The definitions and interpretations set out on pages 3 to 5 of this Pre-listing Statement have been used on this front cover and throughout this document.

The distribution of this document in jurisdictions other than South Africa may be restricted by law and persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. The perpetual preference shares are not transferable except in accordance with, and the distribution of this document is subject to, the restrictions set out in paragraph 6.5 of this Pre-listing Statement. Accordingly, this document may not be supplied to the public in any jurisdiction in which any registration, qualification or other requirements exist or would exist in respect of any public offering of shares.

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the perpetual preference shares by any person in any circumstances in which such offer or solicitation is unlawful and is not for distribution in or into Australia, Canada, Japan or the United States.

No prospectus has been published in respect of the perpetual preference shares in any Relevant Member State and, save for certain exceptions, the perpetual preference shares may not be offered or sold to the public in any Relevant Member State. The perpetual preference shares will not be registered under the Securities Act or the applicable securities laws of Australia, Canada or Japan and subject to certain exceptions, may not be offered or sold within the United States, Australia, Canada or Japan or to, or for the account or benefit of US persons or citizens or residents of Australia, Canada or Japan.

Investec

plc

(Incorporated in England and Wales)
(Registration number 3633621)
Share code: INP ISIN: GB0031773103
("Investec plc" or "the company")

PRE-LISTING STATEMENT

Prepared in terms of the Listings Requirements of the JSE relating to an offer for subscription of non-redeemable, non-cumulative, non-participating Investec plc preference shares.

Opening date of the offer for subscription (09:00)	**Monday, 10 July 2006**
Closing date of the offer for subscription (12:00)	**Friday, 28 July 2006**
Proposed listing date (09:00)	**Thursday, 3 August 2006**

Subscriptions can only be made at an acquisition cost, for a single addressee acting as principal, of not less than R120 000.

At the date of listing, the authorised share capital of Investec plc will comprise 112 000 000 ordinary shares, 55 500 000 special converting shares of £0.001 each ("SC Shares"), 1 000 000 non-cumulative perpetual preference shares of €0.01 each, 1 special voting share of £0.001, 1 dividend access (Non-South African Resident) redeemable share of £0.001 ("UK DAN Share"), 1 dividend access (South African Resident) redeemable share of £0.001 ("UK DAS Share") and 100 000 000 perpetual preference shares ("perpetual preference shares").

These perpetual preference shares will only be admitted to a listing on the JSE and will only trade on the JSE.

At the date of issue of this Pre-listing Statement, the issued share capital of Investec plc will comprise 75 433 746 ordinary shares, 45 099 527 SC Shares, 1 special voting share, 1 UK DAN Share and 1 UK DAS Share.

In its Notice of Annual General Meeting, Investec plc has proposed, *inter alia*, to effect a subdivision of its ordinary and special converting share capital. The effective date of the proposed subdivision is expected to be Monday, 4 September 2006.

Perpetual preference shares will be issued in order to raise R750 million. The number of perpetual preference shares to be issued will be determined on the closing date of the offer for subscription in order to provide investors an initial dividend yield of 6.40%.

The perpetual preference shares, when issued, will rank *pari passu* with one another. Application will be made to the JSE on the closing date of the offer for subscription to list the perpetual preference shares in the Specialist Securities – "Preference Shares" sector under the abbreviated name "INV PREF" and alpha code "INPP", subject to the condition referred to in paragraph 6.3 of this Pre-listing Statement. It is anticipated that the listing will be effective from the commencement of business on Thursday, 3 August 2006.

The Directors have the right to increase the amount of permanent capital to be raised through the issue of perpetual preference shares either by increasing the amount of capital to be raised in the offer for subscription or by undertaking a separate private placement of perpetual preference shares.

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

The Directors 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 and by the JSE Listings Requirements .

The investment bank, joint sponsor, lead sponsor, legal advisers 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 was released on SENS and published in the South African press on Friday, 7 July 2006.

Date of issue: 7 July 2006

Investment bank and joint sponsor

Investec
Bank Limited

Investec Bank Limited
(Registration number 1969/004763/06)

Lead sponsor

Merrill Lynch
Global Markets & Investment Banking Group

Merrill Lynch South Africa (Pty) Ltd
Registration number 1995/001805/07
Registered Sponsor and Member of the
JSE Limited

Legal adviser in the UK

Linklaters

Legal adviser in South Africa

JOWELL
GLYN &
MARAIS

CONTENTS

CORPORATE INFORMATION RELATING TO INVESTEC PLC

Directors of Investec plc

Hugh S Herman (*Non-executive Chairman*)
Stephen Koseff (*Chief Executive Officer*)
Bernard Kantor (*Managing Director*)
Glynn R Burger (*Executive Director*)
Alan Tapnack (*Executive Director*)
Samuel E Abrahams (*Non-executive Director*)
George F O Alford (*Non-executive Director*)
Cheryl A Carolus (*Non-executive Director*)
Haruko Fukuda OBE (*Non-executive Director*)
Geoffrey M T Howe (*Non-executive Director*)
Donn E Jowell (*Non-executive Director*)
Ian R Kantor (*Non-executive Director*)
Sir Chips Keswick (*Non-executive Director*)
M Peter Malungani (*Non-executive Director*)
Sir David Prosser *(Non-executive Director)*
Peter R S Thomas (*Non-executive Director*)
Fani Titi (*Non-executive Director*)

Secretary and registered office

Richard Vardy FCIS ACIB MSI
2 Gresham Street
London
EC2V 7QP
United Kingdom

Investment bank and joint sponsor

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

Lead sponsor

Merrill Lynch South Africa (Pty) Limited
(Member of the Merrill Lynch Group)
(Registered sponsor and Member of the JSE)
138 West Street
Sandown, Sandton 2196
(PO Box 651987, Benmore, 2010)

Auditors

Ernst & Young LLP
Becket House
1 Lambeth Palace Road
London, SE1 7EU
United Kingdom

Legal adviser in the UK

Linklaters
One Silk Street
London
EC2Y 8HQ
United Kingdom

Legal adviser in South Africa

Jowell, Glyn & Marais Inc.
(Registration number 1990/000849/21)
Fourth Floor
Jowell, Glyn & Marais House
72 Grayston Drive
Sandown, Sandton, 2196
(PO Box 652361, Benmore, 2010)

Transfer secretaries

Computershare Investor Services 2004 (Pty) Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

This Pre-listing Statement is available in English and copies may be obtained from:

- Investec Limited, 100 Grayston Drive, Sandown, Sandton;
- Merrill Lynch South Africa (Pty) Limited, 138 West Street, Sandown, Sandton; and
- Computershare Investor Services 2004 (Proprietary) Limited, 70 Marshall Street, Johannesburg.

DEFINITIONS AND INTERPRETATIONS

In this Pre-listing Statement, 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.

"£" or "Pounds Sterling"	the lawful currency of the United Kingdom;
"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;
"base rate"	the base rate of the Bank of England from time to time as published by the Bank of England which at the latest practicable date was 4.50%;
"CSDP"	Central Securities Depository Participant, registered as such in terms of the SA Securities Services Act;
"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;
"coupon rate"	the variable rate applied to the deemed value in order to determine the dividend and will be set at 1% above the basic rate;
"deemed value"	means the deemed value of each perpetual preference share for purposes of calculation of the dividend, being an amount of £10.00, notwithstanding the actual issue price of a perpetual preference share (that is the nominal value of the perpetual preference share plus a premium thereon) which may vary because of a difference in the premium at which the perpetual preference shares may be issued from time to time;
"Directors"	the directors of Investec, whose names and details are given in paragraph 3.1 of this Pre-listing Statement;
"dividend"	the perpetual preference share dividend determined in Pounds Sterling by multiplying the deemed value by the coupon rate;
"Income Tax Act"	the South African Income Tax Act, 1962 (Act 58 of 1962), as amended;
"Initial dividend yield"	the Rand equivalent of the dividend (converted at the Rand/Pound Sterling exchange rate on the closing date of the offer for subscription) which will equate to a 6.40% yield based on the issue price;
"Investec"	collectively, Investec plc and Investec Limited;
"Investec Group" or "Group"	Investec plc and Investec Limited and their respective subsidiaries;
"Investec Limited"	Investec Limited (Registered number 1925/002833/06), a public company incorporated in South Africa and listed on the JSE, with secondary listings on the Botswana Stock Exchange and the Namibian Stock Exchange;

"Investec plc" or "the company"	Investec plc, a company registered in England and Wales with registered number 3633621 and listed on the LSE with a secondary listing on the JSE;
"Investec plc Member" or "Member"	a holder of Investec plc ordinary shares;
"Investec plc ordinary shares" or "ordinary shares"	ordinary shares of £0.001 each in the share capital of Investec plc;
"Investec plc ordinary dividend payment dates"	the dates on which Investec plc pays its interim and final dividends in respect of each financial year;
"Investec plc perpetual preference shares" or "perpetual preference shares"	non-redeemable, non-cumulative, non-participating preference shares of £0.01 each in the share capital of Investec plc, being the subject of the offer for subscription and the listing, the terms and conditions of which are set out in paragraph 4.4 and Annexure 2 to this Pre-listing Statement;
"issue price"	the allotment and issue price per perpetual preference share in Rands, to be determined by taking into account the coupon rate and the Rand/Pound Sterling exchange rate on the closing date of the offer for subscription as well as the dividend yield, as set out in paragraph 6.4.2 of this Pre-listing Statement;
"JSE"	JSE Limited, a company duly registered and incorporated with limited liability under the company laws of South Africa under registration number 2005/022939/06, licensed as an exchange under the SA Securities Services Act;
"latest practicable date"	Friday, 30 June 2006;
"listing"	the listing of the perpetual preference shares on the JSE in the Specialist Securities – "Preference Shares" sector under the abbreviated name "INV PREF" and alpha code "INPP", subject to the condition referred to in paragraph 6.3 of this Pre-listing Statement;
"LSE"	the London Stock Exchange plc, a company registered in England and Wales with registered number 2075721;
"the Meetings"	collectively, the Extraordinary General Meeting of Investec plc and the General Meeting of Investec Limited;
"offer for subscription"	the offer for subscription contained in this Pre-listing Statement, to subscribe for perpetual preference shares at a minimum subscription amount of R120 000 per single addressee acting as principal;
"preference shareholder"	a holder of perpetual preference shares;
"this Pre-listing Statement"	this Pre-listing Statement and its annexures dated 7 July 2006;
"proposed subdivision"	the proposed subdivision of the authorised and issued ordinary and special converting share capital of Investec plc, details of which are set out in the Investec Annual Report and in the Notice of Annual General Meeting of Investec plc for the year ended 31 March 2006 which were posted to Investec plc shareholders on Friday, 30 June 2006, copies of which are available for inspection in accordance with paragraph 14 of this Pre-listing Statement;
"Prospectus Directive"	the European Commission Directive 2003/71/EC including any relevant implementing measure in each Relevant Member State;

"Rand" or "R"	means the lawful currency of South Africa, being South African Rand;
"Relevant Member State"	any member state of the European Economic Area which has implemented the Prospectus Directive;
"Registrar of Companies"	the Registrar of Companies in South Africa;
"RIS"	any Regulatory Information Service that is approved by the Financial Services Authority in the UK as meeting the Primary Information Provider criteria and that is on the list of Regulatory Information Services maintained by the Financial Services Authority;
"SARB"	the South African Reserve Bank;
"SENS"	the Securities Exchange News Service of the JSE;
"South Africa" or "SA"	Republic of South Africa;
"SA Companies Act"	the South African Companies Act, 1973 (Act 61 of 1973), as amended;
"SA Securities Services Act"	the South African Securities Act, 2004 (Act 36 of 2004), as amended;
"STRATE"	STRATE Limited (Registration number 1998/022242/06), a public company incorporated in South Africa and a registered central securities depository in terms of section 1 of the SA Securities Services Act, and being the clearing and settlement system generated by the JSE for share transactions to be settled and transfer of ownership to be recorded electronically; and
"United Kingdom" or "UK"	United Kingdom of Great Britain and Northern Ireland.

SALIENT FEATURES

1. INTRODUCTION AND RATIONALE

Investec plc intends to issue the perpetual preference shares, which will only be listed on the JSE, in order to raise permanent capital thus creating a more efficient capital structure and allowing it to pursue growth opportunities as they may arise. The Directors believe the perpetual preference shares represent an attractive alternative investment opportunity for potential investors. In particular, as the perpetual preference shares are denominated in Pounds Sterling, South African investors will have the opportunity to invest in a security which not only will provide an attractive dividend yield but also give investors exposure to a Pound Sterling and hence providing Rand hedge properties.

The purpose of this Pre-listing Statement is to:

- provide investors and the market with information relating to Investec, its operations and its directors and management;
- enable Investec plc to undertake the offer for subscription in order to raise permanent capital of R750 million and to bring about the listing of the perpetual 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 Investec for the two financial years ended 31 March 2005 and 2006.

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 R120 000.

2. DETAILS OF THE OFFER FOR SUBSCRIPTION

2.1 Particulars of the offer for subscription

Deemed value for dividend purposes	£10.00
Coupon rate	the base rate plus 1%
Initial dividend yield based on the issue price	6.40%
Minimum Rand value of subscription per subscriber acting as principal	R120 000
Amount to be raised in terms of the offer for subscription	R750 million

Investors will subscribe for a Rand value of perpetual preference shares. The issue price per perpetual preference share and accordingly the number of perpetual preference shares to be issued to each investor will be determined on the closing date of the offer for subscription based on the coupon rate and the Rand/Pound Sterling exchange rate on that day in order to ensure that investors receive an initial dividend yield of 6.40% based on the issue price.

2.2 Illustrative example

For illustrative purposes only, set out below are the details of the pricing and allotment and issue of perpetual preference shares assuming an exchange rate of R13.00/£1 and a coupon rate of 5.50% on the closing date of the offer for subscription.

Deemed value for dividend purposes	£10.00
Initial dividend yield	6.40%
Issue price per perpetual preference share	R111.72
Minimum Rand value of subscription per subscriber acting as principal	R120 000
Number of perpetual preference shares to be issued to a subscriber	1 074*
Amount to be raised in terms of the offer for subscription	R750 million
Total number of perpetual preference shares issued	6 713 211

*Fractions of perpetual preference shares will not be issued. Subscribers will receive a cash refund for any fraction that arises. In this example, the subscriber will receive a cash refund of R12.72.

A more detailed illustrative example of the pricing and the allotment and issue of the perpetual preference shares taking into account various Rand/Pound Sterling exchange rates is set out in Annexure 3 to this Pre-listing Statement.

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

Opening date of the offer for subscription (09:00)	Monday, 10 July 2006
Closing date of the offer for subscription (12:00)	Friday, 28 July 2006
Proposed listing date (09:00)	Thursday, 3 August 2006

2.4 Condition to the listing

Application will be made to the JSE to list the perpetual preference shares in the Specialist Securities – "Preference Shares" sector. The number of perpetual preference shares to be listed will be determined on the closing date of the offer. The listing is subject to the condition that Investec plc 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 PERPETUAL PREFERENCE SHARES

The perpetual 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 final and interim ordinary dividends to its ordinary shareholders, if any, but, if declared, shall be payable, not later than 120 business days after 31 March and 30 September of each year, respectively. The full terms of the perpetual preference shares are set out in Annexure 2 to this Pre-listing Statement.

3.1 Voting rights

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 or when resolutions are proposed which directly affect any rights attaching to the perpetual preference shares or the interests of preference shareholders or a resolution is proposed to wind up or in relation to the winding-up of the company or for the reduction of its capital.

3.2 Entitlements to dividends

Preference shareholders will receive an annual dividend based on the coupon rate (being equivalent to the base rate plus 1%) multiplied by the deemed value, on a daily basis and payable in two semi-annual instalments. An ordinary dividend will not be declared by Investec plc unless the preference share dividend is declared. The deemed value for the purpose of calculating a preference dividend shall be an amount of £10.00, notwithstanding the actual issue price of a perpetual preference share.

All dividends to the preference shareholders will be declared in Pounds Sterling, but paid in Rands. The equivalent Rand value of the preference share dividend will be determined using the average Rand/Pound Sterling buy/sell forward rate on the business day prior to the release of the dividend declaration announcement on SENS and a RIS.

In the case of South African resident preference shareholders, in terms of the current provisions of the Income Tax Act, foreign dividends received from a non-resident company, including deemed dividends, are free of tax if, *inter alia*, the distributing company is a listed company and South African residents hold more than 10% of its equity share capital.

