



**WEEKLY MARKET UPDATE**  
December 02, 2005

**Main Board**

**Market Data**

Volume: 2,742,185  
Value: \$25,815,655.32  
Advances/Declines: 8/15  
Composite Index: 1,071.8962  
Nominal Change in Index: -2.3987  
Percentage Change in Index: -0.22%  
All T&T Index: 1,343.4888  
Nominal Change in All T&T Index: -4.5704  
Percentage Change in All T&T Index: -0.34%

**Volume Leaders by Company:**

National Commercial Bank Jamaica Limited – 689,815 shares traded or 25.16 %  
Jamaica Money Market Brokers Limited – 449,412 shares traded or 16.39 %  
National Flour Mills – 392,025 shares traded or 14.30 %

**Major Advances:**

Jamaica Money Market Brokers - up 21 cents or 17.21%  
Agostini's Ltd – up 90 cents or 9.89 per cent  
Sagicor Financial Corporation – up 45 cents or 3.20 %

**Major Declines:**

Readymix (W.I.) Limited – down 88 cents or 18.80 %  
Unilever Caribbean Limited– down \$2.65 or 12.38 %  
PLIPDECO– down \$1.77 or 10.11 %

**Exchange Rate**

US\$1 = TT\$6.32

**Second Tier Market**

The Second Tier market was inactive this week. Mora Ven Holdings share price remained at \$2.50, while FNCU shares price was unchanged at \$1.05.

**Mutual Fund Market**

The Mutual Fund Market also showed no activity during the week. As such the Praetorian Property Mutual Fund held its price of \$5.68, while the Savinvest India Asia Fund remained at \$63.00

**Weekly Summary**

Light trading continued to characterize the local market this week as a total of 2,742,185 shares valued \$25,815,655.32 crossed the floor, down 14.6% from a volume of 3,212,511 shares changing hands last week. The Composite Index lost a further 2.3987 points or 0.22% to close on 1071.90 points. The All T&T Index dropped 4.5692 points or 0.34 per cent to reach 1343.4888 points. Declines outnumbered advances 15 to 8.

The Jamaican Cross Listed shares, National Commercial Bank Jamaica Limited (NCBJ) and Jamaica Money Market Brokers (JMMB) dominated the diminutive volumes of the week as 689,815 NCBJ shares were traded accounting for 25.16% of all trades while JMMB held the second spot with 449,412 shares or 16.39% of total volume. National Flour Mills was the third most traded share with 392,025 shares crossing the floor, accounting for 14.30% of total trades.

The second most traded share JMMB, held the top spot in terms of the highest relative price increase as the share price appreciated by 17.21% to \$1.43. Agostini's Limited appreciated 90 cents or 9.89% to \$10.00, while third was Sagicor Financial Corporation which regained 45 cents or 3.2% to close the week at \$14.50

Readymix (W.I.) Limited showed the week's greatest relative price drop, falling 88 cents or 18.80% to \$3.80. The share price of Unilever Caribbean Limited lost a further \$2.38 this week, or 12.38% to close at \$18.75. The third worse performing share this week was PLIPDECO with the share price experiencing a 10.11% decline, dropping \$1.77 to \$15.73 per share.

**Scotiabank (Trinidad & Tobago) Ltd.**

**(Year Ended October 31, 2005)**

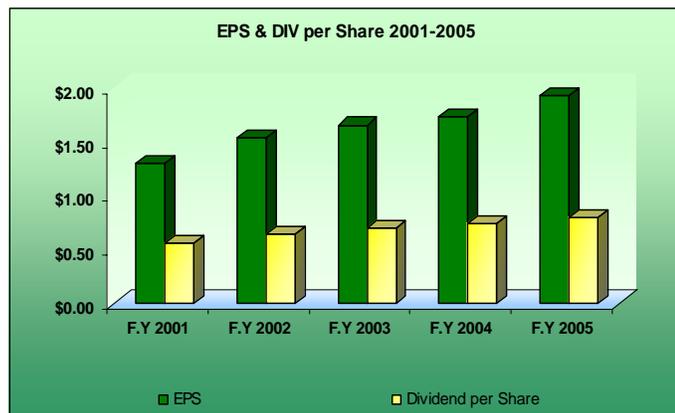
In the year ended October 31, 2005, Scotiabank Trinidad and Tobago Limited (SBTT) delivered what appears to be their trademark of consistent modest growth (see Exhibit 1). In the audited financial statements, SBTT reported an EPS of \$1.93, a growth of 11.56% over that earned in the previous year (\$1.73). The Directors have approved a fourth interim dividend of \$0.23 payable on December 28, 2005, bringing the total dividend for 2005 financial year to \$0.80, representing an 8.11% increase from the \$0.74 paid for the 2004 financial year.

