

13 November 2008 - Investec

**Recurring revenue base together with geographical and operational diversity support resilient performance**

Investec, the international specialist banking group, announces today its results for the six months ended 30 September 2008.

**Financial highlights**

- Pre-tax operating profit in line with prior period at £241.8 million; adjusted EPS down 3.7% to 26.3 pence
- Reduced levels of activity across geographies counterbalanced by solid recurring revenue base; net interest income increased by 54.0% to £343.6 million
- Operating expenses reduced as percentage of operating income
- Strict management of risk, liquidity and capital across the business

|   | Six months to 30 Sept 2008 | Six months to 30 Sept 2007 | % Change | Year to 31 March 2008 |
|---|----------------------------|----------------------------|----------|-----------------------|
| Operating profit before taxation* (£'mn)  | 241.8                      | 244.5                      | (1.1)%   | 508.7                 |
| Earnings attributable to shareholders after taxation, goodwill and non-operating items (£'mn) | 189.5                      | 182.6                      | 3.8%     | 391.6                 |
| Adjusted EPS* (pence)   | 26.3                       | 27.3                       | (3.7)%   | 56.9                  |
| Dividends per share (pence)   | 8                          | 11.5                       | (30.4)%  | 25.0                  |
| ROE   | 19.3%                      | 23.9%                      | -        | 23.6%                 |
| Cost to income ratio  | 58.0%                      | 58.9%                      | -        | 56.1%                 |
| Core loans and advances (£'bn)  | 14.6                       | 11.8                       | 24.0%    | 12.8                  |
| Customer accounts (deposits) (£'bn)   | 12.9                       | 12.3                       | 4.7%     | 12.1                  |
| Third party assets under management (£'bn)  | 53.5                       | 59.8                       | (10.5)%  | 52.7                  |
| Recurring revenue as a percentage of operating income   | 74.3%                      | 62.7%                      |          | 65.1%                 |

**Business highlights – operating profit before taxation\***

- Private Client Activities: decrease of 23.7% to £76.4m (2007: £100.1m)
- Capital Markets: increase of 68.9% to £72.1m (2007: £42.7m)
- Investment Banking: decrease of 36.7% to £28.6m (2007: £45.1m)
- Asset Management: decrease of 7.0% to £33.7m (2007: £36.2m)
- Property Activities: decrease of 3.0% to £11.1m (2007: £11.5m)
- Group Services and Other Activities: increase of 122.0% to £19.9m (2007: £9.0m)

*\*Before non-operating items and goodwill and after minorities*

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

**“We are satisfied with these results in volatile times. This performance is largely due to our balanced portfolio of businesses and geographies. The environment remains extremely challenging.”**

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

**“We continue to manage the business prudently and remain ready to take advantage of any opportunities that arise despite the challenging operating conditions.”**

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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 5 900 permanent employees.

Investec focuses on delivering distinctive profitable solutions for its clients in five core areas of activity namely, Private Client Activities, Capital Markets, 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. Management and staff own approximately 15% of the equity share capital of the group. The combined group's current market capitalisation is approximately £1.8 billion.

**Investec plc and Investec Limited (combined results)**  
**Unaudited consolidated financial results in Pounds Sterling for the six months ended**  
**30 September 2008**

**Overall performance**

The Investec group reports results for the six months ended 30 September 2008 which are stable and consistent with the same period in the previous year. The group's strategy of maintaining a solid recurring revenue base; geographical and operational diversity; and strict management of liquidity and risk has enabled it to navigate through the present challenging operating environment. The conditions have however, negatively impacted activity levels and credit loss ratios, resulting in a 3.7% decline in adjusted earnings per share (EPS) before goodwill and non-operating items to 26.3 pence (2007: 27.3 pence).

The main features of the period under review are:

- Operating profit before goodwill, non-operating items and taxation and after minorities ("operating profit") decreased 1.1% to £241.8 million (2007: £244.5 million).
- Operating profit before impairment losses on loans and advances increased 24.3% to £318.5 million (2007: £256.3 million).
- Adjusted earnings attributable to shareholders before goodwill and non-operating items increased 3.0% to £165.6 million (2007: £160.9 million).
- Earnings attributable to shareholders after goodwill and non-operating items increased 3.8% to £189.5 million (2007: £182.6 million).
- The UK and South African operations posted increases in operating profit of 6.3% and 3.0%, respectively. The Australian operations recorded operating profit 56.1% behind the prior period. The group remains geographically diversified with the UK and Australian operations contributing 34.8% (2007: 37.4%) of total operating profit.
- Recurring income as a percentage of total operating income amounts to 74.3% (2007: 62.7%).
- Annualised return on adjusted average shareholders' equity decreased to 19.3% (2007: 23.9%).
- Net asset value per share increased to 279.4 pence (31 March 2008: 260.6 pence) and net tangible asset value per share (which excludes goodwill and intangible assets) increased to 233.2 pence (31 March 2008: 215.0 pence).
- The ratio of total operating expenses to total operating income improved to 58.0% (2007: 58.9%).
- Core loans and advances to customers increased 13.4% to £14.6 billion (31 March 2008: £12.8 billion) with gross defaults (pre collateral) as a percentage of core loans and advances increasing to 2.5% (2007: 1.7%).
- Third party assets under management increased 1.4% to £53.5 billion (31 March 2008: £52.8 billion).
- Customer accounts (deposits) increased 6.3% to £12.9 billion (31 March 2008: £12.1 billion).
- The board declared a dividend of 8 pence per ordinary share (2007: 11.5 pence). Given the challenging operating environment the board has deemed it prudent to increase the upper end of the dividend cover range from 2.3 to 3.5 times.