In the case of Investec plc approximately 37.1% of its equity share capital is currently held by South African residents. Should this fall below 10%, the dividends received by South African preference shareholders may become taxable.

All applicants must obtain their own advice in connection with the taxation consequences relating to their investment in the perpetual preference shares.

4. FURTHER COPIES OF THIS PRE-LISTING STATEMENT

Copies of this Pre-listing Statement can be obtained during normal business hours from 12:00 on Friday, 7 July 2006 from the offices of Investec Limited, 100 Grayston Drive, Sandown, Sandton, 2196, as well as from the company's sponsors and the transfer secretaries, the addresses of which are set out in the "Corporate information relating to Investec plc" section of this Pre-listing Statement.

Investec plc

(Incorporated in England and Wales)
(Registration number 3633621)
Share code: INP ISIN:GB0031773103

PRE-LISTING STATEMENT

1. INTRODUCTION AND RATIONALE

Investec plc intends to issue the perpetual preference shares, which will only be listed on the JSE, in order to raise permanent capital thus creating a more efficient capital structure and allowing it to pursue growth opportunities as they may arise. The Directors believe the perpetual preference shares represent an attractive alternative investment opportunity for potential investors. In particular, as the perpetual preference shares are denominated in Pounds Sterling, South African investors will have the opportunity to invest in a security which not only will provide an attractive dividend yield but also give investors exposure to a Pound Sterling and hence providing Rand hedge properties.

The purpose of this Pre-listing Statement is to:

- provide investors and the market with information relating to Investec, its operations and its directors and management;
- enable Investec plc to undertake the offer for subscription in order to raise permanent capital of R750 million and to bring about the listing of the perpetual 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 audited historical financial information for Investec for the two financial years ended 31 March 2005 and 31 March 2006.

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 R120 000.

2. INFORMATION RELATING TO INVESTEC

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.

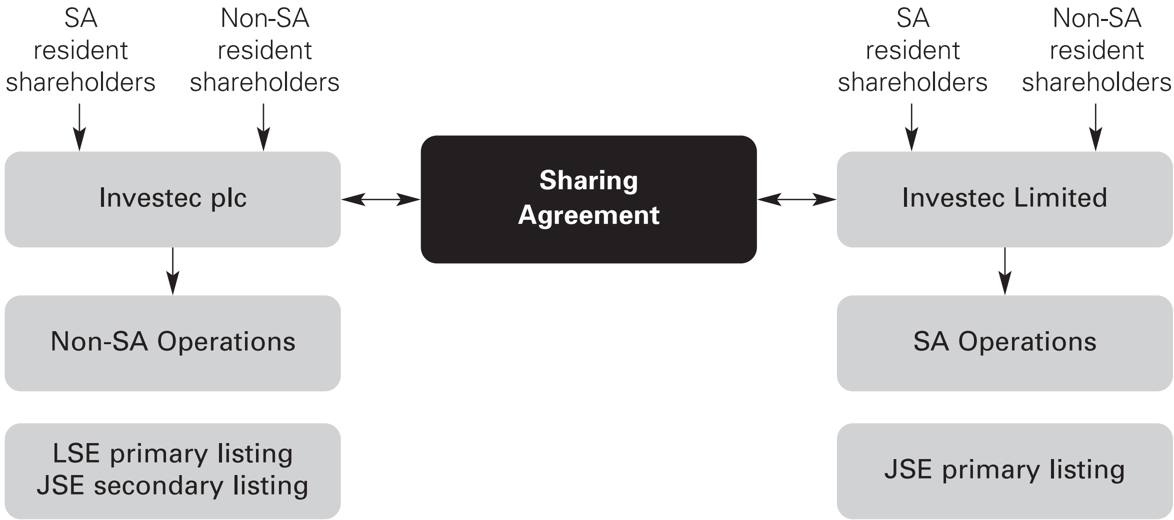
In November 2001, Investec received permission from the South African Minister of Finance and the SARB to establish a Dual Listed Companies ("DLC") structure with linked companies listed in London and Johannesburg. The structure was implemented in July 2002.

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 LSE and a secondary listing on the JSE.

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

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 is an international, specialist banking group that provides a distinctive range of financial products and services to a select client base.

Activities of Investec:

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

Corporate Finance

Investec is established as one of South Africa's leading domestic corporate finance houses, focusing on the provision of corporate advisory services to large and mid-capitalisation companies. Since 1999, domestic capital market activity in South Africa has been limited. Accordingly, Investec has focused on the development of its domestic financial advisory business, in particular regarding black economic empowerment transactions, mergers and acquisitions, divestitures, restructurings and the provision of innovative and creative deal structures and advice. The division completed 119 corporate finance transactions as well as 128 sponsor broker deals during 2005. The division was ranked first in the volume of M&A transactions and general corporate finance in the Dealmakers Magazine Survey for Corporate Finance (calendar year 2005). The division was also ranked first in volume of M&A transactions in the Ernst & Young Review (calendar year 2005).

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 2005, the division completed 14 M&A transactions and 21 fundraising 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 20 deals during the year.

Institutional Research, Sales and Trading

In South Africa, 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 broad range of UK and international institutional clients.

Direct Investments and Private Equity

As a result of its in-depth market knowledge and local expertise, Investec is well-positioned to take direct positions in predominantly JSE listed shares where it is believed that the market is mispricing the value of underlying portfolio of assets. These investment positions will be carefully researched with the intent to stimulate corporate activity. Investec also continues to pursue opportunities to help to create and grow black owned and controlled companies.

The Private Equity division in South Africa actively seeks and selects expansion and buy-out investments as principal in unlisted South African companies. Investments are selected based on the track record of the management, the attractiveness of the industry and the ability to build value for the existing business by implementing an agreed strategy.

In the UK, Investec inherited a managed private equity portfolio as part of the Guinness Mahon and Hambros acquisitions in 1998.

Treasury and Specialised Finance

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

Private Client Activities

Includes: Private Banking (South Africa, the UK and Europe and Australia)
Private Client Portfolio Management and Stockbroking (South Africa and the UK).

Private Banking

Investec Private Bank in South Africa provides a range of private banking services, targeting select high income and net worth individuals in chosen niche markets. These services include:

- Banking;
- Structured Property Finance;
- Growth and Acquisition Finance;
- Investment Management and Advisory; and
- Trust and Fiduciary;

The Private Bank positions itself as "an investment bank for private clients" in the high value advisory market, striving to "out think" not "out muscle" its competitors.

The division's distinctive focus is on wealth creation through gearing, driven by the predominance of active over passive high net worth individuals in South Africa. These individuals gain access to structured property and growth and acquisition finance. Ultra high net worth clients receive these products and services, as well as a comprehensive wealth management, advisory and trust and fiduciary service. In addition, Investec provides banking products and services to high income earning clients.

This offering has a strong franchise among successful entrepreneurs, high earning employees and self-directed internationally mobile clients.

One of the key strengths is the ability to originate new business by leveraging off the strong client relationships, which are established through Investec's lending activities. This sets Investec apart from many other private banks that are dependent on the more traditional asset-gathering model.

The division was rated the number one private bank for the fifth consecutive year in the PricewaterhouseCoopers South African Banking Survey. At 31 March 2006, the South African bank's lending book was R41 billion.

The range of private banking services in the UK is targeted at select high net worth individuals in chosen niche markets. These services include:

- Structured Property Finance;
- Specialised Lending;
- Trust and Fiduciary;
- Treasury and Banking;
- Investment Management; and
- Growth and Acquisition Finance;

This division is based in London, with offshore subsidiaries in the Channel Islands, Switzerland and Ireland. The target market comprises high income and high net worth individuals, including property developers, and investors and management buy-out/buy-in candidates of owner managed businesses. Investec's offering has a strong franchise among successful entrepreneurs and self-directed internationally mobile clients, with a specific focus on select niches and community groups.

At 31 March 2006, the UK bank's lending book was £2 billion.

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

The Private Client Portfolio Management and Stockbroking division in South Africa offers a selection of personal investment and stockbroking services to a client base comprising predominantly high net worth individuals.

This division began operating in South Africa in 1996 through the acquisition of Fergusson Bros, and now operates under the name of Investec Securities Limited.

Measured by assets under management, Investec is one of the largest private client stockbrokers and one of the largest private client portfolio managers in South Africa. Its growth has come primarily through strategic acquisitions, supplemented by its discretionary portfolio management returns for managed clients. These acquisitions include:

- the June 1999 purchase of HSBC's Johannesburg private client operation (resulting in the addition of approximately R4.5 billion in assets under management);
- the October 2000 purchase of Quyn Martin Asset Management (adding R1.8 billion in assets under management);
- the January 2002 purchase of Merrill Lynch South Africa's private client operation in Cape Town (adding R4.3 billion in assets under management); and
- the March 2005 acquisition of HSBC's Cape Town private client operation, (adding approximately R13.4 billion to assets under management).

The UK Private Client Stockbroking business, Carr Sheppards Crosthwaite, was sold to Rensburg plc on 6 May 2005. Investec retains a 47.7% interest in the combined entity, Rensburg Sheppards plc. At 31 March 2006, funds under management in the UK and South Africa totalled £13.1 billion and R84 billion, respectively.

Asset Management

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

Investec Asset Management has grown significantly since inception in 1991 in South Africa with R225 million of assets under management. Today, it is one of the largest managers of third party assets in southern Africa, managing funds on behalf of individuals, retirement funds, insurance companies, government bodies, universities, corporations and other institutions. It is a multi-specialist investment manager and a market leader in specialist equity, fixed interest, balanced and absolute return funds. At 31 March 2006, South African assets under management amounted to R212.7 billion.

The operation in the UK was launched in 1998, following Investec's acquisition of Guinness Flight Hambro. This provided Investec Asset Management with approximately £7 billion of additional assets, at the date of the acquisition, and the infrastructure of Guinness Flight Hambro's operations. During 1999 and 2000, the product platform was redesigned to focus on the creation of a domestic franchise in the UK for both the institutional and mutual fund businesses. Investec Asset Management emerged from the restructuring as a multi-specialist investment manager with key strengths in UK and global equities and UK and global fixed income. Today, Investec has a strong brand in the UK and European mutual funds market and continues to penetrate the UK institutional market. At 31 March 2006, UK and international assets under management amounted to £11.8 billion.

Property Activities

Services provided by our 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. At 31 March 2006 property assets under administration were R19.8 billion, making the division one of the largest property managers in South Africa.

Our Property Activities in the UK have scaled down over the year as we have taken advantage of a seller's market by selling stock. Our direct property portfolio consists of two investment properties with prospects for value enhancement through active management. Our re-investment strategy remains opportunistic and we will wait, as necessary, until value adding opportunities arise. We are intending to expand our property model in the UK to include property fund management and to align the strategic focus of the UK business with that of South Africa in order to build a more holistic global property business.

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 Investec'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 five operating divisions. However, the Group has adopted a policy of allocating a portion of these costs to the divisions.

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 the International Trade Finance business (Reichmans Capital) as well as Assurance Activities.

General commentary

The Investec businesses achieved good results for the financial year ended 31 March 2006. While the levels of activity and momentum have continued into the new financial year, Investec remains aware of the volatile operating environment to which some of its businesses are exposed. In the year ahead, Investec's aim will be to strive to make further progress in enhancing the quality and sustainability of its earnings, while reinforcing the impact of its brand and strengthening relationships with clients.

With this as its focus, Investec believes it is well positioned to respond to change and to anticipate it in ways that best serve its clients and shareholders. Investec is confident that its niche focus, distinctive offering and capability of its people will enable Investec to take advantage of growth opportunities as they arise.

Historical financial information

Relevant financial information, extracted from the annual financial statements of Investec for the two financial years ended 31 March 2006 and 31 March 2005, are set out in Annexure 1 to this Pre-listing Statement.

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 (65)*** (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 (54)*** (Chief Executive Officer – appointed 1986)

Business address: Investec Bank Limited, 100 Grayston Drive, 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 Limited, Investec Bank Limited, Investec Bank (UK) Limited and The Bidvest Group Limited.

3.1.3 ***Bernard Kantor (56)*** (Managing Director – appointed 1987)

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

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 (49)*** (Executive Director – appointed 2002)

Business address: Investec Bank Limited, 100 Grayston Drive, 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* (59)*** (Executive Director – appointed 2002)

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

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.

3.1.6 ***Samuel E Abrahams (67)*** (Non-executive Director – appointed 1996)

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

Qualifications: FCA, CA(SA)

Samuel 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* (57)*** (Non-executive Director – appointed 2002)

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

Qualifications: BSc (Econ), FCIS, FIPD, MSI

George is former Head of Private Banking and Head of Personnel at Kleinwort Benson Group. His directorships include Investec Bank (UK) Limited.

3.1.8 ***Cheryl A Carolus (48)*** (Non-executive Director – appointed 2005)

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

Cheryl acted as the South African High Commissioner to London between 1998 and 2001 and was Chief Executive Officer of South African Tourism. She is Chairperson of South African National Parks. Her directorships include the International Crisis Group and WWF International.

3.1.9 ***Haruko Fukuda OBE* (59)*** (Non-executive Director – appointed 2003)

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

Qualification: MA (Cantab), DSc

Haruko was previously Chief Executive Officer of the World Gold Council. She is an adviser to Metro AG and Lazard.

3.1.10 ***Geoffrey M T Howe* (56)*** (Non-executive Director – appointed 2003)

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

Qualification: MA (Hons)

Geoffrey is a former Managing Partner of Clifford Chance LLP and was director and Group General Counsel of Robert Fleming Holdings Ltd. He is also a former Chairman of Railtrack Group plc. His directorships include Jardine Lloyd Thompson Group plc, The JP Morgan Fleming Overseas Investment Trust plc, and Nationwide Building Society. He is also an adviser to a number of leading professional and financial service organisations.

3.1.11 ***Donn E Jowell (64)*** (Non-executive Director – appointed 1989)

Business address: c/o Investec Bank Limited, 100 Grayston Drive, 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.

3.1.12 ***Ian R Kantor (59)*** (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.

3.1.13 ***Sir Chips Keswick* (66)*** (Non-executive Director – appointed 2002)

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

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 and Investec Bank (UK) Limited.

3.1.14 ***M Peter Malungani (48)*** (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 and Investec Bank Limited.

3.1.15 ***Sir David Prosser* (62)*** (Non-executive Director – appointed 2006)

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

Qualification: BSc (Hons), FIA

Sir David was previously Group Chief Executive of Legal & General Group PLC, joining Legal & General in 1988 as Group Director (Investments) becoming Deputy Chief Executive in January 1991 and Group Chief Executive in September 1991. Sir David was previously Chairman of the Financial Services Skills Council and is currently a Director of Intercontinental Hotels Group PLC.

3.1.16 ***Peter R S Thomas (61)*** (Non-executive Director – appointed 1981)

Business address: 10 Orange Street, Sunnyside, Auckland Park, Johannesburg, 2092

Qualification: CA(SA)

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

3.1.17 ***Fani Titi (44)*** (Non-executive Director – appointed 2004)

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

Qualification: BSc (Hons), MA, MBA

Fani is currently Chief Executive Officer of Tiso Group Limited, 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 plc 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 in respect of their directorships in Investec is disclosed in the Annual Report of Investec for the year ended 31 March 2006 which is available for inspection in accordance with paragraph 14 of this Pre-listing Statement and is available on the Group's website (www.investec.com).

There will be no variation in the directors' remuneration as a result of this offer for subscription.

