

Investec plc

Unaudited Interim Financial Statements

For the period 1 April 2014 to 14 November 2014

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INDEX

	Page
Directorate and Corporate Information	1
Profit and Loss Account	2
Balance Sheet	3
Notes to the Unaudited Interim Financial Statements	4

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

Fani Titi (chairman)
Zarina Bassa
Cheryl A Carolus
Perry K O Crosthwaite (senior independent NED)
Bradley Fried
David Friedland
Haruko Fukuda OBE
Charles R Jacobs
Ian R Kantor
Lord Malloch-Brown
Khumo Shuenyane
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 14 Nov 2014 £'000	Audited* Year Ended 31 March 2014 £'000
	Note		
Dividends from group undertakings		200,500	79,400
Interest receivable from group undertaking		15,254	24,045
Interest payable – external		(2,222)	(5,646)
Interest payable to a fellow group undertaking		(17,072)	(27,529)
Other trading losses		(112)	(1,384)
Administrative expenses		(26,031)	(30,335)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		170,317	38,551
Taxation	2	6,006	9,758
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		176,323	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 14 November 2014

	Notes	Unaudited 14 November 2014 £'000	Audited 31 March 2014 £'000
Fixed assets			
Investments in subsidiaries	4	1,817,840	1,817,840
Current assets			
Amounts owed by group undertakings		570,876	545,581
Tax		19,921	14,550
Other debtors		-	32
Prepayments and accrued income		174	371
Cash at bank and in hand			
- balances with subsidiary undertaking		96,752	-
- balances with other banks		566	567
		688,289	561,101
Creditors: Amounts falling due within one year			
Bank loans			
- with subsidiary undertaking		32,510	44,498
- with other banks	5	40,249	40,013
Debt securities in issue	6	9,662	9,041
Derivatives financial instruments		123	178
Amounts owed to group undertakings		741,212	754,940
Other liabilities		681	509
Accruals and deferred income		2,309	3,094
		826,746	852,273
Net current liabilities		(138,457)	(291,172)
Creditors: Amounts falling due after more than one year			
Debt securities in issue	6	19,644	20,671
Net assets		1,659,739	1,505,997
Capital and reserves			
Called up share capital	7/9	180	178
Perpetual preference shares	8/9	151	151
Share premium account	9	1,171,441	1,146,548
Capital reserve	9	356,292	356,292
Profit and loss account	9	131,675	2,828
Shareholders' funds		1,659,739	1,505,997

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 26 November 2014 and signed on its behalf by

B Kantor
Director



NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

at 14 November 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 14 November 2014 £'000	Audited 31 March 2014 £'000
Current period tax credit	6,006	9,123
Prior year adjustment	-	635
	<u>6,006</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

	14 November 2014 £'000	31 March 2014 £'000
Tax on profit on ordinary activities at UK rate of 21% (31 March 2014 23%)	(35,767)	(8,867)
Intra-group dividends	42,105	18,262
Expenses not deductible for tax purposes	(332)	(272)
	<u>6,006</u>	<u>9,123</u>

3. DIVIDENDS PAID AND PAYABLE

	14 November 2014 £'000	31 March 2014 £'000
Ordinary dividend		
Final dividend for prior year	45,835	32,253
Interim dividend for current year	-	20,947
Total dividend attributable to ordinary shareholders	<u>45,835</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	513	584
Interim dividend for current year	-	549
Dividend attributable to perpetual preference shareholders	<u>513</u>	<u>1,133</u>
Total dividend attributable to perpetual preference shareholders	<u>1,641</u>	<u>3,395</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

at 14 November 2014

3. DIVIDENDS PAID AND PAYABLE (continued)**Ordinary dividend**

On 19 November 2014, the directors have declared an interim dividend in respect of the six months ended 30 September 2014 of 8.5 pence per ordinary share (30 September 2013: 8.0 pence)

This will be paid as follows

- For non-South African resident Investec plc shareholders, through a dividend payment by Investec plc from income reserves of 8.5 pence per ordinary share
- For South African resident Investec plc shareholders, through a dividend payment by Investec plc from income reserves of 8.5 pence per ordinary share

The interim dividend will be payable on 29 December 2014 to shareholders on the register at the close of business on 12 December 2014. For shares trading on the Johannesburg Stock Exchange (JSE), the dividend of 8.5 pence per share is equivalent to a gross dividend of 146 cents per share, which has been determined using the Rand/Pounds Sterling average buy/sell forward rate as determined at 11h00 (SA time) on Wednesday, 19 November 2014.

