

**The Barbados Shipping & Trading Company Limited (BS&T)**

*All figures quoted in Barbados Dollars unless otherwise stated*

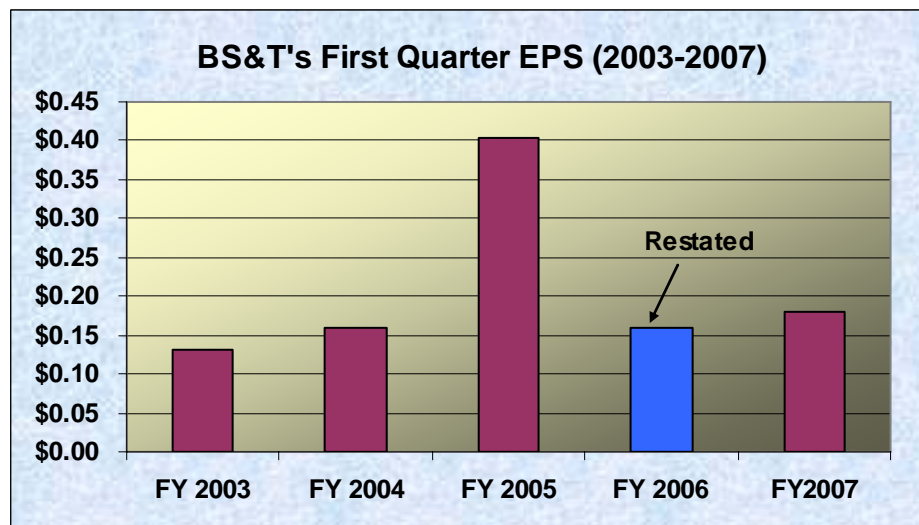
<u>SYMBOL</u>	<u>BST</u>
<b>RECOMMENDATION</b>	<b>BUY</b>
<b>Current Price</b>	<b>TT\$16.51</b>
<b>Running EPS</b>	<b>\$0.50</b>
<b>Projected EPS</b>	<b>TT\$1.56</b>
<b>P/E at Projected EPS</b>	<b>10.58 times</b>
<b>Dividend Yield</b>	<b>3.63%</b>
<b>Return on Assets</b>	<b>6.03%</b>
<b>Return on Equity</b>	<b>10.92%</b>

*Results for the First Quarter Ended December 31, 2006*

***Earnings Per Share***

For the First Quarter Ended December 31, 2006 the Barbados Shipping & Trading Company Limited (BS&T) reported Earnings Per Share (EPS) of \$0.18 which was up by 2 cents or 12.50 per cent on the comparable first quarter of FY 2006. **Graph 1** below shows the first quarter EPS performance of BS&T over the period FY2003 to FY2007. As can be seen clearly, Q1-FY2005 showed an exceptional EPS of \$0.40; however this was primarily the result of an unrealized mark to market gain of \$21.275 million from BS&T's shareholding in Neal & Massy Holdings Limited. Also important to mention is the fact that Q1-FY2006 has been restated in accordance with IAS39 (Revised), such that: an unrealized gain of \$8.2 million in the quarter under review in respect of Investments Available Sale has been recorded in Capital Reserves and is not reflected in the Income Statement. Thus, the results for Q1-FY2006 have been restated so as to exclude any such unrealized gains or losses. (See **Graph 1**)

**Graph 1**





West Indies Stockbrokers Ltd.  
1<sup>st</sup> Floor, Albion Plaza,  
22-24 Victoria Avenue,  
Port of Spain.  
Tel: 625-9473; Fax: 627-5002

Equity Research Team  
Sreshtha Tewari (Ext 2225)  
[sreshthat@wisett.com](mailto:sreshthat@wisett.com)  
Gia Singh (Ext 2264)  
[gias@wisett.com](mailto:gias@wisett.com)

### Financials

Revenue for the three month period under review amounted to \$205.80 million and was up by 8.87 per cent or \$16.77 million on the corresponding period in 2005. The Directors have noted that Group Operating Profit grew by almost 16 per cent to \$18.55 million and said that this reflects continued improvement in the Group's core operations.

