19 May 2005

Investec delivers strong growth in earnings, dividends and return on equity

"This is a good set of results driven by very strong performances from all our businesses"

- Stephen Koseff

Investec plc announces today its full year results for the year ended 31 March 2005

Financial highlights

- Operating profit* up 57.5% to £208.3 million (2004: £132.3 million)
- Profit before tax* up 55.0% to £222.4 million (2004: £143.5 million)
- Profit after tax, exceptional items and amortisation of goodwill up 43.5% to £101.5 million (2004: £70.7 million)
- Earnings per share* up 35.6% to 140.8 pence (2004: 103.8 pence)
- Proposed increased final dividend of 37.0 pence equating to a full year dividend of 67.0 pence (2004: 58.0 pence) and a dividend cover at 2.10 times (2004:1.79 times)
- Return on equity increased to 21.3% from 15.4% (target: 20%)
- Client assets under management increased 12.8% to £33.9 billion (2004: £30.0 billion)
- Core loans and advances up 20.7% to £5.8 billion (2004 : £4.8 billion) whilst maintaining asset quality at a high level

Business highlights

- Substantial growth from all businesses:
  - Private Client Activities: profit* up 57.5% to £84.8 million (2004:£53.9 million)
  - Treasury and Specialised Finance: profit* up 33.9% to £47.9 million (2004: £35.8 million)
  - Investment Banking: profit* up 25.0% to £47.2 million (2004: £37.7 million)
  - Asset Management: profit* up 55.1% to £38.2 million (2004: £24.6 million)
  - Property Activities: profit* up 21.5% to £12.3 million (2004: £10.1 million)

**before exceptional items and amortisation of goodwill, totaling -£63.6 million (2004: -£44.8 million)*

Stephen Koseff, Chief Executive of Investec, said:

"Our results reflect the benefit of strategic actions taken by group management over the past few years to streamline the business and achieve greater operational focus on core activities. During 2004 we identified and implemented six key financial and growth targets by which to measure the group's performance and as these results demonstrate we have moved rapidly towards meeting, or improving on those financial targets.

We continue to operate in a competitive environment where ongoing innovation and rapid, yet careful, response to competition is crucial. Within this challenging context we are very well positioned with the quality and balance of our earnings sources."

Bernard Kantor, Managing Director of Investec, said:

"We firmly believe that our niche focus, our ability to be distinctive and the quality of our people will position us to take advantage of market conditions and we are confident that opportunities ahead of us will allow us to continue to grow profitably in the forthcoming year."

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Investec will be presenting the full year results at 9am today at their offices at 2 Gresham Street, London EC2V 7QP. Details of the conference call facilities and a delayed webcast of the presentation are available at www.investec.com.

About Investec

Investec is an international specialist banking group that provides a diverse range of financial products and services to a niche client base in three principal markets, the United Kingdom, South Africa and Australia as well as certain other countries. The group was established in 1974 and currently has approximately 4 100 employees.

Investec focuses on delivering distinctive profitable solutions for its clients in five core areas of activity namely, Private Client Activities, Treasury and Specialised Finance, Investment Banking, Asset Management and Property Activities.

In July 2002 the Investec group implemented a dual listed company structure with primary listings on the London and Johannesburg Stock Exchanges. The combined group has a market capitalisation of approximately £1.8 billion.

Further information

Investec plc (incorporating the results of Investec Limited)
Consolidated financial results in UK GAAP Pounds Sterling for the year ended 31 March 2005.

Overall performance

We are pleased to announce that for the year ended 31 March 2005, earnings per share (EPS) before exceptional items and amortisation of goodwill increased 35.6% to 140.8 pence from 103.8 pence (as restated). We have benefited from continued focus on driving profitable growth in our key business areas and geographies, supported by favourable economic conditions. We have achieved the majority of our stated growth and financial return objectives and we have made significant progress towards achieving the others.