Sterling denominated perpetual preference dividend

A Sterling preference dividend has been declared for the period 1 April 2014 to 30 September 2014 amounting to 7.52055 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 5 December 2014 and will be paid on 15 December 2014. For shares trading on the Johannesburg Stock Exchange (JSE), the dividend of 7.52055 pence per share is equivalent to a gross dividend of 129.54100 cents per share, which has been determined using the Rand/Pounds Sterling average buy/sell forward rate as at 11h00 (SA time) on Wednesday 19 November 2014.

Rand denominated perpetual preference dividend

A Rand denominated preference dividend has been declared for the period 1 April 2014 to 30 September 2014 amounting to a gross dividend of 433.55137 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 5 December 2014 and will be paid on 15 December 2014.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

at 14 November 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 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
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

On 9 September 2014 the group announced the sale of its UK inter-mediated mortgage business Kensington Group plc ("Kensington") together with certain other Investec mortgage assets to funds managed by Blackstone Tactical Opportunities Advisors L L C and TPG Special Situations Partners. On 15 September 2014 the group announced the sale of its Irish inter-mediated mortgage business Start Mortgage Holdings Limited ("Start") together with certain other Irish mortgage assets to an affiliate of Lone Star Funds. The Kensington transaction is still subject to regulatory approval, whilst the group has received regulatory approval for the Start transaction. The group views these transactions as highly probable.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

at 14 November 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

Issued, Allotted and fully paid

Number of ordinary shares of £0 0002 each

At beginning of period

Issued during the period

At end of period (unaudited)

Number

608,756,343

4,853,299

613,609,642**Nominal value of ordinary shares of £0 0002 each**

At beginning of period

Issued during the period

At end of period (unaudited)

£'000

122

1

123**Number of special converting shares of £0 0002 each**

At beginning of period

Issued during the period

At end of period (unaudited)

Number

282,934,529

2,814,094

285,748,623**Nominal value of special converting shares of £0 0002 each**

At beginning of period

Issued during the year

At end of period (unaudited)

£'000

56

1

57**Number of UK DAN shares of £0.001 each**

At beginning and end of period

Number1**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

Number1**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

Number1**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 14 November 2014

8 PERPETUAL PREFERENCE SHARES

	Unaudited 14 November 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	-	-
- Preference share premium	16,601	16,601

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	-	-
- Preference share premium	3,441	3,441
	<u>149,600</u>	<u>149,600</u>

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 14 November 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
Issue of ordinary shares	2	-	24,893	-	-	24,895
Profit for the period	-	-	-	-	176,323	176,323
Dividends payable to ordinary shareholders	-	-	-	-	(45,835)	(45 835)
Dividends payable to preference shareholders	-	-	-	-	(1,641)	(1,641)
At end of period	180	151	1,171,441	356,292	131,675	1,659,739

Registration number LP10508

Investec Tier 1 (UK) LP

Unaudited condensed Report and Financial Statements

Six months ended 30 September 2014

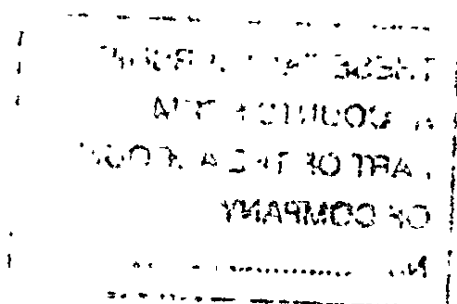
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INDEX

	Page
Management and administration	1
Interim Manager's report	2
Manager's Responsibility Statement	3
Profit and loss account	4
Balance sheet	5
Partners' accounts	6
Notes to the unaudited condensed financial statements	7



Management and administration

General Partner and Manager

Investec plc
2 Gresham Street
London EC2V 7QP

Initial Limited Partner

BT Globenet Nominees Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB

Priority Limited Partner

Investec Holding Company Limited
2 Gresham Street
London EC2V 7QP

Administrator

The Law Debenture Trust Corporation plc
Fifth Floor, 100 Wood Street
London EC2V 7EX

Legal advisors to the Partnership

Linklaters
One Silk Street
London EC2Y 8HQ

Auditors

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

Interim Manager's report

The Interim Manager's report is issued by Investec Tier 1 (UK) LP ("the partnership") in accordance with the UK Listing Authority's Disclosure and Transparency Rules. Unless otherwise stated, performance and figures highlighted below refer to the six months ended 30 September 2014 and the corresponding period in the previous year.

