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The bear continued its reign as both Indices continued to fall during the month of March closing the first quarter of the year at the lowest they have been for the last fifty two weeks. The Composite Index ended the month at 958.58 falling 4.47 per cent for the month while the All T&T fell 4.97 per cent to 1,170.37 from February's close. The Composite and All T&T Indices now reside 22.21 per cent and 25.57 per cent below their respective peaks. Volumes of shares traded continue to be thin as a total of 8,938,357 shares crossed the floor worth $240,243,015. Advances outnumbered declines by a 9 to 18 ratio.

Two of the traditional drivers of the market returned to the forefront for the month under review as both RBTT Financial Holdings Limited (RBTT) and Republic Bank Limited (RBL) were part of the top three volumes leaders for the month. RBTT emerged as the volume leader commanding 26.03 per cent of the market for March with 2,326,754 shares changing ownership. Over 50 per cent of these shares however were traded in a single day. Republic Bank Limited saw 1,171,067 shares crossing the floor which was 13.10 per cent of the volumes traded for March while NCBJ witnessed 1,088,144 shares changing hands which was 12.17 per cent of the market.

The biggest price mover for the month was Plipdeco advancing 14.94 per cent to $10.00 from February's close of $8.70. Agostini's Holdings followed increasing 5.16 per cent to $10.80 while One Caribbean Media (OCM) appreciated 4.37 per cent to $21.00 though it traded as high as $21.25 during the month. Year to date, OCM has increased 8.25 per cent and actually ends this quarter as the biggest price mover.

On the decline side, despite a strong core performance exhibited in its year end results, Guardian Holdings Limited (GHL) fell 28.57 per cent to $20.00 to trade at a price/earnings ratio of 10.81. National Flour Mills fell 26.47 per cent from $1.70 to $1.25 while Dehring Bunting & Golding (DBG) dropped 15.00 per cent from $2.00 to $1.70.

### Guardian Holdings Limited

*Results for the year ended 31 December 2005.*

In the preliminary release of the audited financial statements of Guardian Holdings Limited (GHL) for the year ended December 31st 2005, the company as expected delivered a disappointing EPS of $1.85, down 38% from the previous year ($2.98). In spite of the lower earnings reported, the Directors have declared a final dividend of $0.40 payable to shareholders on record as at April 6th 2006. This brings the total dividends for the 2005 financial year to $0.55 per share, which represents an increase of 10% over the dividends for 2004 ($0.50). The main difference in the performance of the company over the last two years is the performance of the Trinidad and Tobago and Jamaican equities market which in 2004 contributed significantly in the form of mark-to-market gains; however in 2005 there was a significant contraction of share prices which translated into a diminished contribution of the Group's equity portfolio.

The Group's core insurance businesses performed credibly during the year. The addition of the Zenith Insurance Limited to the GHL family and the Group's European operations had the effect of boosting Insurance Premium Revenue 59% from $2.8 billion to $4.4 billion over the comparative twelve month period. Other Revenue however, did not share similar fortunes, as this year it fell 35% from $1.75 billion to $1.14 billion. The falling away of Other Revenue was mostly due to the mark-to-market losses mentioned above. The significant growth of the Group's Insurance businesses was sufficient to cover the fall in Other Revenue, as GHL managed a notable 22% increase in Total Revenues from $3.6 billion to $4.4 billion.

Significant increases in Net Insurance Benefits and Claims, which increased 45% (from $1.6 billion to $2.3 billion), combined with a 36% increase in Expenses ($1.1 billion to $1.5 billion placed additional pressures on the Group's Operating Profit which fell 41%, from $846 million to $495 million. This fall in Operating Profit should be put in perspective though. The nominal fall in Operating Revenue was $351 million, whilst the fall in Other Revenue was $614 million (approximately $3.13 per share), which means that the Group's Insurance businesses actually softened the extent of the blow of GHL's Investment Portfolio by $263 million, which translates to a cushioning effect of roughly $1.34 per share. Another noteworthy element of improvement of GHL's performance was the contribution by the Group's Associated Companies. In 2004, the Group bore a loss of $72 million from Associated Companies due mainly to the losses from the overactive hurricane season. However, in 2005, there was a positive contribution of $83 million due mainly to the positive contribution from the Lloyds investment.

