

WISE CHRONICLE - ELECTRONIC VERSION

NOVEMBER 2000

The stock market was alive and vibrant for the month of October with a total of 34,716,778 shares changing hands which was 80.51 per cent more than September's 19,231,965. The value of these shares totalled \$559,015,210.16.

The composite index rose 2.45 per cent to close at 964.667 while the All T&T Index rose 2.43 per cent to end the month at 1,226.79.

The sector with the most amount of shares being traded was the Banking Sector which accounted for 63.35 per cent of all the trades for the period under review. The two companies which contributed most to this large volume was NCBJ and RBTT with 36.14 per cent and 26.93 per cent of all shares being traded respectively. Individually, NCBJ and RBTT were also the top two volume leaders for October.

The non-banking Finance Sector came in second this month carrying 26.50 per cent of trades of which Capital & Credit Merchant Bank (CCMB) was responsible for 14.86 per cent. In third place was the Conglomerate Sector which accounted for 5.32 per cent of all shares being traded.

October saw fifteen share price advances in contrast to two declines. The top three positive price movers were Capital & Credit Merchant Bank rising 45 cents or 17.31 per cent to close at \$3.05, British West Indies Airways (BWIA) rising 05 cents to 10.64 per cent to close at 52 cents and finally was Ansa McAl up \$3.45 or 9.99 per cent to close at \$38.00.

The two declines belonged to Dehring, Bunting & Golding (DB&G) and WITCO. DB&G declined on its first day of trading to ultimately end the month at \$2.15. A 6.11 per cent drop from its opening price of \$2.29. WITCO fell 10 cents or 0.45 per cent during the month after going ex-dividend to close at \$22.30.

Republic Bank Limited

Audited Results to 30 September 2004

The 2004 financial year proved to be quite challenging for Republic Bank Ltd. The devastation in Grenada as a result of hurricane Ivan saw The National Commercial Bank of Grenada Ltd, a subsidiary of the Group, making a \$29 million provision for possible losses. Moreover, Banco Mercantil S.A. in the Dominican Republic, where the Group acquired a 98.1 per cent shareholding during the year, recorded a loss of \$49.5 million at the half year, this loss increased in the second half of the year to \$57.1 million.

The Group also acquired a 100 per cent shareholding in Reliance Stockbrokers Ltd. in Trinidad and Tobago and increased its ownership in Barbados National bank Inc. from 57 per cent to 65.1 per cent. Additionally, the Group's investment in East Caribbean Financial Holdings Company Ltd. was increased to 20 per cent making it now an associate of the Group.

Year end profit before tax was up 29.9 per cent to \$887.57 million; however profit attributable to shareholders rose by only 13.71 per cent to \$663.75 million. The reasons for this disparity between profit before tax and profit attributable to shareholders are that there was a one off special dividend paid by First Caribbean totaling \$48.0 million in 2003 and a deferred tax credit of \$36.0 million related to the decrease in corporation tax in 2003 which did not recur in 2004. The effective tax rate was 20 per cent in 2004 compared to 11 per cent in 2003. However, there was an improvement in return on average equity from 18.41 per cent to 18.93 per cent.

Total assets increased by 10.66 per cent to \$28.56 billion resulting in a return on average assets of 2.44 per cent down from 2.59 per cent. Net assets reached \$4.05 billion, up 11.09 per cent.

The Group earned \$2.27 per share for the second half of the year, bringing total year end earnings to \$4.17 per share, up 50 cents. Our estimate \$4.60 per share, made at the half year, did not anticipate the effects of hurricane Ivan and included a remedy to the loss position in the Dominican Republic that would have resulted in at least a break even position at Banco Mercantil S.A.. Together these account for a loss of approximately \$60.7 million in profit after tax and 38 cents earnings for the group.

