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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	7371 ↑	69	0.95%	11.0	0.10%
FTSE 100	5681 ↓	-11	-0.19%	12.4	1.11%
DAX 30	5515 ↓	-15	-0.27%	15.0	1.97%
DOW	11045 ↑	56	0.51%	19.5	2.43%
NASDAQ	2134 ↑	12	0.58%	15.6	-3.25%
S&P	1251 ↑	6	0.49%	21.0	0.45%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2590	0.6905	146.3500
Dollar	1.2590	1.0000	1.8227	116.2400
Sterling	0.6905	1.8227	1.0000	211.8500
Yen	146.3500	116.2400	211.8500	1.0000
Oil (Nymex)	71.8000			

This Week's Research
Standard Life

Today's Research
INWS

Today's Recommendation

Breaking News

Tullow Oil drilling update

Tullow Oil said the Waraga-1 oil discovery in Uganda flowed 4,200 barrels per day during production testing. In a statement, it said 'oil is light but waxy, with a low gas to oil ratio.' The current operation is preparing for testing of the two shallower oil-bearing horizons in the well, the first of which will commence later this week, before moving to the Mputa location. Tullow owns a 50 percent stake in the well, while operator Hardman Resources holds the remaining 50 percent.

Kingspan announces acquisition

Kingspan said on Monday it had agreed to buy Ireland and UK-based insulation board manufacturer Hytherm/Xtratherm for €87m. It also said in a statement that trading throughout the group was in line with levels indicated in the chairman's statement to shareholders at the company's annual general meeting last month. At the time, Kingspan said it expected year operating profit and earnings per share to be well ahead of 2005 and said they should exceed market expectations. The acquisition gives Kingspan access to production capacity in the UK at a time when demand for insulation products is expected to increase due to economic and regulatory pressures. Total potential consideration is €87m, being €67m for the acquisition of shares plus up to €20m of debt to be assumed at completion. It is expected to be earnings enhancing from 2007.

FBD trading statement

In a pre-close trading statement ahead of interim results FBD has said it remains 'comfortable' with market forecasts for its full-year operating profits with a strong insurance underwriting performance offsetting weaker returns from its capital fund. Insurance underwriting performance is 'somewhat ahead of budget', FBD said, with policy growth continuing to be strong and 'budget positive' premium income levels. However, the group cautioned that the recent downturn in capital markets has impacted adversely on returns from its capital fund, and consequently on pretax profit. Pretax profit will benefit substantially from the recent sale of land in Spain. The group's interim results are scheduled to be announced on September 6.

Business Press

- CRH owns stake in Uniland (IT)
- Prisons contract for Smart Telecom (IT)
- Housing demand in commuter towns surges, IFG claims (IT)
- Norkom makes a positive SE debut (II)

INWS (€2.25)

Strong trading statement

Stuart Draper

- Revenue growth : Independent News & Media (INWS) has released a strong H1 2006 pre-close period trading statement. Underlying group circulation revenue is expected to show 3% year on year growth, and underlying group advertising revenue is expected to show 3.5% growth.
- Margin expansion : As a result, when combined with further margin expansion, INWS H1 adjusted eps is expected to show year on year growth of "over 10%", and "double-digit earnings growth", "in line with expectations", is expected for the full year result. The group's operating margin is forecast to expand to 20% this year from 19.3% for 2005.
- Sector out-performer : INWS generated an eps of 15.62c for the year ended 31/12/05, representing year on year growth of 17.2%. The consensus forecast is that further 11% eps growth to 17.4c will be generated for 2006. Such continued double-digit earnings growth is significantly stronger than the sector average, with most of the group's peers expected to report earnings declines this year.
- Attractive upside : Such significantly stronger than sector average earnings growth warrants a premium valuation, even though at 12.9x consensus 2006 eps, INWS continues to trade in line with the current European newspaper sector average of 13x 2006 eps. Our current 12 month price target of €2.60 (16% upside) is based on 15x 2006 eps of 17.4c, and rates the shares at a deserved 15% premium to the current sector average.
- Irish advertising : The Irish market still accounts for a quarter of all INWS' revenues and nearly a third of all profits, and 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.
- International growth : INWS' interests in both the high growth economies of South Africa and India should ensure that the group continues to generate double digit earnings growth in 2007 and beyond. Further circulation growth of c.3% should be generated in 2006, helped by some new product launches.
- High yield : INWS will pay an interim dividend of c.4c per share, going ex during the last week of September, and a final dividend of c.7.8c per share, going ex mid April 2007. These dividends mean that investors will be paid a dividend yield of c.5.2% over the next 10 months for waiting for this upside to be achieved : **BUY.**

Investment Press

- J&J/Pfizer: It is not surprising that a company that has been around for as long as Johnson & Johnson should be particularly drawn to the "enduring" and "iconic" nature of the assets the company is buying from Pfizer. But what investors want to hear more of is growth.



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