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**DECEMBER 2004**

Stock market activity continued to be buoyant in the penultimate month of the calendar year with a total of 33,960,068 shares being traded for the month. This figure was 2.18 per cent less than the total trades for October which was 34,716,778. The value of the shares traded for the month under review was \$295,800,715.67 which was 47.09 per cent less than last month's figure of \$559,015,210.16.

The composite index rose 7.49 percent to close at 1,060.2046 compared to last month's close of 986.3446. The nominal change in this index was 73.8600. The All T&T Index rose 2.56 per cent from 1,226.7943 to close at 1,285.2076. The nominal change was 31.4133.

This month the manufacturing sector gallantly lead the other sectors in terms of volume with 22,280,400 (65.61 per cent) shares being traded. This was due to the trading of a large sum of TCL shares which was reportedly sold to a foreign investor. TCL shares traded accounted for 63.40 per cent of all trades with a total of 21,530,108 shares crossing the floor.

The Banking sector followed with 16.92 per cent of all shares changing hands. National Commercial Bank of Jamaica carried 14.66 per cent of the volume and was also the second most traded share for the month. In third place was the Non-Banking Finance sector which carried 14.35 per cent of trades.

November witnessed 19 shares advancing with only 2 declines. The share whose price increased the most was First Caribbean International Bank Limited (FCIB). FCIB opened at \$9.50 and eventually rose to \$12.10. This increase came on the heels of FCIB's disposal of its shareholding in Republic Bank. Second was Neal & Massy Holdings which rose 19.48 per cent to close at \$46.00 and, in third place was Trinidad Cement Limited which increased 13.14 per cent to close at \$7.75.

The two declines belonged to Capital & Credit Merchant Bank (CCMB), which dropped 10 cents or 3.28 per cent to close at \$2.95 and, RBTT Financial Holdings Limited which fell 66 cents or 1.55 per cent to close the month at \$41.84.

**Guardian Holdings Limited**

***Results for the nine month period ended 30 September, 2004***

Guardian Holdings Limited's (GHL) results for the nine month period ended 30 September, 2004 recorded profit attributable to shareholders of \$412.617 million down 51.70 percent from \$854.270 million in 2003. Though revenue increased by 43.59 per cent from \$1,759.745 million (2003) to \$2,526.818 million, the third quarter in particular contributed only 26.83 per cent to this figure in comparison to their first quarter input of 48.86 per cent.

Operating profit increased 168.68 per cent from \$260.404 million in 2003 to \$699.660 million in 2004. 86.92 per cent of this figure however, was operating profits claimed from their first quarter results with just 11.60 per cent of these profits being generated in the third quarter.

Share of profits of Associated Companies decreased 116.25 per cent from (\$88.821 million) in 2003 to (\$14.342 million) for the period under review. The Group's Finance charges also decreased 12.71 per cent to (\$75.067 million) for this period from (\$85.999 million) for the similar period in 2003.

Profit After Taxation fell 53.85 per cent from \$895.942 million in 2003 to \$413.483 million in 2004. Profit before Taxation and the Taxation also moved in similar proportions namely 53.94 per cent and 55.36 per cent respectively. Profit before Taxation was \$954.815 million in 2003 but was \$439.764 million for the similar period in 2004. Taxation was (\$58.873 million) in 2003, but was recorded at (\$26.281 million) for 2004. Minority Interests decreased 97.92 per cent.

For the equivalent period last year, GHL reported a non-recurrent revenues of \$680.808 million from the investment of shares in RBTT Financial Holding Limited. This year, due to the onset of four hurricanes which ravaged several Caribbean Islands, the company has made provisions for net losses of \$155.985 million in order to compensate for the numerous claims being made on their Insurance Subsidiaries. The gains from the RBTT investment plus the current year provision represents a \$836.793 million reversal in fortune. Despite this, GHL was still able to maintain an overall profit for the nine month period resulting in basic Earnings per Share of \$2.16 and a Diluted Earnings per Share from \$2.12.

The company continues to diversify away from its core life insurance business with investments in other areas taking on a more prominent role. They are also diversifying geographically by venturing into the Netherland Antilles and European markets. This level of diversification is significant in that it adds to the stability of the company's operating performance. However, the manner in which investments are accounted, results in a level of volatility that renders us unable to forecast year end earnings. We do however believe Guardian Holdings Limited has the potential for continued growth in their core operations and the capacity to increase profits in the foreseeable future.

**Grace, Kennedy & Company Ltd.**  
***Results for the Nine Months ended 30 September 2004***  
***Amounts in Jamaican Dollars***

The third quarter period showed improved revenue and profits over the comparative period last year, however, the Group experienced reduced profitability margins. Revenue increased by 28.29 per cent to \$7.5 billion in the third quarter ended 30 September 2004 relative to the comparative period last year. Trading profit increased by 13.10 per cent to \$650.8 million resulting in a reduced trading profit margin from 9.83 per cent to 8.66 per cent. Other operating income \$57.4 million this year was approximately two-thirds that achieved last year and resulted in profit from operations of \$708.2 million, up 7.0 per cent. Net finance income increased 30.69 per cent to \$51.86 million, while the Group's share of results of associate companies rebounded from a loss of \$4.9 million to a profit of \$3.56 million. Profit before tax rose by 9.52 per cent to \$763.6 million, while profit after tax was up 9.35 per cent to \$549.8 million. Profit attributable to minority interest increased significantly over the corresponding period, reaching \$34.7 million, up 121.3 per cent giving a net profit of \$515.1 million, up 5.74 per cent. Net profit margin however, fell from 8.32 per cent to 6.86 per cent. Basic earnings per share was \$1.59, up 8 cents or 5.30 per cent, while diluted earnings per share was \$1.55, up 6 cents or 4.03 per cent.

