

**16 November - Investec plc**

**Investec reports continued growth in first half year  
Operating profit increased by 34.4%; Adjusted EPS increased by 37.1%;  
Dividend increased by 31.6%**

Investec, the international specialist banking group, announces today its results for the six months ended 30 September 2006

**Financial highlights**

- Operating profit before taxation\* increased 34.4% to £205.3 million (2005: £152.8 million)
- Profit after tax, goodwill and non-operating items decreased 13.5% to £153.6 million (2005: £177.5 million) largely due to a non-operating gain recorded in the prior period (refer note below).
- Adjusted earnings per share\* increased 37.1% to 23.3p (2005: 17.0p)
- Interim dividend of 10p per ordinary share (2005: 7.6p) equating to a dividend cover of 2.3 times
- Annualised return on adjusted average shareholders' equity of 23.8% (2005: 22.2%) – target of greater than 20%
- Cost to income ratio of 60.0% (2005: 61.9%) – target of below 65%
- Average loans and advances increased 31.9% to £9.4 billion (2005: £7.2 billion). Asset quality remains satisfactory with the percentage of gross non-performing loans to loans and advances remaining constant at 0.75%.
- Average third party assets under management increased 27.0% to £52.6 billion (2005: £41.4 billion)

**Business highlights**

Strong operating profit growth from the majority of our businesses:

- Private Client Activities: increase of 68.4% to £83.4 million (2005: £49.5 million)\*
- Treasury and Specialised Finance: increase of 99.2% to £57.1 million (2005: £28.6 million)\*
- Investment Banking: decrease of 16.3% to £35.8 million (2005: £42.7 million)\*
- Asset Management: increase of 46.3% to £31.9 million (2005: £21.8 million)\*
- Property Activities: decrease of 35.6% to £6.3 million (2005: £9.8 million)\*

*\*before non-operating items of zero (2005: a non-operating gain of £75.7 million largely relating to the sale of Carr Sheppards Crosthwaite Limited to Rensburg plc) and goodwill of £7.5 million (net income) (2005: £6.6 million (net loss))*

**Stephen Koseff, Chief Executive Officer of Investec, said:**

"All our businesses benefited from high levels of activity and maintained the momentum established in the second half of last year. Our strategy of building a balanced and diversified business ensures we do not rely on any one part. This very satisfactory performance across the board means we have achieved all our stated growth and financial return objectives."

**Bernard Kantor, Managing Director of Investec, said:**

"We are gaining traction in all the markets in which we operate, with all core geographies performing well in local currencies. Our UK and Australian operations posted a significant increase in post-tax earnings of 68.3% and 56.1%, respectively. We are benefiting from increased depth, strong brand recognition and are attracting good people."

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**Presentation details:**

The management of Investec will host a presentation commencing at 09:00 (UK time)/11:00 (SA time) from their office in London (2 Gresham Street, London EC2V 7QP), and via video linkup to their office in Johannesburg. Details of the conference call facilities and webcast of the presentation are available at [www.investec.com](http://www.investec.com).

**Information provided on the Company's website at [www.investec.com](http://www.investec.com) includes:**

- Copies of this statement.
- The results presentation.
- Additional report produced for the investment community including more detail on the results.
- Excel worksheets containing the salient financial information under IFRS in Pounds Sterling.

Alternatively for further information please contact the Investor Relations division on e-mail [investorrelations@investec.com](mailto:investorrelations@investec.com) or telephone +44 (0) 207 597 5546/  
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**About Investec**

Investec is an international specialist banking group that provides a diverse range of financial products and services to a niche client base in three principal markets, the United Kingdom, South Africa and Australia as well as certain other countries. The group was established in 1974 and currently has approximately 4 700 employees.

Investec focuses on delivering distinctive profitable solutions for its clients in five core areas of activity namely, Private Client Activities, Treasury and Specialised Finance, Investment Banking, Asset Management and Property Activities.

