

CONTENTS

Market View :

NAMA : Media reports suggest Government may delay some NAMA payments

IFG : Interim results better than expected

Aer Lingus : First half loss widens to €73.9m

C&C : C&C buys Anheuser-Bush InBev's Scottish & Irish units, reaffirms guidance

Diageo : Issues conservative guidance

Market Movers

IRISH PAPERS TODAY

IL&P makes pretax loss of €220m in year to end of June
(The Irish Times)

FBD cuts half-year dividend as it reports pretax loss of €21.7m
(The Irish Times)

Tullow blames lower prices and production for 70pc profit dip
(Irish Independent)

INTERNATIONAL PAPERS TODAY

FSA chief backs global tax measures

(Financial Times)

No worker in one-sixth of households

(Financial Times)

Woes put Ireland at a loss
(The Wall Street Journal)

DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	0.1%	11.7%
BP	-1.0%	0.2%
CRH	-5.0%	9.9%
DCC	1.6%	61.3%
E.ON	-0.7%	4.2%
HPQ	-0.4%	22.6%
IL&P	2.8%	155.6%
INM	3.8%	-32.1%
J&J	-0.8%	1.3%
JPMorgan	-0.6%	37.3%
Microsoft	-0.4%	26.3%
Vodafone	-0.6%	-3.3%

Market View

Analyst : Stephen Taylor

European equity markets are slightly lower this morning adding to yesterday's modest losses. The price action over the last two days on equity markets has been concerning particularly in the face of some very positive economic data. Yesterday saw better than expected business confidence figures out of Germany while in the US new home sales continued their strong recovery, while orders for Durable Goods were better than expected. Given the strong data points and the lack of follow through to equity markets we would be concerned on markets in the short-term and we may see some pull back after the strong run we have had over the last number of months. In the UK this morning there is further signs that the UK housing market is continuing on its path to recovery. Nationwide said that house prices increased by 1.6% in August its fastest pace of increase in more than 2.5 years and ties in with the more positive outlook on the housing market that both Persimmon and Bovis recently presented at their interim results. As for today, economic data out of the US will again be in focus. Second quarter GDP is expected to be revised down to -1.5% from its original estimate of -1%, while weekly jobless claims are expected to remain broadly flat at 565,000. On the corporate front Dell will report earnings after the US market closes and will provide a key barometer for global PC demand.

NAMA : Structure changes

Analyst : Oliver Gilvarry

Reports in the press this morning indicate the Minister for Finance is considering changing the structure of NAMA. The change relates to the payment for the loans to be transferred into NAMA with the Government holding back part of the payment for the loans till some future date. This payment will be dependent on the performance of the loans over a period of time. The Minister for Finance according to media reports has confirmed he is considering the two part payment process. Other proposals being considered are the application of a levy on the banks once NAMA is complete and the size of stakes to be taken in the banks. It has also been indicated this morning that the Minister will disclose on the 16th of September the amount to be paid for loans from each individual banks, thereby providing the haircuts applied to each loan book. At the same time he will indicate the amount of capital required by each bank once the loans are transferred. The current discussion over NAMA and the risk it could be changed is increasing uncertainty over the whole process. The delay in payment to the banks for their loan will reduce the level of liquidity available to Irish banks as they will receive fewer NAMA bonds. With the recent results from the domestic Irish banks highlighting funding is a key issue for them; any reduction in potential liquidity from NAMA is a negative. The part payment for loans will also have the potential to limit the reduction in Risk Weighted Assets (RWA) in the Irish banks, reducing the capital boost from selling the loans to NAMA. With less liquidity and capital relief coming from NAMA if the payment structure is changed, the ability for the Irish banks to lend into the economy will also be reduced unless they raise more capital.

IFG : Under Review

Current Price (€1.30)

Analyst : Oliver Gilvarry

IFG reported results for the first six months of the year with revenue declining 10% to €49m. Operating profit was better than expected at €12.7m and EPS was strong at 12.04c. The dividend per share was unchanged at 1.27c. On the individual businesses, International operating profit was €7.4m, an increase of 46% in constant currency terms. The UK division increased operating profits by 13% in constant currency terms with SIPP's still performing well. Financial Services division was weak with operating profit down 16% in constant currency terms. Saunderson House is performing well, but Ireland still remains weak. Mortgages will be loss making in the second half of the year, but financial services in Ireland has continued to perform in the first half of the year. The net debt position of the group remains unchanged from year end at €49.3m, but management expect it to fall in the second half of the year. The strong results this morning show the strength of the business in IFG and management have stated they will "continue to focus on cash generation, debt reduction and to position ourselves for future opportunities."

