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Equity Research Team

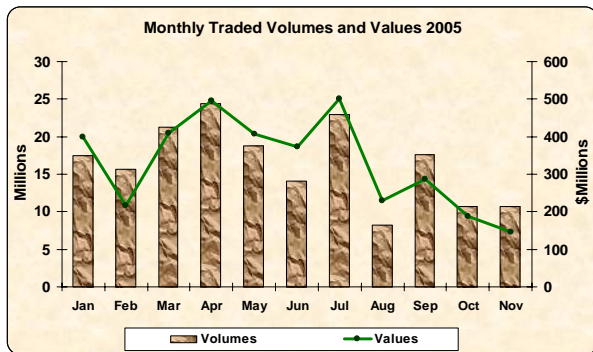
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Signs of recovery within the local market that appeared at the close of September and continued through October were effectively eroded in November. Light trading volumes and price depreciations across every sector placed further pressures on both indices.

An advance to decline ratio of 12:15 times, combined with price depreciations of a more significant nature than the price appreciations weighed on the indices dropping the Composite Index 15.0624 points (1.38 per cent) from 1088.6724 to 1073.61 and the All T&T Index 23.4921 points or 1.71 per cent from 1,370.2368 to 1,346.7447. Even more notable is the fact that the Composite Index once again slipped into negative territory, losing 0.09 per cent from its opening position of 1,074.635 at the beginning of the year.



In November, 10,640,439 million shares changed hands with an associated value of \$147,233,914.74. Though this quantity represented a less than 1 per cent drop in comparison to the 10, 724,953 shares traded in October; the total value of the shares traded dropped 28 per cent from \$188, 449,577.86.

This month, trading was dominated by the smaller priced Jamaican shares, with only RBTT Financial Holdings Limited (RBTT) being among the top 5 most heavily traded shares. For the second straight month Jamaica Money Market Brokers held the top spot in terms of the highest volume of shares traded in the month (2,114,310 or 19.87 per cent). The second spot was held by Dehring, Bunting and Golding Limited with 1,749,964 shares or 16.45 per cent of the total number of shares traded, while RBTT rounded off the top three with 1,693,673 or (15.92 per cent).

Most Traded Securities					
Share	JMMB	DBG	RBTT	CCMB	NCBJ
% of total volume	19.87%	16.45%	15.92%	7.55%	6.92%

Driven by speculation arising out the government's announcement of reform and injection of funds, the share price of BWIA continued to soar this month achieving the highest relative price appreciation, jumping a further 56.45 per cent from \$0.62 to \$0.97 at which point the shares were suspended from trading. A distant second was Agostini's Limited which attained an appreciation \$1.00 or 11.11 per cent to \$10.00, while the third spot was held by Sagicor Financial Corporation which gained 8.94 per cent.

Top Appreciators		Worst Depreciators	
Share	%change	Share	%change
BWIA	56.45%	Readymix Ltd.	-26.92%
Agostini's Ltd.	11.11%	GHL	-13.75%
Sagicor	8.94%	Unilever	-13.24%
Angostura Ltd.	4.59%	Plipdeco	-13.18%
Ansa McAl	1.69%	LJ Williams B	10.67%

In response to the unfavourable results of Readymix Limited (RML) and Guardian Holdings Limited (GHL), investors brought supply to the market, driving down the share prices: RML lost \$1.40 or 26.92 per cent to close at \$3.80, GHL dropped \$5.41 (13.75 per cent) to \$33.94. The third worst depreciating stock was Unilever whose performance over the last three years and up to the half year results of June 2005 has shown a downward trend. The share price declined 13.24 per cent from \$22.50 to \$19.26.

Guardian Holdings Limited

Results for the nine months ended 30 September 2005.

Guardian Holdings Ltd (GHL) recorded revenue of \$1.03 billion for the third quarter, up 51.71 per cent from the corresponding three months in 2004. Operating profit of \$146.94 million was achieved, which was a turnaround from a loss of \$74.8 million experienced in the comparative period. Profit after tax reached \$100.29 million in 2005 compared with a \$90.71 million loss in 2004.