In July 2002 the Investec group implemented a dual listed company structure with listings on the London and Johannesburg Stock Exchanges. The combined group's current market capitalisation is approximately £3.4 billion.

**Investec plc and Investec Limited**  
**Unaudited combined financial results for the six months ended 30 September 2006**  
**prepared using International Financial Reporting Standards and expressed in Pounds Sterling.**

**Overall performance**

We are pleased to announce that for the six months ended 30 September 2006, adjusted earnings per share (EPS) before goodwill and non-operating items increased by 37.1% to 23.3 pence from 17.0 pence. Our strategy of maintaining a balanced business model continues to support the operating fundamentals of the group. We have benefited from the strong performance by the majority of our businesses and have achieved our stated growth and financial return objectives.

The main features of the period under review are:

- Operating profit before goodwill, non-operating items and taxation increased 34.4% from £152.8 million to £205.3 million.
- Earnings attributable to ordinary shareholders before goodwill and non-operating items increased 37.8% from £93.4 million to £128.7 million.
- Earnings attributable to ordinary shareholders after taxation, goodwill and non-operating items decreased by 13.5% from £177.5 million to £153.6 million largely as a result of a non-operating profit recorded in the prior period amounting to £79.0 million on the sale of Carr Sheppards Crosthwaite Limited to Rensburg plc.
- All core geographies performed well in local currencies. Our UK and Australian operations posted a significant increase in post-tax earnings of 68.3% and 56.1%, respectively, comprising 49.3% of total attributable earnings, reflecting the benefits of our strategy of increasing the scale and market penetration in these businesses.
- Annualised return on adjusted average shareholders' equity (inclusive of compulsorily convertible instruments) increased from 22.2% to 23.8% against a target of greater than 20%.
- The ratio of total operating expenses to total operating income improved from 61.9% to 60.0% against a target of below 65%.
- Average loans and advances to customers increased 31.9% from £7.2 billion to £9.4 billion. Asset quality remains satisfactory with the percentage of gross non-performing loans to loans and advances remaining constant at 0.75%.
- Average third party assets under management increased 27.0% from £41.4 billion to £52.6 billion.
- The board declared a dividend of 10 pence per ordinary share (2005: 7.6 pence) resulting in a dividend cover based on the group's adjusted EPS before goodwill and non-operating items of 2.3 times (2005: 2.2 times), consistent with our dividend policy.

**Business unit review**

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

**Private Client Activities**

Private Client Activities, comprising the Private Banking and Private Client Portfolio Management and Stockbroking divisions, reported substantial growth in operating profit of 68.4% to £83.4 million (2005: £49.5 million).

▪ **Private Banking**

Operating profit of our Private Banking division increased by 76.3% to £73.6 million (2005: £41.8 million) driven by strong growth in advances and non-interest income. The division continues to penetrate its core markets and recorded strong performances across its areas of specialisation. The average private client lending book grew by 29.1% to £6.1 billion (2005: £4.7 billion) and the division increased its average retail deposit book by 37.3% to £4.9 billion (2005: £3.6 billion).

## ▪ **Private Client Portfolio Management and Stockbroking**

Private Client Portfolio Management and Stockbroking recorded solid growth, generating operating profit of £9.7 million (2005: £7.7 million), an increase of 26.1%. The Private Client business in South Africa benefited from increased volumes with average funds under management increasing by 40.8% to £6.9 billion (2005: £4.9 billion). The results of our UK operations include our 47.1% associate shareholding in Rensburg Sheppards plc post tax profit.

## **Treasury and Specialised Finance**

Treasury and Specialised Finance posted a significant increase in operating profit of 99.2% to £57.1 million (2005: £28.6 million). Growth was underpinned by a solid performance from the division's advisory, structuring, asset creation, trading and distribution activities, with average advances increasing by 31.9% to £3.0 billion (2005: £2.3 billion). A number of the businesses that have been established over the past two years have started to generate substantial revenue and have increased the scale of the businesses in the UK and Australia.

