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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	7516 ↑	122	1.65%	11.0	2.07%
FTSE 100	5833 ↑	42	0.72%	12.4	3.82%
DAX 30	5683 ↑	102	1.82%	15.0	5.09%
DOW	11150 ↓	-41	-0.36%	19.5	3.41%
NASDAQ	2172 ↓	-2	-0.11%	15.6	-1.51%
S&P	1270 ↓	-3	-0.21%	21.0	2.02%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2782	0.6923	146.4200
Dollar	1.2782	1.0000	1.8480	114.5600
Sterling	0.6923	1.8480	1.0000	211.5900
Yen	146.4200	114.5600	211.5900	1.0000
Oil (Nymex)	73.9300			

## This Week's Research

## Today's Research Fyffes

## Today's Recommendation

## Breaking News

### Readymix sells Dublin Site

Readymix PLC said it has agreed terms with the Dublin Docklands Development Authority for the sale of its premises at 5/23 East Wall Road, Dublin 3, for €23m in cash. Profit from the transaction is expected to be €20m, and closing is expected for Aug 16. Vacation of the premises is not required until Jan 2009, and concrete production at the site will continue as normal. The money will be used to improve the company's asset base.

### Kerry Group plc purchases own shares

Kerry Group plc advises that it repurchased 675,000 A Ordinary Shares on 30 June. These A Ordinary Shares were repurchased at a price of €17.10. All of these A Ordinary Shares repurchased will be held in treasury. Following this repurchase the number of A Ordinary Shares in treasury is 2,800,000 and the number of A Ordinary Shares in issue, excluding treasury shares, is 184,560,310. This completes the buy back programme announced on 26 June, 2006.

### South Wharf shares leap after Dublin site deal

Shares in Irish holding company South Wharf Plc surged 24 percent on Friday after it put itself up for sale as part of a deal to settle a dispute over 25 acres of docklands close to Dublin's most prestigious district. The Settlement Agreement provides that an open and transparent tender process will be implemented under which third parties are invited to tender to acquire the Ringsend site through acquiring control of 100 percent of the issued share capital of South Wharf. Under the terms of the deal, Dublin Port will convey its freehold title on the site to whoever buys the holding company. It will receive 33.6 percent of the proceeds from the sale while South Wharf shareholders will receive the remainder once costs and liabilities have been covered. The transaction is also conditional on a sale price of at least 250 million euros, although analysts speculated that it could sell for more than that.

### Fyffes (€1.38) Management meeting update Stuart Draper

- Management meeting : Our meeting on Friday with Executive Chairman, Carl McCann and Group Financial Controller, Seamus Keenan, focused on the impact of the new banana import regulations on EU banana pricing, and Blackrock's plans to grow its net asset value from its property development activities.
- Banana pricing : Earlier this year, Fyffes stated that it would face higher tariff costs of €40m as a result of the new regulations, as well as higher transport costs of €15m, and that there would be no scope to recover these higher costs by higher prices. However, in addition to there being no scope to pass on these higher costs, there is still no visibility with regard to even a stabilisation of EU banana market prices.
- Earnings risk : As a result, with the company's earnings guidance based on a element of banana market recovery over the seasonally more important September / October period, the risk now is that no such recovery takes place, and that Fyffes has to issue another warning in relation to its full year 2006 profits, at its H1 results' announcement on 08/09/06.
- Risk / reward : Even though there is the possibility of the current difficult banana market conditions resulting in some consolidation amongst the major EU banana market players, relying on such a catalyst for share price upside remains speculative. In the event of it not happening between now and the end of September, the share price may have limited upside potential during Q3 2006, even though investors could be exposed to further earnings disappointments.
- Property catalyst : Our view is also that even though the group's property company, Blackrock, may have the potential to generate some long term value for shareholders, its share price may lack a positive catalyst in Q3 2006, given that it has only recently completed its demerger from the fruit business.
- Recommendation downgrade : As a result, with the shares now having gone ex dividend with regard to both the special dividend of 5.72c per share and the final dividend of 5.2c per share, and the H1 2006 dividend of c.1.7c per share not being paid until October 2006, we now downgrade our Fyffes' recommendation from BUY to NEUTRAL. As a result, we also remove the company from our Dolmen Dozen list of favourite stocks for Q3 2006 : **NEUTRAL**.

## Business Press

- O'Brien to invest €10m in Chinese websites (IT)
- Largo in leading position to buy Tayto (IT)
- Eir Grid takes over national grid from ESB (IT)

## Investment Press

- London Stock Market: Insider trading is endemic in the London stock market. The Financial Services Authority recently found that almost 30 per cent of takeover announcements in 2004 were preceded by suspicious share price movements, and the situation appears to be getting worse.



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