The Group reported Profit before Taxation of $456 million, representing a decrease of 35% from the previous year. Though the Group reflected a decrease in Taxation of 16%, the effective tax rate increased marginally from 17% to 18%. Profit after Taxation Attributable to Equity Holders of the Company was $369 million, down 36% from $580 million. The Group's Asset Base increased 12% to $17.3 billion, whilst Shareholder's Equity improved 17% from $3.2 billion to $3.7 billion.

In the current climate of low investor confidence in the local market, these less than stellar results may place downward pressure on the share price. However, we maintain our confidence in the long run potential of this entity and see the current scenario as creating opportunities for the bargain hunting investor. The series of events which combined for the overall falling results are not expected to be permanent factors, and as such, when these factors turn to positive influences, the story of the GHL share price may well show a positive ending. The key factors that would assist in the recovery of the performance of Guardian Holdings Limited are:

- A turnaround in the local and regional equities markets in which Guardian Holdings has a large portion of its investment portfolio invested.
- An improvement in the competitive environment and increased margins in Europe which would result in the improvements in Revenue reaching the bottom line.
- The continued focus on expansion into other territories in order to diversify risk.

One further attraction of the shares of Guardian Holdings Limited is the Group's value in terms of its Market to Book value, which currently stands in the region of 1.3 times.

Investors with a long term focus may derive little benefit from panic selling, whilst new investors would find that monitoring this share price gives the opportunity to acquire a valuable investment at a relatively cheap price. At the current price of $20.00, the shares of GHL are trading at a P/E multiple of 10.81, which is within the traditional trading range for GHL.

**ANSA McAl Group of Companies**
Results for the Year Ended December 31, 2005

In the audited financial statements for the year ended December 31, 2005, the ANSA Mc Al Group of Companies (AMCL) reported an EPS (diluted) of $2.61, an impressive increase of 45% over the previous year ($1.80). The Group's expansionary plans and earlier investments seem to be bearing fruit as the momentum of the increases in EPS have grown from between 13% and 18% in the earlier years of the decade, to 26% last year and now 45% (see Exhibit 1). A final dividend payment of 40 cents has been approved by the Board of Directors, for a total dividend for the year of 65 cents, which is equivalent to that paid in the previous two years.

It would be apparent that the Group is continuing its policy of keeping the gearing of the Company low, opting instead to re-invest and finance expansion from reserves. This would serve the company well if it needs major financing in the future for larger projects.

Although Third Party Revenue experienced a notable improvement of 18%, from $2.95 billion to $3.49 billion, the efficiency of the Group seems to have made impressive strides as the Operating Income jumped 31.4% to $741 million (2004 - $$563 million). A decrease in Finance Costs from $123.6 million to $120 million also helped the bottom line. Share of Results from Associated Companies continued to improve this year increasing 63.85% to $24.7 million. The improvements in Revenue, efficiency and growth in the contribution of Associated Companies pushed the Profit before Taxation of ANSA Mc Al to $645.7 million, an increase of 41.8% (2004-$455.4 million). Even though the effective tax rate increased from 15.4% to 17.5%, the Profit Attributable to Equity Holders of the Parent improved 45% from $308.8 million to $533 million

The Group's Asset Base has expanded by 16.9%, moving from $5.84 billion as at the end of 2004, to $6.8 billion in 2005 and the Group continues to expand both organically and through various mergers and Joint Partnerships. The Group has already boasted of achieving its targets of "Vision 2006" one year earlier and has set itself a new target of "V10", which if the Group can achieve, would result in an EPS of $5.00 by 2010.

The Group is well diversified and has a number of projects already in the pipeline, which speaks well for both the medium and long-term profitability of the Conglomerate. The Group has also gained in terms of reputation, made evident by the international awards received in various segments of the Group. Further, the Group continues to expand the geographical reach of its distribution network, which includes the USA, Canada, Europe, the Caribbean and South and Central America.

At the current price of $40.11, the shares of the Group are trading at a multiple of 15.37 times. Based on an estimated growth in earnings of 25%, the forecasted EPS for the 2006 financial year is $3.25. Based on this forward-looking EPS, the P/E multiple is 12.34. Based on the potential and reputation of ANSA McAl, and the relative attractiveness compared to the other players in the Conglomerate Sector, we revise our recommendation on the company from a HOLD to BUY.