## **Investment Banking**

Our Investment Banking division recorded a 16.3% decline in operating profit to £35.8 million (2005: £42.7 million). Institutional Stockbroking performed well against a backdrop of increased volumes and Corporate Finance benefited from a strong deal pipeline across all geographies. The results were negatively impacted by the absence of any significant realisations within the Private Equity division and a decline in value of certain of the listed investments within the Direct Investments portfolio. The majority of our unlisted investments continued to perform well.

## **Asset Management**

Asset Management posted an increase in operating profit of 46.3% to £31.9 million (2005: £21.8 million) underpinned by the strong momentum of the UK and international business and continued solid performance in Southern Africa. Average assets under management increased by 16.3% to £29.1 billion (2005: £25.0 billion). Solid long term investment performance has continued to support the fundamentals of the business.

## **Property Activities**

Our Property Activities generated operating profit of £6.3 million (2005: £9.8 million), a decline of 35.6%. There have been no significant realisations in the period. Activity in South Africa however, remains buoyant and we expect to post a stronger performance in the second half of the financial year.

## **Group Services and Other Activities**

Group Services and Other Activities posted an operating loss of £9.1 million (2005: profit of £0.3 million) largely as a result of increased variable remuneration, given the growth in the group's profitability.

## **Financial statements analysis**

### **Operating income**

Operating income increased by 28.2% to £525.0 million (2005: £409.5 million). The movements in total operating income are analysed below.

Net interest income increased by 41.3% to £162.4 million (2005: £114.9 million) as a result of strong growth in average advances and increased cash holdings within the Central Funding division.

Net fees and commissions increased by 32.5% to £251.6 million (2005: £190.0 million) benefiting from increased transactional activity and higher average assets under management.

Income from principal transactions increased 11.0% to £103.9 million (2005: £93.6 million) mainly as a result of a strong performance from our Growth and Acquisition Finance, Principal Finance (securitisation) and Trading activities. This result was offset partially by a weaker

performance from some of the underlying investments in the Direct Investments and Central Funding divisions and the absence of any significant realisations within the Private Equity and Property divisions.

Operating income from associates increased by 45.1% to £4.3 million (2005: £2.9 million). The current periods figure includes Investec's 47.1% share of the post-tax profit of Rensburg Sheppards plc for the period 1 April 2006 to 30 September 2006. In the prior period, Rensburg Sheppards plc was accounted for as an associate with effect from 6 May 2005.

After administration expenses, a profit of £0.7 million (2005: £1.5 million) was generated from assurance activities.

Other operating income amounts to £10.0 million. The operating results of two investments held within the Private Equity portfolio have been consolidated with the respective income and expenses reflected in other operating income and administration expenses. These investments generated a net loss after tax and minority interest of £1.6 million. Any realisation of these investments in excess of their carrying values will be recognised as income from principal transactions.

### **Impairment losses on loans and advances**

Impairment losses on loans and advances increased by 56.3% to £8.2 million (2005: £5.2 million) largely as a result of an increase in specific impairments in relation to assets which are in the process of being restructured. Notwithstanding the rising interest rate environment, which could imply a weaker credit cycle, we have not seen evidence of a decline in the performance of our loan portfolios. The percentage of gross non-performing loans (NPLs) to loans and advances has remained at 0.75% since 31 March 2006.

### **Administrative expenses and depreciation**

Total expenses increased by 24.6% to £319.7 million (2005: £256.7 million). Variable remuneration increased by 60.0% to £96.1 million due to increased profitability. Other operating expenses (excluding variable remuneration) increased by 13.7% to £223.6 million largely as a result of an increase in headcount in certain of the businesses in line with our growth initiatives, an increase in costs associated with complying with new and forthcoming regulatory requirements and an investment in product development and IT infrastructure.

