

THE WISE CHRONICLE

ELECTRONIC VERSION

MAY 2004

April was the slowest month of trading for the year to date. The total volume of shares traded was 15,921,628 valued at \$239,778,926.66. This represents a decline of 65.08 per cent in total volume compared to last month's volume.

The decline in volume is due to the tight demand for most shares relative to the supply as existing shareholders continue to hold on firmly to their shares in anticipation of higher returns on the market. This tight demand is a signal that investor confidence is still high in the market as the outlook on expected financial performance of most companies trading on the broad remains positive.

The Composite Index, led by non Trinidad based companies, moved up 41.9013 points or 4.99 per cent during the month of April to close at 881.2792 and the All T&T Index increased by 12.3738 points or 1.11 per cent to close at 1,130.6985. While there was some narrowing of the advance decline ratio compared to last month, advances continued to outnumber declines by twenty (20) to four (4).

Jamaican based companies dominated, as they were both the volume and the price leaders during the month. National Commercial Bank Jamaica (NCJB) was the most actively traded shares with a total of 3,013,092 shares crossing the floor accounting for 18.92 per cent of all trades. Jamaica Money Market Brokers (JMMB) followed with 3,004,345 shares traded accounting for 18.87 per cent of total volume and in third was Guardian Holdings with 2,089,185 shares traded or 13.12 per cent of total volume.

Trading was heaviest in the Non-Banking Finance sector. The total volume of shares traded in this sector was 7,236,486 or 45.45 per cent of all trades. The Banking sector was next with a total of 5,060,500 shares exchanging hands or 31.78 per cent of all trades.

Capital and Credit Merchant Bank (CCMB) led advances, moving up 60 cents or 75.00 per cent to close at \$1.40. This significant jump is due to the news that the company was recommended as the preferred bidder for the Jamaica Unit Trust. NCBJ was second, moving up 70 cents or 35.00 per cent to close at \$2.70 and in third was JMMB, up 40 cents or 25.00 per cent to close at \$2.00.

Berger Paints was down to \$3.95, a decline of \$2.00 or 33.61 per cent. This tumble is due to the poor financial performance for the financial year ended 2003. The other significant declines were Lever Brothers down \$1.00 or 3.33 per to \$29.00 to adjust for the share going ex-dividend, LJ Williams (B) down 5 cents or 3.33 per cent to \$1.45 and Furness Trinidad down 5 cents or 0.89 per cent to \$5.55.

For the month of May we anticipate that the market will continue to grow but at a slower rate. This slow down we believe is necessary if the significant increase in the market which has occurred over the past year is to remain sustainable in the short to medium term.

RBTT Financial Holdings Limited

Financial year ended March 31, 2004

WISE is a subsidiary of RBTT Financial Holdings.

Profit attributable to shareholders increased by an impressive 39.36 per cent from \$576.325 million in 2003 to \$803.140 million in 2004. This excellent performance was as a result of an improvement in most of the group's operating activities. Total net income increased by 23.70 per cent from \$2.036 billion in 2003 to \$2.036 billion in 2004 due to a 17.17 per cent in the group's net interest income and a 33.09 per cent increase in other income.

Group operating profit increased by an even greater margin up 40.08 per cent to \$929.520 million 2004 compared to \$663.555 million in 2003 as the group non-interest expense margin fell slightly by 4.32 per cent over the period. Profit before taxation grew by 40.65 per cent to \$974.160 million in 2004 from \$692.611 million in 2003. The group's share of profits from associated companies increased by 53.63 per cent to \$44.640 million in 2004 from \$29.056 million in 2003 as a result of the acquisition of 15.75 per cent of Guardian Holdings in 2003. During the second half of 2003 the group had converted its 20 per cent interest in the insurance subsidiaries of Guardian Holdings into 29.9 million Guardian Holdings shares.

Profit after taxation increased by 38.72 per cent to \$811.768 million in 2004 from \$585.190 million in 2003. Group earnings per share moved up by 66 cents to \$2.36 from \$1.69 earned in 2003, an increase of 39.05 per cent.