3.4 **Directors' interests**

Directors' shareholdings in Investec plc and Investec Limited shares at 31 March 2006

Director	Beneficial and non-beneficial interest Investec plc[2]		Percentage of shares in issue[1] Investec plc	Beneficial and non-beneficial interest Investec Limited[3]		Percentage of shares in issue[1] Investec Limited
	1 April 2005	**31 March 2006**	**31 March 2006**	**1 April 2005**	**31 March 2006**	**31 March 2006**
Executive directors						
S Koseff	1 087 017	1 057 573	1.4%	185 636	185 636	0.4%
B Kantor[4]	100	300	–	1 195 288	1 666 044	3.8%
G R Burger	605 460	550 655	0.7%	85 227	86 477	0.2%
A Tapnack	–	–	–	48 203	37 021	0.1%
Total number	**1 692 577**	**1 608 528**	**2.1%**	**1 514 354**	**1 975 178**	**4.5%**
Non-executive directors						
H S Herman	380 079	308 301	0.4%	48 905	8 905	–
S E Abrahams	8 000	6 000	–	–	–	–
G F O Alford	–	–	–	–	–	–
C A Carolus	–	–	–	–	–	–
H Fukuda OBE	1 000	1 000	–	–	–	–
G M T Howe	–	–	–	–	–	–
D E Jowell	62 340	62 340	0.1%	–	–	–
I R Kantor[5]	346 155	316 711	0.4%	450	450	–
Sir C Keswick	3 150	3 150	–	1 850	1 850	–
M P Malungani[6]	–	–	–	1 545 778	1 545 778	3.5%
Sir D Prosser	–	–	–	–	–	–
P R S Thomas	156 219	100 330	0.1%	51 191	51 191	0.1%
F Titi[6]	–	–	–	308 000	308 000	0.7%
Total number	**956 943**	**797 832**	**1.0%**	**1 956 174**	**1 916 174**	**4.3%**
Total number	**2 649 520**	**2 406 360**	**3.1%**	**3 470 528**	**3 891 352**	**8.8%**

Notes:

1. The total number of Investec plc and Investec Limited shares in issue as at 31 March 2006 was 74.6 million and 44.0 million, respectively.
2. The market price of an Investec plc share at 31 March 2006 was £29.41 (2005:£15.55).
3. The market price of an Investec Limited share as at 31 March 2006 was R313.00 (2005:R178.00).
4. In addition to his shareholdings reflected in the table above, B Kantor has an interest in options over Investec Limited shares, the details of which are as follows:
   (a) B Kantor sold 200 000 put options at a strike price of R255.00 per option expiring on 18 August 2006.
   (b) B Kantor sold 250 000 call options at a strike price of R380.00 per option expiring on 18 August 2006.
   (c) B Kantor sold 300 000 call options at a strike price of R255.00 per option expiring on 18 August 2006.
5. 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:
   (a) 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.

(b) 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.

(c) 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.

6. In November 2003, Investec Limited concluded an empowerment transaction with Tiso Group ("Tiso"), Peu Group (Proprietary) Limited ("Peu"), a broad-based Entrepreneurship Development Trust and an Employee Share Trust in terms of which they acquired a 25.1% stake in the issued share capital of Investec Limited. M P Malungani is the Chairman of Peu and F Titi is the Chief Executive Officer of Tiso.

Directors' interest in preference shares at 31 March 2006

	Investec Limited		Investec Bank Limited	
Director	**1 April 2005**	**31 March 2006**	**1 April 2005**	**31 March 2006**
Executive				
S Koseff[1]	–		3 000	3 000
B Kantor[2]	70 904	–	–	
Non-executive				
H S Herman[3]	–		1 135	1 135

Notes:

The market price of an Investec Limited preference share at 31 March 2006 was R115.00 (2005: R104.80). The market price of an Investec Bank Limited preference share at 31 March 2006 was R123.01 (2005:R119.00).

1. S Koseff acquired an interest in the preference shares of Investec Bank Limited on 13 August 2003 at a price of R100.00.
2. B Kantor acquired an interest in the preference shares of Investec Limited on 16 February 2005 at a price of R104.50. B Kantor sold 70 904 Investec Limited preference shares on 22 July 2005 at R103.90 per share.
3. H S Herman acquired an interest in the preference shares of Investec Bank Limited on 13 August 2003 at a price of R100.00.

3.5 Directors' declaration

All of the Directors 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 SA Companies Act;
- adjudged bankrupt or entered into any voluntary creditors liquidation or been sequestrated 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 director 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 as disclosed in the Investec Annual Report for the year ended 31 March 2006 which report is available for inspection in accordance with paragraph 14 of this Pre-listing Statement and is available on the Group's website (www.investec.com).

3.7 Corporate Governance

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

Investec'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 Directors are of the view that Investec complied with the Principles of Good Governance and Code of Best Practice contained in section 1 of the London Combined Code (2003) as well as the South African King II "Code of Corporate Practices and Conduct" ("King II") during the period under review, except as follows:

London Combined Code and King II – Chairman

As reported in 2005, the Chairman of the board is not considered to be independent, but continued to enhance his status as a non-executive director.

For a full report of the Investec's corporate governance policies, potential investors are referred to the Investec's Annual Report for the year ended 31 March 2006 which is available for inspection in accordance with paragraph 14 of this Pre-listing Statement and may also be obtained from Investec's website (www.investec.com).

4. SHARE CAPITAL OF INVESTEC PLC

4.1 Authorised and issued share capital before the offer for subscription

Authorised

112 000 000 ordinary shares of £0.001 each	£112 000
55 500 000 special converting shares of £0.001 each	£55 000
1 000 000 non-cumulative perpetual preference shares of €0.01 each	€10 000
1 UK DAN share of £0.001	–
1 UK DAS share of £0.001	–
1 special voting share of £0.001	–
100 000 000 non-redeemable, non-cumulative, non-participating preference shares of £0.01 each	£1 000 000

Issued

75 433 746 ordinary shares of £0.001 each	£75 434
45 099 527 special converting shares of £0.001 each	£45 100
1 UK DAN share of £0.001	–
1 UK DAS share of £0.001	–
1 special voting share of £0.001	–

4.2 **Authorised and issued share capital after the offer for subscription**

The table below is for illustrative purposes only and sets out the authorised and issued capital of Investec plc after the offer for subscription based on the example set out in paragraph 2.2 of the "Salient features" section of this Pre-listing Statement:

Authorised

112 000 000 ordinary shares of £0.001 each	£112 000
55 500 000 special converting shares of £0.001 each	£55 000
1 000 000 non-cumulative perpetual preference shares of €0.01 each	€10 000
1 UK DAN share of £0.001	–
1 UK DAS share of £0.001	–
1 special voting share of £0.001	–
100 000 000 non-redeemable, non-cumulative, non-participating preference shares of £0.01 each	£1 000 000

Issued

75 433 746 ordinary shares of £ 0.001 each	£75 434
45 099 527 special converting shares of £0.001 each	£45 100
1 UK DAN share of £0.001	–
1 UK DAS share of £0.001	–
1 special voting share of £0.001	–
6 713 211 non-redeemable, non-cumulative, non-participating preference shares of £0.01 each*	£67 132

*The number of perpetual preference shares issued has been determined assuming an exchange rate of R13.00/£1 and a coupon rate of 5.50% on the closing date of the offer for subscription.

The authorised and issued share capital of Investec plc set out in the table above does not take into account the proposed subdivision.

The company's authorised share capital was increased by £1 000 000 by the creation of 100 000 000 perpetual preference shares each by special resolution approved by the requisite number of shareholders at the Extraordinary General Meeting of Investec plc and the General Meeting of Investec Limited, both held on Wednesday, 28 June 2006.

At the Meetings referred to above, Investec Members also approved the ordinary resolution giving the Directors authority to allot and issue all of the perpetual preference shares at their discretion until the next Annual General Meetings of Investec which are to be held on Thursday, 10 August 2006.

At the Annual General Meetings, Investec will seek approval for a further ordinary resolution to place the unissued perpetual preference shares under the control of the Directors until the 2007 Annual General Meetings of Investec.

Investec plc allotted and issued 800 000 ordinary Investec plc shares of £0.001 each to the Investec plc Jersey number 1 Trust and Investec Limited allotted and issued 1 100 000 ordinary Investec Limited shares of R0.001 each to the Investec Limited Security and Purchase Option Scheme 2002 Trust, both on 29 June 2006, pursuant to the exercise of vested options by staff in terms of these schemes.

Accordingly, Investec plc issued 1 100 000 special converting shares of £0.001 each.

No option or preferential right of any kind was or is being proposed to be given to any persons to subscribe for any securities of Investec plc or any securities of its subsidiaries.

4.3 **Alterations to share capital**

Investec plc will from time to time seek to raise additional capital by issuing further perpetual preference shares, which will rank *pari passu* with existing perpetual preference shares. Such perpetual preference shares will also be listed on the JSE, subject to the approval of the JSE.

4.4 **Rights attaching to perpetual preference shares**

The perpetual 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 final and interim ordinary dividends to its ordinary shareholders, if any, but, if declared, shall be payable, not later than 120 business days after 31 March and 30 September of each year, respectively. The full terms of the perpetual preference shares are set out in Annexure 2 to this Pre-listing Statement.

4.4.1 ***Voting rights***

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 or when resolutions are proposed which directly affect any rights attaching to the perpetual preference shares or the interests of preference shareholders or a resolution is proposed to wind up or in relation to the winding-up of the company or for the reduction of its capital.

4.4.2 ***Entitlements to dividends***

Preference shareholders will receive an annual dividend based on the coupon rate (being equivalent to the base rate plus 1%) multiplied by the deemed value, on a daily basis and payable in two semi-annual instalments. An ordinary dividend will not be declared by Investec plc unless the perpetual preference share dividend is declared. The deemed value for the purpose of calculating a preference dividend shall be an amount of £10.00, notwithstanding the actual issue price of a perpetual preference share.

All dividends to the preference shareholders will be declared in Pounds Sterling but paid in Rands. The equivalent Rand value of the perpetual preference share dividend will be determined using the average Rand/Pound Sterling buy/sell forward rate on the business day immediately prior to the release of the dividend declaration announcement on SENS and a RIS.

In the case of South African resident preference shareholders, in terms of the current provisions of the Income Tax Act, foreign dividends received from a non-resident company, including deemed dividends, are tax free if, *inter alia*, the distributing company is a listed company and South African residents hold more than 10% of its equity share capital.

In the case of Investec plc 37.1% of its equity share capital is currently held by South African residents. Should this fall below 10%, the dividends received by South African preference shareholders may become taxable.

All applicants must obtain their own advice in connection with the taxation consequences relating to their investment in the perpetual preference shares.

The terms and conditions of the perpetual preference shares, as set out in the Articles of Association of Investec plc, have been included in Annexure 2 to this Pre-listing Statement.

4.5 Investec plc has a primary listing on the LSE and has 75 433 746 ordinary shares outstanding.

5. CONTROLLING AND MAJOR SHAREHOLDERS OF INVESTEC PLC AND INVESTEC LIMITED

The company's entire issued ordinary share capital is listed on the LSE and the JSE. So far as Investec plc is aware, as at Friday, 30 June 2006, the following are the only shareholders holding more than 5% of Investec plc's issued ordinary share capital and accordingly there is no controlling shareholder in Investec plc as defined in the Listings Requirements of the JSE:

Shareholder	Number of shares held	Percentage shareholding
Public Investment Commissioner (ZA)	5 393 641	7.23%
Spurwing-P Investments Limited (BVI)	3 932 883	5.27%
Barclays Bank PLC	3 783 181	5.07%
Cumulative total	**13 109 705**	**17.57%**

Investec Limited's entire issued ordinary share capital is listed on the JSE. So far as Investec Limited is aware, as at Friday, 30 June 2006, the following are the only shareholders holding more than 5% of Investec Limited's issued ordinary share capital and accordingly there is no controlling shareholder in Investec Limited as defined in the Listings Requirements of the JSE:

Name	Number of shares held	Percentage shareholding
Public Investment Commissioner	5 248 849	11.64%
Investec Ltd Security Purchase & Option 2003	3 107 770	6.89%
Ed Trust Inl Investments CP	2 800 000	6.21%
Tiso Inl Investments Pty Ltd	2 800 000	6.21%
Peu Inl Investments Pty Ltd	2 611 111	5.79%
Cumulative total	**16 567 730**	**36.74%**

6. DETAILS OF THE OFFER FOR SUBSCRIPTION

6.1 Salient terms of the perpetual preference shares

Deemed value for dividend purposes	£10.00
Coupon rate	the base rate plus 1%
Initial dividend yield based on the issue price	6.40%
Minimum Rand value of subscription per subscriber acting as principal	R120 000
Amount to be raised in terms of the offer for subscription	R750 million

Investors will subscribe for a Rand value of perpetual preference shares. The issue price per perpetual preference share and accordingly the number of perpetual preference shares to be issued to each investor will be determined on the closing date of the offer for subscription based on the coupon rate and the Rand/Pound Sterling exchange rate on that day in order to ensure that investors receive an initial dividend yield of 6.40% based on the issue price.

A more detailed illustrative example of the pricing and the allotment and issue of the perpetual preference shares taking into account various Rand/Pound Sterling exchange rates is set out in Annexure 3 to this Pre-listing statement.

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, 10 July 2006
Closing date of the offer for subscription (12:00)	Friday, 28 July 2006
Proposed listing date (09:00)	Thursday, 3 August 2006

Applicants applying for dematerialised perpetual preference 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

Application will be made to the JSE to list the perpetual preference shares in the Specialist Securities – "Preference Shares" sector. The number of perpetual preference shares to be listed will be determined on the closing date of the offer. The listing is subject to the condition that Investec plc 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 perpetual 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 perpetual 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 perpetual 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 Limited at 100 Grayston Drive, Sandown, Sandton, 2196 as well as the company's sponsors and the transfer secretaries, the addresses of which are set out in the "Corporate information relating to Investec plc" section of this Pre-listing Statement.

6.4.2 ***Minimum value***

Investors will subscribe for a Rand value of perpetual preference shares. The minimum Rand value of subscription per subscriber acting as principal is R120 000 and thereafter in multiples of R1 000. The issue price per perpetual preference share (rounded to two decimal places) and accordingly the number of perpetual preference shares to be issued to each investor (rounded down to the nearest whole number) will be determined on the closing date of the offer for subscription according to the following formula:

$$\text{Issue price per perpetual preference share} = \frac{\text{Deemed value x coupon rate x Rand/Pound Sterling exchange rate}}{\text{Initial dividend yield \%}}$$

6.4.3 ***Fractions***

Fractions of perpetual preference shares will not be issued. If a fraction does arise, a cash refund will be made. An illustrative example of the pricing and the allotment and issue of the perpetual preference shares as well as any cash refunds arising is set out in Annexure 3 to this Pre-listing Statement.

6.4.4 ***Applications irrevocable***

Applications will be irrevocable and may not be withdrawn once received by Investec plc 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 plc 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 6.8 of this Pre-listing Statement, 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.

The directors have the right to increase the amount of permanent capital to be raised through the issue of perpetual preference shares either by increasing the amount of capital to be raised in the offer for subscription or by undertaking a separate private placement of perpetual preference shares.

6.4.7 ***Receipts***

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

6.4.8 ***Minors and deceased estates***

No documentary evidence of capacity to apply need accompany the application form, but Investec plc 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.

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

6.4.9 ***Submission of application forms***

6.4.9.1 Certificated perpetual 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 plc: 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, 28 July 2006.

Postal delivery

Application forms must be posted, at the risk of the applicant concerned, in a sealed envelope, marked **"Investec plc: 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, 28 July 2006.

6.4.9.2 Dematerialised perpetual preference shares

In respect of those applicants opting for dematerialised perpetual preference shares, application forms must be sent to the applicants' 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 plc.

6.4.10 ***Payment***

6.4.10.1 Certificated perpetual preference shares

Each application form must be accompanied by payment of the total monetary value of the perpetual preference shares applied for by way of a cheque or banker's draft in Rands, crossed "not transferable" with the words "or bearer" deleted and drawn in favour of **"Investec plc – 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 plc, 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 perpetual 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 perpetual preference shares applied for in Rands will be made in terms of the existing agreement with the appointed CSDP or broker. The delivery versus payment method will apply.

6.4.11 ***Application monies***

The amount payable in respect of the application for perpetual 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 certificated perpetual preference shares will be held by Investec plc in a designated "trust" account with a registered South African bank until the listing has become unconditional. If the condition referred to in paragraph 6.3 of this Pre-listing Statement is not met by the closing date of the offer for subscription, or if there are over-subscriptions, or Investec plc determines in its absolute discretion not to proceed with the offer for subscription such monies will be refunded without interest by cheque, posted at the risk of the subscriber, within seven business days of such date.

6.4.12 ***Issue of perpetual preference shares***

Perpetual reference shares applied for and subscribed for in terms of this Pre-listing Statement will be issued at the expense of Investec plc.

All perpetual 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 plc.

6.4.13 ***Trading of perpetual preference shares***

The JSE settles trades through STRATE. 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 are penalties for late settlement;
- electronic record of ownership replaces share certificates and physical delivery thereof; and
- all investors are required to appoint either a broker or CSDP to act on their behalf and to handle their settlement requirements.

