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Stephen Koseff	Good morning everybody. Welcome to our presentation. You would have all seen the results issued on RNS and SENS this morning, and clearly we gave you a trading update in September and more clarity about two weeks ago about where the results were going to be. So I don't believe they are a surprise to anybody. If we look at the operating environment we have been in the last six months, stock markets were fairly volatile as you can see from the slide, and all three key geographies that we operate in had markets jumping all over the show. That would have been good for some of our activities and bad for some of them. Overall I think we came out pretty well. We're also in a rising interest rate environment again in all three geographies, and although it's nothing dramatic it does say that economies could be a bit tighter in the future. But at the moment, as you've seen from these results, there is nothing on the credit book that could have any impact. Life is still pretty benign, notwithstanding the fact that interest rates have been rising. And then also all currencies against Sterling have been pretty weak, and the Rand has been particularly weak during the latter part of the trading period. But some of the other currencies also weakened against the Sterling, so Sterling has been the strongest currency in our trading environment. So taking all that into consideration I think we've had a pretty good trading period. Up 34% in operating profit. Our attributable earnings are up 37.8%, and what we call adjusted EPS which is well known to now be called buddle amortisation, and we adjust for accrual on preference shares, which the accounting regime says you can't accrue. Up 37%. Dividend in Sterling – we always declare our dividend in Sterling – up 31% and I'm not sure what the Rand number is but it is significantly higher, reflecting obviously the performance period. Looking at our EPS history our target growth rate is retail price index plus 10%. Clearly we were well in excess of this target during this trading period, and have been for the last few years. I think what is important in these results is the mix between South Africa and the UK and Australia. And they're roughly 50/50. 49.3% of our bottom-line attributable profits were from the UK and Australia. And when we talk UK we are including Dublin, in case Michael Cullen who runs our Dublin office gets upset. I promised I would mention Dublin next time we talked. South Africa roughly 50.7%. So pretty balanced in terms of the overall portfolio, and that is clearly as a consequence of the development of scale and increased physical mass and market penetration in the non-South African businesses. ROE 23.8% - slightly down off the year end

	but we recognise that we always make a bit more money in the second half than the first half, and this is up off the back of last year which is in the 22% area. Still well above our target. What is gratifying about these results is how UK and Europe has gone up above 20 for the first time since we've been here, which is since 1992. And Australia off the back of clearly a significant increase in its capital to support the Rothschild acquisition is at 70.3%. And then South Africa just below at 30% for this particular period, after tax. So again quite satisfied that we are starting to well exceed our cost of equity in all our key markets. Cost to income ration 60% down from about 61.8% for the same trading period last year. Up marginally from the full year last year, but again well below our target. UK and Europe at 65.5% and that's coming from well into the 80's if we go back a few years. South Africa is at 55% and Australia at 57.7%. So again, although you've seen cross growth we believe it is well contained. And a significant portion of the cost growth is new people in the front of the business looking to generate activity, as well as variable remuneration which is linked to overall operating profit. So operating profit per employee is up from the £36 million for the half year to £42 million. Again driven off the strong growth in the UK and Australia. South Africa pretty flat. Down slightly but that would have been impacted by the Rand. We still have enough capital for our sustainable growth. South Africa is down quite a bit because of the strong asset growth in the private bank. If I look at Investec Ltd it is down to 14.7% with the tier one ratio at 10.3% which is around about our target. Clearly with our ROE on tangible above 40 you are able to sustain capital creation in South Africa as long as you're growing at around 25%. In the UK strong capital position and we did issue what we call perpetual preference shares in the UK market. We issued them in South Africa for the UK plc balance sheet in this particular period – about £80 million which has helped boost that position. So you can see that our ratio at Investec plc is 17.1% with our tier one ratio 13.1%. We need it to be there because we obviously believe we still have strong growth prospects and we need the capital to enable us to grow and take advantage of opportunities. Operationally, I'm not going to harp on this particular graph other than to give you a snapshot. This just demonstrates where the operational performance comes from. I will deal with each division separately so you have a perspective of what is driving and what is not driving. Although we are active right across all businesses. If you look here you will see that obviously we had a very strong performance from treasury but obviously I will explain that to you in a

