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COMPANY UPDATE

Prestige Holdings Limited (PHL)

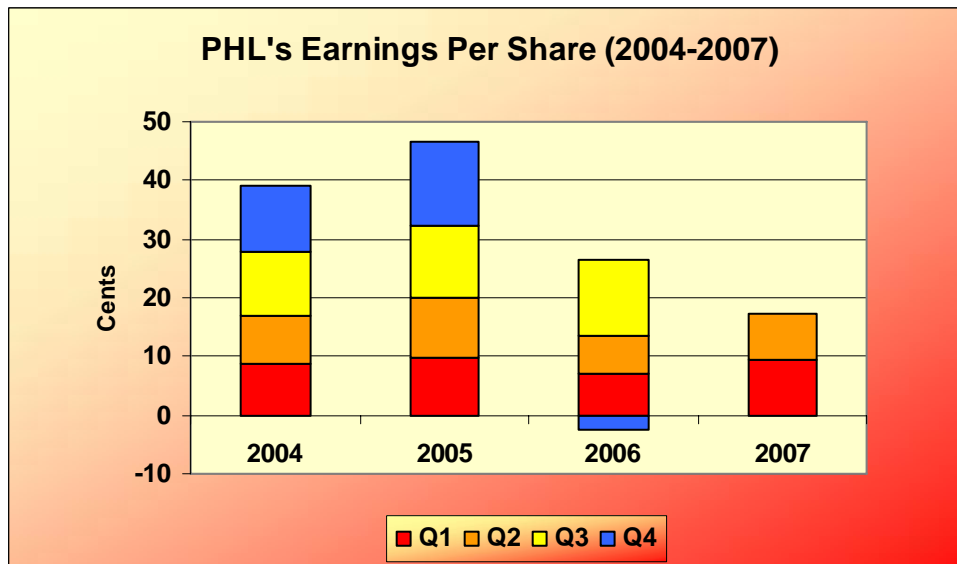
	PHL
RECOMMENDATION	HOLD
Current Price	\$5.76
Running EPS	\$0.28
Projected EPS	\$0.45
P/E at Projected EPS	12.80 times
Dividend Yield @ Estimated Dividend	3.47%
Return on Assets	6.14%
Return on Equity	20.15%

Results for the Half Year Ended May 31, 2007

Earnings Per Share

For the Half Year Ended May 31, 2007, Prestige Holdings Limited (PHL) reported Earnings Per Share (EPS) of 17.3 cents which was up on the comparable Half Year period in 2006 by a significant 29.10 per cent. Q207 on Q206, this figure was up by 20.31 per cent. However, it is important to note that the Group's Sales had suffered significantly in the first half of 2006 due to media coverage of the Aspergillosis fungus at a small poultry farm in Cumuto. Thus, this should be taken into consideration when comparing figures Half Year on Half Year. Q207 on Q107, the EPS was down 20.62 per cent from 9.7 cents to 7.7 cents. **Graph 1** below shows the quarterly EPS for PHL over the period 2004-2007.

Graph 1





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Financials

Sales for the period under review amounted to \$317.04 million compared to \$280.86 million for HY06- an increase of 12.88 per cent. Cost of Sales increased by a similar margin, up 12.80 percent from \$190.40 million (HY06) to \$214.78 million (HY07). Consequently, Gross Profit for the half year amounted to \$102.26 million, up 13.05 per cent or \$11.81 million on the same period in the last financial year.

Operating Restaurants Expenses for HY07 was \$82.42 million compared to \$72.10 million in HY06- an increase of 14.31 per cent. Thus the Group's Operating Restaurants Profit totaled \$19.84 million, an increase of 8.10 per cent or \$1.49 million on the corresponding period in FY06. Net Finance costs were up a marginal 2.92 per cent from \$5.69 million in HY06 to \$5.86 million in the period under review. As a result, Profit Before Taxation from Operating Restaurants stood at \$13.96 million, up 10.43 per cent on HY06. Q207 on Q107, this figure was down by a significant 22.80 per cent from \$7.89 million to \$6.09 million.

