



West Indies Stockbrokers Limited
Trinidad, West Indies.
THE WISE CHRONICLE

1st Floor, Albion Plaza, 22-24 Victoria Avenue,
Port of Spain
Tel: 625- WISE (9473); Fax: 627-5002

Equity Research Team

Jason Gokool (Ext 2264) **Sreshtha Tewari (Ext 2225)**
jasing@wisett.com sreshthat@wisett.com

MARCH 2006

Trading for the month of February was extremely sluggish as a total of 8,181,052 shares crossed the floor which was 65.85 per cent less than January's total of 23,955,653. This has been the least amount of shares traded in any month in the last year. The total value of shares traded for February was \$201,470,729.

As bearish conditions continue to prevail on the market, both the indices continued on a downward trend as both reached the lowest they have been for the last fifty two weeks. The Composite Index fell 3.87 per cent to 1003.45 while the All T&T Index closed at 1231.57 falling 3.82 per cent from 1280.46. Advances outnumbered declines by an 8 to 20 margin while 9 shares traded at their 52 week low during the month.

Once again JMMB emerged as the volume leader with a total of 2,650,118 shares crossing the floor representing 32.39 per cent of all trades. This however was in stark contrast to the 14,486,937 JMMB shares that changed hands in January which was 60.47 per cent of that month's total and lead to the huge contrast between the volumes for January and February 2006.

Republic Bank Limited followed with 1,571,107 shares being traded which was 19.20 per cent of all trades while Sagicor saw 584,921 shares crossing the floor accounting for 7.15 per cent of all trades.

The top three advances for the month all belonged to the manufacturing sector. Flavorite increased 2.02 per cent to \$5.05 while One Caribbean Media, whose results were released during the month, increased steadily to \$20.12, a change of 0.60 per cent. Trinidad Publishing rose 0.54 per cent to close at \$13.12. It has however, been at that price since the middle of February.

On the decline side, it is interesting to note that two of the major declines for February were actually two of the major advances for January. The share declining the most was GraceKennedy falling 21.51 per cent to \$6.75. This share however traded as low as \$6.74 during the month. Angostura experienced repercussions of the hefty 30.21 per cent rise in January as it fell 20.00 per cent to close at \$6.00 at the end of February. Trinidad Cement Limited, which rose 24.00 per cent in January suffered a similar fate as it fell 15.40 per cent to close the month at \$10.49.

In Jamaica the JSE Select Index was also down 5.98 per cent from January's close of 2,558.05. However, this Index dropped to as low as 2,489.26 during the month.

ONE CARIBBEAN MEDIA LIMITED

Results for the year ended 31 December, 2005.

One Caribbean Media Limited (OCM) reported impressive results for the year ended December 31, 2005 with earnings per share (diluted) increasing 36.25 per cent from \$0.80 to \$1.09. The Chairman was accurate in his 2004 Company report in which he stated that OCM was well poised for continued growth in all areas.

Sales increased 19.75 per cent to \$217.615 million fostered by increased circulation of the Daily and Sunday Express which maintained market dominance both in copy sales and readership. TV6 also continued to maintain market dominance both in viewership and revenue despite losing some of its key personalities to a competitor. Cost of Sales increased 12.65 per cent leading to a 39.15 per cent

increase in gross profit from \$48.737 million to \$67.816 million.

Administrative and Marketing Expenses increased by 10.64 per cent and 15.43 per cent respectively ultimately leading to a phenomenal increase in operating profit of 49.94 per cent to \$52.635 million. The Company's operating profit margin had a healthy increase from 19.32 per cent to 24.19 per cent as a result of investments undertaken to improve operating efficiency.

Though the Company's profit before tax goal of \$50 million was not achieved in 2004, 2005 clearly swept passed that goal by 31.72 per cent as profit before tax for the year under review was \$65.862 million. This was 42.30 per cent more than that achieved in 2004. This increase was aided by an increase in net finance income of \$6.088 million and a 233.92 per cent increase in Interest Income to \$1.703 million. The Company's effective tax rate increased only marginally from 21.43 per cent to 22.77 per cent in spite of the hefty increase in Profit Before Tax. This could be a positive effect from the reduction of the Corporate Tax rate from 30 per cent to 25 per cent. Profit attributable to shareholders ultimately increased 36.73 per cent to \$50.342 million.

One of the strategic relationships pursued in 2004 materialized during the year as the CCN Group merged with the Nation Group of Barbados. This merger was approved at a special meeting held on December 19, 2005 and became effective on January 1, 2006 when the merged entity's name was changed to One Caribbean Media Limited. It is hoped that this merger will enable the Group to compete more effectively in its core business particularly with the Caribbean Single Market Economy on the horizon. The synergies of the merger between OCM and the Barbados Nation Corporation should begin to evolve in 2006.

OCM is one of the shares that has not been subject to the depressed nature of the market. After the market started its downward trend from May 17, 2005, though OCM rode with it for approximately two

months, while the Composite Index continued to fall, OCM held its own and regained past glories while the Composite Index is still struggling to achieve this feat. See Figure 1.

Given these results, WISE maintains that OCM is a strong company and should be considered part of any portfolio. The advertising climate is currently strong and it is believed that this Company will perform credibly over the coming year. OCM currently trades within a 18 to 20 price/earnings band and is currently trading at 18.46. Depending on your time horizon, we are recommending a HOLD to BUY on this share.

The Directors have agreed to pay a final dividend of forty (40) cents per share on April 30, 2006 which brings the total dividends paid for the year to 60 cents per share. This is an increase of 36 per cent over the previous year's dividend of 44 cents per share.

