287,199	–	287,199
– Deal		67,810	–	67,810	43,760	–	43,760
Fees and commission payable		(22,155)	–	(22,155)	(54,768)	–	(54,768)
Dealing profits	2	91,015	–	91,015	57,668	–	57,668
Income from long-term assurance business		5,082	–	5,082	27,779	–	27,779
Return on shareholders' funds in the long-term assurance business		24,122	–	24,122	15,551	–	15,551
Other operating income		13,028	–	13,028	27,780	–	27,780
Other income		455,070	–	455,070	408,566	–	408,566
Total operating income		560,733	–	560,733	519,267	–	519,267
Administrative expenses	3	(395,188)	–	(395,188)	(400,780)	–	(400,780)
Depreciation and amortisation		(12,448)	(50,644)	(63,092)	(14,417)	(122,302)	(136,719)
– tangible fixed assets		(12,448)	–	(12,448)	(14,417)	–	(14,417)
– amortisation and impairment of goodwill		–	(50,644)	(50,644)	–	(122,302)	(122,302)
Provision for bad and doubtful debts		(20,958)	–	(20,958)	(18,308)	–	(18,308)
Operating profit/(loss)		132,139	(50,644)	81,495	85,762	(122,302)	(36,540)
Operating profit/(loss) from continuing operations		132,139	(50,644)	81,495	102,431	(116,599)	(14,168)
Operating loss from discontinued operations		–	–	–	(16,669)	(5,703)	(22,372)
Operating profit/(loss)		132,139	(50,644)	81,495	85,762	(122,302)	(36,540)
Share of income of associated companies		11,205	(2,132)	9,073	11,350	(1,644)	9,706
Exceptional items		–	8,529	8,529	–	(28,757)	(28,757)
Provision for losses on termination and disposal of group operations-discontinued		–	(5,103)	(5,103)	–	(9,437)	(9,437)
Losses on termination and disposal of group operations-discontinued		–	(24,328)	(24,328)	–	(16,493)	(16,493)
Less provision made last year		–	19,225	19,225	–	7,056	7,056
Impairment of goodwill on discontinued operations		–	–	–	–	(19,047)	(19,047)
Profit on termination and disposal of group operations-continuing		–	13,632	13,632	–	5,800	5,800
Fundamental reorganisation and restructuring costs-continuing		–	–	–	–	(6,073)	(6,073)
Profit/(loss) on ordinary activities before taxation		143,344	(44,247)	99,097	97,112	(152,703)	(55,591)

*Restated (refer to accounting policies)

Investec plc (incorporating the results of Investec Limited)

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

For the year ended 31 March

(£'000)	Notes	2004		2003*		Total	Total
		Before goodwill and exceptional items	Goodwill and exceptional items	Before goodwill and exceptional items	Goodwill and exceptional items		
Profit/(loss) on ordinary activities before taxation (continued)		143,344	(44,247)	99,097	97,112	(152,703)	(55,591)
Tax on profit on ordinary activities	6	(27,821)	(678)	(28,499)	(5,377)	–	(5,377)
Tax on profit on ordinary continuing activities		(27,821)	–	(27,821)	838	–	838
Tax on loss on ordinary discontinued activities		–	–	–	(6,215)	–	(6,215)
Tax on termination and disposal of group operations – continuing		–	(678)	(678)	–	–	–
Profit/(loss) on ordinary activities after taxation		115,523	(44,925)	70,598	91,735	(152,703)	(60,968)
Minority interests – equity		(1,888)	75	(1,813)	(1,646)	–	(1,646)
Profit/(loss) attributable to shareholders		113,635	(44,850)	68,785	90,089	(152,703)	(62,614)
Dividends – including non-equity	7	(63,709)	–	(63,709)	(53,428)	–	(53,428)
Retained profit/(loss) for the year		49,926	(44,850)	5,076	36,661	(152,703)	(116,042)
Profit/(loss) attributable to shareholders				68,785			(62,614)
Amortisation and impairment of goodwill				50,644			122,302
Profit on termination and disposal of group operations (net of deferred tax and minority interest)				(13,029)			(5,800)
Provision for losses on termination and disposal of group operations (net of deferred tax)				5,103			28,484
Amortisation of goodwill of associates				2,132			1,644
Fundamental reorganisation and restructuring costs				–			6,073
Preference dividends				(7,553)			(421)
Earnings before goodwill and exceptional items				106,082			89,668
Earnings per share (pence)							
– Basic				59.9			(67.6)
– Diluted				59.5			(67.6)
Excluding goodwill and exceptional items							
– Basic				103.7			96.1
– Diluted				100.7			91.9
Headline earnings – basic				103.4			89.6
Dividends per share (pence)				58.0			54.0

*Restated (refer to accounting policies)

Investec plc (incorporating the results of Investec Limited)**CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES****For the year ended 31 March
(£'000)**

	2004	2003*
Profit/(loss) for the year attributable to shareholders	68,785	(62,614)
Currency translation differences on foreign currency net investments	(4,104)	(13,870)
Unrealised surplus on revaluation of investment properties	13,982	18,265
Transfer to pension fund deficit fund	(1,294)	(9,707)
Total recognised gains and losses for the year	77,369	(67,926)
Prior year adjustments in respect of changes in accounting policies	(2,226)	
Total gains and losses since last annual report	75,143	

In addition to the above prior year adjustments net assets at 31 March 2003 have also been reduced by £54.8 million as a result of changes in accounting policy that have had no impact on gains and losses as explained in the accounting policies note.

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

*Restated (refer to accounting policies)

Investec plc (incorporating the results of Investec Limited)

CONSOLIDATED BALANCE SHEET

**For the year ended 31 March
(£'000)**

	Notes	2004	2003*
Assets			
Cash and balances at central banks		363,862	348,343
Treasury bills and other eligible bills	8	332,208	243,019
Loans and advances to banks	9	1,704,715	2,758,797
Loans and advances to customers	10	6,345,848	4,883,903
Debt securities	11	1,466,437	1,931,265
Equity shares	12	418,254	147,638
Interests in associated undertakings	13	70,006	62,422
Other participating interests		9,135	–
Intangible fixed assets	14	251,508	299,773
Tangible fixed assets	15	146,326	205,982
Own shares	16	43,780	52,223
Other assets	17	1,081,131	1,211,441
Prepayments and accrued income		81,511	124,390
Long-term assurance business attributable to the shareholder	18	265,315	108,528
		12,580,036	12,377,724
Long-term assurance assets attributable to policyholders	19	2,781,335	2,536,319
		15,361,371	14,914,043
Liabilities			
Deposits by banks	20	1,233,609	2,129,292
Customer accounts	21	7,211,292	6,354,867
Debt securities in issue	22	621,857	1,089,756
Other liabilities	23	1,969,855	1,580,881
Accruals and deferred Income		185,600	254,413
Pension fund liability		11,967	10,041
		11,234,180	11,419,250
Long-term assurance liabilities attributable to policyholders		2,781,335	2,536,319
		14,015,515	13,955,569
Capital resources			
Subordinated liabilities (including convertible debt)	25	497,858	279,702
Minority interests – equity		39,029	38,804
Called up share capital	26	165	158
Share premium account		1,020,890	980,321
Treasury shares	27	(52,102)	(40,987)
Shares to be issued		2,666	2,428
Perpetual preference shares	28	126,698	–
Revaluation reserves		43,142	29,160
Other reserves		(168,402)	(166,907)
Profit and loss account		(164,088)	(164,205)
Shareholders' funds		808,969	639,968
– equity		682,271	639,968
– non-equity		126,698	–
		1,345,856	958,474
		15,361,371	14,914,043
Memorandum items			
Commitments		522,879	496,638
Contingent liabilities		267,441	348,906
		790,320	845,544

The directors' approved the accounts on 28 June 2004

S. Koseff

Chief Executive Officer

*Restated (refer to accounting policies)

Investec plc (incorporating the results of Investec Limited)

CONSOLIDATED CASH FLOW STATEMENT

**For the year ended 31 March
(£'000)**

	Notes	2004	2003*
Net cash (outflow)/inflow from operating activities	30	(489,492)	114,779
Dividends received from associated undertakings		3,769	2,286
Returns on investments and servicing of finance			
Preference share dividend paid		(7,553)	(421)
Interest paid on subordinated debt and compulsorily convertible debentures		(45,110)	(25,090)
Net cash outflow from return on investments and servicing of finance		(52,663)	(25,511)
Taxation		(31,917)	(21,151)
Capital expenditure and financial investment			
Purchase of investment securities		(2,451,611)	(3,348,563)
Sale and maturity of investment securities		2,791,001	3,190,235
Purchase of own shares		1,655	11,401
Purchase of tangible fixed assets		(9,818)	(7,746)
Sale of tangible fixed assets		2,960	19,296
Net cash inflow/(outflow) from capital expenditure and financial investment		334,187	(135,377)
Acquisitions and disposals			
Net cash outflow from the purchase of interests in subsidiary undertakings		(4,772)	(672)
Net cash inflow/(outflow) from the disposal of group undertakings		44,999	(8,579)
Investment in associated undertakings		–	(1,598)
Repayment of the loan capital in associated undertaking		–	1,220
Net cash inflow/(outflow) from acquisitions and disposals		40,227	(9,629)
Equity dividends paid – ordinary share dividends		(52,810)	(54,335)
Financing			
Proceeds from the issue of subordinated liabilities		216,056	48,650
Repayments of compulsorily convertible debentures		(13,939)	(11,980)
Proceeds from shares to be issued		238	–
Proceeds from issue of preference ordinary share capital		127,484	–
Proceeds from issue of ordinary share capital		45,757	36,830
Share issue expenses		(2,031)	(32,213)
Net proceeds on acquisitions and disposals of treasury shares		14,126	(38,543)
Buy-back of ordinary share capital		–	(5,079)
Net cash inflow/(outflow) from financing		387,691	(2,335)
Increase/(decrease) in cash		138,992	(131,273)
Cash flow reconciliation			
Increase/(decrease) in cash		138,992	(131,273)
Cash and demand bank balances at beginning of the year		1,033,902	1,165,175
Cash and demand bank balances at end of the year		1,172,894	1,033,902
Cash and demand bank balances at end of year comprise:			
Cash		363,862	348,343
Demand bank balances		809,032	685,559
		1,172,894	1,033,902

*Restated (refer to accounting policies)

Investec plc (incorporating the results of Investec Limited)
RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT IN RESERVES
For the year ended 31 March

(£'000)	Share capital Investec Limited	Share premium Investec Limited	Treasury shares	Capital reserve account	Share capital Investec plc
At 31 March 2002 – as previously reported	7,530	814,089	–	–	–
Prior year adjustments:					
Adoption of full requirements of FRS 17: Retirement benefits	–	–	–	–	–
Adoption of UITF 37 – Purchase and sale of own shares	–	2,444	(2,444)	–	–
At 31 March 2002* – restated for prior year adjustments	7,530	816,533	(2,444)	–	–
Year ended 31 March 2003*					
Foreign currency adjustments	–	–	–	–	–
Retained loss for the year	–	–	–	–	–
Retained earnings of associates	–	–	–	–	–
Issue of shares on listing	–	–	–	–	3
Conversion of shares to be issued	374	86,402	–	–	–
Issue of shares to staff share scheme	–	–	–	–	2
Buyback of shares to be issued	–	–	–	–	–
Buyback and cancellation of shares	(148)	(4,931)	–	–	–
Conversion from debentures	1	–	–	–	–
Adjustment to par value of Investec Limited shares	(7,712)	–	–	7,712	–
Unbundling of Investec plc from Investec Limited	–	(290,535)	–	–	108
Movement in treasury shares	–	(16,231)	(38,543)	–	–
Investec plc transfer to capital redemption reserve fund	–	–	–	50	–
Issue expenses	–	(4,741)	–	–	–
Transfer to pension deficit fund	–	–	–	–	–
Revaluation of investment properties**	–	–	–	–	–
Transfers on disposal of revalued investment properties	–	–	–	–	–
At 31 March 2003* – restated for prior year adjustments	45	586,497	(40,987)	7,762	113
At 31 March 2003 – as previously reported	45	600,284	–	7,762	113
Cumulative prior year adjustments to 31 March 2003	–	(13,787)	(40,987)	–	–
Year ended 31 March 2004					
Foreign currency adjustments	–	–	–	–	–
Retained profit for the year	–	–	–	–	–
Retained earnings of associates	–	–	–	–	–
Reduction in shareholding of associate	–	–	–	–	–
Issue of shares	1	45,750	–	–	6
Issue of perpetual preference shares	–	–	–	–	–
Share issue expenses	–	(1,245)	–	–	–
Re-issue of treasury shares	–	(3,936)	14,126	–	–
Purchase of treasury shares	–	–	(25,241)	–	–
PLC transfer to capital reserve	–	–	–	150	–
Transfer to pension deficit fund	–	–	–	–	–
Revaluation of investment properties**	–	–	–	–	–
At 31 March 2004	46	627,066	(52,102)	7,912	119

*Restated (refer to accounting policies).

