

**YESTERDAY:** Fine Gael communications spokesman Leo Varadkar rejected calls for a new tax on mobile phone text messages

**TODAY:** Launch of Marketing Institute Commentary, Ireland's Innovation Strategy: Time to Make It Happen

# Business

http://breaking.tcm.ie/business

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## Market falls as interest rates static

THE ISEQ index dropped 19.95 points to 2,719.77 yesterday. The ECB held rates at their record low level at its regular monthly meeting yesterday. In the US, new claims for unemployment benefits fell to a near three-month low last week, pointing to some improvement in the struggling labour market.

In the financial sector, AIB declined 3.8c to 40.7c. Bank of Ireland added 0.3c to 68c. Irish Life & Permanent Group progressed 7c to €1.56, while FBD Holdings tacked on 10.1c to €6.59.

In the construction sector, CRH gave up 33.5c to €12.40. Kingspan fell back 8.5c to €5.96, while Grafton Group followed suit with a loss of 0.6c to €3.18.

In other news, Paddy Power said it sees multiple growth opportunities in its British and Australian businesses. The share price jumped 75.5c to end the session at €26.64.

Company	Close	Change	12 mth High	12 mth Low	P/E	Dividend Yield	Market Cap (m)	Volume (000s)
Abbey	4.30	-	5.20	4.20	9.20	3.00	105.9	-
Aer Lingus	1.11	0.02	1.11	0.52	-	-	592.8	2,335.1
AGI Therapeut	0.04	-	0.10	0.03	-	-	2.7	-
AIB	0.41	-0.04	3.06	0.41	0.70	-	439.9	10,585.9
American Intl	-	-	-	-	-	-	-	-
Aminex	0.10	-	0.19	0.08	-	-	44.1	-
Aryzta AG	31.77	0.16	34.00	24.29	16.00	-	2,630.9	225.5
Bank of Ire	0.68	-	3.15	0.54	5.80	-	3,603.6	35,040.6
Blackrock Intl	0.02	-	0.08	0.02	-	-	11.7	18
C&C	3.03	-0.02	3.60	2.45	15.80	7.00	1,016.1	4,685.7
Conroy Diam & Gold	0.13	-	0.13	0.04	-	-	18.6	-
CPL Res'ces	2.28	-	2.78	1.95	12.80	3.00	84.8	-
CRH	12.40	-0.33	21.95	11.70	5.60	6.00	8,778	6,757.8
Datalex	0.14	-	0.29	0.10	-	-	10	-
DCC	20.60	-0.11	21.40	17.66	12.80	3.00	1,712	566
Diageo	14.42	-	14.42	14.42	-	-	36,128.7	-
Donegal C.	4.10	0.25	4.10	1.90	3.40	4.00	41.6	7.1
