



COMPANY UPDATE

**Neal and Massy Holdings Limited**

	<u>NML</u>
<b>RECOMMENDATION</b>	<b>BUY</b>
<b>Current Price</b>	<b>\$39.00</b>
<b>Current Running P/E</b>	<b>13.27 times</b>
<b>Running EPS</b>	<b>\$2.94</b>
<b>Projected EPS FYE 06</b>	<b>\$3.22-\$3.25</b>
<b>Projected Dividend Per Share FYE 06</b>	<b>\$0.97</b>
<b>Forecasted Y/E price</b>	<b>\$45.50-\$47.50</b>
<b>Net Asset Value</b>	<b>\$16.41</b>
<b>Market to Book</b>	<b>2.7 times</b>

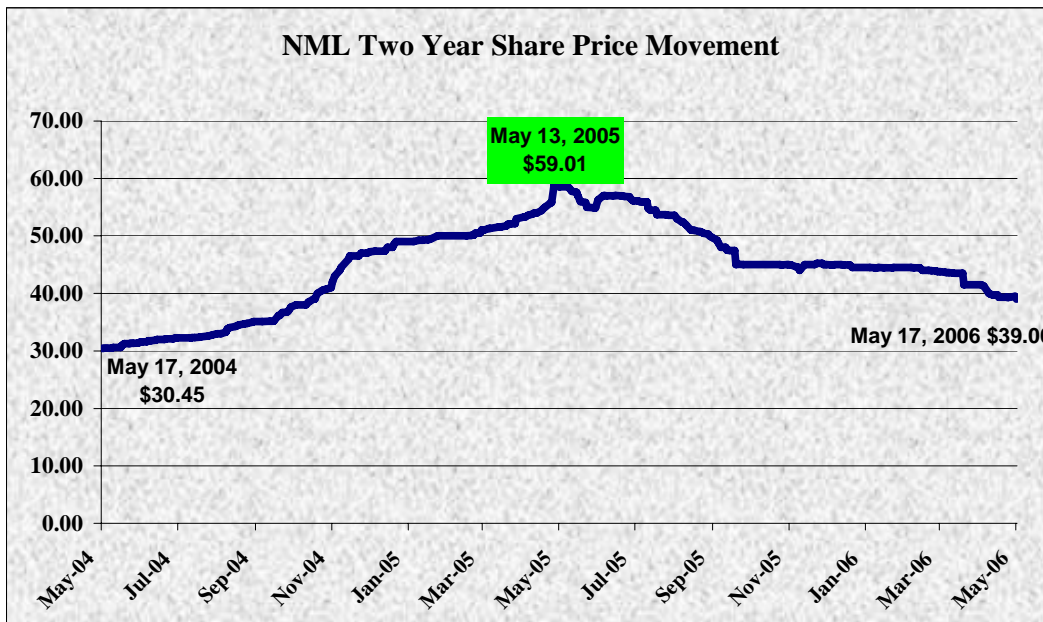
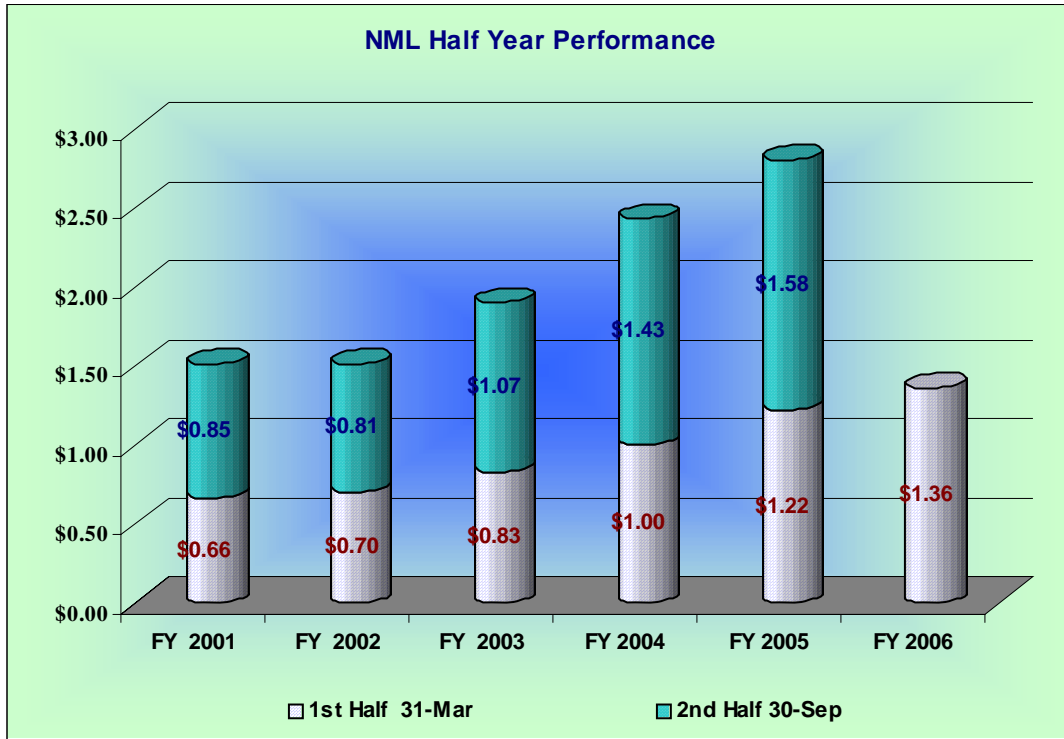
**Unaudited Half Year to March 31, 2006**

