

Investec Limited (incorporating the results of Investec plc)

Reviewed consolidated SA GAAP financial results in Rands for the year ended 31 March 2003

Income statement for the year ended 31 March

| R millions | 2003 | | 2002* | |
|--|---------------------------------------|--------------------------------|---------------------------------------|--------------------------------|
| | Before goodwill and exceptional items | Goodwill and exceptional items | Before goodwill and exceptional items | Goodwill and exceptional items |
| | | Total | | Total |
| Continuing operations | | | | |
| Interest received | 13,071 | – | 11,028 | – |
| Interest paid | (11,042) | – | (8,967) | – |
| Net interest income | 2,029 | – | 2,061 | – |
| Provision for bad and doubtful debts | (305) | – | (202) | – |
| Total interest related income | 1,724 | – | 1,859 | – |
| Other income | 5,811 | – | 5,475 | – |
| Total income | 7,535 | – | 7,334 | – |
| Total operating expenses | (5,262) | – | (4,962) | – |
| Reorganisation and restructuring costs | (77) | – | – | – |
| Operating profit before headline adjustments and taxation | 2,196 | – | 2,372 | – |
| Goodwill impairment & amortisation | – | (1,970) | – | (1,315) |
| Profit on disposal of subsidiaries and fixed assets | – | – | – | 19 |
| Loss on impairment of non-trading loans | – | (263) | – | – |
| Profit on disposal of non-trading loans | – | – | – | 267 |
| Operating profit/(loss) | 2,196 | (2,233) | 2,372 | (1,029) |
| Share of income of associated companies | 160 | – | 62 | (45) |
| Operating profit from continuing operations | 2,356 | (2,233) | 2,434 | (1,074) |
| Taxation | (11) | – | (432) | – |
| Income after taxation on continuing operations | 2,345 | (2,233) | 2,002 | (1,074) |
| Discontinued operations | | | | |
| Interest received | 146 | – | 408 | – |
| Interest paid | (81) | – | (230) | – |
| Net interest income | 65 | – | 178 | – |
| Provision for bad and doubtful debts | – | – | – | – |
| Total interest related income | 65 | – | 178 | – |
| Other income | 391 | – | 577 | – |
| Total income | 456 | – | 755 | – |
| Total operating expenses | (707) | – | (757) | – |
| Operating loss before headline adjustments and taxation | (251) | – | (2) | – |
| Goodwill impairment & amortisation | – | (334) | – | (60) |
| Loss on disposal of subsidiaries and fixed assets | – | (152) | – | (79) |
| Operating loss from discontinued operations | (251) | (486) | (2) | (139) |
| Taxation | (67) | – | 12 | 39 |
| Loss after taxation from discontinued operations | (318) | (486) | 10 | (100) |
| Total profit/(loss) after taxation | 2,027 | (2,719) | 2,012 | (1,174) |
| Earnings attributable to minority shareholders | (23) | – | (22) | – |
| Compulsorily convertible debenture interest | (304) | – | (305) | – |
| Earnings/(loss) attributable to ordinary shareholders | 1,700 | (2,719) | 1,685 | (1,174) |
| Reconciliation of headline earnings | | | | |
| Earnings/(loss) attributable to ordinary shareholders | | (1,019) | | 511 |
| Goodwill and exceptional items | | 2,719 | | 1,174 |
| Revaluation of investment properties | | (239) | | (179) |
| Headline earnings | | 1,461 | | 1,506 |
| (Loss)/earnings per share (cents) | | (1,045.2) | | 558.5 |
| Headline earnings per share (cents) | | 1,498.5 | | 1,645.9 |
| Diluted (loss)/earnings per share (cents) | | (1,045.2) | | 547.8 |
| Dividends paid per share (cents) | | 845.0 | | 815.0 |
| Weighted average ordinary shares in issue (million) | | 97.5 | | 91.5 |

