

Equity Research Team

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FIRST QUARTER 2007 (JANUARY–MARCH)

Local Market Summary

The first three months of 2007 failed to bring comfort to local investors as both indices ended in negative territory. The Composite Index closed at 929.1124 down by 40.0545 points or 4.13 per cent while the All T&T Index ended the three month period at 1,178.1750 after falling by 27.5510 points or 2.29 per cent. (See Graph 1) While these declines were not desirable, investors can find some consolation when looking at the same period in 2006 which produced much larger declines, such that: the Composite Index fell by a considerable 10.19 per cent while the All T&T declined by a significant 11.54 per cent. Additionally, for the quarter WISE's Top Picks for 2007 outperformed the market with an average portfolio return of 13.04 per cent. (See Table 1)

Graph 1

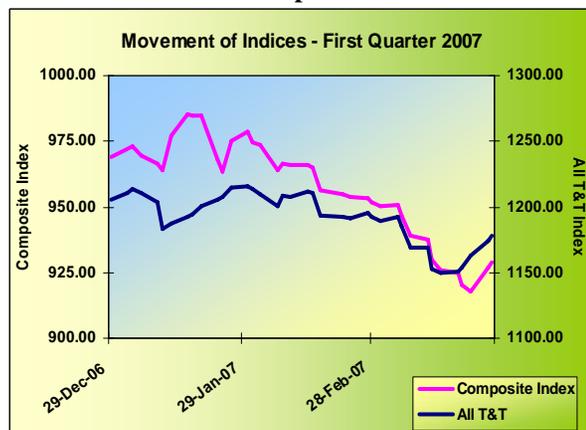


Table 1

WISE TOP PICKS				
	Company	Open	Close	Change
1	AMCL	\$43.75	\$50.00	14.29%
2	NML	\$42.66	\$46.50	9.00%
3	SBTT	\$27.03	\$31.74	17.43%
4	TCL	\$7.01	\$7.80	11.27%
5	OCM	\$18.99	\$21.50	13.22%
Average Portfolio Return				13.04%
Composite Index		969.1669	929.1124	-4.13%
All T&T Index		1205.726	1178.175	-2.29%

The first quarter saw advances outnumbered by declines by a margin of 13 to 15.

Trading activity continues to be weak as institutions for the most part, continue to be out of the market. As a result, the volume of shares traded for the quarter amounted to 35,516,135 shares and was down by 13.53 per cent or 5,558,927 shares on the volume for the first quarter of 2006. However, on a brighter note, the value of shares traded for Q1 2007 exceeded that of Q1 2006 by \$61,272,720 or 8.53 per cent to end the period at \$779,406,405.

Jamaican bank, National Commercial Bank Jamaica (NCBJ), led the volumes this quarter trading 7,900,885 shares or 22.25 per cent of the market. Republic Bank Limited (RBL) was the second volume leader with 6,190,637 shares changing ownership, representing 17.43 per cent of all trades. While Trinidad Cement Limited (TCL) was next in line for volume leaders with 3,277,107 shares traded or 9.23 per cent of all trades.

The major advance for the first quarter of 2007 went to PLIPDECO (PLD), which rose 26.26 per cent or \$1.82 to end the period at \$8.75. Following as the second major advance was Readymix Limited (RML) which rose 89 cents or 21.09 per cent to \$5.11. Like TCL, this Company also released its year end results for FY2006 during the quarter- with an EPS of \$1.29 RML was up by 160.28 per cent on the comparable period in FY2005. While Scotiabank Trinidad and Tobago (SBTT) came in as the third major advance after closing at \$31.74, up by \$4.71 or 17.43 per cent.

SBTT released its Q12007 results during the quarter and similar to most of the banks listed, this Bank showed impressive growth in EPS- a 26.02 per cent increase on the comparable EPS of Q12006.