We achieved our target of operating expenses to total operating income of less than 65% with the ratio improving from 61.9% to 60.0%, principally as a result of the strong growth in operating income of 28.2%.

### **Goodwill**

The current period reflects net income of £7.5 million largely relating to:

- The acquisition of NM Rothschild & Sons (Australia) Limited at a discount to net assets resulting in a net gain of £9.6 million.
- An impairment of £2.0 million attributable to property management contracts with respect to a portfolio of properties sold.

### **Taxation**

The effective tax rate of the group increased from 26.9% to 28.3%.

### Earnings attributable to minority interests

Earnings attributable to minority interests of £2.3 million largely comprise:

<ul style="list-style-type: none"><li>Operating profits in relation to investments held in the Private Equity division.</li></ul>	£3.8mn
<ul style="list-style-type: none"><li>A profit on the sale of a portfolio of investment properties in which minorities had a 23.1% holding.</li></ul>	£1.9mn
<ul style="list-style-type: none"><li>In accordance with IFRS the Euro denominated preferred securities issued by a subsidiary of Investec plc are reflected on the balance sheet as part of minority interests. The transaction is hedged and a forex translation loss arising on the hedge is reflected in operating profit before goodwill, with the equal and opposite impact reflected in earnings attributable to minorities.</li></ul>	(£3.7mn)

### Capital resources

Since 31 March 2006 total shareholders' equity (including minority interests) increased by 8.4% to £1.6 billion largely as a result of the issue of £80.6 million of non-redeemable, non-cumulative, non-participating preference shares by Investec plc in August 2006, the net disposal of treasury shares and increased retained earnings offset partially by negative foreign currency adjustments.

The annualised return on adjusted average shareholders' equity (inclusive of compulsorily convertible instruments) increased from 22.2% to 23.8%, meeting our target of greater than 20%.

Investec plc and Investec Limited have capital adequacy ratios well in excess of the minimum regulatory requirements. The capital adequacy of Investec plc (applying UK Financial Services Authority rules to its capital base) is 17.1% (31 March 2006: 17.7%). The capital adequacy of Investec Limited (applying South African Reserve Bank rules to its capital base) is 14.7% (31 March 2006: 16.3%).

### Total assets

On balance sheet assets have declined by 3.8% to £23.0 billion since 31 March 2006 as a result of the depreciation of the Rand (discussed below).

### Outlook

The high levels of activity and increase in scale and market penetration across all our geographies should continue to support the operating results of our business. Accordingly, we anticipate a strong performance from all our businesses expressed in local currencies.

On behalf of the boards of Investec plc and Investec Limited

Hugh Herman  
Chairman

Stephen Koseff  
Chief Executive Officer

Bernard Kantor  
Managing Director

## **Notes to the commentary section above**

### **Presentation of financial information**

Investec operates under a Dual Listed Companies (DLC) structure with primary listings of Investec plc on the London Stock Exchange and Investec Limited on the JSE Limited.

In terms of the contracts constituting the DLC structure, Investec plc and Investec Limited effectively form a single economic enterprise in which the economic and voting rights of ordinary shareholders of the companies are maintained in equilibrium relative to each other. The directors of the two companies consider that for financial reporting purposes, the fairest presentation is achieved by combining the results and financial position of both companies.

Accordingly, the interim results for Investec plc and Investec Limited present the results and financial position of the combined DLC group under IFRS, denominated in Pounds Sterling. In the commentary above, all references to Investec or the group relate to the combined DLC group comprising Investec plc and Investec Limited.

Unless the context indicates otherwise, all comparatives included in the commentary above relate to the six months ended 30 September 2005. Average balances are based on the period 1 April 2005 to 30 September 2005 and 1 April 2006 to 30 September 2006.

