DOLMEN DAILY

May 22, 2007

Contact Details: Email : research@dsl.ie Tel : +353 1 633 3800
info@dsl.ie Fax : +353 1 677 4708

EQUITIES	Close		Change	% +/-	P/E '07	YTD
ISEQ	9779	↑	111	1.14%	14.1	3.94%
FTSE 100	6637	↓	-4	-0.06%	13.2	6.69%
DAX 30	7619	↑	12	0.15%	14.2	15.50%
DOW	13543	↓	-14	-0.10%	15.2	8.66%
NASDAQ	2579	↑	20	0.80%	26.1	6.77%
S&P	1525	↑	2	0.15%	15.9	7.53%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3462	0.6824	163.3400
Dollar	1.3462	1.0000	1.9723	121.4600
Sterling	0.6824	1.9723	1.0000	239.1600
Interest Rates (%)	3.7500	5.2500	5.5000	0.4800
Oil (Nymex)	66.2700			

This Week's Research

ICADE

Today's Research

GSK

Breaking News

British Land reports FY pretax profits of £1.44bn

British Land has reported FY pretax profits of £1.44bn against £1.5bn last year, in its first results since taking up REIT status on January 1. Underlying pretax profits were up 13% to £257m, from £228m, and the company's NAV per share increased 20% to £16.82 at year-end. It proposed a final dividend of 8.25p, from 11.8p, taking the total dividend to 20.35p, from 17p a year earlier. The company said it had an 'excellent' year in 2006/07 and looks forward with confidence to the challenges ahead. Underlying profit growth was driven by three factors: like-for-like rental growth ahead of the market, strong income from management fees and lower average interest rates affecting debt refinancing.

Paddy Power expect to post a 27% rise in operating profit

Paddy Power announced today its current year trading has started very well backed by 'exceptionally favourable' sporting results in the twenty weeks to May 15 and added it is confident of its growth prospects. The betting and gaming company said it expects a 27% growth in operating profits of about €58m for the full year, 8% above current market forecasts. Overall sportsbook turnover rose 12% in the first 20 weeks over the same period last year. Paddy Power also said it anticipates launching paddypowertrader.com, an online financial spread betting business, during the summer.

CNG announce FY results and possible MBO

CNG travel announced their full year results for the year ended 31 December 2006 today. Turnover for the year was down c.16% to $46.4m from $54.8m in 2005. Operating profit for the year was $4.2m compared to a loss of $8.4m in 2005. The sole continuing trading entity, Tzell Travel reported EBITDA profit of $9.1m versus $8.8m in 2005. Yesterday CNG said it has received an approach from a consortium led by its unit Tzell Travel Group's chief executive PJ King and president Barry Liben to buy CNG at 14.5p per share. The company said it has constituted an independent committee of directors to consider the possible offer and talks with the consortium are at an advanced stage.

Today's Recommendation

GSK (£13.90) NEJM article suggests Avandia risks Stuart Draper
Target : £16 (26/04/07; previously £15, issued 14/12/06)

- NEJM article : An article published in the New England Journal of Medicine has suggested that GlaxoSmithKline's (GSK) Type-2 diabetes drug, Avandia, increases the risk of heart attacks. The article, written by Steven Nissen, a cardiologist at the Cleveland Clinic, stated that patients receiving Avandia had a 43% increase in the risk of having a heart attack compared with those not receiving the drug.
- Sales impact : Avandia is forecast to contribute c.8% of GSK group sales in 2007, increasing to c.9% in 2008 and 2009. Therefore, under a worst case scenario where it is necessary to reduce the consensus 2008 eps of £1.08 by 10% to 97.2p, there would still appear to be upside potential for the GSK share price from current levels. Given that the EU pharma sector average is currently trading at c.17x 2007 earnings, a 12 month price target for GSK based on 15x forward earnings appears reasonable to account for GSK's slightly lower than sector average earnings growth.
- Entry level : As this would imply a worst case 12 month price target of £14.50 based on 15x 2008 eps of 97.2p, any further significant weakness **sub £13.50** would appear to represent an attractive entry level for medium term investors. GSK shares will also pay investors a dividend yield of c.3.6% for waiting for this upside to be achieved.
- FDA statement : The FDA has also stated that other data provides contradictory evidence concerning the risks of Avandia, and as a result the clinical significance of the reported increased risk has not yet been confirmed. This is in line with GSK's statement yesterday that the methodology used by Mr. Nissen (meta-analysis) has significant limitations and that the most rigorous way to examine the safety of a medicine is to conduct large scale, long-term clinical trials in patients with the disease. According to GSK, its own meta-analysis (pooled) showed a cardiovascular risk of c.30%, but its long-term trials did not show "evidence of a risk at all." A US House of Representatives committee will hold a hearing on 6th June concerning the FDA's oversight of the safety of Avandia.
- Upcoming catalysts : Important other catalysts for the share price between now and the end of Q2 2007 include an FDA decision on 29th May on whether Cervarix is to be granted a fast-track status, and Phase III data for Tykerb in inflammatory breast cancer between 1st and 6th June : **BUY**.

Business Press

- Elan shares soar 18.6% on Alzheimer's drug news (IT)
- Irish e-firm to buy rival for €13.4m (IT)
- S&P index tops its record closing price (IT)
- Russia ready to revoke licence for BP Russian venture 'in days' (FT)

Investment Press

- Telecoms buy-outs: Is telecommunications next on the menu? So far, big deal-making in telecoms has been the preserve of asset-guzzling monsters such as AT&T and Telefónica. But the acquisition of Alltel by TPG Capital and Goldman Sachs shows how hungry private equity has become.

