

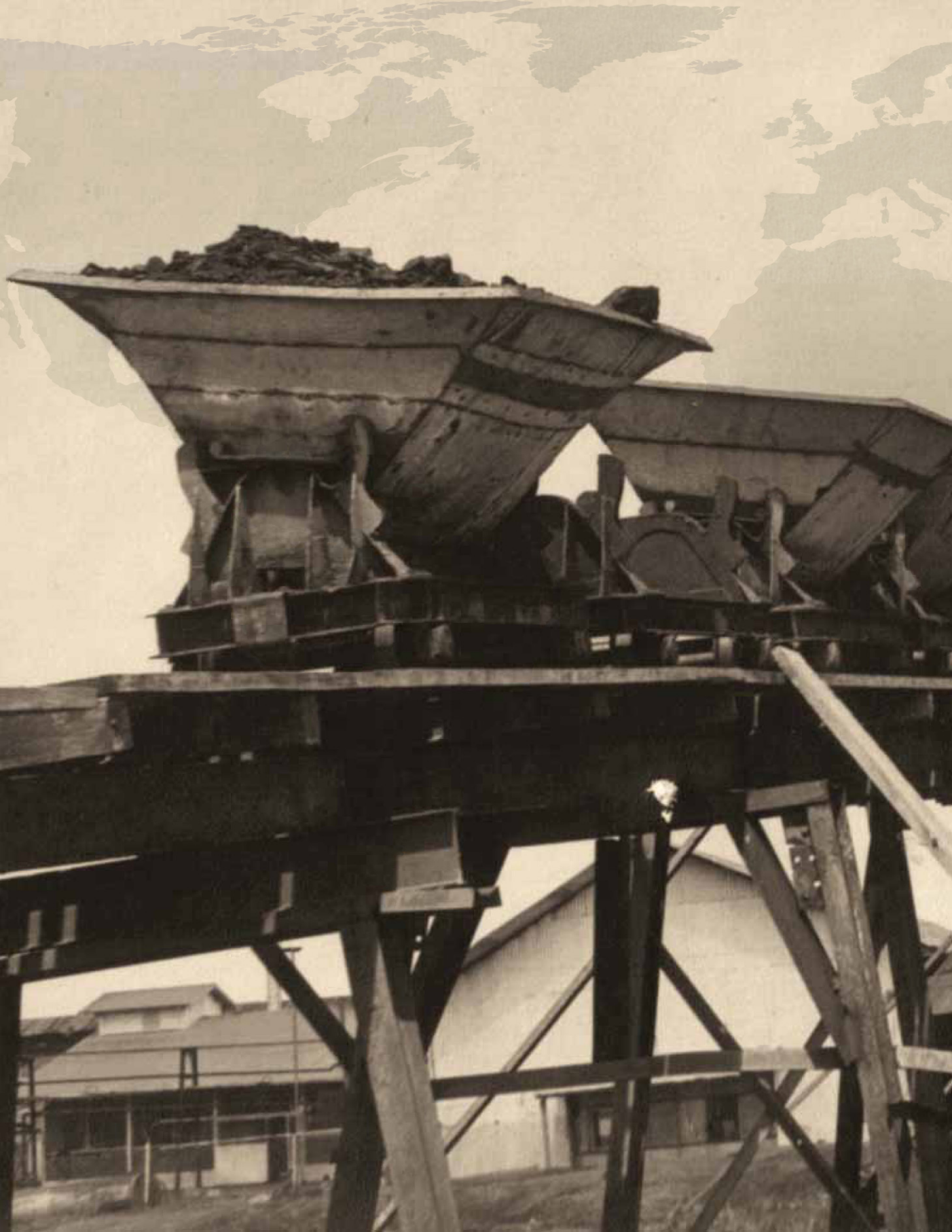


**Lake Asphalt** of Trinidad and Tobago (1978) Limited



**2007**  
annual report





# 1

## vision & mission

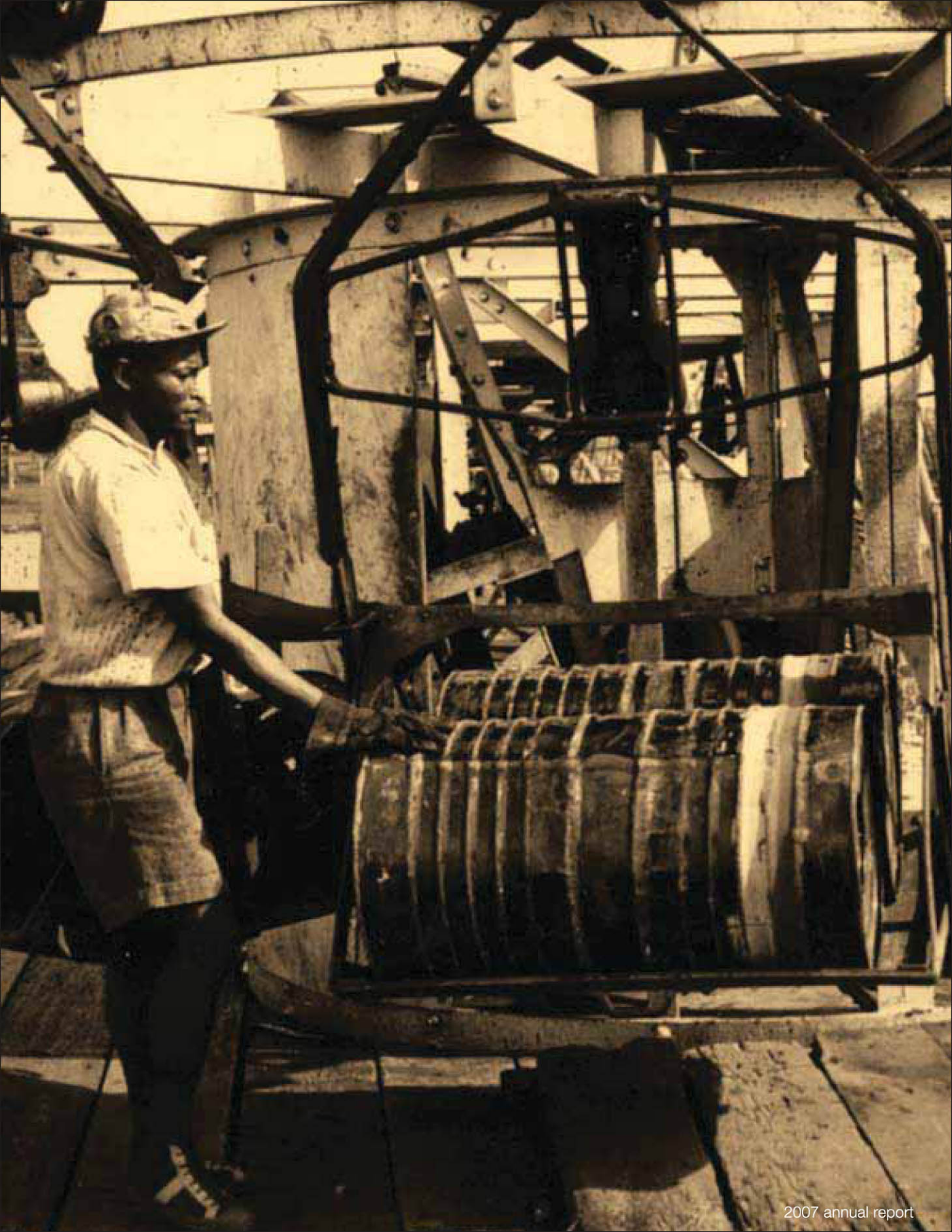
### **Vision**

*To be the producer and supplier of the highest quality natural asphalt and bituminous material to the world.*

### **Lake Asphalt Mission Statement**

*To be a profitable, dynamic company of high integrity  
Providing quality asphalt products  
Surpassing customer and other stakeholders' expectations  
Empowering dedicated and satisfied employees  
Working in harmony with our community and environment*