For the period under review, Interest Expense amounted to \$3.26 million and this was up by a significant 13.62 per cent from \$2.87 million in the comparable period last financial year. Other Expenses also rose, moving from \$0.14 million in Q1-FY2006 to \$0.20 million in Q1-FY2007, an increase of 44.20 per cent.

Profit before Taxation (Parent Company and Subsidiaries) stood at \$15.09 million and was up by a noteworthy 15.54 per cent from \$13.02 million in Q1-FY2006. The Effective Tax Rate for the period under review was 9.71 per cent compared to a Tax Rate of 9.66 per cent in the corresponding quarter in FY2006. Thus, Profit After Taxation amounted to \$14.52 million and was up by 14.95 per cent or \$1.89 million on the comparable quarter in FY2006.

Net Income After Tax- Associated Companies showed a small increase of 2.71 per cent (Q1-FY2007 on Q1-FY2006). However, the Directors expect the hotel investments to perform better during the winter season, which will be reflected in the coming quarter.

After deducting Minority Interests of \$1.33 million, the Group's Net Income stood at \$13.19 million which reflected an increase of 13.54 per cent on the Net Income of Q1-FY2006.

*Table 1 shows a comparison of Financial Data for Q1- FY2007 on Q1-FY2006.*

**Table 1**

BST Financial Data Comparison for First Quarter (FY2006-FY2007)				
	Q1- FY2007 BBD'000	\$ Change '06-'07	% Change '06-'07	Restated Q1- FY2006 BBD'000
Revenue	205,800	16,771	8.87%	189,029
Operating Profit before Interest Expense and Other Expenses	18,554	2,524	15.75%	16,030
Interest Expense	(3,261)	(391)	13.62%	(2,870)
Other Expenses	(199)	(61)	44.20%	(138)
Profit before Taxation ( Parent Company and Subsidiaries)	15,094	2,072	15.91%	13,022
Net Income after tax- Associated Companies	987	26	2.71%	961
Taxation	(1,561)	(210)	15.54%	(1,351)
Profit After Taxation	14,520	1,888	14.95%	12,632
Minority Interest	(1,330)	(315)	31.03%	(1,015)
Net Income	13,190	1,573	13.54%	11,617
Earnings Per Share	<b>\$0.18</b>	<b>\$0.02</b>	12.50%	<b>\$0.16</b>



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 Sreshtha Tewari (Ext 2225)  
[sreshthat@wisett.com](mailto:sreshthat@wisett.com)  
 Gia Singh (Ext 2264)  
[gias@wisett.com](mailto:gias@wisett.com)

Table 2 shows Financial Data Comparison for Year End (2004-2006)

Table 2

BST Financial Data Comparison for Year End (2004-2006)					
	YE 2006 BBD'000	% Change '05 -'06	YE 2005 BBD'000 Restated	% Change '04 -'05	YE 2004 BBD'000
<b>Revenue</b>	735,882	8.35%	679,154	3.29%	657,514
<b>Trading Profit</b>	47,473	117.12%	21,865	9.20%	20,022
Interest Expense	(12,346)	7.51%	(11,484)	-8.04%	(12,488)
Other Income, net	(485)	100.88%	55,261	74.90%	31,595
<b>Profit before Taxation</b>	40,635	-42.32%	70,452	46.54%	48,076
Taxation	(4,682)	122.21%	(2,107)	3862.50%	56
<b>Net Income</b>	35,953	-47.39%	68,345	41.99%	48,132
<b>Attributable to Shareholders</b>	33,233	-48.34%	64,327	44.29%	44,581
Earnings per Share	\$0.44	-48.48%	\$0.86	43.00%	\$0.60
Market Price @ Financial Year End (TT\$)	\$17.00	-23.94%	\$22.35	10.10%	\$20.30
P/E Ratio @ Financial Year End	12.36		8.37		10.87
Dividend	\$0.19	2.78%	\$0.18	5.88%	\$0.17
Dividend Payout Ratio (%)	41.86%		20.98%		28.33%
Dividend Yield	3.39%		2.51%		2.61%
Net Asset Value	\$7.04	5.55%	\$6.67	-0.74%	\$6.72
Market to Book Ratio	0.78		1.08		0.97
Return on Equity	6.45%		9.89%		10.17%
Return on Assets	3.20%		5.54%		5.34%
Shares Outstanding	73,279,335		73,279,335		73,279,335
<b>Exchange Rate used for Calculations: 1BBD: 3.1129TT\$</b>					



