



DAILY COMPANY NOTE — IONA Technology See page 2 for full details

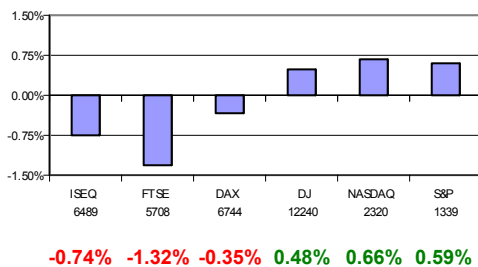
Daily Market Comment

Yesterday's Summary : All gains recovered from Friday's day trading were lost yesterday as the ISEQ finished down 0.75% at 6,489.29. More weakness from early trading in the US eliminated any hopes of a post-lunch recovery for the ISEQ as the financial services giant AIG said its portfolio has lost 4.9 billion dollars, more than four times the 1.5 billion dollar loss that executives had expected. Irish financials were at the heart of the declines in the ISEQ as AIB dropped 4% to €13.99, Irish Life & Permanent fell by almost 3% to €10.09 and Anglo Irish Bank closed down by almost 2% to €9.47. Conversely, food stocks had a positive day with Greencore gaining 5% to €4.20, following the reports that Exista have bought an 8% stake in the company.

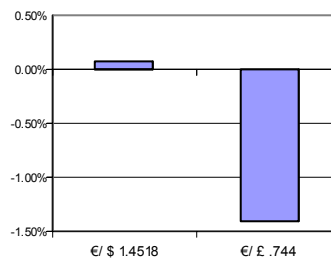
Overnight News : US indexes fought back against early market declines yesterday to finish higher on the day with the Dow Jones, S&P and Nasdaq indexes gaining around a half per cent on the day. In Asia yesterday, stock markets were mixed with Japan struggling as financials feared the state of credit markets. However, Hong Kong ended a three-session losing streak as the Hang Seng finished up 1.4% to 22,921.67. In Tokyo, the Nikkei closed up 4.72 points at 13,021.96.

Breaking News: Credit Suisse fourth-quarter net profits in the three months ended Dec.31 has dropped 72%, from CHF4.67bn to CHF1.33bn. The Suisse bank says their net subprime exposure is CHF1.6bn, down from CHF3.9bn at the end of September. The world's largest insurer AIG has acknowledged its credit derivatives portfolio lost \$4.88bn in gross market value in October and November, more than four times the \$1.15 billion executives had estimated in December. In addition, AIG have said this writedown doesn't include the benefit of the contracts' spread differential, which AIG estimates could cut as much as \$3.276bn.

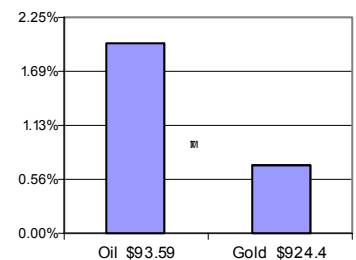
Equity Index's change on day



Currency daily % change



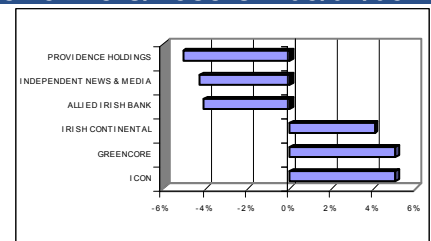
Oil/Gold daily % change



Paper Headlines

- "Financials suffer over AIG's weakness"-**AIG**-(The Irish Times)
- "Icon acquires Healthcare Discoveries"-**Icon**-(Irish Examiner)
- "C&C sees Magners lose further market share in Britain"-**C&C**-(Irish Examiner)
- "ECB moves to dampen hopes of early cut in the cost of borrowing"-(Irish Independent)
- "Corporate action in the food giant fuels share price rise"-**Greencore**-(Irish Independent)

ISEQ Performers/Losers 08/02/08



More Stake Building In Greencore

Greencore's share price rose 5.5% yesterday as Icelandic conglomerate Exista, announced that they had accumulated an 8% in the company. Exista is the investment vehicle of the Gudmundson brothers who have been heavily involved in private equity ventures in the past, including Geest, the UK food company. Also tied in with Exista is Iranian entrepreneur Robert Tchenguiz with a 5% stake in the company, Mr. Tchenguiz is suspected of having accumulated an equivalent of an additional 10% stake in Greencore through the use of derivatives. The argument for a takeover bid is strengthened by the 28% stake in Greencore held by property developer Liam Carroll, who is widely believed to have his eye on Greencore's considerable property portfolio, although he is yet to make a statement regarding his intentions. There would appear to be a rationale for a joint takeover bid that splits the property assets from the core food business, exposing the hidden value contained within the company's property portfolio



Dolmen Securities
75 St. Stephen's Green, Dublin 2, Ireland.
45 South Mall, Cork, Ireland
Theatre Court, Mallow St, Limerick, Ireland.

