



Thursday 17th April 2008

**DAILY COMPANY NOTE — ThirdForce** See page 2 for full details

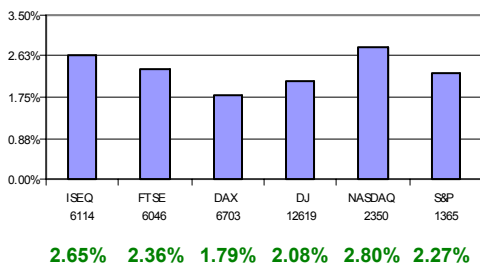
**Daily Market Comment**

**Yesterday's Summary :** The ISEQ, braking a seven day losing streak, closed up 2.65% at 6,114.31 as US financial giants JP Morgan and Wells Fargo posted first quarter results ahead of market expectations, suggesting the US slowdown may not be as aggressive as many commentators fear. The Irish financials had a strong performance with Anglo Irish Bank adding nearly 3% to €8.12, AIB gaining 1.8% to €13 and Irish Life & Permanent recovering 0.5% to close at €11.30. After announcing the acquisition of British building products firm Ancon for €109m, CRH soared 3.2% to €24.10. Elan was the biggest winner, jumping nearly 12% amid news that no patients who have used its multiple sclerosis drug Tysabri have suffered side effects.

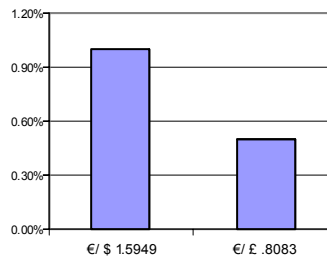
**Overnight News :** In Japan, the Nikkei closed higher for the third consecutive day, rising 1.9% to 13,398.30, as investors continued to buy back shares after Wall Street rallied on the easing of worries about earnings and the health of the U.S. economy. In China the benchmark Shanghai Composite Index closed down 2.09% at 3,222.74, led by power firms after leading utilities issued first-quarter profit warnings. Australia's S&P/ASX 200 closed 0.9% higher at 5,519 for the third straight session.

**Breaking News :** British life insurer Prudential has reported first quarter new business sales of £729m, which is ahead of market expectations of £703m, as stronger than expected growth in Asia more than offset a dip in US new business. A group of investors coordinated by JC Flowers intends to submit a public offer for 24.9% of shares in Hypo Real Estate. IBM, the multinational technology giant, reported first quarter net income of \$2.32bn, or \$1.65 a share, up from \$1.84bn, or \$1.21 a share a year earlier, which is above analysts expectations for \$1.45 per share earnings. eBay have increased its financial outlook for 2008.

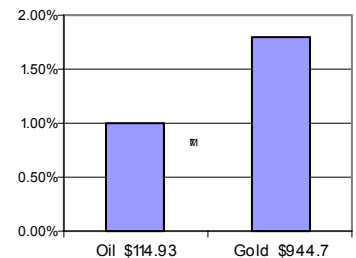
**Equity Indices change on day**



**Currency daily % change**



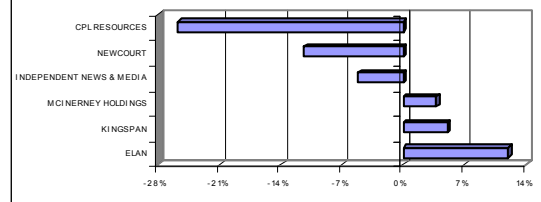
**Oil/Gold daily % change**



**News**

- “ThirdForce’s revenues up 35% to €22.8m”-**ThirdForce**-(The Irish Times)
- “Elan rises on drug trial data”-**Elan**-(The Irish Times)
- “Banks to face tighter scrutiny”-(Financial Times)
- “CRH to pay €109m for Ancon”-**CRH**-(Irish Examiner)
- “Intel confident sales will top projections”-**Intel**-(Irish Independent)

**ISEQ Performers/Losers 16/04/08**



**Market Themes and Movers**

**The Bank of England plan to improve mortgage lending conditions :** It has been reported that the Bank of England is close to agreeing a plan designed to ease the UK mortgage funding drought. The proposed new scheme will allow lenders to swap their mortgage backed assets for government bonds rather than cash. This is hoped will encourage lenders to use the gilts as collateral for loans from other banks and as such restore confidence in the inter-bank lending market.

