



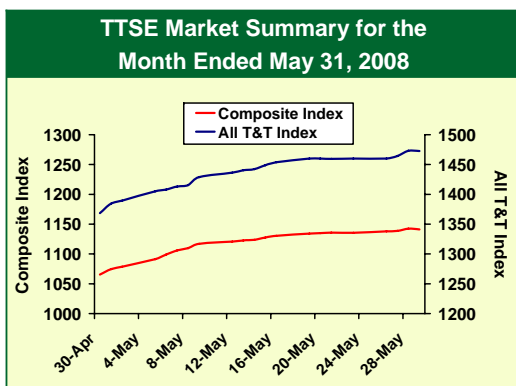
Securing Your Future Is Our Main Investment

THE WISE CHRONICLE May 2008

Local Market Summary

The positive market sentiment that started in April continued into the month of May with both Indices ending higher than the previous month's close. The Composite Index advanced 75.5590 points or 7.09 per cent to 1,141.0519 and the All T&T Index rose 7.60 per cent or 103.9777 points to close the month at 1,472.5735. The advance to decline ratio ended the month at an overwhelming 24 to 3.

Trading activity on the local equity market picked up slightly for the month of May as a total of 17,971,964 shares crossed the floor. This represented an increase of 3.12 per cent when compared to the 17,428,249 shares traded in April 2008. When compared to May 2007, volumes were up 201.77 per cent from 5,955,570 shares traded. The value of shares changing hands in May 2008 totalled \$250,779,165.94, down 10.36 per cent on last month's value of \$279,762,463.12



Volume Leaders

The volume leader for May was National Flour Mills Limited (NFM) with 2,497,591 shares traded or 13.90 per cent of the market. After being the volume leader last month, Sagicor Financial Corporation (SFC) moved one spot down this month with 2,191,962 shares changing ownership accounting for 12.20 per cent of the total volume traded. National Commercial Bank Jamaica Limited (NCBJ) was the third volume leader crossing 1,890,515 shares or 10.52 per cent of all trades.

Major Advances & Declines

For a second consecutive month, Readymix (West Indies) Limited (RML) was the major advance, up an outstanding 53.31 per cent or \$5.47 to close the month at \$15.73. This was followed by National Enterprises Limited (NEL), which rose a considerable 49.32 per cent or \$3.96 to \$11.99. Next was Trinidad Cement Limited (TCL), up 20.00 per cent or \$1.75 from \$8.75 to \$10.50.

The major decline for May was Capital & Credit Financial Group (CCFG) which fell 5.88 per cent or \$0.05 to \$0.80. In Jamaica, this share closed the month at JMD9.30. The second major decline was RBTT Financial Holdings Limited (RBTT), which dropped 1.48 per cent or \$0.55 to \$36.50. NFM followed, down 0.87 per cent or \$0.01 to \$1.14.

Jamaica Market Summary

Similar to the local market, bullish conditions were also prevalent in the Jamaica market. The Market Index advanced 2,774.02 points or 2.47 per cent to close at 112,127.89; the Select Index rose 158.01 points or 5.02 per cent to 3,150.30 and the All Jamaican Composite added 4,768.32 points or 4.17 per cent to 114,300.88. Advances outnumbered declines by a ratio of 24 to 16.

May saw a total of 215,324,674 shares cross the floor valued at over JMD2,799,142,365.49. National Commercial Bank Jamaica Limited (NCBJ) was the volume leader with 31.66 per cent of all trades or 68,163,575 shares traded. The major advance was Salada Foods Limited (SALF), up 67.50 per cent or JMD54.00 to close at JMD134.00 while the major decline was Pulse Investments (PULS), down 12.50 per cent or JMD1.00 to close at JMD7.00.

