

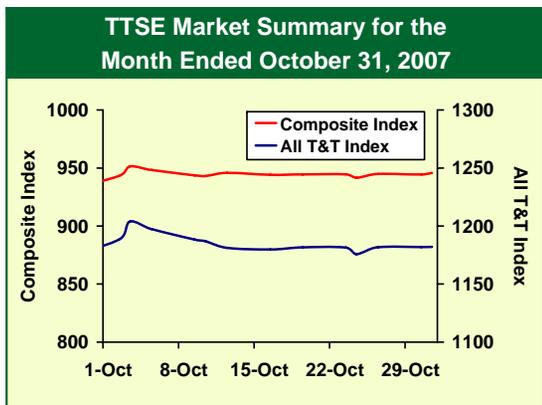


Securing Your Future Is Our Main Investment

## THE WISE CHRONICLE November 2007

### Local Market Summary

The local equity market ended on a positive note for the month of October. Both Indices ended the month up, with the Composite Index gaining 9.2827 points or 0.99 per cent to close at 945.8556; while the All T&T Index closed at 1,182.0271, up 2.4494 points or 0.21 per cent. The bullish sentiment was also reflected in the advance to decline ratio which ended the period at 12 to 11.



Market activity resulted in 14,001,315 shares changing ownership, up 5.03 per cent on the same period in 2006. Also, it is interesting to note that this was the third highest volume seen in any one month for 2007 with September showing the largest volume. Thus, when compared to the previous month, October's volume traded was down a considerable 29.39 per cent or 5,826,509 shares traded. The value of shares traded for the period amounted to \$158,101,205.63, down a

significant 62.26 per cent on September's value of \$418,970,227.77.

The volume leader for the period under review was National Flour Mills Limited (NFM), which saw 3,863,329 shares changing hands or 27.59 per cent of all trades. FirstCaribbean International Bank Limited (FCIB) came in as the second volume leader commanding 21.29 per cent of the market with 2,980,972 shares crossing the floor. While National Commercial Bank (Jamaica) Limited (NCBJ) saw 1,451,953 shares traded or 10.37 per cent of the market.

National Enterprises Limited (NEL) took the title of major advance for the month of October, up 64 cents or 10.49 per cent to close the month at \$6.74. Next in line was Sagicor Financial Corporation (SFC), up \$1.00 or 7.02 per cent to \$15.25. While the third major advance went to FCIB which gained 40 cents or 3.60 per cent to end the period at \$11.50.

Leading the declines for October was Ansa Merchant Bank Limited (AMBL) which dropped \$2.85 or 13.03 per cent to end at \$19.03. Dehring, Bunting & Golding Limited (DB&G) was the second major decline, down 18 cents or 8.18 per cent to close at \$2.02. In Jamaica this share lost JMD1.16 or 4.80 per cent to close at JMD23.02. The third major decline went to Angostura Holdings Limited (AHL) which fell by 5.81 per cent or 29 cents to end the month at \$4.70.

### Jamaica Market Summary

Indices in Jamaica ended mixed for the month of October. The Market Index advanced by 3,279.38 points or 3.29 per cent to close at 99,579.22; the Select Index declined by 76.12 points or 2.96 per cent to end at 2,570.88 while the All Jamaican Composite dropped 3,278.11 points or 3.47 per cent to end at 94,606.94. Advances were outnumbered by declines by a ratio of 14 to 27.

Market activity resulted in 126,153,102 shares changing hands valued at over JMD2,138,086,959.87. Cable and Wireless Jamaica Limited (CWJA) took the title of volume leader commanding 22.27 per cent of the market with 28,096,293 shares traded. The major advance for October went to Caribbean Metal Products Limited (CMP) which rose 51.25 per cent to close at JMD2.42, while the major decline went to Ciboney

Group Limited (CBNY) which fell by 60 per cent to end the month at JMD0.02.

### RBTT Financial Holdings Limited (RBTT) WISE is a subsidiary of RBTT

For the Half Year Ended September 30, 2007, RBTT Financial Holdings Limited (RBTT) reported Earnings Per Share (EPS) of \$1.33, down 0.75 per cent or \$0.01 on the comparable EPS for FY07. Q208 on Q207, the EPS was down 5.63 per cent or \$0.04 from \$0.71 to \$0.67. The Chairman has attributed the fall in earnings to a significant increase in taxation expense, due primarily to an increase in taxable income and a decline in tax exempt investment income.

