



April 3, 2006

Contact Details:

Email : research@dsl.ie
info@dsl.ie

Tel : +353 1 633 3800
Fax : +353 1 677 4708

EQUITIES	Close	Change	% +/-	P/E '06	YTD
ISEQ	8066 ↑	59	0.74%	11.0	9.53%
FTSE 100	5965 ↓	-51	-0.84%	13.5	6.15%
DAX 30	5970 ↓	-14	-0.24%	15.0	10.39%
DOW	11109 ↓	-41	-0.37%	19.5	3.03%
NASDAQ	2340 ↓	-1	-0.04%	15.6	6.10%
S&P	1295 ↓	-5	-0.42%	21.0	4.00%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2046	0.6972	142.9000
Dollar	1.2046	1.0000	1.7277	118.6100
Sterling	0.6972	1.7277	1.0000	204.9000
Yen	142.9000	118.6100	204.9000	1.0000
Oil (Nymex)	66.6300			

This Week's Research

Today's Research Fyffes

Today's Recommendation

Breaking News

Northern Rock comfortable with current expectations

Northern Rock said this morning that it is on track to meet profit expectations for 2006 after net lending in the first quarter rose 26 percent from a year earlier. The UK mortgage bank said it was comfortable that its 2006 profit will reach 352 million pounds, the consensus forecast. The bank said its total lending pipeline stood at 5.7 billion pounds, up 15 percent from a year ago and 8 percent higher than at the start of this year. Northern Rock said it expected to improve its cost/income ratio in 2006, having reached 29.8 percent in 2005. Northern Rock also forecast the UK gross mortgage market would be grow to about 300 billion pounds this year, up from 288 billion in 2005.

DCC FY profit to miss market expectations

DCC said today that current year earnings were expected to be about 5 percent below market expectations due to the timing of profits at its housebuilding unit. However, earnings for the fiscal year just ended would beat market expectations after profits on a recent transaction at its 49-percent-owned Manor Park unit came in earlier than expected. DCC said it expected to report double-digit percentage growth in adjusted earnings per share in the year to March 31, 2006, ahead of market expectations. Group operating profit for the same period before contributions from associates would be in line with market expectations, it said.

Ferrovial denied access to carrying out due diligence

Ferrovial said on Friday it was keeping all options open on whether to launch a takeover bid for British airport operator BAA. "We asked the BAA board for access to carry out due diligence and, for the moment, it has been denied," Chairman Rafael del Pino said at the company's shareholder meeting. Britain's Takeover Panel has given the Ferrovial consortium until April 24 to make a formal bid for BAA or walk away from any deal for six months. A source familiar with the situation said Ferrovial was expected to come back with a bid after the Easter break but did not rule out a move earlier.

Business Press

- Rate increase from hawkish ECB possible (IT)
- Ryanair threat to sue BAA if Stansted charges are tripled (II)
- New hopes for UK on energy competition (FT)
- Merrill Lynch downgrades Anglo Irish Bank to 'neutral' (Reuters)

Fyffes (€2.22)

First investment in India

Stuart Draper

- Indian investment : Fyffes has announced its first direct investment in India with the formation of a 50 : 50 joint venture with the highly respected Suri Fruit Agency, the leading distributor of high altitude fruits, particularly apples, in Northern India.
- Strategic benefits : Even though with an initial turnover of €6m (c.0.1% of group turnover), the financial benefits are unlikely to be material in a group context for several years, the strategic benefits of having a base in Delhi in the high growth Indian fresh produce market, as well as access to a supply base of over 1,500 growers, should generate significant strategic benefits for Fyffes.
- Hidden value : We expect the EGM circular detailing the group's 25 revalued properties to be sent to shareholders this week, keeping the EGM on course to be held by the end of April, and the Bluestone listing on course to take place within 2 working days of the EGM. This activity could be an important catalyst for exposing the group's hidden property value.
- Potential offsets : Our view of the extra tariff costs from the new EU banana market rules is that they are a sector-wide problem rather than a company specific issue, and there may be scope to pass some of them on in the form of price increases. Also, given the fact that both Fresh Del Monte and Chiquita were loss-making in Q4 2005, and that Fresh Del Monte is currently for sale, there is the potential that the new EU regime results in Fyffes and its net cash balance of €160m participating in sector consolidation which results in extra cost efficiencies providing another offset for the extra tariff costs.
- Further upside : With Fyffes' net cash per share currently 46c and the 25 of its Irish and UK properties conservatively revalued at 57c per share, even valuing the fruit (not just banana) business at a conservative rating of 8x earnings, the current share price of €2.22 is implying a sustainable eps of 14.9c for this business. A fairer estimate of the sustainable eps of this business is likely to prove to be 18c, where the company's eps should recover to in 2007, giving our current 12 month price target of €2.50 (13% further upside).
- Attractive yield : The company will also pay a final dividend per share of 5.2c in May 2006 and an interim dividend of c.1.7c in October 2006, providing investors with an additional dividend yield of 3.1% for waiting for this upside to be achieved : **BUY**.