## 3

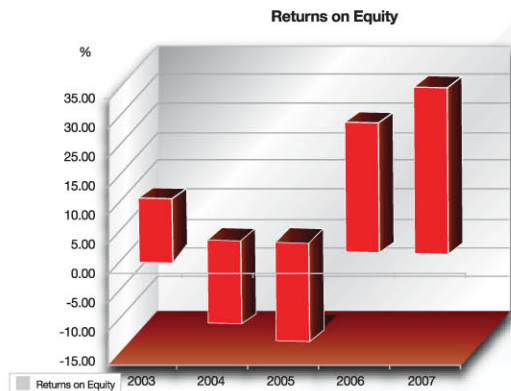
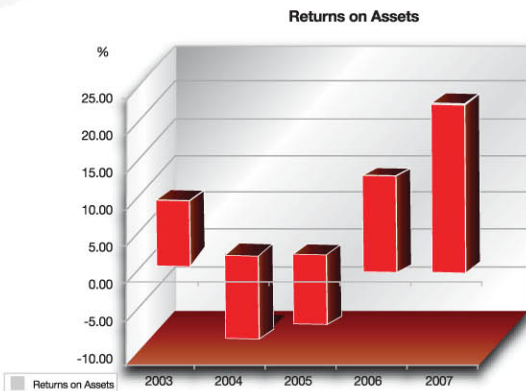
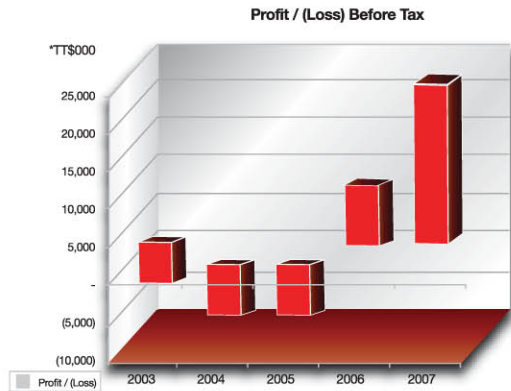
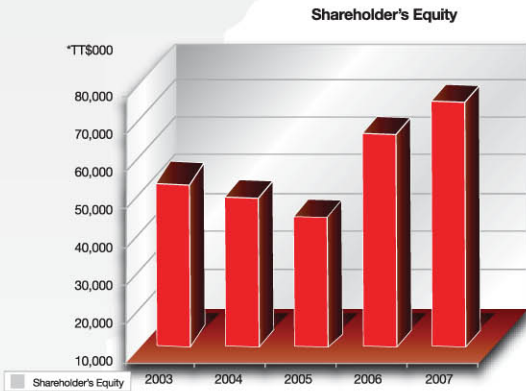
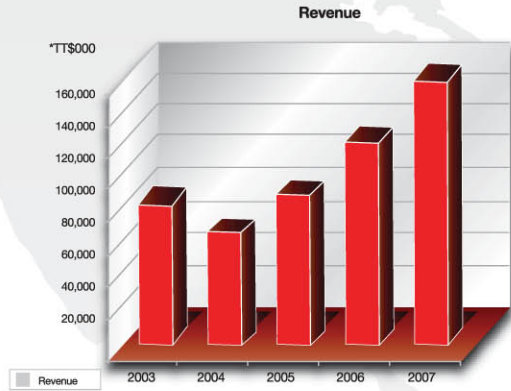
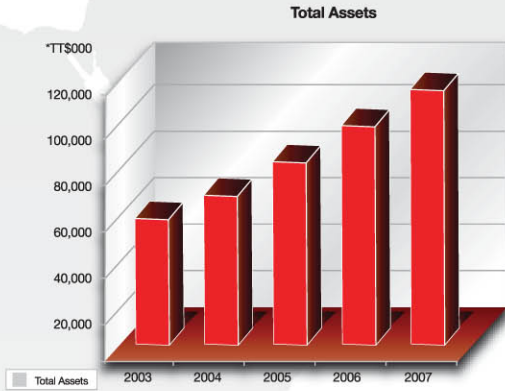
## financial highlights

## Denominated in TT \$000

	2003	2004	2005	2006	2007
<b>Current Assets</b>					
Cash in hand and at bank	\$ 3,446	\$ 2,095	\$ 4,060	\$ 8	\$ 7,043
Short Term Investment	11,860	12,869	7,276	5,504	10,152
Accounts Receivables and prepayments	9,985	9,673	16,482	22,253	22,637
Inventories	2,607	2,571	3,212	4,085	9,459
Due from Subsidiary	441	450	31	190	202
Deferred Charges - Project	-	-	-	21	514
<b>Total Current Assets</b>	<b>\$ 28,339</b>	<b>\$ 27,658</b>	<b>\$ 31,061</b>	<b>\$ 32,061</b>	<b>\$ 50,007</b>
<b>Non-Current Assets</b>					
Investment in Subsidiary	\$ -	\$ -	\$ -	\$ -	\$ -
Pension Assets	2,871	3,076	3,097	3,058	3,322
Fixed Assets	27,981	32,929	47,848	57,588	59,181
Deferred Charges - Project	1,981	3,476	-	2,769	-
<b>Total Non-Current Assets</b>	<b>\$ 32,833</b>	<b>\$ 39,481</b>	<b>\$ 50,945</b>	<b>\$ 63,415</b>	<b>\$ 62,503</b>
<b>Total Assets</b>	<b>\$ 61,172</b>	<b>\$ 67,139</b>	<b>\$ 82,006</b>	<b>\$ 95,476</b>	<b>\$ 112,510</b>
<b>Current Liabilities</b>					
Bank Overdraft	\$ 1,253	\$ 8,775	\$ 7,281	\$ 4,476	\$ 19
Accounts payable and accruals	8,969	8,344	13,365	18,949	16,948
Loan-current portion	-	3,442	-	1,337	3,206
<b>Total Liabilities</b>	<b>\$ 10,222</b>	<b>\$ 20,561</b>	<b>\$ 20,646</b>	<b>\$ 24,762</b>	<b>20,173</b>
Loans-non-current portion	-	-	19,639	17,620	19,126
Deferred taxation	-	-	-	-	2,955
<b>Total Liabilities</b>	<b>10,222</b>	<b>20,561</b>	<b>40,285</b>	<b>42,382</b>	<b>42,254</b>
<b>Shareholder's Equity</b>					
Stated Capital	\$ 73,523	\$ 73,523	\$ 73,523	\$ 73,523	\$ 73,523
Revaluation reserve	12,042	12,042	12,042	12,042	12,042
Accumulated deficit	(34,615)	(38,987)	(43,844)	(32,201)	(15,309)
<b>Total Shareholder's Equity</b>	<b>\$ 50,950</b>	<b>\$ 46,578</b>	<b>\$ 41,721</b>	<b>\$ 53,364</b>	<b>\$ 70,256</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>\$ 61,172</b>	<b>\$ 67,139</b>	<b>\$ 82,006</b>	<b>\$ 95,476</b>	<b>\$ 112,510</b>

# financial highlights

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**Board of Directors**

Mr. Anthony Richardson - Deputy Chairman  
Mr. Gene Porther  
Mr. Owen C. Hinds  
Mr. Raval Singh  
Ms. Merlin Boyce

**Corporate Secretary & Registered Office**

Ms. Sati Jagmohan  
Lake Asphalt of Trinidad And Tobago  
LP 4717  
Brighton  
La Brea

**Auditors**

Pannell Kerr Forster  
245, Belmont Circular Road  
Belmont

**Bankers**

Republic Bank Limited  
Techier Road  
Point Fortin

RBTT Bank Limited  
Tropical Plaza  
Pointe-a -Pierre

**Attorneys-at-Law**

Hobsons  
Independence Avenue  
San Fernando

MG Daly & Partners  
Abercromby Street  
Port of Spain

# annual general meeting

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**NOTICE IS HEREBY GIVEN THAT** the Thirtieth Annual General Meeting of the Company will be held on June 5th 2008 at 10:00a.m. in the Conference Room, Royal Hotel, 45-54 Royal Road, San Fernando for the following purposes:

1. To receive the Reports of the Directors and Auditors and the Accounts for the year ended September 30th 2007 and to consider and if thought fit to pass the following resolution:

“THAT the Reports of the Directors and Auditors and the Audited Financial Statements of the Company for the year ended September 30th 2007 be hereby approved and adopted.”

