Irish Life & Permanent plc

2004 Interim Results – 1 September 2004

Analyst Presentation Script

<u>Gillian Bowler (Chairman)</u>

Slide 1 - Interim Results 2004 - Intro

Good morning everybody …and good morning in particular to those of you who are joining us via the teleconferencing facility.

My name is Gillian Bowler – Chairman of the Group – and I'm delighted to welcome you all here this morning.

In a moment I'm going to hand you over to our Group Chief Executive – David Went – and our Finance Director – Peter Fitzpatrick – who will take you through the details of our results.

For my part however I'm glad to report that it's been a very satisfactory performance over the first half of the year.

The financial performance will speak for itself. However it's also been a period of progress and achievement in other areas – which are not so easily measured – but which are critical to our continued success. I'm thinking in particular of significant change programmes which we have operating in each of our key businesses and which are now showing very tangible results in terms of cost management, improved productivity and higher standards of customer service.

At Board level too we've continued the process of bringing fresh ideas and new talent to our team.

We recently announced the appointment of Breffni Byrne as a non-executive director of the Group and this morning I'm delighted to announce that Danuta Grey – the Chief Executive Officer of 02 Ireland – has agreed to join the Board as a non-Executive Director. I know that she will make a valuable contribution to our deliberations.

For now however, it's an opportunity to reflect on what's happened in our key businesses over the first half of this year – and for that – I hand you over to Group Chief Executive, David Went.

David.

<u>David Went (CEO)</u>

<u>Slide 2</u> - Forward Looking Statement

Thank you Gillian. Good morning everybody.

Well as Gillian has said, it's been a very satisfactory performance over the first half of this year.

Perhaps most importantly the performance really highlights the suitability and strength of our business model– and our ability to leverage it for maximum advantage.

Let me explain for a moment just what I mean.

If we look at the broad market here there are a number of extremely positive factors for financial service companies.

<u>Slide 3</u> - Market Context

- The economy during the current year is really beginning to fire again. After a period of relative sluggishness – by the standards of the Celtic Tiger at least – the economy has bounced back again over the last 12 months or so and particularly since the New Year.

- That's directly led to very substantial job creation; up to 50,000 new jobs created in the 12 months to the end of March last and predictions from the Central Bank of over 40,000 new jobs being created for 2004 and 2005.

- Added to that you've got continuing record levels of demand for housing – with as many as 70,000/80,000 new units being built this year alone.

- And you've got significant public policy support for pensions – with the launch of PRSAs in particular.

So that's a good environment to be in if you're a financial services company, with product position and strengths like we have.

But against that, there are significant challenges in the marketplace here.

- The challenge of dealing with lower margin regulated price products like PRSAs.

- The challenges posed to our banking margins by the very low interest rate environment. Since 2002, €50m cut out of our P&L as a result of falling interest rates and deposit floors.

- The relative nervousness of investors when it comes to returning to equity investing.

- And the ongoing challenge of dealing with competition – always strong….sometimes irrational as small operators scurry around competing at a loss just to generate some sort of business.

So a market which is perfectly primed for financial service companies on the one hand, contains some very significant challenges for those same companies on the other.

<u>Slide 4</u> - Interim Results 2004

Our response has been four fold;

1. We've worked hard to drive up volumes – to maximise the level of sales and in the process either gaining or at least maintaining market share in key markets.

2. We've seized the opportunity to go after pension sales; not least through the Government backed PRSA initiative. Indeed in contrast to many of our

competitors, we have rolled up our sleeves and done the hard work to realise these sales.

3. Most importantly, we've leveraged our distribution strength which gives us by far the widest choice of channels with which to engage with our customers.,

4. And we've continued to control costs tightly – and not let rising sales fool us into relaxing our grip in this area.

So how does that translate in practice?

Well:

- We're reporting a 41% rise in new mortgage lending in Ireland.

- 29% rise in Retail Life sales – within that an increase of 63% in pension sales, while margins were up …….

- A reduction in operating costs. 4% in the core life business, 2% in the bank – against a backdrop of 6/7% overall wage inflation.

- A rise of 15% in underlying pre-tax operating profits

- And an increase in the dividend of 10%.

Slide 5 - Financial Review
So a very satisfactory performance over all. Now I'm going to hand you over to Peter to take you through the details of the financial results.