The perpetual preference shares will be listed on the listing date against receipt of application monies from a CSDP or broker. The perpetual preference shares which will only be issued after the close of the offer for subscription and following their listing, will be traded on the JSE in electronic (dematerialised) form. Applicants who applied for dematerialised perpetual preference shares and who wish to hold perpetual preference shares in certificated form should rematerialise their perpetual preference shares after the close of the offer for subscription. This will incur a cost. Any preference shareholder who rematerialises his perpetual preference shares will not be able to trade such perpetual preference shares. Should he wish to do so, he will have to dematerialise the certificated perpetual preference shares.

6.5 **Selling restrictions**

General

No action has been or will be taken in any jurisdiction, except South Africa, that would permit a public offering of the perpetual preference shares, or possession or distribution of this document or any other offering material in any country or jurisdiction other than South Africa where action for that purpose is required. Accordingly, the perpetual preference shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the perpetual preference shares may be distributed or published in or from any country or jurisdiction other than South Africa except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this document comes should inform themselves about and observe any restrictions on the distribution of this document and the offer for subscription contained in this document. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to subscribe for any of the perpetual preference shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

United States

The perpetual preference shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") and, subject to certain exceptions, may not be offered or sold within the United States. The perpetual preference shares are being offered and sold outside of the United States in reliance on Regulation S of the Securities Act.

In addition, until 40 days after the commencement of the offering of the perpetual preference shares an offer or sale of perpetual preference shares within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.

European Economic Area

In relation to each Relevant Member State an offer to the public of any perpetual preference shares which are the subject of the offering contemplated by this Pre-listing Statement may not be made in that Relevant Member State save for an offer pursuant to any of the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of: (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43 000 000 and (3) an annual net turnover of more than €50 000 000, as shown in its last annual or consolidated accounts;
- to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of perpetual preference shares shall result in a requirement for the publication by Investec plc or the lead sponsor of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer for subscription" in relation to any perpetual preference shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any perpetual preference shares to be offered so as to enable an investor to decide to purchase any perpetual preference shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

6.6 Exchange Control Regulations

Set out below is a summary of the Exchange Control Regulations relating to the offer for subscription and the acquisition of perpetual preference shares after the listing.

Investec plc is a foreign entity as referred to in Exchange Control Circular No. D.441 dated 17 September 2004. As such, the Exchange Control regulations set out in this Exchange Control Circular D.441, as amended by Exchange Control Circular No. D.443 dated 26 October 2004 and Exchange Control Circular No. 16/2005 dated 25 October 2005 will apply to the acquisition of perpetual preference shares by South African resident shareholders.

This summary is intended as a guide only and is therefore not comprehensive. If you are in any doubt in this regard, you should consult an appropriate professional adviser.

South African private individuals

In terms of Exchange Control Circular No. D.443, dated 26 October 2004, South African private individuals will be able to invest in the perpetual preference shares that are listed on the JSE without restriction. Consequently, an acquisition of Investec plc perpetual preference shares by a South African individual will not affect such individual's offshore investment allowance of R2 000 000.

South African institutional investors

South African retirement funds, long-term insurers, collective investment scheme management companies as well as investment managers who have registered with Exchange Control as institutional investors for Exchange Control purposes will be able to invest in the perpetual preference shares using their existing foreign investment allowance. Retail assets refer to assets received by such institutional investors.

South African corporate entities

An acquisition by a South African corporate entity of the perpetual preference shares on the JSE will be regarded as a foreign investment. For the procedure to obtain regulatory approval for foreign investments, South African corporate entities should consult their professional advisers.

Exchange Control provisions applicable to South African residents in respect of acquisition issues and rights issues by UK companies that are listed on the JSE

South African institutional investors and corporate entities will be allowed to exercise their rights in terms of any subsequent rights offer of perpetual preference shares.

South African institutional investors will be given a period of 12 months to realign their portfolios should they be in excess of their offshore investment allowances as a result of exercising their rights. Corporate entities will also be given 12 months to dispose of shares taken up in terms of such rights issues.

Non-residents of the common monetary area

Non-residents of the common monetary area may acquire perpetual preference shares on the JSE, provided that payment is received in a foreign currency from a non-resident account. However, former residents of the common monetary area who have emigrated may not use emigrant blocked funds to acquire perpetual preference shares.

6.7 **Underwriting and minimum subscription**

The offer for subscription is not underwritten. The offer for subscription is not conditional on Investec plc receiving applications for subscriptions which in aggregate will exceed R750 million. The listing will occur, regardless of the amount raised, subject only to the condition referred to in paragraph 6.3 of this Pre-listing Statement. Subscriptions can only be made at an acquisition cost, for a single addressee acting as principal, of not less than R120 000.

6.8 **Over-subscriptions**

The directors of Investec plc reserve the right to accept or refuse 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 R120 000, for a single addressee acting as principal.

6.9 **Brokerages and commissions**

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

7. EXPENSES OF THE OFFER FOR SUBSCRIPTION AND LISTING

The estimated cash expenses of the offer for subscription and the listing on the JSE relate, *inter alia*, to:

- the printing and publication costs of this Pre-listing Statement and other related announcements of R314 785;
- fees payable to the transfer secretaries of R70 000;
- fees payable to the lead sponsor of £100 000;
- fees payable to the legal adviser in the UK of £40 000;
- fees payable to the legal adviser in SA of R37 500;
- JSE documentation and listing fees of R39 950 and R133 510, respectively.

8. ADVISERS' INTERESTS

None of the advisers of Investec plc had an interest in the issued share capital of Investec plc at Friday, 30 June 2006.

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 in the financial or trading position of the Group since the release of Investec's audited results for the 12 months ended 31 March 2006.

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 for the period in question.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names and details are given in paragraph 3.1 of this Pre-listing Statement, 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 facts that have been omitted 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 and the JSE Listings Requirements.

12. LITIGATION STATEMENT

The Directors 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 material impact on the financial position of the Group during the 12 months preceding the date of this Pre-listing Statement.

13. EXPERTS' CONSENTS

The investment bank, joint sponsor, 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 Pre-listing Statement.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Investec Limited at 100 Grayston Drive, Sandown, Sandton 2196, South Africa, 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, 28 July 2006:

- the Articles of Association of Investec plc;
- the Annual Reports of Investec for the years ended 31 March 2005 and 31 March 2006 which contain the audited annual financial statements of Investec for the two financial years ended 31 March 2005 and 31 March 2006 and Notices of Annual General Meetings;
- written consents of the investment bank and joint sponsor, lead sponsor and transfer secretaries to the inclusion of their names in this Pre-listing Statement in the context and form in which they appear; and
- a signed copy of this Pre-listing Statement.

SIGNED IN SANDTON BY OR ON BEHALF OF ALL THE DIRECTORS OF INVESTEC PLC ON OR ABOUT FRIDAY, 7 JULY 2006.

HISTORICAL FINANCIAL INFORMATION ON INVESTEC

The financial information for the two financial years ended 31 March 2005 and 31 March 2006 set out below has been extracted from Investec's annual financial statements for the years ended 31 March 2005 and 31 March 2006, 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 audited financial statements, potential investors are referred to Investec's Annual Reports which are available for inspection in accordance with paragraph 14 of this Pre-listing Statement and which may also be obtained from Investec's website (www.investec.com).

ACCOUNTING POLICIES

Basis of presentation

The group financial statements are prepared in accordance with International Financial Reporting Standards and International Accounting Standards (collectively, IFRS), as adopted for use by the European Union (EU). IFRSs as endorsed by the EU are identical to current IFRSs except for the EU's amendment to IAS 39, under which the application of hedge accounting requirements have been simplified. The group has elected not to apply the amendments as adopted by the EU, thus applying the more restrictive requirements under IAS 39.

Where comparative information is prepared on previous accounting policies applied by Investec, the differences in those policies from the policies applied from 1 April 2005 are detailed in an extract of the Transition to IFRS note set out on page 58.

First time adoption of IFRS

In accordance with the transitional provisions contained in IFRS 1, the group has retrospectively adopted IFRS for the financial year ended 31 March 2006, except for certain elections made in accordance with IFRS 1 – First-time adoption of International Financial Reporting Standards (IFRS 1) as noted below.

Elections made under IFRS 1

The group has applied the following transition provisions as contained in IFRS 1 in arriving at the opening balances:

Business combinations

The group has elected not to apply IFRS 3, "Business Combinations" retrospectively to business combinations prior to the date of transition (1 April 2004). The net carrying value of goodwill at 31 March 2004 has therefore been brought forward, except for identified intangible assets which have been separately identified and tested for impairment.

Property and equipment

The group has brought forward the carrying values of property, plant and equipment at date of transition as previously determined as the carrying values are materially aligned with the carrying values as determined by IAS 16.

Employee benefits

The group has elected to recognise all cumulative actuarial gains and losses at the date of transition to IFRS as an adjustment to opening retained earnings.

Cumulative foreign currency translation reserve

The group has elected to deem the cumulative foreign currency translation differences for foreign operations to be nil at the date of transition.

Share-based payment transactions

The group has applied the provisions of IFRS 2, "Share-based Payment" retrospectively to all share-based payment transactions granted prior to the date of transition but that vest after the date of transition.

Derecognition of financial assets and liabilities

The group has elected not to apply the derecognition requirements of IAS 39 to financial assets and liabilities derecognised before 1 January 2004.

Exemption from the requirement to restate comparative periods (31 March 2005) for financial instruments and insurance contracts

The group has elected not to apply the requirements of IAS 32, "Financial Instruments: Disclosure and Presentation", IAS 39, "Financial Instruments: Recognition and Measurement" and IFRS 4, "Insurance Contracts" to the 2005 comparative period. The impact of adoption of these standards is reflected as an adjustment to the opening balance sheet at 1 April 2005.

Compound financial instruments

The group has elected not to separate the liability and equity components of compound financial instruments for which the liability component is no longer outstanding at 1 April 2005.

Designation of previously recognised financial instruments

The group has elected to designate certain financial instruments within the scope of IAS 39 as "at fair value through profit or loss" or as "available for sale" at 1 April 2005.

Early adoption of amendments to accounting standards.

The group has adopted the 'Amendment to IAS 39: Fair value option' with effect from 1 April 2005 and amendment to IAS 19: Actuarial Gains and Losses, Group Plans and Disclosures with effect from I March 2005.

Basis of consolidation

Investec consists of two separate legal entities, being Investec Ltd and Investec plc, that operate under a dual listed company (DLC) structure. The effect of the DLC structure is that Investec plc and its subsidiaries and Investec Limited and its subsidiaries operate together as a single economic entity, with neither assuming a dominant role.

Under UK GAAP the preparation of the consolidated financial statements of Investec plc included the accounts of Investec plc and Investec Limited combined using merger accounting. This treatment is perpetuated (in accordance with the election under IFRS 1 for business combinations) as both Investec plc and Investec Limited and their respective subsidiaries form a single reporting entity for the purposes of reporting under IFRS.

The comparative information presented in this report is based on previously reported UK GAAP Investec plc (incorporating Investec Limited) accounts as restated for the adoption of IFRS.

All subsidiaries in which the group holds more than one half of the voting rights or over which it has the ability to control are consolidated from the effective dates of acquisition (that is from when control exists) and up to the effective dates of loss of control, except entities which are classified as non-current assets held for sale. Subsidiaries classified as non-current assets held for sale are consolidated as discontinued operations.

The combined 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 of the associate plus goodwill arising on acquisition, less any impairment recognised on the investment.

Entities, other than subsidiary undertakings, in which the group exercises significant influence over operating and financial policies, are treated as associates. In the group accounts, associates are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases, except as noted below.

In circumstances where associates or joint venture holdings arise in which the group has no strategic intention, these investments are classified as "venture capital" holdings and are designated as held at fair value through profit and loss.

All intergroup balances and unrealised gains and losses within the group are eliminated to the extent that they do not reflect an impairment in the asset.

Segmental reporting

A segment is a distinguishable component of the group engaged in providing products or services within a particular economic environment which is subject to risks and rewards that are distinguishable from those of other segments.

The group's primary segmental reporting is presented in the form of a business analysis (primary segment).

The business analysis is presented in terms of the group's five principal business divisions and Group Services and Other Activities.

A geographical analysis is presented in terms of the main geographies in which the group operates representing the group's exposure to various economic environments.

Goodwill

Goodwill represents the net excess of the purchase consideration over the fair value of net identifiable assets of entities acquired. Goodwill is capitalised and tested for impairment at balance sheet dates or when there is an indication of impairment. Goodwill is allocated to cash generating units for the purposes of testing impairment based on the synergies expected in the business combination, with any impairments arising being recognised immediately in the income statement. Impairments recognised are not reversed in subsequent periods.

In circumstances where the group acquires an interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost, the group reassess the identification and measurement of all assets and liabilities (including contingent liabilities) following which any remaining excess is recognised immediately in profit and loss.

Goodwill arising is denominated in the functional currency of the foreign operation and is translated to the presentation currency of the group (pound sterling) at the applicable closing rate.

Share-based payments to employees

The group engages in equity settled share-based payments and in certain limited circumstances cash-settled share-based payments in respect of services received from employees.

The fair value of the services received in respect of equity settled share-based payments is determined by reference to the fair value of the shares or share options on the date of grant to the employee. The cost of the share based payment is recognised over the vesting period of the grant in the income statement on a straight-line basis, based on an estimate of the number of instruments that will eventually vest.

A liability and expense in respect of cash settled share based payments is recognised over the vesting period of the grant in the income statement on a straight-line basis, based on the fair value of the liability that will eventually vest. The liability is recognised at the current fair value as at each balance sheet date, based on an estimate of the number of instruments that will eventually vest. Subsequent to vesting the liability is measured at fair value, with gains and losses recognised in the profit and loss account until such time as the liability is settled.

Fair value measurements are based on option pricing models, taking into account the risk-free interest rate, volatility of the underlying equity instrument, expected dividends and current share prices.

Foreign currency transactions and foreign operations

The presentation currency of the group is sterling, being the functional currency of Investec plc. The functional currency of Investec Limited is South African Rand.

Foreign operations are subsidiaries, associates, joint ventures or branches of the group, the activities of which are based in a functional currency other than that of reporting entity. The functional currency of group entities is determined based on the primary economic environment in which the entity operates.

On consolidation, the results and financial position of foreign operations are translated into the presentation currency of the group as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- income and expense items are translated at exchange rates ruling at the date of the transaction;
- all resulting exchange differences are recognised in equity (foreign currency translation reserve), which is recognised in profit and loss on disposal of the foreign operation.
- cash flow items are translated at the exchange rates ruling at the date of the transaction.

Foreign currency transactions are translated into the functional currency of the entity in which the transaction arises based on rates of exchange ruling at the date of the transaction. At each balance sheet date foreign currency items are translated as follows:

- foreign currency monetary items (other than monetary items that form part of the net investment in a foreign operation) are translated using closing rates, with gains and losses recognised in profit and loss;
- exchange differences arising on monetary items that form part of the net investment in a foreign operation are translated using closing rates and recognised as a separate component of equity (foreign currency translation reserve) upon consolidation, and is recognised in the income statement upon disposal of the net investment;
- non-monetary items that are measured at historical cost are translated using the exchange rates ruling at the date of the transaction.

Revenue recognition

Interest income is recognised in the income statement using the effective interest method. Fees charged on lending transactions are included in the effective yield calculation to the extent that they form an integral part of the effective interest yield, but excludes those fees earned for a separately identifiable significant act, which are recognised upon completion of the act. Fees and commissions charged in lieu of interest are recognised as income as part of the effective interest rate on the underlying loan.

The effective interest method is based on the estimated life of the underlying instrument, and, where this estimate is not readily available, the contractual life.

Commissions and fees include fees earned from providing advisory services as well as portfolio management. All such commissions and fees are recognised as revenue when the related services are performed. Fees and commission income are only recognised when they can be estimated reliably.

Principal transaction income includes trading profits, gains and losses on financial assets and liabilities designated as held at fair value and fair value gains and losses on investment properties.

Trading profits are shown net of the funding cost of the underlying positions and includes the unrealised profits on trading portfolios, which are marked to market daily. Equity investments received in lieu of corporate finance fees are included in trading securities and valued accordingly. Trading profits gross of funding costs is disclosed in note 3.

Financial instruments

Financial instruments are initially recognised at their fair value, plus in the case of financial assets or financial liabilities not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Regular way purchase and sales transactions in respect of financial assets that require delivery of a financial instrument within the time frame established by market convention are recorded at trade date.

Financial assets and liabilities held at fair value through profit and loss

Financial instruments held at fair value through profit and loss include all instruments classified as held as trading and those instruments designated as held at fair value through profit and loss.

