

27 May 2004

**Investec plc (incorporating the results of Investec Limited)**

**Preliminary results for the year ended 31 March 2004**

Consolidated financial results in UK GAAP Pounds Sterling for the year ended 31 March 2004.

**Investec reports strong performance across all four business areas**

Investec, the international specialist banking group, announces today its full year results for the year ended 31 March 2004.

**Financial highlights**

- Operating profit of £132.1 million (2003: £85.8 million)\*
  - Operating profit: Southern Africa of £77.4 million, 58.6% of overall (2003: £69.5 million, 81.0%)\*
  - Operating profit: UK & Europe, Australia, Israel and the US of £54.7 million, 41.4% of overall (2003: £16.3 million, 19.0%)\*
- Profit before tax of £143.3 million (2003: £97.1 million)\*
- Earnings per share of 103.7p (2003: 96.1p)\*
- Profit after tax, exceptional items and amortisation of goodwill of £70.6 million (2003: a loss of £61.0 million)
- Total dividends per share of 58.0p (2003: 54.0p)

**Business highlights**

- Strong performances from group's Investment Banking, Private Banking and the UK Treasury and Specialised Finance activities.
- Increase in profit contribution from international operations due to a 71.7% increase in operating profit in the UK and the elimination of losses in the US business.
- Significant turnaround in the performance of Investment Banking in the UK

*\*before exceptional items and amortisation of goodwill, totalling -£44.2 million (2003: -£152.7 million)*

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

"This is a strong set of results with good performances from all four business areas. Investec has benefited from the successful rationalisation and restructuring of the group's operations against a backdrop of more favourable market conditions."

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

"The increase in profits was boosted by strong performances from our international operations, particularly Australia and the UK. The UK experienced a significant turnaround as a result of robust performances from Investment Banking, Private Banking and Specialised Finance."

**For further information please contact:**

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|                                     |                |
|-------------------------------------|----------------|
| Stephen Koseff, Chief Executive     | Jonathan Clare |
| Bernard Kantor, Managing Director   | Simon Rigby    |
| Ursula Munitich, Investor Relations | Sara Batchelor |

A presentation will be take place at the Investec offices at 11 am (UK time).

A toll free telephone conference facility is also available. Please see below for details:

SA participants: 0800 200 648  
UK participants: 0800 917 7042  
Europe and other participants: +800 246 78 700  
USA participants: 1 800 860 2442  
Canadian participants : 1 866 802 2443

A delayed webcast of the presentation will be available at 1 pm (UK time) via [www.investec.com](http://www.investec.com)

### **Overall performance**

The financial year was characterised by a more favourable market environment benefiting the activities of the group (comprising Investec plc and Investec Limited) with basic earnings per share (EPS) before exceptional items and goodwill amortisation increasing 7.9% to 103.7 pence from 96.1 pence.

### **Salient features of the 2004 financial year were:**

- Operating profit before exceptional items and goodwill amortisation of the group's operations increased 54.1% from £85.8 million to £132.1 million. This was largely attributable to the strong performance from the group's Investment Banking, Private Banking and UK Treasury and Specialised Finance divisions and the elimination of the losses from the US operations. These factors were offset to some extent by the weaker performance from the SA Treasury and Specialised Finance activities and the decline in income from the SA life assurance activities.
- Investec plc and its subsidiaries accounted for 41.4% (2003: 19.0%) of Investec's operating profit before exceptional items and amortisation of goodwill.
- The ratio of total operating expenses to total operating income decreased from 80.0% to 72.7%.
- Investec Bank (UK) Limited successfully placed a £200 million 12-year subordinated note in the UK market to a diversified range of investors.
- Investec Bank Limited issued R1.5 billion (£127.5 million) non-cumulative, non-redeemable and non-participating preference shares.
- Investec Limited concluded its empowerment shareholding transaction with Peu Investment Group, Tiso Group and a broad-based Entrepreneurship Development Trust issuing 5.6 million new shares (£46.0 million). Investec was recognised by BusinessMap as the "Most Progressive Established Company of the Year" for its black economic empowerment and transformation initiatives in SA.

- The operational effective tax rate of the group (excluding the tax effect on exceptional items) increased from 6.3% to 21.1%.
- Dividends of 58.0 pence per share equating to a dividend cover of 1.79 based on the group's EPS before exceptional items and goodwill amortisation, as determined in UK GAAP, are proposed.

## **Presentation of financial information**

### **Investec plc and Investec Limited**

In July 2002, Investec Group Limited (now Investec Limited), which is headquartered in South Africa, implemented a Dual Listed Companies (DLC) structure. The group's Southern African and Mauritius operations were listed on the JSE Securities Exchange of South Africa (JSE) and its principal non-Southern African operations were listed on the London Stock Exchange. For further information, see Investec's web site [www.investec.com/investorrelations](http://www.investec.com/investorrelations).

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 shareholders of the companies are maintained in relative equilibrium. The directors of the two companies consider that for financial reporting purposes, the fairest presentation is achieved by consolidating the results and financial position of both companies using merger accounting principles.

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

Investec, for the year ended 31 March 2003, reported its consolidated results in accordance with SA GAAP, denominated in Rands and UK GAAP, denominated in Pounds Sterling. In terms of the new JSE Securities Exchange South Africa (JSE) listing requirements the group is now required to report its consolidated results in accordance with UK GAAP, denominated in Pounds Sterling. However, because SA GAAP differs in certain respects from UK GAAP, the group publishes a high-level reconciliation and summary of the principal differences.

The financial information contained in the "Commentary" section is prepared in accordance with UK GAAP. Rand values included in the "Commentary" section are translated into Pounds Sterling - in the case of the profit and loss accounts, at the weighted average rate for the relevant year and, in the case of the balance sheets, at the relevant year-end rate. Reuters quotes the average Rand/Pounds Sterling exchange rate at 12.02 and 15.04 for the year ended 31 March 2004 and 31 March 2003, respectively. This represents some 20.0% appreciation of the Rand during the period under review.

This Rand appreciation had a positive effect on the results expressed in Pounds Sterling of those Investec businesses that generate revenues and profits in Rands. Where the impact of Rand appreciation is key to understanding the performance of the group's businesses, this is noted below.

## **Dividend declaration**

The dividends per share declared by Investec plc and Investec Limited are determined with reference to the group's consolidated EPS before exceptional items and amortisation of goodwill, denominated in Pounds Sterling and prepared in accordance with UK GAAP.

## **Commentary**

Unless the context indicates otherwise, all comparatives included in the Commentary section relate to the previous year.

