

bid, should it come, could be worth 600p a share. A cash and stub equity proposition is a possibility. Readers should hold out for a bid.

XKO

TECHNOLOGY stocks have enjoyed heady rises over the past year, but there are still some bargains out there.

Take a look at XKO, the Aim-listed software and IT company. Two weeks ago the group issued a well-received third quarter trading update that prompted Bridgewell, its joint house broker, to upgrade its 2007 forecasts for the business.

In a research note Bridgewell said: "Should the fourth quarter prove to be equally satisfactory, we would not be surprised to see XKO beating our March 2006 numbers."

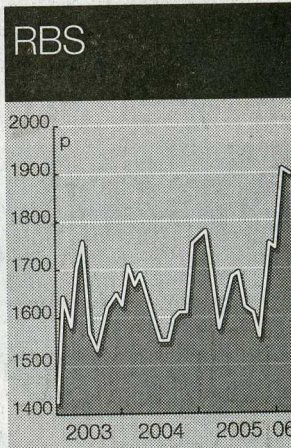
The broker predicts a pre-tax profit for 2006 of £5.2m, rising to £7.8m in 2007. That means XKO is trading on a price to earnings ratio of about 10 for 2006 – a significant discount to the sector.

XKO's shares closed on Friday at 120p, compared with Bridgewell's target price of 150p. Buy.

Kirkland Lake Gold

SHARES in Kirkland Lake Gold (301.5p) have enjoyed a bumper ride in recent months, buoyed by the strong gold price.

Last week the company, which is chaired by Harry



Dobson, the mining entrepreneur whose past successes include American Pacific Mining, announced that it had moved into profit for the first time.

It posted a small pre-tax profit for the third quarter of £1.2m. Encouragingly, it has also continued to reduce its operating costs.

We first advised readers to buy the shares last July when they stood at 178p. Despite the 70 per cent rise, we believe there is more upside to come and that readers should resist the temptation to bank profits.

On Friday the company revealed that the latest drilling in its recently discovered mines is continuing to provide higher quality ore than previously found.

Given Dobson's track record and the continuing benign environment of a strong gold price, readers should hold on.