**Business unit review**

**Private Client Activities**

Private Client Activities, comprising Private Bank and Private Client Portfolio Management and Stockbroking divisions, reported a decline in operating profit of 23.7% to £76.4 million (2007: £100.1 million).

• **Private Banking**

Operating profit from the Private Banking division decreased by 26.2% to £63.2 million. (2007: £85.7 million). Higher average advances and a diversified set of revenues supported a 9.9% increase in operating income. The South African business performed well whilst the UK and Australia experienced lower levels of activity. Impairment losses on loans and advances have increased in all geographies as a result of the weaker credit environment. The private client core lending book grew by 11.0% to £9.9 billion (31 March 2008: £8.9 billion) and the division increased its retail deposit book by 1.5% to £6.7 billion (31 March 2008: £6.6 billion). Funds under advice decreased 2.1% to £3.6 billion (31 March 2008: £3.7 billion).

• **Private Client Portfolio Management and Stockbroking**

Private Client Portfolio Management and Stockbroking reported a decrease in operating profit of 8.6% to £13.1 million (2007: £14.4 million). The Private Client business in South Africa was negatively impacted by lower market volumes and the absence of performance fees on alternative investments. Funds under management, expressed in Rands, decreased by 8.1% to R103.6 billion (31 March 2008: R112.7 billion).

The results of the UK operations include Investec's 47.3% share of the directors' estimate of the post-tax profit of Rensburg Sheppards plc.

### **Capital Markets**

Capital Markets reported an increase in operating profit of 68.9% to £72.1 million (2007: £42.7 million). The division's advisory and structuring activities continued to perform well. The results of the Principal Finance division improved substantially as current year write downs on US structured credit investments of £8.3 million were significantly less than the prior period of £36 million. Core loans and advances increased 14.7% from £3.8 billion at 31 March 2008 to £4.4 billion. Kensington Group plc ("Kensington") produced a stable performance and reported operating profit of £19.3 million.

### **Investment Banking**

The Investment Banking division reported a decrease of 36.7% in operating profit to £28.6 million (2007: £45.1 million) reflecting a mixed performance across geographies and business activity. The South African and Australian agency divisions closed fewer deals in comparison to the prior period with the UK division recording an increase in corporate fees and trading revenues despite difficult market conditions. The UK operations were however, impacted by a much weaker performance from some of the investments held within the Private Equity and Direct Investments division, whilst the South African Private Equity operations recorded another steady performance.

### **Asset Management**

Asset Management reported a decrease in operating profit of 7.0% to £33.7 million (2007: £36.2 million) largely as a result of a tougher mutual fund environment. The division continued to benefit from a shift in the mix of funds managed, and solid net inflows, notably within its institutional portfolio. Assets under management increased by 3.1% to £29.6 billion (31 March 2008: £28.8 billion).

### **Property Activities**

Property Activities generated operating profit of £11.1 million (2007: £11.5 million). The division, based mainly in South Africa, posted a stable result supported by fees earned on projects completed in the current period and a reasonable performance from the investment property portfolio.

### **Group Services and Other Activities**

Group Services and Other Activities contributed £19.9 million to operating profit (2007: £9.0 million). The Central Funding division in South Africa performed well benefiting from increased cash holdings and higher average interest rates. Central Services costs are largely in line with the prior period.

Further information on key developments within each of the business units is provided in a detailed report published on the group's website [www.investec.com/grouplinks/investorrelations](http://www.investec.com/grouplinks/investorrelations).

### **Financial statement analysis**

#### **Total operating income**

Total operating income net of insurance claims increased by 11.8% to £723.7 million (2007: £647.3 million). Material movements in total operating income are analysed below.

Net interest income increased by 54.0% to £343.6 million (2007: £223.1 million) as a result of strong growth in average advances, the acquisition of Kensington and Experien (Pty) Ltd ("Experien"), and a solid performance from the Central Funding division.

Net fees and commissions income increased by 8.7% to £301.8 million (2007: £277.7 million). Transactional activity levels have been impacted by the current economic environment however, the group has benefited from profit shares received by the Private Banking division and a solid performance from the Capital Markets advisory and structuring businesses.

Income from principal transactions decreased by 24.1% to £82.3 million (2007: £108.5 million) largely reflecting mark downs, lower revaluations and fewer realisations in the current period.

Operating income from associates increased by 21.3% to £7.7 million (2007: £6.4 million). The figure includes Investec's 47.3% share of the directors' estimate of the post-tax profit of Rensburg Sheppards plc for the period 1 April 2008 to 30 September 2008.

Other operating loss amounted to £13.7 million (2007: income of £28.1 million). This loss arises from the consolidation of the operating results of two investments held within the group's Private Equity portfolio.

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

As a result of the weaker credit cycle we have seen a decline in the performance of the loan portfolio resulting in an increase in impairment losses on loans and advances from £3.8 million to £48.3 million (excluding Kensington). The percentage of gross default loans to core loans and advances has increased from 1.7% to 2.5% since 31 March 2008. The annualised credit loss charge as a percentage of average core loans and advances is 0.7%.

Impairment losses on loans and advances relating to the Kensington business amount to £28.5 million (2007: £7.9 million; the business was acquired on 8 August 2007). The total Kensington book has decreased from £6.1 billion at 31 March 2008 to £5.4 billion. Arrears have increased marginally as the book becomes more seasoned.

### **Administrative expenses and depreciation**

The ratio of total operating expenses to total operating income improved from 58.9% to 58.0%.

