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EQUITIES	Close	Change	% +/-	P/E '06	YTD
ISEQ	8003	↓ -15	-0.18%	11.0	8.68%
FTSE 100	5991	↓ 0	-0.01%	13.5	6.63%
DAX 30	5912	↑ 9	0.15%	15.0	9.31%
DOW	11235	↓ -39	-0.35%	19.5	4.20%
NASDAQ	2294	↓ -20	-0.86%	15.6	4.03%
S&P	1297	↓ -8	-0.60%	21.0	4.20%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2084	0.6906	141.6300
Dollar	1.2084	1.0000	1.7494	117.1700
Sterling	0.6906	1.7494	1.0000	205.0000
Yen	141.6300	117.1700	205.0000	1.0000
Oil (Nymex)	60.5700			

**This Week's Research**  
British Land  
Aviva

**Today's Research**  
INWS

**Today's Recommendation**

## Breaking News

### FDA to extend review of Tysabri

Elan and Biogen have announced that the FDA is to extend its regulatory review of Tysabri by up to 90 days. The FDA told the companies that it requires additional time to review information regarding the Tysabri risk management plan. Under this revised timeline, the companies anticipate action from FDA on or before June 28 2006.

### Maurice Pratt appointed as chairman of BoS (Ireland)

Bank of Scotland (Ireland) has appointed Maurice Pratt, chief executive of Irish drinks group C&C, as chairman, it said on Tuesday. Phil Flynn, the bank's previous chairman, stepped down from his position last year after police probing IRA money laundering seized documents and cash from the former Irish government adviser and one of his associates.

### Aviva may raise its bid for Pru

Aviva has admitted that it could still improve the terms of its £17bn offer for the Prudential. The announcement came at the request of the Takeover Panel, after comments on Monday from the chief executive, Richard Harvey, and other company officials appeared to suggest that a higher offer had already been ruled out. Harvey said Aviva was 'not in the business of revising the terms of the approach.' Aviva confirmed earlier Monday it had approached Prudential last week with an offer priced at 708 pence a share, following speculation about bid talks.

**INWS (€2.61) 2005 results announced Stuart Draper**

- Results announced : This morning, Independent News & Media announced results for the year ended 31/12/05. Revenue and earnings per share of €1.612 bn and 15.62c respectively were largely in line with consensus forecasts of €1.677 bn and 15.5c, and were year on year increases of 7.5% and 17.2%. This strong earnings growth was driven by circulation and advertising revenue growth combined with some cost savings.
- Margin expansion : These cost savings helped the group's operating margin to expand to 19.3% for full year 2005, from 17.6% for H1 2005, leaving the group on target to achieve further operating margin expansion to 20% in 2006. The buoyant outlook statements issued this morning for the group's businesses in Ireland and South Africa may facilitate some 2/3% upgrades to 2006 and 2007 forecasts.
- Advertising growth : The Irish market accounts for a quarter of all INWS' revenues and nearly a third of all profits. Irish newspaper advertising is expected to continue to experience double-digit growth in 2006 and 2007, with consumer spending expected to grow here by at least 6% per annum in both years.
- Product launches : Even though the 6.4% circulation growth of 2005 represented a slowing on the 10% circulation growth achieved in 2004, further modest circulation growth should continue to be generated in 2006, helped by some new product launches. When combined with strong advertising revenue growth (10.7% was generated for 2005) and operating margin expansion to 20% (as explained above), further group earnings growth of 18% to 18.4c would appear achievable in 2006.
- Attractive yield : As a result, we now upgrade our 12 month price target for INWS from €2.70 to €2.75 (5.4% further upside), which is based on 15x 2006 earnings per share of 18.4c. This morning, the 2005 dividend per share was increased by 19.4% to 10.75c. With further 15% growth in the dividend expected in 2006, the shares remain on course to pay a dividend yield of c.4.8% in 2006, thereby providing a sufficient further 12 month total return to justify maintaining our BUY recommendation.
- Outperformance potential : The final dividend of 7c per share will go ex on 19/04/06. Following the strong share price performances from several other Irish companies in recent months, such further upside potential in 2006 is becoming increasingly rare. The share price of INWS has risen by 6% since its inclusion in the Dolmen Dozen on 20/12/05 : **BUY**.

## Business Press

- Unions at odds over flotation of Aer Lingus (IT)
- Newcourt Group pays €2.7m for People Group (IT)
- Eircom board meets to discuss terms of due diligence (IT)
- Alltracel boost (II)

## Investment Press

- Kingfisher: "Things can only get better" seems to be the mantra of the UK do-it-yourself market. The problem is that there is no sign of when that might happen. Kingfisher on Tuesday reported a 33 per cent fall in pre-tax profits, dragged down by the grim performance of B&Q, its home improvement business.



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