Financial instruments classified as held for trading or designated as held at fair value through profit and loss are recorded at fair value on the balance sheet with changes in fair value recognised in the income statement. Financial instruments are classified as trading when they are held with the intention of short-term disposal, held with intention of generating short-term profits, or are derivatives which are not designated as part of effective hedges. Financial instruments designated as held at fair value through profit and loss are designated as such on initial recognition of the instrument (or on initial adoption of IFRS) and remain in this classification until derecognition.

Financial assets and liabilities are designated as held at fair value through profit and loss only if:

- it eliminates or significantly reduces an inconsistent measurement or recognition that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that bases to the group's key management personnel; and
- if a contract contains one or more embedded derivatives (which significantly modifies the cash flows that would be required by the contract and is not clearly prohibited from separation from the host contract) and the group has designated the entire hybrid contract as a financial instrument at fair value through profit and loss.

Held-to-maturity assets

Held to maturity assets are non-derivative financial instruments with fixed or determinable payments and maturity dates. Financial assets that the group has the positive intent and ability to hold to maturity are classified as held-to-maturity and are measured at amortised cost using the effective interest method, less impairment losses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and exclude the following:

- those that the group intends to trade in, which are classified as held for trading, and those that the group designates as at fair value through profit and loss;
- those that the group designates as available for sale; and
- those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are measured at amortised cost less impairment losses subsequent to initial recognition.

Available for sale assets

Financial assets classified as available for sale are measured at fair value on the balance sheet, with unrealised gains and losses recognised in equity. Realised gains and losses are recognised in income in the period in which the asset is realised.

If an available for sale instrument is determined to be impaired, the respective cumulative unrealised losses previously recognised in equity are included in the income statement in the period in which the impairment is identified.

Impairment losses on available for sale equity instruments are not reversed once recognised in the income statement

Financial liabilities

Financial liabilities are classified as non-trading, held for trading or designated as held at fair value through profit and loss.

Non-trading liabilities are recorded at amortised cost applying the effective interest method.

Held for trading liabilities or liabilities designated as held at fair value through profit and loss, are accounted for as indicated above.

Valuation of financial instruments

The following financial instruments are held at fair value:

- Fixed maturity securities classified as trading, held at fair value through profit or loss and available for sale,
- Equity securities,
- Private equity investments,
- Derivative positions,
- Loans and advances designated as held at fair value through profit and loss/available for sale, and
- Financial liabilities classified as trading or designated as held at fair value through profit and loss.

Where available, market prices provide the best basis of fair value. Where market prices are not available, the fair value is determined by discounting the expected cash flows, using market interest rates taking into account the credit quality and duration of the investment. In certain instances model pricing may be used to determine fair values. For private equity investments that are not publicly traded, management uses comparisons to similar companies, relevant third party arm's length transactions and other information specific to the investment.

Impairments of financial assets held at amortised cost

Financial assets carried at amortised cost are impaired if there is objective evidence that the group would not receive cash flows according to the original contractual terms. Financial assets are assessed for objective evidence of impairment at least at each balance sheet reporting date. The test for impairment is based either on specific financial assets or collectively on a portfolio of similar, homogeneous assets. An impairment is credited against the carrying value of financial assets. The impairment is calculated as the difference between the carrying value of the asset and the expected cash flows discounted at the original effective rate. An impairment is only reversed when there is objective evidence that the credit quality has improved to the extent that there is reasonable assurance of timely collection of principal and interest in terms of the original contractual agreement. Assets specifically identified as impaired are removed from the portfolio assessment.

To cater for any shortfall between regulatory provision requirements (in the respective jurisdictions) and impairments based on the principles above, a transfer is made from distributable to non distributable reserves, being the regulatory general risk reserve. The non distributable regulatory general risk reserve ensures that minimum regulatory provisioning requirements are maintained.

Derecognition of financial assets and liabilities

A financial asset or a portion thereof, is derecognised when the group's rights to cash flows has expired; or when he group has transferred its rights to cash flows relating to the financial assets, including the transfer of substantially all the risk and rewards associated with the financial assets or when control over the financial assets has passed.

A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled or expired.

Derivative instruments and hedge accounting

All derivative instruments of the group are recorded on balance sheet at fair value. Positive and negative fair values are reported as assets and liabilities respectively and are offset when there is both an intention to settle net and a legal right to offset exists.

Derivative positions are entered into either for trading purposes or as part of the group's asset and liability management activities to manage exposures to interest rate and foreign currency risks. Both realised and unrealised gains and losses arising on derivatives are recognised in the income statement as part of trading income (other than circumstances in which cash flow hedging is applied as detailed below).

The group applies either fair value or cash flow hedge accounting when the transactions meet the specified hedge accounting criteria. To meet hedge accounting treatment, the group ensures that all of the following conditions are met:

- At inception of the hedge the group formally documents the relationship between the hedging instrument(s) and hedged item(s) including the risk management objectives and the strategy in undertaking the hedge transaction.

- The hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, consistent with the originally documented risk management strategy for that particular hedging relationship.
- For cash flow hedges, a forecasted transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit and loss.
- The effectiveness of the hedge can be reliably measured, i.e. the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured.
- The hedge effectiveness is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

Hedge accounting is discontinued when it is determined that the derivative ceases to be highly effective as a hedge; the derivative expires, or is sold, terminated or exercised; when the hedge item matures or is sold or repaid; or when a forecasted transaction is no longer deemed highly probable.

For qualifying fair value hedges, the change in fair value of the hedging derivative is recognised in the income statement. Changes in fair value of the hedged item that is attributable to the hedged risk are also recognised in the income statement.

For qualifying cash flow hedges in respect of non-financial assets and liabilities, the change in fair value of the hedging derivative is initially recognised in equity and is released to the initial cost of any asset/liability recognised or in all other cases, to the income statement when the hedged firm commitment or forecasted transaction affects net profit.

For qualifying cash flow hedges in respect of financial assets and liabilities, the change in fair value of the hedging derivative, which represents an effective hedge, is initially recognised in equity and is released to the income statement in the same periods during which the relevant financial asset or liability affects profit or loss. Any ineffective portion of the hedge is immediately recognised in profit and loss.

Derivative instruments transacted as economic hedges but which do not qualify for hedge accounting and derivatives that are entered into for trading purposes are treated in the same way as instruments that are held for trading.

To the extent that a derivative may be embedded in a host contract and the host contract is not carried at fair value with changes in fair value recorded in the income statement, the embedded derivative is separated from the host contract and accounted for as a standalone derivative if and only if:

- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.

Offsetting of assets and liabilities

Financial assets and liabilities are offset when there is both an intention to settle on a net basis (or simultaneously) and a legal right to offset exists.

Issued debt and equity financial instruments

Financial instruments issued by the group are classified as liabilities if they contain an obligation to transfer economic benefits. Financial instruments issued by the group are classified as equity where they confer on the holder a residual interest in the group. The components of compound issued financial instruments are accounted for separately with the liability component separated first and any residual amount being allocated to the equity component.

Equity instruments issued by subsidiaries of Investec plc or Investec Ltd are recorded as minority interests on balance sheet.

Equity instruments are initially measured net of directly attributable issue costs.

Treasury shares represent issued equity repurchased by the group which have not been cancelled. Treasury shares are deducted from shareholders' equity and represent the purchase consideration, including directly attributable costs. Where treasury shares are subsequently sold or reissued, net proceeds received are included in shareholders' equity.

Dividends on ordinary shares are recognised as a deduction from equity in the period in which they are declared to the Investec plc shareholders (in relation to dividends declared by Investec plc) and Investec Limited shareholders (in relation to Investec Limited shareholders).

Sale and repurchase agreements (including securities borrowing and lending)

Where securities are sold subject to a commitment to repurchase them, they remain on balance sheet. Proceeds received are recorded as a liability on balance sheet under "repurchase agreements and cash collateral on securities lent". 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 recognised as an asset under "reverse repurchase agreements and cash collateral on securities borrowed".

Securities lending and borrowing transactions that are not cash collateralised are not included in the balance sheet. Securities lending and borrowing transactions which are cash collateralised are accounted for in the same manner as securities sold or purchased subject to repurchase commitments.

Instalment credit, leases and rental agreements

Where classified as a finance lease, amounts outstanding on these contracts, net of unearned finance charges, are included in loans and advances where the entity is the lessor and included in liabilities where the entity is the lessee. Finance charges on finance leases and instalment credit transactions are credited or debited to income in proportion to the capital balances outstanding at the rate implicit in the agreement.

Where classified as operating leases, rentals payable/receivable under operating leases are charged/credited in the profit and loss account on a straight line basis over the lease term. Contingent rentals (if any) are accrued to profit and loss account when incurred.

Property, plant and equipment

Property and equipment is recorded at cost less accumulated depreciation and impairments.

Depreciation is provided on the depreciable amount of each component on a straight-line basis over the anticipated useful life of the asset. The depreciable amount related to each asset is determined as the difference between the cost and the residual value of the asset. The residual value is the estimated amount, net of disposal costs that the group would currently obtain from the disposal of an asset in similar age and condition as expected at the end of its useful life of the asset.

The current annual depreciation rates for each class of property and equipment is as follows:

• Computer and related equipment	20–33%
• Motor vehicles	20–25%
• Furniture and fittings	10–20%
• Freehold buildings	2%
• Leasehold improvements*	

* Leasehold improvements depreciation rates are determined by reference to the appropriate useful life of its separate components, limited to the period of the lease.

No depreciation is provided on freehold land, however, similar to other property related assets, it is subject to impairment testing when deemed necessary.

Routine servicing and maintenance of assets are expensed as incurred. Subsequent expenditure is only capitalised if it is probable that future economic benefits associated with the item will flow to the group.

Investment property

Properties held by the group which are held for capital appreciation or rental yield are classified as investment properties. Investment properties are carried on balance sheet at fair value, with fair value gains and losses recognised in the income statement under "principal transactions".

Fair value of investment property is calculated by taking into account the expected rental stream associated with the property, and is supported by market evidence.

Impairment of non-financial assets

At each balance sheet date the group reviews the carrying value of non-financial assets for indication of impairment. The recoverable amount, being the lower of selling price and value in use, is determined for any assets for which an indication of impairment is identified. If the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is reduced to its recoverable value.

Impairment losses are recognised as an expense in the income statement in the period in which they are identified. Reversal of impairment losses is recognised in income in the period in which the reversal is identified, to the extent that the asset is not revalued to a carrying value higher than that would have been calculated without impairment.

Trust and fiduciary activities

The group acts as a trustee or in other fiduciary capacities that result in the holding, placing or managing of assets for the account of and at the risk of clients.

As these are not assets of the group, they are not reflected on the balance sheet but are included at market value as part of assets under administration.

Taxation and deferred taxation

Current taxation is provided on taxable profits at rates that are enacted or substantively enacted and applicable to the relevant period.

Deferred taxation is provided using the balance sheet method on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base, except where such temporary differences arise from:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction has no effect on profit or loss.

Deferred tax assets or liabilities are measured using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the asset can be utilised.

Insurance contracts

Insurance contracts are those contracts in which the group assumes significant insurance risk. The deposit components of insurance contracts are unbundled and accounted for separately.

Insurance premiums are recognised in income in the period in which the group is entitled to the premium. Insurance claims are recognised in the income statement in the period in which a contractual obligation arises for the group to make payment under an insurance contract.

Reinsurance assets and liabilities and associated premiums/claims are not offset in the income statement or balance sheet.

Insurance liabilities are measured at their actuarial values, and are tested for adequacy on an annual basis. Any deficiency identified is recognised in the income statement.

Employee 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 incurred 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 credit method. The discount rate used to measure the schemes' liabilities is the current rate of return on an AA corporate bond at the balance sheet date 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 (to the extent that it is considered recoverable). Actuarial gains and losses related to the defined benefit asset or liability are recognised immediately directly in equity.

The group has no liabilities for other post retirement benefits.

Intangible assets

Intangible assets are recorded at cost less accumulated amortisation and impairments.

For intangible assets with a finite life, depreciation is provided on the depreciable amount of each intangible assets on a straight-line basis over the anticipated useful life of the asset. The depreciable amount related to each intangible asset is determined as the difference between the cost and the residual value of the asset. The residual value is the estimated amount, net of disposal costs, which the group would currently obtain from the disposal of an intangible asset in similar age and condition as expected at the end of its useful life.

Intangible assets with an indefinite life are not depreciated, however they are tested for impairment on an annual basis.

Assets held for sale

An asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets held for sale and affected by the measurement requirement of IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) are measured at the lower of its carrying amount and fair value less costs to sell.

Borrowing costs

Borrowing costs in respect of property developments that take a substantial period of time to get ready for sale are capitalised.

Provisions, contingent liabilities and contingent assets

Provisions are liabilities of uncertain timing or amount, and are recognised as soon as the group has created a legal or constructive obligation which will lead to an outflow of economic resources to settle the obligation as a result of a past event. Contingent assets and contingent liabilities are not recognised.

Standards and interpretations not yet effective

The following standards and interpretations which have been issued but are not yet effective, are applicable to the group. These standards and interpretations have not been applied in these financial statements. The group intends to comply with these standards from the effective dates

IFRS 7 – Financial Instruments: Disclosures (effective for the financial year beginning 1 April 2007)

The standard is related to disclosure requirements for financial instruments and replaces IAS 30 (Disclosures in the Financial Statements of Banks and Similar Financial Institutions) and elements of IAS 32 (Financial Instruments: Disclosure and Presentation). Adoption of the standard will change the format of disclosure presented but will not affect recognition or measurement criteria as currently applied.

IAS 39 Financial Instruments: Recognition and Measurement – Cash flow hedge accounting of forecast intragroup transactions (effective for the financial year beginning 1 April 2006).

This amendment is not anticipated to be utilised by the group.

IAS 39 Financial Instruments: Recognition and Measurement – Financial guarantee contracts (effective for the financial year beginning 1 April 2006)

The amendment clarifies that the issuer of financial guarantee contracts initially records the contract at fair value and subsequently measures in accordance with IAS 37, adjusted for accumulated amortisation of the amount initially recorded.

This amendment is not expected to result in a material adjustment to current recognition and measurement criteria applied by the group.

Key management assumptions

In preparation of the financial statements the group makes estimations and applies judgment that could affect the reported amount of assets and liabilities within the next financial year. Key areas in which judgment is applied include:

- Valuation of unlisted investments in the private equity and direct investments portfolios. Key valuation inputs are based on observable market inputs, adjusted for factors that specifically apply to the individual investments and recognising market volatility.
- Valuation of investment properties is performed twice annually by directors that are sworn valuators. The valuation is performed by capitalising the budgeted net income of a property at the market related yield applicable at the time.