Total expenses increased by 10.1% to £419.9 million (2007: £381.3 million). Variable remuneration decreased by 12.5% to £81.7 million. Other operating expenses increased by 17.5% to £338.2 million largely as a result of the acquisition of Kensington and Experien and an increase in average headcount and associated costs in certain of the businesses. Total headcount is being tightly managed and expense growth (excluding variable remuneration) is targeted below the respective inflation rates in each of the group's core geographies.

### **Taxation**

The operational effective tax rate of the group decreased from 25.0% to 23.8% as a result of the decrease in tax rates in key geographies and an increase in income earned that is subject to lower tax rates or is non-taxable.

### **Losses attributable to minority interests**

Losses attributable to minority interests of £14.7 million comprise:

- £12.9 million relating to investments consolidated in the Private Equity division.
- £1.8 million relating to Euro denominated preferred securities issued by a subsidiary of Investec plc which are reflected on the balance sheet as part of minority interests. (The transaction is hedged and a forex transaction loss arising on the hedge is reflected in operating profit before goodwill with the equal and opposite impact reflected in earnings attributable to minorities).

### **Balance sheet analysis**

Since 31 March 2008:

- Total shareholders' equity (including minority interests) increased by 6.8% to £2.4 billion largely as a result of retained earnings and foreign currency translation gains.
- Net asset value per share increased from 260.6 pence to 279.4 pence and net tangible asset value per share (which excludes goodwill and intangible assets) increased from 215.0 pence to 233.2 pence.
- Total assets increased from £34.1 billion to £35.9 billion largely as a result of an increase in core loans and advances.

The group's gearing ratios remain low with core loans and advances to equity at 7.0 times and total assets (excluding assurance assets) to equity at 13.4 times.

The annualised return on adjusted average shareholders' equity decreased from 23.9% to 19.3%.

The compulsorily convertible debentures that were outstanding at 31 March 2008 were converted to shares on 31 July 2008. This resulted in an increase in share capital and share premium with no impact on total equity.

### **Capital adequacy**

As a consequence of the recent banking crisis there is a strong expectation from bank stakeholders that banking groups need to and will improve their capital adequacy ratios. Investec has always held capital well in excess of regulatory requirements and the group intends to perpetuate this philosophy and ensure that it remains well capitalised in a vastly changed banking world. Accordingly, the group considers it appropriate to adjust its capital adequacy targets and build its capital base, targeting a minimum tier one capital ratio of 11% and a total capital adequacy ratio of 14% to 17%. It intends to meet these targets within 18 months.

| <b>Basel II ratios</b>                 | <b>30 Sept 2008</b> | <b>31 March 2008</b> |
|--|---------------------|----------------------|
| Investec Limited                       |                     |                      |
| Capital adequacy ratio                 | 13.9%               | 13.9%                |
| Tier 1 ratio                           | 10.3%               | 10.0%                |
| Capital adequacy- pre operational risk | 15.4%               | 15.5%                |
| Tier 1 ratio - pre operational risk    | 11.5%               | 11.2%                |
|  |                     |                      |
| Investec plc                           |                     |                      |
| Capital adequacy ratio                 | 16.1%               | 15.3%                |
| Tier 1 ratio                           | 9.7%                | 9.2%                 |
| Capital adequacy- pre operational risk | 18.3%               | 17.4%                |
| Tier 1 ratio - pre operational risk    | 11.0%               | 10.5%                |

### **Liquidity and funding**

A core strategy for many years has been the maintenance of a stock of readily available, high quality liquid assets well in excess of minimum regulatory requirements. Since October 2007 the group has on average held approximately £5.1 billion of cash and near cash to support its activities. These balances have ranged between £4.5 billion and £6.2 billion over the period. The group continues to focus on diversifying its funding sources and maintaining a low reliance on interbank wholesale funding to fund core lending. The Private Bank has implemented a number of initiatives to increase its funding from private client and related deposits. Customer deposits have held up well over the period and the group has been successful in securing medium term syndicated loans due to its long standing counterparty relationships.

### **Strategy**

Investec is a focused, niche specialist banking group constantly striving to be distinctive in all that it does. In order to deliver value to shareholders through economic cycles and achieve the group's growth objectives the group will continue to focus on:

- Moderating its loan growth, shifting emphasis to increasing the proportion of its non-lending revenue base;
- Maintaining credit quality;
- Strictly managing risk and liquidity;
- Creating additional operational efficiencies and containing costs;
- Building business depth rather than business breadth in its attempt to deepen existing client relationships and generate high quality income through diversified, sustainable revenue streams.

### **Outlook**

The global environment is extremely challenging. The group expects activity levels to remain low, which may impact revenue generation in the second six months of its financial year. A high level of recurring income should support sustainability of earnings, albeit at a lower level. By focusing on the group's core strengths and applying its strategy, its experienced and hands on management team should enable Investec to take advantage of selective opportunities and address challenges arising from the current market dislocation.

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 2007. Average balances are based on the period 1 April 2007 to 30 September 2007 and 1 April 2008 to 30 September 2008.

