

Investec Bank Limited salient financial information for the  
six months ended **30 September 2005**



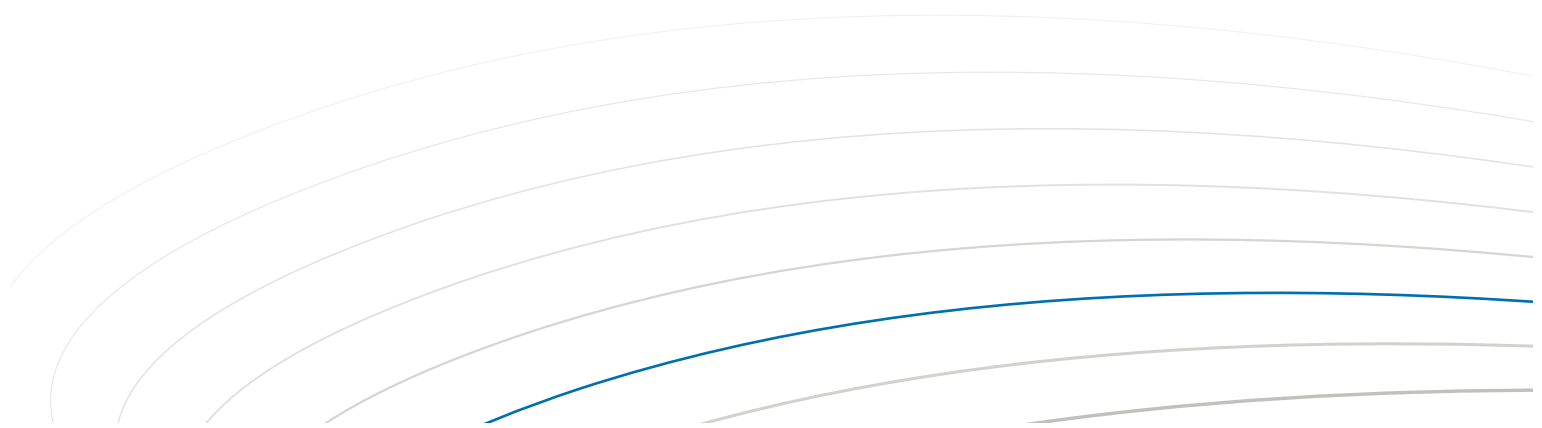
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## Overview of results



# Corporate information

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## Internet Address

[www.investec.com](http://www.investec.com)

## Registration Number

Investec Bank Limited Reg. No. 1969/004763/06

## Auditors

Ernst & Young  
KPMG Inc.

## Transfer Secretaries

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

## Directorate

### Executive Directors

S Koseff (Chief Executive Officer)  
B Kantor (Managing Director)  
GR Burger  
DM Lawrence (Deputy Chairman)  
B Tapnack

### Non-Executive Directors

HS Herman (Chairman)  
SE Abrahams  
DE Jowell  
MP Malungani  
DR Motsepe\*  
Dr MZ Nkosi  
PRS Thomas  
F Titi  
RAP Upton

\* Resigned from the board on 30 September 2005.

# Overview of the Investec group

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

Founded as a leasing company in Johannesburg in 1974, we acquired a banking licence in 1980 and were listed on the JSE Limited South Africa in 1986.

In July 2002, we implemented a Dual Listed Companies structure with linked companies listed in London and Johannesburg. A year later, we concluded a significant empowerment transaction in which our empowerment partners collectively acquired a 25.1% stake in the issued share capital of Investec Limited.

Since inception, we have expanded through a combination of substantial organic growth and a series of strategic acquisitions. Today, we have an efficient integrated international business platform, offering all our core activities in South Africa and the UK and select activities in Australia.

We are organised as a network comprising five business divisions: Private Client Activities, Treasury and Specialised Finance, Investment Banking, Asset Management and Property Activities. Our head office provides certain group-wide integrating functions and is also responsible for our central funding and the Trade Finance business.

