

It was an all-Jamaican affair at the bottom of the Advance/Decline table. National Commercial Bank Jamaica lost 14.94 per cent off its share price to close at \$2.05 per share, down 36 cents. Jamaica Money Market Brokers share price dropped by 9.36 per cent or 16 cents for the month to \$1.55 per share, while Capital and Credit Merchant Bank fell 8.13 per cent or 23 cents to \$2.60 per share.

**Sagicor Financial Corporation  
Year end results to 31 December 2004.  
Amounts in BDS Dollars**

Sagicor Financial Corporation results revealed earnings growth of 18.18 per cent to 26 cents per share for the year ended 31 December 2004, up by 4 cents. This performance was due, in no small part, to the increase in net premiums and contributions of 14.31 per cent to \$537.54 million and net investment income of 10.55 per cent to \$203.92 million. Operating income from associated companies contributed \$9.27 million to Group revenue, up from \$3.31 in 2003. On the other hand, gains on divestitures were much smaller compared with the previous year, falling from \$17.09 million in 2003 to \$384,000 in 2004. Fees and other revenue also fell, reaching \$35.7 million, down 25.10 per cent. Overall, total revenue for 2004 amounted to \$786.82 million, an increase of 8.86 per cent.

The impact of last year's hurricane season resulted in increased claims to the property and casualty subsidiary of the Group. Policy benefits grew by 8.96 per cent to \$324.25 million, while actuarial liabilities increased at a rate of 40.19 per cent (\$117.95 million), or \$33.81 million over last year's increase. Total policy benefits for the year rose 15.84 per cent to \$442.2 million.

Costs related with demutualization, re-branding and re-organization were just over \$120,000 compared with \$14.19 million in 2003. Finance costs were also down 56.90 per cent to \$743,000. However, these reductions in costs were negated by increases in premium taxes and commissions and related compensation. Premium taxes increased by 49.45 per cent to \$11.65 million and commissions and related compensation were up 17.57 per cent to \$76.25 million. Total expenses for the year rose by 1.59 per cent to \$264.7 million

Income from ordinary activity slipped from \$80.45 million to \$79.90 million and attracted a tax expense of \$6.92 million. This resulted in net income before minority interest of \$72.98 million (\$73.38 million – 2003). Minority interest was down 59.02 per cent from \$17.75 million to \$7.28 million, resulting in net income for the year of \$65.71 million, up 18.13 per cent. Net income attributable to shareholders increased to \$67.69 million, up 18.96 per cent on account of a net loss of \$1.98 million being attributable to participating policyholders (\$1.28 million – 2003). Total dividends for 2004 amounted to 10 cents, which was 4 cents higher than the 6 cents paid in 2003.

**RBTT Financial Holdings Ltd  
Results for the year ended 31 March 2005.**

RBTT Financial Holdings (RBTT) earnings grew by 14.05 per cent from \$ 2.35 as at March 2004 to \$2.68 as at March 2005.

Two factors negatively impacted RBTT's performance:

- (1) An unrealised before tax mark to market loss of \$87 million related to the downgrading of the sovereign credit rating of Grenada as a result of Hurricane Ivan during the 2004 calendar year.
- (2) A post retirement medical benefit expense for employees in accordance with IAS 19 of \$111 million before tax.

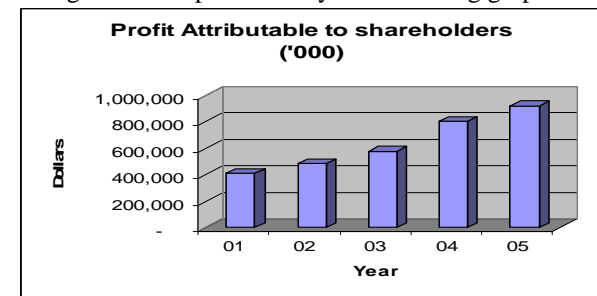
Under IAS 19 (Accounting for Employee Benefits) an independent actuarial valuation is conducted to determine the present value of any potential future liability arising from benefits to employees. The accounting standard requires recognition of the liabilities in the period in which the benefit is earned by the employee rather than when it is payable. As a result this provision should not impact on cash flow as at March 31<sup>st</sup> 2004.

