

NCB

Independent & International

M&A TRACKER SURVEY – QUARTERLY UPDATE

Review of Irish trade sales, buyouts and acquisitions
April – June 2008

Prepared by NCB Corporate Finance

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Introduction

I am delighted to present NCB's first quarterly M&A Tracker Survey. This survey, for the second quarter of 2008, follows on from previous surveys by Ion Equity who first published the M&A Tracker Survey in 2002. NCB look forward to presenting this quarterly survey for many years to come.

In quarter two the total value of all deals surveyed was approximately €1.6bn, down 45% from €2.9bn in quarter one. This reduced total deal value can be attributed to the absence of a €1bn transaction in quarter two. This can be seen in the context of Scottish & Southern Energy's €1.085bn acquisition of Airtricity in quarter one. When this transaction is excluded from quarter one's deal values total deal value is down 12% on quarter one. There were 51 deals in quarter two in comparison with 54 in quarter one. This broadly reflects the current state of M&A activity in Ireland whereby valuations have fallen back but activity levels are holding up, particularly in the market for mid-sized deals. In comparison with quarter two of 2007 deal volumes are actually ahead on a like for like basis (as was the case in quarter one), but not surprisingly deal values are down 25%.

In the Management and Financial Buyout category only one deal was recorded in quarter two, namely the acquisition of Tomsburg Ltd by FL Partners. This is down on quarter one and on the comparative quarter in 2007. These transactions will certainly be less prevalent in the short term given the more challenging debt funding market.

Irish trade buyers continue to actively acquire foreign assets. There were 23 acquisitions recorded during quarter two of which 9 were US assets and 8 were UK assets. Lower deal multiples and the continued strength of the Euro against the Dollar and Sterling means that US and UK assets will continue to be attractively priced for Irish buyers. NTR made two acquisitions in the US with one apiece by CRH and Greencore. The most significant foreign transaction by an Irish buyer during the quarter was IAWS' acquisition of the outstanding shares in Hiestand as part of a three stage merger process. This strategic deal will create a global leader in the value added bakery segment.

The analysis of deals by sector for quarter two shows that Food/Food Services led the way. This sector accounted for 33% of total deal values primarily due to the IAWS/Hiestand transaction. In terms of deal volume the IT and Telecoms sector has consistently shown high levels of activity and for quarter two 2008 was out in front, with 29% of all deals.

We are now some way into the current cycle of reduced economic activity and in the context of the M&A market a number of themes are evident in this less benign environment. These include falling valuations and deal multiples, reduced leverage multiples and covenant light debt from a more cautious banking sector, a change in the mix of deal types, a change in the competitive dynamic between trade and financial buyers and more thorough due diligence. Despite this there are several positives to draw on in the current market. There is healthy demand for good businesses, quality buyers with a demonstrable track record can still access funding and deal volumes remain strong in the mid-market. Going forward the market will remain challenging in comparison with previous years but activity levels will remain healthy, albeit a lower values.

About NCB Corporate Finance

NCB is the leading provider of independent corporate finance advisory services in Ireland. We have a highly experienced team of professionals working in our Dublin and London offices. With a track record spanning some of Ireland's highest profile deals NCB Corporate Finance has become an advisor of choice within the Irish Market for leading companies, private equity funds and entrepreneurs.



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1. Review of M&A Activity

1.1 Overview

Whilst deal values fell by 58% compared to the comparative quarter in 2007 this is mainly attributable to the €1.1bn acquisition of Jury's Inn Hotels by Quinlan Private and 31 acquisitions amounting to €444m by CRH, as announced in their interim 2007 trading statement¹. These deals contributed significantly to the total deal value for quarter two 2007 (c.43%) and when factored out total deal value in quarter two 2008 is down a more meaningful 25%.

