

## **Investec plc (excluding Investec Limited)**

Unaudited consolidated financial information for the six months ended 30 September 2006

IFRS - Pounds Sterling



 **Investec**

## Consolidated income statements

| £'000   | 6 months to<br>30 Sept 2006 | 6 months to<br>30 Sept 2005 | Year to<br>31 March 2006 |
|---|-----------------------------|-----------------------------|--------------------------|
| Interest received   | 202,908                     | 152,462                     | 328,920                  |
| Interest paid   | (125,382)                   | (94,814)                    | (203,734)                |
| <b>Net interest income</b>  | <b>77,526</b>               | <b>57,648</b>               | <b>125,186</b>           |
| Fees and commissions receivable                                   | 164,212                     | 109,517                     | 247,508                  |
| Fees and commissions payable                                      | (20,736)                    | (13,151)                    | (30,270)                 |
| Principal transactions  | 34,517                      | 24,652                      | 64,312                   |
| Operating income from associates                                  | 4,283                       | 2,950                       | 6,677                    |
| Other operating income  | 9,983                       | 705                         | 1,578                    |
| <b>Other income</b>   | <b>192,259</b>              | <b>124,673</b>              | <b>289,805</b>           |
| <b>Total operating income</b>                                     | <b>269,785</b>              | <b>182,321</b>              | <b>414,991</b>           |
| Impairment losses on loans and advances                           | (1,447)                     | (3,272)                     | (7,241)                  |
| <b>Net operating income</b>                                       | <b>268,338</b>              | <b>179,049</b>              | <b>407,750</b>           |
| Administrative expenses   | (170,673)                   | (121,882)                   | (281,009)                |
| Depreciation and amortisation of property, equipment and software | (3,656)                     | (1,812)                     | (3,289)                  |
| <b>Operating profit before goodwill</b>                           | <b>94,009</b>               | <b>55,355</b>               | <b>123,452</b>           |
| Goodwill  | 9,552                       | -                           | -                        |
| <b>Operating profit</b>   | <b>103,561</b>              | <b>55,355</b>               | <b>123,452</b>           |
| Profit/(loss) on disposal or termination of group operations      | -                           | 76,223                      | 74,164                   |
| <b>Net income before taxation</b>                                 | <b>103,561</b>              | <b>131,578</b>              | <b>197,616</b>           |
| Taxation  | (24,772)                    | (13,469)                    | (33,238)                 |
| <b>Profit after taxation</b>                                      | <b>78,789</b>               | <b>118,109</b>              | <b>164,378</b>           |
| Earnings attributable to minority interests                       | (1,830)                     | 3,762                       | 6,893                    |
| Earnings attributable to shareholders                             | 80,619                      | 114,347                     | 157,485                  |
| <b>Earnings attributable to shareholders' equity</b>              | <b>78,789</b>               | <b>118,109</b>              | <b>164,378</b>           |



