

THE WISE CHRONICLE

ELECTRONIC VERSION

FEBRUARY 2004

The year got off to a busy start with the total volume of shares traded in the month of January reaching 18,510,387 shares valued at \$104,563,513.01. This represents an increase of 170.56 per cent in total trades over the corresponding month in 2003. Most of the trading activity continued to be concentrated between the two cross-listed Jamaican based companies Jamaica Money Market Brokers (JMMB) and National Commercial Bank Jamaica (NCBJ). We believe this attributable to their price relative to other companies within their sectors.

Advances outstripped declines by a 22 to 2 margin with the Composite Index moving up by 24.7484 points (3.57 per cent) to end the month at 718.8780. The All T&T Index, which is an Index of T&T based companies increased at a faster pace, up 42.9589 points (4.71 per cent) to close at 954.9266 points.

The most actively traded share was JMMB with 9,727,245 shares traded accounting for 52.55 per cent of total trades. NCJB followed with trades of 2,532,954 shares accounting for 13.68 per cent of total volume. National Flour Mills rounded off the top three with a total of 1,501,259 shares traded accounting for 8.11 per cent of all trades.

Trading was heaviest in the Non-Banking Finance sector. A total of 11,021,900 shares were traded representing 59.54 per cent of total trades for January. The Banking sector was second with 3,929,740 shares

BWIA (WI) Airways made the biggest percentage gain for the month up 85 cents (39.53 per cent) to close at \$3.00. The other major advances were National Flour Mills up 65 cents (19.40 per cent) to \$4.00, Prestige Holdings up 75 cents (17.05 per cent) to \$5.15, Berger Paints up 50 cents (16.67 per cent) to close at \$3.50 and Grace, Kennedy & Co. up 70 cents (12.07 per cent) to close at \$6.50.

Capital and Credit Merchant Bank (CCMB) and Lever Brothers were the only two price declines for January. CCMB fell back 12 cents (15.00 per cent) to \$0.68 and Lever Brothers moved down 11 cents (0.36 per cent) to \$30.20.

The general sentiment of the market remained bullish as investors continued to buy into and hold on to shares in anticipation of good financial results. The continuing low interest rate environment and the positive economic outlook of the economy are primary factors resulting in the growth of the market over the immediate investment horizon.

RBTT Financial Holdings Limited
Nine months ended December 31, 2003.

WISE is a subsidiary of RBTT Financial Holdings Limited.

RBTT's impressive profit growth continued as profit attributable to shareholders was 42.9 per cent higher in the nine months ended December 31, 2003 when compared to the same period in 2002. In 2003 profit was \$556.2 million compared to the 2002 figure of 389.3 million. Net interest income increased by 22.3 per cent in 2003 to \$1.097 billion from the \$0.897 billion recorded in 2002. Other income rose 38.9 per cent to \$728.4 million from the same period 2002 amount of \$524.5 million.

Total net income for the nine months ended December 31, 2003 was \$1.825 billion compared to \$1.421 billion posted over the same period in 2002. Non interest expenses increased over the 2002 period to \$1.189 billion from \$0.961. Operating profit was up by 38.3 per cent in the 2003 period to \$636.4 million from the 2002 amount of \$460.3 million. Share of profits in associate companies almost doubled in 2003 to 36.1 million from the 18.8 million recorded a year earlier. This increase we believe is attributable to RBTT now being able to equity account for its Guardian Holdings investment due to increasing its stake to 20 per cent in November of 2003. Profit before taxes in the 2003 period was \$672.6 million compared to \$479.2 million made in the corresponding 2002 period. After tax profit was \$562.0 million in the 2003 period, a 42.4 per cent increase over the corresponding period figure of \$394.7 million.

On a segmented basis, the contribution to operating profit from the local operations increased substantially, totalling \$363.4 million for the nine months ended December 31, 2003. The other Caribbean Territories contributed \$273.1 million at the end of the same period. At the end of the six month period in September 30, 2003 the local operations had contributed just \$139.8 million, therefore in the third quarter alone the local operations added \$223.6 million to RBTT's operating profit. At the end of the first half, the Chairman had stated that Trinidad and Tobago and the Eastern Caribbean (EC) were below forecast. While this trend has reversed for the local operations at the end of the third quarter, the EC operations have felt the continued impact of 'weak business conditions'. The Chairman also stated that the EC is forecast to produce 'improved results in the final quarter'.

Earnings per share in the nine month period ended December 31, 2003 was \$1.63, an increase of 43.0 per cent over the prior period in 2002 when EPS was \$1.14. We reaffirm our full year EPS for RBTT of \$2.30, which at the month-end price of \$36.00 gives a PE of 15.6.

Jamaica Money Market Brokers Limited
Nine months ended November 30, 2003.
All amounts in J'can \$.

Jamaica Money Market Brokers (JMMB) posted a healthy 54.2 per cent increase in revenue in the nine months ended November 30, 2003. Revenue for the 2003 period was J\$6.456 billion compared with J\$4.188 billion achieved in the corresponding 2002 period. Interest expense was 64.7 per cent higher at J\$5.863 billion in the 2003 period when compared to the J\$3.560 billion incurred in the similar period in 2002. This is reflective perhaps of the level of interest rates in the home country.

Gains on securities trading rose 61.8 per cent to J\$585.0 million in the 2003 period from the 2002 corresponding period's amount of J\$361.6 million. Operating profit totalled J\$666.1 million for the nine months ended November 30, 2003. This was a 7.3 per cent improvement over the 2002 period when this figure was J\$620.8 million.

