

Trinidad Publishing Company Limited

	<u>PUB</u>
RECOMMENDATION	BUY
Current Price	\$18.50
Running EPS	\$1.09
Projected EPS	\$1.30
P/E at Projected EPS	14.23 times
Dividend Yield	2.16 per cent
Return on Assets	19.05 per cent
Return on Equity	23.73 per cent

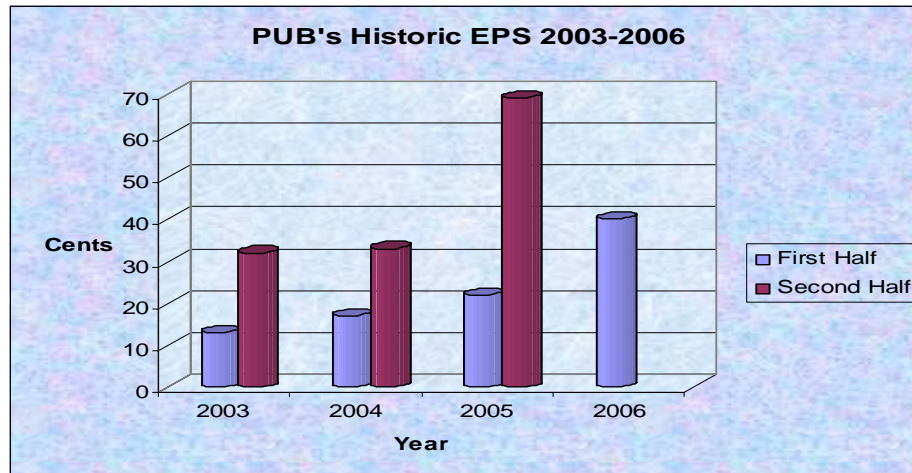
Results for the Half Year Ended June 30, 2006

Earnings Per Share

Trinidad Publishing Company (PUB) reported stellar results for the half year ended June 30 2006 as its Earnings Per Share (EPS) grew 81.82 per cent from 22 cents to 40 cents. According to the Managing Director, the commendable performance of the Company was attributable to increased market demand based on a buoyant economy, strong brands across the three divisions of the Company, improved operational efficiency and effective business strategies. He added that the Company's network capacity houses a key advantage in a crowded market with fragmented audiences.

As can be seen from the graph, PUB's first half EPS has been steadily increasing over the past three years. In addition, the second half is usually the more profitable period for the Company. In fact, last year was one of the most successful second half periods for the Company with Earnings Per Share reaching 69 cents. This year, we are expecting second half earnings of approximately 90 cents.

Figure 1





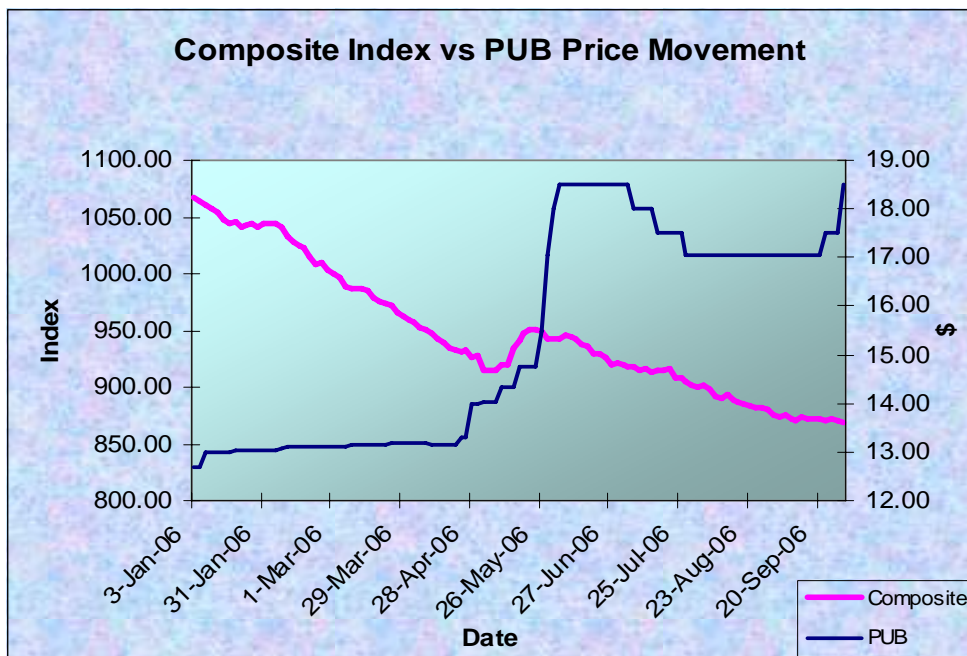
Financials

Turnover increased 46.81 per cent to \$77.846 million while Income before Taxation rose 68.48 per cent to \$20.846 million. The Effective Tax Rate declined from 27.43 per cent in 2005 to 23.81 per cent in 2006. Ultimately, the Company's after tax profits grew 76.88 per cent to \$15.882 million driven by its Guardian operations.

