

Agostini's Limited (AGL)

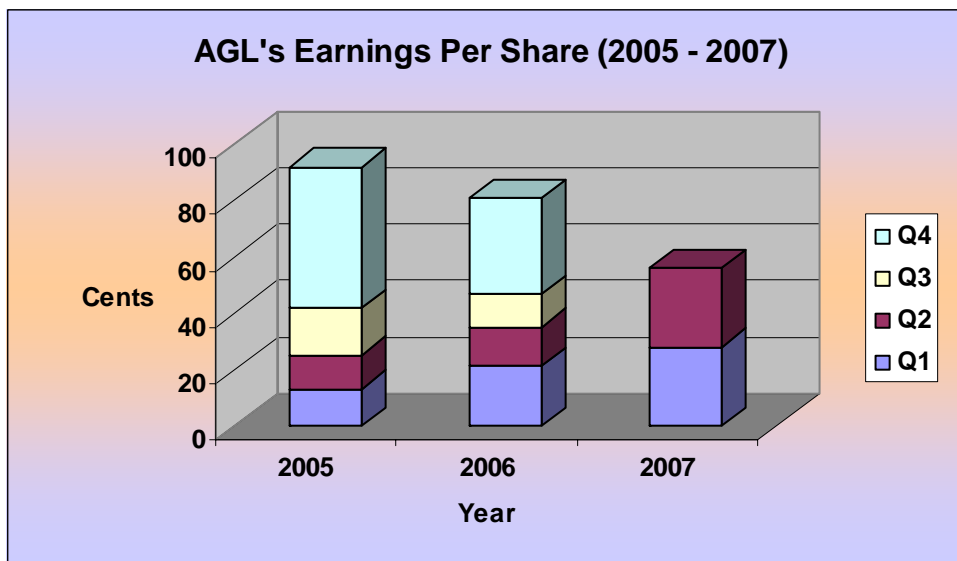
	<u>AGL</u>
RECOMMENDATION	BUY
Current Price	\$9.85
Running EPS (cents)	\$1.10
Projected EPS (cents)	\$1.10
P/E at Projected EPS	8.95 times
Dividend Yield at Estimated Dividend	4.77 per cent
Return on Assets	8.12 per cent
Return on Equity	15.55 per cent
*** All statistics above are based on the most current data available	

Results for the Half Year Ended March 31, 2007

Earnings Per Share

For the Half Year Ended March 31, 2007, Agostini's Limited (AGL) reported Earnings Per Share (EPS) of \$0.56, up 60.00 per cent or \$0.21 on the corresponding period in fiscal 2006. Q207 on Q206, the EPS was up by 100 per cent from \$0.14 to \$0.28. Thus, both Q107 and Q207 produced an equal EPS of \$0.28. **Figure 1** below shows AGL's quarterly EPS over the period 2005 to 2007.

Figure 1





Financials

Turnover for the Half Year period was \$237.78 million, up by a significant 28.23 per cent or \$52.34 million on the comparable Half Year in 2006. Q207 on Q206, this figure also saw considerable growth, moving from \$90.00 million to \$111.22 million. However, when compared to the last quarter (Q107), Turnover for Q207 was down by 12.12 per cent or \$15.33 million.

The Chairman has noted that the Business Units in the Trading and Services Divisions have continued to experience strong sales and profit growth, with Agostini Pharmaceutical Limited, Agostini's Fastening Systems and Agostini Interiors performing particularly well. Also, Agostini Industries Limited benefited from the favourable weather conditions during the second quarter, with good progress at the Housing Development Corporation project at Debe. However, while Agos Lighting's production efficiencies are improving, the recent increases in the price of steel will hamper the immediate recovery of the unit. **Figure 2** below shows the Revenue composition by Business Segment.

Operating Profit for the six month period stood at \$22.28 million, a noteworthy increase of 42.97 per cent or \$6.70 million on HY06. This figure was up by a remarkable 58.04 per cent or \$4.11 million, Q207 on Q206. Net Finance Costs amounted to \$1.84 million and was down by 29.98 per cent or \$0.79 million from the comparable Half Year in 2006. Thus, Profit Before Taxation ended the six month period at \$20.45 million, up by a significant 57.75 per cent or \$7.49 million.

The Effective Tax Rate for the period under review was 26.55 per cent compared to a Rate of 26.82 per cent in HY06. As such, AGL's Profit After Taxation totaled \$15.02 million, an increase of 58.32 per cent or \$5.53 million on the same period last financial year.