The Effective Tax Rate for the Period under review was 33.06 per cent compared to a Tax Rate of 34.35 per cent for the same period in FY06. Ultimately, Profit After Taxation was \$9.36 million, an increase of 25.45 per cent on the same figure for HY06.

See Table 1 for PHL's Financial Data Comparison for Half Year 06 and 07; and Q2 06 and 07.

Table 1

Prestige Holdings Limited Financial Data Comparison (Half Year 06/07 and Q2 06/07)								
	HY07 \$'000	Change HY07 on HY06 \$'000	Change HY07 on HY06 %	HY06 \$'000	Q2 '07 \$'000	Change Q207 on Q206 \$'000	Change Q207 on Q206 %	Q2 '06 \$'000
Sales	317,041	36,183	12.88%	280,858	158,563	17,318	12.26%	141,245
Cost of Sales	(214,782)	-24,378	12.80%	(190,404)	(107,343)	(11,963)	12.54%	(95,380)
Gross Profit	102,259	11,805	13.05%	90,454	51,220	5,355	11.68%	45,865
Operating Restaurants Expenses	(82,415)	-10,318	14.31%	(72,097)	(42,342)	(5,384)	14.57%	(36,958)
Operating Restaurants Profit	19,844	1,487	8.10%	18,357	8,878	(29)	-0.33%	8,907
Finance Costs-net	(5,859)	-166	2.92%	(5,693)	(2,785)	526	-15.89%	(3,311)
Profit Before Taxation from Operating Restaurants	13,985	1,321	10.43%	12,664	6,093	497	8.88%	5,596
Pre-Opening Expenses	0	1,297	-100.00%	(1,297)	0	42	100.00%	(42)
Profit Before Taxation	13,985	2,618	23.03%	11,367	6,093	539	9.70%	5,554
Taxation	(4,624)	-719	18.41%	(3,905)	(2,205)	(413)	23.05%	(1,792)
Profit After Taxation	9,361	1,899	25.45%	7,462	3,888	126	3.35%	3,762
Attributable to:								
Equity Holders of the Company	10,782	2,404	28.69%	8,378	4,776	802	20.18%	3,974
Minority Interests	(1,421)	-505	55.13%	(916)	(888)	(676)	318.87%	(212)
EPS (Basic) cents	17.60	3.80	27.54%	13.80	7.80	1.30	20.00%	6.50
EPS (Diluted) cents	17.30	3.90	29.10%	13.40	7.70	1.30	20.31%	6.40



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See Table 2 for PHL's Year End Financial Data Comparison over the period 2003-2006.

Table 2

Prestige Holdings Limited Financial Data Comparison (Year End 2003-2006)							
	YE 2006 \$'000	% Change '05 -'06	YE 2005 \$'000	% Change '04 -'05	YE 2004 \$'000	% Change '03 -'04	YE 2003 \$'000
Sales	583,225	6.35%	548,427	17.58%	466,438	18.50%	393,635
Cost of Sales	(396,101)	7.12%	(369,786)	20.13%	(307,814)	14.11%	(269,747)
Gross Profit	187,124	4.75%	178,641	20.20%	148,624	19.97%	123,888
Operating Restaurants Expenses	(152,645)	19.48%	(127,755)	20.28%	(106,216)	16.99%	(90,787)
Operating Restaurants Profit	34,479	32.24%	50,886	19.99%	42,408	28.12%	33,101
Finance Costs-net	(10,606)	19.36%	(8,886)	2.37%	(8,680)	-23.92%	(11,409)
Profit Before Taxation from Operating Restaurants	23,873	43.16%	42,000	24.53%	33,728	55.49%	21,692
Pre-Opening Expenses	(2,397)	74.84%	(1,371)	***	-	***	-
Equity settled arrangements	***		(1,259)	69.45%	(743)	***	-
Profit Before Taxation	21,476	45.45%	39,370	19.36%	32,985	52.06%	21,692
Taxation	(9,218)	10.23%	(10,268)	-5.59%	(10,876)	41.61%	(7,680)
Profit After Taxation	12,258	57.88%	29,102	31.63%	22,109	57.79%	14,012
Diluted Earnings per Share (Cents)	23.90	48.54%	46.44	18.80%	39.09	41.12%	27.70
Market Price @ Financial Year End	\$5.50	53.39%	\$11.80	34.09%	\$8.80	120.00%	\$4.00
P/E Ratio @ Financial Year End	23.01		25.41		22.51		14.44
Dividend (Cents)	15.00	28.57%	21.00	12.50%	24.00	33.33%	18.00
Dividend Payout Ratio (%)	62.76%		45.22%		61.40%		64.98%
Dividend Yield	2.73%		1.78%		2.73%		4.50%
Net Asset Value	\$1.49	0.00%	\$1.49	23.14%	\$1.21	22.22%	\$0.99
Market to Book Ratio	3.69		7.92		7.27		4.04
Return on Equity	17.73%		38.49%		37.84%		30.62%
Return on Assets	5.17%		11.25%		9.87%		6.60%
Shares Outstanding	60,950,000		60,950,000		60,950,000		60,500,000