Principal activity and business review

The partnership was established by Investec plc on 20 June 2005 to raise and provide finance and financial support to Investec plc and its subsidiaries. The partnership will continue to operate in this capacity for the foreseeable future.

On 24 June 2005 the partnership issued €200,000,000 Fixed/Floating Rate Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities ("Preferred Securities"). Until the tenth anniversary of the issue, the dividend on the Preferred Securities will be 7.075 per cent. The annual dividend is due on 24 June or next business day.

On 24 June 2005 Investec plc issued €200,000,000 Fixed/Floating Rate Perpetual Subordinated Notes. The Notes have no final maturity and the issuer may, at its option, redeem all of the Notes on 24 June 2015 or any subsequent quarter end. These Notes were purchased by the Partnership. The interest rate receivable on these notes is 7.075 per cent.

Performance review and principal risks

During the period no new instruments have been issued by the partnership and it is not expected that any further instruments will be issued or redeemed in the second half of the 2015 financial year.

Any liquidity risk, interest rate risk or foreign currency risk is eliminated as the terms and currency of the Preferred Securities are matched with the terms and currency of the Notes purchased from Investec plc. As such, the material principal risks and uncertainties are mitigated.

Going concern

On the basis of current financial projections the Manager has a reasonable expectation that the partnership has adequate resources to continue in operational existence for the foreseeable future and accordingly the going concern basis is adopted in the preparation of the financial statements.

Unaudited condensed financial statements

The unaudited condensed report and financial statements have not been audited or reviewed by the partnership's auditors pursuant to the Auditing Practices Board guidance Review of Interim Financial Information.

This document includes an unaudited condensed set of Financial Statements produced by the partnership for the six months ended 30 September 2014. This document will also be available on Investec's website at www.investec.com/about-investec/investor-relations/financial-information.html.

Enquires and further information
General Partner and Manager
Investec plc
Telephone 020 7597 4541
2 Gresham Street, London, EC2V 7QP
United Kingdom

Date 26 November 2014

Statement of the Manager's responsibilities in respect of the interim financial statements

The Investec Tier 1 (UK) LP limited partnership agreement dated 20 June 2005, (the "agreement"), which constitutes Investec Tier 1 (UK) LP requires the manager (under the supervision and authority of the general partner) to prepare interim financial statements for the partnership in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the manager must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period.

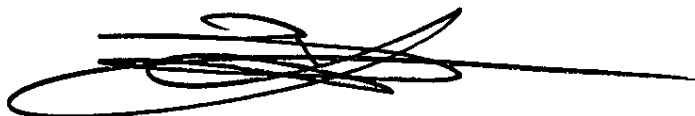
The Manager confirms that, to the best of their knowledge

- the unaudited condensed set of financial statements has been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Manager must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the partnership and of the results of the Partnership for that period, and
- the interim manager's report of the partnership includes a fair review of the development and performance of the business and the position of the partnership together with a description of the principal risks and uncertainties that they face as required by the FCA Disclosure Rules and Transparency Rules 4.2.7, and
- the unaudited condensed Financial Statements have not been audited or reviewed by the partnership's auditors in pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

Neither the partnership nor the manager accepts any liability to any person in relation to the half-yearly financial report except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A of the Financial Services and Markets Act 2000.

The manager is responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy, at any time, the financial position of the partnership and to ensure that the financial statements comply with the agreement and are in accordance with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 and under the historical cost convention and in accordance with applicable accounting standards and on a going concern basis. The manager also has general responsibility for taking steps to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities. The procedures enable the partnership to comply with the regulatory obligations. Investec Tier 1 (UK) LP also makes use of the controls at the Investec plc Group level, including audit committee. For further details, refer to notes to the combined Investec plc and Investec Ltd consolidated financial statements, Risk Management and Corporate Governance report.