In terms of deal volumes quarter two was down 29% from quarter two in 2007 but again this is primarily due to CRH's 31 transactions. In comparison with the first quarter of 2008 volumes were virtually static, and when the €1.08bn acquisition of Airtricity in January 2008 is excluded from the first quarter's deal values, deal values for quarter two were down 12% on quarter one.

| Second Quarter 2008 | IRISH BUYOUTS | | IRISH TRADE SALES | | | | FOREIGN TRANSACTIONS | | Total |
|------------------------------|---------------|-----------|-------------------|----------|----------|----------|----------------------|-----------|-----------|
| | MBO | Financial | Irish buyer | UK buyer | US buyer | Other | Acquisitions | Disposals | |
| Value (€ million) | € 0 | € 32 | € 114 | € 97 | € 0 | € 0 | € 1,119 | € 216 | € 1,578 |
| Disclosed deals | 0 | 1 | 4 | 1 | 0 | 0 | 18 | 3 | 27 |
| Undisclosed deals | 0 | 0 | 8 | 5 | 3 | 3 | 5 | 0 | 24 |
| Total number of deals | 0 | 1 | 12 | 6 | 3 | 3 | 23 | 3 | 51 |

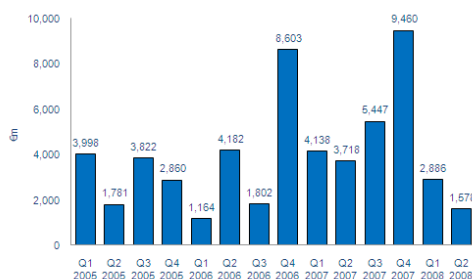
| Second Quarter 2007 | IRISH BUYOUTS | | IRISH TRADE SALES | | | | FOREIGN TRANSACTIONS | | Total |
|------------------------------|---------------|-----------|-------------------|----------|----------|----------|----------------------|-----------|-----------|
| | MBO | Financial | Irish buyer | UK buyer | US buyer | Other | Acquisitions | Disposals | |
| Value (€ million) | € 174 | € 0 | € 1,205 | € 350 | € 51 | € 44 | € 1,579 | € 316 | € 3,718 |
| Disclosed deals | 3 | 0 | 8 | 1 | 2 | 2 | 16 | 2 | 34 |
| Undisclosed deals | 0 | 1 | 0 | 0 | 0 | 0 | 37 | 0 | 38 |
| Total number of deals | 3 | 1 | 8 | 1 | 2 | 2 | 53 | 2 | 72 |

Foreign acquisitions are transactions involving the acquisition of a company outside of the Irish Republic

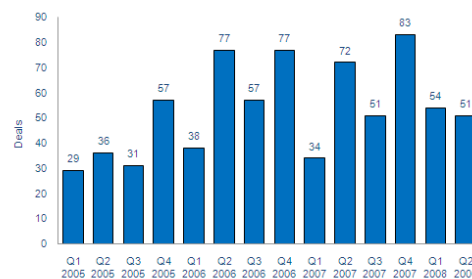
Foreign trade sales/buyouts are transactions involving the disposal of an Irish owned company that is located outside of the Irish Republic

Buyouts are recorded on the date of unconditional acceptance of an offer by the shareholders

Quarterly value trends: 2005-2008



Quarterly volume trends: 2005-2008



1.2 Management and Financial Buyouts

During quarter two, the only transaction in this category was the buyout of Tomsburg Ltd by FL Partners for €31.7m. A more challenging debt funding market is likely to restrain both the volume and value of these transactions in the short term, but financial buyers are still very active in seeking out deals with several private equity funds looking to deploy the significant amounts of capital they have raised in recent years.

1.3 Trade Sales To Irish Buyers

The largest acquisition of the 12 transactions in this category was the Imagine Group's acquisition of Irish Broadband for €47.0m. In quarter two 2007, 8 transactions were completed in this category with the most significant being the acquisition of the aforementioned Jury's Inn Hotels for €1.1bn. There were 8 transactions in this category during quarter two where no deal value was disclosed.

¹ At the time of publication CRH had not released its interim 2008 trading statement.

1.4 Trade Sales To U.K. Buyers

The acquisition of Horizon Technology Holdings by Avnet for €97.1m in mid-April was the largest and only disclosed transaction in this category. Only 1 transaction was completed in the comparative quarter in 2007, the disposal of Mater Private Hospital.

1.5 Trade Sales To U.S. Buyers

There were 3 transactions in this category during quarter two, with 5 transactions in quarter one giving a total of 8 transactions for the first six months of 2008. This compares with 2 transactions in this category in quarter two of 2007 and in the first six months of 2007, namely Knight Frank's acquisition of Ganly Walters and PAS Technologie's acquisition of SIFCO Industries Ireland.