Our strategic goals and objectives are based on the aspiration to be recognised as a distinctive specialist banking group. This distinction is embodied in our entrepreneurial culture, which is balanced by a strong risk management discipline, client-centric approach and ability to be nimble, flexible and innovative. We do not seek to be all things to all people and aim to build well-defined, value-added businesses focused on serving the needs of select market niches where we can compete effectively.

## Mission statement

We strive to be a distinctive specialist banking group, driven by commitment to our core philosophies and values.

## Values

- Outstanding talent - empowered, enabled and inspired
- Meritocracy
- Passion, energy, stamina, tenacity
- Entrepreneurial spirit

- Respect for others
- Embrace diversity
- Open and honest dialogue
- Unselfish contribution to colleagues, clients and society

Distinctive Performance

Dedicated Partnerships

Client Focus

Cast-iron Integrity

- Distinctive offering
- Leverage resources
- Break china for the client

- Moral strength
- Risk consciousness
- Highest ethical standards

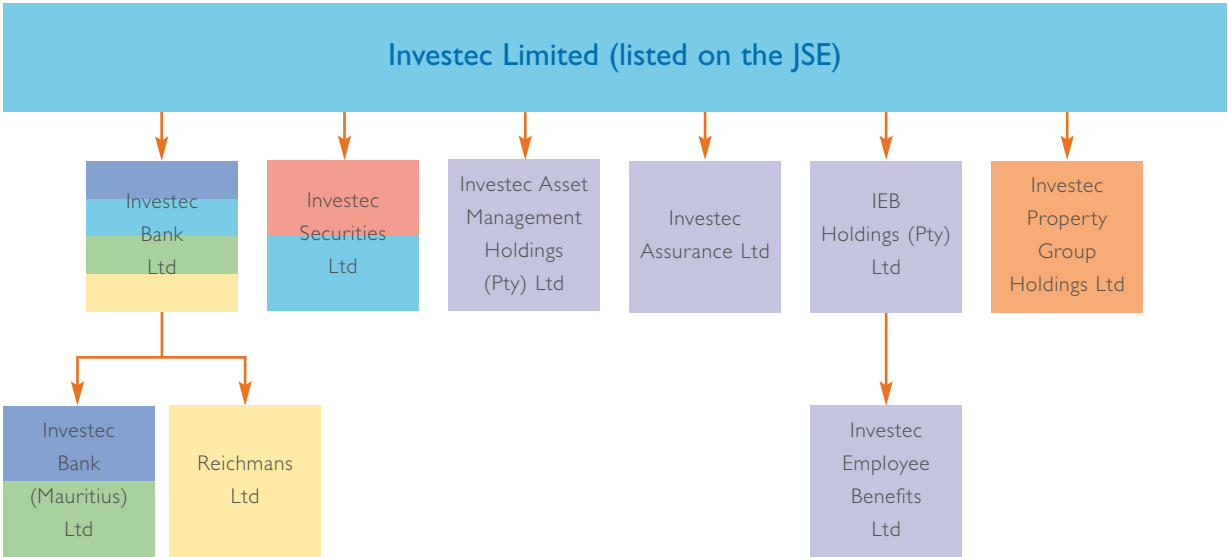
# Investec Bank Limited organisational structure

## Investec Limited and Investec Bank Limited

In terms of the implementation of the DLC structure (refer to page 4), Investec Limited is the controlling company of our businesses in Southern Africa and Mauritius. Investec Limited is listed on the JSE Limited South Africa.

Investec Bank Limited (referred to in this report as the bank) is a subsidiary of Investec Limited.

### As at 30 September 2005



**Key: activities conducted**

- Private Banking
  - Private Client Portfolio Management and Stockbroking
  - Treasury and Specialised Finance
  - Investment Banking
- Asset Management and Assurance Activities
  - Property Activities
  - Other Activities

**Note:**

All shareholdings in the ordinary share capital of the subsidiaries are 100%, unless otherwise stated.

# Overview of Investec Bank Limited activities

## Introduction

Investec Bank Limited's structure comprises three principal business units: Private Banking, Treasury and Specialised Finance and Investment Banking. Each division provides specialised products and services to defined target markets. Our head office also provides certain group-wide integrating functions, including Risk Management, Information Technology, Finance, Investor Relations, Marketing, Human Resources and Organisation Development. The office is also responsible for our central funding as well as other activities such as trade finance.

