



March 26, 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	9513 ↓	-32	-0.33%	11.0	1.11%
FTSE 100	6339 ↑	21	0.34%	12.4	1.91%
DAX 30	6899 ↑	42	0.61%	15.0	4.58%
DOW	12481 ↑	20	0.16%	19.5	0.14%
NASDAQ	2449 ↓	-3	-0.11%	15.6	1.39%
S&P	1436 ↑	2	0.11%	21.0	1.26%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3268	0.6761	156.6300
Dollar	1.3268	1.0000	1.9625	118.0500
Sterling	0.6761	1.9625	1.0000	231.6200
Interest Rates (%)	3.5000	5.2500	5.2500	0.4800
Oil (Nymex)	62.2800			

This Week's Research

Today's Research IFG Group

Today's Recommendation

Breaking News

Taylor Woodrow and George Wimpey set to merge

Taylor Woodrow and George Wimpey are to merge to create biggest British housebuilding group worth about £5bn. The deal to form Taylor Wimpey, would likely catapult the new group into the FTSE 100 index of leading companies. Both Taylor Woodrow and George Wimpey have significant operations in the United States, which are suffering from tough market conditions. However they have both benefited from a buoyant British housing market, which is growing strongly despite a climate of rising British interest rates and concern about a possible speculative bubble. The new group would build about 22,000 houses in Britain a year, and about 9,000 in the United States. It would also have a combined workforce of 14,000, but analysts warned of job cuts if the deal is pushed through.

Oil hits year high over Iranian tensions

Fresh tensions with Iran pushed oil prices to their highest level for the year. New York's main oil futures contract, light sweet crude for delivery in May, was up 22 cents at \$62.50 a barrel from \$62.28 in US trade on Friday. Oil prices have now risen about 25% since January when they traded below \$51. Iran, the world's fourth-biggest producer of oil, said it will restrict its co-operation with the UN nuclear watchdog in retaliation for fresh Security Council sanctions over its disputed atomic program. Iran is also in hot water over the capture of 15 British soldiers in Iraqi water. The UK foreign office is demanding the soldier's immediate release.

US home sales figures beat expectations

Sales of existing homes in the US unexpectedly rose in February by the largest amount in nearly three years, but analysts expressed fears that the recovery for the battered housing industry will be slowed by spreading troubles in mortgage lending. The National Association of Realtors reported Friday that sales of existing homes rose by 3.9% last month, pushed higher by a sharp increase in sales activity in the Northeast. It was the biggest increase since a similar increase in March 2004. The increase pushed sales up to a seasonally adjusted annual rate of 6.69 million units, still 3.6% lower than a year ago.

Business Press

Investors in ICG can block proposed buyout (IT)
 Kremlin throws the door open on Yukos (FT)
 Porsche increase VW stake to steal pole position in Europe (FT)

IFG Group (€2.07)

Wrong time to BUY

Stuart Draper

- Recent underperformance : Last April, at a share price of €2.12, we downgraded our IFG recommendation from BUY to NEUTRAL, the share price having more than doubled over the previous 12 months. Since then the share price has significantly under-performed the rest of the Irish market. Given the group's c.20% exposure to its mortgage and title businesses, the share price is unlikely to start out-performing the ISEQ in the short term on a stand-alone basis.
- MBO potential : This stand-alone qualification is included as a result of the group's above average MBO potential, following the recent shareholding increase by One51 from 3.82% to 8.65%, and with Joe Moran and Richard Hayes already owning c.7.6% each. However, One51 may be fully engaged in the short term with its ICG efforts, leaving such potential speculative.
- Mortgage slowdown : On a stand-alone basis, the current slowdown in the Irish mortgage market, driven by both higher interest rates and stamp duty uncertainty, may limit IFG's 2007 earnings growth. As a result of the current difficulties in the US sub-prime market, operators in the sector may also exercise greater vigilance with regard to the quality of business they write, which may limit the near term growth prospects of IFG's GE joint venture for the Irish sub-prime market.
- Sub-prime warning : In this regard, UK peer Kensington, which operates sub-prime loan provider "Start" in Ireland, issued a profit-warning on Friday. Kensington's arrears increased to 9.8% at the end of February, from 9.1% at end November.
- Results preview : On Wednesday week, 4th April, IFG will announce its results for the year ended 31/12/06. The consensus forecast is for full year eps of 15c, representing year on year growth of 19%, driven by further strong performances from the group's 3 core businesses, International Trustee, Irish Mortgages and UK Actuarial. The main driver of the growth at the International Trustee business is expected to be the offshore corporate trust activities, helped by increasing regulatory requirements.
- Slowing growth : However, as a result of the slowdown in group earnings growth explained above, we maintain our previous IFG price target of €2.15, which values the shares at 12.3x 2007 eps of 17.5c, recommending a SWITCH into Anglo Irish Bank (€16.30), as providing stronger growth prospects from current levels amongst the Irish financials : **NEUTRAL**.

Investment Press

- Stingy payout ratios: Dividends are as close as stock markets get to an unbroken promise. While earnings oscillate over the cycle and buybacks often disappear when the going gets tough, dividends plod on relentlessly

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 Stockbrokers is regulated by the Financial Regulator as a Mortgage Intermediary.



DOLMEN SECURITIES → Website : www.dolmenstockbrokers.ie
 75 St. Stephen's Green, Dublin 2, Ireland.
 45 South Mall, Cork, Ireland.

• Tel : +353 1 633 3800
 • Tel : +353 21 422 2122

• Fax : +353 1 677 7044
 • Fax : +353 21 422 2123

• Email : info@dsl.ie
 • Email : cork@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 Owen Turner are responsible for the production of this report. Stuart Draper is Head of Research and Owen Turner 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.