Peter Fitzpatrick (Group Finance Director)
Good Morning

Slide 6 - Total Profit after Tax

As usual, we will start with the summary Group Profit and Loss Account for the six months and in order to put these into context, let me remind you that in 2003 we had two major impacts on the Interim Results. The first of these was a negative exceptional item being the loss on disposal of our last U.S. investment, Guarantee Reserve, which impacted the bottom line by almost €50m. The second item was included in the contribution line and related to the once off sale of debt securities which had been an effective hedge against the fall in interest rates which occurred in that year. That provided an additional €26m of earnings for 2003.

So, going to the post tax earnings line for 2004, at €164m we are seeing growth of 47% on 2003.

That is principally being driven by the absence of any exceptional loss on disposal in the period. In addition, that exceptional loss arising in the U.S. was not deductible from our taxable earnings in 2003, so it also had the effect of distorting our tax charge in that year. For this reason the profit after tax growth of 47% translates into pre-tax growth of 36% for the current half year.

Working up the page, as I have already said there are no big exceptionals to report for 2004 - positives or negatives.

Our experience in the investment markets to the end of June has been positive, with €10m of out performance against the investment returns assumed within our embedded value calculations.

Finally then, at the top of this slide, we have the key number from an operating point of view being contribution. Including the last of our U.S. earnings in 2003 gives us a comparison which is down by 2% for 2004 - leaving out the U.S. and we are within €2m of being flat half year on half year.

If we were to leave out the once off investment gains of 2003, the underlying growth in contribution would have been 15%. However, taking the €26m of investment gains in 2003 into account, we would have considered a flat contribution line for the full year 2004 versus 2003 as a decent outcome. Instead, we have substantially achieved our objective by the half year on foot of a performance which I'll analyse in a moment. But the key message is that we are well positioned to do somewhat better than the flat growth we had been expecting for the full year - so we are looking forward to good positive earnings growth in the second half.

Let's look at the components of contribution or operating profits.

<u>Slide 7</u> - Total Contribution

Total contribution is down by €4m or 2%. €2m of this reduction relates to the U.S. operation which was sold last year.

Within the continuing operations of the Group, life earnings are up by 8% on the back of good sales growth and improved margins.

Banking and other is down 26%, again reflecting the once off investment gains in 2003. The underlying growth in earnings, outside of these gains, for the bank, was 14%.

Lastly, our associate, Allianz, continues to improve on its underwriting performance and contributed an additional €9m of earnings at the half year.

<u>Slide 8</u> - Life Assurance - Contribution

Looking at our Life Assurance earnings in some further detail. The headline is one of very strong new business earnings, with growth of 30%. The growth in respect of existing business has been dampened a little by lower experience variances and assumption changes.

In the U.K. we have a flat performance in our subsidiary, CWA, which is in run off, reducing in size, and from a Group point of view, is becoming less significant.

<u>Slide 9</u> - Life Assurance - New Business

If I can return to that good performance on new business earnings, I have analysed the performance, as usual, between life assurance and funds management.

On the life side, new business earnings are ahead by 28% and, as I said earlier, two factors are driving this, firstly, sales are ahead by 22% reflecting growth of 29% in retail and 14% in corporate business. David will go into the detail of that performance a little later. Secondly, margins in the life area have improved. The positive features have been the gearing effects of significantly higher sales, the continued progress in managing our cost base down and finally our continuing focus on bancassurance sales.

This performance has been dampened in the half year by a continuation of pricing pressure in the protection market and a higher proportion of PRSA sales which attract a lower margin.

Within our asset management business, ILIM, the margin is largely determined by the mix of product sales and whilst sales were up by 24%, a more valuable mix resulted in the margin growing from 10.6% to 12.1%.

A general point on margins, at the end of 2003 we increased our risk discount rate and that has the effect of dampening new business margins in 2004. That's a little frustrating in terms of a drag on growth and without it, our margins at the half year would have been comfortably ahead of 13% in the life area.

Despite that, we believe that the outlook for the rest of the year is quite positive - sales and the product mix will be the key determinants for margin growth. We believe that there will be good opportunities for us, in the second half, particularly in the regular pensions market.

Slide 10 - Life Assurance - In-force Business

Looking at earnings from the existing or inforce block of business. A growth in the value of inforce, together with an increase, in the risk discount rate in 2003, has produced a 14% increase in the unwind of this business.

