



## WEEKLY MARKET UPDATE

April 13, 2006

### Main Board

#### Market Data

Volume: 1,248,464

Value: \$15,155,138.99

Advances/Declines: 1/13

Composite Index: 942.6137

Nominal Change in Index: -15.9649

Percentage Change in Index: -1.67 per cent

Year-to-Date Percentage Change: -11.69 per cent

All T&T Index: 1,144.4750

Nominal Change in All T&T Index: -25.8933

Percentage Change in All T&T Index: -2.21 per cent

Year-to-Date Percentage Change: -13.49 per cent

### Volume Leaders by Company:

National Flour Mills – 518,123 shares traded or 41.50 per cent

Guardian Holdings Limited – 188,958 shares traded or 15.14 per cent

One Caribbean Media Limited – 132,896 shares traded or 10.64 per cent

### Major Advance:

Ansa McAl up 15 cents or 0.37 per cent

### Major Declines:

National Flour Mills down 21 cents or 18.92 per cent

Prestige Holdings Limited down \$1.00 or 10.00 per cent

Trinidad Cement Limited down 50 cents or 6.25 per cent

### Exchange Rate

US\$1 = TT\$6.3529

### Second Tier Market

There were no trades on the Second Tier Market this week.

### Mutual Fund Market

Savinvest was the only share in this market to experience trades this week. A total of 4,710 shares changed hands while the price declined \$1.00 to \$72.00. There were no trades in Fortress Caribbean Property or Praetorian Property Mutual Fund.

### Weekly Summary

Despite the fact that this week was confined to two trading days, the total volume of shares traded was 1,248,464 which was 23.57 per cent more than last week's volume of 1,010,350. The value of the shares traded for this week was

\$15,155,138.99. The bear continued its reign this week as both indices were down from last week's close. The Composite Index fell 1.67 per cent to 942.6137 while the All T&T Index fell 2.21 per cent to 1,144.4750. One share advanced while 13 declined.

The volume leader for the week was National Flour Mills commanding 41.50 per cent of the market with a total of 518,123 shares changing ownership. Guardian Holdings Limited followed with 188,958 shares changing hands which was 15.14 per cent of all trades while One Caribbean Media Limited saw 132,896 shares crossing the floor which was 10.64 per cent of all trades.

Ansa McAl stood as the lone positive price mover this week moving up 15 cents or 0.37 per cent to \$40.45 from last week's close of \$40.30.

For the second week in a row, National Flour Mills has declined the most falling 21 cents or 18.92 per cent to 90 cents from last weeks close of \$1.11. Upon the release of dismal results, Prestige Holdings Limited followed falling \$1.00 or 10.00 per cent to \$9.00 while Trinidad Cement Limited dropped 50 cents or 6.25 per cent to \$7.50 on account of the recent uncertainty surrounding the pricing of cement and the removal of common external tariffs to allow cement to be imported into the country.

### GraceKennedy Limited

#### Results for the Year ended December 31, 2005

*All figures quoted in Jamaican Dollars unless otherwise stated*

GraceKennedy Limited (GKC) reported an EPS (diluted) of \$6.26, down 4.86% from the adjusted EPS of \$6.58 of 2004. The comparative 2004 period has been adjusted in order to reflect the Group's adoption of the International Financial Reporting Standard which governs Share Based Payments (IFRS 2).

Though GKC achieved growth in Revenues of 7.5% from \$30.7 billion in 2004 to \$33.0 billion in 2005, the Group failed to translate this into growth in the bottom line. The first hit for the company was an increase in Operational Expenses of 8.64%, which countered the increase in Revenues, resulting in a decrease in Operating Income from \$2.3 billion to \$2.2 billion (-5%). Other Income showed a noteworthy advance of \$85 million, which helped the Conglomerate's Profit from Operations up to \$2.9 billion. A marginal increase in Finance Income (5.5%) was countered by a more significant increase in Finance Expense (36%), driving the demise of Profit before Taxation (PBT) even further. PBT fell 3.06% from \$3.15 billion to \$3.05 billion. An increase in the effective tax rate from 27.8% to 30.6% pushed the disparity in the year on year results further, as Profits for the Period dropped 6.66% from \$2.27 billion to 2.12 billion, whilst the Profit Attributable to Equity Holders of the Company fell 4.44%.