### **Foreign currency impact**

Our reporting currency is Pounds Sterling. Certain of our operations are conducted by entities outside the UK. The results of operations and the financial condition of our individual companies are reported in the local currencies in which they are domiciled, including Rands, Australian Dollars and US Dollars. These results are then translated into Pounds Sterling at the applicable foreign currency exchange rates for inclusion in our combined consolidated financial statements. In the case of the income statement, the weighted average rate for the relevant period is applied and, in the case of the balance sheet, the relevant closing rate is used.

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

	30 Sept 2006		31 March 2006		30 Sept 2005	
	Period end	Average	Period end	Average	Period end	Average
Currency per £1.00						
South African Rand	14.49	12.66	10.72	11.43	11.23	11.76
Australian Dollar	2.50	2.46	2.44	2.37	2.32	2.38
Euro	1.47	1.46	1.43	1.47	1.47	1.47
US Dollar	1.87	1.85	1.73	1.78	1.77	1.82

Exchange rates between local currencies and Pounds Sterling have fluctuated over the period. The most significant impact arises from the depreciation of the Rand. The average exchange rate over the period has depreciated by 7.7% and the closing rate has depreciated by 35.2% since 31 March 2006.

### **Sub-division of Investec plc and Investec Limited ordinary shares**

Following shareholder approval, the group implemented a subdivision of the ordinary shares of both Investec plc and Investec Limited by way of a five for one split, effective 4 September 2006. Comparative information has been adjusted accordingly.

## **Accounting policies**

The accounting policies applied in the preparation of the results for the six months ended 30 September 2006 are consistent with those adopted in the financial statements for the year ended 31 March 2006, except for the adoption of accounting standards interpretations issued with effect from 1 January 2006. The adoption of these interpretations has had no material reportable impact on the financial results, position or cash flows of the combined group.

## **Dividend announcement**

### **Investec plc**

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

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

Notice is hereby given that an interim dividend (No 9) has been declared by the board in respect of the six months ended 30 September 2006.

Shareholders in Investec plc will receive a distribution of 10 pence (2005 : 7.6 pence) per ordinary share, which will be paid as follows :

- for non-South African resident Investec plc shareholders, through a dividend paid by Investec plc of 10 pence per ordinary share.
- for South African resident shareholders of Investec plc, through a dividend payment by Investec plc of 5 pence per ordinary share and through a dividend paid, on the SA DAS share equivalent to 5 pence per ordinary share.

The relevant dates for the payment of the dividends are :

Last day to trade cum-dividend:

- |                                |                           |
|--------------------------------|---------------------------|
| - On the London Stock Exchange | Tuesday, 12 December 2006 |
| - On the JSE Limited           | Friday, 8 December 2006   |

Shares commence trading ex-dividend :

- |                                |                             |
|--------------------------------|-----------------------------|
| - On the London Stock Exchange | Wednesday, 13 December 2006 |
| - On the JSE Limited           | Monday, 11 December 2006    |

Record date:

- |                                |                          |
|--------------------------------|--------------------------|
| - On the London Stock Exchange | Friday, 15 December 2006 |
| - On the JSE Limited           | Friday, 15 December 2006 |

Payment date:

- |                           |                          |
|---------------------------|--------------------------|
| - United Kingdom register | Friday, 22 December 2006 |
| - South African register  | Friday, 22 December 2006 |

Share certificates on the South African branch register may not be dematerialised or rematerialised between Monday, 11 December 2006 and Friday, 15 December 2006, both dates inclusive, nor may transfers between the UK and SA registers take place between Monday, 11 December 2006 and Friday, 15 December 2006, both dates inclusive.



Shareholders registered on the South African register are advised that the total distribution of 10 pence, equivalent to 138 cents per share, has been arrived at using the Rand/Pound Sterling average buy/sell forward rate, as determined at 11h00 (SA time) on 15 November 2006.