	moment. As well as the private bank and the asset management. So the private bank, our operating profit is up 76% to £73 million. That is driven off the back of strong average loan growth at 29%, retail deposit growth at 37%. These are all average numbers for the period versus the average for the previous year, because that tells you what comes through the income statement. And funds right up 49%. If you look at September the loan book is slightly down in Sterling. That is because of the sharp decline of the Rand at the end of the year. And a neutral currency for the six months loan book as up 16%, which annualises at about 32%. So still strong underlying fundamentals which hopefully will help support growth in the future. The cost to income ratio at 54% is getting more or less into line with where we want it to be. And a very strong pre tax ROE of 37.9% with profits per employee £43 million. The private bank employs a lot of people. It employs about 1500 or 1600 people around the world, and we've added significantly to that head count because you need legs on the ground to get market penetration. So it did perform strongly in all three geographies. All our areas of specialisation performed well across the spectrum, and clearly we are benefiting from the growth strategy initiated a number of years ago. Our outlook is positive in all three geographies as we do continue to have strong pipelines, and we do still have a very small market share in UK, Australia and Ireland where we have quite a nice boutique setup. Moving on to our private client portfolio management business, our operating profit is up 26%. What is inside this box is our 47% share of Rensburg Sheppards. And you saw they announced their results yesterday and they are achieving all their objectives that they set out when they merged. Our funds and management average were up 45% for the equivalent trading period last year. Actual down in Sterling and marginally up in neutral currency. And that is really a consequence of market indices not going up too much during the period, and the weakness of the Rand. But we're quite satisfied that we have a very strong platform, both within South Africa and within Rensburg Sheppard. And this business does create a lot of value for our organisation. Our cost to income ratio is about 59% which is highly satisfactory. ROE is just under 40 and profit per employee – again it has lots of people - £32 million. From an outlook perspective we still have reasonably positive market fundamentals. The private client is back in the market, which we have seen in the last year or two. From retiring from the market for a long time they are now fairly active, and that enables us to continue to leverage off the

	increased scale and positive market fundamentals. Percentage of earnings is about 4.5%. Treasury and specialised finance is perhaps an area where we have made the most progress over the last couple of years. We did set up a number of initiatives certainly in the UK and this is really starting to pay dividends. You see the strong performance up 99%. The London operation was up in excess of threefold from the previous year, and that is off the back of some of the new initiatives that we have started in the last two or three years. The average loan book is up 31% to 32%. Actual loan book up marginally in Sterling. In neutral currency up 16%. And you look at the neutral currency one to really get an impact on what the effect is on earnings. Because your costs are in home currencies. So again cost to income ratio at 52% again. More or less where you would want it to be. ROE at 40% which is up from the late 20's, and our profit per employee is £98 000, again reflecting the strong growth. We see activity levels quite strong on the South African side. In Australia we have really added value through the acquisition of Rothschild in the resource and project finance base, which is an area in which we were perhaps underweight and struggling before. And so right across the spectrum this business has taken very good shape. On the outlook, the deal pipeline and general momentum are still very positive. Market conditions do remain very favourable. There is a lot of activity in all the geographies in which we operate. And that is off the back of the conditions and that the world wants to do business. We will continue to focus on leveraging off our platforms and building our origination and distribution capabilities. We have recently seen a very strong increase in credit demand in South Africa, experienced by infrastructure spend, which is starting to happen, and largest scale private equity transactions, following what you've seen in Europe, the US and the UK over the last while. It's starting to happen in South Africa. There is now a significant demand for credit on the corporate front, which again will support some of the activities of this business. Investment Bank is a tale of two cities. A very strong performance from agency and advisory, up 37%. Direct investments and private equity are down. Last year we had quite a big realisation in our UK operations, which was not repeated in this particular period. On the South African side the earnings were up off the back of last year, but overall down. That doesn't mean to say we've run out of road. One of the fellows asked me if we were struggling to find private equity deals. That is not true. We have a good pipeline, and we have a good stock of assets. You just don't realise them or crystallize