**Oil rises to another record high :** Oil has soared to over \$115 a barrel as a result of a report from the US Energy Department showed an unexpected decline in the country’s crude and gasoline inventories. Crude supplies dropped 2.36 million barrels to 313.7 million in the week ended April 11, the department said yesterday. Further price pressure for oil has also come from investors, who use the rising commodity as a hedge against the falling dollar.



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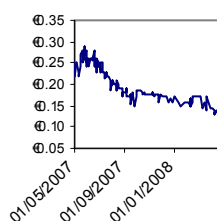
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# ThirdForce

**Current**
**€0.13**
**IXE**
**E-Learning**
**Company Profile**

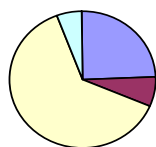
ThirdForce is an international e-learning company providing solutions and services to people in education, government, healthcare, hospitality and commercial organisations worldwide. The group recently purchased MindLeaders for \$18m marking its first move into the US e-Learning market.

**Results announced :** Yesterday, ThirdForce issued its full-year results for the period ending 31/12/07. The group reported adjusted operating profit that rose to €2.6m from €1m in 2006. Revenue increased by 35% to €22.8m. The increase in revenue and adjusted operating profit includes €7m and €1.4m respectively from its acquisition of MindLeaders on 19/06/07. While revenue ex– MindLeaders fell by 6% the healthy increase in operating profit was as a result of the company's strategy to focus on higher margin renewable contracts and reduce exposure to low-margin hardware revenues to approximately half their 2006 level. The group also reported a strong net cash position of €4.2m a significant improvement on the €5.3m of net debt that it had at the end of 2006 and is a favourable position to be in given the current dislocation in credit markets. The improvement in net cash was helped by its successful fund-raising in June of €14.3m for the acquisition of MindLeaders along with cash balances on the acquired company resulting in a net cash inflow of €9.2m. ThirdForce reiterated that its integration of MindLeaders continues to progress smoothly with its 2007 performance exceeding its expectations. The group has also recently launched its first cross-selling product in the US in the Food Safety and Hospitality sector and should provide it with further growth going forward. In the UK, ThirdForce said that it is continuing to see growth in the Care sector, while its core Hospitality market is also growing as the group has secured further large multi-year contracts with major clients. Growth in these areas are partly offsetting a decline in its more mature product offering such as ECDL (European Computer Driving Licence). In relation to its outlook for 2008, ThirdForce continues to maintain that 2008 will be a challenging year given the uncertain impact on customer purchasing due to the weak economic outlook in both the UK and the US as well as expectations of further weakness in both sterling and the dollar where it generates the majority of its revenue.

**Statistics**
**Price Performance**


**Fundamental view :** ThirdForce had a strong 2007 and its integration of MindLeaders has progressed well. One of ThirdForce's closest peers in the US, SkillSoft, recently raised its full-year 2009 earnings guidance and commented that it had not yet seen any impact on the slowing US economy on its business. This can be taken as a positive development for ThirdForce. ThirdForce currently trades at a 38% discount to its peer group on a 2008 forecasted EV/EBITDA basis at 13x. Placing ThirdForce on an equivalent multiple of 18x 2008 EV/EBITDA generates a 12 month price target for the group of €0.18.

**Note : Dolmen Securities Ltd currently acts as joint broker to ThirdForce**

**2007 Revenue by Geography**


- US 24%
- Ireland 7%
- UK 63%
- RoW 6%

Major Shareholders	%	Peer Group Multiples		
Patrick McDonagh	21.60%	Company name	EV/EBITDA 07	EV/EBITDA 08
Richland Ventures	5.40%	<b>ThirdForce</b>	11.6	13.3
Jonathan Parkes	3.50%	SkillSoft	25.3	19.2
River Cities Capital Fund	3.40%	Blackboard	15.8	16.8

Shares Outstanding 254.1m

Share Data	Financial Data	2006a	2007a	2008e	
Current Price (€c)	13.6	Revenue (€000)	16,849	22,819	26,700
Mkt Cap (€m)	34.56m	Gross Profit	12,804	18,654	21,360
Reuters	THF.I	Adj. Operating Profit (€000)	1,013	2,581	2,270
Bloomberg	RTG ID	adj. EPS (c)	0.42	1.27	0.75
Sector	e-Learning	P/E(x)	32.38	10.71	18.13
Chairman	Patrick McDonagh				
CEO	Brendan O'Sullivan				
Website	www.ThirdForce.com				


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