Statement of changes in shareholders' funds for the year ended 31 March

| R millions | 2003 Reviewed | 2002* Audited |
|---|---------------|---------------|
| Balance at the beginning of year | 14,712 | 9,392 |
| – as previously reported | 13,230 | 9,028 |
| – prior year adjustment – goodwill restatement | 1,482 | 364 |
| Net issue of shares and debentures | 616 | 4,339 |
| Own shares acquired | (521) | (1,584) |
| (Loss)/earnings attributable to ordinary shareholders | (1,019) | 511 |
| Dividends paid | (807) | (791) |
| Movement in foreign currency translation reserves | (2,840) | 3,096 |
| Movement in investment revaluation reserves | 40 | (251) |
| Balance at end of year | 10,181 | 14,712 |

Salient Features

| | 31 March 2003 | % Change | 31 March 2002* |
|--|---------------|----------|----------------|
| Headline earnings attributable to ordinary shareholders (R millions) | 1,461 | (3.0) | 1,506 |
| Headline earnings per share (cents) | 1,498.5 | (9.0) | 1,645.9 |
| Dividends declared per share (cents) | 751.0 | (9.0) | 825.0 |
| Cost to income ratio – continuing operations (%) | 67.1 | | 65.8 |
| Headline return on average tangible shareholders' funds (%) | 24.2 | | 24.7 |
| Total capital resources (R millions) | 13,468 | (23.0) | 17,498 |
| Total assets under administration (R millions) | 526,735 | (29.7) | 749,308 |
| Weighted average number of ordinary shares in issue (million) | 97.5 | | 91.5 |

Reconciliation of the principle differences between SA GAAP and UK GAAP for the year ended 31 March

| £'000 | 2003 Reviewed | 2002* Audited |
|--|----------------|----------------|
| Headline earnings under SA GAAP | 100,650 | 109,540 |
| UK GAAP adjustments: | | |
| Acquisition accounting | (4,300) | (17,851) |
| Employee share option plans | 8,627 | 6,667 |
| Accrual adjustments | 2,581 | (870) |
| Embedded value earnings | (23,935) | 15,563 |
| Other adjustments | (1,012) | 2,728 |
| Headline earnings under UK GAAP | 82,611 | 115,777 |

The exchange rate used in the above reconciliation was based on the actual rates ruling on the date of the transactions.

Abridged cash flow statement at 31 March

| R millions | 2003 Reviewed | 2002* Audited |
|--|---------------|---------------|
| Cash retained from operating activities | 50 | 1,386 |
| Cashflows from banking operations | (24,882) | 24,667 |
| Cash generated utilised in investing activities | (53) | (1,649) |
| Cash inflows/(outflows) from financing activities | 647 | (395) |
| Net (decrease)/increase in cash and short-term funds | (24,238) | 24,009 |
| Cash and short-term funds at beginning of year | 111,224 | 69,176 |
| Effect of exchange rate on opening balance | (17,462) | 18,039 |
| Cash and short-term funds at end of year | 69,524 | 111,224 |

Consolidated balance sheets at 31 March

| R millions | 2003 Reviewed | 2002* Audited |
|---|---------------|---------------|
| Assets | | |
| Cash and short-term funds | 69,524 | 111,224 |
| Short-term negotiable securities | 20,748 | 64,738 |
| Investment and trading securities | 15,460 | 18,083 |
| Other assets | 10,625 | 12,440 |
| Advances | 49,371 | 53,347 |
| Associated companies | 621 | 503 |
| Property and equipment | 2,124 | 2,499 |
| Goodwill | 4,097 | 6,967 |
| Long-term assurance business attributable to the shareholder | 1,536 | 960 |
| | 174,106 | 270,761 |
| Long-term assurance assets attributable to policyholders | 31,736 | 38,042 |
| | 205,842 | 308,803 |
| Equity and Liabilities | | |
| Capital and Reserves | | |
| Ordinary share capital | 2 | 58 |
| Compulsorily convertible debentures | 661 | 2,317 |
| Convertible preference shares | – | 385 |
| Reserves | 9,518 | 11,952 |
| | 10,181 | 14,712 |
| Interest of minority shareholders in subsidiaries | 486 | 541 |
| Total shareholders' funds | 10,667 | 15,253 |
| Subordinated debt | 2,801 | 2,245 |
| | 13,468 | 17,498 |
| Liabilities | | |
| Deposits and other accounts | 160,114 | 252,750 |
| Taxation | 524 | 513 |
| | 160,638 | 253,263 |
| Long-term assurance liabilities attributable to policyholders | 31,736 | 38,042 |
| | 205,842 | 308,803 |