Dragon Oil	5.42	0.03	5.75	4.17	9.90	-	2,769.2	33.3
Elan	4.08	0.05	6.04	3.42	-	-	2,387.3	655.7
FBD	6.60	0.10	7.80	5.60	4.10	6.00	219.5	170.2
First Derivatv	4.00	-	4.00	2.50	-	-	63	-
Fyffes	0.32	-	0.47	0.31	8.60	5.00	109.8	618.9
Gartmore	13.85	-	13.85	13.85	-	-	93	-
Glanbia	3.56	0.05	3.61	2.43	9.60	2.00	1,043.9	363.1
Grafton	3.19	-0.01	3.80	2.33	9.60	7.00	734.9	264.8
Greencore	1.19	-0.01	1.69	1.12	5.90	11.00	246.1	387.9
Icon	15.00	-0.95	24.07	14.40	17.40	-	885.1	40
IFG	1.29	0.03	1.50	1.00	5.20	3.00	160.4	4.2
Independent	0.64	0.01	0.90	0.62	5.30	22.00	319.4	35.9
Ir Life & Perm't	1.56	0.07	5.80	1.36	1.30	-	431.8	3,128.1
Irish Contin'l	15.05	-0.10	17.05	11.70	8.30	-	370.5	32.5
ISEQ 20 ETF	5.51	-0.06	6.77	5.28	-	-	17.6	89.4
Karelian Diam	0.03	-	0.03	0.03	-	-	1.8	-
Kenmare	0.22	-0.02	0.30	0.11	60.00	-	528.8	86.3
Kerry	25.46	-0.06	26.25	19.50	16.70	1.00	4,461.9	712.2
Kingspan	5.97	-0.08	7.45	5.00	7.60	4.00	991.9	270.8
McInerney	0.04	-	0.20	0.03	0.20	152.00	8	-
Merrion Phar'	3.70	-	4.25	3.20	-	-	63.6	-
Norkom	0.93	0.03	1.73	0.75	-	-	83.5	24.2
Oglsby&Butlr	0.35	-	0.45	0.06	-	-	4.3	-
Origin Enterpr'	2.90	-	2.90	2.06	-	-	385.7	-
Ormonde	0.07	0.01	0.09	0.04	-	-	20.6	80
Ovoca Gold	0.31	0.01	0.31	0.16	-	-	27.4	18.2
Paddy Power	27.40	0.75	28.44	20.58	18.90	2.00	1,320.9	274.3
Petrocoatl Intl	0.13	-	0.21	0.09	-	-	260.2	74.4
Petronetf	0.52	-	0.61	0.18	-	-	180.9	10
Prime Active	0.12	-	0.27	0.12	-	-	2.7	-
Providence	1.96	-	2.90	1.80	-	-	66.1	-
Readymix	0.17	0.01	0.26	0.16	0.90	46.00	18.6	280
Real Est Opps	0.07	-	0.17	0.07	-	-	21.7	-
Ryanair	4.07	-	4.08	2.74	73.80	-	6,019.5	6,216.9
Siteserv	0.05	-	0.12	0.04	-	-	6.2	-
Smurfit Kappa	7.65	-0.03	8.25	5.00	6.00	4.00	1,672.3	173
Tesco	4.14	-	4.14	4.14	-	-	31,385.7	-
Total Produce	0.36	-	0.40	0.32	-	-	126.7	512.1
Tullow	14.70	-0.27	15.95	11.70	68.90	-	13,038.8	16.3
TVC	0.49	-	0.71	0.49	-	-	49.5	-
United Drug	2.37	0.01	2.77	2.03	9.20	3.00	569.4	606.6
UTV Media	1.60	-	1.60	1.02	-	-	153.4	-
Waterford W'd	0.00	-	0.00	0.00	-	-	85	-
Worldspreads	0.83	-	0.96	0.65	-	-	33.1	-
Zamano	0.04	-	0.31	0.04	-	-	3.8	50

