

# Investec Limited (excluding the results of Investec plc)

Consolidated financial information for the six months ended 30 September 2006

IFRS - Rand



 Investec

## Overview of results

IFRS	30 Sept 2006	30 Sept 2005	% Change	31 March 2006
Operating profit before goodwill, non-operating items and taxation (R'million)	1,673	1,418	18.0%	3,504
Headline earnings attributable to ordinary shareholders (R'million)	975	955	2.1%	2,021
Cost to income ratio	51.4%	51.9%	n/a	47.6%
Total capital resources (including subordinated liabilities) (R'million)	13,147	11,541	13.9%	12,289
Total shareholders' equity (including minority interest) (R'million)	10,097	8,455	19.4%	9,220
Total assets (R'million)	195,294	153,985	26.8%	174,597
Loans and advances to customers (R'million)	69,100	52,899	30.6%	64,032
Loans and advances to customers as a percentage of total assets	35.4%	34.4%	3.0%	36.7%
Capital adequacy ratio	14.7%	17.9%	n/a	16.3%
Tier 1 ratio	10.3%	11.6%	n/a	11.1%



## Consolidated income statement

R'million	6 months to 30 Sept 2006	6 months to 30 Sept 2005	Year to 31 March 2006
Interest received	4,102	3,177	7,122
Interest paid	(3,011)	(2,504)	(5,599)
<b>Net interest income</b>	<b>1,091</b>	<b>673</b>	<b>1,523</b>
Fees and commissions receivable	1,466	1,169	2,623
Fees and commissions payable	(87)	(68)	(129)
Principal transactions	1,171	1,078	2,553
Operating losses from associates	(27)	-	-
Investment income on assurance activities	194	894	1,521
Net premiums on insurance contracts	788	848	1,770
Other operating income	1	36	15
<b>Other income</b>	<b>3,506</b>	<b>3,957</b>	<b>8,353</b>
Claims and reinsurance premiums on insurance business	(969)	(1,632)	(3,151)
<b>Total operating income net of insurance claims</b>	<b>3,628</b>	<b>2,998</b>	<b>6,725</b>
Impairment losses on loans and advances	(90)	(23)	(23)
<b>Net operating income</b>	<b>3,538</b>	<b>2,975</b>	<b>6,702</b>
Administrative expenses	(1,838)	(1,532)	(3,147)
Depreciation and amortisation of property, equipment and software	(27)	(25)	(51)
<b>Operating profit before goodwill</b>	<b>1,673</b>	<b>1,418</b>	<b>3,504</b>
Goodwill	(28)	(75)	(233)
<b>Operating profit</b>	<b>1,645</b>	<b>1,343</b>	<b>3,271</b>
Loss on termination, disposal or combination of group operations	-	-	(1)
<b>Profit before taxation</b>	<b>1,645</b>	<b>1,343</b>	<b>3,270</b>
Taxation	(477)	(355)	(917)
<b>Profit after taxation</b>	<b>1,168</b>	<b>988</b>	<b>2,353</b>
Earnings attributable to minority shareholders	30	3	80
Profit attributable to shareholders	1,138	985	2,273
<b>Profit attributable to shareholders' equity</b>	<b>1,168</b>	<b>988</b>	<b>2,353</b>
<b>Calculation of headline earnings</b>			
Earnings attributable to shareholders	1,138	985	2,273
Headline adjustments	(23)	52	(28)
Goodwill	28	75	233
Revaluation of investment properties	(51)	(21)	(260)
Disposal of available for sale instruments	-	2	(1)
<b>Headline earnings attributable to shareholders</b>	<b>1,115</b>	<b>1,037</b>	<b>2,245</b>
Preference dividends paid	(140)	(82)	(224)
<b>Headline earnings attributable to ordinary shareholders</b>	<b>975</b>	<b>955</b>	<b>2,021</b>