2. To re-elect Directors who have retired from office in accordance with Article 75 of the Articles of Association. The Directors namely Messrs. Anthony Richardson, Gene Porther, Owen Hinds, Raval Singh and Ms. Merlin Boyce being eligible, have offered themselves for re-election and to consider and if thought fit to pass the following resolution:

“THAT Mr. Anthony Richardson, Mr. Gene Porther, Mr. Owen Hinds, Mr. Raval Singh and Ms. Merlin Boyce be hereby re-elected Directors of the Company in accordance with Section 75 of the Articles of Association.”

3. To approve the fees paid to Directors and to consider and if thought fit to pass the following resolution:

“THAT fees paid to Directors in accordance with the amount specified for Companies in Group C for their services as Directors for the year ended September 30th 2007 is hereby approved and adopted.”

4. To re-appoint the retiring Auditors and to authorize the Directors to determine their remuneration and to consider and if thought fit, to pass the following resolution:

“THAT PANNELL KERR FORSTER Chartered Accountants, having agreed to continue in office as Auditors of the Company, be and are hereby appointed to hold such office until the next Annual General Meeting of the Company and that their remuneration be fixed by the Directors.”

By Order of the Board



Sati Jagmohan  
Secretary

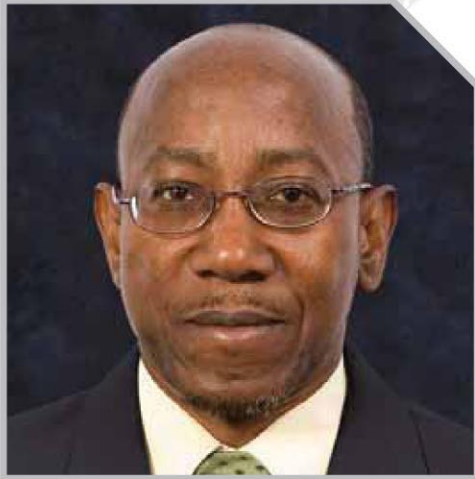
May 21st, 2008

Registered Office  
Brighton  
La Brea

**Note:** A member entitled to attend and vote at the meeting is entitled to appoint a proxy instead of him. A proxy need not be a member of the Company.

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## deputy chairmans statement



Anthony Richardson - Deputy Chairman

**I am pleased to report that in 2007, Lake Asphalt of Trinidad and Tobago (1978) Limited experienced its best performance ever with the achievement of a record breaking operating profit of \$25.7M and sales turnover of \$151M. These results were achieved despite significant operating challenges and could be attributed to the dedication and commitment of the Management and staff of the Company.**

### Market Perspective

In 2007, world economic growth continued at a more moderate pace of 5.2%. The United States economy experienced a decline in growth due to a depressed housing market however, emerging markets and developing countries continued to experience rapid growth although at a slower pace than 2006. The performance of these economies will continue to be dependent on global financial conditions and high commodity prices. In Asia, particularly China and India, output continued to grow as a result of infrastructural development. However, inflationary pressures due to high energy prices remain a source of concern to these economies.

Although regional growth prospects were affected by the slowdown of the United States economy, Trinidad and Tobago continued on its unprecedented path of economic growth for the fourteenth consecutive year. The economy continued to be reliant on the energy sector as the main source of revenue and experienced a balance of payment surplus due to high energy prices.

Against this background, the global demand for asphalt grew at a rate of approximately 2.2%. The demand for asphalt was directly related to the demand for paving and roofing products. It is anticipated that the global demand for asphalt will remain positive through 2009 based on a projected increase in construction activity in Latin America, Western Europe and Japan as well as continued strong growth in China and India.

### Impact on Lake Asphalt

During the last year, we continued to see a strong demand for the products we produce and it was in this context that the transformation of the Company was accelerated. In 2007, to ensure that Lake Asphalt was in a position to benefit from the global economic fortunes, and in so doing chart a path of sustained profitability while at the same time fulfilling its social obligations, efforts were focused on laying the foundation for effecting the transformation of the Company via planning for increased productive capacity and the containment of costs while maintaining world-class standards.

We realized that to survive in the new economic dispensation, we needed to change the way we did our business that is, we could no longer depend on other people to promote our business for us and discussions have begun with our Distributors regarding the establishment of Strategic Marketing Alliances and Joint Venture relationships.

We look forward to formalizing these discussions in 2008 while simultaneously incorporating cutting edge technology into our operations and focussing on innovation to achieve increased output at a reduced cost and in so doing, obtain a competitive advantage. Concurrently, we will continue to review our policies, procedures and systems to ensure that good governance is promoted throughout the Company.

# deputy chairmans statement



## **Impact on Lake Asphalt (continued)**

As testament to this new thrust, in September 2007 we commissioned our new state of the art Pelletization Plant. The use of pelletized technology heralds a new era for Lake Asphalt and signals the departure from our traditional way of doing business. It is the view of the Board and Management that pelletization represents the future of the Company.

## **Acknowledgements:**

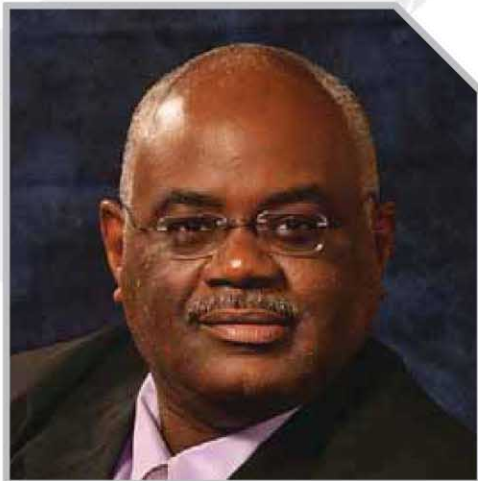
On behalf of the Board of Directors, I wish to extend my sincere thanks and appreciation to the Management and Staff of Lake Asphalt for their efforts in moving the Company forward. I also wish to thank our shareholders and stakeholders for their support over the last year and ask for their continued support as the Company seeks to grow from strength to strength.

In closing, I would like to take the opportunity to thank my fellow Directors for their unwavering support during a very challenging period in the Company's history. Last but not least, I would like to thank the former Chairman of Lake Asphalt – Mr. Ian Rajack for his efforts in leading the Company during this time.

**Anthony Richardson**  
Deputy Chairman

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## chief executive officer's report



Wayne Wood - Chief Executive Officer

**The year 2007 has been an exceptional year for Lake Asphalt of Trinidad and Tobago (1978) Limited (Lake Asphalt) as we achieved the highest turnover and operating profit in the history of the company.**

#### Financial Review and Analysis:

##### Revenue

Total Sales Revenue for 2007 was \$ 151.5m representing an increase of \$ 42m or 38.4% when compared to 2006. The increase sales were due to increase sales volume of Trinidad Lake Asphalt (TLA) to China. Total sales volume of TLA increased from 19,435 tons in 2006 to a total of 34,244 tons in 2007 an increase of 76.2% as a result of the paving works in preparation of the 2008 Olympics in Beijing. Sales of Caribbean Asphalt Products also increased by 1.03m gallons to 8.97m gallons an increase of 13%. The increase volume was due to paving activity in the local market,

Export Sales were \$ 73.2m or 48.2% of Total Sales, the main markets being China and Germany. Export sales volume of TLA, bitumen and bitumen emulsion were 34,044 tons, 254,707 gallons, and 429,480 gallons respectively. Local Sales were \$ 78.6m or 51.8% of Total Sales. The main products sales volumes were bitumen 7.3m gallons, bitumen emulsions 323,101 gallons and asphalt cement 657,780 gallons.

##### Operating Profit

Operating profit increased by \$ 13.4m or 107.5% to \$ 25.9m compared with the prior year. Increase production of TLA resulted in lower unit cost as sales in the international market increased while increased infrastructure works on the local markets also contributed to the improved profit performance.