## **Business Unit Review**

### **Investment Banking**

The group's Investment Banking division benefited from the better market environment recording a much improved operating profit before exceptional items and amortisation of goodwill of £37.7 million from £13.5 million.

In the UK, the more favourable stock market conditions and a reduced cost base in the division enabled it to achieve a major turnaround in performance. The level of corporate activity increased and the division concluded a number of Initial Public Offerings during the period. Secondary commissions also benefited from the higher equity market levels. Furthermore, the rankings of Investec in the UK Small Mid-Cap Survey (2003) were encouraging, with a number one ranking for the "Most Improved Product and Service".

In SA, the Investment Banking division benefited from a significant improvement in the performance of its trading investments held within the direct investment and private equity portfolios. Corporate Finance maintained its strong positioning and deal flow with a steady level of activity comprising corporate restructuring activities, black economic empowerment transactions, de-listings, fair and reasonable opinions and two high profile investment banking transactions. Lower volumes were traded on Investec Securities' agency business and the structured equity desk was affected by the volatility of the Rand and uncertain markets.

In Australia, the Investment Banking division, Investec Wentworth, benefited from an upturn in merger and acquisition activity. The private equity business also performed particularly well with two realisations and a number of notable investments made during the year.

### **Private Client Activities**

The group's Private Client Activities, comprising the Private Banking and Private Client Portfolio Management and Stockbroking divisions, reported strong growth in operating profit before exceptional items and amortisation of goodwill of 58.4% to £53.9 million from £34.0 million. The group's Private Banking operations performed particularly well. The performance of Carr Sheppards Crosthwaite in the UK benefited from improved net inflows, largely in discretionary mandates, while the performance of Investec Securities in SA was impacted by subdued market volumes.

#### **▪ Private Banking**

Operating profit before exceptional items and amortisation of goodwill of the Private Banking division increased by 53.4%, to £45.4 million. This performance was driven by a solid growth in total advances and non-interest income. During the period under review, the group's

private client lending book in SA grew by 26.9% to R22.5 billion (£1.9 billion), and the private client lending book in the UK grew by 14.8% to £1.1 billion.

In the UK, strong performances were recorded across all of the Private Banking businesses. The property lending business continued its sound performance against the backdrop of a less buoyant market with a well-spread loan book. While there is a strong bias in the overall lending book towards commercial and residential property, the book is well-secured and the group believes that loan to value ratios are conservative enough to provide a cushion for all but an unexpectedly severe downturn.

In SA, the Private Bank increased operating profit through strong growth in advances and structured and transactional banking fees as well as a noteworthy contribution from the private client investment banking portfolio.

In Australia, the Private Client group performed well, with particularly strong growth from the Structured Property Finance unit, as the business continues to leverage off the Investec Wentworth brand and client base. During the period a new initiative was undertaken to establish a Private Client Investment Banking business to target those clients that fall below the radar of the major investment banks.

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

Private Client Portfolio Management and Stockbroking recorded a strong result, earning operating profit before exceptional items and amortisation of goodwill of £8.5 million, an increase of 91.8% on the previous year.

In the UK, Carr Sheppards Crosthwaite performed well with total funds under management increasing by 25.5% to £5.9 billion from £4.7 billion. Net new inflows of £360 million were generated largely in discretionary mandates.

Poor stock market volumes in SA restricted the performance of Investec Securities, although total funds under management increased by 17.2% to R30.0 billion (£2.5 billion) from R25.6 billion (£2.0 billion). Investec Securities continues to focus on reducing costs and during the period a campaign was launched to increase the awareness of Investec Securities Online, which should provide further cost savings.

#### **Treasury and Specialised Finance**

The group's Treasury and Specialised Finance division posted operating profit before exceptional items and amortisation of goodwill of £35.8 million, an increase of 77.3% from £20.2 million. A strong performance from the UK operation was partially offset by a weaker performance from the SA operation.

The UK Treasury and Specialised Finance division achieved a considerable turnaround with operating profit before exceptional items and amortisation of goodwill increasing to £14.0 million from a loss of £5.7 million. The division benefited from the restructuring of its trading activities undertaken in the previous financial year and from a solid performance from the stock lending and commodities trading desks during the period. Furthermore, an increasing focus on higher margin, less capital intensive transactions and customer flows, in addition to the growth and creditable performance of its Banking Activities enhanced the division's performance.

The SA Treasury and Specialised Finance division's operating profit before exceptional items and amortisation of goodwill declined from £26.6 million to £18.9 million. A weak

performance by the currency and interest rate desks together with a margin squeeze – which was inadequately hedged by the positioning of the interest rate book – were the key causes of the decline in operating profit. The general slow down in infrastructural finance moderated the performance of the Banking Activities although the division experienced sound growth in structured finance fees.

### **Asset Management**

The Asset Management division delivered operating profit before exceptional items and amortisation of goodwill of £24.6 million, which represented an uplift of 38.9% in Pounds Sterling terms and 11.1% in Rand terms. Assets under management increased by 22.2% in Pounds Sterling terms to £20.6 billion and by 14.0% in Rand terms to R240.0 billion over the year. The key features of the year were the continued penetration of the UK pension and Independent Financial Advisory channels and strong investment performance across the product range.

The UK retail funds enjoyed sound growth and continued expansion in market share with net inflows for the year amounting to £284 million. Funds under management now exceed £1 billion (68.8% year-on-year growth). This contributed to market share of net retail industry sales increasing to 3.2%. The offshore fund range also achieved strong net inflows of £236 million largely as a result of the sales efforts in Asia and in the UK. Flows from SA slowed due to the strength in the Rand. The UK institutional team continued to penetrate the pension market, which represents a shift in the book towards the pension fund business. The UK Institutional business saw outflows from cash as investors shifted allocations. During 2004, Investec Asset Management won the Global Investor's "Firm to Watch" award.

The SA business once again showed resilience with a solid performance. Most notable, the excellent retail and specialist investment performance resulted in Investec Asset Management achieving first place in the Plexus survey, and winning the Standard & Poors' "Best Large Manager" award over one, three and five years. Balanced investment performance has improved over the past year although further progress is required. Investec Asset Management continues to establish leadership in specialist products, and was appointed to manage significant new mandates. The SA business generated net inflows of R4.4 billion excluding the structural outflows from the Investec Employee Benefits (ex-Fedsure) book.

### **Assurance Activities**

The group's SA life assurance activities, conducted by Investec Employee Benefits (IEB) did not have the benefit of the substantial operational earnings from the restructuring and rationalisation of its activities of the previous period and reported operating profit before exceptional items and amortisation of goodwill of £4.6 million - a decline of 82.9%.