Salient features of the financial year:

- Operating profit before exceptional items and amortisation of goodwill increased 57.5% from £132.3 million to £208.3 million.
- Earnings attributable to ordinary shareholders before exceptional items and amortisation of goodwill increased 42.3% from £106.2 million to £151.1 million.
- Return on adjusted equity shareholders' funds (inclusive of compulsorily convertible instruments) increased from 15.4% to 21.3%.
- Recurring/annuity income as a percentage of total operating income increased from 64.8% to 65.2%.
- The ratio of total operating expenses to total operating income improved from 72.7% to 66.8%.
- Investec Limited issued R2.3 billion (£207.3 million) of non-redeemable, non-cumulative, non-participating preference shares in February 2005.
- The board proposes an increased final dividend of 37.0 pence per ordinary share equating to a full year dividend of 67.0 pence (2004: 58.0 pence) and a dividend cover based on the group's EPS before exceptional items and goodwill amortisation of 2.10 times (2004: 1.79 times). This is consistent with our policy of increasing our cover to the upper end of our target range of 1.7 to 2.3 times in years of strong performance.

Commentary

The financial information contained in this commentary is prepared in accordance with UK GAAP. Rand values included in this section are translated into Pounds Sterling - in the case of the profit and loss account at the weighted average rate for the relevant period, and in the case of the balance sheets at the relevant closing rate. The average Rand/Pounds Sterling exchange rates were 11.47 and 12.02 for the years ended 31 March 2005 and 31 March 2004, respectively, representing an appreciation of the Rand of approximately 5% during the period under review.

Unless the context indicates otherwise, all comparatives relate to the year ended 31 March 2004.

Business unit review

Private Client Activities

Our Private Client Activities, comprising the Private Banking and Private Client Portfolio Management and Stockbroking divisions, reported substantial growth in operating profit before exceptional items and amortisation of goodwill of 57.5% to £84.8 million from £53.9 million.

- **Private Banking**

Operating profit before exceptional items and amortisation of goodwill of the Private Banking division increased by 56.7% to £71.1 million driven by solid growth in total advances and non-interest income.

Strong performances were recorded across the majority of Private Banking activities with notable performances from Specialised Lending, Property Finance, Growth Finance and Investment Management Activities. Since 31 March 2004, the global private client lending book has grown by 26.5% to £4.3 billion and the division increased its retail deposit book by 16.8% to £3.0 billion.

- **Private Client Portfolio Management and Stockbroking**

Private Client Portfolio Management and Stockbroking recorded strong growth, earning operating profit before exceptional items and amortisation of goodwill of £13.7 million, an increase of 61.7%.

Improved equity market conditions and strict cost control benefited both Carr Sheppards Crosthwaite in the UK and Private Client Securities in SA. Since 31 March 2004, total private client funds under management have increased by 14.0% to £9.7 billion (excluding recently announced transactions).

We have bolstered our Private Client Portfolio Management and Stockbroking activities through the acquisition of the SA private client business of HSBC and the merger of Carr Sheppards Crosthwaite and Rensburg plc in the UK.

Treasury and Specialised Finance

The group's Treasury and Specialised Finance division posted operating profit before exceptional items and amortisation of goodwill of £47.9 million, an increase of 33.9%.

The SA business benefited from a relatively stable interest rate environment and an improvement in dealing profits following a disappointing performance in the prior period. The advisory and structuring businesses in the UK and SA performed well with notable performances from the Project Finance, Resource Finance, Structured Finance and Financial Products divisions. These results were somewhat offset by an unsatisfactory result recorded by the Commodities and Equity Derivative trading operations in the UK.

Investment Banking

The group's Investment Banking division recorded an increase in operating profit before exceptional items and amortisation of goodwill of 25.0% from £37.7 million to £47.2 million.

The Institutional Stockbroking operations performed well against a backdrop of favourable equity markets and the Corporate Finance divisions posted sound results, with a solid performance reported by the UK division. The Direct Investments and Private Equity divisions continued to benefit from the good performance of their underlying portfolios.

Asset Management
The Asset Management division delivered substantial growth in operating profit before exceptional items and amortisation of goodwill of 55.1% to £38.2 million from £24.6 million. The division benefited from favourable market conditions with assets under management increasing by 11.4% in Pounds Sterling to £22.9 billion and by 12.0% in Rands to R268.9 billion.

The UK and other international operations recorded a significant improvement in profit due to strong net inflows across their product ranges, with investment performance remaining strong. The Southern African operations delivered solid financial results boosted by a combination of performance fees and additional revenue from rising portfolio prices over the period.

Assurance Activities
The group's SA assurance activities, conducted by Investec Employee Benefits (IEB) reported an increase in operating profit of 69.5% to £7.8 million. The business has benefited from an increase in embedded value as a consequence of improved efficiencies. The group risk business has been sold to Capital Alliance Holdings Limited (CAL) through a reinsurance contract executed on 31 December 2004, and the earnings reflect income to the date of sale.

