

**Point Lisas Development Corporation Limited**

	<b>PLD</b>
<b>RECOMMENDATION</b>	<b>HOLD</b>
<b>Current Price</b>	<b>\$5.25</b>
<b>Running Earnings Per Share</b>	<b>90 cents</b>
<b>Forecasted Earnings Per Share</b>	<b>70 cents</b>
<b>P/E at Projected EPS</b>	<b>7.5 times</b>
<b>Dividend Yield</b>	<b>4.00 per cent</b>
<b>Return on Assets</b>	<b>1.90 per cent</b>
<b>Return on Equity</b>	<b>2.65 per cent</b>

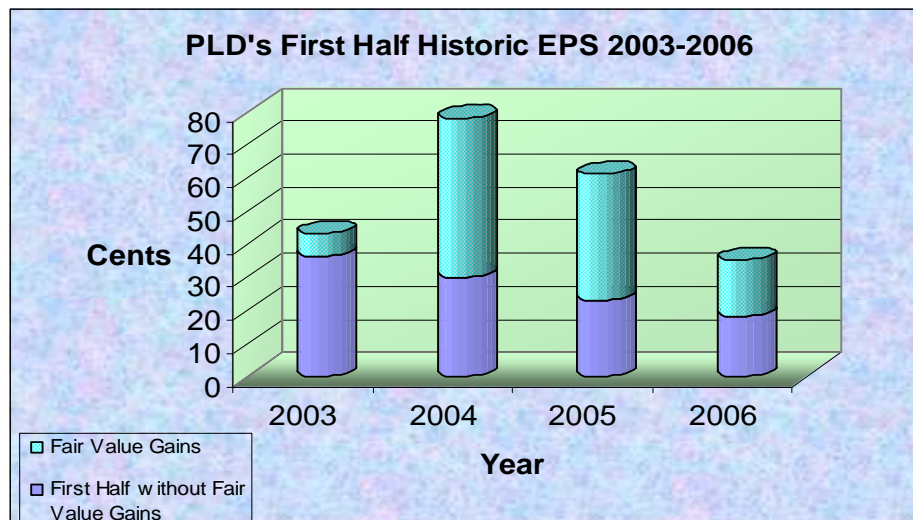
*Results for the Half Year Ended June 30, 2006*

**Earnings Per Share**

Point Lisas Development Corporation Limited (PLD) reported Earnings Per Share (EPS) of 35 cents for the half year ended June 30, 2006. This was 42.62 per cent less than last year's EPS 61 cents.

The considerable decline was due to a significant reduction in fair value gains of \$8.225 million (54.74 per cent). The fair value gains are related to the valuation of its investment properties in accordance with IAS 40. Barring this gain however, there was anaemic growth in its core operations as Turnover increased 2.53 per cent to \$97.846 million. In fact fair value gains have been the major component of this Company's EPS for the past three years (see Figure 1). Also evident from the chart is the fact that without the fair value gains, the earnings in the first half has been decreasing since 2003.

**Figure 1**





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## Financials

Minimal growth in Turnover of 2.53 per cent to \$97.846 million did little to cushion PLD's 23.64 per cent drop in Operating Profit to \$26.045 million. The large decrease in Operating Profit was as a result of the 54.75 per cent drop in Fair Value Gains mentioned before. Fair Value Gains actually made up 44.05 per cent of PLD's Operating Profit for HY 2005 compared to 26.11 per cent for HY 2006. Direct and overhead costs increased by 1 per cent and 4 per cent respectively. Investment income rose 117.44 per cent to \$4.812 million.

Profit Before Tax fell by a bigger margin (36.91 per cent to \$16.874 million) than Operating Profit, as a result of a 45.99 per cent increase in Finance Costs. The rise in Finance Costs was as a result of major investments undertaken to expand capacity and improve productivity in the port sector. This includes the development of a 4.5 hectare container yard which was completed in June 2006 and the ongoing implementation of the Navis Terminal Operating System. This operating system will automate some of the activities on the port. It is hoped that these investments as well as its training program for port personnel will improve future returns based on higher efficiency and overall quality of service in the port operation.

Though the tax paid was roughly the same for the comparative half year, the Effective Tax Rate increased from 9.72 per cent in 2005 to 15.89 per cent in 2006 as a result of the fall in Profit Before Tax. Profit After Taxation ultimately declined 41.22 per cent to \$14.192 million.

## New Projects

As reported in The Trinidad Guardian, the Estate is expected to benefit from projects worth US\$4 billion according to Energy Minister Dr Lenny Saith. According to the article, Dr. Saith said discussions toward defining project agreements are continuing for the establishment of a US\$1.6 billion ethylene complex and maleic anhydride facility. He also said that construction has already started on a US\$1.2 billion petrochemical facility to produce melamine and urea ammonium nitrite for the first time in T&T.