##### Finance Cost

Finance Charge decreased to \$ 2.9m from \$ 3.3m in 2006, as we repay principal sums on the loans granted for the pelletization plant and the TLA Asphalt Cement Storage Facility.

##### Taxation

The taxation expenses for the year amounted to \$ 6m.

##### Net Profit and Reserves

The Net Profit amounted to \$ 16.9m compare to TT \$ 11.6m the prior year. The two consecutive years of profit have resulted in significant reduction in Accumulated Losses from \$ 42.5m at the end of 2005 to \$ 15.3m at the end of 2007. It is expected that by the end of 2009 we would eliminate all accumulated losses.

##### Liquidity and Financial Position

Cash generated from operations amounted to \$ 24.3m representing an increase of 137.9% from \$ 10.2m in 2006. After payment of taxes and retirement benefit the cash provided from operations amounted to \$ 15.9m compared with \$ 8.4m for 2006. The increase was due to increase sales volumes resulting in increase profits from operations.

Investment in property, plant and equipment amounted to \$ 3.1m all from internally generated funds while we were able to raise \$ 5.5m for the TLA Asphalt Cement Storage Facility Project.

Cash and cash equivalent at the end of the year was \$ 17.2m compared to \$ 1m at the end of 2006. Funds on short-term investment amount to \$ 10.2m while Cash in hand and bank, including bank overdraft amounted to \$ 7m.

Despite the increase in the level of debt, the Balance Sheet continued to improve. Shareholders' Equity increased to TT \$ 70.3m compared to \$ 53.4m in 2006, an increase of \$ 16.9m or 31.7%

Current Asset Ratio was 2.48 as at September 30, 2007 reflecting the increase cash activity.

# chief executive officer's report 10

## Business Development:

### International Business

In keeping with our strategic objective of re-establishing our presence in the markets of the southern hemisphere, we appointed a distributor in Brazil and will shortly appoint a representative in India. TLA pellets and TLA Cold would be supplied to these markets in 2008.

We continued attendance at the World Asphalt Conference in the United States and other asphalt conferences to introduce our TLA pellets and shipped pellets to Canada and Germany.

### Caribbean Asphalt Products

Lake Asphalt continued to provide bitumen and bitumen emulsion products to regional markets in Guyana, Suriname, Antigua, St. Vincent and Grenada.

Local paving works continued as we held training programs facilitated by the Asphalt Institute (USA), and the Wirtgen Group (Germany) on the techniques for using bitumen, bitumen emulsions and cold mix.

## Operations:

### Production

The increased demand for TLA necessitated that we increased output. Through negotiation, we were able to increase output by an additional sixty (60) tons per week although temporary. The additional volume helped in meeting targets and demonstrated that work arrangement need to be re-organised.

### Research and Development

We extended our links with the Engineering Departments of Universities and asphalt organizations in the United States and United Kingdom as we sought to update our data on the performance and characteristics of TLA to support of promotional efforts.

Initial reports have indicated that TLA addresses the challenges of compaction and low temperature performance in the market and confirms the product as a superior bitumen modifier.

### New Product Development

The new asphalt pelletization technology has allowed for us to consider the possibility of combining TLA with other products for niche market application. Today we have a number of these combination products at various stages of development.

## Development Initiatives and Projects:

### ISO 17025 Implementation

The Research and Technical Services Unit embarked on a program to achieve certification of the Laboratory under ISO 17025 before the end of 2008. It is expected the Laboratory would be the first asphalt laboratory certified in the country.

### Infrastructure Upgrade

The buildings and utilities at Lake Asphalt now need to be upgraded to provide a safe and comfortable working environment.

The Production Department and Procurement and Logistics Unit have newly refurbished facilities. Renovation works have been planned in 2008 for the Administration Building, Human Resource Centre. Design work has been initiated for the Engineering Department, Finance Department and Business Units.

### TLA Asphalt Cement Storage Project

The TLA Asphalt Cement Storage Project was initiated in 2007 at a cost of approximately TT \$ 5.5m. This project when completed would result in more efficient supply of TLA Asphalt Cement to the local and eliminate the need for processing units to act as product storage and processing units.

## Our People Focus:

### Human Asset Development

The transformation as envisaged by the Strategic Plan 2006-2008 cannot be achieved without the support and commitment of our employees and their continuous development through training and exposure to modern techniques and technologies.

The major areas of training focus were on supervisory skills development, Facilities Management, Plant Turnaround, Human Resource Management and on general awareness particularly for health, safety and environment.

### Industrial Relations

The internal industrial climate was generally good throughout the year with no major work stoppages as we were engaged in negotiations with the three branches of the Contractors and General Workers Trade Union and a branch of the Estate Police Association for new collective agreements. These agreements should be settled in due course.

### Community Relations

We continued our support and sponsorship of community activities including the Lake Asphalt Community Choral, La Brea Football League Knock-out Competition, Edwin Noel Games and many more.

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## chief executive officer's report

### Outlook for 2008:

As the company looks towards 2008, we expect a slow down of activity in our major TLA market, China, as a result of the impact of natural disasters and the cessation of industrial and construction activities in Beijing to meet targeted environmental standards of the Olympic Games.

The new distributors appointed for markets in India and Brazil would begin to develop their market as we seek to expand our markets to the southern hemisphere in order to stabilize our revenue flows.

In addition, local paving works appear to be slow as efforts are made to control inflation.

We expect development works on two (2) new products to be completed as we move toward commercialization of the products. These products are expected to facilitate the re-positioning the company at the cutting edge of the asphalt industry and thus provide a platform for future growth and development.

### Tribute:

2007 had been a challenging year as Lake Asphalt sort to increase output to meet market demand. The TLA Plant does not operate at full capacity as we are constrained by current work practices to achieve optimum capacity without inordinately higher cost.

We must overcome the challenges we face if we are to achieve our strategic objectives and become the global business that we are destined to become. I express my sincere gratitude to the Board of Directors for their continuing support, counsel and guidance. I also thank the Management and staff for their loyalty and commitment.

**Wayne Wood**  
Chief Executive Officer

# global footprints



## North America

Canada  
USA

## Latin america

Brazil  
Chile

## Caribbean

Grenada  
Guyana  
Jamaica  
St. Lucia  
St. Vincent  
Trinidad & Tobago

## Africa & Middle East

Cameroon  
Ivory Coast  
Gabon  
Ghana  
Guinea  
Liberia  
Nigeria  
Senegal  
Togo

## Europe

Austria  
Belgium  
Denmark  
Germany  
Ireland  
Netherlands  
Norway  
Russia  
Switzerland  
Turkey  
United Kingdom

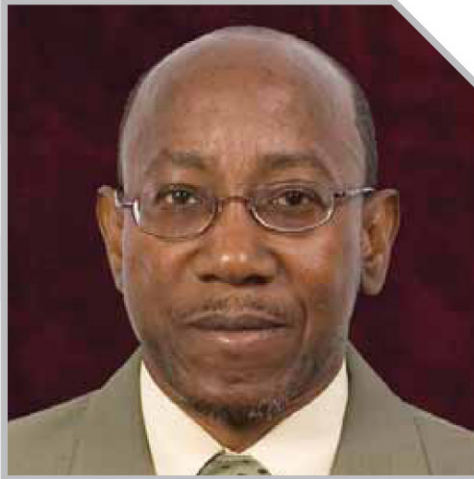
## Asia

China  
India  
Japan  
South Korea

## Australia & New Zealand

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## board of directors



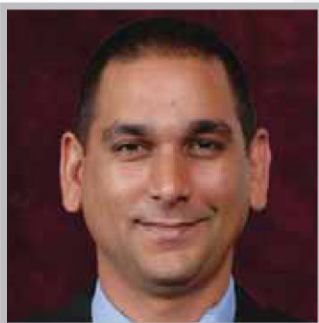
**Anthony Richardson** - Deputy Chairman



**Merlin Boyce**  
Director



**Gene Porter**  
Director



**Raval Singh**  
Director



**Owen Hinds**  
Director

The Directors are pleased to submit to the Shareholders, their Report and the Audited Financial Statements for the year ended September 30th 2007.