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

Group Services and Other Activities posted an operating loss of £24.4 million compared to the prior period loss of £9.8 million. This was largely attributable to an increase in interest paid on subordinated debt following the raising of £44.4 million of subordinated debt in SA towards the end of the 2003 financial year and of a further £200 million in the UK in February 2004. The loss was exacerbated by the increase in costs within the Central Services divisions, mainly as a result of: the appreciation of the Rand against Pounds Sterling, an increase in incentive based remuneration in the UK operations given an increase in profitability, and expansion of the Australian operations.

This result was partially offset by a significant increase in dealing income, with the group benefiting from an increased return on a number of investments and a better performance from the loss-making UK Traded Endowments business. In addition, the group's Property Activities in SA continued to perform well, with total assets under management increasing by 43.8% to R12.5 billion (£1 billion).

## **Geographic Performance**

Investec plc and Investec Limited earned 41.4% (2003: 19.0%) and 58.6% (2003: 81.0%), respectively of the group's operating profit before exceptional items and amortisation of goodwill. The change in profit contribution was largely as a result of the improved contribution from the UK operations and the closure and sale of the group's loss-making US businesses. Highlights of the developments and the performance of the regions in which the group operates, follow.

### **Southern Africa**

The SA businesses posted an operating profit before exceptional items and amortisation of goodwill of £77.4 million, representing an increase of 11.4%. The operations benefited from the strength of the Rand and a solid performance from the Investment Banking and Private Banking divisions. This strong performance was offset by a poor performance from the Treasury and Specialised Finance division and a decline in the earnings of the group's Assurance Activities and Central Funding division, explained earlier in this report.

### **UK**

The UK businesses recorded an operating profit before exceptional items and amortisation of goodwill of £38.7 million, an increase of 71.7% over the previous financial year. The strong results from the Private Banking and Treasury and Specialised Finance divisions were supported by a solid performance from Carr Sheppards Crosthwaite. Furthermore, the Investment Banking activities benefited from increased corporate activity and streamlined cost base but without the benefit from any significant private equity realisations.

### **Australia**

The Australian operating profit before exceptional items and amortisation of goodwill increased by 62.5% to £9.6 million as a result of favourable market conditions. The business experienced solid activity levels and good progress was made in all its core areas of activity. In October 2003, Investec Bank (Australia) received a favourable long-term deposit and issuer rating of Baa2 from Moody's enabling the group to enhance its funding base.

### **Israel**

The Israeli operation benefited from the cost cutting initiatives taken in the previous period and the improved economic and financial environment. Despite performance reported in nominal terms being weakened by negative inflation, operating profit before exceptional items and amortisation of goodwill increased by 69.3% to £5.9 million. Investec Bank (Israel) continues to leverage off the presence of the Israeli Desk in the US. Investec Bank (Israel) continues to grow market share in the Mutual Fund Custody business with assets under management increasing by 104% to NIS20.2 billion (£2.4 billion) from NIS9.9 billion (£1.3 billion).

## **US**

The heavily reduced ongoing operations in the US, consisting of several fixed income trading operations and a small equities trading desk supporting Investec Israel's clients, posted a modest operating profit before exceptional items and amortisation of goodwill of £0.4 million. The fundamental restructuring of the US business was completed and, with the exception of run-off related activities, all other businesses in Investec USA and Investec Inc. ceased operating as of 31 May 2003.

## **Financial statements analysis**

### **Operating income**

Operating income of £560.7 million increased by 8.0%. The movements in total operating income are analysed further below.

Net interest income of £105.7 million declined by 4.6%. The group reported sound growth in its Private Banking lending portfolios and in its UK Treasury and Specialised Finance banking and lending businesses. This however, was partially offset by the increase in interest paid on subordinated debt (as discussed above). Furthermore, net interest income was negatively affected by a significant decline in interest rates that occurred in South Africa over the period.

Net fees and commissions increased by 15.3% to £318.4 million. This was largely attributable to increased lending turnover in the Private Banking businesses, the growth and strong performance of the UK Treasury and Specialised Finance banking and advisory activities, and the turnaround in the group's Corporate Finance operations in the UK. Furthermore, the appreciation of the Rand had a positive impact on this growth, particularly in the Asset Management division.

Dealing profits (trading income) increased by 57.8% to £91.0 million as a result of the strong performances of the UK Treasury and Specialised Finance trading activities and the SA property business, and an improved performance in the loss making UK Traded Endowments business. Furthermore, the trading investments held in the Investment Banking and Private Equity portfolios and certain other investments held in the group's corporate portfolio benefited from improved equity market levels. This was partially offset by the poor trading performance of the SA Treasury and Specialised Finance division.

The performance of the group's long-term assurance activities is discussed under "Business Unit Review".

The substantial growth in the return on shareholders' funds in the long-term assurance business conducted through Investec Employee Benefits (IEB) is as a result of the increase in long-term assurance assets attributable to shareholders' from £108.5 million to £265.3 million. The large increase in net asset value was as a result of retained profits (as no dividend has been paid out of IEB), together with a decrease in intercompany loans between IEB and its holding company. This return requires separate disclosure in line with life assurance reporting. A natural consequence thereof is a decline in the yield generated by the Central Funding division.

In addition to the decline explained in the paragraph above, other operating income also declined because the Investment Banking division had benefited from a significant realisation in the UK Private Equity division in the prior year.

Overall, annuity income as a percentage of total operating income declined from 69.1% to 67.8%.

### **Administrative expenses**

Total administrative expenses decreased by 1.4% from £400.8 million to £395.2 million principally due to the rationalisation of the group's activities in the US and in its UK Investment Banking operations undertaken during the 2003 financial year. This was largely offset by an increase in costs expressed in Pounds Sterling due to the appreciation of the Rand and the continued expansion of the group's Australian operations.

Investec Limited experienced a 1.0% decline in expenses in Rand terms, whilst the expenses of Investec plc declined by 9.0% in Pounds Sterling terms.

The ratio of total operating expenses to total operating income decreased from 80.0% to 72.7%. The cost to income ratio in SA increased from 62.3% to 63.5%. The ratio in the prior period was positively affected by the substantial restructuring profits generated by the group's Assurance Activities. The cost to income ratio for Investec plc's operations decreased from 89.7% to 78.4% as a result of the rationalisation and restructuring of these operations and the improvement in operating profit of the plc businesses.

