



Links to Starting Points data section

International equity market changes
 European and US market sectors
 Selected stocks in New York
 Bond yields and money rates
 YTD: ISEQ, E300, major international indexes
 ISE movers on the day
 ISE movers on the week

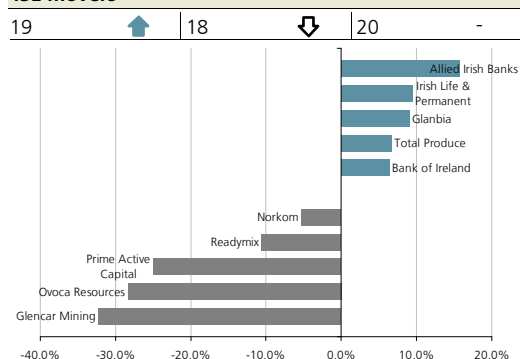
Key market changes

ISEQ	2636.2	↑	1.2%
FTSE 100	4237.7	↑	0.8%
FTSE E300	840.2	↑	1.2%
NASDAQ	1799.7	↑	0.4%
DJIA	8359.5	↑	0.3%
S&P 500	905.8	↑	0.5%
Hang Seng	18162.0	↑	1.5%
Nikkei 225	9290.5	↑	0.3%

Forex and oil changes

Brent oil (\$)	60.5	↑	44
\$/€	1.3967		
£/€	0.8555		
\$/£	1.6322		

ISE movers



Latest Davy Research

- [Elan Corp - Q2 preview: Tysabri outlook will be the key feature](#)
- [Saint-Gobain Group - Lowering estimates but investment case still intact](#)
- [Davy On Construction - Guide to the latest forecasts, price performances and valuations in the European building materials sector](#)
- [Weekly Market Comment - July 13th 2009](#)
- [National Employment Survey - Public sector hourly pay exceeds private sector by 48%; gap obvious for some education, experience and occupation](#)

Starting Points

Market Comment

Reporting of turning points in the Irish economy will become a problem We forecast that the economy will bottom in H1 2010 (see ['Ireland is probably past the worst of the recession; economy may bottom in Q1-Q2 2010'](#), issued May 14th). By that we mean that the economy will stop shrinking quarter-on-quarter in either the first or second quarters. But the mistaken preference of many for analysing Irish economic aggregates on an average annual rather than quarter-on-quarter basis is going to be misleading as we approach an inflection point. For example, the Central Bank has issued a forecast that the economy will shrink 3% next year. But that hides the fact that the same forecast implies that economy will no longer be shrinking during 2010. [more](#)

Today in Starting Points

CRH US highway funding debate continues as SAFETEA-LU draws to a close; one-year fix implies 1% growth; longer-term action still required [more](#)

Abbey FY results due July 16th; focus on cash and NAV [more](#)

SIG plc Share price up 7.5% on stock-building news [more](#)

Tullow Oil (Stg) Jubilee oil project sanctioned by Ghana government [more](#)

C&C Wetherspoon's trading remains robust [more](#)

Foods Northern Foods posts good volume growth in latest quarter [more](#)

British Airways AGM statement points to convertible fund raising [more](#)

Blackrock Intl. Land Land Securities IMS cites growing investor interest in prime and mid-quality properties [more](#)

Veris plc Review of head office costs and senior management changes [more](#)

Island Oil & Gas Funding and corporate review [more](#)

Results and events

	Prev EPS	Fcast EPS
Thursday July 16th		
Abbey FY results	116.1	49.1
Elan - AGM - Davenport Hotel, Dublin 2 - 10.00		
Zamano - AGM - The Conrad Hotel, Earlsfort Terrace, Dublin - 11.00		

Please refer to important disclosures at the end of this report

Davy is regulated by the Financial Regulator and is a member of the Irish Stock Exchange and London Stock Exchange. Davy is authorised by the Irish Financial Regulator and regulated by the Financial Services Authority for the conduct of business in the UK. All prices as of close of previous trading day unless otherwise indicated. All authors are Research Analysts unless otherwise stated. For the attention of US clients of Davy Securities, this third-party research report has been produced by our affiliate, J & E Davy.