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	the value every half year. So we are confident that we have a good pipeline. We are confident that this business will continue to deliver. It had a very strong year last year which you have to bear in mind, but it doesn't happen every six months. So our cost to income ratio in that business is 53.8% Our ROE is 70%. Last year it was well above 100% and you can still see the profit per employee of £117 000. This is a very strong value for business. That doesn't happen every time we report. So outlook we are seeing…we are very busy across all areas of activity as we continue to build our client base. We have increased our investments in our direct portfolios and our private equity portfolios in the last while. We are launching a new fund in Australia which is three or four times over-subscribed, but they only want to cut it at AU$160 million because we have always believed in quality and not quantity. And that is really our game here. We believe in quality and not quantity, and that is the attitude we will continue to adopt. Asset management again had a very strong performance. It was up 46%. Average funds under management during the period up 16%. One of the beauties in this business is the change in mix from business to retail. We have done particularly well in the UK and the global economy building our retail platforms. Our UK net institution is gaining traction. We are winning mandates on the African continent. We just won part of the mandate of the Central Bank of Nigeria. So that is gaining momentum. We're doing very well on the retail front in South Africa. On the institutional side there has been this continual restructuring from balance to specialist which we have benefited from. But as a consequence we have lost some money on the balance side and gained some money on the specialist side. So if you look at the overall story, the cost to income is 64%, which is normal for this type of business. The ROE is 42%. So we've started to get a return on the investment we made in the UK some years back, and we've seen a strong contribution and we believe that we will get ongoing strong contributions. Profit per employee is £38 000 but that does include all the outsourcing back office that we really own in South Africa, but in the UK we manage to outsource. And we're outsourcing for a whole host of entities in South Africa, so that doesn't really reflect the number truly. So the momentum across all the businesses, all the activities remain positive. And we have a very solid long-term track record as well as a very strong medium-term track record, and that growing demand for specialist high-performance products does support our business fundamentals. As property, our activities remain very buoyant. However that

	is not reflected in the operating results. The reason for that would be that we have no realisation during this particular period of any significance. We carry our property assets at lower cost for net realisable value, and you only make the gain when you actually get the cash. So that would have impacted on the business during the period. Funds under management average were up 14%, actual down, mainly because some of the large funds that we manage are not market value. And the property shares got a hiding in the first half of this year in South Africa when interest rates started going up and the Rand started going South. But that has come back pretty strongly since the year end, and the fundamentals have tracked back into play. So we would expect a much stronger performance in the second half of the year. A cost income ratio of 60% is reasonable. The ROE is still at 64%, again supporting the fundamentals of this business. Profit per employee is £24 000. So we see that the fundamentals remain positive. Clearly interest rates have picked up which changes the fundamentals marginally, although the long rates haven't picked up that much. We have a good pipeline of development and trading opportunities. We are receiving strong in-flows on the listed funds management in South Africa, and we received very strong in-flows post the year end. And our European initiatives are starting to take shape. Still not ready to fly, but it is something we have been working on for along time and is starting to take shape. Other odds and ends that you always worry about. Assurance: we still have to report but it has really become a non-entity. Last year we had £1.5 million, now £700 000. And that is just a bit of earnings coming from the rump of what we own. But that is almost out of our system. State finance did quite well. Up 17% to £2.2 million. Central funding: we warned you at the September briefing that we would be down here. Certain of our equities in our shareholder's portfolios went down. They've come back a bit by the year end, so these numbers are a bit better than you would have expected. Down from £19.2 million to £16 million. There is an equal and opposite effect on the hedge of preference shares of £3.7 million which would have hit that number, which I'll show you now. So we were actually performing a lot better here than we anticipated. Central costs up £6 million mainly due to an increase in variable remuneration which would have come through in these numbers. So everything is there, everything is understood and there is no real issues for us that we have to explain. On the asset quality front, even though interest rates have gone up we have not seen that crystallized in our loan portfolios. Our non-performing loans as a percentage of