### **Goodwill amortisation**

The charge for goodwill amortisation and impairment decreased significantly from £122.3 million to £50.6 million. The prior year figure included £49.6 million relating to additional impairments of the business acquired from Fedsure Holdings Limited. Included in the current period is an amount of £8.1 million relating to an impairment of the Traded Endowments business acquired through Fedsure.

### **Provision for bad and doubtful debts**

The bad and doubtful debts charge in the income statement increased by 14.5% to £20.9 million.

The percentage of gross non-performing loans (NPLs) to core loans and advances increased from 1.5% to 1.7%. Total provision coverage remains conservative both as a percentage of gross NPLs and net NPLs (gross NPLs net of security), at 99.7% and 354.6% respectively. In addition, the group's general provision coverage as a percentage of net loans and advances decreased marginally to 1.1%.

### **Taxation**

The operational effective tax rate of the group (excluding the tax effect on exceptional items) increased from 6.3% to 21.1%. In 2003 the group's UK operation booked an £8 million corporation tax credit, as an adjustment to prior years, and additionally, reversed £8 million of deferred tax provisions. This resulted in a net reduction of the effective tax rate in the prior year. The effective tax rate in SA increased from 14.3% to 21.0% as the group utilises its assessed losses. Furthermore, the effective tax rate in Israel increased significantly from 12.2% to 58.7% because taxation is paid on inflation-adjusted earnings, which exceeded nominal earnings during the year given the negative inflation rate.

### **Share of income of associated companies**

The group's principal associate is Capital Alliance Limited (CAL). An amount of R134 million (£11.2 million) was accrued, representing Investec's share in CAL's estimated operating earnings for the year ended 31 March 2004.

### **Exceptional items**

Exceptional items fall into two categories, namely:

- Losses on termination of the group's operations in the US amounted to £5.1 million. The group made a final exceptional charge (including future run-off costs) for the closure of these operations. Any future costs incurred in excess of this charge, will be treated as non-exceptional operating expenses.
- Profit of £13.7 million was realised on disposal of group operations largely relating to the sale of the companies, 100 Grayston Drive Property (Pty) Limited and Block E Power Station Properties (Pty) Limited, at market value.

### **Capital resources**

Total capital resources increased by 40.4% to £1.3 billion.

Total shareholders' funds increased by £169.0 million during the period under review mainly as a result of the issue of R1.5 billion (£127.5 million) in non-cumulative, non-redeemable and non-participating preference shares and 5.6 million ordinary shares (£46.0 million) in Investec Limited.

Net tangible assets (excluding non-equity shareholders' funds) grew from £340.2 million to £430.8 million.

The return on average tangible equity shareholders' funds increased from 26.0% to 27.5% and the return on average total equity shareholders' funds, inclusive of goodwill increased from 13.1% to 16.0%.

Investec plc and Investec Limited are well capitalised and capital adequacy ratios comfortably exceed the minimum regulatory requirements. The capital adequacy (applying South African Reserve Bank rules to Investec Limited's capital base) is 15.1% (March 2003: 12.2%). The capital adequacy (applying Financial Services Authority rules to Investec plc's capital base) is 17.3% (March 2003: 14.2%).

### **Total assets under administration**

Total assets under administration increased by 17.9% from £40.6 billion to £47.8 billion. This was mainly attributable to growth in assets under management of £6.8 billion across all ranges of third party funds, due to improved equity values and the appreciation of the Rand against Pounds Sterling.

### **Accounting policies and disclosures**

#### **Accounting standards**

The group has adopted the following new accounting standards during the period.

#### **UITF 37: Purchase and sale of own shares (excluding ESOP trusts)**

The group has adopted UITF 37 in respect of own shares held, the impact of which is summarised below:

- Consideration paid for the group's own shares are deducted from shareholders' funds (referred to as 'treasury shares').
- No gain or loss is recognised in the profit and loss account or statement of total recognised gains and losses on the purchase, sale or cancellation of the group's own shares.

### FRS 17: Retirement Benefits

The group has fully adopted the requirements of FRS 17 in respect of retirement benefits. In line with the objective of the standard, the group reflects the fair value of assets and liabilities and any related funding arising from defined benefit schemes within the group.

The impact of the above changes in accounting policies on prior year earnings is detailed below:

| £'000   | UITF 37 | FRS 17 | Total   |
|---|---------|--------|---------|
| Interest receivable                           | -       | 67     | 67      |
| Interest payable                              | (1 813) | -      | (1 813) |
| Net interest income                           | (1 813) | 67     | (1 746) |
| Other operating income                        | 2 748   | -      | -       |
| Profit on ordinary activities before taxation | 935     | 67     | 1 002   |
| Taxation                                      | -       | (20)   | (27)    |
| Profit on ordinary activities after taxation  | 935     | 47     | 975     |

The impact of the above changes in accounting policies on opening reserves is detailed below:

|  | £'000    |
|--|----------|
| Reserves at 31 March 2003 as previously reported   | 696,968  |
| - UITF 37  | (47,827) |
| - Relating to 2002 opening reserves  | (992)    |
| - Relating to 2003 movement in reserves  | (46,835) |
| - Retained profit for the year   | 935      |
| - Net proceeds on own shares acquired or sold - reflected as a movement in treasury shares | (47,770) |
| - FRS 17   | (9,173)  |
| - Relating to 2002 opening reserves  | 487      |
| - Relating to 2003 movement in reserves  | (9,660)  |
| - Retained profit for the year   | 47       |
| - Adjustments to actuarial deficit on defined benefit fund                                 | (9,707)  |

Restated total reserves at 31 March 2003

639,968

### **Restatement to prior year's consolidated profit and loss accounts**

In the US business, certain directly attributable variable staff costs were netted against the dealing profits generated therefrom. In the current financial period these costs (£4.9 million) have been included under administrative expenses (staff costs) with a corresponding restatement to the prior year (£8.3 million).

In the prior year income on shareholders' funds within the life assurance business of £15.5 million was reflected as part of interest margin. In the current year, this return on shareholders' funds (£24.1 million) is disclosed as a separate line in the consolidated profit and loss account.

Further, there were some minor reclassifications between income categories so as to reflect the nature of the underlying transactions in a more meaningful manner. Specifically, they relate to interest earned on cash balances held on behalf of third parties (disclosed under net interest income instead of annuity fees and commissions receivable); returns generated on private client investment banking activities (disclosed under dealing profits instead of fees and commissions receivable); income from the group's interest in securitisation schemes (disclosed under net interest income instead of other operating income); income on certain trading positions (included in dealing profits instead of other operating income; and the funding costs associated with scrip lending activities (deducted from fees and commissions receivable instead of net interest income). The net effect of the above was a decrease in net interest income of £3.4 million, a decrease of £0.4 million in net fees and commissions receivable, a decrease in other operating income of £0.2 million, all of which were offset by an increase in dealing profits of £4.0 million.

