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IRISH PAPERS TODAY

EU seeking power to set guidelines for public sector pay (*The Irish Times*)

IN&M sells 23.5m shares in Jagran Prakashan (*The Irish Times*)

NIB to close 40% of its branches and revamp by December (*Irish Independent*)

INTERNATIONAL PAPERS TODAY

Merkel warns of hurdles for EMF plan (*Financial Times*)

Pru accelerates its Hong Kong listing ahead of its \$20bn rights issue (*Financial Times*)

Downgrade threat looms at U.K. banks (*The Wall Street Journal*)

Market View

Analyst: Oliver Gilvarry

Today is the anniversary of last year's market low, when a 12-year low was hit in US markets. What a difference a year makes, to paraphrase the popular song. Overnight US markets ended slightly weaker and Asia is currently mixed with the Nikkei 225 in negative territory and the Hang Seng just positive. Economic data today is light with UK Trade Balance out at 09.30, with a deficit of £3bn expected. Just after midnight the RICS House Price Balance number was released in the UK for Feb. The number was weaker than expected at 17% with the RICS stating that most market indicators are still positive, but the size of gains going forward is likely to ease. Besides economic data US Government auctions are the other key event today with the US issuing \$40bn in 3-year Treasuries today followed by 10-year (\$21bn) tomorrow and 30-year (\$13bn) on Thursday. On Greece, the German Chancellor stated that the creation of a Euro-Zone IMF or EMF would require agreement of member states and treaty changes. Highlighting that the creation of the EMF will take time and will not be in place to help Greece. Any support for Greece will be in a form of bilateral deals. For the day ahead we see the market trading sideways during the European session and for a similar situation in the US session, as the market looks forward to the large amount of Chinese data due tomorrow and the 10-year US Treasury auction.

Aer Lingus: Neutral

Previous Close €0.60

Analyst Edward Keeling

As a result of recent staff ballots Aer Lingus has released a trading statement this morning instead of a detailed full year results announcement. The airline has indicated that following its Cabin Crew's rejection of its cost cutting proposals, it is necessary to revise the provision of restructuring costs and amend the preliminary results accordingly. It has instead released a brief trading update. The trading highlights for the 12 month period ending December 31st are as follows. Total revenue declined by 11% to €1.2bn, with a strong ancillary revenue performance offset by weak passenger revenues. Average fare for the year declined by 16.8% on 2008, reflecting a 12% fall in short haul fares and 15.9% fall on average long haul. The group's operating loss for the period was €81m which composes of a second half operating profit of €12m. The group has gross cash balances of €828.5m, including €58.9m of restricted cash. With gross debt of €492m, the group has net cash balances of €366m or c.60c a share. The group has not included any update on current trading or an outlook for the remainder of the year. Nevertheless we would highlight the value its shares currently offer, especially when one considers its valuable Heathrow slots, aircraft fleet and net cash of c.60c a share.

Antofagasta: Buy

Previous Close 994p

Target 1150p

Analyst Brian Gallagher

Antofagasta released a disappointing set of full year results this morning, missing consensus on a net income basis by just under \$20m. Total dividends were also lighter than expected at 23.4c versus 24.8c. The group did report stronger than expected full year revenue of \$2.96bn however, the bottom line was hit by higher than expected costs. We believe the main reason for the higher costs was rebounding energy prices which became overly depressed during the downturn. On a more positive note, Antofagasta confirmed that they managed to achieve higher production in 2009 and more encouragingly management guided that they expect to increase production by a further 23% in 2010. This increase in production will allow the Chilean miner to steal a march on its peers who continue to scramble to get higher production back on line following a period of underinvestment. Management were confident on the medium term outlook for copper markets supporting similar comments made by Kazakhmys last week. They also stated that the recent earthquake at Concepcion did not materially affect production. Following this morning's results we remain buyers of the stock as we see Antofagasta being one of the main beneficiaries of what will be a tight copper market from 2011 through 2013. We do acknowledge the increase in cash costs and should this instance develop into a trend we will be forced to reassess Antofagasta's future margin and earnings potential.

IN&M: Speculative Buy

Previous Close €0.09

Target €0.16

Analyst Stephen Taylor

Independent News & Media (INM) announced the disposal of another part of its holding in Jagran Prakashan. The sale was of a 7.8% stake in the Indian paper for a reported €42m. The group still has a 5.7% holding in the paper. The group first invested €28.5m in the Indian newspaper and has realised €64m from this disposal and from a previous disposal in July 2009. Proceeds will be used to reduce debt, which we estimate to be €1.195bn in net debt terms for 2009. The disposal is a positive for the group as it reduces the debt mountain of the group and is part of the continuing process of restructuring the group.