Jamaica Money Market Brokers Limited (JMMB) was the major decline for this quarter, moving from a 52 week high of \$1.85 to close at \$1.12. This represented a significant decline of 39.46 percent in share price and follows the release of poor Nine Months results from the Company. In Jamaica, this share closed the quarter at JMD10.50 after falling 25.53 percent or JMD3.60. Guardian Holdings Limited (GHL) was next in line after suffering a drop of 28.57 per cent or \$8.00 to close the three months at \$20.00. Just before the end of the quarter, GHL released its year end results for FY2006 in which the company reported a Loss Per Share of \$1.14 representing a decline of 163.33 per cent on the EPS reported at the end of FY2005. While Jamaican Company- Capital and Credit Merchant Bank (CCMB) - followed as the third major decline after falling 21.21 per cent or 35 cents to close at \$1.30. This Company also released poor year end results for FY2006 during the quarter and fell by 35.14 per cent in Jamaica to close at JMD12.00.

Market Summary for Jamaica

The Jamaican Stock Exchange (JSE) saw pretty much the same fate as the local market as all three Indices ended the period lower than their opening values. The Market Index closed at 90,595.04 after falling by 10,082.92 points or 11.13 per cent; the Select Index declined by 12.97 per cent or 337.86 points to end at 2,605.01 and the All Jamaican Composite closed at 94,529.93 after dropping by 12,683.50 points or 13.42 per cent. This was also reflected in the advance to decline ratio in which advances were significantly outnumbered by declines by a ratio of 6 to 36.

The volume of shares traded for the quarter was 396,027,039 shares of which Cable and Wireless Jamaica Limited (CWJA) was the volume leader trading 113,688,171 shares or 28.71 per cent of all trades. The total value of shares traded for the quarter amounted to JMD4,788,383,308.

The major advance for period under review was Salada Foods Limited (SALF) which advanced 37.50

per cent or JMD15.00 to close at JMD55.00. While the major decline went to Dyol Group Limited (DYOL) which fell 71.11 per cent to JMD0.26. This company was suspended from trading on the JSE from March 22, 2007, as a result of its non-compliance with the Jamaica Stock Exchange Rules.

Trinidad Cement Limited (TCL)

Results for the Year Ended December 31, 2006

Trinidad Cement Limited (TCL) reported Earnings Per Share (EPS) of \$0.60 for the Year Ended December 31, 2006. This was spot on our forecasted EPS and represented a fall of 9.09 per cent or 6 cents on the comparable EPS of FY 2005. However, Q4 2006 on Q4 2005, the EPS was up by 22.22 per cent from \$0.18 to \$0.22, furthermore Q4 2006 was the best performing quarter for FY 2006.

Although the Group's year end EPS was down, FY2006 produced the highest Revenue in the history of TCL. This figure stood at \$1.72 billion and was up by 20.22 per cent or \$289.17 million on the previous financial year. The Directors have attributed this growth in Revenue to buoyant demand in the Caribbean domestic and export markets in addition to price adjustments.

Operating Profit before cement claims for the period stood at \$295.11 million and was up by 60.45 per cent or \$111.18 million on the corresponding period in 2005. However, due to the cement quality issue at Caribbean Cement Company Limited (CCCL) in February 2006, the Company experienced charges of \$30.27 million for claims and an estimated total cost of \$59.6 million. Thus, Operating profit after cement claims amounted to \$264.84 million and was up by a smaller 43.99 per cent or \$80.91 on the comparable period in 2005.

Finance Costs for the period under review was \$104.36 million- an increase of \$7.22 million or 7.44 per cent on FY2005. According to the Director's Statement this was mainly due to loan funding of TCL's cement mill capacity expansion which came into production in 2006. Profit Before Taxation stood at \$160.49 million and was up by a significant 84.90 per cent on the same figure for FY2005. The Effective

Tax Rate for FY2006 was 5.43 per cent however in FY 2005 the company benefited from a Tax Credit of \$66.97 million. As a result, the Profit After Taxation was \$151.77 million down by a minimal 1.30 per cent or \$2 million on the corresponding year in FY2005.

Net cash generated from operating activities was \$231.8 million, representing an increase of \$61.3 million over FY2005. The Group invested \$381.0 million in Property, Plant and Equipment for the period, mainly on the Expansion and Modernization Programme at CCCL and the Bagging Plant in Guyana, which was commissioned in December 2006.