**Revaluation of investment properties is subject to taxation on realisation.

Share premium account Investec plc	Shares to be issued	Perpetual preference shares	Revaluation reserves investment properties	Equity accounted reserves	Foreign accounted reserves	Profit and loss account	Total
-	41,148	-	11,202	3,287	(180,120)	37,166	734,302
-	-	-	-	-	-	487	487
-	-	-	-	-	(32)	(960)	(992)
-	41,148	-	11,202	3,287	(180,152)	36,693	733,797
-	-	-	-	1,727	(15,597)	-	(13,870)
-	-	-	-	-	-	(116,042)	(116,042)
-	-	-	-	9,064	-	(9,064)	-
36,826	-	-	-	-	-	-	36,829
-	(38,148)	-	-	-	-	-	48,628
27,701	-	-	-	-	-	-	27,703
-	(572)	-	-	-	-	-	(572)
-	-	-	-	-	-	-	(5,079)
-	-	-	-	-	-	-	1
-	-	-	-	-	-	-	-
356,769	-	-	-	-	-	(66,342)	-
-	-	-	-	-	7,002	-	(47,772)
-	-	-	-	-	-	(50)	-
(27,472)	-	-	-	-	-	-	(32,213)
-	-	-	-	-	-	(9,707)	(9,707)
-	-	-	18,265	-	-	-	18,265
-	-	-	(307)	-	-	307	-
393,824	2,428	-	29,160	14,078	(188,747)	(164,205)	639,968
393,824	2,428	-	29,160	14,078	(195,717)	(155,009)	696,968
-	-	-	-	-	6,970	(9,196)	(57,000)
-	-	-	-	1,124	(5,228)	-	(4,104)
-	-	-	-	-	-	5,076	5,076
-	-	-	-	3,515	-	(3,515)	-
-	-	-	-	(1,056)	-	-	(1,056)
-	238	-	-	-	-	-	45,995
-	-	127,484	-	-	-	-	127,484
-	-	(786)	-	-	-	-	(2,031)
-	-	-	-	-	-	-	10,190
-	-	-	-	-	-	-	(25,241)
-	-	-	-	-	-	(150)	-
-	-	-	-	-	-	(1,294)	(1,294)
-	-	-	13,982	-	-	-	13,982
393,824	2,666	126,698	43,142	17,661	(193,975)	(164,088)	808,969

Investec plc (incorporating the results of Investec Limited)

NOTES TO THE FINANCIAL STATEMENTS

**For the year ended 31 March
(£'000)**

	2004	2003
1. Dividend income		
Income from equity shares	3,450	3,597
2. Dealing profits		
Interest rate instruments	(4,121)	27,677
Foreign exchange instruments	9,031	12,200
Commodities trading	(4,903)	4,263
Profit on disposal of dealing properties	4,875	4,391
Equities and other securities	84,261	10,162
Traded endowments	1,872	(1,025)
	91,015	57,668
3. Administrative expenses		
Staff costs (including directors' remuneration)		
Wages and salaries	239,336	233,513
Social security costs	12,951	18,514
Pension and provident fund contributions	12,947	13,410
	265,234	265,437
Other administrative expenses		
Premises (excluding depreciation)	8,885	5,058
Operating rental expenses	17,363	17,245
Equipment (excluding depreciation and operating rental expenses)	22,838	25,569
Business expenses	65,924	74,628
Marketing expenses	14,944	12,843
	129,954	135,343
	395,188	400,780
4. Group profits on ordinary activities before tax is stated after:		
Income		
Gains on disposal/reclassifications of investment securities	12,828	25,269
Operating lease income	5,061	5,016
5. Pension costs		
Defined benefit obligations	–	–
Defined contributions	12,947	13,410
Pension and provident fund contributions	12,947	13,410

Investec plc (incorporating the results of Investec Limited)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March
(£'000)

	2004	2003
6. Taxation		
Corporation tax		
United Kingdom		
– current tax on income for the year	1,330	560
– adjustments in respect of prior years	(521)	(8,000)
	809	(7,440)
– corporation tax before double tax relief	(1,425)	(560)
– double tax relief	(616)	(8,000)
Overseas current tax charge		
Current tax on income for the year		
Europe	2,553	2,295
Southern Africa	9,920	7,271
Australia	2,962	2,679
Israel	3,678	1,629
USA	(399)	4,596
	18,714	18,470
Adjustment in respect of prior years		
Southern Africa	3,587	1,960
Australia	–	(274)
USA	–	1,330
	3,587	3,016
Secondary taxation on companies(*)	783	1,551
Total corporation tax	22,468	15,037
Deferred tax		
United Kingdom	4,363	(7,980)
Europe	–	–
Southern Africa	2,001	(814)
Australia	(129)	47
Israel	(204)	(1,202)
USA	–	289
	6,031	(9,660)
Total tax charge for the year	28,499	5,377
Tax on continuing businesses	28,499	(838)
Tax on discontinued businesses	–	6,215
	28,499	5,377

*These are the statutory federal tax rates and therefore exclude state and local income taxes which range from 7.3% to 9%.

Investec plc (incorporating the results of Investec Limited)

NOTES TO THE FINANCIAL STATEMENTS

**For the year ended 31 March
(£'000)**

	2004	2003
7. Dividends and earnings per share		
Ordinary dividends – pence per share		
Interim	28.0	26.0
Final	30.0	28.0
	58.0	54.0
 Ordinary dividends		
Interim	25,277	27,539
Final	30,879	25,468
	56,156	53,007
 Preference dividends		
Dividends	7,553	421
Total dividends	63,709	53,428
 8. Treasury Bills and other eligible Bills		
Dealing securities held at fair value		
Treasury bills	20,631	42,156
Other unlisted eligible bills with banks	166,796	132,545
	187,427	174,701
 Investment securities held at cost		
Other unlisted eligible bills with banks	144,781	68,318
	332,208	243,019
 9. Loans and advances to banks		
Remaining maturity:		
Repayable on demand	809,032	685,559
Up to three months, excluding on demand	833,481	1,405,991
Three months to one year	52,277	592,171
One year to five years	9,925	70,550
Greater than five years	–	4,526
	1,704,715	2,758,797
 10. Loans and advances to customers		
Remaining maturity:		
Repayable on demand or at short notice	1,551,320	677,234
Up to three months, excluding on demand or at short notice	655,115	785,646
Three months to one year	702,864	726,877
One year to five years	1,867,477	1,562,579
Greater than five years	1,659,301	1,214,551
Provision for bad and doubtful debts	(90,229)	(82,984)
	6,345,848	4,883,903

Investec plc (incorporating the results of Investec Limited)

NOTES TO THE FINANCIAL STATEMENTS

**For the year ended 31 March
(£'000)**

2004

2003

11. Debt securities

Dealing and market making securities at market value

Government securities	194,849	140,058
Unlisted bank and building society certificates of deposit	9,674	480,515
Other debt securities	366,485	27,830
	<u>571,008</u>	<u>648,403</u>

The cost of dealing and market making securities has not been disclosed, as it cannot be determined without unreasonable expense.

Investment securities at cost

Government securities	103,090	209,690
Unlisted bank and building society certificates of deposit	578,128	916,450
Other unlisted debt securities	214,211	156,722
	<u>895,429</u>	<u>1,282,862</u>

Total debt securities	<u>1,466,437</u>	<u>1,931,265</u>
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12. Equity shares

Dealing securities at market value

Listed	284,603	33,189
Unlisted	98,601	60,169
	<u>383,204</u>	<u>93,358</u>

Investment securities at book value

Listed	4,388	11,063
Unlisted	30,662	43,217
	<u>35,050</u>	<u>54,280</u>

	<u>418,254</u>	<u>147,638</u>
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Investment securities at market value

Listed	<u>4,229</u>	<u>11,076</u>
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13. Interests in associated undertakings

Interests in associated undertakings consist of:

Net asset value	57,560	48,720
Goodwill	12,446	13,702
Investment in associated undertaking	<u>70,006</u>	<u>62,422</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March
(£'000)

2004

2003

14. Intangible fixed assets**Year ended 31 March 2003****Goodwill**

At 1 April 2002	537,098	550,131	(13,033)
Additions	594	594	–
Fair value adjustment	16,749	16,749	–
Disposals	(641)	(641)	–
Movement in foreign currency translation reserve	58,697	62,494	(3,797)

Cost at 31 March 2003**612,497 629,327 (16,830)****Accumulated amortisation**

Accumulated amortisation at 1 April 2003	152,198	157,628	(5,430)
Charge/(credit) to the profit and loss account	135,549	144,701	(9,152)
Disposals	(128)	(128)	–
Movement in the foreign currency translation reserve	25,105	27,353	(2,248)

Accumulated amortisation at 31 March 2003**312,724 329,554 (16,830)****Net book value at 31 March 2003****299,773 299,773 –****Year ended 31 March 2004****Goodwill**

At 1 April 2003	612,497	629,327	(16,830)
Additions	(6,206)	799	(7,005)
Disposals	(18)	(18)	–
Movement in foreign currency translation reserve	15,047	15,047	–

Cost at 31 March 2004**621,320 645,155 (23,835)****Accumulated amortisation**

Accumulated amortisation at 1 April 2003	312,724	329,554	(16,830)
Charge/(credit) to the profit and loss account	50,644	57,649	(7,005)
Disposals	(7)	(7)	–
Movement in the foreign currency translation reserve	6,451	6,451	–

Accumulated amortisation at 31 March 2004**369,812 393,647 (23,835)****Net book value at 31 March 2004****251,508 251,508 –**

NOTES TO THE FINANCIAL STATEMENTS

15. Tangible fixed assets

For the year ended 31 March (£'000)	Freehold properties	Leasehold improve- ments	Furniture	Equipment	Investment property	Total
Cost or valuation						
At 31 March 2003	54,294	25,898	18,901	49,311	116,725	265,129
Exchange adjustments	(514)	(997)	(20)	(312)	6,242	4,399
Revaluation of investment properties	–	–	–	–	9,655	9,655
Acquisition of a subsidiary undertaking	–	–	155	–	–	155
Disposal of a subsidiary undertaking	(38,579)	–	(3)	(1)	–	(38,583)
Reclassifications	–	–	8,702	(8,702)	(33,834)	(33,834)
Additions	89	1,539	2,708	4,794	2,115	11,245
Disposals	(420)	(4)	(3,477)	(6,072)	(672)	(10,645)
At 31 March 2004	14,870	26,436	26,966	39,018	100,231	207,521
Accumulated depreciation and amortisation						
At 31 March 2003	3,122	10,688	11,196	34,141	–	59,147
Exchange adjustments	(952)	(924)	(177)	(498)	–	(2,551)
Disposal of a subsidiary undertaking	(1,590)	–	–	(1)	–	(1,591)
Reclassifications	–	–	6,572	(6,572)	–	–
Additions	–	197	467	763	–	1,427
Disposals	(1,280)	(3)	(753)	(5,649)	–	(7,685)
Charge for the year	700	1,555	2,673	7,520	–	12,448
Impairments	–	–	–	–	–	–
At 31 March 2004	–	11,513	19,978	29,704	–	61,381
Net book value						
At 31 March 2003	51,172	15,210	7,705	15,170	116,725	205,982
At 31 March 2004	14,870	14,923	6,988	9,314	100,231	146,326

16. Own shares

	2004	2003
Investec plc ordinary shares	36,067	43,631
Investec Limited ordinary shares	7,713	8,592
	43,780	52,223

Investec plc (incorporating the results of Investec Limited)**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 March
(£'000)**

	2004	2003
17. Other assets		
Settlement debtors	385,900	518,022
Deferred tax asset (refer to note on deferred taxation)	33,745	28,086
Derivative instruments positive fair values	522,960	477,183
Dealing properties	46,236	29,600
Other investments	14,689	27,807
Traded endowments	11,380	18,274
Other debtors	66,221	112,469
	<hr/> 1,081,131	<hr/> 1,211,441
18. Long-term assurance business attributable to shareholder		
Investec Employee Benefits Limited		
The embedded value comprises:		
Net tangible assets of life company including surplus	343,590	273,072
Reallocated to investments in associated undertakings	(58,832)	(50,824)
Elimination of Intercompany balances	(27,842)	(120,833)
Value of in-force business	8,399	7,113
	<hr/> 265,315	<hr/> 108,528
19. Long-term assurance business attributable to policyholders		
Long-term assurance business attributable to policyholders		
Investec Employee Benefits Limited	1,257,948	1,334,775
Investec Assurance Limited	1,523,387	1,201,544
	<hr/> 2,781,335	<hr/> 2,536,319
20. Deposits by banks		
With agreed maturity date or periods of notice, by remaining maturity:		
Repayable on demand	259,940	145,979
Up to three months, excluding on demand	700,358	1,394,028
Three months to one year	247,383	557,406
One year to five years	18,217	24,808
Greater than five years	7,711	7,071
	<hr/> 1,233,609	<hr/> 2,129,292

Investec plc (incorporating the results of Investec Limited)

NOTES TO THE FINANCIAL STATEMENTS

**For the year ended 31 March
(£'000)**

2004

2003

21. Customer accounts

With agreed maturity date or periods of notice, by remaining maturity:

Repayable on demand	2,217,332	1,817,593
Up to three months, excluding on demand	3,757,976	3,159,799
Three months to one year	877,639	925,232
One year to five years	179,399	227,186
Greater than five years	178,946	225,057
	<u>7,211,292</u>	<u>6,354,867</u>

Redeemable preference shares issued by subsidiary undertakings of Investec Limited, which have been guaranteed by Investec Bank Limited are included in customer accounts.

	<u>149,123</u>	<u>159,422</u>
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22. Debt securities in issue

Bonds and medium term notes repayable:

over five years	190,701	73,765
	<u>190,701</u>	<u>73,765</u>

Other unlisted debt securities in issue repayable:

Not more than three months	213,496	435,830
Over three months but not more than one year	155,257	545,033
Over one year but not more than two years	35,663	104
Over two years but not more than five years	26,740	–
Over five years	–	35,024
	<u>431,156</u>	<u>1,015,991</u>

	<u>621,857</u>	<u>1,089,756</u>
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23. Other liabilities

Settlement creditors	989,128	760,920
Short positions in securities	519,792	226,087
Provision for deferred tax (refer to note on deferred taxation)	3,767	6,111
Current corporation tax	50,218	45,789
Shareholders ordinary dividend	32,740	25,468
Derivatives negative fair values	194,934	362,370
Other creditors and accruals	179,276	154,136
	<u>1,969,855</u>	<u>1,580,881</u>

Short positions in securities comprise:

Commodities – Gold	4,974	–
Debt securities – government bonds	47,415	147,550
Equities – listed securities	467,403	78,537
	<u>519,792</u>	<u>226,087</u>

Investec plc (incorporating the results of Investec Limited)**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 March
(£'000)****2004****2003****24. Deferred tax****Deferred tax asset**

Deferred capital allowances	16,347	10,927
Tax relief in respect of the utilisation of tax losses brought forward against future taxable income	2,586	3,585
Income and expenditure accruals	14,755	9,951
Other timing differences	57	3,623
	<hr/>	<hr/>
	33,745	28,086

Deferred tax liability

Income and expenditure accruals	199	93
Equipment allowances	–	116
Property allowances	–	2,991
Unrealised gains on investments	3,546	2,797
Other timing differences	22	114
	<hr/>	<hr/>
Deferred tax liability	3,767	6,111

Net deferred tax asset	29,978	21,975
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Investec plc (incorporating the results of Investec Limited)

NOTES TO THE FINANCIAL STATEMENTS

**For the year ended 31 March
(£'000)**

2004

2003

25. Subordinated debt

Dated subordinated debt

Issued by Investec Finance plc

– a wholly owned subsidiary of Investec Bank (UK) Limited which is a wholly owned subsidiary of Investec plc

Guaranteed Subordinated Step-up notes	195,775	–
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Issued by investec Bank (UK) Limited

Zero Coupon Bonds	6,596	–
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Issued by Investec Limited

Class "A" Series I Unsecured subordinated compulsorily convertible debentures ("CCD's")	1,293	1,742
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Class "A" Series II Unsecured subordinated CCDs	2,332	2,447
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Issued by Investec Bank Limited

– a wholly owned subsidiary of Investec Limited

Unsecured subordinated CCDs	21,743	20,300
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Class "A" Unsecured subordinated CCDs	4,866	12,611
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Class "A" Series II Unsecured subordinated CCDs	1,008	2,609
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Class "B" Unsecured subordinated CCDs	1,989	5,030
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Class "C" Unsecured subordinated CCDs	8,474	11,085
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16% subordinated bonds 2012 issued in South African Rands	168,074	156,720
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Class "E" 15% unsecured redeemable debentures – 2014	–	22,697
--	---	--------

IV02 12.55% Subordinated unsecured callable bonds	85,708	44,461
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	497,858	279,702
--	---------	---------

All subordinated debt issued by Investec Limited and its subsidiaries is denominated in South African Rand

Remaining maturity:

In one year or less, or on demand	7,863	–
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In more than one year, but not more than two years	–	23,055
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In more than two years, but not more than five years	40,438	–
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In more than five years	449,557	256,647
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	497,858	279,702
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Investec plc (incorporating the results of Investec Limited)

NOTES TO THE FINANCIAL STATEMENTS

**For the year ended 31 March
(£'000)**

2004

2003

26. Called up share capital

Investec plc

Authorised

The authorised share capital of Investec plc is £167,500 (2003: £167,500) comprising: 112,000,000 ordinary shares of £0.001 each (2003: 112,000,000 shares of £0.001 each), 55 500 000 Special Converting Shares of £0.001 each (2003: 55 500 000), 1 Special Voting share of £0.001 (2003: 1), 1 UK DAN Share of £0.001 (2003: 1) and 1 UK DAS Share of £0.001 (2003: 1)

Issued, allotted and fully paid

Number of ordinary shares

	Number	Number
At beginning of year	74,633,746	500,000
Subscription for shares	–	3,300
Subdivision on 100 for 1 basis	–	49,826,700
Cancellation of shares	–	(50,000,000)
Issued for acquisition of subsidiaries from Investec Limited	–	70,303,746
Share issued in the Global Offer	–	4,000,000
At end of year	74,633,746	74,633,746

Nominal value of ordinary shares – GBP

	£'000	£'000
At beginning of year	74	50
Subscription for shares	–*	–*
Subdivision on 100 for 1 basis	–	–
Cancellation of shares	–	(50)
Issued for acquisition of subsidiaries from Investec Group Limited	–	70
Share issued in the Global Offer	–	4
At end of year	74	74

Number of special converting shares

	Number	Number
At beginning of year	38,399,527	–
Issued during the year	5,600,000	38,399,527
At end of year	43,999,527	38,399,527

Nominal value of special converting shares – GBP

	£'000	£'000
At beginning of year	38	–
Issued during the year	6	38
At end of year	44	38

Number of UK DAN shares

	Number	Number
At beginning of year	1	–
Issued during the year	–	1
At end of year	1	1

Nominal value of UK DAN share – GBP

	£'000	£'000
At beginning of year	–*	–
Issued during the year	–	–*
At end of year	–*	–*

*Less than £1 000

Investec plc (incorporating the results of Investec Limited)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March
(£'000)

2004

2003

26. Called up share capital (continued)

Number of UK DAS shares

At beginning of year
Issued during the year

At end of year

Number **Number**

| –
– |

| |

Nominal value of UK DAS share – GBP

At beginning of year
Issued during the year

At end of year

£'000 **£'000**

–* –
– –*

–* –*

* Less than £1 000

Investec Limited

Authorised

The authorised share capital of Investec Limited is South African Rand 205 502 (2003: R205 502), comprising 55 500 000 ordinary shares of South African Rand 0.001 each (2003: 55 500 000), 8 000 000 (2003: 8 000 000) convertible non-cumulative preference shares of South African Rand 0.001 each, 50 000 (2003: 50 000) variable rate cumulative redeemable preference shares of South African Rand 0.60 cents each, 1 SA DAS redeemable preference share of 1 South African Rand (2003: 1) 1 SA DAN redeemable preference share of 1 South African Rand (2003: 1), 1 12 000 000 (2003: 1 12 000 000) convertible redeemable preference shares of South African Rand 0.001 each (special converting shares)

Issued, allotted and fully paid

Number of ordinary shares

At beginning of year
Issued during the year
Conversion of preference shares
Issued for acquisition of compulsorily convertible debentures
Subdivision on 600 for 1 basis
Cancellation of shares

At end of year

Number **Number**

38,399,527 92,228,309
5,600,000 –
– 2,000,000
– 9,500,000
– 62,164,913,642
– (62,230,242,424)

43,999,527 38,399,527

Nominal value of ordinary shares – GBP

At beginning of year/period
Conversion of preference shares
Issued for acquisition of compulsorily convertible debentures
Subdivision on 600 for 1 basis
Issued during the year
Conversion of compulsorily convertible debentures
Cancellation of shares

At end of year

£'000 **£'000**

45 7,418
– 112
– 374
– –
1 –
– –
– (7,859)

46 45

Number of convertible preference shares

At beginning of year
Issued during the year

At end of year

Number **Number**

– 2,000,000
– (2,000,000)

– –

Nominal value of convertible preference shares – GBP

At beginning of year
Converted during the year

At end of year

£'000 **£'000**

– 112
– (112)

– –

Investec plc (incorporating the results of Investec Limited)

NOTES TO THE FINANCIAL STATEMENTS

**For the year ended 31 March
(£'000)**

	2004	2003
26. Called up share capital (continued)		
Number of redeemable preference shares	Number	Number
At beginning of year	1,750	–
Issued during the year	–	1,750
At end of year	1,750	1,750
Nominal value of redeemable preference shares – GBP	£'000	£'000
At beginning of year	–*	–
Issued during the year	–	–*
At end of year	–*	–*
Number of special converting shares	Number	Number
At beginning of year	74,633,746	–
Issued during the year	–	74,633,746
At end of year	74,633,746	74,633,746
Nominal value of special converting shares – GBP	£'000	£'000
At beginning of year	5	–
Issued during the year	–	5
At end of year	5	5
Number of SA DAN shares	Number	Number
At beginning of year	1	–
Issued during the year	–	1
At end of year	1	1
Nominal value of SA DAN share – GBP	£'000	£'000
At beginning of year	–*	–
Issued during the year	–	–*
At end of year	–*	–*
Number of SA DAS shares	Number	Number
At beginning of year	1	–
Issued during the year	–	1
At end of year	1	1
Nominal value of SA DAS share – GBP	£'000	£'000
At beginning of year	–*	–
Issued during the year	–	–*
At end of year	–*	–*
* Less than £1 000		
Nominal value of issued, allotted and fully paid called up share capital of Investec plc and Investec Limited		
Total called up share capital	169	162
Less: Held by Investec Limited	–	–
Less: Held by Investec plc	(4)	(4)
Total called up share capital	165	158

The Investec Limited shares were issued in South African Rands. The amounts recorded above were calculated by reference to historic Sterling/Rand exchange rates.

*Less than £1 000

Investec plc (incorporating the results of Investec Limited)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March
(£'000)

2004

2003

26. Called up share capital (continued)

The redeemable preference shares are variable rate, cumulative and redeemable. The shares were issued at a premium of R99 999.40 per share. The dividend rate on these shares is 10.83% of the subscription price (R175 million), and are payable annually in advance on 28 November each year. These shares are redeemable on 29 November 2005 at a premium of R99 999.40 per share.

The holder of 2 775 000 Investec Limited and 4 725 000 Investec plc shares has agreed to waive its right to dividends until 15 December 2004. The holder of 740 000 Investec Limited and 1 260 000 Investec plc shares has agreed to waive its right to dividends until 31 March 2008.

In terms of the Dual Listed Companies Structure, shareholders have common economic and voting rights as if Investec Limited and Investec plc were a single company. These include equivalent dividends on a per share basis, joint electorate and class right voting, and equivalent position on the termination of either company.

The UK DAS shares, UK DAN share, SA DAS share, the SA DAN share and the special converting shares have been issued to achieve this.

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

* Less than £1000.

Staff Share Scheme

The Bank operates a share option and a share purchase scheme for employees.

Movements in the number of share options issued for 1 share each, held by employees are as follows:

Each option is in respect of one share.

	Number	Number
Outstanding at 1 April	15,156,463	5,657,874
Issued during the year	2,062,413	10,667,827
Exercised	(31,477)	(5,940)
Lapsed	(1,625,406)	(1,163,298)
Outstanding at 31 March	15,561,993	15,156,463

The purpose of the Staff Share Scheme is to promote an "esprit de corps" within the organisation, create an awareness of Investec's performance and provide an incentive to maximise individual and group performance by allowing all staff to share in the risks and rewards of the group.

The group makes shares or debentures available to staff members via the underlying share trusts. The particular instrument used varies from time to time depending on taxation legislation and factors affecting the Group structure.

Nevertheless, whatever the instrument chosen, its underlying value depends solely on the performance of the group and stock market conditions.

At present, the practice of the group is to give all permanent staff members a share allocation approximately equal to their annual package after completing six months of employment. In line with the objective of providing a long-term incentive for staff, participants may not deal in any shares acquired in terms of the Scheme within two years of accepting them. Thereafter they may acquire them over a minimum period of a further three years or maximum period of a further eight years.

After the initial allocation referred to above, additional allocations are made to staff members at the discretion of group management and depending on the individual performance, and contribution made by, the respective staff members.

In addition to the Staff Share Scheme, other incentive schemes are operated by the group. Whilst the objectives of such schemes are identical to the Staff Share Scheme, membership of them is not extended to all staff members but to key members of the group whom executive management believe are in a position to add significant value to the group. Whilst housed in different structures from the Staff Share Scheme the underlying assets in them are group instruments. Any benefit derived by the members from such schemes is thus totally dependent on the performance of the group.

Investec plc (incorporating the results of Investec Limited)

NOTES TO THE FINANCIAL STATEMENTS

**For the year ended 31 March
(£'000)**

2004

2003

27. Treasury shares

Treasury shares held by subsidiaries of Investec limited and Investec plc

Investec plc ordinary shares	17,138	26,120
Investec Limited ordinary shares	34,964	14,867
	52,102	40,987
	Number	Number
Number of Investec plc ordinary shares held by subsidiaries	1,633,413	2,715,673
Number of Investec Limited ordinary shares held by subsidiaries	4,126,257	1,589,788
	5,759,670	4,305,461

28. Perpetual preference shares

15 000 000 (2003 – Nil) authorised and issued non-redeemable, non-cumulative, non-participating preference shares.

126,698

–

Preference shareholders will be entitled to receive dividends at a rate of 75% of the South African prime interest rate, of the face value of the preference shares held. Preference shareholders receive dividends in priority to any payment of dividends to the holder of any other class of shares in the capital of the Company not ranking prior or *pari passu* with the preference shares.

Preference dividends are payable semi-annually at least seven business days prior to the date on which Investec Bank Limited pays its ordinary dividends, if any, but shall be payable no later than 120 business days after 31 March and 30 September respectively.

29. Share options

Details of share options:	Expiry date	Exercise price	Number of options issued/exercised
Granted during the year 2004			
Investec Limited	17 Sep 2008	R101.39	9,827
Investec plc	17 Sep 2008	£7.76	636,943
Investec plc	03 Mar 2009	£10.60	322,641
Investec Limited	17 Jun 2009	R101.39	53,677
Investec plc	17 Sep 2009	R101.76	91,423
Investec plc	03 Mar 2010	R115.95	483,517
Investec Limited	03 Dec 2010	R115.43	283,933
Investec plc	17 Sep 2012	£7.76	41,982
Investec plc	03 Mar 2013	£10.60	138,470
Exercised during the year 2004			
Investec Limited		R110.00	68
Investec Limited		R130.00	70
Investec Limited		R111.32	1,020
Investec plc		R110.00	116
Investec plc		R130.00	119
Investec plc		R111.96	1,980
Investec plc		£10.86	23380
Investec plc		£9.18	4724

Investec plc (incorporating the results of Investec Limited)

NOTES TO THE FINANCIAL STATEMENTS

Details of share options:	Expiry date	Exercise price	Number of options issued/ exercised
Granted during the year 2003			
Investec Group Limited	13 Sep 2007	R164.50	6,736,260
Investec Group Limited	13 Sep 2007	R170.00	770,612
Investec plc	19 Mar 2007	R111.96	1,117,845
Investec Limited	19 Mar 2007	R111.32	833,586
Investec plc	19 Mar 2007	£ 7.93	775,401
Investec plc	19 Mar 2012	£ 7.93	434,123
Exercised during the year 2003			
Investec Group Limited		78.93	5,940
Investec Holdings Limited		67.43	6,893

Terms of share options

Instrument	SA Schemes			UK Schemes			
	Average exercise price	Number of Investec Limited shares	Number of Investec plc shares	Average exercise price	Number of Investec Limited shares	Average exercise price	Number of Investec plc shares
31 March 04	R170.00	374	639	R246.00	117,076	£15.73	199,346
31 March 05	R169.49	66,046	113,796	R235.37	69,048	£15.05	117,567
31 March 06	R154.44	5,781	9,847	R169.80	98,574	£10.86	167,841
31 March 07	R101.80	1,006	1,709	R151.06	1,413,680	£9.86	2,743,647
31 March 08	R172.92	22,379	38,138	R161.31	243,093	£11.47	1,356,768
31 March 09	R148.22	1,746,596	3,101,247	R236.03	44,300	£15.09	75,430
31 March 10	R147.58	452,680	771,145	R130.28	77,071	£8.88	565,352
31 March 11	R241.08	129,899	221,191	R114.87	–	£9.94	180,452
31 March 12	R174.11	519,592	884,683				
31 March 13	R168.00	2,220	3,780				

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March
(£'000)

2004

2003

30. Cash flow reconciliations**Reconciliation of operating profit to net operating cash flows**

Operating profit/(loss)	81,495	(36,540)
Decrease/(increase) in prepayments and accrued income	42,879	(26,492)
(Decrease)/increase in accruals and deferred income	(73,916)	37,149
Interest expense on subordinated liabilities (including convertible debt)	45,110	25,090
Depreciation	12,448	14,417
Provision for bad and doubtful debts	20,958	18,308
Amortisation of goodwill	50,644	122,302
Gains on disposal/reclassifications of investment securities	(12,828)	(25,269)
Fundamental reorganisation and restructuring costs	–	(6,073)
Long term assurance business attributable to the shareholder	(157,815)	(47,275)
Net cash (outflow)/inflow from trading activities	8,975	75,617
Net increase in treasury bills and other eligible bills	(31,708)	(21,402)
Net decrease/(increase) in loans and advances to banks	1,217,555	(197,986)
Net increase in loans and advances to customers	(1,507,029)	(73,947)
Net (increase)/decrease in non-investment debt and equity securities	(220,236)	2,613,665
Net (decrease)/increase in debt securities in issue	(467,899)	483,510
Net decrease/(increase) in other assets	172,477	(21,136)
Net decrease in deposits by banks	(932,716)	(1,516,016)
Net increase/(decrease) in customer accounts	892,144	(713,353)
Net increase/(decrease) in other liabilities	378,945	(514,173)
Net cash (outflow)/inflow from operating activities	(489,492)	114,779

31. Annual commitments in respect of non-cancellable operating leases**Leasehold properties**

Within one year	1,680	777
Between one and five years	8,449	1,069
Over five years	15,567	14,782
	25,696	16,628

32. Commitments

Forward repurchase agreements	195	129,155
Undrawn facilities	514,955	360,850
Other commitments	7,729	6,633
	522,879	496,638

The group has entered into forward foreign exchange contracts and loan commitments in the normal course of its banking business.

