

Registration Number 3636853

Investec Holdings (UK) Limited

Report and Financial Statements
31 March 2005



Investec Holdings (UK) Limited

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Investec Holdings (UK) Limited

DIRECTORATE AND CORPORATE INFORMATION

Directors

H Herman (Chairman) *

B Kantor

S Koseff

A Tapnack

* Non-Executive

Secretary

R J Vardy

Auditors

Ernst & Young LLP

1 More London Place

London SE1 2AF

Company Registration

Registration Number 3636853

Registered Office: 2 Gresham Street

London, EC2V 7QP

Investec Holdings (UK) Limited

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 March 2005.

PRINCIPAL ACTIVITY

The company's principal activity remains that of a holding company and it will continue to operate in this capacity for the foreseeable future.

A list of the company's principal subsidiary undertakings is shown in note 6 to the financial statements.

RESULTS AND DIVIDENDS

The results for the year are shown on page 7. The company paid an interim dividend of £23,000,000 (2004 – £15,000,000) on the income share. The directors recommend the payment of a final dividend on the income share for the year ended 31 March 2005 of £22,500,000 (2004 – £28,000,000). No dividend is proposed on the B ordinary shares.

POST BALANCE SHEET EVENT

The sale of Carr Sheppards Crosthwaite Limited ("CSC") to Rensburg plc ("Rensburg") was completed on 6 May 2005. The purchase consideration was satisfied by the issue of 22,700,000 Rensburg ordinary shares to Investec 1 Limited ("Investec 1") and the creation of a Subordinated Loan of £60m due by Rensburg plc to Investec 1. A further 2.8m of Rensburg shares issued in relation to the sale have been placed in an Employee Benefit Trust for the benefit of key CSC employees.

The £60m Subordinated Loan has a term of 10 years from completion and creates an unsecured obligation of Rensburg to Investec 1 which is subordinated to the senior creditors of Rensburg, other than those ranking *pari passu* with or subordinate to Investec. The loan is made up of two tranches:

- (a) Fixed rate tranche of £45m. Interest is payable semi-annually at 2.25 per cent per annum above the 10 year UK swap rate.
- (b) Floating rate tranche of £15m. Interest is payable semi-annually at 2.25 per cent per annum above GBP 6 month LIBOR.

The principal amounts of both tranches are repayable in aggregate annual instalments of £7.5m per annum, commencing in the third year of the term. Rensburg has the right to pre-pay any amount under the floating rate loan at an interest payment date and has the right to pre-pay any amount under the fixed rate tranche at any time after five years.

Post-completion Investec 1 holds 47.7 per cent (excluding the shares held by the Employee Benefit Trust) of the issued share capital of Rensburg, which has now been renamed Rensburg Sheppards plc. For a period of five years following completion, the company has undertaken not to vote in excess of 30 per cent of the voting rights of Rensburg's issued share capital and has agreed (subject to certain exceptions) not to dispose of any of its shareholding for a period of 18 months from completion. In terms of the waiver granted to the company not to make a general offer to all shareholders of Rensburg, the Investec group, or persons acting in concert with it, is not permitted to increase its shareholding beyond 48.7 per cent of the issued share capital of Rensburg.

DIRECTORS AND THEIR INTERESTS

The current directors of the company are listed on page 1. No other person was a director at any time during the year under review.

According to the register of directors' interests, no director holding office at 31 March 2005 had any beneficial interest in the shares of the company during the year.

Investec Holdings (UK) Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The beneficial interests in shares, debentures and options in the ultimate parent company, Investec plc, of the directors who are also all directors of that company are disclosed in the consolidated financial statements of Investec plc.

SUPPLIERS

The Group's standard practice is to agree the terms of payment with suppliers at the time of contract and to make payments within the agreed credit term subject to satisfactory performance.

AUDITORS

The Company has passed an elective resolution pursuant to Section 379A of the Companies Acts 1985 dispensing with the holding of annual general meetings, the laying of annual reports and financial statements before shareholders in general meeting. In accordance with Section 386 of the Companies Act 1985, the Company has elected to dispense with the obligation to appoint auditors annually; accordingly Ernst & Young LLP remain in office.