Property Activities
Operating profit before exceptional items and amortisation of goodwill of the Property Activities division increased by 21.5% to £12.3 million. The division benefited from an increase in funds under management in SA and realised gains earned in the UK.

Group Services and Other Activities
Group Services and Other Activities incurred an operating loss of £29.8 million compared to the prior period loss of £34.4 million. The SA Central Funding division benefited from an improved capital structure and a lower interest rate environment. These results were partially offset by a net increase in interest costs in the UK Central Funding division following the issue of Tier II subordinated debt of £200 million in March 2004.

Financial statements analysis

Operating income
Operating income increased by 23.5% to £692.6 million. The movements in total operating income are analysed further below.

Net interest income increased by 26.1% to £132.7 million. We recorded strong growth in Private Banking and UK Treasury and Specialised Finance lending portfolios, with total core loans and advances increasing by 20.7% to £5.8 billion. A more stable interest rate environment in SA has led to an improvement in the performance of the Treasury and Specialised Finance and Central Funding divisions.

Net fees and commissions increased by 28.3% to £411.4 million. This was largely attributable to increased lending turnover and transactional activity in the Private Banking division and a sound performance by the UK Project Finance, UK Investment Banking, Financial Products and Property divisions. The Asset Management and Private Client Portfolio and Stockbroking divisions benefited from improved equity market conditions and net inflows across a number of the product ranges.

Dealing profits decreased by 23.7% to £68.7 million mainly as a result of the moderate performance of the trading investments held within the Property and Private Banking divisions in SA and certain other investments held directly by the group in its corporate portfolio.

The performance of the group’s long-term assurance activities is discussed under “Business unit review”.

The growth in the return on shareholder’s funds in the long-term assurance business conducted through IEB results from the substantial increase in the average long-term assurance assets attributable to the shareholder from £186.9 million to £248.1 million, supported by favourable capital market conditions.

Other operating income increased by 58.1% to £19.3 million as a result of gains achieved on the sale of investments in the underlying funds of the UK private equity portfolio.

Recurring/annuity income as a percentage of total operating income increased from 64.8% to 65.2% (our target range is 70%-75%).

Administrative expenses

Administrative expenses increased by 14.6%. Variable remuneration increased by 41.0% to £106.9 million due to increased profitability. Other operating expenses increased by 8.3% to £346.0 million largely as a result of an increase in compliance, risk management and regulatory costs, an increase in rental costs given that the group no longer owns certain of the buildings from which it operates, and an increase in consulting fees relating to certain projects undertaken by us to improve efficiency which should result in long-term cost savings.

We have made material progress towards reaching our operating expenses to total operating income target of 65% as the ratio improved from 72.7% to 66.8%, principally as a result of the strong growth in operating income of 23.5%.

Goodwill amortisation and impairments

The charge for goodwill amortisation and impairment increased from £50.6 million to £51.8 million. Included in the current period is an amount of £5 million relating to negative goodwill arising from a structured finance transaction and an impairment of £8.8 million in respect of the Institutional Asset Management business in SA relating to the portfolio of businesses acquired from Fedsure.

Provision for bad and doubtful debts

The bad and doubtful debts charge in the profit and loss account increased marginally by 1.8% to £21.3 million. We have experienced an increase in provisions as a result of book growth mitigated by bad debt recoveries and provisions made in prior years against certain loans, which are no longer required.

The percentage of gross non-performing loans (NPLs) to core loans and advances decreased from 1.8% to 0.9%. Total provision coverage remains highly satisfactory both as a percentage of gross NPLs and net NPLs (gross NPLs net of security), at 157.9% and 409.1% respectively. The group’s general provision as a percentage of net loans and advances has remained at approximately 1.2%.

Share of income of associated companies

The group’s main associate was CAL. An amount of £14.0 million before goodwill amortisation was accrued, representing Investec’s share of the estimate of CAL’s operating earnings for the year ended 31 March 2005.

Taxation

The effective tax rate of the group (excluding the tax effect of exceptional items) increased from 21.0% to 27.5% due to the reversal of deferred tax assets as a result of reduced availability of assessed losses.