Experience variances are much in line with 2003. Persistency and expenses are performing well and relative to 2003, the small decrease is coming through on the risk line within Corporate Business which is a once off reduction.

On assumption changes, we had a big expense release in 2003, arising from the sale of our Industrial Branch business to Royal Liver and the termination of a Service Contract with them. In 2004 the €16m relates to changes in the area of expenses reflecting ongoing productivity gains in Corporate Business, together with a rebasing of our mortality assumptions within Retail where they have been consistently positive in the past.

Slide 11 - Life Assurance - Costs

This next slide reinforces the points I have made earlier concerning cost control within the Life business.

Operating costs are down by 4% overall. This is a very pleasing outcome in the light of continuing payroll inflation. It arises mostly in Retail Life were the roll out of our new processes and systems within the Horizon Project is continuing. The immediate benefit which this presents is within the new business margins which, as I have already pointed out, are continuing to grow, despite all the downward pressure which we have experienced. This trend in cost management will continue into the second half of the year.

Slide 12 - Banking & Other - Contribution

Moving on to Banking. We have analysed the results on this slide to clearly show the impact of the gain on disposal of securities of €26m in 2003. At one extreme that has the effect of reducing contribution by 26% in 2004 and at the other extreme, if you take it out completely, underlying profits within the bank have grown by 14%.

Net interest income has grown by 5% in the period. Whilst we have seen growth in lending on the balance sheet of 23% in the twelve months to 30 June this year , and might have expected a higher level of net interest growth. We have had a dampening effect principally from the effects of the last interest rate reduction in 2003 flowing through into the first half of 2004.

In July 2003, we reduced our mortgage rates by a full one half per cent, but a similar reduction couldn't be passed on to the deposit base, since most deposit products had effectively hit into interest rate floors. That has an impact on margins and one which has been well flagged by us in the past.

<u>Slide 13</u> - Banking - Margin Change

Our margin has reduced by 19 bps to 144 bps. 13 bps of that reduction is coming through on the Retail bank line is mostly attributable to the contraction in deposit spreads which I have just referred to. Other, lesser impacts relate to firstly, the lower yield on the investment book which we sold last year to realise €26m of gains.

Secondly, new mortgage business is steaming ahead and is up by over 40% in Ireland. Mortgage lending now accounts for 85% of our total lending and, since most new business is written at a 1% discount for 12 months, this higher relative growth as compared to other lines of lending, which attracts higher margins, generates a dampening effect.

Treasury manages our liquidity which is growing at a similar pace to lending. This activity is profitable but is narrow margin business so again produces a slight reduction in margin.

Finally, increased volumes of wholesale funding to support a 23% growth in lending and supporting liquidity has a dilutive effect of 4 bps in the period. That, again, has been a recurring feature within the bank's margin.

Before leaving this slide can I emphasise the fact that by June of this year, we have seen the last of the impact of falling interest rates. That first half attrition will not be as pronounced in the second half and for the year overall we still expect to see a margin at around the 140 bps mark. Looking forward, we are in a position to benefit, in margin terms, from any future increases in rates, effectively rebuilding some of the margin which we lost when retail rates fell.

<u>Slide 14</u> - Banking - Funding

Given that I have referred to the growth in funding, I thought it would be useful to provide a snapshot of our profile. Long term debt issuance and our customer account balances are growing well by 26% and 14% respectively. These are important since these funding lines largely allow us to manage our maturity or duration risk.

The short term requirements are addressed by the Interbank and Commercial Paper Markets. We have been using the Euro and U.S. CP markets more heavily in the last year, and these are attractive and deep markets for us.

Securitisation hasn't been a huge feature of our funding outside of CHL. We are looking at this market again for CHL since pricing looks attractive, and in Ireland we anticipate that the covered bond market, as it develops, will provide yet another diversified source of funding for us.

Our experience in the credit markets has been very good and there is a continuing strong appetite for our paper, reflecting the impeccable asset quality within our business.

That asset quality is reflected by good credit ratings. Moodys A^+ with a stable outlook, and S&P at A1, thankfully having dropped a negative outlook in respect of our life business, and returning to a stable outlook.

<u>Slide 12 (Repeat)</u> - Banking & Other - Contribution

Returning to the main slide for banking before moving onto further analysis. We have dealt with the first two lines.