Market Comment

Reporting of turning points in the Irish economy will become a problem

Rossa White

+353 1 6148770

rossa.white@davy.ie

We forecast that the economy will bottom in H1 2010 (see ['Ireland is probably past the worst of the recession: economy may bottom in Q1-Q2 2010'](#), issued May 14th). By that we mean that the economy will stop shrinking quarter-on-quarter in either the first or second quarters. But the mistaken preference of many for analysing Irish economic aggregates on an average annual rather than quarter-on-quarter basis is going to be misleading as we approach an inflection point. For example, the Central Bank has issued a forecast that the economy will shrink 3% next year. But that hides the fact that the same forecast implies that economy will no longer be shrinking *during* 2010.

Let us explain the arithmetic. The Central Bank's forecast sees GDP (our preference is GNP but that is a separate issue) falling by 8.3% on average this year and by 3% next year. Note however that the economy will be much smaller at the end of 2009 (taking the Q4 level of GNP seasonally adjusted) than at the start (Q1). So, even if the level of the economy was unchanged intra-year 2010, so that GNP at Q4 2010 was the same as Q4 2009, the annual average (i.e. Q1-Q4 2010 versus Q1-Q4 2009) would still report a decline. But that annual average would be misleading, as the economy would have stopped shrinking at end-2009. As it happens, the Central Bank's -8.3% and -3% annual average declines for 2009 and 2010 respectively imply an unchanged economy — no growth but crucially no decline — throughout 2010 (Q4 over Q4).

The CSO's seasonally adjusted National Accounts series has been on the go for 12 years now. It is about time that it got the attention it deserves. Practitioner economists in virtually every other developed economy devote most of their attention to the quarterly series to spot turning points on a sequential basis. Unfortunately, even if we are right that the economy bottoms in H1 and starts growing again (albeit very slowly) quarter-on-quarter, we expect to see more focus on the backward-looking annual average comparisons that will show an economy in decline.

CRH

CRH ID

US highway funding debate continues as SAFETEA-LU draws to a close; one-year fix implies 1% growth; longer-term action still required

Barry Dixon

+353 1 6148922

barry.dixon@davy.ie

[Company summary and analysis](#)

Price **1614c** Rating: **Outperform** Issued: **30/06/09**

The debate over highway funding continues to rage in Washington with a number of different issues facing policy-makers.

The main priority is to agree a budget for FY2010 as the current five-year highway programme, SAFETEA-LU, runs out in September. The House transportation committee has agreed a 2010 spending package that includes \$41.1bn for the federal highway programme. This represents a 1% increase on the 2009 spend.

The second issue is the imminent shortfall in funding within the Highway Trust Fund (HTF), which is the vehicle through which funds are provided to state departments of transport. This is largely funded through gas taxes and faces a \$5-7bn shortfall this year and an estimated \$8-10bn deficit next year as a result of falling gas sales. The US government has guaranteed funding under the Federal Highway Programme and is therefore likely to make a transfer from the general fund to bridge the gap (similar to the \$8bn transfer made in 2008).

Longer term, the committee is keen to agree a multi-year funding programme to succeed SAFETEA-LU which addresses longer-term funding issues.

It is clear, however, that federal funding remains secure for FY2009 and FY2010. An innovative solution is required to meet the growing infrastructure needs of the US economy thereafter. It is very likely that a significant increase in spending will be agreed. This is a long-term positive for companies like CRH which is the largest supplier of raw materials into the US highway market.

Abbey

ABBY ID

FY results due July 16th; focus on cash and NAV

Robert Gardiner

+353 1 6149004

robert.gardiner@davy.ie

[Company summary and analysis](#)

Price **438c** Rating: **Outperform** Issued: **30/06/09**

Abbey is due to report results for the full year ended April 2009 tomorrow (July 16th). We are forecasting diluted adjusted EPS of 49.1c, some 58% below last year's outturn of 116c. Following a loss of €5.4m (including impairments of €11.9m) in the first half, we are forecasting a full-year pre-tax loss of €1.8m. This does not include assumptions for further write-downs in H2.

The key figures we will be looking out for will be the group's cash position and net asset value at year-end. We estimate that net cash should be close to €62m, up €10m from the €52m reported at the time of the interim results. The NAV per share at end-October was 828c. Given the group's focus on preserving cash, we do not expect a final dividend to be paid.

In Ireland, we expect the group to have sold 125 units in the full year (the H1 result was 66 units). Given the tough trading conditions, which still persist today, further write-downs cannot be ruled out. We are more positive on the UK where recent evidence suggests that prices have begun to stabilise. We have modelled for 310 sales in the UK (169 were already completed in H1). With pricing stabilising further, write-downs may not be necessary. The plant hire business is, however, certain to have experienced further tough trading in the second half.

