



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

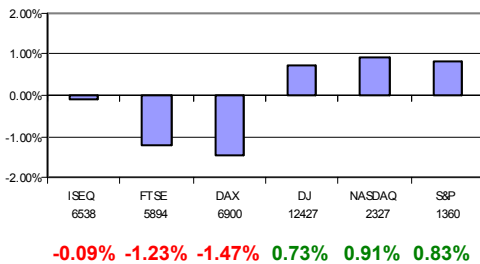
**Daily Market Comment**

**Yesterday's Summary :** The ISEQ finished slightly down yesterday as it shed 6 points or 0.09% to finish at 6537.68. AIB, the ISEQ's largest stock by market capitalization, had a promising day, as the market reacted well to the release of its 2007 full year results. With writedowns of €131m that were broadly in line with analyst expectations, the bank gained 3.35% to end the days trading at €13.90. Other Iris financials did not manage to rally on the positive sentiment surrounding AIB, as Anglo Irish Bank closed down 13 points at 897 and Bank of Ireland lost a marginal 3 points ending the day at 945. With oil prices surging over the \$100 mark again before the open yesterday it was never going to be easy session for Ryanair. It closed down 3.4% at €3.40.

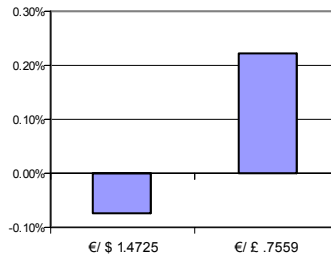
**Overnight News :** After a strong set of results posted by Hewlett-Packard and indications from the Fed committee minutes that they foresee interest rates remaining at low levels for a long period, US markets finished the session higher. The Dow Jones gained 0.73% to close at 12427.26 and the NASDAQ closed 0.91% higher at 2327.1. Most Asian markets tracked Wall Street higher Thursday, recouping from the previous session. In Tokyo, the Nikkei 225 Average ended 2.8% higher at 13,688.28 and in Hong Kong, the Hang Seng Index closed 0.1% higher at 23,623. Australia's S&P/ASX 200 advanced 1.6% to 5,583.40, South Korea's Kospi added 1% to 1,704.36 and Taiwan's Weighted index rose 2.4% to 8,085.93.

**Breaking News :** Socite Generale reported a record fourth quarter loss this morning as the French bank produced unauthorized trading and subprime related writedowns of \$4.9bn. For the full year, Societe General's net income fell to €947m from €5.22bn. Europe's biggest insurer Allianz also reported this morning and they said net income has fallen to €665m from €1.37bn. Due to subprime related writedowns and trading losses in its banking division, its fourth quarter profits fell 52%. Kingfisher, Europe's largest improvement retailer, has said their sales have fallen 0.5% in stores open at least a year in the 13 weeks ended Feb 2. They have blamed the current UK housing slump, which they feel is the worst in 15 years.

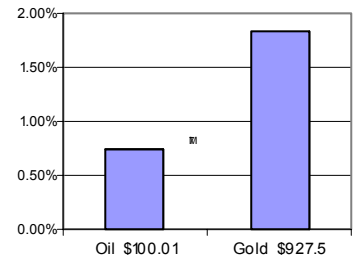
**Equity Index's change on day**



**Currency daily % change**



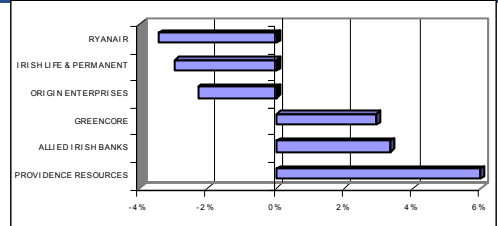
**Oil/Gold daily % change**



**Paper Headlines**

- "AIB pretax profit falls 4% to €2.5bn last year"-**AIB**-(The Irish Times)
- "Iona likely to seek potential suitors"-**Iona**-(The Irish Times)
- "Tullow oil floats to top of pile"-**Tullow Oil**-(Irish Independent)
- "MPC united on rate cut vote"-(Financial Times)
- "Heineken turnover grows 4%"-**Heineken**-(Irish Examiner)

**ISEQ Performers/Losers 21/02/08**



**Market Themes and Movers**

**UK retail sales:** The UK retail sales figure has climbed 0.8% from December, which was well ahead of analysts expectations of 0.3%. Sales rose the most in 11 months in January and climbed 5.6% from a year earlier. The report has suggested that electrical goods stores attracted Britons with record price cuts and that food shopping increased. However it was not all good news as the Bank of England monetary policymaker Timothy Besley has predicted a significant reduction in consumer spending in coming months as banks attempt to curb the availability of loans to their customers.