Segmentally, the Group's Food Trading arm achieved the most growth (13%) during the 2005 financial year, with Financial Services the GKC's biggest contributor to PBT also attaining 9% growth. The Retail and Trading Sector and Information Segment, however saw significant declines in performance though (-54% and -12.17% respectively) to nullify any advances made in the other segments.

The share price of GraceKennedy Limited has demonstrated volatility in both the Trinidad and Tobago and Jamaican stock markets since the first quarter of 2005, declining significantly from June 2005 (TT\$12.50, JA\$115) to present (TT\$6.30, JA\$60.50). In December 2005, GKC issued a statement which indicated their expectation of profits for the FY 2005 being 5% down, which further compounded the share price decline. At the current share price of TT\$6.30 in the local market, and the diluted EPS TT\$0.61 (translated to TT\$ using an exchange rate of JA\$10.24: TT\$1.00), the share is trading at a P/E multiple of 10.33 times. Based on a conservative growth rate of 5% for the 2006 financial year, the estimated EPS is TT\$0.65, resulting in a P/E of 9.69. As such we have revised our recommendation to a HOLD for this stock.

### **Prestige Holdings Limited**

#### ***Results for the First Quarter Ended 28 February, 2006***

In the unaudited first quarter results for the period ended February 28, 2006, Prestige Holdings Limited (PHL), reported an EPS (diluted) of 7.06 cents. This represents a decline of 28.32% from the same period last year (9.86 cents). The reduced bottom line disclosed, came despite an increased number of operating restaurants. The Company experienced a marginal increase in revenues (3%) from \$135 million to \$139.6 million. Costs of Sales and Operating Restaurant Expenses both had more significant increases of 5% and 14% respectively which affected the profits of the restaurant group.

Net Finance Costs grew by 7%, however, with such a small increase in Revenues, even this small increase from \$2.2 million to \$2.3 million had a notable impact on the Group's before Tax Profits. Profits before Taxation from Operating Restaurants dropped 38% from \$11.8 million to \$7.3 million. This reality looks even grimmer when the average profit per operating restaurant is calculated, showing a drop from \$0.167 million per operating restaurant to \$0.096 million. Profit before Taxation net of Pre-opening Expenses and Equity Settled Arrangements dropped 43% from \$10.15 million to \$5.8 million. A reduction in the effective tax rate from 39% to 36% cushioned the bottom line as Profit after Taxation showed a 40.6% decrease. Profits Attributable to

Equity Holders of the Company reflected a 28.3% fall from \$6.1 million to \$4.4 million.

Within the quarter the Group faced the challenges of the fears of the "Bird Flu" epidemic facing the world as well as the negative fall-out of the Aspergillosis Fungus, which created quite a stir locally. There are still fears of the Bird Flu coming to Trinidad, the impact of which the industry would not easily determine in terms of dollars and cents, but the effects of the fears alone would continue to be negative.

Though the Group reported decent growth and profitability in some of the restaurant chains under the Prestige Holdings banner, the Chairman's statement noted that there were some areas of concern, which contributed to the weak performance. The Flagship of the Group, the KFC Operations, faced the challenges of a fall in demand for chicken. The Group introduced fish to the menu, which is traditional for the Lenten season, however, intends to keep this item on the menu until the alleviation of the chicken crisis. The success rate of this strategy is questionable, given the number of new seafood restaurant options in Trinidad especially. The T.G.I. Fridays operations in Trinidad boasted of improved sales and profitability, however, the Jamaican franchise has been identified as a challenge for the Group. The Pizza Hut segment had modest growth in sales, however was challenged by significant cost increases, which were "being addressed".

The Chairman's statement outlined further expansionary plans and has mentioned that the sale of chicken products has rebounded somewhat. This duration of this recovery though is uncertain as the Trinidad and Tobago public has a tendency to react to news and forget/ignore with the passage of time. The threat of Bird Flu later in the year though when migrating birds pass through Trinidad may well cause a problem for not only our poultry industry but the restaurant Groups that depend on poultry product sales.

