



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

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Trading activity on the local stock exchange was sluggish in August, as a total volume of 9,827,225 shares changed ownership. This volume was down by 18.31 per cent on the previous month's total of 12,029,907. The total value of shares traded for the month amounted to \$69,388,043.45 and was the lowest monthly value the market saw for the year.

Bearish conditions continued to prevail as the advance to decline ratio ended the month at an overwhelming 5 to 21. This was further reflected in the Indices as both the Composite and the All T&T Index declined by more than 2.50 per cent.

National Flour Mills (NFM) was the volume leader for August, trading 5,970,652 shares or 60.76 per cent of the total market. Trinidad Cement Limited (TCL) was next in line, trading 10.66 per cent of the market or 1,047,101 shares. Sagicor Financial Corporation followed with a total traded volume of 466,253 or 4.74 per cent.

Jamaican stocks led the market in price appreciation last month, as National Commercial Bank Jamaica (NCBJ) emerged as the major advance, with a price appreciation of 15.49 per cent (up 22 cents to \$1.64). Dehring, Bunting & Golding (DB&G) was the second major advance for the month, with a price increase of 4.83 per cent, moving from \$1.45 to \$1.52. In Jamaica, NCBJ moved up 8.97 per cent to end the month at JMD\$16.89 while, DB&G declined by 5.00 per cent to close at JMD\$15.20. One Caribbean Media (OCM) followed behind as the third major advance, with a price increase of 2.50 per cent, moving up 50 cents to \$20.50.

Declining the most for the month of August was PLIPDECO (PLD), which dropped 22.22 per cent from \$9.00 to \$7.00. TCL followed with a decline of 17.81 per cent to end at \$5.77, while NFM closed at \$1.25 after falling 16.67 per cent.

In Jamaica, the Indices ended the month in mixed territory. The JSE Market Index and the JSE Select Index both declined, falling by 2.08 per cent and 0.61 per cent respectively. In contrast, the JSE All Jamaican Composite ended in positive territory, advancing by 1.15 per cent.

For the month of August, the overall market activity on the Jamaican Stock Exchange (JSE) resulted in an even advance to decline ratio of 17 to 17. Volumes traded amounted to 162,827,712 shares valued at over JMD\$958,099,773.07.

Mayberry Investments Limited (MIL) was the volume leader in Jamaica, trading 29,775,026 shares or 18.29 per cent of the total market. Gleaner Company (GLNR) followed with 29,122,477 shares or 17.89 per cent changing ownership, while Cable and Wireless Jamaica Limited (CWJA) traded 22,038,652 shares or 13.53 per cent.

Guardian Holdings Limited (GHL) **Results for the Half Year Ended June 30, 2006**

Guardian Holdings Limited (GHL) has reported another significant loss for the Half Year ended June 30, 2006. Diluted Loss per share stood at \$2.67 for the period, down by \$3.44 or 446.75% on the corresponding period in 2005. For the three months ended June 30, 2006, the diluted Loss per share was \$0.75, thus the bulk of the loss was borne in the first quarter of 2006. While HY 2003 and HY 2005 were somewhat similar in terms of Earnings per Share (EPS), there has been no consistency or apparent trend in EPS over the half year periods 2003-2006.

The Loss after Taxation for the half year period amounted to \$548.81 million; however 78.35% or \$430 million of this figure was a result of Fair Value Losses in the equity investments portfolio. Excluding these Fair Value Losses, the Company would have made a Loss after Taxation of approximately \$96

million or a diluted loss per share of approximately \$0.47.

The Chairman attributed the Loss after Taxation (exclusive of Fair Value Losses) to one-off costs associated with the reengineering of its UK Operations. This process involves the consolidation and rationalization of its two Property and Casualty Businesses: Link Insurance and Zenith Services UK Limited; in addition to the appropriate assets and personnel of its Third Party Administrator and Claims Service Provider (Rubicon Insurance Solution Limited's Maidstone Operation).

