

Investec Interim Report for the six months ended **30 September 2002**



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Corporate information and directorate

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Registration Number

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Directorate

Executive Directors

Stephen Koseff (*Chief Executive Officer*)
Bernard Kantor (*Managing Director*)
Glynn Burger
Alan Tapnack

Non-Executive Directors

Hugh Herman (*Chairman*)
John Abell
Sam Abrahams
George Alford
Donn Jowell
Ian Kantor
Sir Chips Keswick
Peter Malungani
Peter Thomas

Interim report - presentation of financial information

Introduction

During July 2002 Investec Group Limited (since renamed Investec Limited) implemented a Dual Listed Companies (DLC) structure and listed its offshore businesses on the London Stock Exchange. Further information is provided in Annexure I on pages 57 and 58.

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

Accordingly, the interim report for Investec plc set out on pages 14 to 20 presents the results and financial position of the combined DLC group under UK GAAP, denominated in Pounds Sterling. The interim financial report for Investec Limited set out on pages 42 to 50 is also prepared on a DLC basis under SA GAAP, denominated in South African Rand.

The financial information contained in the "commentary" section of this document has been prepared in accordance with UK GAAP. All references in the "commentary" section referring to Investec or the group relate to the combined DLC group comprising Investec Limited and Investec plc.

SA GAAP differs in certain respects from UK GAAP. A high-level reconciliation and summary of the principal differences between SA GAAP and UK GAAP is set out on pages 52 and 53.

Exchange rates

Investec's reporting currency has changed from South African Rand to Pounds Sterling. Rand values included in the "commentary" section on pages 6 to 12 have been translated into Pounds Sterling, in the case of the profit and loss accounts, at the weighted average rate for the relevant period and, in the case of the balance sheets, at the relevant period end rate.

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

Currency per £1.00	30 Sept 2002		30 Sept 2001		Year Ended 31 March 2002	
	Period End	Average	Period End	Average	Period End	Average
South African Rand	16.49	15.67	13.30	11.48	16.16	13.65
US Dollar	1.56	1.47	1.48	1.44	1.43	1.43
Israeli Shekel	7.57	7.22	6.43	6.01	6.77	6.19
Australian Dollar	2.87	2.77	2.99	2.76	2.67	2.78

Source: Reuters and Oanda.com

These rates are indicative only and are not necessarily the rates at which the relevant currencies were converted into Pounds Sterling for the purposes of preparation of the group's consolidated financial statements. The depreciation of the Rand has a significant negative effect on the results expressed in Pounds Sterling of those Investec businesses that generate the majority of their revenues and profits in Rand. Where the impact of Rand depreciation is key to understanding the performance of one of the group's businesses, this has been noted in the "commentary" section.

Dividend declaration

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

Investec plc (incorporating the results of Investec Limited)

Unaudited consolidated financial results in UK GAAP Pounds Sterling for the six months ended 30 September 2002

Salient financial features, commentary and dividend announcement



Salient financial features

UK GAAP	30 Sept 2002	% Change	30 Sept 2001*	31 March 2002*
Profit and Loss Account and Selected Returns				
Headline earnings attributable to ordinary shareholders (£'000)	43 867	2.3	42 898	115 777
Operating profit before goodwill amortisation and taxation (£'000)	48 543	(34.7)	74 343	158 567
Operating profit: Southern Africa & Other (% of total)	73.2		45.9	50.0
Operating profit: Non-Southern Africa & Other (% of total)	26.8		54.1	50.0
Cost to income ratio (%)	78.1		71.5	72.0
Staff compensation to operating income ratio (%)	50.1		45.6	44.5
Annualised return on average shareholders' funds (%)	11.9		12.0	17.6
Annualised return on average tangible shareholders' funds (%)	23.0		24.5	33.8
Annuity income as a percentage of operating income (%)	76.0		72.7	70.7
Balance Sheet				
Total capital resources (£ millions)	924	(15.5)	1 093	958
Total shareholders' funds (£ millions)	738	(13.0)	848	734
Total assets (£ millions)	16 125	(8.6)	17 646	16 957
Total assets under administration (£ millions)	41 463	(4.9)	43 719	45 118
Salient Financial Features and Key Statistics				
Headline earnings per share (pence)	47.6	1.5	46.9	126.8
Dividends per share (pence)	26.0	0.4	25.9	53.8
Dividend cover (times)	1.83		1.81	2.4
Number of employees in the group	5 488 ²	(1.4)	5 563	5 529
Weighted number of ordinary shares in issue (million)	92.2		91.4	91.3

Notes:

¹ Refer to definitions on page 60

² These numbers include the private client stockbroking and correspondent clearing and execution operations in the US. The sale of these businesses have been finalised post 30 September 2002 with the result that the group's headcount should reduce by around 523 people to 4 965.

* Restated for changes to accounting policies and disclosures.

Commentary

Operating environment

The protracted economic slowdown and increasing corporate governance concerns presented a deeply challenging environment for capital markets. Financial markets continued to be characterised by price volatility, low volumes and diminishing deal flow which further entrenched negative investor sentiment.

These adverse factors have had a negative impact on Investec's equity related activities. However, strong performances from the group's Private Banking, Treasury and Specialised Finance and Assurance Activities served to partially offset the weaker performance of the group's Investment Banking and Stockbroking activities.

Furthermore, the depreciation of the average Rand/Pounds Sterling exchange rate by 36% during the period has had a direct negative impact on the results of the group expressed in Pounds Sterling.

Overall performance

Against this backdrop, Investec is satisfied to announce that headline earnings per share for the six months ended 30 September 2002 increased by 1.5% to 47.6 pence, with headline earnings increasing by 2.3% to £43 867 million. Investec has continued to benefit from the portfolio effect of its well-diversified operating base and has concentrated on balancing profitability and risk.

Highlights of the past six months include:

- Established Investec's DLC structure in July 2002. This long sought after achievement represented a significant milestone in the history of Investec and is a major stepping-stone in providing the group the opportunity to fulfill its mission of becoming one of the world's leading specialist banking groups.
- Issued 4 million Investec plc shares, for a consideration of £33.2 million, in July, at a time when markets were exceptionally difficult.
- Annualised headline return on average shareholders' funds remained stable at 11.9%, notwithstanding the weaker performance of the group's United Kingdom ("UK") and United States ("US") operations and the severe depreciation of the Rand.
- Annuity income as a percentage of total operating income increased from 72.7% to 76.0%.
- An improvement in the quality of the group's advances, as evidenced by the continuing declining trend in the percentage of gross non-performing loans to core loans and advances to customers from 1.71% in the previous year to 0.93%. This facilitated a drop in provisions for bad and doubtful debts charged to the profit and loss account of 14.9% to £7.6 million.
- Operating profit before goodwill amortisation declined from £74.3 million to £48.5 million, impacted by the weaker performances of the group's UK and US operations as well as the significant depreciation in the Rand.
- Dividends of 26 pence per share, equating to a dividend cover of 1.83, which is in line with the group's stated policy of maintaining a dividend cover of between 1.75 and 2.3, based on the combined group's headline EPS determined in UK GAAP.

Business unit review

Investment Banking

The prolonged weakness in financial markets and subdued trading volumes has substantially impacted the performance of the Investment Banking division which posted an operating loss of £2.6 million.

In South Africa ("SA"), Investment Banking reported results significantly down on the previous period, largely as a result of a lack of appetite for direct and private equity investments as well as declining trading portfolio values. Investec Corporate Finance continued to maintain a strong deal flow off the back of the division's distinctive ability to provide innovative and creative deal structures and advice. Accordingly, the division's prime focus during the period under review was on group and corporate restructuring activities, shareholder activism mandates and black economic empowerment initiatives. Investec Corporate Finance retained its first place rankings in the 2002 Dealmakers survey for M&A volume, corporate finance value and volume, and was further awarded the "Dealmaker of the Year" award. During the period under review, Investec Securities focused on augmenting the depth and breadth of its research offering while the structured equity desk performed well despite the difficult SA stockbroking environment.

In the UK, Investec Investment Banking and Securities posted an operating loss during the period under review. The division was severely impacted by the lack of corporate advisory and capital market activity, with the number of deals concluded declining substantially over the period. Trading income declined significantly reflecting the poor performance of the house stocks in which the division makes markets. This

initiated a shift in focus to non-house stocks where the division was successful in gaining market share in large-cap broking. The UK Private Equity division's performance was negatively affected by declining equity portfolio values and a lack of viable exit opportunities.

Investec Inc in the US, was affected by the severe decline in equity markets, recording operating losses of £4.6 million. The strategic review undertaken in the US (see below) resulted in Investec Inc repositioning itself as an institutional research-driven investment bank in the chosen niches of technology, media, telecommunications, healthcare, retail and consumer goods.

In Australia, Investec Wentworth demonstrated growth in a challenging investment banking environment enjoying a strong pipeline of mandates and prospective deals.

Private Client Activities

The Private Client Activities division, which comprises Private Banking and Private Client Portfolio Management and Stockbroking divisions, recorded a period of strong growth in operating profit before goodwill amortisation of 11.7% to £19.9 million. The strong performance of the Private Banking division was somewhat offset by the weaker performance of Private Client Portfolio Management and Stockbroking which suffered as a result of the lower market prices and reduced demand for equity and other investment products.

Private Banking

The Private Banking division reported operating profit before goodwill amortisation of £16.6 million, an increase of 18.8% on the previous period. This performance was driven by solid growth in total advances, non-interest income and assets under administration, both in SA and the UK. Since the year-end, the group's total private client lending book in SA grew by 10.1% in Rand terms to R15.2 billion (£922 million), and the private client lending book in the UK grew by 6.2% in Pounds Sterling terms to £846 million.

In SA, Investec Private Bank retained its number one ranking in the 2002 PriceWaterhouseCoopers SA Banking survey demonstrating its ability to continually develop innovative alternatives to investment planning that provide real returns regardless of market conditions.

The Private Banking division in the UK developed a private client investment banking service which focuses on clients whose wealth is inextricably linked to their businesses. Furthermore, in line with the group's increased cost consciousness, an initiative was undertaken during the period to relocate the UK retail call centre to SA.

In Australia, a more focused strategy within the Private Client Group has improved profitability with a steady increase in the number and quality of clients and notable growth in total funds under advice.

Private Client Portfolio Management and Stockbroking

The Private Client Portfolio Management and Stockbroking division reported operating profit before goodwill amortisation of £3.3 million, a decrease of 13.9% on the previous period.

Despite the decline in market volumes which had a negative impact on overall commissions, Investec Securities in SA, managed to increase funds under management marginally from R27.3 billion to R28.3 billion (£1.7 billion) since the last year-end. The business posted a creditable result, which is largely attributable to the Merrill Lynch acquisition in the previous period and the vigilant reduction of costs as a result of natural attrition and the introduction of STRATE (share transactions totally electronic). Furthermore, the business supplemented its revenue stream with a number of new investment initiatives including a Money Market fund launched in conjunction with Investec Asset Management.

In the UK, Carr Sheppards Crosthwaite's performance was adversely impacted by the testing operating environment, with funds under management falling by 20% in relation to a 30% decline in the UK market since the group's year-end. Funds under management at September 2002 were £4.8 billion, of which £2.9 billion were managed under discretionary mandates. The business continued to experience a healthy flow of net new funds under management with the addition of £225 million funds over the past six months, further confirming the viability of the division's business model, notwithstanding the difficult environment.

Treasury and Specialised Finance

The Treasury and Specialised Finance division posted operating profit before goodwill amortisation and taxation of £18.6 million, a decline of 30%. The UK operations reported an operating loss of £2.5 million, while the South African operation's contribution increased by 7.7% in Rand terms. This percentage would amount to 19.8% if the results of Securities Investment Bank, which posted a loss, are excluded.

The solid performance of the SA Treasury and Specialised Finance division's core operations is largely attributable to its overall diversity of income. The Financial Market Activities performed particularly well with meaningful contributions from all desks. The Banking Activities continued to maintain their strong positioning in the local market, with flows of deals and mandates concluded by the Structured and Project Finance division's during the period.

In the UK, the Treasury and Specialised Finance businesses are in a development phase and hence the group continued to focus on enhancing and expanding its capabilities, particularly in its Banking Activities. In July, a structured finance team was acquired to focus on cross-border structured finance, with particular emphasis on leasing structures. Sound performances, off a very low base, were recorded from the project and resource finance division as it continued to position itself as a leader in the public private partnership market. The division was selected as preferred bidder on the 2nd largest UK hospital private financing deal, with a deal value of £330 million. The division's Financial Market Activities posted a loss, with the interest rate desk suffering from market volatility while the commodities division struggled in the face of the downturn in certain base metals prices.

Asset Management

The Asset Management division delivered operating profit growth before goodwill amortisation of 11.9% in Rand terms and a 15.3% fall in Pounds Sterling terms. Although assets under management of £15.8 billion (R260.8 billion) declined by 0.9% in Rand terms and 2.9% in Pounds Sterling terms since March 2002, the impact of the weak equity markets was offset by the achievement of net new business flows of £545 million (R8.7 billion). The key achievement in the reporting period was the impressive investment performance achieved across the board by the division's London based investment team, complemented by the strong retail funds and specialist performance of its South African business.