## Private Banking

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

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

We position ourselves as "an investment bank for private clients" in the high value advisory market, striving to "out-think" not "out-muscle" our competitors. The division's distinctive focus is on wealth creation through gearing, driven by the predominance of active over passive high net worth individuals in South Africa, while also delivering bespoke wealth management solutions to select private clients.

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

In South Africa, we are represented in the major centres which are integrated with the UK and Australian operations. We provide banking products and services to high income earning clients. In addition, clients with a high net asset value gain access to structured property and growth and acquisition finance. Ultra high net worth clients receive these products and services, as well as a comprehensive wealth management, advisory and trust and fiduciary service.

This unique offering has a strong franchise among successful entrepreneurs, high earning employees and self-directed internationally mobile clients. Our principal private banking products and services are described in further detail below.

### Banking Products and Services

This offering comprises a wide range of onshore and offshore banking services from a range of jurisdictions in multiple currencies. These include lending, foreign exchange, daily transactional banking, short-term insurance and treasury. The treasury area spans currency deposits, money market deposits, structured deposits and cash management services.

### Structured Property Finance

Structured property finance, a key part of our business, provides senior debt, mezzanine and equity to high net worth individuals involved in residential and commercial property markets.

### Growth and Acquisition Finance

We provide private empowerment consortia, family businesses, entrepreneurs and management teams with senior, mezzanine or composite debt funding and minority equity investment solutions. Flexible and bespoke finance is available for implanting acquisition

and organic growth strategies for South African based, privately owned, mid-market companies with a net asset value of less than R125 million.

#### **Investment Management**

We offer ultra high net worth private clients an independent wealth management service. Driven by an individual's specific requirements, the offering represents a bespoke strategic asset allocation where a dedicated investment practitioner proactively partners clients in line with their changing needs.

Through an open architecture, this highly disciplined yet personal service encapsulates a wide range of asset types, blending both traditional and alternative investments in accordance with the targeted risk profile and agreed objectives.

Our investment methodology, detailed qualitative and quantitative due diligence process and access to the expertise of some of the world's leading financial institutions enable us to offer clients products and services that are often exclusive and institutional in nature.

#### **Trust and Fiduciary Services**

Critical to our offering is the ability to implement appropriate structures on behalf of clients. Investec Trust operates in a unique space in the fiduciary market, as a bank owned trust company with the independence to work with partners best suited to client needs. Working alongside these partners, the focus is on the delivery and administration of complex and effective international financial structures.

### **Treasury and Specialised Finance**

Our Treasury and Specialised Finance division provides a wide range of specialist products, services and solutions to select corporate clients, public sector bodies and institutions. We undertake the bulk of Investec's proprietary trading activities. Furthermore, all non-private client deposit taking, corporate and public sector lending, project finance, advisory and structuring activities are transacted through us.

Our activities can be described as either Banking or Financial Markets operations.

Banking Activities comprise structured and asset finance, project finance, commodity and resource finance, financial products, corporate treasury and balance sheet management.

Financial Markets Activities consist of foreign exchange, equity derivatives and interest rates. These units are mainly involved in the execution of client driven transaction flow, structuring and proprietary trading. Speculative proprietary trading is limited.

The breadth of activities allows us to provide a portfolio whereby sustained growth should be achievable.

#### **Banking Activities**

##### **Treasury - corporate treasury and asset and liability management**

Treasury provides Rand, Pounds Sterling, Euro and US Dollar funding to the group, and manages liquidity and interest rate risk on behalf of the group. We offer a broad range of treasury products and services to the corporate and public sector markets.

##### **Financial Products**

We are involved in commercial paper, bond origination, securitisation, financial engineering, preference share investments and structures, equities scrip lending, credit structuring, credit derivatives and the development of investment products.