## Consolidated balance sheet

R'million	30 Sept 2006	31 March 2006	30 Sept 2005
<b>Assets</b>			
Cash and balances at central banks	1,654	1,930	1,249
Loans and advances to banks	16,178	13,207	11,396
Cash equivalent advances to customers	10,332	7,400	7,676
Reverse repurchase agreements and cash collateral on securities borrowed	2,121	1,224	793
Trading securities	19,046	16,585	14,938
Derivative financial instruments	12,755	9,187	7,951
Investment securities	157	284	340
Loans and advances to customers	69,100	64,032	52,899
Interests in associated undertakings	251	-	-
Deferred taxation asset	344	350	279
Other assets	5,461	3,696	4,299
Property and equipment	121	104	117
Investment properties	1,248	1,748	2,218
Goodwill	471	499	629
Intangible assets	100	92	91
	<b>139,339</b>	<b>120,338</b>	<b>104,875</b>
Other financial instruments at fair value through income in respect of			
- liabilities to customers	40,667	38,906	34,489
- assets related to reinsurance contracts	15,288	15,353	14,621
	<b>195,294</b>	<b>174,597</b>	<b>153,985</b>
<b>Liabilities</b>			
Deposits by banks	8,798	7,775	4,868
Derivative financial instruments	10,120	7,064	6,432
Other trading liabilities	4,824	3,575	2,534
Repurchase agreements and cash collateral on securities lent	2,496	919	582
Customer accounts	61,105	56,162	52,107
Debt securities in issue	27,531	23,502	17,396
Current taxation liabilities	723	999	663
Deferred taxation liabilities	355	265	230
Other liabilities	10,240	7,788	8,522
	<b>126,192</b>	<b>108,049</b>	<b>93,334</b>
Liabilities to customers under investment contracts	39,325	37,407	33,010
Insurance liabilities, including unit-linked liabilities	1,342	1,499	1,479
Reinsured liabilities	15,288	15,353	14,621
	<b>182,147</b>	<b>162,308</b>	<b>142,444</b>
Subordinated liabilities (including convertible debt)	3,050	3,069	3,086
	<b>185,197</b>	<b>165,377</b>	<b>145,530</b>
<b>Equity</b>			
Called up share capital	1	1	1
Share premium account	4,881	4,701	4,701
Treasury shares	(1,143)	(833)	(712)
Equity portion of convertible debentures	22	22	22
Perpetual preference shares	2,308	2,308	2,308
Other reserves	802	485	482
Profit and loss account	1,632	971	(71)
Shareholders' equity excluding minority interests	<b>8,503</b>	<b>7,655</b>	<b>6,731</b>
Minority interests	<b>1,594</b>	<b>1,565</b>	<b>1,724</b>
- Perpetual preferred securities issued by subsidiaries	1,491	1,491	1,491
- Other	103	74	233
<b>Total shareholders' equity</b>	<b>10,097</b>	<b>9,220</b>	<b>8,455</b>
<b>Total liabilities and shareholders' equity</b>	<b>195,294</b>	<b>174,597</b>	<b>153,985</b>



## Statement of changes in shareholders' equity (summarised)

R'million	6 months to 30 Sept 2006	Year to 31 March 2006	6 months to 30 Sept 2005
<b>Balance at the beginning of the period</b>	<b>9,220</b>	<b>7,870</b>	<b>7,870</b>
Foreign currency adjustments	95	(29)	(16)
Earnings for the period attributable to ordinary shareholders	1,138	2,273	985
Earnings for the period attributable to minority interests	30	(80)	(3)
Share based payments adjustments	111	138	61
Fair value movements on available for sale assets	61	97	12
Dividends paid to ordinary shareholders	(287)	(636)	(335)
Dividends paid to Perpetual preference shareholders	(140)	(224)	(82)
Net purchase of treasury shares	(310)	(147)	(26)
Cash flow hedge fair value movement	-	17	(33)
Movement on minorities on disposals and acquisitions	(1)	(59)	23
Issue of Ordinary shares	180	-	-
Share issue expenses	-	-	(1)
<b>Balance at the end of the period</b>	<b>10,097</b>	<b>9,220</b>	<b>8,455</b>