Investec Asset Management recorded strong growth in its market share of UK retail funds. In spite of weakening industry conditions and declining equity markets, the Investec Asset Management UK retail business grew assets under management by 19%, positioning it as one of the UK's fastest growing retail fund businesses. Net inflows of £81 million represents a market share of 3% of net sales. Investec Asset Management has made significant progress in terms of market positioning, with the authoritative SWAY industry survey ranking Investec as the third best supported supplier of retail funds to the UK discretionary independent financial advisor market. Offshore funds, listed in Guernsey and Dublin, achieved positive net inflows during the six months under review at a time when the industry as a whole is experiencing significant redemptions. This was achieved by all the division's retail businesses.

In the broad based CAPS survey for UK balanced pension funds, Investec Asset Management was placed in the top decile out of a field of 85 competitors for the twelve-month period to 30 September 2002. Investec Asset Management continues to win fixed income mandates in the UK local authority market on the back of a strong track record and proven investment process. Investec Asset Management, after a relatively short period in the UK, is now on the list for recommendation by some of the major investment consultants.

The South African Personal Investments division was successful in attracting domestic net new business flows, attracting R2.3 billion. The division's unit trusts also excelled over the reporting period, with half of the in-house managed funds in the top quartile over a one-year period, and achieving an average ranking well above the median. Investec also achieved fourth place overall in the most recent Plexus survey, which assesses three-year investment performance.

In summary, the core South African businesses continue to show resilience, while the international expansion prospects are developing in line with management expectations.

Assurance Activities

The results of the group's SA life assurance activities, conducted by Investec Employee Benefits Limited ("IEB"), were positively influenced by further restructuring of the business and its investment portfolios over the course of the past six months. The overall effect of which was to increase earnings from £13.6 million to £18.8 million.

Group Services and Other Activities

Group Services and Other Activities posted an operating loss of £16.4 million, reflecting a 36.0% improvement on the previous year. This was largely attributable to the performance of the group's Central Funding division, which benefited from effective capital management facilitated through the group's restructure, as well as increased returns on shareholder's funds within IEB, whose earnings were included for a full six months in the current period as opposed to four months in the prior period. Some of these gains were offset by the weaker performances of the group's Traded Endowment and Clearing and Execution Activities.

The Traded Endowments activities were affected by poor trading conditions as well as general market uncertainty surrounding the frequency, timing and magnitude of bonus rate cuts.

The group's Property Activities performed reasonably well. The SA business benefited from an increase in assets under administration as a consequence of the Growthpoint restructure, the Melrose Arch mandate and the Fedsure acquisition. Furthermore, the demand for investment properties in the UK remained buoyant.

Geographic performance

The group's Southern African businesses accounted for 73.2% (2001:45.9%) of Investec's operating profit before goodwill amortisation. Notwithstanding the above, the concentration of assets is weighted towards the group's Non-Southern African operations with 63.4% located in these countries. Highlights of the developments and performance of the regions in which the group operates follow.

Southern Africa

The group's operating profit before goodwill amortisation in SA increased significantly by 32.7% in Rand terms and 4.1% in Pounds Sterling terms. Most of the group's SA businesses performed strongly, and the group continues to maintain a sound positioning in most of its SA businesses.

UK

In the UK, the group posted an operating profit before goodwill amortisation of £13.5 million, a decrease of 61.0%. These results reflected the adverse market conditions which had a negative impact on the UK Investment Banking and Treasury Trading Activities. The consequent negative impact on investment appetite and asset values also impeded the performance of the Private Client Stockbroking activities. The UK Private Banking operations grew advances by 19% over the year and generated pleasing growth in non-interest related income. Furthermore, the group's Asset Management division in the UK made significant progress, particularly on investment performance.

US

As part of Investec's continued strategic focus on building niched businesses in its core areas of competence and in select markets where it can compete effectively, a strategic review of the US business was undertaken over the past year which resulted in the following:

- The decision to sell the private client stockbroking business to management in May 2002 ("the PCG management buy-out").
- The sale of the Clearing Division to Fiserv Securities in August 2002 for US\$44 million ("the Fiserv transaction").
- The streamlining of support services and infrastructure.

The remaining US businesses will be combined into one broker-dealer and operate under the Investment Banking pillar enabling Investec to align its US operations with its other global businesses. The overall headcount will be reduced to around 165 staff from some 688 at the year-end. For further financial information regarding the sale of these businesses refer to the "financial statements analysis" section of this report.

Israel

The Israeli operations posted satisfactory results against the backdrop of a fragile geopolitical situation, poor domestic capital markets and severe depreciation of the Shekel. Noteworthy accomplishments were achieved in the mutual fund custodial and administration activities with total assets under custody increasing 134% to NIS9.6 billion during the period under review.

Australia

A strong performance was posted by the Australian subsidiary which increased its contribution to the group from £0.07 million to £3.2 million. In August, Investec Australia received a full banking licence which has opened up many growth opportunities for the business. Investec Wentworth has had a strong impact on the region's activities with increased investment banking earnings. A more focused strategy for private banking drove a breakthrough to profitability. Australia now has a solid platform to build a strong reputation, quality client list and effective corporate network.

Financial statements analysis

Operating income

Operating income of £256.4 million decreased by 12.2% over the period largely as a result of significant declines in fees and commissions and other operating income (investment income). These declines were partially offset by solid growth in dealing profits (trading income). The movements in operating income are further analysed as follows:

The group's net interest income remained relatively stable at £75.3 million, largely as a result of the significantly lower Rand/Pound Sterling exchange rate during the period. The group was able to achieve sound growth in its lending portfolios.

Fees and commissions, both annuity and deal, were impacted by the weaker economic and equity environment and the weakness of the Rand, resulting in a decline of 19.9% to £137.8 million. The Investment Banking division in the UK, Investec Asset Management and the Private Client Portfolio Management and Stockbroking divisions were the primary contributors to this negative variance.

Dealing profits increased significantly by 187.4% to £23.3 million. The group's Financial Market Activities performed exceptionally well in the period under review. The equity derivatives division posted a profit after generating losses in the prior period in the aftermath of the 11 September 2001 attacks. Furthermore, the group's interest rate and currency activities were well placed to exploit movements in the market.

The performance of the group's long-term assurance activities is discussed earlier in this report.

Other operating income reflected a loss of £1.9 million, largely as a result of the weaker performance of the group's Investment Banking division. In the prior period the group benefited from the disposal of certain direct and private equity investments. The income from these activities is affected by macro-and micro-economic market conditions, as well as the unavailability of profitable exit routes. Furthermore, difficult market conditions had an adverse impact on the values of the trading portfolios.

Administrative expenses

Total expenses decreased by 3.9% from £201.7 million to £193.7 million principally due to rationalisation of the group's activities in North America, ongoing focus on cost control and the depreciation of the Rand.

Notwithstanding this nominal value decrease, the ratio of operating expenses to total operating income increased from 71.5% to 78.1%. The increase in the ratio is attributable to the reduced revenues in the group's Investment Banking activities as well as investments made in systems enhancement in the UK Treasury and Specialised Finance units, the latter also explaining the increase in group equipment expenditure of 3.4% from £11.9 million to £12.3 million.

These factors resulted in the cost to income ratio declining in SA (from 62.1% to 59.4%) while the same ratio for the non-SA businesses increased from 77.1% to 90.4%.

Goodwill amortisation

Goodwill amortisation over the period increased by 38.5% due to the inclusion of a full six month amortisation in relation to those acquisitions which were made towards the end of the previous reporting period of which Fedsure and PMG Capital were the most material.

Taxation

The operational effective tax rate of the group (extracting the tax effect on the profit on disposal of subsidiaries of £3.5 million) has decreased from 23.7% in 2001 to 16.9% in 2002, mainly as a consequence of taxable credits in the US arising out of the losses incurred within the investment banking business and the lower taxable earnings in Israel and South Africa. The latter was particularly influenced by the increase in the income from long-term assurance business which bears a lower effective tax rate due to losses brought forward.

Share of income of associated companies

The marked increase in associate income is attributable to the fact that the group's interest in its main associate, Capital Alliance Holdings Limited ("CAL"), was acquired in October 2001. An amount of R73 million (£3.5 million) has been accrued, representing Investec's share in CAL's operating earnings for the six month period ended 31 March 2002.

Provision for losses on termination of business

A pre-tax loss of £5.2 million was incurred during the period under review in connection with the sale of certain of the group's US activities. Specifically, the Fiserv transaction realised net proceeds (after provisions for severance payments, professional fees, lease penalties and other related expenditure) of £9.7 million, against which unamortised goodwill of £8.6 million was deducted, resulting in a net gain of £1.1 million. Offsetting this gain were losses suffered as a result of the delayed completion of the Private Client Group management buy-out. This transaction was finally concluded in October 2002 resulting in additional disposal costs linked to the ongoing management of this and other inter-related activities of £6.3 million. This amount included a write-off of unamortised goodwill of £1.8 million which represented the future income to Investec in respect of the anticipated clearing on behalf of the private client group business which fell away as a consequence of the Fiserv transaction.

Due to the non-deductibility of goodwill amortisation for tax purposes, a net tax provision of £3.5 million was raised on the combined transactions, resulting in an overall post tax loss of £8.7 million which constitutes a headline adjustment in this period's results.

Capital resources

The DLC structure has two capital bases which contribute to a consolidated pool of capital. The implementation of the structure resulted in a transfer of reserves from Investec Limited to the share capital and premium of Investec plc by means of an unbundling dividend of £356.9 million. Furthermore, the conversion of certain instruments into shares in both Investec Limited and Investec plc switched these resources into equity. While altering the split of shareholders' funds, the net effect on the combined group was neutral.

Apart from this, net capital of £37.1 million (after share issue expenses of £27.5 million) was raised by Investec plc through its offer undertaken in July 2002 and through the issue of 5 251 616 ordinary shares to the Investec plc share scheme which is included under "Own Shares" in the balance sheet. After taking into account the interim dividend and the net movements on the foreign currency and revaluation reserves, shareholders' funds increased marginally from £734 million to £738 million since the last year-end.

Given that the South African Reserve Bank ("SARB") exercises the role of lead supervisor to the group, capital adequacy returns for Investec plc and Investec Limited are submitted under the requisite D1401 consolidated capital regulations. As at 30 September 2002, capital adequacy ratios of 16.0% and 14.3% applied to Investec Limited and Investec plc respectively.

Total assets under administration

Total assets under administration decreased by 8.1% from £45.2 billion at 31 March 2002 to £41.5 billion at 30 September 2002. This was mainly attributable to a decline in assets under management of £2.8 billion across all ranges of third party funds due to depressed equity values and the effect of the devaluation of the Rand.

Accounting policies and disclosures

Share options

During the period, Investec issued 4 million options to staff at a strike price of R165 per share and 875 000 options at a strike price of R170 per share. These options have vesting periods varying between 6 months and 5 years.

Future accounting standards are likely to require that options are valued at the date of issue and expensed over the period that employees become entitled to them. Had Investec applied this treatment to the options issued during the current period, reported earnings would have decreased by £1.9 million (R30.5 million) resulting in a decrease in headline earnings per share of 2.1 pence (31.6 cents per share) for the six months ended 30 September 2002.

These changes have been calculated using a Black-Scholes model with an implied volatility for the Investec Limited share price of 37%, independently projected dividends, and a risk free rate appropriate to the period of the option.

Goodwill

During the current year, the group changed its policy for the translation of intangible assets in respect of foreign entities. These intangible assets are now translated at the closing exchange rate instead of the exchange rate at the date of acquisition. This change is permitted under both UK GAAP and SA GAAP. Since a recent exposure draft issued by the International Accounting Standards Board also proposes to make this treatment mandatory, the group considers it appropriate to change the policy in the current period. The effect in SA GAAP of this change is an increase in goodwill as at 31 March 2002 by R1.5 billion. The effect in UK GAAP of this change in policy is a decrease

in goodwill as at 31 March 2002 by £66.3 million. The difference in each case has been taken directly to foreign currency translation reserves, resulting in an increase (in SA GAAP) / decrease (in UK GAAP) in ordinary shareholders' funds as at 31 March 2002. There is no effect on the tangible net asset value of the group.

Prospects

Investec has a strong financial services platform with breadth and regional diversity. With measures taken to address the under performing elements of our business, and through vigilant cost and risk management, we continue to position the group to cope with the difficult market conditions. We remain focused on growing our businesses within our core areas of activity and further enhancing operating discipline.

The operational health of the group's activities are sound, but external market and economic conditions remain volatile and could have a negative impact on the performance of the group for the 2003 financial year.

On behalf of the boards of Investec Limited and Investec plc



Hugh Herman
Chairman



Stephen Koseff
Chief Executive



Bernhard Kantor
Managing Director

19 November 2002

Dividend announcement

Investec plc

A maiden interim dividend (No. 1) of 26 pence (equivalent to 395 cents at the date of declaration) per ordinary share has been declared in respect of the six months ended 30 September 2002. The last day to trade cum dividend will be Friday 6 December 2002 on the JSE Securities Exchange South Africa and on Tuesday 10 December 2002 on the London Stock Exchange. The shares will commence trading ex dividend on Monday 9 December 2002 on the JSE Securities Exchange South Africa and on Wednesday 11 December 2002 on the London Stock Exchange. The record date will be Friday 13 December 2002 and payment will be made on Tuesday 24 December 2002. Share certificates on the South African branch register may not be dematerialised or rematerialised between Monday 9 December 2002 and Friday 13 December 2002, both dates inclusive, nor may transfers between the UK and SA registers take place between Monday 9 December 2002 and Friday 13 December 2002, both dates inclusive.