Investment Press

- Alcatel/Lucent: Putting their failed attempt to merge five years ago firmly behind them, Alcatel and Lucent finally agreed to unite. The decline in Lucent's fortunes, in particular in the intervening five years, has probably helped: weakness is often a powerful catalyst in sensitive merger talks.

Disclaimer: The information in this document has been obtained from sources, which we believe to be reliable. We cannot guarantee its accuracy or completeness. It does not constitute a solicitation for the purchase or sale of any investment. Any person acting on the information contained in this document does so at their own risk. Recommendations in this document may not be suitable for all investors. Individual circumstances should be considered before a decision to invest is taken. Investors should note the following: Past experience is not necessarily a guide to future performance. The value of investments may fall or rise against investors' interests. Income levels from investments may fluctuate. Changes in exchange rates may have an adverse effect on the value of, or income from, investments denominated in foreign currencies. Dolmen Securities is a Member Firm of the London Stock Exchange, and is authorised by the Financial Regulator under the Investment Intermediaries Act 1995. Dolmen Stockbrokers is a Member Firm of The Irish Stock Exchange, The London Stock Exchange, and is authorised by the Financial Regulator under the Stock Exchange Act 1995. Dolmen Stockbrokers is regulated by the Financial Regulator as a Mortgage Intermediary.



Disclosures

This report has been prepared by Dolmen Stockbrokers ('Dolmen') for information purposes only to assist investors to make their own investment decisions and is not intended to and does not constitute personal recommendations nor provide the sole basis for any evaluation of the securities discussed. Specifically the information contained in this report should not be taken as an offer or solicitation of investment advice or, encourage the purchase or sale of any particular security, option, future or other derivative investment. Not all recommendations are necessarily suitable for all investors and Dolmen recommend that specific advice should always be sought prior to investment, based on the particular circumstances of the investor. Although the information in this report has been obtained from sources, which Dolmen believes to be reliable and all reasonable efforts are made to present accurate information Dolmen give no warranty or guarantee as to, and do not accept responsibility for, the correctness, completeness, timeliness or accuracy of the information provided or its transmission. Nor shall Dolmen, or any of its employees, directors or agents, be liable to for any losses, damages, costs, claims, demands or expenses of any kind whatsoever, whether direct or indirect, suffered or incurred in consequence of any use of, or reliance upon, the information. Any person acting on the information contained in this report does so entirely at his or her own risk.

All estimates, views and opinions included in this report constitute Dolmen's judgement as of the date of the report but may be subject to change without notice. Changes to assumptions may have a material impact on any recommendations made herein.

Unless specifically indicated to the contrary this report has not been disclosed to the covered issuers(s) in advance of publication.

Past performance is not necessarily a guide to future returns. The value of investments and the income from them can fall as well as rise. Investments denominated in foreign currencies are subject to fluctuations in exchange rates, which may have an adverse affect on the value of the investments, sale proceeds, and on dividend or interest income. Investors may not necessarily recoup the full value of their original investment. Investors should be aware that forwarding looking statements and forecasts may not be realised.

This report may not be reproduced (in whole or in part) altered, transmitted or made available to any other person without the prior written permission of Dolmen.

Dolmen Securities is a Member Firm of the London Stock Exchange, and is authorised by the Financial Regulator under the Investment Intermediaries Act 1995. Dolmen Stockbrokers is a Member Firm of The Irish Stock Exchange, The London Stock Exchange, and is authorised by the Financial Regulator under the Stock Exchange Act 1995. Dolmen Stockbrokers is regulated by the Financial Regulator as a Mortgage Intermediary.

Conflicts of Interest & Share Ownership Policy

Dolmen, its employees, directors or related companies, may have a shareholding in the securities (or related investments/ derivatives) of certain companies covered in this report, or may provide/ solicit investment banking or other services to/ from them.

It is noted that research analysts' compensation is impacted upon by overall firm profitability and accordingly may be affected to some extent by revenues arising other Dolmen business units including Corporate Finance, Fund Management and Stockbroking. Revenues in these business units may derive in part from the recommendations or views in this report. Notwithstanding, Dolmen is satisfied that the objectivity of views and recommendations contained in this report has not been compromised.

Dolmen permits research analysts to own shares and/ or derivative positions in issuers they publish research, views and recommendations on and accordingly analysts involved in the production of this report may own stocks in a company covered in it. Any own account staff trading is undertaken in strict compliance with Dolmen's own account internal rules and therefore Dolmen is satisfied that the impartiality of research, views and recommendations remains assured.

Analyst Certification

Each research analyst responsible for the content of this report, in whole or in part, certifies that: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; 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 by that research analyst in the research report.

For US Persons Only

This report is only provided in the US to major institutional investors as defined by s. 15 a-6 of the Securities Exchange Act, 1934 as amended. A US recipient of this report shall not distribute or provide this report or any part thereof to any other person.