Net Interest Income for the Half Year under review amounted to \$1 billion, up 14.23 per cent on the same figure for HY07. This was primarily the result of a strong performance from the Group's Retail Business across all markets, with a 33 per cent increase in pre-tax earnings year over year. Q208 on Q207, Net Interest Income was up a healthy 18.13 per cent from \$437.99 million to \$517.38 million. However, Other Income for HY08 was down 5.42 per cent or \$30.81 million from \$568.87 million to \$538.06 million. Q208 on Q207, this figure was down a substantial 16.03 per cent or \$52.50 million. Thus, Total Net Income ended the Half Year period at \$1.54 billion, up 6.51 per cent or \$94.37 million on the corresponding period in fiscal 2007.

While the Retail Business continued to perform strongly, the Chairman also noted that the Trust and Asset Management Business continued to under-perform as the local stock market activity remained depressed. Additionally, the Investment Banking Business did not achieve the deal targets set for the period.

In Q208, the Group experienced an Impairment Expense on loans and advances and investment securities of \$18.56 million. As a result most of the Impairment Credit in Q108 of \$20.99 million was wiped off and the Bank ended the Half Year Period with a credit of \$2.43 million. Operating Expenses for HY08 amounted to \$952.20 million, up 9.51 per cent or \$82.67 million on the comparable figure for HY07. Q208 on Q207, this figure was up by 6.17 per cent from \$442.19 million to \$469.47 million. As a result, Operating Profit for the Half Year under review totalled \$593.07 million, an increase of 4.01 per cent or \$22.84 million on the same period in fiscal 2007.

Share of Profits of Associated Companies and Joint Venture Before Taxation amounted to \$6.55 million for HY08 compared to \$9.69 million for HY07, a considerable decline of 32.34 per cent. Consequently, Profit Before Taxation for HY08 stood at \$599.62 million, up a minimal 3.40 per cent or \$19.71 million from \$579.92 million in the corresponding period in FY07.

The Effective Tax Rate for the Half Year period under review was 22.73 per cent compared to a Tax Rate of 20.50 per cent for the same period in FY07. Thus, Profit After Taxation amounted to \$463.35 million up a marginal 0.51 per cent on HY07. Q208 on Q207, this Profit After Taxation was down 3.33 per cent or \$8.12 million.

After deducting Minority Interests of \$5.11 million, the Profit Attributable to Shareholders of the Company was \$458.24 million for HY08. This figure was down a marginal 0.76 per cent on the same figure for HY07.

The Board of Directors declared an Interim Dividend of 60 cents per share (60 cents- FY07) to be paid on November 22, 2007 to shareholders on record as at November 8, 2007.

RBTT closed October at a price of \$35.00. In light of the current results we are revising our Forecasted EPS downwards to \$2.80. At the current price and revised Forecasted EPS, this share is trading at a price to earnings multiple of 12.5 times. Given that this share usually trades between 11 to 13 times in addition to the fact that there is a transaction pending, we recommend a **HOLD** at this time.

### One Caribbean Media Limited (OCM)

For the Nine Months (NM) Ended September 30, 2007, One Caribbean Media Limited (OCM) reported Earnings Per Share (EPS) (inclusive of ESOP) of 80 cents, up 5.26 per cent or 4 cents on the 76 cents reported on the corresponding Nine Month period in FY06. Group Profit Attributable to Shareholders increased from \$50.04 million (NM06) to \$52.68 million (NM07), an increase of 5.29 per cent or \$2.65 million. According to the Chairman, this result was achieved despite the absorption of a significant loss by one subsidiary on Cricket World Cup.

Sales saw an increase of 5.27 per cent or \$16.88 million to end the Nine Month period at \$337.44 million, while Cost of Sales rose 6.30 per cent or \$12.99 million

to \$219.07 million. As such, Gross Profit stood at \$118.37 million, up 3.40 per cent or \$3.89 million on the same period in the last financial year.

For the period under review, Administrative Expenses was up 3.38 per cent or \$1.57 million to \$47.88 million while Marketing Expenses fell 4.02 per cent or \$0.13 million to \$3.18 million. Thus, Operating Profit amounted to \$67.32 million, an increase of 3.80 per cent of \$2.46 million on the same figure in the last fiscal.

NM07 on NM06, Dividend Income increased an outstanding 186.15 per cent or \$0.12 million to \$0.19 million. Interest Income grew a significant 64.97 per cent or \$1.48 million to \$3.77 million. Finance Costs for the Nine Months was \$0.88 million, up a considerable 89.48 per cent or \$0.42 million. Ultimately, Profit Before Taxation totalled \$70.39 million compared to \$66.74 million for the corresponding period in FY06, an increase of 5.47 per cent or \$3.65 million.