By order of the board



R Vardy
Secretary
19th November 2002

Dividend announcement

Investec Limited

An interim dividend (No. 95) of 395 cents (2001 : 375 cents) per ordinary share has been declared in respect of the six months ended 30 September 2002. The exchange rate used to convert the Pounds Sterling dividend into Rands is 15.20, which represents the average spot rate at 11h00 (SA time) on 19 November 2002.

The last day to trade cum dividend will be Friday 6 December 2002. The shares will commence trading ex dividend on Monday 9 December 2002. The record date will be Friday 13 December 2002 and payment will be made on Tuesday 24 December 2002.

Share certificates may not be dematerialised or rematerialised between Monday 9 December 2002 and Friday 13 December 2002, both dates inclusive.

By order of the board



S Noik
Secretary
19th November 2002

Investec plc (incorporating the results of Investec Limited)

Unaudited consolidated financial results in UK GAAP Pounds Sterling for the six months ended 30 September 2002

Interim financial report



Consolidated profit and loss accounts

UK GAAP £'000	6 mth to 30 Sept 2002 <i>Unaudited</i>	6 mth to 30 Sept 2001* <i>Unaudited</i>	Year to 31 March 2002**
Interest receivable - interest income arising from debt securities	114 423	124 651	226 950
Interest receivable - other interest income	326 427	409 070	713 293
Interest payable on convertible debt	(3 411)	(8 530)	(12 177)
Interest payable on subordinated liabilities	(11 055)	(12 427)	(23 408)
Other interest payable	(351 037)	(436 786)	(745 541)
Net interest income	75 347	75 978	159 117
Dividend income	3 031	1 724	2 008
Fees and commissions receivable	137 832	172 149	350 218
- Annuity	119 544	136 286	278 317
- Deal	18 288	35 863	71 901
Dealing profits	23 307	8 110	45 300
Income from long-term assurance business	18 830	13 605	31 079
Other operating income	(1 917)	20 548	30 949
Operating income	256 430	292 114	618 671
Administrative expenses	(193 726)	(201 669)	(428 510)
Depreciation and amortisation	(37 965)	(29 832)	(115 361)
- Tangible fixed assets	(6 556)	(7 158)	(16 926)
- Goodwill	(31 409)	(22 674)	(98 435)
Provision for bad and doubtful debts	(7 605)	(8 944)	(14 668)
Operating profit	17 134	51 669	60 132
Share of income of associated companies	3 671	133	3 083
Provision for losses on termination and disposal of Group operations	(5 159)	-	(7 056)
Reorganisation and restructuring costs	-	(11 836)	(11 836)
Profit on disposals of subsidiary undertakings	-	-	1 363
Profit on ordinary activities before taxation	15 646	39 966	45 686
Tax on profit on ordinary activities ^	(11 727)	(17 651)	(28 540)
Profit on ordinary activities after taxation	3 919	22 315	17 146
Minority interests - equity	(492)	(758)	(1 586)
Profit attributable to shareholders	3 427	21 557	15 560
Dividends - including non-equity	(27 349)	(31 412)	(57 874)
Retained loss for the period	(23 922)	(9 855)	(42 314)
Headline earnings attributable to ordinary shareholders (see page 23 for reconciliation)	43 867	42 898	115 777
Earnings per share (pence)	3.2	22.1	14.8
Headline earnings per share (pence)	47.6	46.9	126.8
Diluted earnings per share (pence)	3.2	21.3	14.8
Dividends per share (pence)	26.0	25.9	53.8

* Restated for changes to accounting policies and disclosures.

** The audited figures as reported at 31 March 2002 restated for changes to accounting policies and disclosures.

^ Includes tax on exceptional items as follows:

	£'000
30 September 2002	3 523
31 March 2002	(2 717)
30 September 2001	-

Consolidated statements of recognised gains and losses

UK GAAP £'000	6 mth to 30 Sept 2002 <i>Unaudited</i>	6 mth to 30 Sept 2001* <i>Unaudited</i>	Year to 31 March 2002**
Profit for the period attributable to ordinary shareholders	3 427	21 557	15 560
Currency translation differences on foreign currency net investments	(12 724)	(16 050)	(69 737)
Unrealised surplus on revaluation of investment properties	3 212	5 799	10 254
Total recognised gains and losses for the period	(6 085)	11 306	(43 923)

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

* Restated for changes to accounting policies and disclosures.

** The audited figures as reported at 31 March 2002 restated for changes to accounting policies and disclosures.

Consolidated balance sheets

UK GAAP £'000	30 Sept 2002 <i>Unaudited</i>	30 Sept 2001* <i>Unaudited</i>	31 March 2002**
Assets			
Cash and balances at central banks	221 487	424 186	457 222
Treasury bills and other eligible bills	487 019	328 424	340 525
Loans and advances to banks	2 755 770	3 082 699	2 583 205
Loans and advances to customers	5 079 600	3 948 111	4 780 480
Debt securities	3 797 015	4 875 945	4 235 119
Equity shares	145 745	99 322	204 352
Interests in associated undertakings	43 051	17 135	45 026
Intangible fixed assets	338 198	484 263	384 900
Tangible fixed assets	178 383	148 459	186 761
Own shares	70 004	51 086	42 130
Other assets	887 816	969 984	1 275 695
Long-term assurance business attributable to the shareholder	97 972	183 713	67 116
	14 102 060	14 613 327	14 602 531
Long-term assurance assets attributable to policyholders	2 022 945	3 032 530	2 354 401
	16 125 005	17 645 857	16 956 932
Liabilities			
Deposits by banks	3 697 701	4 678 773	3 735 349
Customer accounts	7 549 341	6 996 580	7 584 425
Other liabilities	1 733 119	1 657 158	2 106 191
Accruals and deferred Income	197 541	187 573	218 132
	13 177 702	13 520 084	13 644 097
Long-term assurance liabilities attributable to policyholders	2 022 945	3 032 530	2 354 401
	15 200 647	16 552 614	15 998 498
Capital Resources			
Subordinated liabilities (including convertible debt)	153 803	219 672	190 659
Minority interests - equity	32 580	26 071	33 473
Called up share capital	123	7 510	7 530
Share premium account	924 945	845 616	814 089
Shares to be issued	41 148	41 148	41 148
Revaluation reserves	14 148	6 631	11 202
Other reserves	(187 415)	(125 903)	(176 833)
Profit and loss account	(54 974)	72 498	37 166
Shareholders' funds	737 975	847 500	734 302
- equity	737 975	804 399	691 201
- non-equity	-	43 101	43 101
	924 358	1 093 243	958 434
	16 125 005	17 645 857	16 956 932

* Restated for changes to accounting policies and disclosures.

** The audited figures as reported at 31 March 2002 restated for changes to accounting policies and disclosures.

Consolidated statements of reconciliations of shareholders'

UK GAAP £'000	Share capital Investec Limited	Share premium account Investec Limited	Capital reserve account Investec Limited	Share capital Investec plc
At 31 March 2001	6 701	563 567	–	–
Six months ended 30 September 2001				
Foreign currency adjustments	–	–	–	–
Retained profit for the period	–	–	–	–
Retained earnings of associates	–	–	–	–
Share issued/ to be issued	809	332 357	–	–
Cancellation of shares	–	(50 579)	–	–
Conversions from debentures	–	271	–	–
Issue expenses	–	–	–	–
Revaluation of investment properties	–	–	–	–
Transfers on disposal of revalued investment properties	–	–	–	–
At 30 September 2001*	7 510	845 616	–	–
Year ended 31 March 2002				
Foreign currency adjustments	–	–	–	–
Retained profit for the year	–	–	–	–
Retained earnings of associates	–	–	–	–
Share issued/ to be issued	214	52 283	–	–
Cancellation of shares	(195)	(83 881)	–	–
Conversions from debentures	1	71	–	–
Issue expenses	–	–	–	–
Revaluation of investment properties	–	–	–	–
Transfers on disposal of revalued investment properties	–	–	–	–
At 31 March 2002**	7 530	814 089	–	–
Six months ended 30 September 2002				
Foreign currency adjustments	–	–	–	–
Retained profit for the period	–	–	–	–
Retained earnings of associates	–	–	–	–
Shares issued/ to be issued	340	4 898	–	4
Cancellation of shares	(148)	(5 042)	–	–
Adjustment to par value of Investec Limited shares	(7 712)	–	7 712	–
Unbundling of Investec plc from Investec Limited	–	(290 535)	–	109
Issue expenses	–	–	–	–
Revaluation of investment properties	–	–	–	–
Transfers on disposal of revalued investment properties	–	–	–	–
At 30 September 2002	10	523 410	7 712	113

* Restated for changes to accounting policies and disclosures.

** The audited figures as reported at 31 March 2002 restated for changes to accounting policies and disclosures.

funds and movements on reserves

Share premium account Investec plc	Shares to be issued	Revaluation reserves investment properties	Equity accounted reserves	Foreign currency reserves	Profit and loss account	Total
–	35 285	832	193	(110 882)	83 189	578 885
–	–	–	(119)	(15 931)	–	(16 050)
–	–	–	–	–	(9 855)	(9 855)
–	–	–	836	–	(836)	–
–	5 863	–	–	–	–	339 029
–	–	–	–	–	–	(50 579)
–	–	–	–	–	–	271
–	–	–	–	–	–	–
–	–	5 799	–	–	–	5 799
–	–	–	–	–	–	–
–	41 148	6 631	910	(126 813)	72 498	847 500
–	–	–	(380)	(53 307)	–	(53 687)
–	–	–	–	–	(32 459)	(32 459)
–	–	–	2 757	–	(2 757)	–
–	–	–	–	–	–	52 497
–	–	–	–	–	–	(84 076)
–	–	–	–	–	–	72
–	–	–	–	–	–	–
–	–	4 455	–	–	–	4 455
–	–	116	–	–	(116)	–
–	41 148	11 202	3 287	(180 120)	37 166	734 302
–	–	–	(70)	(12 654)	–	(12 724)
–	–	–	–	–	(23 922)	(23 922)
–	–	–	2 142	–	(2 142)	–
64 527	–	–	–	–	–	69 769
–	–	–	–	–	–	(5 190)
–	–	–	–	–	–	–
356 768 (27 472)	–	–	–	–	(66 342)	–
–	–	–	–	–	–	(27 472)
–	–	3 212	–	–	–	3 212
–	–	(266)	–	–	266	–
393 823	41 148	14 148	5 359	(192 774)	(54 974)	739 975

Consolidated cash flow statements

UK GAAP £'000	6 mth to 30 Sept 2002 <i>Unaudited</i>	6 mth to 30 Sept 2001* <i>Unaudited</i>	Year to 31 March 2002**
Net cash inflow from operating activities	523 338	1 238 937	595 588
Net cash outflow from return on investments and servicing of finance	(16 912)	(24 005)	(39 314)
Taxation	(25 341)	(20 019)	(19 380)
Net cash out flow from capital expenditure and financial investment	(594 473)	(599 147)	(461 662)
Net cash inflow/(outflow) from acquisitions and disposals	5 324	(47 858)	(95 656)
Ordinary share dividends paid	(26 433)	(38 913)	(58 606)
Net cash inflow/(outflow) from financing	6 025	(28 316)	(22 510)
	(128 472)	480 679	(101 540)
Cash and demand bank balances at beginning of period	2 062 888	2 164 428	2 164 428
Cash and demand bank balances at end of period	1 934 416	2 645 107	2 062 888

* Restated for changes to accounting policies and disclosures.

** The audited figures as reported at 31 March 2002 restated for changes to accounting policies and disclosures.

Basis of preparation

The interim financial report found on pages 14 to 20 comprises the consolidated financial results of Investec plc and Investec Limited and should be read in conjunction with the preliminary offering circular distributed in July 2002. It has been prepared under the historical cost convention, unless otherwise indicated, in accordance with accounting standards applicable in the United Kingdom (UK GAAP), and, with the exception of items explained on page 11, all have been applied consistently throughout the current and preceding period, as set out in the preliminary offering circular. Monetary disclosures are in thousand Pound Sterling, unless otherwise indicated.

Comparative figures

Comparative figures are restated where necessary to allow for more meaningful comparison.