Caribbean Money Market Brokers Limited (CMMB) the associate company of JMMB had a major impact on the overall performance of JMMB. Share of profits in associates was J\$441.1 million in the 2003 period compared to the J\$150.4 million recorded in 2002.

Net profit reached J\$1.011 billion in the nine months ended November 30, 2003 compared to the J\$0.652 billion made in the previous 2002 period. The earnings per share was J69 cents for the 2003 period, a 53.3 per cent rise from the J45 cents made in the comparable 2002 period. At current exchange rates this translates to TT7.2 cents per

share. We therefore maintain our forecast EPS for fiscal 2003 of TT10.5 cents, which would give a PE ratio of 9.5 based on the month-end \$1.00 price.

Barbados Shipping and Trading Limited
Year ended September 30, 2003.
All amounts in B\$.

Barbados Shipping and Trading (BS&T) recorded an increase in revenue of 2.9 per cent in the year ended September 30, 2003. Revenue was B\$633.4 million in 2003 compared to B\$615.6 million recorded a year earlier. There was a 13.6 per cent increase in selling, general and administrative expenses, the main cause of trading profit being 5.8 per cent lower in 2003 than in 2002. In 2003 this figure was B\$31.7 million, while in 2002 it was B\$33.6 million. Other income included a B\$15.7 million gain on the sale of 50 per cent of BS&T's shareholding in Neal and Massy (NML). There were write-offs however totalling B\$6.0 million relating to discontinued operations at BS&T Motors and goodwill relating to the shareholding in NML. The net gain was B\$9.6 million, which would not likely recur.

Profit after taxation in 2003 was 14.9 per cent higher than in 2002 at B\$39.0 million from B\$33.9 million recorded in the previous year. Net income for 2003 was B\$36.8 million, a 16.9 per cent improvement over 2002 when this amount was B\$31.5 million. Earnings per share reached B\$50.2 cents, up 16.7 per cent from the B\$43.0 cents posted in 2002.

While the sale of shares in NML would have resulted in a significant cash inflow, and an improved working capital position, BS&T must now seek other replacement investments that can generate a like return on investment. The Chairman stated the Group is "well poised to continue its expansion at home and in the wider Caribbean".

Translated in local currency BS&T's EPS is TT\$1.57, which at the current price of TT\$17.10, gives a PE ratio of 10.9, lower than that of its T&T peers.

WEST INDIES STOCKBROKERS LIMITED
STOCK MARKET QUOTATIONS
AS AT JANUARY 31, 2004

	Hist EPS ¢	Est EPS ¢	Est Div ¢	Curr Price	Est Yield %	Est P/E Ratio
Shares						
Banks						
First Caribbean	47.3	30.0	15.0	8.06	1.86	26.87
NCB J'ca	8.0	11.0	2.0	1.58	1.27	14.36
RBTT Fin Hold	169.0	230.0	98.0	36.00	2.72	15.65
Republic Bank	367.0	367.0	180.0	58.05	3.10	15.82
Scotiabank	165.6	165.6	70.0	29.00	2.41	17.51
Non-Bank Fin						
ANSA Fin & Merch	68.0	80.0	40.0	12.20	3.28	15.25
Capital & Credit	5.2	7.5	1.1	0.68	1.62	9.07
Guardian Holdings	114.0	295.0	58.0	31.80	1.82	10.78
JMMB	4.7	10.5	1.5	1.00	1.50	9.52
National Enterprises	55.0	60.0	42.0	6.50	6.46	10.83
Conglomerates						
Ansa Mcal Ltd	123.0	135.0	67.0	23.60	2.84	17.48
Bdos Ship & Trad	135.5	140.0	45.0	17.10	2.63	12.21
Grace, Kennedy	50.0	50.0	5.9	6.50	0.91	13.00
Neal and Massy	190.0	190.0	67.0	27.15	2.47	14.29
Trading						
Agostini's Ltd	34.9	34.9	15.0	6.05	2.48	17.34
BWIA	0.0	0.0	0.0	3.00	0.00	0.00
Furness Trinidad	25.0	25.0	5.0	5.20	0.96	20.80
L J Williams Ltd - 'A'	0.0	0.0	0.0	0.50		
L J Williams Ltd - 'B'	0.0	0.0	0.0	1.21		
Prestige Holdings	26.1	28.0	20.0	5.15	3.88	18.39
Property						
PLIPDECO	99.0	60.0	21.0	11.55	1.82	19.25
Valpark	47.3	47.3	0.0	5.00		10.57
Manufacturing						
Angostura Holdings	28.0	28.0	11.0	4.45	2.47	15.89
Berger Paints	39.0	39.0	17.0	3.50	4.86	8.97
CCN	41.0	50.0	22.0	6.95	3.17	13.90
Flavorite Foods	24.0	24.0	10.5	3.60	2.92	15.00
Lever Brothers WI	171.0	155.0	155.0	30.20	5.13	19.48
National Flour Mills	30.0	28.0	19.0	4.00	4.75	14.29
Readymix WI	28.0	40.0	13.0	6.05	2.15	15.13
Trinidad Cement	50.0	50.0	20.0	6.00	3.33	12.00
Trinidad Publishing	31.0	40.0	25.0	7.00	3.57	17.50
WITCO	90.1	110.0	100.0	20.00	5.00	18.18

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: wise@carib-link.net

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