Annual Report 2006

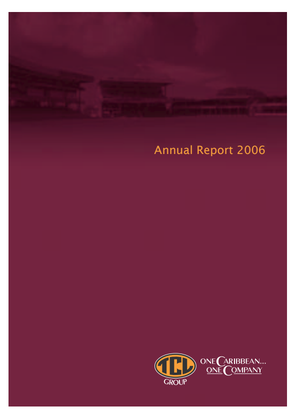
TCL GROUP

ONE CARIBBEAN...
ONE COMPANY

Contents

About the Cover

Throughout the Caribbean, we are building a new era. An era, where we raise the bar on quality of product and performance, and stake our claim as a partner of choice in regional development. It is our commitment to our employees, our customers, our shareholders and our communities that drives this current initiative and propels us to put our pledge of excellence into action.



TCL Group Statements

Vision Statement

We are a World Class Group of Companies, committed to leadership in the regional business community and progressive partnering with all our stakeholders through:

- A focus on customer satisfaction with quality products and services;
- Superior financial performance and rate of return to our shareholders;
- Growth through diversification and expansion in our core competency and through nurturing strategic alliances;
- The continuous empowerment of our family of employees participating in a network of mutual support.

Mission Statement

To be a World Class Group of Companies providing quality products and services to our customers and generating a superior rate of return to our shareholders through the optimisation of our human, technological and natural resources.

Notice of Annual Meeting

Notice is hereby given that the ANNUAL MEETING of TRINIDAD CEMENT LIMITED for the year ended 31st December, 2006 will be held at the Training Room, TCL Compound, Southern Main Road, Claxton Bay, on 9th May, 2007 at 4:30 p.m. for the transaction of the following business:

Ordinary Business

1. To receive and consider the Report of the Directors and the Audited Financial Statements for the financial year ended 31st December, 2006 with the Report of the Auditors thereon.
2. To elect Directors.
3. To appoint Auditors and authorise the Directors to fix their remuneration for the ensuing year.
4. To transact any other business which may be properly brought before the meeting.

Notes

1. **Record Date**

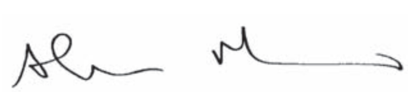
   The Directors have fixed 9th April, 2007 as the record date for shareholders entitled to receive notice of the Annual Meeting. Formal notice of the Meeting will be sent to shareholders on the Register of Members as at the close of business on that date. A list of such shareholders will be available for examination by shareholders at the registered office of The Trinidad & Tobago Central Depository, 10th Floor, Nicholas Tower, 63-65 Independence Square, Port of Spain, during usual business hours and at the Annual Meeting.

2. **Proxies**

   Members of the Company entitled to attend and vote at the Meeting are entitled to appoint one or more proxies to attend and vote instead of them. A proxy need not also be a member. Where a proxy is appointed by a corporate member, the form of proxy should be executed under seal or signed by some officer or attorney duly authorised.

   To be valid, the Proxy Form must be completed and deposited at the registered office of The Trinidad & Tobago Central Depository, 10th Floor, Nicholas Tower, 63-65 Independence Square, Port of Spain, not less than 48 hours before the time fixed for holding the Meeting.

By Order of the Board



Alan Nobie, *Secretary*

26th March, 2007

Ten Year Consolidated Financial Summary

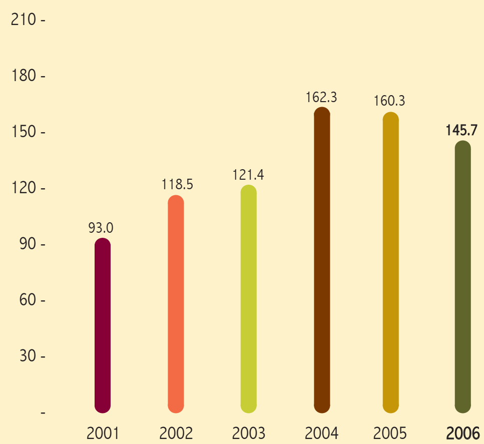
	UOM	1997	1998	1999	2000	2001
Group Third Party Revenue	TT$m	446.8	548.7	836.1	1,097.0	1,054.0
Operating Profit	TT$m	134.5	163.1	231.3	261.9	228.3
Group Profit Before Taxation	TT$m	102.7	116.9	102.9	138.5	139.8
Group Profit Attributable to Shareholders	TT$m	74.6	85.2	70.2	84.6	93.0
Foreign Exchange Earnings	TT $m	160.7	186.8	189.1	183.4	176.3
EPS	TT$	0.37	0.41	0.34	0.38	0.37
Ordinary Dividend per Share	TT$	0.15	0.16	0.12	0.16	0.14
Issued Share Capital - Ordinary	TT $m	200.0	267.7	267.7	466.2	466.2
Shareholders' Equity	TT$m	311.8	389.8	475.7	715.1	699.0
Group Equity	TT$m	359.4	435.9	729.9	943.1	913.5
Total Assets	TT $m	860.6	983.0	2,471.5	2,403.2	2,356.0
Net Assets per Share	TT$	1.80	2.08	3.48	3.78	3.66
Return on Shareholders' Equity	%	23.9	24.3	16.2	14.2	13.2
Share Price (Dec 31)	TT$	7.50	5.68	4.35	4.50	3.65
No. of Shares Outstanding (Dec 31)	'000	200,000	209,480	209,480	249,765	249,765
Market Capitalisation (Dec 31)	TT$	1,500,000	1,189,846	911,238	1,123,942	911,642
Long Term Debt	TT$m	268.7	327.0	1,240.1	917.7	918.4
Long Term Debt/Equity Ratio	%	84.0	81.8	220.7	113.8	115.1

	UOM	2002	2003	2004	2005	2006
Group Third Party Revenue	TT$m	1,131.8	1,155.7	1,329.9	1429.8	**1719.0**
Operating Profit	TT$m	246.7	264.0	304.1	183.9	**264.8**
Group Profit Before Taxation	TT$m	160.3	173.2	199.3	86.8	**160.5**
Group Profit Attributable to Shareholders	TT$m	118.5	121.4	162.3	160.3	**145.7**
Foreign Exchange Earnings	TT $m	176.2	184.0	192.8	162.3	**231.8**
EPS	TT$	0.49	0.50	0.67	0.66	**0.60**
Ordinary Dividend per Share	TT$	0.18	0.18	0.20	0.15	**0.06**
Issued Share Capital - Ordinary	TT $m	466.2	466.2	466.2	466.2	**466.2**
Shareholders' Equity	TT$m	765.3	804.4	939.4	1,031.8	**1,159.0**
Group Equity	TT$m	960.8	905.6	1,061.7	1,139.1	**1,267.5**
Total Assets	TT $m	2,320.9	2,239.4	2,438.1	2,948.2	**3,230.0**
Net Assets per Share	TT$	3.85	3.63	4.25	4.56	**5.07**
Return on Shareholders' Equity	%	16.2	15.5	18.6	15.5	**12.6**
Share Price (Dec 31)	TT$	5.70	6.00	8.05	10.0	**7.01**
No. of Shares Outstanding (Dec 31)	'000	249,765	249,765	249,765	249,765	**249,765**
Market Capitalisation (Dec 31)	TT$	1,423,660	1,498,590	2,010,608	2,497,650	**1,750,854**
Long Term Debt	TT$m	844.4	770.8	742.8	1,114.5	**1,183.6**
Long Term Debt/Equity Ratio	%	97.4	85.1	70.0	97.8	**93.4**

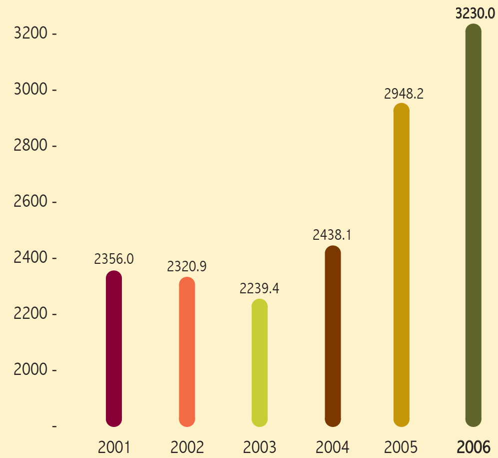
Note: Issued shares increased by 9,480,437 in 1998 and 40,284,699 in 2000 to 249,765,136 at present.

Consolidated Financial Summary 2001-2006

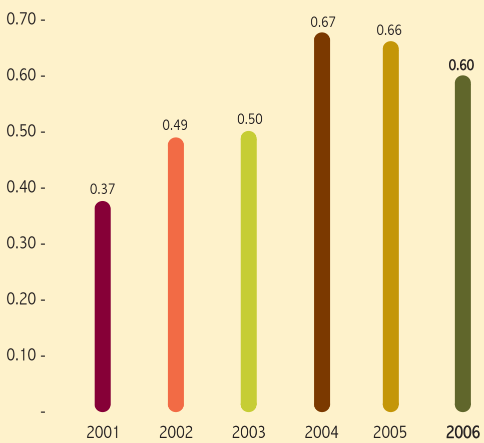
Profit Attributable to Shareholders ($M)



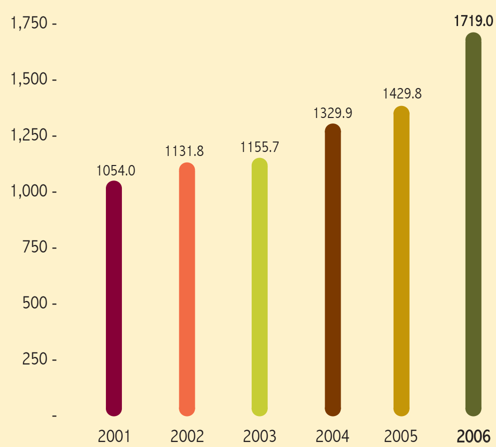
Total Assets ($M)



Earnings per Share ($)

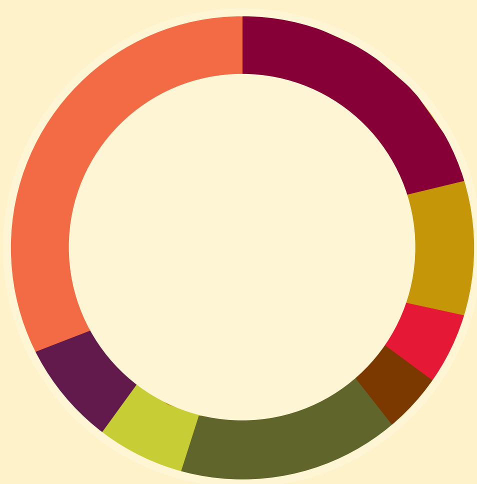


Group Third Party Revenue (TT $M)



Distribution of Shareholding

- 20% Sierra Trading (Cemex S.A. de C.V.)
- 10.20% National Insurance Boards (National Insurance Board (T&T) =9.96%)
- 4.19% Unit Trust Corporation
- 3.77% Credit Unions
- 16.25% Individuals
- 5.56% Employees
- 8.21% Baleno Holding Inc.
- 31.82% Institutional Investors (including private pension funds)



Group Performance Highlights

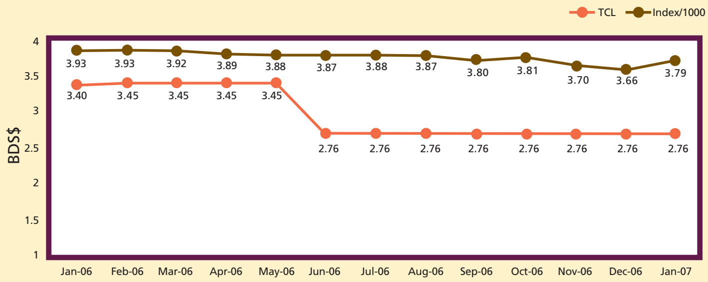
				2005	2006	% Change
Income Statement						
Group Third Party Revenue $m				1,429.8	**1,719.0**	20.2
Group Profit Attributable to Shareholders $m				160.3	**145.7**	-9.1
Foreign Exchange Earnings $m				162.3	**231.8**	42.8
Balance Sheet						
Total Assets $m				2,948.2	**3,230.0**	9.6
Shareholders' Equity $m				1,031.8	**1,159.0**	12.3
Net Assets per Share $				4.56	**5.07**	11.2
Long Term Debt $m				1,114.5	**1,183.6**	6.2
Long Term Debt to Equity Ratio %				97.8	**93.4**	4.5
Operational Highlights						
TCL	Cement Production		'000 tonnes	690.5	**883.7**	28.0
	Cement Sales	- Local	"	565.3	**619.7**	9.6
		- Export	"	136.6	**263.0**	92.5
		- Total	"	701.9	**882.7**	25.8
CCCL	Cement Production		'000 tonnes	844.8	**760.8**	-9.9
	Cement Sales	- Local	"	862.4	**843.3**	-2.2
		- Export	"	2.8	**0**	-100.0
		- Total	"	865.2	**843.3**	-2.5
ACCL	Cement Production		'000 tonnes	340.7	**337.8**	-0.9
	Cement Sales	- Local	"	165.2	**201.2**	21.8
		- Export	"	178.1	**103.2**	-42.1
		- Total	"	343.3	**304.4**	-11.3
TPL	Paper Sack Production		millions	40.6	**39.5**	-2.7
	Paper Sack Sales		"	36.7	**42.0**	14.4
TPM	Sling Production		thousands	393.2	**484.4**	23.2
	Sling Sales		"	395.9	**552.5**	39.6
	Sling Bag Production		"	21.5	**40.0**	84.9
	Sling Bag Sales		"	23.2	**28.4**	22.4
RML	Concrete Sales - T&T		'000m^3	223.3	**233.6**	4.6
PPCI	Concrete Sales - BDS		"	24.8	**28.1**	13.3
ICP	Concrete Sales - St. Maarten		"	23.5	**21.1**	-10.2
JGQ	Gypsum Sales		'000 tonnes	316.6	**225.6**	-28.7

Share Performance

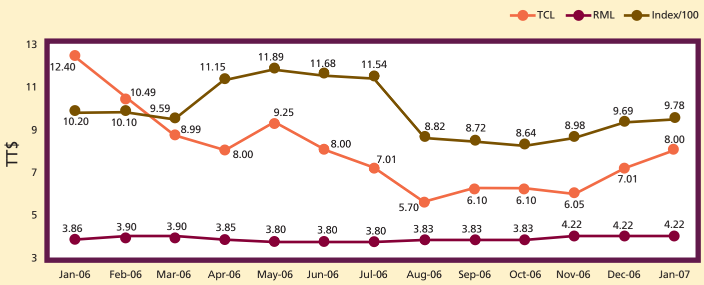
Trading Volumes (thousand shares)

	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	13 mnth Total	13 mnt %
T'dad TCL	438	69	163	268	562	116	254	37	260	153	2,579	375	2,475	7,749	3.9
RML	106	18	4	25	-	-	-	10	1	36	2	-	-	202	6.7
J'ca TCL	-	-	2	132	-	1	40	-	-	2,200	1,582	40	10	4,007	
CCCL	1,980	941	10,533	2,048	1,718	5,264	275	1,542	1,482	1,713	15,453	3,777	486	47,212	21.4
B'dos TCL	-	-	-	-	-	-	-	1	-	-	-	-	-	1	

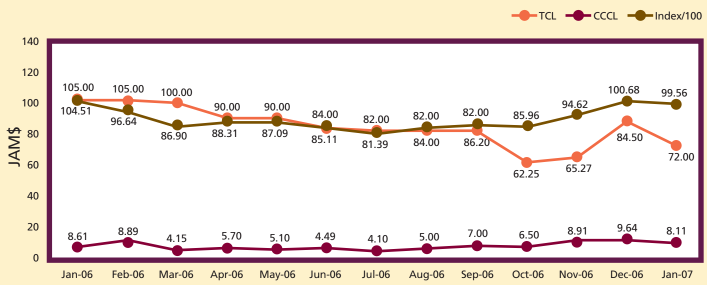
Barbados Stock Exchange



Trinidad and Tobago Stock Exchange



Jamaica Stock Exchange



Group Domestic Territories and Export Markets

TCL Group - Board Sub-Committees

Governance Committee

Members: Mr. A. J. Bhajan, *Chairman*
Mr. Y. Omar
Mr. E. Williams
Mr. B. Young

Audit Committee

Members: Mr. B. Young, *Chairman*
Ms. E. Carrington
Mr. J. McFarlane

Finance Committee

Members: Ms. E. Carrington, *Chairman*
Dr. R. Bertrand, *Group CEO*
Mr. H. N. Hosein, *Group Finance Manager*
Mr. J. McFarlane
Mr. B. Young

Human Resource Committee

Members: Mr. Y. Omar, *Chairman*
Dr. R. Bertrand, *Group CEO*
Ms. E. Carrington
Mr. J. McFarlane
Mr. C. McNish, *Group Human Resource Manager*
Mr. E. Williams

Technical Committee

Members: Mr. E. Williams, *Chairman*
Dr. R. Bertrand, *Group CEO*
Mr. K. Awong
Mr. H. Ferreira, *Group Manufacturing Development Manager*
Mr. A.K. Goyal, *General Manager - TCL*
Mr. Y. Omar
Mr. P. Stockhausen, *Director - CCCL*

Marketing Committee

Members: Mr. L. Navarro, *Chairman*
Dr. R. Bertrand, *Group CEO*
Mr. E. Williams
Mr. E. Daniel, *General Manager - International Business & Marketing*

TCL Board Operating Committee

Members: Mr. Y. Omar, *Chairman*
Dr. R. Bertrand, *Group CEO*
Mr. H.N. Hosein, *Group Finance Manager*
Mr. E. Williams

A new record in Trinidad

Since the beginning of the new millennium, we have chased and met a significant target in our field of play. The target? To upgrade our TCL plant in Trinidad in order to fully satisfy all our markets. That target was successfully met in 2005. The US$21.8 million dollar installation of Cement Mill 3, at our Claxton Bay plant in Trinidad brought TCL's production capacity to 1.2 million tonnes of cement per year, which is twice the domestic demand. That's a new record for us.