Geographic and business analysis of operating profit before headline adjustments and taxation – For the year ended 31 March 2003

| R millions | Southern Africa | UK & Europe | Australia | Israel | USA | Total group |
|--|-----------------|-------------|-----------|-----------|--------------|--------------|
| Private Client Activities | 214 | 356 | 25 | 21 | – | 616 |
| Treasury & Specialised Finance | 467 | (68) | (11) | 2 | – | 390 |
| Investment Banking | 83 | 43 | 41 | 26 | – | 193 |
| Asset Management & Assurance Activities | 997 | 26 | – | 2 | – | 1,025 |
| – Asset Management | 262 | 26 | – | 2 | – | 290 |
| – Assurance Activities | 735 | – | – | – | – | 735 |
| Other | (54) | (37) | 33 | – | 30 | (28) |
| Operating profit before headline adjustment and taxation – continuing | 1,707 | 320 | 88 | 51 | 30 | 2,196 |
| Operating loss before headline adjustment and taxation – discontinued | – | – | – | – | (251) | (251) |

Geographic and business analysis of operating profit before headline adjustments and taxation – For the year ended 31 March 2002*

| R millions | Southern Africa | UK & Europe | Australia | Israel | USA | Total group |
|--|-----------------|-------------|-----------|------------|------------|--------------|
| Private Client Activities | 166 | 367 | (33) | 46 | – | 546 |
| Treasury & Specialised Finance | 552 | 154 | 17 | 4 | – | 727 |
| Investment Banking | 249 | 297 | 34 | 52 | – | 632 |
| Asset Management & Assurance Activities | 466 | 29 | – | 4 | – | 499 |
| – Asset Management | 246 | 29 | – | 4 | – | 279 |
| – Assurance Activities | 220 | – | – | – | – | 220 |
| Other | (71) | 28 | (3) | (2) | 16 | (32) |
| Operating profit before headline adjustment and taxation – continuing | 1,362 | 875 | 15 | 104 | 16 | 2,372 |
| Operating loss before headline adjustment and taxation – discontinued | – | – | – | – | (2) | (2) |

*The audited figures as reported at 31 March 2002 are for Investec Group Limited (since renamed Investec Limited) and have been restated for changes to accounting policies and disclosures.

Accounting policies

The financial policies applied in the preparation of the results on this page are consistent with those applied in the annual financial statements for the year ended 31 March 2002, except for the translation of goodwill, which is detailed in the group commentary.

Presentation of variable component of employees' compensation

The variable component of employees' compensation has previously been deducted from total income, as this related to contractual obligations directly related to income generation. In order to more fully reflect the total employee costs, the variable component of employee costs has now been included in personnel expenses. Prior year comparatives have been restated.

The accounting policies comply with South African Statements of Generally Accepted Accounting Practice.

Headline earnings

It is the group policy, under SA GAAP, to fair value all investment property assets to the income statement. In line with the interpretation contained in circular 07/02, issued in December 2002 by the South African Institute of Chartered

Accountants, all gains and losses recognised on investment properties in a reporting period have been deducted in arriving at headline earnings. Prior year results have been restated accordingly.

AC 133

The new accounting statement AC 133 which deals with the valuation and recognition of financial instruments and a new credit provisioning policy, is presently being implemented by the group with respect to the consolidated SA GAAP results. Any changes caused by the implementation of this standard will be reported to shareholders as part of the interim results for the period ending 30 September 2003, and are excluded from the results in this announcement.

Review by independent auditors

The group's auditors, Ernst & Young, have reviewed the results presented in terms of South African Statements of Generally Accepted Accounting Practice, contained in the preliminary report. Their unqualified review report is available for inspection at the company's registered office.



Investec Limited
(Registration number 1925/002833/06)
JSE Code: INL ISIN: ZAE000040531