Earnings per share and diluted earnings per share

UK GAAP	6 mth to 30 Sept 2002 <i>Unaudited</i>	6 mth to 30 Sept 2001* <i>Unaudited</i>	Year to 31 March 2002**
Earnings per share			
Basic earnings per share (pence per share) are calculated by dividing the profit attributable to the ordinary shareholders in Investec by the weighted average number of ordinary shares in issue during the period.	3.2	22.1	14.8
	£'000	£'000	£'000
Group profit attributable to the shareholders per profit and loss account	3 427	21 557	15 560
Preference dividends	(431)	(1 333)	(2 015)
Group profit attributable to ordinary shareholders	2 996	20 224	13 545
Diluted earnings per share			
	£'000	£'000	£'000
Group profit attributable to ordinary shares	2 996	20 224	13 545
Interest paid on dilutive convertible debentures	–	125	–
	2 996	20 349	13 545
Diluted earnings per share (pence per share) is calculated by dividing the profit attributable to the ordinary shareholders of Investec, 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 (being share options outstanding not yet exercised) during the period.	3.2	21.3	14.8
Weighted average number of shares in issue during the period	96 538 905	91 760 583	91 519 045
Weighted average number of own shares	(4 290 905)	(335 425)	(237 582)
	92 248 000	91 425 158	91 281 463
Weighted average number of shares in issue resulting from future dilutive debenture conversions	–	4 210 333	–
Weighted average number of shares resulting from exercise of options	2 070	–	–
Weighted average number of shares resulting from exercise of staff purchase scheme instruments	–	–	2 609
Adjusted weighted number of shares potentially in issue	92 250 070	95 635 491	91 284 072

* Restated for changes to accounting policies and disclosures.

** The audited figures as reported at 31 March 2002 restated for changes to accounting policies and disclosures.

Headline earnings per share

UK GAAP	6 mth to 30 Sept 2002 <i>Unaudited</i>	6 mth to 30 Sept 2001* <i>Unaudited</i>	Year to 31 March 2002**
Headline earnings per share			
Headline earnings per share (pence per share) continues to have widespread acceptance and has been calculated in accordance with the definition in the Institute of Investment Management Research (IIMR) Statement of Investment Practice No. 1, "The Definition of Headline Earnings."	47.6	46.9	126.8
Reconciliation of profit attributable to ordinary shareholders and headline earnings attributable to ordinary shareholders	£'000	£'000	£'000
Profit attributable to ordinary shareholders (refer to page 15)	2 996	20 224	13 545
Amortisation of goodwill	31 409	22 674	98 435
Profit on disposal of subsidiary undertakings	–	–	(1 363)
Provision for losses on termination and disposal of US operations (net of tax)	8 682	–	4 339
Amortisation of goodwill of associates	780	–	821
Headline earnings attributable to ordinary shareholders	43 867	42 898	115 777

* Restated for changes to accounting policies and disclosures.

** The audited figures as reported at 31 March 2002 restated for changes to accounting policies and disclosures.

Interim review report to Investec plc

Introduction

We have been instructed by the company to review the UK GAAP financial information set out on pages 14 to 20 and we have read the other information contained in the interim report, except for the SA GAAP information on pages 42 to 53, which we do not comment on, and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The Listing Rules of the London Stock Exchange require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board. We did not, however, review the comparative information for the 6 months ended 30 September 2001 as the company is presenting its interim report for the first time and it would have been impractical to do so. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2002. We do not report on the comparative financial information for the six months ended 30 September 2001.

Ernst & Young LLP
London
19 November 2002

Investec plc (incorporating the results of Investec Limited)

Unaudited consolidated financial results in UK GAAP Pounds Sterling for the six months ended 30 September 2002

Segmental information - divisional and geographic review

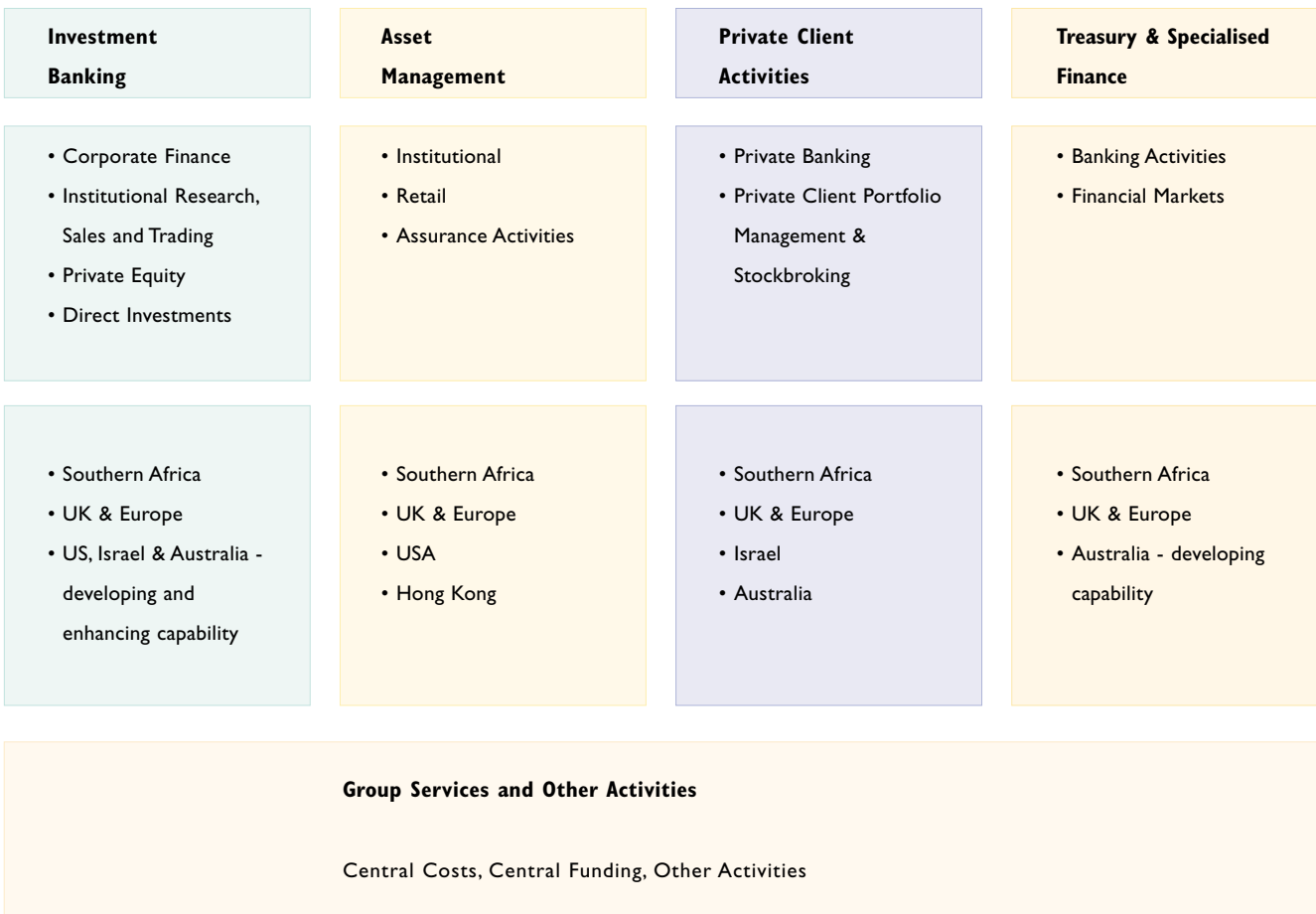


Group operating structure

Investec is an international, specialist banking group that provides a diverse range of financial products and services to a niche client base in two principal markets, the United Kingdom and South Africa, as well as certain other geographies including Australia, the United States and Israel. Investec is organised as a network comprising four business divisions, Investment Banking, Private Client Activities, Treasury and Specialised Finance, and Asset Management. In addition, Investec's head office provides certain group-wide integrating functions such as Risk Management, Information Technology, Finance, Investor Relations, Marketing, Human Resources and Organisational Development. It also has responsibility for the group's central funding as well as other activities, such as its Property, Trade Finance and Traded Endowments operations.

Investec's strategic goals and objectives are motivated by the desire to develop an efficient and integrated business on an international scale through the active pursuit of clearly established core competencies in the group's four principal business areas.

The group's core philosophy has been to build well-defined, value-added businesses focused on serving the needs of select market niches where the group can compete effectively.



Segmental analysis - geographical analysis

For the six months ended 30 September 2002

UK GAAP £'000	Southern Africa & Other	UK, Europe & Australia	Israel	USA	Total Group
Profit and Loss Account - Salient Information					
Net interest income	22 948	44 452	6 984	963	75 347
Other income ¹	60 188	75 968	4 877	21 220	162 253
Income from long-term assurance business	18 830	–	–	–	18 830
Operating income	101 966	120 420	11 861	22 183	256 430
Administrative expenses	(58 199)	(100 250)	(7 396)	(27 881)	(193 726)
Depreciation	(2 411)	(2 742)	(672)	(731)	(6 556)
Provision for bad and doubtful debts	(5 816)	(640)	(1 149)	–	(7 605)
Operating profit before amortisation of goodwill	35 540	16 788	2 644	(6 429)	48 543
Share of income of associated companies	3 619	–	(26)	78	3 671
Amortisation of goodwill and exceptional items	(16 527)	(12 360)	(33)	(7 648)	(36 568)
Profit on ordinary activities before taxation	22 632	4 428	2 585	(13 999)	15 646
Taxation	(7 967)	(4 027)	(336)	603	(11 727)
Minority interests - equity	–	–	(492)	–	(492)
Profit attributable to shareholders	14 665	401	1 757	(13 396)	3 427
Balance Sheet - Salient Information					
Loans and advances to customers	1 930 367	2 518 666	231 136	399 431	5 079 600
Other interest bearing assets ²	982 530	5 791 095	462 672	24 994	7 261 291
Interests in associated undertakings	40 967	1 180	404	500	43 051
Long-term assurance assets attributable to shareholders and policyholders	2 120 917	–	–	–	2 120 917
Intangible fixed assets	129 767	196 441	–	11 990	338 198
Other assets ³	688 272	481 485	42 484	69 707	1 281 948
Total assets	5 892 820	8 988 867	736 696	506 622	16 125 005
Selected Returns and Key Statistics					
Cost to income ratio (%)	59.4	85.5	68.0	128.9	78.1
Staff compensation to operating income ratio (%)	38.5	56.8	38.1	73.7	50.1
Number of employees ⁴	2 978	1 602	220	688	5 488

Notes:

¹ Includes: dividend income, net fees and commissions receivable, dealing profits and other operating income.

² Includes: cash and balances at central banks, treasury bills and other eligible bills, loans and advances to banks, debt securities.

³ Includes: balance of total assets.

⁴ These numbers include the private client stockbroking and correspondent clearing and execution operations in the US. The sale of these businesses have been finalised post 30 September 2002 with the result that the group's headcount in the US should reduce by around 523 people to about 165.

Segmental analysis - geographical analysis

For the six months ended 30 September 2001*

UK GAAP £'000	Southern Africa & Other	UK, Europe & Australia	Israel	USA	Total Group
Profit and Loss Account - Salient Information					
Net interest income	27 166	36 792	5 981	6 039	75 978
Other income ¹	68 450	98 021	5 832	30 228	202 531
Income from long-term assurance business	13 605	–	–	–	13 605
Operating income	109 221	134 813	11 813	36 267	292 114
Administrative expenses	(65 061)	(95 517)	(7 096)	(33 995)	(201 669)
Depreciation	(2 747)	(3 183)	(451)	(777)	(7 158)
Provision for bad and doubtful debts	(7 286)	(1 436)	(222)	–	(8 944)
Operating profit before amortisation of goodwill	34 127	34 677	4 044	1 495	74 343
Share of income of associated companies	100	–	(55)	88	133
Amortisation of goodwill and exceptional items	(19 403)	(11 920)	77	(3 264)	(34 510)
Profit on ordinary activities before taxation	14 824	22 757	4 066	(1 681)	39 966
Taxation	(10 563)	(5 540)	(601)	(947)	(17 651)
Minority interests - equity	–	–	(758)	–	(758)
Profit attributable to shareholders	4 261	17 217	2 707	(2 628)	21 557
Selected Returns and Key Statistics					
Cost to income ratio (%)	62.1	73.2	63.9	95.9	71.5
Staff compensation to operating income ratio (%)	39.0	49.0	36.6	56.2	45.6
Number of employees	2 975	1 595	246	747	5 563

Notes:

¹ Includes: dividend income, net fees and commissions receivable, dealing profits and other operating income.

* Restated for changes to accounting policies and disclosures.

Segmental analysis - business analysis

For the six months ended 30 September 2002

UK GAAP £'000	Investment Banking	Private Client Activities	Treasury & Specialised Finance	Asset Management	Group Services & Other Activities	Total Group
Salient Financial Information						
Operating income	30 668	81 362	49 243	61 836 ¹	33 321	256 430
Administrative expenses	(32 215)	(55 804)	(27 801)	(32 447)	(45 459)	(193 726)
Depreciation	(490)	(1 824)	(470)	(232)	(3 540)	(6 556)
Provision for bad and doubtful debts	(589)	(3 840)	(2 373)	(40)	(763)	(7 605)
Operating profit before taxation and amortisation of goodwill	(2 626)	19 894	18 599	29 117	(16 441)	48 543
Cost to income ratio (%)	106.6%	70.8%	57.4%	76.0% ²	147.0%	78.1%
Staff compensation to operating income ratio (%)	71.5%	46.2%	36.2%	34.0%	90.3%	50.1%

For the six months ended 30 September 2001*

UK GAAP £'000	Investment Banking	Private Client Activities	Treasury & Specialised Finance	Asset Management	Group Services & Other Activities	Total Group
Salient Financial Information						
Operating income	61 155	80 713	51 184	61 606 ¹	37 456	292 114
Administrative expenses	(30 779)	(56 913)	(23 238)	(35 062)	(55 677)	(201 669)
Depreciation	(442)	(1 779)	(500)	(661)	(3 776)	(7 158)
Provision for bad and doubtful debts	(322)	(4 210)	(729)	(8)	(3 675)	(8 944)
Operating profit before taxation and amortisation of goodwill	29 612	17 811	26 717	25 875	(25 672)	74 343
Cost to income ratio (%)	51.1%	72.7%	46.4%	74.4% ²	158.7%	71.5%
Staff compensation to operating income ratio (%)	36.3%	46.2%	27.7%	36.1%	99.9%	45.6%

Notes:

¹ Including income from long-term assurance business of £18.8 million and £13.6 million in 2002 and 2001 respectively.