The lead revenue stream of the Bank, Loan Interest grew by a marginal 6.9% from \$449.9 million in 2004 to \$478.6 million in 2005. Total Interest Expenses though fell by a wider margin of 8.64% which helped to boost the improvement in Net Interest Income to 10.10%, from \$380.55 million to \$480.98 million. Other Income experienced a negligible increase of 0.16%.

The Non-Interest Expenses of the Group were restricted to total increase of 2.95%, with the main drivers of expenses

Salaries and Staff Benefits, and Premises and Technology both increasing in relatively smaller terms than the increases in income. This improvement in the ratio of Non-Interest Expenses to Total Income (2004 - 48%; 2005 - 46%) give the bottom line the final lift, pushing Net Income from \$203 million to \$227 million, an increase of 11.65%.

Exhibit 1



Total Assets increased by \$1.19 billion or 16% to \$8.69 billion. Driving this increase was a 20% increase in Net Loans, from \$4.6 billion to \$5.5 billion. Total Liabilities increased 17% from \$6.47 billion to \$7.5 billion, while Total Shareholder's Equity increased 13%, from \$1.03 billion in July 2004 to \$1.16 billion this year.

Up until mid-March this year, the share price of Scotia generally displayed a modest growth trend. Between March 10, 2005 and March 16, 2005 the share price shot up 24% from \$32.25 to \$40.00. March 16, 2005 was the date of the acquisition of 3 million shares or 2.55 percent of the issued share capital by the Bank of Nova Scotia which increased the stake in the local bank to just over 50 percent, which made Scotiabank (T&T) Limited a subsidiary of the Group. Since that date however, the share price has fluctuated within a \$37.00 to \$40.00 band. At the current share price of \$40.01 and EPS of \$1.93, SBTT is trading at a P/E multiple of 20.73 times. This is well above the Industry average for the banking sector of 16 - 18 times. One of the reasons for SBTT being able to maintain a price at such a high multiple lies in the fact that SBTT represents one of the more illiquid shares on the market, as over 75% of the issued share capital is held by institutions and not available to the market. The combination of the consistent growth that Scotia has delivered over the years and the liquidity factor to which investors seemed to have attached a relatively high premium, gives this share a good long term appeal as a defensive addition to a portfolio. As such, since there is availability of shares in the market (a feature quite uncommon to SBTT), investors seeking a modest growth stock, should consider the addition of this

share to their portfolio. The recommendation to current shareholders should be to HOLD.

### **Neal & Massy Holdings Limited** **(Year Ended September 30, 2005)**

In the recently released audited financial statements Neal & Massy Holdings Limited (NML) reported an EPS of \$2.80, up 15.47% from \$2.43% a year ago. This growth was in line with the performance projected for the Group. A final dividend of 60 cents (total dividend - 88 cents) has been declared and will be paid on January 16, 2006.

Revenue was up 16.69% from a year ago to \$3.55 billion. The relative operational efficiency was maintained as Operational Profit before Finance Costs grew in line with the increase in Revenues, from \$300 million to \$347 million. Net Finance Costs were reduced by a significant margin of 47% from \$16 million to \$8 million. The Associated Companies within the Group saw their contribution slip by 11% to \$30 million. A negligible increase in the effective tax rate resulted in Taxation applied for the year increasing by 18% from \$87.7 million to \$103.7 million. The end result was Profit after Taxation increasing by 15.47% from \$215.7 million to \$249 million.