In addition to the bottom line being poor, the top line was also significantly hampered with Total Revenue falling by \$553.58 million or 24.92%, to end at \$1.67 billion. This significant fall was largely due to Other Revenue, which was down by a significant 98.07% or \$544.53 million, to end at \$10.73 million. While, Net Insurance Premium Revenue decreased by a marginal 0.54% or \$9.05 million to \$1.66 billion.

The Company's Net Insurance Benefits and Claims increased by \$32.37 million or 2.65% to \$1.25 billion, while Expenses were up \$103.07 million or 13.35% to \$875.25 million. The Operating Loss for the period was \$461.91 million, down by \$689.01 million or 303.39% when compared to the Operating Profit of \$227.11 million in the comparable period of 2005.

Share of Profit of Associated Companies increased marginally by 0.35% to \$6.68 million; however this was offset by an increase of \$13.83 million or 26.54% in Finance Charges. Loss before Taxation stood at \$548.81 million a fall of \$700.49 million on the comparable period's Profit of \$151.68 million. The Effective Tax Rate was reduced significantly from 16.50% in the half year ended 2005 to 5.30% in the current period.

An Interim Dividend of \$0.15 per share was declared by the Board and paid on August 25, 2006.

The Chairman has given the following synopsis of markets outside of Europe: The Caribbean based Property and Casualty businesses are producing excellent profitability. Also, the Life, Health and Pension businesses continue to enjoy growth in new premium income of 17.2% in Trinidad & Tobago and

9% in Jamaica, over the corresponding half year in 2005. In the Netherland Antilles, companies are on target to meet budgeted premium income in 2006. The Asset Management business has exceeded its profit targets for the first six months of 2006, while Grupo Mundial, the associate company in Central America is performing exceptionally well. GHL is continuing to look for new opportunities in Central America.

The share price of GHL has been relatively volatile from January 2005 to date; reaching a high of \$46.32 on March 17, 2005 and a low of \$17.00 on April 28, 2006. This represents a fall in value of approximately 63%. On August 30, 2006 GHL shares closed at \$18.61 and at a Net Asset Value of \$15.68 per share-the stock is trading at a market to book ratio of 1.19 times.

While GHL is not expected to make a Profit by year end, we do expect to see some recovery and improvement in the bottom line, in the financial year 2007. GHL's equity portfolio is greatly impacted by the share price of RBTT and going forward we do not see the share price for this Company declining much further. As such, we expect to see much less fair value losses and even potential gains in the equity portfolio for 2007. Thus, the market should regain its focus on the operations of the Group, which in the medium to long term looks strong.

GHL is a first class Company with a strong asset base. Thus at the low price of \$18.61, it is a good opportunity for investors looking for a long-term investment. As such, we maintain our recommendation of a Long-Term BUY.

Trinidad Cement Limited (TCL)

Results for the Half Year Ended June 30, 2006

For the Half Year ended June 30, 2006 Trinidad Cement Limited (TCL) reported a diluted EPS of 20 cents. This was 37.5% or 12 cents lower than the comparable EPS in 2005. The Chairman has attributed this fall in EPS to its subsidiary, Caribbean Cement Company Limited, which encountered quality problems in the first quarter followed by increased energy costs in the second. The EPS for the Half Year

ended 2006 was the lowest that TCL has seen for a half year in the last four years.

Revenue for the half year amounted to \$837.81 million, an increase of \$110.25 million or 15.15% on the comparable half year in 2005. Q2 2006 on Q2 2005 saw an increase of \$50.65 million or 13.15%. However, due to the higher costs previously mentioned, the Company's Operating Profit was down by \$53.05 million or 36.5%.

Net Finance Costs also increased by a significant 23.72% to \$59.44 million, thus Profit before Tax was negatively affected, decreasing by 66.24% to \$32.85 million. Q2 2006 on Q2 2005 saw a decrease of \$26.97 million or 50.01%.

While the Effective Tax Rate was 12.67% for the comparable Half Year in 2005, the current period benefited from a Tax Credit of \$8.82 million which contributed 21.16% to Profit after Tax. Thus, the Profit after Tax figure stood at \$41.66 million, which despite the tax credit was lower than the prior year period by \$43.30 million or 50.96%.