The Chairman gave the following synopsis of the Company's Brands:

KFC Operations

The 49 restaurants in Trinidad and Tobago continue to perform well in sales and profitability; however there is a continuous challenge of rising costs and labour shortages at the restaurant level. The 11 units in the Dominican Republic had good sales and reasonable profits in the half year, but have also been experiencing rising costs in recent months. This is being addressed at all levels.

T.G.I. FRIDAY'S

The 3 restaurants in Trinidad were profitable and upon completion of image enhancements to the restaurants in Port of Spain and Chaguanas, it is anticipated that performances will be improved. Completion is expected in the current quarter. There was strong growth in sales and profitability in Santo



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Domingo, Dominican Republic. The second restaurant in Santiago will be completed in the next financial year due to construction delays. Jamaica continued to deliver improved sales and earnings. However, in Puerto Rico the economy is severely challenging for the casual dining sector and as a result the 3 T.G.I restaurants have suffered significant losses. The Company has been investing heavily on improving the management and service at all levels and in April 2007 launched a marketing initiative to increase market share. PHL is closely monitoring the condition of that economy and the performance of the business. The first restaurant in Barbados is scheduled to open in August 2007.

OTHER BRANDS (Pizza Hut, Long John Silver's and TCBY)

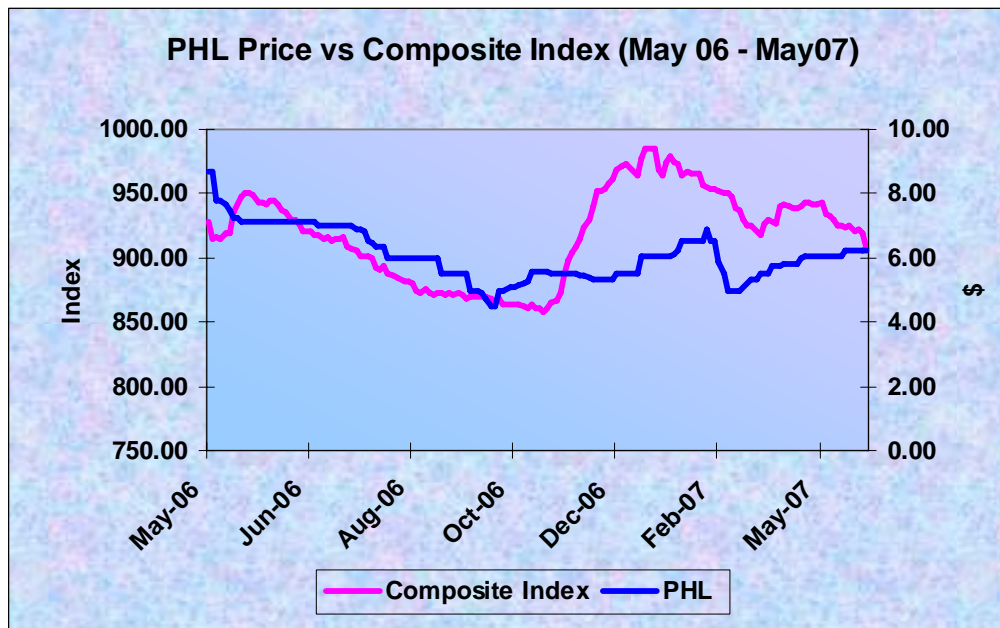
The 7 Pizza Hut Restaurants performed significantly better than in the same period of 2006 and an eight restaurant is scheduled to open at Chin Chin Junction, Cunupia in the third quarter. Long John Silver's in Gulf City Mall experienced improved sales and the two restaurants are expected to be profitable in the second half of FY07. TCBY is also expected to see an improved performance in the second half year.