At the close of the 2005 financial year NML's Total Assets had moved from \$2.43 billion to \$2.7 billion. Total Liabilities rose by \$97 million to \$1.33 billion while Shareholders' Equity increased 11.7% to \$1.3 billion (Net of Minority Interests).

The share price of Neal and Massy Holdings started the year at \$48.00 and reached a high of \$59.01. May 17, 2005 represented the date at which the shares of NML experienced the genesis of the share price decline which coincided with the start of the overall corrections within the local market. The news that Neal and Massy were not able to close the purchase of the Teak, Poui and Samaan Oilfields which was anticipated to significantly boost the EPS of the Group, further impacted on the descent of the share price. At the current share price of \$45.00 and Price to Earnings multiple of 16.07 times, there seems to be some level of stability.

The shares of Neal and Massy Holdings Limited have generally been one of the most illiquid shares on the local equity market. As a result of this liquidity, the shares have traded at higher multiples in the market. The company has demonstrated stable growth and has kept in line with projections of growth. Though there may be further fluctuations given the current overall market climate, this share is an attractive option for the long term and is considered a core stock for any portfolio.

**Sagicor Financial Corporation**  
**(Third Quarter Results to September 30, 2005)**

Based on the unaudited financial report for the nine month period to September 30, 2005 Sagicor Financial Corporation generated an EPS of BBD0.398, which is representative of a jump of over 131% from the comparative period last year of BBD0.172. Though this performance owes much of its weighting to the earnings of the second quarter, this should not detract from the fact that the third quarter of 2005 showed an improvement of 46.45% (Q3-2004=BBD0.058: Q3-2005=BBD0.085).

Net Premiums and Contributions, the main driver of Revenue of SFC, slipped marginally (-4.59%) from the second to third quarters of 2005, however the cumulative total of the three quarters to September 2005 (BBD458.6 million) reflects a 16% improvement over the nine month period to September 2004 (BBD394.5 million). Net Investment and Other Income increased 49% in the comparative nine month periods, from BBD190.78 million to BBD283.92 million. The Chairman's statement reiterated that this improvement was boosted by an exceptional gain of BBD27.1 million arising from the accounting treatment by the Group of a "deemed disposal" of Life of Jamaica (LOJ) resulting from LOJ's increase in issued share capital from 2.5 billion to 3.5 billion shares.

Another significant contributor to the increase in Net Investment Income was the Group's strategy of realising marked to market gains achieved within SFC's equities investment portfolio. Though no actual dollar value was ascribed to these gains, it is notable that in first and third quarters of 2005, Net Investment and Other Income stood at BBD77.8 million and BBD53 million respectively, whilst BBD152.9 million was reflected in the second quarter alone. This lends credence to the notion that the majority of the gains within the second quarter from this category of revenue were of a one-off nature. The local and regional equities markets suffered a great deal of volatility in the third quarter, with the end result being a negative movement of the indices in Trinidad and Jamaica and a relatively flat performance in Barbados. This begs the question as to whether the majority of the income derived from investments in the third quarter was attributable to the current performance of the Group's Investments or the result of further executions of the strategy of disposals from the "Available for Sale" category investments started in the second quarter, which brings past gains into the current period.

Although Total Revenue increased over the comparative nine month periods by 26% from BBD585.2 million in September 2004 to BBD742.5 million in September 2005, the year on year comparisons of the third quarter reveals a more reserved 5.9% improvement

Whether examined in the context of year on year or quarter on quarter, Net Policy Benefits were reduced by over 20%. Further, the ratio of Net Policy Benefits to Net Premiums and Contributions were substantially reduced from over 80% to 61%. After increasing from BBD73 million in the first quarter of 2005 to BBD87.7 million in the second, creating some concern, Expenses were contained this quarter to BBD78.9 million. It is left to be seen whether this containment of Expenses in nominal terms is indicative of actual cost control or whether this is tied to the reduction of Revenue.

Overall, there was an increase in Net Income Attributable to Shareholders of nearly 50% in the comparative third quarters of 2004 and 2005 and over 130% in the cumulative nine month comparative periods, from BBD44.8 million in September 2004 to BBD105 million in September 2005.