	loans and advances is still pretty low at 0.75% and it has remained as such since March. So no real problems, even though one would expect with rising interest rates a weaker credit cycle. We're not seeing evidence of that yet on our clients. Our tax rate is up 26.9% to 28.3%. Part of that is we have to consolidate some of our private equity assets and some of them have higher tax rates than our group has. But nevertheless we did say about 27.5% for the group, which is would be if we ignored those assets that we had to consolidate. Earnings attributable to minority shareholders is 2.3%. That is partly certain profits in relation to investments held in private equity that we eliminated. We've made a gain on a sale of a portfolio of investments of which minority has held 23%. That we have to eliminate and then we get the money back from the hedge. Because accounting wise they don't set the two off. It makes a mockery of reality, so we have to explain the £3.8 million. But you ask the accountants that question. If we look at the outlook I think our business is well-balanced. What we generated from advice and third-party assets was £266 million. And what we generated from taking risk was £266 million. Of that net interest income makes up 30%. Of the total it is up 41% which bodes well for the future. Principal transactions are up only 11%, which is 20% of the total. That would always be a volatile number. Net fees and commissions from all sources all over the bank up 32% to 47% of the total. So we are happy that the business model is intact and very much in balance, and depending on market conditions the barbell will move to the left or to the right. But right now we're in a satisfactory equilibrium position. The portfolio across all our business; you can see this is our history from 2000. Investment banking used to make 40% of our profit. Last year it was 28% and in this trading period it was only 18%. That will always be volatile as you can see from the wave. What has continued to grow clearly is the private client activity, with asset management remaining consistent. And we've had a strong come-back from treasury and specialised finance, because of the initiatives we have undertaken over the last few years. We picked this up the other day, the jaws ratio. Basically you can see it looks like a crocodile with it's mouth open, because we managed to grow our revenue at only 12.2% over- and we have sold businesses off so the actual underlying organic growth is higher – and we managed to maintain our costs at 9.5%. And because our revenue is growing faster than our costs over the last six and a half years you actually see how the substance and the sustainability of the business sustains itself, and how we improve that cost to income ratio. And

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	this is evidence of that and how we generated the underlying growth. So that is hard drive on the revenue front, maintaining costs. If I took our variable remuneration here, the costs growth would have been a hell of a lot lower, and that comes through very strongly on the bottom line. So overall we believe that we have still, as we stand here right now, very high levels of activity across our businesses. We have increased our scale and our market penetration across all geographies, and we believe that will continue to support the operating results of our businesses so we do anticipate a strong performance from all our businesses, expressed in local currencies. We don't know where the currency will go. And that is the story. And now, questions. We will start questions in London. Jeff?
Jeff	Morning. A couple of questions on principal transactions. Rather than in the investment banking side, in treasury, specialised finance and in private banking, both of them have shown very big increases in principal transactions. I wondered if you could say a little bit about where it is coming from within private banking. And also on treasury and specialised finance it seems that most of it is coming through securitisations. Is that a one-off because it is the start of securitisation business, or it is likely to be at that level going forward?
Stephen Koseff	Let's start with the private bank. Private bank has a unit called Growth and Acquisition. This will end up getting equity stakes, and that will be reflected in principal transactions. And you know we started that business a couple of years back. We have it in all three geographies, and we would expect that number to continue to be there – still at relatively low levels – but clearly it will also be impacted by trading conditions. The principal transactions in treasury and structured finance, some of that is regarded as principal but it is really fees. But a lot of it comes from securitisation and the initiations we commenced over a year ago. About 15 months ago. We don't see that as one-off, we see that as ongoing and part of that business model. And I think we mentioned quite strongly, we were quite optimistic on the outlook for that activity, and we are starting to see that come through pretty strongly. I think we've just started. So clearly it relies on debt markets being what they are, and it will go through its phases of volatility. But really, it is a new initiatives and that is all new revenue that we never had before.
Jeff	Because the numbers for securitisation really show the

