



September 9, 2005

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EQUITIES	Close	Change	% +/-	P/E '05	YTD
ISEQ	6822 ↑	16	0.24%	11.0	10.08%
FTSE 100	5341 ↓	-25	-0.47%	13.5	10.94%
DAX 30	4993 ↑	5	0.09%	15.0	17.31%
DOW	10596 ↓	-38	-0.35%	19.5	-1.73%
NASDAQ	2166 ↓	-6	-0.28%	15.6	3.69%
S&P	1232 ↓	-5	-0.38%	21.0	1.62%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2433	0.6759	137.3600
Dollar	1.2433	1.0000	1.8392	110.4700
Sterling	0.6759	1.8392	1.0000	203.1700
Yen	137.3600	110.4700	203.1700	1.0000
Oil (Nymex)	64.8800			

This Week's Research
IL&P
Horizon

Today's Research
ThirdForce

Breaking News

Fidelity reduces its holding in Paddy Power

It was revealed yesterday that Fidelity International Ltd has reduced its holding in Paddy Power. It was indicated in a statement to the Stock Exchange that on 5 September it sold 271,167 shares in Paddy Power, reducing its holding by 0.54%. The transaction leaves Fidelity with a holding of 4,485,558 ordinary shares or 8.94% in the company.

Providence awarded 25% interest in UK offshore block

Providence Resources announced yesterday the UK Department of Trade and Industry has awarded Providence a 25 percent interest in Block 210/19 in the UK's 23rd offshore licensing round. The block is located in the North Sea 500 km north east of Aberdeen close to the existing Shell-operated Tern field and is adjacent to Providence's previously awarded 22nd round acreage.

Glanbia to close Kilmeaden plant

Glanbia has announced its intention to close a cheese manufacturing facility with the loss of 45 (mainly seasonal) jobs. The company announced yesterday that it intends to end the production of cheddar cheese at its Kilmeaden facility in Co Waterford. The company blamed increasing cost pressures on dairy production for the decision.

Datalex reports profits of \$1m for H1 05

Datalex has reported a pre-tax profit of \$1m for the six months to the end of June 2005, up from a loss of \$0.5m in the corresponding period last year. Revenues were flat at \$11.5m. Datalex said that it had achieved 'some notable contract successes' in the six months but these did not add to half year revenues as they are principally transaction based contacts with revenues arising over the period of the contracts, normally five years. Datalex said it continues to focus on reducing its overall costs base, despite increasing its research and development expenditure. The company said it expects its R&D spend to increase in the forthcoming periods as its focuses on accelerating the release of its product roadmap.

Business Press

- Fyffes and DCC court battle costs hearing for €17m (II)
- Dragon chief quits company (II)
- Aegis expected to acquire Brindley in €12m deal (IT)
- NIB plans to capture 10% of market (IT)
- Trinity Biotech directors buy 4.5m shares (IT)

ThirdForce (€0.26)

H1 results & acquisition

Stuart Draper

- Results announced : This morning, ThirdForce announced results for the 6 months ended 30/06/05. Turnover and underlying eps of €5.722m and 0.18c respectively were largely in line with consensus forecasts post the company's AGM of 25th May.
- Operating expenses : Even though turnover was 2% lower year on year, the underlying eps of 0.18c represented a significant improvement on the prior year comparative of 0.01c. This profitability improvement was driven by lower operating expenses, as well as by lower interest and tax charges.
- Temporary shift : The slightly lower turnover was largely driven by a shift in training patterns within the UK government funded sector. This shift in training patterns is likely to be temporary in nature and a recovery in such sales should commence in H2 2005.
- Acquisition announced : Further to the company's AGM announcement that it was in discussions to acquire a private UK e-learning provider, the acquisition of Creative Learning Media Limited (CLM) has been announced for cash of €1.7m and equity of €3.5m, plus a further €2.9m in equity subject to CLM achieving certain revenue targets for the year ending 31/05/06.
- Attractively priced : Given that CLM is forecast to contribute sales of €8.5m in its first full year of consolidation, the total consideration payable of €8.1m would represent the acquisition multiple of 0.95x forward sales. This would appear a very attractive price given that peers trade at c.2x 2005 sales. With €2.9m of the consideration earn-out based, ThirdForce is also protected in the event of CLM not achieving its revenue targets.
- High growth : The fact that CLM generated turnover and operating profit of €2.4m and €0.2m respectively for 2004, rising to €4.2m and €0.5m for the year ended 31/05/05 shows the rapid growth trajectory of its turnover and profitability.
- Strategic benefits : The UK deal is also in line with the group's stated development plan, with a US acquisition still to be achieved. CLM has a suite of complementary products in markets not served by ThirdForce, particularly corporate markets, and there will also be product development and salesforce synergies.
- Earnings accretive : As a result, we are now forecasting group sales to grow to €23m in 2006, driven by the CLM acquisition as well as increased penetration into UK schools. This would generate a 2006 eps of 1.39c, a significant uplift on the 2006 eps of 0.87c without CLM. As a result, ThirdForce's pe reduces to 18.7x 2006 eps before goodwill of 1.39c (from 29.9x previously), an undemanding multiple given the group's growth potential : **BUY**.

Investment Press— Lex

- Intercontinental: Over the past two years, InterContinental Hotels has sold some £2.2bn worth of hotels and returned £1.9bn to grateful shareholders. The response of Andrew Cosslett, the newish chief executive, is to step up growth.



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