### **• Foreign currency impact**

The group's reporting currency is Pounds Sterling. Certain of the group's operations are conducted by entities outside the UK. The results of operations and the financial condition of the individual companies are reported in the local currencies in which they are domiciled, including Rands, Australian Dollars, Euros and US Dollars. These results are then translated into Pounds Sterling at the applicable foreign currency exchange rates for inclusion in the group's 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 financial period:

|                    | <b>30 Sept 2008</b> |         | <b>31 March 2008</b> |         | <b>30 Sept 2007</b> |         |
|--------------------|---------------------|---------|----------------------|---------|---------------------|---------|
|                    | Period end          | Average | Period end           | Average | Period end          | Average |
| Currency per £1.00 |                     |         |                      |         |                     |         |
| South African Rand | 14.98               | 14.95   | 16.17                | 14.31   | 13.98               | 14.21   |
| Australian Dollar  | 2.26                | 2.12    | 2.18                 | 2.32    | 2.30                | 2.39    |
| Euro               | 1.27                | 1.26    | 1.25                 | 1.42    | 1.43                | 1.47    |
| US Dollar          | 1.78                | 1.94    | 1.99                 | 2.01    | 2.04                | 2.01    |

Exchange rates between local currencies and Pounds Sterling have fluctuated over the year. The most significant impact arises from the depreciation/appreciation of the Rand. The average exchange rate over the period has depreciated by 5.2% and the closing rate has appreciated by 7.4 % since 31 March 2008.

### **• Accounting policies**

The interim results are prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards and the presentation and disclosure requirements of IAS 34. The accounting policies applied in the preparation of the results for the six months ended 30 September 2008 are consistent with those adopted in the financial statements for the year ended 31 March 2008, excepted as noted below.

The group has elected to early adopt IFRS 8 (Operating Segments) as of 1 April 2008. This standard requires disclosure of information about the group's operating segments on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. Adoption of this standard did not have any impact of the financial position or performance of the group. The group determined that the operating segments were the same as the business segments previously identified under IAS 14 (Segment Reporting).

## Reclassifications to prior period balance sheet information

Following the implementation of IFRS 7 disclosure requirements in the 31 March 2008 annual report, the classification of certain financial instruments into balance sheet classes were refined to achieve more appropriate disclosure. Adjustments to the 30 September 2007 balance sheet include:

- £226.8 million reclassified from cash equivalent advances to customers to reverse repurchase agreements and cash collateral on securities borrowed and
- £1 604.7 million reclassified from debt securities in issue to customer accounts.
  
- **Proviso**
  
- Please note that matters discussed in this announcement may contain forward looking statements which are subject to various risks and uncertainties and other factors, including, but not limited to:
  - the further development of standards and interpretations under International Financial Reporting Standards (IFRS) applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS.
  - domestic and global economic and business conditions.
  - market related risks.
  
- A number of these factors are beyond the group's control.
- These factors may cause the group's actual future results, performance or achievements in the markets in which it operates to differ from those expressed or implied.
- Any forward looking statements made are based on the knowledge of the group at 13 November 2008.



**Investec plc and Investec Limited (combined results)**

**Unaudited consolidated financial results in Pounds Sterling for the six months to 30 September 2008**

**Salient features**

|   | <b>30 Sept.<br/>2008</b> | 30 Sept.<br>2007 | %<br>Change | 31 March<br>2008 |
|---|--------------------------|------------------|-------------|------------------|
| Operating profit before goodwill, non-operating items,<br>taxation and after minorities (£'000) | <b>241,758</b>           | 244,535          | (1.1%)      | 508,717          |
| Adjusted earnings before goodwill<br>and non-operating items (£'000)                            | <b>165,632</b>           | 160,858          | 3.0%        | 344,695          |
| Adjusted earnings per share (before goodwill and non-<br>operating items) (pence)               | <b>26.3</b>              | 27.3             | (3.7%)      | 56.9             |
| Earnings attributable to shareholders (£'000)   | <b>189,504</b>           | 182,624          | 3.8%        | 391,558          |
| Earnings per share (pence)  | <b>25.6</b>              | 26.9             | (4.8%)      | 57.7             |
| Dividends per share (pence)   | <b>8.0</b>               | 11.5             | (30.4%)     | 25.0             |
| Dividends per share (cents)   | <b>128.0</b>             | 159.5            | (19.8%)     | 361.5            |