Exceptional items

Exceptional items comprise:

	£'million
• Profits arising on the sale of the group's investment in CAL to Liberty Group Limited	8.1
• Reinsurance of the group risk business in IEB with CAL	(1.8)
- Profits arising on reinsurance	5.9
- Impairment of goodwill	(7.7)
• Losses arising on the sale of the banking subsidiary in Israel largely relating to a write down in the value of the buildings it occupied	(6.3)
• Closure of the Traded Endowments operation in the UK	(6.4)
- Losses arising on closure	(3.7)
- Impairment of goodwill	(2.7)
• Losses relating to restructuring costs incurred in certain businesses	(2.2)
Total exceptional items	**(8.6)**

Capital resources

Total capital resources increased by 13.6% to £1.5 billion and total shareholders' funds increased by 26.2% to £967 million largely as a result of the issue of R2.3 billion (£207.3 million) of non-redeemable, non-cumulative, non-participating preference shares by Investec Limited in February 2005.

The annualised return on average total equity shareholders' funds, inclusive of goodwill, increased from 16.6% to 23.6%. The annualised return on adjusted shareholders' funds (inclusive of compulsorily convertible instruments) increased from 15.4% to 21.3%, exceeding our target of 20%.

Investec plc and Investec Limited are well capitalised and capital adequacy ratios comfortably exceed the minimum regulatory requirements. The capital adequacy of Investec plc (applying UK Financial Services Authority rules to its capital base) is 15.4% (March 2004: 17.3%). The capital adequacy of Investec Limited (applying South African Reserve Bank rules to its capital base) is 20.1% (March 2004: 15.1%).

Assets under administration

Client assets under administration increased by 12.8% from £30.0 billion to £33.9 billion, with sound growth across all ranges of funds. On balance sheet assets grew by 16.9% from £15.3 billion to £17.9 billion largely as a result of strong growth in core advances.

Outlook

Our results reflect the benefit of strategic actions taken by group management over the past few years to streamline the business and achieve greater operational focus on core activities. During 2004 we identified and implemented six key financial and growth targets by which to measure the group's performance and as these results demonstrate we have moved rapidly towards meeting, or improving on those financial targets.

We continue to operate in a competitive environment where ongoing innovation and rapid, yet careful, response to competition is crucial. Within this challenging context we are very well positioned with the quality and balance of our earnings sources.

We firmly believe that our niche focus, our ability to be distinctive and the quality of our people will position us to take advantage of market conditions and we are confident that opportunities ahead of us will allow us to continue to grow profitably in the forthcoming year.

On behalf of the boards of Investec plc and Investec Limited

Hugh Herman	Stephen Koseff	Bernard Kantor
Chairman	Chief Executive Officer	Managing Director

Presentation of financial information

Investec operates under a Dual Listed Companies (DLC) structure with primary listings of Investec plc on the London Stock Exchange and Investec Limited on the JSE Securities Exchange South Africa.

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 equilibrium relative to each other. 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 year-end results for Investec plc present the results and financial position of the combined DLC group under 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. In the commentary above, all references to Investec or the group relate to the combined DLC group comprising Investec plc and Investec Limited.

As announced on 30 July 2004 Investec plc sold its 80.28% stake in Investec Bank (Israel) Limited to The First International Bank of Israel. The transaction was completed on 22 December 2004 and hence the results of Investec Bank (Israel) Limited to that date, have been consolidated into the group results for the year ended 31 March 2005.

Accounting policies and disclosures

The comparative information provided in the financial information is for the year ended 31 March 2004. Other than changes noted below, accounting policies adopted by the group are consistent with the prior period.

Change in accounting policies since the release of the 31 March 2004 annual results

UITF 38: Accounting for ESOP trusts

The group has adopted UITF 38 in respect of accounting for employee share incentive trusts (ESOP trusts). In summary the impact on the adoption of the new standard is as follows:

- Own shares held by the ESOP trusts (which have not vested to employees) are deducted from shareholders' funds (previously included on balance sheet as an asset under "own 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 held by the ESOP trusts.
- The net finance costs of the ESOP trusts are charged to the profit and loss account as they accrue.

Other than UITF 38, the changes in policies noted below were already included in the 31 March 2004 annual results.

