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Activity on the market picked up considerably for the month of July with a total of 12,029,907 shares changing ownership. This was 60.06 per cent more than June's total of 7,515,661. The large comparative increase in activity was however attributable to the three volume leaders which collectively accounted for 67.90 per cent of the shares crossing the floor.

The Indices continued on their downward strides with the Composite Index surpassing its previous 52 week low of 914.3470. Overall the Composite Index fell 2.00 per cent to 901.90 per cent while the All T&T Index dropped 2.35 per cent to 1,140.9604. The advance/decline ratio stood at 9 to 14.

The volume leader for the month was Agostini's Limited (AGL) with a total of 3,500,433 shares changing hands. This was 29.10 per cent of the market. Over 99 per cent of these trades took place on one trading day. The large volume was as a result of Mouttet Capital Limited selling its interest in AGL to Home Construction Limited (a CL Financial Subsidiary). This trade in addition to others have increased CL's stake to approximately 35 per cent from 22 per cent at the end of November 2005.

A frequent weekly volume leader, Jamaica Money Market Brokers (JMMB) followed with a total 3,427,594 shares traded which was 28.49 per cent of the market. While this share crossed the floor on ten out of twelve trading days, over 65.86 per cent of the

shares were traded on one day. Third was Sagicor with a total of 1,239,777 shares changing ownership which was 10.31 per cent of the market.

Advancing the most in July was National Enterprises Limited (NEL) which moved 8.96 per cent from \$8.26 to \$9.00. Capital & Credit Merchant Bank (CCMB) followed advancing 6.25 per cent to \$1.53. In Jamaica, CCMB fell 15.52 per cent to JMD\$12.25. Agostini's Limited was third, advancing 4.75 per cent from last month's close of \$10.74. This share advanced to \$11.25 on the same day the large volume of shares crossed the floor. Subsequently the share fell 1 cent but was able to recapture this stride to end the month at \$11.25.

Declining the most was Dehring, Bunting & Golding (DBG) which fell 14.71 per cent to \$1.45. This share was also down in Jamaica. On that market, DBG dropped 7.25 per cent to JMD\$16.00. Guardian Holdings Limited (GHL) followed falling 14.61 per cent to \$20.05. This Company's second quarter results are expected in August. Third was Trinidad Cement Limited which was down 12.25 per cent to \$7.02. It is expected that this share would be subject to further downward pressure based on their recent disappointing second quarter results.

In Jamaica, all three Indices were up from last month's close. The Market Index advanced 0.75 per cent to 85,753.12; the Select was up 3.19 per cent to 2,254.16 while the All Jamaican Composite rose 2.28 per cent to 81,519.26. Twenty-three shares advanced while 17 declined.

A total of 304,917,503 shares changed ownership on that market valued at JMD\$1,461,951,331.31. The volume leader was Jamaica Broilers Limited (JBG) which captured 68.20 per cent of the market.

The three major advances belonged to Jamaica Pegasus Limited (PEG), Jamaica Broilers Limited (JBG) and Ciboney Group Limited (CBNY). PEG was up 56.25 per cent to JMD\$15.00, JBG was up 25.00 per cent to JMD\$3.75 and CBNY advanced 20.00 per cent to JMD\$0.06.

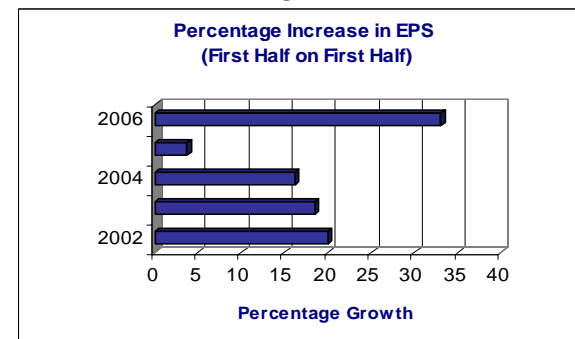
The three major declines were Supreme Ventures Limited (SVL), Capital & Credit Merchant Bank (CCMB) and Guardian Holdings Limited (GHL). SVL was down 24.40 per cent to JMD\$1.89, CCMB dropped 15.52 per cent to \$12.25 while GHL fell 14.69 per cent to JMD\$209.00

In Barbados, the Composite Index fell 1.02 per cent to 980.97.