And yet, our great achievements in Trinidad don't end there. We were proud to play our part in readying Trinidad for Cricket World Cup by providing our product for the refurbishment of the Queen's Park Oval in Port-of-Spain. While we contributed to upgrading Trinidad's stadium to world class standards, we continued our drive to expand and upgrade our regional operations. In this regard, TCL's product was also utilised for the building of new stadia in Antigua, Grenada, St. Lucia, St. Kitts and St. Vincent.

Our high level of investment in upgrade projects for our plants coupled with our growing workforce of over 1000 are strengthening our reputation as a premier partner in regional development.

Board of Directors

from left to right

Andy J. Bhajan, *Chairman*
Dr. Rollin Bertrand, *Group Chief Executive Officer*
Keith Awong
Darcy Boyce
Eutrice Carrington





Board of Directors

from left to right

Jeffrey McFarlane
Leopoldo Navarro
Yusuff Omar
Ernest Williams
Brian Young





Andy J. Bhajan

Chairman, Trinidad Cement Limited; TCL Leasing Limited; TCL Service Limited; TCL (Nevis) Limited

Mr. Andy J. Bhajan was re-appointed a Director and Chairman of the TCL Board of Directors in October 2005. He had retired from the Board in March 2003 after having served as a Director for 16 years from 1987. He was first appointed Chairman in October 1995 and served in that capacity until March 2003.

Mr. Bhajan is an Attorney at Law who operates his own law firm in Trinidad. He is a member of the Law Association of Trinidad and Tobago.

He is a Director of Pendulum Holdings Limited, King's Wharf Marine Services, South Trinidad Property Development Company Limited, South Trinidad Residential Homes Limited, Hardware and General Building Supplies Limited and K.C. Confectionary Limited.

Dr. Rollin Bertrand

Group Chief Executive Officer and Director, Trinidad Cement Limited, Arawak Cement Company Limited; Caribbean Cement Company Limited; Readymix (West Indies) Limited; TCL Packaging Limited; TCL Ponsa Manufacturing Limited; TCL Trading Limited; TCL Guyana Incorporated; TCL Leasing Limited; TCL Service Limited; TCL (Nevis) Limited

Dr. Bertrand is the Chief Executive Officer of the TCL Group. He was formerly the General Manager of Arawak Cement Company Limited (1994 – September 1998) and the President of the Association of Cement Producers for Latin America and the Caribbean (APCAC). Dr. Bertrand is a Director of Trinidad Aggregate Products Limited (TAP).

In May 2003, he was appointed President of the Caribbean Association of Industry and Commerce (CAIC). He is Chairman of the Board of Trustees of the Caribbean Court of Justice (CCJ) Trust Fund, Chairman of the Water & Sewerage Authority (WASA) and is also a Director of the Trinidad & Tobago Stock Exchange.

Dr. Bertrand obtained a BSc (Sp. Hons.) Degree and PhD in Geology from the University of the West Indies, Mona, Jamaica as well as an Executive Masters Degree in Business Administration (EMBA) from the University of the West Indies, St. Augustine, Trinidad.

Keith Awong

Director, Trinidad Cement Limited

Mr. Keith Awong was appointed to the TCL Board of Directors in June 2004.

He has held senior positions in the Trinidad and Tobago petroleum sector for over forty years. He was the first CEO of the Trinidad and Tobago state-owned petroleum company, PETROTRIN, from its formation in 1993 up to his retirement in August 1997. Prior to that, he held senior positions with TRINTOC, one of the predecessor companies to PETROTRIN. He is a graduate Chemical Engineer (UWI 1973) and also had experience as a Maintenance Engineer at Shell Trinidad's Point Fortin Refinery.

Mr. Awong is Chairman of the National Gas Company of Trinidad and Tobago Limited, Phoenix Park Gas Processors Limited, National Energy Corporation and NGC LNG Limited, and a Director of Atlantic Holdings LLC and Neal & Massy Energy Limited.

Darcy Boyce

Director, Trinidad Cement Limited

Mr. Darcy Boyce was appointed to the TCL Board of Directors in September 2006.

He is the Chief Executive Officer at Barbados Tourism Investment Inc. and has over twenty eight years' financial management experience. Mr. Boyce graduated from the University of Toronto in 1979 with an MBA in Finance and Applied Economics and also holds a BSc in Economics from the University of the West Indies in Jamaica.

Mr. Boyce is Chairman of Barbados National Productivity Council and Caribbean Media Corporation and Director of United Insurance Company Limited, Signia Financial Group Inc., Southern Golf and Country Club Ltd., World Cup Barbados Inc., Fortress Caribbean Property Fund Limited, FirstCaribbean International Bank (Barbados) Limited and National Initiative for Service Excellence Inc.

Eutrice Carrington

Director, Trinidad Cement Limited

Ms. Carrington is the Vice President, Asset Management at the Trinidad and Tobago Unit Trust Corporation. She holds a BSc honours degree in Economics and a Master's of Science in Economics. Her career in investments spans a period of thirteen years and during her tenure she has held positions of Manager, Investment Managements Services, Portfolio Manager and Research and Security Analyst. Ms. Carrington also worked as a Policy Analyst II in the Ministry of the Economy and she spent several years in the domestic banking sector.

Ms. Carrington has served as secretary of the Economics Association of Trinidad and Tobago. She was a member of the Technical Committee appointed by the Cabinet of Trinidad and Tobago to assist in the formulation of Mutual Fund Legislation.

Ms. Carrington is Vice President and Treasurer of the Chaconia Income and Growth Fund Inc. She is Vice President of Chaconia Fund Services Inc., and Chairman of the Board of Chaconia Financial Services Inc., both wholly owned subsidiaries of the UTC.

Jeffrey McFarlane

Director, Trinidad Cement Limited

Mr. Jeffrey McFarlane is the Executive Director of the National Insurance Board of Trinidad and Tobago. He graduated from the University of the West Indies with a Bachelor of Law - Upper Second Class Honors and in 1980 completed his MSc Social Policy and Planning in Developing Countries from the University of London. He possesses a wealth of knowledge gleaned from executive local and international training programmes and seminars in the areas of Social Security Legislation and Operations, Executive Management Development, Information Systems and Human Resource Training.

Leopoldo Navarro

Director, Trinidad Cement Limited, Caribbean Cement Company Limited and TCL Trading Limited

Mr. Leopoldo Navarro is the Trading Vice President of Cemex in the South American Region. He holds a Civil Engineering degree from the University of Nebraska in the USA and a Masters Degree in Business Administration from Ipade, Mexico.

Mr. Navarro is a Cemex-appointed Director of Trinidad Cement Limited since March 1998. He also serves on the Boards of Directors of S.C.A. in Guadeloupe and Martinique, National Cement in Cayman and Bermuda Cement in Bermuda. He served as President of APCAC during the period 2000 to 2001.

Yusuff Omar

Chairman, TCL Packaging Limited and TCL Ponsa Manufacturing Limited; Director, Trinidad Cement Limited, Arawak Cement Company Limited, Caribbean Cement Company Limited and TCL Trading Limited

A former Managing Director of Trinidad Cement Limited, Yusuff Omar is currently the Chairman of TCL Packaging Limited and TCL Ponsa Manufacturing Limited. He is also a Director at the Trinidad Nitrogen Company Limited. Mr. Omar, a qualified Mechanical Engineer, has over thirty years' experience in the cement industry and has served as the 1st Vice President of the Association of Cement Producers for Latin America and the Caribbean (APCAC).

Prior to joining TCL, Mr. Omar worked for eleven years at Shell Trinidad Ltd. progressing from the position of Technical Assistant to that of Production/Operations Engineer in the Petroleum Engineering Department.

Ernest Williams

Chairman, Readymix (West Indies) Limited; Chairman, Arawak Cement Company Limited; Director, Trinidad Cement Limited and Caribbean Cement Company Limited

Mr. Williams is the former General Manager, National Agro Chemicals Limited. He held various managerial positions at National Petroleum Marketing Company Limited since November 1989 including Divisional Manager - Operations, Divisional Manager - Engineering and Information Systems and Chief Engineer. He was appointed to the Board of Directors of Readymix (West Indies) Limited in November 1998 and subsequently, in January 2003 was appointed Chairman. He was also appointed Chairman of Arawak Cement Company Limited in June 2004. Mr. Williams is also on the Board of Directors of Inspection Technologies Limited.

Brian Young

Director, Trinidad Cement Limited; Chairman, Caribbean Cement Company Limited

Mr. Young is a Chartered Accountant and had been with Price Waterhouse for over thirty years before retiring as a senior partner in 1995. Since then, he has served as Interim Executive Chairman of the National Water Commission (Jamaica). He is currently Chairman of the Caribbean Cement Company Limited (based in Jamaica) and serves on the Board of Directors of the Neal and Massy Holdings Limited, RBTT Holdings Limited, RBTT Merchant Bank Limited (all based in Trinidad). He is also on the Board of Directors of the following companies based in Jamaica:- Neal and Massy Group Jamaica Limited, Trade Winds Limited, RBTT Bank (Jamaica) Limited, RBTT Securities (Jamaica) Limited, Cool Petroleum Limited and Jamaica Biscuit Company Limited.

On the ball in Guyana

When the crowds cheered for the Cricket World Cup in Guyana, we were there. Our cement became part of the building blocks of history in the construction of the Providence Stadium in Georgetown. And while the region took on the task of upgrading its major cricket grounds, we too executed a modernisation and expansion thrust across our plants in the Caribbean.

At TCL Guyana Inc, the goal was to build a new state of the art cement terminal. That goal has been achieved. Our new cement terminal has already begun serving the people of the Republic of Guyana. Built at the cost of US$10 million, this 8000 tonne facility significantly improves the supply of cement to this market.

As improvements to our operations continue, we are building a stronger company and a greater presence throughout the region.

Corporate Information

Board of Directors of Trinidad Cement Ltd

Mr. Andy J. Bhajan, *Chairman*
Mr. Keith Awong
Dr. Rollin Bertrand
Ms. Eutrice Carrington
Mr. Darcy Boyce
Mr. Jeffrey McFarlane
Mr. Leopoldo Navarro
Mr. Yusuff Omar
Mr. Ernest Williams
Mr. Brian Young

Company Secretary

Mr. Alan Nobie

Group Chief Executive Officer

Dr. Rollin Bertrand

Registered Office

Trinidad Cement Limited
Southern Main Road, Claxton Bay,
Trinidad & Tobago, W.I.
Phone: (868) 659-0787/88/0800
Fax: (868) 659-0818
Web: www.tclgroup.com

Bankers - *Local*

Republic Bank Limited
High Street, San Fernando,
Trinidad & Tobago, W.I.

Bankers - *Foreign*

CITIBANK N.A.
111 Wall Street,
New York, NY 10043
U.S.A.

Auditors

Ernst & Young
5/7 Sweet Briar Road, St. Clair,
Trinidad & Tobago, W.I.

Registrar & Transfer Agent

Trinidad and Tobago Central Depository Limited
10th Floor, Nicholas Tower,
63-65 Independence Square, Port of Spain,
Trinidad & Tobago, W.I.

Sub-Registrars

FirstCaribbean International Trust & Merchant Bank (Barbados) Limited
Broad Street, Bridgetown, Barbados, W.I.

FirstCaribbean International Trust & Merchant Bank (Jamaica) Limited
23-27 Knutsford Boulevard, Kingston 5, Jamaica, W.I.

Eastern Caribbean Central Securities Registry Limited
Bird Rock, Basseterre, St. Kitts, W.I.

Trust Company (Guyana) Limited
230 Camp & South Streets,
Georgetown, Guyana, South America

Stock Exchanges on which the Company is listed

Barbados Stock Exchange
1st Floor, Carlisle House, Hincks Street,
Bridgetown, Barbados, W.I.

Jamaica Stock Exchange
40 Harbour Street, Kingston, Jamaica, W.I.

Trinidad & Tobago Stock Exchange
10th Floor, Nicholas Tower, 63-65 Independence Square,
Port of Spain, Trinidad & Tobago, W.I.

Eastern Caribbean Securities Exchange
Bird Rock, Basseterre, St. Kitts, W.I.

Guyana Stock Exchange
Hand in Hand Building, 1 Avenue of the Republic,
Georgetown, Guyana, South America

Attorneys-At-Law

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13-15 St. Vincent Street, Port of Spain,
Trinidad & Tobago, W.I.

M.G. Daly and Partners
115A Abercromby Street, Port of Spain,
Trinidad & Tobago, W.I.

Girwar & Deonarine
Harris Court, 17-19 Court Street, San Fernando
Trinidad & Tobago, W.I.

Beyond Boundaries in Jamaica

Across the region we have been making our mark. We have helped lay the foundations of history by providing the materials for many of the sites of the Cricket World Cup Games.

But our impact on the region goes beyond the boundaries of our historic contribution to the third largest sporting event in the world. In Jamaica, where Sabina Park stadium stands tall supported by our cement, we have invested US$133 million to upgrade our Carib Cement plant and we are on target for completion in 2008. This investment will push the plant's capacity to 1.2 million tonnes of clinker and 2 million tonnes of cement per annum. This will better satisfy local demand and facilitate export.

When completed, the Group's US$164.3 million dollar expansion and modernisation thrust will result in combined cement production of 3.5 million tonnes annually across our plants. This focused upgrade programme is enhancing our competitive market position leading to improved shareholder value and higher returns on investment.

Group Executive Committee

from left to right

Dr. Rollin Bertrand, *Group Chief Executive Officer*
Earlington Barrett, *Group Energy Optimisation Manager*
Satnarine Bachew, *General Manager - Arawak Cement Company Limited*
Egwin Daniel, *General Manager - International Business & Marketing*
Manan Deo, *General Manager - Readymix (W.I.) Limited*
Hayden Ferreira, *Group Manufacturing Development Manager*

Group Executive Committee

from left to right

Arun K. Goyal, *General Manager - Trinidad Cement Limited*
F. L. Anthony Haynes, *General Manager - Caribbean Cement Company Limited*
Hollis N. Hosein, *Group Finance Manager*
Derrick Isaac, *General Manager - TCL Packaging/TCL Ponsa Manufacturing Limited*
Courtney McNish, *Group Human Resource Manager*
Alan Nobie, *Manager - Investor Relations & Corporate Communications*

CHAIRMAN
Andy J. Bhajan

The Group's Strategic Purpose

The TCL Group's Vision and Mission Statements, which are reproduced on page 2, commit the Group to providing our customers with quality products and services, our shareholders with a superior return on their investment, and our employees with continuous empowerment in a network of mutual support. They describe an environment characterised by growth and diversification, making optimal use of human, technological and natural resources. Your Board continues to pursue the fulfilment of this strategic purpose which is reflected in the TCL Group's deep-rooted commitment to regional development. The Group sees itself as a premier enduring West Indian institution, harnessing the talents of Caribbean people and building excellence into the fabric of our society. The Group must also be a catalyst for infrastructural development in the region.

This vision provides an important context in which to consider our financial performance for 2006. Although there have been challenges, there was measurable advance over the period in meeting the Group's strategic objectives. A detailed analysis of performance is provided in the Group CEO's Report and Management Discussion. However, specific highlights are herein provided.

Financial Performance Summary

The Group's revenue increased by $289.2m or 20% compared with 2005, through higher volumes as a result of buoyant market conditions and price increases, which were primarily implemented in order to offset higher energy costs and the higher cost of imported clinker. Contributing to this growth, revenues from the pre mixed concrete and packaging businesses increased by $83.3m, reflecting growth rates of 41% and 64%, respectively. In the case of the Readymix Group, sales volumes increased by 4% and price adjustments were implemented to offset the higher cost of aggregates, some of which had to be imported. For the packaging companies, third party sales volumes of paper sacks increased by 110% and slings by 92%. TCL Group's operating profit, before a charge of $30.3m to settle cement claims at CCCL, which arose as a result of the inadvertent release of non-conforming cement in the market, increased by $111.2m or 60% over that for 2005. It is estimated that operating profits have been impacted by an additional $29.3m because of curtailed production levels and other expenses associated with the quality issue in Jamaica. Steps have been taken to improve CCCL's quality systems and to strengthen the relevant department in order to ensure that there is no repeat of this problem.

Group net profit attributable to shareholders amounted to $145.7m compared with $160.3m in 2005. Earnings per Share (EPS) was 60 cents compared with 66 cents for the prior year. In both cases, the declines must be considered against the background that the 2005 results included one time tax credits of $67.5m resulting from the reduction in Corporation Tax rates in Trinidad and Tobago. Our Balance Sheet remains strong, reflecting a continuing improvement in the Group's financial position.

Dividend Policy

The TCL Group's dividend policy has been to pay dividends approximating one third of Net Earnings. The application of this policy has had to be kept under continuous scrutiny because of the stringent terms and conditions of the external loans associated with the capacity expansion and modernisation programmes. The Group is required to conserve cash in order to contribute towards project funding. Accordingly, no interim dividend was paid for 2006 and a reduced final dividend has been approved for the year.

