
APRIL 2005

A total of 53,163,694 shares crossed the floor during the first three months of the year. Compared with a volume of 92,192,347 for the similar period in 2004, trading activity has declined by 42.33 per cent. However, the total value of shares traded in the first quarter of 2005 amounted to \$991,408,753.56, whereas the value of shares traded in the first quarter 2004 was \$518,021,961.87. The reduced volumes for 2005 thus far is not as a result of declining interest in the Stock Market, but rather a consequence of the general increase in stock price levels as well as a redirecting of investor focus away from the lower priced cross-listed shares to higher priced shares.

The Trinidad and Tobago Stock Exchange commenced trading on a fully automated trading platform during the month of March. After a live trial-run on Thursday 10th March, the Horizon became the official trading platform from Friday 18th March. This new electronic platform is expected to aid the development of a more efficient and effective trading process.

The month of March saw a total of 20,011,240 shares changing hands, valued \$372,789,335.07, compared with 15,684,841 shares in February. Seventeen shares advanced, while ten declined and seven traded firm. The Composite Index gained 52.167 points to close at 1148.5442 points, up 4.76 per cent and the All T&T Index rose by 123.5458 points to 1432.2194 points, up 9.44 per cent.

The top three traded securities were from the Banking sector. First Caribbean International Bank Ltd led all

volumes with a total of 3,253,490 shares traded, representing 16.26 per cent of the grand total. Second was Scotiabank T&T Ltd. with 3,026,670 shares crossing the floor or 15.12 per cent of all trades and third was National Commercial Bank Jamaica with 2,194,491 shares traded for 10.97 per cent of the total volume.

Of the seventeen shares advancing, Trinidad Cement Ltd. share price recorded the highest gains, up 36.78 per cent from \$9.00 to \$12.31 per share, an increase of \$3.31 for the month. Guardian Holdings Ltd. share price appreciated by 25.36 per cent to close at \$44.00 per share, up \$8.90 and rounding off the top three, Scotiabank T&T Ltd. experienced share price growth of 15.31 per cent to \$37.13 per share, up \$4.93.

On the decline side, Jamaican cross-listed shares in the Non-Banking Finance Sector fell by the largest percentages in the entire market. Dehring, Bunting & Golding share price dropped by 18.18 per cent or 50 cents to \$2.25 per share. Jamaican Money Market Brokers lost 18.18 per cent off its share price to close at \$1.55 per share, down 30 cents and Capital & Credit Merchant Bank Ltd. share price was down 10.88 per cent or 36 cents to \$2.95.

Trinidad Cement Limited

Results for the Year Ended December 31, 2004

TCL's results for the year ended December 31, 2004 exceeded our expectations. The Group achieved earnings per share of 67 cents an increase of 34 percent over the corresponding figure in 2003.

Revenue increased from \$1.156 billion in 2003 to \$1.330 billion in 2004, an increase of 15.08 percent. Operating profit increased from \$263.956 million in 2003 to \$304.098 million in 2004, an increase of 15.21 percent. Finance cost increased from \$90.709 million in 2003 to \$104.750 million in 2004, an increase of 15.48 percent. This happened despite the Group refinancing 43 percent of its long term debt in 2004 at an effective rate 50 percent lower than the previous rate. The reason given for this by the Chairman was the disposal of fixed

income securities at the end of the year with the consequential reduction in interest income.

On the flipside there was a significant reduction in lease payments. Profit before taxation increased by 15.07 percent moving from \$173.247 million in 2003 to \$199.348 million in 2004. Taxation declined by 56.86 percent moving from \$36.061 million in 2003 to \$15.556 million in 2004. The Chairman attributed this to Caribbean Cement's recognising a deferred tax asset in accordance with International Financial Reporting Standards. This resulted in profit after taxation increasing by a much more impressive 33.97% moving from \$137.186 million in 2003 to \$183.792 million in 2004. Minority interest increased by 33.62% moving from \$15.745 million in 2003 to \$21.521 million in 2004. Profit attributable to shareholders increased by 33.62% moving from \$121.441 million in 2003 to \$162.271 million in 2004.

The main engine for the growth in the Group's profitability is the reduction in taxation due to the change in accounting policy at Caribbean Cement. Caribbean Cement accounted for approximately 45% of the Group's total earnings. The Group also had significant growth in revenue. The Group remains in a negative cashflow position as it used its available cash to finance capital expenditure and retire debt. The Group is also highly levered; however the short term current ratio position is less worrisome at 1.35 times.

On the positive side:

1. The Chairman stated that given the high levels of construction activity regionally it is anticipated that there will be continued strong demand for cement.
2. Phase one of the capacity upgrade project in Trinidad is expected to be completed in July.
3. The capacity upgrade project in Jamaica has recommenced
4. The 40% Common External Tariff in Jamaica has been enacted.
5. The Group should also begin to accrue the full benefits from the refinancing in 2005.

These positives are countered by the high leverage position of the Group, the frailty of some of the economies the Group operates in and the fact that a significant portion of the increase in profits in 2004 came from the one off reduction in taxation from the change in accounting policy.

However we believe the outlook for the Group is positive and thus continue to recommend the share as a buy.

The Board of Directors has approved a final dividend of 12 cents per share to be paid on May 6, 2005 to shareholders on record as at April 22, 2005. Together with the interim dividend of 8 cents per share this brings the total dividend for 2004 to 20 cents per share, an increase of 2 cents per share over the 2003 dividend. The smaller dividend payout ratio indicates that the Group is conserving cash for expansion and reducing debt.

