

Equity Research Team

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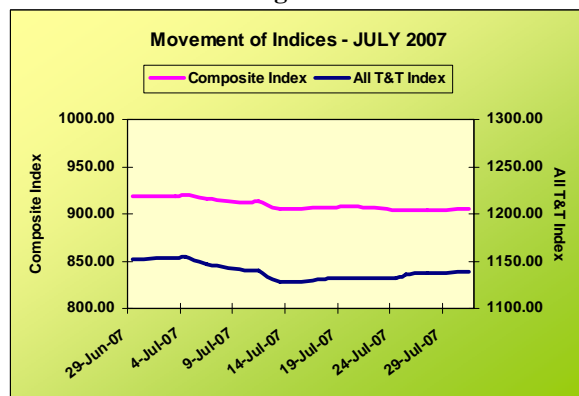
AUGUST 2007

Local Market Summary

Trading activity for the month of July picked up slightly with a total volume of 5,203,609 shares changing ownership. This was an increase of 9.52 per cent on June's volume of 4,751,047 shares. However, when compared to July 2006, the volume traded was down by a significant 56.74 per cent from 12,029,907 shares traded. The value of shares traded for July was \$87,902,807.39, up an impressive 47.13 per cent on the previous month's value. Nevertheless, when compared to the corresponding period in 2006, the value was down by a considerable 37.56 per cent.

Bearish conditions continue to prevail as both Indices ended the month in negative territory. The Composite Index dropped 13.8130 points or 1.50 per cent to end at 904.9812, while the All T&T Index closed at 1,138.0361, down 14.3683 points or 1.25 per cent. (See Figure 1)

Figure 1



Angostura Holdings Limited (AHL) was the volume leader for July commanding 21.14 per cent of the market with 1,099,955 shares changing hands. RBTT Financial Holdings (RBTT) followed with 484,882 shares traded or 9.32 per cent, while Sagicor Financial Corporation (SFC) was the third volume leader with 447,396 shares crossing the floor or 8.60 per cent of all trades.

Market activity for July resulted in an advance to decline ratio of 13 to 14. The major advance was L.J. Williams B (LJWB). This share rose 16.67 per cent or 20 cents to end the month at \$1.40. The second major advance went to Flavorite Foods Limited (FFL) which gained 45 cents or 9.68 per cent to close at \$5.10. While Agostini's Limited (AGL) was up 36 cents or 3.73 per cent to end at \$10.00.

Jamaica Money Market Brokers Limited (JMMB) was the major decline, down 5.00 per cent or 5 cents to \$0.95. National Enterprises Limited (NEL) followed with a decline of 28 cents or 4.44 per cent to end at \$6.03. FirstCaribbean International Bank Limited (FCI) was next as the third major decline with a 4.17 per cent or 48 cents drop in price to \$11.02.

Market Summary for Jamaica

Unlike the local market, July was a bullish month for the Jamaican market. All three Indices ended the month in positive territory. The Market Index advanced by 1,951.93 points or 2.12 per cent to 92,021.86; the Select Index gained 137.36 points or 5.41 per cent to 2,539.62 and the All Jamaican Composite rose 4,001.67 points or 4.28 per cent to end at 93,458.07. Advances outnumbered declines by a ratio of 26 to 10.

Trading activity resulted in 579,078,354 shares traded valued at over JMD2,010,738,908.80. Mayberry Investments Limited (MIL) was the volume leader with 431,973,008 shares traded or 74.60 per cent of all trades. The major advance for the month was Montego Freeport Limited (MFP) which rose 40.78 per cent or 84 cents to JMD2.90. FirstCaribbean International Bank Jamaica (FCIBJ) was the major decline, down 14.79 per cent or JMD3.55 to JMD20.45.

Trinidad Cement Limited (TCL)
Results for the Half Year Ended June 30, 2007

Trinidad Cement Limited (TCL) for the Half Year Ended June 30, 2007, reported Earnings Per Share (EPS) of 37 cents. This represented an outstanding increase of 85 per cent or 17 cents on the comparable Half Year period in 2006. Q207 on Q206, the Group's EPS was up 41.67 per cent or 5 cents from 12 cents (Q206) to 17 cents (Q207).

