

Equity Research Team

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The penultimate month of the year was the most active on the floor of the Stock Exchange with 45,167,252 shares changing ownership. This is actually 88.55 per cent more than January which was the second most actively traded month of the year. This activity however was driven by one company, Jamaica Money Market Brokers Limited (JMMB) which captured 64.74 per cent of the market. The majority of these trades took place in a single trading day of the month. Also leading market volumes this month were two other Jamaican companies; Capital & Credit Merchant Bank Limited (CCMB) saw a total of 2,974,942 (6.59 per cent) shares changing hands while National Commercial Bank Jamaica (NCBJ) saw 2,813,025 shares traded (6.23 per cent). The total value of shares crossing the floor was \$246,170,283. This placed the month of November third (preceded by May & January) in terms of the highest value of shares traded in a single month for 2006.

Both Indices took positive strides in the latter half of the month to result in overall advances from October's close. The Composite Index rose 3.96 per cent to 898.1328 while the All T&T Index advanced 4.73 per cent to 1,122.9277. This month was only the second month of the year in which the Indices registered positive movements. The last time that this occurred was in May. Advances outnumbered declines by a 13 to 8 margin.

The major advance of the month was RBTT Financial Holdings Limited (RBTT) which rose 32.73 per cent from its previous close of \$26.00. This appreciation came on the heels of speculation that the Bank was

about to be acquired by another institution. Thus, after registering a 52 week low of \$24.00, the price moved 43.79 per cent over six days of trading to end the month at \$34.51. It is this movement which drove the Indices in a positive direction because of RBTT's weighting on the Index. Following was Point Lisas Development Corporation Limited (PLD) which rose 25.95 per cent to \$6.94 while JMMB rose 20.00 per cent to \$1.26 despite disappointing Half Year results. In Jamaica, this share rose 17.65 per cent to close at JMD 12.00.

The major decline of the month was National Enterprises Limited (NEL) which fell 10.20 per cent to \$6.69. This share has been trending downward since July. GraceKennedy Limited (GK) followed dropping 7.76 per cent to \$5.35 while it rose 3.57 per cent to JMD 58.00 in Jamaica. Sagicor Financial Corporation followed falling 7.05 per cent to \$12.00.

In Jamaica, bullish conditions prevailed as all three Indices advanced from the previous month's close. The Market Index was up 9.15 per cent to 94,617.91, the Select rose 14.15 per cent to 2,838.47 while the All Jamaican Composite advanced 12.15 per cent to 103,069.22, Thirty-two shares advanced while 8 declined.

The month's trading saw a total of 135,191,512 units traded valued at over JMD 1,556,879,458.19. The volume leader was Cable & Wireless Jamaica Limited (CWJA) accounting for 25.31 per cent of the market. Caribbean Cement Company Limited (CCC) was the major advance moving 37.08 per cent to JMD 8.91 while Ciboney Group Limited (CBNY) was down 16.67 per cent to JMD 0.05.

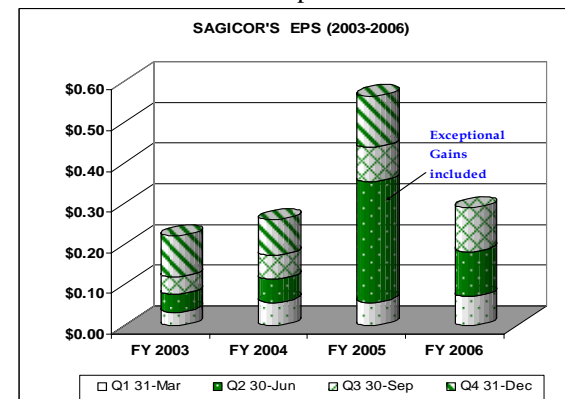
Sagicor Financial Corporation

*Results for the Nine Months ended September 30, 2006
All figures quoted in Barbados Dollars*