² Excluding income from long-term assurance business.

* Restated for changes to accounting policies and disclosures.

Segmental analysis - geographical and business analysis of operating profit before taxation and goodwill amortisation

For the six months ended 30 September 2002

UK GAAP £'000	Southern Africa & Other	UK, Europe & Australia	Israel	USA	Total Group
Investment Banking	1 980	(1 391)	1 374	(4 589)	(2 626)
Treasury & Specialised Finance	21 000	(2 495)	94	–	18 599
Private Client Activities	6 151	12 619	1 124	–	19 894
Asset Management	27 578	1 445	94	–	29 117
– Asset Management	8 748	1 445	94	–	10 287
– Assurance Activities	18 830	–	–	–	18 830
Group Services & Other Activities	(21 169)	6 610	(42)	(1 840)	(16 441)
Total Group	35 540	16 788	2 644	(6 429)	48 543

For the six months ended 30 September 2001*

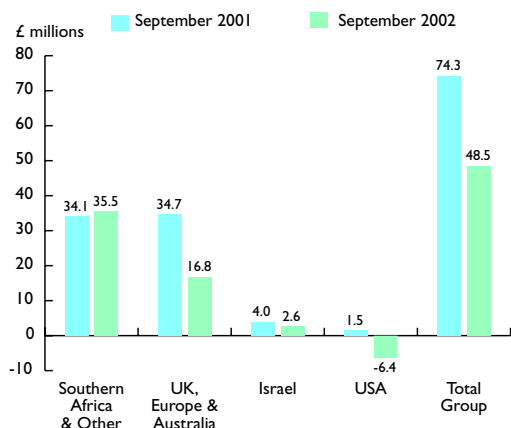
UK GAAP £'000	Southern Africa & Other	UK, Europe & Australia	Israel	USA	Total Group
Investment Banking	10 069	17 714	2 405	(576)	29 612
Treasury & Specialised Finance	22 047	4 488	182	–	26 717
Private Client Activities	6 730	9 213	1 868	–	17 811
Asset Management	24 904	789	182	–	25 875
– Asset Management	11 299	789	182	–	12 270
– Assurance Activities	13 605	–	–	–	13 605
Group Services & Other Activities	(29 623)	2 473	(593)	2 071	(25 672)
Total Group	34 127	34 677	4 044	1495	74 343

* Restated for changes to accounting policies and disclosures.

Segmental analysis - geographical and business analysis

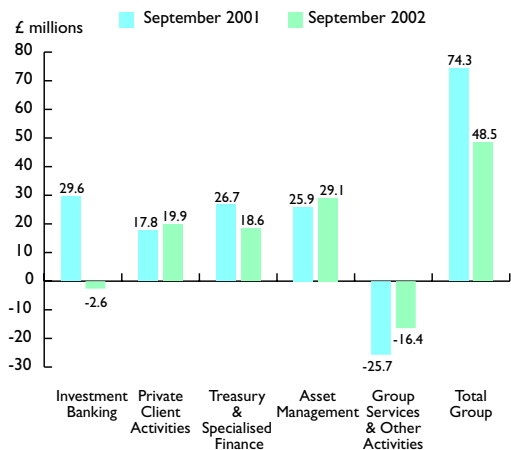
Operating profit before taxation and amortisation of goodwill by Geography

UK GAAP



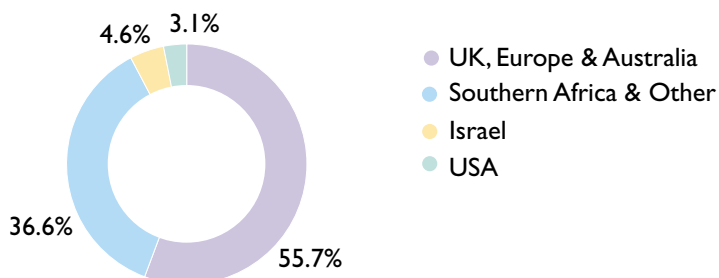
Operating profit before taxation and amortisation of goodwill by Business

UK GAAP



Assets by geography

UK GAAP September 2002



Investec plc (incorporating the results of Investec Limited)

Unaudited consolidated financial results in UK GAAP Pounds Sterling for the six months ended 30 September 2002

Additional information



Asset quality

Some of the more pertinent details relating to the quality of Investec's loan book to customers are shown below:

Asset quality, specific and general provisions

UK GAAP £'000	30 Sept 2002	30 Sept 2001	31 March 2002
Total loans and advances to customers (gross of provisions)	5 146 721	4 006 689	4 844 707
Less : cash equivalent debtors	(1 918 005)	(858 784)	(1 530 257)
Core loans and advances to customers	3 228 716	3 147 905	3 314 450
Managed book	(68 684)	(93 261)	(73 587)
Net loans and advances to customers	3 160 032	3 054 644	3 240 863
Consolidated profit and loss provision charge	7 605	8 944	14 668
Specific provision	28 103	23 784	27 252
General provision	39 018	34 794	36 975
Total provision	67 121	58 578	64 227
Gross non-performing loans	29 997	53 971	38 124
Less: Security	(10 890)	(22 573)	(11 821)
Net non-performing loans	19 107	31 398	26 303
Adequacy of provisions			
Specific provisions as a % of core loans and advances to customers	0.87%	0.76%	0.82%
General provisions as a % of net loans and advances to customers	1.23%	1.14%	1.14%
Total provisions as a % of core loans and advances to customers	2.10%	1.86%	1.94%
Total provisions as a % of gross non-performing loans	223.80%	108.54%	168.47%
Total provisions as a % of net non-performing loans	351.30%	186.60%	244.18%
Gross non-performing loans as a % of core loans and advances to customers	0.93%	1.71%	1.15%
Consolidated profit and loss provisions charge as a % of average core loans and advances to customers	0.23%	0.28%	0.44%

Assets under administration

UK GAAP £ millions	Southern Africa & Other	Non Southern Africa & Other	Total Group
As at 30 September 2002			
Retail	1 825	1 931	3 756
Institutional	5 968	6 099	12 067
Private clients	1 734	6 977	8 711
- Private clients-discretionary	352	3 653	4 005
- Private clients-non-discretionary	1 382	3 324	4 706
Other (includes wills, estates)	–	33	33
Properties managed for third parties	242	13	255
Acceptances on behalf of clients	–	2	2
Scrip lending	–	514	514
Total third party assets	9 769	15 569	25 338
On balance sheet assets	5 893	10 232	16 125
Total assets under administration	15 662	25 801	41 463

Note: The Assurance Assets (approximately £2.0bn) are included in the on-balance sheet numbers but are managed by Investec Asset Management.

As at 30 September 2001

Retail	2 172	2 070	4 242
Institutional	2 595	6 889	9 484
Private clients	1 497	9 810	11 307
- Private clients-discretionary	379	5 077	5 456
- Private clients-non-discretionary	1 118	4 733	5 851
Other (includes wills, estates)	–	13	13
Properties managed for third parties	204	25	229
Acceptances on behalf of clients	–	3	3
Scrip lending	134	661	795
Total third party assets	6 602	19 471	26 073
On balance sheet assets	7 588	10 058	17 646
Total assets under administration	14 190	29 529	43 719

Note: The Assurance Assets (approximately £3.0bn) are included in the on-balance sheet numbers but are managed by Investec Asset Management.

As at 31 March 2002

Retail	1 931	2 232	4 163
Institutional	6 223	6 491	12 714
Private clients	1 696	8 426	10 122
- Private clients-discretionary	420	3 842	4 262
- Private clients-non-discretionary	1 276	4 584	5 860
Other (includes wills, estates)	–	–	–
Properties managed for third parties	241	13	254
Acceptances on behalf of clients	–	3	3
Scrip lending	6	899	905
Total third party assets	10 097	18 064	28 161
On balance sheet assets	7 251	9 706	16 957
Total assets under administration	17 348	27 770	45 118

Note: The Assurance Assets (approximately £2.4bn) are included in the on-balance sheet numbers but are managed by Investec Asset Management.

An analysis of operating income

UK GAAP £'000	6 mth to 30 Sept 2002	6 mth to 30 Sept 2001	Year to 31 March 2002
Net interest income	75 347	75 978	159 117
Dividend income	3 031	1 724	2 008
Fees & commissions receivable	137 832	172 149	350 218
- Annuity	119 544	136 286	278 317
- Deal	18 288	35 863	71 901
Dealing profits	23 307	8 110	45 300
Income from long-term assurance business	18 830	13 605	31 079
Other operating income	(1 917)	20 548	30 949
Operating income	256 430	292 114	618 671

Notes:

Dealing profits include the unrealised profits on trading portfolios, which are marked to market daily.

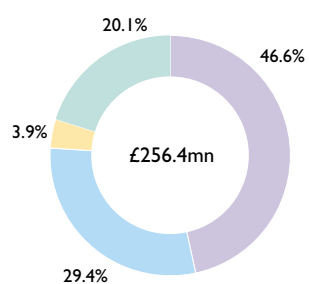
Commissions and fees include fees earned from providing advisory services, portfolio management and the arranging of financing for clients. All such commissions and fees are recognised as revenue when the related services are performed. Equity investments received in lieu of corporate finance fees are included in trading securities and valued accordingly.

Other operating income includes realised profits and losses on disposal of investments and dividends received. The figures for September 2001 and March 2002 include profits on the reclassification of certain securities from investment to trading.

Quality of earnings

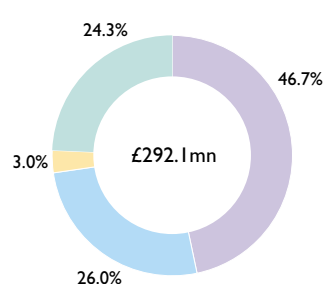
UK GAAP

30 Sept 2002



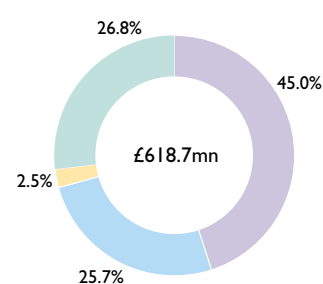
Annuity income/total income: 76.0%

30 Sept 2001



Annuity income/total income: 72.7%

31 March 2002



Annuity income/total income: 70.7%

Annuity income

● Net annuity fees and commissions

● Net interest income

Other income

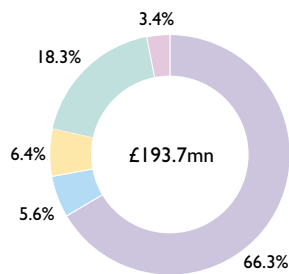
● Dealing profits, dividend income, other operating income, deal fees and commissions

● Income from long-term assurance business

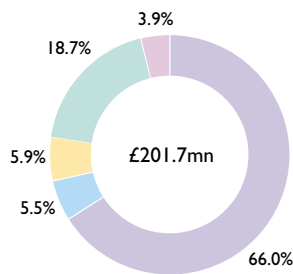
An analysis of administrative expenses

UK GAAP £'000	6 mth to 30 Sept 2002	6 mth to 30 Sept 2001	Year to 31 March 2002
Staff costs (including directors' remuneration)	128 485	133 287	275 231
Premises (excluding depreciation)	10 889	11 002	25 855
Equipment (excluding depreciation)	12 334	11 920	31 980
Business expenses	35 367	37 669	79 717
Marketing expenses	6 651	7 791	15 727
Administrative expenses	193 726	201 669	428 510

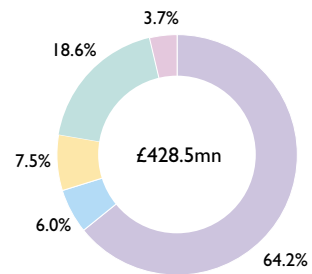
UK GAAP
30 Sept 2002



30 Sept 2001



31 March 2002



● Staff costs ● Premises ● Equipment ● Business expenses ● Marketing expenses

Long-term assurance business attributable to the shareholder

UK GAAP £'000	30 Sept 2002	30 Sept 2001	31 March 2002
Investec Employee Benefits Limited			
The embedded value comprises:			
Net tangible assets of life company including surplus	199 442	180 802	156 096
Reallocated to investments in associated undertakings	(34 573)	–	(34 098)
Elimination of intercompany balances	(78 926)	(17 085)	(81 371)
Value of in-force business	12 029	19 996	26 489
	<u>97 972</u>	<u>183 713</u>	<u>67 116</u>
Movements in embedded value*			
At beginning of period	67 116		–
Acquisitions	–		142 709
Profit after tax per profit and loss account	18 830		31 079
Elimination of inter-group transactions	–		27 459
Exchange adjustments	(5 302)		(51 143)
Reclassification of shareholder assets	17 328		(82 988)
At end of period	<u>97 972</u>		<u>67 116</u>
Income from long-term assurance business comprises			
Premium income	174 390	102 932	201 731
Investment income	34 627	53 338	93 637
Total income	<u>209 017</u>	<u>156 270</u>	<u>295 368</u>
Operating expenses	(11 126)	(16 692)	(28 211)
Policyholder's benefits paid	(237 885)	(160 098)	(449 183)
Re-insurance premium expense	(224 730)	–	–
Operating profit	<u>(264 724)</u>	<u>(20 520)</u>	<u>(182 026)</u>
Tax charged to technical account	(5 113)	(1 547)	(9 055)
Decrease in technical provisions	303 918	31 031	206 597
Surplus attributable to shareholders	34 081	8 964	15 516
Value of in-force business	(15 251)	4 641	15 563
Income from long-term assurance business	<u>18 830</u>	<u>13 605</u>	<u>31 079</u>

No current taxation has been provided on the surplus attributable to shareholders due to the availability of brought forward taxation losses.

