

Ansa McAI Group of Companies

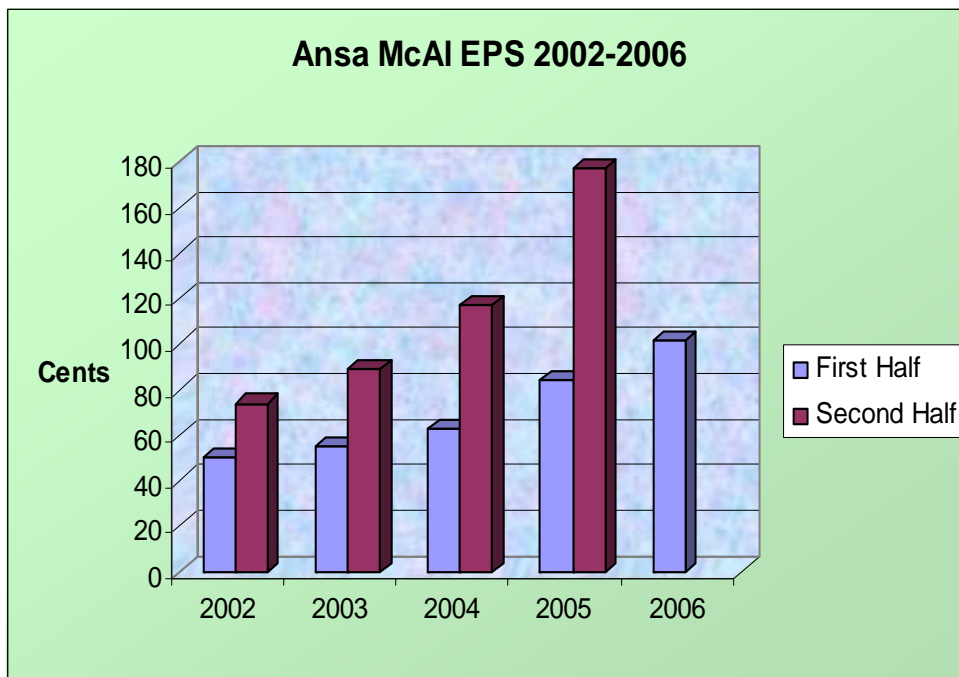
	AMCL
RECOMMENDATION	BUY
Current Price	\$40.65
Running EPS	\$2.79
Projected EPS	\$3.25
P/E at Projected EPS	12.50
Dividend Yield	1.60 per cent
Return on Assets	6.17 per cent
Return on Equity	21.96 per cent

Results for the Half Year Ended June 30, 2006

Earnings Per Share

Ansa McAI (AMCL) continued on its growth path for the half year ended June 30, 2006 with reported Earnings Per Share (EPS) of \$1.02. This represents growth of 21.43 per cent in comparison to the corresponding period in 2005. These results are in keeping with the Company's Vision for 2010 (V'10) to consistently grow its year end EPS to \$5.00 by that time. Figure 1 shows AMCL's historic EPS and exhibits the fact that the Company has been growing over the past five years.

Figure 1

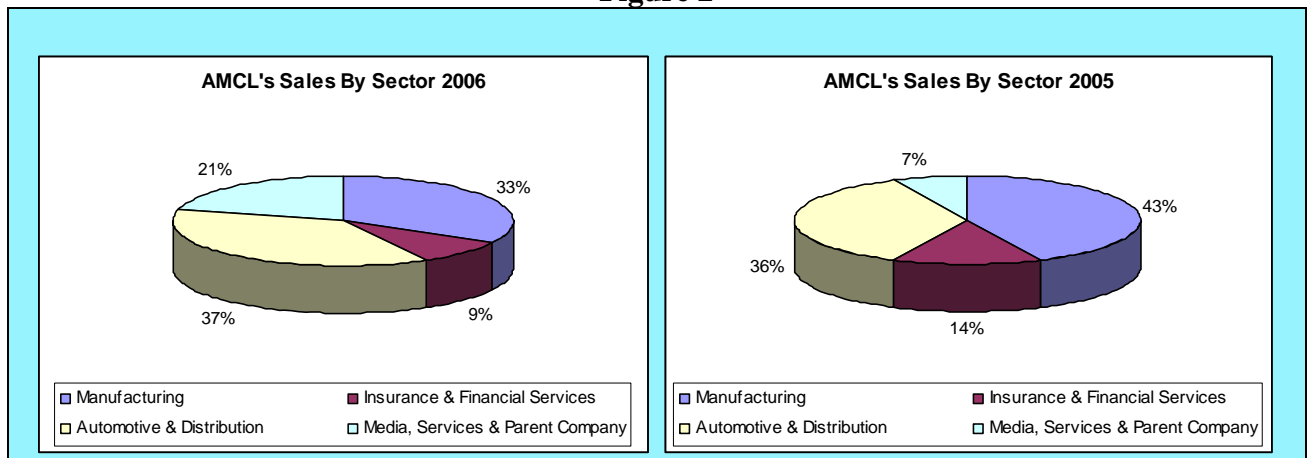


Financials

Sales grew 19.52 per cent to \$1.937 billion in 2006 lead by its Automotive Division which contributed 37 per cent to Sales. This was a change from the comparative period last year in which the Manufacturing & Packaging Sector lead Sales. The Automotive & Distribution Division has in fact experienced several successes in the first half. Included in this is the increase Ford Ranger sales, which is approaching 100 units monthly and thus is becoming a major force in the pick-up market. In addition, Mitsubishi continued its dominance of the truck market.