### **Restatement to the weighted average number of shares in issue ("the wanos")**

Investec has established a number of share incentive plans that are designed to link the interests of employees with shareholders and long-term organisational interest through performance and risk-based equity grants. These schemes are required to be consolidated into the accounts of the group. However, to the extent that the underlying risks and rewards inherent in these schemes have already vested with the participants, Investec is entitled to recognise its respective pro-rata share of any income and balance sheet items associated with the scheme as being externally generated. This accounting treatment has been consistently applied in the current and prior years.

Historically shares that were not entitled to dividends were not included in the wanos. In order to match the wanos to the group's pro rata share of income associated with such schemes the wanos has been increased by the weighted number of shares vested, notwithstanding no dividend being payable on these shares.

The impact of this change in methodology has resulted in wanos increasing from 90 878 706 to 93 291 446 in the prior period, resulting in comparative earnings per share – pre goodwill and exceptional items decreasing from 98.7 pence (including the effects of UITF 37 and FRS 17 per above) to 96.1 pence.

Had the original methodology been applied in the current period, the wanos would have been 97 330 743 (instead of 102 300 071) and the equivalent earnings per share – pre goodwill and exceptional items would have been 109.0 pence (instead of 103.7 pence) an increase of 13.1% over the prior period.

## Prospects

The operational health of the group's activities is sound with significant measures taken to address the non-performing elements of the business, and through vigilant management of costs. The group is now leaner and more focused and in a better position to deal with external market and economic conditions which remain uncertain. The group strives to continue to build distinctive businesses in its core areas of operation focusing in regions where it believes it can compete effectively.

On behalf of the boards of Investec Limited and Investec plc

*Hugh Herman*  
Chairman

*Stephen Koseff*  
Chief Executive Officer

*Bernard Kantor*  
Managing Director

## **Dividend announcement**

### **Investec plc**

Notice is hereby given that a final dividend (No.4) of 30 pence (2003:28 pence) per ordinary share has been proposed by the board in respect of the year ended 31 March 2004.

The relevant dates for the payment of the dividend are:

#### **Last day to trade cum dividend**

- On the London Stock Exchange Tuesday, 27 July 2004
- On the JSE Securities Exchange South Africa Friday, 23 July 2004

#### **Shares commence trading ex-dividend:**

- On the London Stock Exchange Wednesday, 28 July 2004
- On the JSE Securities Exchange South Africa Monday, 26 July 2004

#### **Record date:**

- On the London Stock Exchange Friday, 30 July 2004
- On the JSE Securities Exchange South Africa Friday, 30 July 2004

#### **Payment date:**

- United Kingdom register Monday, 23 August 2004
- South African register Monday, 23 August 2004

Share certificates on the South African branch register may not be dematerialised or rematerialised between Monday, 26 July 2004 and Friday, 30 July 2004 both dates inclusive, nor may transfers between the UK and SA registers take place between Monday, 26 July 2004 and Friday, 30 July 2004, both dates inclusive.

Shareholders registered on the South African register are advised that the final dividend of 30 pence, equivalent to 360 cents per share, has been arrived at using the Rand/Sterling conversion rate, as determined at 11h00 (SA time) on Wednesday, 26 May 2004.

The Annual General Meeting of members at which the proposed dividend will be considered for approval is scheduled to take place on Thursday, 19 August 2004. If approved, payment will be made on Monday, 23 August 2004.

By order of the board

R Vardy  
Company Secretary

27 May 2004

## Investec plc (incorporating the results of Investec Limited)

### Consolidated UK GAAP financial results in Pounds sterling for the year ended 31 March 2004

#### Salient Features

| <b>UK GAAP</b>  | <b>31 March 2004</b> | <b>%<br/>Change</b> | <b>31 March 2003</b> |
|---|----------------------|---------------------|----------------------|
| Operating profit before goodwill amortisation and taxation (£'000)            | 132 139              | 54.1                | 85 762               |
| Earnings before goodwill amortisation and exceptional items (£'000)           | 106 082              | 18.3                | 89 668               |
| Profit/(loss) attributable to shareholders (£'000)                            | 68 785               | >100                | (62 614)             |
| Earnings per share before goodwill amortisation and exceptional items (pence) | 103.7                | 7.9                 | 96.1                 |
| Earnings per share (pence)  | 59.9                 | >100                | (67.6)               |
| Dividends per share (pence)   | 58                   | 7.4                 | 54                   |