RBTT also benefited from the sale of 9 million shares of Guardian Holdings Limited (GHL) during the financial year, resulting in a realized gain of \$229 million. The sale of GHL shares necessitated in a

change in the accounting treatment for this investment. Prior to the sale RBTT held a 20 per cent stake in GHL and therefore accounted for GHL as an associate company. RBTT now records the residual shares as an investment resulting in a mark to market adjustment. The mark to market gain has resulted in a boost to Shareholders' Equity of \$564 million. RBTT will no longer be entitled to a share of GHL's profit but will instead be impacted by the movement in GHL's share price. This should be taken into account in assessing the future prospects of the Company.

The Group's operations performed creditably during the year. Overall, net interest income grew by 10.49 per cent to \$1.62 billion, while other income increased by 10.71 per cent to reach \$1.17 billion, resulting in total net income of \$2.79 billion, up 10.58 per cent. Non interest expense of \$1.74 billion represented an increase of 9.26 per cent over that of 2004. Operating profit for the year was up 12.83 per cent to \$1.05 billion. Share of profit from associate companies and Joint Ventures increased by 51.45 per cent to \$67.61 million.

Profit before tax for 2005 was \$1.12 billion, up 14.60 per cent from \$974.2 million in 2004. Profit after tax reached \$931 million, up 14.69 per cent, while profit attributable to shareholders increased by 14.78 per cent to \$921.88 million. Profit attributable to shareholders has more than doubled over the last 5 years, from \$409.49 million in 2001 to \$921.88 million in 2005. This growth is represented by the following graph.



Total dividends for the year amounted to \$1.18 per share, up 18 per cent from \$1.00 in 2004. At the price of \$42.20 per share, RBTT offers investors a dividend

yield of 2.30 per cent the highest in the Banking Sector and an earnings multiple of 15.75 times, the lowest in its peer group. We expect that there may be some short term price volatility associated with this share but the long term prospects remain relatively strong.

### Neal and Massy Holdings Limited

#### Results for the Half Year Ended March 31, 2005

Neal and Massy released excellent results for the half year ended March 31, 2005 during the week. Third party revenue increased by a healthy 19.35 percent moving from \$1.464 billion in 2004 to \$1.747 billion in 2005. The Chairman attributed this to solid performances by all the Group's business units. Operating profit increased by 20.43 percent moving from \$112.210 million in 2004 to \$135.138 million in 2005. Share of results of associates increased by 53.85 percent moving from \$17.264 million in 2004 to \$26.561 million in 2005. The main contributor to this would have been Barbados Shipping and Trading which had a significant capital gain from the sale of shares in Neal and Massy.

Profit before taxation increased by 24.89 percent moving from \$129.474 million in 2004 to \$161.699 million in 2005. Taxation increased by a much steeper 37.60 percent moving from \$33.492 million in 2004 to \$46.086 million in 2005. The effective tax rate jumped from 25.87 percent in 2004 to 28.50 percent in 2005. As a consequence profit after tax increased by a narrower 20.45 percent moving from \$95.982 million in 2004 to \$115.613 million in 2005. Profit attributable to shareholders increased from \$88.787 million in 2004 to \$108.306 million in 2005. This translates to earnings per share of \$1.22.

The Chairman has indicated that he expects this solid performance to continue for the rest of the financial year. We concur with this expectation and wish to reiterate our earnings estimate of \$2.79 per share which at the current price of \$57.59 translates to a PE of 20.64.