Capacity Expansion and Modernisation

During 2006, the Group made significant progress in its capacity expansion and plant modernisation programmes. Our new cement milling facility at the Claxton Bay Plant, Cement Mill 3, became operational, adding some 420,000 tonnes to the annual productive capability of that plant, an increase of 54%. Additionally, our new state-of-the-art cement terminal in Guyana was substantially completed by year end, resulting in an improved cement supply to the Guyanese market. Our third major capacity expansion project, the construction of a new kiln at Caribbean Cement Company Limited in Jamaica, was initiated during the year and is on target for substantial completion at the end of 2007 and commissioning in early 2008. By early 2008 therefore, the Group will have significantly increased its clinker and cement production capacity in anticipation of, and in response to strong regional demand.

We consider it important to highlight these achievements because they communicate to our shareholders, potential investors and stakeholders the fact that the Group remains fully committed to meeting the developmental needs of the Caribbean region insofar as these are reflected in physical infrastructural improvement triggered by the strong demand for our products.

The TCL Group is also the proud sponsor of the West Indies Under 19 Cricket Tournament and we have included, at page 49 of this report, an article about this sponsorship in recognition of the ICC's Cricket World Cup which is being hosted in the region for the first time.

Share Price Performance

Market conditions on regional stock exchanges were generally 'bearish' with indices having declined. On our primary market, the Trinidad and Tobago Stock Exchange (TTSE), the efforts of institutional investors to ensure compliance with regulatory restrictions resulted in a decline of 8.86% in the All T&T Index and 9.2% in the Composite Index as many of them became sellers rather than buyers of equities. The protracted market decline abated somewhat in the last six weeks of the year. In this context, the TCL share price exhibited mixed fortunes for the year, having started at $10.00 and ending the year at $7.01, a decline of 29.9%. The price hit a 52 week low of $5.70 in August before recovering to cross the $7.00 mark by 31st December. The absence of institutional investors as buyers from the Trinidad and Tobago Stock Market meant that the market was largely driven by speculative activity on the part of individual investors. This resulted in increased volatility which tended to be even more pronounced in the environment of the automated trading platform introduced by the TTSE in 2005.

Apart from the bearish market, the main factor affecting TCL's share price was the Group's disappointing published consolidated results for the first and third quarters 2006, which were below expectations largely due to the claims expenses arising from the product quality problems at Caribbean Cement in Jamaica. The Group also incurred the higher costs of imported clinker to make up for a shortfall against planned production in the face of buoyant regional demand for cement.

We are confident that these problems are now behind us and the outlook for 2007 remains positive. Your Board remains committed to increasing shareholder value over the medium to longer term. In this regard sacrifices have been made in the short term in order to better position the Group for longer term competitive advantage. This positioning is expected to positively impact shareholder value over the medium to longer term.

Another initiative taken to improve shareholder value in 2006 was the listing of TCL's shares on the Eastern Caribbean Securities Exchange (ECSE) and the Guyana Stock Exchange (GASCI) in the fourth quarter. This is consistent with our strong regional profile and it will expand the pool of potential shareholders by making our shares more readily accessible across the Caribbean. With a more efficiently functioning system of cross border trading, pockets of excess supply in shares in any one market could be utilised to satisfy demand in other regional markets. Ideally this is likely to reduce volatility in individual markets and enhance shareholder value over time.

The Board's Focus

During 2006, your Board, in addition to providing general direction, focused its attention on providing oversight in the major areas of risk exposure for the Group. These are: our Capacity Expansion and Modernisation Programme, our Financial and Accounting systems and our Human Capital Development. The three Board sub-committees, which had direct responsibility for these areas, the Board Technical Committee, the Board Audit Committee and the Group Human Resource Committee, were very active in fulfilling their respective mandates. A listing of the composition of the Board sub-committees is provided on page 8.

Board Change

Mr. Darcy Boyce joined the TCL Board with effect from 29th September, 2006, to fill a casual vacancy. Mr. Boyce's appointment was effected in accordance with Clause 4.4.2 of By-Law No. 1 and is subject to confirmation at the upcoming Annual Meeting.

Mr. Boyce is the Chief Executive Officer at Barbados Tourism Investment Inc. His bio-data is included on page 12 of this report.

Acknowledgments

The Group has had a better year in 2006 than 2005, notwithstanding the issues faced in Jamaica. Once again, I wish to thank my fellow Board members for their support and diligence, and the Group CEO and his very committed team for their dedication in the midst of very difficult circumstances. I also wish to thank all of our stakeholders for their support. The Group is clearly poised for much greater success and we look forward to continued support.

Andy J. Bhajan

Andy J. Bhajan, *Group Chairman*

Playing to win in Barbados

The mission to improve our operations has reaped a harvest of benefits across the region and the upgrade at our Arawak Cement Plant in Barbados is no exception. In January 2006, a new automated palletizing and stretch wrapping system was put into full operation there. The new system has achieved tremendous success with improvement in almost every area of operation. This automated system has reduced stretch film usage by 50%, downtime by 100% and has rendered 50% reduction in accidents as well as a reduction in overall diesel usage.

The benefits of investing in this system speak for themselves. As do the benefits of our regional upgrade and modernization programme. Success begets success. And so too, our contribution to the historic remodeling of the Kensington Oval played a great part in creating the infrastructure to support a world of success in the Cricket World Cup games.

GROUP CHIEF EXECUTIVE OFFICER
Dr. Rollin Bertrand

1.0 Health, Safety and the Environment (HSE)

The Group's HSE record improved in 2006 as the importance of safety and health continued to be entrenched across the Group. During the year, all subsidiaries focused on training in Occupational Safety and Health and the 4th Group HSE Forum was held in Trinidad during November 2006 to discuss contractor safety management, risk assessment and root cause analyses. The Group continues to review its systems and procedures and has implemented a programme to further instill a "Culture of Safety". There were no fatalities in 2006.

During the year, all subsidiaries focused on mechanisms to continually improve environmental conditions and minimise impacts with particular attention to emission reduction by the cement plants. To this end, the Group established a milestone in 2006, as all three cement companies completed final audits for ISO 14001:2004 certification. By year end, both Arawak and TCL achieved certification and Caribbean Cement acquired its certification in early 2007. RML's process is in place for a certification audit during 2007.

2.0 Financial Review and Analysis

Net Profit

Net Profit Attributable to Group Shareholders amounted to $145.7m compared with $160.3m last year, the decline due to the absence of tax credits recorded in the prior year. Earnings per Share (EPS) is 60 cents compared with 66 cents for 2005.

Revenue

The TCL Group, in 2006, achieved a notable increase of 20% or $289.2m to $1.719 billion in revenue over the prior year. This growth was largely driven by buoyant demand and price adjustments implemented in the domestic markets of Trinidad and Tobago and Jamaica as well as the company's export markets. These price increases became necessary to offset higher energy and imported clinker costs. Imported clinker was required to facilitate increased production in response to a strong cement demand.

In Trinidad and Tobago, cement sales volume increased by 10% to 619,739 tonnes due to heightened commercial and residential construction, while in Barbados, it increased by 22% to 201,239 tonnes due in part to construction activities associated with Cricket World Cup. In Jamaica, our cement sales volumes declined by 3% to 843,295 tonnes, although the overall market registered a 4% increase as a result of imported cement sales following the relaxation of the Common External Tariff (CET) in order to ease cement supply. Export cement sales volume increased by 15% to 366,169 tonnes as demand was enhanced by construction activity related to Cricket World Cup. Revenue from our pre-mixed concrete businesses also generated healthy growth of 41% or $75.0m mainly due to price adjustments as volumes increased by 4%. These price adjustments were necessary to mitigate increased input costs especially for aggregates, some of which had to be imported for the Trinidad and Tobago market due to tight supplies. Our packaging businesses recorded significant increases in third party sales volume of 110% for paper sacks and 92% for slings. This translated into a 64% or $8.3m increase in revenue compared with 2005.

Operating Profit

Operating profit (before the $30.3m charge for cement claims) increased by $111.2m or 60% over the previous year. This was achieved against a background of continued high energy prices and higher wage rates, which were reflected in the increases of 14% and 11% respectively in expenses for 'fuel and electricity' and 'personnel remuneration and benefits'. In addition, there were periodic shortages in the supply of Orimulsion that resulted in the use of Bunker C, a more expensive fuel. Consequently, the Group is installing a pet coke fuel system at Arawak Cement in Barbados to eliminate the Orimulsion supply problem with completion expected by July 2007. There was also the need to utilise imported clinker and cement, which resulted in additional expenses of $125.2m compared with 2005, for raw materials and consumables. Propelled by high cement demand, the Group produced 106,284 tonnes (6%) more cement and 81,308 tonnes (5%) more clinker than it did in 2005. In February of 2006, a quantity of non-conforming cement was inadvertently released into the Jamaica market. This quality issue was quickly resolved but the Group has had to address claims for damages from customers who used this cement in construction projects. An amount of $30.3m has been estimated to settle these claims. In addition to the direct cost of claims, $29.3m has been calculated as reduced operating profits caused by curtailed production levels and other expenses associated with this nonconforming cement issue.

Net Finance Cost

Net finance cost increased by $7.2m due mainly to loan funding of TCL's cement mill capacity expansion, which came into production in early 2006.

Taxation

Profit before taxation increased by $73.7m or 85% to $160.5m. For 2006, there was a net tax charge of $8.7m compared with a credit of $67m in 2005, which arose from one-time tax credits of $67.5m.

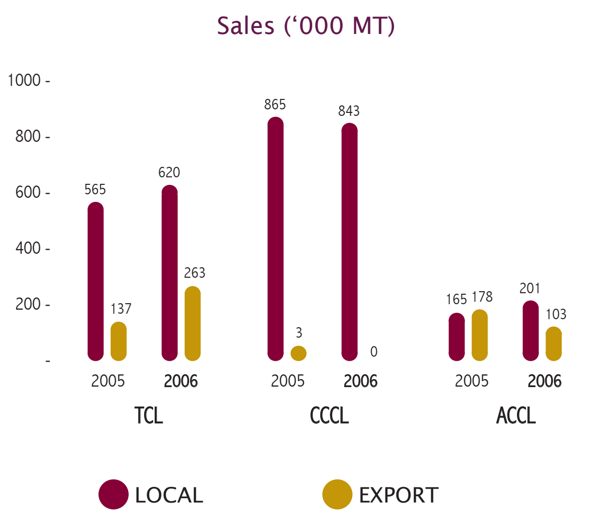
Liquidity and Financial Position

Cash from operations, before changes in working capital, amounted to $378.2m, an increase of $88.7m over the prior year. After accounting for changes in working capital and payment of interest and taxation, net cash generated by operating activities amounted to $231.8m compared with $170.6m, an improvement of $61.2m.

The Group invested $381.7m in property, plant and equipment. Our Expansion and Modernisation Project at Caribbean Cement Company Limited, Jamaica and Trinidad Cement Limited, Trinidad accounted for $278.6m of the total spent, while $24.1m was expended in 2006 on our new bagging terminal in Guyana, through subsidiary TCL Guyana Incorporated.

The balance sheet at December 31, 2006 reflected continued improvement in our financial position. Shareholders' equity increased by $127.2m over the year after paying dividends of $12.5m and Long Term Debt to Group Equity was reduced to 93% compared with 98% at year end 2005. Debt to EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) also improved from 4.4 at last year end to 3.7 at 31st December, 2006.

3.0 Group Marketing



The Group's total sales of 2.0 million tonnes of cement in 2006 significantly surpassed its performance for 2005, as a direct consequence of TCL's Cement Mill #3 upgrade in late 2005 with its concomitant enhanced milling capacity. Total Group cement sales in the domestic markets increased by 4%, while there was a marked increase of 15% in export sales.

In Trinidad and Tobago, TCL's total sales for the year was a record achievement at 882,735 tonnes, with local sales at its highest ever of 619,739 tonnes. TCL's export sales also surpassed the prior year's performance by 92.5%. Notably, TCL won the Business Development Company / Republic Bank Limited "Excellence in Export / International Competitiveness Award" for outstanding export achievement in 2006.

During the year, TCL Premium Cement (Portland-Pozzolan blended cement) was successfully produced and launched in the local and regional markets.

The year 2006 was a challenging one for Carib Cement in Jamaica, as events during the year (including bouts of heavy rainfall, the removal of duties on cement, the re-introduction of retail competition and fluctuations in the quality and quantity of cement) resulted in sales being 2.5% below the performance of the prior year.

The company faced a significant quality issue during the latter part of February as a quantity of non-conforming cement (which did not gain the required strengths within the specification's timeframe) was inadvertently released into the market. The company publicly acknowledged the problem and voluntarily issued a recall of the faulty product. To date, 91% of the total related claims have been finalised, and the company has introduced a tighter regime of testing policies and procedures to ensure non-recurrence of the crisis. The plant suspended sales for twelve days to correct the quality problems which severely disrupted construction activity. Consequently, 2006 was a record year for cement importation into Jamaica (with Government and third party (retailer) imports representing 11% and 62% respectively). The quantum of imported cement sold by CCCL last year was 119,302 tonnes. CCCL is pursuing ISO 9002 certification in 2007. The other companies in the Group have already been certified.

At Arawak Cement in Barbados, local sales exceeded the 200,000 tonne milestone for the first time ever. However, third party export sales were 42% lower than the prior year as ACCL provided CCCL with 29,000 tonnes during 2006. Performance on the local market was bolstered by projects related to World Cup Cricket, tourism, government projects and housing.

Despite the enhanced sales performance of its cement subsidiaries, the Group faced serious challenges in meeting the expectations of its export market, which resulted in Caricom's suspension of the Common External Tariff (CET) for cement for a two year period with a review after the first year. The TCL Group has objected to the suspension and is prepared to challenge the decision, if necessary, through the Caribbean Court of Justice (CCJ).

The Group's packaging companies both experienced significant improvements in performance over the previous year. TPL's total sales were 14% higher, with increases in the local and export markets of 19% and 12% respectively, despite reduced demand from some of its main customers including TCL (due to increased bulk cement sales) and Carib Cement (due to increased bagged cement imports into the country). For TPM, the total slings sold during the year were 40% higher than the 2005 level and the highest recorded sales in the company's history. Intra-Group and third party sales both improved and a shortfall in budgeted sales to the company's traditional markets was offset by increased sales to Cuba.

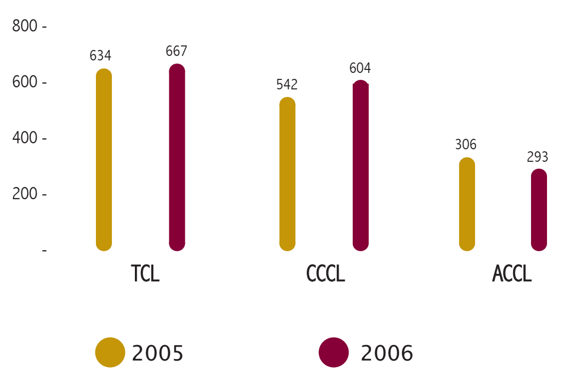
The Readymix Group had an excellent performance in 2006, despite challenges in the St. Maarten market. In Trinidad and Tobago, the concrete market grew by 27% and RML produced and sold a total of 233,640 cubic metres of concrete for the year, which was 4.6% above the volume sold in 2005. The company also implemented price adjustments in light of steadily increasing cost inputs, including the importation of aggregates. With respect to the Barbados operations, PPCI sold a total of 28,075 cubic metres of concrete in 2006, which was 13.3% above the volume of 2005 and attracted 5% higher prices. In St. Maarten, ICNV/SARL sold a total of 21,436 cubic metres of concrete for the year, which was 10.2% below the prior-year volume. This was due in part to a shutdown of construction during October and November, which resulted from a shortage of steel. However, the company was able to obtain higher selling prices and maintain its market share.

With respect to the marketing of gypsum, pozzolan and lime, JGQ in Jamaica sold 225,636 tonnes and 158,217 tonnes of gypsum and pozzolan respectively. Total lime sales by the Arawak Lime Division in Barbados amounted to 9,397 tonnes. Comparing year-on-year results, pozzolan sales increased by 72%, while sales of gypsum and lime both fell 29% and 22% respectively. The reduced sale of lime was primarily due to reduced local demand and the withdrawal of a major export customer from the market.

4.0 Group Operations

4.1 Cement Sector Operations

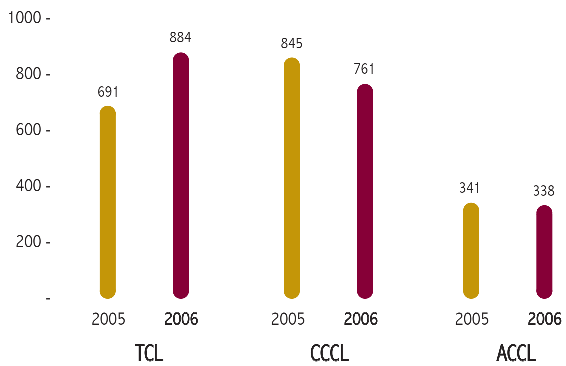
Clinker Production ('000 MT)



Clinker Production is the Key Profit Driver of the Group. In 2006, the Group produced 1,563,306 tonnes of clinker, which was 5% higher than the previous year. Additionally, the Group imported 192,914 tonnes of clinker during the year, in order to supplement kiln output at TCL and Arawak Cement and optimise its increased milling capacity. Clinker production at Carib Cement was the second highest recorded in the company's history.

In respect of cement production, the plants' total output of 1,982,334 tonnes represented an increase of 5% over 2005. TCL recorded its highest ever

Cement Production ('000 MT)



production of 883,728 tonnes of cement, which was 28% above the prior year volume of 690,521 tonnes. However, production fell at Arawak Cement and Carib Cement by 1% and 10% respectively, with Carib Cement being required to import 119,302 tonnes to meet domestic market demand.