Other income is down by €4m. Dealing profits from Treasury were exceptionally high in the first half of 2003 and we have seen a reduction of about €5m in that line - that's simply down to market conditions.

Within other areas we have seen good growth. Current account fees have grown by almost 5% despite the fact that we are attracting new customers on the basis of low or no fees.

We are pleased with the level of cross selling of general insurance products to our mortgage customers. The only negative really is Bureau de Change income which continues to fall as customers make more use of debit or credit cards when travelling and buy less foreign currency.

Fees payable are well up. An increase in Broker commissions of 33% reflects the very strong increase in new mortgage business being introduced.

Increasing volumes of new mortgage business is also driving up bonding costs and about €2m of the increase in fees payable is attributable to this. Given the asset quality which we have enjoyed and which I will be returning to in a few minutes, we feel that the time is right to revisit our bonding arrangements for the second half of this year and thereafter.

Moving on,
Expenses are down and the bad and doubtful debt charge is down and I will look at each of these in turn, starting with expenses.

<u>Slide 15</u> - Banking & Other Costs

Corporate costs are down simply because we had a number of once off charges last year.

With regards to operating costs for the bank, the trend mirrors that of the Life business with the absolute level of costs down by 2%, again despite real underlying cost growth.

And, again, this is a very satisfactory outcome. It reflects the full year impact of the last of the permanent tsb integration synergies achieved last year together with the success of an ongoing programme of tight cost management.

In order to continue a downward trend in the cost income ratio, we have to have both costs and revenues going in the right direction. We have achieved that on the cost side, but, on the revenue side, 2003, with its once off investment gains has distorted earnings growth resulting in a growth in the cost income ratio for 2004.

The full ratio, which excludes any of the benefit of bancassurance sales is 64%. The other two ratios shown on this slide reflect a commission payment and also the full value of bancassurance included in the bank's earnings and take the ratio down to 58% and these are the more normal measures used by the rest of the market.

This increase in the ratios serves as a useful prompt on two points, firstly to remind us that we really have lost a significant amount of revenue due to the decrease in interest rates over the last few years. Two years ago, our margin was 45 bps, higher and that represents lost interest income of about €50m which is difficult to replace. Thankfully, as I said earlier, we are at the end of the cycle of rate cuts. Secondly to emphasise that this pressure on margins has actually increased our determination to continue to manage our costs aggressively out into the future.

<u>Slide 16</u> - Banking - Debt Provisions

In the period, we have increased the overall bad debt provisions by just over €1m since 31 December last. That reflects a charge of €4m and write offs of almost €3m.

In terms of asset quality, within our mortgage portfolio which comprises 85% of total lending, arrears cases have fallen in the period and write offs are minimal. Taking this low probability of default and low loss ratio into account, we have decided that it is a pointless exercise to continue to add to the general bad debt provision for mortgages which is already excessively high when measured under the IFRS regime and Basle 2.

Therefore, the reduction of over €2m in the six month charge compared to 2003 reflects a nil charge for mortgage provisions.

Elsewhere in the book where losses do arise, we have a general provision increase of €0.5m. Accordingly, the rest of bad debt charge for the period relates to specific provisions.

On write offs, the largest element amounting to €2m relates to the area of car finance where our loss ratios are obviously priced into the margins, but where we are still performing better than the market norms.

So, in overall terms, a continuing strong story on asset quality and where arrears are covered 2.4 times by provisions, consistent with June 2003, despite the absence of further provisions on the mortgage book in the current year.

<u>Slide 17</u> - General Insurance [Associate]

Allianz Ireland continues to perform well with the underwriting result benefiting from lower numbers and values of claims incurred. Whilst this benign underwriting environment allows Allianz to pass on the benefit of a lower claims experience to its policyholders, it has provided, over the last 12 to 18 months, an opportunity for the company to put its underwriting on a firm commercial footing and, in particular to reduce its dependence upon investment income. So, whilst premiums are reducing, profitability is improving.

In addition, in this first half, it has been able to release some prior years' reserves which are no longer required and, with regards to the outlook for the year, we expect to be somewhat ahead of the 2003 level of earnings.

We are very pleased with this performance, but obviously we are at the top of the cycle which will inevitably turn down at some point. However, when it does so, our Associate will be in a stronger position than ever before, for the reasons outlined, to trade through any hard times ahead.

