

Point Lisas Development Corporation Limited(PLIPDECO)

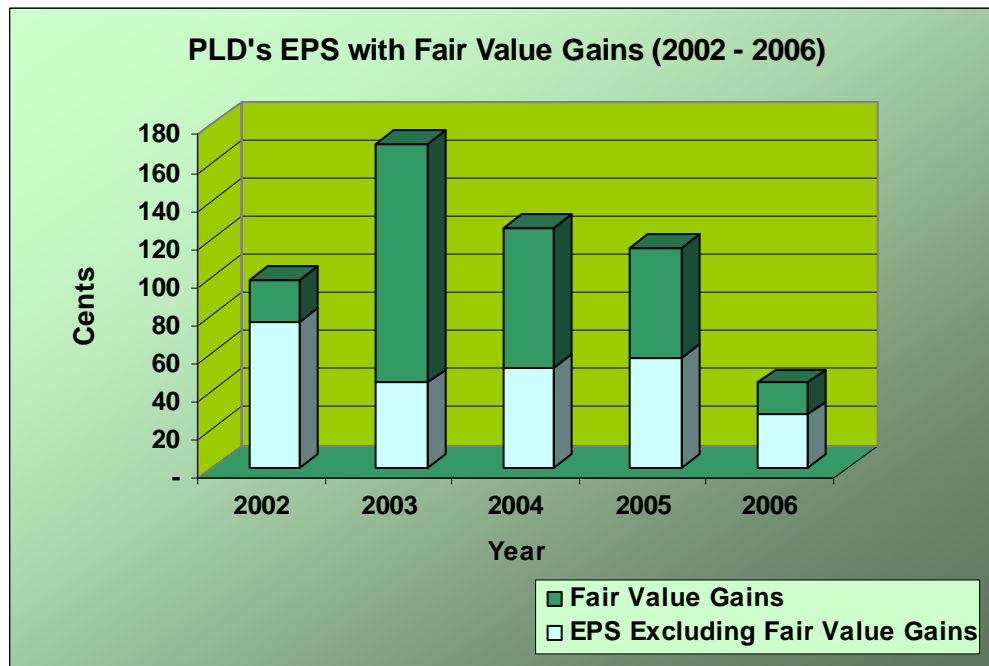
	PLD
RECOMMENDATION	SELL
Current Price	\$6.98
Running Earnings Per Share	\$0.62
Forecasted Earnings Per Share	\$0.55
P/E at Projected EPS	12.69 times
Dividend Yield	3.01%
Return on Assets	1.60%
Return on Equity	2.23%

Results for the Nine Months Ended September 30, 2006

Earnings Per Share

For the Nine Months ended September 30, 2006 PLIPDECO (PLD) reported Earnings Per Share (EPS) of \$0.45, which represents a significant fall of \$0.54 or 54.55 per cent on the comparative EPS in 2005. This was largely due to: a considerable fall in Fair Value Gains and a significant increase in the tax charge. Over the last three financial years (2003-2005) Fair Value Gains has been the major component of EPS for PLD. For the Nine Month period under review, Fair Value Gains represent approximately 38 per cent of the total EPS. The financial year ended 2002, was the only year over the period 2002 to date where core operations made up the major part of earnings. (See Graph 1)

Graph 1





Financials

Nine Months on Nine Months, Fair Value Gains which relates to the valuation of investment properties fell by 54.71 per cent or \$8.22 million to \$6.81 million. This is in accordance with IAS 40; additionally the Chairman has stated that he expects the current valuation to remain flat to year end 2006. While the Company's Taxation moved from a credit of \$3.27 million in 2005 to a charge of \$3.57 million in 2006. This change was due to the Company benefiting from a reduction in the Corporate Tax Rate from 30 per cent to 25 per cent in 2005.

Turnover for the period under review amounted to \$151.57 million and was up by a marginal 4.50 per cent over 2005, in comparison to Investment Income which was up by a significant 44.40 per cent to end at \$4.91 million. However, for the three months ended September 30, 2006 Turnover amounted to \$53.72 million and was up by 18.64 per cent on the same period in 2005, while Investment Income for Q3 2006 was down by 91.91 per cent or \$1.09 million on Q3 2005.

Operating Profit for the Nine Months stood at \$35.08 million and was down by 26.55 per cent when compared to the same period last year. A considerable increase in Finance Costs was also responsible for the decline in overall profits as this figure moved from \$15.03 million to \$18.52 million, an increase of 23.18 per cent. The Chairman has attributed the increase in this cost to major projects, which included the development of a 4.5 hectare container yard completed in June 2006 and the ongoing implementation of the Navis Terminal Operating System. Nine Months on Nine Months, Profit Before Taxation fell by a considerable 40.57 per cent to \$21.47 million.

The Effective Tax Rate for the period under review was 16.65 per cent compared to a Tax credit of 9.04 per cent for the same period in 2005. Thus, Profit After Taxation for the Nine Months stood at \$17.90 million, down by 54.57 per cent or \$39.39 million on the corresponding period in 2005.

