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EQUITIES	Close	Change	% +/-	P/E '05	YTD
ISEQ	6769	↓ -12	-0.18%	11.0	9.22%
FTSE 100	5270	↑ 7	0.13%	13.5	9.48%
DAX 30	4893	↑ 37	0.77%	15.0	14.96%
DOW	10706	↑ 68	0.64%	19.5	-0.72%
NASDAQ	2198	↑ 12	0.56%	15.6	5.24%
S&P	1244	↑ 7	0.56%	21.0	2.62%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2125	0.6907	135.9100
Dollar	1.2125	1.0000	1.7550	112.0800
Sterling	0.6907	1.7550	1.0000	196.7100
Yen	135.9100	112.0800	196.7100	1.0000
Oil (Nymex)	60.3400			

**This Week's Research**  
CRH Legal & General  
British Land  
IL&P

**Today's Research**  
Lloyds TSB

## Breaking News

### Precinct ups bid for Jurys Doyle to €17.50

Precinct Investments Ltd. made an improved takeover proposal to Jurys Doyle on Thursday despite Jurys' decision to sell 4.84 acres of its Ballsbridge site to Sean Dunne. Precinct said in a statement that its fourth proposal to buy Jurys was worth 17.50 euros per share, up from a previous approach at 16.50, assuming 80 percent of valid acceptances. "The directors of Precinct have formulated this revised proposal to reflect the potential proceeds of the Ballsbridge sale," Precinct said in a statement. Precinct said in light of the recent trading statement from Jurys it believed that the certainty associated with a cash exit offered by Precinct, should it make a formal offer, should be very attractive to shareholders.

### Friends Provident first-half sales up 33 percent

Life assurer Friends Provident said its first half total life and pensions new business, on an APE basis, rose by 33 percent to 282 million pounds. Analysts had been expecting an increase of around 26 percent with forecasts in a range of between 241 million and 285 million pounds. Total contribution to profits from new business was up 40 percent to 52 million pounds while margin stood at 18.4 percent, versus 17.5 percent the year before. Chief Executive Keith Satchell said he was confident of continued momentum for the rest of this year and into 2006 but he indicated continuing margin weakness in the UK.

### Central Bank predicts economy to grow by 5.25%

The Central Bank has predicted that the Irish economy will grow by 5.25% this year. In its Summer Bulletin, the Central Bank says that the prospects for the domestic economy remain broadly positive and the bank sees the economy growing by a similar rate in 2006. However, the bank warned of risks to their projections. It says that a major euro appreciation can not be ruled out, while oil prices remain high and volatile.

## Business Press

- Providence raises €4.6 million (IT)
- Dana expects production to rise (IT)
- Trinity Biotech announces 13% increase in Q2 revenues (IT)
- S&P reaffirms Eircom debt rating (II)

## Lloyds TSB (£4.89) H1 results announced Stuart Draper

- Results announced : This morning, Lloyds TSB announced results for the 6 months ended 30/06/05. Profit before tax of £1.676 bn and eps of 21.3p were largely in line with consensus forecasts of £1.679 bn and 20.5p, and were year on year increases of 7% and 9% respectively.
- Consumer lending : The main features of the results were a slightly lower level of consumer lending growth, even though revenue growth still exceeded cost growth, together with no material credit quality deterioration.
- Credit quality : However, even though the bank's bad debts charge as a % of average loans was very similar to the charge of H1 2004, a lower charge at the group's corporate lending operations was needed to offset a higher retail banking charge as a result of an increase in the number of customers experiencing repayment difficulties.
- Takeover speculation : Earlier this year, we downgraded our Lloyds TSB recommendation from BUY to NEUTRAL. Our view was that the takeover speculation at the time represented an opportunity for some profit-taking. Even though a takeover approach from a major US bank still cannot be totally ruled out, on a stand alone basis there continues to be better value elsewhere in the UK bank sector.
- Low growth : Core earnings growth at Lloyds TSB remains sluggish and the business disposals of recent years in New Zealand and South America will mean that 2005 earnings per share of c.44p is likely to show only 5% growth on the 2004 result.
- Switching opportunity : Therefore, with the shares currently trading at 11.0x 2005 earnings per share of 44p, we re-iterate our current NEUTRAL recommendation, and recommend a SWITCH into Royal Bank of Scotland (£17.05) as providing more value at current levels in the UK bank sector. RBS is still trading at 9.2x consensus 2005 eps of £1.86, a 16% discount to Lloyds, even though its earnings growth this year will be stronger : NEUTRAL.

## Investment Press— Lex

- Rolls-Royce: Money is round, and rolls. Investors in Rolls-Royce are finally seeing some. Their patience was rewarded on Thursday by the first dividend increase since 2001.



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