1.6 Trade Sales To Other Buyers

There were 3 transactions in this category but no deal values were disclosed. These were the acquisitions of Insight Test Services by Sogeti SAS, Seniors Money Ireland Ltd (50%) by Seniors Money International and Powerhouse Marketing Services by Publicis Dialog.

1.7 Foreign Acquisitions By Irish Companies

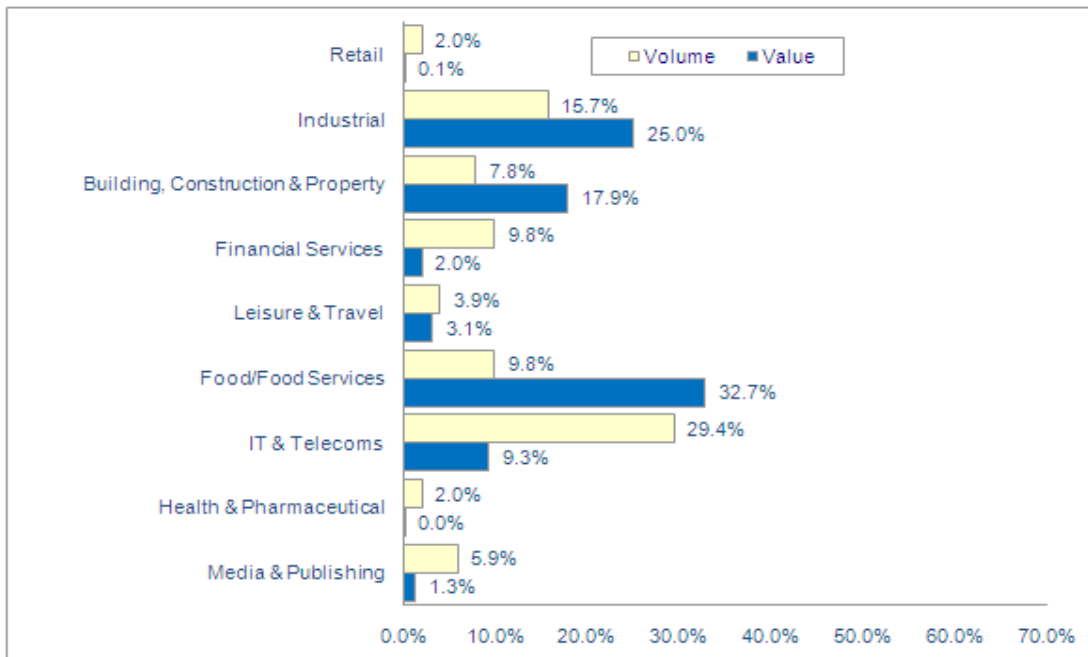
The recent acquisition by IAWS of Hiestand was the largest transaction in this category during quarter two. The acquisition involves the purchase of two separate holdings of 32% and 36% as part of a three way merger. CRH acquired Ancon Ltd in the US in another significant transaction. NTR also made two significant acquisitions in the US in April when they acquired the Wind Capital Group and a 51% stake in Stirling Energy Systems Inc. In the corresponding quarter in 2007, there were 53 transactions of which 31 were attributed to CRH. At 23 transactions, the volume of deals for quarter two is similar to that for the first quarter of 2008.

1.8 Trade Sales And Buyouts Of Irish Owned Foreign Companies

There were 3 transactions in this category during the quarter. Two were attributable to Tullow Oil plc, including the sale of Energy Africa Ltd and 10 North Sea Oil Blocks for a combined value of €160.5m. Smurfit Kappa also disposed of a 40% stake in Duropack AG to Constantia Packaging AG.

2. Sector Analysis

The Food Services sector dominated the second quarter deal value due to the IAWS/Hiestand transaction. The Industrial sector was also strong with a range of significant international transactions. The IT & Telecoms sector dominated the second quarter deal volumes with 15 transactions. Quarter two 2008 represents a change to 2007 trends, where not surprisingly the Building, Construction & Property sector dominated both deal values and volume.