By order of the board

R Vardy  
Company Secretary

16 November 2006

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**Salient features**

	<b>30 Sept. 2006</b>	30 Sept. 2005	%	31 March 2006
			Change	
Adjusted earnings before goodwill and non-operating items (£'000)	<b>128,676</b>	93,357	37.8	230,017
Operating profit before goodwill, non-operating items and taxation (£'000)	<b>205,291</b>	152,771	34.4	388,767
Earnings attributable to shareholders (£'000)	<b>153,579</b>	177,469	(13.5)	315,101
Adjusted earnings per share (before goodwill and non-operating items) (pence)	<b>23.3</b>	17.0	37.1	41.9
Earnings per share (pence)	<b>24.1</b>	31.1	(22.5)	53.8
Headline earnings per share (pence)	<b>22.4</b>	16.7	34.1	40.6
Dividends per share (pence)	<b>10.0</b>	7.6	31.6	18.2
Dividends per share (cents)	<b>138.0</b>	89.2	54.7	214.6

## Combined consolidated income statements

£'000	6 months to 30 Sept. 2006	6 months to 30 Sept. 2005	Year to 31 March 2006
Interest receivable	<b>565,786</b>	410,559	934,389
Interest payable	<b>(403,409)</b>	(295,613)	(675,237)
<b>Net interest income</b>	<b>162,377</b>	114,946	259,152
Fees and commissions receivable	<b>279,276</b>	208,857	478,465
Fees and commission payable	<b>(27,638)</b>	(18,902)	(41,591)
Principal transactions	<b>103,928</b>	93,592	246,059
Operating income from associates	<b>4,279</b>	2,949	6,694
Investment income on assurance activities	<b>13,767</b>	76,387	141,559
Premiums and reinsurance recoveries on insurance contracts	<b>55,995</b>	72,486	164,631
Other operating income	<b>10,030</b>	3,851	2,721
<b>Other income</b>	<b>439,637</b>	439,220	998,538
Claims and reinsurance premiums on insurance business	<b>(68,828)</b>	(139,464)	(293,135)
<b>Total operating income net of insurance claims</b>	<b>533,186</b>	414,702	964,555
Impairment losses on loans and advances	<b>(8,173)</b>	(5,230)	(9,160)
<b>Operating income</b>	<b>525,013</b>	409,472	955,395
Administrative expenses	<b>(313,966)</b>	(252,783)	(558,887)
Depreciation and amortisation of property, equipment and software	<b>(5,756)</b>	(3,918)	(7,741)
<b>Operating profit before goodwill</b>	<b>205,291</b>	152,771	388,767
Goodwill	<b>7,533</b>	(6,595)	(21,356)
<b>Operating profit</b>	<b>212,824</b>	146,176	367,411
Profit on disposal or termination of group operations	–	75,660	73,573
<b>Profit before taxation</b>	<b>212,824</b>	221,836	440,984
Taxation	<b>(56,974)</b>	(40,323)	(111,616)
<b>Profit after taxation</b>	<b>155,850</b>	181,513	329,368
Earnings attributable to minority interests	<b>2,271</b>	4,044	14,267
Earnings attributable to shareholders	<b>153,579</b>	177,469	315,101
<b>Earnings attributable to shareholders' equity</b>	<b>155,850</b>	181,513	329,368

<b>Earnings attributable to shareholders</b>	<b>153,579</b>	177,469	315,101
Goodwill	<b>(7,533)</b>	6,595	21,356
Profit on disposal or termination of group operations	–	(75,660)	(73,573)
Preference dividends paid	<b>(20,411)</b>	(6,917)	(19,940)
Additional earnings attributable to other equity holders	<b>3,041</b>	(8,130)	(12,927)
<b>Adjusted earnings before goodwill and non-operating items</b>	<b>128,676</b>	93,357	230,017
<b>Adjustments to derive headline earnings</b>	<b>(4,997)</b>	(1,885)	(7,212)
<b>Headline earnings</b>	<b>123,679</b>	91,472	222,805
<b>Earnings per share (pence)</b>			
– basic	<b>24.1</b>	31.1	53.8
– diluted	<b>22.1</b>	29.3	50.0
<b>Adjusted earnings per share (pence)</b>			
– basic	<b>23.3</b>	17.0	41.9
– diluted	<b>21.4</b>	16.1	39.0
<b>Headline earnings per share (pence)</b>	<b>22.4</b>	16.7	40.6
<b>Number of weighted average shares</b>			
– basic (millions)	<b>552.8</b>	548.1	548.8