At the current share price of \$9.00 and running EPS of 43.6 cents, the shares of PHL are trading at a P/E multiple of 20.65 times. The share price of PHL has displayed some downward movement recently, due in most part to its relatively high multiple. Given the drop in performance in the first quarter, and the resulting higher multiple, the expectation is for further downward pressure on the share price. Though the brands under the umbrella of PHL are strong brands, the uncertainty arising out of the Bird Flu "epidemic" in the rest of the world presents a cloud over the current financial year. At this point we estimate that the Group will deliver a flat performance with an EPS of 46.4 cents. As a result we recommend a SELL on this share.

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West Indies Stockbrokers Limited, 1<sup>st</sup> Floor Albion Plaza, 22-24 Victoria Avenue, Port of Spain, Trinidad (868) 623-4861 Fax (868)-627-5002 e-mail: info@wisett.com

**Member of the Trinidad and Tobago Stock Exchange Ltd.**

VOLUME 1,248,464  
 VALUE \$ 15,155,138.99

## WISE WEEKLY MARKET UPDATE

as at : Thursday, April 13, 2006.

## West Indies Stockbrokers Limited

1st Floor, Albion Plaza, 22-24 Victoria Avenue, Port of Spain

TEL: (868) 625-4009/4010

FAX: (868) 627-5002

[info@wisett.com](mailto:info@wisett.com)

COMPOSITE INDEX 942.6137 ALL T&T INDEX 1,144.4750 Adv./Dec. Ratio 1/13  
 CHANGE -15.9649 CHANGE -25.8933  
 % CHANGE -1.67% % CHANGE -2.21%  
 YTD % Change -11.69% YTD % Change -13.49%