Neal and Massy Holdings Limited (NML) in the unaudited results for the half-year ended March 31, 2006 have reported a growth in EPS of 11.48%, from \$1.22 to \$1.36. This growth was driven primarily by an increase in Third Party Revenue, which moved 12% from \$1.7 billion to \$1.96 billion, filtering down to the bottom line.

The Chairman placed this performance into context, highlighting that the results of the corresponding period last year were impacted by a substantial capital gain from one of the Group's Associated Companies, which if excluded would have resulted in an increase in Profit after Tax of 23%. Last year the Associated Companies of the Group increased their contribution by 53.85 percent year on year from \$17.264 to \$26.6 million. In the period under review, the contribution by the Associated Companies was \$16.2 million. Despite the fall in this income stream, the Group attained an 11.25% growth in Profit before Taxation, which because of the effective tax rate being maintained translated to the same level of growth in Profit after Taxation, from \$115.6 million to \$128.6 million.

The Group's Asset Base grew significantly for the period under review, moving from \$2.7 billion to \$3.2 billion. In this period, the Group added 100% of Shell Jamaica's LPG operations and 40% of the petroleum retailing activities, with three additional projects in the pipeline, which the management expects to complete before the end of the financial year.

The current share price of NML is \$39.00. Using this share price and the running EPS of \$2.94, the shares are trading at a P/E multiple of 13.27 times. The second half of the year is traditionally the stronger period for the company and as such we expect that NML will meet its commitment of 15% growth at the year-end. Based on this projection, we anticipate an EPS in the range of \$3.22-3.25. Given the changing investment climate in the local market, we expect that the combination of the consistent past performance and the prospects for the rest of the year, that investors would be attracted to this share, translating to upward push on the share price. We recommend a BUY on this share.



This document is based on information obtained from sources, which we believe to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, West Indies Stockbrokers Limited. Expressions of opinion herein are subject to change without notice. This document is not, and should not be construed as, an offer or the solicitation of an offer to buy or sell securities. West Indies Stockbrokers Limited and or their officers, directors, and employees may own or have positions in any of the securities mentioned herein, and may from time to time add or dispose of any such securities. This document is for the information of clients only and is not for publication in the Press or elsewhere without the permission of West Indies Stockbrokers Limited. WISE is a subsidiary of RBTT Financial Holdings Limited

West Indies Stockbrokers Limited, 1<sup>st</sup> Floor Albion Plaza, 22-24 Victoria Avenue, Port of Spain, Trinidad (868) 623-4861 Fax (868)-627-5002 e-mail: [info@wisett.com](mailto:info@wisett.com)  
Member of the Trinidad and Tobago Stock Exchange Ltd.