## Segmental information - business analysis

For the six months to 30 September 2006

R'million	Private Client Activities	Treasury and Specialised Finance	Investment Banking	Asset Management	Property Activities	Group Services and Other Activities	Total group
<b>Net interest income</b>	<b>586</b>	<b>299</b>	<b>1</b>	<b>23</b>	<b>(34)</b>	<b>216</b>	<b>1,091</b>
Fees and commissions receivable	340	150	183	610	163	20	1,466
Fees and commissions payable	(54)	(20)	(19)	-	-	6	(87)
Principal transactions	50	284	354	12	78	393	1,171
Operating losses from associates	-	-	-	-	-	(27)	(27)
Investment income on assurance activities	-	-	-	-	-	194	194
Net premiums on insurance contracts	-	-	-	-	-	788	788
Other operating income	-	-	-	-	-	1	1
<b>Other income</b>	<b>336</b>	<b>414</b>	<b>518</b>	<b>622</b>	<b>241</b>	<b>1,375</b>	<b>3,506</b>
Claims and reinsurance premiums on insurance business	-	-	-	-	-	(969)	(969)
<b>Total operating income net of insurance claims</b>	<b>922</b>	<b>713</b>	<b>519</b>	<b>645</b>	<b>207</b>	<b>622</b>	<b>3,628</b>
Impairment losses on loans and advances	(33)	(59)	-	-	-	2	(90)
<b>Net operating income</b>	<b>889</b>	<b>654</b>	<b>519</b>	<b>645</b>	<b>207</b>	<b>624</b>	<b>3,538</b>
Administrative expenses	(588)	(328)	(188)	(340)	(121)	(273)	(1,838)
Depreciation and impairment of property, equipment and software	(8)	(1)	-	(5)	(1)	(12)	(27)
<b>Operating profit before goodwill impairment</b>	<b>293</b>	<b>325</b>	<b>331</b>	<b>300</b>	<b>85</b>	<b>339</b>	<b>1,673</b>
Impairment of goodwill	-	-	-	-	(28)	-	(28)
<b>Operating profit</b>	<b>293</b>	<b>325</b>	<b>331</b>	<b>300</b>	<b>57</b>	<b>339</b>	<b>1,645</b>
Profit on disposal or termination of group operations	-	-	-	-	-	-	-
<b>Profit before taxation</b>	<b>293</b>	<b>325</b>	<b>331</b>	<b>300</b>	<b>57</b>	<b>339</b>	<b>1,645</b>
Cost to income ratio	64.6%	46.1%	36.2%	53.5%	58.9%	45.8%	51.4%

For the six months to 30 September 2005

R'million	Private Client Activities	Treasury and Specialised Finance	Investment Banking	Asset Management	Property Activities	Group Services and Other Activities	Total group
<b>Net interest income</b>	<b>383</b>	<b>240</b>	<b>15</b>	<b>9</b>	<b>(20)</b>	<b>46</b>	<b>673</b>
Fees and commissions receivable	258	164	116	484	106	41	1,169
Fees and commissions payable	(37)	(18)	(11)	-	-	(2)	(68)
Principal transactions	10	155	319	-	131	463	1,078
Operating income from associates	-	-	-	-	-	-	-
Investment income on assurance activities	-	-	-	-	-	894	894
Net premiums on insurance contracts	-	(1)	-	-	-	849	848
Other operating income	-	-	-	-	6	30	36
<b>Other income</b>	<b>231</b>	<b>300</b>	<b>424</b>	<b>484</b>	<b>243</b>	<b>2,275</b>	<b>3,957</b>
Claims and reinsurance premiums on insurance business	-	-	-	-	-	(1,632)	(1,632)
<b>Total operating income net of insurance claims</b>	<b>614</b>	<b>540</b>	<b>439</b>	<b>493</b>	<b>223</b>	<b>689</b>	<b>2,998</b>
Impairment losses on loans and advances	(8)	(27)	(6)	-	-	18	(23)
<b>Net operating income</b>	<b>606</b>	<b>513</b>	<b>433</b>	<b>493</b>	<b>223</b>	<b>707</b>	<b>2,975</b>
Administrative expenses	(417)	(256)	(159)	(274)	(116)	(310)	(1,532)
Depreciation and impairment of property, equipment and software	(7)	(1)	-	(5)	(1)	(11)	(25)
<b>Operating profit before goodwill impairment</b>	<b>182</b>	<b>256</b>	<b>274</b>	<b>214</b>	<b>106</b>	<b>386</b>	<b>1,418</b>
Impairment of goodwill	-	-	-	-	(75)	-	(75)
<b>Operating profit</b>	<b>182</b>	<b>256</b>	<b>274</b>	<b>214</b>	<b>31</b>	<b>386</b>	<b>1,343</b>
Profit on disposal or termination of group operations	-	-	-	-	-	-	-
<b>Profit before taxation</b>	<b>182</b>	<b>256</b>	<b>274</b>	<b>214</b>	<b>31</b>	<b>386</b>	<b>1,343</b>
Cost to income ratio	69.1%	47.6%	36.2%	56.6%	52.5%	46.6%	51.9%