By order of the Board of Directors



R J Vardy
Secretary
17 June 2005

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing those financial statements, the directors are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS

Independent auditors' report to the members of Investec Holdings (UK) Limited

We have audited the company's financial statements for the year ended 31 March 2005 which comprise the Profit and Loss Account, Balance Sheet, and the related notes 1 to 13. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

REPORT OF THE AUDITORS

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2005 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditors
London

30 June 2005

Investec Holdings (UK) Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2005

	Notes	2005 £000	2004 £000
Dividend from subsidiary undertaking		50,500	44,000
Interest receivable from group undertakings		101	2,605
Interest payable to group undertakings		(11,412)	(9,695)
Administrative expenses	2	<u>(70)</u>	<u>(74)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		39,119	36,836
Taxation	4	<u>5,727</u>	<u>5,920</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		44,846	42,756
Dividend payable	5	<u>(45,500)</u>	<u>(43,000)</u>
LOSS FOR THE FINANCIAL YEAR		<u>(654)</u>	<u>(244)</u>

The above activities are continuing.

There are no recognised gains or losses in the year other than those passed through the profit and loss account.

There is no material difference between the results disclosed in the profit and loss account and the results on an unmodified historical cost basis.

Investec Holdings (UK) Limited

BALANCE SHEET

at 31 March 2005

	Notes	2005 £000	2004 £000
FIXED ASSETS			
Shares in group undertakings	6	465,769	465,769
CURRENT ASSETS			
Amounts due from group undertakings within one year		222,735	216,187
Other assets – accrued income		-	31
Taxation		24	1,341
		<u>222,759</u>	<u>217,559</u>
CREDITORS – amounts falling due within one year			
Amounts due to group undertakings		21,107	17,334
Proposed dividend		22,500	28,000
Accruals		70	89
		<u>43,677</u>	<u>45,423</u>
NET CURRENT ASSETS		<u>179,082</u>	<u>172,136</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		644,851	637,905
CREDITORS – amounts falling due after more than one year			
Subordinated debt	7	182,060	174,460
NET ASSETS		<u>462,791</u>	<u>463,445</u>
CAPITAL RESERVES			
Called up share capital	8	462,332	462,332
Profit and loss account	9	459	1,113
EQUITY SHAREHOLDERS' FUNDS	10	<u>462,791</u>	<u>463,445</u>

The financial statements on pages 7 to 14 were approved by the Board of Directors on 17 June 2005 and signed on its behalf by:



A Tapnack
Director

Investec Holdings (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2005

1. ACCOUNTING POLICIES

Basis of presentation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Group financial statements

The company is exempt by virtue of Section 228 of the Companies Act 1985 from the requirement to prepare Group financial statements because the company is a wholly owned subsidiary of Investec plc incorporated in the United Kingdom. The financial statements present information about the company as an individual undertaking and not about its group.

Cash flow statement

The company is exempt from the requirements to prepare a cash flow statement under Financial Reporting Standard 1, because a consolidated cash flow statement is included in the publicly available consolidated financial statements of its ultimate parent undertaking and controlling party, Investec plc.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. This is subject to *deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted*. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements, which are capable of reversal in one or more subsequent periods.

Deferred tax is recognised in respect of the future remittance of retained earnings of overseas subsidiaries only to the extent that, at balance sheet date, dividends have been accrued as receivable *(or a binding agreement to distribute past earnings in future has been entered into by the subsidiary)*.

Deferred tax is measured at a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Related party transactions

The directors have taken advantage of the exemptions available in Financial Reporting Standard 8 from disclosing transactions with related parties which are members of Investec plc Group.

Dividend from subsidiary undertaking

Dividends are recognised when declared by investee companies.

Interest income and expense

Interest income and expense is recognised on a time-apportioned basis.

Shares in group undertakings

Shares in group undertakings are stated at cost less provision for impairment in value.

Investec Holdings (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2005

2. ADMINISTRATIVE EXPENSES

The company has no employees. The auditors' remuneration totalled £7,000 (2004: £6,000).

3. EMOLUMENTS OF DIRECTORS

The directors were employed and remunerated as directors or executives of Investec plc and its subsidiaries ("the Group") in respect of their services to the Group as a whole, and it is therefore considered that there is no appropriate basis on which they can apportion part of their remuneration for their services to the company.