Re-insurance premium expense of £225 million for the period ended 30 September 2002 relates to the reinsurance of certain policyholder liabilities with a third party. This is offset by an equivalent decrease in related technical provisions.

* No figures are available for the September 2001 period.

Long-term assurance business attributable to the shareholder

UK GAAP	30 Sept 2002	30 Sept 2001	31 March 2002
Assumptions			
The economic assumptions are based upon a long-term view of economic activity and are therefore not adjusted for market movements which are considered to be short term. This approach is considered to be the most appropriate given the long-term nature of the portfolio of products. The principal economic assumptions (relating to the South African economy) which have been used for the periods under review are as follows:			
Risk-adjusted discount rate (%)	15.0	14.0	16.5
Return on equities (gross of tax) (%)	14.0	13.0	15.5
Return on fixed interest securities (gross of tax) (%)	12.0	11.0	13.5
Return on property investments (gross of tax) (%)	13.0	12.0	14.5
Return on cash held (gross of tax) (%)	9.0	8.0	10.5
Inflation rate (%)	9.0	7.0	9.5
Balance sheet information per statutory accounts (£ millions)			
Total value of assets (excluding the value of the in-force)	1 635	2 187	1 725
Less: liabilities	1 436	2 007	1 569
Actuarial value of policy liabilities	1 136	1 706	1 457
Long-term and current liabilities	300	301	112
Net asset value	199	180	156
Qualifying capital (net of inadmissible assets)	189	180	147
Statutory capital adequacy requirement (CAR)	35	73	54
CAR cover	5.47	2.47	2.73

Investment banking statistics

	30 Sept 2002 <i>Unaudited</i>	30 Sept 2001 <i>Unaudited</i>
South Africa		
Number of corporate finance deals	28	34
Number of sponsor broker deals	26	30
Value of deals (R billions)	86.4	60.3
Direct investment portfolio (R millions)	615	657
– Investment	319	338
– Trading	296	319
Private equity portfolio (R millions)	69	89
– Investment	7	29
– Trading	62	60
UK & Europe		
Number of M&A deals	5	16
Value of deals (£ millions)	300	400
Fund raising transactions	6	12
Private equity portfolio (£ millions)	26	34

Share statistics

During July 2002 Investec Group Limited (since renamed Investec Limited) implemented a Dual Listed Companies (DLC) structure and listed its offshore businesses on the London Stock Exchange. Further information is provided in Annexure 1 on pages 57 and 58.

Investec Limited is primary listed on the JSE Securities Exchange South Africa while Investec plc has a primary listing on the London Stock Exchange and a secondary listing on the JSE Securities Exchange South Africa.

	Ticker symbol	Shares in issue for market cap purposes (millions)	Closing price (30 Sept 2002)	Market* capitalisation
JSE Securities Exchange South Africa (JSE)				
Investec Limited - primary listing	INL	38.3	R 121.35	4 648
Investec plc - secondary listing	INP	74.6	R 126.00	9 400
Total market capitalisation for JSE purposes (R millions)**				14 048
London Stock Exchange (LSE)				
Investec plc - primary listing	INVP	74.6	£ 7.70	574
Total market capitalisation for LSE purposes (£ millions)**				574

* Refer to definition on page 60.

** In calculating market capitalisation, the LSE only include the shares in issue for Investec plc as Investec Limited is not incorporated in the UK, whereas the JSE have agreed to include the total number of shares in issue (i.e. the combined number for Investec Limited and Investec plc) for this calculation.

Reconciliation of the number of shares in issue for headline EPS purposes

	Transaction date	Actual millions	Weighted for headline EPS purposes millions	Notes
As at 31 March 2002		92.2	92.2	Per Annual Report page 147
Compulsorily convertible debentures	18 June 2002	9.5	–	Per circular to members dated 20 June 2002 refer to para 4.2 page 21. These shares are not included for EPS purposes as they do not rank for dividends
Convertible preference shares	15 July 2002	2	0.8	Per circular to members dated 20 June 2002 refer para 4.1.1 page 18
Transfer of shares to the staff share scheme	18 July 2002	5.3	2.1	Per circular to members dated 20 June 2002 refer para 4.3 page 21
New issue in terms of global offering	29 July 2002	4	1.4	
Total number of shares in issue		113	96.5	
Less: weighted average number of own shares	various		4.3	
Number of shares in issue for headline EPS purposes as at 30 September 2002			92.2	

Investec Limited (incorporating the results of Investec plc)

Unaudited consolidated financial results in SA GAAP Rands for
the six months ended 30 September 2002

Interim financial report



Salient financial features

SA GAAP	30 Sept 2002	% change	30 Sept 2001*	31 March 2002*
Income Statement and Selected Returns				
Headline earnings attributable to ordinary shareholders (R millions)	968	27.5	760	1 684
Cost to income ratio (%)	70.3		66.5	68.0
Headline return on average tangible shareholders' funds (%)	24.0		22.9	24.2
Balance Sheet				
Total capital resources (R millions)	17 264	6.8	16 158	17 485
Total assets (R millions)	319 776	27.3	251 143	305 310
Shareholders' funds (R millions)	14 481	4.4	13 869	14 699
Total assets under administration (R millions)	738 157	24.2	594 443	758 858
Salient Financial Features and Key Statistics				
Headline earnings per share (cents)	1 004.0	21.3	827.9	1 840.4
Dividends declared per share (cents)	395.0	5.3	375.0	825.0
Dividend cover (times)	2.5		2.2	2.2
Closing \$/ZAR exchange rate	16.51		13.20	16.16
Closing £/ZAR exchange rate	10.53		8.99	11.35
Weighted number of ordinary shares in issue (million)	96.5		91.8	91.5

* Restated for changes to accounting policies and disclosures.

Consolidated balance sheets

SA GAAP R millions	30 Sept 2002 <i>Unaudited</i>	30 Sept 2001* <i>Unaudited</i>	31 March 2002**
Assets			
Cash and short-term funds	1 38 882	80 541	1 11 224
Short-term negotiable securities	60 008	56 970	64 738
Investment and trading securities	14 143	14 261	17 917
Other assets	7 929	6 196	8 060
Advances	54 497	42 671	54 413
Associated companies	539	43	503
Property and equipment	2 549	1 451	2 499
Goodwill	6 097	6 812	6 954
Long-term assurance assets attributable to the shareholder	1 729	2 161	960
	286 373	211 106	267 268
Long-term assurance assets attributable to policyholders	33 403	40 037	38 042
	319 776	251 143	305 310
Equity and Liabilities			
Capital and Reserves			
Ordinary share capital	2	58	58
Compulsorily convertible debentures	659	2 317	2 317
Convertible preference shares	–	385	385
Reserves	13 820	11 109	11 939
	14 481	13 869	14 699
Interest of minority shareholders in subsidiaries	538	344	541
Total shareholders' funds	15 019	14 213	15 240
Subordinated debt	2 245	1 945	2 245
	17 264	16 158	17 485
Liabilities			
Deposits and other accounts	268 533	194 394	249 270
Taxation	576	554	513
	286 373	211 106	267 268
Long-term assurance liabilities attributable to policyholders	33 403	40 037	38 042
	319 776	251 143	305 310

* Restated for changes to accounting policies and disclosures.

** The audited figures as reported at 31 March 2002 restated for changes to accounting policies and disclosures.

Consolidated income statements

SA GAAP R millions	6 mth to 30 Sept 2002 <i>Unaudited</i>	6 mth to 30 Sept 2001* <i>Unaudited</i>	Year to 31 March 2002**
Interest received	6 788	5 923	12 587
Interest paid	(5 479)	(4 869)	(10 261)
Net interest income	1 309	1 054	2 326
Provision for bad and doubtful debts	(120)	(110)	(202)
	1 189	944	2 124
Other income	3 093	2 656	5 698
Total income	4 282	3 600	7 822
Operating expenses	(3 093)	(2 466)	(5 453)
Income before exceptional items	1 189	1 134	2 369
Exceptional items	(802)	(310)	(1 128)
Income before taxation	387	824	1 241
Taxation	(189)	(223)	(420)
Income after taxation	198	601	821
Share of income of associated companies	73	95	17
Operating income	73	13	62
Exceptional items	–	82	(45)
	271	696	838
Net income	271	696	838
Earnings attributable to minority shareholders	(8)	(10)	(22)
	263	686	816
Compulsorily convertible debenture interest	(151)	(153)	(305)
Earnings attributable to ordinary shareholders	112	533	511
Earnings per share (cents)	116.6	607.8	684.2
Headline earnings per share (cents)	1 004.0	827.9	1 840.4
Diluted earnings per share (cents)	116.6	588.4	669.2
Dividends paid per share (cents)	450.0	440.0	815.0

* Restated for changes to accounting policies and disclosures.

** The audited figures as reported at 31 March 2002 restated for changes to accounting policies and disclosures.

Statement of changes in shareholders' funds

SA GAAP R millions	30 Sept 2002 <i>Unaudited</i>	30 Sept 2001* <i>Unaudited</i>	31 March 2002**
Ordinary share capital - Investec Limited			
Balance at beginning of period	58	49	49
Cancellation of shares during the year	(3)	–	(2)
Conversion of debentures	–	–	–
Conversion of preference shares	1	–	–
Transfer to capital reserve on change of par value	(62)	–	–
Issue of shares	6	9	11
Balance at end of period	– [^]	58	58
Capital reserve - Investec Limited			
Balance at beginning of period	–	–	–
Transfer from share capital	62	–	–
Balance at end of period	62	–	–
Share premium - Investec Limited			
Balance at beginning of period	7 584	4 036	4 036
Issue of shares-net of issue expenses	1 648	3 762	4 328
Preference share conversion	390	–	–
Unbundling of Investec plc	(4 555)	–	–
Cancellation of shares	(879)	(644)	(784)
Conversion from debentures	–	4	4
Balance at end of period	4 188	7 158	7 584
Ordinary share capital - Investec plc			
Balance at beginning of period	–	–	–
Transfer from Investec Limited	–	–	–
Issue of shares	2	–	–
Balance at end of period	2	–	–
Share premium - Investec plc			
Balance at beginning of period	–	–	–
Transfer from Investec Limited	5 595	–	–
Issue of shares	1 046	–	–
Share issue expenses	(434)	–	–
Cancellation of shares	–	–	–
Conversion from debentures	–	–	–
Balance at end of period	6 207	–	–
Compulsorily convertible debentures			
Balance at beginning of period	2 317	2 321	2 321
Issues of debentures	–	–	–
Redemption of debentures	(1 658)	–	–
Conversion to ordinary shares	–	(4)	(4)
Balance at end of period	659	2 317	2 317

[^] Investec Limited issued share capital is R38 400.

* Restated for changes to accounting policies and disclosures.

** The audited figures as reported at 31 March 2002 restated for changes to accounting policies and disclosures.

Statement of changes in shareholders' funds

SA GAAP R millions	30 Sept 2002 <i>Unaudited</i>	30 Sept 2001* <i>Unaudited</i>	31 March 2002**
Convertible preference shares			
Balance at beginning of period	385	385	385
Issue of preferred ordinary shares	(385)	–	–
Less: Liability portion transferred to deposits and other accounts	–	–	–
Balance at end of period	–	385	385
Treasury shares			
Balance at beginning of period	(825)	(27)	(27)
Cancelled during the year	798	–	–
Acquired and held during the year	–	–	(798)
Balance at end of period	(27)	(27)	(825)
General reserves			
Balance at beginning of period	1 535	1 852	1 852
Earnings attributable to ordinary shareholders	112	533	511
Unbundling of Investec plc	(1 040)		
Transfer to equity accounted reserves	(35)	19	(35)
Dividends	(415)	(356)	(791)
Transfer from / (to) secondary reserves	4	–	(2)
Balance at end of period	161	2 048	1 535
Other reserves			
Balance at beginning of period	3 591	744	744
As previously reported		393	393
Prior year adjustment		351	351
Transfer (to) / from general reserves	(4)	–	2
Movement in foreign currency translation reserve	(447)	1 307	3 096
Movement in investment revaluation reserve	–	(121)	(251)
Balance at end of period	3 140	1 930	3 591
Equity accounted reserves of associated companies			
Balance at beginning of period	54	19	19
Transfer from retained income	35	(19)	35
Balance at end of period	89	–	54
	14 481	13 869	14 699

* Restated for changes to accounting policies and disclosures.