## Consolidated balance sheet

| £'000  | 30 Sept 2006     | 31 March 2006    | 30 Sept 2005     |
|--|------------------|------------------|------------------|
| <b>Assets</b>  |                  |                  |                  |
| Cash and balances at central banks                                       | 18,595           | 10,875           | 14,091           |
| Loans and advances to banks  | 666,096          | 693,634          | 461,495          |
| Cash equivalent advances to customers                                    | 55               | 54               | 53               |
| Reverse repurchase agreements and cash collateral on securities borrowed | 834,118          | 642,465          | 611,747          |
| Trading securities   | 258,571          | 160,670          | 136,769          |
| Derivative financial instruments   | 345,476          | 254,332          | 163,844          |
| Investment securities  | 1,739,833        | 1,240,187        | 1,107,824        |
| Loans and advances to customers  | 4,503,769        | 3,633,428        | 3,192,544        |
| Interests in associated undertakings                                     | 65,812           | 63,122           | 59,076           |
| Deferred taxation asset  | 27,236           | 27,417           | 24,579           |
| Other assets   | 960,513          | 957,612          | 799,505          |
| Property and equipment   | 113,064          | 17,203           | 21,017           |
| Goodwill   | 176,839          | 137,072          | 134,383          |
| Intangible assets  | 1,811            | 1,493            | 1,294            |
|  | <b>9,711,788</b> | <b>7,839,564</b> | <b>6,728,221</b> |
| <b>Liabilities</b>   |                  |                  |                  |
| Deposits by banks  | 1,585,252        | 1,274,144        | 1,044,685        |
| Derivative financial instruments   | 104,901          | 48,289           | 44,338           |
| Other trading liabilities  | 92,504           | 123,791          | 182,584          |
| Repurchase agreements and cash collateral on securities lent             | 477,217          | 272,584          | 31,313           |
| Customer accounts  | 3,869,227        | 3,469,036        | 2,953,112        |
| Debt securities in issue   | 1,323,562        | 758,224          | 748,282          |
| Deferred taxation liabilities  | 6,715            | 1,536            | 1,850            |
| Current taxation liabilities   | 40,396           | 37,932           | 19,817           |
| Other liabilities  | 927,129          | 852,080          | 718,228          |
| Pension fund liabilities   | 1,735            | 2,013            | 9,142            |
|  | <b>8,428,638</b> | <b>6,839,629</b> | <b>5,753,351</b> |
| Subordinated liabilities   | 267,462          | 225,683          | 234,662          |
|  | <b>8,696,100</b> | <b>7,065,312</b> | <b>5,988,013</b> |
| <b>Equity</b>  |                  |                  |                  |
| Called up share capital  | 214              | 119              | 119              |
| Share premium  | 481,445          | 393,267          | 393,267          |
| Treasury shares  | (8,607)          | (21,656)         | (22,563)         |
| Other reserves   | 86,485           | 51,928           | 50,551           |
| Profit and loss account  | 255,881          | 210,959          | 178,973          |
| Shareholders' equity excluding minority interests                        | <b>815,418</b>   | <b>634,617</b>   | <b>600,347</b>   |
| Minority interests   | <b>200,270</b>   | <b>139,635</b>   | <b>139,861</b>   |
| Perpetual preferred securities issued by subsidiaries                    | 135,706          | 139,402          | 136,278          |
| Other  | 64,564           | 233              | 3,583            |
| <b>Total shareholders' equity</b>  | <b>1,015,688</b> | <b>774,252</b>   | <b>740,208</b>   |
| <b>Total liabilities and shareholders' equity</b>                        | <b>9,711,788</b> | <b>7,839,564</b> | <b>6,728,221</b> |



## Summarised consolidated statements of changes in equity

| £'000  | 6 months to<br>30 Sept 2006 | Year to<br>31 March 2006 | 6 months to<br>30 Sept 2005 |
|--|-----------------------------|--------------------------|-----------------------------|
| <b>Balance at the beginning of the period</b>                        | <b>774,252</b>              | <b>497,181</b>           | <b>497,181</b>              |
| Foreign currency adjustments   | (3,752)                     | 1,436                    | 2,264                       |
| Retained profit for the period attributable to ordinary shareholders | 80,619                      | 157,485                  | 114,347                     |
| Retained profit for the period attributable to minority interests    | (1,830)                     | 6,893                    | 3,762                       |
| Share based payments adjustments                                     | 7,096                       | 10,125                   | 2,931                       |
| Fair value movements on available for sale assets                    | 1,280                       | (2,713)                  | (3,787)                     |
| Decrease in pension fund deficit                                     | -                           | 2,035                    | -                           |
| Dividends paid to ordinary shareholders                              | (34,322)                    | (28,544)                 | (14,014)                    |
| Dividends paid on preferred securities                               | (9,676)                     | -                        | -                           |
| Issue of ordinary shares   | 8,431                       | -                        | -                           |
| Issue of perpetual preference shares                                 | 80,628                      | -                        | -                           |
| Share issue expenses   | (787)                       | (556)                    | (556)                       |
| Movement of treasury shares  | 51,697                      | (1,610)                  | 2,200                       |
| Issue of equity instruments by subsidiaries                          | 42,904                      | 132,520                  | 135,880                     |
| Movement of minorities on disposals and acquisitions                 | 19,148                      | -                        | -                           |
| <b>Balance at the end of the period</b>                              | <b>1,015,688</b>            | <b>774,252</b>           | <b>740,208</b>              |