In the nine months from the financial year ended December 31, 2004 to September 30, 2005, the Assets of Sagicor have nearly doubled, increasing BBD3 billion to BBD6.1 billion. The Investments of the company is where most of this growth was shown, increasing BBD2.3 billion to BBD4.8 billion. Total Liabilities have moved BBD2.8 billion or 120% to BBD5.2 billion, whereas Shareholders' Equity has increased by a mere 6.43%.

The share price of Sagicor has been very volatile since April of this year, with many peaks scattered throughout the period, countered by equally dramatic falls. The technical market forces have played more of a role in determining the share prices during the last six months than the fundamental value of the share. There is little buying power on the market defined by light trading volumes. Investors have demonstrated as well a level of weariness when it comes to earnings via non-operational gains and have appeared to be discounting these exceptional and non-recurrent items when making their investment decisions.

Arguably there would be positive reaction to the decent third quarter results, however the level of this reaction and the sustainability of any upward movement, must be examined in the context of 1) the level of supply 2) the overall market conditions and 3) the past trading patterns (see Exhibit 2).

At the current share price of TT\$14.50 and trailing EPS of TT\$1.52, the shares of Sagicor are trading at a P/E of 9.54 times. In comparison to the other companies within the sector, this remains relatively under-valued. As such, this stock is attractive as a long term Buy, with a caveat to investors of short term fluctuations.

Exhibit 2



**National Enterprises Limited**  
***(Half Year ended September 30, 2005)***

The buoyant energy industry countered the negative impact of the ailing Telecommunications Services of Trinidad and Tobago Limited (TSTT) and National Flour Mills (NFM), to push the results of the National Enterprises Limited (NEL) to the best first half results delivered by the Investment Holding Company (see Exhibit 3). In the unaudited half year results to September 30, 2005, NEL reported an EPS of \$0.42 which represents an increase of 7.69% from the comparative period last year (\$0.39).

**Exhibit 3 National Enterprises Limited Half Yearly Comparisons**

		FY 2003	FY 2004	FY 2005	FY 2006
30-Sep	1st. Half	\$0.21	\$0.34	\$0.39	\$0.42
31-Mar	2nd. Half	\$0.34	\$0.48	\$0.37	

The performance is especially significant given that the previous half year (Second Half to March 2005) suffered a fall in EPS to \$0.37. This fall in EPS was attributable in most part to the drop in pre-tax profits of TSTT, which plummeted from \$140 million as at September 2004 to \$69.6 million in March 2005. The energy component of NEL increased its contribution of pre-tax revenue by 22.6% over the same period, but was not enough to counter the negative impact of the fall in the traditional leader of the Group. In the half year to September 2005, TSTT rebounded to add \$118 million, which although representing a fall of 15% year on year, was still a

significant improvement over the second half to March 2005 (70%).

The general concern in the market was whether the energy sector could effectively take up the slack in lieu of the fluctuating TSTT component. This fear was alleviated to a certain level as Trinidad Nitrogen Company Limited (TNC), NGC NGL Company Limited (NGC NGL) and NGC Trinidad and Tobago LNG Limited (NGC LNG), saw their contribution to Profit Before Tax increase from a combined total of \$189.4 million in September 2004 to \$228.2 million, an increase of 20.5% which effectively countered the fall in earnings of TSTT and NFM. In the final analysis, the Group's Net Profit increased by 6.62%, from \$234.8 million in September 2004 to \$250.3 million in September 2005.

The turnaround of TSTT in the half year just completed combined with the increase in the earnings of the energy component of NEL have assisted the holding company in achieving the marginal growth demonstrated. However, the question of sustainability comes to the forefront. TSTT no longer holds the monopoly stake that once guarded their perceived high prices and inefficiencies. Competition has been introduced into the Cellular Services segment of the company and the impact of this may be crucial to the future earnings of TSTT as the expectation is for a loss of market share and lowered prices to maintain competitiveness. Also TSTT has issued a \$1 billion bond in order to undertake expansion and upgrades in a defensive strategy against the threat of competition, which increases the finance charges in coming periods. Further, though the current demand and prices for Natural Gas and other energy products remains strong, the issue arises of how much more growth can be achieved in the energy sector, or for how long the growth can be maintained.