COMBINED CONSOLIDATED INCOME STATEMENT

For the year to 31 March £'000	2006	2005
Interest receivable	934 389	734 765
Interest payable	(675 237)	(587 945)
Net interest income	**259 152**	**146 820**
Fees and commissions receivable	478 465	439 958
Fees and commissions payable	(41 591)	(25 818)
Principal transactions	246 059	135 358
Operating income from associates	6 694	14 474
Investment income on assurance activities	141 559	258 855
Premiums and reinsurance recoveries on insurance contracts	164 631	246 537
Other operating income	2 721	6 120
Other income	**998 538**	**1 075 484**
Claims and reinsurance premiums on insurance business	(293 135)	(478 894)
Total operating income net of insurance claims	**964 555**	**743 410**
Impairment losses on loans and advances	(9 160)	(27 796)
Net operating income	**955 395**	**715 614**
Administrative expenses	(558 887)	(485 444)
Depreciation and impairment of property, equipment and software	(7 741)	(10 130)
Operating profit before goodwill impairment	**388 767**	**220 040**
Impairment of goodwill	(21 356)	(37 010)
Operating profit	**367 411**	**183 030**
Profit/(loss) on termination or disposal of group operations	73 573	(14 629)
Profit before taxation	**440 984**	**168 401**
Taxation	(111 616)	(60 463)
Profit after taxation	**329 368**	**107 938**
Earnings attributable to minority interests	14 267	2 371
Earnings attributable to shareholders	315 101	105 567
Earnings attributable to shareholders' equity	**329 368**	**107 938**
Earnings per share (pence)		
– Basic	268.9	84.5
– Diluted	249.8	81.0
Adjusted earnings per share (pence)		
– Basic	209.5	129.8
– Diluted	195.2	127.5
Dividends per share (pence)		
– Interim	38.0	30.0
– Final	53.0	37.0

COMBINED CONSOLIDATED STATEMENT OF TOTAL RECOGNISED INCOME AND EXPENSES

For the year to 31 March £'000	2006	2005
Earnings attributable to shareholders' equity	329 368	107 938
Fair value movements on available for sale assets	8 480	–
Foreign currency movements	52 564	(15 263)
Gain and losses on pension fund liabilities recognised directly in equity	2 035	2 370
Total recognised income and expenses	**392 447**	**95 045**
Total recognised income and expenses attributable to minority interests	23 861	2 371
Total recognised income and expenses attributable to ordinary shareholders	350 023	103 146
Total recognised income and expenses attributable to perpetual preferred securities	18 563	(10 472)
	392 447	**95 045**

COMBINED CONSOLIDATED BALANCE SHEET

At 31 March £'000	2006	2005
Assets		
Cash and balances at central banks	190 838	105 130
Treasury bills and other eligible bills		323 622
Loans and advances to banks	1 830 603	3 017 326
Cash equivalent advances to customers	690 236	
Reverse repurchase agreements and cash collateral on securities borrowed	756 645	
Trading securities	1 640 088	
Derivative financial instruments	1 081 287	
Investment securities	1 266 673	
Loans and advances to customers	9 604 589	7 402 460
Debt securities		2 001 682
Equity shares		531 262
Interests in associated undertakings	63 099	13 219
Deferred taxation assets	60 035	49 023
Other assets	1 272 787	1 346 017
Property and equipment	26 916	28 729
Investment properties	163 049	202 352
Goodwill	183 560	199 313
Intangible assets	10 094	7 373
	18 840 499	15 227 508
Financial instruments at fair value through income in respect of		
– liabilities to customers	3 628 574	
– assets related to reinsurance contracts	1 431 876	
Long-term assurance assets attributable to policyholders		2 815 137
	23 900 949	**18 042 645**

At 31 March £'000	2006	2005
Liabilities		
Deposits by banks	1 879 483	912 526
Derivative financial instruments	705 764	
Other trading liabilities	457 254	
Repurchase agreements and cash collateral on securities lent	358 278	
Customer accounts	8 699 165	6 805 429
Debt securities in issue	2 950 103	1 925 124
Current taxation liabilities	137 426	72 834
Deferred taxation liabilities	26 210	7 445
Other liabilities	1 582 856	3 700 989
Accruals and deferred income		226 763
Pension fund liabilities	2 013	10 991
	16 798 552	13 662 101
Liabilities to customers under investment contracts	3 488 756	
Insurance liabilities, including unit-linked liabilities	139 818	
Reinsured liabilities	1 431 876	
Long-term assurance liabilities attributable to policyholders		2 815 137
	21 859 002	16 477 238
Subordinated liabilities (including convertible debt)	529 854	499 995
	22 388 856	**16 977 233**
Equity		
Called up share capital	165	165
Share premium	1 028 737	1 029 242
Treasury shares	(96 300)	(99 873)
Equity portion of convertible debentures	2 191	2 191
Perpetual preference shares	215 305	323 800
Other reserves	156 103	39 617
Profit and loss account	(79 709)	(248 974)
Shareholders' equity excluding minority interests	1 226 492	1 046 168
Minority interests	285 601	19 244
– Perpetual preferred securities issued by subsidiaries	278 459	
– Other	7 142	
Total equity	1 512 093	1 065 412
Total liabilities and shareholders' equity	**23 900 949**	**18 042 645**

COMBINED CONSOLIDATED RECONCILIATION OF EQUITY

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

Equity portion of convertible instruments	Perpetual preference shares	Revaluation reserves investment properties	Available for sale reserve	Regulatory general risk reserve	Equity accounted reserves	Foreign currency reserves	Share based payment reserve	Minority interests	Profit and loss account	Total equity
2 666	127 797	–	–	–	17 661	(1 267)	28 691	49 804	(307 213)	869 123
2 666	127 797	43 142	–	–	17 661	(195 074)	–	–	(164 131)	766 373
–	–	–	–	–	–	195 074	–	–	(195 074)	–
–	–	(43 142)	–	–	–	–	–	–	(195 074)	–
–	–	–	–	–	–	–	–	–	43 142	–
–	–	–	–	–	–	–	–	39 029	–	39 029
–	–	–	–	–	–	–	28 691	–	(28 963)	(272)
–	–	–	–	–	–	–	–	–	38 474	38 474
–	–	–	–	–	–	–	–	–	81	81
–	–	–	–	–	–	–	–	–	(594)	(594)
–	–	–	–	–	–	–	–	–	(140)	(140)
–	–	–	–	–	–	(1 267)	–	10 775	(8)	26 172
–	(10 472)	–	–	–	3	(4 794)	–	–	–	(15 263)
–	–	–	–	–	–	–	–	2 371	105 567	107 938
–	–	–	–	–	(17 194)	–	–	–	17 194	–
–	–	–	–	–	–	–	–	–	2 370	2 370
–	(10 472)	–	–	–	(17 191)	(4 794)	–	2 371	125 131	95 045
–	–	–	–	–	–	–	8 849	–	–	8 849
–	–	–	–	–	–	–	–	–	(55 398)	(55 398)
–	–	–	–	–	–	–	–	–	(11 738)	(11 738)
–	207 313	–	–	–	–	–	–	–	–	207 313
–	(838)	–	–	–	–	–	–	–	–	(838)
(282)	–	–	–	–	–	–	–	–	–	2 146
(193)	–	–	–	–	–	–	–	–	–	(16 159)
–	–	–	–	–	–	–	–	–	244	–
–	–	–	–	–	–	–	–	(32 931)	–	(32 931)
2 191	323 800	–	–	–	470	(6 061)	37 540	19 244	(248 974)	1 065 412
–	(127 058)	–	9 875	28 315	–	247	–	125 864	(17 555)	10 199
2 191	196 742	–	9 875	28 315	470	(5 814)	37 540	145 108	(266 529)	1 075611
–	18 563	–	–	–	–	24 407	–	9 594	–	52 564
–	–	–	–	–	–	–	–	14 267	315 101	329 368
–	–	–	8 480	–	–	–	–	–	–	8 480
–	–	–	–	–	–	–	–	–	2 035	2 035
–	18 563	–	8 480	–	–	24 407	–	23 861	317 136	392 447
–	–	–	–	–	–	–	18 065	–	1 156	19 221
–	–	–	–	–	–	–	–	–	(84 435)	(84 435)
–	–	–	–	–	–	–	–	–	(19 940)	(19 940)
–	–	–	–	–	–	–	–	132 520	–	132 520
–	–	–	–	–	–	–	–	–	–	(556)
–	–	–	–	–	–	–	–	–	–	13 113
–	–	–	–	–	–	–	–	(15 888)	–	(15 888)
–	–	–	–	–	(470)	–	–	–	470	–
–	–	–	–	–	–	–	–	–	(5 575)	–
–	–	–	–	21 992	–	–	–	–	(21 992)	–
2 191	**215 305**	**–**	**18 355**	**50 307**	**–**	**18 593**	**55 605**	**285 601**	**(79 709)**	**1 512 093**

COMBINED CONSOLIDATED CASH FLOW STATEMENT

For the year to 31 March £'000	2006	2005
Operating profit adjusted for non cash items	419 650	257 508
Taxation paid	(50 104)	(23 030)
Increase in operating assets	(2 950 085)	(3 269 612)
Increase in operating liabilities	2 749 528	2 909 285
Net cash inflow/(outflow) from operating activities	**168 989**	**(125 849)**
Cash flow on acquisition of subsidiaries	(102 600)	(11 963)
Cash flow on disposal of subsidiaries	(364 970)	(119 122)
Cash flow on acquisition and disposal of property, plant and equipment	(5 589)	(9 635)
Investment in associated undertakings	–	(1 352)
Net cash outflow from investing activities	**(473 159)**	**(142 072)**
Dividends paid to ordinary shareholders	(84 435)	(55 398)
Dividends paid to other equity holders	(19 940)	(11 738)
Net cash flow on treasury share purchases and disposals	12 557	(14 851)
Proceeds on issue of other equity instruments*	132 520	207 313
Proceeds on subordinated debt raised	–	17 144
Repayment of subordinated debt	(2 626)	(12 992)
Net cash inflow from financing activities	**38 076**	**129 478**
Effects of exchange rates on cash and cash equivalents	73 721	5 899
Net decrease in cash and cash equivalents	(192 373)	(132 544)
Cash and cash equivalents at the beginning of the year	1 382 556	1 515 100
Cash and cash equivalents at the end of the year	**1 190 183**	**1 382 556**
Cash and cash equivalents is defined as including:		
Cash and balances at central banks	190 838	105 130
On demand loans and advances to banks	309 109	566 705
Cash equivalent advances to customers	690 236	710 721
Cash and cash equivalents at the end of the year	**1 190 183**	**1 382 556**

* Includes equity instruments issued by subsidiaries.

Note:

Cash and cash equivalents have a maturity profile of less than three months.

SEGMENTAL ANALYSIS

For the year to 31 March £'000	Private client activities	Treasury and spcialised finance	Investment banking	Asset manage-ment	Property activities	Group services and other activities	Total group
Business analysis 2006							
Interest receivable	814 587	939 656	4 674	4 141	2 767	(831 436)	934 389
Interest payable	(648 799)	(868 428)	(2 458)	(91)	(6 769)	851 308	(675 237)
Net interest income	**165 788**	**71 228**	**2 216**	**4 050**	**(4 002)**	**19 872**	**259 152**
Fees and commissions receivable	111 821	58 598	86 800	190 139	20 586	10 521	478 465
Fees and commissions payable	(10 882)	(2 720)	(4 167)	(24 249)	–	427	(41 591)
Principal transactions	12 288	55 101	97 864	1 514	21 387	57 905	246 059
Operating income from associates	6 257	(75)	307	–	–	205	6 694
Investment income on assurance activities	–	–	–	–	–	141 559	141 559
Premiums and reinsurance recoveries on insurance contracts	–	–	–	–	–	164 631	164 631
Other operating income	–	–	–	–	557	21 64	2 721
Other income	**119 484**	**110 904**	**180 804**	**167 404**	**42 530**	**377 412**	**998 538**
Claims and reinsurance premiums on insurance business	–	–	–	–	–	(293 135)	(293 135)
Total operating income net of insurance claims	**285 272**	**182 132**	**183 020**	**171 454**	**38 528**	**104 149**	**964 555**
Impairment losses on loans and advances	1 745	(12 342)	722	(16)	-	731	(9 160)
Net operating income	**287 017**	**169 790**	**183 742**	**171 438**	**38 528**	**104 880**	**955 395**
Administrative expenses	(166 058)	(102 549)	(82 669)	(111 163)	(19 823)	(76 625)	(558 887)
Depreciation and impairment of property, equipment and software	(2 794)	(325)	(143)	(899)	(107)	(3 473)	(7 741)
Operating profit before goodwill impairment	**118 165**	**66 916**	**100 930**	**59 376**	**18 598**	**24 782**	**388 767**
Impairment of goodwill	–	–	–	(14 157)	(7 199)	–	(21 356)
Operating profit	**118 165**	**66 916**	**100 930**	**45 219**	**11 399**	**24 782**	**367 411**
Profit/(loss) on termination or disposal of group operations	–	–	(1 071)	–	–	74 644	73 573
Profit before taxation	**118 165**	**66 916**	**99 859**	**45 219**	**11 399**	**99 426**	**440 984**
Net intersegment revenue	(117 965)	109 259	(7 586)	474	(2 819)	18 637	–
ROE (pre-tax) (%)	30.3	27.3	171.8	36.3	76.8	(0.9)	37.9
Cost to income ratio (%)	59.2	56.5	45.2	65.4	51.7	76.9	58.7
Number of employees	1 765	530	287	790	258	823	4 453
Total assets (£'million)	7 120	9 855	584	324	141	5 877	23 901
Adjusted shareholders' equity (£'million)	410	294	64	140	17	115	1 040
Adjusted tangible shareholders' equity (£'million)	389	280	46	12	8	115	850

For the year to 31 March £'000	Private client activities	Treasury and spcialised finance	Investment banking	Asset manage-ment	Property activities	Group services and other activities	Total group
Business analysis 2005							
Interest receivable	633 423	765 950	8 731	3 238	2 569	(679 146)	734 765
Interest payable	(529 585)	(718 969)	(5 386)	(396)	(6 057)	672 448	(587 945)
Net interest income	**103 838**	**46 981**	**3 345**	**2 842**	**(3 488)**	**(6 698)**	**146 820**
Fees and commissions receivable	157 394	49 706	64 107	136 276	24 471	8 004	439 958
Fees and commissions payable	(6 006)	(2 979)	(4 283)	(12 191)	–	(359)	(25 818)
Principal transactions	4 835	37 094	47 706	46	13 360	32 317	135 358
Operating income from associates	451	(304)	–	6	–	14 321	14 474
Investment income on assurance activities	–	–	–	–	–	258 855	258 855
Premiums and reinsurance recoveries on insurance contracts	–	(35)	–	–	–	246 572	246 537
Other operating income	38	–	–	–	(437)	6 519	6 120
Other income	**156 712**	**83 482**	**107 530**	**124 137**	**37 394**	**566 229**	**1 075 484**
Claims and reinsurance premiums on insurance business	–	–	–	–	–	(478 894)	(478 894)
Total operating income net of insurance claims	**260 550**	**130 463**	**110 875**	**126 979**	**33 906**	**80 637**	**743 410**
Impairment losses on loans and advances	(13 949)	(1 346)	(709)	–	3	(11 795)	(27 796)
Net operating income	**246 601**	**129 117**	**110 166**	**126 979**	**33 909**	**68 842**	**715 614**
Administrative expenses	(159 026)	(82 002)	(60 559)	(88 981)	(15 627)	(79 249)	(485 444)
Depreciation and impairment of property, equipment and software	(3 566)	(792)	(321)	(971)	(117)	(4 363)	(10 130)
Operating profit before goodwill impairment	**84 009**	**46 323**	**49 286**	**37 027**	**18 165**	**(14 770)**	**220 040**
Impairment of goodwill	(3 554)	5 023	(2 170)	(28 709)	(2 783)	(4 817)	(37 010)
Operating profit	**80 455**	**51 346**	**47 116**	**8 318**	**15 382**	**(19 587)**	**183 030**
Loss on termination or disposal of group operations	(1 000)	-	-	–	–	(13 629)	(14 629)
Profit before taxation	**79 455**	**51 346**	**47 116**	**8 318**	**15 382**	**(33 216)**	**168 401**
Net intersegment revenue	(90 667)	116 581	(4 004)	148	(3 692)	(18 366)	–
ROE (pre-tax)* (%)	28.8	26.6	116.9	20.5	87.7	(7.5)	27.9
Cost to income ratio (%)	62.4	63.5	54.9	70.8	46.4	103.7	66.7
Number of employees	1 695	445	245	723	225	830	4 163
Total assets (£'million)	5 341	8 107	546	1 706	103	2 240	18 043
Adjusted shareholders' equity (£'million)*	291	190	27	141	19	93	761
Adjusted tangible shareholders' equity (£'million)*	269	179	5	7	5	93	558

* Based on 1 April 2005.