### Combined consolidated cash flow statements

E'000	<b>6 months to 30 Sept. 2006</b>	6 months to 30 Sept. 2005	12 months to 31 March 2006
Cash inflows from operations	<b>147 474</b>	149,274	369 546
Increase in operating assets	<b>(2 899 302)</b>	(1,015,495)	(2 950 085)
Increase in operating liabilities	<b>3 257 379</b>	398,799	2 749 528
Net cash inflow/(outflow) from operating activities	<b>505 551</b>	(467,422)	168 989
Net cash outflow from investing activities	<b>(143 267)</b>	(7,867)	(473 159)
Net cash inflow from financing activities	<b>106 423</b>	92,144	38 076
Effects of exchange rate changes on cash and cash equivalents	<b>(343 715)</b>	39,770	73 721
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>124 992</b>	(343,375)	(192 373)
Cash and cash equivalents at the beginning of the period	<b>1 190 183</b>	1,382,556	1 382 556
<b>Cash and cash equivalents at the end of the period</b>	<b>1 315 175</b>	1,039,181	1 190 183

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

## Combined consolidated balance sheets at

£'000	30 Sept. 2006	31 March 2006	30 Sept. 2005
<b>Assets</b>			
Cash and balances at central banks	132,717	190,838	125,343
Loans and advances to banks	1,706,742	1,830,603	1,368,108
Cash equivalent advances to customers	712,938	690,236	683,731
Reverse repurchase agreements and cash collateral on securities borrowed	980,456	756,645	682,354
Trading securities	1,562,360	1,640,088	1,308,753
Derivative financial instruments	1,200,754	1,081,287	862,235
Investment securities	1,750,676	1,266,673	1,220,405
Loans and advances to customers	9,271,527	9,604,589	7,903,166
Interest in associated undertakings	65,811	63,099	58,545
Deferred taxation assets	50,956	60,035	49,285
Other assets	1,266,512	1,272,787	1,093,059
Property and equipment	121,397	26,916	31,344
Investment properties	86,121	163,049	197,484
Goodwill	209,176	183,560	190,257
Intangible assets	8,707	10,094	9,458
	<b>19,126,850</b>	18,840,499	15,783,527
Other financial instruments at fair value through income in respect of			
– liabilities to customers	2,806,067	3,628,574	3,071,676
– assets related to reinsurance contracts	1,054,865	1,431,876	1,302,165
	<b>22,987,782</b>	23,900,949	20,157,368
<b>Liabilities</b>			
Deposits by banks	2,088,156	1,879,483	1,282,297
Derivative financial instruments	801,747	705,764	617,201
Other trading liabilities	425,385	457,254	408,279
Repurchase agreements and cash collateral on securities lent	649,463	358,278	83,117
Customer accounts	8,076,640	8,699,165	7,583,753
Debt securities in issue	3,223,209	2,950,103	2,296,949
Current taxation liabilities	96,606	137,426	85,155
Deferred taxation liabilities	31,241	26,210	22,352
Other liabilities	1,602,379	1,582,856	1,482,564
Pension fund liabilities	1,735	2,013	9,141
	<b>16,996,561</b>	16,798,552	13,870,808
Liabilities to customers under investment contracts	2,713,438	3,488,756	2,939,994
Insurance liabilities, including unit-linked liabilities	92,630	139,818	131,682
Reinsured liabilities	1,054,865	1,431,876	1,302,165
	<b>20,857,494</b>	21,859,002	18,244,649
Subordinated liabilities (including convertible debt)	491,683	529,854	526,578
	<b>21,349,177</b>	22,388,856	18,771,227