NML Releases Half Year Results

Results for the Half Year Ended March 31, 2008

Earnings Per Share

Neal & Massy Holdings Limited (NML) has had another successful quarter for FY08. For the Half Year Ended March 31, 2008, NML reported Earnings Per Share of \$2.33, up 29.4 per cent or 53 cents on the corresponding period's EPS of \$1.80 in fiscal 2007. Q208 on Q207, this figure was up 24.2 per cent from \$0.95 to \$1.18.

The Group's earnings were calculated using a weighted average number of shares of 90.7 million as at March 31, 2008 compared with 88.9 million at March 31, 2007.

Financial Highlights (HY08 on HY07)

- Group Third Party Revenue, up a considerable 21.8 per cent or \$538.8 million to \$3.0 billion
- Operating Profit, up a significant 27.6 per cent or \$56.7 million to \$262.3 million
- Share of Results of Associated Companies, up 71.6 per cent or \$22.7 million to \$54.4 million
- Profit After Taxation, up an outstanding 32.3 per cent or \$55.6 million from \$172.2 million (HY07) to \$227.7 million (HY08)

Financial Highlights (Q208 on Q207)

- Group Third Party Revenue, up 28.8 per cent or \$357.7 million to \$1.6 billion
- Operating Profit, up 28.0 per cent or \$29.1 million to \$133.1 million
- Share of Results of Associated Companies, up 44.5 per cent or \$9.6 million to \$31.1 million
- Profit After Taxation, up 28.4 per cent or \$25.9 million from \$91.4 million (Q207) to \$117.4 million (Q208)

BS&T Acquisition

During the second quarter, the Group completed the purchase of an additional 69 per cent of the issued and outstanding shares of Barbados Shipping & Trading (BS&T) thereby increasing the Group's total shareholding to 97 per cent. The acquisition date of the additional 69 per cent shareholding has been established as March 1, 2008, which indicates that only one month (March 2008) of BS&T's earnings arising out of the increased shareholding was included in the Half Year results.

In addition, with the acquisition of the additional BS&T shares the Group expended:

- Cash paid US\$135 million / TT\$856 million and issued 10.265 million NML shares
- Acquisition debt of US\$102 million / TT\$646 million

Also, with respect to the acquisition of the additional shares of BS&T, NML's Total Assets increased by \$3.1 billion to \$7.1 billion while Total Debt rose by \$1.3 billion (\$618 million BS&T Debt; \$648 million Acquisition Debt). The Chairman stated that initiatives are in place to restructure part of the Group's short-term borrowings into medium and long-term debt.

Dividends

The Directors declared an Interim Dividend of 40 cents per share (2007: 36 cents) to be paid on June 16, 2008 to shareholders on the Register of Members at June 4, 2008.

Outlook

With the takeover of BS&T completed, NML will without a doubt, reap the benefits of increased earnings due to its wider geographic spread and entry into new business divisions, such as the hotel industry and investment properties.

Recommendation

NML last closed at a price of \$64.50. At the current price and our forecasted EPS of \$5.15 for FY08, this share is trading at a price to earnings multiple of 12.5 times. At this time we recommend a **HOLD** on this share.

RBL Releases Half Year Results

Results for the Half Year Ended March 31, 2008

Earnings Per Share

For the Half Year Ended March 31, 2008, Republic Bank Limited (RBL) reported a diluted Earnings Per Share (EPS) of \$3.92, down 22.8 per cent on the comparable period in fiscal 2007. However, the Bank's Profit Attributable to Shareholders for HY08 of \$629.7 million reflected an after tax gain of \$82 million from the allocation of shares in Visa Inc. while the Profit Attributable to Shareholders for HY07 of \$813.9 million included a \$370 million gain from the sale of the Bank's shareholding in FirstCaribbean International Bank. If we exclude the two exceptional items, core earnings for HY08 and HY07 amounted to \$547.6 million and

\$443.8 million respectively. Thus, RBL's Core EPS would be up 23.5 per cent from approximately \$2.77 (HY07) to \$3.42 (HY08).