During the year, TCL successfully produced a blended cement (TCL Premium) using 15% pozzolan additive (ASTM C-595 standard).

At Carib Cement, however, the quality problems that occurred during the first quarter resulted in the withdrawal of product from the market, as well as the temporary cessation of all production activities so that measures could immediately be taken to tighten quality systems and alleviate customer concerns. To this end, prior to sale, each batch of cement is now tested and specifically approved for dispatch. All dispatched cement following the restart has been confirmed to have met the required standards.

During the fourth quarter of 2006, the Group's first cement terminal was successfully commissioned in Guyana, the Group's largest export market. The plant has a combined silo/warehouse storage capacity of 8,000 tonnes and a rated packing capacity of 60 tonnes per hour. Its first shipment of 5,110 tonnes of bulk cement was received on December 15, 2006. By year end, TGI packed 2,238 tonnes (equivalent to 1,492 slings) of cement.

4.2 Concrete Sector Operations

All concrete plants within the Readymix Group maintained high levels of availability during the year, with RML achieving a 99% average. Despite these high availabilities, aggregate supply issues seriously impacted concrete production at both RML in Trinidad and Tobago and Island Concrete in St. Maarten.

RML purchased approximately 86,000 tonnes of 20mm imported aggregate for the year at twice the cost of local material, while a further 18,000 tonnes were purchased on the local market. An estimated 37% of RML's total concrete was produced using purchased aggregates. However, during the second half of the year, Government granted additional lands, from which 16% more pit run was produced. In total, the company produced 327,450 m^3 of aggregate in 2006, exceeding the previous year's production by 3%.

Island Concrete was also adversely impacted during the year by the unavailability of aggregate, resulting in the need to continuously switch the source of supply. This, in turn, led to instances of stock out at the plant. Ensuring a consistent supply of high quality aggregate remains a challenge for both RML and Island Concrete in the coming year. The company has, however, identified other potential quarry resources and is in negotiation with the relevant parties with a view to exploiting these resources in the near future.

4.3 Packaging Sector Operations

TPL's production performance for 2006 was below expectations, with the plant being affected by several maintenance issues, a global paper shortage and shipping delays. In total, TPL produced 39.5 million sacks, 3% less than produced in 2005.

TPM produced 484,455 slings, which was 23% above the previous year's production and the highest volume of slings in that company's history. Production could have been even higher had there not been raw material shipping delays. The firm's diversification into the manufacturing of jumbo bags was also hampered due to inconsistent quality of the raw material supplied. Although the plant produced 89% more jumbo bags than in 2005, TPM was unable to meet its targeted output.

During November, the Trinidad and Tobago Bureau of Standards (TTBS) conducted re-certification audits of the ISO 9001:2000 quality systems at TPL and TPM and in December, both companies achieved re-certification for a further three year period.

4.4 Lime, Gypsum & Pozzolan

In 2006, JGQ produced 392,237 tonnes of gypsum and 158,217 tonnes of pozzolan, both above the previous year's volumes by 29% and 72% respectively. The total output of pozzolan produced was sold to Carib Cement for the manufacture of Carib Plus. With respect to lime production, the Arawak Lime Division produced 6,066 tonnes of quicklime and 1,862 tonnes of hydrated lime in 2006, which represented a respective 33% decline and 21% increase in production from 2005 outputs. Quicklime production throughout the first three quarters of 2006 was constrained by market demand. In an effort to reduce fuel costs, the lime plant initiated the burning of waste oil for fuel. However, due to low availability, waste oil only represented 31% of the fuel consumed, as the plant was required to continue utilising the high-cost Bunker C fuel.

5.0 Group Developmental Activities

The Group's manufacturing strategy continues to be focused on consolidation of existing capacity and planning for the medium term growth, with the aim also of lowering unit production costs. As a general theme, the short-term strategies are centered on the optimisation of existing production through operational enhancement and reliability improvement programmes, such as the Manufacturing Excellence Transformation (MET) and Energy Optimisation programmes. In addition to enhancing production volumes, these programmes will impact favourably on the plants' unit production cost. The longer-term projects are being scheduled and managed in a manner that satisfies the market demand requirements, mindful always of the financial and human resource constraints. These will provide significant improvement in both production levels and cost.

5.1 Energy Optimisation

The Group's current activities and projects with respect to its Energy Optimisation Programme have been designed to enhance the environmental and corporate imaging, and more fundamentally, to provide the Group with internationally competitive conversion costs for its cement subsidiaries.

Waste Derived Fuels: The focus continues to be on the use of waste-derived fuels in the kilns of the three cement-producing subsidiaries and the lime plant at Arawak. Since the programme was formally launched in 2004, three waste streams were targeted – used tyres, used petroleum base oils and plastics. So far, only used petroleum base oils are being burnt in the kilns at Carib Cement and the Lime Plant at Arawak. At the end of 2006 approximately 1,500,000 litres were burnt, resulting in savings of US$449,000. At Arawak Cement, waste oil was primarily burnt at the Lime Kiln. The quantity burnt in 2006 was 522,244 litres, with a consequently positive environmental impact. In Barbados, the Government is primarily responsible for the collection and transportation of used oil to Arawak, so the plant secures a high percentage of the locally available waste fuel. On the other hand, the extent of waste oils burnt was below projections at Carib Cement, as there was an increased number of users in Jamaica due to the steep rise in fuel prices. Additionally, collection is ad hoc and Carib Cement can only obtain approximately 25% of the quantity generated at present. In 2007, efforts will be intensified to double the quantity of used oils delivered to Carib Cement.

The Governments of Jamaica, Barbados and Trinidad & Tobago have all expressed interest in partnering with the cement plants to establish a programme for an environmentally safe method of disposal of used tyres and plastics in the kilns. However, the process to arrive at an agreement has been slow. There is continued optimism as discussions are still being held with the relevant Government Ministries.

Optimisation Programmes: The Energy Efficiency Programme at Arawak Cement Company Limited continued in 2006 with new transducers and power meters being installed to improve accuracy and tracking of electrical power consumption. Although TCL concentrated on fine-tuning the energy optimisation and efficiency target across its production circuits, shortfalls were recorded in projected energy savings. The programme will continue into 2007.

5.2 Major Projects

CCCL's Kiln 5 Project

Following the engineering and development phases in the previous year for the construction of a new 2,800 MTPD kiln, the Kiln 5 project progressed well during 2006. Starting with a partially prepared site, the project closed at year-end with most of the equipment on site and the foundations near completion. This project is scheduled for substantial completion by the end of 2007 and commissioning in early 2008.

The proposed Capacity Expansion Programme will increase CCCL's annual clinker capacity by a net 650,000 tonnes per annum to 1.3 million tonnes per annum, and enable cement production of 1.7

million tonnes per annum. The programme will lead to significant improvements in efficiency and environmental performance.

CCCL's Cement Capacity Upgrade (CCU) Project

The Kiln 5 project is to be followed by the CCU project, which will bring cement-grinding capacity in sync with the new clinker production level to meet market requirements. The preliminary engineering for this project has already been completed and major equipment is on order. During 2007, detailed engineering and contract preparation will be completed to enable the start of construction in January 2008. The project's schedule has been deliberately set to avoid "peaking" of financial and human resources requirements in parallel with the Kiln 5 project. Completion is anticipated by the end of 2008.

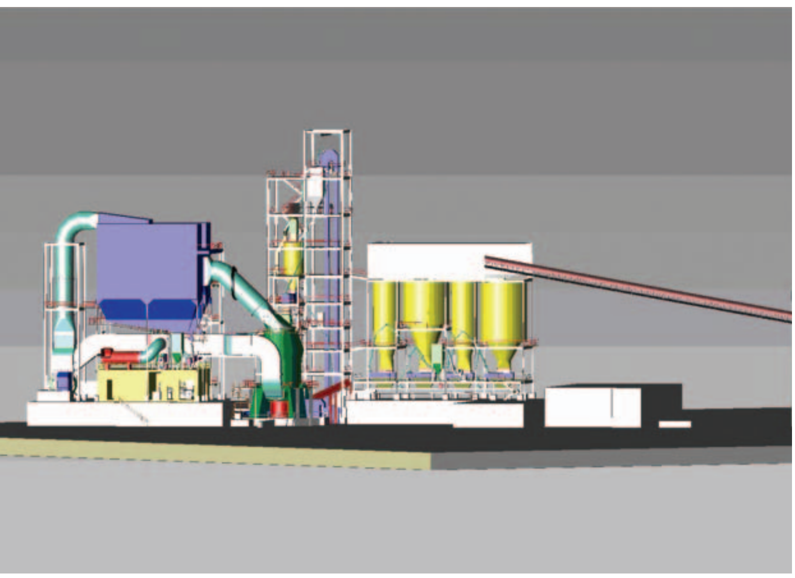


Diagram of proposed mill at Carib Cement Company Limited, Jamaica

ACCL's Pet Coke Conversion

Pet Coke has been identified as the most economical and immediately available alternative for kiln firing at Arawak, in light of the imminent end of Orimulsion supply. In accordance with the Venezuelan Government's policy, this will require the installation of several pieces of mechanical equipment including a mill, conveyor, fan and hopper along with the relevant structural works and the construction of the building to house the mill. The Environmental Protection Unit of the Government granted its approval of the project in January 2006 and by year-end, Penta Engineering in the U.S. had substantially completed the detailed engineering with orders placed for all major equipment. The project is scheduled for completion by the end of July 2007.

6.0 Our Focus On People

During 2006, the Group's Human Resources team focused on industrial/employee relations and training and human capital development.

The major areas of training focus in the Group for 2006 targeted leadership and managerial development, with specific reference to the continuing Executive Development initiative, as well as functional managerial exposure in the area of HRM. Additionally, subsidiaries focused on training in Occupational Safety and Health, cement mill upgrade competency development, skills training at CCCL within the Artisan training programme, as well as related supervisory leadership and team building initiatives. The Group completed a total of 4,266 man-days of training for all subsidiaries as compared to 3,672 in 2005. The 2006/07 Star Programme kicked off in September 2006, with eighteen participants being selected from across the Group and eleven mentors identified to move the programme forward into its mentoring phase. The focus for the first leg was in the areas of Strategic Leadership and Management, Corporate Governance and Business Ethics, Communications, Diversity and the Transformed Business Environment, Innovation and Problem Solving, Marketing, Personal Mastery as well as Image Management and Etiquette.

The internal industrial relations climate was relatively stable across the Group, with no major disruptions

in work. With respect to collective agreements, negotiations at RML were completed for a new three-year term from Jan 2006 - Dec 2008. At TPL, the three-year collective agreement came to an end on July 31, 2005 and a new proposal was submitted by the Union, with negotiations commencing in January 2007. At Arawak Cement, all three collective agreements came to an end during the year. Proposals have been received from the representative Trade Union on behalf of its weekly-paid employees, while the company has tabled proposals to the Unions on behalf of the junior and senior staff and monthly-paid employees respectively.
Reward & Recognition Programme: The Programme was launched in 2004, and continues to be promoted throughout the Group.

7.0 Leveraging Technology

The Group's Technology & Information Systems function is centered on:

- Delivering high performing, fast Oracle E-Business applications to users, with high availability.
- Providing a forum for the sharing, harnessing and development of ideas, knowledge and best practices to stimulate growth development and innovation.
- Providing enabling software services that meet the operational needs of the users involved in the various business processes and
- Providing a safe, secure and robust computing environment for users.

Consistent with our objectives, during 2006 we successfully implemented the Oracle Human Resource Management Systems and Payroll applications for all Trinidad and Barbados based companies and brought them onto the Group's single global database. De-regulation with the regional telecommunications industry also enabled us to commence building the infrastructure for the convergence of voice, video and data services in our companies across the region. These all contributed to faster application performance and much greater reliability.

During 2007, our focus will be to continue building on the framework that was established in 2006:

- Full Use of Technology Convergence: We will commence the roll-out of our new messaging and online communication and collaboration system that includes desktop video conferencing. This will promote our IT themes of learning by building a solid platform for learning, knowledge institutionalisation and transfer and integration.
- Oracle E-Business Standardisation: We will successfully implement Oracle Human Resource Management Systems and Payroll at our Jamaican companies and integrate them onto our single global database. This will be followed with the implementation of Oracle Process Manufacturing and Order Management at all companies within the Group. This platform will provide better performance and integration with the other modules, as they would all be supported by one common database and instance, and facilitate a superior strategic information service to all users.

With the implementation of these new systems and services, there will be a significant improvement in the way technology is used and information is processed.

8.0 Public Relations

In 2006, the Group was faced with two main issues, which generated interest/concern from the public domain. These included the inadvertent release of non-conforming product in Jamaica and product availability situations in the export markets. In an effort to mitigate the impact of these matters on corporate reputation, the Group sought to quickly control the crises, limit the damage and restore confidence via a combination of PR activities, which enabled the communication of facts and solutions. Primary of these was a press campaign that highlighted expansion and modernisation activity with mention of the positive outcome in terms of increased production across our operations. In essence, this campaign positioned the Group as adding value through expansion, proactive in its upgrading projects and completely able to meet the growing demands for cement throughout the region.

Strong demonstration of the TCL Group's corporate social responsibility (CSR) continued in 2006 through our investments in youth and education, housing, sports, culture and the environment. Too many to mention, the following formed the core of our activity in this regard:

- Alliance with Habitat for Humanity to build homes for low income families in the Caribbean
- UWI Scholarships and Bursaries
- Sponsorship of TCL Group WI Under 19 Cricket Tournament and Team
- Sponsorship of the RML/TCL Group South Caribbean Golf Tournament
- Sponsorship of the TCL Group Skiffle Bunch Steel Orchestra with celebrations to mark the Group's 25-year relationship with the band.
- Observance of World Environment Day

Conclusion

The coming year will be a pivotal one for the TCL Group, with several milestones to be achieved by year-end. In 2007, the TCL Group will seek to continue its efforts in areas such as health and safety, energy use and conservation, emissions reduction as part of its ISO 14001 environmental thrust, quarry use and rehabilitation, in addition to its ongoing focus on stakeholder engagement programmes. The TCL Group deems these efforts to be "good business" and good for business as it strives towards its stated vision of continued growth.

Acknowledgements

Finally, I wish to express my sincere thanks to all of the hardworking employees of the TCL Group for their efforts in counteracting the difficulties that arose during 2006. This team effort resulted in the Group's continuing profitability in spite of the challenging circumstances. I also wish to extend my appreciation to our customers, our shareholders and other stakeholders for their continued support.

Dr. Rollin Bertrand, *Group CEO*

from left to right

Arun K. Goyal, Fitzalbert Rawlins, Parasram Heerah,
Keith Johnson, Harrinarine Dipnarine, Gloria Jacobs,
Ian Matthews, Pascall Marcelin, Rodney Cowan, Keith Ramjitsingh

Trinidad Cement Limited

Trinidad Cement Limited was incorporated in Trinidad in 1951 and commenced production in 1954. Its primary activity is the manufacture and sale of Ordinary Portland Cement, Portland-Pozzolan Cement, as well as Class G High Sulphate Resisting (HSR) Well Cement. The distribution of its shareholding is detailed in the pie chart on page 5.

Registered Office

Southern Main Road
Claxton Bay, Trinidad
Tel: (868) 659 2381-8
Fax: (868) 659 2540
e-mail: tclinfo@tclgroup.com

Company Secretary

Mr. Alan Nobie

Principal Officers

Mr. Arun K. Goyal, *General Manager*
Mr. Fitzalbert Rawlins, *Operations Manager*
Mr. Parasram Heerah, *Finance Manager*
Mr. Keith Johnson, *Human Resource Manager*
Mr. Harrinarine Dipnarine, *Engineering Services Manager*
Mrs. Gloria Jacobs, *Planning & Development Manager*
Mr. Ian Matthews, *Production Manager*
Mr. Pascall Marcelin, *Materials Manager*
Mr. Rodney Cowan, *Marketing Manager*
Mr. Keith Ramjitsingh, *Quarry Manager*

CARIBBEAN
CEMENT
COMPANY
LIMITED

CARIB CEMENT

from left to right

F.L. Anthony Haynes, Chester Adams, Shaun Lawson-Laing, Orville Hill, Alice Hyde, Brett Johnson, Jinda Maharaj, Noel McKenzie, Raymond Mitchell, Dalmain Small, Adrian Spencer, Godfrey Stultz, Ken Wiltshire

Caribbean Cement Company Limited was incorporated in Jamaica in 1947 and commenced production in 1952. Its primary activity is the manufacture and sale of Ordinary Portland Cement and Portland-Pozzolan Cement. Its subsidiary, Jamaica Gypsum & Quarries Limited is involved in the mining and sale of gypsum and anhydrite while another subsidiary Caribbean Gypsum Company Limited's major assets are its gypsum/anhydrite quarry lands which enhance the reserve of raw material available to Caribbean Cement Company Limited. Rockfort Mineral Bath Complex Limited, another subsidiary, maintains a leasehold interest in a mineral spa.