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2005 £000	2004 £000
Group relief receivable based on result for the year	5,727	5,920

The effective tax rate for the year is 0% (2004 - 0%). The current tax charge is lower than the standard rate of UK Corporation Tax due to the following items:

	2005 £000	2004 £000
Tax on profit on ordinary activities at UK rate of 30%	(11,736)	(11,051)
Intra-group dividends receivable	15,172	13,200
UK to UK transfer pricing adjustment	2,854	-
Reversal of short term timing difference	2,291	-
Tax loss available	8,581	2,149
Loss (surrendered to)/received from other group companies for no payment	(2,854)	3,771
Loss surrendered to other group companies for payment	5,727	5,920

5. DIVIDENDS PAYABLE

	2005 £000	2004 £000
Interim dividend paid on the A Ordinary income share	23,000	15,000
Proposed final dividend on the A Ordinary income share	22,500	28,000
	45,500	43,000

Investec Holdings (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2005

6. SHARES IN GROUP UNDERTAKINGS

	2005 £000	2004 £000
Investment in subsidiary undertakings		
Cost at the beginning and end of the year	465,769	465,769

The principal subsidiary undertakings of the Company which, unless otherwise stated, are 100% owned, registered in England and Wales and incorporated in the United Kingdom, are:

Principal subsidiary undertakings	Interest	Country	Principal activity
Investec Bank (UK) Limited			Banking
Investec Asset Finance PLC			Leasing
Investec Bank (Channel Islands) Limited		Guernsey	Banking
Investec Bank (Switzerland) AG		Switzerland	Banking
Investec Group Investments (UK) Limited			Investment holding
Investec Finance plc			Debt issuing
Carr Sheppards Crosthwaite Limited **			Stockbroking and portfolio management
Investec Asset Management Limited			Asset management
Investec 1 Limited *			Investment holding
Guinness Mahon & Co Limited			Investment holding
Investec Group (UK) PLC			Investment holding
Investec Investment Holdings AG		Switzerland	Investment holding
Investec Trust Guernsey Limited		Guernsey	Trust services
Investec Trust (Switzerland) SA		Switzerland	Trust services
Investec Trust (Jersey) Limited		Jersey	Trust services
Investec (US) Inc		USA	Financial services
European Capital Company Ltd			Project finance

* Directly held subsidiary of Investec Holdings (UK) Limited

** see note 12

Investec Holdings (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2005

7. SUBORDINATED DEBT

	2005 £000	2004 £000
Variable rate notes		
At beginning of year	174,460	174,460
Issued during the year	7,600	-
At end of year	182,060	174,460

£102,208,000 and £13,250,000 of the loan capital, on which interest is payable at the rate of sterling LIBOR plus 2.000%, was issued on 31 March 2000 and is held by Investec Finance SARL, a company wholly owned by the ultimate parent company. The loans can be terminated by the lender giving five years and two days notice. At the date of signature of the financial statements, no such notice has been received. The final maturity date for the loans is 31 March 2050.

£7,200,000 of the loan capital, on which interest is payable at the rate of three months sterling LIBOR plus 1.25%, was issued on 31 March 2000 and is held by Investec Finance SARL, a company wholly owned by the ultimate parent company. The loan can be terminated by the lender giving five years and two days notice. At the date of signature of the financial statements, no such notice has been received. The final maturity date for the loan is 31 March 2050.

£7,200,000 of the loan capital, on which interest is payable at the rate of three months sterling LIBOR plus 2.000%, was issued on 30 April 2001 and is held by Investec Finance SARL, a company wholly owned by the ultimate parent company. The loan can be terminated by the lender giving five years and two days notice. At the date of signature of the financial statements, no such notice has been received. The final maturity date for the loans is 31 March 2050.

£24,700,000 of the loan capital, on which interest is payable at the rate of three months sterling LIBOR plus 1.250%, was issued on 10 September 2001 and is held by Investec Finance SARL, a company wholly owned by the ultimate parent company. The loan can be terminated by the lender giving five years and two days notice. At the date of signature of the financial statements, no such notice has been received. The final maturity date for the loans is 31 March 2050.

£19,901,839.96 of the loan capital, on which interest is payable at the rate of three months sterling LIBOR plus 1.125%, was issued on 8 October 2002 and is held by Investec Finance SARL, a company wholly owned by the ultimate parent company. The loan can be terminated by the lender giving five years and two days notice. At the date of signature of the financial statements, no such notice has been received. The final maturity date for the loans is 31 March 2050.

£7,600,000 of the loan capital, on which interest is payable at the rate of three months sterling LIBOR plus 1.50%, was issued on 21 March 2005 and is held by Investec Finance SARL, a company wholly owned by the ultimate parent company. The loan can be terminated by the lender giving five years and two days notice. At the date of signature of the financial statements, no such notice has been received. The final maturity date for the loan is 31 March 2050.