As well as some level of stability in the UK, the group's operations in Prague may give some cause for optimism. At the time of the half-year results, the group was hopeful of delivering some units from this scheme by year-end. At end-October 2008, Abbey had taken 49 reservations at its project in Slivenec at an average sales price of €244,000.

SIG plc

SHI LN

Share price up 7.5% on stock-building news

Flor O'Donoghue

+353 1 6148741

florence.o'donoghue@davy.ie

[Company summary and analysis](#)

Price **98p** Rating: **Outperform** Issued: **30/06/09**

SIG closed up 7.5% yesterday (July 14th) on news that IKO Enterprises has taken a 3.1% stake (including indirect shares) in the group. The IKO group of companies is a manufacturer and supplier of commercial and residential roofing products. The business is Canadian, family-owned and has been in operation since the early 1950s. It has more than 20 manufacturing plants and 3,000 employees worldwide.

In Europe, IKO has factories in the UK, Ireland, Belgium, France, Germany and the Netherlands. In addition, it has established distribution centres and sales offices in Poland, Czech Republic, Slovakia, Hungary, Russia and China.

As IKO is privately owned, there is little publicly available data on it. However, we understand that it has annual revenues in excess of €500m, suggesting that it is a business of scale.

Clearly, IKO would have knowledge of SIG from the building materials industry (roofing accounts for c.25% of SIG's revenues). But for the present at least, its motives in taking a stake in SIG are unknown.

Tullow Oil (Stg)

TLW LN

Jubilee oil project sanctioned by Ghana government

Job Langbroek

+353 1 6148914

job.langbroek@davy.ie

[Company summary and analysis](#)

Price **891p** Rating: **Outperform** Issued: **30/06/09**

As guided by Tullow in its recent operational update, official project sanction for the first phase of the development of the Jubilee project offshore Ghana has been received. Through a floating production storage and offloading (FPSO) system, 120,000 bopd will be produced. Gas export and injection capacity is set at 160m cubic feet of gas per day. The statement reaffirmed that production will start in the second half of 2010. As Jubilee straddles two blocks with separate equity positions, a 'unitisation' agreement has also been put in place. Tullow's stake in the field is set at 34.7% although the agreement provides for modification as additional data, such as the production history, become available.

Formal approval of the project will also allow Tullow to draw down \$650m of its unused debt facility (\$750m in total).

Separately, Komos Energy, a partner of Tullow's in the Jubilee project, announced that it had put in place a \$750m line of debt which, together with its existing cash balances, will allow it to develop Jubilee.

C&C

GCC ID

Wetherspoon's trading remains robust

Barry Gallagher

+353 1 6149194

barry.gallagher@davy.ie

[Company summary and analysis](#)

Price **195c** Rating: **Outperform** Issued: **30/06/09**

UK pub chain, Wetherspoon's, has said that like-for-like sales in the five weeks to July 12th increased by 2% year-on-year. Trading for the 11-week period to July 12th was slightly weaker: like-for-like sales decreased 0.8%. Wetherspoon's attributed this to tougher comps at the start of the period last year which had benefited from a major marketing campaign.

The company is confident about the outlook for the full year (to end-July) and optimistic about its performance next year.

Foods

Northern Foods posts good volume growth in latest quarter

John O'Reilly

+353 1 6148915

john.o'reilly@davy.ie

[Sector valuations](#)

Good weather is very positive for the chilled prepared foods sector. So it has proved for Northern Foods which grew underlying volumes by 4.2% in the 13 weeks ended June 27th (Northern's Q1). Underlying revenues grew by 5.5% year-on-year (yoy).

In an IMS update, Northern reports that revenue in its chilled foods division rose by 9.2% yoy. Warm weather resulted in strong demand for sandwiches and salads. As might be expected in the current environment, the growth was driven by value lines (in private-label, premium is also dying). This implies that the revenue growth may have been mostly volume driven.

Northern states that it will meet first-half profit expectations.

It notes that the ready meals category is gradually returning to growth, despite the warm weather.

Bakery division (Fox's biscuits) revenues grew by 6.8% yoy. Biscuit sales perform well in recessions.

Greencore should be expected to have also benefited from the good weather.

British Airways

BAY LN

AGM statement points to convertible fund raising

Stephen Furlong

+353 1 6148924

stephen.furlong@davy.ie

[Company summary and analysis](#)

Price **128p** Rating: **Underperform** Issued: **30/06/09**

At its AGM, BA's chairman said that while its current liquidity is above its desired minimum of 15% of revenues, an 'extended economic downturn would be stretching'.