## Segmental information - business analysis

For the six months to 30 September 2006

| £'000   | Private Client<br>Activities | Treasury and<br>Specialised<br>Finance | Investment<br>Banking | Asset<br>Management | Property<br>Activities | Group<br>Services<br>and Other<br>Activities | Total group    |
|---|------------------------------|--|-----------------------|---------------------|------------------------|--|----------------|
| <b>Net interest income</b>  | <b>57,730</b>                | <b>18,733</b>                          | <b>(1,251)</b>        | <b>1,219</b>        | <b>(105)</b>           | <b>1,200</b>                                 | <b>77,526</b>  |
| Fees and commissions receivable                                   | 48,246                       | 33,945                                 | 27,614                | 54,538              | 17                     | (148)  | 164,212        |
| Fees and commissions payable                                      | (2,086)                      | (222)                                  | (870)                 | (17,558)            | -                      | -  | (20,736)       |
| Principal transactions  | 6,856                        | 23,494                                 | 3,094                 | -                   | 278                    | 795  | 34,517         |
| Operating income from associates                                  | 4,053                        | (11)                                   | 78                    | -                   | -                      | 163  | 4,283          |
| Other operating income  | -                            | -                                      | 9,307                 | -                   | -                      | 676  | 9,983          |
| <b>Other income</b>   | <b>57,069</b>                | <b>57,206</b>                          | <b>39,223</b>         | <b>36,980</b>       | <b>295</b>             | <b>1,486</b>                                 | <b>192,259</b> |
| <b>Total operating income</b>                                     | <b>114,799</b>               | <b>75,939</b>                          | <b>37,972</b>         | <b>38,199</b>       | <b>190</b>             | <b>2,686</b>                                 | <b>269,785</b> |
| Impairment losses on loans and advances                           | (1,326)                      | (121)                                  | -                     | -                   | -                      | -  | (1,447)        |
| <b>Net operating income</b>                                       | <b>113,473</b>               | <b>75,818</b>                          | <b>37,972</b>         | <b>38,199</b>       | <b>190</b>             | <b>2,686</b>                                 | <b>268,338</b> |
| Administrative expenses   | (51,494)                     | (42,311)                               | (25,035)              | (30,118)            | (73)                   | (21,642)                                     | (170,673)      |
| Depreciation and amortisation of property, equipment and software | (702)                        | (321)                                  | (1,837)               | (35)                | -                      | (761)  | (3,656)        |
| <b>Operating profit before goodwill</b>                           | <b>61,277</b>                | <b>33,186</b>                          | <b>11,100</b>         | <b>8,046</b>        | <b>117</b>             | <b>(19,717)</b>                              | <b>94,009</b>  |
| Goodwill  | 3,184                        | 3,184                                  | -                     | -                   | -                      | 3,184  | 9,552          |
| <b>Operating profit</b>   | <b>64,461</b>                | <b>36,370</b>                          | <b>11,100</b>         | <b>8,046</b>        | <b>117</b>             | <b>(16,533)</b>                              | <b>103,561</b> |
| Profit on disposal or termination of group operations             | -                            | -                                      | -                     | -                   | -                      | -  | -              |
| <b>Profit before taxation</b>                                     | <b>64,461</b>                | <b>36,370</b>                          | <b>11,100</b>         | <b>8,046</b>        | <b>117</b>             | <b>(16,533)</b>                              | <b>103,561</b> |
| Cost to income ratio  | 45.5%                        | 56.1%                                  | 70.8%                 | 78.9%               | 38.4%                  | 834.1%                                       | 64.6%          |