## Segmental analysis of operating profit before goodwill, non-operating items and taxation

R'million	6 months to 30 Sept 2006	6 months to 30 Sept 2005	% Change
<b>Private Client Activities</b>			
Private Banking	222	137	62.0%
Private Client Portfolio Management and Stockbroking	71	45	57.8%
	<b>293</b>	<b>182</b>	<b>61.0%</b>
<b>Treasury and Specialised Finance</b>	<b>325</b>	<b>256</b>	<b>27.0%</b>
<b>Investment Banking</b>			
Corporate Finance	43	25	72.0%
Institutional Research, Sales and Trading	60	18	>100%
Direct Investments	82	103	(20.4%)
Private Equity	146	128	14.1%
	<b>331</b>	<b>274</b>	<b>20.8%</b>
<b>Asset Management</b>	<b>300</b>	<b>214</b>	<b>40.2%</b>
<b>Property Activities</b>	<b>85</b>	<b>106</b>	<b>(19.8%)</b>
<b>Group Services and Other Activities</b>			
International Trade Finance	11	9	22.2%
UK Traded Endowments	-	(1)	(100.0%)
Assurance Activities	10	17	(41.2%)
Central Funding	463	510	(9.2%)
Central Services Costs	(145)	(149)	(2.7%)
	<b>339</b>	<b>386</b>	<b>(12.2%)</b>
<b>Total group</b>	<b>1,673</b>	<b>1,418</b>	<b>18.0%</b>



## Asset quality

R'million	30 Sept 2006	31 March 2006	30 Sept 2005
Total loans and advances to customers (gross of impairments)	69,479	64,365	53,243
Managed book	(1,116)	(671)	(563)
<b>Net loans and advances to customers</b>	<b>68,363</b>	<b>63,694</b>	<b>52,680</b>
Specific impairments	277	240	252
Portfolio impairments	102	93	92
<b>Total impairments</b>	<b>379</b>	<b>333</b>	<b>344</b>
Gross non-performing loans	675	354	315
Less: security	(475)	(183)	(107)
<b>Net non-performing loans</b>	<b>200</b>	<b>171</b>	<b>208</b>
<b>Adequacy of impairments</b>			
Specific impairments as a % of loans and advances to customers	0.40%	0.37%	0.47%
Portfolio impairments as a % of net loans and advances to customers	0.15%	0.15%	0.17%
Total impairments as a % of loans and advances to customers	0.55%	0.52%	0.65%
Total impairments as a % gross non-performing loans	56.15%	94.07%	109.21%
Total impairments as a % of net non-performing loans	189.50%	194.74%	165.38%
Specific impairments as a % of gross non-performing loans	41.04%	67.80%	80.00%
Specific impairments as a % of net non-performing loans	138.50%	140.35%	121.15%
Gross non-performing loans as a % of loans and advances to customers	0.97%	0.55%	0.59%



## Capital adequacy

R'million	30 Sept 2006	31 March 2006	30 Sept 2005
Risk-weighted assets	85,304	74,560	62,757
Net qualifying capital	12,542	12,134	11,217
Qualifying capital as a percentage of RWA	14.7%	16.3%	17.9%
Tier 1 ratio	10.3%	11.1%	11.6%

