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EQUITIES	Close	Change	% +/-	P/E '05	YTD
ISEQ	6296 ↑	81	1.30%	11.0	1.59%
FTSE 100	5011 ↑	47	0.95%	13.5	4.09%
DAX 30	4527 ↑	67	1.49%	15.0	6.37%
DOW	10550 ↑	82	0.79%	19.5	-2.16%
NASDAQ	2088 ↑	20	0.95%	15.6	-0.05%
S&P	1202 ↑	11	0.90%	21.0	-0.81%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2246	0.6748	132.6700
Dollar	1.2246	1.0000	1.8148	108.3000
Sterling	0.6748	1.8148	1.0000	196.5400
Yen	132.6700	108.3000	196.5400	1.0000

This Week's Research
CRH
Ryanair
Petroceltic

Today's Research
HBOS

Today's Recommendations

Breaking News

Jurys Doyle gets 2nd approach from Precinct

Jurys Doyle said yesterday it had received a further approach from Precinct Investments Ltd at €16.25 per share, which may or may not lead to an offer for the company. Precinct Investments had its initial offer approach at €15.25 per share rejected by Jurys Doyle on May 16. Jurys said that the latest approach remains preliminary in nature, is subject to a number of conditions and there can be no certainty that an offer will ultimately be forthcoming.

Profits at Prudential lifted by new European rules

UK insurer Prudential said today IFRS accounting rules slightly cut 2004 operating profit but under separate European industry principles, also introduced in 2005, its results were up 6 percent. Under a new industry standard, European Embedded Value, Prudential's 2004 operating profit was 1.21 billion pounds compared to 1.14 billion pounds under the old achieved profits basis. The profit contribution from new sales under EEV rose 8 percent to 741 million pounds. Under IFRS, Prudential's operating profit was down by 15 million pounds.

US markets rally on Dallas Fed comments

U.S. equity and bond markets rallied strongly yesterday on comments from a Federal Reserve official, sensing that the speech hinted of an impending pause in official rate hikes. Richard Fisher, president of the Federal Reserve Bank of Dallas and a member of its key policy-making committee, said that the U.S. central bank has room to raise interest rates further, but may be getting close to the end of its tightening cycle.

HBOS (£8.12) No further credit deterioration Stuart Draper

- Trading statement : HBOS has released its interim pre-close period trading statement in advance of its close period for the 6 months ending 30/06/05. Following last week's indications from Barclays' that there had been a recent deterioration in the bad debts situation at its credit card business, HBOS' credit quality update was particularly important.
- Retail lending : According to HBOS, there has been no further deterioration in the credit quality of its retail loan book, either secured or unsecured, over the previous guidance issued at the time of the full year results' announced in March and re-iterated at its AGM in April.
- Corporate lending : Specifically, HBOS' finance director, Phil Hodgkinson, confirmed that "in relation to unsecured and credit-card business, we are seeing very much the same trends as we saw in 2004". This would indicate that the credit quality deterioration indicated by Barclays' is largely as a result of company specific problems at its Barclaycard division. Similar to Barclays, HBOS confirmed that the credit quality of its corporate loan book is continuing to improve.
- Internet lending : There have also been some concerns expressed recently with regard to the credit quality of HBOS' internet lending, but Hodgkinson confirmed that this relates to loans made in 2002 and 2003, and that loans made from 2004 onwards are performing as expected.
- 2004 results : HBOS reported profit before tax and earnings per share of £4.592 bn and 84.3p respectively for the year ended 31/12/04, ahead of consensus forecasts of £4.547 bn and 79.6p, and year on year increases of 22% and 23%. It is also undertaking a £750m share buyback programme in 2005.
- Concerns overdone : Our more positive than consensus recommendation for HBOS over the past 12 months has been based on the view that with the base rate of the current UK interest rate cycle likely to peak at c.5%, a slight slowing in the level of loan growth for 2005 was a more likely ultimate scenario for HBOS, than a major slowdown, which is what the share price was factoring in at times last year.
- Further upside : Our current 12 month price target for HBOS of £9.50 (17% further upside) is based on 10x consensus 2006 eps of 95p. Investors will also be paid a dividend yield of c.4.4% for waiting for this upside to be realised. HBOS' share price has risen by 20% since our BUY note of 18/08/04 : BUY.

Business Press

- Qualceram turns around sales drop (IT)
- Eircom to extend broadband upgrade plan (IT)
- Best short-term savings rate at Anglo Irish raised to 2.65% (II)
- Rate of broadband users among lowest in Europe (IE)
- UK mortgage approvals rise (FT)

Investment Press— Lex

- Australia: Is Australia's winning streak at an end? The economy expanded by a meagre 0.7 per cent in the first quarter and avoided contraction only because of inventory accumulation.



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