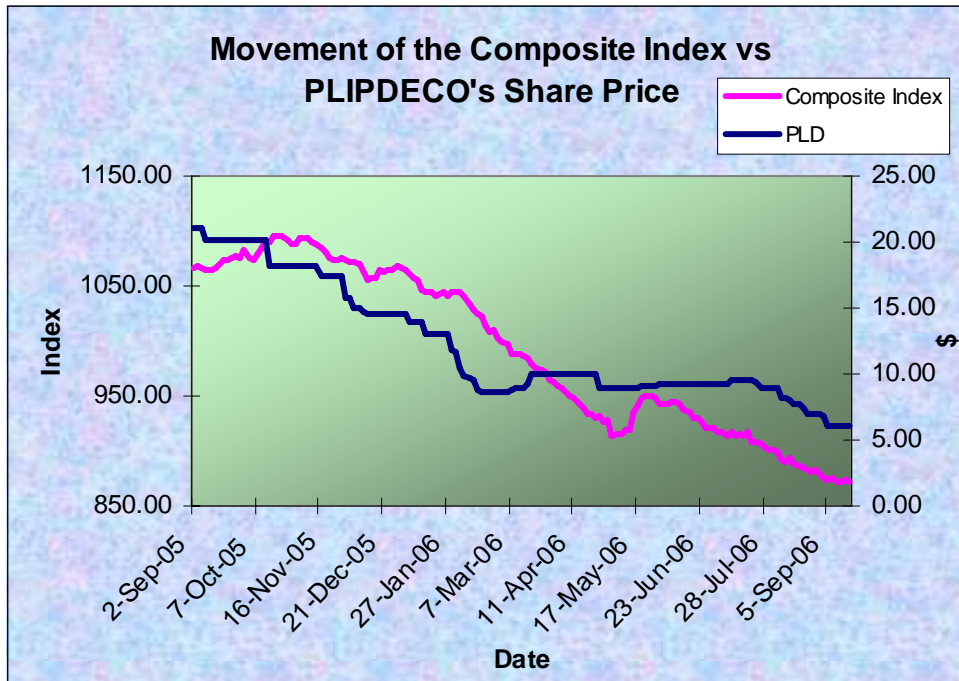
While this should be positive for PLD, it remains to be seen whether these activities on the Estate would be able to positively enhance PLD's bottom line.

## Share Prices

The price of PLD has fallen approximately 75 per cent since the beginning of September last year (See Figure 2). Initially the price seemed to have stabilized at approximately \$10.00 but it further slid to its current low of \$5.25. However, the previous Chairman stated in the Company's 2005 Annual Report that he expects this trend to be reversed as the strategic initiatives take effect.



Figure 2



### Outlook & Recommendation

The current Chairman anticipates that the investments undertaken will improve future returns based on higher efficiency and overall quality of service in port operation. In light of these results however, we are forecasting a year end EPS of 70 cents. At the current price of \$5.25 and the forecasted EPS, PLD is trading at a price/earnings ratio of 7.50. Given that PLD usually trades between 5 to 9 times earnings, we currently recommend this share as a HOLD.

### Dividends

A dividend of 10 cents was paid on September 21, 2006. The ex-dividend date for the share was September 6, 2006. In keeping with the dividend paid since 2003, we are expecting total dividends of 21 cents.



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Figure 3

PLIPDECO Half Year Financial Data (2004-2006)					
	HY 2006 \$'000	Change HY 05- HY 06	HY 2005 \$'000	Change HY 04- HY 05	HY 2004 \$'000
Turnover	97,846	2.53%	95,430	1.91%	93,640
Fair Value Gains	6,800	-54.74%	15,025	21.55%	19,153
<b>Operating Profit</b>	26,045	-23.64%	34,109	22.32%	43,910
Investment Income	4,812	117.44%	2,213	-4.12%	2,308
Finance Costs	13,983	45.99%	9,578	10.28%	10,675
Profit Before Taxation	16,874	-36.91%	26,744	24.76%	35,543
Profit for the Period	14,192	-41.22%	24,144	21.74%	30,851
<b>EPS (cents)</b>	35	-42.62%	61	21.79%	78
Dividend (cents)	10	0.00%	10	0.00%	10
PLIPDECO Year End Financial Data (2003-2005)					
	YE 2005	% Change '04-'05	YE 2004	% Change '03-'04	YE 2003
Turnover	193,171	3.17%	187,230	24.89%	149,918
Gross Profit	132,600	-1.51%	134,635	17.02%	115,056
<b>Unrealized Fair Value Gains</b>	23,030	-20.37%	28,920	31.92%	42,480
Expenses	96,516	7.08%	90,132	20.93%	74,532
<b>Operating Profit</b>	59,114	-19.49%	73,423	11.54%	83,004
Profit Before Taxation	43,326	-24.30%	57,236	10.63%	64,045
Profit for the Period	45,908	-8.17%	49,990	15.05%	58,846
EPS	\$1.16	-7.94%	\$1.26	27.17%	\$1.73
Market Price @ Financial Year End (TT\$)	\$14.50	-32.87%	\$21.60	93.72%	\$11.15
P/E Ratio @ Financial Year End	12.50		17.14		6.45
Dividend	\$0.21	0.00%	\$0.21	0.00%	\$0.21
Dividend Payout Ratio (%)	18.10		16.67		12.14
Dividend Yield (%)	\$1.45		0.97		1.88
Net Asset Value	\$26.86	3.67%	\$25.91	6.45%	\$24.34
Market to Book Ratio	0.54		0.83		0.46
Return on Equity (%)	4.39		5.02		7.02
Return on Assets (%)	3.15		7.29		4.76
Shares Outstanding	39,625,684		39,625,684		39,625,684

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