## WEST INDIES STOCKBROKERS LIMITED STOCK MARKET QUOTATIONS AS AT MAY 31, 2005

	Hist Eps	Est Eps	Est Div	Curr Price	Est Yield %	Est P/E Ratio
<b>Bank</b>						
FirstCaribbean	32.5	107.0	25.0	13.50	1.85	12.62
NCB Jca	13.0	13.0	4.8	2.05	2.34	15.77
RBTT Fin Hold	268.0	268.0	118.0	42.20	2.80	15.75
Republic Bank	417.0	470.0	230.0	112.74	2.04	23.99
Scotiabank	173.1	168.0	78.0	39.95	1.95	23.78
<b>Non-Bank Fin</b>						
ANSA Fin & Merch	106.0	106.0	32.0	19.00	1.68	17.92
Capital & Credit	14.7	14.7	1.0	2.60	0.38	17.69
DB&G	26.2	26.2	2.0	2.52	0.79	9.62
Guardian Holdings	300.0	400.0	75.0	45.76	1.64	11.44
JMMB	7.1	11.0	1.5	1.55	0.97	14.09
National Enterprises	81.0	90.0	41.0	16.50	2.48	18.33
Sagicor Financial Corp	78.0	78.0	30.0	15.00	2.00	19.23
<b>Conglomerates</b>						
Ansa Mcal Ltd	182.0	182.0	65.0	48.86	1.33	26.85
Bdos Ship & Trad	179.1	179.1	51.0	27.10	1.88	15.13
Grace, Kennedy	67.2	75.0	8.0	12.07	0.66	16.09
Neal and Massy	243.0	279.0	76.0	57.59	1.32	20.64
<b>Trading</b>						
Agostini's Ltd	18.6	55.0	25.0	10.50	2.38	19.09
BWIA	0.0	0.0	0.0	0.33	0.00	0.00
Furness Trinidad	33.0	33.0	0.0	6.15	0.00	18.64
L J Williams Ltd. - 'A'	1.4	1.4	0.5	0.60	0.83	0.00
L J Williams Ltd. - 'B'	14.0	14.0	5.0	1.50	3.33	0.00
Prestige Holdings	39.1	39.1	24.0	10.50	2.29	26.87
<b>Property</b>						
PLIPDECO	126.0	126.0	21.0	22.00	0.95	17.46
Valpark	47.3	47.3	0.0	5.00	0.00	10.57
<b>Manufacturing</b>						
Angostura Holdings	29.0	29.0	12.0	4.73	2.54	16.31
Berger Painst	0.0	0.0	17.0	3.36	5.06	0.00
CCN	80.0	80.0	44.0	18.50	2.38	23.13
Flavorite Foods	24.0	41.0	13.0	4.81	2.70	11.73
Unilever Caribbean Ltc	119.0	119.0	110.0	29.18	3.77	24.52
National Flour Mills	13.6	13.6	13.0	2.85	4.56	20.96
Readymix WI	24.0	24.0	9.0	7.00	1.29	29.17
Trinidad Cement	67.0	67.0	20.0	12.00	1.67	17.91
Trinidad Publishing	50.0	50.0	28.0	10.56	2.65	21.12
WITCO	116.6	116.6	114.0	21.90	5.21	18.78

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](mailto:info@wisett.com)

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## JUNE 2005

The total volume of 18,756,108 shares valued \$406,160,33.39 traded for the month of May was relatively flat compared with a total of 18,067,896 shares changing hands in the preceding month. The composite index gained 11.7840 points or 0.98 per to close at 1215.1668 points, while the All T&T index increased by 48.6102 points or 3.22 per cent to 1556.3306 points. The advance/decline ratio was all evened out this month as a total of 12 shares advanced while 12 shares declined.

National Commercial Bank Jamaica was the most actively traded share with a total of 4,512,140 shares crossing the floor, representing 24.06 per cent of the total volume of shares traded. Neal & Massy Holdings Ltd shares were the second largest volume trades for the month with 2,195,306 shares crossing the floor for 11.70 per cent of all trades. In third position was Guardian Holdings Ltd with a total of 1,775,595 shares traded, amounting to 9.47 per cent of the total volume.

On the advance side, National Enterprises Ltd gained 28.91 per cent on its share price to end the month at \$16.50 per share, up by \$3.70. L J Williams 'B' share price appreciated by 23.97 per cent, up 29 cents to close at \$1.50 per share following the release of favourable year-end results by the company. Caribbean Communications Network share price continued to climb; gaining 20.44 per cent for the month. The share reached a high of \$21.50 before settling back to \$18.50 per share, up \$3.14.