For the year to 31 March £'000	UK and Europe	Southern Africa	Australia	Other geographies	Total group
Geographical analysis 2006					
Interest receivable	277 848	605 470	50 514	557	934 389
Interest payable	(176 762)	(471 505)	(26 970)	–	(675 237)
Net interest income	**101 086**	**133 965**	**23 544**	**557**	**259 152**
Fees and commissions receivable	226 860	230 674	16 322	4 609	478 465
Fees and commissions payable	(29 311)	(11 321)	(680)	(279)	(41 591)
Principal transactions	57 572	181 747	3 664	3 076	246 059
Operating income from associates	6 902	–	(207)	(1)	6 694
Investment income on assurance activities	–	141 559	–	–	141 559
Premiums and reinsurance recoveries on insurance contracts	–	164 631	–	–	164 631
Other operating income	1 578	1 143	–	–	2 721
Other income	**263 601**	**708 433**	**19 099**	**7 405**	**998 538**
Claims and reinsurance premiums on insurance business	–	(293 135)	–	–	(293 135)
Total operating income net of insurance claims	**364 687**	**549 263**	**42 643**	**7 962**	**964 555**
Impairment losses on loans and advances	(6 291)	(1 919)	(950)	–	(9 160)
Net operating income	**358 396**	**547 344**	**41 693**	**7 962**	**955 395**
Administrative expenses	(248 053)	(277 482)	(25 376)	(7 976)	(558 887)
Depreciation and impairment of property, equipment and software	(2 607)	(4 452)	(574)	(108)	(7 741)
Operating profit before goodwill impairment	**107 736**	**265 410**	**15 743**	**(122)**	**388 767**
Impairment of goodwill	–	(21 356)	–	–	(21 356)
Operating profit	**107 736**	**244 054**	**15 743**	**(122)**	**367 411**
Profit/(loss) on termination or disposal of group operations	73 700	–	–	(127)	73 573
Profit before taxation	**181 436**	**244 054**	**15 743**	**(249)**	**440 984**
Taxation	(28 387)	(78 378)	(4 851)	–	(111 616)
Profit after taxation	**153 049**	**165 676**	**10 892**	**(249)**	**329 368**
Earnings attributable to minority interests	6 893	7 374	–	–	14 267
Earnings attributable to shareholders	146 156	158 302	10 892	(249)	315 101
Earnings attributable to shareholders' equity	**153 049**	**165 676**	**10 892**	**(249)**	**329 368**
Net intersegment revenue	1 640	(2 061)	421	–	–
ROE (post-tax) (%)	14.1	42.8	13.9	(305.0)	25.5
Cost to income ratio (%)	68.7	51.3	60.9	101.5	58.7
Effective tax rate (%)	28.2	29.5	30.4	–	29.2
Number of employees	1 166	3 114	168	5	4 453

For the year to 31 March £'000	UK and Europe	Southern Africa	Australia	Other geographies	Total group
Geographical analysis 2006					
Assets					
Cash and balances at central banks	9	180	2	–	191
Loans and advances to banks	518	1 232	81	–	1 831
Cash equivalent advances to customers	–	690	–	–	690
Reverse repurchase agreements and cash collateral on securities borrowed	642	114	–	–	756
Trading securities	159	1 479	1	–	1 639
Derivative financial instruments	237	842	2	–	1 081
Investment securities	1 104	26	136	–	1 266
Loans and advances to customers	3 230	5 972	403	–	9 605
Interests in associated undertakings	62	–	1	–	63
Deferred taxation assets	25	33	3	–	61
Other assets	955	315	3	–	1 273
Property, plant and equipment	15	10	2	–	27
Investment properties	–	163	–	–	163
Goodwill	125	47	12	–	184
Intangible assets	1	9	–	–	10
	7 082	11 112	646	–	18 840
Financial instruments at fair value through income in respect of					
– liabilities to customers	–	3 629	–	–	3 629
– assets related to reinsurance contracts	–	1 432	–	–	1 432
	7 082	**16 173**	**646**	**–**	**23 901**
Liabilities					
Deposits by banks	1 154	725	–	–	1 879
Derivative financial instruments	46	659	1	–	706
Other trading liabilities	124	333	–	–	457
Repurchase agreements and cash collateral on securities lent	273	86	–	–	359
Customer accounts	3 207	5 239	253	–	8 669
Debt securities in issue	511	2 192	247	–	2 950
Deferred taxation liabilities	–	25	1	–	26
Current taxation liabilities	37	99	1	–	137
Other liabilities	841	731	11	–	1 583
Pension fund liabilities	2	–	–	–	2
	6 195	10 089	514	–	16 798
Liabilities to customers under investment contracts	–	3 489	–	–	3 489
Insurance liabilities, including unit-linked liabilities	–	140	–	–	140
Reinsured liabilities	–	1 432	–	–	1 432
	6 195	15 150	514	–	21 859
Subordinated liabilities (including convertible debt)	226	304	–	–	530
	6 421	**15 454**	**514**	**–**	**22 389**

For the year to 31 March £'000	UK and Europe	Southern Africa	Australia	Other geographies	Total group
Geographical analysis 2005					
Interest receivable	229 868	446 851	36 114	21 932	734 765
Interest payable	(183 403)	(367 538)	(22 338)	(14 666)	(587 945)
Net interest income	**46 465**	**79 313**	**13 776**	**7 266**	**146 820**
Fees and commissions receivable	235 603	176 871	16 078	11 406	439 958
Fees and commissions payable	(16 778)	(6 613)	(1 499)	(928)	(25 818)
Principal transactions	31 714	99 391	1 122	3 131	135 358
Operating income from associates	70	14 316	(81)	169	14 474
Investment income on assurance activities	–	258 855	–	–	258 855
Premiums and reinsurance recoveries on insurance contracts	–	246 537	–	–	246 537
Other operating income	–	5 865	–	255	6 120
Other income	**250 609**	**795 222**	**15 620**	**14 033**	**1 075 484**
Claims and reinsurance premiums on insurance business	–	(478 894)	–	–	(478 894)
Total operating income net of insurance claims	**297 074**	**395 641**	**29 396**	**21 299**	**743 410**
Impairment losses on loans and advances	(4 814)	(22 465)	(82)	(435)	(27 796)
Net operating income	**292 260**	**373 176**	**29 314**	**20 864**	**715 614**
Administrative expenses	(229 059)	(221 520)	(17 876)	(16 989)	(485 444)
Depreciation and impairment of property, equipment and software	(3 307)	(5 658)	(449)	(716)	(10 130)
Operating profit before goodwill impairment	**59 894**	**145 998**	**10 989**	**3 159**	**220 040**
Impairment of goodwill	(10 413)	(26 597)	–	–	(37 010)
Operating profit	**49 481**	**119 401**	**10 989**	**3 159**	**183 030**
Loss on termination or disposal of group operations	(1 000)	(8 422)	–	(5 207)	(14 629)
Profit before taxation	**48 481**	**110 979**	**10 989**	**(2 048)**	**168 401**
Taxation	(13 228)	(42 654)	(3 118)	(1 463)	(60 463)
Profit after taxation	**35 253**	**68 325**	**7 871**	**(3 511)**	**107 938**
Earnings attributable to minority interests	252	1 563	–	556	2 371
Earnings attributable to shareholders	35 001	66 762	7 871	(4 067)	105 567
Earnings attributable to shareholders' equity	**35 253**	**68 325**	**7 871**	**(3 511)**	**107 938**
Net intersegment revenue	3 937	(4 271)	334	–	–
ROE (post-tax) (%)	12.1	35.4	13.1	3.6	20.0
Cost to income ratio (%)	78.2	57.4	62.3	83.1	66.7
Effective tax rate (%)	22.1	32.4	28.2	48.9	29.4
Number of employees	1 308	2 648	140	67	4 163

* Based on 1 April 2005.

For the year to 31 March £'000	UK and Europe	Southern Africa	Australia	Other geographies	Total group
Geographical analysis 2005					
Assets					
Cash and balances at central banks	9	95	1	–	105
Treasury bills and other eligible bills	7	182	135	–	324
Loans and advances to banks	2 248	747	22	–	3 017
Loans and advances to customers	2 901	4 181	320	–	7 402
Debt securities	1 089	856	47	10	2 002
Equity shares	272	249	3	7	531
Interests in associated undertakings	12	1	–	1	14
Deferred taxation assets	29	18	2	–	49
Other assets	678	662	5	2	1 347
Property and equipment	17	10	2	–	29
Investment properties	–	202	–	–	202
Goodwill	128	59	12	–	199
Intangible assets	1	6	–	–	7
	7 391	7 268	549	20	15 228
Long-term assurance assets attributable to policyholders	–	2 815	–	–	2 815
	7 391	**10 083**	**549**	**20**	**18 043**
Liabilities					
Deposits by banks	886	27	–	–	913
Customer accounts	2 735	3 769	301	–	6 805
Debt securities in issue	–	1 925	–	–	1 925
Current taxation liabilities	19	54	–	–	73
Deferred taxation liabilities	–	7	–	–	7
Other liabilities	3 045	526	123	7	3 701
Accruals and deferred income	103	112	8	4	227
Pension fund liability	11	–	–	–	11
	6 799	6 420	432	11	13 662
Long-term assurance liabilities attributable to policyholders	–	2 815	–	–	2 815
	6 799	9 235	432	11	16 477
Subordinated liabilities (including convertible debt)	220	280	–	–	500
	7 019	**9 515**	**432**	**11**	**16 977**

A geographical breakdown of business line operating profit before goodwill impairment, non-operating items and taxation is shown below:

For the year to 31 March £'000	UK and Europe	Southern Africa	Australia	Other geographies	Total group
2006					
Private client activities	68 932	41 224	8 009	–	118 165
Treasury and specialised finance	22 507	43 560	849	–	66 916
Investment banking	29 631	65 887	5 412	–	100 930
Asset management	10 609	48 767	–	–	59 376
Property activities	2 023	16 575	–	–	18 598
Group services and other activities	(25 966)	49 397	1 473	(122)	24 782
Total group	**107 736**	**265 410**	**15 743**	**(122)**	**388 767**
2005					
Private client activities	44 698	32 918	4 342	2 051	84 009
Treasury and specialised finance	18 179	27 161	1 193	(210)	46 323
Investment banking	16 631	26 975	3 515	2 165	49 286
Asset management	4 859	31 983	–	185	37 027
Property activities	5 071	13 094	–	–	18 165
Group services and other activities	(29 544)	13 867	1 939	(1 032)	(14 770)
Total group	**59 894**	**145 998**	**10 989**	**3 159**	**220 040**

For the year to 31 March	2006 £'000	2005 £'000
EARNINGS PER SHARE		
Earnings per share – pence		
Basic earnings per share (pence) is calculated by dividing the earnings attributable to the ordinary shareholders in Investec plc and Investec Limited by the weighted average number of ordinary shares in issue during the year	268.9	84.5
	£'000	**£'000**
Earnings attributable to the shareholders	315 101	105 567
Preference dividends paid	(19 940)	(11 738)
Earnings attributable to ordinary shareholders	**295 161**	**93 829**
Diluted earnings per share – pence		
Diluted earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders of Investec plc and Investec Limited, adjusted for the effects of dilutive ordinary potential shares, by the weighted average number of shares in issue during the period plus the weighted average number of ordinary shares that would be issued on conversion of the dilutive ordinary potential shares during the year	249.8	81.0
	Number	**Number**
Weighted total average number of ordinary shares in issue during the year	118 633 273	118 633 273
Weighted average number of treasury shares	(8 865 490)	(7 540 405)
Weighted average number of ordinary shares in issue during the year	109 767 783	111 092 868
Weighted average number of shares resulting from future dilutive potential shares	5 884 874	4 975 253
Weighted average number of shares resulting from future dilutive convertible instruments	3 573 994	3 573 994
Adjusted weighted number of ordinary shares potentially in issue	**119 226 651**	**119 642 115**
Adjusted earnings per share – pence		
Adjusted earnings per share (pence) is calculated by dividing the earnings, before deducting goodwill impairment and non-operating items attributable to the ordinary shareholders after taking into account earnings attributable to perpetual preference shareholders, by the weighted average number of ordinary shares in issue during the year	209.5	129.8
	£'000	**£'000**
Earnings attributable to shareholders	315 101	105 567
Impairment of goodwill	21 356	37 010
(Profit)/loss on disposal or termination of group operations	(73 573)	14 629
Preference dividends paid	(19 940)	(11 738)
Additional earnings attributable to other equity holders	(12 927)	(1 275)
Adjusted earnings attributable to ordinary shareholders before goodwill impairment and non-operating items	**230 017**	**144 193**
Adjusted diluted earnings per share – pence	195.2	127.5
Headline earnings per share – pence		
Headline earnings per share has been calculated in accordance with the definition in the Institute of Investment Management Research Statement of Investment Practice No. 1 "The Definition of Headline Earnings" and in terms of circular 7/2002 issued by the South African Institute of Chartered Accountants	203.0	127.6

For the year to 31 March	2006 £'000	2005 £'000
Earnings attributable to shareholders	315 101	105 567
Impairment of goodwill	21 356	37 010
(Profit)/loss on disposal or termination of group operations	(73 573)	14 629
Preference dividends paid	(19 940)	(11 738)
Gains and losses recognised on investment properties (after taxation and minority interests)	(20 724)	(4 478)
Other headline adjustments	585	730
Headline earnings attributable to ordinary shareholders	**222 805**	**141 720**

For the year to 31 March	2006 £'000	2005 £'000
COMMITMENTS		
Forward repurchase agreements	–	64
Undrawn facilities	1 068 591	651 312
Other commitments	11 033	26 902
	1 079 624	**678 278**

The group has entered into forward foreign exchange contracts and loan commitments in the normal course of its banking business for which the fair value is recorded on balance sheet.

Operating lease commitments

Future minimum lease payments under non-cancellable operating leases:		
Less than 1 year	28 103	24 797
1 – 5 years	113 663	105 697
Later than 5 years	331 147	338 116
	472 913	**468 610**

At 31 March 2006, Investec was obligated under a number of operating leases for properties, computer equipment and office equipment for which the future minimum lease payments extend over a number of years. The annual escalation clauses range between 8% and 13.5% percent per annum. The majority of the leases have renewal options.

Operating lease receivables

Future minimum lease payments under non-cancellable operating leases:		
Less than 1 year	946	1 498
1-5 years	1 730	3 678
Later than 5 years	122	762
	2 798	**5 938**

Investec leases assets to third parties under operating and finance lease arrangements including transport assets,machinery and property. The term of the leases range between 3 and 5 years with no annual escalation clauses. The majority of the leases have renewal options.

CONTINGENT LIABILITIES		
Guarantees and assets pledged as collateral security:		
– guarantees and irrevocable letters of credit	396 544	223 508
– assets pledged as collateral security	403	–
Other contingent liabilities	61 021	40 343
	457 968	**263 851**

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

Guarantees are issued by Investec plc and Investec Limited on behalf of third parties and other group companies.

The guarantees are issued as part of the banking business.

Legal proceedings

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

Following falls in the value of assets in the split capital investment trust sector, Carr Sheppards Crosthwaite Ltd (CSC), in common with other firms in the industry, has received a number of complaints. Each complaint has been investigated in accordance with CSC's complaints procedures and within guidelines set by the applicable regulatory authority. A number of complaints are still in the process of adjudication by the Financial Ombudsman Service. Meanwhile in December 2004 a group of firms, of which CSC is not a member, together agreed to make a contribution of £194 million towards the settlement of claims received to date, a reliable estimate cannot yet be made of any compensation payable by CSC in respect of this issue. As part of the arrangements for the sale of CSC to Rensburg plc, Investec 1 Limited has indemnified Rensburg plc for any loss CSC incurs in relation to this matter.

POST BALANCE SHEET EVENTS

Acquisition of N.M. Rothschild Australia Holdings Pty Limited

Investec Bank (UK) Limited, a wholly-owned subsidiary of Investec plc, has agreed to acquire N.M. Rothschild Australia Holdings Pty Limited for a consideration of approximately A$150 million.

The agreement, which is subject to regulatory approval, will add critical mass and scale to Investec Bank (UK) Limited's existing Australian subsidiary, Investec Bank (Australia) Limited and at the same time add to its capability to originate new business.

N.M. Rothschild & Sons (Australia) Limited has total assets of approximately A$2.1 billion (£890 million) and is principally involved in Property, Resources, Infrastructure, Commercial Finance, Acquisition Finance and Treasury activities operating in Sydney, Melbourne and Perth.

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Commentary on key adjustments

IFRS 2 – share based payments

The group engages in equity settled share based payments and in certain limited circumstances cash settled share based payments in respect of services received from employees.

Under UK GAAP, where options were granted, the charge made to profit and loss was determined as the difference between the fair value of the instrument at the time the award was made and any contribution made by the employee. Under IFRS, for equity settled options, the group recognises a charge to profit and loss by reference to the fair value of the instrument of the option on the date of grant to the employee over the relevant vesting periods, based on an estimation of the amount of instruments that will eventually vest.

IFRS 3 – business combinations

In accordance with the transitional provisions of IFRS 1, the group has elected to apply IFRS 3 prospectively from 1 April 2004. The carrying value of goodwill under UK GAAP at 31 March 2004 has therefore been brought forward, except for identified intangible assets which have been separately identified and tested for impairment.

IFRS 4 – insurance contracts

From 1 April 2005, assurance products have been divided into investment contracts and insurance contracts. Investment contracts are accounted for under IAS 39 and insurance contracts are accounted for under IFRS 4. Further to these reclassifications, reinsured liabilities and related assets are recognised on a gross basis on the balance sheet.