Overall, Revenue for the nine month period has been bolstered by premium income from Zenith Insurance Ltd, which was recently acquired by the Group. This was the principal contributor to the 28.61 per cent increase in total Revenue from \$2.53 billion achieved in the comparative period in 2004 to the current attainment of \$3.25 billion. Despite this accomplishment, a significant drop in operating profit margin from 21.52 per cent to 11.51 per cent was experienced due to a considerable fall in operating profit from \$543.68 million in 2004 to \$374.04 million in 2005, down 31.20 per cent.

Poor performances from the Trinidad and Tobago and Jamaican Stock Markets for the year thus far, have affected the Group's investment portfolio returns and by extension the operating profit. Whereas for the same period last year both Stock Markets and GHL's investment portfolio produced very healthy returns.

GHL's share of results from associated companies was also a major improvement from 2004, moving from a

loss of \$14.34 million to a \$27.09 million profit. Although Finance charges increased by 26.78 per cent to \$95.17 million the effect on Profit before tax was softened by the non recurrence of a \$14.5 million goodwill charge in 2004. The Group reported before tax profits of \$305.96 million which was 30.43 per cent lower than the comparative profit however the effective tax rate increased from 5.98 per cent to 17.65 per cent causing a 39.06 per cent reduction in profit after tax to \$251.96 million. Net profit margin fell from 16.36 per cent to 7.75 per cent.

The third quarter saw earnings increase by 50 cent per share to \$1.27 for the year thus far. We therefore revise our forecasts for year end earnings to \$2.25 per share as GHJ seems unlikely to meet its previous target of \$3.84 per share. Whereas the core activities are meeting and in some cases surpassing outlined targets, other underlying assumptions of the earnings forecast appear unrealizable. Three areas negatively impacting on the \$3.84 earnings per share materializing are:

1. the unlikely increase of 15 per cent in the Trinidad and Tobago Stock Exchange Composite Index
2. the Jamaica Stock Exchange Index unlikelihood of closing the year up 12 per cent and
3. the cyclical "soft market" conditions being experienced in the UK with attendant pressure on premium rates and margins

Neal & Massy Holdings Limited

Results for the Year Ended September 30, 2005

In the recently released audited financial statements Neal & Massy Holdings Limited (NML) reported an EPS of \$2.80, up 15.47 per cent from \$2.43 per cent a year ago. This growth was in line with the performance projected for the Group. A final dividend of 60 cents (total dividend – 88 cents) has been declared and will be paid on January 16, 2006.

Revenue was up 16.69 per cent from a year ago to \$3.55 billion. The relative operational efficiency was maintained as Operational Profit before Finance Costs grew in line with the increase in Revenues, from \$300 million to \$347 million. Net Finance Costs were reduced by a significant margin of 47 per cent from \$16 million to \$8 million. The Associated Companies within the Group saw their contribution slip by 11 per cent to \$30 million. A negligible increase in the effective tax rate resulted in Taxation applied for the year increasing by 18 per cent from \$87.7 million to \$103.7 million. The end result was Profit after Taxation increasing by 15.47 per cent from \$215.7 million to \$249 million.

At the close of the 2005 financial year NML's Total Assets had moved from \$2.43 billion to \$2.7 billion. Total Liabilities rose by \$97 million to \$1.33 billion while Shareholders' Equity increased 11.7 per cent to \$1.3 billion (Net of Minority Interests).

The share price of Neal and Massy Holdings started the year at \$48.00 and reached a high of \$59.01. May 17, 2005 represented the date at which the shares of NML experienced the genesis of the share price decline which coincided with the start of the overall corrections within the local market. The news that Neal and Massy were not able to close the purchase of the Teak, Poui and Samaan Oilfields which was anticipated to significantly boost the EPS of the Group, further impacted on the descent of the share price. At the current share price of \$45.00 and Price to Earnings multiple of 16.07 times, there seems to be some level of stability.