## Combined consolidated income statement

| £'000   | 6 months to<br>30 Sept.<br>2008 | 6 months to<br>30 Sept.<br>2007 | Year to<br>31 March<br>2008 |
|---|---------------------------------|---------------------------------|-----------------------------|
| Interest income   | 1,335,403                       | 789,780                         | 2,083,380                   |
| Interest expense  | (991,775)                       | (566,678)                       | (1,499,960)                 |
| <b>Net interest income</b>  | <b>343,628</b>                  | 223,102                         | 583,420                     |
| Fee and commission income   | 332,610                         | 312,940                         | 614,357                     |
| Fee and commission expense  | (30,822)                        | (35,238)                        | (63,061)                    |
| Principal transactions  | 82,298                          | 108,492                         | 276,705                     |
| Operating income from associates                                  | 7,724                           | 6,369                           | 12,138                      |
| Investment income on assurance activities                         | 26,682                          | 57,375                          | 89,593                      |
| Premiums and reinsurance recoveries on insurance contracts        | 13,106                          | 29,446                          | 40,849                      |
| Other operating (loss)/income                                     | (13,744)                        | 28,142                          | 50,043                      |
| <b>Other income</b>   | <b>417,854</b>                  | 507,526                         | 1,020,624                   |
| Claims and reinsurance premiums on insurance business             | (37,753)                        | (83,375)                        | (120,358)                   |
| <b>Total operating income net of insurance claims</b>             | <b>723,729</b>                  | 647,253                         | 1,483,686                   |
| Impairment losses on loans and advances                           | (76,780)                        | (11,738)                        | (114,185)                   |
| <b>Operating income</b>   | <b>646,949</b>                  | 635,515                         | 1,369,501                   |
| Administrative expenses   | (405,480)                       | (371,245)                       | (807,500)                   |
| Depreciation and amortisation of property, equipment and software | (14,439)                        | (10,019)                        | (24,330)                    |
| <b>Operating profit before goodwill</b>                           | <b>227,030</b>                  | 254,251                         | 537,671                     |
| Goodwill  | –                               | –                               | (62,765)                    |
| <b>Operating profit</b>   | <b>227,030</b>                  | 254,251                         | 474,906                     |
| Profit on disposal of group operations                            | –                               | –                               | 72,855                      |
| <b>Profit before taxation</b>                                     | <b>227,030</b>                  | 254,251                         | 547,761                     |
| Taxation  | (52,254)                        | (61,911)                        | (127,249)                   |
| <b>Profit after taxation</b>                                      | <b>174,776</b>                  | 192,340                         | 420,512                     |
| Earnings attributable to minority interests                       | (14,728)                        | 9,716                           | 28,954                      |
| Earnings attributable to shareholders                             | 189,504                         | 182,624                         | 391,558                     |
|   | 174,776                         | 192,340                         | 420,512                     |
| <b>Earnings attributable to shareholders</b>                      | <b>189,504</b>                  | 182,624                         | 391,558                     |
| Goodwill  | –                               | –                               | 62,765                      |
| Profit on disposal of group operations                            | –                               | –                               | (64,345)                    |
| Preference dividends paid   | (28,749)                        | (24,217)                        | (41,779)                    |
| Additional earnings attributable to other equity holders          | 4,877                           | 2,451                           | (3,504)                     |
| <b>Adjusted earnings before goodwill and non-operating items</b>  | <b>165,632</b>                  | 160,858                         | 344,695                     |
| <b>Earnings per share (pence)</b>                                 |                                 |                                 |                             |
| – basic   | 25.6                            | 26.9                            | 57.7                        |
| – diluted   | 24.5                            | 24.8                            | 54.0                        |
| <b>Adjusted earnings per share (pence)</b>                        |                                 |                                 |                             |
| – basic   | 26.3                            | 27.3                            | 56.9                        |
| – diluted   | 25.2                            | 25.2                            | 53.2                        |
| <b>Dividends per share</b>  | <b>8.0</b>                      | 11.5                            | 25.0                        |
| <b>Number of weighted average shares</b>                          |                                 |                                 |                             |
| – basic (millions)  | 629.0                           | 589.0                           | 606.2                       |

**Combined consolidated cash flow statement**

| £'000   | 6 months to<br>30 Sept.<br>2008 | 6 months to<br>30 Sept.<br>2007 | Year to<br>31 March<br>2008 |
|---|---------------------------------|---------------------------------|-----------------------------|
| Cash inflows from operations                                  | 284,850                         | 253,562                         | 610,450                     |
| Increase in operating assets                                  | (1,163,368)                     | (106,769)                       | (655,805)                   |
| Increase in operating liabilities                             | 666,641                         | 319,089                         | 1,080,433                   |
| Net cash (outflow)/inflow from operating activities           | (211,877)                       | 465,882                         | 1,035,078                   |
| Net cash outflow from investing activities                    | (22,981)                        | (27,054)                        | (65,642)                    |
| Net cash outflow from financing activities                    | (83,206)                        | (93,696)                        | (54,893)                    |
| Effects of exchange rate changes on cash and cash equivalents | 53,136                          | 24,999                          | (97,791)                    |
| <b>Net (decrease)/increase in cash and cash equivalents</b>   | <b>(264,928)</b>                | 370,131                         | 816,752                     |
| Cash and cash equivalents at the beginning of the period      | 1,951,876                       | 1,135,124                       | 1,135,124                   |
| <b>Cash and cash equivalents at the end of the period</b>     | <b>1,686,948</b>                | 1,505,255                       | 1,951,876                   |

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 sheet at**

| £'000  | 30 Sept.<br>2008  | 31 March<br>2008  | 30 Sept.<br>2007  |
|--|-------------------|-------------------|-------------------|
| <b>Assets</b>  |                   |                   |                   |
| Cash and balances at central banks                                       | 410,744           | 788,472           | 163,515           |
| Loans and advances to banks  | 2,574,796         | 2,153,773         | 2,349,889         |
| Cash equivalent advances to customers                                    | 484,996           | 504,382           | 686,623           |
| Reverse repurchase agreements and cash collateral on securities borrowed | 1,124,368         | 794,153           | 1,172,429         |
| Trading securities   | 2,134,927         | 1,984,580         | 2,029,407         |
| Derivative financial instruments   | 1,261,730         | 1,305,264         | 872,115           |
| Investment securities  | 809,348           | 1,130,872         | 1,940,166         |
| Loans and advances to customers  | 13,882,520        | 12,249,759        | 11,298,193        |
| Loans and advances to customers – Kensington warehouse assets            | 1,697,373         | 1,796,376         | 1,757,422         |
| Securitised assets   | 5,547,412         | 6,082,975         | 6,664,984         |
| Interest in associated undertakings                                      | 87,045            | 82,576            | 77,412            |
| Deferred taxation assets   | 87,259            | 84,493            | 69,767            |
| Other assets   | 1,001,754         | 882,209           | 991,610           |
| Property and equipment   | 150,468           | 141,352           | 134,235           |
| Investment properties  | 161,207           | 134,975           | 98,081            |
| Goodwill   | 273,928           | 271,932           | 317,137           |
| Intangible assets  | 31,584            | 31,506            | 38,947            |
|  | <b>31,721,459</b> | <b>30,419,649</b> | <b>30,661,932</b> |
| Other financial instruments at fair value through income in respect of   |                   |                   |                   |
| – liabilities to customers   | 3,308,208         | 2,878,894         | 3,159,979         |
| – assets related to reinsurance contracts                                | 909,121           | 805,009           | 974,189           |
|  | <b>35,938,788</b> | <b>34,103,552</b> | <b>34,796,100</b> |
| <b>Liabilities</b>   |                   |                   |                   |
| Deposits by banks  | 3,703,112         | 3,489,032         | 2,943,203         |
| Deposits by banks – Kensington warehouse funding                         | 1,389,603         | 1,778,438         | 1,641,177         |
| Derivative financial instruments   | 862,124           | 881,577           | 680,389           |
| Other trading liabilities  | 451,856           | 450,580           | 357,781           |
| Repurchase agreements and cash collateral on securities lent             | 1,165,651         | 382,384           | 561,469           |
| Customer accounts  | 12,898,703        | 12,133,120        | 12,315,991        |
| Debt securities in issue   | 875,818           | 777,769           | 1,138,820         |
| Liabilities arising on securitisation                                    | 5,371,746         | 5,760,208         | 6,358,378         |
| Current taxation liabilities   | 125,561           | 132,657           | 108,975           |
| Deferred taxation liabilities  | 98,233            | 79,172            | 64,493            |
| Other liabilities  | 1,308,836         | 1,279,372         | 1,348,016         |
| Pension fund liabilities   | –                 | –                 | 1,200             |
|  | <b>28,251,243</b> | <b>27,144,309</b> | <b>27,519,892</b> |

