West Indies Stockbrokers Ltd.
1st Floor, Albion Plaza,
22-24 Victoria Avenue,
Port of Spain.
Tel: 625-9473; Fax: 627-5002

Equity Research Team
Sreshtha Tewari (Ext 2225)
sreshthat@wisett.com
Gia Singh (Ext 2264)
gias@wisett.com

COMPANY UPDATE

Trinidad Cement Limited (TCL)

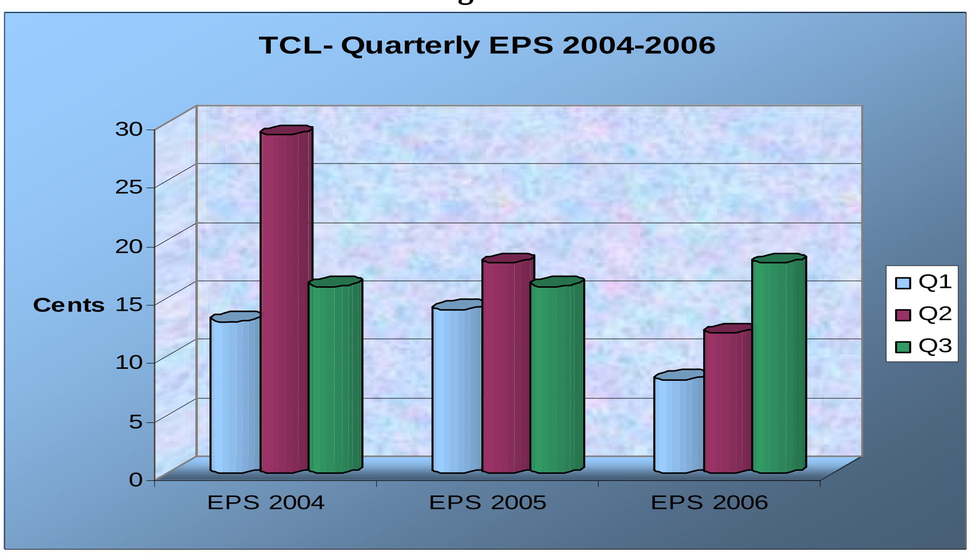
	TCL
RECOMMENDATION	BUY
Current Price	$6.05
Running EPS	56 cents
Projected EPS	60 cents
P/E at Projected EPS	10.08 times
Return on Assets	4.15 per cent
Return on Equity	11.52 per cent

Results for the Nine Months Ended September 30, 2006

Earnings Per Share

Trinidad Cement Limited (TCL) reported Earnings Per Share (EPS) of 38 cents for the nine months ended September 30, 2006 representing a 20.83 per cent decrease from the corresponding period in 2005. The decline in EPS was largely due to quality issues occurring in the first quarter at its Jamaican subsidiary, Caribbean Cement Company Limited (CCC). In comparison to Q3 2005 however when two hurricanes interrupted production, TCL's EPS was up 12.50 per cent to 18 cents. Q3-06 is in fact the best quarter TCL has had for 2006 so far.

Figure 1



Financials

Revenue for the nine month period was up 18.49 per cent to $1.292 billion as a result of robust demand. In comparison to Q3-05, Revenue was up 25.11 per cent to $454.314 million. Operating Profit before Claims increased 13.61 per cent to $195.729 million for the nine month period while

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after Claims it was down 1.04 per cent. This was owing to an additional claim of $9.708 million in Q3-06 arising from the quality issues mentioned before at CCC. This brought the total Provision for the nine month period to $25.243 million. Q3-06 however contributed 45.87 per cent to the Operating Profit (after Claims) for the nine month period. The total impact of this quality issue is estimated at $0.20 per share before tax and minority interests. Profits were also negatively affected by higher energy costs in Jamaica and Barbados.

Net Finance Costs increased 15.30 per cent mainly due to loan funding for TCL's capacity expansion project which was commissioned in December 2005. Profit Before Tax was down 13.10 per cent for the nine month period to $86.156 million, 61.88 per cent of which was contributed by profits in the third quarter. Despite a Taxation Credit of $5.973 million which filtered from the first quarter, Profit After Tax was ultimately down 23.95 per cent to $92.129 million for the nine months ended September 30, 2006.