The Effective Tax Rate for the period under review was 24.81 per cent compared to a Tax Rate of 24.48 per cent for the same period in fiscal 2006. As a result, Profit After Taxation was \$52.93 million, up 5.01 per cent or \$2.53 million on NM06.

The Chairman also stated that the Group projects an enhanced performance during the last quarter, which includes the traditional holiday period. Additionally, the Group expects, in the near future, to take operational control of five radio stations in the Eastern and Southern Caribbean as a result of a purchase agreement with Cumulus Media Inc. in April 2007.

OCM ended the month of October at a price of \$17.51. At this price and our forecasted EPS of \$1.40 for FY07, this share is trading at a price to earnings multiple of 12.51 times. Additionally using a multiple of 14 times and the forecasted EPS of \$1.40, this share has an expected return of approximately 12 per cent on the current price or a target price of \$19.60. Thus at this time we recommend a **BUY** on this share.

A Member of the  FINANCIAL GROUP

*West Indies Stockbrokers Limited (WISE) is a subsidiary of RBTT Financial Group. From time to time WISE and/or its staff may take positions in some or all of the shares mentioned in our report. WISE welcomes your comments. Please e-mail us at [info@wisett.com](mailto:info@wisett.com).*

## WISE STOCK MARKET QUOTATIONS AS AT OCTOBER 31, 2007

	Hist Eps	Est Eps	Est Div	Curr Price	Est Yield %	Est P/E Ratio
<b>Bank</b>						
FirstCaribbean	70.0	95.0	43.0	11.50	3.74	12.11
NCB Jca	21.0	26.0	6.0	1.95	3.08	7.50
RBTT Fin Hold	276.0	280.0	125.0	35.00	3.57	12.50
Republic Bank	401.0	760.0	265.0	80.00	3.31	10.53
Scotiabank	178.7	215.0	85.0	28.55	2.98	13.28
<b>Non-Bank Fin</b>						
ANSA Fin & Merch	177.0	215.0	90.0	19.03	4.73	8.85
Capital & Credit	11.0	8.0	1.8	0.88	2.05	11.00
DB&G	22.0	24.0	8.0	2.02	3.96	8.42
Guardian Holdings	-114.0	0.00	15.0	25.00	0.60	0.00
JMMB	7.0	8.0	1.8	0.94	1.91	11.75
National Enterprises	46.0	55.0	60.0	6.74	8.90	12.25
Sagicor Financial Corp	158.0	175.0	44.0	15.25	2.89	8.71
<b>Conglomerates</b>						
Ansa Mcal Ltd	276.0	350.0	95.0	45.50	2.09	13.00
Bdos Ship & Trad	138.0	165.0	69.0	28.35	2.43	17.18
GraceKennedy	53.3	65.0	12.0	5.55	2.16	8.54
Neal and Massy	337.0	430.00	133.0	48.25	2.76	11.22
<b>Trading</b>						
Agostini's Ltd	81.3	110.0	37.0	10.01	3.70	9.10
Furness Trinidad	68.0	80.0	0.0	6.15	0.00	7.69
L J Williams Ltd. - 'A'	0.8	0.5	0.2	0.60	0.33	120.00
L J Williams Ltd. - 'B'	15.0	20.0	9.0	1.20	7.50	6.00
Prestige Holdings	23.9	36.0	20.0	5.76	3.47	16.00
<b>Property</b>						
PLIPDECO	372.00	410.0	20.0	8.07	2.48	1.97
Valpark	47.3	47.3	0.0	5.00	0.00	10.57
<b>Manufacturing</b>						
Angostura Holdings	91.0	0.0	0.0	4.70	0.00	0.00
Berger Paints	-27.0	7.0	19.0	3.40	5.59	48.57
Flavorite Foods	67.0	80.0	35.0	5.11	6.85	6.39
National Flour Mills	-45.0	10.0	8.0	0.82	9.76	0.00
One Caribbean Media	131.0	140.0	77.0	17.51	4.40	12.51
Readymix WI	129.0	300.0	3.0	7.08	0.42	2.36
Trinidad Cement	60.0	90.0	20.0	7.32	2.73	8.13
Trinidad Publishing	117.0	130.0	55.0	19.92	2.76	15.32
Unilever Caribbean Ltd	133.0	145.0	120.0	17.50	6.86	12.07
WITCO	171.0	200.0	196.0	27.05	7.25	13.53

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