# Overview of Investec Bank Limited activities

## Structured and Asset Finance

This focuses on structured and conventional lending, bond origination, securitisation and advice, asset leasing and finance, preference share finance, mezzanine debt financing, leveraged buy-out funding, executive share schemes and financing solutions for corporate, government and public sector clients.

## Project Finance

We provide advisory services, debt arranging and underwriting and equity raising in infrastructure and industrial sectors with a focus on roads, ports, healthcare, defence projects, transport and power.

## Commodities and Resource Finance

We are a participant in the precious and base metals markets, and provide hedging and structured trades for clients in the spot and derivatives markets.

We also offer advisory services, debt arranging and underwriting, equity raising in the mining resources industry and structured hedging solutions.

## Financial Markets Activities

### Interest Rates

This unit is involved with interest rate products, forward rate agreements, interest rate swaps, money market instruments, government and certain public sector bonds, interest rate options and repurchase agreements.

### Foreign Exchange

We are a participant in the spot, forward exchange, currency swaps and currency derivatives markets, principally in Rand and G7 currencies and certain emerging markets currencies.

### Equity Derivatives

Our focus is on major equity index options, certain single stock options, equity structured products, futures index arbitrage and equity warrants. We provide hedging and structuring services to financial intermediaries, institutions and companies.

## Investment Banking

We engage in a range of investment banking activities, including corporate finance, direct investments and private equity.

We are established as one of South Africa's leading domestic corporate finance houses, focusing on the provision of corporate advisory services to large and mid-capitalisation companies. In addition, as a result of our local knowledge and expertise, we are well placed to take advantage of opportunistic, direct investments in connection with corporate advisory transactions in which we have been involved.

### Corporate Finance

Since 1999, domestic capital market activity in South Africa has been limited. Accordingly, we have focused on the development of our domestic financial advisory business, in particular regarding black economic empowerment transactions, mergers and acquisitions, divestitures, restructurings and the provision of innovative and creative deal structures and advice.

### Direct Investments

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

## **Private Equity**

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

## **Group Services and Other Activities**

### **Central Services**

Central Services is made up of functional areas that provide services centrally across all our business operations. Consistent with our philosophy of operating as a single organisation, Central Services provides integrating mechanisms between the business operations. While these services do not form part of the operating divisions, we recently adopted a policy of allocating a portion of these costs to the divisions.

Our principal Central Services, relating to the operations and control of our business, are Group Risk Management, Group Information Technology, Group Finance, Investor Relations, Group Marketing and Organisation Development. Other group support services include: Head Office, Internal Audit and Compliance, Legal, Company Secretarial, Tax, Information Centre, Regulatory and Facilities. There are certain costs that are strategic in nature and which have not been allocated to the operating divisions.

### **Central Funding**

Our business model involves maintaining a central pool of capital, with the aim of obtaining economies of scale for corporate investments, funding and overall management. We use various sources of funding, depending on the specific financial and strategic requirements we face at the time. The funds raised are applied towards making acquisitions, funding central services and debt obligations, and purchasing corporate assets and investments not allocated to our principal operating divisions.

### **Other Activities**

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

### **International Trade Finance**

We acquired our International Trade Finance business, ReichmansCapital, in South Africa in 1990. Clients are small to medium-sized owner managed businesses. We offer trade, asset and debtor finance to provide clients with working capital and funding for the acquisition of assets, and to facilitate growth.

# Commentary and salient information

## Introduction

The financial information contained in this commentary is prepared in accordance with International Financial Reporting Standards (IFRS). Unless the context indicates otherwise, all comparatives relate to the pro forma IFRS restated results for the six months ended 30 September 2004.

## Overall performance

We are pleased to announce that Investec Bank Limited, a subsidiary of Investec Limited, posted a strong increase in headline earnings attributable to ordinary shareholders of 66.5% from R334 million (pro forma restated) to R556 million. The bank has benefited from a solid performance from its businesses, supported by favourable economic conditions.

