



Flavorite Foods Limited

Results for the Year Ended December 31, 2005

	FFL
RECOMMENDATION	HOLD
Current Price	TT\$5.05
Current Running P/E	9.35 times
Running EPS	54 cents
Projected EPS	62 cents
Dividend Yield	3.03%
Return on Assets	9.03%
Return on Equity	14.07%

Flavorite Foods Limited's strategic plan and efforts to anticipate market conditions through ongoing market research and analysis has brought success for the Company as it reported Earnings Per Share (EPS) of 54 cents which was 20.00 per cent more than 2004's EPS of 45 cents.

Revenue grew 14.79 per cent to \$54.603 million in 2005 from \$47.570 in 2004 while cost of sales increased 18.99 per cent. This lead to an increase in Gross Profit of 11.45 per cent from \$26.485 million to \$29.515 million. The Company's Gross Profit Margin however dropped from 55.67 per cent to 54.06 per cent.

Other Operating Income grew 8.23 per cent to \$1.084 million as Foreign Exchange Gains rose 26.48 per cent to \$0.484 million while Interest Income grew 12.06 per cent to \$0.491 million.

Total Expenses increased 9.64 per cent to \$24.492 million as Administrative Expenses increased 22.11 per cent to \$13.041 million and Other Operating Expenses grew 99.65 per cent to \$0.474 million.

Operating Profit ultimately rose 18.72 per cent to \$6.108 million with the Company's Operating Profit Margin moving from 10.82 per cent to 11.19 per cent. Finance costs decreased 5.94 per cent to \$0.055 million. Flavorite's effective tax rate decreased minimally from 30.83 per cent to 30.12 per cent. The Group's Profit After Tax rose 20.21 per cent to \$4.230 million.

Going into 2006, Flavorite is continuing its product development in order to further enhance its position in the market-place. In addition, Flavorite is now ISO 9001-2000 compliant and the maintenance of these standards would aid in any development of extra-regional relationships.



Equity Research

May 12, 2006

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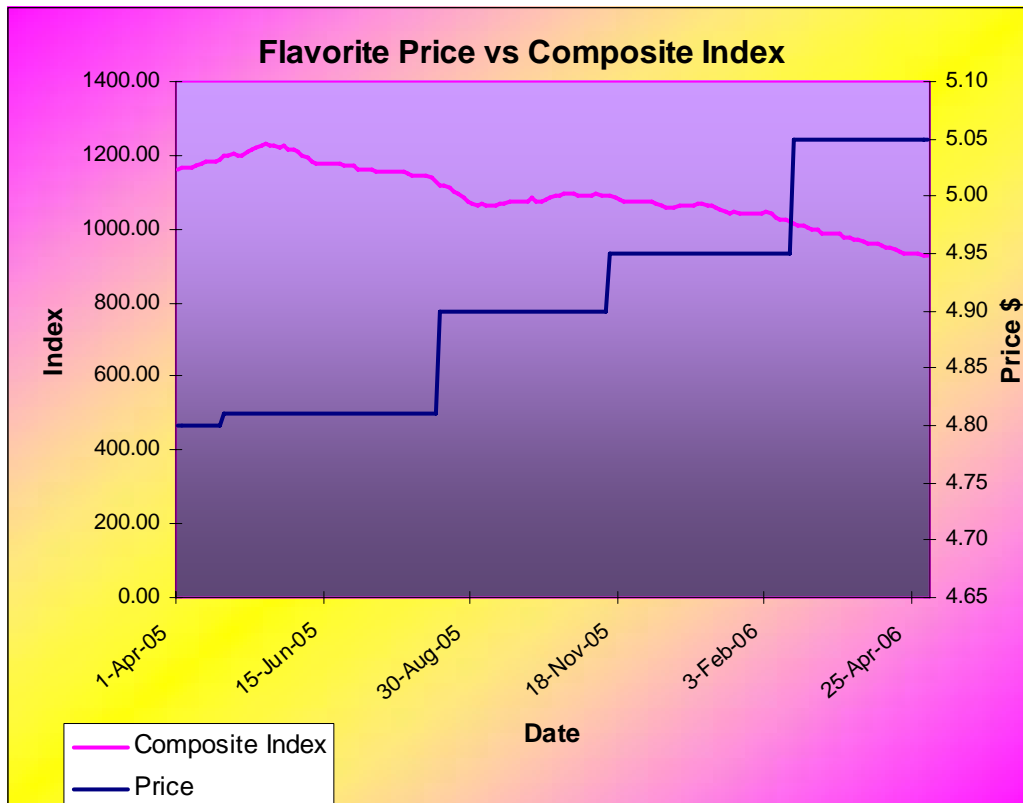
At the current price of \$5.05, Flavorite is trading at a price/earnings ratio of 9.35. This would suggest some room for movement within a 10 to 12 multiple. Approximating 15 per cent growth (approximately 62 cents) for next year, would suggest a price of \$6.20. However, given the fact that the majority of these shares (approximately 85 per cent) are held by a few shareholders, there may be very little movement in the share price due to the unavailability of shares.



Figure 1



Figure 2





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Year End Sep 30	F.Y 2003	F.Y 2004	F.Y 2005
Profit Before Tax \$M	4.6	5.1	6.1
% Change Per Period	14%	11%	19%
Profit After Tax \$M	3.2	3.5	4.2
% Change Per Period	24%	9%	20%
Profit Attributable to Shareholders JCA\$M	3.2	3.5	4.2
% Change Per Period	24%	9%	20%
EPS	41	45	54
% Change Per Period	24%	10%	20%
Price / Earnings Multiple	8.8	10.1	9.17
Dividend per Share	13	13	15
Dividend Payout Ratio %	32%	29%	27.8%
Dividend Yield %	3.6%	2.9%	3.0%
Net Asset Value	\$3.13	\$3.45	\$3.87
Market to Book	1.2	1.3	1.3
Shares Outstanding '000	7,778	7,778	7,778

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