While saying that they 'do not believe that the timing is right to approach the financial markets for a rights issue as there are a number of key issues that need to be resolved over the next 12 months', he indicated that the airline is looking at a convertible bond issue. A bond that would consume more than 7.5% of the airline's equity would have to be cleared by shareholders.

Commentary following the AGM suggests that a bond issue could be in the range £300-£400m. Air France KLM has recently raised €661m through a six-year convertible bond issue with a coupon of 4.97%, while Lufthansa raised €750m through a seven-year bond with a coupon of 6.5%, its second bond issue of the year.

This does not surprise us. The company indicated at its investor day in March that liquidity would be down to £1bn by end-March 2010.

Blackrock Intl. Land

BLK ID

Land Securities IMS cites growing investor interest in prime and mid-quality properties

Stephen Lyons

+353 1 6149903

stephen.lyons@davy.ie

[Company summary and analysis](#)

Price **7c** Rating: **Outperform** Issued: **30/06/09**

Today's IMS from Land Securities (July 15th) cites growing investor interest in prime and mid-quality properties. This reinforces the company's view that the peak-to-trough fall in values is likely to be in the range 45-50%. Having strengthened its balance sheet, the company is beginning to assess acquisition opportunities, which will arise over years and not just months, particularly via disposals by banks.

Vacancy rates across the company's portfolio ticked up marginally to 5.1% at the end of June, from 4.6% at the end of March. However, the company maintains the view that occupier markets will recover last in the cycle in terms of delivering rental value growth and expects the overall period of recovery in the sector to be extended.

At end of 2008, 22% (€76m) of Blackrock's property assets were based in the UK. It has no exposure to retail shops there. This positive statement from Land Securities highlights the attractiveness of the UK property market. Blackrock's Irish assets (52%) benefit from robust lettings to Fyffes and Total Produce, while the European portfolio (26%) has not witnessed the same valuation pressures. We rate Blackrock 'outperform' because it currently trades at a near-60% discount to our forecast 2009 NAV. Although we believe that the company will be in breach of its loan covenants this year, rental income from the investment property portfolio (77% of property assets) offers interest cover of c.1.35x, and that should facilitate renegotiation.

Veris plc

VERI ID

Review of head office costs and senior management changes

Ivan Skelly

+353 1 6148876

ivan.skelly@davy.ie*[Company summary and analysis](#)*Price **21c** Rating: **Outperform** Issued: **30/06/09**

Veris has released (July 15th) an update on its previously flagged strategic review and its review of head office costs. The review process in respect of the FM/PM division is still ongoing and the company will provide an update on this at its AGM in late August.

The strategic review also incorporated a full review of the group's cost structure and considered certain head office costs in an environment where it is focusing solely on its FM/PM business, which has a stand-alone management team. As such, the following changes have been announced:

Bernard Farrell will resign as group CEO on July 31st. He will remain as a non-executive director until conclusion of the strategic review.

John O'Donoghue, company secretary and group CFO, will resign as company secretary with immediate effect but will remain as group CFO until October 30th, after which he will leave the company. Declan Cassidy has been appointed company secretary with immediate effect.

Martin McMahon, CEO of the FM/PM division, will continue in that role.

Niall McFadden, currently non-executive chairman, has assumed the role of executive chairman.

The group's head office in Sandyford, Dublin will be closed in due course.

Island Oil & Gas

IOG LN

Funding and corporate review

Job Langbroek

+353 1 6148914

job.langbroek@davy.ie*[Company summary and analysis](#)*Price **7p**

Island Oil & Gas has set out its funding and corporate agenda over the short-to-medium term. This involves a significant reduction in costs and the provision of a £500,000 loan from the chairman. Separately, the recent build-up of Moroccan assets has been facilitated by other loans extended to Island by the chairman and chief executive. The group has not other debt and it has access to cash flow from its Celtic Sea Seven Heads interest.

Island also intends to monetise its Celtic Sea assets. These consist of an interest in gas production at Seven Heads and also at two gas discoveries at Old Head and Schull. Island believes that both have potential for gas storage. Old Head in particular has potential for 10-15 BCF of gas storage — based on the most likely P90 gas-in-place estimate of 49 BCF. Importantly, as both Old Head and Schull are not depleted in terms of their gas, no investment in cushion gas would be required if they were to be developed as gas storage businesses. This significantly lowers the front-end investment required. Recent transactions suggest that each BCF unit of depleted gas storage can be valued at £2.2m.