## Consolidated profit and loss accounts

| £'000   | Year to 31 March 2004                 |                                |                | Year to 31 March 2003*                |                                |                 |
|---|---------------------------------------|--------------------------------|----------------|---------------------------------------|--------------------------------|-----------------|
|   | Before goodwill and exceptional items | Goodwill and exceptional items | Total          | Before goodwill and exceptional items | Goodwill and exceptional items | Total           |
| Interest receivable – interest income arising from debt securities                  | 91 845                                | -                              | 91 845         | 171 066                               | -                              | 171 066         |
| Interest receivable – other interest income   | 588 067                               | -                              | 588 067        | 678 615                               | -                              | 678 615         |
| Interest payable  | (574 249)                             | -                              | (574 249)      | (738 980)                             | -                              | (738 980)       |
| <b>Net interest income</b>  | <b>105 663</b>                        | <b>-</b>                       | <b>105 663</b> | <b>110 701</b>                        | <b>-</b>                       | <b>110 701</b>  |
| Dividend income   | 3 450                                 | -                              | 3 450          | 3 597                                 | -                              | 3 597           |
| Fees and commissions receivable   | 340 528                               | -                              | 340 528        | 330 959                               | -                              | 330 959         |
| - Annuity   | 272 718                               | -                              | 272 718        | 287 199                               | -                              | 287 199         |
| - Deal  | 67 810                                | -                              | 67 810         | 43 760                                | -                              | 43 760          |
| Fees and commission payable   | (22 155)                              | -                              | (22 155)       | (54 768)                              | -                              | (54 768)        |
| Dealing profits   | 91 015                                | -                              | 91 015         | 57 668                                | -                              | 57 668          |
| Income from long-term assurance business  | 5 082                                 | -                              | 5 082          | 27 779                                | -                              | 27 779          |
| Return on shareholders' fund in the long-term assurance business                    | 24 122                                | -                              | 24 122         | 15 551                                | -                              | 15 551          |
| Other operating income  | 13 028                                | -                              | 13 028         | 27 780                                | -                              | 27 780          |
| <b>Other income</b>   | <b>455 070</b>                        | <b>-</b>                       | <b>455 070</b> | <b>408 566</b>                        | <b>-</b>                       | <b>408 566</b>  |
| <b>Total operating income</b>   | <b>560 733</b>                        | <b>-</b>                       | <b>560 733</b> | <b>519 267</b>                        | <b>-</b>                       | <b>519 267</b>  |
| Administrative expenses   | (395 188)                             | -                              | (395 188)      | (400 780)                             | -                              | (400 780)       |
| Depreciation and amortisation   | (12 448)                              | (50 644)                       | (63 092)       | (14 417)                              | (122 302)                      | (136 719)       |
| - tangible fixed assets   | (12 448)                              | -                              | (12 448)       | (14 417)                              | -                              | (14 417)        |
| - amortisation and impairment of goodwill   | -                                     | (50 644)                       | (50 644)       | -                                     | (122 302)                      | (122 302)       |
| Provision for bad and doubtful debts  | (20 958)                              | -                              | (20 958)       | (18 308)                              | -                              | (18 308)        |
| <b>Operating profit / (loss)</b>  | <b>132 139</b>                        | <b>(50 644)</b>                | <b>81 495</b>  | <b>85 762</b>                         | <b>(122 302)</b>               | <b>(36 540)</b> |
| Operating profit / (loss) from continuing operations                                | 132 139                               | (50 644)                       | 81 495         | 102 431                               | (116 599)                      | (14 168)        |
| Operating loss from discontinued operations   | -                                     | -                              | -              | (16 669)                              | (5 703)                        | (22 372)        |
| <b>Operating profit / (loss)</b>  | <b>132 139</b>                        | <b>(50 644)</b>                | <b>81 495</b>  | <b>85 762</b>                         | <b>(122 302)</b>               | <b>(36 540)</b> |
| Share of income of associated companies   | 11 205                                | (2 132)                        | 9 073          | 11 350                                | (1 644)                        | 9 706           |
| Exceptional items   | -                                     | 8 529                          | 8 529          | -                                     | (28 757)                       | (28 757)        |
| Provision for losses on termination and disposal of group operations - discontinued | -                                     | (5 103)                        | (5 103)        | -                                     | (9 437)                        | (9 437)         |
| Losses on termination and disposal of group operations - discontinued               | -                                     | (24 328)                       | (24 328)       | -                                     | (16 493)                       | (16 493)        |
| Less provision made last year   | -                                     | 19 225                         | 19 225         | -                                     | 7 056                          | 7 056           |
| Impairment of goodwill on discontinued operations                                   | -                                     | -                              | -              | -                                     | (19 047)                       | (19 047)        |
| Profit on termination and disposal of group operations - continuing                 | -                                     | 13 632                         | 13 632         | -                                     | 5 800                          | 5 800           |
| Fundamental reorganisation and restructuring costs - continuing                     | -                                     | -                              | -              | -                                     | (6 073)                        | (6 073)         |
| <b>Profit / (loss) on ordinary activities before taxation</b>                       | <b>143 344</b>                        | <b>(44 247)</b>                | <b>99 097</b>  | <b>97 112</b>                         | <b>(152 703)</b>               | <b>(55 591)</b> |
| Tax on profit on ordinary activities  | (27 821)                              | (678)                          | (28 499)       | (5 377)                               | -                              | (5 377)         |
| Tax on profit on ordinary continuing activities                                     | (27 821)                              | -                              | (27 821)       | 838                                   | -                              | 838             |
| Tax on loss on ordinary discontinued activities                                     | -                                     | -                              | -              | (6 215)                               | -                              | (6 215)         |
| Tax on termination and disposal of group operations - continuing                    | -                                     | (678)                          | (678)          | -                                     | -                              | -               |
| <b>Profit / (loss) on ordinary activities after taxation</b>                        | <b>115 523</b>                        | <b>(44 925)</b>                | <b>70 598</b>  | <b>91 735</b>                         | <b>(152 703)</b>               | <b>(60 968)</b> |
| Minority interests-equity   | (1 888)                               | 75                             | (1 813)        | (1 646)                               | -                              | (1 646)         |
| <b>Profit / (loss) attributable to shareholders</b>                                 | <b>113 635</b>                        | <b>(44 850)</b>                | <b>68 785</b>  | <b>90 089</b>                         | <b>(152 703)</b>               | <b>(62 614)</b> |
| Dividends-including non-equity  | (63 709)                              | -                              | (63 709)       | (53 428)                              | -                              | (53 428)        |

|                                       |        |          |       |        |           |           |
|---------------------------------------|--------|----------|-------|--------|-----------|-----------|
| Retained profit / (loss) for the year | 49 926 | (44 850) | 5 076 | 36 661 | (152 703) | (116 042) |
|---------------------------------------|--------|----------|-------|--------|-----------|-----------|

\* Restated for changes to accounting policies and disclosures as detailed in the paragraph headed "Accounting policies and disclosures."

## Earnings and dividends per share

| £'000  | Year to<br>31 March<br>2004 | Year to<br>31 March<br>2003 |
|--|-----------------------------|-----------------------------|
| <b>Profit/(loss) attributable to shareholders</b>  | <b>68 785</b>               | <b>(62 614)</b>             |
| Amortisation and impairment of goodwill  | 50 644                      | 122 302                     |
| Profit on termination and disposal of group operations                                     | (13 029)                    | (5 800)                     |
| Provision for losses on termination and disposal of group operations (net of deferred tax) | 5 103                       | 28 484                      |
| Amortisation of goodwill of associates   | 2 132                       | 1 644                       |
| Fundamental reorganisation and restructuring costs   | -                           | 6 073                       |
| Preference dividends   | (7 553)                     | (421)                       |
| <b>Earnings before goodwill and exceptional items</b>                                      | <b>106 082</b>              | <b>89 668</b>               |
| <b>Earnings per share (pence)</b>  |                             |                             |
| - Basic  | 59.9                        | (67.6)                      |
| - Diluted  | 59.5                        | (67.6)                      |
| <b>Excluding goodwill and exceptional items</b>  |                             |                             |
| - Basic  | 103.7                       | 96.1                        |
| - Diluted  | 100.7                       | 91.9                        |
| <b>Dividends per share (pence)</b>   |                             |                             |
| Weighted number of ordinary shares in issue  | 58.0                        | 54.0                        |
|  | 102.3                       | 93.8                        |