Approved by the Manager and signed on its behalf by



B Kantor

For and on behalf of Investec plc, General Partner

Date 26 November 2014

Profit and loss account

for the six months ended 30 September 2014

	Notes	Unaudited six months to 30 September 2014 €000	Unaudited six months to 30 September 2013 €000	Audited year to 31 March 2014 €000
Income	3	7,094	7,094	14,150
Expenses	4	-	-	-
Profit for the period available for distribution	8	<u>7,094</u>	<u>7,094</u>	<u>14,150</u>

The above activities are derived from continuing operations

There are no recognised gains or losses in either 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 an integral part of these unaudited condensed financial statements

Balance sheet

at 30 September 2014

	Notes	Unaudited 30 September 2014 €000	Audited 31 March 2014 €000	Unaudited 30 September 2013 €000
FIXED ASSETS				
Perpetual Subordinated Notes	5	200,000	200,000	200,000
CURRENT ASSETS				
Debtors	6	3,809	10,865	3,809
CURRENT LIABILITIES				
CREDITORS , amounts falling due within one year				
		-	-	-
NET CURRENT ASSETS		3,809	10,865	3,809
NET ASSETS		203,809	210,865	203,809
FINANCED BY				
Preferred Securities	7	200,000	200,000	200,000
Partners' Interests		3,809	10,865	3,809
		203,809	210,865	203,809

The accompanying notes form an integral part of these unaudited condensed financial statements

Investec Tier 1 (UK) LP

Partners' accounts

for the six months ended 30 September 2014

	Limited Partners €000	General Partner €000	Total €000
Partners' capital			
At 1 April 2013	10,855	10	10,865
Preferred Securities dividend paid	(14,150)	-	(14,150)
Profit for the year	14,150	-	14,150
At 31 March 2014	10,855	10	10,865
Preferred Securities dividend paid	(14,150)	-	(14,150)
Profit for the period	7,094	-	7,094
At 30 September 2014	3,799	10	3,809

The accompanying notes form an integral part of these unaudited condensed financial statements

Notes to the unaudited condensed financial statements

at 30 September 2014

1 ORGANISATION AND BUSINESS

Investec Tier 1 (UK) LP was constituted under the Limited Partnership Act, 1907 (the "Act") on 20 June 2005 as a limited partnership under English law by a limited partnership agreement dated 20 June 2005 (the "Agreement")

Investec plc (the "General Partner"), is the General Partner and founder partner of the partnership

The objective of the partnership is to raise and provide finance and financial support to the General Partner and its group

2 ACCOUNTING POLICIES

Basis of presentation

The interim financial statements have been prepared in accordance with the recognition and measurement requirements of Financial Reporting Standards and the disclosure rules and transparency rules. The accounting policies applied in the preparation of the results for the six months ended 30 September 2014 are consistent with those adopted in the partnership's audited Financial Statements for the year ended 31 March 2014, in accordance with FCA Disclosure Rules and Transparency Rules 4.2.6

The information in this report for the six months ended 30 September 2014, which was approved by the Manager on 26 November 2014, does not constitute statutory accounts

Accounting convention

The financial statements have been prepared in accordance with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 and under the historical cost convention and in accordance with applicable accounting standards and on a going concern basis

Income

Income is recognised on an accrual basis using the effective interest rate method

Cash flow statement

The partnership 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 unaudited consolidated financial statements of its general partner, Investec plc

Taxation

There is no tax charge for the partnership, as each partner is responsible for discharging his or her liability to income tax arising there from

Debt financial instruments

The perpetual subordinated notes are initially recognised at fair value and are carried in the balance sheet at amortised cost applying the effective interest rate method

Equity financial instruments

The perpetual preferred securities are classified as equity as they confer on the holder a residual interest in the partnership, and the partnership has no obligation to deliver cash or another financial asset to the holder. The perpetual preferred securities are initially recognised net of directly attributable issue costs

Impairments of financial assets held at amortised cost

Financial assets carried at amortised cost are impaired if there is objective evidence that the partnership will not receive cash flows according to the original contractual terms. Financial assets are assessed for objective evidence of impairment at least at each balance sheet reporting date. The test for impairment is based either on specific financial assets or on a portfolio of similar, homogeneous assets. The impairment is credited against the carrying value of financial assets. The impairment is calculated as the difference between the carrying value of the asset and the expected cash flows discounted at the original effective rate. An allowance for impairment is only reversed when there is objective evidence that the credit quality has improved to the extent that there is reasonable assurance of timely collection of principal and interest in terms of the original contractual agreement

