

Investec plc
Unaudited Interim Financial
Statements
For the period 1 April 2014 to 31 May 2014



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DIRECTORATE AND CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

Stephen Koseff (chief executive officer)
Bernard Kantor (managing director)
Glynn R Burger (group risk and finance director)
Hendrik J Du Toit (chief executive officer, Investec Asset Management)

Non-executive directors

Sir David Prosser (joint chairman)
Fani Titi (joint chairman)
George F O Alford (senior independent NED)
Cheryl A Carolus
Peregrine K O Crosthwaite
Olivia C Dickson
Bradley Fried
David Friedland
Haruko Fukuda OBE
Ian R Kantor
M Peter Malungani
Peter R S Thomas

SECRETARY

David Miller

AUDITOR

Ernst & Young LLP
1 More London Place
London SE1 2AF

COMPANY REGISTRATION

Registration Number: 03633621
Registered Office: 2 Gresham Street
London, EC2V 7QP

PROFIT AND LOSS ACCOUNT

		Unaudited Period ended 31 May 2014 £'000	Audited* Year Ended 31 March 2014 £'000
	Note		
Dividends from group undertakings		57,500	79,400
Interest receivable from group undertaking		4,072	24,045
Interest payable – external		(464)	(5,646)
Interest payable to a fellow group undertaking		(4,760)	(27,529)
Other trading losses		(253)	(1,384)
Administrative expenses		(5,477)	(30,335)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		50,618	38,551
Taxation	2	1,366	9,758
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		51,984	48,309

No information has been included in respect of the comparative period.

There are no recognised gains or losses in the period 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.

The accompanying notes form part of these unaudited interim financial statements.

* In the audited financial statements for the year ended 31 March 2014, the company has taken advantage of the provisions of section 408 of the Companies Act 2006 and has not presented a profit and loss account.

BALANCE SHEET

at 31 May 2014

	Notes	Unaudited 31 May 2014 £'000	Audited 31 March 2014 £'000
ASSETS			
Fixed assets			
Investments in subsidiaries	4	1,817,840	1,817,840
Current assets			
Amounts owed by group undertakings		546,973	545,581
Tax		15,916	14,550
Other debtors		-	32
Prepayments and accrued income		263	371
Cash at bank and in hand:			
- balances with subsidiary undertaking		32,663	-
- balances with other banks		562	567
		596,377	561,101
		2,414,217	2,378,941
Current liabilities			
Bank loans			
- with subsidiary undertaking		27,855	44,498
- with other banks	5	39,985	40,013
Debt securities in issue	6	29,502	29,712
Derivatives financial instruments		174	178
Amounts owed to group undertakings		754,097	754,940
Other liabilities		692	509
Accruals and deferred income		5,591	3,094
		857,896	872,944
Capital and reserves			
Called up share capital	7/9	178	178
Perpetual preference shares	8/9	151	151
Share premium account	9	1,146,548	1,146,548
Capital reserve	9	356,292	356,292
Profit and loss account	9	53,152	2,828
Total equity		1,556,321	1,505,997
Total equity and liabilities		2,414,217	2,378,941

The accompanying notes form part of the unaudited interim financial statements.

The unaudited interim financial statements on pages 2 to 9 were approved by the board on 13 June 2014 and signed on its behalf by:

S Koseff
Director

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

at 31 May 2014

1. ACCOUNTING CONVENTION

The unaudited interim financial statements have been properly prepared to comply with sections 395 to 397 of the Companies Act 2006 and in accordance with the accounting policies set out in the company's audited financial statements as at 31 March 2014 for the purposes of establishing that the company has distributable reserves to meet the proposed dividends.

2. TAXATION

	Unaudited 31 May 2014 £'000	Audited 31 March 2014 £'000
Current period tax credit	1,366	9,123
Prior year adjustment	-	635
	<u>1,366</u>	<u>9,758</u>

The effective rate for the period is different from the standard rate of UK corporation tax due to the following items:

	31 May 2014 £'000	31 March 2014 £'000
Tax on profit on ordinary activities at UK rate of 21% (31 March 2014: 23%)	(10,630)	(8,867)
Intra-group dividends	12,075	18,262
Expenses not deductible for tax purposes	(79)	(272)
	<u>1,366</u>	<u>9,123</u>