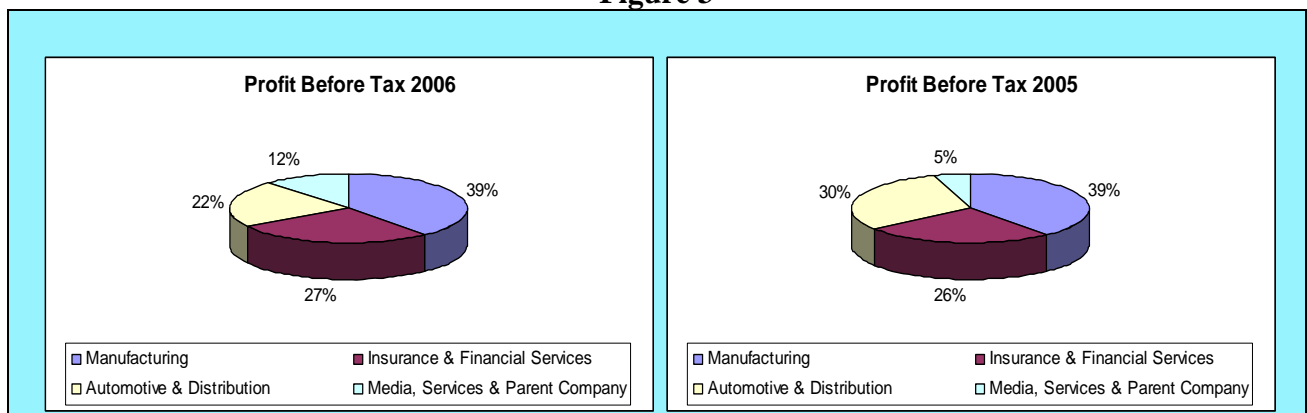
Also notable is the increase in contribution to Sales by its Media, Services & Parent Company Sector. This was no doubt fuelled by the stellar results produced by its Media House, Trinidad Publishing Company for the period under review (See Figure 2).

Figure 2



Operating Income rose 13.32 per cent to \$315.019 million while Finance costs dropped 4.28 per cent to \$63.802 million. Profit Before Taxation grew 13.16 per cent to \$263.818 million. Unlike Sales, the largest contribution to Profit Before Tax came from its Brewing & Manufacturing Sector (See Figure 3). It is important to note however, that even though the Automotive & Distribution Sector contributed less to the Company's Profit Before Tax, this Sector experienced growth in dollar terms.

Figure 3





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The Effective Tax Rate fell from 20.28 per cent to 17.31 per cent. Ultimately, Profit for the period rose 17.38 per cent to \$218.141 million.

Opening of Caribbean Roof Tile Company

During the half year, the Group's joint venture operation, Caribbean Roof Tile Company was officially opened and the first shipment of product from this facility is being sold in the Florida market. AMCL expects that this Company will be exporting approximately 800 000 roof tiles monthly to the US. Despite the slowing of the housing market the Company expects this venture to be successful given the continued strong demand for clay roof tiles in Southern USA. In addition, their main target is the market for homeowners who are renovating their roofs as periodic restoration is customary in that region.

This expansion is in line with the Group's V'10 objective to substantially grow its exports beyond the region.

Outlook for the Second Half 2006

The Company is looking forward to a successful second half in keeping with its growth aspirations. The first half saw some problems with efficiency as stoppages had to be engaged in some of the plants to facilitate improvement and upgrades.

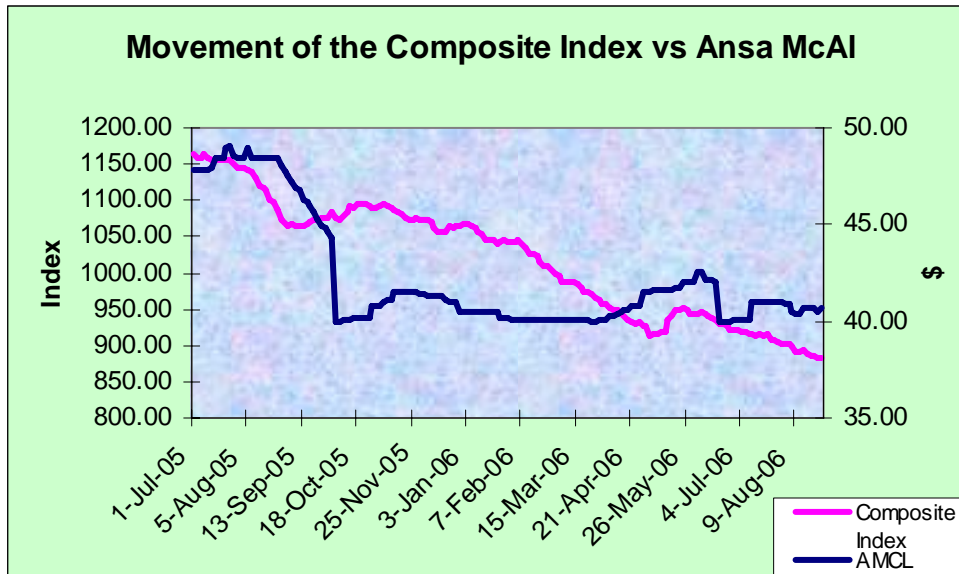
Going into the second half however, the Brewing and Manufacturing sector is expected to produce better results for the following reasons: Plant efficiencies continue to improve on the new bottling lines; a new bleach line has been fully installed and commissioned and capacity upgrades are on schedule.