At the current price of \$11.85 and the trailing EPS of \$0.79, the shares of NEL are trading at a multiple of 15.25 times. Prior to 2004, NEL maintained multiples in the sub10 region. After opening at \$10.20, the share price has fluctuated significantly during the year to as high as \$16.50 at the close of May to \$9.00 at the close of August. Given the demonstrated volatility of the share price and the uncertainty of the future earnings of the Group, we recommend that investors consider reducing their exposure to this stock.

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VOLUME 2,742,185  
 VALUE \$ 25,815,655.32

## WISE WEEKLY MARKET UPDATE

as at : Friday, December 2, 2005.

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COMPOSITE INDEX 1,071.8962 ALL T&T INDEX 1,343.4888 Adv./Dec. Ratio 8/15  
 CHANGE -2.3987 CHANGE -4.5704  
 % CHANGE -0.22% % CHANGE -0.34%

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	32.5	15.6	107.0	25.0	1.17%	41.20	1.87%	12.51	13.39	-0.05	-0.37%	98.7	13.57	13.60	9.00
National Commercial Bank Jamaica	Sep-30	17.4	4.8	17.4	4.8	0.00%	10.00	2.76%	10.00	1.74	-0.02	-1.14%	17.4	10.00	2.80	1.67
RBTT Financial Holdings	Mar-31	268.0	118.0	312.0	135.0	2.99%	14.74	3.42%	12.66	39.49	-0.01	-0.03%	303.0	13.03	45.50	36.37
Republic Bank	Sep-30	509.0	225.0	509.0	225.0	2.43%	18.17	2.43%	18.17	92.50	0.00	0.00%	509.0	18.17	113.26	70.00
Scotiabank	Oct-31	193.0	80.0	193.0	80.0	2.00%	20.73	2.00%	20.73	40.01	0.21	0.53%	193.0	20.73	40.01	30.10
<b>Non-Banking/Finance</b>																
ANSA Fin. & Merch. Bank	Dec-31	106.0	32.0	100.0	32.0	1.60%	18.87	1.60%	20.00	20.00	0.00	0.00%	102.0	19.61	23.00	15.05
Capital & Credit Merchant Bank	Dec-31	14.7	1.0	18.7	1.0	0.49%	13.81	0.49%	10.86	2.03	0.03	1.50%	18.1	11.22	3.31	2.00
Dehring Bunting & Golding	Mar-31	26.5	2.0	30.0	2.0	1.04%	7.36	1.03%	6.50	1.95	-0.05	-2.50%	26.2	7.44	2.75	1.95
Guardian Holdings	Dec-31	300.0	50.0	225.00	70.0	1.47%	11.30	2.06%	15.07	33.91	0.16	0.47%	215.0	15.77	46.00	33.75
JMMB	Mar-31	11.3	1.5	11.3	1.5	1.05%	12.65	1.05%	12.65	1.43	0.21	17.21%	7.0	20.43	1.90	1.20
National Enterprises	Mar-31	76.0	48.0	76.0	48.0	4.05%	15.59	4.05%	15.59	11.85	-0.20	-1.66%	79.0	15.00	16.50	9.00
Sagikor Financial Corporation	Dec-04	78.0	30.0	155.0	60.0	2.07%	18.59	4.14%	9.35	14.50	0.45	3.20%	152.0	9.54	15.50	12.86
<b>Conglomerates</b>																
ANSA Mc AI	Dec-31	182.0	65.0	220.0	75.0	1.57%	22.74	1.81%	18.81	41.39	-0.11	-0.27%	195.0	21.23	49.00	30.00