	6 months to 30 Sept 2005	IFRS restated 6 months to 30 Sept 2004
Operating profits before taxation and headline adjustments (R'million)	799	601*
Headline earnings (R'million)	556	334*
Total capital resources (R'million)**	11 777	13 097
Total shareholders' equity (R'million)**	8 604	10 136
Total assets (R'million)	98 149	87 146
Cost to income ratio	48.6%	48.1%*
Capital adequacy ratio	18.2%	21.6%
Tier I ratio	11.0%	11.7%

\* Pro forma IFRS restated.

\*\* Compulsorily convertible debentures have been repurchased since 30 September 2004.

## Business unit review

### Private Client Activities

The Private Client Activities division posted a marginal increase in operating profit from R144 million to R150 million. The impact of IAS 18 has resulted in R247 million (Sept 2004: R125 million) of lending fees in the Private Bank being deferred for recognition as margin, 75% of which will be recognised as income by 31 March 2008. This adjustment has affected the cost to income ratio as reflected in the segmental information on page 19. The Private Bank has benefited from a solid growth in total advances and strong performances recorded across the majority of the division's areas of specialisation. Since 31 March 2005, the private client lending book has grown by 18.9% to R34.6 billion and the division has increased its retail deposit book by 16.3% to R14.1 billion.

### Treasury and Specialised Finance

The Treasury and Specialised Finance division posted operating profit of R276 million (2004: R180 million), an increase of 53.3%. Growth was underpinned by a strong performance from the division's advisory, structuring, trading, asset creation and distribution activities with advances increasing by 10.3% to R16.5 billion since 31 March 2005.

### Investment Banking

Operating profit of the Investment Banking division increased by 14.9% to R162 million (2004: R141 million). The Corporate Finance division benefited from a sound deal pipeline and the Direct Investments and Private Equity divisions continued to perform strongly reflecting the bank's increasing presence in this activity.

### Other Activities

- 10 Other Activities posted an increase in operating profit from R136 million to R211 million, largely as a result of a solid performance by the Central Funding division which benefited from an improved capital structure and favourable capital market conditions.

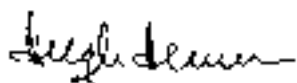


## Financial statements



# Directors' approval

This interim financial report is set out on pages 15 to 18 and was approved by the Board of Directors on 16 November 2005 and is signed on its behalf by:



Hugh Herman  
Chairman  
16 November 2005



Stephen Koseff  
Chief Executive Officer  
16 November 2005

# Accounting policies

## Transition to International Financial Reporting Standards (IFRS)

From 1 April 2005 Investec Bank Limited is required to prepare its consolidated results in accordance with IFRS. Previously these were prepared in accordance with South African Statements of Generally Accepted Accounting Practice (SA GAAP). The first set of IFRS compliant financial statements that will be prepared by Investec Bank Limited will be for the year ending 31 March 2006.

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

### The following dates are applicable for the transition to IFRS:

- 1 April 2004 - date of transition to IFRS, being the start of the earliest period of comparative information.
- 30 September 2004 - six month comparative period to 30 September 2005.
- 31 March 2005 - twelve month comparative period to 31 March 2006.

In accordance with the provisions of IFRS 1, we have elected not to apply the requirements of IAS 32, "Financial Instruments: Disclosure and Recognition" and IAS 39, "Financial Instruments: Recognition and Measurement" to the comparative period. The impact of adoption of these standards is reflected as an adjustment to the opening balance sheet at 1 April 2005. To facilitate comparability, a pro forma income statement is presented which incorporates the impact of the adoption of the revised IAS 39 in respect of the recognition of certain fees on an effective yield basis.

A summary of the impact on Investec Bank Limited's consolidated results of the transition to IFRS for the year ended 31 March 2005 and for the six months ended 30 September 2004 is provided in the table below:

Key statement/impacts R'million	Earnings attributable to shareholders	Assets	Liabilities	Shareholder funds- equity	Total shareholder equity, including minorities
<b>At 31 March 2005</b>					
As previously reported	1 154	88 376	79 575	8 796	8 801
IFRS 2 - share based payments	(29)	-	-	-	-
IAS 17 - leases	(67)	30	103	(73)	(73)
IAS 27/28/31 - special purpose vehicles	3	80	2	3	78
Restated to 31 March 2005	1 061	88 486	79 680	8 726	8 806
IAS 32/39 - financial instruments		279	584	(305)	(305)
Restated to 1 April 2005		88 765	80 264	8 421	8 501
<b>At 30 September 2004</b>					
As previously reported	630	86 556	76 448	10 089	10 108
IFRS 2 - share based payments	(15)	-	-	-	-
IAS 17 - leases	(33)	17	56	(39)	(39)
IAS 27/28/31 - special purpose vehicles	-	573	506	2	67
Restated to 30 September 2004	582	87 146	77 010	10 052	10 136

# Accounting policies (continued)

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

- IFRS 2 - share based payments  
The inclusion of a fair value charge, for equity and cash settled options granted to employees, recognised over the vesting period.
- IAS 27 - consolidations (including special purpose vehicles)  
Refinement to principles applied under SIC 12 which results in the consolidation of certain special purpose vehicles and a gross up of assets and liabilities on the group balance sheet.
- IAS 32/39 - financial instruments (applied from 1 April 2005)  
Refinements to the provisions under AC 133 which include:
  - Revised interpretation relating to the recognition of certain fees as part of the effective yield of a financial instrument.
  - Application of proposed amendments with respect to more stringent rules applied to designation of financial instruments as held at fair value through profit and loss.

## Further restatement to prior year disclosures

In the South African economy it is common practice for operating lease agreements to incorporate fixed rental escalation clauses. Under the provisions of IAS 17 (consistent with the equivalent SA GAAP standard) lease payments under operating leases are recognised as an expense on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefits. The group has previously recognised fixed rental escalations in the period in which they contractually applied. In terms of the revised application of IAS 17 in the South African market place these increments have been taken into consideration in determining a straight line cost over the term of the lease. This adjustment represents a correction to prior year disclosures in accordance with IAS 8 - Accounting policies, changes in accounting estimates and errors.

## Future developments under IFRS

The financial information contained in this report has been prepared on the group's expectation of standards that will be applicable at 31 March 2006 (being the first time that the group will prepare annual financial statements under IFRS). Changes to information presented in this report may be required due to one or more of the following reasons:

- Further standards and interpretations may be issued that could be applicable to the financial year ending 31 March 2006.
- Interpretations may differ as practice develops.
- Tax legislation and tax related interpretations may develop further.

## Further detail on the Investec group's transition to IFRS

On 21 September 2005 we released a stock exchange announcement and a transition to IFRS report detailing the impact of IFRS on the group's previously reported UK GAAP consolidated results. This information can be found on our website at [www.investec.com](http://www.investec.com)

# Consolidated income statement

R'million	6 months to 30 Sept 2005	Pro forma IFRS restated 6 months to 30 Sept 2004	Pro forma IFRS restated year to 31 March 2005	IFRS restated 6 months to 30 Sept 2004	IFRS restated year to 31 March 2005
Interest received	3 639	3 246	6 905	3 179	6 764
Interest paid	(2 644)	(2 361)	(5 050)	(2 361)	(5 050)
<b>Net interest income</b>	<b>995</b>	<b>885</b>	<b>1 855</b>	<b>818</b>	<b>1 714</b>
Fees and commissions receivable	323	174	392	284	605
Fees and commissions payable	(21)	(8)	(22)	(8)	(22)
Principal transactions	331	177	600	177	600
Other operating income	-	14	(42)	14	(42)
<b>Other income</b>	<b>633</b>	<b>357</b>	<b>928</b>	<b>467</b>	<b>1 141</b>
<b>Total operating income</b>	<b>1 628</b>	<b>1 242</b>	<b>2 783</b>	<b>1 285</b>	<b>2 855</b>
Impairment losses on loans and advances	(37)	(30)	(134)	(30)	(134)
<b>Net operating income</b>	<b>1 591</b>	<b>1 212</b>	<b>2 649</b>	<b>1 255</b>	<b>2 721</b>
Administrative expenses	(773)	(579)	(1 369)	(579)	(1 369)
Depreciation and impairment of property, plant and equipment	(18)	(18)	(49)	(18)	(49)
<b>Operating profit</b>	<b>800</b>	<b>615</b>	<b>1 231</b>	<b>658</b>	<b>1 303</b>
Loss on disposal of subsidiaries	-	-	(2)	-	(2)
<b>Profit before taxation</b>	<b>800</b>	<b>615</b>	<b>1 229</b>	<b>658</b>	<b>1 301</b>
Taxation	(178)	(58)	(203)	(68)	(221)
<b>Profit after taxation</b>	<b>622</b>	<b>557</b>	<b>1 026</b>	<b>590</b>	<b>1 080</b>
Earnings attributable to minority shareholders	3	8	19	8	19
Earnings attributable to shareholders	619	549	1 007	582	1 061
<b>Earnings attributable to shareholders' equity</b>	<b>622</b>	<b>557</b>	<b>1 026</b>	<b>590</b>	<b>1 080</b>