In tandem with efforts to crystallise value from its Celtic Sea assets, Island will continue to build up its licence and target portfolio in Morocco where it is one of the few companies to have established an early-mover position in a region that will see increasing industry activity in the future.

International equity markets

	Index	Change	% day	% YTD	Off all time high	2008 PE
S&P 500	905.8	4.8	0.5 ↑	0.3	-42.1	13.1
Dow Jones Industrial Average	8359.5	27.8	0.3 ↑	-4.8	-41.0	10.2
NASDAQ	1799.7	6.5	0.4 ↑	14.1	-64.4	20.8
Hong Kong	18162.0	276.3	1.5 ↑	26.2	-42.6	19.4
Japan	9290.5	28.7	0.3 ↑	4.9	-76.1	68.0
FTSE 100	4237.7	35.6	0.8 ↑	-4.4	-38.9	8.3
FTSE Eurobloc 100	732.7	8.0	1.1 ↑	-1.8	-52.7	13.1
FTSE Eurofirst 300	840.2	10.0	1.2 ↑	1.0	-50.7	11.1
ISEQ	2636.2	30.2	1.2 ↑	12.5	-73.6	8.4

European market sectors (€)

	Index	% day	% YTD
FTSE E300 Banks	474.5	2.5 ↑	17.5
FTSE E300 Construction	1146.4	1.1 ↑	-0.8
FTSE E300 Foods	1094.0	0.1 ↑	-2.0
FTSE E300 Media	479.4	1.3 ↑	-8.1
FTSE E300 Pharma	814.1	0.6 ↑	-7.9
FTSE E300 Transport	564.5	1.3 ↑	-1.0

US market sectors (\$)

	Index	% day	% YTD
S&P 500 Banks	106.6	-1.6 ↓	-22.5
S&P 500 Const. Mats	83.0	-0.6 ↓	-41.0
S&P 500 Food Prod.	236.3	0.4 ↑	2.1
S&P 500 Media	118.9	1.4 ↑	-1.7
S&P 500 Pharma & Bio.	292.0	0.5 ↑	-4.5
S&P 500 Transport	199.0	1.9 ↑	-6.9

Bond yields

	Yield	Basis Points
Ireland 10 year	5.37	0
German 10 year	3.30	4
UK 10 year	3.74	6
US 10 year	3.47	12

Money rates

	Rate	Change %
Euro 3 month	0.99	-1
UK 3 month	1.01	-2
US 3 month	0.51	0

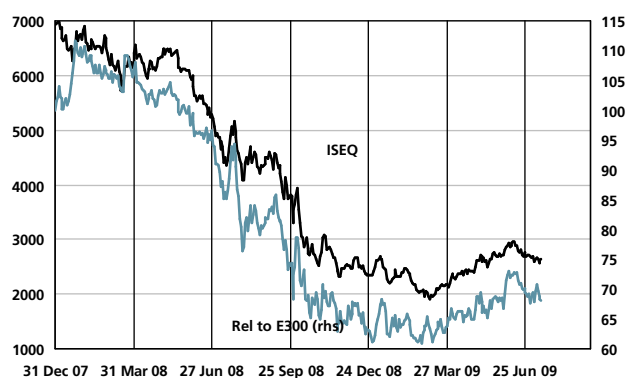
Forex rates

€/\$	1.3967
€/£	0.8555
£/\$	1.6322

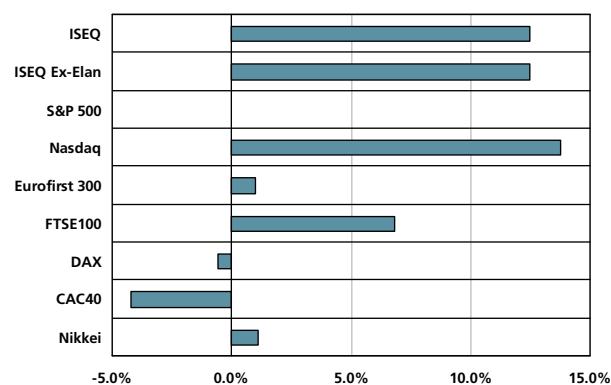
Selected stocks in New York

	Price	Volume	Change (c)	% day	% YTD
Bank of Ireland ADR	8.59	662,170	0.52	6.4 ↑	80.1
Elan Corp	6.65	5,579,567	-0.11	-1.6 ↓	10.8
ICON	22.50	364,793	0.56	2.6 ↑	14.3
M&T Bank Corp	53.49	919,531	-1.12	-2.1 ↓	-6.8
CRH ADR	22.74	776,646	-0.07	-0.3 ↓	-12.6
Ryanair ADR	28.10	304,775	-1.23	-4.2 ↓	-3.4
AIB ADR	4.58	2,670,485	0.50	12.3 ↑	-2.3
Trintech	1.39	1,100	-0.01	-0.7 ↓	6.9
Trinity Biotech	4.41	56,818	-0.09	-2.0 ↓	175.6