ISEQ INDICES	ISEQ Overall	ISEQ Financial	ISEQ General	ISEQ Small Cap.	ISEQ ESM
Index Value	2,719.77	666.34	3,463.19	1,694.43	1,612.15
Change	-19.95	0.10	-27.90	17.43	9.34
Change %	-0.73%	0.02%	-0.80%	1.04%	0.58%
Index High	3,497.17	2,366.71	4,251.71	1,751.35	1,842.52
Index Low	2,607.97	567.07	3,256.45	1,484.80	1,493.27
Market Cap. (m)	45,420.58	4,855.19	40,565.39	2,722.64	1,749.98
ISEQ Return	5,064.56	1,593.35	5,390.16	2,147.75	1,660.19
Turnover (m)	216.75	34.49	182.26	4.20	0.46

Company	Price	Chng	Company	Price	Chng
Abbott Labs	USD 52.70	-0.28	IBM	USD 138.26	0.42
ADC Telecom	USD 12.68	0.03	Johnson & Johnson	USD 63.25	0.04
African Diamonds	GBP 38.50	0.00	Johnston Press	GBP 14.50	0.25
Alcatel-Lucent	USD 3.58	0.09	Kedco	EUR 0.08	0.01
Allergan	USD 66.65	0.24	Lundin Mining	CAD 5.29	-0.13
AIB	USD 1.20	-0.08	McAfee	USD 47.17	-0.05
American Intl	USD 40.75	0.01	Medtronic	USD 33.25	-0.40
Amgen	USD 56.17	0.34	Merck & Co.	USD 36.85	-0.16
Analog Devices	USD 31.70	0.10	Microsoft	USD 24.54	0.11
Apple	USD 289.51	0.32	Minco	GBP 3.75	0.00
B of I	USD 3.70	-0.12	Misys	GBP 290.60	1.60
Boston Sc.	USD 6.12	-0.02	Molex	USD 21.48	0.01
Bristol-Myers Squibb	USD 27.29	0.10	Motorola	USD 8.58	0.02
Ceva	USD 14.86	-0.06	Novartis	CHF 56.20	0.50
Coca-Cola	USD 59.44	-0.37	Oracle	USD 27.63	0.05
Colgate-Palmolive	USD 74.01	0.05	Pepsico	USD 65.90	-2.21
Dana Petrol.	GBP 1799.00	-1.00	Petrel Res	GBP 26.00	0.00
Danone	EUR 43.93	-0.41	Petrocoatl Intl	GBP 11.50	0.25
Dell	USD 13.27	0.05	Pfizer	USD 17.40	0.14
Ebay	USD 24.62	0.17	Ryanair	USD 31.97	0.08
Elan	USD 5.67	0.03	Skillssoft	USD -	-
Eli Lilly &	USD 37.12	-0.05	Standard Life	GBP 231.10	-0.90
EMC	USD 19.53	-0.18	State Street	USD 38.70	-0.34
Ericsson	SEK 71.20	-0.80	Straker	USD 49.41	-1.04
General Electric	USD 17.04	0.14	Time Warner	USD 30.82	0.37
Google -Cl A	USD 530.98	-3.37	Trend Micro	JPY 2576.00	-17.00
Great-West Lifeco	CAD 24.85	-0.01	Trinity Bio.	USD 6.45	0.10
Heineken	EUR 37.50	0.05	Trintech	USD 7.08	0.18
HP	USD 40.83	0.09	Tyco Intl	USD 37.26	-0.25
Icon	USD 21.26	-0.13	Vodafone	GBP 161.60	-0.30
Intel	USD 19.31	0.00			

# Corporation tax 'may hit 17.5%'

by Brian O'Mahony

IRELAND could yet be forced to relinquish its 12.5% corporation tax rate if it has to go to Europe for financial assistance to deal with the current debt crisis. In that scenario "the decision about retaining the 12.5% corporation tax may be taken out of Ireland's hands," Bloxham Stockbrokers said in a note yesterday. Within four years the bro-

kers said we could be faced with a figure of 17.5% if our funding problems intensify. That view is shared increasingly among leading EU officials. "It's a fact of life that after what has happened, Ireland will not continue as a low-tax country but it will rather be a normal tax country in the European context," said EU Economic and Monetary Affairs Commissioner Olli Rehn last

week. He made his remarks after the Government disclosed that the bailout of the banks would cost a massive €50 billion. However, Finance Minister Brian Lenihan promptly rejected the commissioner's comments. Mr Lenihan made it clear that the corporation tax rate will remain at 12.5%, adding that it was a "cornerstone of the Irish industrial policy". "Although Ireland may

try to resist the outside calls to raise its corporation tax rate for as long as possible, we wouldn't be surprised to see the rate pushed up to around 17.5% at some stage over the next four years as part of the fiscal consolidation plan," Bloxham said. At this stage Ireland has the lowest CPT in the European Union except for Bulgaria and Cyprus, which apply a 10% rate of tax on business profits.

From an Irish perspective any moves to force a change in the tax rate for business would be seen by the Government as a breach of the promises given at the time of the Lisbon Treaty. At that critical time for Europe Ireland was given a commitment that if it voted 'Yes to Lisbon it would be allowed to retain its highly competitive CPT rate at 12.5%, despite the moves to create a harmonised rate

across the EU in the interest of fair competition for overseas investment. The IDA annual report said foreign companies accounted for €110bn or 70% of total exports in 2009. It accounted for 300,000 jobs and a further 100,000 indirect jobs. International statistics show the Irish economy is more heavily reliant on FDI than any other European economy.