IAS 10 – events after balance sheet date

Under IAS 10 an entity is not permitted to adjust assets and liabilities at balance sheet date for events that are indicative of conditions that arose subsequent to the balance sheet date. The impact of adoption of IAS 10 is that dividends declared by the group are no longer recognised in the period in which the earnings relate but rather are only recognised when they are no longer at the discretion of the entity.

IAS 17 – leases

In the South African economy it is common practice for operating lease agreements to incorporate fixed rental escalation clauses. Under the provisions of IAS 17, lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefits. The group has previously recognised fixed rental escalations in the period in which they contractually applied. Under IFRS these increments have been taken into consideration in determining a straight line cost over the term of the lease. The net effect has been to create a payable in the earlier period of the affected leases which will release as the cash flows are settled. This has resulted in a net reduction to reserves which will reverse over the period of the lease.

A similar adjustment has been processed for lessors within the group. In this case a receivable is raised in the earlier period of the affected lease which will release as cash flows are received. However, the net effect on reserves has been minimal as IAS 40 "Investment Properties" provides that the fair value adjustment against investment properties must be reduced by debtor balances raised relating to operating leases on the property as to prevent double counting of cash flows.

IAS 18 – revenue recognition

Principles for revenue recognition are affected by the adoption of IAS 39 "Financial Instruments: Recognition and Measurement" in that IAS 18 incorporates the requirement to recognise fee income on lending transactions that are closely related to the effective interest yield on the transaction. Interpretation of the standard lends itself to the conclusion that there is a presumption that a fee is closely related to the effective yield unless the performance of a significant act can be identified in which case the related fee is recognised on completion of the act.

In accordance with the transitional provisions of IFRS 1, the group has applied all related IAS 39 changes from 1 April 2005.

IAS 27/28/31 – consolidations/associates/joint ventures

Under UK GAAP certain special purpose vehicles were treated as jointly controlled entities. However, under IFRS these special purpose vehicles do not meet the control or jointly controlled definitions to require consolidation or joint venture accounting. To this end, the partial consolidation under UK GAAP has been reversed on adoption of IFRS. IFRS requires special purpose vehicles to be consolidated where they are in substance controlled by the entity. This has resulted in the consolidation of certain investment vehicles in the group that were previously recorded as external investments.

IAS 32/39 – financial instruments

In accordance with the transitional provisions of IFRS 1, the group has elected not to restate comparative information for the adoption of IAS 32/39. Following the adoption of IAS 32/39 financial instruments have been classified as follows:

Financial assets are classified with the related measurement basis as noted below:

- Loan or receivable – measured at amortised cost less impairment.
- Fair value through profit and loss – fair value gains and losses included in profit and loss.
- Available for sale – fair value gains and losses included directly in equity until disposal or impairment.
- Held to maturity – amortised cost less impairment.

Financial liabilities are classified as held for trading, designated as held at fair value or are carried at amortised cost.

The following key adjustments have arisen from adoption of the standard:

- Banking book derivatives which were previously recognised on an accrual basis are recognised at fair value through profit and loss. To minimise the effect of volatility as a result of these fair value adjustments the group has applied:
- Hedge accounting were possible; or
- In circumstances were hedge accounting could not be applied, the group has designated as held at fair value through profit and loss related financial assets and liabilities where a clear intention to hedge could be demonstrated.
- Fair value of embedded derivatives. Embedded derivatives represent the derivative component of a hybrid instrument which contains both a derivative and a non-derivative component. Where the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract, and the host contract itself is not recognised at fair value, the embedded derivative is separated from the host contract and recognised at fair value through profit and loss.
- Fair value of banking book equity positions which were previously held at cost or where applicable adjusted for permanent diminution. The majority of these banking book equity positions have now been treated as available for sale instruments.
- The reversal of general provisions raised, with an increase in specific impairments due to the discounting of expected cash flows. Further a portfolio impairment has been raised where there is evidence of an incurred impairment on a homogeneous portfolio of loans and advances based on historical data.
- In circumstances where gross equity settled options are acquired or sold in relation to the group's own equity, any premium received or paid is treated as a direct adjustment to equity.
- On the balance sheet financial assets and financial liabilities are offset and presented on a net basis only where a legal right to settle net exists and the group has the intention to settle net. This has resulted in an increase in gross assets and liabilities related to derivative instruments which were previously netted on the basis of legal right of set off with no reference to the intention of the group.

IAS 40 – investment properties

Under UK GAAP investment properties were carried at fair value with fair value movements recognised directly in equity. With the adoption of IFRS fair value adjustments on investment properties are recognised in profit and loss.

Cash flow information

On adoption of IFRS, the group redefined the definition of cash and cash equivalents to include cash and balances at central banks, on demand loans and advances to banks and cash equivalent advances to customers. These components are disclosed on the cash flow statement on page 46.

EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF INVESTEC PLC

77 Share qualification

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.

78 Directors' fees

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 £1,000,000 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 Limited under Articles 78 to 80 of its Memorandum and Articles.

79 Other remuneration of Directors

Any Director who holds any executive office with the Company or Limited, 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 Combined Group 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 Directors' expenses

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 Limited.

81 Directors' pensions and other benefits

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.

82 Appointment of executive Directors

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.

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.

87 Re-election of retiring Director

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 electing 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 or 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.

88 Election of two or more Directors

A resolution for the election of two or more persons as Directors by a single resolution shall not be moved at any General Meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it; and any resolution moved in contravention of this provision shall be void.

90 Election or appointment of additional Director

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 Limited. Any person so appointed by the Directors shall hold office only until the next Annual General Meeting and shall then be eligible for 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 pursuant to this Article 90 and shall, for the purposes of Article 85, be deemed to have been elected on 25 July 2002.

111 Borrowing powers

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) and uncalled capital or any part or parts thereof and to issue any debentures (whether secured, unsecured or subordinated and whether convertible into shares of any class) and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

150 Perpetual Preference Shares

150.1 For purposes of this Article 150:

(a) "**base rate**" means the base rate of the Bank of England from time to time as published by the Bank of England;

(b) "**business days**" means all days, excluding Saturdays, Sundays and officially designated public holidays in the United Kingdom;

(c) "**deemed value**" means the deemed value of each Perpetual Preference Share for purposes of calculation of the preference dividend, being an amount of £10.00, notwithstanding the actual issue price of a Perpetual Preference Share (that is the nominal value of the Perpetual Preference Share plus a premium thereon) which may vary because of a difference in the premium at which the Perpetual Preference Shares may be issued from time to time;

(d) "**preference dividend**" means a non-cumulative, non-participating preference dividend;

(e) "**preference dividend accrual date**" means 31 March and 30 September of each year;

(f) "**preference dividend payment date**" means a date at least 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 business days after 31 March and 30 September of each year, respectively; and

(g) "**preference dividend rate**" means, subject to Article 150.2(g) below, a rate that will be equivalent to 1% (one per cent) plus the base rate, the latter rate being used as a rate of reference.

150.2 The following are the rights, privileges, restrictions and conditions which attach to the Perpetual Preference Shares:

(a) The issue price for each tranche of Perpetual Preference Shares to be issued will be determined by the Directors at the allotment thereof.

(b) Each Perpetual 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 PLC Special Converting Shares, the UK DAN Share, the UK DAS Share, but *pari passu* with the PLC Preference Shares. The Perpetual Preference Shares shall confer on the holders, on a per Perpetual Preference Share and equal basis, the right on 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 Perpetual Preference Shares issued divided by the number of Perpetual Preference Shares in issue.

(c) Each Perpetual Preference Share may 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 PLC Special Converting Shares, the UK DAN Share and the UK DAS Share, but *pari passu* with the PLC Preference Shares, the preference dividend calculated in terms of Article 150.2(d) below.

(d) The preference dividend shall be calculated:

(i) by multiplying the deemed value of the Perpetual Preference Shares by the applicable preference dividend rate (determined on a 365 day year factor, irrespective of whether the year is leap year or not), on a daily basis, in arrear, for the appropriate period referred to in Article 150.2(e)(ii) below; and

(ii) 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 Perpetual Preference Shares issued, shall be calculated from the issue date up to and including the next preference dividend accrual date.

(e) The preference dividends shall, if declared:

(i) accrue on the preference dividend accrual date, calculated in accordance with 150.2(d)(i) above;

(ii) be payable on the preference dividend payment date; and

(iii) failing payment on the relevant preference dividend payment date, be considered to be in arrear.

(f) If a preference dividend is not declared by the Company in respect of the period of 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.

(g) Save as set out in Articles 150.2(a), 150.2(b) and 150.2(f) above, the Perpetual 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.

(h) The holders of the Perpetual 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 Perpetual Preference Shares, unless either or both of the following circumstances prevail as at the date of the meeting:

(i) the preference dividend or any part thereof remains in arrear and unpaid as determined in accordance with Article 150.2(e)(ii) after six months from the due date thereof; and/or

(ii) a resolution of the Company is proposed which resolution directly affects the rights attached to the Perpetual Preference Shares or the interests of the holders thereof, or a resolution of the Company is proposed to wind up or in relation to 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.

(i) At every general meeting of the Company at which holders of Perpetual Preference Shares as well as other classes of shares are present and entitled to vote, a preference shareholder shall be entitled to one vote per Perpetual Preference Share held.

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 Perpetual 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 Perpetual Preference Shares in the same manner *mutatis mutandis* as a special resolution. At every meeting of the holders of the Perpetual Preference Shares, the provision 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 persons holding or representing by proxy at least two of the Perpetual 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*.

ILLUSTRATIVE EXAMPLE OF THE PRICING AND THE ALLOTMENT AND ISSUE OF THE PERPETUAL PREFERENCE SHARES

The table below provides an example of the Rand issue price per perpetual preference share (rounded to two decimal places) and the number of perpetual preference shares (rounded down to the nearest whole number) that will be allotted to an investor who applies for the minimum subscription value of R120 000 based on various Rand/Pound Sterling exchange rates assuming the following:

- The investor receives a full allocation;
- the base rate on the closing date of the offer for subscription is 4.50% and hence the perpetual preference shares will have a coupon rate of 5.50% on that day; and
- the dividend yield on the value subscribed for on the closing date of the offer is 6.40%.

Fractions of perpetual preference will not be issued. Cash refunds will be made in respect of any fractions arising.

Rand/Pound Sterling exchange rate	Issue price per perpetual preference share (Rand)	Number of perpetual preference shares allotted	Cash refund as a result of fractions arising (Rand)
11.00	94.53	1 269	41.43
11.20	96.25	1 246	72.50
11.40	97.97	1 224	84.72
11.60	99.69	1 203	72.93
11.80	101.41	1 183	31.97
12.00	103.13	1 163	59.81
12.20	104.84	1 144	63.04
12.40	106.56	1 126	13.44
12.60	108.28	1 108	25.76
12.80	110.00	1 090	100.00
13.00	111.72	1 074	12.72
13.20	113.44	1 057	93.92
13.40	115.16	1 042	3.28
13.60	116.88	1 026	81.12
13.80	118.59	1 011	105.51
14.00	120.31	997	50.93
14.20	122.03	983	44.51
14.40	123.75	969	86.25
14.60	125.47	956	50.68
14.80	127.19	943	59.83
15.00	128.91	930	113.70

Investors should note that in the case of over-subscriptions, applications may be reduced, subject to the minimum subscription amount of R120 000 for a single addressee acting as a principal, as set out in paragraph 6.8 of this Pre-listing Statement.

PRINTED BY INCE (PTY) LTD REF. W2CF00983

Investec plc

(Incorporated in England and Wales)
(Registration number 3633621)
Share code: INP ISIN:GB0031773103
("Investec plc " or "the company")

APPLICATION FORM

An offer for subscription of Investec plc non-redeemable, non-cumulative, non-participating preference shares of £0.01 each ("perpetual preference shares") subject to a minimum subscription of R120 000 per single addressee acting as principal

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

Certificated perpetual preference shares:

In respect of those placees opting for certificated perpetual preference shares, to Computershare Investor Services 2004 (Pty) Limited in an envelope marked **"Investec plc – 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 plc – Offer for Subscription"** either by post (PO Box 61763, Marshalltown, 2107), or by hand marked **"Investec plc – Offer for Subscription"** (Ground Floor, 70 Marshall Street, Johannesburg, 2001) to be received by no later than 12:00 on Friday, 28 July 2006.

Dematerialised perpetual preference shares

In respect of those placees opting for dematerialised perpetual preference shares, applications must be made to their duly appointed Central Securities Depository Participant ("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 plc reserve the right to accept any application, in whole or in part (in accordance with the procedure set out in paragraph 6.8 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 R120 000, per single addressee acting as principal. Investec plc will reject any application that does not comply with this condition.

The issue price per perpetual preference share and accordingly the number of perpetual preference shares to be issued to each investor will be determined on the closing date of the offer for subscription based on the coupon rate (currently 5.50%) and the Rand/Pound Sterling exchange rate on that day in order to ensure that investors receive an initial dividend yield of 6.40% based on the issue price.

Fractions of perpetual preference shares will not be issued. Subscribers will receive a cash refund for any fraction that arises. An illustrative example is set out in paragraph 2.2 of the Salient Features and in Annexure 3 of the Pre-listing Statement.

To the directors:

Investec plc

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 perpetual preference shares in Investec plc or any lesser number that may, in accordance with the procedure set out in paragraph 6.8 of the Pre-Listing Statement, be allotted to me/us subject to the Articles of Association of Investec plc.

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

I/We understand that the issue of perpetual preference shares in terms of the Pre-Listing Statement is conditional on the granting of a listing, by Thursday, 3 August 2006, or such later date as the directors may determine, in the Specialist Securities – "Preference Shares" sector of the JSE Limited ("the JSE") List, of the perpetual preference shares of Investec plc, as more fully set out in the Pre-Listing Statement.

Dated ______________________________ 2006

Telephone number (office hours) (   ) ______________________________

Signature ______________________________

Assisted by ______________________________
(where applicable)

A: RESIDENT INDIVIDUAL BENEFICIARY	
Surname of individual or **Name of corporate body***	Mr Mrs Miss Other title
First names in full (if an individual)*	
Identity number	
Temporary resident permit number	
Passport number	
Passport country	
Tax number	
Street address* Refund cheque (if any) and perpetual preference share certificate (if applicable) will be sent to this address	Postal code:
Contact name	
Email	
Fax number	
Telephone number ( )	
Additional identity numbers	

B: RESIDENT ENTITY BENEFICIARY	
Name of entity*	
Registration number*	
Owner/Partner identity number*	
Tax number	
VAT number	
Entity street address* Refund cheque (if any) and perpetual preference share certificate (if applicable) will be sent to this address	Postal code:
Entity contact name	
Entity email	
Entity fax number	
Entity telephone number	
ECA authority number	
Date of ECA	

C: NON-SOUTH AFRICAN RESIDENT INDIVIDUAL BENEFICIARY	
Surname*	
Name*	
Passport number*	
Passport country*	
Street address Refund cheque (if any) and perpetual preference share certificate (if applicable) will be sent to this address	Postal code: Country*

D: NON-SOUTH AFRICAN RESIDENT ENTITY BENEFICIARY	
Name*	
Entity street address Refund cheque (if any) and perpetual preference share certificate (if applicable) will be sent to this address	Postal code: Country*

E: ALL APPLICANTS	
TOTAL VALUE OF PERPETUAL PREFERENCE SHARES APPLIED FOR **SUBSCRIPTIONS MUST BE IN MULTIPLES OF R1 000.00, SUBJECT TO A MINIMUM OF R120 000**	Rand amount*
Total amount of cheque or **banker's draft**	R (Enter figures only – not words)

***** Mandatory information to be supplied.

A: This section to be completed by South African resident individuals.

B: This section to be completed by South African resident entities.

C: This section to be completed by non-South African resident individuals.

D: This section to be completed by non-South African resident entities.

E: This section to be completed by all applicants.

Please note the perpetual 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 perpetual 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 perpetual preference shares in uncertificated form kindly insert your details in the space provided and the perpetual preference share certificate will be sent to you, per registered post, at your own risk.

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

SUBSCRIBERS WISHING TO RECEIVE CERTIFICATED PERPETUAL PREFERENCE SHARES

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

Kindly post the perpetual preference share certificate to the following address:

Name ____________________

Address ____________________

____

____

____

____

Broker's stamp
(if applicable)

SUBSCRIBERS WANTING TO RECEIVE UNCERTIFICATED PERPETUAL 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 plc 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 not 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 6.6 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 without interest within seven business days of such date.