Total assets grew by 13.89 per cent to \$33.404 billion in 2004 compared to \$29.331 billion in 2003 due mainly to a solid growth in loans and advances which increased by 22 per cent for the period under review. There was also an improvement in the quality of the group's loan portfolio with the ratio of non-performing loans reducing from 6.23 per cent in 2003 to 5.22 per cent in 2004. Customer deposits also grew by a healthy margin, up 14 per cent an increase of \$2.2 billion. Return on assets increased by 2.59 per cent in 2004 compared to 2.05 per cent in 2003 and return on equity also increased, up 28.6 per cent in 2004 from 25.9 per cent in 2003.

The Board of Directors have declared the payment of a final dividend of 61 cents based on these results, bringing the total dividend payout for the full financial year to \$1.00, an increase of 43 per cent over last year's dividend. The dividend will be paid on June 10, 2004 to all shareholders on the register as at May 24, 2004. At the current price of \$45.30, the P/E ratio is 19.2.

Republic Bank Limited

Six months ended March 31, 2004.

Republic Bank Limited (RBL) posted an EPS of \$1.90 for the six months ended March 31, 2004. This was an increase of 22.6 per cent over the same period in 2003 when EPS was \$1.55. Net profit in 2004 was \$302.6 million versus the \$246.9 million achieved in the corresponding period in 2003. What makes this performance exceptional is due to three factors:

- in 2003 there was a one off item of revenue totalling \$48.0 million, this was due to a special dividend paid by First Caribbean,
- a deferred tax credit of \$36.0 million related to the decrease in corporation tax in 2003 did not recur in 2004 and,
- a loss of \$49.5 million suffered in the Dominican Republic (DR) by Banco Mercantil S.A.

The first two instances represent gains in 2003 that did not recur in 2004. Even further, the taxation charge in the first six months of 2004 was \$85.1 million, compared to \$4.9 million in the similar period in 2003. With regards to the situation in the DR, the Chairman Ronald Harford has stated that 'steps have been taken to remedy the position'.

Operating profit increased by 58.7 per cent in 2004 to \$408.9 million compared to \$257.6 million posted in 2003. On a segmented basis, local operations contributed 71.8 per cent (\$293.4 million) of total operating profit in 2004. This was achieved from a total asset base of \$16.912 billion. Other operations returned operating profit of \$115.5 million from an asset base of \$10.913 billion. The return on average assets in the six months ended March 31, 2004 was 2.5 per cent, just about on par with the industry average.

In early October of 2003, RBL acquired a further 8.1 per cent share in Barbados National Bank Inc., bringing the total shareholding in BNB to 65.1 per cent. A 91.1 per cent interest in the local stockbroking firm Reliance Stockbrokers was also acquired on February 29, 2004. The bank spent a total of \$94.7 million (including goodwill) on these two transactions.

The Board has approved a half-year dividend of 70 cents per share to be paid on June 4, 2004, the ex-dividend date is May 13, 2004. We believe that RBL can achieve an EPS for fiscal 2004 of \$4.60, based on the continued strong performance locally, and the possibility of breaking even in the DR at the very least. This is an EPS growth of 25.3 per cent and within the capabilities of RBL. The closing price of \$68.00 gives a P/E ratio of 14.8 based on our estimate. We therefore believe that there is room for capital appreciation in the share price.

Neal and Massy Holdings Limited*Half year results for the period ended March 31, 2004*

Group third party revenue increased by a marginal 3.38 per cent from \$1.145 billion in 2003 to \$1.463 billion in 2004. Operating profit however rose sharply, increasing by 23.47 per cent to \$112.210 million in 2004 compared with \$90.877 earned in 2003 an indication that the group was able to efficiently manage its expenses despite the marginal increase in revenue. Profit before taxation moved up by 25.70 per cent to \$129.474 million in 2004 from \$103.006 in 2003, as a result of a steep increase in share of profits from associated companies of 42.34 per cent. This increase was attributable to the continued good financial performance of the group's main associated company, Barbados Shipping and Trading, in which the group continues to maintain a 20 per cent interest.