Company Background

Cove Energy (formerly Lapp Plats) is an AIM listed oil and gas explorer with operations in East Africa. The company's core strategy is to acquire upstream assets in an attempt to add value through exploration and appraisal activities. Cove Energy is headed up by two energy industry veterans, ex-Petroceltic CEO, John Craven and a former chairman of Shell Algeria, Michael Blaha. Both Mr Craven and Mr Blaha have 30 years experience in the oil and gas industry.

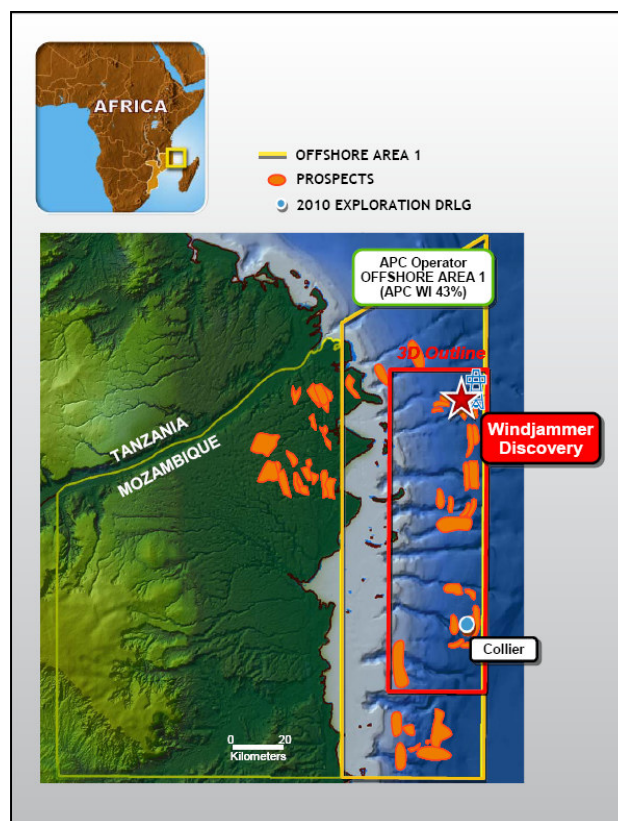
Windjammer

As mentioned earlier, Cove Energy's partner Anadarko released a RNS to the market on the 18 of February which stated that an exploration well in the Rovuma Basin had encountered 480 net feet of natural gas. The well, which is called Windjammer, was drilled to a depth of 14,000 feet. Anadarko have guided that they intend to drill an additional 4,100 feet in order to gain further data on the geological structure of the area. Windjammer was drilled using the Belford Dolphin which is a state of the art rig that Anadarko has contracted until 2013. Anadarko has experience with the Belford Dolphin having utilised the rig in its operations in West Africa. The size of the Windjammer find is a significant positive for the future potential of the basin as it materially derisks the remainder of the basin. Anadarko have already guided that the success at Windjammer has opened up 50 potential prospects which underlines the prospectivity of the region. Anadarko had originally placed a 10% chance of finding hydrocarbons in its Rovuma deepwater prospects but this figure has been moved up to between 35%-40% highlighting the significance of Windjammer. After drilling the additional 4,100 feet, Anadarko will move the Belford Dolphin approximately 50 miles southeast to the second scheduled well, Collier. This is expected to take place in the next 2-3 weeks.

Assets

Windjammer is part of a licence located in Mozambique's Rovuma Basin. This licence forms a significant part of Cove Energy's interest in the region, however the company also has operations in Tanzania. The assets in Mozambique and Tanzania were acquired from a distressed seller (Artumas), who in 2009 granted Cove Energy an option of purchasing four licences in exchange for paying cash calls on a portion of their debt. Cove Energy paid the cash calls and exercised the option in September which meant that Cove Energy accrued working interests in four distinct projects: Mozambique's Rovuma Basin onshore & offshore exploration projects and Tanzania's Mnazi Bay exploration & production. The cost incurred by Cove Energy exercising this option was \$3,294,000 however, when the cash calls that facilitated the transaction are taken into account, the final consideration was closer is \$5,400,000. This amount was significantly less than other partners paid to enter their licences highlighting the favourable terms Cove Energy secured in their deal with Artumas. For example, Mitsui (one of Cove Energy's partners in Rovuma) paid \$150million for a 20% share in the Rovuma offshore project. Another partner, Videocon, paid \$75million for a 10% share in the same licence. In contrast, Cove Energy acquired an 8.5% stake in the Rovuma offshore licence as part of the option agreement as well as working interests in the three other licences.