Slide 18 - Capital Ratios

With regards to capital, the bank's risk asset ratio at the half year was 10.1%, this reflects a reduction from the last year end's level of 11.1%. The reduction is as a result of the high levels of new mortgage business being written - so risk assets have grown, whilst on the other hand capital excludes the half year earnings which rank for capital only when audited. However, to cover the expected rise in lending in the second half of the year, we have raised an additional €150m of Tier 2 capital which will be sufficient to carry us through the year end and well into 2005.

Life solvency remains very strong at 1.8 times the minimum required and again to repeat that the life capital comprises all equity with no hybrid capital or subordinated debt.

Net asset value per share has grown to €8.25 courtesy of a strong bottom line increase in profits.

Slide 19 - Dividend & EPS

In 2003 we grew the total dividend by close to 7½%. The interim portion of that dividend grew by 5%, with a catch-up payment being made in the final dividend.

This year, we are reverting to the traditional split of 30/70 and are proposing a dividend of 16.5 cent per share for this interim period. Mathematically, that gives you an interim dividend growth of 10% - but in overall terms close to 8% for the full year. We will, however await the outcome for the year overall before deciding whether or not to further improve on that.

That very attractive level of growth in the dividend reflects a good underlying growth in our operating profits and our post tax profits, together with good surplus generated within the life business.

EPS based on contribution is down slightly reflecting the 2% reduction in the contribution line, as well as a higher effective rate of tax at the contribution level.

Finally then, total profit after tax EPS is well up, again reflecting bottom line growth in the absence of negative exceptionals.

David Went (CEO)
Slide 20 - Business Review.
Thank you Peter.

I'm going to look at the key parts of the business in turn and we'll start off with the life business where there's been a very strong growth in total sales – up some 22% on the previous year.

<u>Slide 21</u> – Total Life Sales
Increases were achieved everywhere:

- On balance sheet sales in Irish Life Investment Managers were up 24%...to €260m. Off balance sheet sales were down sharply this half year, but they tend to be big ticket and fluctuate widely.

  Of course ILIM continues as the best performing fund manager in Ireland over the past 12 months and as you would expect, that performance is attracting strong volumes of new business, along with the reliability of our indexed funds.

- Corporate business – our Group Life division - saw a 14% rise in sales on the back of increased employment and good incremental growth tied to salary increases in existing schemes.

- And the key retail division saw a strong performance with sales rising 29% over what had been a difficult first six months in 2003 - and notching up a further increase in market share, a pretty continuous growth path since 1998. And just as importantly, as Peter has indicated, good growth in overall margins at a time when others are reporting sharp declines.

<u>Slide 22</u> – Retail Life – Products
In terms of products, the six months has seen increases in each of the key lines.

In value terms, the protection area had the lowest increase year-on-year ---- but that is a reflection of tighter pricing. Case numbers are up approx. 9% and taking inflation into account in respect of sum assured, prices have reduced by around 15% over last year.

But in each of the other areas the growth in sales has been very satisfying. It is good to see regular savings back – (albeit from a low post SSIA base) up 107%, while bond sales generated solid growth of 8%. There is still a preference for real estate and capital guaranteed products. Most satisfying perhaps has been the rise in Pension sales during the period – up 63% overall, with annual premium sales up 76%.

I mentioned at the outset that we had decided to really pursue this market and the performance testifies to our ability to maximise product and distribution mix.

Others in the market have spent a lot of their time criticising the PRSA initiative – and there's no doubt it's not a panacea for all the country's pensions problems. But it's a fair start and I think our performance demonstrates that if you approach the market in the right way, the business is there to be won.

Our analysis of the latest Pension Board figures suggests that in terms of PRSAs issued – we have secured close to 30% of the market. By the end of the half year we had issued over 9,000 policies. And despite the predictions of many, that figure is divided pretty evenly between standard and non-standard policies and the average premium which we are securing is just under €250 a month.

The Pensions Board calculates that just over 60,000 employers have designated a PRSA provider so clearly there remains huge scope for the Government to do more to encourage more employers to fulfil their obligations. National Pensions Week later this month will be a help.

But the real challenge is not to try to get the Government continually to review and overhaul its Pensions policies, it's to get your sellers out into the market with the confidence, the skills and the products needed to translate those designations into business. And that's where we've been very successful.