Registered Office

Rockfort, Kingston, Jamaica
Tel: (876) 928-6231-5
Fax: (876) 928-7381
e-mail: info@caribcement.com

Board of Directors

Mr. Brian Young, *Chairman*
Dr. Rollin Bertrand
Mr. Hollis N. Hosein
Mr. Parris Lyew-Ayee
Mr. Leopoldo Navarro
Mr. Yusuff Omar
Dr. Judith Robinson
Mr. Paul Stockhausen
Mr. Ernest Williams

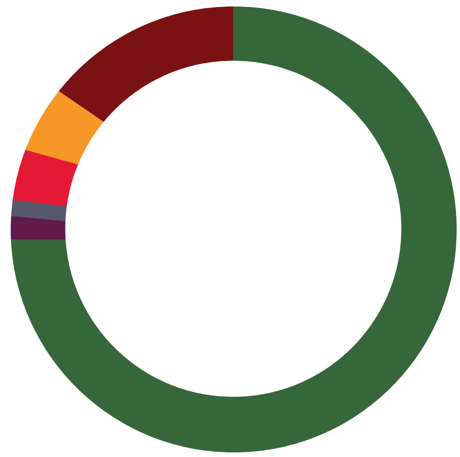
Company Secretary

Ms. Shaun Lawson-Laing

Principal Officers

Mr. F.L. Anthony Haynes, *General Manager*
Mr. Chester Adams, *Project Manager - Cement Mill Upgrade*
Ms. Shaun Lawson-Laing, *Company Secretary/Manager, Legal & Corporate Affairs*
Mr. Orville Hill, *Finance Manager*
Ms. Alice Hyde, *Marketing Manager*
Mr. Brett Johnson, *Manufacturing Manager*
Mr. Jinda Maharaj, *Technical Operations Manager*
Mr. Noel McKenzie, *Quarry Manager*
Mr. Raymond Mitchell, *Quality Manager*
Mr. Dalmain Small, *Human Resources Manager*
Mr. Adrian Spencer, *Materials Manager*
Mr. Godfrey Stultz, *Engineering Services Manager*
Mr. Ken Wiltshire, *Project Manager – Kiln 5 Project*

The distribution of its shareholding is as follows:



TCL Group 74.08%
Pension Plans 1.00%
Government 1.19%
Financial Institutions 3.46%
Cemex - Scancem International (St. Lucia) Ltd 4.96%
Other 15.31%

from left to right

Satnarine Bachew, Leslie Maxwell,
Rupert Greene, Dawn Jemmott, Dwight Sutherland,
Sheryllyn Welch-Payne, Matthew Thornhill, Phillip Yeung

Arawak Cement Company Limited

Arawak Cement Company Limited was incorporated in Barbados in 1981 and was wholly acquired by TCL in 1994. Its primary activity is the manufacture and sale of Ordinary Portland Cement and Lime.

Registered Office

Checker Hall
St. Lucy, Barbados
Tel: (246) 439-9880
Fax: (246) 439-7976
e-mail: arawak@arawakcement.com.bb

Board of Directors

Mr. Ernest G. Williams, *Chairman*
Dr. Rollin Bertrand
Mr. Arun Goyal
Mr. Hollis N. Hosein
Mr. Frank McConney
Mr. Joseph Nunes
Mr. Yusuff Omar

Company Secretary

Mr. Rupert Greene

Principal Officers

Mr. Satnarine Bachew, *General Manager*
Ms. Leslie Maxwell, *Planning & Development Manager*
Mr. Rupert Greene, *Finance Manager/Company Secretary*
Ms. Dawn Jemmott, *Human Resources Manager*
Mr. Dwight Sutherland, *Engineering Services Manager*
Mrs. Sheryllyn Welch-Payne, *Materials Manager*
Mr. Matthew Thornhill, *Production Manager*
Mr. Phillip Yeung, *Operations Manager*

from left to right

Manan Deo, Dexter East,
Isha Reuben-Theodore, Gerard Torres, Jacqueline Ryan-Brathwaite,
John Cardenas, Jaris Liburd, Muriel Lancien

Readymix (West Indies) Limited

Readymix (West Indies) Limited was incorporated in Trinidad in 1961. Its primary activity is the manufacture and sale of premixed concrete. In 1996, Trinidad Cement Limited acquired majority ownership of the Company. RML acquired a 60% shareholding in Premix and Precast Concrete Inc. in Barbados in 2002. In 2004, RML acquired 100% of the equity in Island Concrete NV in St. Maarten and Island Concrete SARL in St. Martin.

Registered Office

Tumpuna Road
Guanapo, Trinidad
Tel: (868) 643-2429/2430
Fax: (868) 643-3209
e-mail: rmlinfo@tclgroup.com

Board of Directors

Mr. Ernest Williams, *Chairman*
Dr. Rollin Bertrand
Mr. Lawford Dupres
Mr. Arun K. Goyal
Mr. Hollis N. Hosein
Mr. Anton Ramcharan

Company Secretary

Mr. Manan Deo

Principal Officers

Mr. Manan Deo, *General Manager/Company Secretary*
Mr. Dexter East, *Ag. Operations Manager*
Ms. Isha Reuben-Theodore, *Corporate Services Manager*
Mr. Gerard Torres, *Marketing Manager*
Ms. Jacqueline Ryan-Brathwaite, *Human Resources Manager*
Mr. John Cardenas, *Plant Manager (PPCI)*
Mr. Jaris Liburd, *Plant Manager (Island Concrete NV)*
Ms. Muriel Lancien, *Manager (Island Concrete SARL)*

The distribution of its shareholding is as follows:

TCL 70%

Other Shareholders 30%

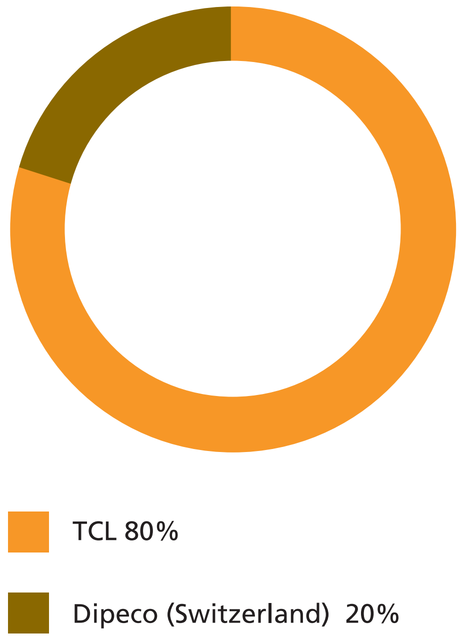
from left to right

Derrick Isaac, Hilary Lakhiram,
Betty Ann Noreiga-Pitt, Sursatee Heeralal, Kaveer Seepersad

TCL Packaging Limited

TCL Packaging Limited was incorporated in Trinidad in 1989 and commenced operations in 1991. It primary activity is the manufacture and sale of papersacks.

The distribution of its shareholding is as follows:



Registered Office

Southern Main Road
Claxton Bay, Trinidad
Tel: (868) 659-2381-8
Fax: (868) 659-0950
e-mail: tplinfo@tclgroup.com

Board of Directors

Mr. Yusuff Omar, *Chairman*
Mr. Ramez Ayoub, *(Dipeco – Switzerland)*
Dr. Rollin Bertrand
Mr. Arun K. Goyal

Company Secretary

Mrs. Cheryl Gransaull

Principal Officers

Mr. Derrick Isaac, *General Manager*
Mr. Hilary Lakhiram, *Ag. Operations Manager*
Ms. Betty Ann Noreiga-Pitt, *Marketing Manager*
Ms. Sursatee Heeralal, *Marketing Assistant/Logistics Officer*
Mr. Kaveer Seepersad, *Senior Plant Coordinator*

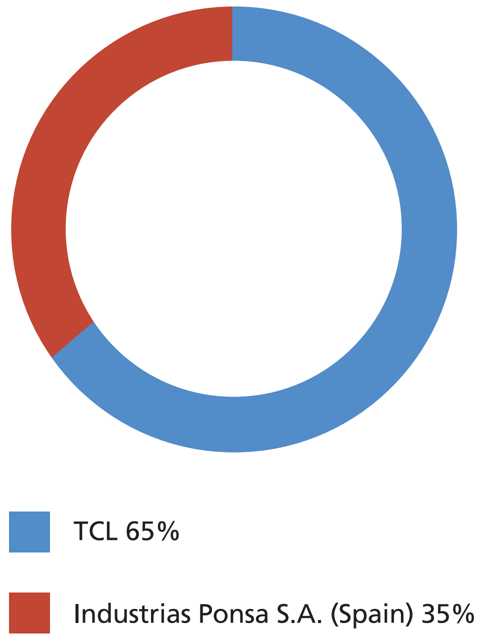
from left to right

Derrick Isaac, Betty Ann Noreiga-Pitt,
Sursatee Heeralal, Stephen Ramcharan

TCL Ponsa Manufacturing Limited

TCL Ponsa Manufacturing Limited was incorporated in Trinidad in 1995. Its primary activity is the manufacture and sale of single use slings. It is also involved in the sale of jumbo bags, reusable slings, safety harnesses and polypropylene sacks, as well as webbing for use in the furniture industry.

The distribution of its shareholding is as follows:



Registered Office

#6 Freezone, Point Lisas Industrial Estate,
Point Lisas, Trinidad, W.I.
Tel: (868) 636-9627
Fax: (868) 679-4120
e-mail: tpminfo@tclgroup.com

Board of Directors

Mr. Yusuff Omar, *Chairman*
Dr. Rollin Bertrand
Mr. Juan Ponsa *(Industrias Ponsa - Spain)*
Mr. José Sala Pinto *(Industrias Ponsa - Spain)*
Mr. Arun K. Goyal

Company Secretary

Mrs. Cheryl Gransaull

Principal Officers

Mr. Derrick Isaac, *General Manager*
Ms. Betty Ann Noreiga-Pitt, *Marketing Manager*
Ms. Sursatee Heeralal, *Marketing Assistant/Logistics Officer*
Mr. Stephen Ramcharan, *Technical Coordinator*

TCL GUYANA INC.

from left to right Mark Bender, Dridnauth Gossai, Tyrone Inshanally

TCL Guyana Inc.

TCL Guyana Inc. was incorporated in the Republic of Guyana on 17th March, 2004. Its primary activity is the packaging of bulk cement for sale on the Guyanese market (cement terminal facility).

Registered Office

2-9 Lombard Street
GNIC Compound
Georgetown,
Guyana
Tel: (592) 225 7520
Fax: (592) 225 7347
e-mail: markb@tclgroup.com

Board of Directors

Dr. Rollin Bertrand, *Chairman*
Mr. Arun K. Goyal

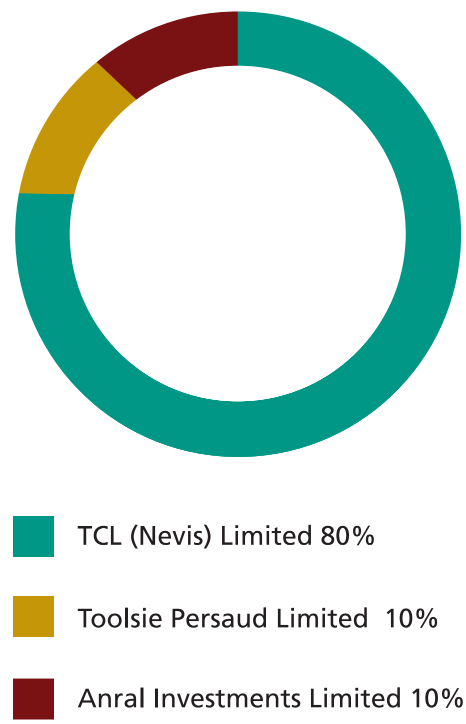
Company Secretary

Mr. Alan Nobie

Principal Officers

Mr. Mark Bender, *Plant Manager*
Mr. Tyrone Inshanally, *Plant Superintendent*
Mr. Dridnauth Gossai, *Accountant*

The distribution of its shareholding is as follows:



TRADING
LIMITED

TCL Trading Limited

Aneil Mahadeo

TCL Trading was incorporated in Anguilla, W.I. on 12th December, 1997 and commenced business in April 1998. Its primary activity is trading in cement and related products and it functions as a marketing support unit for the two cement companies, Trinidad Cement Limited and Arawak Cement Company Limited.

Registered Office

Box 885
Fair Play Complex
The Valley
Anguilla
Tel: (264) 497-3593
Fax: (264) 497-8501
e-mail: ttlinfo@tclgroup.com

Board of Directors

Mr. Yusuff Omar, *Chairman*
Dr. Rollin Bertrand
Mr. Leopoldo Navarro

Company Secretary

Mr. Egwin Daniel

Principal Officer

Mr. Aneil Mahadeo, *General Manager*

Rally ‘round the youth

Within our company, our mission of building Caribbean excellence drives us to dedicate our support to future generations. Our investment in the West Indies Under 19 Cricket team and tournament means more than support for sport. It is about cultivating heroes and role models of discipline and success that will help to foster a better future for the region - one where a commitment to being our best will engender pride in our strength and greater motivation to maximize our unique West Indian potential.

And potential is the name of the game when it comes to the West Indies Under 19 Cricket Team and Tournament, for the Tournament demands a team of the highest caliber at its level. These high performance standards have turned this tournament into a veritable feeder programme that generates a pool of up and coming sportsmen. West Indies cricketers such as Brian Lara, Shivnarine Chanderpaul, Carl Hooper, Ramnaresh Sarwan, Dinesh Ramdin and Lendl Simmons have all emerged from this developmental phase to go onto the senior team.

Since our sponsorship began in 2003, we have seen young cricketers across the region blossoming into their fullest potential. This past year has also yielded great success with Team Guyana winning the 2006 Tournament and taking five of the six TCL Individual Awards, including Man of the Match.

And our contribution to Under 19 West Indies Cricket does not end there. We have also put our sponsorship behind the awards at the West Indies Players’ Association’s Annual Ceremony. We were there to reward the Guyana team for its all round success as our TCL award for Under 19 Player of the Year went to Veersammy Permaul and Team Guyana received the award for TCL Group Team of the Year (2006).

Our commitment to supporting and recognizing excellence in our youth stands firm and our drive to be part of a legacy of success for our region lives on.

Well played

Our commitment to excellence demands that we constantly assess ourselves and challenge ourselves to achieve higher standards of performance. The measure of our success must be right if we are to ensure that we are building a performance ethic that will produce true excellence.

This was the driving thrust behind the review of our Performance Management Policies and Systems in 2005. Until that time our system was based solely on the measurement of the quantitative aspects of performance. Reviewing the system led to an upgrade which would encompass a broader approach to maximizing our human capital. This approach also aligns perfectly with our strategic corporate direction. By 2006, the new Performance Appraisal System was fully implemented for Senior Managers and Senior Staff across the TCL Group. This new System was introduced on a pilot basis and included a new programme of "360° assessments".

360° feedback assessments are powerful tools for helping individuals improve, grow, and develop their interpersonal skills and behavioural competencies. Compared to traditional performance evaluation systems which can be subjective and somewhat ineffective in providing true and objective feedback, the 360° feedback assessment process includes assessment input from supervisors, co-workers, clients and subordinates and is therefore valuable in improving organisational and individual performance.

In order to align and integrate all aspects of performance management within the Group, our Recruitment and Selection and our Training and Development policies and procedures are also being modified. Like the new 360° appraisal assessments, our recruitment and training procedures are being tailored to assess key behavioural competencies such as Leadership, Innovation, Initiative, Ownership, Results Orientation and Relationship Management. These behavioural competencies are supported by the Group's core business values of Honesty and Integrity, Fairness and Equity, Mutual Respect and Support, Accountability and Responsibility and Trust and Transparency.

This new performance management system is now fully entrenched across the Group and will go a long way towards benefiting and improving every employee and towards enhancing our greater overall success.

Management Proxy Circular

REPUBLIC OF TRINIDAD AND TOBAGO
The Companies Act, 1995
(Section 144)

1. **Name of Company:**
   TRINIDAD CEMENT LIMITED   Company No: T-51(C)

2. **Particulars of Meeting:**
   The Annual Meeting of the company to be held on 9th May, 2007 at 4:30 p.m. at the Training Room, TCL Compound, Southern Main Road, Claxton Bay.

3. **Solicitation:**
   It is intended to vote the Proxy solicited hereby unless the Shareholder directs otherwise in favour of all resolutions specified therein.

4. **Any Director's Statement Submitted Pursuant to Section 76(2):**
   No statement has been received from any Director pursuant to Section 76(2) of The Companies Act, 1995.

5. **Any Auditor's Statement Submitted Pursuant to Section 171(1):**
   No statement has been received from the Auditors of the company pursuant to Section 171(1) of The Companies Act, 1995.

6. **Any Shareholder's Proposal and/or Statement Submitted Pursuant to Section 116(a) and 117(2):**
   No proposal has been received from any Shareholder pursuant to Sections 116(a) and 117(a) of The Companies Act, 1995.

Date	Name and Title	Signature
26th March, 2007	**Alan Nobie**, *Secretary*	

Directors' Report

The directors have pleasure in submitting their Report and the Audited Financial Statements for the year ended 31st December, 2006.

Financial Results

Financial Results	TT$'000
Turnover	1,719,002
Net Earnings for the Year	145,665
Dividends Paid	12,488

Trinidad Cement Limited Board of Directors. Directors' Interest (Ordinary Shares of TCL)

Name	Position	Holdings at 31-12-06	Name	Position	Holdings at 31-12-06
A. J. Bhajan	*Chairman*	Nil	J. McFarlane	*Director*	Nil
K. Awong	*Director*	Nil	L. Navarro	*Director*	Nil
R. Bertrand	*Group CEO*	567,208	Y. Omar	*Director*	340,000
D. Boyce	*Director*	Nil	E. Williams	*Director*	11,125
E. Carrington	*Director*	Nil	B. Young	*Director*	Nil

Dividends

Based on the results for the year, the Board has approved a final dividend of six (6) cents per ordinary share. No interim dividend was paid. The dividend for the year is six (6) cents, compared to the dividend of fifteen (15) cents paid for 2005.

The dividend will be paid on 25th May, 2007 to shareholders on the Register of Ordinary Shareholders at the close of business on 11th May, 2007. The register of members and transfer books will be closed from 11th May, 2007 to 15th May, 2007, inclusive.