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	106.5	26.8	75.0	18.8	1.99%	12.63	1.40%	17.93	13.45	0.00	0.00%	68.7	19.58	13.51	13.00
National Commercial Bank Jamaica	Sep-30	17.4	4.8	17.4	4.8	0.00%	8.05	3.43%	8.05	1.40	0.00	0.00%	18.1	7.73	2.46	1.39
RBTT Financial Holdings	Mar-31	268.0	118.0	265.0	106.0	3.93%	11.19	3.53%	11.32	29.99	-1.01	-3.26%	286.0	10.49	45.53	29.99
Republic Bank	Sep-30	509.0	225.0	509.0	225.0	2.54%	17.39	2.54%	17.39	88.50	0.00	0.00%	509.0	17.39	113.26	87.00
Scotiabank	Oct-31	193.0	80.0	225.0	80.0	2.00%	20.73	2.00%	17.78	40.00	0.00	0.00%	209.9	19.06	40.89	37.60
<b>Non-Banking/Finance</b>																
ANSA Fin. & Merch. Bank	Dec-31	121.0	32.0	145.0	32.0	1.60%	16.52	1.60%	13.79	19.99	0.00	0.00%	121.0	16.52	23.00	17.82
Capital & Credit Merchant Bank	Dec-31	19.3	2.5	19.3	2.5	1.40%	9.07	1.40%	9.07	1.75	0.00	0.00%	19.3	9.07	2.90	1.75
Dehring Bunting & Golding	Mar-31	26.5	2.0	30.0	2.0	1.23%	6.23	1.21%	5.50	1.65	0.00	0.00%	28.6	5.77	2.75	1.65
Guardian Holdings	Dec-31	185.0	55.0	185.00	55.0	2.90%	10.26	2.90%	10.26	18.99	-0.01	-0.05%	185.0	10.26	46.32	18.99
JMMB	Mar-31	11.3	1.5	11.3	1.5	1.06%	12.57	1.06%	12.57	1.42	-0.08	-5.33%	11.7	12.14	1.85	1.15
National Enterprises	Mar-31	76.0	48.0	76.0	48.0	5.41%	11.67	5.41%	11.67	8.87	-0.02	-0.22%	79.0	11.23	16.50	8.87
Sagcor Financial Corporation	Dec-04	78.0	30.0	155.0	60.0	2.36%	16.28	4.72%	8.19	12.70	-0.04	-0.31%	152.0	8.36	15.50	12.70
<b>Conglomerates</b>																
ANSA Mc AI	Dec-31	261.0	65.0	261.0	65.0	1.61%	15.50	1.61%	15.50	40.45	0.15	0.37%	261.0	15.50	49.05	39.95
B'dos Shipping & Trading	Sep-30	198.0	56.7	198.0	56.7	2.89%	9.90	2.89%	9.90	19.60	0.00	0.00%	108.0	18.15	27.15	19.50
GraceKennedy Limited	Dec-31	61.1	9.8	65.0	10.4	1.56%	10.31	1.65%	9.69	6.30	0.00	0.00%	61.1	10.31	12.60	6.11
Neal & Massy Holdings	Sep-30	280.0	88.0	280.00	88.0	2.12%	14.82	2.12%	14.82	41.50	0.00	0.00%	280.00	14.82	59.01	41.50
<b>Trading</b>																
Agostini's	Sep-30	91.5	33.0	93.4	33.0	3.03%	11.91	3.03%	11.67	10.90	-0.05	-0.46%	100.0	10.90	10.95	9.00
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	0.97	0.30
Furness T'dad	Dec-31	47.0	0.0	47.0	0.0	0.00%	13.09	0.00%	13.09	6.15	0.00	0.00%	47.0	13.09	6.15	6.15
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	3.79%	0.00	3.03%	0.00	1.32	0.00	0.00%	5.00	26.40	1.59	1.10
Prestige Holdings	Nov-30	46.4	21.0	46.4	21.0	2.33%	19.40	2.33%	19.40	9.00	-1.00	-10.00%	46.4	19.40	12.00	9.00
<b>Property</b>																
PLIPDECO	Dec-31	116.00	21.0	116.00	22.0	2.10%	8.62	2.20%	8.62	10.00	0.00	0.00%	116.0	8.62	22.00	8.70
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	0.00%	47.3	10.57	5.00	5.00
<b>Manufacturing</b>																
Angostura Holdings	Dec-31	180.0	12.0	5.0	12.0	2.14%	3.11	2.14%	112.00	5.60	-0.14	-2.44%	180.0	3.11	7.50	4.35
Berger Paints Trinidad	Dec-31	24.0	17.0	7.0	17.0	5.00%	0.00	5.00%	0.00	3.40	0.00	0.00%	39.0	8.72	3.45	3.36
Flavorite Foods	Dec-31	45.2	10.5	72.0	21.0	2.08%	11.17	4.16%	7.01	5.05	0.00	-18.92%	56.1	9.00	5.05	4.80
National Flour Mills	Dec-31	13.6	13.0	11.0	9.0	14.44%	6.62	10.00%	8.18	0.90	-0.21	0.00%	10.6	8.49	2.85	0.90
One Caribbean Media	Dec-31	109.0	60.0	109.0	60.0	3.00%	18.35	3.00%	18.35	20.00	-1.00	0.00%	109.0	18.35	21.50	13.48
Readymix (West Indies)	Dec-31	24.0	9.0	0.0	6.0	2.34%	16.04	1.56%	0.00	3.85	0.00	-6.25%	-82.0	-4.70	7.00	3.80
Trinidad Cement	Dec-31	67.0	20.0	70.0	24.0	2.67%	11.19	3.20%	10.71	7.50	-0.50	-0.08%	73.0	10.27	12.95	7.50
Trinidad Publishing Co.	Dec-31	91.0	32.0	91.0	32.0	2.43%	14.46	2.43%	14.46	13.16	-0.01	-0.49%	91.0	14.46	13.17	10.60
Unilever Caribbean Limited	Dec-31	133.0	115.0	145.0	120.0	7.07%	12.23	7.38%	11.22	16.27	-0.08	-4.76%	133.0	12.23	29.36	15.75
West Indian Tobacco Co.	Dec-31	137.4	135.0	137.4	135.0	5.87%	16.74	5.87%	16.74	23.00	0.00	0.00%	137.4	16.74	24.00	18.28