# Consolidated balance sheet at

R'million	30 Sept 2005	1 April 2005	31 March 2005	30 Sept 2004
<b>Assets</b>				
Cash and balances at central banks	1 249	1 113	1 113	1 071
Loans and advances to banks	9 214	6 075	6 075	8 368
Reverse repurchase agreements and cash collateral on securities borrowed	793	2 148	2 148	489
Cash equivalent advances to customers	4 806	3 960	3 960	4 119
Trading securities	10 023	9 519	9 146	6 014
Derivative financial instruments	7 963	9 488	9 499	9 754
Loans and advances to customers	53 037	45 983	45 737	41 331
Loans to group companies	8 773	8 455	8 455	12 658
Other assets	621	634	636	596
Investment securities	1 361	1 095	1 468	2 028
Deferred taxation assets	187	174	128	24
Property, plant and equipment	122	121	121	694
	<b>98 149</b>	<b>88 765</b>	<b>88 486</b>	<b>87 146</b>
<b>Liabilities</b>				
Deposits by banks	4 867	4 008	4 011	4 034
Repurchase agreements and cash collateral on securities lent	582	2 005	2 005	478
Derivative financial instruments	6 476	8 725	8 725	9 326
Other trading liabilities	321	262	262	102
Customer accounts	52 105	44 661	44 322	46 218
Debt securities in issue	17 389	12 728	12 728	8 526
Other liabilities	4 093	4 204	4 199	5 148
Current taxation liabilities	295	275	275	89
Deferred taxation liabilities	244	192	192	128
	<b>86 372</b>	<b>77 060</b>	<b>76 719</b>	<b>74 049</b>
Subordinated liabilities (including convertible debt)	3 173	3 204	2 961	2 961
	<b>89 545</b>	<b>80 264</b>	<b>79 680</b>	<b>77 010</b>
<b>Equity</b>				
Share capital	16	16	16	16
Share premium account	4 732	4 731	4 731	4 732
IFRS 2 equity settled option reserve	90	90	90	76
Equity portion of convertible instruments	229	229	-	-
Compulsorily convertible debentures	-	-	681	1 938
Perpetual preference shares	1 491	1 491	1 491	1 491
Other reserves	438	284	412	470
Profit and loss account	1 506	1 580	1 305	1 329
Shareholders' equity excluding minority interests	<b>8 502</b>	<b>8 421</b>	<b>8 726</b>	<b>10 052</b>
Minority interests	102	80	80	84
Total shareholders' equity	<b>8 604</b>	<b>8 501</b>	<b>8 806</b>	<b>10 136</b>
<b>Total liabilities and shareholders' equity</b>	<b>98 149</b>	<b>88 765</b>	<b>88 486</b>	<b>87 146</b>