Investec plc (incorporating the results of Investec Limited)**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 March
(£'000)****2004****2003****33. Contingent liabilities**

Guarantees and assets pledged as collateral security:

– guarantees and irrevocable letters of credit

265,758

264,824

Other contingent liabilities

1,683

84,082

267,441

348,906

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

Legal proceedings

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

34. Related party transactions**Transactions, arrangements and agreements involving directors and others:**

Particulars of transactions, arrangements and agreements entered into by the Group with directors and connected persons and companies controlled by them, and with officers of the company:

- (a) At the respective year-end dates six directors had outstanding loans from Investec Bank Limited.

For loans to related parties, normal credit parameters are applied

Loans – Investec Bank Limited

6,987

8,996

- (b) H. Herman has a 13.25% holding in Taaibos Square (Pty) Limited.

Loans were provided to these entities by Investec Bank Limited on an arm's length, fully secured basis as follows:

Taaibos Square (Pty) Ltd

6,007

6,170

- (c) Boutique Finance II Limited is an investment company owned by certain members of senior management. Investec Bank (UK) Limited provided a loan to Boutique Finance II Ltd and uses Boutique Finance II Ltd's investment in shares as security therefore.

Loan provided by Investec Bank (UK) Limited

1,480

2,730

The terms of the loan in (c) above are such that 200% cover is required at all times. If the cover drops below 175% a margin call back to 200% must be made. I Kantor, who is a director of Investec Limited, has guaranteed 34% of the above loan provided.

S Koseff, G Burger, B Kantor, I Kantor, H Herman, P Thomas and D Jowell have an interest in Spurwing P Investments Limited and Spurwing L Investments Limited, which jointly amount to a holding of 32.3% and 12.02% respectively. Loans were provided to these entities by Investec Bank (Mauritius) on an arm's length, fully secured basis as follows:

Spurwing P Investments Limited

6,087

7,678

Spurwing L Investments Limited

1,730

2,182

All of the above loans are included in loans and advances to customers.

Investec plc (incorporating the results of Investec Limited)**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 March
(£'000)****2004****2003**

- (d) The group's personal account trading policy requires all employees who participate in securities transactions to deal on an arm's length basis through Investec Securities Limited. This has no material effect on either Investec Securities Limited or the Group.
- (e) Directors portfolios are subject to management fees on an arm's length basis.
- (f) Particulars of directors' dealings in Investec shares are recorded in a register held at the Registered Office of the Company which is available for inspection.

Other loans

Funding provided to finance the Black Economic Empowerment (BEE) deal:

Peu Investment Group

4,805

–

Tiso Group

1,906

–

6,711

–

Transactions with other related parties of the Group

In the year ended 31 March 2004 the group concluded an agreement to dispose a subsidiary, Westrust (Pty) Limited, to PEU (of which M P Malungani is a director) for £4.3 million resulting in a profit on disposal of £1.4 million.

Any dealings with regards to investments in unit trusts or the asset management division occur at arm's length.

35. Miscellaneous**Assets subject to sale and repurchase transactions maturity:**

Government securities, included within debt securities

13,039

9,457

Value of liabilities secured by assets:

Deposits by banks

68,085

984,819

Deposits by customers

60,040

333,505

128,125

1,318,324

Aggregate amounts receivable, including capital repayments, under finance leases, hire purchase and conditional sale contracts

38,258

35,456

Costs of assets acquired for the purpose of letting under financial leases

37,999

31,428

The group has investment management and stock broking businesses.

NOTES TO THE FINANCIAL STATEMENTS

36. Risk management

Risk Management

Financial Instruments, including Derivatives and Risk Disclosure

Fair values

The Group's trading book comprises treasury bills, settlement accounts, debt securities, equity shares, short positions in securities, and derivatives as well as secured customer loans and deposits. All amounts are included in the balance sheet at fair value. The fair values of listed and publicly traded securities held for non-trading book purposes (comprising debt securities and equity shares) are disclosed under the relevant balance sheet note. The fair values of other non-trading book balances approximate to their carrying value in the balance sheet where a liquid and active market exists as defined by FRS 13.

Derivatives (off-balance sheet financial instruments)

The Group enters into various contracts for derivatives both as principal for trading purposes and as customer for hedging foreign exchange and interest rate exposures. These include financial futures, options, swaps and forward rate agreements. All interest rate contracts are transacted with other financial institutions. The risks associated with derivative instruments are monitored in the same manner as for the underlying instruments. Risks are also measured across the product range in order to take into account possible correlations. In the tables below, notional principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The fair value of a derivative financial instrument represents the positive or negative cash flows which would have occurred had the rights and obligations arising from that instrument been closed out by the Group in an orderly market transaction at balance sheet date. Detailed below is the derivative exposure for both trading and non trading portfolios

For the year ended 31 March	Notional principal amounts 2004	Positive fair value 2004	Negative fair value 2004	Notional principal amounts 2003	Positive fair value 2003	Negative fair value 2003
(£'000)						
Trading derivatives						
Foreign exchange derivatives						
Forward foreign exchange	5,599,108	268,483	273,996	5,803,110	292,649	301,276
Currency swaps	975,185	133,946	9,614	977,879	75,610	47,944
OTC options bought and sold	1,320,680	78,244	31,561	683,897	68,045	28,802
Other foreign exchange contracts	28,455	–	–	–	–	–
OTC derivatives	7,923,428	480,673	315,171	7,464,886	436,304	378,022
Exchange traded futures	131,972	299	28	–	–	–
Exchange traded options	–	–	–	–	–	–
	8,055,400	480,972	315,199	7,464,886	436,304	378,022
Interest rate derivatives						
Caps and floors	611,606	2,342	3,393	1,329,411	3,758	4,749
Swaps	24,884,365	403,228	327,102	32,732,965	484,417	437,275
Forward rate agreements	62,362,574	63,714	58,948	107,788,182	59,385	60,828
OTC options bought and sold	631,813	2,003	3,230	1,658,469	7,767	8,401
Other interest rate contracts	–	–	–	47,532	–	230
OTC derivatives	88,490,358	471,287	392,673	143,556,559	555,327	511,483
Exchange traded futures	10,298,932	1,842	1,310	18,441,355	2,343	588
Exchange traded options	–	–	–	640,467	7	414
	98,789,290	473,129	393,983	162,638,381	557,677	512,485

Investec plc (incorporating the results of Investec Limited)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March (£'000)	Notional principal amounts 2004	Positive fair value 2004	Negative fair value 2004	Notional principal amounts 2003	Positive fair value 2003	Negative fair value 2003
Equity and stock index derivatives						
OTC options bought and sold	12,932,626	151,748	177,583	638,124	63,270	45,230
Equity swaps and forwards	60,708	4,026	4,193	358,802	27,100	62,754
OTC derivatives	12,993,334	155,774	181,776	996,926	90,370	107,984
Exchange traded futures	472,714	380	216	4,496	472	846
Exchange traded options	1,197,962	10,963	6,773	265,716	3,048	1,833
Warrants	40,540	41,603	–	912	212	27
	14,704,550	208,720	188,765	1,268,050	94,102	110,690
Commodity derivatives						
OTC options bought and sold	943,376	71,354	8,423	1,361,272	78,620	52,044
Commodity swaps and forwards	471,346	25,579	21,234	206,780	6,542	5,330
OTC derivatives	1,414,722	96,933	29,657	1,568,052	85,162	57,374
Exchange traded futures	3,312,844	135,665	162,191	1,513,923	–	–
Exchange traded options	1,601,844	62,867	40,678	319,374	–	–
	6,329,410	295,465	232,526	3,401,349	85,162	57,374
Credit derivatives						
Credit linked notes bought and sold	–	–	–	–	–	–
Credit swaps bought and sold	58,573	233	20	124,678	291	152
	58,573	233	20	124,678	291	152
Gross fair values		1,458,519	1,130,493		1,173,536	1,058,723
Effect of netting		(935,559)	(935,559)		(696,353)	(696,353)
Amounts includes in other assets/liabilities		522,960	194,934		477,183	362,370
The replacement values of these contracts are their positive fair values. The notional principal amounts represent the volume of transactions outstanding at the balance sheet date and do not represent amounts at risk.						
Non trading derivatives						
Foreign exchange derivatives						
Forward foreign exchange	17,188	476	86	59,307	977	412
Currency swaps	8,378	141	–	23,316	1,366	2,597
OTC derivatives	25,566	617	86	82,623	2,343	3,009
Exchange traded futures	–	–	–	–	–	–
Exchange traded options	–	–	–	–	–	–
	25,566	617	86	82,623	2,343	3,009

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March	Notional principal amounts 2004	Positive fair value 2004	Negative fair value 2004	Notional principal amounts 2003	Positive fair value 2003	Negative fair value 2003
(£'000)						
Interest rate derivatives						
Caps and floors	–	–	–	765	–	
Swaps	1,401,600	3,886	18,101	2,763,913	37,121	94,067
Forward rate agreements	3,000	–	84			
OTC options bought and sold	4,200	–	–			
OTC derivatives	1,408,800	3,886	18,185	2,764,678	37,121	94,067
Exchange traded futures	17,626	535	–	338,600	1,617	105
	1,426,426	4,421	18,185	3,103,278	38,738	94,172
Equity and stock index derivatives						
OTC options bought and sold	–	–	–	35,917	2,527	163
	–	–	–	35,917	2,527	163
Credit derivatives						
Credit link notes bought and sold	8,378	–	–	39,959		
Credit swaps bought and sold	–	–	–	76,170	528	11
	8,378	–	–	116,129	528	11
Total		5,038	18,271		44,136	97,355

Book carrying values	2004	2003
Foreign exchange contracts		
Forward foreign exchange	–	294
Currency swaps	–	(786)
OTC derivatives	–	(492)
Interest rate derivatives		
Swaps	(6,609)	(55,501)
Forward rate agreements	(84)	–
OTC derivatives	(6,693)	(55,501)
Exchange traded futures	816	541
	(5,877)	(54,960)
Equity and stock index derivatives		
OTC options bought and sold	–	2,352
Credit derivatives		
Credit swaps bought and sold	–	532
Credit linked notes bought and sold	–	(11)
	–	521
Total book carrying values	(5,877)	(52,579)

NOTES TO THE FINANCIAL STATEMENTS

**For the year ended 31 March
(£'000)**

2004 2003

Hedging instruments

Gains and losses on derivatives used for hedging are recognised in line with the underlying items that are being hedged. These values have been calculated by reference to the ultimate maturity date of the derivatives.

Unrecognised gains to be recognised within one year	6,137	1,167
Unrecognised gains to be recognised in more than one year	36,767	34,374
Total unrecognised gains	42,904	35,541
Unrecognised losses to be recognised within one year	5,483	1,685
Unrecognised losses to be recognised in more than one year	103,634	89,394
Total unrecognised losses	109,117	91,079
Total recognised gain/(loss) in current year	8,489	(5,611)
Portion of recognised (loss)/gain which was unrecognised in prior year	(2,288)	2,453
Net recognised gain/(loss) arising in the current year	10,777	(8,064)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March	Up to one year 2004	One to five years 2004	More than five years 2004	Up to one year 2003	One to five years 2003	More than five years 2003
£'000						
Maturities of Derivative Instruments						
Notional principal						
Foreign exchange derivatives						
Forward foreign exchange	5,063,494	431,363	149,894	4,852,666	738,963	270,788
Currency swaps	204,287	403,992	375,284	428,044	218,716	354,435
Futures	131,972	–	–	–	–	–
Options	1,174,788	145,892	–	358,059	325,838	–
	6,574,541	981,247	525,178	5,638,769	1,283,517	625,223
Interest rate derivatives						
Caps and floors	611,606	–	–	707,784	622,392	–
Swaps	23,713,974	1,563,960	1,008,032	17,952,075	12,468,925	5,075,878
Futures	9,502,969	813,589	–	15,209,961	3,554,538	15,456
Options	636,013	–	–	2,278,717	20,219	–
Forward rate agreements	62,365,573	–	–	80,005,221	27,782,961	–
Other interest rate contracts	–	–	–	47,352	–	–
	96,830,135	2,377,549	1,008,032	116,201,110	44,449,035	5,091,334
Equity and stock index derivatives						
Swaps and forwards	60,708	–	–	196,809	161,993	–
Futures	472,714	–	–	4,481	15	–
Options	14,024,123	106,465	–	869,527	70,230	–
Warrants	–	30,022	10,518	743	64	105
	14,557,545	136,487	10,518	1,071,560	232,302	105
Commodity derivatives						
Options	1,397,370	799,206	348,644	478,266	482,974	719,406
Futures	2,854,340	458,504	–	1,304,732	209,191	–
Commodity swaps and forwards	324,327	142,076	4,943	136,590	70,190	–
	4,576,037	1,399,786	353,587	1,919,588	762,355	719,406
Credit derivatives						
Credit linked notes bought and sold	8,378	–	–	39,959	–	–
Credit swaps bought and sold	29,681	28,892	–	129,907	70,941	–
	38,059	28,892	–	169,866	70,941	–

Investec plc (incorporating the results of Investec Limited)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March	Up to one year 2004	One to five years 2004	More than five years 2004	Up to one year 2003	One to five years 2003	More than five years 2003
(£'000)						
Positive fair value						
Foreign exchange derivatives						
Forward foreign exchange	209,930	45,805	13,224	189,668	90,130	13,828
Currency swaps	12,763	59,812	61,512	5,748	40,216	31,012
Futures	299	–	–	–	–	–
Options	65,471	12,773	–	7,453	60,592	–
	288,463	118,390	74,736	202,869	190,938	44,840
Interest rate derivatives						
Caps and floors	2,342	–	–	710	3,048	–
Swaps	373,793	21,486	11,835	64,368	173,958	283,212
Futures	2,262	115	–	2,333	1,627	–
Options	2,003	–	–	6,840	934	–
Forward rate agreements	63,714	–	–	39,675	19,710	–
Other interest rate contracts	–	–	–	–	–	–
	444,114	21,601	11,835	113,926	199,277	283,212
Equity and stock index derivatives						
Swaps and forwards	4,026	–	–	18,040	9,060	–
Futures	380	–	–	472	–	–
Options	148,432	14,279	–	36,998	31,847	–
Warrants	–	41,083	520	137	44	31
	152,838	55,362	520	55,647	40,951	31
Commodity derivatives						
Options	65,319	38,844	30,058	6,288	25,444	46,888
Futures	126,581	9,084	–	–	–	–
Commodity swaps and forwards	18,562	6,664	353	3,018	3,524	–
	210,462	54,592	30,411	9,306	28,968	46,888
Credit derivatives						
Credit linked notes bought and sold	–	–	–	–	–	–
Credit swaps bought and sold	124	109	–	129	690	–
	124	109	–	129	690	–
Total	1,096,001	250,054	117,502	381,877	460,824	374,971