Figure 2.1 Rovuma Basin



Source: Anadarko

Figure 2.2 Belford Dolphin Rig



Source: Company Website

Mozambique

Cove Energy's operations in Mozambique are split into two different licences, Rovuma Off-Shore and Rovuma On-Shore with the oil and gas explorer holding respective working interests of 8.5% and 10% in the aforementioned licences. Our NAV highlights the importance of Mozambique to Cove with the Off-Shore and On-Shore assets constituting nearly 70% of the company's value. The combined area of Rovuma Off-Shore and Rovuma On-Shore equates to 25,000sqkm and we expect this region to account for the majority of the company's newsflow in the short to medium term. As mentioned earlier, Anadarko, the projects' operator continues to drill in the area. Windjammer was the first of four wells with the Belford Dolphin expected to complete drilling on the 2nd well (Collier) by the end of the April. Anadarko's Investor Presentation on the 2nd of March will act as the next immediate catalyst for the stock however, the company's update on Collier will be event that draws the attention from the market.

Tanzania

As can be seen from our NAV on page 1, Cove Energy's interests in Tanzania are divided by classification into Exploration and Development. This difference in classification reflects the maturity of the assets with Development status commanding more defined valuation parameters. Cove Energy's Exploration assets in the Mnazi Bay & Msimbati Gas fields are located in the Mtwara region of south-eastern Tanzania. Their PMean exploration potential equates to 1256 Billion Cubic Feet (BCF) however these assets will be out of focus in the short term with all Cove Energy's short term catalysts being generated by the Rovuma Basin. Despite the fact that there are currently no defined plans to explore this region there is an agreement with the operator (Maurel & Prom) on this licence to conduct a 3D seismic and drill one exploration well. In relation to the Development part of the licence, we have allocated a PMean estimate of 757BCF to the Mnazi Bay. This estimate along with the Exploration estimate were compiled by Rose & Associates and RPS Energy.

Project Structure & Partnerships

The projects in Tanzania and Mozambique are structured in such a way that Cove provides finance for exploration as part of a consortium and plays a passive role in the physical drilling. This type of arrangement is not unique to the industry however it is beneficial to Cove as it allows them to leverage the experience and size of its partners to pursue projects that otherwise would be unfeasible.

The working interest breakdown of the four licences detailed in previous sections are displayed in Figure 3.1. The table lists Cove Energy's partners in each of its projects with the operator defined by the largest shareholding. The operator in Rovuma, Anadarko, is listed on the NYSE and commands over 13TCF of proven reserves. Its sheer size brings a lot credibility to the Rovuma licence with the company's market cap in excess of \$33bn. Anadarko's exploration track record reinforces this credibility particularly when you cite the company's successes on similar geological formations in Western Africa. Furthermore, Anadarko's familiarity with the Belford Dolphin is an added bonus as this will allow them to address any technical issues with greater speed and confidence.

Figure 3.1

Key Company Data	
Market Cap	£116.73mln
Shares Outstanding	271.3mln
52 Week High	46p
52 Week Low	7.5p

Largest Shareholders	%
JP Morgan	11.35%
Blackrock	6.45%
Gartmore	4.92%

Upcoming Catalysts	Event
March 2nd	Anadarko Investor Presentation
April	Collier Well Update
Q2 - Q4 2010	Deepwater Well 3 & 4 Updates

Mozambique Off- Shore	Interest %
Anadarko	36.5
Mitsui	20
BPRL	10
Videocon	10
ENH	15
Cove	8.5
Total	100

Mozambique On-Shore	Interest %
Anadarko	35.7
Artumas	15.3
Maurel & Prom	24
ENH	15
Cove	10
Total	100

Tanzania Exploration	Interest %
Maurel & Prom	38.22
Artumas	25.4
TPDC	20
Cove	16.38
Total	100

Tanzania Production	Interest %
Maurel & Prom	47.775
Cove	20.475
Artumas	31.75
Total	100

Project Structure & Partnerships continued:

Mitsui another partner in Rovuma has experience in Liquefied Natural Gas (LNG). This knowledge will influence prospective investors if the partnership decides to pursue a LNG production solution. This is a realistic possibility as there are currently no commercially viable markets in the region.