The Board of Directors has decided not to pay an interim Dividend for the 2006 Half Year, in order to consolidate the Group's cash position, due to its intensive capital programme.

The shares of TCL began the year at a price of \$10.00 and grew to a peak of \$12.40 by the end of the first month. Since then, the shares have been following the Composite Index in its downward trend, with small increases from time to time. The share price of TCL closed at \$5.77 on August 30, 2006.

TCL's performance for the first half of 2006 was poor when compared to previous financial years. While there may be improvement in the second half of the year, we do not expect the year end results to be as high as previous years and have lowered our forecasted EPS to \$0.52. At the market price of \$5.77 and lower forecasted EPS of \$0.52, the shares are trading at a P/E multiple of 11.10 times. Historically, this Company trades in a band of 11 to 15 times, thus, in light of these current fundamentals we recommend a BUY at this price.

WEST INDIES STOCKBROKERS LIMITED STOCK MARKET QUOTATIONS AS AT AUGUST 31, 2006

	Hist Eps	Est Eps	Est Div	Curr Price	Est Yield %	Est P/E Ratio
Bank						
FirstCaribbean	106.5	70.0	18.0	10.75	1.67	15.36
NCB Jca	17.4	20.3	4.8	1.64	2.93	8.08
RBTT Fin Hold	268.0	295.0	124.0	29.99	4.13	10.17
Republic Bank	509.0	510.0	225.0	87.95	2.56	17.25
Scotiabank	193.0	225.0	92.0	37.05	2.48	16.47
Non-Bank Fin						
ANSA Fin & Merch	121.0	145.0	32.0	19.49	1.64	13.44
Capital & Credit	19.3	19.0	2.5	1.35	1.81	7.11
DB&G	27.5	29.0	8.0	1.52	5.26	5.24
Guardian Holdings	185.0	0.00	35.0	18.61	1.88	0.00
JMMB	11.0	11.0	1.5	1.25	1.20	11.32
National Enterprises	81.0	81.0	79.0	8.32	9.50	10.27
Sagicor Financial Corp	163.0	147.0	60.0	12.85	4.67	8.74
Conglomerates						
Ansa Mcal Ltd	261.0	325.0	80.0	40.65	1.97	12.51
Bdos Ship & Trad	198.0	100.0	38.0	17.50	2.17	17.50
GraceKennedy	61.1	60.0	10.4	5.45	1.91	9.08
Neal and Massy	280.0	325.00	97.0	37.00	2.62	11.38
Trading						
Agostini's Ltd	91.5	70.0	33.0	11.23	2.94	16.04
BWIA *suspended*	0.0	0.0	0.0	0.97	0.00	0.00
Furness Trinidad	47.0	60.0	0.0	6.15	0.00	10.25
L J Williams Ltd. - 'A'	0.8	0.5	0.2	0.60	0.33	0.00
L J Williams Ltd. - 'B'	8.0	5.0	2.0	1.30	1.54	0.00
Prestige Holdings	46.4	30.0	13.0	5.99	2.17	19.97
Property						
PLIPDECO	116.0	70.0	22.0	7.00	3.14	10.00
Valpark	47.3	47.3	0.0	5.00	0.00	10.57
Manufacturing						
Angostura Holdings	180.0	20.0	12.0	4.50	2.67	22.50
Berger Paints	24.0	7.0	17.0	3.40	5.00	0.00
Flavorite Foods	54.0	54.0	21.0	5.05	4.16	9.35
National Flour Mills	8.6	8.6	8.0	1.25	6.40	14.53
One Caribbean Media	109.0	150.0	75.0	20.50	3.66	13.67
Readymix WI	-210.0	50.0	3.0	3.83	0.78	0.00
Trinidad Cement	66.0	52.0	8.0	5.77	1.39	11.10
Trinidad Publishing	91.0	130.0	45.0	17.05	2.64	13.12
Unilever Caribbean Ltc	133.0	145.0	120.0	17.50	6.86	12.07
WITCO	137.4	172.0	160.0	23.05	6.94	13.40

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