Investec plc (incorporating the results of Investec Limited)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March (£'000)	Up to one year 2004	One to five years 2004	More than five years 2004	Up to one year 2003	One to five years 2003	More than five years 2003
Negative fair value						
Foreign exchange derivatives						
Forward foreign exchange	211,508	52,496	10,078	243,565	43,525	14,518
Currency swaps	1,613	5,119	2,882	5,244	8,371	36,926
Futures	28	–	–	–	–	–
Options	22,184	9,377	–	15,611	13,191	–
	235,333	66,992	12,960	264,420	65,087	51,444
Interest rate derivatives						
Caps and floors	3,393	–	–	1,253	3,496	–
Swaps	311,277	18,026	15,900	48,311	178,501	304,530
Futures	1,112	198	–	630	61	2
Options	3,230	–	–	8,775	40	–
Forward rate agreements	59,032	–	–	43,310	17,518	–
Other interest rate contracts	–	–	–	230	–	–
	378,044	18,224	15,900	102,509	199,616	304,532
Equity and stock index derivatives						
Swaps and forwards	4,193	–	–	20,472	42,282	–
Futures	216	–	–	836	10	–
Options	177,370	6,986	–	35,613	11,613	–
Warrants	–	–	–	27	–	–
	181,779	6,986	–	56,948	53,905	–
Commodity derivatives						
Options	29,889	15,363	3,849	4,997	16,767	30,280
Futures	146,274	15,917	–	–	–	–
Commodity swaps and forwards	16,520	4,714	–	3,129	2,201	–
	192,683	35,994	3,849	8,126	18,968	30,280
Credit derivatives						
Credit linked notes bought and sold	–	–	–	–	–	–
Credit swaps bought and sold	20	–	–	162	1	–
	20	–	–	162	1	–
Total	987,859	128,196	32,709	432,165	337,577	386,256

Investec plc (incorporating the results of Investec Limited)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March

(£'000)	Not more than three months	More than three months less than six months	More than six months less than one year
Interest rate sensitivity for the non-trading book			
31 March 2004			
Assets			
Treasury bills and other eligible bills	144,781	–	–
Loans and advances to banks	980,806	10,903	–
Loans and advances to customers	3,593,070	200,136	165,822
Debt securities and equity shares	336,688	219,796	136,782
Other assets	450,009	–	–
Total assets	5,505,354	430,835	302,604
Liabilities			
Deposits by banks	694,358	126,179	121,126
Customer accounts	5,800,550	369,161	667,311
Debt securities in issue	596,177	3,625	22,055
Other liabilities	–	–	–
Subordinated liabilities	5,874	–	–
Minorities interest and shareholders' funds	–	–	–
Total liabilities	7,096,959	498,965	810,492
Off-balance sheet items	1,138,284	(212,514)	24,558
Interest rate repricing gap	(453,321)	(280,644)	(483,330)
Cumulative repricing gap	(453,321)	(733,965)	(1,217,295)
31 March 2003			
Assets			
Treasury bills and other eligible bills	68,318	–	–
Loans and advances to banks	1,083,861	2,822	–
Loans and advances to customers	2,581,263	102,491	148,390
Debt securities and equity shares	779,887	75,040	70,526
Other assets	553,574	3,090	3,537
Total assets	5,066,903	183,443	222,453
Liabilities			
Deposits by banks	660,122	313,191	37,831
Customer accounts	4,615,570	330,145	178,560
Debt securities in issue	513,539	313,228	231,805
Other liabilities	167,913	15,095	59,094
Subordinated liabilities	4,189	–	–
Minorities interest and shareholders' funds	–	–	–
Total liabilities	5,961,333	971,659	507,290
Off-balance sheet items	235,692	111,884	460,752
Interest rate repricing gap	(658,738)	(676,332)	175,915
Cumulative repricing gap	(658,738)	(1,335,070)	(1,159,155)

More than one year less than five years	More than five years	Non interest bearing	Total Non Trading	Trading	Total
–	–	–	144,781	187,427	332,208
6,505	–	–	998,214	706,501	1,704,715
785,151	634,362	5,605	5,384,146	961,702	6,345,848
174,433	27,729	35,051	930,479	954,212	1,884,691
–	–	898,188	1,348,197	964,377	2,312,574
966,089	662,091	938,844	8,805,817	3,774,219	12,580,036
18,208	4,634	2,437	966,942	266,667	1,233,609
79,918	69,773	–	6,986,713	224,579	7,211,292
–	–	–	621,857	–	621,857
–	–	463,568	463,568	1,703,854	2,167,422
128,135	363,849	–	497,858	–	497,858
–	–	847,998	847,998	–	847,998
226,261	438,256	1,314,003	10,384,936	2,195,100	12,580,036
(736,829)	(213,499)	–	–	–	–
2,999	10,336	(375,159)	(1,579,119)	1,579,119	–
(1,214,296)	(1,203,960)	(1,579,119)	(1,579,119)	–	–
–	–	–	68,318	174,701	243,019
–	27,763	3,583	1,118,029	1,640,768	2,758,797
687,814	618,977	5,410	4,144,345	739,558	4,883,903
124,669	127,547	159,473	1,337,142	741,761	2,078,903
18,073	9,351	824,969	412,594	1,000,508	2,413,102
830,556	783,638	993,435	8,080,428	4,297,296	12,377,724
24,808	7,072	13,352	1,056,376	1,072,916	2,129,292
191,818	51,219	26,849	5,394,161	960,706	6,354,867
31,184	–	–	1,089,756	–	1,089,756
128,981	5,096	187,453	563,632	1,281,703	1,845,335
20,250	255,263	–	279,702	–	279,702
–	–	678,772	678,772	–	678,772
397,041	318,650	906,426	9,062,399	3,315,325	12,377,724
(701,357)	(106,971)	–	–	–	–
(267,842)	358,017	87,009	(981,971)	981,971	–
(1,426,997)	(1,068,980)	(981,971)	(981,971)	–	–

Investec plc (incorporating the results of Investec Limited)

NOTES TO THE FINANCIAL STATEMENTS

**For the year ended 31 March
(£'000)**

Non-trading currency risk – structural currency exposures

Non-trading currency risk exposure arises principally from the group's net investments in overseas subsidiaries and associated undertakings, principally in South Africa, Israel and the United States of America.

The group's structural currency exposures at each reporting period were as follows:

Currency of structural exposure	Net investments in overseas operations(*)
31 March 2004	
South African Rand	130,563
Israeli Shekel	47,992
Australian Dollar	122,881
European Euro	33,458
US Dollar	1,410
	336,304
31 March 2003	
South African Rand	60,076
Israeli Shekel	55,617
Australian Dollar	107,185
European Euro	27,494
US Dollar	2,227
	252,599

(*) There were no borrowings taken out in the functional currencies of the overseas operations in order to hedge foreign net investments.

Goodwill is not considered to form part of the net investment in overseas operations in the above table.

Non-trading currency risk: non-structural currency exposure

The table below shows the group's currency exposures. These non-structural exposures give rise to the net currency gains and losses recognised on the profit and loss account. Such exposures comprise the monetary assets and monetary liabilities of the group that are not determined in the functional currency of the operating unit involved.

Net foreign currency monetary assets/(liabilities)

Functional currency of group operation	Sterling	South African Rand	US Dollar	Israeli Shekel	Euro	Other	Total
31 March 2004							
Sterling	–	(231,988)	(46,514)	(60,434)	18,333	(97,148)	(417,751)
South African Rand	(419,213)	–	(93,193)	(7,693)	(24,562)	(65,045)	(609,706)
US Dollar	(166)	(14,337)	–	–	–	–	(14,503)
Israeli Shekel	–	(21,699)	4,743	–	–	–	(16,956)
Euro	1,035,430	(7,482)	16,446	–	–	38	1,044,432
Other	3,706	(18,572)	–	–	–	–	(14,866)
	619,757	(294,078)	(118,518)	(68,127)	(6,229)	(162,155)	(29,350)
31 March 2003							
Sterling	–	564	(2,884)	5	2,879	21,400	21,964
South African Rand	90,775	–	(128,418)	2	3,692	5,376	(28,573)
US Dollar	(17,896)	–	–	–	654	398	(16,844)
Israeli Shekel	(1,995)	–	10,022	–	16	–	8,043
Euro	7,320	(10)	1,733	–	–	(572)	8,471
Other	(3,306)	(299)	83	–	5	–	(3,517)
	74,898	255	(119,464)	7	7,246	26,602	(10,456)

The amounts shown do not take into account the effect of any currency swaps, forward contracts and other derivatives entered into to manage these currency exposures.

EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF INVESTEC

1. NUMBER OF DIRECTORS

76. Subject as hereinafter provided the Directors shall not be less than four nor more than twenty in number. The company may by special resolution from time to time vary the minimum number and/or maximum number of Directors.

2. SHARE QUALIFICATION

77. A Director shall not be required to hold any shares in the capital of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at General Meetings.

3. REMUNERATION OF DIRECTORS

78. The ordinary remuneration of the Directors shall from time to time be determined by a disinterested *quorum* of Directors except that such remuneration for both executive and non-executive Directors shall not exceed R1 000 000,00 per annum in aggregate or such higher amount as may from time to time be determined by ordinary resolution of the Company and shall, unless such resolution otherwise provides, be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. Any fee payable under this Article shall be distinct from any remuneration or other amounts payable to a Director under other provisions of these articles or payable by PLC under articles 78 to 80 of the PLC Memorandum and Articles.
79. Subject to the JSE Listing Rules, any Director who holds any executive office with the Company or PLC, including for this purpose the office of Chairman or Deputy Chairman whether or not such office is held in an executive capacity, or who serves on any committee of the Board, or who otherwise performs services in relation to the business of the Company and/or PLC which are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise or may receive such other benefits, including, without limitation, costs associated with residing overseas, as a disinterested *quorum* of Directors may reasonably determine.
80. The Directors may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Board, meetings of any committees appointed pursuant to Article 103 or General Meetings or otherwise in connection with the business of the Company or PLC.
81. The Directors shall have power to pay and agree to pay gratuities, pensions or other retirement, superannuation, death or disability benefits to or to any person in respect of any Director or ex-Director and for the purpose of providing any such gratuities, pensions or other benefits to contribute to any scheme or fund or to pay premiums.

4. MANAGING AND EXECUTIVE DIRECTORS

82. Appointment of executive Directors
- 82.1 Subject to the provisions of the Banks Act, the Directors may from time to time appoint one or more of their body to be the holder of any executive office on such terms and for such period as they may, subject to the provisions of the Statutes, determine and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke or vary the terms of any such appointment.
- 82.2 The remuneration of any Director appointed to any executive office shall be fixed by a disinterested *quorum* of Directors and may be by way of salary, commission, participation in profits or otherwise and either in addition to or inclusive of his remuneration as a Director.

83. The Directors may entrust to and confer upon any Director holding any executive office any of the powers exercisable by them as Directors upon such terms and conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

5. APPOINTMENT AND RETIREMENT OF DIRECTORS

84. Any provision of the Statutes which, subject to the provisions of these Articles, would have the effect of rendering any person ineligible for appointment or election as a Director or liable to vacate office as a Director on account of his having reached any specified age or of requiring special notice or any other special formality in connection with the appointment or election of any Director over a specified age, shall not apply to the Company.

85. Retirement by rotation

At each Annual General Meeting other than the Annual General Meeting held in 2002:

- (a) any Director who was elected or last re-elected or, if later, deemed in terms of Article 90 to have been elected or re-elected a Director at or before the Annual General Meeting held in the third calendar year before the current year, shall retire by rotation; and
- (b) in addition to Directors retiring in terms of Article 85(a) and Directors whose term of office ceases in terms of Article 90, such further Directors, if any, shall retire by rotation as would bring the number retiring by rotation up to one-third of the number of Directors in office at the date of the notice of meeting (or, if their number is not three or a multiple of three, the number nearest to but not less than one-third).
86. Selection of Directors to retire by rotation

Subject to the Statutes and to the provisions of these Articles, the Directors to retire by rotation shall include, so far as necessary to obtain the number required, any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last election or re-election or, if later, deemed election or re-election and so that as between persons who became or were last re-elected Directors on the same day those to retire shall, unless they otherwise agree among themselves, be determined by lot. In casting the lot, the provision that a Director must also be a Director of plc and the corresponding provision of the plc Memorandum and Articles shall be observed. A retiring Director shall be eligible for re-election. The Directors to retire on each occasion, both as to number and identity, shall be determined by the composition of the board at the date of the notice convening the Annual General Meeting. No Director shall be required to retire or be relieved from retiring or be retired by reason of any change in the number or identity of the Directors after the date of the notice but before the close of the meeting.

87. The Company at the meeting at which a Director retires under any provision of these Articles may by ordinary resolution approved in accordance with Article 62 fill the office being vacated by election thereto the retiring Director or some other person eligible for election. The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director of a resolution for his re-election is put to the meeting and passed and accordingly a retiring Director who is re-elected will continue in office without a break.

90. The Company may by ordinary resolution approved in accordance with Article 62 elect, and without prejudice thereto the Directors shall have power at any time to appoint, any person to be a Director either to fill a casual vacancy or as an additional Director; but so that: (i) the total number of Directors shall not thereby exceed the maximum number fixed by or in accordance with these Articles and (ii) the appointment shall not take effect before such Director has been duly appointed as a director of PLC. Any person so appointed by the Directors, except for the directors of PLC appointed as Directors by the Directors on or about the date of the Sharing Agreement, shall hold office only until the next Annual General Meeting and shall then be eligible for re-election, save that the Directors who hold office at the date of adoption of these Articles shall not be required to retire at the next Annual General Meeting and shall for the purpose of Article 85 be deemed to have been elected on 25 July 2002.

6. DISQUALIFICATION OF DIRECTORS

91. Vacation of office

The office of a Director shall be vacated in any of the following events, namely:

- (a) if he shall become prohibited or disqualified by Applicable Regulation from acting as a Director;
- (b) if he shall resign by notice in writing to the Company and any such notice shall have effect as the resignation of such person as a director of PLC;
- (c) if he shall have an insolvency order made against him or shall compromise with his creditors generally or assigns his estate for the benefit of his creditors or suspends payment or applies to court for the liquidation of his estate;
- (d) if in South Africa or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground, however formulated, of mental disorder for his detention or for the appointment of a curator or for the appointment of an administrator or other person, by whatever name called, to exercise powers with respect to his property or affairs;
- (e) if he shall cease to be a director of PLC.

The office of a Director who is an employee of any member of the Group shall be vacated if such Director ceases to be employed within the Group provided that the person concerned shall be eligible for re-appointment or re-election as a Director.