For the six months to 30 September 2005

| £'000   | Private Client<br>Activities | Treasury and<br>Specialised<br>Finance | Investment<br>Banking | Asset<br>Management | Property<br>Activities | Group<br>Services<br>and Other<br>Activities | Total group    |
|---|------------------------------|--|-----------------------|---------------------|------------------------|--|----------------|
| <b>Net interest income</b>  | <b>41,675</b>                | <b>12,815</b>                          | <b>(31)</b>           | <b>750</b>          | <b>(545)</b>           | <b>2,984</b>                                 | <b>57,648</b>  |
| Fees and commissions receivable                                   | 27,431                       | 14,141                                 | 27,909                | 37,540              | 27                     | 2,469  | 109,517        |
| Fees and commissions payable                                      | (1,285)                      | (1,409)                                | (798)                 | (9,552)             | -                      | (107)  | (13,151)       |
| Principal transactions  | 2,559                        | 3,943                                  | 14,201                | -                   | 1,441                  | 2,508  | 24,652         |
| Operating income from associates                                  | 2,890                        | (75)                                   | 48                    | -                   | -                      | 87   | 2,950          |
| Other operating income  | -                            | -                                      | -                     | -                   | -                      | 705  | 705            |
| <b>Other income</b>   | <b>31,595</b>                | <b>16,600</b>                          | <b>41,360</b>         | <b>27,988</b>       | <b>1,468</b>           | <b>5,662</b>                                 | <b>124,673</b> |
| <b>Total operating income</b>                                     | <b>73,270</b>                | <b>29,415</b>                          | <b>41,329</b>         | <b>28,738</b>       | <b>923</b>             | <b>8,646</b>                                 | <b>182,321</b> |
| Impairment losses on loans and advances                           | (1,058)                      | (562)                                  | -                     | -                   | -                      | (1,652)                                      | (3,272)        |
| <b>Net operating income</b>                                       | <b>72,212</b>                | <b>28,853</b>                          | <b>41,329</b>         | <b>28,738</b>       | <b>923</b>             | <b>6,994</b>                                 | <b>179,049</b> |
| Administrative expenses   | (37,674)                     | (21,320)                               | (22,020)              | (25,187)            | (248)                  | (15,433)                                     | (121,882)      |
| Depreciation and amortisation of property, equipment and software | (728)                        | (268)                                  | (94)                  | (65)                | -                      | (657)  | (1,812)        |
| <b>Operating profit before goodwill</b>                           | <b>33,810</b>                | <b>7,265</b>                           | <b>19,215</b>         | <b>3,486</b>        | <b>675</b>             | <b>(9,096)</b>                               | <b>55,355</b>  |
| Goodwill  | -                            | -                                      | -                     | -                   | -                      | 76,223                                       | 76,223         |
| <b>Operating profit</b>   | <b>33,810</b>                | <b>7,265</b>                           | <b>19,215</b>         | <b>3,486</b>        | <b>675</b>             | <b>67,127</b>                                | <b>131,578</b> |
| Profit on disposal or termination of group operations             | -                            | -                                      | -                     | -                   | -                      | -  | -              |
| <b>Profit before taxation</b>                                     | <b>33,810</b>                | <b>7,265</b>                           | <b>19,215</b>         | <b>3,486</b>        | <b>675</b>             | <b>67,127</b>                                | <b>131,578</b> |
| Cost to income ratio  | 52.4%                        | 73.4%                                  | 53.5%                 | 87.9%               | 26.9%                  | 186.1%                                       | 67.8%          |