## Consolidated profit and loss accounts for the year ended 31 March

| £'000   | Continuing operations |                |              | Discontinued operations |                 |
|---|-----------------------|----------------|--------------|-------------------------|-----------------|
|   | 2004                  | 2003*          | %<br>change  | 2004                    | 2003*           |
| <b>Net interest income</b>  | <b>105 663</b>        | <b>106 642</b> | <b>(0.9)</b> | -                       | <b>4 059</b>    |
| Dividend income   | 3 450                 | 3 597          | (4.1)        | -                       | -               |
| Net fees and commissions receivable   | 318 373               | 249 708        | 27.5         | -                       | 26 483          |
| Dealing profits   | 91 015                | 58 629         | 55.2         | -                       | (961)           |
| Income from long-term assurance business  | 5 082                 | 27 779         | (81.7)       | -                       | -               |
| Return on shareholders' funds in the long-term assurance business                             | 24 122                | 15 551         | 55.1         | -                       | -               |
| Other operating income  | 13 028                | 28 774         | (54.7)       | -                       | (994)           |
| <b>Other income</b>   | <b>455 070</b>        | <b>384 038</b> | <b>18.5</b>  | -                       | <b>24 528</b>   |
| <b>Total operating income</b>   | <b>560 733</b>        | <b>490 680</b> | <b>14.3</b>  | -                       | <b>28 587</b>   |
| Administrative expenses   | (395 188)             | (356 468)      | 10.9         | -                       | (44 312)        |
| Depreciation  | (12 448)              | (13 473)       | (7.6)        | -                       | (944)           |
| Provision for bad and doubtful debts  | (20 958)              | (18 308)       | 14.5         | -                       | -               |
| <b>Operating profit / (loss) before goodwill and exceptional items</b>                        | <b>132 139</b>        | <b>102 431</b> | <b>29.0</b>  | -                       | <b>(16 669)</b> |
| Share of income of associated companies before goodwill                                       | 11 205                | 11 350         | (1.3)        | -                       | -               |
| <b>Profit / (loss) on ordinary activities before taxation, goodwill and exceptional items</b> | <b>143 344</b>        | <b>113 781</b> | <b>26.0</b>  | -                       | <b>(16 669)</b> |

\* Restated for changes to accounting policies and disclosures as detailed in the paragraph headed "Accounting policies and disclosures."

## Consolidated statements of recognised gains and losses

| £'000  | Year to<br>31 March<br>2004 | Year to<br>31 March<br>2003* |
|--|-----------------------------|------------------------------|
| Profit/(loss) for the year attributable to shareholders              | 68 785                      | (62 614)                     |
| Currency translation differences on foreign currency net investments | (4 104)                     | (13 870)                     |
| Unrealised surplus on revaluation of investment properties           | 13 982                      | 18 265                       |
| Actuarial losses recognised on previous fund schemes                 | (1 294)                     | (9 707)                      |
| <b>Total recognised gains and losses for the year</b>                | <b>77 369</b>               | <b>(67 926)</b>              |
| Prior year adjustments in respect of changes in accounting policies  | (2 226)                     | -                            |
| <b>Total gains and losses since last annual report</b>               | <b>75 143</b>               | -                            |

As a result of changes in accounting policies, net assets other than gains and losses at 31 March 2003 have been reduced by £54.8m.

\* Restated for changes to accounting policies and disclosures as detailed in the paragraph headed "Accounting policies and disclosures."

## Consolidated balance sheets

£'000

|   | 31 March<br>2004         | 31 March<br>2003*        |
|---|--------------------------|--------------------------|
| <b>Assets</b>   |                          |                          |
| Cash and balances at central banks                            | 363 862                  | 348 343                  |
| Treasury bills and other eligible bills                       | 332 208                  | 243 019                  |
| Loans and advances to banks                                   | 1 704 715                | 2 758 797                |
| Loans and advances to customers                               | 6 345 848                | 4 883 903                |
| Debt securities   | 1 466 437                | 1 931 265                |
| Equity shares   | 418 254                  | 147 638                  |
| Interests in associated undertakings                          | 70 006                   | 62 422                   |
| Other participating interests                                 | 9 135                    | -                        |
| Intangible fixed assets                                       | 251 508                  | 299 773                  |
| Tangible fixed assets   | 146 326                  | 205 982                  |
| Own shares  | 43 780                   | 52 223                   |
| Other assets  | 1 081 131                | 1 211 441                |
| Prepayments and accrued income                                | 81 511                   | 124 390                  |
| Long-term assurance business attributable to the shareholder  | 265 315                  | 108 528                  |
|   | <u>12 580 036</u>        | <u>12 377 724</u>        |
| Long-term assurance assets attributable to policyholders      | 2 781 335                | 2 536 319                |
|   | <b><u>15 361 371</u></b> | <b><u>14 914 043</u></b> |
| <b>Liabilities</b>  |                          |                          |
| Deposits by banks   | 1 233 609                | 2 129 292                |
| Customer accounts   | 7 211 292                | 6 354 867                |
| Debt securities in issue                                      | 621 857                  | 1 089 756                |
| Other liabilities   | 1 969 855                | 1 580 881                |
| Accruals and deferred income                                  | 185 600                  | 254 413                  |
| Pension fund liability  | 11 967                   | 10 041                   |
|   | <u>11 234 180</u>        | <u>11 419 250</u>        |
| Long-term assurance liabilities attributable to policyholders | 2 781 335                | 2 536 319                |
|   | <b><u>14 015 515</u></b> | <b><u>13 955 569</u></b> |
| <b>Capital Resources</b>                                      |                          |                          |
| Subordinated liabilities (including convertible debt)         | 497 858                  | 279 702                  |
| Minority interests – equity                                   | 39 029                   | 38 804                   |
| Called up share capital                                       | 165                      | 158                      |
| Share premium account   | 1 020 890                | 980 321                  |
| Treasury shares   | (52 102)                 | (40 987)                 |
| Shares to be issued   | 2 666                    | 2 428                    |
| Perpetual preference shares                                   | 126 698                  | -                        |
| Revaluation reserves  | 43 142                   | 29 160                   |
| Other reserves  | (168 402)                | (166 907)                |
| Profit and loss account                                       | (164 088)                | (164 205)                |
| Shareholders' funds   | 808 969                  | 639 968                  |
| - equity  | 682 271                  | 639 968                  |
| - non-equity  | 126 698                  | -                        |
|   | <u>1 345 856</u>         | <u>958 474</u>           |
|   | <b><u>15 361 371</u></b> | <b><u>14 914 043</u></b> |
| <b>Memorandum items</b>                                       |                          |                          |
| Commitments   | 522 879                  | 496 638                  |
| Contingent Liabilities  | 172 579                  | 348 906                  |
|   | <b><u>695 458</u></b>    | <b><u>845 544</u></b>    |

\* Restated for changes to accounting policies and disclosures as detailed in the paragraph headed "Accounting policies and disclosures."