HY07 on HY06, Revenue increased 15.04 per cent or \$125.98 million to \$963.79 million. The Directors have attributed this growth in Revenue to continued strong regional demand and price adjustments implemented to mitigate rising energy costs. Operating Profit for the period under review amounted to \$176.96 million, up a considerable 64.20 per cent or \$69.19 million on the corresponding half year in FY06. In addition, there were cement claims of \$15.49 million, from the quality issues at Caribbean Cement Company Limited (CCC) in HY06 which did not recur in HY07. As such, Operating Profit after cement claims rose a significant 91.76 per cent or \$84.68 million to end HY07 at \$176.96 million.

Net Finance Costs for the half year stood at \$52.28 million, a decline of 12.04 per cent or \$7.15 million on the same period in FY06. Profit Before Taxation increased a substantial 279.58 per cent or \$91.83 million from \$32.85 million (HY06) to \$124.68 million (HY07). Taxation for the six-month period under review amounted to \$22.35 million, while the Group benefited from a Tax Credit of \$8.82 million for the same period in FY06. Thus, Profit After Taxation was up a noteworthy 145.60 per cent or \$60.66 million to end the half year at \$102.32 million.

According to the Directors, the Group's half year profits benefited from a favourable performance by Trinidad Cement Limited, the return of profitability of Caribbean Cement Company Limited and significantly improved profitability of Readymix (West Indies) Limited. Additionally, the Group's newly established facility in Guyana has been profitable to date. However, the cement plant in Barbados, Arawak

Cement Company Limited, continued to be negatively impacted by increased fuel costs, which will be addressed by the commissioning of a new fuel system (Petroleum Coke) in the third quarter of 2007.

Given the heavy demands of the expansion and modernisation programme on cash flows, the Board of Directors did not consider it prudent to pay an interim dividend for 2007.

TCL last closed at a price of \$7.29 on the TTSE. In light of these results, we are maintaining our forecasted EPS of \$0.90 which at the current price translates to a P/E multiple of 8.10 times. Additionally, using a multiple of 11 times and the forecasted EPS of \$0.90, this share has an expected return of approximately 36 per cent at the current market price or a target price of \$9.90. Thus, based on this analysis we continue to recommend a **BUY** on this share.

One Caribbean Media Limited *Results for the Half Year Ended June 30, 2007*

For the Half Year Ended June 30, 2007, One Caribbean Media Limited (OCM) reported Earnings Per Share (EPS) (inclusive of ESOP) of 52 cents, an increase of 1.96 per cent or 1 cent on the comparable Half Year period in 2006. Group Profit Attributable to Shareholders increased by a minimal 2.29 per cent or \$0.77 million from \$33.49 million in HY06 to \$34.26 million in HY07.

Sales for the period under review increased by 8.36 per cent or \$16.89 million to \$218.94 million. Cost of Sales, however, increased by a larger margin, up a significant 18.04 per cent or \$22.64 million from \$125.51 million in HY06 to \$148.15 million in HY07. Thus, Gross Profit amounted to \$70.79 million, down 7.51 per cent or \$5.74 million on the same period in the last fiscal year.

According to the Chairman, Sir Fred Gollop, the Group did not yield the anticipated incremental revenue from the ICC Cricket World Cup. Also, the Group's two newspapers suffered substantial

newsprint cost increases, but it is expected that renegotiated prices should bring some relief in the second half of the year. Additionally, wage settlements across the Group impacted negatively on profitability.

HY07 on HY06 saw decreases in expenses. Administrative Expenses fell a marginal 1.77 per cent or \$0.46 million to \$25.51 million while Marketing Expenses declined an outstanding 58.60 per cent or \$3.04 million to \$2.15 million. As a result, Operating Profit totaled \$43.23 million and was down \$2.14 million or 4.72 per cent on the same figure in the last financial year.

