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COMPANY UPDATE

Trinidad Cement Limited (TCL)

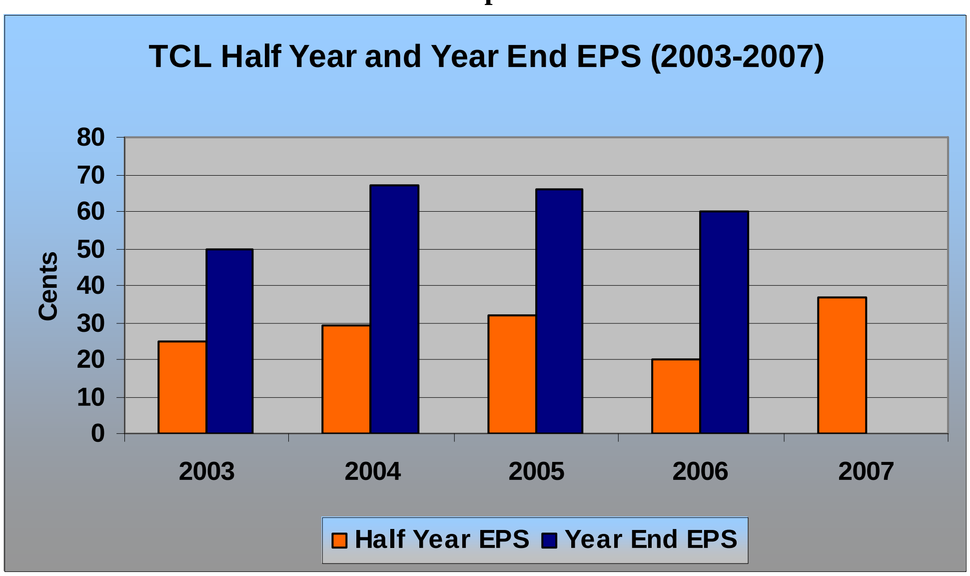
	TCL
RECOMMENDATION	BUY
Current Price	$7.13
Running EPS	$0.77
Projected EPS	$0.90
P/E at Projected EPS	7.92 times
Dividend Yield at Estimated Dividend	2.81%
Return on Assets	6.10%
Return on Equity	15.55%

Results for the Half Year Ended June 30, 2007

Earnings Per Share

Trinidad Cement Limited (TCL) for the Half Year Ended June 30, 2007, reported Earnings Per Share (EPS) of 37 cents. This represented an outstanding increase of 85 per cent or 17 cents on the comparable Half Year period in 2006. Q207 on Q206, the Group's EPS was up 41.67 per cent or 5 cents from 12 cents (Q206) to 17 cents (Q207). **Graph 1** below shows TCL's Half Year and Year End EPS over the period 2003 to 2007.

Graph 1



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Financials

HY07 on HY06, Revenue increased 15.04 per cent or $125.98 million to $963.79 million. The Directors have attributed this growth in Revenue to continued strong regional demand and price adjustments implemented to mitigate rising energy costs. Operating Profit for the period under review amounted to $176.96 million, up a considerable 64.20 per cent or $69.19 million on the corresponding half year in FY06. In addition, there were cement claims of $15.49 million, from the quality issues at Caribbean Cement Company Limited (CCC) in HY06 which did not recur in HY07. As such, Operating Profit after cement claims rose a significant 91.76 per cent or $84.68 million to end HY07 at $176.96 million.

Net Finance Costs for the half year stood at $52.28 million, a decline of 12.04 per cent or $7.15 million on the same period in FY06. Profit Before Taxation increased a substantial 279.58 per cent or $91.83 million from $32.85 million (HY06) to $124.68 million (HY07). Taxation for the six-month period under review amounted to $22.35 million, while the Group benefited from a Tax Credit of $8.82 million for the same period in FY06. Thus, Profit After Taxation was up a noteworthy 145.60 per cent or $60.66 million to end the half year at $102.32 million.

According to the Directors, the Group's half year profits benefited from a favourable performance by Trinidad Cement Limited, the return of profitability of Caribbean Cement Company Limited and significantly improved profitability of Readymix (West Indies) Limited. Additionally, the Group's newly established facility in Guyana has been profitable to date. However, the cement plant in Barbados, Arawak Cement Company Limited, continued to be negatively impacted by increased fuel costs, which will be addressed by the commissioning of a new fuel system (Petroleum Coke) in the third quarter of 2007.

