

# WISE WEEKLY MARKET UPDATE

May 28, 2004

## **Main Board**

### **Market Data**

Volume: 9,423,249  
 Value \$64,106,219.46  
 Advances/Declines: 11/2  
 Composite Index: 893.5612  
 Nominal Change in index: +0.7303  
 Percentage Change in index: +0.08 per cent  
 All T&T Index: 1,137.3728  
 Nominal Change in All T&T Index: +2.5229  
 Percentage Change in All T&T Index: +0.22 per cent

### *Volume Leaders by Company:*

National Commercial Bank Jamaica – 4,617,270 (49.00 per cent)  
 Capital & Credit Merchant Bank – 1,930,000 (20.48 per cent)  
 Grace, Kennedy & Co. – 1,155,945 (12.27 per cent)  
 Guardian Holdings – 672,756 (7.14 per cent)

### *Major Advances.*

LJ Williams (A) up 4 cents (7.14 per cent)  
 Grace, Kennedy & Co. up 30 cents (3.26 per cent)  
 Capital & Credit Merchant Bank up 5 cents (2.56 per cent)  
 ANSA Finance & Merchant Bank up 30 cents (2.03 per cent)  
 Republic Bank up \$1.00 (1.45 per cent)

### *Major Declines.*

Jamaica Money Market Brokers down 13 cents (-6.10 per cent)  
 RBTT Financial Holdings down 20 cents (-0.45 per cent)

### **Exchange Rate**

US\$1 = TT\$6.2999

### **Second Tier Market**

The price of Mora-Ven Holdings and FNCU held at \$2.70 and \$1.05 respectively. There were no trades in either of these shares.

### **Mutual Fund Market**

Praetorian Property Mutual Fund closed the week unchanged at \$5.00 with a small trade of 8,850 shares.

### **Weekly Summary**

Trading activity picked up significantly this week compared to last week by 307.57 per cent with a total of 9,423,249 shares traded valued at \$64,106,219.46.

Advances outnumbered declines by eleven (11) to two (2) with the Composite Index moving up 0.7303 points (0.08 per cent) to close at 893.5612. After falling back slightly last week the All T&T Index started moving back up increasing by 2.5229 points (0.22 per cent) to close at 1,137.3728.

Volume of shares traded was heaviest in National Commercial Bank Jamaica (NCJB). A total of 9,423,249 shares was traded representing 49 per cent of the total volume of shares traded. Capital & Credit Merchant Bank (CCMB) was next with 1,930,000 shares traded or 20.48 per cent of all trades, followed by Grace, Kennedy & Co. with 1,155,945 shares traded or 12.27 per cent of total volume.

Banking sector was the busiest. A total of 4,667,215 shares were traded accounting for 49.53 per cent of total volume. Most of the trading in this sector was however concentrated in NCJB which accounted for 98.93 per cent of the total volume of shares traded in this sector. The Non-Finance sector was next with 2,853,660 shares traded accounting for 30.28 per cent of all trades.

The major advances were LJ Williams (A) up 4 cents or 7.14 per cent) to \$0.60, Grace, Kennedy & Co. up 30 cents or 3.26 per cent to \$9.50, CCMB up 5 cents or 2.56 per cent to \$2.00 and ANSA Finance up 30 cents or 2.03 per cent to \$15.05.

The price of Jamaica Money Market Brokers (JMJB) fell 13 cents or 6.10 per cent to \$2.00. RBTT Financial Holdings also continued to be under short term downward pressure, moving down 20 cents or 0.45 per cent to \$44.40.

For the year to date the Composite Index has gained 29.28 per cent and the All T&T Index has advanced by 24.89 per cent. The top performing shares for the year to date are:

Company	Percentage Gain
Capital & Credit Merchant Bank (CCMB)	150%
Jamaica Money Market Brokers (JMJB)	100%
National Commercial Bank Jamaica (NCJB)	79.49%
National Enterprises	71.74%
Prestige Holdings	65.91%
Grace, Kennedy & Co.	63.79%
PLIPDECO	56.50%
Agostini's	39.17%
ANSA Finance	32.02%
Republic Bank	30.60%

**Sagicor Financial Corporation**

The price of Sagicor moved up Bds \$0.05 on Tuesday but starting falling back on Wednesday to close the week down Bds \$.010 to close at Bds \$4.15. The total volume of shares traded was 409,409 for the week.

