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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	8097	↑ 25	0.31%	11.0	9.96%
FTSE 100	5890	↑ 13	0.22%	12.4	4.83%
DAX 30	5926	↓ -12	-0.19%	15.0	9.58%
DOW	11555	↓ -6	-0.05%	19.5	7.16%
NASDAQ	2236	↑ 0	0.01%	15.6	1.38%
S&P	1321	↑ 1	0.10%	21.0	6.12%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2667	0.6744	149.1800
Dollar	1.2667	1.0000	1.8778	117.7600
Sterling	0.6744	1.8778	1.0000	221.1100
Interest Rates (%)	3.0000	5.2500	4.7500	0.4800
Oil (Nymex)	63.8000			

This Week's Research
BOI

Today's Research
IN&M

Today's Recommendation

INWS (€2.33) H1 results announced Owen Turner
Target : €2.60 (12/06/06 ; previously €2.75, issued 22/03/06)

- Results announced : This morning, Independent News & Media announced its results for the 6 months ended 30/06/06. Revenues for the period were 3.6% higher at €796.7, and slightly ahead of consensus forecasts of €793. Profit before tax of €114.1m and earnings per share of 7.43c were also slightly ahead of consensus forecasts of €112m and 7.3c, and were year on year increases of 10.8% and 10.7%, primarily driven by continued growth in the group's Irish and South African operations. The group raised its interim dividend by 10.7 pct to 4.15 cent per share.
- Irish operations: The group's Irish operations achieved 4.5% growth in operating profit to €46.7 million in the first six months of 2006, reflecting good circulation and strong advertising revenues, combined with ongoing and effective cost control. This performance confirms that IN&M has been able to shrug off the challenges of new entrants into the Irish daily market.
- SA star performer: The South African group delivered another excellent performance, benefiting from the ongoing strength in the economy. Revenue growth of 16.4% was primarily driven by a strong advertising market and more effective cost control measures.
- UK market tough: The UK reported revenue of €107.8 million for the first six months of 2006, which represents an increase of 3.4% over the same period last year. However the company highlighted that the advertising market in the UK remains difficult, particularly in Government and NHS spending. The impact of this was felt by both the Belfast Telegraph and Magazines division.
- High yield : INWS will pay an interim dividend of 4.15c per share to shareholders registered at the close of business on 29th September, and a final dividend of c.7.8c per share, going ex mid April 2007. These dividends mean that investors will be paid a dividend yield of c.5.2%.
- Attractive upside: Our view is that IN&M's stronger than sector average earnings growth warrants a premium valuation, even though at 13x consensus 2006 eps, INWS continues to trade in line with the current European newspaper sector average of 13x 2006 eps. Our current 12 month price target of €2.60 is based on 15x 2006 eps of 17.4c, and rates the shares at a deserved 15% premium to the current sector average.

Breaking News

BOI raises guidance

Bank of Ireland has raised its full-year earnings forecast for the current financial year after a strong first-half performance. In a trading statement ahead of its close period for the six months ended 30 September, BOI said it expected earnings per share to be up 25% to 57.3 cent in the period. As a result, underlying earnings per share for the year to the end of March were expected to be 118.7 cent. The company also improved its guidance for group net interest margin decline. BOI had previously guided for a 'slightly higher than mid-teens' decline but that guidance has now improved to 'low to mid-teens' The bank said there were particularly strong performances from its retail, life, wholesale and UK financial services divisions, helped by a positive economic backdrop. Bol said pre-tax profits in the Republic of Ireland banking business would rise by 25% in the first half, lifted by loan growth. Life operating profits would be up 20%, though weaker stock markets compared with H1 last year meant pre-tax profits would drop 6%. BOI's UK division continues to perform strongly and profits are expected to rise by 30%.

Sterling Energy H1 results

Sterling Energy has reported results for the six months 30 September. Revenue and PBT of £24.471m and £7.227m were significant year on year increases on the £6.735m and £2.786m reported respectively for the same period last year. The company highlighted its "sizeable and increasing unrestricted cash balance, strong cash flow despite the Chinguetti issues, a growing exploration portfolio with a significant exploration programme in the coming year". The key feature of the results announcement was its update on its operations at the Chinguetti oil field offshore Mauritania. At the end of August Sterling's partner at Chinguetti, Hardman Resources, stated that the wells of the original development plan are only likely to recover c.50% of the original proven and probable reserves estimate of 123m barrels. However in today's statement Sterling stated that operational uncertainties have forced them to reduce their estimates by 43% to 80m barrels. This would represent a slight improvement on the comments from Hardman.

Business Press

- First-time buyers topping up earlier to upgrade—IFG (IT)
- Aminex signs deal to drill in Egypt (IT)
- Twin setbacks push up oil prices (FT)

Investment Press

- BP/Shell/Russia: The latest delay to its Thunder Horse project in the Gulf of Mexico will heighten investors' concerns about BP's US business. Unfortunately, further uncertainty is building on the other side of the globe.



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