**Crude Oil declines slightly :** With forecasts suggesting that US oil inventories have increased, the price of crude oil has come down from its record highs achieved yesterday. The US, the world's largest consumer of oil, will produce its weekly oil inventory number today and surveys have indicated that crude oil stockpiles probably rose by 2.3 million barrels last week. In the previous five weeks supplies have risen to 18.2 million barrels or 6.4%.



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# ThirdForce

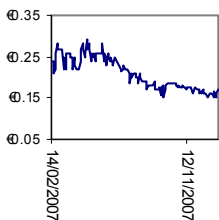
**Current Price**
**€0.17**
**IEX**
**e-Learning**
**Company Profile**

ThirdForce is an international company providing e-learning 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.

**Fundamental view :** Last Friday, ThirdForce issued a mixed trading statement covering its 2007 performance and outlook for 2008. For 2007, ThirdForce said that it expects to report operating profit ahead of its previous expectations which is likely to be in the range of c. €2.5m boosted by its strategy of focusing on higher margin renewable contracts in the UK marking a shift away from low-margin hardware revenue. The group noted that its Compliance business grew significantly with major deals being signed in both the Hospitality & Care sectors. However demand for the group's flagship ECDL product declined resulting in a decrease in revenue in the UK. In addition, ThirdForce's performance was helped by its purchase of MindLeaders which post-acquisition the integration has exceeded expectations. However, in relation to its outlook for 2008, ThirdForce was more cautious and expects profits and cash flow to fall short of its previous expectations and we now expect operating profit to be in line with 2007's expected performance of c. €2.5m.

**Cautious guidance :** There are four main issues affecting the group's outlook for 2008. Firstly, 95% of ThirdForce's revenue is denominated in sterling and US dollars, which have weakened considerably since initial forecasts were provided by the company. Secondly the cross-selling of ThirdForce's food & safety products into the US through MindLeaders has also been delayed due to the company's plan to reinvigorate its product offering and make it more competitive with peers in the US. ThirdForce also noted that during the second half of 2007 it had seen a surprise downturn in demand for its flagship ECDL product (c. 38% of original ThirdForce revenue), while the lowered guidance can also be pointed to the downturn in global economic activity affecting some of the group's customers and the possible effect that this could have on discretionary training spend.

**Next catalyst :** The next catalyst for ThirdForce will be in mid-April when the company is due to announce its fully audited results for 2007. In the short-term however it is difficult to see shares in ThirdForce outperforming the market given its cautious guidance and the current weak global economic outlook. However, we still believe that on a long-term view shares in ThirdForce represent good value a point that has also been emphasised by the group's Chairman, Patrick McDonagh, who recently raised his stake in the company to 21.15%. It is also worth noting that ThirdForce currently has a net cash position of c. \$4.1m which is a marked turnaround from the €5.3m net debt position last year and a prudent position to be in given the current turbulent credit markets.

**Price Performance**

**Operating Profit**


- US 47%
- UK 48%
- RoW 2%

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

Major Shareholders	%	Peer Group Multiples			
Patrick McDonagh	21.15%	Company name	P/E 07	P/E 08	EPS Growth 07-08
Richland Ventures	5.40%	<b>ThirdForce</b>	17.0	21.5	-21.00%
Barclays	4.34%	SkillSoft	39.2	35.9	8.70%
Jonathan Parkes	3.51%	Blackboard	33.0	46.0	-37.00%
		Nord Anglia	16.0	12.7	26.03%
Shares Outstanding	254.1m				

Share Data	Financial Data	2006	2007e	2008e	
Current Price (€c)	17	16,849	22,800	30,000	
Mkt Cap (€m)	43.2	1013	2517	2550	
Reuters	THF.I	Adj. Pretax Profit (€000)	744	2260	2280
Bloomberg	RTG ID	Adj EPS (€c)	0.42	1.00	0.79
Sector	e-Learning	P/E(x)	40.5	17.00	21.52
CEO	Brendan O'Sullivan				
Chairman	Patrick McDonagh				
Website	<a href="http://www.thirdforce.com">www.thirdforce.com</a>				





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