### Financial Position

The Company, which is in the business of mining, processing and distributing asphalt and asphaltic products had a successful year in 2007 due primarily to buoyant market conditions. Highlights are as follows: -

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Total Assets under Management	112,509,525	95,746,327
Revenue	151,488,584	109,468,898
Net Profit	16,891,329	11,643,447

### Dividends

A Dividend payment was not recommended.

### Directors

The following persons were Directors during the period under review.

Mr. Ian Rajack – Chairman ((Resigned effective December 31st 2007)  
 Mr. Anthony Richardson – Deputy Chairman  
 Mr. Gene Porther  
 Mr. Owen Hinds  
 Ms. Merlin Boyce  
 Mr. Raval Singh

### Directors and Substantial Interest

Ordinary Share of \$1.00 each fully paid.

Ministry of Finance (Corporation Sale)	-	26,836,962
5% Non-Cumulative Redeemable Preference Shares		
Petroleum Company of Trinidad and Tobago Limited	-	46,686,396

### Wholly Owned Subsidiary

Trinidad Asphalt Corporate of America registered in Delaware, USA.

### Auditors

The Auditors of the Company, Pannell Kerr Forster have indicated their willingness to continue in office.

### By Order of the Board



Sati Jagmohan  
**Secretary**

**May 21st, 2008**

Lake Asphalt of Trinidad and Tobago (1978) Limited is committed to maintaining the highest standards of corporate governance in all facets of its endeavours both internally and externally.

The Company is led by a Board of Directors. The role of the Board is to direct the management of the business affairs of the Company in accordance with the Companies Act, the Company's Articles of Association, its Bye-Laws and policy directives issued by the Shareholders.

The Board normally comprises seven (7) non-executive Directors and there is a formal schedule of matters reserved for the Board for consideration and decision. This includes approval of strategic and corporate plans, major capital expenditure, policies and procedures and review of the Company's system of internal controls.

The Board has delegated responsibility for the management of the Company to the Management Team headed by the Chief Executive Officer. The Chief Executive Officer is accountable to the Board for all authority delegated to the Management.

The Board has also delegated some of its responsibilities to Committees of the Board. The Committees and membership of the Committees are as follows:

**1. Audit Committee**

Mr. Gene Porther	-	Convenor
Mr. Owen C. Hinds	-	Director
Ms. Merlin Boyce	-	Director

**2. Finance and Tenders Committee**

Ms. Merlin Boyce	-	Convenor
Mr. Owen C. Hinds	-	Director
Mr. Raval Singh	-	Director
Mr. Wayne Wood	-	Chief Executive Officer
Mr. Frank Dillon	-	Finance Manager (Ag)

**3. Technical and Business Development Committee**

Mr. Anthony Richardson	-	Convenor
Ms. Merlin Boyce	-	Director
Mr. Wayne Wood	-	Chief Executive Officer
Mr. Deonarine Sarabjit	-	Head, Research & Technical Services
Mr. Paul Phillip	-	Production Superintendent (Ag)
Mr. Kenny Pope-Cupid	-	Engineering Superintendent

**4. Human Resources Committee**

Mr. Gene Porther	-	Convenor
Mr. Anthony Richardson	-	Deputy Chairman
Mr. Wayne Wood	-	Chief Executive Officer
Ms. Sati Jagmohan	-	Manager, Corporate Services

# management team

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Wayne Wood - Chief Executive Officer



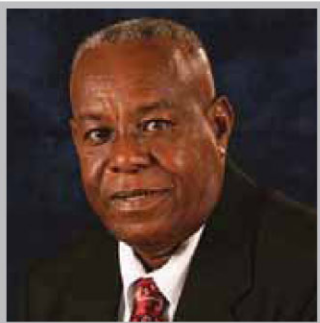
Sati Jagmohan  
Corporate Secretary



Frank Dillon  
Acting Finance Manager



Kenny Pope-Cupid  
Engineering Superintendent



Samuel Morrisson  
Production Superintendent



Deonarine Sarabjit  
Head Research &  
Technical Services



Nigel Minors  
Team Leader International  
Business Unit

# 17 corporate social responsibility



**Corporate Social Responsibility is embedded in all of Lake Asphalt's operations and activities. It is an opportunity for us to build better relationships with all our stakeholders and fulfil our social, economic, environmental and ethical responsibilities. Our initiatives in this area can be categorized as follows:**

## **1. Earning customer trust and loyalty**

### **ISO Certification**

We started the process towards the certification of our Laboratory under ISO 17025 to ensure the quality of the products supplied to our customers.

We expect that by the end of 2008 our Asphalt Laboratory would be the first such facility certified in Trinidad and Tobago or indeed the Caribbean.

### **Workshops**

Workshops targeting Engineers, Contractors, and personnel of the Ministry of Works and Transport and the Public Works and Infrastructure Department of the Tobago House of Assembly were conducted for participants to gain a better understanding of materials and technologies. Topics covered included Hot-Mix application, Emulsions Technologies, and Trinidad Lake Asphalt Cold Mix. By conducting these programmes, we contribute to the development of sound road infrastructure in Trinidad and Tobago.

## **2. Achieving Employee Satisfaction**

### **Improved Working Conditions**

New office facilities were established for the administration Unit of the Production Department. We also embarked on a programme of renovations to our buildings. We have completed the Procurement and Logistics Department, Security Headquarters and the upper floor of the Administration Building thereby improving the working conditions of employees.

### **Training and Development**

We continue to offer training and development programmes to enhance the skills and capabilities of our employees. In addition, we have partnered with the Petroleum Company of Trinidad and Tobago Limited (Petrotrin) to provide on-the-job training to two (2) of our employees in the areas of Internal Audit and Industrial Relations.

### **Bonus Payment**

In recognition of the contribution made by employees to the excellent financial performance in 2007, a bonus payment of one (1) month's salary was paid to employees.

## **3. Contributing to our Community**

### **Lake Asphalt Community Chorale**

The Lake Asphalt Community Chorale comprising employees of the Company and members of the Community was established in 2005. The group has participated in Best Village competitions and Music Festivals with creditable performances.

### **La Brea Football League Knock Competition**

The La Brea Football League Knock Competition has been sponsored by Lake Asphalt for more than ten (10) years and involves clubs from the community. The event is hosted by the La Brea Sport Foundation.

### **Sponsorship of the Edwin Noel Games Marathon**

The Edwin Noel Games held annually in July is an event hosted by the Police Youth Club of La Brea and involves clubs from throughout Trinidad and Tobago.

## **4. 2008 Corporate Social Responsibility Priorities**

### **Employee Survey**

We would conduct an employee survey in 2008 to solicit the views of employees and to determine the initiatives necessary to improve employee satisfaction.

### **Quality Customer Service Programme**

A Committee would be formed including representatives from every Department to develop an action plan for improving customer service.



**The Shareholder  
Lake Asphalt of Trinidad and Tobago (1978) Limited**

We have audited the accompanying financial statements of Lake Asphalt of Trinidad and Tobago (1978) Limited, which comprise the balance sheet as at 30 September 2007, the statements of operations, changes in shareholder's equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**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 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in 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 financial statements present fairly, in all material respects, the financial position of Lake Asphalt of Trinidad and Tobago (1978) Limited as of 30 September 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



Port-of-Spain  
2 April 2008

Accountants & Business Advisors

# balance sheet

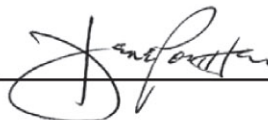
as at 30 september 2007

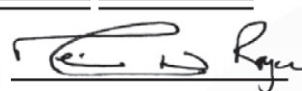
# 20

Assets	Notes	30 September	
		2007	2006
<b>Current Assets:</b>			
Cash in hand and at bank	3	\$ 7,043,472	\$ 8,000
Short term investments	4	10,151,543	5,503,833
Accounts receivable and prepayments	5	22,636,818	22,252,944
Inventories	6	9,459,261	4,085,315
Due from subsidiary		202,080	189,554
Deferred charges - Project		513,874	21,945
<b>Total Current Assets</b>		<b>50,007,048</b>	<b>32,061,591</b>
<b>Non-Current Assets:</b>			
Investment in subsidiary	7	80	80
Pension asset	8	3,321,600	3,057,800
Fixed assets	9	59,180,797	57,857,664
Deferred taxation	10	-	2,769,192
<b>Total Non-Current Assets</b>		<b>62,502,477</b>	<b>63,684,736</b>
<b>Total Assets</b>		<b>\$ 112,509,525</b>	<b>\$ 95,746,327</b>