## Segmental information - geographical analysis

For the 6 months to 30 September 2006

| £'000   | United Kingdom<br>& Europe | Australia     | Other<br>geographies | Total group    |
|---|----------------------------|---------------|----------------------|----------------|
| <b>Net interest income</b>  | <b>60,143</b>              | <b>17,378</b> | <b>5</b>             | <b>77,526</b>  |
| Fees and commissions receivable                                   | 152,374                    | 11,494        | 344                  | 164,212        |
| Fees and commissions payable                                      | (20,602)                   | (134)         | -                    | (20,736)       |
| Principal transactions  | 32,860                     | 1,657         | -                    | 34,517         |
| Operating income from associates                                  | 4,332                      | (49)          | -                    | 4,283          |
| Other operating income  | 7,991                      | 1,992         | -                    | 9,983          |
| <b>Other income</b>   | <b>176,955</b>             | <b>14,960</b> | <b>344</b>           | <b>192,259</b> |
| <b>Total operating income</b>                                     | <b>237,098</b>             | <b>32,338</b> | <b>349</b>           | <b>269,785</b> |
| Impairment losses on loans and advances                           | (1,404)                    | (43)          | -                    | (1,447)        |
| <b>Net operating income</b>                                       | <b>235,694</b>             | <b>32,295</b> | <b>349</b>           | <b>268,338</b> |
| Administrative expenses   | (152,528)                  | (18,005)      | (140)                | (170,673)      |
| Depreciation and amortisation of property, equipment and software | (2,991)                    | (665)         | (0)                  | (3,656)        |
| <b>Operating profit before goodwill</b>                           | <b>80,175</b>              | <b>13,625</b> | <b>209</b>           | <b>94,009</b>  |
| Goodwill  | -                          | 9,552         | -                    | 9,552          |
| <b>Operating profit</b>   | <b>80,175</b>              | <b>23,177</b> | <b>209</b>           | <b>103,561</b> |
| Profit on disposal or termination of group operations             | -                          | -             | -                    | -              |
| <b>Profit before taxation</b>                                     | <b>80,175</b>              | <b>23,177</b> | <b>209</b>           | <b>103,561</b> |
| Taxation  | (20,155)                   | (4,617)       | -                    | (24,772)       |
| <b>Profit after taxation</b>                                      | <b>60,020</b>              | <b>18,560</b> | <b>209</b>           | <b>78,789</b>  |
| Earnings attributable to minority interests                       | 2,779                      | (949)         | -                    | 1,830          |
| <b>Earnings attributable to shareholders</b>                      | <b>62,799</b>              | <b>17,611</b> | <b>209</b>           | <b>80,619</b>  |
| Cost to income ratio  | 65.6%                      | 57.7%         | 40.1%                | 64.6%          |

For the 6 months to 30 September 2005

| £'000   | United Kingdom<br>& Europe | Australia     | Other<br>geographies | Total group    |
|---|----------------------------|---------------|----------------------|----------------|
| <b>Net interest income</b>  | <b>45,146</b>              | <b>12,266</b> | <b>236</b>           | <b>57,648</b>  |
| Fees and commissions receivable                                   | 101,090                    | 6,386         | 2,041                | 109,517        |
| Fees and commissions payable                                      | (12,893)                   | (154)         | (104)                | (13,151)       |
| Principal transactions  | 21,520                     | 1,369         | 1,763                | 24,652         |
| Operating income from associates                                  | 2,990                      | (127)         | 87                   | 2,950          |
| Other operating income  | 705                        | -             | -                    | 705            |
| <b>Other income</b>   | <b>113,412</b>             | <b>7,474</b>  | <b>3,787</b>         | <b>124,673</b> |
| <b>Total operating income</b>                                     | <b>158,558</b>             | <b>19,740</b> | <b>4,023</b>         | <b>182,321</b> |
| Impairment losses on loans and advances                           | (2,794)                    | (478)         | -                    | (3,272)        |
| <b>Net operating income</b>                                       | <b>155,764</b>             | <b>19,262</b> | <b>4,023</b>         | <b>179,049</b> |
| Administrative expenses   | (107,906)                  | (10,465)      | (3,511)              | (121,882)      |
| Depreciation and amortisation of property, equipment and software | (1,491)                    | (262)         | (59)                 | (1,812)        |
| <b>Operating profit before goodwill</b>                           | <b>46,367</b>              | <b>8,535</b>  | <b>453</b>           | <b>55,355</b>  |
| Goodwill  | -                          | -             | -                    | -              |
| <b>Operating profit</b>   | <b>46,367</b>              | <b>8,535</b>  | <b>453</b>           | <b>55,355</b>  |
| Profit on disposal or termination of group operations             | 76,223                     | -             | -                    | 76,223         |
| <b>Profit before taxation</b>                                     | <b>122,590</b>             | <b>8,535</b>  | <b>453</b>           | <b>131,578</b> |
| Taxation  | (10,706)                   | (2,763)       | -                    | (13,469)       |
| <b>Profit after taxation</b>                                      | <b>111,884</b>             | <b>5,772</b>  | <b>453</b>           | <b>118,109</b> |
| Earnings attributable to minority interests                       | (3,762)                    | -             | -                    | (3,762)        |
| <b>Earnings attributable to shareholders</b>                      | <b>108,122</b>             | <b>5,772</b>  | <b>453</b>           | <b>114,347</b> |
| Cost to income ratio  | 69.0%                      | 54.3%         | 88.7%                | 67.8%          |