The impact of the change in accounting policies arising from the adoption of UITF 38 is detailed below:

Year to 31 March 2004

	£'000
Interest receivable	1 184
Interest payable	-
Net interest income	1 184
Other operating income	(1 063)
Profit on ordinary activities before taxation	121
Taxation	-
Profit on ordinary activities after taxation	**121**

The impact of the change in accounting policies arising from the adoption of UITF 38 on reserves is detailed below:

	£'000
Reserves at 31 March 2004 as previously reported	**808 969**
UITF 38	(42 596)
Relating to 2004 opening reserves	(51 502)
Relating to 2004 movement in reserves	8 906
• Retained profit for the year	121
• Net reduction in treasury shares	5 764
• Net movement in share premium on reduction of treasury shares	3 021
Restated total reserves at 31 March 2004	**766 373**

Conversion to International Financial Reporting Standards

Under regulations adopted by the European Union as well as changes introduced to the JSE Securities Exchange South Africa listing requirements, we are required to prepare our financial statements in accordance with International Financial Reporting Standards (IFRS) for the year ending 31 March 2006.

The results relating to the six months ending 30 September 2005 will be presented under IFRS, alongside restated comparative information in accordance with IAS 34 – Interim Financial Reporting. The date of transition to IFRS will be 1 April 2004, being the start of the earliest period for which comparative information will be presented in the first set of IFRS compliant financial statements.

We have made significant progress in the conversion to IFRS. The major differences between IFRS and UK GAAP have been identified, and we are currently quantifying the impact. More detailed information will be made available prior to the release of the September 2005 interim results.

The most significant areas of impact for us due to IFRS are as follows:

Transition to IFRS
IFRS 1 governs the conversion to and first time adoption of IFRS. We are analysing the impact of the utilisation of certain exemptions allowed by the standard, and will choose them in such a fashion as to strike a balance between fair presentation and practicability. We will disclose the impact of the transition in accordance with this standard.

Share based payments
The introduction of IFRS 2 will result in the expensing of all share based payments made by us. The major area of impact will be as a result of the expense arising from share options granted to employees under share option schemes as well as other long-term Incentive plans.

Goodwill
Existing goodwill will no longer be amortised, but tested for impairment on an annual basis in accordance with IFRS 3 - Business Combinations. Negative goodwill will be released to the income statement as and when it arises.

Insurance contracts
IFRS 4 may lead to a gross-up on the balance sheet as a result of a restriction on netting off reinsurance contracts and the related liabilities.

Dividends
IAS 10 – Events after Balance Sheet Date will prohibit the recognition of a liability for any dividends declared after balance sheet date.

Financial instruments
The adoption of IAS 32 – Financial Instruments: Disclosure and Presentation, and
IAS 39 – Financial Instruments: Recognition and Measurement will result in the following key changes:

- All derivative financial instruments will be carried at fair value, regardless of whether they form part of the banking or trading books. Where possible, the effect of this will be negated by hedge accounting or treatment of related financial instruments at fair value.
- Certain fees earned as part of lending transactions will be spread over the life of the lending arrangement as an integral component of the effective interest yield.
- General provisions will no longer be raised.
- Specific and portfolio impairments will be introduced, which take into account the discounting of future cash flows.
- Certain financial assets and related liabilities may no longer be offset, which will result in gross values on the balance sheet.

Dividend announcement

Investec plc

In terms of the DLC structure, Investec plc shareholders who are non-South African resident shareholders may receive all or part of their dividend entitlements through dividends declared and paid by Investec plc on their ordinary shares and/or through dividends declared and paid on the SA DAN share issued by Investec Limited.

Investec plc shareholders who are South African residents, may receive all or part of their dividend entitlements through dividends declared and paid by Investec plc on their ordinary shares and / or through dividends declared and paid on the SA DAS share issued by Investec Limited.

Notice is hereby given that a final dividend (No. 6) has been proposed by the board in respect of the year ended 31 March 2005. The Annual General Meeting of members at which the proposed dividend will be considered for approval is scheduled to take place on Thursday, 11 August 2005.

Shareholders in Investec plc will receive a total distribution of 37 pence (2004: 30 pence) per ordinary share, which will be paid as follows:-

- for non-South African resident Investec plc shareholders, through a dividend paid by Investec plc of 37 pence per ordinary share.
- for South African resident shareholders of Investec plc, through a dividend paid on the SA DAS share equivalent to 37 pence per ordinary share.