The Group experienced disruption in its businesses in Jamaica in the latter part of the third quarter as a result of Hurricane Ivan. Operations mostly affected by the hurricane were the production and distribution divisions. While most of the companies operations have been substantially restored it is expected that it will be several months before full normalcy is regained. Loss of crops suffered by suppliers to the Group are having an adverse impact on factory and export activities, which would require a full crop bearing cycle to recover.

For the nine month period the Group basic earnings grew by 11.36 per cent to \$4.41 up 45 cents, while diluted earnings were up 37 cents or 9.41 per cent to \$4.30 per share. Revenue climbed 35.28 per cent to \$22.3 billion with trading profits of \$1.71 billion, representing an increase of 14.94 per cent over the corresponding period last year. Trading profit margin fell from 9.03 per cent to 7.67 per cent. Profit before tax was up 13.58 per cent to \$2.09 billion and after applying a 28 per cent tax rate, the same as last year, profit after tax reached \$1.5 billion. Grace Kennedy showed an overall growth in net profit of 11.55 per cent to \$1.43 billion; net profit margin nonetheless, fell from 7.75 per cent to 6.39 per cent.

Prior to the event of Hurricane Ivan, the Food trading division showed a satisfactory performance, adding two products to its offerings, which have been well received. One of the new products, Grace Tropical Rhythms, was used as an entry product into Martinique and Guadeloupe markets. The Financial services division continues to give a creditable performance with synergistic benefits being derived from mergers within the division earlier this year.

Grace Kennedy has recently launched its general insurance offering to the St Lucia market and has entered a MOU with Guardian Holdings Ltd to start a 50/50 joint venture company in the health insurance business to be launched in 2005.

With the sale of Kingston Wharves Ltd. and the mixed results experienced in the Maritime division, the Group is currently reviewing its role in the industry. Mixed results were also recorded in the Information services division.

Grace Kennedy gave a forecast of year end profit attributable to shareholders of 15 per cent increase over last year. This forecast has been revised in light of continuing effects of Hurricane Ivan, reporting requirements of the discontinuing aspects of the Maritime division and an expected tax rate increase in the fourth quarter, is now estimated to be in the region between 3 and 5 per cent. This would put year end profits at about \$2.08 billion at a 5 per cent increase, which give an estimated fourth quarter net profit of \$650 million.

On the Stock Market, Grace Kennedy shares, which opened the year at \$5.80, appreciated 99.13 percent and is currently trading at \$11.55 per share.

	<b>Hist EPS</b>	<b>Est EPS</b>	<b>Est Div</b>	<b>Curr Price</b>	<b>Est Yield</b>	<b>Est P/E Ratio</b>
	<b>¢</b>	<b>¢</b>	<b>¢</b>		<b>%</b>	
<b>Shares</b>						
<b>Banks</b>						
First Caribbean	29.1	35.0	16.0	12.10	1.33	34.29
NCB J'ca	12.0	16.0	5.4	2.50	2.04	16.56
RBTT Fin Hold	235.0	255.0	110.0	41.84	2.61	16.51
Republic Bank	417.0	417.0	200.0	91.00	2.21	21.70
Scotiabank	165.6	185.0	75.0	32.00	2.34	17.30
<b>Non-Bank Fin</b>						
ANSA Fin & Merch	98.0	100.0	32.0	16.75	1.91	16.75
Capital & Credit	8.4	18.0	1.0	2.95	0.34	16.11
DB&G	19.8	19.8	2.0	2.25	0.89	11.36
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	10.20	4.10	12.35
Sagicor Financial Corp	66.4	72.5	24.0	14.00	1.71	19.31
<b>Conglomerates</b>						
Ansa Mcal Ltd	144.0	172.0	65.0	40.60	1.60	23.55
Bdos Ship & Trad	135.5	182.0	47.5	22.30	2.16	12.09
Grace, Kennedy	63.7	67.0	7.1	12.10	0.59	17.91
Neal and Massy	190.0	230.0	80.0	46.00	1.78	19.57
<b>Trading</b>						
Agostini's Ltd	18.6	18.6	9.0	10.30	0.87	55.38
BWIA	0.0	0.0	0.0	0.57	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	8.80	2.27	20.95

**Property**

PLIPDECO	170.0	175.0	21.0	21.60	0.97	12.34
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	3.20	5.31	0.00
CCN	54.0	63.0	28.0	10.50	2.71	16.43
Flavorite Foods	24.0	41.0	13.0	4.55	2.86	11.10
Unilever Caribbean Ltd	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	6.95	2.19	14.27
Trinidad Cement	50.0	60.0	19.0	7.75	2.53	12.50
Trinidad Publishing	45.0	56.0	30.0	10.00	3.00	17.86
WITCO	104.5	120.0	110.0	22.35	4.92	18.63