Website : www.dolmenstockbrokers.ie
Tel : +353 1 633 3800/1890 400 300
Tel : +353 21 422 2122
Tel : +353 61 436 500

E-mail: info@dsl.ie
E-mail: cork@dsl.ie
E-mail: Limerick@dsl.ie

IONA Technologies

NEUTRAL
Nasdaq
Software
Company Profile

The company delivers and supports standards-based middleware solutions, which are used by organisations to make their diverse software components work together. IONA's products assist businesses in building enterprise portals, internet commerce sites, and an assortment of large-scale distributed applications.

Fundamental view : Last Friday, IONA Technologies confirmed recent press speculation that it had received an unsolicited preliminary expression of interest from a third party, which may or may not lead to a formal offer to acquire all of the outstanding shares in the company. IONA pointed out in the press release that the expression of interest is very preliminary and is subject to a number of conditions. Possible bidders for the group include Germany's Software AG and US based Tibco. There has already been a number of takeovers in the software sector over the last number of months including SAP's purchase of Business Objects for \$6.8bn announced in October. In November, IBM agreed to buy Canada's Cognos for \$5bn, while last month Oracle agreed to purchase BEA Systems for \$8.5bn. The average EV/Revenue multiple paid in the three acquisitions was 4.2x. We would not expect IONA to be acquired for a similar multiple given that its underlying business has been in decline, while the acquired companies are much larger and are producing average revenue growth in excess of 10%. In relation to IONA, its underlying business has struggled due to its heavy reliance on financial service firms and high customer concentration a point that was emphasised by its recent fourth quarter results. On 24/01/2008, IONA reported fourth quarter EPS that fell to \$0.01 from \$0.08 compared with the same period last year. Revenue decreased by 21% to \$18.1bn, which matched its already lowered revenue guidance. The company had said back in October that it expected to report fourth quarter revenue of \$22m. Deferred revenue fell by 19% to \$17.2m. IONA pointed out that the reason for the shortfall was due to weakness in its largest vertical market, financial services, which accounts for close to 30% of group revenue. IONA also noted that due to this large condensed exposure it could see some further weakness in 2008. On the positive side, IONA has more than \$56m of cash on its balance sheet representing close to 50% of the group's market capitalisation. IONA has also announced that it plans to reduce its workforce by 12% aiming to cut \$8m in annual expenses.

Statistics
Price Performance


Next catalyst : We believe that a takeover price for IONA could potentially be in the range of \$3.70-\$5.90, which would place the group on an EV/Revenue range of 1x—2x which is a discount to the three large deals mentioned above, however in line with some smaller software deals where the acquired business has been in decline. Given that a potential takeover of IONA is purely a binary event we continue to remain neutral on the stock until we see an improvement in the group's underlying business performance and if a bid were not to emerge we would see downside risks to the group's current share price.

Chart view: Iona

Support Primary: \$3.10
 Support Secondary: \$2.90
 Resistance Primary: \$3.65
 Resistance Secondary: \$3.87

Chart outlook is positive. Gains made since the latest rally began on Jan 24th have been on solid volume. Stock is well supported and chart sentiment does not change unless we break below the \$2.90 area.

Profit breakdown


- Americas 55%
- EMEA 29%
- Asia 16%

Major Shareholders	%	Peer Group Multiples.			
		Company name	P/E 08	P/E 09	EPS Growth 08-09
Peninsula Capital	15.52%	Iona	24.6	26.7	-7.69%
Goldman Sachs	11.87%	Oracle	16.4	14.1	14.10%
Chris Horn	6.40%	SAP	17.0	15.0	15.85%
Brightfield Capital	2.76%	Actuate	14.7	12.2	21.00%
BIAM	2.25%	Epicor	11.9	11.2	16.00%
Shares Outstanding	36.3m				

Share Data	Financial Data	2007	2008e	2009e
Current Price (\$)	Revenue (\$m)	77.66	78.40	78.80
Mkt Cap (\$)	PBT (\$m)	4.86	7.89	7.65
Reuters	EPS (\$)	0.15	0.13	0.12
Bloomberg	P/E(x)	21.33	24.62	26.67
Sector				
CEO				
CFO				
Website				





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