Total Net Assets at the end of the half year was $1.36 billion, an increase of 7.66 per cent over December 31, 2006.

Table 1 shows TCL's Half Year Financials for 2006 and 2007

Table 1

TCL Half Year Financial Data				
	HY 07 $'000	$ Change HY07 on HY06	% Change HY07 on HY06	HY 06 $'000
Revenue	963,791	125,980	15.04%	837,811
Operating Profit- before cement claims	176,960	69,191	64.20%	107,769
Cement Claims- CCCL	-	***	***	(15,485)
Operating Profit- after cement claims	176,960	84,676	91.76%	92,284
Finance Costs- net	(52,284)	7,154	-12.04%	(59,438)
Profit Before Taxation	124,676	91,830	279.58%	32,846
Taxation	(22,354)	-31,170	-353.56%	8,816
Profit After Taxation	102,322	60,660	145.60%	41,662
EPS (cents)	37	17	85.00%	20

Table 2 shows Year End Financial Data for TCL over the period (2003-2006)

Table 2

TCL Year End Financial Data (2003-2006)							
	YE 2006	% Change '05-'06	YE 2005	% Change '04-'05	YE 2004	% Change '03-'04	YE 2003
Revenue	1,719,002	20.22%	1,429,834	7.51%	1,329,900	15.08%	1,155,671
Operating Profit- before Cement Claims	295,114	60.45%	183,930	-39.52%	304,098	15.21%	263,956
Cement Claims	30,271	***	-	***	-	***	-
Operating Profit- after Cement Claims	264,843	43.99%	183,930	***	304,098	***	263,956
Finance Costs	104,355	7.44%	97,131	-7.27%	104,750	15.48%	90,709
Profit Before Taxation	160,488	84.90%	86,799	-56.46%	199,348	15.07%	173,247
Provision for Taxation	-8,721	-113.02%	66,968	-530.50%	-15,556	-56.86%	-36,061
Profit After Taxation	151,767	-1.30%	153,767	-16.34%	183,792	33.97%	137,186
EPS (cents)	60	-9.09%	66	-1.49%	67	34.00%	50
Market Price at Financial Year End	$7.01	-29.90%	$10.00	24.22%	$8.05	34.17%	$6.00
P/E Ratio	11.68		15.15		12.01		12.00
Dividend (cents)	6	-60.00%	15	-25.00%	20	11.11%	18
Dividend Payout Ratio	10.00%		22.73%		29.85%		36.00%
Dividend Yield	0.86%		1.50%		2.48%		3.00%
Net Asset Value	$5.07	11.18%	$4.56	7.29%	$4.25	17.08%	$3.63
Market to Book Ratio	1.38		2.19		1.89		1.65
Return on Assets (%)	4.91%		5.71%		7.00%		5.33%
Return on Equity (%)	12.61%		15.60%		18.61%		15.47%
Shares Outstanding	249,765,136		249,765,136		249,765,136		249,765,136

Director's Outlook

The Group remains very optimistic about its prospects for 2007, as demand is expected to remain strong in both the Caribbean domestic and export markets. In addition, the expansion and modernization programme at CCC in Jamaica continues on schedule, with commissioning of the new kiln expected in early 2008.