The relevant dates for the payment of the dividends are:-

Last day to trade cum-dividend:	
- On the London Stock Exchange	Tuesday, 26 July 2005
- On the JSE Securities Exchange South Africa	Friday, 22 July 2005
Shares commence trading ex-dividend:	
- On the London Stock Exchange	Wednesday, 27 July 2005
- On the JSE Securities Exchange South Africa	Monday, 25 July 2005
Record date:	
- On the London Stock Exchange	Friday, 29 July 2005
- On the JSE Securities Exchange South Africa	Friday, 29 July 2005
Payment date:	
- United Kingdom register	Monday, 15 August 2005
- South African register	Monday, 15 August 2005

Share certificates on the South African branch register may not be dematerialised or rematerialised between Monday, 25 July 2005 and Friday, 29 July 2005, both dates inclusive, nor may transfers between the UK and SA registers take place between Monday, 25 July 2005 and Friday, 29 July 2005, both dates inclusive.

Shareholders registered on the South African register are advised that the total distribution of 37 pence, equivalent to 437 cents per share, has been arrived at using the Rand/Pounds Sterling average spot rate, as determined at 11h00 (SA time) on 18 May 2005.

By order of the board

R Vardy
Company Secretary 19 May 2005

Dividend announcement

Investec Limited
Notice is hereby given that a final dividend (No. 99) of 437 cents (2004: 360 cents) per ordinary share has been proposed by the board in respect of the year ended 31 March 2005. The Annual General Meeting of members at which the proposed dividend will be considered for approval is scheduled to take place on Thursday, 11 August 2005.

The dividend is payable to shareholders recorded in the members' register of the company at the close of business on Friday, 22 July 2005.

The relevant dates for the payment of the dividend are:

Last day to trade cum-dividend	Friday, 22 July 2005
Shares commence trading ex-dividend	Monday, 25 July 2005
Record date	Friday, 29 July 2005
Payment date	Monday, 15 August 2005

The final dividend of 437 cents per ordinary share has been determined by converting the Investec plc distribution of 37 pence per ordinary share into Rands using the Rand/Pounds Sterling average spot rate at 11h00 (SA time) on 18 May 2005.

Share certificates may not be dematerialised or rematerialised between Monday, 25 July 2005 and Friday, 29 July 2005, both dates inclusive.

By order of the board

S Noik
Company Secretary 19 May 2005

Further information

Information provided on the Company's website at 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.com or telephone +27 11 286 7070 / +44 207 597 5546.

Investec plc (incorporating the results of Investec Limited)

Consolidated UK GAAP financial results in Pounds Sterling for the year ended 31 March 2005

Salient features

UK GAAP	31 March 2005	% Change	31 March 2004*
Operating profit before goodwill and taxation (£'000)	208 343	57.5	132 260
Earnings before goodwill and exceptional items (£'000)	151 146	42.3	106 203
Profit attributable to shareholders (£'000)	100 524	45.9	68 906
Earnings per share before goodwill and exceptional items (pence)	140.8	35.6	103.8
Earnings per share (pence)	81.5	35.8	60.0
Headline earnings per share (pence)	141.7	36.9	103.5
Dividends per share (pence)	67.0	15.5	58.0

* Restated for changes to accounting policies and disclosures.

Consolidated profit and loss account

	Year ended 31 March 2005			Year ended 31 March 2004*		
£'000	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	81 061	-	81 061	91 845	-	91 845
Interest receivable – other interest income	639 526	-	639 526	588 188	-	588 188
Interest payable	(587 901)	-	(587 901)	(574 822)	-	(574 822)
Net interest income	132 686	-	132 686	105 211	-	105 211
Dividend income	9 887	-	9 887	3 450	-	3 450
Fees and commissions receivable	434 978	-	434 978	340 712	-	340 712
- Annuity	325 527	-	325 527	266 373	-	266 373
- Deal	109 451	-	109 451	74 339	-	74 339
Fees and commission payable	(23 611)	-	(23 611)	(20 046)	-	(20 046)
Dealing profits	68 747	-	68 747	90 127	-	90 127
Income from long-term assurance business	7 763	-	7 763	5 082	-	5 082
Return on shareholder's funds in the long-term assurance business	42 837	-	42 837	24 122	-	24 122
Other operating income	19 278	-	19 278	12 196	-	12 196
Other income	559 879	-	559 879	455 643	-	455 643
Total operating income	692 565	-	692 565	560 854	-	560 854