Investec Holdings (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2005

8. CALLED UP SHARE CAPITAL

	2005 £000	2004 £000
Authorised		
A Ordinary shares of £1 each – 100	-	-
B Ordinary shares of £1 each – 1,000,000,000	<u>1,000,000</u>	<u>1,000,000</u>
Issued, allotted and fully paid		
At beginning and end of year	<u>462,332</u>	<u>462,332</u>

Any dividends declared by the Company are due to the holders of the 'B' shares subject to the decision of the directors that all or part of any dividend should be paid to the holders of the 'A' Ordinary Shares. The holders of the 'B' shares have full voting rights. The 'A' Ordinary Shares only carry voting rights in the following circumstances:

- In any period where the Company has failed to pay a dividend which it has declared and which is then due and payable; or
- A resolution is proposed to vary, alter or abrogate the rights of the 'A' Shareholders; or
- A resolution is proposed for the winding up of the Company.

One 'A' ordinary share (income share) has been issued to Investec Holding Company Limited at par.

9. RESERVES

	2005 £000	2004 £000
Profit and loss account		
At beginning of year	1,113	1,357
Loss for the year	(654)	(244)
At end of year	<u>459</u>	<u>1,113</u>

10. RECONCILIATION OF SHAREHOLDERS' EQUITY

	2005 £000	2004 £000
Loss for the year	(654)	(244)
Opening shareholders' equity	<u>463,445</u>	<u>463,689</u>
Closing shareholders' equity	<u>462,791</u>	<u>463,445</u>

11. DEFERRED TAX

	2005 £000	2004 £000
Other short term timing differences	<u>2,907</u>	<u>2,292</u>
Asset/(liability) at the beginning of the year	2,291	-
Movement in the year	<u>616</u>	<u>2,292</u>
Asset/(liability) at the end of the year	<u>2,907</u>	<u>2,292</u>

The deferred tax asset has not been recognised as the directors anticipate that, to a material extent, as the asset crystallises it will generate tax losses which will be group relieved with no payment to the company.

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2005

12. POST BALANCE SHEET EVENT

The sale of Carr Sheppards Crosthwaite Limited ("CSC") to Rensburg plc ("Rensburg") was completed on 6 May 2005. The purchase consideration was satisfied by the issue of 22,700,000 Rensburg ordinary shares to Investec 1 Limited ("Investec 1") and the creation of a Subordinated Loan of £60m due by Rensburg plc to Investec 1. A further 2.8m of Rensburg shares issued in relation to the sale have been placed in an Employee Benefit Trust for the benefit of key CSC employees.

The £60m Subordinated Loan has a term of 10 years from completion and creates an unsecured obligation of Rensburg to Investec 1 which is subordinated to the senior creditors of Rensburg, other than those ranking *pari passu* with or subordinate to Investec. The loan is made up of two tranches:

- (c) Fixed rate tranche of £45m. Interest is payable semi-annually at 2.25 per cent per annum above the 10 year UK swap rate.
- (d) Floating rate tranche of £15m. Interest is payable semi-annually at 2.25 per cent per annum above GBP 6 month LIBOR.

The principal amounts of both tranches are repayable in aggregate annual instalments of £7.5m per annum, commencing in the third year of the term. Rensburg has the right to pre-pay any amount under the floating rate loan at an interest payment date and has the right to pre-pay any amount under the fixed rate tranche at any time after five years.

Post-completion Investec 1 holds 47.7 per cent (excluding the shares held by the Employee Benefit Trust) of the issued share capital of Rensburg, which has now been renamed Rensburg Sheppards plc. For a period of five years following completion, the company has undertaken not to vote in excess of 30 per cent of the voting rights of Rensburg's issued share capital and has agreed (subject to certain exceptions) not to dispose of any of its shareholding for a period of 18 months from completion. In terms of the waiver granted to the company not to make a general offer to all shareholders of Rensburg, the Investec group, or persons acting in concert with it, is not permitted to increase its shareholding beyond 48.7 per cent of the issued share capital of Rensburg.

13. ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is Investec Finance SARL.

The company's ultimate parent undertaking and controlling party is Investec plc, a company incorporated in the United Kingdom and registered in England and Wales. The consolidated financial statements of Investec plc are available to the public and may be obtained from Investec plc at 2 Gresham Street, London, EC2V 7QP. This is the smallest group in which the results of the company are consolidated.