** The audited figures as reported at 31 March 2002 restated for changes to accounting policies and disclosures.

Abridged cash flow statement

SA GAAP R millions	6 mth to 30 Sept 2002 <i>Unaudited</i>	6 mth to 30 Sept 2001* <i>Unaudited</i>	Year to 31 March 2002**
Cash retained/(utilised) from operating activities	27 125	(5 307)	26 053
Cash retained/(utilised) in investing activities	48	(723)	(1 649)
Cash inflows/(outflows) from financing activities	633	(644)	(395)
Net increase/(decrease) in cash and short-term funds	27 806	(6 674)	24 009
Cash and short-term funds at beginning of period	111 224	69 176	69 176
Effect of exchange rates on opening balance of cash and short-term funds	(148)	18 039	18 039
Cash and short-term funds at end of period	138 882	80 541	111 224

* Restated for changes to accounting policies and disclosures.

** The audited figures as reported at 31 March 2002 restated for changes to accounting policies and disclosures.

Basis of preparation

This interim financial report found on pages 42 to 47 comprises the consolidated financial results of Investec plc and Investec Limited and has been prepared on the historical cost basis, unless otherwise indicated, in conformity with South African Statements of Generally Accepted Accounting Practice and the South African Companies Act of 1973. In preparation of this report, uniform accounting policies have been applied throughout the group, except for those indicated in on page 11 and below. Monetary disclosures are in Rand millions, unless otherwise indicated.

Accounting policies

The financial policies applied in the preparation of the interim financial report are consistent with those applied in the annual financial statements for the year ended 31 March 2002, except for the following:

Translation of goodwill

Refer to page 11 for further information.

Presentation of variable component of employees' compensation

The variable component of employees' compensation has previously been deducted from total income, as these related to contractual obligations directly related to income generation. In order to more fully reflect the total employee costs, the variable component of employee costs has now been included in personnel expenses. Prior year comparatives have been restated.

Comparative figures

Comparative figures are restated where necessary to allow for more meaningful comparison.

Calculation of headline earnings

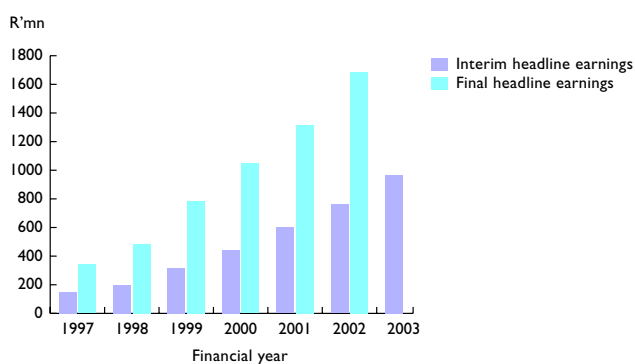
SA GAAP R millions	6 mth to 30 Sept 2002	6 mth to 30 Sept 2001*	Year to 31 March 2002**
Earnings attributable to ordinary shareholders	112	533	511
Amortisation of goodwill	744	310	862
Goodwill impairment	–	–	512
Loss on disposal of subsidiaries and fixed assets	112	–	21
Profit on disposal of non-trading loans	–	–	(267)
Discount on acquisition	–	(1)	–
Share of associates' exceptional items	–	(82)	45
Headline earnings attributable to ordinary shareholders	968	760	1 684

* Restated for changes to accounting policies and disclosures.

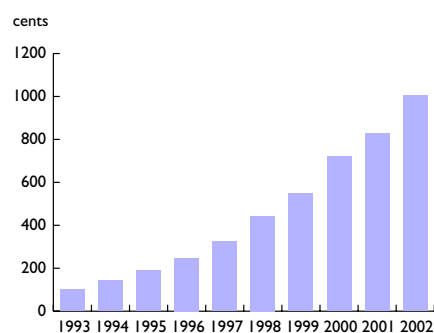
** The audited figures as reported at 31 March 2002 restated for changes to accounting policies and disclosures.

Salient features

Headline earnings

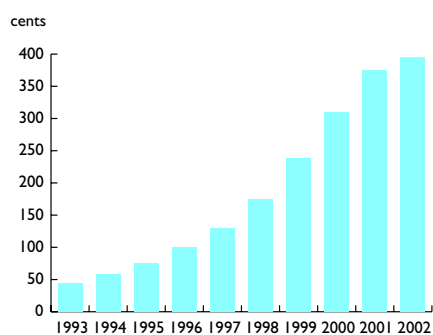


Headline earnings per share for the six months ended 30 September



10 year compound annual growth rate in headline earnings per share: 28.5%

Dividends per share for the six months ended 30 September



10 year compound annual growth rate in dividends per share: 27.4%

Geographic and business analysis of income before taxation and headline adjustments

For the six months ended 30 September 2002

SA GAAP R millions	Southern Africa & Other	UK, Europe & Australia	Israel	USA	Total Group
Investment Banking	32	(20)	21	(72)	(39)
Treasury & Specialised Finance	321	(31)	1	–	291
Private Client Activities	97	206	17	–	320
Asset Management	648	22	1	–	671
– Asset Management	136	22	1	–	159
– Assurance Activities	512	–	–	–	512
Group Services & Other Activities	(140)	115	(1)	(28)	(54)
Headline net income before taxation	958	292	39	(100)	1 189

For the six months ended 30 September 2001*

SA GAAP R millions	Southern Africa & Other	UK, Europe & Australia	Israel	USA	Total Group
Investment Banking	142	169	19	(4)	326
Treasury & Specialised Finance	298	54	1	–	353
Private Client Activities	77	118	12	3	210
Asset Management	244	8	1	–	253
– Asset Management	134	8	1	–	143
– Assurance Activities	110	–	–	–	110
Group Services & Other Activities	(39)	3	–	28	(8)
Headline net income before taxation	722	352	33	27	1 134

* Restated for changes to accounting policies and disclosures.

Capital adequacy statement

R millions	Total Assets 30 Sept 2002	Risk-weighted Assets 30 Sept 2002	Risk-weighted Assets 30 Sept 2001	Risk-weighted Assets 31 March 2002
Total assets - banking activities ^a	111 522	69 292	49 306	63 826
Trading assets subject to CAR	199 730	–	–	–
Total assets	<u>311 252</u>	<u>69 292</u>	<u>49 306</u>	<u>63 826</u>
Risk-weighted capital requirements- banking activities at 10%		<u>6 929</u>	<u>4 931</u>	<u>6 383</u>
Tier 1		14 652	11 492	12 109
Tier 2 - permanent		1 439	2 776	2 915
Tier 2 - redeemable		1 984	1 720	1 955
Impairments		<u>(6 086)</u>	<u>(5 944)</u>	<u>(5 544)</u>
Net qualifying capital		11 989	10 044	11 435
Less : Capital required for trading assets		<u>(2 808)</u>	<u>(2 623)</u>	<u>(3 017)</u>
Net qualifying capital-banking activities^b		<u>9 181</u>	<u>7 421</u>	<u>8 418</u>
Qualifying capital as a percentage of banking risk-weighted assets		13.2%	15.1%	13.2%
Tier 1		11.0%	9.5%	8.7%
Tier 2		2.2%	5.6%	4.5%

Notes:

- a) This balance includes off balance sheet items against which capital is required to be held and excludes goodwill which is treated as an impairment against capital.
- b) Net qualifying capital includes only 50% of revaluations, and is after deducting capital required for trading activities.

In terms of consolidated regulatory regulations as stipulated by the group's lead supervisor, the South African Reserve Bank, the capital adequacy ratio of Investec Limited and of Investec plc was 16.0% and 14.3% respectively as at 30 September 2002. The above calculation is determined on a pure accounting consolidated capital adequacy basis using the Investec Limited (incorporating the results of Investec plc) accounts (prepared in accordance with SA GAAP) as the source given that the SARB is the lead supervisor.

Reconciliation of principal differences between UK GAAP and SA GAAP

The accounts presented in the financial report on pages 14 to 20 have been prepared in accordance with accounting principles generally accepted in the United Kingdom. Such principles vary in significant respects from those generally accepted in South Africa as presented in the financial report on pages 42 to 47. Preparing the financial statements requires management to make estimates and assumptions that affect the reported results and disclosures. Actual results could be different from those estimates. The significant differences applicable to Investec's accounts during the period under review are summarised below.

£'000	Notes	6 mth to 30 Sept 2002	6 mth to 30 Sept 2001
Headline earnings under SA GAAP	1	63 109	62 431
UK GAAP adjustments			
Acquisition accounting	2	(1 638)	(17 235)
Employee share option plans	3	1 210	3 094
Investment properties	4	(4 528)	(7 434)
Embedded value earnings	5	(15 251)	4 642
Other adjustments		965	(2 600)
Headline earnings under UK GAAP		43 867	42 898

Notes:

- The SA GAAP income statement is converted into Pounds Sterling at the weighted average rate for the relevant period.
- The UK rules on acquisition accounting differ from the equivalent SA/IAS rules. The more material adjustments in this respect, in the current reporting period, relate to the following:
 - Reorganisation costs relating to the acquisition of the financial and insurance businesses of Fedsure: under certain circumstances SA GAAP permits the acquirer upon making an acquisition to include a provision for restructuring the acquiree's business as part of the fair value exercise. Fair value provisions may be recognised even though the restructuring was not planned by the acquiree itself. When the acquirer has developed plans that relate to the acquiree's business and an obligation comes into existence as a direct consequence of the acquisition, UK GAAP does not permit provisions to be recognised at the date of acquisition if they result from the acquirer's intentions or actions.
 - Acquisition of SIB Holdings Limited and the private equity assets of Global Capital Limited: these adjustments related to different rules with respect to the effective date of acquisition of the transactions and the fair value attributed to certain of the assets acquired.
- Investec has issued Compulsorily Convertible Debentures, which under SA GAAP have been classified as shareholders' equity. UK GAAP requires capital instruments (other than shares) should be classified as liabilities if they contain an obligation or contingent obligation to transfer an economic benefit. At the time that they were issued, certain of these instruments were split into their debt and equity components. Under UK GAAP, the debt component has been recorded as a liability in the balance sheet and the equity component accounted for as "shares to be issued" within shareholders funds. Accordingly, the interest payable on the debt portion has been split between interest and repayments of the principal. This has the effect of reducing the interest charge on convertible debt under UK GAAP compared to SA GAAP.

Reconciliation of principal differences between UK GAAP and SA GAAP

4. Investment properties are recorded at open market value under UK GAAP with all revaluations recognised in the statement of total recognised gains and losses and taken to a revaluation reserve. Under SA GAAP, in terms of AC135, the group has recorded investment properties at open market value with gains and losses recognised in the profit and loss account.
5. Under UK GAAP the shareholders' interest in the in-force life assurance and fund pensions policies of the long-term assurance fund are valued at the net present value of the profits inherent in such policies (embedded value). Under SA GAAP the value of these profits is not recognised.

Other balance sheet and profit and loss account differences between UK GAAP and SA GAAP include the following:

Distinction between equity and non-equity interests

Under UK GAAP shareholders' funds are required to be separately analysed between equity and non-equity interests. This distinction is not made under SA GAAP.

Accounting for investment securities

Under UK GAAP, all investment securities are held at cost, but with the carrying value adjusted:

- in the case of securities redeemable on or before a given date and not subject to abnormal risk of default, to allow for the amortisation of the premium or discount representing the difference between cost and the redemption proceeds; and
- in other cases, to reflect any diminution in their value which is expected to be other than temporary.

Under SA GAAP interest bearing securities, intended to be held to maturity, are accounted for in the same way as under UK GAAP, as described above. Under SA GAAP, listed equity investment securities, intended to be held for continuing use in the business, are held at market value with the excess of market value over cost, on a portfolio basis, taken directly to reserves, until realised, at which time it is taken through income. Any deficit arising on revaluing the portfolio is taken directly to the income statement.

Deferred taxation

Both UK and SA GAAP require deferred tax to be recognised on a full provision basis. However, SA GAAP requires deferred tax to be recognised on the basis of 'temporary differences' rather than on the basis of obligations arising from timing differences. The circumstances in which deferred tax is recognised are wider under SA GAAP than under the FRS. This is for two reasons: temporary differences can arise from both timing and permanent differences; and SA GAAP requires provisions to be made even when the critical events causing the deferred tax to become payable in future have not occurred by the balance sheet date.

Employee share option plans

Investec has set up a number of staff share scheme trusts. The assets and liabilities of these schemes are off balance sheet under SA GAAP. UK GAAP requires Investec, as the sponsoring company of the share scheme trusts, to recognise certain assets and liabilities of the trusts as its own in situations when it has de facto control of the shares held by the trusts and bears their benefits or risks. Under UK GAAP the shares held by the trusts are required to be recognised as "own shares" within fixed assets until such time as the shares held by the trusts vest unconditionally in employees. UK GAAP requires that the dividends relating to the "own shares" be excluded in arriving at profit before tax and deducted from the aggregate of dividends paid and proposed.