**Scotiabank Trinidad and Tobago Limited**  
*Half year results for the period ended April 30, 2004*

Scotiabank's half year results for the period ended April 30, 2004 showed continued improvement in the performance of the bank. Net interest and other income increased by 3.97 per cent from \$262.083 million in 2003 to \$272.489 million in 2004. This increase was due to an 18.55 per cent rise in other income to \$83.462 million in 2004 as against \$70.401 million in 2003. Net interest income however fell slightly by 1.39 per cent to \$189.027 million in 2004 from \$191.682 million in 2003.

Non-interest expenses declined by 1.42 per cent to \$122.944 million in 2004 compared to \$124.718 in 2003. This was due to a significant decline in loan loss by 41.07 per cent and other expenses which fell by 15.66 per cent over the half year. Income before taxation increased by 8.87 per cent from \$137.365 million in 2003 to \$149.545 million in 2004. Income after taxation grew by an even healthier margin, up 10.85 per cent to \$109.894 million in 2004 from \$99.141 million in 2003. Earnings per share increased by 10.91 per cent for the half year from 84.3 cents earned in 2003 to 93.5 cents in 2004.

The bank's total assets fell slightly by 2.27 per cent to \$7.410 billion in 2004 compared to \$7.582 billion in 2003. Return on asset however improved significantly increasing to 3.02 per cent in 2004 compared with 2.67 per cent in 2003. Return on equity declined slightly to 23.98 per cent in 2004 from 24.08 per cent in 2003. The Chairman in his report indicated that despite the challenges which have been facing the Banking sector over the past few months that the company continues to aggressively market quality assets, while maximizing its non-interest revenue streams in the areas of foreign exchange and merchant banking activities.

The Directors have declared the payment of a second interim dividend of 18 cents per share to be paid on June 29, 2004 to shareholders on the register as at June 7, 2004.

We anticipate continued moderate capital appreciation in this share. Given that it is still trading at a relatively attractive price/earnings ratio of 15.79 based on an estimated earnings per share of \$1.90 at the current closing quote of \$30.00.

**Sagicor Financial Corporation Limited**  
*Year end results for the period ended December 31, 2003*

**All figures expressed in Barbados Dollars**

There was a slight improvement in the group's actual performance for the financial year ended 2003 compared to the forecasted figures in the initial public offering prospectus for the similar period. Group earnings per share increased by 175 per cent to 22 cents in 2003 compared to 8 cents earned in 2002, and exceeded the group's expectation of 20.99 cents for 2003.

<b>Income Statement</b>	<b>Actual 2003</b>	<b>Forecast 2003</b>	<b>Forecast 2004</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Total Revenue	722,523	744,975	745,939
Policyholders' Benefits	381,733	464,313	471,754
Expenses	260,572	219,805	208,864
Net Income	55,623	49,324	55,940
Earnings Per Share	22 cents	21 cents	24 cents

Total revenue increased by 15.08 per cent from \$627.825 million in 2002 to \$722.523 million in 2003 as a result of a 32.09 per cent increase in net investment income, a 23.78 per cent increase in fees and other revenue and a 159.95 per cent increase in gains from divestments. During the financial year the company sold its 73 per cent interest in Mutual Bank of the Caribbean Inc. to Bank of NT Butterfield for a net gain of \$12.5 million.

Total policy benefits increased by 13.72 per cent from \$335.685 million in 2002 to \$381.733 million in 2003. Total expenses climbed slightly over the financial year, up 2.11 per cent to \$260.572 million in 2003 from \$255.197 million in 2002. In 2002 there was a write off of goodwill of \$29.482 million which did not re-occur in 2003. The group however was faced with a \$14.2 million re-organisational cost in relation to a voluntary separation program and a re-branding campaign as the group restructured its operations for the future. The net effect of the non-recurrent income and expenses has had a negative impact on the 2003 financial results of \$1.7 million.

Income from ordinary activities increased significantly, moving up 117.14 per cent to \$80.128 million in 2003 compared with \$36.943 million generated in 2002. The corporation tax rate fell from 19.31 per cent in 2002 to 8.53 per cent in 2003 with tax payable declining to \$6.842 million in 2003 from \$7.135 million in 2003. Net income after taxation and before minority interest therefore rose by an even greater margin of 146.16 per cent to \$73.376 million in 2003 compared to \$29.808 million achieved in 2003.

Net income for the year improved by 311.90 per cent from \$13.504 million in 2002 to \$55.623 million in 2003. Based on these results the Board of Directors has declared a final dividend of 3 cents to be paid on June 7, 2004.

This brings the total dividend paid for the financial year to 6 cents.