For the Nine Months ended September 30, 2006, Sagicor Financial Corporation (SFC) reported diluted Earnings Per Share (EPS) of 29.5 cents. Although this represents a fall of 31.71 per cent or 13.7 cents on the comparable EPS of the same period in 2005, it should be noted that there were exceptional gains of \$39.01 million in 2005. These gains were realized in the first half of 2005 and consequently impacted the Nine

Month period of that year. If the gains are excluded from the comparative amounts in 2005, the diluted EPS for the Nine Months ended September 30, 2005 would be 28.4 cents. Using the EPS adjusted for exceptional items as the comparative EPS, the period under review was actually up by 3.87 per cent. Additionally, for the three months ended September 30, 2006 the EPS stood at 10.7 cents, an increase of 35.44 per cent on the corresponding EPS of 7.9 cents in the third quarter of 2005 (See Graph 1).

Graph 1



Net Premium Revenue for the nine months amounted to \$556.40 million, representing a significant increase of 21.32 per cent on the comparable period in 2005. Q3 2006 on Q2 2006, this figure was up by \$12.92 million or 7.10 per cent. Net Investment and Other Income also increased nine months on nine months, moving up 8.94 per cent to end the period at \$392.63 million. As a result, the Total Revenue for the period stood at \$949.03 million, showing an increase of 10.61 per cent or \$91.04 million on the same period in 2005 (inclusive of exceptional gains). Excluding the exceptional gains, the Total Revenue would be up by 15.87 per cent or \$130.02 million.

Benefits, which include, insurance benefits, changes in reserves for insurance benefits and interest on customer and other funds, totaled \$503.42 million. This figure increased by 13.49 per cent or \$59.83 million on the corresponding period of 2005. While Expenses which include: selling and administrative expenses, amortization of intangible assets, premium taxes and finance costs, amounted to \$310.74 million.

This represents a substantial increase of 26.15 per cent or \$64.41 million over the figure for 2005. Consequently, Total Benefits and Expenses rose by a significant 18.01 per cent to end the period under review at \$814.16 million.

The Chairman has stated that acquisitions completed between April and November 2005 have contributed to the growth in the respective amounts for revenue, benefits and expenses recorded in the current nine month period over the comparative period in 2005.

Income from Ordinary Activities for the nine month period stood at \$134.87 million. When compared to the corresponding period in 2005, this figure (inclusive of exceptional gains) was down by a significant 19.77 per cent. However, if we exclude the exceptional gains from 2005, the Income from Ordinary Activities would be up 4.47 per cent, nine months on nine months. Additionally, if we compare this figure for Q3 2006 on Q3 2005, there is a substantial increase of 51.47 per cent or \$16.60 million.

The Effective Tax Rate for the nine month period under review was 15.31 per cent, while for the same period in 2005 it was 8.68 per cent. Net Income for the period amounted to \$114.22 million, down by 25.60 per cent or \$39.31 million on the comparable period in 2005 (including exceptional gains). Excluding the exceptional gains, the Net Income would actually have been up by a marginal 0.25 per cent.

Assets as at September 30, 2006 totaled \$6.75 billion, while Total Liabilities amounted to \$5.71 billion. For the first time in the Group's history, Total Equity has surpassed \$1 billion, ending the period at \$1.04 billion. Shareholder's Equity for the period amounted to \$768.09 million, compared to \$747.55 million as at September 30, 2005.

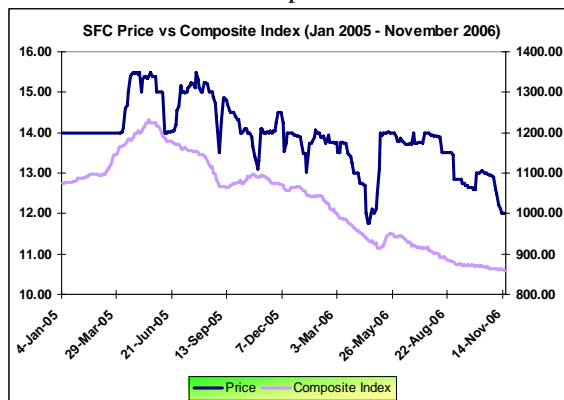
Listing on LSE and Removal of 20% Restriction

As part of its global business strategy, Sagicor is seeking to list on the London Stock Exchange (LSE). However, the Company's share ownership restriction did not comply with standards of the United Kingdom Licensing Authority and as such the

Company had to remove these restrictions in order to carry on with its bid to list internationally. Thus, following the removal of the 5 per cent share ownership restriction on August 11, 2006; the Company held a Special Meeting of Shareholders on November 8, 2006 and the Resolution to remove the 20 per cent share ownership restriction was passed.