In Tanzania, Cove Energy is also leveraging the experience of the operator. Maurel et Prom is listed on Euronext Paris and has a market cap in excess of €1.3bn. The company has significant in-house drilling experience having been a part of 65 wells in the past. Maurel et Prom also owns a subsidiary drilling company with over 200 wells under its belt. Finally Maurel et Prom's existing Tanzanian discovery creates a natural fit with Cove Energy as there is the potential for an overlap between the two projects.

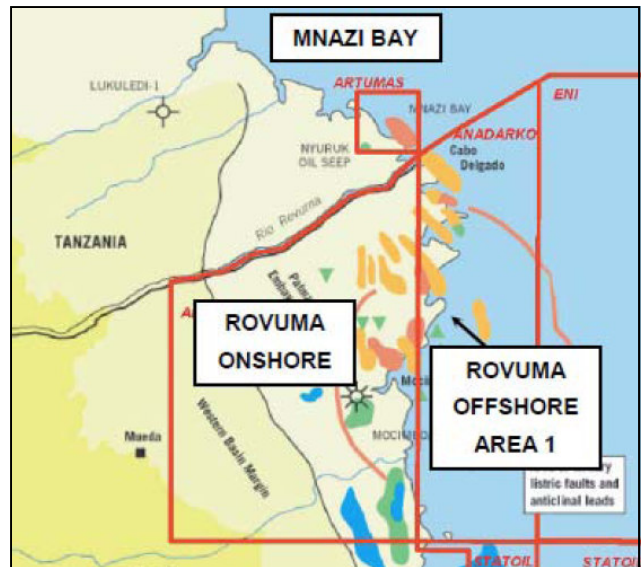
In order to fund its share of the drilling costs, Cove Energy completed a placing in September which secured the operational cashflow in Rovuma up until 2010. The LSE listed company issued a total of 210 million new shares at a price of 20p raising the full £42 million. This financing has allowed Cove Energy to participate in the recent drilling project and provided finance for at least three other exploration wells in Rovuma.

Projects Risks & Exit Strategy

Hydrocarbon exploration is by nature a business that carries risk. We believe that Cove Energy has put itself in a strong position to confront these risks however, we feel it is important to discuss the potentially negative factors that may affect Cove Energy's business over the coming 12 months.

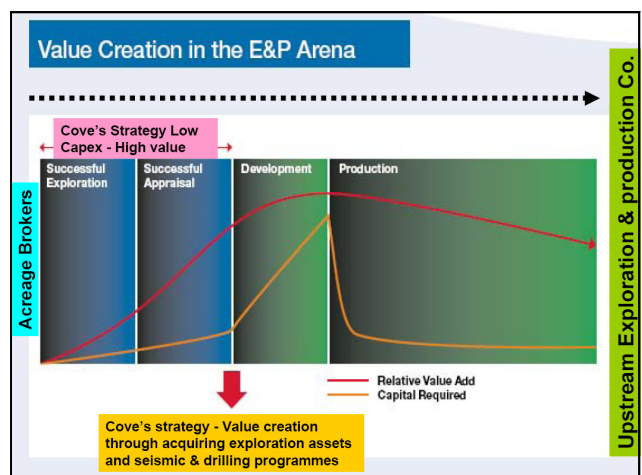
- Continued drilling success will be important for Cove Energy as the market will have now placed a higher expectation on further progress. Windjammer has allayed some of these fears as its size indicates that the Rovuma Basin is commercially viable, nonetheless traders will still be anticipating success at Collier in April/May.
- Project finance will become more of an issue as Anadarko continues with the proposed drilling schedule. Cove Energy has only enough finance in place to fund its share of four wells with complete certainty. The obvious solution to this problem would be another placing and we believe that there would be more than appetite for additional equity now particularly following the initial success in Rovuma. The timing and execution of such a solution will present a challenge to management. It should also be noted that Cove Energy currently has a net cash position and has no debt.
- Finally, management at Cove Energy will be cognisant of the company's original strategy. Figure 4.2 displays the four generally expected stages of the oil & gas business. It also illustrates the company's strategy in its most basic format. The first two stages (Exploration & Appraisal) are the areas Cove Energy has targeted because they require the lowest Capital Expenditure relative to Value. This part of the industry is also the most risky and management at Cove Energy will now need to manage the operational progress of Rovuma whilst also keeping in mind a strategy to exit the project at price where it will maximise shareholder value.