Aer Lingus : Neutral Current Price (€0.54) Price target (€0.65) Analyst : David Dunk

Aer Lingus reported half year earnings this morning. The Irish airline has reported an operating loss of €93m for the period, compared with a loss of €23.4m for the same period in 2008. This was below market expectations. The total number of passengers increased 1.7% to 4.943m over the period. Net cash fell to €439.6m over the period down from €653.9m at the end of 2008. Trading continues to be very challenging, with very limited visibility into the coming months. New CEO Christoph Mueller joins the company on the 1st of September. Although the results today are disappointing, they are hardly surprising given the difficult environment. The key focus for Aer Lingus going forward should be aggressively cutting back on costs, and a return to profitability.



C&C : Neutral **Current Price (252p)** **Price target (174p)** **Analyst : David Dunk**

C&C has released an unscheduled trading update this morning as well as announcing the acquisition of Anheuser-Busch Inbev (Inbev) assets in Scotland, Ireland and Northern Ireland. Trading declined by 5% on a constant currency basis, during the 5 months to 31st July. Cider revenues were down 4%, on an increase of Bulmer's volumes of 3%, and Magners volumes of 1%. Spirits & Liqueurs revenues declined 22%, on volumes that were 17% lower. Management is guiding towards the top end of the €77m-€82 operating profit range. The acquisition of the Inbev assets includes the Tennent's brand, the leading lager brand in Scotland, and a 20 year distribution agreement for Inbev brands. The total consideration for the deal is €205m, and will be financed from cash, and existing debt facilities. Adjusted EBITDA from the assets amounted to £21.8 for 2008, on the back of sales of £162.2m. The deal is expected to be earnings accretive from next year. C&C expects €10m of cost and revenue benefits by 2012. We will review our recommendation on C&C, following today's announcement, and issue a full review tomorrow.

Diageo : Buy **Current Price (966p)** **Price target (1150p)** **Analyst : David Dunk**

Diageo has this morning reported half year net profit of £1.62bn, up from £1.52bn a year earlier, as sales rose 15% to £9.3bn. However stripping out currency effects and acquisitions, sales growth was flat year on year and slightly behind expectations. It posted a half year EPS of 65.2p, broadly in line with analysts' forecasts and the group increased its final dividend by 5% to 22p. Reflecting concerns about the strength of any economic recovery, the group issued a full year profit forecast of delivering low single digit organic operating growth in its current year. This is lower than current consensus estimates, however the group's CFO did admit that these forecasts may prove overly cautious and a lot would depend on the consumer economy. In the first half of 2010.



International Equity Markets

Index	Value	1-Day	YTD
ISEQ	3,017	-1.0%	29.6%
FTSE	4,917	0.4%	10.5%
Dow Jones	9,539	0.3%	8.7%
S&P	1,028	0.2%	13.8%
Nikkei	10,640	1.4%	18.2%
Stoxx 50	2,789	-0.4%	14.3%

Sector Performances

Sector	Index	1-Day	YTD
Construction	256	-2.5%	2.0%
Technology	179	1.4%	4.0%
Oil & Gas	301	-1.5%	3.0%
Financials	232	0.1%	2.6%
Retail	226	-0.5%	1.8%
Food & Drink	261	0.4%	4.2%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	71.4	-0.9%	24.8%
Copper	151.2	0.1%	100.2%
Gold	843.0	0.1%	7.3%
Silver	11.1	-0.4%	26.0%
Wheat	613.3	1.6%	-24.6%
Cattle	85.8	-1.5%	-1.9%

Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.425	-0.3%	-2.0%
€/£	0.877	0.3%	8.6%
£/\$	1.625	-0.6%	-9.8%
\$/JPY	94.250	0.1%	-3.1%
€/JPY	134.334	-0.2%	-5.0%
€/SFR	1.522	0.3%	-1.9%

5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	105.5	1.0%	-40.2%
High Yield	151.2	0.8%	-37.0%
Financials	843.0	1.8%	-26.6%
BoI	11.1	-5.2%	1.2%
AIB	613.3	-4.7%	31.5%
RBS	85.8	-0.2%	-7.3%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.3%	0.4%	0.2%
3-Month	0.8%	0.7%	0.4%
1-Year	1.3%	1.0%	0.7%
2-Year	1.8%	1.9%	1.4%
5-Year	2.7%	3.4%	2.8%
10-Year	3.4%	3.9%	3.7%