## Consolidated cash flow statements

£'000

|   | Year to<br>31 March<br>2004 | Year to<br>31 March<br>2003* |
|---|-----------------------------|------------------------------|
| Net cash (outflow)/inflow from operating activities                         | (589 773)                   | 93 215                       |
| Net cash outflow from return on investments and servicing of finance        | (52 663)                    | (25 511)                     |
| Taxation  | (31 917)                    | (21 151)                     |
| Net cash inflow/(outflow) from capital expenditure and financial investment | 398 238                     | (111 527)                    |
| Net cash inflow/(outflow) from acquisitions and disposals                   | 80 226                      | (9 629)                      |
| Ordinary share dividends paid   | (52 810)                    | (54 335)                     |
| Net cash inflow/(outflow) from financing                                    | 387 691                     | (2 335)                      |
| Increase/(decrease) in cash   | <u>138 992</u>              | <u>(131 273)</u>             |
| Cash and demand bank balances at beginning of year                          | 1 033 902                   | 1 165 175                    |
| Cash and demand bank balances at end of year                                | <u>1 172 894</u>            | <u>1 033 902</u>             |

\* Restated for changes to accounting policies and disclosures as detailed in the paragraph headed "Accounting policies and disclosures."

**Segmental analysis – geographical and business analysis of operating profit before taxation, goodwill amortisation and exceptional items**

**For the year ended 31 March 2004**

| £'000                               | Southern Africa | United Kingdom and Europe | Australia    | Israel       | United States of America | Disc. Operations | Total          |
|-------------------------------------|-----------------|---------------------------|--------------|--------------|--------------------------|------------------|----------------|
| Private Client Activities           | 19 610          | 30 627                    | 3 025        | 600          | -                        | -                | 53 862         |
| Treasury and Specialised Finance    | 18 887          | 14 015                    | 436          | 2 467        | -                        | -                | 35 805         |
| Investment Banking                  | 27 147          | 2 939                     | 4 312        | 3 066        | 255                      | -                | 37 719         |
| Asset Management                    | 22 740          | 1 614                     | -            | 257          | -                        | -                | 24 611         |
| Assurance                           | 4 582           | -                         | -            | -            | -                        | -                | 4 582          |
| Group Services and Other Activities | (15 538)        | (10 461)                  | 1 853        | (472)        | 178                      | -                | (24 440)       |
| Discontinued operations             | -               | -                         | -            | -            | -                        | -                | -              |
|                                     | <b>77 428</b>   | <b>38 734</b>             | <b>9 626</b> | <b>5 918</b> | <b>433</b>               | <b>-</b>         | <b>132 139</b> |

**For the year ended 31 March 2003\***

| £'000                               | Southern Africa | United Kingdom and Europe | Australia    | Israel       | United States of America | Disc. Operations | Total         |
|-------------------------------------|-----------------|---------------------------|--------------|--------------|--------------------------|------------------|---------------|
| Private Client Activities           | 12 722          | 18 884                    | 930          | 1 465        | -                        | -                | 34 001        |
| Treasury and Specialised Finance    | 26 604          | (5 659)                   | (865)        | 118          | -                        | -                | 20 198        |
| Investment Banking                  | 4 898           | 4 297                     | 2 532        | 1 797        | -                        | -                | 13 524        |
| Asset Management                    | 16 171          | 1 426                     | -            | 118          | -                        | -                | 17 715        |
| Assurance Activities                | 26 830          | -                         | -            | -            | -                        | -                | 26 830        |
| Group Services and Other Activities | (17 746)        | 3 614                     | 3 327        | (2)          | 970                      | -                | (9 837)       |
| Discontinued Operations             | -               | -                         | -            | -            | -                        | (16 669)         | (16 669)      |
|                                     | <b>69 479</b>   | <b>22 562</b>             | <b>5 924</b> | <b>3 496</b> | <b>970</b>               | <b>(16 669)</b>  | <b>85 762</b> |

\* Restated for changes to accounting policies and disclosures as detailed in the paragraph headed "Accounting policies and disclosures."

## Consolidated statements of reconciliations of shareholders' funds and movements on reserves

| £'000   | Year to<br>31 March 2004 | Year to<br>31 March 2003* |
|---|--------------------------|---------------------------|
| Balance at the beginning of year                            | 639 968                  | 733 797                   |
| As previously reported                                      | 696 968                  | 734 302                   |
| Changes in accounting policies                              |                          |                           |
| Adoption of full requirements of FRS 17:Retirement benefits | (9 173)                  | 487                       |
| Adoption of UITF 37:Purchase and sale of own shares         | (47 827)                 | (992)                     |
| Foreign currency adjustments                                | (4 104)                  | (13 870)                  |
| Retained profit/(loss) for the year                         | 5 076                    | (116 042)                 |
| Transfer to pension fund deficit                            | ( 1 294)                 | (9 707)                   |
| Reduction in shareholding of associate                      | (1 056)                  | -                         |
| Issue of ordinary shares/shares to be issued                | 45 995                   | 112 588                   |
| Issue of perpetual preference shares                        | 127 484                  | -                         |
| Share issue expenses  | (2 031)                  | (32 213)                  |
| Movement in treasury shares                                 | (15 051)                 | (47 772)                  |
| Cancellation of shares                                      | -                        | (5 079)                   |
| Conversion of debentures                                    | -                        | 1                         |
| Revaluation of investment properties                        | 13 982                   | 18 265                    |
| <b>Balance at end of year</b>                               | <b>808 969</b>           | <b>639 968</b>            |

\* Restated for changes to accounting policies and disclosures as detailed in the paragraph headed "Accounting policies and disclosures."

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 March 2004 or 2003. The auditors have reported on the 2003 accounts for Investec plc; their report was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985. The statutory accounts for 2004 for Investec plc (incorporating the results of Investec Limited) will be finalised on the basis of the financial information presented by the directors in this announcement and will be delivered to the Registrar of Companies following the company's annual general meeting.

### Further Information

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

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

Alternatively for further information please contact the Investor Relations division on e-mail [investorrelations@investec.co.za](mailto:investorrelations@investec.co.za) or +27 11 286 7070.