At the current market price of Bds \$4.15 the share is trading at a price/earnings ratio of 18.86 times which is high compared to similar companies trading in the same sector on the Trinidad market.

**Company News**

**ANSA Finance Merchant Bank and TATIL Merger**

At a special meeting held on Wednesday 26, May 2004, shareholders of ANSA Finance and Merchant Bank Limited (AFMB) approved the resolution to merge with Trinidad and Tobago Insurance Limited (TATIL). In consideration of this merger AFMB will issue 54,605,263 new shares at \$11.40 worth \$622.5 million in consideration for 19,069,596 shares in TATIL valued by an Independent Advisor to be worth \$595 million.

The ANSA Group felt that this merger would be more advantageous as greater benefits would be derived from consolidating the financial services of the both companies in a single group. The new company will be called ANSA Merchant Bank Limited.

The major areas which were highlighted where both TATIL and AFMB would benefit from being in a single entity are as follows:

- Capital - combining the capital of these organizations can improve the risk profile and allow for a more effective and efficient allocation of resources thus reducing the cost of capital and therefore enhancing performance. The combined larger entity would have a higher valuation for its shares than AFMB as a stand alone entity.
- Marketing – the merger will allow cross marketing of insurance and merchant banking products and allow for a ‘one stop shop’ of financial products.

- Product Development – the merger will allow the new company to develop new products that would not otherwise be possible such as
  - ✓ underwriting
  - ✓ mutual funds
  - ✓ bonds issues
  - ✓ trustee services
  - ✓ asset management
- Operational Savings – an integrated governance structure for the financial services group will realize some back office savings and better utilize scarce management resources.

The impact on earnings, net assets and shareholders’ equity is as follows:

	<b>31/12/2003 Pre Merger</b>	<b>31/12/2003 Post Merger Proforma</b>
Shares in issues	31,000,000	85,605,263
Shareholders’ equity	\$134,585,000	\$757,085,000
Net asset per share	\$4.34	\$8.88
Consolidated earnings	\$30,397,000	\$242,126,000
Earnings per share (EPS)	\$0.98	\$2.83
Earnings excluding investment gains	\$30,397,000	\$93,079,000
EPS	\$0.98	\$1.09

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Member of the Trinidad and Tobago Stock Exchange Ltd.

VOLUME 9,423,249  
 VALUE \$ 64,106,219.46

### WEEKLY MARKET UPDATE

as at : Friday May 28, 2004

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COMPOSITE INDEX 893.56 ALL T&T INDEX 1,137.37 Adv./Dec. Ratio 11/2  
 CHANGE 0.73 CHANGE 2.52  
 % CHANGE 0.08% % CHANGE 0.22%