Since April 2005, the share price of Sagicor has been extremely volatile, trading as high as TT\$15.50 and as low as TT\$11.75. As mentioned in previous reports, the volatility in price of Sagicor shares is mostly due to technical market forces rather than the fundamental value of the share. As can be seen from Graph 2 below, there is no direct relationship between movements in the Composite Index and SFC's share price.

Graph 2



The Chairman is encouraged by the nine months results and is optimistic that current trends will continue for the remainder of the year. The shares of SFC are currently trading at a price of TT\$12.00 and at our Forecasted EPS of TT\$1.35, these shares are trading at a very attractive multiple of 8.89 times. Given these fundamentals, the current results and the forward looking statements of the Chairman, we continue to recommend a BUY on this share.

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

WEST INDIES STOCKBROKERS LIMITED STOCK MARKET QUOTATIONS AS AT NOVEMBER 30, 2006

	Hist Eps	Est Eps	Est Div	Curr Price	Est Yield %	Est P/E Ratio
Bank						
FirstCaribbean	106.5	70.0	18.0	11.05	1.63	15.79
NCB Jca	21.0	24.0	4.8	2.00	2.40	8.33
RBTT Fin Hold	268.0	295.0	130.0	34.51	3.77	11.70
Republic Bank	401.0	530.0	250.0	84.90	2.94	16.02
Scotiabank	178.7	205.0	82.0	24.00	3.42	11.71
Non-Bank Fin						
ANSA Fin & Merch	121.0	120.0	32.0	19.49	1.64	16.24
Capital & Credit	19.3	13.0	2.5	1.15	2.13	8.85
DB&G	27.5	30.0	9.0	2.00	4.50	6.67
Guardian Holdings	185.0	0.0	35.0	21.61	1.62	0.00
JMMB	11.0	7.0	1.5	1.26	1.19	18.00
National Enterprises	81.0	65.0	60.0	6.69	8.97	10.29
Sagicor Financial Corp	163.0	135.0	40.0	12.00	3.33	8.89
Conglomerates						
Ansa Mcal Ltd	261.0	325.0	80.0	40.25	1.99	12.38
Bdos Ship & Trad	198.0	100.0	56.0	17.00	3.29	17.00
GraceKennedy	61.1	53.0	10.4	5.35	1.94	10.09
Neal and Massy	337.0	400.0	120.0	38.00	3.16	9.50
Trading						
Agostini's Ltd	81.3	90.0	37.0	10.99	3.37	12.21
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	1.25	1.60	0.00
Prestige Holdings	46.4	38.0	16.0	5.50	2.91	14.47
Property						
PLIPDECO	116.0	55.0	21.0	6.94	3.03	12.62
Valpark	47.3	47.3	0.0	5.00	0.00	10.57
Manufacturing						
Angostura Holdings	180.0	20.0	12.0	4.55	2.64	22.75
Berger Paints	24.0	7.0	19.0	3.40	5.59	0.00
Flavorite Foods	54.0	54.0	21.0	5.10	4.12	9.44
National Flour Mills	8.6	-58.0	8.0	1.75	4.57	0.00
One Caribbean Media	109.0	150.0	75.0	19.46	3.85	12.97
Readymix WI	-210.0	100.0	3.0	4.22	0.71	0.00
Trinidad Cement	66.0	60.0	8.0	6.07	1.32	10.12
Trinidad Publishing	91.0	130.0	40.0	18.50	2.16	14.23
Unilever Caribbean Ltd	133.0	145.0	120.0	18.26	6.57	12.59
WITCO	137.4	172.0	160.0	24.00	6.67	13.95

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