Figure 2

TCL Quarterly Financial Data (2004-2006)					
	Q3 2006	**%Change Q3 06 - Q3 05**	**Q3 2005**	**%Change Q3 06 - Q2 06**	**Q2 2006**
Revenue	454,314	25.19%	362,896	4.23%	435,873
Operating Profit	78,202	190.14%	26,953	38.90%	56,300
Finance Costs	-24,892	-0.82%	-25,099	-14.98%	-29,277
Profit Before Taxation	53,310	2775.40%	1,854	97.28%	27,023
Provision for Taxation	-2,843	-108.28%	34,326	8261.76%	-34
Profit After Taxation	50,467	39.49%	36,180	86.99%	26,989
EPS	18	12.50%	16	33.33%	12
TCL Nine Month (NM) Financial Data (2004-2006)					
	NM 2006	**%Change**	**NM 2005**	**% Change**	**NM 2004**
Revenue	1,292,125	18.49%	1,090,462	9.83%	992,825
Operating Profit	170,486	-1.04%	172,286	-21.36%	219,080
Finance Costs	-84,330	15.30%	-73,141	-12.20%	-83,303
Profit Before Taxation	86,156	-13.10%	99,145	-26.98%	135,777
Provision for Taxation	5,973	-72.85%	21,998	-190.75%	-24,240
Profit After Taxation	92,129	-23.95%	121,143	8.61%	111,537
EPS	38	-20.83%	48	14.29%	42
Price	$6.10	-48.74%	$11.90	74.49%	$6.82
Net Asset Value	$4.85	8.26%	$4.48	12.28%	$3.99
Market to Book Ratio	1.26	-52.65%	2.66	55.40%	1.71

Share Price

Since the beginning of the year, TCL has traded as high as $12.40 and as low as $5.70. Its price declined from its peak in early February as a result of the problems that occurred at its plant in

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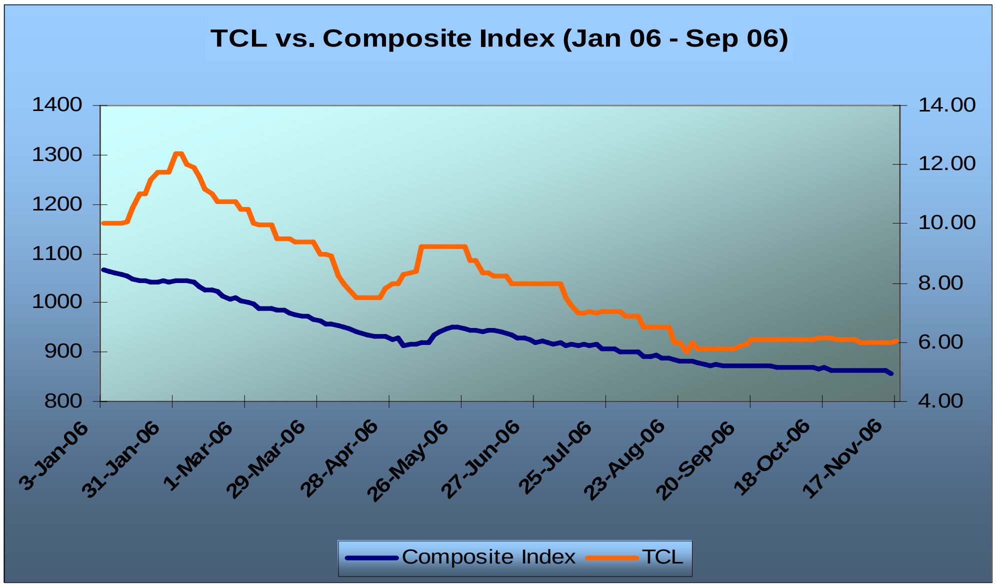
Jamaica. Since that time, due to weak first and second quarter results (impacted by the problems in Jamaica), the share has not traded as high as its peak in the beginning of the year. (See Figure 3)