Table 1 shows AGL's Half Year Financials over the period 2005 to 2007

Table 1

Agostini's Limited Half Year Financial Data					
	HY 07 \$'000	% Change '06-'07	HY 06 \$'000	% Change '05-'06	HY 05 \$'000
Turnover	237,776	28.23%	185,432	28.10%	144,755
Profit Before Taxation	20,446	57.75%	12,961	38.31%	9,371
Taxation	(5,429)	56.19%	(3,476)	26.68%	(2,744)
Profit After Taxation	15,017	58.32%	9,485	43.13%	6,627
Attributable to Minority Interest	(86)	4.88%	(82)	215.38%	(26)
Profit Attributable to Shareholders	14,931	58.79%	9,403	42.45%	6,601
Earnings per Share	\$0.56	60.00%	\$0.35	40.00%	\$0.25

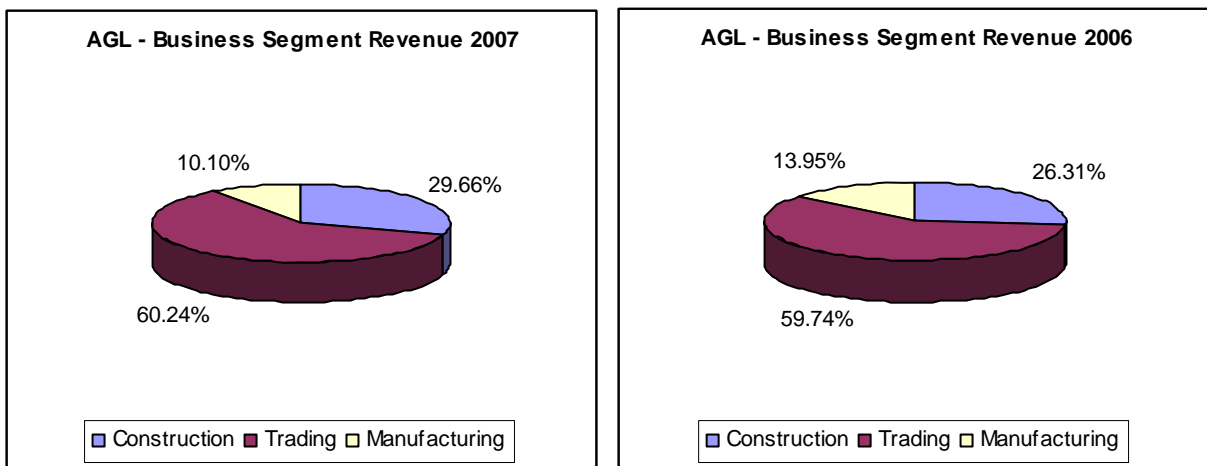


Table 2 shows AGL Audited Year End Financials over the period 2004 – 2006.

Table 2

Agostini's Limited Financial Data 2004-2006					
	YE 2006 \$'000	% Change '05-'06	YE 2005 \$'000	% Change '04-'05	YE 2004 \$'000
Turnover	384,740	19.24%	322,661	23.45%	261,371
Profit Before Taxation	29,347	-8.34%	32,016	68.68%	18,980
Taxation	(7,355)	0.07%	(7,350)	33.68%	(5,498)
Profit After Taxation	21,992	-10.84%	24,666	82.96%	13,482
Net Profit Attributable to Shareholders	21,818	-11.14%	24,553	390.77%	5,003
Earnings per Share (cents)	81	-11.15%	92	391.94%	19
Price at Year End	\$11.00	22.22%	\$9.00	-12.62%	\$10.30
P/E Ratio	13.53		9.84		55.38
Dividend (cents)	35.0	6.06%	33.0	266.67%	9.0
Dividend Payout Ratio	43.05%		36.07%		48.39%
Dividend Yield	3.18%		3.67%		0.87%
Return on Assets	6.87%		9.37%		2.18%
Return on Equity	13.54%		18.36%		4.36%
Net Asset Value Per share	\$6.33	11.64%	\$5.67	31.25%	\$4.32
Market to Book Ratio	1.74		1.59		2.38
Shares Outstanding '000	26,843		26,843		26,843

