THE WISE CHRONICLE
ELECTRONIC VERSION

MARCH 2004

The market continued its upward movement in February, climbing to an all time high. In addition, the volume of shares traded remained relatively high. A total of 28,085,417 shares were traded in February worth $127,160,555.50, an increase of 51.73 per cent over the total volume of shares traded in January.

Advances outnumbered declines by a twenty-five (25) to one (1) margin with the Composite Index moving up 74.3715 points (10.35 per cent) to close at 793.2495. The All T&T Index moved above the 1,000 level for the first time in history, increasing by 126.3271 points (13.23 per cent) to close at 1,081.2537.

National Commercial Bank Jamaica (NCBJ) was the most actively traded share with a total of 17,847,321 shares traded or 63.55 per cent of total trades. Trinidad Cement followed in a distant second with 2,506,164 shares traded or 8.92 per cent of all trades. Jamaica Money Market Brokers (JMMB) rounded off the top three with a total of 1,774,769 shares or 5.24 per cent of all trades.

The Banking sector carried the greatest volume with a total of 18,629,700 shares traded or 66.33 per cent of total volume, and as expected NCBJ accounted for 95.80 of the total trades. Trades were also heavy in the Manufacturing sector. A total of 5,628,103 shares were traded representing 20.04 per cent of all trades.
Berger Paints took the biggest percentage gain for the month, up $1.50 or 42.86 per cent to close at $5.00. The other major gains were National Enterprises up Berger Paints took the biggest percentage gain for the month, up $1.50 or 42.86 per cent to close at $5.00. The other major gains were National Enterprises up $2.20 or 33.85 per cent to close at $8.70, Agostini's up $1.80 or (29.75 per cent) to $7.85 and RBTT Financial Holdings up $9.15 or 25.42 per cent to close at $45.15.

BWIA (WI) Airways suffered the only decline in February. The share price fell 50 cents or 16.67 per cent to close at $2.50

The bullish sentiment of the market continued with investors choosing to buy into and hold in anticipation of good financial results. The continuing low interest rate environment and the positive economic outlook are primary factors resulting in the growth of the market over the immediate investment horizon.

Scotiabank Trinidad and Tobago Limited
First quarter ended January 31, 2004.

Scotiabank (SBTT) posted double-digit growth in income after tax of 15.8 per cent for the three months ended January 31, 2004. Income after tax in Q1 2004 reached $59.5 million as against the corresponding figure in Q1 2003 of $51.3 million. A combination of increased revenues from foreign exchange and investment banking, as well as benefits derived from SBTT's cost control programs has resulted in this improvement in performance. This is highlighted by the increase in other income in Q1 2004 to $47.9 million from the Q1 2003 figure of $36.8 million, an increase of 30.4 per cent. Conversely, net interest income declined by 2.3 per cent in the same comparative periods to $92.3 million from $97.5 million.

Total non-interest expenses decreased in the first quarter of 2004 to $62.0 million from the $62.3 million incurred in the comparable quarter in 2003. Significant is the decrease in loan loss expense of 33.1 per cent to $4.7 million in Q1 2004 from the previous amount of $7.0 million. Net income before taxes was 81.2 million in Q1 2004 a rise of 12.8 per cent over the Q1 2003 total of $72.0 million.

When compared with the banking industry in the US, which includes players such as Citigroup, and JP Morgan Chase, SBTT measures up well. The industry average P/E ratio is 17.7, while SBTT's forward P/E of 15.5 is below this. The historical P/E of 17.7 is equivalent to the industry average. SBTT's return on equity of 25.5 per cent and return on total assets of 3.2 per cent exceed industry averages of 17.4 and 1.6 per cent respectively.

Earnings per share rose 15.8 per cent to 50.6 cents in Q1 2004 from the 43.7 cents achieved over the similar period in 2003. The directors have approved a first interim dividend of 18 cents per share payable on April 1, 2004. We are projecting, based on these results, a full year EPS of $1.90, which gives a P/E ratio of 15.5 at the month end price of $29.40. We are maintaining a buy rating on SBTT as a result.