West Indian Tobacco Limited (WCO)
Results for the Half Year Ended June 30, 2006

West Indian Tobacco Company Limited's (WCO) efforts to expand its cigarette manufacturing capacity and increase output has clearly brought success to the Company as it continues to report impressive growth. WCO's Earnings Per Share (EPS) grew remarkably by 33.09 per cent from 63.86 cents for HY 2005 to 84.99 cents for HY 2006. This is actually the largest growth the Company has had in its first half in the last five years. (See Figures 1 and 2)

Figure 1

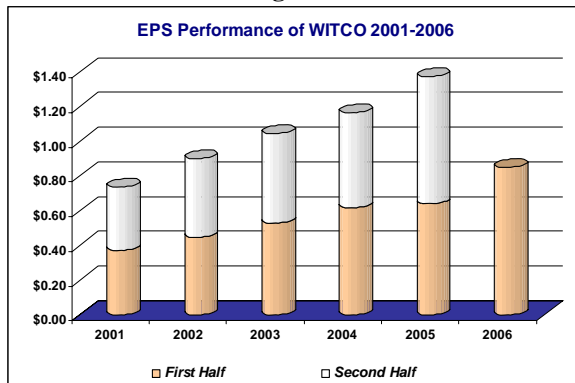


The successful bottom line was driven by WCO's core operations which saw an increase in Turnover of 12.28 per cent to \$303.688 million. The increase was on account of improved performance in the domestic market as well as the expansion in Caricom exports. This followed from the transfer of manufacturing from Carreras Group Limited (WCO's associate company in Jamaica).

A smaller increase in Excise Duties of 4.68 per cent lead to an increase in Net Turnover of 15.65 per cent to \$216.618 million. The low increase in Excise

Duties was likely due to the expansion of WCO's export markets. In comparison to Net Turnover, Cost of Sales increased by a smaller margin of 6.90 per cent which lead to growth in Gross Profit of 19.83 per cent to \$151.988 million. The Company's Gross Profit Margin grew from 67.72 per cent (HY 2005) to 70.16 per cent (HY 2006).

Figure 2



The major drivers of expenditure were Distribution Costs which rose 30.05 per cent to \$3.648 million and Other Operating Expenses which rose 16.89 per cent to \$28.144 million. Administrative Expenses rose minimally by 0.63 per cent. The increase in Operating Costs did not harm Operating Profit as it grew 26.13 per cent to \$96.992 million. This resulted in an increase in WCO's Operating Profit Margin from 41.06 per cent (HY 2005) to 44.74 per cent (HY 2006).

During the year, Interest Income rose 246.15 per cent to \$0.630 million while Interest Expense rose 646.63 per cent to \$1.329 million. The increase in Interest Expense is likely due in part to costs arising out of Short-term borrowings of \$30.000 million. This was undertaken during 2005 to fund its expansion drive. The increase in Interest Expense however had a minimal effect on profit as Profit Before Taxation rose 25.22 per cent to \$96.293 million.

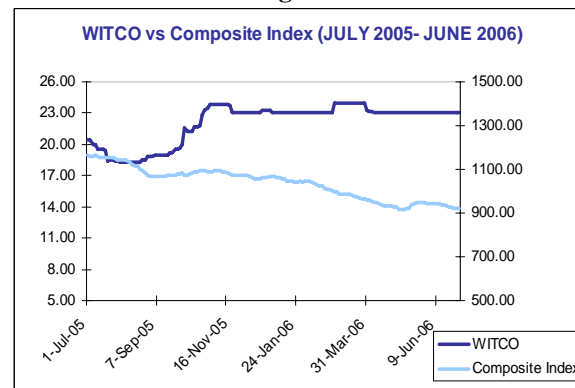
The Effective Tax Rate fell from 30.04 per cent in 2005 to 25.65 per cent in 2006 no doubt aided by the reduction in the Corporate Tax Rate from 30 per cent to 25 per cent. Profit After Taxation ultimately rose 33.08 per cent to \$71.597 million while the

Company's Net Profit Margin rose from 28.72 per cent in 2005 to 33.05 per cent in 2006.

Given the strength of the economy together with increasing profitability margins the outlook for this Company is positive. Over the past five years WCO's trend has generally been to produce marginally smaller earnings in the second half in comparison to the first. However, given the strong economy together with the current high degree of consumerism there may be the possibility that the second half of this year could be better than the first. Hence, we are forecasting year end EPS of \$1.72 (\$0.87 in the second half). This represents a year on year growth rate of approximately 25 per cent.

Over the last year, WCO has traded as high as \$24.00 and as low as \$18.28. While the Composite Index has continued on its downward trend for the first half of the year, WCO's price has seen minimal fluctuation, trading between \$23.00 and \$24.00. (See Figure 3) At the forecasted earnings of \$1.72 and the current price of \$23.01, WCO is currently trading at a price/earnings ratio of 13.37 times earnings. Given that this share usually trades between 14 to 17 times earnings this share is fundamentally a BUY.