A final dividend of \$1.30 per share has been declared, giving a total dividend of \$2.00 for the year. On the stock market, Republic Bank share price climbed 81.1 per cent to \$79.71 per share from 1st October 2003 to 30 September 2004 despite the much lower increase in earnings. The September 30th price of \$79.71 per share gives an earnings multiple of 19.12 times with a dividend yield of 2.51 per cent. At the current price of \$82.75 these shares are trading at a multiple of 19.84 times.

RBTT Financial Holdings

Results for the six month period ended 30 September, 2004

RBTT Financial Holdings reported sluggish growth for the six month period ended 30 September, 2004. Profit attributable to shareholders increased marginally by 0.31 per cent from \$323.301 million last year to \$324.306 million for the corresponding period this year. This was a difference of \$1.005 million. The comparatively slow increase in profits between periods was due to unrealized market losses caused by the downgrading of the sovereign credit rating of Grenada in September and October 2004 and, the establishment of a provision of \$30.000 million against possible future losses arising from the hurricane disaster in Grenada.

Total Net Income showed a positive difference of only \$13.00 from \$1,180.701 million to \$1,180.714 million. This was due to the unrealized mark to market losses of \$74 million in Grenada which was factored into 'Other Income' causing the said income to decrease by \$58.168 million from \$465.177 million to \$407.009 million. Net interest income showed a subtle rise from \$715.524 million to \$773.705 million (8.13 per cent) for this period.

Operating profit rose by 1.08 per cent from \$366.855 million to \$370.801 million as non-interest expenses fell 0.48 per cent from \$813.846 million to \$809.913 million. The non-interest expense included the provision for future losses from the wrath of Hurricane Ivan in Grenada. Share of Profits of associate companies and joint ventures also decreased 42.41 per cent to \$12.721 million from \$22.089 million. A difference of \$9.368 million.

Profit before taxation decreased 1.39 per cent to \$383.522 million, taxation increased 5.26 per cent to 65.277 million and profit after taxation dropped 2.66 per cent to \$318.245 million. Minority interest also decreased by 2.67 per cent from \$3.630 million to (\$6.061 million).

Although these results may seem stagnant, it is important to note that had it not been for the unforeseeable circumstances in Grenada, profit attributable to shareholders would have risen 21.40 per cent in line with RBTT's business forecast over the comparative period in the previous year.

In keeping with these results, WISE is revising its expected earnings per share from \$2.82 to \$2.55. The Group's balance sheet continues to reflect solid growth with assets increasing by 6.1 per cent over the six month period (loans accounted for 70 per cent of this growth). Shareholders' Equity also grew by 5.9 per cent. In addition, the Board of Directors has declared an interim dividend of 41 cents per share to be paid on 29th November, 2004.

WISE continues to recommend this share as a solid long term investment.

Trinidad Cement Limited

Results for the Nine Months Ended September 30, 2004

Trinidad Cement's results for the nine months ended September 30, 2004 were in line with expectations and it remains on course to achieve our target of 60 cents per share.

Revenue for the nine months ended September 30, 2004 reached \$992.825 million, an increase of 13.87% over the corresponding period in 2003. The Chairman attributed this mainly to increased demand in all the Group's cement markets. The third quarter was negatively impacted by the bad weather which halted production at all three plants and depressed sales. This was reflected in the fact that the actual quarterly revenue of \$322.554 million was the lowest quarter for 2004.

The increase in operating profit was marginally lower at 12.25% moving from \$195.163 million in 2003 to \$219.080 million in 2004. Finance cost increased by 19.52% moving from \$69.697 million in 2003 to \$83.303 million in 2004 despite a decline in total borrowings during the period. The Chairman explained that this was a result of the disposal of fixed income securities at the end of 2003 and the consequential reduction in interest income going forward. This was compensated for by the elimination of significant lease payments. Also in the third quarter the Group refinanced approximately 43% of its long term debt at an effective rate approximately 50% lower than the previous rate.