Trade date versus settlement date accounting

Under SA GAAP transactions in securities are recognised as occurring on settlement date. This practice results in unsettled security transactions as well as repurchases and scrip lending transactions not being recorded on balance sheet. In contrast UK GAAP requires that such transactions are recognised on the balance sheet from trade date.

Annexure I

A brief overview of Investec and its dual listed companies structure



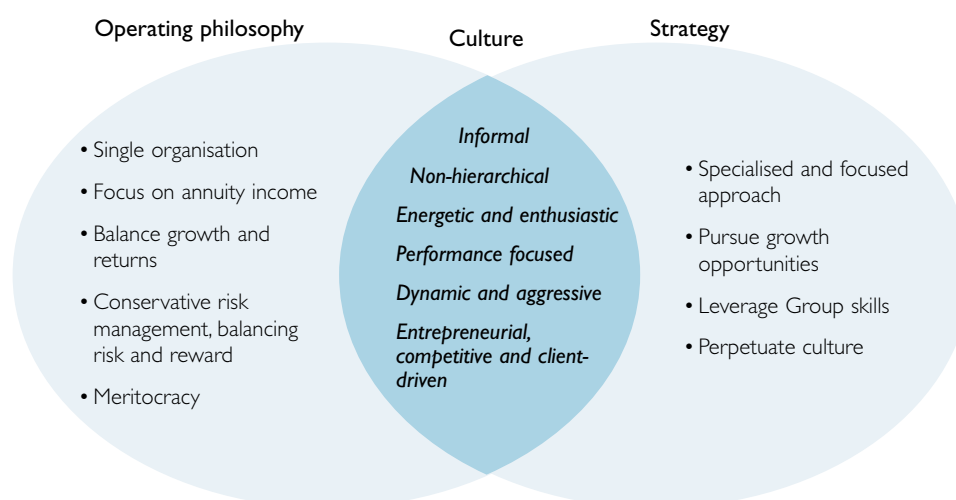
Investec in perspective

Profile

- Investec is an international, specialist banking group that provides a diverse range of financial products and services to a niche client base.
- The Group focuses on four core areas of activity: Investment Banking, Private Client Activities, Treasury and Specialised Finance, and Asset Management.
- Approximately 5 000 employees in offices in 11 countries around the world.
- Global positioning:
 - Ranked 255 in *The Banker's* Top 1 000 Banks Survey (July 2002).
 - Ranked the seventh most global bank by *The Banker* (February 2002).
- Material employee ownership, with approximately 20% of the Group's shares effectively held by management and staff.

Mission statement

“We aspire to be one of the world’s great specialist banking groups, driven by commitment to our core philosophies and values.”



History - three stages of genesis

Since inception in South Africa in 1974, Investec has expanded through a combination of substantial organic growth and strategic acquisitions.

Over 10 years ago, Investec recognised that the opening of South Africa to foreign banking institutions was inevitable and that if it were to maintain its position in the domestic market and grow, it would have to internationalise its operations.

The group's internationalisation programme has revolved around a three-pronged strategy:

- Following its client base.
- Gaining domestic competence and critical mass.
- Maintaining a cross-border emphasis.

Investec in perspective

1980s and 1990s: Develop domestic business	1992: Embark on international strategy	2002: Listing in London
Growth driven organically and through acquisitions.	Entered UK market, acquiring Allied Trust Bank.	In July 2002 established a Dual Listed Companies structure.
Focused on building a strong base from which to internationalise.	Embarked on international drive to boost capability and enhance critical mass in chosen markets.	
Developed skills set to integrate acquisitions successfully.		

Central to achieving Investec's mission to become one of the world's leading specialist banking groups, the group sought to obtain a listing on the London Stock Exchange.

In November 2001, Investec received permission from the South African Minister of Finance and the South African Reserve Bank to establish a Dual Listed Companies (DLC) structure with linked companies listed in London and Johannesburg. This structure was implemented in July 2002 (further information is provided on pages 57 and 58).

The listing is a logical step in the group's international expansion strategy as more than 60% of its assets are generated outside South Africa. Further, Investec now competes in an increasingly global market where the availability and cost of capital are vital.

The London listing should therefore benefit the group by increasing its global profile, enhancing its capital raising ability, lowering its cost of capital and improving access to international capital markets.

Strategy and Future Direction

Investec's strategy is to be one of the world's leading specialist banking groups, differentiated and driven by a passionate commitment to its distinctive culture and its people. Investec pursues its strategy through an emphasis on:

- **Reinforcing a specialised and focused approach.** An essential pillar of Investec's strategy is that it does not seek to be all things to all people. Investec continues to build well-defined businesses focused on serving the needs of select market niches where it can compete effectively. Investec will continue to concentrate on building business depth rather than breadth. In its relentless pursuit of client satisfaction, Investec strives to be the best rather than the biggest.
- **Pursuing growth opportunities.** Investec intends to enhance and expand its capability within the markets in which it operates, both organically and opportunistically through the acquisition of complementary businesses where appropriate opportunities arise. Specifically, Investec intends to maintain its strong position in its core markets while continuing to pursue significant opportunities by leveraging off its existing platforms. Investec will take advantage of acquisition opportunities as they arise on the basis that they either bolster Investec's critical mass of existing businesses or allow it to enter new markets considered to be of strategic value.
- **Leveraging group skills.** Investec encourages and exploits synergies across markets and divisions in order to develop a comprehensive and efficient cross-border capability. An ability to effectively integrate an increasingly complex organisation and exploit a culture that fosters unselfish collaboration in the pursuit of Investec's performance is central to Investec's strategy.
- **Perpetuation of Investec's culture.** Investec seeks to attract and retain highly talented professionals by maintaining a working environment that stimulates high performance and encourages a creative and entrepreneurial culture. The careful selection of people, their ongoing education and uncompromising commitment to Investec's stated values will continue to be a distinctive characteristic of Investec's culture and drive.

Investec in perspective

Key strengths

Investec is a well-diversified business with potential for strong growth:

- Balanced portfolio of businesses and significant degree of recurring revenue.
- Strong owner-managed culture:
 - Interests of management aligned with investors.
 - Employees own approximately 20% of the shares.
- Very focused: skill in identifying, rationalising and integrating opportunities.
- A leader in chosen markets: track record.
- Platform for growth in international markets.

Implementation of a Dual Listed Companies Structure

A circular regarding the establishment of a DLC structure was issued on 20 June 2002. In summary, some of the salient features of the DLC structure include:

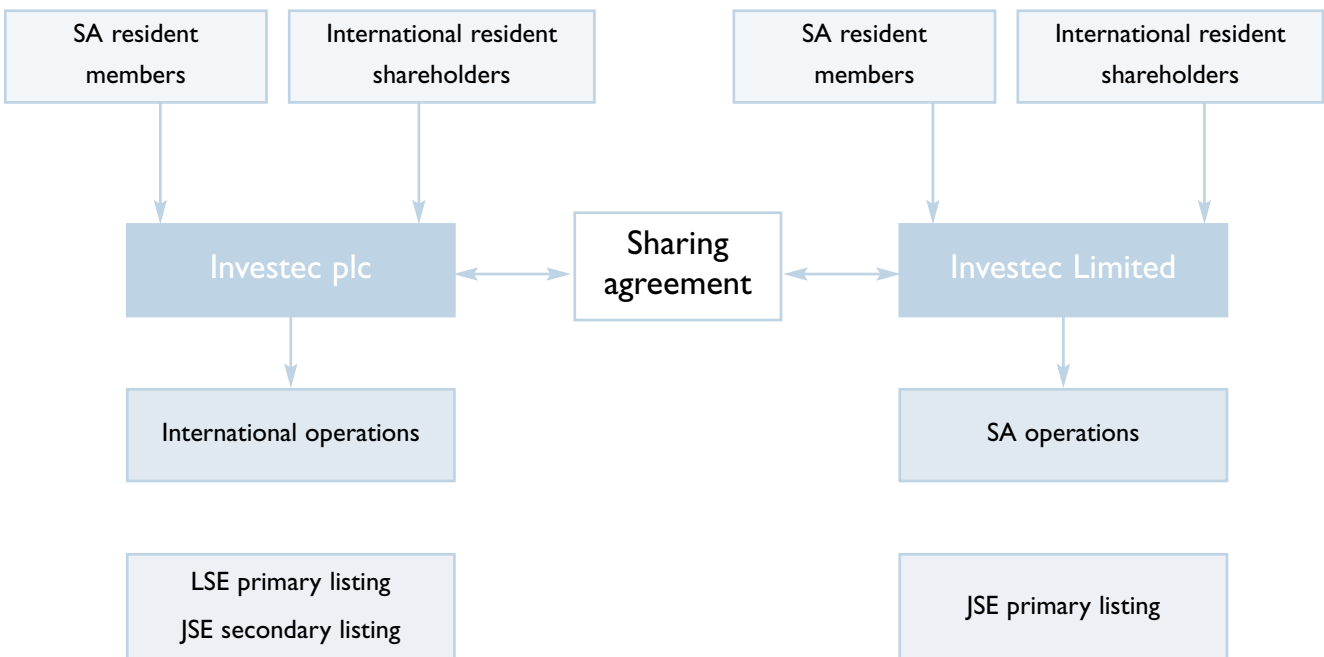
- The Investec Holdings (Inhold) pyramid structure, which had been in place since Investec Group Limited (IGL) listed on the JSE Securities Exchange South Africa (JSE) in 1988, was not considered appropriate under the changed circumstances, and Inhold unbundled its entire shareholding in IGL to Inhold members. At the record date, Inhold members received 86.04 IGL ordinary shares for every 100 Inhold ordinary shares held. With effect from 19 July 2002 Inhold ordinary shares were suspended on the JSE and the delisting of Inhold from the JSE took place on 26 July 2002.
- In terms of the DLC structure, IGL has retained all its businesses in continental Southern Africa and Mauritius and its primary listing on the JSE.
- IGL has been renamed Investec Limited.
- Most of IGL's other businesses were placed into a UK company, Investec plc, and were unbundled from IGL after the close of business on 19 July 2002. The mechanics of the IGL unbundling were arranged in such way that for every 100 ordinary shares held by an IGL shareholder, he/she received 37 IGL (Investec Limited) and 63 Investec plc shares i.e. 100 instruments.
- Investec plc was listed on the London Stock Exchange on 22 July 2002 and has a secondary listing on the JSE.
- Separate legal entities and listings, but bound together by contractual agreements and mechanisms. The agreements are designed to ensure, insofar as possible, that the economic and therefore, market value, of a share in one company will be the same as the economic and market value of a share in the other.
- Unified Boards of Directors and management - the implementation of the DLC structure does not in any way change the way in which Investec manages its business.
- Investec will continue to operate as if it were a single unified economic enterprise.
- Shareholders have common economic and voting interests as if Investec Limited and Investec plc were a single company:
 - Equivalent dividends on a per share basis.
 - Joint electorate and class right voting.

Implementation of a Dual Listed Companies structure

- Creditors are however ring-fenced to either Investec Limited or Investec plc as there are no cross guarantees between the companies.
- Regulation of the DLC structure:
 - The UK Financial Services Authority (FSA) is the regulator of Investec plc while the South African Reserve Bank (SARB) is the regulator of Investec Limited.
 - The SARB is the lead regulator of the group.
 - The Memorandum of Understanding between the two regulators sets out that the role of the lead regulator would change if 70% or more of the on and off balance sheet assets are held by Investec plc.

The DLC structure is a very exciting development for Investec and is a major stepping-stone in providing the group the opportunity to fulfil its mission of becoming one of the world's leading specialist banking groups.

A simplified illustration of the DLC structure



Annexure 2

Definitions



Definitions

Term	Definition
Annuity income as a percentage of operating income	Net interest income and annuity commissions receivable net commissions payable expressed as a percentage of operating income
Assets under administration	Includes third party assets under administration and on-balance sheet assets
Cost to income ratio	Administrative expenses and depreciation divided by operating income
Dividend cover	Headline earnings per ordinary share divided by dividends per ordinary share
Market capitalisation	Number of shares in issue, multiplied by the closing share price
Net interest income	Interest receivable less interest payable
Non-performing loans (NPL)	An exposure is classified as an NPL when there is prospect of non-recovery of interest or it is deemed imprudent to bring interest to account
Number of shares in issue on a fully converted basis	Based on the number of shares in issue assuming conversion of all debentures and convertible preference shares
Operating income	All income less interest payable and fees and commission payable
Operating profit	Operating income less administrative expenses, provisions for bad and doubtful debts and depreciation of tangible fixed assets
Operating profit: Southern Africa & Other	Operating profit earned in South Africa, Mauritius, Hong Kong and Botswana
Operating profit: Non-Southern Africa & Other	Operating profit earned in UK and Europe, USA, Israel and Australia
Return on average shareholders' funds	Headline earnings attributable to ordinary shareholders expressed as a percentage of average shareholders' funds
Return on average tangible shareholders' funds	Headline earnings attributable to ordinary shareholders expressed as a percentage of average tangible shareholders' funds i.e. excluding goodwill
Total core loans and advances	Loans and advances to customers less cash and short-term funds included therein
Total capital resources	Includes shareholders' funds, subordinated liabilities and minority interests
Weighted number of shares in issue	The number of ordinary shares in issue at the beginning of the year; increased by shares issued during the year; weighted on a time basis for the period during which they have participated in the income of the group