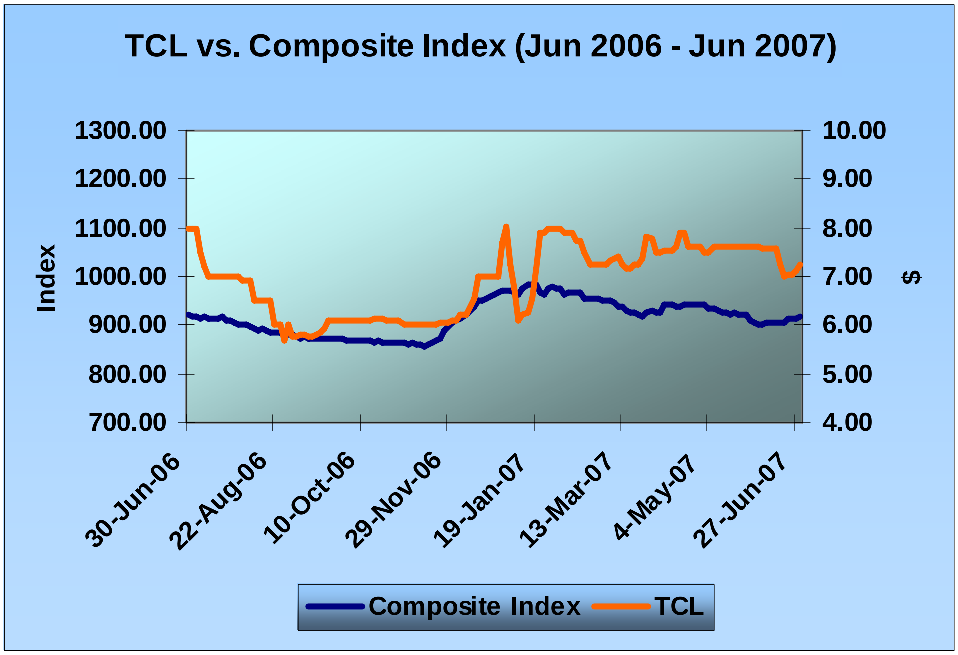
Dividend

Given the heavy demands of the expansion and modernisation programme on cashflows, the Board of Directors did not consider it prudent to pay an interim dividend for 2007.

Share Price

The share price of TCL fluctuated over the period June 2006 to June 2007, reaching a low of $5.70 on August 25, 2006 and a high of $8.01 on January 3, 2007. The share price subsequently closed the 52 week period at $7.25. **Graph 2** below shows TCL's share price movement versus the Composite Index over the period June 2006 to June 2007.

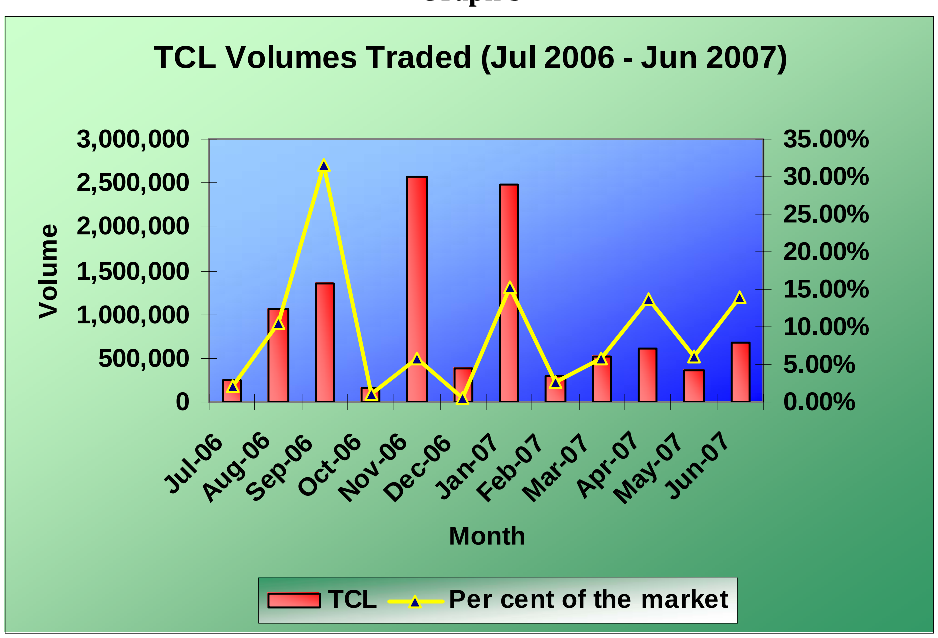
Graph 2



Volumes

Over the period July 2006 to June 2007, TCL saw a total of 10,694,930 shares traded with November 2006 being the most active as 2,581,941 shares changed hands. October 2006 was the slowest month with 156,483 shares changing ownership. For the 52-week period, September 2006 saw the largest percentage (31.46 per cent) of TCL shares traded in relation to the rest of the market while December 2006 saw the lowest percentage traded (0.66 per cent) (**See Graph 3**).

Graph 3



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Recommendation

TCL last closed at a price of $7.13 on the TTSE. In light of these results, we are maintaining our forecasted EPS of $0.90 which at the current price translates to a P/E multiple of 7.92 times. Additionally, using a multiple of 11 times and the forecasted EPS of $0.90, this share has an expected return of approximately 39 per cent at the current market price or a target price of $9.90. Thus, based on this analysis we continue to recommend a **BUY** on this share.

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