## Liabilities and Shareholder's Equity

<b>Current Liabilities:</b>			
Bank overdraft	11	\$ 18,809	\$ 4,475,250
Accounts payable and accruals		16,947,716	18,949,106
Loans – current portion	12	3,206,013	1,337,273
<b>Total Current Liabilities</b>		<b>20,172,538</b>	<b>24,761,629</b>
<b>Non-Current Liabilities:</b>			
Loans-non-current portion	12	19,126,001	17,620,099
Deferred taxation	10	2,955,058	-
<b>Total Liabilities</b>		<b>42,253,597</b>	<b>42,381,728</b>
<b>Shareholder's Equity:</b>			
Stated capital	13	73,523,358	73,523,358
Revaluation reserve		12,041,862	12,041,862
Accumulated deficit		(15,309,292)	(32,200,621)
<b>Total Shareholder's Equity</b>		<b>70,255,928</b>	<b>53,364,599</b>
<b>Total Liabilities and Shareholder's Equity</b>		<b>\$ 112,509,525</b>	<b>\$ 95,746,327</b>

Director: 

Director: 

(The accompanying notes are an integral part of these financial statements)

# statement of operations

for the year ended 30 september 2007

	Schedules	30 September	
		2007	2006
Revenue		\$ 151,488,584	\$ 109,468,898
Cost of Sales		(87,530,104)	(68,750,567)
Gross Profit		63,958,480	40,718,331
Other Operating Income		595,080	105,907
		<u>64,553,560</u>	<u>40,824,238</u>
<b>Expenses:</b>			
Administrative	1	(13,389,208)	(11,383,421)
Operating	2	(19,680,642)	(12,680,345)
Marketing	3	(5,629,382)	(4,326,202)
		<u>(38,699,232)</u>	<u>(28,389,968)</u>
Operating profit (Note 14)		\$ 25,854,328	\$ 12,434,270
Finance charges	4	(2,935,217)	(3,306,473)
Profit before taxation		22,919,111	9,127,797
Taxation (Note 15)		(6,027,782)	2,515,650
<b>Net profit for the year</b>		<u><b>\$ 16,891,329</b></u>	<u><b>\$ 11,643,447</b></u>

(The accompanying notes are an integral part of these financial statements)

# statement of changes in shareholders' equity

for the year ended 30 september 2007

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	Stated Capital	Revaluation Reserve	Accumulated Deficit	Total (\$'000)
Balance as at 1 October 2005	\$ 73,523,358	\$ 12,041,862	\$ (43,844,068)	\$ 41,721,152
Net profit for the year	-	-	11,643,447	11,643,447
Balance as at 1 October 2006	73,523,358	12,041,862	(32,200,621)	53,364,599
Net profit for the year	-	-	16,891,329	16,891,329
<b>Balance as at 30 September 2007</b>	<b>\$ 73,523,358</b>	<b>\$ 12,041,862</b>	<b>\$ (15,309,292)</b>	<b>\$ 70,255,928</b>

(The accompanying notes are an integral part of these financial statements)

# statement of cash flows

for the year ended 30 september 2007

	<u>30 September</u>	
	<u>2007</u>	<u>2006</u>
<b><u>Operating Activities</u></b>		
Profit before taxation	\$ 22,919,111	\$ 9,127,797
Adjustments to reconcile income before taxation to net cash provided by operating activities:		
Non-cash items:		
Deferred charges	(491,929)	(21,945)
Depreciation	1,780,292	749,891
Retirement benefit surplus	59,500	344,200
	<u>24,266,974</u>	<u>10,199,943</u>
Net change in operating assets and liabilities (Note 18)	(7,771,736)	(1,218,416)
Taxes paid	(303,532)	(253,542)
Retirement Benefit paid	(323,300)	(305,300)
	<u>15,868,406</u>	<u>8,422,685</u>
<b><u>Investing Activities</u></b>		
Net change in property, plant and equipment	\$ (3,103,425)	\$ (10,759,898)
Cash used in investing activities	\$ (3,103,425)	\$ (10,759,898)
<b><u>Financing Activities</u></b>		
Cancellation/repayment of loans	\$ (2,125,358)	\$ (681,348)
Loan proceeds	5,500,000	-
	<u>3,374,642</u>	<u>(681,348)</u>
Cash provided by/used in financing activities	3,374,642	(681,348)
Net change in cash resources	16,139,623	(3,018,561)
Cash resources, beginning of year	1,036,583	4,055,144
Cash and cash equivalents, end of year	<u><u>\$ 17,176,206</u></u>	<u><u>1,036,583</u></u>
<b>Represented by:</b>		
Cash in hand and at bank	7,043,472	8,000
Short-term investments	10,151,543	5,503,833
Bank overdraft	(18,809)	(4,475,250)
	<u><u>\$ 17,176,206</u></u>	<u><u>1,036,583</u></u>

(The accompanying notes are an integral part of these financial statements)

**1. Incorporation and Principal Activities:**

The Company is incorporated in the Republic of Trinidad and Tobago. Its principal activities are mining, processing and selling asphalt and related products. The registered office of the Company is Lamp Post 4717, Brighton, La Brea.

The Company has access to the Pitch Lake via a non exclusive lease agreement with the government of Trinidad and Tobago. The Company was continued under the provisions of The Companies Act, 1995, on 27 July 1999. The ultimate parent Company is Trinidad and Tobago Oil Company Limited.

The Company has a fully owned subsidiary, Trinidad Asphalt Corporation of America, which was incorporated under the laws of the United States of America.

**2. Summary of Significant Accounting Policies:**

**(a) Basis of preparation -**

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment and investments, and with reference to International Financial Reporting Standards.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

**(b) Investments -**

The Company's investments are classified as available-for-sale.

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as "available-for-sale" in accordance with IAS #39.

These investments are carried at their fair values. Realised and unrealised gains and losses arising from changes in the fair value of available-for-sale investments are included in the Statement of Income in the period they arise. All short term investments of the Company are considered available-for-sale.

## 2. Summary of Significant Accounting Policies (cont'd):

### (c) Property, plant and equipment -

All property, plant and equipment are initially recorded at cost. Land and buildings are subsequently shown at market value, based on valuations by external independent valuers, less subsequent depreciation for property. All other property, plant and equipment are stated at historical cost less depreciation. Depreciation is calculated on the reducing balance basis to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives as follows:

Buildings and structures	2%
Plant and machinery	2.5%
Office furniture and equipment	20.0%
Motor vehicles	20.0%

Land is not depreciated as it is deemed to have indefinite life.

Where the carrying amounts of an asset is greater than its estimated recoverable amounts, it is written down immediately to its recoverable amounts. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit. On disposal of revalued assets, amounts in revaluation and other reserves relating to that asset are transferred to retained earnings.

### (d) Investment in subsidiary -

Investment in subsidiary is stated at cost less any provision for diminution considered to be permanent.

### (e) Inventories -

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the average costing method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, but excludes interest expense. Spares are valued at average cost. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

### (f) Trade receivables -

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

**2. Summary of Significant Accounting Policies (cont'd):**

**(g) Cash and cash equivalents -**

For the purposes of the cash flow statement, cash and cash equivalents comprise of cash in hand, deposits held at call with banks and investments in money market instruments, net of bank overdrafts.

**(h) Provisions -**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

**(i) Deferred income taxes -**

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income taxes.

The principal temporary differences arise from depreciation on property, plant and equipment, and tax losses carried forward.