Guardian Holdings Limited

Results for the Year Ended December 31, 2004

Guardian Holdings results for the year ended December 31, 2004 were in line with our expectations of \$3.00 per share. Revenue increased by an impressive 29.73 percent moving from \$2.827 billion in 2003 to \$3.667 billion in 2004. According to the Chairman this was mainly due the acquisition of the Link Insurance Group in the United Kingdom and Gibraltar. Operating profit grew by an even more impressive 52.44 percent moving from \$545.588 million in 2003 to \$831.718 million in 2004. However share of profits from associated companies declined by 166.12 percent moving from \$108.686 million in 2003 to a loss of \$71.863 million in 2004. At the end of the third quarter this loss was only \$14.342 million. Finance charges declined by 11.41 percent moving from \$118.670 million in 2003 to \$105.135 million in 2004. Goodwill net of negative goodwill declined by 42.42 percent moving from \$57.241 million in 2003 to \$32.962 million in 2004.

In 2003 there was the non-recurrent gain of \$680.808 million from the sale of shares in RBTT Financial Holdings and the mark to market adjustment. As a result profit before tax fell by 46.01 percent moving from \$1.274 billion in 2003 to \$687.682 million. Taxation declined by 36.27 percent moving from \$162.331 million in 2003 to \$103.452 million in 2004. Overall the Group achieved a profit attributable to shareholders of \$583.220 million, a decline of 44.75 percent over the corresponding 2003 figure of \$1.056 billion.

The Group has performed satisfactorily despite the \$147 million provision for hurricane losses. The Chairman stated that these losses were offset by the fine performance of the life insurance and asset management companies. Revenue in the general insurance sub-group rose by 66 percent from \$632 million in 2003 to \$1.050 billion in 2004. This division was still able to record a profit due to the contribution of the acquisitions in the United Kingdom and Gibraltar.

We are optimistic about the Group's future. While weather patterns are not easily predictable the Group's continued diversification would add some consistency to its earnings growth. We expect the Group to begin to accrue benefits from its recent acquisition of the Zenith Group. This coupled with the Group's organic growth and a less destructive hurricane season could result in significant earnings growth in 2005.

The Directors have announced a final dividend of 38 cents per share, bringing the total dividend for the year to 50 cents per share which is 4 cents per share less than the 54 per share paid in 2003 (2003 included a special dividend of 6 cents per share). The record date for the dividend was March 31, 2005 and would be paid on April 7, 2005.

**WEST INDIES STOCKBROKERS LIMITED
STOCK MARKET QUOTATIONS
AS AT MARCH 31, 2005**

	Hist Eps	Est Eps	Est Div	Curr Price	Est Yield %	Est P/E Ratio
Bank						
FirstCaribbean	32.5	32.5	7.8	13.45	0.58	41.38
NCB Jca	13.0	13.0	4.8	2.05	2.34	15.77
RBTT Fin Hold	235.0	255.0	110.0	43.26	2.54	16.96
Republic Bank	416.0	417.0	200.0	110.42	1.81	26.48
Scotiabank	173.1	173.1	74.0	37.20	1.99	21.49
Non-Bank Fin						
ANSA Fin & Merch	98.0	100.0	32.0	17.77	1.80	17.77
Capital & Credit	8.4	18.0	1.0	2.87	0.35	15.94
DB&G	19.8	22.0	2.0	2.23	0.90	10.14
Guardian Holdings	625.0	300.0	54.0	43.99	1.23	14.66
JMMB	7.1	11.0	1.5	1.60	0.94	14.55
National Enterprises	81.0	90.0	41.0	11.16	3.67	12.40
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	46.00	1.41	26.74
Bdos Ship & Trad	179.1	179.1	51.0	26.10	1.95	14.57
Grace, Kennedy	61.2	67.0	7.1	12.19	0.58	18.19
Neal and Massy	243.0	279.0	76.0	51.60	1.47	18.49
Trading						
Agostini's Ltd	18.6	18.6	9.0	10.31	0.87	55.43
BWIA	0.0	0.0	0.0	0.30	0.00	0.00
Furness Trinidad	14.0	38.0	5.0	0.00	0.00	0.00
L J Williams Ltd. - 'A'	0.0	0.0	0.0	0.60	0.00	0.00
L J Williams Ltd. - 'B'	0.0	0.0	0.0	1.10	0.00	0.00
Prestige Holdings	27.4	42.0	20.0	9.80	2.04	23.33
Property						
PLIPDECO	170.0	175.0	21.0	22.00	0.95	12.57
Valpark	47.3	47.3	0.0	5.00	0.00	10.57
Manufacturing						
Angostura Holdings	31.0	40.0	12.0	5.35	2.24	13.38
Berger Paints	0.0	0.0	17.0	3.35	5.07	0.00
CCN	54.0	63.0	28.0	12.25	2.29	19.44
Flavorite Foods	24.0	41.0	13.0	4.80	2.71	11.71
Unilever Caribbean Ltd	142.0	160.0	150.0	29.36	5.11	18.35
National Flour Mills	23.0	23.0	16.0	2.85	5.61	12.39
Readymix WI	44.0	48.0	15.0	7.15	2.10	14.90
Trinidad Cement	50.0	60.0	19.0	12.90	1.47	21.50
Trinidad Publishing	50.0	50.0	28.0	10.65	2.63	21.30
WITCO	104.5	120.0	110.0	22.61	4.87	18.84

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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