

One Caribbean Media Limited (OCM)

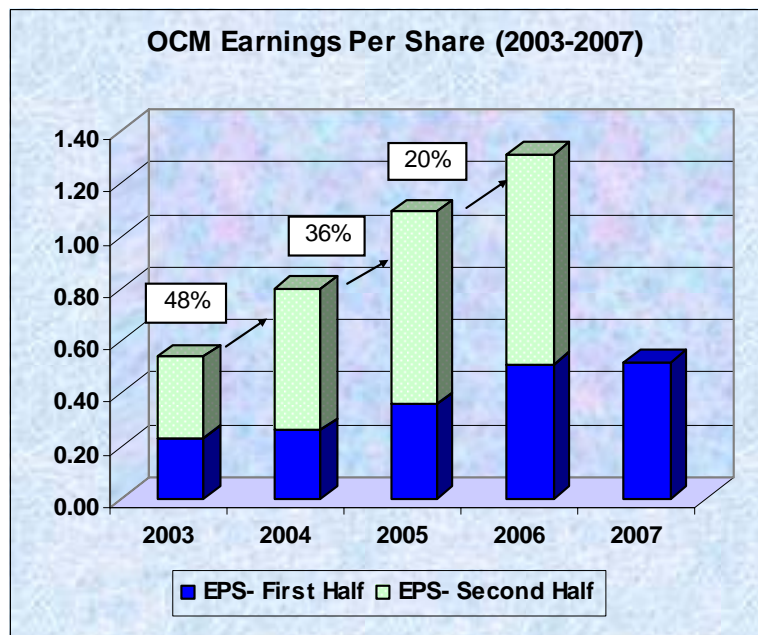
	OCM
RECOMMENDATION	HOLD
Current Price	\$18.50
Running EPS	\$1.32
Projected EPS	\$1.40
P/E at Projected EPS	13.21 times
Dividend Yield at Estimated Dividend	4.16 per cent
Return on Assets	9.53 per cent
Return on Equity	11.47 per cent

Results for the Half Year Ended June 30, 2007

Earnings Per Share

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. **Figure 1** below shows OCM's EPS over the period 2003 to 2007.

Figure 1





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Financials

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.

Table 1 shows OCM's Half Year Financials over the period to 2006 to 2007

Table 1

One Caribbean Media Limited - Half Year Financial Results				
	HY 30JUN07 TT\$ '000	\$ Change '06-'07	% Change '06-'07	HY 30JUN06 TT\$'000
Sales	218,938	16,894	8.36%	202,044
Cost of Sales	(148,148)	-22,638	18.04%	(125,510)
Gross Profit	70,790	-5,744	-7.51%	76,534
Administrative Expenses	(25,514)	460	-1.77%	(25,974)
Marketing Expenses	(2,148)	3,041	-58.60%	(5,189)
Operating Profit	43,228	-2,143	-4.72%	45,371
Dividend Income	120	120	0.00%	0
Interest Income	3,152	3,152	0.00%	0
Finance Costs	(454)	-190	71.97%	(264)
Share of Profit in Associate Co's.	0	0	0.00%	0
Profit Before Taxation	46,046	939	2.08%	45,107
Taxation	(11,567)	-243	2.15%	(11,324)
Profit After Taxation	34,479	696	2.06%	33,783
Minority Interest	221	-71	-24.32%	292
Group Profit Attributable to Shareholders	34,258	767	2.29%	33,491
EPS ESOP	\$0.52	\$0.01	1.96%	\$0.51



Table 2 shows OCM's Audited Year End Financials over the period 2004 – 2006.