Its Automotive Division is now seeing the arrival of the 1.6 litre model of the recently launched Honda Civic while Mitsubishi will be launching a new pick-up in the market later in the year. In addition its Barbados operation (AMCL Barbados) has also seen the commissioning of a new cold storage facility.

Share Price

As Figure 4 shows, from September to October 2005, AMCL witnessed a sharp drop in its share price from \$48.50 to \$40.00. However, since that time, while the Composite Index has generally continued on its downward trend, the price of AMCL has been fairly stable, trading as high as \$42.51 and as low as \$40.00.

Figure 4



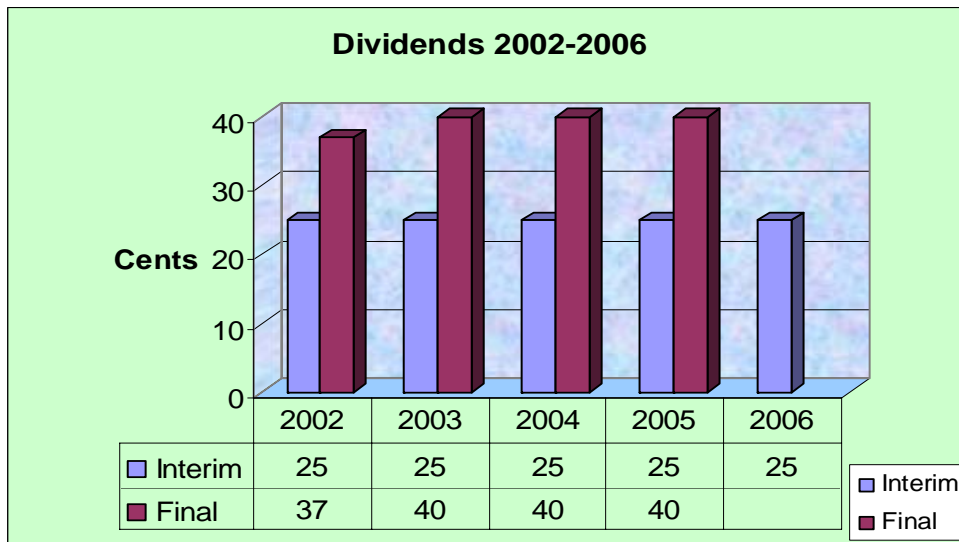
Recommendation

At the current price of \$40.65 and WISE’s forecasted EPS of \$3.25, AMCL is trading at a price/earnings ratio of 12.50. Given that this is a low multiple for AMCL coupled with the fact that this Company is expected to produce consistent results in keeping with its Vision for 2010, we currently recommend this share as a ‘BUY’.

Dividend

The Directors have recommended an interim dividend of 25 cents to be paid on November 17, 2006. This is the same dividend that has been paid in the last 5 years (See Figure 5). The ex-dividend date is November 3, 2006.

Figure 5





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Figure 6

Ansa McAI Group of Companies	2003	2003/2004	2004	2004/2005	2005		HY	HY	
	Restated	Change %	Restated	Change %			2006	2005	Change %
Sales to Third Parties	2,246,089	31.49%	2,953,313	18.09%	3,487,465		1,937,394	1,620,314	19.57%
Profit Before Taxation	323,482	40.77%	455,378	41.81%	645,757		263,818	233,123	13.17%
Income Attributable to Shareholders	203,824	51.54%	308,883	45.02%	447,950		174,498	144,841	20.48%
Earnings Per Share (basic)	\$ 1.24	45.97%	\$ 1.81	44.20%	\$ 2.61		\$ 1.01	\$ 0.84	20.24%
Price at Year End	\$ 23.06	81.09%	\$ 41.76	-3.02%	\$ 40.50		\$ 40.03	\$ 47.85	-16.34%
Price/Earnings Multiple	18.60		23.07		15.52				
Dividend (cents)	65	0.00%	65	0.00%	65		25	25	0.00%
Dividend Payout Ratio %	52.42%		35.91%		24.90%				
Dividend Yield %	2.82%		1.56%		1.60%				
Net Asset Value	\$ 10.21	12.83%	\$ 11.52	20.05%	\$ 13.83				
Market to Book Ratio	2.26		3.63		2.93				
Shares Outstanding 000s	173,609	0.97%	175,289	0.00%	175,289				

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