Taxation fell 12.56% from \$27.722 million in 2003 to \$24.240 million in 2004. Overall profit attributable to shareholders increased from \$86.693 million in 2003 to \$101.348 million in 2004, an increase of 16.90%. Earnings per share increased from 36 cents in 2003 to 42 cents in 2004.

The Chairman has stated that the fourth quarter will be favourable as cement and concrete markets rebound from the effects of Hurricane Ivan. He also stated that the capacity upgrade project continues in Trinidad although the upgrade in Jamaica is on hold until the gazettement of the 40% Common External Tariff (CET). Demand continues to be strong in the regional markets and this coupled with the improving operational efficiencies and successful refinancing would ensure a continued positive outlook for the Group.

We concur with this prognosis and reiterate our earnings per share projection for the year of 60 cents per share and a dividend payment of 19 cents per share. At the current price of \$6.95 the PE ratio is 11.50 which make this share attractive.

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

Shares	Hist EPS	Est EPS	Est Div	Curr Price	Est Yield %	Est P/E Ratio
	¢	¢	¢			
Banks						
First Caribbean	29.1	35.0	16.0	9.50	1.68	27.14
NCB J'ca	12.0	16.0	5.4	2.50	2.16	15.63
RBTT Fin Hold	235.0	282.0	120.0	42.50	2.82	15.07
Republic Bank	417.0	417.0	200.0	82.75	2.42	19.84
Scotiabank	165.6	185.0	75.0	31.50	2.38	17.03
Non-Bank Fin						
ANSA Fin & Merch	98.0	100.0	32.0	16.75	1.91	16.75
Capital & Credit	8.4	18.0	1.0	3.05	0.33	16.94
DB&G	19.8			2.15		
Guardian Holdings	215.0	300.0	54.0	35.10	1.54	11.70
JMMB	11.0	11.0	1.5	1.70	0.88	15.45
National Enterprises	81.0	81.0	41.0	9.45	4.34	11.67
Sagicor Financial Corp	66.4	72.5	24.0	14.00	1.71	19.31
Conglomerates						
Ansa Mcal Ltd	144.0	172.0	65.0	38.00	1.71	22.09
Bdos Ship & Trad	135.5	182.0	47.5	21.70	2.19	11.92
Grace, Kennedy	63.7	72.0	7.1	11.00	0.65	15.28
Neal and Massy	190.0	230.0	80.0	38.50	2.08	16.74
Trading						
Agostini's Ltd	34.9	20.0	10.0	10.30	0.97	51.50
BWIA	0.0	0.0	0.0	0.52	0.00	0.00
Furness Trinidad	25.0	38.0	5.0	5.70	0.88	15.00
L J Williams Ltd - 'A'	0.0	0.0	0.0	0.62	0.00	0.00
L J Williams Ltd - 'B'	0.0	0.0	0.0	1.20	0.00	0.00
Prestige Holdings	27.4	42.0	20.0	8.65	2.31	20.60
Property						
PLIPDECO	170.0	175.0	21.0	21.50	0.98	12.29
Valpark	47.3	47.3	0.0	5.00	0.00	10.57
Manufacturing						
Angostura Holdings	31.0	40.0	12.0	4.75	2.53	11.88
Berger Paints	0.0	0.0	17.0	3.15	5.40	0.00
CCN	54.0	63.0	28.0	10.00	2.80	15.87
Flavorite Foods	24.0	41.0	13.0	4.40	2.95	10.73
Lever Brothers WI	142.0	160.0	150.0	29.00	5.17	18.13
National Flour Mills	23.0	23.0	16.0	2.85	5.61	12.39
Readymix WI	44.0	48.0	15.0	6.80	2.21	14.17
Trinidad Cement	50.0	60.0	19.0	6.85	2.77	11.42
Trinidad Publishing	45.0	56.0	30.0	9.60	3.13	17.14
WITCO	104.5	120.0	110.0	22.30	4.93	18.58

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

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