**Equity**

Called up share capital	166	165	165
Share premium	1,106,126	1,028,737	1,029,120
Treasury shares	(74,824)	(96,300)	(99,753)
Equity portion of convertible instruments	2,191	2,191	2,191
Perpetual preference shares	239,132	215,305	205,587
Other reserves	80,399	156,103	117,101
Profit and loss account	(7,555)	(79,709)	(158,092)
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Shareholders' equity excluding minority interests	1,345,635	1,226,492	1,096,319
Minority interests	292,970	285,601	289,822
– Perpetual preferred securities issued by subsidiaries	241,640	278,459	272,430
– Other	51,330	7,142	17,392
<hr/>			
Total shareholders' equity	1,638,605	1,512,093	1,386,141
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<b>Total liabilities and shareholders' equity</b>	<b>22,987,782</b>	23,900,949	20,157,368
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**A geographical breakdown of business operating profit before goodwill, non-operating items and taxation for the 6 months to 30 September 2006**

£'000	Southern Africa	United Kingdom and Europe	Australia	Other Geographies	Total group
Private Banking	17,424	50,476	5,720	–	73,620
Private Client Portfolio					
Management and Stockbroking	5,664	4,074	–	–	9,738
Treasury and Specialised Finance	25,833	29,558	1,674	–	57,065
Investment Banking	24,789	5,447	5,542	–	35,778
Asset Management	23,851	8,045	–	–	31,896
Property Activities	6,201	118	–	–	6,319
Group Services and Other	7,522	(17,545)	689	209	(9,125)
	<b>111,284</b>	<b>80,173</b>	<b>13,625</b>	<b>209</b>	<b>205,291</b>
% change since 30 September 2005	14.2	72.9	59.6	(53.9)	34.4

**A geographical breakdown of business operating profit before goodwill, non-operating items and taxation for the 6 months to 30 September 2005**

£'000	Southern Africa	United Kingdom and Europe	Australia	Other Geographies	Total group
Private Banking	11,908	24,676	5,183	–	41,767
Private Client Portfolio					
Management and Stockbroking	3,771	3,953	–	–	7,724
Treasury and Specialised Finance	21,399	7,484	(239)	–	28,644
Investment Banking	23,525	16,436	2,777	–	42,738
Asset Management	18,325	3,484	–	–	21,809
Property Activities	9,140	675	–	–	9,815
Group Services and Other	9,348	(10,341)	814	453	274
	<b>97,416</b>	<b>46,367</b>	<b>8,535</b>	<b>453</b>	<b>152,771</b>

## Summarised consolidated statements of changes in equity

£'000	<b>6 months to 30 Sept. 2006</b>	6 months to 30 Sept. 2005	12 months to 31 March 2006
<b>Balance at the beginning of the period</b>	1,512,093	1,075,611	1,075,611
Foreign currency adjustments	(196,773)	31,450	52,564
Retained profit for the period			
attributable to ordinary shareholders	153,579	177,469	315,101
Retained profit for the period			
attributable to minority interest	2,271	4,044	14,267
Share based payments adjustments	13,088	9,403	19,221
Fair value movements			
on available for sale assets	1,923	(5,245)	8,480
Dividends paid to ordinary shareholders	(55,415)	(41,681)	(84,435)
Dividends paid to other shareholders	(20,411)	(6,917)	(19,940)
Issue of ordinary shares	22,443	–	–
Issue of perpetual preference shares	80,628	–	–
Share issue expenses	(787)	(556)	(556)
Movement of treasury shares	85,637	10,043	13,113
Transfer from pension fund deficit	–	–	2,035
Issue of equity instruments			
by subsidiaries	21,173	132,520	132,520
Movement of minorities on disposals and acquisitions	19,156	–	(15,888)
<b>Balance at the end of the period</b>	<b>1,638,605</b>	<b>1,386,141</b>	<b>1,512,093</b>