|  |                   |            |            |
|--|-------------------|------------|------------|
| Liabilities to customers under investment contracts      | <b>3,288,073</b>  | 2,862,916  | 3,138,415  |
| Insurance liabilities, including unit-linked liabilities | <b>20,135</b>     | 15,978     | 21,564     |
| Reinsured liabilities                                    | <b>909,121</b>    | 805,009    | 974,189    |
|  | <b>32,468,572</b> | 30,828,212 | 31,654,060 |
| Subordinated liabilities (including convertible debt)    | <b>1,110,783</b>  | 1,065,321  | 984,146    |
|  | <b>33,579,355</b> | 31,893,533 | 32,638,206 |
| <b>Equity</b>  |                   |            |            |
| Called up share capital                                  | <b>177</b>        | 177        | 176        |
| Share premium  | <b>1,399,993</b>  | 1,360,450  | 1,356,826  |
| Treasury shares  | <b>(126,955)</b>  | (114,904)  | (120,538)  |
| Equity portion of convertible instruments                | <b>–</b>          | 2,191      | 2,191      |
| Perpetual preference shares                              | <b>283,668</b>    | 272,335    | 294,698    |
| Other reserves   | <b>(66,665)</b>   | (42,057)   | 44,359     |
| Profit and loss account                                  | <b>574,250</b>    | 433,012    | 280,159    |
| Shareholders' equity excluding minority interests        | <b>2,064,468</b>  | 1,911,204  | 1,857,871  |
| Minority interests                                       | <b>294,965</b>    | 298,815    | 300,023    |
| – Perpetual preferred securities issued by subsidiaries  | <b>257,134</b>    | 251,637    | 246,272    |
| – Minority interests in partially held subsidiaries      | <b>37,831</b>     | 47,178     | 53,751     |
| Total equity   | <b>2,359,433</b>  | 2,210,019  | 2,157,894  |
| <b>Total liabilities and equity</b>                      | <b>35,938,788</b> | 34,103,552 | 34,796,100 |

**A geographical breakdown of business operating profit for the 6 months to 30 September 2008**

| £'000                                    | Southern Africa | United Kingdom and Europe | Australia    | Other Geographies | Total group     |
|--|-----------------|---------------------------|--------------|-------------------|-----------------|
| Private Banking                          | 22,614          | 35,080                    | 5,532        | –                 | <b>63,226</b>   |
| Private Client Portfolio                 |                 |                           |              |                   |                 |
| Management and Stockbroking              | 6,549           | 6,579                     | –            | –                 | <b>13,128</b>   |
| Capital Markets                          | 31,212          | 39,488                    | 1,430        | –                 | <b>72,130</b>   |
| Investment Banking                       | 29,402          | 1,199                     | (2,045)      | –                 | <b>28,556</b>   |
| Asset Management                         | 22,495          | 11,189                    | –            | –                 | <b>33,684</b>   |
| Property Activities                      | 11,173          | (363)                     | 334          | –                 | <b>11,144</b>   |
| Group Services and Other                 | 34,199          | (18,287)                  | 3,978        | –                 | <b>19,890</b>   |
| <b>Operating profit after minorities</b> | <b>157,644</b>  | <b>74,885</b>             | <b>9,229</b> | <b>–</b>          | <b>241,758</b>  |
| Minority interest                        |                 |                           |              |                   | <b>(14,728)</b> |
| <b>Operating profit</b>                  |                 |                           |              |                   | <b>227,030</b>  |