## Survey shows grounds for some optimism

by Niamh Hennessy

MANY companies are hiring and performing better and more people think the economic downturn is nearly over, according to a survey. However, despite 27% of Irish workers saying they took more annual leave due to the turbulent economic times, this was one of the lowest levels in the world.

In China 46% took extra annual leave, rising to 49% in Singapore, according to a survey conducted by Berkley recruitment. Managing director with Berkley Fergal Brosnan said: "It has been commented on that in a European context, this summer saw people taking extra time for holidays than would previously have been the case.

"In fact Irish workers were ranked fourth on the global league table of countries where respondents did not take extra leave, with only Germany, Switzerland and Australia taking marginally less. "This is an excellent demonstration of our commitment to return to competitiveness and cements the recent government statistics of the Irish workforce currently being one of the hardest working in the world."

The number of companies hiring in Ireland continues to increase, rising from 27% in quarter one to 37% in quarter two. Despite this increase, hiring levels in Ireland are lagging behind the rest of Europe with 92% of German companies hiring and 64% in France.

More than half of Irish respondents now think that the global downturn is over the worst or that the end is less than nine months away.

In Ireland just 2% think the economic downturn is over compared with 16% in Germany. The majority of Irish respondents are not expecting pay increases over the next year with three out of five expecting that pay will stay the same or fall.

A third said that their companies are performing better than 12 months ago. "Local, international and multinational employers must be encouraged by the fact that 59% of respondents in Ireland are expecting no change in their salary or a pay cut in 2011," said Mr Brosnan.



Fergal Brosnan: Some 59% expect no pay cut in 2011.

## WORLD'S YOUR OYSTER



Minister for Communications, Energy and Natural Resources Eamon Ryan at the launch of Globe Forum 2010. The flagship conference where innovators and investors can connect, takes place in Dublin on November 17-18.

## Firms get paid for using electricity as wholesale prices in negative territory

by Geoff Percival

A NUMBER of companies were effectively paid for using electricity last month, when for the first time wholesale electricity prices fell into negative territory. Since the creation of the all-island single electricity market in 2007, wholesale market prices for electricity have been set on a half-hourly basis. One of those half-hour periods — on the night of September 21 — saw a once-off drop into negative territory in

prices; with the wholesale costs being measured, briefly, at minus €88 per MWh (megawatt hours). This meant that certain commercial electricity users benefited from a payout, depending on their energy usage at the specific time. The benefit would also have only been seen by customers of independent business-to-business energy supplier VAYU — as it is the only supplier to include the prospect of negative wholesale price movements into its customer price plan.

That price plan option, according to VAYU's head of regulation Bryan Hennessy, "was precisely to exploit low and, in this case, negative wholesale market prices". While the negative price shift will have a nominal effect on customers (payments in the hundreds of euro rather than anything higher), it is the first time negative pricing has occurred and it could happen more often; which will put greater emphasis on how well businesses manage their

energy consumption. Energy costs, for business, have been consistently identified as a critical issue for Irish competitiveness. However, suppliers — including the ESB, Energia, Northern Ireland Electricity and Airtricity — also benefited from the price erosion last month. Last month's price drop is thought to have been down to a combination of lower-than-anticipated customer demand and a higher than normal wind energy generation at the time.

## LIT to create first €40m Innovation Fund aid for firms

by Kerrie Kennedy

EUROPE'S first third-level centre for franchise development is to be established at the Limerick Institute of Technology (LIT). The National Franchise Centre will offer specifically tailored training programmes to persons interested in taking up franchise opportunities in Ireland and abroad. The centre, which will initially support 10 jobs, has secured up to €1 million in funding from the European Globalisation Fund to cater for up to 100 former Dell employees in the first programme in January.

However, the programme will not be exclusive to former Dell employees and expects to offer up to 100 places in two annual programmes, starting in January and July each year. The Franchise Acceleration Start-up Training (FAST) programme due to run at the centre will provide business training on all aspects of running or managing a successful business with a particular focus on franchises.

LIT president Dr Maria Hinfelaar described the establishment of the National Franchise Centre as a huge opportunity for people to gain experience in managing a franchise. "We