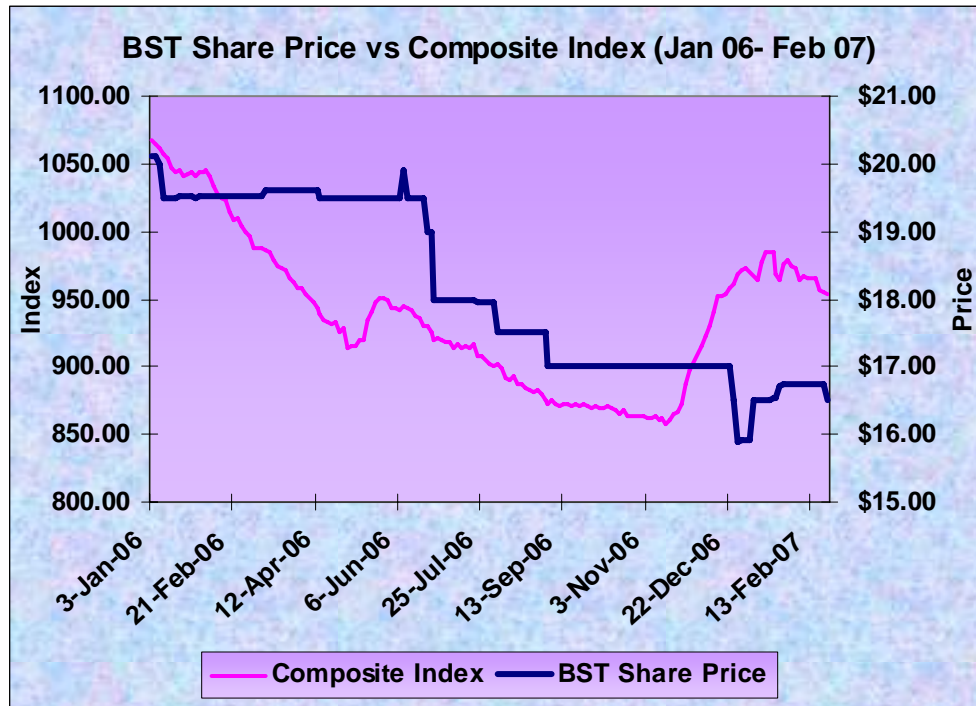
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[sreshthat@wisett.com](mailto:sreshthat@wisett.com)  
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[gias@wisett.com](mailto:gias@wisett.com)

### Share Price

The shares of BS&T started the calendar year 2006 at a price of TT\$20.10 and began a steady but definite decline to a price of TT\$15.90 on December, 29, 2006- the last trading day in 2006. However, BS&T began 2007 in good stride and has been on an upward trend from its low of TT\$15.90. The shares last closed at a price of TT\$16.51. (See Graph 2)

Graph 2



### Recommendation

We have forecasted an EPS for FY2007 of TT\$1.56 and with this forecast and the current price of TT\$16.51, these shares are trading at a price to earnings multiple of 10.58 times, which is fairly low for this conglomerate. Based on fundamental analysis we are estimating a 12 month target price for this share of TT\$20.28. This would mean that there is an estimated expected return of 22.91 per cent at the current price of TT\$16.50 and as such we strongly recommend a **BUY** on this share.

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West Indies Stockbrokers Limited, 1<sup>st</sup> Floor Albion Plaza, 22-24 Victoria Avenue, Port of Spain, Trinidad (868) 623-4861 Fax (868)-627-5002 e-mail: [info@wisett.com](mailto:info@wisett.com) Member of the Trinidad and Tobago Stock Exchange Ltd.