Figure 2

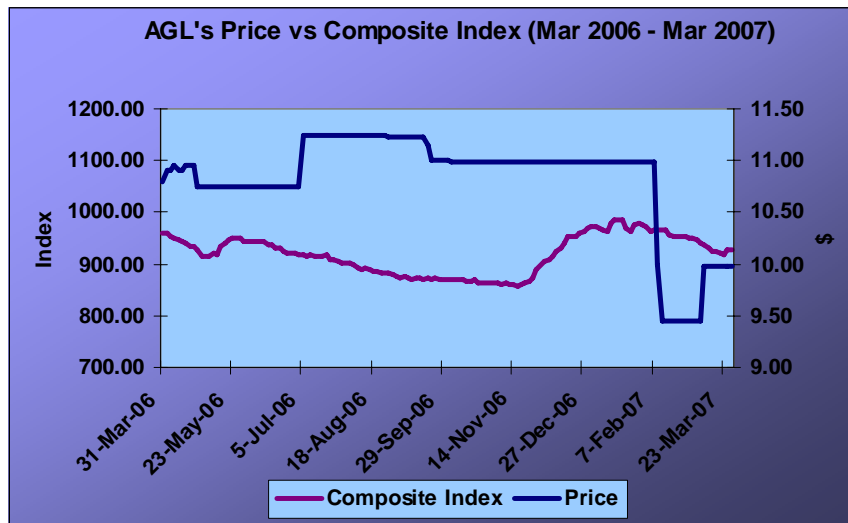




Share Price

For the period March 2006 to March 2007, AGL's share price traded as high as \$11.25 and as low as \$9.45. The share price started the 52-week period at \$10.80 and then traded in the price range of \$10.74 to \$10.95 until July 4, 2006 where it subsequently rose to its high of \$11.25 on July 5. AGL continued to trade around the \$11.25 mark until September 22 where it fell to a price of \$11.00. The share then traded flatly until the first week in February where it took a sharp decline from a price of \$10.99 on February 7, 2007 to \$10.00 on February 9. The price then further dropped to its low of \$9.45 the following trading day, February 13. AGL's share price closed on March 28 at \$9.97. (See Figure 3)

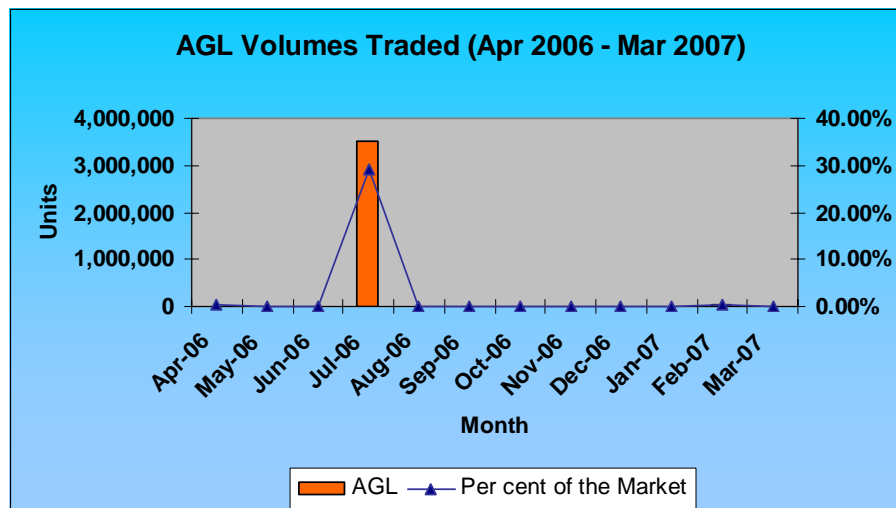
Figure 3



Volumes

With the exception of the month of July, each month has seen AGL commanding less than 1 per cent of the market (see Figure 4). In July, AGL accounted for over 29 per cent of the market as Mouttet Capital Limited sold 3,322,391 shares held in AGL to Home Construction Limited (HCL), a CL Financial Subsidiary.

Figure 4





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Dividends

The Directors have approved the payment of an Interim Dividend of 15 cents per share (10 cents- 2006). The dividend will be paid on June 11, 2007 to shareholders on record on May 23, 2007.

Outlook and Recommendation

The Chairman has stated that barring any unforeseen circumstances, the Group is well placed to continue capitalizing on the strong economy and is expected to see improved results in the current financial year.

AGL's shares last closed at a price of \$9.85 on August 22, 2007. We are forecasting an EPS of \$1.10 for FY07. At the current price and forecasted EPS, this share is trading at an attractive price to earnings multiple of 8.95 times, given that this share usually trades in the range of 12 to 14 times. Based on this analysis, we recommend a **BUY** on this share, however, we do caution investors that this share is tightly held with over 75 per cent held by substantial shareholders. As such, acquiring this share may be difficult.

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