Disclaimer: The information in this document has been obtained from sources, which we believe to be reliable. We cannot guarantee its accuracy or completeness. It does not constitute a solicitation for the purchase or sale of any investment. Any person acting on the information contained in this document does so at their own risk. Recommendations in this document may not be suitable for all investors. Individual circumstances should be considered before a decision to invest is taken. Investors should note the following: Past experience is not necessarily a guide to future performance. The value of investments may fall or rise against investors' interests. Income levels from investments may fluctuate. Changes in exchange rates may have an adverse effect on the value of, or income from, investments denominated in foreign currencies. **Dolmen Securities is a Member Firm of the London Stock Exchange, and is authorised by the Financial Regulator under the Investment Intermediaries Act 1995. Dolmen Stockbrokers is a Member Firm of The Irish Stock Exchange, The London Stock Exchange, and is authorised by the Financial Regulator under the Stock Exchange Act 1995.**

DOLMEN SECURITIES

DOLMEN SECURITIES → Website : www.dolmenstockbrokers.ie
75 St. Stephen's Green, Dublin 2, Ireland. ▪ Tel : +353 1 633 3800 ▪ Fax : +353 1 677 7044 ▪ Email : info@dsl.ie
45 South Mall, Cork, Ireland. ▪ Tel : +353 21 422 2122 ▪ Fax : +353 21 422 2123 ▪ Email : cork@dsl.ie
Theatre Court, Mallow Street, Limerick, Ireland ▪ Tel : +353 61 436 500 ▪ Fax : +353 61 436 599 ▪ Email : limerick@dsl.ie

Disclosures

This report has been prepared by Dolmen Stockbrokers (‘Dolmen’) for information purposes only to assist investors to make their own investment decisions and is not intended to and does not constitute personal recommendations nor provide the sole basis for any evaluation of the securities discussed. Specifically the information contained in this report should not be taken as an offer or solicitation of investment advice or, encourage the purchase or sale of any particular security, option, future or other derivative investment. Not all recommendations are necessarily suitable for all investors and Dolmen recommend that specific advice should always be sought prior to investment, based on the particular circumstances of the investor.

Although the information in this report has been obtained from sources, which Dolmen believes to be reliable and all reasonable efforts are made to present accurate information Dolmen give no warranty or guarantee as to, and do not accept responsibility for, the correctness, completeness, timeliness or accuracy of the information provided or its transmission. Nor shall Dolmen, or any of its employees, directors or agents, be liable to for any losses, damages, costs, claims, demands or expenses of any kind whatsoever, whether direct or indirect, suffered or incurred in consequence of any use of, or reliance upon, the information. Any person acting on the information contained in this report does so entirely at his or her own risk.

All estimates, views and opinions included in this report constitute Dolmen’s judgement as of the date of the report but may be subject to change without notice. Changes to assumptions may have a material impact on any recommendations made herein.

Unless specifically indicated to the contrary this report has not been disclosed to the covered issuers(s) in advance of publication.

Past performance is not necessarily a guide to future returns. The value of investments and the income from them can fall as well as rise. Investments denominated in foreign currencies are subject to fluctuations in exchange rates, which may have an adverse affect on the value of the investments, sale proceeds, and on dividend or interest income. Investors may not necessarily recoup the full value of their original investment. Investors should be aware that forwarding looking statements and forecasts may not be realised.

This report may not be reproduced (in whole or in part) altered, transmitted or made available to any other person without the prior written permission of Dolmen.

Dolmen Securities is a Member Firm of the London Stock Exchange, and is authorised by the Financial Regulator under the Investment Intermediaries Act 1995. Dolmen Stockbrokers is a Member Firm of The Irish Stock Exchange, The London Stock Exchange, and is authorised by the Financial Regulator under the Stock Exchange Act 1995. Dolmen Stockbrokers is regulated by the Financial Regulator as a Mortgage Intermediary.

Conflicts of Interest & Share Ownership Policy

Dolmen, its employees, directors or related companies, may have a shareholding in the securities (or related investments/ derivatives) of certain companies covered in this report, or may provide/ solicit investment banking or other services to/ from them.

It is noted that research analysts' compensation is impacted upon by overall firm profitability and accordingly may be affected to some extent by revenues arising other Dolmen business units including Corporate Finance, Fund Management and Stockbroking. Revenues in these business units may derive in part from the recommendations or views in this report. Notwithstanding, Dolmen is satisfied that the objectivity of views and recommendations contained in this report has not been compromised.

Dolmen permits research analysts to own shares and/ or derivative positions in issuers they publish research, views and recommendations on and accordingly analysts involved in the production of this report may own stocks in a company covered in it. Any own account staff trading is undertaken in strict compliance with Dolmen’s own account internal rules and therefore Dolmen is satisfied that the impartiality of research, views and recommendations remains assured.

Analyst Certification

Each research analyst responsible for the content of this report, in whole or in part, certifies that: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report. Stuart Draper and Stephen Taylor are responsible for the production of this report. Stuart Draper is Head of Research and Stephen Taylor is an equity analyst.

For US Persons Only

This report is only provided in the US to major institutional investors as defined by s. 15 a-6 of the Securities Exchange Act, 1934 as amended. A US recipient of this report shall not distribute or provide this report or any part thereof to any other person.