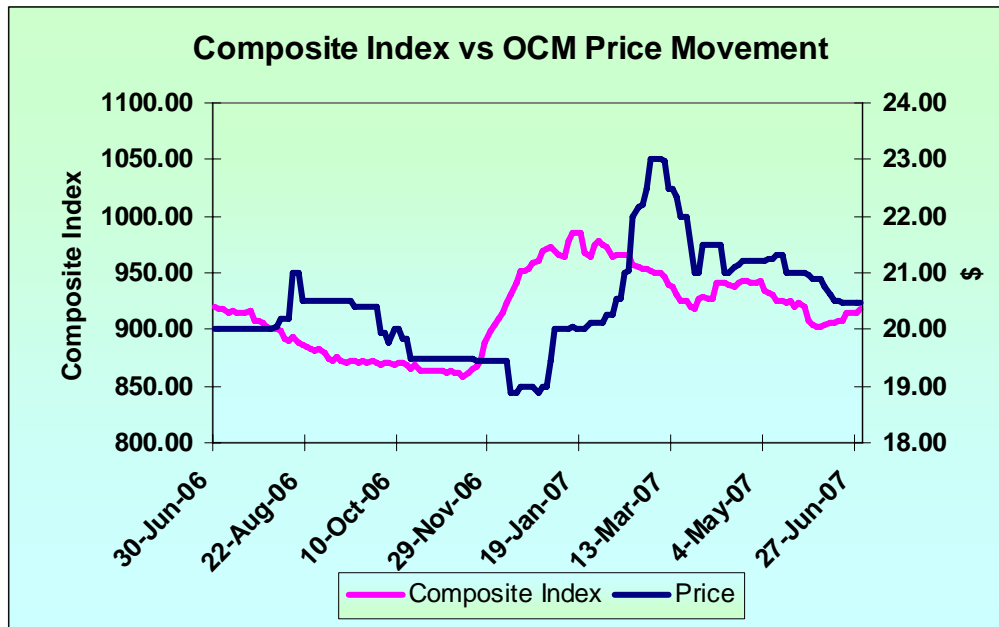
Table 2

One Caribbean Media Limited – Year End Financial Results					
	YE 31DEC06 TT\$ '000	Change	YE 31DEC05 TT\$ '000	Change	YE 31DEC04 TT\$ '000
Sales	447,862	105.80%	217,615	19.75%	181,719
Cost of Sales	-269,290	79.77%	-149,799	12.65%	-132,982
Gross Profit	178,572	163.32%	67,816	39.15%	48,737
Administrative Expenses	-61,642	380.08%	-12,840	10.64%	-11,605
Marketing Expenses	-3,921	67.49%	-2,341	15.43%	-2,028
Operating Profit	113,009	114.70%	52,635	49.94%	35,104
Dividend Income	65	80.56%	36	-29.41%	51
Interest Income	2,969	74.34%	1,703	233.92%	510
Finance Costs	-1,051	120.54%	5,117	626.98%	-971
Share of Profit in Associate Co's.	645	-89.88%	6,371	8.70%	5,861
Profit Before Taxation	115,637	75.57%	65,862	42.30%	46,285
Taxation	-28,772	91.81%	-15,000	51.24%	-9,918
Profit After Taxation	86,865	70.79%	50,862	39.86%	36,367
Minority Interest	250	-51.92%	520	15.30%	451
Group Profit Attributable to Shareholders	86,615	72.05%	50,342	36.73%	36,818
EPS - basic	1.46	12.31%	1.30	28.71%	\$1.01
EPS-ESOP	1.31	20.18%	1.09	36.25%	\$0.80
Market Price @ Financial Year End	\$ 18.99	-2.11%	\$ 19.40	84.76%	\$ 10.50
P/E Ratio @ Financial Year End	14.50		17.80		13.13
Dividend	0.72	20.00%	0.60	36.36%	0.44
Dividend Payout Ratio (%)	54.96%		55.05%		55.00%
Dividend Yield (%)	3.79%		3.09%		4.19%
Net Asset Value	\$ 9.02	112.24%	\$ 4.25	24.63%	\$ 3.41
Market to Book Ratio	2.11		4.56		3.08
Return on Equity (%)	21.88		28.43		26.21
Return on Assets (%)	17.53		20.15		17.76
Shares Outstanding	66,215,683	43.19%	46,242,285	1.01%	45,781,129

Share Price

Over the period June 2006 to June 2007, OCM's share price was fairly volatile. For the 52-week period, the share price saw a low of \$18.90 on December 12, 2006 and a high of \$23.00 on February 28, 2007. The share subsequently closed the period at \$20.47. **Figure 2** below shows the share price movement of OCM versus the Composite Index over the period June 2006 to June 2007.

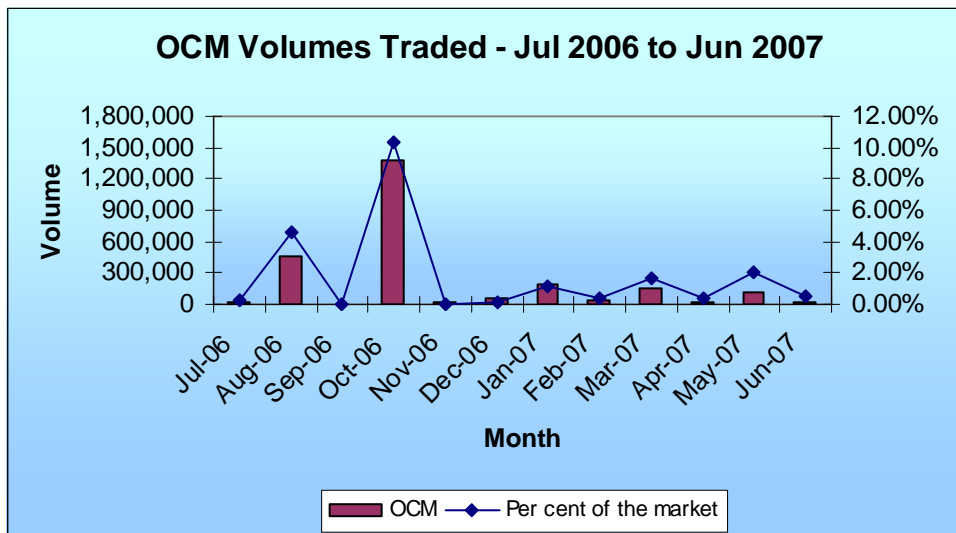
Figure 2



Volumes

OCM saw light trading over the period July 2006 to June 2007 as volumes traded were generally less than 5 per cent of the market, with the exception of October 2006. For the 52-week period, a total of 2,498,976 shares crossed the floor with October 2006 being the most active as 1,376,059 shares changed ownership. September 2006 was the slowest month with 1,500 shares changing hands. October 2006 saw the largest percentage (10.32 per cent) of OCM shares traded in relation to the rest of the market while September 2006 saw the lowest percentage traded (0.04 per cent) (See Figure 3)

Figure 3





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Dividends

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

Outlook & Recommendation

The Chairman has also stated that following the signing of the share purchase agreement on April 30, 2007 with Cumulus Media Inc for the acquisition of five radio stations across the Eastern and Southern Caribbean, all appropriate regulatory consents and authorization for the ownership change of the relevant broadcast licenses have been applied for. The necessary approvals are expected during the third quarter.

OCM is currently trading at a price of \$18.50. In light of the flat results we are revising 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 13.21 times. At this time, we recommend a **HOLD**.

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