B'dos Shipping & Trading	Sep-30	179.1	51.0	195.0	51.0	2.55%	11.16	2.55%	10.25	19.99	-0.80	-3.85%	200.6	9.97	27.15	18.15
GraceKennedy Limited	Dec-31	67.2	7.1	70.0	8.0	0.77%	13.76	0.86%	13.21	9.25	-0.75	-7.50%	68.3	13.54	12.70	9.25
Neal & Massy Holdings	Sep-30	280.0	88.0	280.00	88.0	1.96%	16.07	1.96%	16.07	45.00	1.00	2.27%	280.00	16.07	59.01	31.26
<b>Trading</b>																
Agostini's	Sep-30	91.5	33.0	91.5	33.0	3.30%	10.93	3.30%	10.93	10.00	0.90	9.89%	91.5	10.93	10.50	8.30
BWIA (Suspended)	Dec-31	0.0	0.0	0.0	0.0	0.00%	0.00	0.00%	0.00	0.97	0.00	0.00%	0.0	0.00	1.80	0.21
Furness T'dad	Dec-31	33.0	0.0	33.0	0.0	0.00%	18.64	0.00%	18.64	6.15	0.00	0.00%	33.0	18.64	6.15	5.25
LJ Williams A	Dec-31	1.4	0.5	0.9	0.4	0.83%	0.00	0.67%	0.00	0.60	0.00	0.00%	0.5	120.00	0.62	0.50
LJ Williams B	Dec-31	14.0	5.0	9.0	4.0	3.73%	0.00	2.99%	0.00	1.34	-0.01	-0.74%	5.00	26.80	1.59	1.10
Prestige Holdings	Nov-30	39.1	24.0	45.0	27.0	2.04%	30.17	2.29%	26.20	11.79	-0.06	-0.51%	43.2	27.29	12.00	7.50
<b>Property</b>																
PLIPDECO	Dec-31	126.00	21.0	130.00	22.0	1.34%	12.48	1.40%	12.10	15.73	-1.77	0.00%	109.0	14.43	22.00	17.35
Valpark Shopping Plaza	Mar-31	47.3	0.0	47.3	0.0	0.00%	10.57	0.00%	10.57	5.00	0.00	-10.11%	47.3	10.57	5.00	5.00
<b>Manufacturing</b>																
Angostura Holdings	Dec-31	29.0	12.0	29.0	12.0	2.11%	19.66	2.11%	19.66	5.70	0.04	0.71%	29.0	19.66	6.35	4.35
Berger Paints Trinidad	Dec-31	0.0	17.0	0.0	17.0	5.00%	0.00	5.00%	0.00	3.40	0.00	0.00%	39.0	8.72	3.70	3.10
Caribbean Comm Network	Dec-31	80.0	44.0	112.0	60.0	2.26%	24.38	3.08%	17.41	19.50	-0.50	-2.50%	90.0	21.67	21.50	8.00
Flavorite Foods	Dec-31	45.2	10.5	72.0	21.0	2.12%	10.95	4.24%	6.88	4.95	0.00	0.00%	56.1	8.82	4.95	4.10
National Flour Mills	Dec-31	13.6	13.0	11.0	9.0	7.22%	13.24	5.00%	16.36	1.80	0.00	0.00%	10.6	16.98	3.20	1.80
Readymix (West Indies)	Dec-31	24.0	9.0	0.0	6.0	2.37%	15.83	1.58%	0.00	3.80	-0.88	-18.80%	-45.0	-8.44	7.20	3.80
Trinidad Cement	Dec-31	67.0	20.0	70.0	24.0	1.82%	16.42	2.18%	15.71	11.00	-0.40	-3.51%	70.0	15.71	12.99	6.15
Trinidad Publishing Co.	Dec-31	50.0	28.0	60.0	33.0	2.21%	25.32	2.61%	21.10	12.66	0.00	0.00%	55.0	23.02	12.66	7.85
Unilever Caribbean Limited	Dec-31	119.0	110.0	119.0	110.0	5.87%	15.76	5.87%	15.76	18.75	-2.65	-12.38%	115.0	16.30	29.36	18.75
West Indian Tobacco Co.	Dec-31	116.6	114.0	120.0	114.0	4.96%	19.73	4.96%	19.17	23.00	0.00	0.00%	114.2	20.14	23.90	17.70