ISEQ and E300 performance Dec 2007 to date



International markets performance year to date (€)



ISE movers on day							
<i>Up</i>	<i>Price</i>	<i>Change on day</i>	<i>Actual Change</i>	<i>YTD Change</i>	<i>Off high</i>	<i>52 week low</i>	<i>ISE volume</i>
Allied Irish Banks	159.1	15.7%	22	-8.1%	-82.8%	489.3%	3.188
Irish Life & Permanent	300	9.5%	26	91.1%	-58.8%	376.2%	1.490
Glanbia	241	9.1%	20	12.6%	-49.8%	33.9%	0.719
Total Produce	32	6.7%	2	22.1%	-43.9%	77.8%	0.209
Bank of Ireland	149	6.4%	9	78.7%	-76.4%	1092.0%	5.010
C&C	195	5.4%	10	34.5%	-35.0%	149.4%	3.650
Irish Continental Grp	1025	4.5%	44	-38.1%	-41.3%	10.4%	0.000
Kingspan Group	431	4.4%	18	38.1%	-48.7%	113.3%	0.498
McInerney Hlds	15	3.4%	1	-13.8%	-62.5%	87.5%	0.010
Smurfit Kappa	356	3.0%	11	96.1%	-28.1%	226.6%	0.044
<i>Down</i>	<i>Price</i>	<i>Change on day</i>	<i>Actual Change</i>	<i>YTD Change</i>	<i>Off high</i>	<i>52 week low</i>	<i>ISE volume</i>
Glencar Mining	4	-32.2%	-2	11.1%	-60.0%	66.7%	0.170
Ovoca Resources	4.3	-28.3%	-2	48.3%	-66.9%	115.0%	0.110
Prime Active Capital	12	-25.0%	-4	-37.2%	-82.9%	71.4%	0.047
Readymix	17	-10.5%	-2	-15.0%	-78.8%	54.5%	0.178
Norkom	107	-5.3%	-6	114.0%	-29.1%	205.7%	0.001
Providence Resources	3.6	-5.3%	0	44.0%	-67.3%	71.4%	0.107
AGI	9.5	-5.0%	-1	-60.4%	-91.0%	5.6%	0.025
Greencore Group	97	-4.9%	-5	3.2%	-57.8%	42.6%	0.241
Merrion Pharmaceuticals	410.5	-4.5%	-19	36.8%	-20.3%	121.9%	0.002
Petronet	15.5	-3.1%	-1	72.2%	-55.7%	93.8%	0.070

ISE movers on week							
<i>Up</i>	<i>Price</i>	<i>Change on week</i>	<i>Actual Change</i>	<i>YTD Change</i>	<i>Off high</i>	<i>52 week low</i>	<i>ISE volume</i>
Siteserv	9	38.5%	3	-10.0%	-72.7%	125.0%	0.560
Worldspreads	79	23.4%	15	28.9%	-32.5%	36.2%	0.002
Indep. News & Media	23.3	16.5%	3	-44.5%	-86.0%	133.0%	3.810
Kingspan Group	431	13.4%	51	38.1%	-48.7%	113.3%	2.057
Boundary	3.9	11.4%	0	-61.0%	-89.7%	69.6%	1.529
Glanbia	241	9.1%	20	12.6%	-49.8%	33.9%	1.191
Smurfit Kappa	356	8.9%	29	96.1%	-28.1%	226.6%	0.571
ICON	1550	8.4%	120	29.2%	-49.7%	47.8%	0.013
Aer Lingus	54	8.0%	4	-64.0%	-67.8%	10.2%	0.480
Total Produce	32	6.7%	2	22.1%	-43.9%	77.8%	0.799
<i>Down</i>	<i>Price</i>	<i>Change on week</i>	<i>Actual Change</i>	<i>YTD Change</i>	<i>Off high</i>	<i>52 week low</i>	<i>ISE volume</i>
Petroceltic	9.3	-27.9%	-4	210.0%	-33.6%	210.0%	0.241
Prime Active Capital	12	-25.0%	-4	-37.2%	-82.9%	71.4%	0.000
Glencar Mining	4	-20.0%	-1	11.1%	-60.0%	66.7%	0.301
C&C	195	-18.1%	-43	34.5%	-35.0%	149.4%	1.529
Greencore Group	97	-15.7%	-18	3.2%	-57.8%	42.6%	1.628
Petronet	15.5	-13.9%	-3	72.2%	-55.7%	93.8%	0.102
AGI	9.5	-13.6%	-2	-60.4%	-91.0%	5.6%	0.091
Elan Corp	471	-12.7%	-69	13.1%	-79.1%	24.3%	1.019
Kenmare	21	-8.7%	-2	244.3%	-54.3%	244.3%	0.240
Fyffes	32	-5.9%	-2	28.0%	-45.8%	93.9%	0.564