Caribbean Communications Network Limited
Results for the year ended December 31, 2003.

CCN recorded an increase in profit attributable to the Group of 30.3 per cent in the year ended December 31, 2003. In 2003 profit was $24.6 million compared to the 2002 figure of $18.9 million. The main drivers contributing to this performance were TV6, which surpassed its revenue and profit targets, and the Express, which achieved 'significant growth in both revenue and profitability'.

Sales grew by 12.1 per cent in 2003 to $163.9 million from the previous year's $146.2 million. Cost of sales rose by a lesser margin, 9.6 per cent to $120.6 million in 2003 compared to the 2001 figure of $110.1 million. Gross profit was 19.8 per cent higher in 2003 at $43.3 million over the 2002 amount of $36.1 million. Operating profit in 2003 increased 26.5 per cent to $30.9 million from the $24.5 million made in 2002. Profit after tax was $24.9 million in 2003 compared to the 2002 figure of $18.4 million, an improvement of 35.5 per cent.

Looking ahead to 2004, CCN has reduced long term borrowings to $2.0 million from $26.0 million at the beginning of 2003. In December 2003 the Group acquired a 20 per cent share in Guyana Publications Limited, responsible for the Stabroek News. This is in keeping with a strategy to forge links with media partners in the Caribbean. CCN has also ventured into the world of e-commerce, with the addition of two new internet sites. These initiatives look certain to bear fruit in 2004 and provide increased earnings.

Earnings per share inclusive of ESOP shares, totalled 54 cents in 2003, representing an increase of 31.7 per cent over the 2002 amount of 41 cents. A final dividend has been agreed at 16 cents per share, payable on April 30, 2004. The month end price of $7.00 gives a P/E ratio of 13.0, indicating that there is some room for capital appreciation.

Prestige Holdings Limited
Year ended November 30, 2003.

Prestige Holdings (PHL) weathered some difficult times in the Dominican Republic and even locally during its past year. Sales rose just 3.3 per cent in the fiscal year ended November 30, 2003 to $393.6 million over the previous year's figure of $381.2 million. This was mainly due to the devaluation of the peso in the Dominican Republic and the increase of 14 per cent in sales in Trinidad and Tobago. Cost of sales rose by a similar margin of 3.2 per cent to $269.7 million in 2003 compared to the $261.3 million in 2002. Gross profit was up by 3.4 per cent in 2003 to 123.9 million over the 2002 amount of $119.8 million. The gross margin was steady at 31.5 per cent in 2003, while in 2002 it was 31.1 per cent. Operating profit was 1.3 per cent higher at $33.1 million in 2003, while the 2002 figure was $32.6 million. Profit before taxation in 2003 was $21.7 million compared to the 2002 figure of $20.6 million, an increase of 5.4 per cent. Profit attributable to shareholders reached 16.6 million in 2003, a 6.1 per cent improvement over the $15.7 million posted in 2002.

In Trinidad and Tobago, PHL opened three new KFC restaurants and one new Pizza Hut outlet. The company has had to renew its focus on its home delivery service and this has resulted in a turnaround in the sales trend. PHL have recently acquired a 75 per cent stake in the local TCBY franchise, together with development rights to most of the English speaking Caribbean.

The Dominican Republic has continued to be a disappointment to PHL, with a loss of $3.6 million in 2003. We had pointed to the weak economy as a possible factor affecting PHL at the end of its third quarter. This has in fact proven to be true, with a depreciation of the currency and a deterioration of business conditions. One KFC outlet was closed and three more are targeted for closure, provisions have been made in the financial statements. Significantly, PHL has liquidated its debt in the DR and its franchisor has made substantial royalty concessions. This would suggest that PHL does in fact intend to weather the current turbulent conditions there.