7. BORROWING POWERS AND RESTRICTIONS

111. Subject to the provisions of the Statutes, the Directors may exercise all the powers of the Company to borrow money, to indemnify, to guarantee, to mortgage or charge its undertaking, property, assets (present and future) or any part or parts thereof and to issue any debentures whether secured, unsecured or subordinated and whether convertible into shares of any class or not and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

8. ALTERNATE DIRECTORS

- 112.1 Any Director may at any time by writing under his hand and deposited at the Office, or delivered at a meeting of the meeting of the Directors, appoint any person, including another Director, to be his alternate Director and may in like manner at any time terminate such appointment. Such appointment, unless previously approved by the Directors or unless the appointee is another Director, shall have effect only upon and subject to both the approval of the Directors as aforesaid and his appointment by the same person as an alternate director of PLC becoming effective.
- 112.2 The appointment of an alternate Director shall determine on the happening of any event which if he were a Director would cause him to vacate such office or if his appointor ceases to be a Director, otherwise than by retirement at a General Meeting at which he is re-elected.
- 112.3 An alternate Director shall, except when absent from South Africa, be entitled to receive notices of meeting of the Directors and shall be entitled to attend and vote as a Director at any such meeting at which the Directors and shall be entitled to attend and vote as a Director at any such meeting to perform all functions of his appointor as a Director and for the purposes of the proceedings at such meeting the provisions of these Articles shall apply as if he, instead of his appointor, were a Director. If he shall be himself a Director or shall attend any such meeting as an alternate for more than one Director, his voting rights shall get cumulative but he shall not be counted more than once for the purposes of the quorum. If his appointor is for the time being absent from South Africa or temporarily unable to act through ill health or disability his signature of his appointor. To such extent as the Directors may from time to time determine in relation to any committees of the Directors the foregoing provisions of this Article shall also apply, *mutatis mutandis*, to any meeting of any such committee of which his appointor is a member. An alternate Director shall not, save as aforesaid, have power to act as a Director, nor shall he be deemed to be a Director for the purposes of these Articles, nor shall he be deemed to be the agent of his appointor.
- 112.4 An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expense and to be indemnified to the same extent, *mutatis mutandis*, as if he were a Director but he shall not be entitled to receive from the Company in respect of his

appointment as alternate Director any remuneration except only such part, if any, of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct.

9. TERMS OF NON-REDEEMABLE, NON-CUMULATIVE, NON-PARTICIPATING PREFERENCE SHARES

“152. Non-redeemable, non-cumulative, non-participating preference shares

The following terms shall attach to the 100 000 000 non-redeemable, non-cumulative, non-participating preference shares of R0,01 each in the share capital of the Company:

152.1 For purposes of this Article 152 –

152.1.1 “business days” means all days, excluding Saturdays, Sundays and officially designated public holidays in the Republic of South Africa;

152.1.2 “deemed value” means the deemed value of each preference share for purposes of calculation of the preference dividend, being an amount of R100,00 (one hundred Rand), notwithstanding the actual issue price of a preference share (that is the nominal value of the preference share plus a premium thereon) which may vary because of a difference in the premium at which the preference shares may be issued from time to time;

152.1.3 “Income Tax Act” means the Income Tax Act, No. 58 of 1962, as amended;

152.1.4 “prime rate” means the publicly quoted basic rate of interest (per cent, per annum), and calculated on a 365 (three hundred and sixty five) day year factor (irrespective of whether or not the year is a leap year) from time to time quoted by Investec Bank Limited as being its prime overdraft rate as certified by any manager of Investec Bank Limited whose appointment, authority and/or designation need not be proved, which certificate shall be *prima facie* proof of the contents thereof;

152.1.5 “preference dividend” means a non-cumulative, non-participating preference dividend;

152.1.6 “preference dividend accrual date” means 31 March and 30 September of each year;

152.1.7 “preference dividend payment date” means a date at least 7 (seven) business days prior to the date on which the Company pays its ordinary dividends, if any, in respect of the same period, but in any event, if declared, shall be payable not later than 120 (one hundred and twenty) business days after 31 March and 30 September of each year, respectively;

152.1.8 “preference dividend rate” means, subject to Article 152.2.7 below, a rate that will not exceed 70% (seventy per cent) of the prime rate, the latter rate being used as a rate of reference; and

152.1.9 “preference shares” means the non-redeemable, non-cumulative, non-participating preference shares of R0,01 each in the share capital of the Company.

152.2 The following are the rights, privileges, restrictions and conditions, which attach to the preference shares:

152.2.1 The issue price for each tranche of preference shares to be issued will be determined by the Directors at the allotment thereof.

152.2.2 Each preference share will rank as regards dividends and a repayment of capital on the winding-up of the Company prior to the ordinary shares, the special convertible redeemable preference shares, the dividend access (South African resident) redeemable preference share and the dividend access (Non-South African resident) redeemable preference share, but after the variable rate redeemable cumulative preference shares and the class “A” variable rate compulsorily convertible non-cumulative preference shares in the share capital of the Company. The preference shares shall confer on the holders, on a per preference share and equal basis, the right of a return of capital on the winding-up of the Company of an amount equal to the aggregate of the nominal value and premiums in respect of preference shares issued divided by the number of preference shares in issue.

152.2.3 Each preference share will confer upon the holder thereof the right to receive out of the profits of the Company which it shall determine to distribute, in priority to the ordinary shares, the special convertible redeemable preference shares, the dividend access (South African resident) redeemable preference share and the dividend access (Non-South African resident) redeemable preference share,

but after the variable rate redeemable cumulative preference shares and the class "A" variable rate compulsorily convertible non-cumulative preference shares, the preference dividend calculated in terms of Article 152.2.4 below.

- 152.2.4 The preference dividend shall be calculated –
- 152.2.4.1 by multiplying the deemed value of the preference shares by the applicable preference dividend rate (determined on a 365 day year factor; irrespective of whether the year is a leap year or not), on a daily basis, in arrear; for the appropriate period referred to in Article 152.2.4.2 below; and
 - 152.2.4.2 from the date following a preference dividend accrual date until and including the preference dividend accrual date immediately following, provided that the first dividend payment, in respect of each tranche of preference shares issued, shall be calculated from the issue date up to and including the next preference dividend accrual date.
- 152.2.5 The preference dividends shall, if declared –
- 152.2.5.1 accrue on the preference dividend accrual date, calculated in accordance with 152.2.4.2 above;
 - 152.2.5.2 be payable on the preference dividend payment date; and
 - 152.2.5.3 failing payment by the relevant preference dividend payment date, be considered to be in arrear.
- 152.2.6 If a preference dividend is not declared by the Company in respect of the period to which such preference dividend accrual date relates, the preference dividend will not accumulate and will accordingly never become payable by the Company whether in preference to payments to any other class of shares in the Company or otherwise. Notwithstanding the foregoing, the Company shall, if it elects not to declare a preference dividend in respect of any applicable period, be obliged to retain in reserve an amount equivalent to the aggregate amount of profits generated by the Company during such applicable period less any amount of profits required to pay any dividend which may have been, or are to be declared in respect of the variable rate redeemable cumulative preference shares and the class "A" variable rate compulsorily convertible non-cumulative preference shares.
- 152.2.7 If there is an amendment or amendments to the Income Tax Act which results in the preference dividends being taxable in the hands of the preference shareholders and which results in payment of the preference dividends becoming a deductible expense for the Company, provided such amendment is uniformly applicable to all corporate tax payers and not only because of the particular circumstances of the Company or any preference shareholder, the percentage of the prime rate referred to in Article 152.1.8 above will be increased by the Company. Such increase will be limited to the extent that the Company incurs a reduced cost in servicing the preference shares, which cost savings it would not have obtained but for such amendments to the Income Tax Act. If such amendments to the Income Tax Act do not result in the Company incurring reduced costs in servicing the preference shares, then, notwithstanding that such amendment may result in a decrease in the after tax returns of any preference shareholder on its holding of preference shares, no amendment shall be made to the percentage of the prime rate contemplated in Article 152.1.8 above. The Company shall require its auditors to verify whether it is obliged to increase the percentage of the prime rate referred to in Article 152.1.8 above in accordance with this Article 152.2.7. The auditors in deciding whether such increase is required in terms of this Article 152.2.7 shall act as experts and not as arbitrators or quasi-arbitrators and their decision shall be final and binding on the Company and all preference shareholders. The costs of such auditors shall be borne and paid by the Company.
- 152.2.8 Save as set out in Article 152.2.2, 152.2.3, 152.2.6 and 152.2.7 above, the preference shares shall not be entitled to any further participation in the profits or assets of the Company nor on a winding-up to any surplus assets of the Company.
- 152.2.9 The holders of the preference shares shall be entitled to receive notice of and be present but not to vote, either in person or by proxy, at any meeting of the Company, by virtue of or in respect of the preference shares, unless either or both of the following circumstances prevail at the date of the meeting –
- 152.2.9.1 the preference dividend or any part thereof remains in arrear and unpaid as determined in accordance with Article 152.2.5.3 after 6 (six) months from the due date thereof; and

- 152.2.9.2 a resolution of the Company is proposed which resolution directly affects the rights attached to the preference shares or the interests of the holders thereof, including a resolution for the winding-up of the Company or for the reduction of its capital, in which event the preference shareholders shall be entitled to vote only on such resolution.
- 152.2.10 At every general meeting of the Company at which holders of preference shares as well as other classes of shares are present and entitled to vote, a preference shareholder shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the preference shares held by him bears to the aggregate amount of the nominal value of all shares issued by the Company.
- 152.2.11 Notwithstanding the provisions of Article 11, no shares in the capital of the Company ranking, as regards rights to dividends or, on a winding-up as regards return of capital, in priority to the preference shares, shall be created or issued, without the prior sanction of a resolution passed at a separate class meeting of the holders of the preference shares in the same manner *mutatis mutandis* as a special resolution. At every meeting of the holders of the preference shares, the provisions of these articles relating to general meetings of ordinary members shall apply, *mutatis mutandis*, except that a quorum at any such general meeting shall be any person or person holding or representing by proxy at least 2 (two) of the preference shares, provided that if at any adjournment of such meeting a *quorum* is not so present, the provisions of these Articles relating to adjourned general meetings shall apply, *mutatis mutandis*."

DETAILS OF INVESTEC DIRECTORS' REMUNERATION

The remuneration received by the directors is in respect of their directorships in Investec and Investec plc. Relevant extracts detailing directors' remuneration, as required by the JSE Listings Requirements, are set out below.

DIRECTORS' REMUNERATION

The reward package for executive directors and employees comprises:

- Base salary and benefits.

Salaries are reviewed annually and reflect the relative skills and experience of, and contribution made by, the individual. Base pay levels are linked to the relevant competitive market at median levels.

- Annual bonuses.

Annual bonuses are linked to business performance, based on target business unit performance goals. Individual annual incentive levels are allocated, based on individual performance, as determined by the committee.

- Long-term share incentive plans.

The group has a number of share incentive plans that are designed to link the interest of the directors and employees with those of shareholders and long-term organisational interests, through performance and risk-based equity grants.

Non-executive directors receive fees for their services as directors and for service on the various board sub-committees and, where applicable, subsidiary boards and ancillary trusts. The policy on the remuneration packages for the non-executive directors is agreed to by the directors as a whole.

Directors' annual remuneration

The following table shows a breakdown of the annual remuneration (excluding equity awards) of directors for the year ended 31 March 2004:

Name	Gross remuneration 2004 ¹ £	Salaries, directors fees and other remuneration 2004 ^{2/3} £	Total other benefits 2004 ⁴ £	Annual bonus 2004 ⁵ £	Total remuneration expense 2004 £	Total remuneration expense 2003 ⁶ £
Executive directors						
S Koseff (Chief Executive Officer)	350 000	311 633	38 367	625 000	975 000	580 000
B Kantor (Managing Director)	350 000	316 773	33 227	625 000	975 000	630 000
G R Burger (Group Risk and Finance Director)	216 403	183 777	32 626	625 000	841 403	517 570
A Tapnack	237 702	215 000	22 702	250 000	487 702	487 742
Total Pounds Sterling	1 154 105	1 027 183	126 922	2 125 000	3 279 105	2 215 312

Name	Gross remuneration	Salaries, directors fees and other remuneration	Total other benefits	Annual bonus	Total remuneration expense	Total remuneration expense
	2004 ¹	2004 ^{2/3}	2004 ⁴	2004 ⁵	2004	2003 ⁶
	£	£	£	£	£	£
Non-executive directors						
H S Herman (<i>Chairman</i>)	–	250 000	–	–	250 000	186 311
S E Abrahams	–	103 074	–	–	103 074	59 332
G F O Alford	–	70 000	–	–	70 000	40 000
Dr H K Davies ⁷	–	–	–	–	–	1 009
G H Davin ⁷	–	–	–	–	–	1 278
H Fukuda OBE ⁸	–	26 250	–	–	26 250	–
G M T Howe ⁸	–	31 558	–	–	31 558	–
D E Jowell	–	182 116	–	–	182 116	127 760
I R Kantor	–	40 000	–	–	40 000	22 500
Sir C Keswick	–	60 000	–	–	60 000	40 000
M P Malungani	–	36 997	–	–	36 997	23 750
D R Motsepe ⁷	–	–	–	–	–	1 009
Dr M Z Nkosi ⁷	–	–	–	–	–	2 851
P R S Thomas	–	102 409	–	–	102 409	57 785
F Titi ⁹	–	8 496	–	–	8 496	–
Total Pounds Sterling	–	910 900	–	–	910 900	563 585
Total Pounds Sterling	1 154 105	1 938 083	126 922	2 125 000	4 190 005	2 778 897

Notes:

- Gross remuneration comprises base salary and other benefits (see point 4 below).
- As mentioned elsewhere in this report, the fees of the non-executive directors, including the Chairman, were adjusted by the board, following a peer group review undertaken by the Remuneration Committee during the prior financial year.
- The salaries of S Koseff and B Kantor were adjusted by the Remuneration Committee following a peer group review undertaken during the prior financial year; in order to align their base salaries at median levels in line with the group's philosophy. G R Burger is paid gross remuneration in Rands of R2.6 million, which represents an increase of 4% in Rand terms over the prior year (2003: R2.5 million). The Pound Sterling increase of 29,14% reflects the appreciation of the Rand against Pounds Sterling of approximately 20% over the period.
- The executive directors receive other benefits which may include pension schemes; life, disability and personal accident insurance; and medical cover; on similar terms to other senior executives.
- The annual bonuses paid to executive directors increased substantially, reflective of the improvement in operating profit of 54,1% to £132.1 million and the improvement in the return to shareholders of Investec plc and Investec Limited of 85,9% and 72,9%, respectively. The Remuneration Committee believes that the overall remuneration packages (comprising base salary and annual bonus) of the executive directors are still below that of the comparative peer group and that the annual bonus awarded is well below the maximum limit for variable remuneration.
- A breakdown of the components of the reward packages for the executive directors in the 2003 financial year is as follows:

Name	Gross remuneration	Salary	Total other benefits	Annual bonus	Total remuneration expense
	£	£	£	£	£
Executive directors					
S Koseff (<i>Chief Executive Officer</i>)	280 000	248 253	31 747	300 000	580 000
B Kantor (<i>Managing Director</i>)	280 000	252 434	27 566	350 000	630 000
G R Burger (<i>Group Risk and Finance Director</i>)	167 570	143 834	23 736	350 000	517 570
A Tapnack	237 742	215 000	22 742	250 000	487 742
Total Pounds Sterling	965 312	859 521	105 791	1 250 000	2 215 312

- Resigned with effect from 26 June 2002. In terms of the implementation of the DLC structure, the board and board committees of Investec Group Limited (now Investec Limited) were reconstituted.
- Appointed to the board with effect from 21 July 2003.
- Appointed to the board with effect from 30 January 2004.