Table 1 shows PLIPDECO's Financial Data Comparison for the Nine Months 2006 & 2005 and Q3 2006 & 2005

Table 1

PLIPDECO Financial Data Nine Months and Q3 2005-2006						
	Nine Months 2006 \$'000	Nine Months % Change 05 - 06	Nine Months 2005 \$'000	Q3 2006 \$'000	Q3 % Change 05 - 06	Q3 2005 \$'000
Turnover	151,570	4.50%	145,039	53,724	18.64%	45,284
Fair Value Gains	6,805	-54.71%	15,025	5	***	0
Operating Profit	35,075	-26.55%	47,755	9,031	-33.82%	13,647
Investment Income	4,908	44.40%	3,399	96	-91.91%	1,186
Finance Costs	(18,514)	23.18%	(15,030)	(4,531)	-16.89%	(5,452)
Profit Before Taxation	21,469	-40.57%	36,124	4,596	-51.01%	9,381
Taxation	(3,574)	***	3,265	(892)	-115.21%	5,865
Profit After Taxation	17,895	-54.57%	39,389	3,704	-75.71%	15,246
EPS (cents)	45	-54.55%	99	9	-76.32%	38



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Table 2 shows PLIPDECO's Financial Data Comparison for the financial period 2003-2005

Table 2

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
Unrealized Fair Value Gains	23,030	20.37%	28,920	31.92%	42,480
Expenses	96,516	7.08%	90,132	20.93%	74,532
Operating Profit	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

Share Price

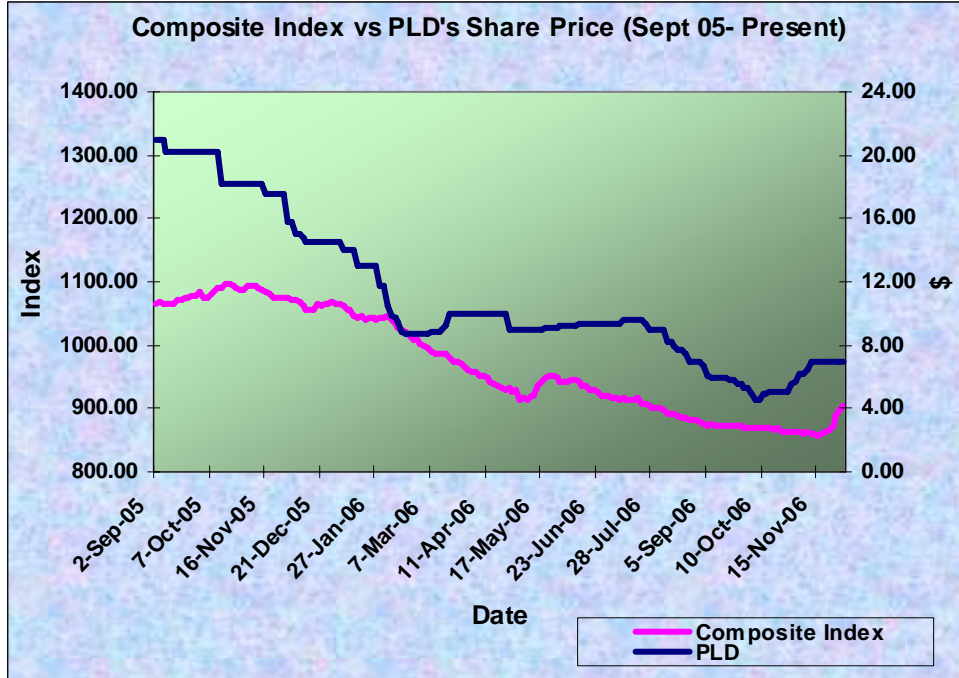
On September 5, 2005 the share price of PLD saw a high of \$21.00 and this price held its ground for about three days before it began its slow but steady descent. After descending for about five months, the price traded in the range of \$9.00 to \$10.00 over the period March 2006 to August 2006. The price then continued its descent on from August 9, 2006 and reached a low of \$4.50 on October 4, 2006. Since its low, the price has regained some momentum and last closed at a price of \$6.98 on December 6, 2006. (See Graph 2)



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Graph 2



Outlook & Recommendation

The Chairman has stated that the Board is working with management to strengthen the performance of the Company and changes are already underway in this regard. However, he has also noted that these efforts are not expected to significantly improve the performance of PLIPDECO for the rest of this year.

The shares of PLIPDECO are currently trading at a price of \$6.98. In light of the current results and the expectations for the next quarter, we are revising our Forecasted EPS downwards to \$0.55. At the current price and the revised Forecasted EPS, the shares of PLD are trading at a P/E multiple of 12.69 times. This multiple is significantly higher than the band in which this share usually trades of 5 to 9 times. Thus, given these fundamentals, we recommend a SELL on this share.

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