The Chairman has also stated the majority of the businesses are performing better than in 2006 and that barring any unforeseen adverse events, the Company is expected to see improved profits for 2007.

Share Price

Over the period May 2006 to May 2007, PHL's share price was fairly volatile. The share started the period at a high of \$8.67 and reached as low as \$4.52 on October 13, 2006 before ending May 2007 at \$6.20. **Graph 2** below shows PHL's Share Price movement versus the Composite Index over the period May 2006 to May 2007.

Graph 2





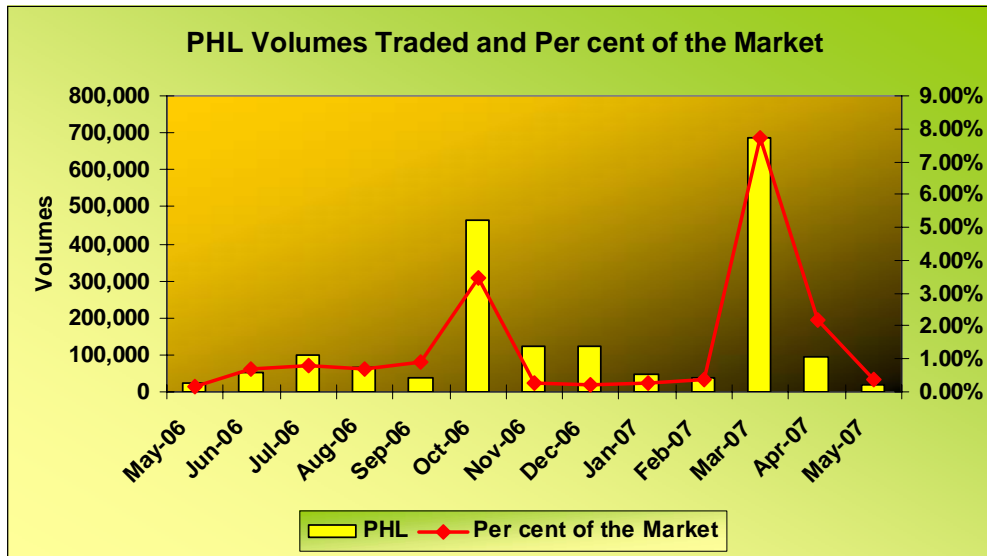
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Volumes

Over the period May 2006 to May 2007, PHL saw 1,875,823 shares cross the floor on the local market. March 2007 saw the largest volumes traded as 686,251 shares changed hands, while May 2007 saw the least activity as 21,185 shares traded. March 2007 also saw the largest percentage (7.72 per cent) of shares traded in relation to the rest of the market, while May 2006 saw the lowest percentage (0.15 per cent) of all trades. (See Graph 3)

Graph 3



Recommendation

PHL last closed at a price of \$5.76 on the local exchange. We are maintaining our forecast of 45 cents for FY07. At the current price and forecasted EPS, these shares are trading at a price to earnings multiple of approximately 13 times. Given that this share usually trades within the band of 12 to 15 times we continue to recommend a **HOLD** at this time.

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