## Asset quality

| £'000  | 30 Sept 2006     | 31 March 2006    | 30 Sept 2005     |
|--|------------------|------------------|------------------|
| Total loans and advances to customers (gross of impairments)         | 4,516,604        | 3,643,476        | 3,200,011        |
| Managed book   | (47,577)         | (44,925)         | (39,498)         |
| Net loans and advances to customers                                  | <b>4,469,027</b> | <b>3,598,551</b> | <b>3,160,513</b> |
| Specific impairments   | 11,468           | 8,679            | 6,480            |
| Portfolio impairments  | 1,367            | 1,369            | 987              |
| <b>Total impairments</b>   | <b>12,835</b>    | <b>10,048</b>    | <b>7,467</b>     |
| Gross non-performing loans   | 23,694           | 38,644           | 27,626           |
| Less: security   | (12,668)         | (26,690)         | (21,168)         |
| <b>Net non-performing loans</b>                                      | <b>11,026</b>    | <b>11,954</b>    | <b>6,458</b>     |
| <b>Adequacy of impairments</b>                                       |                  |                  |                  |
| Specific impairments as a % of loans and advances to customers       | 0.3%             | 0.2%             | 0.2%             |
| Portfolio impairments as a % of net loans and advances to customers  | 0.0%             | 0.0%             | 0.0%             |
| Total impairments as a % of loans and advances to customers          | 0.3%             | 0.3%             | 0.2%             |
| Total impairments as a % gross non-performing loans                  | 54.2%            | 26.0%            | 27.0%            |
| Total impairments as a % of net non-performing loans                 | 116.4%           | 84.1%            | 115.6%           |
| Specific impairments as a % of gross non-performing loans            | 48.4%            | 22.5%            | 23.5%            |
| Specific impairments as a % of net non-performing loans              | 104.0%           | 72.6%            | 100.3%           |
| Gross non-performing loans as a % of loans and advances to customers | 0.5%             | 1.1%             | 0.9%             |

## Capital adequacy

| £'000                                     | 30 Sept 2006     | 31 March 2006    | 30 Sept 2005     |
|---|------------------|------------------|------------------|
| Total assets - banking activities         | 4,582,513        | 3,806,287        | 3,353,978        |
| Trading - notional assets                 | 833,377          | 506,010          | 541,415          |
| <b>Risk-weighted assets</b>               | <b>5,415,890</b> | <b>4,312,297</b> | <b>3,895,393</b> |
| Tier 1                                    | 847,538          | 638,848          | 575,805          |
| Tier 2                                    | 274,732          | 267,363          | 271,776          |
| Tier 3                                    | 20,720           | 25,549           | 26,147           |
| Goodwill and impairments                  | (218,833)        | (170,225)        | (146,728)        |
| <b>Net qualifying capital</b>             | <b>924,157</b>   | <b>761,535</b>   | <b>727,000</b>   |
| Qualifying capital as a percentage of RWA | 17.1%            | 17.7%            | 18.7%            |
| Tier 1 ratio                              | 13.1%            | 11.6%            | 11.3%            |