Security	Fiscal Yr. End	Hist. EPS	Hist. Div.	Est. EPS	Est. Div	Hist. Yield	Hist. P/E	Est. Yield	Est. P/E	Last Quote	Price Change	% Change	Running EPS	Running P/E	52 Week High	52 Week Low
<b>Banks</b>																
FirstCaribbean Intl.	Oct-31	29.1	15.8	29.1	15.8	1.76%	30.93	1.76%	30.93	9.00			29.1	30.93	9.35	7.85
National Commercial Bank Jamaica	Sep-03	12.0	5.4	15.0	5.4	0.00%	23.33	1.93%	18.67	2.80			12.0	23.33	2.80	1.55
RBTT Financial Holdings	Mar-31	235.0	100.0	235.0	100.0	2.25%	18.89	2.25%	18.89	44.40	-0.20	-0.45%	235.0	18.89	45.30	21.05
Republic Bank	Sep-30	367.0	180.0	460.0	190.0	2.57%	19.07	2.71%	15.22	70.00	1.00	1.45%	402.0	17.41	70.00	42.00
Scotiabank	Oct-31	165.6	70.0	190.0	80.0	2.33%	18.12	2.67%	15.79	30.00			166.3	18.04	30.00	21.36
<b>Non-Banking/Finance</b>																
ANSA Fin. & Merch. Bank	Dec-31	98.0	42.0	98.0	42.0	2.79%	15.36	2.79%	15.36	15.05	0.30	2.03%	98.0	15.36	15.05	8.00
Capital & Credit Merchant Bank	Dec-31	8.4	1.0	8.4	1.0	0.50%	23.81	0.50%	23.81	2.00	0.05	2.56%	11.5	17.39	2.00	0.65
Guardian Holdings	Dec-31	215.0	54.0	215.00	54.0	1.57%	16.05	1.57%	16.05	34.50			215.0	16.05	34.50	19.70
JMMB	Mar-31	4.7	0.7	10.5	1.5	0.35%	42.55	0.75%	19.05	2.00	-0.13	-6.10%	6.0	33.33	2.13	0.64
National Enterprises	Mar-31	55.0	27.0	60.0	42.0	2.66%	18.45	4.14%	16.92	10.15			55.0	18.45	10.15	4.70
<b>Conglomerates</b>																
ANSA Mc Al	Dec-31	144.0	65.0	144.0	65.0	2.27%	19.90	2.27%	19.90	28.65	0.05	0.17%	144.0	19.90	28.65	17.00
B'dos Shipping & Trading	Sep-30	135.5	47.5	140.0	47.5	2.62%	13.39	2.62%	12.96	18.15	0.10	0.55%	135.5	13.39	18.15	11.20
Grace, Kennedy & Co.	Dec-31	63.7	7.1	63.7	7.1	0.75%	14.91	0.75%	14.91	9.50	0.30	3.26%	63.7	14.91	9.50	4.50
Neal & Massy Holdings	Sep-30	190.0	67.0	230.00	80.0	2.19%	16.11	2.61%	13.30	30.60	0.10	0.33%	185.00	16.54	30.60	19.56
<b>Trading</b>																
Agostini's	Sep-30	34.9	12.0	20.0	10.0	1.44%	23.93	1.20%	41.75	8.35			43.1	19.37	8.35	6.00
BWIA	Dec-31	0.0	0.0	0.0	0.0	0.00%	0.00	0.00%	0.00	1.80			0.0	0.00	3.00	####
Furness T'dad	Dec-31	25.0	5.0	25.0	5.0	0.93%	21.60	0.93%	21.60	5.40			25.0	21.60	5.60	3.25
LJ Williams A	Dec-31	0.0	0.0	0.0	0.0	0.00%	0.00	0.00%	0.00	0.60	0.04	7.14%	0.5	120.00	0.67	0.50
LJ Williams B	Dec-31	0.0	0.0	0.0	0.0	0.00%	0.00	0.00%	0.00	1.30			4.80	27.08	2.60	1.20
Prestige Holdings	Nov-30	27.4	17.0	29.4	20.0	2.33%	26.64	2.74%	24.83	7.30	0.10	1.39%	30.9	23.62	7.30	3.60
<b>Property</b>																
PLIPDECO	Dec-31	170.00	21.0	170.00	21.0	1.20%	10.26	1.20%	10.26	17.45	0.10	0.58%	170.0	10.26	17.45	9.50
Valpark Shopping Plaza	Mar-31	47.3	0.0	47.3	0.0	0.00%	10.57	0.00%	10.57	5.00			47.3	10.57	5.00	5.00
<b>Manufacturing</b>																
Angostura Holdings	Dec-31	31.0	12.0	31.0	12.0	2.42%	15.97	2.42%	15.97	4.95			31.0	15.97	5.70	4.25
Berger Paints Trinidad	Dec-31	39.0	17.0	39.0	17.0	4.59%	9.49	4.59%	9.49	3.70			39.0	9.49	6.00	3.00
Caribbean Comm Network	Dec-31	54.0	25.0	54.0	25.0	3.14%	14.72	3.14%	14.72	7.95	0.05	0.63%	54.0	14.72	7.95	4.05
Flavorite Foods	Dec-31	24.0	10.5	24.0	10.5	2.56%	17.08	2.56%	17.08	4.10			24.0	17.08	4.10	3.45
Lever Brothers WI	Dec-31	142.0	170.0	142.0	170.0	5.86%	20.42	5.86%	20.42	29.00			142.0	20.42	30.31	28.35
National Flour Mills	Dec-31	23.0	16.0	23.0	16.0	5.08%	13.70	5.08%	13.70	3.15			23.0	13.70	4.00	3.00
Readymix (West Indies)	Dec-31	44.0	15.0	44.0	15.0	2.26%	15.11	2.26%	15.11	6.65			44.0	15.11	6.75	6.05
Trinidad Cement	Dec-31	50.0	18.0	60.0	20.0	2.93%	12.30	3.25%	10.25	6.15			55.0	11.18	6.30	5.04
Trinidad Publishing Co.	Dec-31	45.0	25.0	45.0	25.0	3.21%	17.33	3.21%	17.33	7.80			45.0	17.33	7.80	4.00
West Indian Tobacco Co.	Dec-31	104.5	103.0	104.5	103.0	5.02%	19.62	5.02%	19.62	20.50			98.4	20.83	20.50	18.00