3. DIVIDENDS PAID AND PAYABLE

	31 May 2014 £'000	31 March 2014 £'000
Ordinary dividend		
Final dividend for prior year	-	32,253
Interim dividend for current year	-	20,947
Total dividend attributable to ordinary shareholders	<u>-</u>	<u>53,200</u>
Sterling denominated perpetual preference dividend		
Final dividend for prior year	1,128	1,128
Interim dividend for current year	-	1,134
Dividend attributable to perpetual preference shareholders	<u>1,128</u>	<u>2,262</u>
Rand denominated perpetual preference dividend		
Final dividend for prior year	532	584
Interim dividend for current year	-	549
Dividend attributable to perpetual preference shareholders	<u>532</u>	<u>1,133</u>
Total dividend attributable to perpetual preference shareholders	<u>1,660</u>	<u>3,395</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
at 31 May 2014**3. DIVIDENDS PAID AND PAYABLE (continued)****Ordinary dividend**

The directors have proposed a final dividend in respect of the financial year ended 31 March 2014 of 11.0 pence per ordinary share (31 March 2013: 10.0 pence).

This will be paid as follows:

- For Investec plc non-South African shareholders, through a dividend paid by Investec plc of 10.0 pence per ordinary share
- For Investec plc South African shareholders, through a dividend payment by Investec plc of 4.0 pence per ordinary share and through a dividend payment on the SA DAS share of 7.0 pence per ordinary share

The final dividend will be payable on 15 August 2014 to shareholders on the register at the close of business on 1 August 2014 subject to the approval of shareholders at the company's annual general meeting on 7 August 2014.

Sterling denominated perpetual preference dividend

A sterling preference dividend has been declared for the period 1 October 2013 to 31 March 2014 amounting to 7.47945 pence per share payable to holders of the Pounds Sterling denominated non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on 13 June 2014 and will be paid on 24 June 2014. For shares trading on the Johannesburg Stock Exchange (JSE), the dividend of 7.47945 pence per share is equivalent to a gross dividend of 132.10205 cents per share, which has been determined using the Rand/Pounds Sterling average buy/sell forward rate as at 11h00 (SA time) on Wednesday 21 May 2014.

Rand denominated perpetual preference dividend

A Rand denominated preference dividend has been declared for the period 1 October 2013 to 31 March 2014 amounting to a gross dividend of 410.58218 cents per preference share payable to holders of the Rand denominated non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on 13 June 2014 and will be paid on 24 June 2014.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

at 31 May 2014

4. INVESTMENTS IN SUBSIDIARIES

Subsidiaries

£'000

At beginning of period (audited) and end of period (unaudited)

1,817,840

The principal subsidiary undertakings of the company given below are 100% owned and registered in England and Wales and incorporated in the United Kingdom, unless otherwise stated.

Direct subsidiaries of Investec plc	Country	Principal activity
Investec 1 Limited		Investment holding
Investec Holding Company Limited		Investment holding
Investec Tier 1 (UK) LP		Preferred Securities issuer
Investec Finance (Jersey) Limited	Jersey	Debt issuer
Indirect subsidiaries of Investec plc		
Investec Bank (Australia) Limited	Australia	Banking institution
Investec Holdings (Australia) Limited	Australia	Holding company
Investec Bank plc		Banking institution
Investec Group (UK) PLC		Holding company
Investec Asset Finance PLC		Leasing company
Investec Finance plc		Debt issuer
Investec Group Investments (UK) Limited		Investment holding
Investec Bank (Channel Islands) Limited	Guernsey	Banking institution
Investec Bank (Switzerland) AG	Switzerland	Banking institution
Investec Trust Holdings AG	Switzerland	Investment holding
Investec Asset Management Limited *		Asset management
Investec Ireland Ltd	Ireland	Financial services
Investec Securities (US) LLC	USA	Financial services
Kensington Group plc		Financial services
Rensburg Sheppards plc		Holding company
Investec Wealth & Investment Limited		Stockbroking and portfolio management
St James's Park Mortgage Funding Limited		Financial services
Investec Professional Finance (Pty) Limited	Australia	Financial services
Investec Investments (UK) Limited		Investment holding
Williams de Broë Limited		Stockbroking and portfolio management
Investec Capital Asia Limited	Hong Kong	Investment banking
Investec Capital & Investments (Ireland) Limited	Ireland	Financial services
Investec Asset Finance & Leasing Pty Ltd	Australia	Leasing company
Reichmans Geneva SA	Switzerland	Trade finance
Start Funding No. 1 Limited	Ireland	Financial services
Start Funding No. 2 Limited	Ireland	Financial services

* 85% owned

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
at 31 May 2014

5. BANK LOANS

The company drew down a sterling denominated loan of £40 mn on 10 February 2014 which bears interest at a fixed margin above three month LIBOR and is repayable on 10 February 2015.