# Statement of changes in equity

R'million	6 months to 30 Sept 2005	6 months to 30 Sept 2004	12 months to 31 March 2005
Balance at the beginning of the period	8 501	9 825	9 825
As previously reported	8 796	9 671	9 671
- IAS 17 - leases	(73)	(6)	(6)
Changes in accounting policies arising from adoption of IFRS			
- Minority interest included within reconciliation of reserves	5	29	29
- IAS 27/28/31 - consolidations, associates and joint ventures	78	131	131
<b>Restated balance at 31 March 2005</b>	<b>8 806</b>	<b>9 825</b>	<b>9 825</b>
- IAS 32/39 - financial instruments (adopted from 1 April 2005)	(305)	-	-
Foreign currency adjustments	(3)	1	(6)
Earnings for the period attributable to ordinary shareholders	619	582	1 061
Earnings for the period attributable to minority interests	3	8	19
Compulsorily convertible debenture interest	-	(134)	(214)
Share based payments adjustments	-	15	29
Fair value movements on available for sale assets	(33)	(10)	(26)
Dividends paid to ordinary shareholders	(440)	-	(395)
Dividends paid to perpetual preference shareholders	(62)	(67)	(131)
Movement on minorities on disposals and acquisitions	19	(84)	(99)
Buyback of debentures	-	-	(1 257)
<b>Balance at the end of the period</b>	<b>8 604</b>	<b>10 136</b>	<b>8 806</b>

# Consolidated cash flow statements

R'million	6 months to 30 Sept 2005	6 months to 30 Sept 2004	Year to 31 March 2005
Net cash inflow from operating activities	202	502	748
Net cash (outflow)/inflow from investing activities	(19)	(7)	534
Net cash inflow/(outflow) from banking activities	101	(1 425)	(5 031)
Net cash (outflow)/inflow from financing activities	(299)	(58)	2 873
<b>Net decrease in cash and cash equivalents</b>	<b>(15)</b>	<b>(988)</b>	<b>(876)</b>
Cash and cash equivalents at the beginning of the period	1 398	2 274	2 274
<b>Cash and cash equivalents at the end of the period</b>	<b>1 383</b>	<b>1 286</b>	<b>1 398</b>

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

# Segmental information

For the 6 months to 30 September 2005 R'million	Private Client Activities	Treasury & Specialised Finance	Investment Banking	Other	Total
Total income	456	507	242	385	1 590
Operating expenses	(306)	(231)	(80)	(174)	(791)
Operating profits before taxation and headline adjustments	150	276	162	211	799
Headline adjustments	1	-	-	-	1
Operating profit before taxation	151	276	162	211	800
Cost to income ratio	66.7%	43.3%	32.3%	45.0%	48.6%

Pro forma IFRS restated for the 6 months to 30 September 2004 R'million	Private Client Activities	Treasury & Specialised Finance	Investment Banking	Other	Total
Total income	387	350	183	278	1 198
Operating expenses	(243)	(170)	(42)	(142)	(597)
Operating profits before taxation and headline adjustments	144	180	141	136	601
Headline adjustments	-	-	-	14	14
Operating profit before taxation	144	180	141	150	615
Cost to income ratio	59.7%	48.4%	22.6%	47.7%	48.1%

# Asset quality, specific and portfolio impairments

R'million	30 Sept 2005	1 April 2005
Total loans and advances to customers (gross of provisions)	53 364	46 318
Managed book	(547)	(932)
<b>Net loans and advances to customers</b>	<b>52 817</b>	<b>45 386</b>
Income statement impairment charge	(37)	(134)
Specific impairment	237	245
Portfolio impairment	90	90
<b>Total impairments</b>	<b>327</b>	<b>335</b>
Gross non-performing loans	298	422
Less: security	(106)	(247)
<b>Net non-performing loans</b>	<b>192</b>	<b>175</b>
<b>Adequacy of impairments</b>		
Specific impairments as a % of total loans and advances to customers	0.44%	0.53%
Portfolio impairments as a % of net loans and advances to customers	0.17%	0.20%
Total impairments as a % of total loans and advances to customers	0.61%	0.72%
Total impairments as a % of gross non-performing loans	109.73%	79.38%
Total impairments as a % of net non-performing loans	170.31%	191.43%
Specific impairments as a % of gross non-performing loans	79.53%	58.06%
Specific impairments as a % of net non-performing loans	123.44%	140.00%
Gross impairments loans as a % of core loans and advances to customers	0.56%	0.91%