**A geographical breakdown of business operating profit for the 6 months to 30 September 2007**

| £'000                                    | Southern Africa | United Kingdom and Europe | Australia     | Other Geographies | Total group    |
|--|-----------------|---------------------------|---------------|-------------------|----------------|
| Private Banking                          | 22,878          | 51,778                    | 11,038        | –                 | <b>85,694</b>  |
| Private Client Portfolio                 |                 |                           |               |                   |                |
| Management and Stockbroking              | 8,369           | 5,998                     | –             | –                 | <b>14,367</b>  |
| Capital Markets                          | 32,093          | 5,939                     | 4,667         | –                 | <b>42,699</b>  |
| Investment Banking                       | 35,876          | 4,769                     | 4,450         | –                 | <b>45,095</b>  |
| Asset Management                         | 24,330          | 11,873                    | –             | –                 | <b>36,203</b>  |
| Property Activities                      | 11,959          | (337)                     | (136)         | –                 | <b>11,486</b>  |
| Group Services and Other                 | 17,491          | (9,548)                   | 1,012         | 36                | <b>8,991</b>   |
| <b>Operating profit after minorities</b> | <b>152,996</b>  | <b>70,472</b>             | <b>21,031</b> | <b>36</b>         | <b>244,535</b> |
| Minority interest                        |                 |                           |               |                   | <b>9,716</b>   |
| <b>Operating profit</b>                  |                 |                           |               |                   | <b>254,251</b> |

**Summarised consolidated statement of total recognised income and expenses**

| £'000   | 6 months to<br>30 Sept.<br>2008 | 6 months to<br>30 Sept.<br>2007 | Year to<br>31 March<br>2008 |
|---|---------------------------------|---------------------------------|-----------------------------|
| Profit after taxation   | 174,776                         | 192,340                         | 420,512                     |
| Fair value movements on available for sale assets                                   | 342                             | (16,279)                        | (38,907)                    |
| Foreign currency movements  | 64,474                          | 19,978                          | (79,591)                    |
| Pension fund actuarial gains  | –                               | –                               | 7,619                       |
| Total recognised income and expenses  | 239,592                         | 196,039                         | 309,633                     |
| Total recognised income and expenses attributable to minority shareholders          | (4,022)                         | 14,563                          | 17,365                      |
| Total recognised income and expenses attributable to ordinary shareholders          | 203,532                         | 154,734                         | 270,327                     |
| Total recognised income and expenses attributable to perpetual preferred securities | 40,082                          | 26,742                          | 21,941                      |
|   | 239,592                         | 196,039                         | 309,633                     |

## Summarised consolidated statement of changes in equity

| £'000  | 6 months to<br>30 Sept.<br>2008 | 6 months to<br>30 Sept.<br>2007 | Year to<br>31 March<br>2008 |
|--|---------------------------------|---------------------------------|-----------------------------|
| <b>Balance at the beginning of the period</b>                            | <b>2,210,019</b>                | 1,820,416                       | 1,820,416                   |
| Foreign currency adjustments   | <b>64,474</b>                   | 19,978                          | (79,591)                    |
| Retained profit for the period attributable to ordinary shareholders     | <b>189,504</b>                  | 182,624                         | 391,558                     |
| Retained (loss)/profit for the period attributable to minority interests | <b>(14,728)</b>                 | 9,716                           | 28,954                      |
| Fair value movements on available for sale assets                        | <b>342</b>                      | (16,279)                        | (38,907)                    |
| Transfer to pension fund deficit   | –                               | –                               | 7,619                       |
| Total recognised gains and losses for the period                         | <b>239,592</b>                  | 196,039                         | 309,633                     |
| Share based payments adjustments   | <b>21,857</b>                   | 16,638                          | 39,182                      |
| Dividends paid to ordinary shareholders                                  | <b>(89,092)</b>                 | (74,226)                        | (145,926)                   |
| Dividends paid to minority shareholders                                  | <b>(28,749)</b>                 | (24,217)                        | (41,779)                    |
| Issue of ordinary shares   | <b>22,162</b>                   | 235,085                         | 230,664                     |
| Share issue expenses   | –                               | (65)                            | (65)                        |
| Movement of treasury shares  | <b>(12,051)</b>                 | (19,305)                        | (5,625)                     |
| Cash flow hedge movements  | <b>(4,477)</b>                  | –                               | –                           |
| Issue of equity instruments by subsidiaries                              | –                               | 7,529                           | 6,777                       |
| Dividends and capital reductions paid to minorities                      | –                               | –                               | (3,923)                     |
| Movement of minorities on disposals and acquisitions                     | <b>172</b>                      | –                               | 665                         |
| <b>Balance at the end of the period</b>                                  | <b>2,359,433</b>                | 2,157,894                       | 2,210,019                   |



## Investec plc

### Ordinary dividend announcement

Registration number: 3633621  
Share code: INP  
ISIN: GB00BI7BBQ50

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. 13) has been declared by the board in respect of the six months ended 30 September 2008. Shareholders in Investec plc will receive a distribution of 8.0 pence (2007: 11.5 pence) per ordinary share, which will be paid as follows:

- for non-South African resident Investec plc shareholders, through a dividend payment by Investec plc of 8.0 pence per ordinary share
- for South African resident shareholders of Investec plc, through a dividend payment on the SA DAS share equivalent to 8.0 pence per ordinary share

### The relevant dates for the payment of the dividends are as follows:

#### Last day to trade cum-dividend:

|  |                           |
|--|---------------------------|
| On the London Stock Exchange (LSE)       | Tuesday, 09 December 2008 |
| On the Johannesburg Stock Exchange (JSE) | Friday, 05 December 2008  |

#### Shares commence trading ex-dividend:

|  |                             |
|--|-----------------------------|
| On the London Stock Exchange (LSE)       | Wednesday, 10 December 2008 |
| On the Johannesburg Stock Exchange (JSE) | Monday, 08 December 2008    |

|  |                          |
|--|--------------------------|
| <b>Record date (on the LSE and the JSE)</b>  | Friday, 12 December 2008 |
| <b>Payment date (on the LSE and the JSE)</b> | Friday, 19 December 2008 |

Share certificates on the South African branch register may not be dematerialised or rematerialised between Monday, 08 December 2008 and Friday, 12 December 2008, both dates inclusive, nor may transfers between the UK and SA registers take place between Monday, 08 December 2008 and Friday, 12 December 2008, both dates inclusive.