Substantial Interests

	No. of Ordinary Shares Held at 31-12-05	% of Issued Share Capital
Sierra Trading (Cemex S.A. de C.V.)	49,953,027	20.00
The National Insurance Board	25,367,032	10.16
Baleno Holdings Inc	20,500,000	8.21

(A substantial interest means a beneficial holding of 5% or more of the issued share capital of the Company).

Service Contracts & Directors

No service contracts exist nor have been entered into by the Company and any of its Directors.

Directors

- In accordance with Clause 4.4.2 of By Law No. 1, Mr. Darcy Boyce having been appointed by the Board to fill a casual vacancy, is subject to re-election at the Annual Meeting for a period up to the conclusion of the third Annual Meeting following.
- In accordance with Clause 4.6.1 of By Law No. 1, Ms. Eutrice Carrington and Messrs. Jeffrey McFarlane and Leopoldo Navarro retire by rotation and being eligible, offer themselves for re-election for a period up to the conclusion of the third Annual Meeting following.

Auditors

The Auditors, Ernst & Young, retire and, being eligible, offer themselves for re-election.

By Order of the Board
Alan Nobie, *Secretary*

Independent Auditors' Report

To the shareholders of Trinidad Cement Limited

We have audited the accompanying consolidated financial statements of Trinidad Cement Limited and its subsidiaries ("the Group") which comprise the consolidated balance sheet as at 31st December, 2006 and the consolidated statement of earnings, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. We did not audit the financial statements of TCL Trading Limited, a wholly owned subsidiary, which statements reflect 11.11% and 5.57% of consolidated revenues and profit before tax for the year ended 31st December, 2006, respectively. Those statements were audited by KPMG whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for TCL Trading Limited, is based solely on the report of the other auditors.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31st December 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst + Young

Port of Spain
TRINIDAD:
16th March, 2007

Consolidated Balance Sheet

as at 31st December, 2006
Expressed in Thousands of Trinidad and Tobago dollars

	Notes	2006	2005
Non-current assets			
Property, plant and equipment	7	1,898,816	1,655,109
Investments	8	50	50
Intangible assets	9	223,262	223,262
Pension plan asset	10b)	185,921	166,386
Deferred tax asset	5d)	143,308	121,117
		2,451,357	2,165,924
Current assets			
Inventories	11	422,485	396,610
Receivables and prepayments	12	172,818	139,323
Cash investments	13	155,581	214,701
Cash at bank		27,730	31,592
		778,614	782,226
Current liabilities			
Bank advances	14	151,516	125,480
Payables and accruals	15	296,838	265,270
Current portion of medium and long term financing	16	70,346	67,100
		518,700	457,850
Net current assets		259,914	324,376
Non-current liabilities			
Medium and long term financing	16	1,183,620	1,114,492
Swap obligation	16	166	4,170
Post-retirement obligations	10b)	8,538	6,729
Deferred tax liability	5d)	251,453	225,791
		1,443,777	1,351,182
Total net assets		1,267,494	1,139,118

The accompanying notes form an integral part of these financial statements.

Consolidated Balance Sheet

as at 31st December, 2006
Expressed in Thousands of Trinidad and Tobago dollars

(continued)	Notes	2006	2005
Equity attributable to the parent			
Stated capital	17a)	466,206	466,206
ESOP shares		(34,770)	(36,111)
Other reserves	17b)	(121,137)	(113,315)
Retained earnings		848,682	715,061
		1,158,981	1,031,841
Minority interests		108,513	107,277
Total equity		1,267,494	1,139,118

The accompanying notes form an integral part of these financial statements.

On 16th March, 2007 the Board of Directors of Trinidad Cement Limited authorised these financial statements for issue.

Andy J. Bhajan ______________ Director

______________ Director

Consolidated Statement of Earnings

for the year ended 31st December, 2006
Expressed in Thousands of Trinidad and Tobago dollars

	Notes	2006	2005
Revenue	25.1	1,719,002	1,429,834
Operating profit before cement claims	3	295,114	183,930
Cement claims	3	(30,271)	–
Operating profit after cement claims		264,843	183,930
Finance costs – net	4	(104,355)	(97,131)
Profit before taxation		160,488	86,799
Taxation	5	(8,721)	66,968
Profit after taxation		151,767	153,767
Attributable to:			
Shareholders of the parent		145,665	160,326
Minority interests		6,102	(6,559)
		151,767	153,767
Earnings per share:			
Basic and diluted (cents)	6	60	66

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31st December, 2006
Expressed in Thousands of Trinidad and Tobago dollars

	Notes	Equity attritutable to the Parent						
		Unallocated ESOP shares	Stated capital	Other reserves	Retained earnings	Total	Minority interests	Total equity
Year ended 31st December, 2006								
Balance at 1st January, 2006		(36,111)	466,206	(113,315)	715,061	1,031,841	107,277	1,139,118
Currency translation and other adjustments	17	–	–	(10,676)	–	(10,676)	(4,051)	(14,727)
Change in fair value of swap net of tax	17	–	–	2,854	–	2,854	–	2,854
Allocation to employees and sale of ESOP shares net of dividends	19	1,341	–	–	444	1,785	–	1,785
Profit after tax		–	–	–	145,665	145,665	6,102	151,767
Dividends	18	–	–	–	(12,488)	(12,488)	(815)	(13,303)
Balance at 31st December, 2006		**(34,770)**	**466,206**	**(121,137)**	**848,682**	**1,158,981**	**108,513**	**1,267,494**
Balance at 1st January, 2005		(38,573)	466,206	(96,055)	607,796	939,374	122,341	1,061,715
Currency translation and other adjustments	17	–	–	(14,187)	–	(14,187)	(4,857)	(19,044)
Change in fair value of swap	17	–	–	(3,073)	–	(3,073)	–	(3,073)
Allocation to employees and sale of ESOP shares net of dividends	19	2,462	–	–	1,888	4,350	–	4,350
Profit after tax		–	–	–	160,326	160,326	(6,559)	153,767
Dividends	18	–	–	–	(54,949)	(54,949)	(3,648)	(58,597)
Balance at 31st December, 2005		(36,111)	466,206	(113,315)	715,061	1,031,841	107,277	1,139,118

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31st December, 2006
Expressed in Thousands of Trinidad and Tobago dollars

	Notes	2006	2005
Cash from operations	21	332,825	309,978
Taxation paid		(5,426)	(25,378)
Interest expense paid net of interest income received		(95,588)	(114,045)
Net cash generated by operating activities		231,811	170,555
Investing activities			
Additions to property, plant and equipment	7	(381,742)	(309,572)
Proceeds from disposal of plant and equipment		913	886
Funding of ESOP		1,785	4,350
Net cash used in investing activities		(379,044)	(304,336)
Financing activities			
Proceeds from new loans		128,878	387,140
Repayment of loans		(58,568)	(29,465)
Dividends paid	18	(12,488)	(54,949)
Minority interests net flows		(815)	(3,648)
Net cash generated by financing activities		57,007	299,078
(Decrease)/increase in cash and cash equivalents		(90,226)	165,297
Cash and cash equivalents - beginning of year		120,813	(44,385)
Exchange rate adjustment - opening cash balance		1,208	(99)
Cash and cash equivalents - end of year		31,795	120,813
Represented by:			
Cash investments		155,581	214,701
Cash at bank		27,730	31,592
Bank advances		(151,516)	(125,480)
		31,795	120,813

The accompanying notes form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31st December, 2006
Expressed in Thousands of Trinidad and Tobago dollars

1. Incorporation and activities

The parent company (Trinidad Cement Limited) is a limited liability company incorporated and resident in the Republic of Trinidad and Tobago and its shares are publicly traded on Trinidad and Tobago Stock Exchange (TTSE), Jamaica Stock Exchange (JSE), Barbados Stock Exchange (BSE) and the Eastern Caribbean Securities Exchange (ECSE). The Group (Trinidad Cement Limited and Consolidated Subsidiaries) is involved in the manufacture and sale of cement and lime, premixed concrete, packaging materials and the winning and sale of sand, gravel and gypsum. The registered office of the parent company is Southern Main Road, Claxton Bay, Trinidad.

2. Significant accounting policies

a) Basis of preparation

These consolidated financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards.

The accounting policies adopted are consistent with those of the previous year except that the Group has adopted all the new and revised IFRSs and IFRIC interpretations that are mandatory for annual accounting periods beginning on or after 1st January 2006 and which are relevant to the Group's operations. The following revised standards and interpretations were adopted:

IAS 21 – The effects of changes in foreign exchange rates
IAS 39 – Financial instruments: Recognition and measurement
IFRIC 4 – Determining whether an Arrangement contains a lease

The adoption of these revised accounting standards and interpretations has had no material effect on the Group's financial position, however has resulted in additional disclosures.

b) Basis of consolidation

These consolidated financial statements comprise the financial statements of Trinidad Cement Limited (the Parent) and its Subsidiaries as at 31st December. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent, using consistent accounting policies. Subsidiary undertakings, being those companies in which the Group, directly or indirectly, has an interest of more than one half of the voting rights, are fully consolidated from the date of acquisition being the date on which the Group obtained control. All intercompany transactions and balances and unrealised surpluses and deficits on transactions between Group companies are eliminated.

for the year ended 31st December, 2006
Expressed in Thousands of Trinidad and Tobago dollars

2. Significant accounting policies *(continued)*

b) Basis of consolidation *(continued)*

Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the statement of earnings and within equity in the consolidated balance sheet. All assets and liabilities of the subsidiaries at the date of acquisition are stated at fair value.

c) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the assets, liabilities and contingent liabilities of the acquired subsidiary undertaking at the date of acquisition. Goodwill acquired in a business combination is initially measured at cost and reported in the balance sheet as an intangible asset. Following initial recognition goodwill is measured at cost less any accumulated impairment losses, and is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash generating unit (group of cash generating units), to which the goodwill relates. Where the recoverable amount of the cash generating unit (group of cash generating units) is less than the carrying amount, an impairment loss is recognised.

Where the cost of acquisition is less than the fair value of the Group's share of the assets, liabilities and contingent liabilities of the acquired subsidiary at the date of acquisition, the difference is negative goodwill which is written off immediately to the statement of earnings.

d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is provided on the straight line basis at rates estimated to write-off the assets over their expected useful lives. The estimated useful lives of assets are reviewed periodically, taking account of commercial and technological obsolescence as well as normal wear and tear, and the depreciation rates are adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Current rates of depreciation are:

Buildings	-	2% - 4%
Plant, machinery and equipment	-	3% -25%
Motor vehicles	-	10% - 20%
Office furniture and equipment	-	10% - 25%

for the year ended 31st December, 2006
Expressed in Thousands of Trinidad and Tobago dollars

2. Significant accounting policies *(continued)*

d) Property, plant and equipment *(continued)*

Leasehold land and improvements are amortised over the remaining term of the lease. The limestone reserves contained in the leasehold land at a subsidiary is valued at fair market value determined at the date of acquisition of the subsidiary. A depletion charge is recognised based on units of production from those reserves. All other limestone reserves which are contained in lands owned by the Group are not carried at fair value but the related land is stated at historical cost.

It is the Group's policy to capitalise interest on borrowings specific to capital projects during the period of construction. In 2006, the total capitalised interest was $26.8 million (2005-$6.3 million). Repairs and renewals are expensed when the expenditure is incurred.

e) Investments

Unquoted equity investments, classified as long term, are stated at cost and provision is only made where there is an impairment in value.

f) Inventories

Plant spares, raw materials and consumables are valued at the lower of weighted average cost and net realisable value. Net realisable value is arrived at after review by technical personnel.

Work in progress and finished goods are valued at the lower of cost, including attributable production overheads, and net realisable value. Net realisable value is the estimate of the selling price less the costs of completion and direct selling expenses.

g) Foreign currency translation

These consolidated financial statements are presented in thousands of Trinidad and Tobago dollars, which is the functional and presentation currency of the Parent. Transactions originating in foreign currencies are recorded in the functional currencies of Group companies at the rates of exchange ruling at the dates of the transactions. Assets and liabilities in foreign currencies are translated at rates ruling at the balance sheet date. Differences arising therefrom are reflected in the current year's results.

Income statements of foreign entities are translated into the Group's functional and presentation currency, Trinidad and Tobago dollars, at average exchange rates for the year and the balance sheets are translated at the year end exchange rates.

Exchange differences arising from the translation of the net investment in foreign subsidiaries at the balance sheet date are taken to the currency translation account within equity.

2. Significant accounting policies *(continued)*

h) Deferred expenditure

The cost of installed refractories, chains and grinding media is amortised over a period of six to twelve months to match the estimated period of their economic usefulness.

i) Segment information

The Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices. Revenues are attributable to geographic areas based on the location of the assets producing the revenues.

j) Financial instruments and financial risks factors

Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, trade creditors and borrowings and are stated at their approximate fair values determined in accordance with the policy statements disclosed.

Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity prices, interest rates, market liquidity and foreign currency exchange rates which may be accentuated by the Group's substantial foreign operations, the earnings of which are denominated in foreign currencies. Accordingly, the Group's financial performance and position are exposed to changes in the financial markets. Overall risk management measures are focused on minimising the potential adverse effects on the financial performance of the Group from changes in the financial markets and to this end the Group will employ hedging strategies to the extent they are cost effective. To the extent that financial risks cannot be fully hedged, the Group remains exposed with respect to its financial performance and position.

k) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as interest rate swaps to hedge its risk associated with interest rate fluctuations. Such derivative financial instruments are recognised initially at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets or liabilities. Any gains or losses

for the year ended 31st December, 2006
Expressed in Thousands of Trinidad and Tobago dollars

2. Significant accounting policies *(continued)*

k) Derivative financial instruments and hedging *(continued)*

arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the earnings statement.

The Group has entered into a cashflow hedge relationship to hedge its exposure to variability in cashflows arising from a portion of floating rate debt. Gains or losses on derivatives that meet the strict criteria for hedge accounting are taken to equity from where amounts are transferred to the earnings statement to offset fluctuations in revenue or expense from the underlying hedged item as it is recognised.

l) Leases

Operating leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of earnings on a straight-line basis over the period of the lease.

Finance leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased assets or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

m) Taxation

The taxation charge for the current year is based on the results for the year as adjusted for items, which are non-assessable or disallowed. The taxation charge is calculated using the tax rate in effect at the balance sheet date.

A deferred tax charge is provided, using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

for the year ended 31st December, 2006
Expressed in Thousands of Trinidad and Tobago dollars

2. Significant accounting policies *(continued)*

m) Taxation *(continued)*

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profit will be available against which these deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

n) Pension plans and post-retirement medical benefits

Defined benefit pension plans are generally funded by payments from employees and by the relevant Group companies, taking into account the recommendations of independent actuaries.

For defined benefit plans, the pension accounting costs are assessed using the projected unit credit method. Under this method, the annual cost of providing pensions is charged to the statement of earnings so as to spread the regular cost over the service lives of employees in accordance with the advice of independent actuaries who carry out a full valuation of the plans every three years. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturities approximating the terms of the related liabilities. All actuarial gains and losses to be recognised are spread forward over the average remaining service lives of employees.

Defined contribution plans are accounted for on the accrual basis, as the Group's liabilities are limited to its contributions.

Certain subsidiaries provide post-retirement healthcare benefits to their retirees. The expected costs of these benefits are measured and recognised in a manner similar to that for defined benefit pension plans. Valuation of these obligations is carried out by independent actuaries.

o) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is presented, net of applicable taxes, returns and discounts, and is recognised upon delivery of products or performance of services and customer acceptance. Interest and investment income are recognised as they accrue unless collectibility is in doubt.

for the year ended 31st December, 2006
Expressed in Thousands of Trinidad and Tobago dollars

2. Significant accounting policies *(continued)*

p) Trade receivables

Trade receivables are carried at anticipated realisable value. Provision is made for specific doubtful receivables based on a review of all outstanding amounts at the year-end.

q) Borrowings

Borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. In subsequent periods, borrowings are stated at amortised cost using the effective interest method, any differences between proceeds and the redemption value is recognised in the statement of earnings over the period of the borrowings.

r) Provisions

Provisions are recorded when the Group has a present or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

s) Earnings per share

Earnings per share are computed by dividing net profit for the year attributable to shareholders of the parent, by the weighted average number of ordinary shares in issue during the year.

t) Cash and cash equivalents

Cash and cash equivalents include all cash and bank balances/advances, cash investments and overdraft balances with maturities of less than three months from date of establishment.

u) Equity compensation benefits

The Group accounts for profit sharing entitlements which are settled in the shares of the parent company through an Employee Share Ownership Plan (ESOP) as an expense determined at market value. The cost incurred in administering the Plan is recorded in the earnings statement of the parent company. The cost of the unallocated shares of the parent company is recognised as a separate component within equity.

v) Use of estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2. Significant accounting policies *(continued)*

w) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. Recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. Impairment losses are recognised in the statement of earnings.

x) Significant accounting judgements, estimates and assumptions

In the process of applying the Group's accounting policies, management makes certain judgements, estimates and assumptions concerning the future that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities. The most significant of these are described below:

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimate of the value in use of the cash generating units to which goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of these cash flows.

Deferred tax assets

In recognising a deferred tax asset for unused tax losses, management uses judgement to determine the probability that future taxable profits will be available to facilitate utilisation of these unused tax losses.

Pension and post-retirement benefits

The cost of defined benefit pension plans and other post retirement benefits is determined using actuarial valuations. The Group's independent actuaries use judgement and assumptions in determining discount rates, expected rates of return on assets, future salary increases and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

for the year ended 31st December, 2006
Expressed in Thousands of Trinidad and Tobago dollars

2. Significant accounting policies *(continued)*

x) Significant accounting judgements, estimates and assumptions *(continued)*

Property, plant and equipment

Management exercises judgement in the annual review of the useful lives of all categories of property, plant and equipment.