Retirement benefits

None of the executive directors belong to a defined benefit pension scheme and all are members of one of the group's defined contribution schemes. The total contribution to these schemes, payable by the company, included in the total salary of the director or included in benefits paid as highlighted in the table above, is as follows:

Name	2004 £	2003 £
Executive directors		
S Koseff (<i>Chief Executive Officer</i>)	28 080	22 697
B Kantor (<i>Managing Director</i>)	26 364	23 261
G R Burger (<i>Group Risk and Finance Director</i>)	24 960	18 157
A Tapnack	21 500	22 742
Total Pounds Sterling	100 904	86 857
Non-executive directors		
H S Herman (<i>Chairman</i>)	–	11 348

Directors' shareholdings and options

The company's register of directors' interests contains full details of directors' shareholdings and options.

The tables that follow provide information on the directors' shareholdings and options at 31 December 2004.

Directors' attributable interest in Investec plc and Investec Limited shares through a leveraged equity plan called Fintique II as at 31 December 2004

	Entitlement to Investec plc shares	Entitlement to Investec Limited shares	Settlement period	Total entitlement (i.e. Investec Limited and Investec plc shares) – % interest in scheme
Executive directors				
S Koseff ¹	122 800	72 121	1 April 2004 to 31 July 2008	5,4%
B Kantor ²	122 800	72 121	1 April 2004 to 31 July 2008	5,4%
G R Burger ³	101 171	59 417	1 April 2004 to 31 July 2008	4,5%
A Tapnack	33 491	19 669	1 April 2004 to 31 July 2008	1,5%
Non-executive directors				
H S Herman	78 145	45 895	1 April 2004 to 31 July 2008	3,5%
I R Kantor	50 236	29 504	1 April 2004 to 31 July 2008	2,2%
Total number	508 643	298 727		22,5%

Notes:

All the shares that the directors are entitled to in terms of the Fintique II scheme are fully vested and can be taken up at a price of R77.63 per share, based on the valuation of the scheme as at 31 March 2004. The closing price on the JSE of Investec plc shares and Investec Limited shares as at 31 December 2004 was R181.40 and R181.00, respectively. The directors are at risk for any shortfall on maturity of the scheme.

1 S Koseff acquired entitlements in terms of the Fintique II scheme to 44 654 Investec plc shares and 26 226 Investec Limited shares on 22 September 2003, for a cash amount of R10.84 per share plus a future liability of R79.00 per share.

2 B Kantor acquired entitlements in terms of the Fintique II scheme to 44 654 Investec plc shares and 26 226 Investec Limited shares on 22 September 2003, for a cash amount of R10.84 per share plus a future liability of R79.00 per share.

3 G R Burger acquired entitlements in terms of the Fintique II scheme to 33 491 Investec plc shares and 19 669 Investec Limited shares on 22 September 2003, for a cash amount of R10.84 per share plus a future liability of R79.00 per share.

Directors' interest in options – Investec plc shares as at 31 December 2004.

Name	Date of grant	Exercise price	Number of Investec plc shares granted	Balance	Period exercisable
Executive directors					
S Koseff	20 Dec 2002	R111.96	33 000	33 000	20 Dec 2004 to 20 March 2008
B Kantor	20 Dec 2002	£7.93	50 000	50 000	20 Dec 2004 to 20 March 2008
G R Burger	28 Aug 2002 20 Dec 2002	R164.50 R111.96	63 000 33 000	47 250 33 000	20 June 2004 to 20 March 2008
A Tapnack	28 Aug 2002 20 Dec 2002	£10.52 £7.93	47 250 50 000	85 438	20 June 2004 to 20 March 2012

Directors' interest in options – Investec Limited shares as at 31 December 2004.

Name	Date of grant	Exercise price	Number of Investec Limited shares granted	Balance	Period exercisable
Executive directors					
S Koseff	20 Dec 2002	R111.32	17 000	17 000	20 Dec 2004 to 20 March 2008
G R Burger	20 June 2002 20 Dec 2002	R164.50 R111.32	37 000 33 000	27 750 17 000	20 June 2004 to 20 March 2008
A Tapnack	20 June 2002	R164.50	27 750	20 812	20 June 2004 to 20 Sept 2007

Notes:

- S Koseff's and GR Burger's options were granted in terms of the Investec Limited Share Option and Purchase Scheme Trust 2002.
- B Kantor's and A Tapnack's options were granted in terms of the Investec plc Share Option Plan 2002.
- Options granted on 20 December 2002 were based on the weighted average market value of the preceding five days.
- The options granted on 20 June 2002 and 20 December 2002 were made for no consideration.
- The options granted on 20 December 2002 had certain performance conditions attached, which, to summarise, required growth in headline earnings per share over the relevant option period to equal or exceed the UK RPI plus 3% (compounded annually over the same period). There were no performance conditions attached to the options granted on 20 June 2002.

Directors' interest in derivatives covering Investec Limited and Investec plc shares

The directors, together with a selected group of senior managers who are beneficiaries of Spurwing and as part of the scheme's leveraged nature, are indirectly interested in:

- Call options in respect of 487 003 (2003: 487 003) Investec plc shares at a strike of £7.93 per share, which expire on 20 December 2005.
- Call options in respect of 397 091 (2003: 397 091) Investec plc shares at a strike of £7.93 per share, which expire on 20 December 2006.
- Call options in respect of 396 807 (2003: 396 807) Investec plc shares at a strike of £7.93 per share, which expire on 20 December 2007.
- Call options in respect of 455 914 (2003: 455 914) Investec plc shares at a strike of £10.52 per share, which expire on 20 December 2007.

EXTRACTS OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004

INVESTEC PLC (INCORPORATING THE RESULTS OF INVESTEC LIMITED)

Unaudited consolidated UK GAAP financial results in Pounds Sterling for the six months ended 30 September 2004

ACCOUNTING POLICIES AND DISCLOSURES

The comparative information provided in the financial information is for the six months ended 30 September 2003 and the 12 months ended 31 March 2004. Changes in accounting policies adopted at 31 March 2004 were not yet effective at 30 September 2003. For this reason, the note below discusses changes to accounting policies since the release of 31 March 2004 annual results followed by changes to the previously released September 2003 interim results. Other than changes noted below, accounting policies adopted by the group are consistent with the prior period.

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

UITF 38: Accounting for ESOP trusts

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

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

Other than UITF 38, the changes in policies noted below were already included in the 31 March 2004 annual results.

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

12 months to 31 March 2004	Total
£'000	
Interest receivable	1 184
Interest payable	–
Net interest income	1 184
Other operating income	(1 063)
Profit on ordinary activities before taxation	121
Taxation	–
Profit on ordinary activities after taxation	121

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

	£'000
Reserves at 31 March 2004 as previously reported	808 969
UITF 38	(42 596)
Relating to 2004 opening reserves	(51 502)
Relating to 2004 movement in reserves	8 906
– Retained profit for the year	121
– Net reduction in treasury shares	5 764
– Net movement in share premium on reduction of treasury shares	3 021
Restated total reserves at 31 March 2004	766 373

Impact of changes in accounting policies on the 30 September 2003 interim results

UITF 37: Purchase and sale of own shares (excluding ESOP trusts)

The group has adopted UITF 37 in respect of own shares held. In summary the impact for the group is as follows:

- Consideration paid for the group's own shares (referred to as 'treasury shares') are deducted from shareholders' funds.
- No gain or loss is recognised in the profit and loss account or statement of total recognised gains and losses on the purchase, sale or cancellation of the group's own shares.

UITF 38: Accounting for ESOP trusts

The impact on adoption of this standard is as noted above.

FRS 17 – Retirement Benefits

The group has fully adopted the requirements of FRS 17 in respect of retirement benefits. In line with the objective of the standard, the group reflects the fair value of assets and liabilities and any related funding arising from defined benefit schemes within the group.

The impact of the above changes in accounting policies on reserves is detailed below:

6 months to 30 September 2003				
£'000	UITF 38	UITF 37	FRS 17	Total
Interest receivable	1 184	–	–	1 184
Interest payable	–	214	(451)	(237)
Net interest income	1 184	214	(451)	947
Other operating income	(410)	(762)	–	(1 172)
Profit/(loss) on ordinary activities before taxation	774	(548)	(451)	(225)
Taxation	–	–	135	135
Profit/(loss) on ordinary activities after taxation	774	(548)	(316)	(90)

The cumulative impact on September 2003 closing reserves is detailed below:

	£'000
Reserves at 30 September 2003 as previously reported	842 710
Cumulative prior year adjustments to 30 September 2003	(1 14 204)
– Reduction in share premium	(12 492)
– Increase in treasury shares	(98 273)
– Increase in foreign currency reserves	6 011
– Decrease in cumulative profit and loss account	(9 450)
Restated total reserves at 30 September 2003	728 506

Restatements to 30 September 2003 consolidated profit and loss accounts and the weighted average number of shares ("wanos")

Reclassifications were made to the 30 September 2003 consolidated profit and loss account that are consistent with those noted in the 2004 annual report (full details are to be found on page 159 of the report). As noted in the annual report, the reclassifications were made so as to reflect the nature of the underlying transactions in a more meaningful manner. These reclassifications have no impact on the profit and loss account.

Investec has established a number of share incentive plans that are designed to link the interests of employees with shareholders and long-term organisational interest through performance and risk-based equity grants. These schemes are required to be consolidated into the accounts of the group. However, to the extent that the underlying risks and rewards inherent in these schemes have already vested with the participants, Investec is entitled to recognise its respective *pro rata* share of any income on related balances. This accounting treatment has been consistently applied in the current and prior periods.

Historically shares that were not entitled to dividends were not included in the wanos. In order to match the wanos to the group's share of income associated with such schemes, the wanos has been increased by the weighted number of shares vested, notwithstanding no dividend being payable on these shares.

The impact of this change in methodology has resulted in the wanos increasing from 95 791 802 to 100 066 802 for the six months ended 30 September 2003, resulting in the comparative earnings per share – before goodwill and exceptional items decreasing from 49.2 pence (including the effects of UITF 37, UITF 38 and FRS 17 per above) to 47.0 pence.

Salient features

UK GAAP	30 September 2004 Unaudited	% change	30 September 2003* Unaudited	31 March 2004* Audited
Earnings before goodwill amortisation and exceptional items (£'000)	66 208	40.9	47 003	106 203
Operating profit before goodwill amortisation, exceptional items and taxation (£'000)	88 706	53.2	57 895	132 260
Profit attributable to shareholders (£'000)	37 776	41.8	26 642	68 906
Earnings per share (before goodwill amortisation and exceptional items) (pence)	61,7	31,3	47,0	103,8
Earnings per share (pence)	29,9	20,6	24,8	60,0
Headline earnings per share (pence)	61,7	31,3	47,0	103,5
Dividends per share (pence)	30,0	7,1	28,0	58,0

* Restated for changes to accounting policies and disclosures.

Consolidated profit and loss accounts

£'000	Six months ended 30 Sept. 2004			Six months ended 30 Sept. 2003*			Year ended 31 March 2004*		
	Before goodwill and exceptional items	Goodwill and exceptional items	Total	Before goodwill and exceptional items	Goodwill and exceptional items	Total	Before goodwill and exceptional items	Goodwill and exceptional items	Total
Interest receivable – interest income arising from debt securities	39 528	–	39 528	54 170	–	54 170	91 845	–	91 845
Interest receivable – other interest income	310 283	–	310 283	285 950	–	285 950	588 188	–	588 188
Interest payable	(288 183)	–	(288 183)	(292 950)	–	(292 950)	(574 249)	–	(574 249)
Net interest income	61 628	–	61 628	47 170	–	47 170	105 784	–	105 784
Dividend income	879	–	879	3 511	–	3 511	3 450	–	3 450
Fees and commissions receivable	205 781	–	205 781	153 857	–	153 857	339 942	–	339 942
– annuity	156 966	–	156 966	126 884	–	126 884	273 977	–	273 977
– deal	48 815	–	48 815	26 973	–	26 973	65 965	–	65 965
Fees and commission payable	(10 117)	–	(10 117)	(8 318)	–	(8 318)	(21 569)	–	(21 569)
Dealing profits	33 771	–	33 771	39 312	–	39 312	91 015	–	91 015
Income from long-term assurance business	3 538	–	3 538	2 699	–	2 699	5 082	–	5 082
Return on shareholders' funds in the long-term assurance business	14 515	–	14 515	6 769	–	6 769	24 122	–	24 122
Other operating income	1 650	–	1 650	6 385	–	6 385	13 028	–	13 028
Other income	250 017	–	250 017	204 215	–	204 215	455 070	–	455 070
Total operating income	311 645	–	311 645	251 385	–	251 385	560 854	–	560 854
Administrative expenses	(209 193)	–	(209 193)	(181 922)	–	(181 922)	(395 188)	–	(395 188)
Depreciation and amortisation	(4 631)	(18 419)	(23 050)	(6 679)	(29 780)	(36 459)	(12 448)	(50 644)	(63 092)
– tangible fixed assets	(4 631)	–	(4 631)	(6 679)	–	(6 679)	(12 448)	–	(12 448)
– amortisation and impairment of goodwill	–	(18 419)	(18 419)	–	(29 780)	(29 780)	–	(50 644)	(50 644)
Provision for bad and doubtful debts	(9 115)	–	(9 115)	(4 889)	–	(4 889)	(20 958)	–	(20 958)
Operating profit before exceptional items	88 706	(18 419)	70 287	57 895	(29 780)	28 115	132 260	(50 644)	81 616
Share of income of associated companies	7 181	(1 033)	6 148	4 791	(1 008)	3 783	11 205	(2 132)	9 073
Exceptional items	–	(14 655)	(14 655)	–	8 571	8 571	–	8 529	8 529
Provision for losses on termination and disposal of group operations – discontinued	–	–	–	–	(5 103)	(5 103)	–	(5 103)	(5 103)
Losses on termination and disposal of group operations – discontinued	–	(2 602)	(2 602)	–	(24 328)	(24 328)	–	(24 328)	(24 328)
Less: Provision raised in prior periods	–	2 602	2 602	–	19 225	19 225	–	19 225	19 225
Impairment of goodwill on termination and disposal of group operations – continuing	–	(2 712)	(2 712)	–	–	–	–	–	–
(Loss)/profit on termination and disposal of group operations – continuing	–	(11 943)	(11 943)	–	13 674	13 674	–	13 632	13 632
Profit on ordinary activities before taxation	95 887	(34 107)	61 780	62 686	(22 217)	40 469	143 465	(44 247)	99 218
Tax on profit on ordinary activities	(23 292)	–	(23 292)	(12 592)	–	(12 592)	(27 821)	(678)	(28 499)
Tax on profit on ordinary continuing activities	(23 292)	–	(23 292)	(12 592)	–	(12 592)	(27 821)	–	(27 821)
Tax on provision for losses on termination and disposal of group operations – discontinued	–	–	–	–	–	–	–	(678)	(678)
Profit on ordinary activities after taxation	72 595	(34 107)	38 488	50 094	(22 217)	27 877	115 644	(44 925)	70 719
Minority interests – equity	(712)	–	(712)	(1 235)	–	(1 235)	(1 888)	75	(1 813)
Profit attributable to shareholders	71 883	(34 107)	37 776	48 859	(22 217)	26 642	113 756	(44 850)	68 906
Dividends – including non-equity	(36 118)	–	(36 118)	(29 819)	–	(29 819)	(63 709)	–	(63 709)
Retained profit/(loss) for the period	35 765	(34 107)	1 658	19 040	(22 217)	(3 177)	50 047	(44 850)	5 197

* Restated for changes to accounting policies and disclosures.