Shareholders registered on the South African register are advised that the total distribution of 8.0 pence, equivalent to 128.0 cents per share, has been arrived at using the Rand/Pound Sterling average buy/sell forward rate, as determined at 11h00 (SA time) on Wednesday, 12 November 2008.

By order of the board

**D Miller**  
Company Secretary

**Investec plc**

**Dividend announcement**

Registration number: 3633621  
Share code: INPP  
ISIN: GB00B19RX541

**Non-redeemable non-cumulative non-participating preference shares  
Declaration of dividend number 5**

Notice is hereby given that preference dividend number 5 has been declared for the period 01 April 2008 to 30 September 2008 amounting to 30.14 pence per share payable to holders of the non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday, 28 November 2008.

For shares trading on the Johannesburg Stock Exchange (JSE), the dividend of 30.14 pence per share is equivalent to 479.51 cents per share, which has been determined using the Rand/Pound Sterling average buy/sell forward rate as at 11h00 (SA Time) on Wednesday, 12 November 2008.

**The relevant dates relating to the payment of dividend number 5 are as follows:**

**Last day to trade cum-dividend:**

|  |                           |
|--|---------------------------|
| On the Johannesburg Stock Exchange (JSE)     | Friday, 21 November 2008  |
| On the Channel Islands Stock Exchange (CISX) | Tuesday, 25 November 2008 |

**Shares commence trading ex-dividend:**

|  |                             |
|--|-----------------------------|
| On the Johannesburg Stock Exchange (JSE)     | Monday, 24 November 2008    |
| On the Channel Islands Stock Exchange (CISX) | Wednesday, 26 November 2008 |

**Record date (on the JSE and CISX)**

Friday, 28 November 2008

**Payment date (on the JSE and CISX)**

Tuesday, 09 December 2008

Share certificates may not be dematerialised or rematerialised between Monday, 24 November 2008 and Friday, 28 November 2008, both dates inclusive, nor may transfers between the UK and SA registers take place between Monday, 24 November 2008 and Friday, 28 November 2008, both dates inclusive.

By order of the board

**D Miller**

Company Secretary

**Investec Limited**

**Dividend announcement**

Registration number: 1925/002833/06

Share code: INL

ISIN: ZAE000081949

Notice is hereby given that an interim dividend (No. 106) of 128.0 cents (2007: 159.50 cents) per ordinary share has been declared by the board in respect of the six months ended 30 September 2008 payable to shareholders recorded in the members' register of the company at the close of business on Friday, 12 December 2008.

**The relevant dates for the payment of the dividend are as follows:**

|  |                          |
|--|--------------------------|
| <b>Last day to trade cum-dividend</b>      | Friday, 05 December 2008 |
| <b>Shares commence trading ex-dividend</b> | Monday, 08 December 2008 |
| <b>Record date</b>                         | Friday, 12 December 2008 |
| <b>Payment date</b>                        | Friday, 19 December 2008 |

The interim dividend of 128.0 cents per ordinary share has been determined by converting the Investec plc distribution of 8.0 pence per ordinary share into Rands using the Rand/Pounds Sterling average buy/sell forward rate at 11h00 (SA time) on Wednesday, 12 November 2008.

Share certificates may not be dematerialised or rematerialised between Monday, 08 December 2008 and Friday, 12 December 2008, both dates inclusive.

By order of the board

**B Coetsee**

Company Secretary

**Investec Limited**

**Dividend announcement**

Registration number: 1925/002833/06

Share code: INPR

ISIN: ZAE000063814

**Non-redeemable non-cumulative non-participating preference shares  
Declaration of dividend number 8**

Notice is hereby given that preference dividend number 8 has been declared for the period 01 April 2008 to 30 September 2008 amounting to 536.03 cents per share payable to holders of the non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday, 28 November 2008.

**The relevant dates for the payment of dividend number 8 are as follows:**

|  |                           |
|--|---------------------------|
| <b>Last day to trade cum-dividend</b>      | Friday, 21 November 2008  |
| <b>Shares commence trading ex-dividend</b> | Monday, 24 November 2008  |
| <b>Record date</b>                         | Friday, 28 November 2008  |
| <b>Payment date</b>                        | Tuesday, 09 December 2008 |

Share certificates may not be dematerialised or rematerialised between Monday, 24 November 2008 and Friday, 28 November 2008, both dates inclusive.

By order of the board

**B Coetsee**  
Company Secretary

**Investec Bank Limited**

**Dividend announcement**

Registration number: 1969/004763/06

Share code: INLP

ISIN: ZAE000048393

**Non-redeemable non-cumulative non-participating preference shares  
Declaration of dividend number 11**

Notice is hereby given that preference dividend number 11 has been declared for the period 01 April 2008 to 30 September 2008 amounting to 574.32 cents per share payable to holders of the non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday, 28 November 2008.

**The relevant dates for the payment of dividend number 11 are as follows:**

|  |                           |
|--|---------------------------|
| <b>Last day to trade cum-dividend</b>      | Friday, 21 November 2008  |
| <b>Shares commence trading ex-dividend</b> | Monday, 24 November 2008  |
| <b>Record date</b>                         | Friday, 28 November 2008  |
| <b>Payment date</b>                        | Tuesday, 09 December 2008 |

Share certificates may not be dematerialised or rematerialised between Monday, 24 November 2008 and Friday, 28 November 2008, both dates inclusive.

By order of the board

**B Coetsee**

Company Secretary