**(j) Borrowings -**

Borrowings are recognised initially at the proceeds received. Borrowings are subsequently stated at amortized cost using the effective yield method; any differences between proceeds and the redemption value is recognised in the revenue and expenditure account over the period of the borrowings.

**(k) Foreign currencies -**

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions: gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Such balances are translated at year-end exchange rates.

**(l) Financial instruments -**

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, trade creditors and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

**2. Summary of Significant Accounting Policies (cont'd):**

**(m) Revenue recognition -**

Sales are recognised upon delivery of products and customer acceptance if any, or performance of services, net of sales taxes and discounts.

**(n) Pension obligation -**

The Company operates a defined benefit final salary pension plan for eligible employees. Fund managers appointed by the trustees of the plan administer the funds of the plan. The pension plan is generally funded by payments from employees and the Company, taking account of the recommendations of independent qualified actuaries.

The asset recognised in the balance sheet in respect of the defined benefit pension plan is the fair value of the plan's assets less the present value of the defined benefit obligation at the balance sheet date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interest rates of high quality government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial are charged or credited to income over the employees' expected average remaining working lives. Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees' remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

# notes to the financial statements

for the year ended 30 september 2007

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### 3. Cash in Hand and at Bank:

	30 September	
	2007	2006
Petty cash	\$ 8,000	\$ 8,000
Republic Bank Limited	4,823,742	-
RBTT Bank Limited	2,211,730	-
	<b>\$ 7,043,472</b>	<b>\$ 8,000</b>

### 4. Short-Term Investments:

	30 September	
	2007	2006
Republic Bank Limited – Money Market Fund	\$ 3,928,005	\$ 2,752,405
Scotiabank Trinidad and Tobago Limited		
- Certificate of Deposit	5,390	5,390
Roytrin Mutual Funds	5,627,390	2,671,003
Trinidad and Tobago Unit Trust Corporation		
- 2nd Scheme	590,758	75,035
	<b>\$ 10,151,543</b>	<b>\$ 5,503,833</b>

### 5. Accounts Receivable and Prepayments:

	30 September	
	2007	2006
Trade receivables	\$ 22,636,818	\$ 22,194,826
Prepayments	-	58,118
	<b>\$ 22,636,818</b>	<b>\$ 22,252,944</b>

### 6. Inventories:

	30 September	
	2007	2006
Spares	\$ 7,048,257	\$ 1,755,163
Finished goods	1,833,473	1,428,683
Raw materials	577,531	901,469
	<b>\$ 9,459,261</b>	<b>\$ 4,085,315</b>

# 29 notes to the financial statements

for the year ended 30 september 2007

## 7. Investment in Subsidiary:

This balance represents an investment in Trinidad Asphalt Corporation of America.

## 8. Retirement Benefit Asset:

	30 September	
	2007	2006
<b>a) Change in Defined Benefit Obligations</b>		
Defined benefit obligations at start	\$ 6,864,300	\$ 5,584,800
Service cost	600,800	640,800
Interest cost	570,800	413,000
Benefits Paid	(49,500)	-
Actuarial loss/(gain) on obligation	-	225,700
<b>Defined Benefit Obligation at end</b>	<b>\$ 7,986,400</b>	<b>\$ 6,864,300</b>
<b>b) Change in Plan Assets</b>		
Plan assets at start of year	\$ 9,922,100	\$ 8,681,500
Expected return on Plan assets	766,100	673,600
Actuarial gain/(loss)	22,700	(43,500)
Contributions	646,600	610,500
Benefits Paid	(49,500)	-
<b>Plan Assets at end of year</b>	<b>\$ 11,308,000</b>	<b>\$ 9,922,100</b>
<b>c) Items for Inclusion in Balance Sheet</b>		
Defined benefit obligation	\$ (7,986,400)	\$ (6,864,300)
Fair value of assets	11,308,000	9,922,100
<b>Net IAS #19 Defined Benefit Asset</b>	<b>\$ 3,321,600</b>	<b>\$ 3,057,800</b>

**8. Retirement Benefit Asset:**

	30 September	
	2007	2006
<b>d) Items for Inclusion in Revenue Accounts</b>		
Current service cost	\$ 277,500	\$ 335,600
Interest on defined benefit obligation	570,800	413,000
Expected return on Plan assets	(766,100)	(673,600)
(Decrease)/increase in un-utilisable asset	(22,700)	269,200
<b>Net Pension Cost</b>	<b>\$ 59,500</b>	<b>\$ 344,200</b>
<b>e) Reconciliation of Opening and Closing Balance Sheet entries</b>		
Opening defined benefit liability	\$ 3,057,800	\$ 3,096,700
Net pension benefit	(59,500)	(344,200)
Company contributions paid	323,300	305,300
<b>Closing Defined Benefit Liability</b>	<b>\$ 3,321,600</b>	<b>\$ 3,057,800</b>
<b>f) Actual Return on Plan Assets</b>		
Expected return on Plan assets	\$ 766,100	\$ 673,600
Actuarial gain/(loss) on Plan assets	22,700	(43,500)
<b>Actual Return on Plan Assets</b>	<b>\$ 788,800</b>	<b>\$ 630,100</b>
<b>g) Experience History</b>		
Defined benefit obligation	\$ (7,986,400)	\$ (6,864,300)
Fair value of Plan assets	11,308,000	9,922,100
Surplus	\$ 3,321,600	\$ 3,057,800
Experience adjustment of Plan liabilities	-	(255,700)
Experience adjustment on Plan assets	22,700	(43,500)

**8. Retirement Benefit Asset (Cont'd):**

	30 September	
	2007	2006
<b>h) Summary of Principal Assumptions as at 31 July 2007</b>		
Discount rate at start of year	7.50%	7.00%
Discount rate at end of year	7.00 – 8.00%	7.00%
Salary increases	6.00%	5.00%
Expected return on assets	7.50%	7.50%

Expected rate of return on assets set by reference to estimated long-term returns on the Plan's strategic asset allocation. Allowance is made for some excess performance from the Plan's equity portfolio.

# notes to the financial statements

for the year ended 30 september 2007

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## 9. Fixed Assets:

	<b>Freehold Land</b>	<b>Building and Structures</b>	<b>Plant and Machinery</b>	<b>Office Furniture and Equipment</b>	<b>Motor Vehicles</b>	<b>Capital Work - in - Progress</b>	<b>Total</b>
<b>Cost / Valuation</b>							
Balance as at 1 October 2006	\$ 3,600,000	\$ 9,777,512	\$ 19,890,237	\$ 4,159,269	\$ 1,500,237	\$ 28,632,789	\$ 67,560,044
Additions	-	314,148	1,880,774	1,010,224	11,340	-	3,216,486
Transfer/re-classification	-	(16,000)	28,403,566	(6,120)	-	(28,500,724)	(119,278)
Balance as at 30 September 2007	3,600,000	10,075,660	50,174,577	5,163,373	1,511,577	132,065	70,657,252
<b>Accumulated Depreciation</b>							
Balance as at 1 October 2006	-	1,951,169	3,308,101	3,083,987	1,359,123	-	\$ 9,702,380
Charge for the year	-	156,338	1,293,755	300,403	29,796	-	1,780,292
Transfer/re-classification	-	5,438	-	(11,655)	-	-	(6,217)
Balance as at 30 September 2007	-	2,112,945	4,601,856	3,372,735	1,388,919	-	11,476,455
<b>Net Book Value</b>							
Balance as at 30 September 2007	<b>\$ 3,600,000</b>	<b>\$ 7,962,715</b>	<b>\$ 45,572,721</b>	<b>\$ 1,790,638</b>	<b>\$ 122,658</b>	<b>\$ 132,065</b>	<b>\$ 59,180,797</b>
Balance as at 30 September 2006	<b>\$ 3,600,000</b>	<b>\$ 7,826,343</b>	<b>\$ 16,582,136</b>	<b>\$ 1,075,282</b>	<b>\$ 141,114</b>	<b>\$ 28,632,789</b>	<b>\$ 57,857,664</b>

# 33 notes to the financial statements

for the year ended 30 september 2007

## 10. Deferred Taxation:

	30 September	
	2007	2006
Balance at beginning of the year	\$ 2,769,192	\$ -
Effect of statement of income	(5,724,250)	2,769,192
Balance at end of the year	(2,955,058)	2,769,192
Deferred taxation is attributable to the following items:		
Excess of net book value over written-down tax value	(12,072,862)	(11,215,930)
Tax losses carried forward	(830,400)	(764,450)
Retirement Benefit Asset	9,948,204	14,749,572
	<u>\$ (2,955,058)</u>	<u>\$ 2,769,192</u>

## 11. Bank Overdraft:

The Company has the following overdraft facilities:

### Republic Bank Limited

The Company has a current facility of **\$2 million**. Interest is charged at 19.5% per annum. This facility is secured by a lien over Money Market Fund Investment of **\$2 million**.