Important disclosures

Analyst certification

Each research analyst primarily responsible for the content of this research report certifies that : (1) the views expressed in this research report accurately reflect his or her personal views about any or all of the subject securities or issuers referred to in this report and (2) no part of his or her compensation was, is, or will be, directly or indirectly related to the specific recommendations or views expressed in this report.

Investment ratings definitions

Davy ratings are indicators of the expected performance of the stock relative to its sector index (FTSE E300) over the next 12 months. At times, the performance might fall outside the general ranges stated below due to near-term events, market conditions, stock volatility or – in some cases – company-specific issues. Research reports and ratings should not be relied upon as individual investment advice. As always, an investor's decision to buy or sell a security must depend on individual circumstances, including existing holdings, time horizons and risk tolerance.

Our ratings are based on the following parameters:

Outperform: Outperforms the relevant E300 sector by 10% or more over the next 12 months.

Neutral: Performs in-line with the relevant E300 sector (+/-10%) over the next 12 months.

Underperform: Underperforms the relevant E300 sector by 10% or more over the next 12 months.

Under Review: Rating is actively under review.

Suspended: Rating is suspended until further notice.

Restricted: The rating has been removed in accordance with Davy policy and/or applicable law and regulations where Davy is engaged in an investment banking transaction and in certain other circumstances.

Distribution of ratings/investment banking relationships

Rating	Count	Percent	Investment banking services/Past 12 months	
			Count	Percent
Outperform	37	48	24	58
Neutral	22	28	12	29
Underperform	12	15	1	2
Under Review	3	3	2	4
Suspended	1	1	1	2
Restricted	1	1	1	2

This is a summary of Davy ratings for all companies under research coverage, including those companies under coverage to which Davy has provided material investment banking services in the previous 12 months. This summary is updated on a quarterly basis. The term 'material investment banking services' includes Davy acting as broker as well as the provision of corporate finance services, such as underwriting and managing or advising on a public offer.

Regulatory and other important information

Davy is regulated by the Financial Regulator and is a member of the Irish Stock Exchange and London Stock Exchange. Davy is authorised by the Irish Financial Regulator and regulated by the Financial Services Authority for the conduct of business in the UK. No part of this document is to be reproduced without our written permission. This publication is solely for information purposes and does not constitute an offer or solicitation to buy or sell securities. This document does not constitute investment advice and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The securities/strategy discussed in this report may not be suitable or appropriate for all investors. The value of investments can fall as well as rise and there is no guarantee that investors will receive back their capital invested. Past performance and simulated performance is not a reliable guide to future performance. Projected returns are estimates only and are not a reliable guide to the future performance of this investment. Forecasted returns depend on assumptions that involve subjective judgment and on analysis that may or may not be correct. Any information related to the tax status of the securities discussed herein is not intended to provide tax advice or to be used as tax advice. You should consult your tax adviser about the rules that apply in your individual circumstances.

This document has been prepared and issued by Davy on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst all reasonable care has been taken in the preparation of this document, we do not guarantee the accuracy or completeness of the information contained herein. Any opinion expressed (including estimates and forecasts) may be subject to change without notice. We or any of our connected or affiliated companies or their employees may have a position in any of the securities or may have provided, within the last twelve months, significant advice or investment services in relation to any of the securities or related investments referred to in this document.

Share ownership policy

Davy allows analysts to own shares in companies they issue recommendations on, subject to strict compliance with our internal rules governing own-account trading by staff members. Readers should be aware that analysts writing in this publication may own shares in the stocks covered. If you require further details, please contact research@davy.ie. We are satisfied that our internal policy on share ownership does not compromise the objectivity of analysts in issuing recommendations.