6. DEBT SECURITIES IN ISSUE

The company has launched its own European Medium Term Note programme ("EMTN"). The company has issued two fixed rate notes under this programme. A US dollar denominated note of US\$15 mn was issued on 14 February 2014, repayable 16 February 2015 and on the same day a Euro denominated note of €25 mn was issued which matures 29 September 2017 and pays interest semi-annually.

7. CALLED UP SHARE CAPITAL**Number of ordinary shares of £0.0002 each**

At beginning and end of period

Number
608,756,343

Nominal value of ordinary shares of £0.0002 each

At beginning and end of period

£'000
122

Number of special converting shares of £0.0002 each

At beginning and end of period

Number
282,934,529

Nominal value of special converting shares of £0.0002 each

At beginning and end of period

£'000
56

Number of UK DAN shares of £0.001 each

At beginning and end of period

Number
1

Nominal value of UK DAN shares of £0.001 each

At beginning and end of period

£'000

Number of UK DAS shares of £0.001 each

At beginning and end of period

Number
1

Nominal value of UK DAS shares of £0.001 each

At beginning and end of period

£'000

Number of special voting shares of £0.001 each

At beginning and end of period

Number
1

Nominal value of special voting shares £0.001 each

At beginning and end of period

£'000

* Less than £1,000

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
at 31 May 2014

8. PERPETUAL PREFERENCE SHARES

	Unaudited 31 May 2014 £'000	Audited 31 March 2014 £'000
Perpetual preference share capital	151	151
Perpetual preference share premium	149,449	149,449
	<u>149,600</u>	<u>149,600</u>

Issued – Sterling denominated

9,381,149 (31 March 2014: 9,381,149) non-redeemable, non-cumulative, non-participating preference shares of £0.01 each, issued at a premium of £8.58 per share.

- Preference share capital	94	94
- Preference share premium	79,490	79,490

5,700,000 (31 March 2014: 5,700,000) non-redeemable, non-cumulative, non-participating preference shares of £0.01 each, issued at a premium of £8.86 per share.

- Preference share capital	57	57
- Preference share premium	49,917	49,917

Sterling denominated preference shareholders will receive a dividend, if declared, based on the coupon rate (being equivalent to the UK base rate plus 1%) multiplied by the deemed value on a daily basis and payable in two semi-annual instalments.

An ordinary dividend will not be declared by Investec plc unless the sterling preference dividend has been declared. If declared, preference dividends are payable semi-annually at least seven business days prior to the date on which Investec plc pays its ordinary dividends, if any, but shall be payable no later than 120 business days after 31 March and 30 September respectively.

Issued – Rand denominated

1,859,900 (31 March 2014: 1,859,900) non-redeemable, non-cumulative, non-participating perpetual preference shares of ZAR 0.001 each, issued at a premium of ZAR 99.999 per share on 29 June 2011.

- Preference share capital	16,601	16,601
- Preference share premium		

416,040 (31 March 2014: 416,040) non-redeemable, non-cumulative, non-participating perpetual preference shares of ZAR 0.001 each, issued at a premium of ZAR 99.999 per share on 11 August 2011.

- Preference share capital	3,441	3,441
- Preference share premium	149,600	149,600

Rand denominated preference shareholders will receive a dividend, if declared, based on the coupon rate (being equivalent to South African prime rate multiplied by 95%) multiplied by the deemed value on a daily basis and payable in two semi-annual instalments.

An ordinary dividend will not be declared by Investec plc unless the Rand perpetual preference dividend has been declared. If declared, preference dividends are payable semi-annually at least seven business days prior to the date on which Investec plc pays its ordinary dividends, if any, but shall be payable no later than 120 business days after 31 March and 30 September respectively.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
at 31 May 2014.

9. UNAUDITED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Perpetual preference shares	Share premium	Capital reserve	Profit and loss account	Total reserves
	£'000	£'000	£'000	£'000	£'000	£'000
At beginning of period	178	151	1,146,548	356,292	2,828	1,505,997
Profit for the period	-	-	-	-	51,984	51,984
Dividends payable to preference shareholders	-	-	-	-	(1,660)	(1,660)
At end of period	178	151	1,146,548	356,292	53,152	1,556,321