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	sort of underlying run rate rather than a sort of one-off low hanging fruit from an existing portfolio.
Stephen Koseff	Nothing to do with low hanging fruit. Nothing. It's got to do with a continual business that is continually originating portfolios, packaging them and selling them off. Which we never had before. Also in South Africa we do securitisations for third parties, which is also relatively a new business. And that whole market is starting to develop as well, which you're not even seeing in these numbers yet. More questions in London? Nothing? Ok. We're going to South Africa. We've got Johannesburg and Cape Town. First Johannesburg. Bradley? Is he not with us? No, he's not here. That is Alan you're seeing, not Bradley. They just look the same. They happen to be twins. At least they're fooling some of you.
Bradley	Stephan can you hear me?
Stephen Koseff	Ja. I can hear you Bradley.
Bradley	Unfortunately there is a delay of about six or seven seconds on the line so we're going to possibly talk over each other. Have you got any questions here? No. Thank you Stephan there are no questions from Johannesburg.
Stephen Koseff	Anyone there? It's the rugby. And then can we move on to the teleconference?
Operator	We have one question in the teleconference. This question comes from Wilhelm Nauta of BJM. Please go ahead sir.
Wilhelm Nauta	Hi Stephan.
Stephen Koseff	Hello.
Wilhelm Nauta	Stephan you mentioned that there are two private equity investments that you consolidated, but that these two investments contributed together to a loss of about £1.6 million. Is it possible to flesh that out a bit more and

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	perhaps give us names of those two private equity investments? Why did they make a loss?
Stephen Koseff	The loss came from…one was Global Ethanol which we were looking to list in July this year and we spent a whole lot of money on the listing. And then the listing didn't happen when Ethanol Equity's prices went down. But there is strong operating revenue in that but clearly we had to absorb the cost of the listing. That's where the loss came from.
Wilhelm Nauta	Thank you.
Stephen Koseff	You're ok now Wilhelm?
Wilhelm Nauta	Yes thanks, I'll ask questions later thanks.
Stephen Koseff	Michael's not there. Ross is not there. I mean is no one going to ask any questions? I see Richard is here in London with us. Boring hey? Nothing Bradley?
Operator	We have one further question from the teleconference. This comes from David Lewis of Merryll Linch. Please go ahead.
David Lewis	Hi. I just have a question relating to credit ratings particularly for the plc in the UK. Obviously I'm very impressed with the turn-around there and the earnings. Just wondering if you had any comments on what you thought Moody`s - might be thinking on the rating and if you think there is pressure there for them to move it higher over the next year? Thanks.
Stephen Koseff	Well we had hoped that they would give us credit for the increased scale and reliability on the revenue flow. So I think we can't predict what they will do. We share your sentiments.
David Lewis	Ok. Do you know when your end of year is coming up with them?

Stephen Koseff	We will be finishing off with them I think in the next two months.
David Lewis	Ok, thanks very much.
Operator	Our next question comes from Neil Welsh of Soks - Kenton. Please go ahead.
Neil Welsh	Hi Stephan I hope you can hear me fine. The question is on capital. I noticed that this year you chose to raise some subordinated capital. You clearly have still got some very strong capital adequacy ratios. In the treasury and specialised finance area, which is growing strongly, is the capital burn in terms of your growth slower than in other areas of your business? Can you give me an idea as to how the capital is also being used in the UK and in South Africa in terms of the rate which it gets used? Just a general idea of how fast you can grow in both areas.
Stephen Koseff	Ok, let's have a bash here. There are two areas of our group that use a lot of capital. It would be the treasury and specialised finance area, because they have on balance sheet assets, and the private bank. They are the two that use most of the group's capital. Clearly other areas use capital for operating risks, and there is some capital used for our private equity portfolios, etc. But relative to treasury and specialised finance, the private bank they use very little capital. There would have been a strong utilisation of capital in the UK in the last year. Therefore we did issue perpetual preference shares. They're not really subordinated. They're actually equity. They're non-redeemable, non-convertible perpetual preference shares. They never get repaid. They're just a rate above base, and they exist in perpetuity. They're therefore classified as normal tier one. They're not innovative either. So I'm not quite sure what the rest of your question is, but clearly our capital plans ensure that we have enough capital for the good next few years based on our organic growth rate, and therefore we believe we are comfortable on capital. We will have the ability to issue the upper tier two and some lower tier two in the event that we need capital somewhere in the not too distant future. You can see our tier one ratio in the plc side is 13 point something.