Notes to the unaudited condensed financial statements

at 30 September 2014

2 ACCOUNTING POLICIES (Continued)**Disclosure of financial instruments**

The partnership has taken advantage of the disclosure exemptions available to subsidiary undertakings under FRS 29

3. INCOME

	Unaudited 6 months to 30 September 2014 €000	Unaudited 6 months to 30 September 2013 €000	Audited year to 31 March 2014 €000
Interest on Perpetual Subordinated Notes	7,094	7,094	14,150

4 EXPENSES

In the current and prior period, the auditors' remuneration has been borne by another group company. The partnership had no employees in the current or prior periods

5 PERPETUAL SUBORDINATED NOTES

On 24 June 2005, Investec plc issued €200,000,000 Fixed/Floating Rate Perpetual Subordinated Notes. The notes have no final maturity and the issuer may at its option redeem all of the Notes on 24 June 2015 or any subsequent quarter end. Interest is receivable in arrears on each Fixed Interest Date (24 June each year) at a rate of 7.075 per cent per annum up to and including 24 June 2015 and thereafter quarterly in arrears on each Floating Interest Date at the sum of three month euro interbank offered rate plus a margin of 5.625 per cent per annum. These notes were purchased by the partnership from Investec plc.

6 DEBTORS

	Un- audited 30 September 2014 €000	Audited 31 March 2014 €000	Un- audited 30 September 2013 €000
Accrued interest on Perpetual Subordinated Notes	3,799	10,855	3,799
Other debtors	10	10	10
	<u>3,809</u>	<u>10,865</u>	<u>3,809</u>

7. PREFERRED SECURITIES

On 24 June 2005 the partnership issued €200,000,000 Fixed/Floating Rate Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities ("perpetual preferred securities"), listed on Euronext, Amsterdam. The perpetual preferred securities, which are guaranteed by Investec plc, are callable at the option of the issuer, subject to the approval of the Prudential Regulation Authority ("PRA") on the tenth anniversary of the issue and, if not called, are subject to a step up in coupon of one and a half times the initial credit spread (5.625 per cent per annum) above the three month euro interbank offered rate. Until the tenth anniversary of the issue, the dividend on the perpetual preferred securities will be 7.075 per cent. The annual dividend is due on 24 June or next business day. The issuer has the option not to pay a distribution when it falls due but this would then prevent the payment of ordinary dividends by Investec plc as the guarantor.

Under the terms of the issue there are provisions for the perpetual preferred securities to be substituted for preference shares issued by the guarantor if Investec plc's capital ratios fall below the minimum level permitted by the PRA.

Notes to the unaudited condensed financial statements

at 30 September 2014

8 ALLOCATION OF PROFITS AND LOSSES

Subject to the Act, and subject to the terms of the agreement, the issuer's income shall be allocated on each distribution payment date or on any date determined by the general partner as follows

- (a) first, to the priority limited partner for its own account if distributions are not payable in full on any distribution payment date, provided that if any distributions are payable in part on such distribution payment date, income up to the amount of such partial distribution shall be allocated first to the limited partners with the remainder to the priority limited partner for its own account,
- (b) secondly, to the limited partners as holders of the preferred securities for the payment of distributions, and
- (c) thirdly, all remaining sums exclusively to the general partner for its own account

Income of the issuer paid in accordance with (a) or (b) above shall be allocated pro rata among the holders until the amount so allocated to each holder equals the amount of distributions payable to that holder as determined in accordance with the terms of the preferred securities

The issuer's losses for any distribution period (other than losses caused by a depreciation in the market or capital value of any of the partnership assets) shall be allocated to the general partner in so far as they reflect expenses, debts, liabilities and obligations for which the general partner has assumed responsibility under the terms of the agreement

9 RELATED PARTY TRANSACTIONS

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

10. ULTIMATE PARENT UNDERTAKING

The partnership's general partner and manager is Investec plc

The partnership'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 and largest group in which the results of the company are consolidated