Conflicts of interest

Our conflicts of interest management policy is available at www.davy.ie/ConflictsOfInterest.

Davy acts as stockbroker to Abbey; AGI Therapeutics; Aminex; ARYZTA; Bank of Ireland; Blackrock International Land; Boundary Capital; C&C; China Real Estate Opportunities; PL; CRH; DCC; Dragon Oil; Elan Corporation; Fyffes; getmobile; Glanbia; Glencar; Greencore; ICON; IFG Group; Independent News & Media; Irish Life & Permanent; Island Oil and Gas; Kenmare Resources; Kerry Group; Lapp Platts; Mclnerney Holdings; Minco; NTR; Origin Enterprises; Ormonde Mining; Ovoca Resources; Petroceltic; Petroneft; Prime Active Capital; Providence; Readymix; Ryanair; Siteserv; Smurfit Kappa Group; Total Produce; Trintech; Tullow Oil; TVC Holdings; United Drug and Veris.

The remuneration of the analyst(s) who prepared this report is based on various factors including company profitability, which may be affected to some extent by revenues derived from investment banking.

Davy is registered to act as market-maker in the securities of certain companies by the Irish Stock Exchange and London Stock Exchange. Details are available at www.davy.ie/RegulatoryDisclosures.

Davy may have acted, in the past 12 months, as lead manager/co-lead manager of a publicly disclosed offer of the securities in certain companies included in this report. Investors should be aware that Davy may have provided investment banking services to, and received compensation from certain companies included in this report in the past 12 months or may provide such services in the future. The term investment banking services includes acting as broker as well as the provision of corporate finance services, such as underwriting and managing or advising on a public offer.

Davy may have a shareholding in certain companies included in this report which exceeds 5% of their total issued share capital. Details are available at www.davy.ie/RegulatoryDisclosures. These shareholdings include proprietary positions and discretionary holdings. This disclosure represents the position of Davy as of close of business on the Friday preceding issue of this report.

Other important disclosures

A description of this company is available at www.davy.ie/RegulatoryDisclosures. A summary of our standard valuation methods is available at www.davy.ie/ValuationMethodologies. All prices used in this report are as of close on the previous trading day unless otherwise indicated. A summary of existing and previous ratings for each company under coverage, together with an indication of which of these companies Davy has provided investment banking services to is available at www.davy.ie/ratings.

US Securities Exchange Act, 1934

This report is only distributed in the US to major institutional investors as defined by S15a-6 of the Securities Exchange Act, 1934 as amended. By accepting this report, a US recipient warrants that it is a major institutional investor as defined and shall not distribute or provide this report or any part thereof, to any other person.

Distribution of research to clients of Davy Securities in the US

Davy Securities distributes third-party research produced by its affiliate, J & E Davy. Davy Securities is a member of FINRA and SIPC and is regulated by the Financial Regulator. Davy Securities does not act as market maker. Davy or an affiliate holds a proprietary position and/or controls on a discretionary basis more than 1% of the total issued share capital of Bank of Ireland; Blackrock Intl. Land; China Real Estate Opportunities; Donegal Creameries; Glencar; IFG Group; Island Oil & Gas; NTR; Ormonde Mining; Petroceltic; Petroneft and TVC Holdings. This information was current as at the last business day of the month preceding the date of the report. An affiliate of Davy Securities may have acted, in the past 12 months, as lead manager/co-lead manager of a publicly disclosed offer of the securities in certain companies included in this report. Investors should be aware that an affiliate of Davy Securities may have provided investment banking or non-investment-banking services to, and received compensation from, certain companies included in this report in the past 12 months or may provide such services in the next three months. The term investment banking services includes acting as broker as well as the provision of corporate finance services, such as underwriting and managing or advising on a public offer.

FTSE licence

Davy is licensed by FTSE International Limited to publish the FTSE Indices on a delayed basis. FTSE International shall not be responsible for any error or omission in the FTSE Indices. All copyright and database rights in the FTSE Indices belong to FTSE International or its licensors. Redistribution of the data comprising the FTSE Indices is not permitted. You agree to comply with any restrictions or conditions imposed upon the use, access, or storage of the data as may be notified to you by FTSE or Davy and you may be required to enter into a separate agreement with FTSE or Davy.

Confidentiality and copyright statement

Davy, Research Department, Davy House, 49 Dawson St., Dublin 2, Ireland. Confidential © Davy 2009.