3. Operating profit

	2006	2005
Revenue	1,719,002	1,429,834
Less expenses:		
Personnel remuneration and benefits	330,296	297,972
Other operating expenses	392,122	388,607
Fuel and electricity	300,497	262,778
Raw materials and consumables	347,063	177,791
Depreciation	116,370	113,732
Impairment of goodwill	–	2,458
Changes in finished goods and work in progress	(43,942)	8,356
	276,596	178,140
Other income (see note below)	18,518	5,790
Operating profit	295,114	183,930
Personnel remuneration and benefits include:		
Salaries and wages	283,129	265,277
Other benefits	40,984	27,398
Statutory contributions	14,342	14,611
Pension costs – defined contribution plan	3,805	4,140
Termination benefits	(120)	1,373
Pension costs – defined benefit plans (Note 10a)	(11,844)	(14,827)
	330,296	297,972
Operating profit is stated after deducting directors' fees of:		
Directors' fees	1,971	1,370
Other income includes:		
Port rental	793	–
Delivery and trucking services	12,608	3,297
Loss from disposal of property, plant and equipment	(32)	(2,106)
Miscellaneous income	5,149	4,599
	18,518	5,790

for the year ended 31st December, 2006
Expressed in Thousands of Trinidad and Tobago dollars

3. Operating profit *(continued)*

During February 2006, a quantity of non-conforming cement was released to the market by our subsidiary company in Jamaica. The company has received claims for damages from customers who used this cement in construction projects and has estimated an amount of $30.3 million to settle these claims.

4. Finance costs - net

	2006	2005
Interest expense	121,502	119,019
Interest income	(1,770)	(1,100)
Accretion in value of bond redemption options	(20,867)	(24,142)
	98,865	93,777
Foreign currency exchange loss	5,490	3,354
	104,355	97,131

5. Taxation

a) Taxation charge

	2006	2005
Deferred taxation (Note 5c)		
Impact of tax rate change	–	(25,476)
Valuation adjustment	–	(42,025)
Reversal of other temporary differences	3,626	(6,962)
	3,626	(74,463)
Current taxation	5,095	7,495
	8,721	(66,968)

b) Reconciliation of applicable tax charge to effective tax charge

	2006	2005
Profit before taxation	160,488	86,799
Tax calculated at 25% (2005-30%)	40,122	26,040
Net effect of other charges and disallowances	(1,731)	2,503
Impact of income not subject to tax	(30,629)	(30,414)
Tax not previously recognised	–	(42,025)
Business and green fund levies	1,643	2,151
Change in tax rate (see note below)	–	(25,476)
Effect of different tax rates outside Trinidad and Tobago	(684)	253
Effective taxation charge/(credit)	8,721	(66,968)

for the year ended 31st December, 2006
Expressed in Thousands of Trinidad and Tobago dollars

5. Taxation *(continued)*

b) Reconciliation of applicable tax charge to effective tax charge *(continued)*

In 2005, the authorities in Trinidad and Tobago enacted a reduction in the rate of corporation tax from 30% to 25% effective from fiscal year 2006. Accordingly, the deferred tax balances of Trinidad and Tobago resident companies were recalculated using the lower 25%, being the rate at which the deferred tax balances are expected to be settled or realised. This has resulted in a deferred tax credit of $25.4 million in the statement of earnings of the Group for 2005.

Trinidad Cement Limited has tax losses of $288 million (2005-$207 million) available for set off against future taxable profits.

Arawak Cement Company Limited is exempt from the payment of corporation tax of up to a total of $11.8 million (2005-$22.5 million) for the period up to September 2007.

Caribbean Cement Company Limited and its subsidiaries have tax losses of $70.5 million (2005 - $43.2 million) available for set off against future taxable profits.

Readymix (West Indies) Limited and its subsidiaries have tax losses of $29.2 million (2005 - $42.4 million) available for set off against future taxable profits.

c) Movement in deferred tax net balance:

	2006	2005
Net balance at 1st January	(104,674)	(181,154)
Exchange rate and other adjustment	155	2,017
Impact of tax rate change	–	25,476
Valuation adjustment of deferred tax balances	–	42,025
Charge/(credit) to earnings	(3,626)	6,962
Net balance at 31st December	(108,145)	(104,674)

for the year ended 31st December, 2006
Expressed in Thousands of Trinidad and Tobago dollars

5. Taxation *(continued)*

	2006	2005
d) Deferred tax asset/(liability) arises from:		
Accelerated capital allowances for tax purpose	(193,589)	(184,232)
Pension assets	(46,285)	(41,559)
Others	(11,579)	–
Balance at 31st December	(251,453)	(225,791)
Deferred tax asset relates to:		
Tax losses carry forward	100,588	73,999
Capital allowance carry forward	42,678	42,541
Provisions	–	3,552
Swap obligation	42	1,025
Balance at 31st December	143,308	121,117

In 2005, the Group recognised a net deferred tax asset of $42.5 million at Arawak Cement Company Limited representing capital allowances available to the company that are very likely to be utilised in the immediate years after September 2007 when the company's current exemption from the payment of corporation taxes will end. The recognition of the net deferred tax asset resulted in a corresponding deferred tax credit of $42.5 million to the statement of earnings of the Group for 2005.

6. Earnings per share

	2006	2005
Net profit attributable to shareholders of the parent	145,665	160,326
Weighted average number of ordinary shares issued (thousands)	244,574	244,412
Earnings per share – basic and diluted (cents)	60	66

Effective December 2001, balances of the TCL Employee Share Ownership Plan relating to the unallocated shares held by the Plan have been consolidated with the financial statements of the Group. The average number of unallocated shares of 5.191 million (2005: 5.283 million) held by the Plan during the year is deducted in computing the weighted average number of ordinary shares in issue. The Group has no dilutive potential ordinary shares in issue.

for the year ended 31st December, 2006
Expressed in Thousands of Trinidad and Tobago dollars

7. Property, plant and equipment

	Land and buildings	Plant, machinery and equipment and motor vehicles	Office furniture and equipment	Capital work in progress	Total
At 31st December, 2006					
Cost	433,090	1,976,084	89,723	344,934	2,843,831
Accumulated depreciation	(118,520)	(767,403)	(59,092)	–	(945,015)
Net book amount	314,570	1,208,681	30,631	344,934	1,898,816
Net book amount					
1st January, 2006	325,161	999,066	20,288	310,594	1,655,109
Exchange rate adjustment	(7,211)	(7,482)	(439)	(5,588)	(20,720)
Additions	7,634	315,817	18,363	39,928	381,742
Disposals and adjustments	–	(945)	–	–	(945)
Depreciation charge	(11,014)	(97,775)	(7,581)	–	(116,370)
31st December, 2006	**314,570**	**1,208,681**	**30,631**	**344,934**	**1,898,816**
At 31st December, 2005					
Cost	434,716	1,675,873	72,383	310,594	2,493,566
Accumulated depreciation	(109,555)	(676,807)	(52,095)	–	(838,457)
Net book amount	325,161	999,066	20,288	310,594	1,655,109
Net book amount					
1st January, 2005	340,403	1,018,078	11,179	114,183	1,483,843
Exchange rate adjustment	(8,999)	(7,331)	(166)	(3,412)	(19,908)
Additions	5,106	84,448	15,585	204,433	309,572
Disposals and adjustments	(707)	719	(68)	(4,610)	(4,666)
Depreciation charge	(10,642)	(96,848)	(6,242)	–	(113,732)
31st December, 2005	325,161	999,066	20,288	310,594	1,655,109

The net carrying value of assets held under finance leases within property, plant and equipment amounted to $20 million (2005 - $11. 6 million) as at 31st December, 2006.

for the year ended 31st December, 2006
Expressed in Thousands of Trinidad and Tobago dollars

	2006	2005
8. Investments		
Unquoted equity investments	50	50
9. Intangible assets		
Goodwill		
Opening net book amount	223,262	225,184
Other movement	–	536
Impairment charge	–	(2,458)
Closing net book amount	223,262	223,262
Cost	268,673	268,673
Accumulated impairment	(45,411)	(45,411)
Net book amount	223,262	223,262

Impairment testing of goodwill

Goodwill was acquired through business combinations with Caribbean Cement Company Limited and Readymix (West Indies) Limited. The recoverable amount of business units has been determined based on value in use calculations using cash flow projections based on financial budgets approved by the Board of Directors covering a five-year period.

The pre-tax discount rate applied to the cash flow projections for Caribbean Cement Company Limited is 18.4% and cash flows beyond the 5-year period are extrapolated using a 1.5% growth rate that reflects growth rate of the underlying economy. The pre-tax discount rate applied to the cash flow projections for a critical subsidiary of Readymix (West Indies) Limited is 11.75% and cash flows beyond the 5-year period are extrapolated using a 1% growth rate that reflects growth rate of the underlying economy.
The calculation of value in use are most sensitive to assumptions regarding market share and gross margins:

Market share - It is assumed that the respective business units will at least maintain their current levels of market share over the projection period.

Gross margins - It is assumed that the business units will be able to at least maintain their current gross margins over the projection period with the ability to adjust selling prices to compensate for increasing input prices.

for the year ended 31st December, 2006
Expressed in Thousands of Trinidad and Tobago dollars

10. Pension plans and other post-retirement benefits

The numbers below are extracted from information supplied by independent actuaries.

a) Amounts recognised in the statement of earnings in respect of pension costs

	2006	2005
Current service cost	15,084	14,171
Interest cost	29,520	23,747
Expected return on plan assets	(56,030)	(50,690)
Amortised net gain	(418)	(2,055)
Total, included in personnel remuneration and benefits (Note 3)	(11,844)	(14,827)
Actual return on plan assets	13,719	24,932

b) Pension plan assets and liabilities and other post retirement obligations:

	2006	2005
Pension plan assets	185,921	166,386
Pension plan liabilities and post retirement obligations:		
Retiree's medical benefit obligations	(8,197)	(6,615)
Pension plan liabilities	(341)	(114)
Total post retirement obligations	(8,538)	(6,729)

c) Movement in pension plan assets/(liabilities)

	2006	2005
Balance at 1st January	166,272	144,799
Total credits for the year	11,844	14,827
Contributions paid	7,464	6,646
Balance at 31st December	185,580	166,272
Pension plan assets	185,921	166,386
Pension plan liabilities	(341)	(114)
Pension plan assets - net	185,580	166,272

for the year ended 31st December, 2006
Expressed in Thousands of Trinidad and Tobago dollars

10. Pension plans and other post-retirement benefits *(continued)*

c) Movement in pension plan assets/(liabilities) *(continued)*

	2006	2005
Net pension plan asset/(liability)		
Defined benefit obligation	(407,527)	(388,218)
Fair value of plan assets	615,131	630,055
Surplus	207,604	241,837
Unrecognised actuarial gain	(22,024)	(75,565)
Net pension plan asset	185,580	166,272

Changes in the present value of the defined benefit obligation are as follows:

	2006	2005
Defined benefit obligation at 1st January	(388,218)	(371,046)
Interest cost	(29,523)	(23,747)
Current service cost	(15,991)	(15,052)
Actuarial loss	16,508	13,857
Benefits paid	13,453	10,492
Employer and employees' contribution	(4,012)	(3,686)
Expense allowance	1,071	989
Past service cost	(735)	(25)
Exchange differences	(80)	–
Defined benefit obligation at 31st December	(407,527)	(388,218)
Fair value of plan assets at 1st January	630,055	603,488
Expected return	56,006	50,688
Actuarial loss	(68,895)	(24,022)
Benefits paid	(13,340)	(10,492)
Employer and employees' contribution	12,287	11,382
Expense allowance	(1,071)	(989)
Exchange difference	89	–
Fair value of plan assets at 31st December	615,131	630,055

The company expects to contribute $7.96 million to its defined benefit plan in 2007.

for the year ended 31st December, 2006
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10. Pension plans and other post-retirement benefits *(continued)*

c) Movement in pension plan assets/(liabilities) *(continued)*

Major categories of plan assets as a percentage of fair value:

	2006	2005
Equities	45%	53%
Debt	39%	33%
Property	1%	1%
Other	15%	13%

The Trinidad Cement Limited Employees' Pension Fund Plan, a defined benefit plan, is sectionalised for funding purposes into three segments to provide retirement pensions to the retirees of Trinidad Cement Limited ("TCL"), TCL Packaging Limited ("TPL") and Readymix (West Indies) Limited ("RML"). Another pension plan, resident in Barbados, covers the employees of Arawak Cement Company Limited and Premix and Precast Concrete Incorporated.

The parent company's employees and employees of TCL Packaging Limited and Readymix (West Indies) Limited are members of the Trinidad Cement Limited Employees' Pension Fund Plan. This is a defined benefit Pension Plan which provides pensions related to employees' length of service and basic earnings at retirement. The Plan's financial funding position is assessed by means of triennial actuarial valuations carried out by an independent actuary. The last such valuation was carried out as at 31st December, 2003 and the results revealed that the Trinidad Cement Limited section was in surplus by $99.1 million but the TCL Packaging Limited and Readymix (West Indies) Limited sections were in deficit by $1.5 million and $3.3 million respectively.

The directors of Trinidad Cement Limited agreed in December 2005 to transfer an aggregate of $2.2 million of Pension Plan assets from the TCL section to the sections for TCL Packaging Limited and Readymix (West Indies) Limited in the amounts of $1.0 million and $1.2 million, respectively. This was to reduce the cash contributions payable by these subsidiaries up to December 31, 2006. This transfer has resulted in a net charge to the Group of $560,000 in the statement of earnings for 2005.

The service contribution rates for TCL, TPL and RML as a percentage of salaries will remain at 6%, 11.1% and 14.5% respectively.

Employees of Arawak Cement Company Limited are members of a defined benefit pension plan, which became effective in September 1994. The plan is established under an irrevocable trust and its assets are invested through an independently administered segregated fund policy. The triennial actuarial valuation was last carried out at September 2000 and established an unfunded liability in respect of past service cost of $2.2 million. The actuary has recommended that the company and employees fund this liability and future service benefits at 7% of members' earnings.

A roll-forward valuation for both defined benefit plans, using assumptions indicated below, was done as at 31st December, 2006 for the sole purpose of preparing these financial statements.

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10. Pension plans and other post-retirement benefits *(continued)*

c) Movement in pension plan assets/(liabilities) *(continued)*

Principal actuarial assumptions used are as follows:	2006	2005
Discount rate	8 - 8.75%	7%-7.5%
Expected return on plan assets	8 - 10%	7% - 9%
Rate of future salary increases	7 - 7.75%	6%-6.75%
Rate of future pension increases	3.5 - 4%	2.5% - 3%

Caribbean Cement Company Limited operates a defined contribution Pension Plan for all permanent employees. This plan is managed by an independent party.

d) Other post-retirement benefits

	2006	2005
The retirees' medical benefit liabilities are derived as follows:		
Defined benefit obligation	15,009	12,706
Unrecognised loss	(6,812)	(6,091)
Defined benefit obligation	8,197	6,615
Movement in the retirees' medical benefit liabilities:		
Opening balance	6,615	5,341
Total expense for the year	1,915	1,588
Contributions paid	(333)	(314)
Retirees' medical benefit liabilities	8,197	6,615
Changes in the present value of the benefit obligation are as follows:		
Defined benefit obligation at 1st January	(12,706)	(11,230)
Interest cost	(972)	(720)
Current service cost	(623)	(551)
Actuarial loss	(1,041)	(519)
Benefits paid	333	314
Defined benefit obligation at 31st December	(15,009)	(12,706)

Expected benefits to be paid in 2007 amounts to $0.360 million.

Principal actuarial assumptions as at December 31st were:

Discount rate	8.75%	7.75%
Medical expense inflation	7.75%	6.75%

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11. Inventories

	2006	2005
Plant spares	162,938	150,702
Raw materials and work in progress	119,688	110,918
Consumables	80,926	98,525
Finished goods	58,933	36,465
	422,485	396,610

Inventories are shown as net of provision of $13.6 million (2005-$16.7 million).

12. Receivables and prepayments

	2006	2005
Trade receivables	133,562	98,882
Less: provision for doubtful debts	(17,412)	(16,209)
Trade receivables (net)	116,150	82,673
Sundry receivables and prepayments	35,421	37,831
Deferred expenditure	12,974	10,776
Taxation recoverable	8,273	8,043
	172,818	139,323

13. Cash investments

Cash investments represent cash held specifically for the financing of the Group's expansion and modernisation project and can only be used for that purpose. These investments are normally in the form of 30-day cash instruments.

14. Bank advances

	2006	2005
Bankers' acceptances and other advances	136,840	102,148
Overdraft	14,676	23,332
	151,516	125,480

Bank advances of $14.5 million are secured by certain fixed assets of the Group, all remaining advances are unsecured. The advances are denominated in Trinidad and Tobago dollars, Jamaican dollars, Barbados dollars and United States dollars with rates of interest in the range of 6.75% to 22% per annum. The 22% rate of interest relates to overdraft borrowings by the subsidiary in Jamaica.