Calendar of Events

Date	Company	Region	Event
27/08/2009	Aer Lingus	IE	INTERIM
27/08/2009	Dell	US	Q2
27/08/2009	Fortis	BE	H1
27/08/2009	Natixis	FR	INTERIM
27/08/2009	Credit Agricole	FR	Q2
27/08/2009	Titan Cement Company	GR	H1
27/08/2009	Diageo	GB	FINAL
27/08/2009	Kazakhmys	GB	INTERIM
27/08/2009	Premier Oil	GB	INTERIM
27/08/2009	American Eagle Outfitter	US	Q2
27/08/2009	Novell	US	Q3
28/08/2009	Independent News & Media	IE	INTERIM
28/08/2009	Tiffany & Co.	US	Q2
28/08/2009	Iberia	ES	Q2
28/08/2009	PartyGaming	DE	INTERIM
28/08/2009	Carrefour	FR	Q2
31/08/2009	Vinci SA	FR	INTERIM
31/08/2009	Vivendi SA	FR	INTERIM
31/08/2009	Wendel SA	FR	Q2
31/08/2009	Ford	US	Sales
03/09/2009	Pernod Ricard SA	FR	FINAL

Calendar of Events

Date	Event	Region	Estimate
27/08/2009	GfK Consumer Confidence	GE	--
27/08/2009	Consumer CPI	GE	--
27/08/2009	Euro-Zone M3 s.a. (YoY)	EC	--
27/08/2009	Total Business Investment (C)	UK	--
27/08/2009	U.K. CBI Quarterly Distributi	UK	--
27/08/2009	GDP QoQ (Annualized)	US	--
27/08/2009	GDP Price Index	US	--
27/08/2009	Core PCE QoQ	US	--
27/08/2009	Initial Jobless Claims	US	--
27/08/2009	Continuing Claims	US	--
28/08/2009	GDP (QoQ)	UK	--
28/08/2009	GfK Consumer Confidence	UK	--
28/08/2009	Business Climate Indicator	EC	--
28/08/2009	Euro-zone Services Confidenc	EC	--
28/08/2009	Personal Spending	US	--
28/08/2009	PCE Deflator (YoY)	US	--
28/08/2009	U. of Michigan Confidence	US	--
31/08/2009	Hometrack Housing Survey (UK	--
31/08/2009	Euro-Zone CPI Estimate (Yo	EC	--
31/08/2009	Chicago Purchasing Manage	US	--
31/08/2009	Dallas Fed Manf. Activity	US	--

Regulatory Information

Dolmen Securities Limited is regulated by the Financial Regulator. Dolmen Securities Limited is a member firm of the London Stock Exchange. Dolmen Stockbrokers is regulated by the Financial Regulator. Dolmen Stockbrokers Limited is a member firm of the Irish Stock Exchange and the London Stock Exchange.

This report has been prepared by Dolmen Stockbrokers ('Dolmen') for information purposes in order 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 judgment 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 issuer(s) in advance of publication.

Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up. 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. The income you get from your investment may go down as well as up. Figures quoted are estimates only, they are not a reliable guide to the future performance of this investment. Investors should be aware that forward-looking statements and forecasts may not be realised.

This report is the property of Dolmen and 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.

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 the companies they publish research, views and recommendations on. Accordingly analysts involved in the production of this report may have positions in any securities herein. Dolmen ensures that all staff dealing is undertaken in strict compliance with Dolmen's internal staff dealing procedures. 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. Oliver Gilvarry, David Dunk, Stephen Taylor and Edward Keeling are responsible for the production of this report. Oliver Gilvarry is Head of Research and David Dunk, Stephen Taylor and Edward Keeling are equity analysts.

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.

Dolmen Stockbrokers, 75 St. Stephen's Green, Dublin 2, Ireland.



DOLMEN SECURITIES LTD

75 St. Stephen's Green, Dublin 2, Ireland.
45 South Mall, Cork, Ireland
Theatre Court, Mallow St, Limerick, Ireland.

Tel : +353 1 633 3800/1890 400 300
Tel : +353 21 422 2122
Tel : +353 61 436 500

E-mail: info@dsl.ie
E-mail: cork@dsl.ie
E-mail: Limerick@dsl.ie