## WEST INDIES STOCKBROKERS LIMITED
## STOCK MARKET QUOTATIONS
## AS AT MARCH 31, 2006

| | Hist Eps | Est Eps | Est Div | Curr Price | Est Yield % | Est P/E Ratio |
|---|---|---|---|---|---|---|
| Bank | | | | | | |
| FirstCaribbean | 106.5 | 75.0 | 18.8 | 13.45 | 1.40 | 17.93 |
| NCB Jca | 17.4 | 17.4 | 4.8 | 1.40 | 3.43 | 8.05 |
| RBTT Fin Hold | 268.0 | 295.0 | 135.0 | 31.30 | 4.31 | 10.61 |
| Republic Bank | 509.0 | 509.0 | 225.0 | 88.50 | 2.54 | 17.39 |
| Scotiabank | 193.0 | 225.0 | 80.0 | 39.96 | 2.00 | 17.76 |
| Non-Bank Fin | | | | | | |
| ANSA Fin & Merch | 106.0 | 100.0 | 32.0 | 19.99 | 1.60 | 19.99 |
| Capital & Credit | 19.3 | 19.3 | 2.5 | 1.79 | 1.40 | 9.27 |
| DB&G | 26.5 | 30.0 | 2.0 | 1.70 | 1.18 | 5.67 |
| Guardian Holdings | 185.0 | 185.0 | 55.0 | 20.00 | 2.75 | 10.81 |
| JMMB | 11.3 | 11.3 | 1.5 | 1.50 | 1.00 | 13.27 |
| National Enterprises | 76.0 | 76.0 | 48.0 | 8.90 | 5.39 | 11.71 |
| Sagicor Financial Corp | 78.0 | 155.0 | 60.0 | 13.00 | 4.62 | 8.39 |
| Conglomerates | | | | | | |
| Ansa Mcal Ltd | 261.0 | 261.0 | 65.0 | 40.11 | 1.62 | 15.37 |
| Bdos Ship & Trad | 198.0 | 198.0 | 56.7 | 19.60 | 2.89 | 9.90 |
| GraceKennedy | 67.2 | 70.0 | 8.0 | 6.30 | 1.27 | 9.00 |
| Neal and Massy | 280.0 | 280.0 | 88.0 | 43.50 | 2.02 | 15.54 |
| Trading | | | | | | |
| Agostini's Ltd | 91.5 | 93.4 | 33.0 | 10.80 | 3.06 | 11.56 |
| BWIA *suspended* | 0.0 | 0.0 | 0.0 | 0.97 | 0.00 | 0.00 |
| Furness Trinidad | 47.0 | 47.0 | 0.0 | 6.15 | 0.00 | 13.09 |
| L J Williams Ltd. - 'A' | 1.4 | 0.9 | 0.4 | 0.60 | 0.67 | 0.00 |
| L J Williams Ltd. - 'B' | 14.0 | 9.0 | 4.0 | 1.32 | 3.03 | 0.00 |
| Prestige Holdings | 46.4 | 46.4 | 21.0 | 10.00 | 2.10 | 21.55 |
| Property | | | | | | |
| PLIPDECO | 126.0 | 130.0 | 22.0 | 10.00 | 2.20 | 7.69 |
| Valpark | 47.3 | 47.3 | 0.0 | 5.00 | 0.00 | 10.57 |
| Manufacturing | | | | | | |
| Angostura Holdings | 180.0 | 5.0 | 12.0 | 5.75 | 2.09 | 115.00 |
| Berger Paints | 24.0 | 7.0 | 17.0 | 3.40 | 5.00 | 0.00 |
| Flavorite Foods | 45.2 | 72.0 | 21.0 | 5.05 | 4.16 | 7.01 |
| National Flour Mills | 13.6 | 11.0 | 9.0 | 1.25 | 7.20 | 11.36 |
| One Caribbean Media | 109.0 | 109.0 | 60.0 | 21.00 | 2.86 | 19.27 |
| Readymix WI | 24.0 | 0.0 | 6.0 | 3.90 | 1.54 | 0.00 |
| Trinidad Cement | 67.0 | 70.0 | 24.0 | 8.99 | 2.67 | 12.84 |
| Trinidad Publishing | 91.0 | 91.0 | 32.0 | 13.17 | 2.43 | 14.47 |
| Unilever Caribbean Ltc | 133.0 | 145.0 | 120.0 | 16.11 | 7.45 | 11.11 |
| WITCO | 137.4 | 137.4 | 135.0 | 23.25 | 5.81 | 16.92 |

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