Profit after taxation rose by 19.97 per cent from \$80.004 million in 2003 to \$88.787 million in 2004. There was a slight increase in the group's effective tax rate over the period under review to 25.87 per cent from 22.33 per cent in the similar period in 2003. Profit attributable to shareholders improved by 20.29 per cent, from \$73.811 in 2003 to \$88.787 million in 2004. Earnings per share for the half year 2004, reached \$1.00 which was 20.48% better than \$0.83 earned in 2003.

The Board of Directors has declared the payment of an interim dividend of \$0.26 per shares, payable on June 4, 2004 to all shareholders on the Register as at May 25, 2004.

Based on these results we are forecasting a full year's earnings per share of \$2.30. At the month end price of \$30.35, given this estimate, we believe that there is room for capital appreciation as the share is presently trading at an attractive price earnings ratio of 13.2.

WEST INDIES STOCKBROKERS LIMITED
STOCK MARKET QUOTATIONS
AS AT APRIL 30, 2004

Shares	Hist	Est	Est	Curr	Est	Est
	EPS	EPS	Div	Price	Yield	P/E
	¢	¢	¢		%	Ratio
Banks						
First Caribbean	29.1	29.1	15.8	9.00	1.76	30.93
NCB J'ca	12.0	12.0	5.4	2.70	2.00	22.50
RBTT Fin Hold	235.0	235.0	100.0	45.30	2.21	19.28
Republic Bank	367.0	460.0	190.0	68.00	2.79	14.78
Scotiabank	165.6	190.0	80.0	29.70	2.69	15.63
Non-Bank Fin						
ANSA Fin & Merch	98.0	98.0	42.0	14.40	2.92	14.69
Capital & Credit	5.2	7.5	1.1	1.40	0.79	18.67
Guardian Holdings	215.0	215.0	54.0	34.00	1.59	15.81
JMMB	4.7	10.5	1.5	2.00	0.75	19.05
National Enterprises	55.0	60.0	42.0	10.15	4.14	16.92
Conglomerates						
Ansa Mcal Ltd	144.0	144.0	65.0	27.90	2.33	19.38
Bdos Ship & Trad	135.5	140.0	47.5	18.00	2.64	12.86
Grace, Kennedy	63.7	63.7	7.1	8.80	0.81	13.81
Neal and Massy	190.0	210.0	75.0	30.35	2.47	14.45
Trading						
Agostini's Ltd	34.9	34.9	16.0	8.35	1.92	23.93
BWIA	0.0	0.0	0.0	1.80	0.00	0.00
Furness Trinidad	25.0	25.0	5.0	5.55	0.90	22.20
L J Williams Ltd - 'A'	0.0	0.0	0.0	0.56		
L J Williams Ltd - 'B'	0.0	0.0	0.0	1.45		
Prestige Holdings	27.4	27.4	20.0	7.10	2.82	25.91
Property						
PLIPDECO	170.0	170.0	21.0	16.95	1.24	9.97
Valpark	47.3	47.3	0.0	5.00		10.57
Manufacturing						
Angostura Holdings	31.0	31.0	12.0	5.00	2.40	16.13
Berger Paints	39.0	39.0	17.0	3.95	4.30	10.13
CCN	54.0	54.0	25.0	7.35	3.40	13.61
Flavorite Foods	24.0	24.0	10.5	4.10	2.56	17.08
Lever Brothers WI	142.0	142.0	155.0	29.00	5.34	20.42
National Flour Mills	23.0	23.0	16.0	3.15	5.08	13.70
Readymix WI	44.0	44.0	15.0	6.75	2.22	15.34
Trinidad Cement	50.0	60.0	20.0	6.20	3.23	10.33
Trinidad Publishing	45.0	45.0	25.0	7.80	3.21	17.33
WITCO	104.5	104.5	103.0	20.50	5.02	19.62

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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