PHL is awaiting final approval for the erection of a T.G.I Friday's outlet in Jamaica which would open in the third quarter of 2004. The Government of Barbados has rejected an application to PHL to open restaurants there and the current impasse ensures that a long wait is in store. A 50-50 joint venture agreement has been entered into to own an existing T.G.I Friday's restaurant in Puerto Rico.

As a result of debt retirement, PHL's current debt-to-equity ratio is 58:42, which is below 60:40 average of the restaurant industry in the United States. The return on average equity of 31.0 per cent is well above the industry average of 20.1 per cent, however the PHL's current price-to-book multiple of 6.1 is higher than the average for its North American counterparts of 4.3.

Earnings per share in 2003 amounted to 27.4 cents compared to the 26.1 cents made in 2002. A final dividend of 12 cents per share is being proposed, which, pending shareholder approval will be paid on May 13, 2004. This would bring the total dividend paid in 2003 to 18 cents, one cent higher than the 2002 amount of 17 cents. We believe that there is some long-term potential in the share but this may have been already factored into the current $6.21 price.

WEST INDIES STOCKBROKERS LIMITED
STOCK MARKET QUOTATIONS
AS AT FEBRUARY 29, 2004

Shares	Hist EPS ¢	Est EPS ¢	Est Div ¢	Curr Price	Est Yield %	Est P/E Ratio
Banks						
First Caribbean	29.1	29.1	15.8	8.25	1.92	28.35
NCB J'ca	12.0	12.0	5.4	1.63	3.31	13.58
RBTT Fin Hold	169.0	230.0	98.0	45.15	2.17	19.63
Republic Bank	367.0	367.0	180.0	66.01	2.73	17.99
Scotiabank	165.6	190.0	80.0	29.35	2.73	15.45
Non-Bank Fin						
ANSA Fin & Merch	68.0	80.0	40.0	13.00	3.08	16.25
Capital & Credit	5.2	7.5	1.1	0.68	1.62	9.07
Guardian Holdings	114.0	295.0	58.0	31.80	1.82	10.78
JMMB	4.7	10.5	1.5	1.15	1.30	10.95
National Enterprises	55.0	60.0	42.0	8.70	4.83	14.50
Conglomerates						
Ansa Mcal Ltd	123.0	135.0	67.0	24.75	2.71	18.33
Bdos Ship & Trad	135.5	140.0	45.0	17.15	2.62	12.25
Grace, Kennedy	50.0	50.0	5.9	7.00	0.84	14.00
Neal and Massy	190.0	190.0	67.0	29.31	2.29	15.43
Trading						
Agostini's Ltd	34.9	34.9	15.0	7.85	1.91	22.49
BWIA	0.0	0.0	0.0	2.50	0.00	0.00
Furness Trinidad	25.0	25.0	5.0	5.50	0.91	22.00
L J Williams Ltd - 'A'	0.0	0.0	0.0	0.55		
L J Williams Ltd - 'B'	0.0	0.0	0.0	1.32		
Prestige Holdings	27.4	27.4	20.0	6.21	3.22	22.66
Property						
PLIPDECO	99.0	60.0	21.0	13.41	1.57	22.35
Valpark	47.3	47.3	0.0	5.00		10.57
Manufacturing						
Angostura Holdings	28.0	28.0	11.0	5.00	2.20	17.86
Berger Paints	39.0	39.0	17.0	5.00	3.40	12.82
CCN	41.0	54.0	25.0	7.00	3.57	12.96
Flavorite Foods	24.0	24.0	10.5	3.75	2.80	15.63
Lever Brothers WI	171.0	205.0	155.0	30.20	5.13	14.73
National Flour Mills	30.0	28.0	19.0	4.00	4.75	14.29
Readymix WI	28.0	40.0	13.0	6.75	1.93	16.88
Trinidad Cement	50.0	50.0	20.0	6.00	3.33	12.00
Trinidad Publishing	31.0	40.0	25.0	7.25	3.45	18.13
WITCO	104.5	104.5	103.0	20.15	5.11	19.28