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EQUITIES	Close	Change	% +/-	P/E '05	YTD
ISEQ	6474	↓ -132	-2.00%	11.0	4.45%
FTSE 100	5168	↓ -96	-1.83%	13.5	7.35%
DAX 30	4846	↓ -101	-2.05%	15.0	13.86%
DOW	10414	↑ 129	1.25%	19.5	-3.42%
NASDAQ	2091	↑ 35	1.71%	15.6	0.11%
S&P	1196	↑ 18	1.50%	21.0	-1.34%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.1969	0.6796	137.6000
Dollar	1.1969	1.0000	1.7456	115.6100
Sterling	0.6796	1.7456	1.0000	200.3800
Yen	137.6000	115.6100	200.3800	1.0000
Oil (Nymex)	62.4100			

This Week's Research
British Land
Greencore
Deutsche Bank

Today's Research
Legal & General

Breaking News

Petroceltic announce drilling plans for Ireland

Petroceltic announced today that the semi-submersible drilling unit "Petrolia" has been contracted by its joint venture partner and operator Island Oil and Gas for a three well programme in the Irish offshore. It is anticipated that the rig will drill prospects already identified in Donegal and the Celtic Sea, commencing in April 2006, subject to normal partner and regulatory consents. John Craven CEO of Petroceltic commented: "This is a very positive development for Petroceltic and is an important component in our planned drilling campaign for Ireland, Algeria, Italy and Tunisia in the coming months".

NAHB report, a boost for CRH

U.S. homebuilders' confidence improved for the first time in three months in October, the National Association of Home Builders said on Tuesday. The NAHB housing market index rose to 67 in October from 65 in September, which was its lowest reading since July 2003. In further good news for CRH, the Commerce Department yesterday said housing starts increased by 3.4 percent to a 2.108 million unit annual rate in September. Economists had expected starts to slow to a 1.970 million unit annual pace. The residential sector makes up approximately a third of CRH's US sales.

Morrison sees FY profit at bottom of target range

William Morrison Supermarkets has warned that its pretax profits for the current year will be at the lower end of the £50m-£150m range indicated in June. The group posted a pretax loss of 73.7 million pounds for the 6 months to July 24 compared with a profit of 121.6 million a year earlier. The loss included exceptional costs of 118.8 million pounds, mainly from the Safeway store conversion process. The UK's fourth largest supermarket also revealed that third-quarter like-for-like sales in the core Morrison stores fell 5.2 percent

Business Press

- Eircom, Smart in settlement (II)
- High cost long haul to boost Ryanair trips (II)
- Greencore set for massive windfall (IT)
- Bank cuts growth forecast to 4.25% and warns on jobs (IT)

Legal & General (£1.03) Q3 sales announced Stuart Draper

- Results announced : This morning, Legal & General announced sales figures for the 9 months ended 30/09/05. Sales, on an annual premium equivalent (APE) basis, of £979m were ahead of the consensus forecast of £944m, and were a strong year on year increase of 29%.
- Recovering market : This strong growth was driven by the continued recovery of the UK savings and pension market, which is expected to grow by c.5% this year, as well as by further market share gains by Legal & General. Sales growth of unit-linked bonds were particularly strong in Q3, driven by a general improvement in UK equity markets over the past 18 months.
- New tax : In addition to general equity market weakness, another reason for Legal & General's recent share price weakness is new tax measures proposed by the UK's Economic Secretary to the Treasury. Legal & General has estimated that if the proposed new legislation were applied to its accumulated non-profit reserves in its UK Long Term Fund, then the additional tax charge could be £200m.
- Already discounted : However, as such a tax charge would reduce reserves by c.3p per share, even if the proposed new legislation were enacted, it may already be discounted by the recent fall in the share price. Also, with the industry likely to make strong representations in the coming weeks, the final legislation enacted could be significantly more benign.
- Bancassurance distribution : Legal & General has bancassurance distribution agreements with Barclays, Alliance and Leicester, Woolwich and Northern Rock, for the distribution of stakeholder pensions, as well as for the distribution of other life and pension products, which are helping it achieve this gradual increase in share in the UK life and pensions market.
- Takeover potential : The company also continues to grow strongly at the expense of smaller rivals because of its strong balance sheet. In October 2002, Legal & General raised £786m by way of a rights issue, which helped preserve its AA credit rating. Legal & General's standalone critical mass also gives it some potential as an attractive medium term takeover target, as it would be of use in achieving entry into the UK market.
- Attractive upside : Given that Legal & General's return on embedded value of 12% is in line with the UK sector average, our current 12 month price target of £1.15 (12% upside) is based on the current sector average of 1.3x embedded value per share of 89p. The shares also pay an attractive dividend yield of 5% for waiting for this upside to be achieved : **BUY**.

Investment Press— Lex

- Rio Tinto/Copper: High commodity prices usually prompt a supply response. Last week, cash copper prices reached record highs above \$4,000 a tonne. Surprisingly, third-quarter production at Rio Tinto's Kennecott Utah Copper mine declined 21 per cent compared with the previous quarter.



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