The shares of Neal and Massy Holdings Limited have generally been one of the most illiquid shares on the local equity market. As a result of this liquidity, the shares have traded at higher multiples in the market. The company has demonstrated stable growth and has kept in line with projections of growth. Though there may be further fluctuations given the current overall market climate, this share is an attractive option for the long term and is considered a core stock for any portfolio.

WEST INDIES STOCKBROKERS LIMITED STOCK MARKET QUOTATIONS AS AT NOVEMBER 30, 2005

	Hist Eps	Est Eps	Est Div	Curr Price	Est Yield %	Est P/E Ratio
Bank						
FirstCaribbean	32.5	107.0	25.0	13.38	1.87	12.50
NCB Jca	17.4	17.4	4.8	1.76	2.73	10.11
RBTT Fin Hold	268.0	312.0	135.0	39.50	3.42	12.66
Republic Bank	509.0	509.0	225.0	92.50	2.43	18.17
Scotiabank	193.0	193.0	80.0	40.00	2.00	20.73
Non-Bank Fin						
ANSA Fin & Merch	106.0	100.0	32.0	20.00	1.60	20.00
Capital & Credit	14.7	18.7	1.0	2.03	0.49	10.86
DB&G	26.5	30.0	2.0	1.99	1.01	6.63
Guardian Holdings	300.0	225.0	70.0	33.94	2.06	15.08
JMMB	11.3	11.3	1.5	1.30	1.15	11.50
National Enterprises	76.0	76.0	48.0	12.05	3.98	15.86
Sagicor Financial Corp	78.0	155.0	60.0	14.50	4.14	9.35
Conglomerates						
Ansa Mcal Ltd	182.0	220.0	75.0	41.44	1.81	18.84
Bdos Ship & Trad	179.1	195.0	51.0	20.00	2.55	10.26
GraceKennedy	67.2	70.0	8.0	9.69	0.83	13.84
Neal and Massy	280.0	280.0	88.0	45.00	1.96	16.07
Trading						
Agostini's Ltd	91.5	91.5	33.0	10.00	3.30	10.93
BWIA *suspended*	0.0	0.0	0.0	0.97	0.00	0.00
Furness Trinidad	33.0	33.0	0.0	6.15	0.00	18.64
L J Williams Ltd. - 'A'	1.4	0.9	0.4	0.60	0.67	0.00
L J Williams Ltd. - 'B'	14.0	9.0	4.0	1.34	2.99	0.00
Prestige Holdings	39.1	45.0	27.0	11.80	2.29	26.22
Property						
PLIPDECO	126.0	130.0	22.0	15.75	1.40	12.12
Valpark	47.3	47.3	0.0	5.00	0.00	10.57
Manufacturing						
Angostura Holdings	29.0	29.0	12.0	5.70	2.11	19.66
Berger Paints	0.0	0.0	17.0	3.40	5.00	0.00
CCN	80.0	112.0	60.0	19.93	3.01	17.79
Flavorite Foods	45.2	72.0	21.0	4.95	4.24	6.88
National Flour Mills	13.6	11.0	9.0	1.80	5.00	16.36
Readymix WI	24.0	0.0	6.0	3.80	1.58	0.00
Trinidad Cement	67.0	70.0	24.0	11.00	2.18	15.71
Trinidad Publishing	50.0	60.0	33.0	12.67	2.60	21.12
Unilever Caribbean Ltc	119.0	119.0	110.0	19.26	5.71	16.18
WITCO	116.6	120.0	114.0	23.00	4.96	19.17

West Indies Stockbrokers Limited is a subsidiary of RBTT Financial Holdings Limited. From time to time West Indies Stockbrokers Limited and/or its staff may take positions in some or all of the shares mentioned in our report. West Indies Stockbrokers Limited welcomes your comments. E-mail: info@wisett.com

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