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Appendix 1: Transactions by Sector

Media and Publishing

| Acquiror | Country | Target | Country | €m | Date |
|------------------------------|---------|--------------------------|-----------|-------------|--------|
| Orangold Ltd | Ireland | Donegal Highland Radio | Ireland | 10.0 | May-08 |
| Prime Active Capital plc | Ireland | Media Square plc (15%) | UK | 5.1 | May-08 |
| Independent News & Media plc | Ireland | Abdi Bangsa Tbk PT (20%) | Indonesia | 4.6 | May-08 |
| Total | | | | 19.7 | |

Health and Pharmaceutical

| Acquiror | Country | Target | Country | €m | Date |
|-------------------------|---------|------------------|---------|------------|--------|
| Smiles Dental Spa Group | Ireland | McCaffrey Dental | Ireland | 0.5 | Apr-08 |
| Total | | | | 0.5 | |

IT and Telecoms

| Acquiror | Country | Target | Country | €m | Date |
|---------------------------------------|---------|----------------------------------|---------|--------------|--------|
| Sogeti SAS | France | Insight Test Services | Ireland | n/d | Apr-08 |
| Commercial Wireless | Ireland | ANOVO Service Solutions | Ireland | n/d | Apr-08 |
| Maybefriends.com | Ireland | Singleinthecity.ie | Ireland | n/d | Apr-08 |
| Avnet Holdings Ltd | UK | Horizon Technology Holdings plc | Ireland | 97.1 | Apr-08 |
| Magnet Business | Ireland | Glantel | Ireland | n/d | Apr-08 |
| Imagine Group | Ireland | Irish Broadband | Ireland | 47.0 | Apr-08 |
| System Dynamics Ltd | Ireland | Systema Ltd | Ireland | n/d | May-08 |
| mTLD Top Level Domain Ltd | Ireland | Mowser (IP Assets) | US | n/d | May-08 |
| Perot Systems Corp | US | Original Solutions Ltd | Ireland | n/d | May-08 |
| Texas Instruments Inc | US | Commergy Technologies Ltd | Ireland | n/d | May-08 |
| Four J's Development Tools Europe Ltd | Ireland | ANTs Software - ANTs Data Server | US | 2.2 | May-08 |
| Namesco Ireland Ltd | Ireland | Register365 | Ireland | n/d | May-08 |
| Microsoft Corporation | US | Signals | Ireland | n/d | Jun-08 |
| Commercial Wireless | Ireland | Tracktech Ltd | UK | n/d | Jun-08 |
| Daft.ie | Ireland | Property.ie | Ireland | n/d | Jun-08 |
| Total | | | | 146.4 | |

Food/Food Services

| Acquiror | Country | Target | Country | €m | Date |
|-------------------------|---------|-------------------------------------|-------------|--------------|--------|
| Volac International Ltd | UK | Golden Maverick | Ireland | n/d | Apr-08 |
| Greencore plc | Ireland | Home Made Brand Foods Co Inc | US | 34.7 | Apr-08 |
| Total Produce plc | Ireland | Nedalpac BV (60%) & Haluco BV (60%) | Netherlands | 23.0 | May-08 |
| IAWS Group plc | Ireland | Hiestand Holding AG (32%) | Switzerland | 235.5 | Jun-08 |
| IAWS Group plc | Ireland | Hiestand Holding AG (36%) | Switzerland | 223.1 | Jun-08 |
| Total | | | | 516.3 | |

Leisure and Travel

| Acquiror | Country | Target | Country | €m | Date |
|--|---------|--------------------|---------|-------------|--------|
| Entertainment Enterprises Ltd / Bolgal Ltd | Ireland | Storm Cinemas | Ireland | 25.0 | Apr-08 |
| Paddy Power plc | Ireland | McGranaghan Racing | UK | 23.9 | May-08 |
| Total | | | | 48.9 | |

Financial Services

| Acquiror | Country | Target | Country | €m | Date |
|------------------------------|-------------|---------------------------------|---------|-------------|--------|
| Royal & Sun Alliance Group | UK | Sertus Underwriting Ltd | Ireland | n/d | Apr-08 |
| Citadel Financial Advice Ltd | Ireland | Capital Advisory Services | Ireland | n/d | Apr-08 |
| Hibernian Group plc | Ireland | Vivas Health (70%) | Ireland | 31.5 | Apr-08 |
| Seniors Money International | New Zealand | Seniors Money Ireland Ltd (50%) | Ireland | n/d | Jun-08 |
| Smith & Williamson Group | UK | Oliver Freaney & Co. | Ireland | n/d | Jun-08 |
| Total | | | | 31.5 | |

n/d – not disclosed

Appendix 1: Transactions by Sector

Support Services

| Acquiror | Country | Target | Country | €m | Date |
|------------------------|---------|---------------------------------|---------|-------------|--------|
| Oasis Group | UK | Southern File & Data Management | Ireland | n/d | Apr-08 |
| The Repsonse Group Ltd | Ireland | Oran Waste UK Ltd | UK | 10.0 | Apr-08 |
| Total | | | | 10.0 | |

