



September 11, 2006

Contact Details:

Email : [research@dsl.ie](mailto:research@dsl.ie)  
[info@dsl.ie](mailto:info@dsl.ie)

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

EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	7967	↓ -51	-0.64%	11.0	8.18%
FTSE 100	5879	↑ 21	0.36%	12.4	4.64%
DAX 30	5795	↑ 22	0.37%	15.0	7.16%
DOW	11392	↑ 61	0.54%	19.5	5.65%
NASDAQ	2166	↑ 11	0.49%	15.6	-1.79%
S&P	1299	↑ 5	0.38%	21.0	4.33%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2692	0.6797	148.7300
Dollar	1.2692	1.0000	1.8670	117.1800
Sterling	0.6797	1.8670	1.0000	218.7700
Interest Rates (%)	3.0000	5.2500	4.7500	0.4800
Oil (Nymex)	66.2500			

## This Week's Research

## Today's Research Apple

## Today's Recommendation

## Breaking News

### Vodafone agrees broadband deal with BT

Vodafone has moved into the fixed-line broadband market, striking a wholesale deal with BT. The mobile phone operator plans to launch the consumer broadband service before the end of the year. Vodafone U.K. Chief Executive Nick Read said, in a statement, that the deal played a strategically important step in evolving the mobile phone operator's U.K. business. Vodafone Chief Executive Arun Sarin said earlier this year that Vodafone planned to offer consumer broadband in all its key markets before the end of the financial year.

### Bovis Homes reports 18% rise in H1 profits

UK homebuilder Bovis Homes reported an 18 percent rise in first-half profit today and kept its expectations for the year unchanged, citing a steady housing market. Bovis said that the steady housing market experienced during the first six months has continued through July and August, with sales reservation levels ahead of the corresponding period in 2005 and that it expected the average rise in its selling prices to moderate in the second half to register the annual growth of around 4-5 percent. Bovis posted £53.1m in pretax profit for the six months to end-June, up from 45.1m a year ago. Sales rose 17 percent to £250.5m. Despite a surprise interest rates hike by the Bank of England in August, the housing market remained resilient as the rates are still relatively low and affordability continues to remain a constraint, it added.

### Key inflation data due on Friday

Markets will be looking to economic data in the US for direction this week as key inflation and retail sales figures are released. Economists forecast that core consumer prices, to be released on Friday, rose 0.2 percent in August, the same as in July. August retail sales, expected on Thursday, are forecast to fall 0.1 percent compared with a 1.4 percent rise in July.

### Apple (\$72.52) Potential catalyst Owen Turner Target : \$80 (11/09/06 ; previously \$75, issued 06/04/06)

- Special event: On Tuesday September 12<sup>th</sup> Apple will be holding a special event in San Francisco and is expected to unveil a number of new products and services including new iPod nanos and a revamped version of iTunes which offers a full length movie download service. This would represent a major move into the digital home market with the potential to expand its revenue streams. We see this 'special event' as a potential catalyst for Apple's shares.
- PC strength: Recent surveys in the US have shown a slightly better than normal seasonal pick-up in retail PC sales during August, in particular pointing to strong demand for Apple laptops for the 'back-to-school' period. Last week Apple upgraded its entire line of iMacs with a faster microprocessor from Intel called the Intel Core 2 Duo, a shift the company said boosts the performance of the new machines over a previous line of iMacs based on an earlier version of Intel chips. Apple also trimmed prices on its iMacs, in the company's latest move to counter the reputation of Macs as more expensive than comparable PCs. With the move coming ahead of a seasonally strong period for consumer demand we see room for market share gains.
- Continued momentum: While Apple shares have enjoyed a strong run recently, we expect the momentum to continue through to the year end as the company continues to unveil new products and enjoy market share gains for its PCs and strong iPod sales over the seasonally stronger months. We believe that concerns regarding the ongoing investigation into option irregularities will continue to be offset by Apple's introduction of new innovative products which will drive revenue growth.
- High growth: Our current 12 month price target of \$80 is based on 26.5x 2007 eps of \$3. While this would represent a significant premium to sector average of 15x, this would appear justified given Apple's superior earnings growth over its peers (30% vs sector average of 15%) : BUY

## Business Press

- Tesco uses its noodle to woo Chinese (FT)
- Buy-backs boom (FT)
- HBOS buys Carlton stake (FT)

## Investment Press

- Investment banks/mortgage lenders: Getting the wrapping right can only get you so far. That, roughly, is the rationale for the continuing rush of investment banks to scoop up mortgage lenders.



DOLMEN SECURITIES

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.

DOLMEN SECURITIES → Website : [www.dolmenstockbrokers.ie](http://www.dolmenstockbrokers.ie)  
Dolmen House, 4 Earlsfort Terrace, Dublin 2, Ireland. • Tel : +353 1 633 3800 • Fax : +353 1 677 7044 • Email : [info@dsl.ie](mailto:info@dsl.ie)  
45 South Mall, Cork, Ireland. • Tel : +353 21 422 2122 • Fax : +353 21 422 2123 • Email : [cork@dsl.ie](mailto:cork@dsl.ie)

**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. Stuart Draper and Owen Turner are responsible for the production of this report. Stuart Draper is Head of Research and Owen Turner is an equity analyst.

**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.