Financial Highlights

- Net Interest Income, up 16.7 per cent or \$133.7 million to \$932.4 million
- Other Income, up 7.0 per cent or \$32.6 million to \$497.6 million
- Operating Expenses, up 6.2 per cent or \$40.0 million to \$681.4 million
- Operating Profit, up 20.3 per cent or \$126.4 million to \$748.6 million
- Profit Before Taxation, down 12.7 per cent or \$128.2 million to \$879.6 million
- Loss on discontinued operations was \$2.6 million for HY08 compared to \$16.1 million for HY07
- Profit After Taxation, down 20.5 per cent from \$859.0 million (HY07) to \$683.4 million (HY08)

Dividends

The Board of Directors approved a Half Year dividend of \$1.15 per share which was paid to shareholders on May 29, 2008.

Recommendation

RBL last closed at a price of \$101.50 on the local exchange. At the current price and forecasted EPS of \$7.25 for fiscal 2008, RBL is trading at a multiple of 14 times. Additionally, using a multiple of 15 times and the forecasted EPS of \$7.25, this share has an expected return of approximately 7 per cent or a target price of \$108.75. 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.

WISE STOCK MARKET QUOTATIONS AS AT MAY 31, 2008

	Hist Eps	Est Eps	Est Div	Curr Price	Est Yield %	Est P/E Ratio
Bank						
FirstCaribbean	107.0	73.0	28.0	12.15	2.30	16.64
NCB Jca	25.0	28.0	7.0	2.15	3.26	7.68
RBTT Fin Hold	276.0	270.0	125.0	36.50	3.42	13.52
Republic Bank	834.0	725.0	300.0	99.99	3.00	13.79
Scotiabank	210.4	230.0	90.0	36.01	2.50	15.66
Non-Bank Fin						
ANSA Fin & Merch	207.0	235.0	95.0	30.01	3.17	12.77
Capital & Credit	6.5	7.0	0.0	0.80	0.00	11.43
Scotia DBG	29.0	30.0	12.0	2.30	5.22	7.67
Guardian Holdings	61.0	310.0	80.0	31.00	2.58	0.00
JMMB	7.0	7.0	1.8	1.20	1.50	17.14
National Enterprises	46.0	80.0	70.0	11.99	5.84	14.99
Sagicor Financial Corp	203.0	190.0	42.0	21.05	2.00	11.08
Conglomerates						
Ansa Mcal Ltd	351.0	420.0	108.0	56.81	1.90	13.53
Bdos Ship & Trad	150.0	165.0	66.0	27.93	2.36	16.93
GraceKennedy	91.7	83.0	9.0	8.30	1.08	10.00
Neal and Massy	415.0	515.0	155.0	63.27	2.45	12.29
Trading						
Agostini's Ltd	103.0	115.0	46.0	10.01	4.60	8.70
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	25.0	9.0	1.00	9.00	4.00
Prestige Holdings	24.4	24.0	15.0	4.55	3.30	18.96
Property						
PLIPDECO	372.00	410.0	20.0	9.55	2.09	2.33
Valpark	47.3	47.3	0.0	5.00	0.00	10.57
Manufacturing						
Angostura Holdings	-67.0	0.0	0.0	5.16	0.00	0.00
Berger Paints	-5.0	7.0	19.0	3.40	5.59	48.57
Flavorite Foods	67.0	80.0	35.0	5.17	6.77	6.46
National Flour Mills	-45.0	0.0	0.0	1.14	0.00	0.00
One Caribbean Media	133.0	140.0	77.0	18.70	4.12	13.36
Readymix WI	316.0	380.0	24.0	15.73	1.53	4.14
Trinidad Cement	77.0	95.0	9.0	10.50	0.86	11.05
Trinidad Publishing	121.0	125.0	50.0	21.00	2.38	16.80
Unilever Caribbean Ltd	138.0	140.0	100.0	20.50	4.88	14.64
WITCO	186.0	200.0	196.0	30.14	6.50	15.07

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