Dividend Income and Interest Income for the half year amounted to \$0.12 million and \$3.15 million respectively. Finance Costs rose a substantial 71.97 per cent or \$0.19 million to \$0.45 million. Ultimately, Profit Before Taxation increased by 2.08 per cent or \$0.94 million to \$46.05 million for HY07.

The Effective Tax Rate was 25.12 per cent for HY07 compared to 25.10 per cent for the same period in FY06. Thus, Profit After Taxation was \$34.48 million, up 2.06 per cent or \$0.70 million on HY06.

The Directors have approved an interim dividend of 25 cents per share (25 cents in HY06) payable on August 30, 2007.

OCM is currently trading at a price of \$19.99. In light of the flat results we have revised our forecasted EPS downwards from \$1.60 to \$1.40. At the current price and this revised EPS, this share is trading at a price to earnings multiple of 14.28 times. Additionally, using a multiple of 15 times and at the forecasted EPS of \$1.40, this share has an expected return of approximately 5 per cent on the current price or a target price of \$21.00. Thus, given this analysis we recommend a **HOLD** at this time.

WEST INDIES STOCKBROKERS LIMITED **STOCK MARKET QUOTATIONS** **AS AT JULY 31, 2007**

	Hist Eps	Est Eps	Est Div	Curr Price	Est Yield %	Est P/E Ratio
Bank						
FirstCaribbean	70.0	95.0	43.0	11.02	3.90	11.60
NCB Jca	21.0	26.0	6.0	1.99	3.02	7.65
RBTT Fin Hold	276.0	300.0	135.0	31.01	4.35	10.34
Republic Bank	401.0	760.0	265.0	80.01	3.31	10.53
Scotiabank	178.7	215.0	85.0	28.50	2.98	13.26
Non-Bank Fin						
ANSA Fin & Merch	177.0	215.0	90.0	22.00	4.09	10.23
Capital & Credit	11.0	14.0	1.8	1.00	1.80	7.14
DB&G	22.0	24.0	8.0	2.11	3.79	8.79
Guardian Holdings	-114.0	0.00	15.0	19.00	0.79	0.00
JMMB	7.0	8.0	1.8	0.95	1.89	11.88
National Enterprises	46.0	55.0	60.0	6.03	9.95	10.96
Sagicor Financial Corp	158.0	175.0	44.0	13.52	3.25	7.73
Conglomerates						
Ansa Mcal Ltd	276.0	330.0	90.0	47.50	1.89	14.39
Bdos Ship & Trad	138.0	165.0	60.0	17.00	3.53	10.30
GraceKennedy	53.3	60.0	11.0	5.60	1.96	9.33
Neal and Massy	337.0	400.00	120.0	45.50	2.64	11.38
Trading						
Agostini's Ltd	81.3	90.0	37.0	10.00	3.70	11.11
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	120.00
L J Williams Ltd. - 'B'	15.0	20.0	9.0	1.40	6.43	7.00
Prestige Holdings	23.9	45.0	20.0	6.00	3.33	13.33
Property						
PLIPDECO	372.00	410.0	6.0	8.25	0.73	2.01
Valpark	47.3	47.3	0.0	5.00	0.00	10.57
Manufacturing						
Angostura Holdings	91.0	0.0	0.0	4.95	0.00	0.00
Berger Paints	-27.0	7.0	19.0	3.40	5.59	48.57
Flavorite Foods	67.0	80.0	35.0	5.10	6.86	6.38
National Flour Mills	-45.0	10.0	8.0	1.39	5.76	0.00
One Caribbean Media	131.0	140.0	77.0	19.99	3.85	14.28
Readymix WI	129.0	300.0	3.0	7.44	0.40	2.48
Trinidad Cement	60.0	90.0	20.0	7.29	2.74	8.10
Trinidad Publishing	117.0	130.0	65.0	20.00	3.25	15.38
Unilever Caribbean Ltd	133.0	145.0	120.0	19.90	6.03	13.72
WITCO	171.0	200.0	196.0	26.90	7.29	13.45

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