Figure 3



The Directors have approved a second interim dividend of 31 cents payable on August 15, 2006 to shareholders on record as at August 7, 2006. This brings the total dividends paid for the year so far to 51 cents. The usual high dividend payout ratio of this Company also adds to the attractiveness of this share.

**WEST INDIES STOCKBROKERS LIMITED
STOCK MARKET QUOTATIONS
AS AT JULY 31, 2006**

| | Hist Eps | Est Eps | Est Div | Curr Price | Est Yield % | Est P/E Ratio |
|-------------------------|----------|---------|---------|------------|-------------|---------------|
| Bank | | | | | | |
| FirstCaribbean | 106.5 | 70.0 | 18.0 | 11.00 | 1.64 | 15.71 |
| NCB Jca | 17.4 | 20.3 | 4.8 | 1.42 | 3.38 | 7.00 |
| RBTT Fin Hold | 268.0 | 310.0 | 124.0 | 30.48 | 4.07 | 9.83 |
| Republic Bank | 509.0 | 510.0 | 225.0 | 88.17 | 2.55 | 17.29 |
| Scotiabank | 193.0 | 225.0 | 92.0 | 37.97 | 2.42 | 16.88 |
| Non-Bank Fin | | | | | | |
| ANSA Fin & Merch | 121.0 | 145.0 | 32.0 | 19.49 | 1.64 | 13.44 |
| Capital & Credit | 19.3 | 19.0 | 2.5 | 1.53 | 1.63 | 8.05 |
| DB&G | 27.5 | 29.0 | 8.0 | 1.45 | 5.52 | 5.00 |
| Guardian Holdings | 185.0 | 0.0 | 0.0 | 20.05 | 0.00 | 0.00 |
| JMMB | 11.0 | 11.0 | 1.5 | 1.30 | 1.15 | 11.82 |
| National Enterprises | 81.0 | 81.0 | 79.0 | 9.00 | 8.78 | 11.11 |
| Sagior Financial Corp | 163.0 | 147.0 | 60.0 | 13.92 | 4.31 | 9.47 |
| Conglomerates | | | | | | |
| Ansa Mcal Ltd | 261.0 | 325.0 | 65.0 | 40.95 | 1.59 | 12.60 |
| Bdos Ship & Trad | 198.0 | 160.0 | 58.0 | 17.95 | 3.23 | 11.22 |
| GraceKennedy | 61.1 | 65.0 | 10.4 | 6.00 | 1.73 | 9.23 |
| Neal and Massy | 280.0 | 325.0 | 97.0 | 38.90 | 2.49 | 11.97 |
| Trading | | | | | | |
| Agostini's Ltd | 91.5 | 93.0 | 33.0 | 11.25 | 2.93 | 12.10 |
| BWIA *suspended* | 0.0 | 0.0 | 0.0 | 0.97 | 0.00 | 0.00 |
| Furness Trinidad | 47.0 | 60.0 | 0.0 | 6.15 | 0.00 | 10.25 |
| L J Williams Ltd. - 'A' | 0.8 | 0.5 | 0.2 | 0.60 | 0.33 | 0.00 |
| L J Williams Ltd. - 'B' | 8.0 | 5.0 | 2.0 | 1.30 | 1.54 | 0.00 |
| Prestige Holdings | 46.4 | 30.0 | 13.0 | 6.90 | 1.88 | 23.00 |
| Property | | | | | | |
| PLIPDECO | 116.0 | 116.0 | 22.0 | 9.00 | 2.44 | 7.76 |
| Valpark | 47.3 | 47.3 | 0.0 | 5.00 | 0.00 | 10.57 |
| Manufacturing | | | | | | |
| Angostura Holdings | 180.0 | 5.0 | 12.0 | 4.80 | 2.50 | 96.00 |
| Berger Paints | 24.0 | 7.0 | 17.0 | 3.40 | 5.00 | 0.00 |
| Flavorite Foods | 54.0 | 54.0 | 21.0 | 5.05 | 4.16 | 9.35 |
| National Flour Mills | 8.6 | 8.6 | 8.0 | 1.50 | 5.33 | 17.44 |
| One Caribbean Media | 109.0 | 150.0 | 75.0 | 20.00 | 3.75 | 13.33 |
| Readymix WI | -210.0 | 20.0 | 3.0 | 3.81 | 0.79 | 0.00 |
| Trinidad Cement | 66.0 | 58.0 | 15.0 | 7.02 | 2.14 | 12.10 |
| Trinidad Publishing | 91.0 | 100.0 | 32.0 | 17.05 | 1.88 | 17.05 |
| Unilever Caribbean Ltc | 133.0 | 145.0 | 120.0 | 18.00 | 6.67 | 12.41 |
| WITCO | 137.4 | 172.0 | 160.0 | 23.01 | 6.95 | 13.38 |

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