The Directors have stated that the Group is optimistic about the prospects for 2007, as demand is expected to remain strong in both the Caribbean domestic and export markets. They have also stated that the Bagging Plant in Guyana has had an immediate positive impact on the Group's ability to service the Guyana and Suriname markets. Additionally, the Expansion and Modernization Programme in Jamaica continues on schedule with the commissioning of the new kiln expected in early 2008.

TCL will need to continue channeling all internally generated funds to its Expansion and Modernization Programme, as such, the Board of Directors have approved a dividend of 6 cents per ordinary share, compared to 15 cents in FY2005. The dividend is to be paid on May 25, 2007 to shareholders on record at the close of business on May 11, 2007. The register of members will be closed from May 11 to 15, 2007 inclusive. The Annual Meeting of shareholders will be held on May 9, 2007.

TCL is currently trading at a price of \$7.49 on the local market. Based on the current results and the forward looking statements of the Directors, we are forecasting an EPS of \$0.75. At this forecasted EPS and the current price, TCL is trading at a price to earnings multiple of 9.99 times which is attractive for a share that typically trades in the band of 9 to 15 times. Also, using a multiple of 12 times and based on WISE's forecasted EPS of \$0.75, we have estimated a 12 month return on this share of approximately 20 per cent or a target price of \$9.00. Thus, we recommend a **BUY** on TCL.

WEST INDIES STOCKBROKERS LIMITED

STOCK MARKET QUOTATIONS

AS AT MARCH 31, 2007

	Hist Eps	Est Eps	Est Div	Curr Price	Est Yield %	Est P/E Ratio
Bank						
FirstCaribbean	70.0	85.0	38.0	11.00	3.45	12.94
NCB Jca	21.0	26.0	6.0	2.00	3.00	7.69
RBTT Fin Hold	268.0	280.0	125.0	32.00	3.91	11.43
Republic Bank	401.0	530.0	265.0	80.00	3.31	15.09
Scotiabank	178.7	215.0	85.0	31.74	2.68	14.76
Non-Bank Fin						
ANSA Fin & Merch	121.0	120.0	32.0	20.00	1.60	16.67
Capital & Credit	11.0	14.0	1.8	1.30	1.38	9.29
DB&G	27.5	26.0	7.0	2.20	3.18	8.46
Guardian Holdings	-114.0	0.00	15.0	20.00	0.75	0.00
JMMB	11.0	7.0	1.5	1.12	1.34	16.00
National Enterprises	81.0	65.0	60.0	7.00	8.57	10.77
Sagicor Financial Corp	163.0	135.0	40.0	13.20	3.03	9.78
Conglomerates						
Ansa Mcal Ltd	276.0	300.0	80.0	50.00	1.60	16.67
Bdos Ship & Trad	138.0	156.0	60.0	16.63	3.61	10.66
GraceKennedy	53.3	60.0	11.0	5.50	2.00	9.17
Neal and Massy	337.0	400.00	120.0	46.50	2.58	11.63
Trading						
Agostini's Ltd	81.3	90.0	37.0	9.97	3.71	11.08
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	0.59	0.34	118.00
L J Williams Ltd. - 'B'	8.0	5.0	2.0	1.30	1.54	26.00
Prestige Holdings	23.9	35.0	15.0	5.53	2.71	15.80
Property						
PLIPDECO	116.00	55.00	21.0	8.75	2.40	15.91
Valpark	47.3	47.3	0.0	5.00	0.00	10.57
Manufacturing						
Angostura Holdings	180.0	20.0	12.0	4.50	2.67	22.50
Berger Paints	24.0	7.0	19.0	3.40	5.59	48.57
Flavorite Foods	54.0	54.0	21.0	4.60	4.57	8.52
National Flour Mills	8.6	-58.0	8.0	1.49	5.37	0.00
One Caribbean Media	131.0	160.0	80.0	21.50	3.72	13.44
Readymix WI	129.0	150.0	3.0	5.11	0.59	3.41
Trinidad Cement	60.0	75.0	18.0	7.80	2.31	10.40
Trinidad Publishing	117.0	145.0	55.0	21.29	2.58	14.68
Unilever Caribbean Ltd	133.0	145.0	120.0	21.31	5.63	14.70
WITCO	171.0	200.0	196.0	25.15	7.79	12.58

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