Share Price

As can be seen from Figure 2, PUB's price has not followed the downward trend of the index. The price was at first slow to react to the good results produced at year end but eventually climbed to a high of \$18.50 before settling at \$17.00. The price once again advanced from this price in the latter half of September to close the month at \$18.50. Publishing is incidentally the biggest price appreciator for the first nine months of the calendar year.

Figure 2



Volumes

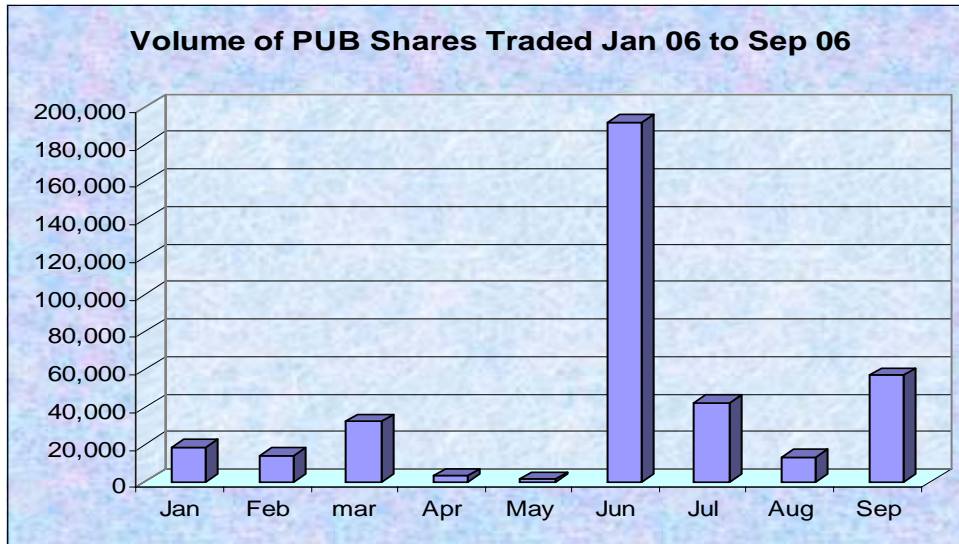
Activity in this share has been relatively low for the past nine months with the exception of June (See Figure 3). The majority of the shares trading in June however occurred on one trading day. It is also interesting to note that PUB's price appreciation from \$14.00 to \$17.05 (21.79 per cent) took place over the activity of 1,422 shares. This could be due to the fact that over 65 per cent of the Company's issued share capital is held by substantial interests and so small volumes are able to easily influence the price.

Figure 3



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Dividends

An interim dividend of 15 cents will be paid on November 3, 2006. The ex-dividend date for the share is October 19, 2006. We are forecasting total dividends of 40 cents for the fiscal year. This translates to a payout ratio of approximately 30 per cent and a dividend yield of 2.16 per cent.

Recommendation

From these results, once this momentum is sustained it is evident that PUB will be heading for a successful year end. In addition, the Company is now in its second half year which is usually much better than the first in part as a result of heavy advertising in relation to the upcoming Christmas season.

In light of these results therefore, we are forecasting a year end EPS of \$1.30. At the current price of \$18.50 and this forecasted EPS, PUB is trading at a price/earnings ratio of 14.23 times. Considering that this is the lower end of the range at which it usually trades, we currently recommend a BUY on this share.



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Figure 4

Trinidad Publishing Limited - Half Year Results (2004-2006)					
	HY 2006 \$'000	Change HY 05- HY 06	HY 2005 \$'000	Change HY 04- HY 05	HY 2004 \$'000
Turnover	77,846	46.81%	53,025	12.52%	47,125
Income Before Taxation	20,846	68.48%	12,373	30.01%	9,517
Taxation	4,964	46.26%	3,394	20.40%	2,819
Income After Taxation	15,882	76.88%	8,979	34.05%	6,698
EPS (cents)	40	81.82%	22	29.41%	17
Dividend (cents)	15	25.00%	12	33.33%	9
Trinidad Publishing Limited - Audited Year End Financials (2004-2006)					
	YE 2005	% Change '04-'05	YE 2004	% Change '03-'04	YE 2003
Turnover	122,021	23.11%	99,118	9.66%	90,387
Income Before Taxation	48,509	74.86%	27,741	7.17%	25,884
Taxation	12,123	58.31%	7,658	-1.67%	7,788
Net Income	36,386	81.18%	20,083	10.98%	18,096
EPS	\$0.91	82.00%	\$0.50	11.11%	\$0.45
Market Price @ Financial Year End (TT\$)	\$13.00	30.00%	\$10.00	44.72%	\$6.91
P/E Ratio @ Financial Year End	14.29		20.00		15.36
Dividend	\$0.32	14.29%	\$0.28	12.00%	\$0.25
Dividend Payout Ratio (%)	35.16		56.00		55.56
Dividend Yield (%)	\$2.46		2.80		3.62
Net Asset Value	\$3.35	22.26%	\$2.74	9.16%	\$2.51
Market to Book Ratio	3.88		3.65		2.75
Return on Equity (%)	29.87		19.11		19.00
Return on Assets (%)	24.56		15.77		16.47
Shares Outstanding	40,000,000		40,000,000		40,000,000

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