Administrative expenses	(452 848)	-	(452 848)	(395 188)	-	(395 188)
Depreciation and amortisation	(10 040)	(51 807)	(61 847)	(12 448)	(50 644)	(63 092)
-tangible fixed assets	(10 040)	-	(10 040)	(12 448)	-	(12 448)
-amortisation and impairment of goodwill	-	(51 807)	(51 807)	-	(50 644)	(50 644)
Provision for bad and doubtful debts	(21 334)	-	(21 334)	(20 958)	-	(20 958)
Operating profit	208 343	(51 807)	156 536	132 260	(50 644)	81 616
Share of income of associated companies	14 045	(3 197)	10 848	11 205	(2 132)	9 073
Exceptional items	-	(8 635)	(8 635)	-	8 529	8 529
Provision for losses on termination and disposal of group operations – discontinued	-	-	-	-	(5 103)	(5 103)
Losses on termination and disposal of group operations – discontinued	-	(3 492)	(3 492)	-	(24 328)	(24 328)
Less provision made last year	-	3 492	3 492	-	19 225	19 225
(Loss)/profit on termination and disposal of group operations – continuing	-	(8 635)	(8 635)	-	13 632	13 632
Profit on ordinary activities before taxation	222 388	(63 639)	158 749	143 465	(44 247)	99 218
Tax on profit on ordinary activities	(57 265)	-	(57 265)	(27 821)	(678)	(28 499)
Tax on profit on ordinary continuing activities	(57 265)	-	(57 265)	(27 821)	-	(27 821)
Tax on termination and disposal of group operations - continuing	-	-	-	-	(678)	(678)
Profit on ordinary activities after taxation	165 123	(63 639)	101 484	115 644	(44 925)	70 719
Minority interests-equity	(960)	-	(960)	(1 888)	75	(1 813)
Profit attributable to shareholders	164 163	(63 639)	100 524	113 756	(44 850)	68 906
Dividends-including non-equity	(83 606)	-	(83 606)	(63 709)	-	(63 709)
Retained profit for the year	80 557	(63 639)	16 918	50 047	(44 850)	5 197

* Restated for changes to accounting policies and disclosure

Earnings and dividends per share

£'000	Year ended 31 March 2005	Year ended 31 March 2004*
Profit attributable to shareholders	**100 524**	**68 906**
Amortisation and impairment of goodwill	51 807	50 644
Loss/(profit) on termination and disposal of group operations (net of taxation and minority interest)	8 635	(13 029)
Provision for losses on termination and disposal of group operations (net of deferred tax)	-	5 103
Amortisation of goodwill of associates	3 197	2 132
Preference dividends	(13 017)	(7 553)
Earnings before goodwill and exceptional items	**151 146**	**106 203**
Earnings per share (pence)		
- Basic	81.5	60.0
- Diluted	79.0	59.6
Excluding goodwill and exceptional items		
- Basic	140.8	103.8
- Diluted	133.0	100.8
Dividends per share (pence)	67.0	58.0
Weighted number of ordinary shares in issue (million)	107.4	102.3

- Restated for changes to accounting policies and disclosures.

Consolidated statement of recognised gains and losses

£'000	Year ended 2005	Year ended 2004*
Profit for the year attributable to shareholders	100 524	68 906
Translation differences on foreign currency net investments - equity	(2 724)	(5 203)
Translation differences on foreign currency net investments – perpetual preference shares	(10 472)	1 099
Unrealised surplus on revaluation of investment properties	4 478	13 982
Actuarial gains/(losses) net of deferred tax recognised on pension fund schemes	2 370	(1 294)
Total recognised gains and losses for the year	**94 176**	**77 490**
Prior year adjustments in respect of changes in accounting policies relating to the adoption of UITF 38	(43)	
Total gains and losses since last annual report	**94 133**	

* Restated for changes to accounting policies and disclosures.

