



C  
O  
M  
P  
A  
N  
Y  
  
U  
P  
D  
A  
T  
E

**LJ Williams Limited**

	<b>LJB</b>
<b>RECOMMENDATION</b>	<b>SELL</b>
<b>Current Price</b>	\$1.32
<b>Earnings Per Share</b>	8 cents
<b>Projected EPS</b>	0 to 5 cents
<b>Dividend Yield (FY 2005)</b>	4.48%
<b>Return on Assets (Avg)</b>	2.21%
<b>Return on Equity (Avg)</b>	3.50%

**Year ended December 31, 2005**

LJ Williams Limited posted Earnings Per Share (EPS) of 8 cents for the year ended December 31, 2005 down 42.87 per cent from 14 cents in 2004. The previous year's earnings however included an exceptional item of \$2.484 million which would have contributed approximately 72 per cent to the Company's Earnings Per Share.

While the Parent Company's core business saw an increase in sales of 8.5 per cent, Movalite's sales declined by 38 per cent resulting in a loss of \$2.100 million for 2005 in part due to the timing of expenses and the booking of sales. Naco Caribbean Limited also experienced a loss for 2005 and was challenged by increases in raw materials and strong competition from extra regional sources.

Revenue therefore increased minimally 0.66 per cent from \$114.041 million in 2004 to \$114.795 million in 2005 with the Company's Trading segment contributing over 67 per cent to Revenue. Cost of Sales increased 2.00 per cent to \$92.336 million leading to a decrease in Gross Profit of 4.48 per cent to \$22.459 million.

Total Operating Income however was up 17.35 per cent to \$28.763 million as Other Operating Income grew 554.44 per cent to \$6.178 million due to the revaluation of the Group's properties. The Group's building at St. Vincent Street was sold during the year. The proceeds of the sale exceeded the revalued amount and accordingly \$3.629 million previously taken to Fair Value and Other Reserves was transferred to Retained Earnings while \$4.775 million was taken to Other Operating Income which relates to the gain on disposal. Other Operating Income in fact, contributed over 21 per cent to Total Operating Income. Pension income rose from \$0.054 million in 2004 to \$0.126 million in 2005.

Though Marketing Expenses decreased 12.68 per cent to \$1.736 million, Total Expenses grew 8.99 per cent to \$24.612 million due to an 11.09 per cent increase in Administrative Expenses. Operating Profit was ultimately up 115.08 per cent to \$4.151 million.

Investment Income was \$0.101 million while Finance Costs increased 21.77 per cent to \$1.337 million though initiatives were taken at the end of 2004 to reduce the Company's Finance Costs. Profit Before Tax fell 18.62 per cent to \$2.915 million (due to the exceptional income in 2004) while the Effective



Tax Rate increased from 4.30 per cent in 2004 to 29.50 per cent in 2005. Profit After Tax fell 40.05 per cent to \$2.055 million with the exceptional income included. Without the Exceptional Income of 2004 the after tax profits would have grown 117.69 per cent. Though this may look favourable, it is important to note that had it not been for the additional Other Operating Income of 2005, the Company would have made a loss.

In 2005, the Company saw some changes in leadership as Mr. Thomas J. Williams moved into the shoes of the Managing Director of the Group while Mr. Paul Williams resigned as Managing Director so that he could focus on Naco Caribbean and Movalite. Naco Caribbean Limited in fact intends to continue expanding its distribution roles in non manufactured products. It will also begin distribution of Evo-Stik adhesives.

At the current price of \$1.32, LJ Williams 'B', given the problems faced in managing its expenses and challenges experienced in some of its subsidiaries, we currently recommend a SELL on this share. The Board has recommended a dividend of 30 cents on Preference Shares, 6 cents on 'B' Shares and 0.6 cents on 'A' shares.

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.