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15. Payables and accruals

	2006	2005
Sundry payables and accruals	200,043	170,284
Trade payables	85,629	86,550
Statutory obligations – Jamaica Subsidiary	7,243	4,412
Taxation payable	3,923	4,024
	296,838	265,270

16. Medium and long term financing

	2006	2005
Maturity of borrowings:		
One year	70,346	67,100
Two years	184,327	173,354
Three years	295,257	257,956
Four years	101,218	70,065
Five years and over	602,818	613,117
	1,253,966	1,181,592
Current portion	(70,346)	(67,100)
	1,183,620	1,114,492
Type of borrowings:		
Bonds	706,782	759,099
Project financing	495,687	367,852
Term loans	36,324	39,577
Finance lease obligations	15,173	15,064
	1,253,966	1,181,592
Currency denomination of borrowings		
US dollar	199,576	72,709
Local currencies	1,054,390	1,108,883
	1,253,966	1,181,592
Interest rate profile		
Fixed rates	1,226,142	1,153,078
Floating rates	27,824	28,514
	1,253,966	1,181,592
The weighted average effective interest rate for medium and long term financing is:	8.9%	9.15%

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16. Medium and long term financing *(continued)*

Bonds

Barbados$50 million Bond

This bond, with current book value of TT$102.4 million, is secured by a charge on the fixed and floating assets of Arawak Cement Company Limited, is repayable by 18 equal semi-annual instalments commencing in March 2008. The bond may be drawn in tranches at which time the rate of interest is fixed based on Government of Barbados Debenture or Treasury Notes plus 0.90%. The rates of interest for the drawn amounts are 7.4% on B$15.6 million and 7.75% on B$18.0 million.

TT$346.5 million Bond

This bond, with current book value of TT$274.4 million, is secured by a charge on the fixed and floating assets of the Group, is repayable by 20 equal semi-annual instalments of TT$17.3 million ending in August 2014 and carries a fixed rate of interest of 6.87% per annum.

TT$247.6 million Bond

This bond, with current book value of TT$216.1 million, is secured by a charge on the fixed and floating assets of the Group. It carries a fixed effective rate of interest of 14.08% per annum payable semi-annually with principal repayable by one lumpsum amount of TT$185.2 million in June 2009.

TT$127.4 million Bond

This bond, with current book value of TT$113.8 million, is secured by a charge on the fixed and floating assets of the Group. It carries a fixed effective rate of interest of 13.9% per annum payable semi-annually with principal repayable by one lumpsum amount of TT$96.8 million in February 2008.

Project financing

The Group has secured a loan package amounting to US$105 million for funding of the expansion and modernisation capital projects at Trinidad Cement Limited and at Caribbean Cement Company Limited. The loans are secured by a first charge on the specific plants to be constructed and a second ranking charge on the other fixed and floating assets of the Group in addition to the maintenance of several financial ratios and covenants.

TT$315 million Project Bond

This bond, with current book value of TT$308.7 million, is secured by a charge on certain fixed assets of the Group, is repayable by 18 equal semi-annual instalments of TT$17.5 million commencing in March 2009 and carries a fixed rate of interest of 6.71% per annum.

16. Medium and long term financing *(continued)*

US$25 million Project 'A' Loan

This loan, with current book value of TT$68.4 million, is secured by a charge on certain fixed assets of the Group, is repayable by 18 equal semi-annual instalments of US$1.389 million commencing in October 2008 and carries a floating rate of interest of 6-month Libor plus 225 basis points. At December 31st 2006, US$11.6 million of the available US$25 million loan was drawn down.

US$10 million Project 'C' Loan

This loan, with current book value of TT$61.2 million, is secured by a charge on certain fixed assets of the Group, is repayable by 2 installments of US$5 million each in April 2016 and in April 2017. It carries a floating rate of interest of 6-month Libor plus 100 basis points. In addition to interest, the lender is entitled to an additional annual margin capped at 600 basis points above Libor calculated on the excess Earnings before Interest, Taxes, Depreciation and Amortisation ('Ebitda') of Caribbean Cement Company Limited over US$27.7 million from 2008 to the end of the loan. At December 31st 2006, the full US$10 million of the loan was drawn down.

US$20 million Project 'Parallel' Loan

This loan, with current book value of TT$57.3 million, is secured by a charge on certain fixed assets of the Group, is repayable by 18 equal semi-annual installments of TT$1.1 million commencing in October 2008 and carries a floating rate of interest of 6-month Libor plus 225 basis points. At December 31st, 2006, US$9.4 million of the available US$20 million loan was drawn down.

Interest rate swap

In order to hedge against the floating interest rate risk of the 'Project' US$ loans, the Group has entered into interest rate swap agreements for the full value and period of the loans. Under the swap agreements, the Group agreed to pay or receive from a counter party, at semi-annual intervals, the difference between the fixed and variable interest amounts, the effect of which is to effectively fix the rates of interest on the loans as follows: US$25 million Project 'A' Loan – 7.308%; US$10 million Project 'C' Loan – 6.11%; US$20 million Project 'Parallel' Loan – 7.36%. The hedge relationship and resulting cash-flows are expected to arise over the full period of the loans.

The swap instruments are carried at market values representing the present values of all future settlements under the swaps as determined by a specific formula based upon current market conditions. The carrying values, which will vary in response to changes in market conditions, are recorded as assets or liabilities with the resultant charge or credit recorded as a 'Hedging Reserve' directly in shareholders equity. At each balance sheet date, the swap instruments are marked to market and the change in value recorded in the Hedging Reserve. For each accounting period, an amount is transferred from the Hedging Reserve and charged or credited in the statement of earnings such that the overall interest expense on the related project loans is reflective of the fixed interest rates. As at December 31st, 2006, the swaps carried an aggregate value of a $0.2 million (4.2 million) liability in the books of the Group.

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16. Medium and long term financing *(continued)*

Finance leases

Included in total borrowings are the present values of finance leases amounting to $15.1 million (2005– $15.1 million). The minimum lease payments under these finance leases are as follows:

	2006	2005
Due not more than one year	5,370	4,379
Due in years two to five	11,775	11,822
Due after year five	324	1,843
Total minimum lease payments	17,469	18,044
Less: Finance charges	(2,296)	(2,980)
Total net present value	15,173	15,064

17. Stated capital and other reserves

(a) Stated capital

Authorised

An unlimited number of ordinary and preference shares of no par value

Issued and fully paid	2006	2005
249,765,136 (2005 – 249,765,136) ordinary shares of no par value	466,206	466,206

(b) Other reserves

	Currency translation account	Hedging reserve	Total other reserve
Year ended 31st December, 2006			
Balance at 1st January, 2006	(110,242)	(3,073)	(113,315)
Currency translation and other adjustments	(10,676)	–	(10,676)
Change in fair value of swap obligation	–	3,805	3,805
Deferred taxation on swap obligation	–	(951)	(951)
Balance at 31st December, 2006	**(120,918)**	**(219)**	**(121,137)**

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17. Stated capital and other reserves *(continued)*

(b) Other reserves *(continued)*

Year ended 31st December, 2005	Currency translation account	Hedging reserve	Total other reserve
Balance at 1st January, 2005	(96,055)	–	(96,055)
Currency translation and other adjustments	(14,187)	–	(14,187)
Change in fair value of swap obligation	–	(4,098)	(4,098)
Deferred taxation on swap obligation	–	1,025	1,025
Balance at 31st December, 2005	(110,242)	(3,073)	(113,315)

18. Dividends

	2006	2005
Paid 2005 Final - 5 ¢ (2004 - 10¢)	12,488	24,977
Paid 2006 Interim - 0 ¢ (2005 - 12¢)	–	29,972
	12,488	54,949

19. Employee share ownership plan (ESOP) and key management compensation

Employee share ownership plan	2006	2005
Number of shares held - unallocated (thousands)	5,087	5,283
Number of shares held - allocated (thousands)	3,631	3,435
	8,718	8,718
Fair value of shares held - unallocated	35,660	52,830
Fair value of shares held - allocated	24,453	34,350
	60,113	87,180
Cost of unallocated ESOP shares	34,770	36,111
Charge to earnings for shares allocated to employees	1,298	1,045

The parent company operates an Employee Share Ownership Plan (ESOP) to give effect to a contractual obligation to pay profit sharing bonuses to employees via shares of the parent company based on a set formula. Employees may acquire additional company shares to be held in trust by the Trustees but the costs of such purchases are for the employee's account. All employees of the parent company and certain subsidiaries are eligible to participate in the Plan which is directed, including the voting of shares, by a Management Committee comprising management of the parent company and the general membership.

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19. Employee share ownership plan (ESOP) and key management compensation *(continued)*

Independent Trustees are engaged to hold in trust all shares in the Plan as well as to carry out the necessary administrative functions.

Shares acquired by the ESOP are funded by parent company contributions. The shares so acquired with cost of $34.8 million (2005:$36.1 million) which remain unallocated to employees have been recognised in shareholders' equity under 'Unallocated ESOP Shares'. All dealings in the shares will be recognised directly in equity.

The fair value of shares was derived from the closing market price prevailing on the Trinidad and Tobago Stock Exchange at year end.

Key management compensation	2006	2005
Short-term employment benefits	10,543	11,710
Pension plan and post retirement benefits	451	448

20. Contingent liabilities

There are contingent liabilities amounting to $6.9 million for various claims against the Group. There are several pending legal actions and other claims in which the Group is involved. It is the opinion of the directors, based on the information provided by the Group's attorneys at law, that if any liability should arise out of these claims it is not likely to be material. Accordingly, no provision has been made in these financial statements in respect of these matters.

21. Cash from operations

	2006	2005
Profit before taxation	160,488	86,799
Adjustments to reconcile profit before taxation to net cash generated by operating activities:		
Depreciation	116,370	113,732
Impairment of goodwill	-	2,458
Net finance cost	104,355	93,777
Loss on disposal of plant and equipment	32	2,106
Foreign exchange rate adjustment	-	964
Net pension benefit credit	(11,844)	(14,827)
Pension plan contribution	(7,464)	(6,646)
Other non-cash items	16,262	11,090
Changes in net current assets	378,199	289,453
Increase in inventories	(25,875)	(58,041)
(Increase)/decrease in receivables and prepayments	(33,265)	4,192
Decrease in payables and accruals	13,766	74,374
	332,825	309,978

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22. Capital commitments

The Group has approved capital commitments amounting to $296.7 million (2005 - $95 million) mainly relating to the Expansion and Modernisation Project.

23. Subsidiary undertakings

The Group's subsidiaries are as follows:

	Country of incorporation	Ownership level	
		2006	2005
Readymix (West Indies) Limited	Trinidad and Tobago	**70%**	70%
TCL Packaging Limited	Trinidad and Tobago	**80%**	80%
TCL Ponsa Manufacturing Limited	Trinidad and Tobago	**65%**	65%
TCL Leasing Limited	Trinidad and Tobago	**100%**	100%
Caribbean Cement Company Limited	Jamaica	**74%**	74%
Jamaica Gypsum and Quarries Limited	Jamaica	**74%**	74%
Rockfort Mineral Bath Complex Limited	Jamaica	**74%**	74%
Caribbean Gypsum Company Limited	Jamaica	**74%**	74%
Arawak Cement Company Limited	Barbados	**100%**	100%
Premix and Precast Concrete Incorporated	Barbados	**42%**	42%
TCL Trading Limited	Anguilla	**100%**	100%
TCL Service Limited	Nevis	**100%**	100%
TCL (Nevis) Limited	Nevis	**100%**	100%
Island Concrete N.V. (see note 9)	St Maarten	**70%**	70%
Island Concrete SARL (see note 9)	St Martin	**70%**	70%
TCL Guyana Inc.	Guyana	**80%**	80%

As noted above, the Group's effective interest in Premix and Precast Concrete Incorporated is 42%. This company has been treated as a consolidated subsidiary, as the Group effectively has the power to govern the financial and operating policies of the company.

24. Financial instruments

Fair value

The fair values of cash and bank balances, receivables, payables, current portion of financing and other liabilities approximate their carrying amounts due to the short term nature of these instruments.

The fair value approximates the carrying amounts for non-current investments.

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24. Financial instruments *(continued)*

The fair value of the long term portion of the loan financing as at 31st December, 2006 is estimated to be $1,093.3 million (2005: $1,127.9 million) as compared to its carrying value of $1,183.6 million (2005: $1114.5 million).

Credit risk

The Group has no significant concentration of credit risk. It is the Group's policy that all customers who wish to trade on credit terms are subject to creditworthiness review procedures.

Liquidity risk

The Group monitors its risk to a shortage of funds by considering planned and probable expenditures against projected cash inflows from operations, from the settlement of financial assets such as accounts receivables and from approved bank credit facilities. The Group's objective is to fund its operations and activities within borrowing and preset financial ratio limits that include 'current ratio' and 'scheduled expenditure to cash from operations' metrics.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a healthy financial position in order to support its business activities and maximise shareholder value. The Group has established several financial ratios and other quantitative targets to guide the management of its capital structure. Important amongst these targets are a Current ratio of not less than 1.25, Debt to Ebitda (Earnings before Interest, Tax and Depreciation) of not more than 3 and Long Term Debt to Group Equity of not more than 1.

25. Financial information by segment

The Group's primary reporting segment is determined to be business segments. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of products and services provided.

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25.1. Business segment information

	Cement 2006	Cement 2005	Concrete 2006	Concrete 2005	Packaging 2006	Packaging 2005	GROUP 2006	GROUP 2005
REVENUE								
Total sales	1,694,387	1,405,792	258,207	183,246	82,500	69,042	2,035,094	1,658,080
Inter-segment sales	(254,927)	(172,242)	–	–	(61,165)	(56,004)	(316,092)	(228,246)
GROUP REVENUE	1,439,460	1,233,550	258,207	183,246	21,335	13,038	1,719,002	1,429,834
Segment operating profit	203,164	196,143	32,437	(28,320)	10,724	10,317	246,325	178,140
Other income	–	–	–	–	–	–	18,518	5,790
GROUP OPERATING PROFIT	–	–	–	–	–	–	264,843	183,930
SEGMENT ASSETS	3,023,890	2,740,545	146,774	148,136	59,307	59,469	3,229,971	2,948,150
SEGMENT LIABILITIES	1,839,901	1,685,857	86,645	92,144	35,931	31,031	1,962,477	1,809,032
Expenditure on property, plant and equipment	374,712	294,756	5,316	13,097	1,714	1,719	381,742	309,572
Depreciation	108,314	99,414	7,917	12,115	139	2,203	116,370	113,732
Impairment of goodwill	–	–	–	2,458	–	–	–	2,458

25.2. Geographical segment information

	Revenue 2006	Revenue 2005	Total Assets 2006	Total Assets 2005	Additions PP& E 2006	Additions PP& E 2005
TRINIDAD and TOBAGO	608,706	490,648	1,954,320	1,806,140	230,660	177,164
JAMAICA	665,676	601,255	729,172	642,815	99,752	91,755
BARBADOS	212,849	175,639	441,311	415,541	27,064	20,107
OTHER COUNTRIES	231,771	162,292	105,168	83,654	24,266	20,546
GROUP TOTAL	1,719,002	1,429,834	3,229,971	2,948,150	381,742	309,572

PP & E – Property, plant and equipment

Proxy Form

To: General Manager
The Trinidad and Tobago Central Depository
10th Floor,
Nicholas Tower,
63-65 Independence Square,
Port of Spain,
Trinidad & Tobago, W.I.

BLOCK CAPITALS PLEASE

I/We ____

NAME(S) OF SHAREHOLDER(S)

of ____

ADDRESS

being a Member/Members of the above named Company, hereby appoint the Chairman of the meeting or failing him, ____

Mr./Mrs. ____

NAME OF PROXY

of ____

ADDRESS

to be my/our Proxy to vote for me/us on my/our behalf at the Annual Meeting of the company to be held at 4:30 p.m. on the 9th May, 2007 and any adjournment thereof.

______________________________ ____________________

Signature of Shareholder(s) Date

TCL GROUP

ONE CARIBBEAN... ONE COMPANY

Proxy Form

PLEASE INDICATE WITH AN "X" IN THE SPACES BELOW HOW YOU WISH YOUR VOTES TO BE CAST

RESOLUTIONS	FOR	AGAINST
ORDINARY BUSINESS		
1. Election of Directors		
(i) Be it resolved that Mr. Darcy Boyce, who was appointed by the Board to fill a casual vacancy, be elected a director of the company in accordance with Clause 4.4.2 of the By-Law No. 1 until the conclusion of the third Annual Meeting following.	☐	☐
(ii) Be it resolved that Ms. Eutrice Carrington, who retires by rotation and being eligible, be re-elected a director of the company in accordance with Clause 4.6.1 of the By-Law No. 1 until the conclusion of the third Annual Meeting following.	☐	☐
(iii) Be it resolved that Mr. Jeffrey McFarlane, who retires by rotation and being eligible, be re-elected a director of the company in accordance with Clause 4.6.1 of the By-Law No. 1 until the conclusion of the third Annual Meeting following.	☐	☐
(iv) Be it resolved that Mr. Leopoldo Navarro, who retires by rotation and being eligible, be re-elected a director of the company in accordance with Clause 4.6.1 of the By-Law No. 1 until the conclusion of the third Annual Meeting following.	☐	☐
2. Be it resolved that the Financial Statements for the year ended 31st December 2006 and the Reports of the Directors and Auditors thereon be adopted.	☐	☐
3. Be it resolved that Ernst & Young be appointed as the Auditors for the year 2007 and that the Board be authorised to fix their remuneration.	☐	☐

NOTES:

1. A member may appoint a proxy of his own choice. If such appointment is made, delete the words "the Chairman of the meeting" and insert the name of the person appointed proxy in the space provided.

2. Where a proxy is appointed by a corporate member, the form of proxy should be executed under seal or signed by some officer or attorney duly authorized.

3. If the form is returned without any indication as to how the person appointed proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.

4. To be valid this form must be completed and deposited at the registered office of the Company not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.

5. Any alterations made on this form should be initialled.

FOR OFFICIAL USE ONLY

Folio Number	
Number of Shares	