<u>Slide 23</u> – Retail Life Distribution
The success of the direct sales force in respect of PRSAs helps explain their very strong showing in this slide.

I should point out that this figure for the direct sales force also includes the contribution of between €4m and €5m of sales from the tied agency franchise which we call OneSource which now has 100 plus agents on board and is growing fast.

Elsewhere we have another strong performance from the bancassurance channel and a similar performance from the broker channel – so a case of each of our key distribution channels performing strongly in the period. We estimate that we grew market share yet again this half year to over 20%.

<u>Slide 24</u> - Corporate Life - Products
Turning now to Corporate Business, another strong performance for Defined Contribution schemes – about a quarter of that is due to new schemes coming on stream with the remainder down to increments from existing schemes.

Defined Benefit schemes are now a much smaller part of our sales – as you would expect – but increments to existing schemes yielded a 10% rise in sales there, as companies increased their funding rates.

Protection business was impacted by a lack of large new business opportunities and relatively lower salary increases in 2003 on which premiums are based. We remain the dominant player in this segment, with a market share of around 40%.

<u>Slide 25</u> - Banking – New Lending
New lending over the period rose by some 43% with the very strong performances in respect of mortgages in Ireland and in the UK standing out in particular.

New lending in Ireland – up 41% - is pretty much in keeping with the rest of the market and reflecting the continued strength of the market here. New lending for residential investment properties was 18% when commercial RIPS are included.

Few areas of the economy have received more scrutiny over recent years than house prices but developments this year have been quite encouraging on this front.

Our House Price index has been showing a moderation in the rate of growth of house prices over the year to date and this reinforces our view that the worst of the excesses in the rate of house price growth are behind us and that we are moving into the type of soft landing which so many people said couldn't happen here.

In part this is being encouraged by the extraordinary levels of new house construction which are now taking place here…with nearly 80,000 new units expected to come on stream in the current year and a further 70,000 forecast for 2005.

This highlights the continued strong demand coming from the growing labour force here and from the very large number of younger people moving into the house buying age group.

So all in a very good mortgage performance.

Elsewhere in the bank, there was a good performance in the commercial area where we remain conservative lenders, but our reorganised management is bearing fruit.

Consumer Finance continues to perform well particularly in the area of car finance and **permanent tsb** Finance again grew share against the market. Initial indications for our BMW financing joint venture are excellent.

And in the UK, Capital Home Loans had another exceptional year – continuing to gain awards there for service excellence and driving up mortgage lending by 76% in the process, while maintaining excellent credit quality.

Slide 26 - Banking - Loan Book

If we look at the overall loan book for a moment, the key figure here is a 21% rise in the mortgage book in Ireland to just over €13 billion and a rise in the overall loan book of 23% to just over €19 billion.

Slide 27 - Banking - New Mortgage Lending

Before leaving the area of mortgages, this slide shows the quality of the mortgage lending we're doing.

It breaks down the Loan to Value ratios for new lending - a very slight increase in the average LTV for new lending from 67 to 68%.

If you look at the range of LTVs, you'll see again very slight movements over the same period last year with nearly two thirds of our new borrowers taking out mortgages with a LTV of 75% or less.

Slide 28 - Banking - Customer Accounts

The two other areas of the banking business which I want to touch on are the question of resources and Current Accounts.

Customer accounts are up over around 14% year on year, while current account balances are up 18% in the same period.

Current Accounts are a difficult nut to crack – and there's significant lethargy amongst would be customers – but we're making good progress in what we regard as an important strategic area for the future. We look forward to the early implementation of the new proposals on current account switching.

We opened some 20,000 of our flagship Loyalty Accounts over the six months.

We also saw a 30% rise in the number of people using our online and telephone banking facility - OPEN 24. We now have nearly 200,000 users of that facility which is very encouraging.

Slide 29 - Summary & Outlook.
So that's the story – so far.

Looking forward, we see no reason for any of the fundamental drivers of our business to change significantly in the months ahead.

- The economy will remain strong….

- Employment growth is set to continue…as I said the Central Bank expecting over 40,000 new jobs this year.

- We've proven that we can meet the challenge in respect of sales margins and costs.

- So …a lot of confidence that we can continue and improve that performance into the remainder of the year.

Now Peter and I will be delighted to take any questions you might have

Perhaps we might begin by inviting questions from those listening in to the conference call – and if I might ask you to state your name and company.

Thank you very much.