Earnings and dividends per share

	Six months ended 30 September 2004 Unaudited	Six months ended 30 September 2002* Unaudited	Year ended 31 March 2004* Audited
Profit attributable to shareholders	37 776	26 642	68 906
Amortisation and impairment of goodwill	18 419	29 780	50 644
Loss/(profit) on termination and disposal of group operations (net of taxation and minority interest)	11 943	(13 674)	(13 029)
Provision for losses on termination and disposal of group operations	–	5 103	5 103
Impairment of goodwill on termination and disposal of group operations – continuing	2 712	–	–
Amortisation of goodwill of associates	1 033	1 008	2 132
Preference dividends	(5 675)	(1 856)	(7 553)
Earnings before goodwill amortisation and exceptional items	66 208	47 003	106 203
Earnings per share (pence)			
– Basic	29,9	24,8	60,0
– Diluted	29,7	23,9	59,6
Excluding goodwill amortisation and exceptional items			
– Basic	61,7	47,0	103,8
– Diluted	59,3	45,0	100,8
Dividends per share (pence)	30,0	28,0	58,0
Weighted average number of shares (millions)	107,4	100,1	102,3

Consolidated statements of recognised gains and losses

	Six months ended 30 Sept. 2004 Unaudited	Six months ended 30 Sept. 2003* Unaudited	Year ended 31 March 2004* Audited
£'000			
Profit for the period attributable to shareholders	37 776	26 642	68 906
Currency translation differences on foreign currency net investments	(4 803)	19 556	(4 104)
Unrealised surplus on revaluation of investment properties	2 735	2 033	13 982
Actuarial losses recognised on pension fund schemes	–	–	(1 294)
Total recognised gains and losses for the period	35 708	48 231	77 490
Prior year adjustments in respect of changes in accounting policies	(43)		
Total gains and losses since last annual report	35 665		

* Restated for changes to accounting policies and disclosures.

Consolidated balance sheets at

£'000	30 September 2004 Unaudited	30 September 2003* Unaudited	31 March 2004* Audited
Assets			
Cash and balances at central banks	217 460	348 391	363 862
Treasury bills and other eligible bills	277 583	311 422	332 208
Loans and advances to banks	2 676 378	1 523 294	1 704 715
Loans and advances to customers	6 532 100	5 844 318	6 347 032
Debt securities	1 761 409	1 902 519	1 466 437
Equity shares	240 744	263 895	418 254
Interests in associated undertakings	71 684	66 099	70 006
Other participating interests	9 137	8 890	9 135
Intangible fixed assets	225 358	280 286	251 508
Tangible fixed assets	143 567	174 297	146 326
Other assets	1 259 779	1 765 475	1 081 131
Prepayments and deferred income	110 221	120 297	81 511
Long-term assurance business attributable to the shareholder	299 209	188 700	265 315
	13 824 629	12 797 883	12 537 440
Long-term assurance assets attributable to policyholders	2 689 767	2 857 111	2 781 335
	16 514 396	15 654 994	15 318 775
Liabilities			
Deposits by banks	886 583	1 402 002	1 233 609
Customer accounts	7 233 545	6 907 589	7 211 292
Debt securities in issue	1 165 994	960 697	621 857
Other liabilities	3 031 690	2 212 605	1 969 855
Accruals and deferred income	191 299	231 644	185 600
Pension fund liability	11 967	10 041	11 967
	12 521 078	11 724 578	11 234 180
Long-term assurance liabilities attributable to policyholders	2 689 767	2 857 111	2 781 335
	15 210 845	14 581 689	14 015 515
Capital resources			
Subordinated liabilities (including convertible debt)	500 326	302 812	497 858
Minority interests – equity	37 781	41 987	39 029
– Called up share capital	165	158	165
– Share premium account	1 027 539	981 606	1 027 539
– Treasury shares	(101 541)	(98 273)	(101 304)
– Shares to be issued	2 384	2 996	2 666
– Perpetual preference shares	126 698	126 778	126 698
– Revaluation reserves	45 877	31 193	43 142
– Other reserves	(173 205)	(147 356)	(168 402)
– Profit and loss account	(162 473)	(168 596)	(164 131)
Shareholders' funds	765 444	728 506	766 373
– Equity	638 746	601 728	639 675
– Non-equity	126 698	126 778	126 698
	1 303 551	1 073 305	1 303 260
	16 514 396	15 654 994	15 318 775
Memorandum items			
Contingent liabilities	424 856	313 180	267 441
Commitments	327 062	250 046	522 879
	751 918	563 226	790 320

* Restated for changes to accounting policies and disclosures.

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

£'000	Six months ended 30 Sept. 2004 Unaudited	Six months ended 30 Sept. 2003* Unaudited	Year ended 31 March 2004* Audited
Balance at the beginning of the period	766 373	588 466	588 466
– As previously reported	808 969	696 968	639 968
– Changes in accounting policies			
Adoption of UITF 38: Accounting for ESOP trusts	(42 596)	(51 502)	(51 502)
Adoption of UITF 37: Purchase and sale of own shares	–	(47 827)	–
Adoption of full requirements of FRS 17: Retirement benefits	–	(9 173)	–
Foreign currency adjustments	(4 803)	19 556	(4 104)
Retained profit/(loss) for the period	1 658	(3 177)	5 197
Reduction in shareholding of associate	–	(1 055)	(1 056)
Issue of shares	–	568	46 325
Issue of perpetual preference shares	–	127 465	127 484
Share issue expenses	–	(697)	(2 031)
Re-issue of treasury shares	–	410	18 975
Purchase of treasury shares	(519)	(5 063)	(25 571)
Transfer to pension fund deficit	–	–	(1 294)
Revaluation of investment properties	2 735	2 033	13 982
Balance at the end of the period	765 444	728 506	766 373

* Restated for changes to accounting policies and disclosures.

Consolidated cash flow statements

£'000	Six months ended 30 September 2004 Unaudited	Six months ended 30 September 2003* Unaudited	Year ended 31 March 2004* Audited
Net cash inflow/(outflow) from operating activities	487 999	(58 383)	(485 602)
Net cash outflow from return on investments and servicing of finance	(35 444)	(17 022)	(54 318)
Taxation	(16 691)	(4 973)	(31 917)
Net cash (outflow)/inflow from capital expenditure and financial investment	(525 744)	25 006	334 187
Net cash (outflow)/inflow from acquisitions and disposals	(2 423)	(1 055)	40 227
Ordinary share dividends paid	(28 833)	(26 298)	(52 810)
Net cash (outflow)/inflow from financing	(6 886)	122 585	389 225
(Decrease)/increase in cash	(128 022)	39 860	138 992
Cash and demand bank balances at beginning of period	1 172 894	1 033 902	1 033 902
Cash and demand bank balances at end of period	1 044 872	1 073 762	1 172 894

* Restated for changes to accounting policies and disclosures.

**Segmental analysis – geographical and business analysis of operating profit before taxation, goodwill amortisation and exceptional items
for the 6 months ended 30 September 2004**

£'000	Southern Africa	United Kingdom and Europe	Australia	Israel	United States of America	Total group
Private Client Activities	16 207	21 763	1 180	1 753	–	40 903
Treasury and Specialised Finance	15 006	6 178	611	(343)	–	21 452
Investment Banking	11 488	3 155	1 540	1 842	(41)	17 984
Asset Management	12 748	1 981	–	152	–	14 881
Assurance Activities	3 525	–	–	–	–	3 525
Group Services and Other Activities	(3 966)	(7 110)	1 135	(112)	14	(10 039)
	55 008	25 967	4 466	3 292	(27)	88 706

for the six months ended 30 September 2003*

£'000	Southern Africa	United Kingdom and Europe	Australia	Israel	United States of America	Total group
Private Client Activities	9 149	14 328	1 229	370	–	25 076
Treasury and Specialised Finance	5 239	8 909	65	1 165	–	15 378
Investment Banking	15 884	1 516	1 591	1 086	–	20 077
Asset Management	10 537	215	–	111	–	10 863
Assurance Activities	2 198	–	–	–	–	2 198
Group Services and Other Activities	(12 420)	(4 314)	885	(691)	843	(15 697)
	30 587	20 654	3 770	2 041	843	57 895

* Restated for changes to accounting policies and disclosures.



Investec

Limited

(Incorporated in the Republic of South Africa)
(Registration number 1925/002833/06)
Share code: INL ISIN: ZAE000040531
("Investec" or "the company")

APPLICATION FORM

An offer for subscription of Investec non-redeemable, non-cumulative, non-participating preference shares ("preference shares") at an issue price of R104.50 per preference share subject to a minimum subscription of R104 500 per single addressee acting as principal

Please refer to the instructions overleaf before completing this application form. This application form, when completed, should be sent to the relevant addresses below.

Certificated preference shares:

In respect of those placees opting for certificated preference shares, to Computershare Investor Services 2004 (Pty) Limited in an envelope marked "**Investec Limited – Offer for Subscription**" together with a cheque (crossed "not transferable" with the words "or bearer" deleted) or banker's draft in South African currency and drawn in favour of "**Investec Limited – Offer for Subscription**" either by post (PO Box 61763, Marshalltown, 2107), or by hand marked "Investec Limited – Offer for Subscription" (Ground Floor, 70 Marshall Street, Johannesburg, 2001) to be received by no later than 12:00 on Friday, 11 February 2005.

Dematerialised preference shares:

In respect of those placees opting for dematerialised preference shares, applications must be made to their duly appointed CSDP or broker; in the manner and time stipulated in the agreement governing their relationship with their CSDP or broker; together with the method of payment required in terms of the relevant agreement with such CSDP or broker.

Each application submitted must be in one name only and show only one address. The directors of Investec reserve the right to accept any application, in whole or in part (in accordance with the procedure set out in paragraph 6.7 of the Pre-Listing Statement), particularly if the instructions overleaf and as set out in the Pre-Listing Statement are not properly complied with.

The offer for subscription is for a minimum subscription amount of R104 500, per single addressee acting as principal. Investec will reject any application that does not comply with this condition.

Please note the preference shares are offered at an issue price of R104.50, giving an effective dividend yield of 67% of Prime. The dividend entitlement of 70% of Prime is calculated using the deemed value of R100.00.

To the directors:

Investec Limited

I/We, the undersigned, confirm that I/we have full legal capacity to contract and, having read the Pre-Listing Statement, hereby irrevocably apply for and request you to accept my/our application for the undermentioned number of preference shares in Investec or any lesser number that may, in accordance with the procedure set out in paragraph 6.7 of the Pre-Listing Statement, be allotted to me/us subject to the Articles of Association of Investec.

I/We enclose a crossed cheque/banker's draft made out in favour of "**Investec Limited – Offer for Subscription**", for the appropriate amount due in terms of this application.

I/We understand that the issue of preference shares in terms of the Pre-Listing Statement is conditional on the granting of a listing, by Wednesday, 16 February 2005, or such later date as the directors may determine, in the Specialist Securities – "Preference Shares" sector of the JSE Securities Exchange South Africa ("the JSE") lists, of the preference shares of Investec, as more fully set out in the Pre-Listing Statement.

Dated _____ 2005

Telephone number (office hours) (_____)

Signature _____

Assisted by _____

(where applicable)

Surname of individual or Name of corporate body	Mr Mrs Miss Other title
First names in full (if an individual)	
Postal address (preferably PO Box address) Refund cheque (if any) and preference share certificate (if applicable) will be sent to this address	Postal code:
Total number of preference shares applied for SUBSCRIPTIONS MUST BE FOR AT LEAST 1 000 PREFERENCE SHARES	(Enter figures only – not words)
Total amount of cheque or banker's draft to cover the number of preference shares applied for herein at R104.50 per preference share	R (Enter figures only – not words)

Please note the preference shares that will be allocated relative to this application will be in certificated form. Subscribers who wish to receive dematerialised shares must contact their CSDP or broker.

Subscribers who wish to receive uncertificated preference shares must contact their chosen CSDP or broker. The CSDP or broker will add their confirmation that they hold a securities account in their books in your name and forward an application, duly authenticated, in terms of STRATE for processing the issue. Payment will be effected on a delivery versus payment basis.

If you do not wish to receive the allocated preference shares in uncertificated form kindly insert your details in the space provided and the preference share certificate will be sent to you, per registered post at your own risk.

N.B. Preference shares will only be traded on the JSE in electronic form and, as such, all preference shareholders who elect to receive certificated preference shares will have to dematerialise their certificated preference shares should they wish to trade therein.

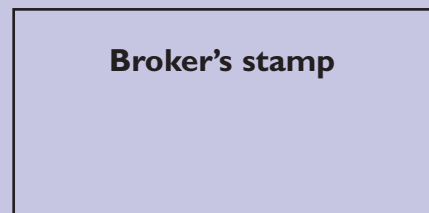
SUBSCRIBERS WISHING TO RECEIVE CERTIFICATED PREFERENCE SHARES

	I wish to receive my preference shares in certificated form and I acknowledge that these preference shares will not be tradeable on the JSE until dematerialised.
--	---

Kindly post the preference share certificate to the following address:

Name: _____

Address: _____



SUBSCRIBERS WANTING TO RECEIVE UNCERTIFICATED PREFERENCE SHARES MUST CONTACT THEIR CSDP OR BROKER.

INSTRUCTIONS:

1. Applications may be made on this application form only. Copies or reproductions of the application form will not be accepted.
2. Applications are irrevocable and may not be withdrawn once submitted to the transfer secretaries.
3. Please refer to the terms and conditions of the offer for subscription set out in paragraph 6 of the Pre-Listing Statement. Applicants should consult their stockbroker, banker or other professional adviser in case of doubt as to the correct completion of this application form.
4. Applicants must submit only one application form and one cheque or banker's draft in respect of each application.
5. Receipts will not be issued for application forms, application monies or any supporting documentation.
6. If any cheque or banker's draft is dishonoured, Investec may, in its sole discretion, regard the relevant application as invalid or take such other steps in regard thereto as it may deem fit.
7. All alterations on this application form must be authenticated by a full signature.
8. Blocked Rand may be used by former residents of the common monetary area (comprising the Republics of South Africa and Namibia and the Kingdoms of Swaziland and Lesotho) for payment in terms of this offer and reference should be made to paragraph 6.5 of the Pre-Listing Statement which deals with South African Exchange Control Regulations.
9. If the condition referred to in paragraph 6.3 of the Pre-Listing Statement is not met, all monies will be appropriately refunded within seven business days of such date.