Figure 4.1 Mozambique/Tanzania Border



Source: Company Website

Figure 4.2 Cove Energy Strategy



Source: Company Website



International Equity Markets

Index	Value	1-Day	YTD
ISEQ	3,016	0.2%	0.5%
FTSE	5,607	0.1%	3.1%
Dow Jones	10,553	-0.1%	1.2%
S&P	1,139	0.0%	2.1%
Nikkei	10,586	2.1%	0.2%
Stoxx 50	2,879	0.1%	-3.4%

Sector Performances

Sector	Index	1-Day	YTD
Construction	271	0.1%	-2.8%
Technology	204	0.3%	10.0%
Oil & Gas	328	0.0%	-1.2%
Financials	219	-0.1%	-3.0%
Retail	254	0.4%	3.7%
Food & Drink	316	-0.3%	4.1%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	81.9	0.5%	0.4%
Copper	341.1	-0.2%	0.8%
Gold	1,123.6	-1.0%	2.1%
Silver	17.3	-0.6%	1.3%
Wheat	495.0	0.3%	-11.4%
Cattle	94.2	1.3%	5.0%

Currency Exchange Rates

Currency	Index	1-Day	YTD
€/\$	1.363	0.1%	5.5%
€/£	0.905	0.5%	-2.4%
£/\$	1.507	-0.5%	8.2%
\$/JPY	90.310	0.0%	3.7%
€/JPY	123.130	0.1%	9.4%
€/SFR	1.463	0.0%	1.4%

5Yr Credit Spreads

Product	Index	1-Day	YTD
Invest Grade	73.9	-4.5%	4.5%
High Yield	422.7	-3.2%	-0.8%
Financials	78.6	-4.1%	1.7%
BoI	201.7	-4.9%	-18.0%
AIB	216.9	-3.5%	-19.6%
RBS	131.0	-4.3%	-5.6%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.3%	0.5%	0.2%
3-Month	0.7%	0.6%	0.3%
1-Year	1.1%	0.9%	0.5%
2-Year	1.5%	1.7%	1.1%
5-Year	2.5%	3.0%	2.6%
10-Year	3.4%	3.9%	3.8%

Date	Company	Region	Event
09/03/2010	Audi AG	DE	FINAL
09/03/2010	Aer Lingus Group Plc	IE	FINAL
09/03/2010	Antofagasta PLC	GB	PRELIM
09/03/2010	Inmarsat plc	GB	PRELIM
09/03/2010	Liberty International PLC	GB	PRELIM
09/03/2010	Prudential Plc	GB	PRELIM
09/03/2010	Ashtead Group Plc	GB	Q3
09/03/2010	Austrian Airlines AG	AT	TRAFFIC
09/03/2010	Finnair Oyj	FI	TRAFFIC
09/03/2010	Deutsche Lufthansa AG	DE	TRAFFIC
09/03/2010	Greencore Group PLC	IE	EGM
09/03/2010	The Kroger Co.	US	Q4
10/03/2010	Fortis SA/NV	BE	Q4
10/03/2010	JCDecaux SA	FR	FINAL
10/03/2010	E.ON AG	DE	FINAL
10/03/2010	Muenchener Rueckversicherungs	DE	FINAL
10/03/2010	Pirelli & C. SpA	IT	FINAL
10/03/2010	Tullow Oil PLC	GB	FINAL
10/03/2010	IG Group Holdings plc	GB	TRADE
10/03/2010	Ark Therapeutics Group Plc	GB	PRELIM
10/03/2010	Standard Life Plc	GB	PRELIM
10/03/2010	Brown-Forman Corp.	US	Q3

Date	Event	Region	Estimate
09/03/2010	RICS House Price Balance	UK	--
09/03/2010	Total Trade Balance (GBP/Mln)	UK	--
09/03/2010	ABC Consumer Confidence	US	--
10/03/2010	Trade Balance	GE	--
10/03/2010	Imports SA (MoM)	GE	--
10/03/2010	Current Account (EURO)	GE	--
10/03/2010	Exports SA (MoM)	GE	--
10/03/2010	Consumer Price Index (MoM)	GE	--
10/03/2010	Industrial Production (MoM)	UK	--
10/03/2010	Manufacturing Production (MoM)	UK	--
10/03/2010	MBA Mortgage Applications	US	--
10/03/2010	Wholesale Inventories	US	--
10/03/2010	Monthly Budget Statement	US	--
11/03/2010	ECB Publishes Mar. Monthly Rep	EC	--
11/03/2010	Trade Balance	US	--
11/03/2010	Initial Jobless Claims	US	--
12/03/2010	Euro-Zone Ind. Prod. sa (MoM)	EC	--
12/03/2010	Advance Retail Sales	US	--
12/03/2010	Retail Sales Less Autos	US	--
12/03/2010	U. of Michigan Confidence	US	--
12/03/2010	Business Inventories	US	--

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