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Neil Welsh	Thank you Stephan. The one I'm really trying to get at here is to understand in terms of the growth of the business when capital is going to be required. And obviously I'm trying to model that. And what I'm trying to get behind is the ratios, particularly in Investec plc look very strong. [inaudible segment]
Stephen Koseff	Great growth rate in Investec plc.
Neil Welsh	Yeah in particular.
Stephen Koseff	We also have to pay dividends. We got a return on equity of 20 in Investec plc, and the return on tangible will be quite a lot higher, I haven't got the exact number in my head. So when you pay you can sustain a growth rate of probably 13-15% in risk-rated assets per annum without having to raise capital. And then we certainly have enough tier one to ensure that the balance of the capital if we go above 13-15% we can make use of upper tier two or alternatively lower tier two of supporting equities.
Neil Welsh	Ok. Thank you very much.
Speaker	Can I go ahead? Thank you. Mr Koseff, given the outstanding performance in the Investment banking division last year, any comparison in the current period has got to be tempered somewhat. You do give the reason for the weaker performance but you also state in the outlook that the pipeline looks positive. Now does this therefore suggest that within the remaining four and a half months to the end of the financial year that you might come reasonably close to last year's performance in this particular division?
Stephen Koseff	I think what we have seen is very strong growth in the agency businesses and the securities businesses. And on the investment banking side it is anyone's guess. All we know is that we have a good pipeline, a good stock of assets. We have some initiatives which may or may not come off. So the big answer is that it depends. And you know that business. It is not always there every time you

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	report. But it's not impossible. Anything else? Oh they're all waking up now.
Speaker	No, thank you. I am happy.
Stephen Koseff	No more questions from Johannesburg?
Operator	There are no questions from the conference call.
Speaker 2	Can I ask on the treasury and specialised finance how much of the incremental lending is linked to private equity now? And do the terms on that lending vary to the existing book of business? Also can you give us an indication of how much of the private equity lending is linked to you actually making a private equity investment? Is there a lot of linkage between the investments you are making and the lending book in private equity? Thanks.
Stephen Koseff	No, in the UK most of our private equity lending is not linked to any kind of investment. It is a portfolio and we tend to hold a certain balance and securitize the rest, key low. In South Africa at this point in time there is a bit of lending, but not that material linked to existing private equity investments. Clearly this is going to be a new game for us, as you've seen recently all the big interest in some of the large retailers. There are other assets in South Africa that are being bid for by private equity houses. We obviously will on those very large transactions play in senior debt space as opposed to the mezzanine space or the equity space. When we make a direct private equity investment we don't really want to be in a consortium. We tend to go for the mid-size that we can carry on our own. In that instance we have some lending, but it would not be big. Probably less than R2 billion at this stage. But we do see a lot of activity coming in the debt market. And then we also have obviously a strong capability to syndicate and lay off.
Chris	Hello it's Chris, Metamorial Securities. Just a question about South Africa. You say at the moment it may be through the second half. From a London perspective it appears that things could be quite interesting. You've got the Rand strengthening and lot of foreign investment over

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	the last few weeks piling into the country. And attention to the black empowerment situation. How do you think that might affect your businesses out there in the second half?
Stephen Koseff	All we know right now is that we are very active. And as you point out, there is a lot of interest in South African assets from the international community. Clearly we are one of the institutions on the ground that a lot of these people come and talk to. Two weeks ago in one week we had three large private equity houses come and visit our firm to discuss various opportunities and how we could help them and work with them. They all had significant size and capabilities. So we are seeing that uptake in activity. And we think that that orders well for us, because we are quite well positioned to play in that game as one of the leading domestic houses. Clearly we're up against the international competition, but we have been up against them since 1994 and we do have some value to add. So we would see the environment as positive. Interest rates are kicking up a bit, but we've lived with much higher interest rates. If you look at our slides in fact we're back to 2003 levels. And if you go back a couple of years you will see that interest rates were miles higher. So there has been a structural shift in interest rates. You have got strong fiscal discipline. A half a percent budget deficit for a developing economy is nothing. And they're probably going to have a surplus next year. And strong monetary discipline. So we think the operating conditions on the economic front are quite good.
Chris	Thanks very much.
Stephen Koseff	More questions? Ok. Thank you very much.

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