Consolidated balance sheet

£'000	31 March 2005	31 March 2004*
Assets		
Cash and balances at central banks	105 130	363 862
Treasury bills and other eligible bills	323 622	332 208
Loans and advances to banks	2 961 809	1 704 715
Loans and advances to customers	7 391 038	6 347 032
Debt securities	1 986 864	1 466 437
Equity shares	439 963	418 254
Interests in associated undertakings	3 559	70 006
Other participating interests	9 124	9 135
Intangible fixed assets	193 317	251 508
Tangible fixed assets	125 022	146 326
Other assets	1 202 305	1 081 131
Prepayments and accrued income	122 899	81 511
Long-term assurance business attributable to the shareholder	230 885	265 315
	15 095 537	12 537 440
Long-term assurance assets attributable to policyholders	2 815 137	2 781 335
	17 910 674	**15 318 775**
Liabilities		
Deposits by banks	912 320	1 233 609
Customer accounts	6 805 429	7 211 292
Debt securities in issue	1 925 124	621 857
Other liabilities	3 737 901	1 969 855
Accruals and deferred income	226 763	185 600
Pension fund liability	7 554	11 967
	13 615 091	11 234 180
Long-term assurance liabilities attributable to policyholders	2 815 137	2 781 335
	16 430 228	**14 015 515**
Capital Resources		
Subordinated liabilities (including convertible debt)	499 995	497 858
Minority interests – equity	13 195	39 029
Called up share capital	165	165
Share premium account	1 029 242	1 027 539
Treasury shares	(118 694)	(101 304)
Shares to be issued	2 191	2 666
Perpetual preference shares	323 800	127 797
Revaluation reserves	47 620	43 142
Other reserves	(189 663)	(169 501)
Profit and loss account	(127 405)	(164 131)
Shareholders' funds	967 256	766 373
- equity	643 456	638 576
- non-equity	323 800	127 797
	1 480 446	**1 303 260**
	17 910 674	**15 318 775**

* Restated for changes to accounting policies and disclosures.

Consolidated cash flow statement

£'000	Year ended 31 March 2005	Year ended 31 March 2004*
Net cash inflow from trading activities	281 114	166 911
Increase/(decrease) in other operating assets/liabilities	1 085 756	(656 282)
	1 366 870	(489 371)
Dividends received from associated undertakings	4 893	3 769
Net cash outflow from return on investments and servicing of finance	(71 966)	(54 318)
Taxation	(21 764)	(31 917)
Net cash (outflow)/inflow from capital expenditure and financial investment	(460 102)	334 187
Net cash (outflow)/inflow from acquisitions and disposals	(70 224)	40 227
Ordinary share dividends paid	(60 749)	(52 810)
Net cash inflow from financing	194 465	389 225
Increase in cash	881 423	138 992
Cash and demand bank balances at beginning of year	1 172 894	1 033 902
Cash and demand bank balances at end of year	2 054 317	1 172 894

* Restated for changes to accounting policies and disclosures.

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

For the year ended 31 March 2005

£'000	Southern Africa	United Kingdom and Europe	Australia	Other geographies	Total
Private Client Activities	33 586	45 081	4 119	2 051	84 837
Treasury and Specialised Finance	31 121	15 527	1 496	(210)	47 934
Investment Banking	26 186	15 290	3 515	2 165	47 156
Asset Management and Assurance Activities	40 382	5 373	-	185	45 940
Property Activities	7 233	5 071	-	-	12 304
Group Services and Other Activities	(5 571)	(25 394)	2 328	(1 191)	(29 828)
	132 937	**60 948**	**11 458**	**3 000**	**208 343**

For the year ended 31 March 2004*

£'000	Southern Africa	United Kingdom and Europe	Australia	Other geographies	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	3 321	37 719
Asset Management and Assurance Activities	27 322	1 614	-	257	29 193
Property Activities	8 605	1 521	-	-	10 126
Group Services and Other Activities	(24 022)	(11 982)	1 853	(294)	(34 445)
	77 549	**38 734**	**9 626**	**6 351**	**132 260**

*Restated for changes to accounting policies and disclosures.

Consolidated statement of reconciliations of shareholders' funds and movements on reserves

£'000	Year ended 31 March 2005	Year ended 31 March 2004*
Balance at the beginning of the year	766 373	588 466
As previously reported	808 969	639 968
Changes in accounting policies		
Adoption of UITF 38: Accounting for ESOP trusts	(42 596)	(51 502)
Retained profit for the year	16 918	5 197
Foreign currency adjustments – equity	(2 724)	(5 203)
Issue of ordinary shares/shares to be issued	-	46 325
Net movement of perpetual preference shares	196 003	126 552
Issue of perpetual preference shares	207 313	127 484
Share issue expenses	(838)	(2 031)
Foreign currency adjustments – perpetual preference shares	(10 472)	1 099
Share premium movement on re-issue of treasury shares	1 703	18 975
Net purchase of treasury shares	(17 865)	(25 571)
Actuarial gains/(losses) net of deferred tax recognised on pension fund schemes	2 370	(1 294)
Revaluation of investment properties	4 478	13 982
Reduction of shareholding in associates	-	(1 056)
Balance at end of year	**967 256**	**766 373**

* Restated for changes to accounting policies and disclosures.