### RBTT Bank Limited

The Company has a current facility of **\$2.5 million**. Interest is charged at prime plus 1% or 17.5%. This facility has been secured by the sub-ordination of the liability of the Petroleum Company of Trinidad and Tobago in the amount of **\$5 million**.

# notes to the financial statements

for the year ended 30 september 2007

# 34

## 12. Loan:

	30 September	
	2007	2006
RBTT Bank Limited Drawdown Facility	\$ 17,620,097	\$ 18,957,372
Republic Bank Limited	4,711,917	-
	<hr/>	<hr/>
Less: Current portion	22,332,014 (3,206,013)	18,957,372 (1,337,273)
	<hr/>	<hr/>
Non-current portion	<b>\$ 19,126,001</b>	<b>\$ 17,620,099</b>
	<hr/> <hr/>	<hr/> <hr/>

The RBTT Bank Limited Drawdown Facility generates interest subject to prevailing market rates and the currency of the Advance. TT Advances are set at current effect of 4% and US Advances are set at current effect of 7%. Both are payable quarterly. Settlement of full amount is 1 year after the initial drawdown.

A **\$5,000,000** loan was granted by Republic Bank Limited for the purpose of financing the company's blended asphalt cement plant upgrade. The term of the loan is thirty-six (36) months. Interest is accrued at 11.75 per annum and the principal is repayable by monthly installments of **\$182,023**. The loan is secured by **\$2,500,000** of the company's Money Market Fund.

## 13. Stated Capital:

	30 September	
	2007	2006
<b>Authorised</b>		
Unlimited number of ordinary shares of no par value		
<b>Issued and fully paid</b>		
26,836,962 ordinary shares of no par value	\$ 26,836,962	\$ 26,836,962
	<hr/>	<hr/>
46,686,396 5% net cumulative redeemable preference shares	46,686,396	46,686,396
	<hr/>	<hr/>
	<b>\$ 73,523,358</b>	<b>\$ 73,523,358</b>
	<hr/> <hr/>	<hr/> <hr/>

## 14. Operating Profit/(Loss):

The following items have been charged in arriving at operating (loss)/profit:

	30 September	
	2007	2006
Staff costs ( <b>Note 17</b> )	\$ 9,826,535	\$ 8,275,826
ordinary shares of no par value	1,780,292	749,891
Directors' fees	146,459	148,240

# 35 notes to the financial statements

for the year ended 30 september 2007

## 15. Taxation:

	30 September	
	2007	2006
Business levy	\$ (303,532)	\$ (253,542)
Deferred taxation	(5,724,250)	2,769,192
	<b>\$ (6,027,782)</b>	<b>\$ 2,515,650</b>
Profit before taxation (11,215,930)	\$ 22,919,118	\$ 9,127,797
Tax calculated @ 25%	(5,729,780)	(2,281,949)
Income not subject to tax	148,770	100,595
Business Levy	(303,532)	(253,542)
Expenses not deductible for tax purposes	(105,556)	(67,457)
Deferred taxation impairment reversed	-	5,018,003
Other	(37,684)	-
	<b>\$ (6,027,782)</b>	<b>\$ 2,515,650</b>

## 16. Financial Instruments:

### Credit risk

The Company has no significant concentrations of credit risk. Cash is placed with reputable financial institutions.

### Fair value

The carrying amounts of the following financial assets and liabilities approximate to their fair values: cash, investments, trade receivables and payables and other receivables and payables due to the affiliated companies and short term and long term borrowings. Information on borrowings is included in **Note 11**.

# notes to the financial statements

for the year ended 30 september 2007

# 36

## 17. Staff Costs:

	30 September	
	2007	2006
Salaries and wages	\$ 8,125,950	\$ 7,292,377
Pension costs	513,162	239,631
Other benefits	985,676	557,676
National insurance	201,747	186,142
	<b>\$ 9,826,535</b>	<b>\$ 8,275,826</b>

## 18. Net Changes in Operating Assets and Liabilities:

	30 September	
	2007	2006
Net change in accounts receivable and prepayments	\$ (383,874)	\$ (5,771,239)
Net change in inventories	(5,373,946)	(873,022)
Net change in due from subsidiary	(12,526)	(158,157)
Net change in accounts payable and accruals	(2,001,390)	5,584,002
	<b>\$ (7,771,736)</b>	<b>\$ (1,218,416)</b>

**1. Administrative Expenses:**

	30 September	
	2007	2006
Professional services	\$ 1,159,707	\$ 1,129,134
Salaries and wages	9,826,535	8,275,826
Temporary payroll	2,402,966	1,978,461
	<b>\$ 13,389,208</b>	<b>\$ 11,383,421</b>

**2. Operating Expenses:**

	30 September	
	2007	2006
Amenities	\$ 1,283,487	\$ 819,755
Clothing and safety	208,722	232,800
Contract	7,883,842	3,425,809
Contributions and donations	270,941	137,323
Depreciation	1,780,292	749,891
Directors' fees	146,459	148,240
Fuel and power	784,690	63,166
Green Fund Levy	151,283	132,505
Insurance	808,584	718,542
Medical supplies	39,981	14,456
Membership subscription	202,416	280,079
Miscellaneous	560,649	324,500
Other materials and supplies	1,810,229	2,421,179
Radio, fax, communication	69,199	145,523
Rentals	2,922,173	2,241,098
Spares	7,473	20,334
Taxes and licence	28,509	149,537
Telephone	427,822	399,870
Training	263,498	224,560
Workmen's compensation	30,393	31,178
	<b>\$ 19,680,642</b>	<b>\$ 12,680,345</b>

schedules to the financial statements  
for the year ended 30 september 2007

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**3. Marketing Expenses:**

	30 September	
	2007	2006
Business travel	\$ 851,931	\$ 1,129,575
Freight and marine insurance	941,603	117,481
Sales promotion	323,106	440,882
Shipping	3,512,742	2,638,264
	<b>\$ 5,629,382</b>	<b>\$ 4,326,202</b>

**4. Finance Charges:**

	30 September	
	2007	2006
Bank charges	\$ 287,435	\$ 163,110
Interest expenses	2,647,782	3,143,363
	<b>\$ 2,935,217</b>	<b>\$ 3,306,473</b>

## proxy form

for the year ended 30 september 2007

I / We \_\_\_\_\_

a member / members of the above-named Company, hereby appoint

\_\_\_\_\_

as my / our proxy to vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held at 9:30 a.m. on 5 June, 2008 and at any adjournment thereof.

\_\_\_\_\_

Signature

\_\_\_\_\_

Date

Please indicate with an X in the spaces below how you wish your vote to be cast.

		For	Against
<b>RESOLUTION 1</b>	To receive the report and accounts	<input type="checkbox"/>	<input type="checkbox"/>
<b>RESOLUTION 2</b>	To re-elect Directors	<input type="checkbox"/>	<input type="checkbox"/>
<b>RESOLUTION 3</b>	To appoint Auditors Pannell Kerr Forster	<input type="checkbox"/>	<input type="checkbox"/>

**Note:** In accordance with Article 62 of the Articles of Association an instrument appointing a proxy shall be deposited at the registered office of the Company not less than forty-eight hours before the time of the holding of the meeting.





**Lake Asphalt of Trinidad and Tobago (1978) Limited**

**Head Office:** Brighton, La Brea, Trinidad, West Indies.

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