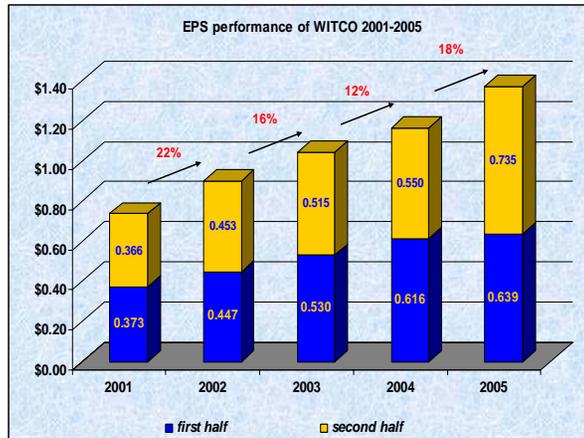
THE WEST INDIAN TOBACCO COMPANY LIMITED Results for the Year Ended December 31, 2005

In a preliminary announcement of the financial results of the West Indian Tobacco Company Limited (WITCO) for the year ended December 31, 2005, the local cigarette manufacturing company reported an impressive 17.84% growth in EPS; from \$1.166 in 2004 to \$1.374 in 2005. Keeping in line with the dividend policy of the past, the directors will recommend a final dividend payment of \$0.79, to be paid on April 18, 2006. This payment brings the total dividend attributable for FY 2005 to \$1.35, which represents growth of 18% over the \$1.14 paid last year. The Company paid out 98% of profits earned. See Figure 2.

The Company seemed to have begun to immediately reap the rewards from the expansion of its cigarette manufacturing capacity and increased output as a result of the shift in the production from the Jamaican based Carreras Group Limited to the local plant. Turnover increased by 11.46% from \$501 million to \$559 million, while Cost of Sales increased in the same relative proportion. These two elements, combined with a marginal increase in Excise charges

(2.98%) resulted in Gross Profit increasing by 15.63% to \$267.9 million.

Figure 2



The major drivers of expenditure were Administrative and Other Operating Expenses which increased by 21 percent and 16 percent respectively. These did not harm the Operational Profit significantly as growth of 14.49% was recorded. During the year Interest Income declined and the company faced \$1.2 million in Finance Costs arising out of External Borrowings of \$30 million undertaken during the year to fund the expansion of capacity. These negatives though were off-set by a decrease in the Effective Tax Rate from 30% in 2004 to 27% in 2005, resulting in Profit after Taxation of \$115.7 million, representing growth of 17.87%.

At the current share price of \$23.06 and EPS of \$1.374, this stock is now trading at a P/E multiple of 16.78 times. The increased top line growth in the second half of 2005 is encouraging. It is likely that the growth in the second half of 2005, resulting most probably from the additional Carreras production, would be carried into 2006. Though the P/E of 16.78 is somewhat high for this soft market, this price may be supported by the potential upside of growth in earnings and the high dividend payout ratio. Thus we recommend holding this stock.

WEST INDIES STOCKBROKERS LIMITED STOCK MARKET QUOTATIONS AS AT FEBRUARY 28, 2006

	Hist Eps	Est Eps	Est Div	Curr Price	Est Yield %	Est P/E Ratio
Bank						
FirstCaribbean	106.5	106.5	26.8	13.45	1.99	12.63
NCB Jca	17.4	17.4	4.8	1.60	3.00	9.20
RBTT Fin Hold	268.0	295.0	135.0	34.84	3.87	11.81
Republic Bank	509.0	509.0	225.0	88.00	2.56	17.29
Scotiabank	193.0	193.0	80.0	39.80	2.01	20.62
Non-Bank Fin						
ANSA Fin & Merch	106.0	100.0	32.0	20.00	1.60	20.00
Capital & Credit	19.3	19.3	2.5	2.02	1.24	10.47
DB&G	26.5	30.0	2.0	2.00	1.00	6.67
Guardian Holdings	300.0	225.0	70.0	28.00	2.50	12.44
JMMB	11.3	11.3	1.5	1.65	0.91	14.60
National Enterprises	76.0	76.0	48.0	9.00	5.33	11.84
Sagcor Financial Corp	78.0	155.0	60.0	13.75	4.36	8.87
Conglomerates						
Ansa Mcal Ltd	182.0	220.0	75.0	40.11	1.87	18.23
Bdos Ship & Trad	198.0	198.0	56.7	19.52	2.90	9.86
GraceKennedy	67.2	70.0	8.0	6.75	1.19	9.64
Neal and Massy	280.0	280.0	88.0	44.45	1.98	15.88
Trading						
Agostini's Ltd	91.5	93.4	33.0	10.27	3.21	11.00
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	46.4	46.4	21.0	11.00	1.91	23.71
Property						
PLIPDECO	126.0	130.0	22.0	8.70	2.53	6.69
Valpark	47.3	47.3	0.0	5.00	0.00	10.57
Manufacturing						
Angostura Holdings	29.0	29.0	12.0	6.00	2.00	20.69
Berger Paints	24.0	6.6	17.0	3.40	5.00	0.00
Flavorite Foods	45.2	72.0	21.0	5.05	4.16	7.01
National Flour Mills	13.6	11.0	9.0	1.70	5.29	15.45
One Caribbean Media	109.0	109.0	60.0	20.12	2.98	18.46
Readymix WI	24.0	0.0	6.0	3.90	1.54	0.00
Trinidad Cement	67.0	70.0	24.0	10.49	2.29	14.99
Trinidad Publishing	50.0	60.0	33.0	13.12	2.52	21.87
Unilever Caribbean Ltc	119.0	119.0	110.0	16.00	6.88	13.45
WITCO	137.4	137.4	135.0	23.06	5.85	16.78

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