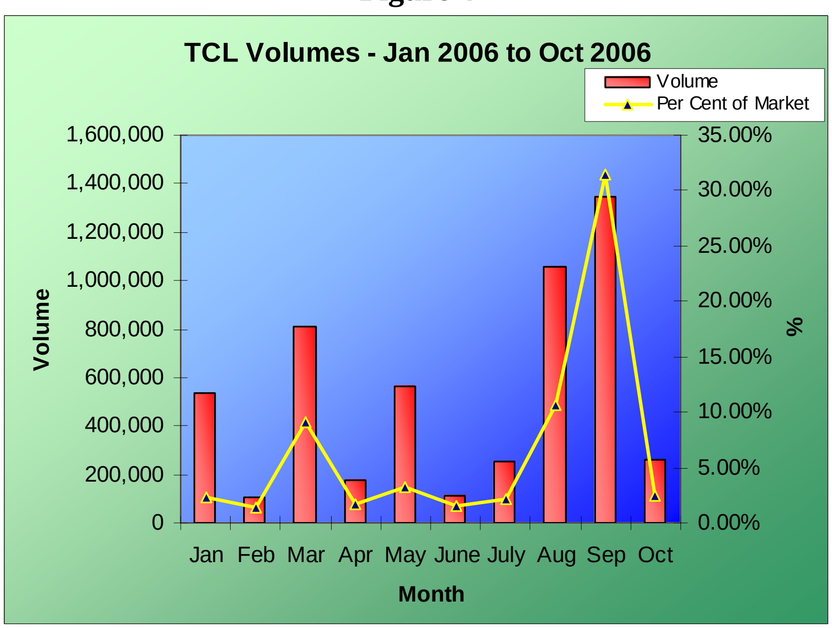
Figure 3



Volumes

The third quarter was the most active for TCL in which over 2.6 million shares traded driven by the latter two months of the quarter (See Figure 4). These two months saw over 2.4 million shares crossing the floor while the price dropped 5.52 per cent from $6.90 to $6.10. In addition, on a monthly basis, TCL has generally accounted for less than 10.00 per cent of the volumes traded on the market.

Figure 4



Outlook

The Company expects demand to remain strong in both its domestic and export markets. It also expects to continue to benefit from price adjustments implemented at CCC and in the Group's export markets. The commissioning of the Guyana Bagging Plant is also expected to be completed in the fourth quarter.

Recommendation

Given these results we are revising our forecasted EPS upward to 60 cents implying that TCL will make approximately 22 cents in the final quarter. At the current price of $6.05 and WISE's forecasted EPS, TCL is trading at a price/earnings ratio of 10.08 times earnings. Given that this share usually trades in the range of 9 to 14 times earnings, we currently recommend a BUY on this share.

Figure 5

TCL Historical Financial Data (2004-2006)					
	YE 2005	%Change	YE 2004	% Change	YE 2003
Revenue	1,429,834	7.51%	1,329,900	15.08%	1,155,671
Operating Profit	183,930	-39.52%	304,098	15.21%	263,956
Finance Costs	97,131	-7.27%	104,750	15.48%	90,709
Profit Before Taxation	86,799	-56.46%	199,348	15.07%	173,247
Provision for Taxation	66,968	-530.50%	-15,556	-56.86%	-36061
Profit After Taxation	153,767	-16.34%	183,792	33.97%	137,186
EPS	66	-1.49%	67	34.00%	50
P/E Ratio	15	25.00%	12	0.00%	12
Dividend	15	-25.00%	20	11.11%	18
Dividend Payout Ratio	22.73%	-23.85%	29.85%	-17.08%	36.00%
Dividend Yield	1.50%	-39.52%	2.48%	-17.33%	3.00%
Net Asset Value	$4.56	7.29%	$4.25	17.08%	$3.63
Market to Book Ratio	2.19	15.87%	1.89	14.55%	1.65
Return on Assets (%)	5.71	-18.43%	7.00	31.33%	5.33
Return on Equity (%)	15.60	-16.17%	18.61	20.30%	15.47
Shares Outstanding	249,765,136	0.00%	249,765,136	0.00%	249,765,136