

# Devonshire Industries Limited

**Ticker:** DEVON - BH  
**Sector:** Consumer Products

**Fiscal Year-End:** March 31, 2007  
**Web Site:** www.bermudapaint.bm

**Share Price (09/30/07):** \$13.85  
**Stock Rating:** Hold  
**Risk Profile:** Moderate  
**1-Year Target Price:** \$15.00  
**1-Year Implied ROR:** 15.5%

**Annual Dividend:** \$1.00  
**Current Yield:** 7.22%  
**Payout Ratio:** 86%  
**Ex-Dividend Date:** 12/27/07  
**Frequency:** Semi-Annual

**Shares O/S:** 438k  
**Market Cap:** \$6.1m  
**BSX Weight:** 0.21%  
**Book Value:** \$6.76  
**Price/Book:** 2.05x

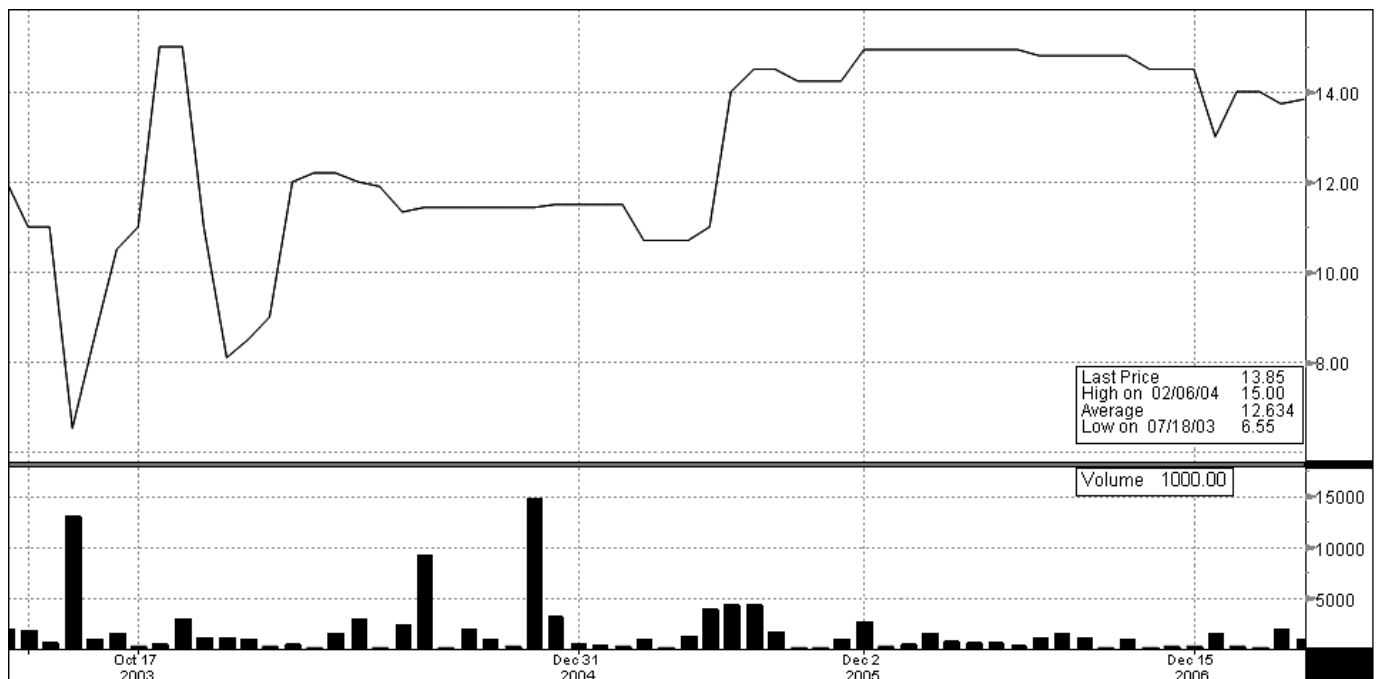
**52-Week High:** \$14.80  
**52-Week Low:** \$13.00  
**Avg. Monthly Volume:** 500

**Current P/E Ratio:** 11.94x  
**Shareholder's Equity:** \$3.0m  
**Total Assets:** \$3.1m  
**Return on Equity:** 17.2%  
**Return on Assets:** 16.2%

	2005	2006	2007	2008E
<b>EPS:</b>	\$1.06	\$0.90	\$1.16	\$1.25
<b>YoY Growth:</b>	41.3%	(15.1%)	28.9%	7.8%
<b>P/E Ratio:</b>	10.85x	16.61x	12.50x	12.00x
<b>Fiscal YE Price:</b>	\$11.50	\$14.95	\$14.50	

**Note:** DEVON paid a special dividend of \$0.50 in July 2007

## DEVON 5-year price/volume chart:



## LOM (Holdings) Limited

### Company Description

LOM (Holdings) Limited (LOM) is an international financial services company which offers a complete range of investment services and products through its subsidiaries based in Bermuda, the Cayman Islands, Bahamas, and the UK. With \$932 million of assets under administration, the LOM Group provides brokerage, asset management, and corporate finance services to its primarily high net-worth individual and institutional clientele around the world. The company also owns the LOM Building on Reid Street in downtown Hamilton, home to its Bermuda headquarters, its affiliate trust company, and a variety of other tenants.

The company's segmented numbers for fiscal 2006 are as follows (in millions):

<u>Business Segment</u>	<u>Revenue</u>	<u>% of Total</u>
LOM Securities (Bermuda)	\$2.32	21%
LOM Securities (Cayman)	\$2.09	19%
LOM Securities (Bahamas)	\$3.00	27%
LOM Asset Management (Bermuda)	\$1.37	12%
Lines Overseas Management (Bermuda)	\$1.49	13%
LOM Properties (Bermuda)	\$0.63	6%
Other	\$0.20	2%

LOM has a very strong balance sheet, with total assets of \$23.4 million. Of this amount, land and building are carried at the U.S. GAAP net book value of \$9.0 million and cash & cash equivalents equaled \$9.7 million as of year-end 2006.

### 2006 Results

LOM reported earnings for fiscal 2006 of \$1.65 million, representing a 128% increase over 2005 net income of \$725,000. Total revenue of \$12.8 million was more-or-less equivalent to 2005 revenue of \$12.9 million. Within these revenue numbers, management and investment advisory fees increased by 25%, brokerage fees fell by 5%, and foreign exchange gains increased by 62%. The company's bottom line income was enhanced by a concerted effort to reduce operating costs.

LOM continued with its share buyback program in 2006, repurchasing 127,000 shares during the year at an average price of \$3.00 – all of which were cancelled. This program remains in place for 2007.

### Forecast and Recommendation

Due to the potential for conflicts of interest, we must refrain from making a recommendation on the shares of LOM (Holdings) Limited.