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Contact Details:

Email : research@dbb.ie
info@dbb.ie

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

EQUITIES	Close	Change	% +/-	P/E '05	YTD
ISEQ	6672	↓ -37	-0.56%	11.0	7.64%
FTSE 100	5408	↑ 24	0.45%	13.5	12.34%
DAX 30	4987	↑ 81	1.64%	15.0	17.16%
DOW	10642	↑ 83	0.79%	19.5	-1.31%
NASDAQ	2160	↑ 14	0.66%	15.6	3.42%
S&P	1238	↑ 10	0.83%	21.0	2.14%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2145	0.6738	135.3500
Dollar	1.2145	1.0000	1.8025	111.4400
Sterling	0.6738	1.8025	1.0000	200.9000
Yen	135.3500	111.4400	200.9000	1.0000
Oil (Nymex)	#NAME?			

This Week's Research

Today's Research Friends Provident

Breaking News

Providence buys Liverpool oil stake

This morning, Providence Resources have announced that they have acquired a 10% stake in an oil field off Liverpool. The company has bought the interest in the West Lennox discovery and the adjoining Crosby exploration project. Providence said drilling at West Lennox started yesterday and the companies involved in the project hope to produce the first oil by the end of the third quarter of 2006.

Doyles/Beattys/Nelson make Jurys Doyle move

Hotels group Jurys Doyle has received a takeover approach from a consortium including the three daughters of the late PV Doyle and board members Walter Beatty Jr and Elizabeth Nelson. The potential offer is at €18.90 per share and is subject to acceptance by 50% of shareholders. But a statement from the company said the group was reserving its right to include an acceptance condition of 80% in any formal offer. The board members not associated with the proposal say they are prepared to recommend the proposed offer if a firm offer is made at that level. The consortium, together with members of their families or associated companies, currently owns or controls just over 42% of the company. Goldman Sachs is advising the consortium. The development comes ahead of an extraordinary general meeting of the company scheduled for September 27. This was called to approve the sale of the company's Ballsbridge site in Dublin to developer Sean Dunne for €260m. Dunne has now built a 27% stake in the company. Developer Liam Carroll also owns just over 8% of the company.

Burren Energy reports record results

Burren Energy, a UK mid cap peer of Tullow, Dana and others has this morning reported record results with a 388% rise in pre-tax profit to \$97.2m for the six months to June compared with \$19.9m this time last year. Turnover rose 166% in the period to \$168.1m. Average production almost doubled in the first half, up 95% to 29,100 bopd. Going forward Burren said it expects "working interest production to reach 37,000 bopd at year-end 2005, giving an average working interest production for the year as a whole of some 31,000 bopd". The company run by Irishman Finian O'Sullivan has major projects in the Congo and Turkmenistan.

Business Press

- D Post agrees £3.7bn Exel bid
- OPEC expected to increase oil supply limits (IT)
- Software firm Marrakech sees loss of €4.4m (IT)
- Bank of Scotland to join IPSO (IE)
- Tesco's non food roll out to create 7500 jobs (IE)

Friends Provident (£1.80) Takeover potential Stuart Draper

- AXA purchase : The French insurer, AXA, has increased its stake in Friends Provident from 14% to 15.1%, resulting in speculation with regard to the potential of Friends as a takeover target. Our view has been since its IPO in 2001, that Friends would ultimately become a takeover target because of its small size (market cap c.half the value of Legal & General's), and because the business would be attractive to an insurer wishing to enhance its UK IFA business, or to a bank underrepresented in life and pensions. UK mutual insurers, Norwich Union, Scottish Widows and Scottish Provident, were all taken over in recent years following their demutualisations.
- Strong results : However, even on a stand alone basis, there would appear to be further upside for the Friends' share price. Last week, the company reported profit before tax of £233m for the 6 months ended 30/06/05, significantly ahead of the consensus forecast of £211m, and a 46% year on year increase.
- Volume growth : This growth was driven by 15% UK life and pension sales growth combined with higher asset management profits following last year's purchase of a 51% stake in F&C Asset Management. Last year's acquisition of Luxembourg-based Lombard International Assurance helped deliver an 122% increase in international life and pension sales to £80m.
- Increased distribution : Friends' sales growth also continues to be helped by the 2002 acquisition of Royal and Sun Alliance's international business, as well as Friends' distribution deal with Countrywide Assured for the distribution of its products through Countrywide's chain of estate agents.
- Further upside : Our current stand-alone 12 month price target of £2 (11% further upside) is based on the current sector average multiple of 1.4x 2005 embedded value per share of £1.42, given that Friends' 2005 return on embedded value of 16.5% is better than the sector average of 13.5%. Investors will also be paid a dividend yield of c.4.3% for waiting for this upside to be realised. However, in the event of a takeover approach being made, a multiple of 1.6x embedded value could be expected, generating a potential takeover price of £2.27 per share (26% further upside). Friends' share price has now risen by 140% since our BUY note of 06/03/03 : BUY.

Investment Press— Lex

Oracle has sensibly fleshed out its applications business through a series of high profile acquisitions over the past year. Absorbing new software and customers from PeopleSoft, JD edwards, Siebel Systems and Retek provides a stronger base from which to attack SAP, the market leader.



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