Print and Paper

| Acquiror | Country | Target | Country | €m | Date |
|-------------------------|---------|---------------------------------------|---------|-------------|--------|
| Constantia Packaging AG | Austria | Duropack AG (Smurfit Kappa Gtoup 40%) | Austria | 55.0 | May-08 |
| Total | | | | 55.0 | |

Building, Construction and Property

| Acquiror | Country | Target | Country | €m | Date |
|-----------------------|---------|--------------------------------------|---------|--------------|--------|
| Vico Capital | Ireland | 2099 Pennsylvania Avenue | US | 109.0 | Apr-08 |
| CRH plc | Ireland | Ancon Ltd | US | 108.9 | Apr-08 |
| Markland Holdings Ltd | Ireland | Citibank NA (47 Braches in New York) | US | 64.3 | May-08 |
| Metic Solutions | Ireland | Portal Ltd | UK | n/d | May-08 |
| Total | | | | 282.2 | |

Industrial

| Acquiror | Country | Target | Country | €m | Date |
|--------------------------|---------|--|------------|--------------|--------|
| FL Partners | Ireland | Tomsburg Ltd | Ireland | 31.7 | Apr-08 |
| Venture Production plc | UK | Tullow Oil plc (10 North Sea Oil Blocks) | Ireland/UK | 44.5 | Apr-08 |
| Viridian Group Ltd | UK | ECO Wind Power Ltd | Ireland | n/d | Apr-08 |
| NTR plc | Ireland | Stirling Energy Systems Inc (51%) | US | 63.0 | Apr-08 |
| NTR plc | Ireland | Wind Capital Group | US | 95.0 | Apr-08 |
| Providence Resources plc | Ireland | Triangle Oil & Gas Inc | US | 43.9 | May-08 |
| White Nile Ltd | Kenya | Energy Africa Ltd (Tullow Oil plc) | Ireland/UK | 116.0 | May-08 |
| Waterford Wedgwood plc | Ireland | Rosenthal GmbH (5.67%) | Germany | n/d | Jun-08 |
| Total | | | | 394.1 | |

Retail

| Acquiror | Country | Target | Country | €m | Date |
|---------------------------------|------------|--------------|---------|------------|--------|
| Micro Peripherals Ltd (DCC plc) | UK/Ireland | eXpansys plc | UK | 1.5 | Apr-08 |
| Total | | | | 1.5 | |

Professional and Technical

| Acquiror | Country | Target | Country | €m | Date |
|------------------------|------------|--|---------|-------------|--------|
| United Drug | Ireland | Business Edge Solutions & Training Ltd & Universal Conference & Incentive Travel Ltd | UK | 14.4 | Apr-08 |
| Publicis Dialog | France | Powerhouse Marketing Services | Ireland | n/d | Apr-08 |
| Premier Recruitment | Ireland/UK | Imprint plc | UK | 57.3 | May-08 |
| Forest Leaf Properties | Ireland | Anderson Manning Associates | UK | n/d | Jun-08 |
| Total | | | | 71.7 | |

n/d – not disclosed

Methodology

The information in this report relates to transactions announced during the second quarter of 2008. Financial consideration is shown in EURO (€), and is based on disclosed figures or market or media estimates at the time each deal was announced. In cases where the deal consideration was in a foreign currency, the equivalent amount in EURO (€) has been calculated using the exchange rate that was in force at the time of the original transaction announcement. Certain transactions which have been announced but which are subject to approval by the Competition Authority are shown on the assumption that approval will be forthcoming.

Disclaimer

This survey does not purport to be a complete statement or summary. All opinions and estimates included reflect our judgement as of the date the information was compiled and may be changed without notice. This survey should not be construed as professional advice or as a recommendation to invest in particular securities, sectors or locations.



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