2006

Annual Report

SERIOUS ABOUT WEALTH

NCB CAPITAL MARKETS LIMITED

We envision ourselves as an industry leader renowned in the Caribbean for its wealth management services, innovation and financial success, attained through well-trained and committed employees, outstanding service delivery and corporate citizenship.

Contents

We value:

Integrity
Excellence
Accountability

During the 2006 Financial Year, the industry in which we operate was faced with many challenges, particularly in light of the continued sluggish performance of the equities market. Notwithstanding, our company capitalized on the opportunities presented and through the hard work and commitment of the team, a commendable performance was realized. On behalf of the Board of Directors, I thank each member of staff, customer, shareholder and all other stakeholders for their contribution to our performance.

The highlight of the year no doubt was the bold step to make an innovative offering of Preference Shares that would not only strengthen the company's capital base but also provide additional earnings.

We were not the first to offer preference shares, but certainly it had been a long time since this type of investment was offered to our local investors. The level of support the offer received, which was evident in the over subscription, indicated that the investment community is confident about this company and its future prospects.

Going forward, we will continue to focus on diversifying our income stream and constantly doing things better and different so as to maximize returns, while at the same time actively working to improve our operating efficiency to ensure we continue to offer excellent value to all our stakeholders.

Once again, I thank all those who have contributed to the continued success of NCB Capital Markets. On behalf of the Board of Directors, we pledge to continue practicing good corporate governance and to lead the company in its pursuit of excellent service and providing innovative product offerings so that we will be the market leaders in wealth and asset management, and as always "Serious About Wealth".

Patrick Hylton
Chairman

Chairman's Report

Board of Directors

Patrick Hylton - Chairman

Patrick Hylton joined National Commercial Bank Limited in 2003 and was appointed Group Managing Director in December 2004.

He boasts an illustrious banking career which includes his tenure as Managing Director of Financial Institutions Services Limited and FINSAC, where he successfully led the intervention, rehabilitation and divestment of the Jamaican banking and insurance industry. He was recognized nationally for this sterling achievement and received the Order of Distinction in the rank of Commander.

Mr. Hylton is an Associate of the Chartered Institute of Bankers (London) and holds a BBA (Upper 2nd Class Hons.) in Management from the University of Technology, Jamaica. He is Vice President of the Jamaica Bankers Association.

Dennis Cohen

A Chartered Accountant by profession, Dennis Cohen has served in the local banking industry for almost 13 years. Prior to joining NCB, he served in a number of positions at Citibank N.A. Jamaica. Prior to commencing his Banking career, Mr. Cohen was employed to PricewaterhouseCoopers as a senior accountant.

Mr. Cohen joined NCB in 2004 as Group Chief Financial Officer and later assumed the role of Group Chief Relationship Officer. He was appointed Group Deputy Managing director in April 2006. He is a Director of NCB (Cayman) Limited, National Commercial Bank Jamaica Limited, NCB Insurance Company Limited, United General Insurance Limited and West Indies Trust Company Limited.

Yvonne Clarke

Yvonne Clarke is a Chartered Accountant with over 23 years experience in audit and accounting. She joined the Internal Audit Division of NCB in August 2000, and was promoted to Chief Internal Auditor in October 2001, a post she held until her appointment as Group Chief Financial Officer in December 2005. Prior to joining NCB in 2000, she worked at PricewaterhouseCoopers where she gained experience in Assurance and Business Advisory Services.

Mrs. Clarke holds an MBA from the University of Manchester. She is a fellow of the Association of Chartered Certified Accountants (ACCA), the Institute of Chartered Accountants of Jamaica (ICAJ) and a member of the Accounting Standards Committee of the Institute of Charted Accountants of Jamaica.

Shamena Khan

Shamena Khan is the Vice President of Operations at AIC Limited and has over 24 years experience in her field. Ms. Khan currently provides operational guidance for AIC's key investments in the Caribbean as well as its broker/dealer relations in Canada.

Prior to joining AIC, Ms. Khan served as a consultant to one of Canada's leading software solution providers, RPM Technologies. She has also held several management positions with Canadian securities dealer, Richardson Greenshields of Canada Limited, where she spearheaded the development of the company's sovereign investment program.

Michael Ammar (Jnr.)

As principal of the Ammar retail chain, Michael Ammar (Jnr.) has a wealth of experience in running a successful business. He holds a Bachelor's degree in Business Administration and also serves as a director for Orr-Rus Limited. He is a former President of the Jamaica Chamber of Commerce.

Mark Myers

Mark Myers is the General Manager of Restaurants of Jamaica Limited (ROJ), and has been involved with ROJ since the opening of its first KFC Restaurant in 1975.

A graduate of Syracuse University in New York, Mr. Myers returned to Jamaica in 1988 and rejoined ROJ as part of its marketing team but his duties took on a more operational focus in 1990.

Mr. Myers also serves as President of the Jamaica Chamber of Commerce.

Dr. Nigel Clarke

Dr. Nigel Clarke is Chief Operating Officer of the Musson Group. He holds a B.Sc. in Mathematics and Computer Science from the University of the West Indies, an M.Sc. in Applied Statistics from Oxford University and a D.Phil. in Numerical Analysis, also from Oxford University.

He has received various awards, including the Rhodes Scholarship and the Commonwealth Scholarship, and has authored several publications. Dr. Clarke is a director of other companies including National Commerial Bank, Seprod Limited and Facey Commodity Limited.

John Bell

John Bell served as Audit and Business Advisory Services Partner with PricewaterhouseCoopers Jamaica for 24 years. He is a Fellow of the Institute of Chartered Accountants of Jamaica and the Chartered Association of Certified Accountants of Great Britain, and has over 35 years of experience in his profession.

Mr. Bell also holds a Bachelor's degree in Economics and Accounting from the University of the West Indies.

Dr. Cecil Batchelor

Dr. Cecil Batchelor is a Senior Medical Officer at the Princess Margaret Hospital, Morant Bay, St. Thomas where he has served since 1990. Dr. Batchelor is a fellow of the American College of Surgeons, and is a member of the Medical Association of Jamaica as well as the Association of Surgeons in Jamaica.

Dr. Batchelor was awarded the Order of Distinction in national recognition of his dedication to the medical profession in Jamaica.

Aubrey Garcia

Aubrey Garcia is the former Managing Partner of Lex Caribbean, a law firm providing services throughout the Caribbean. He has been providing legal and management consulting services in the CARICOM region for the last twenty years.

The Economic Environment

Our results were achieved within the context of a macro-economic environment which presented mixed fortunes. We continued to operate within a lower interest rate environment as the Central Bank relaxed its monetary policy stance by reducing rates across all tenures of its Reverse Repurchase Agreements by as much as 70 basis points during the year. The Central Bank also removed from offer its 270-Day and 365-Day Reverse Repurchase Agreements, which would normally offer a higher yield, which forced placements in alternate tenors with lower yields. These actions resulted in a narrowing of spreads and consequently impacted our net interest income.

The local financial services environment was characterised by increased competition from traditional and non-traditional market players. Additionally, investor interest in the equities market remained relatively low, thus, the market continued on its downward trajectory despite interest rates being at historic lows. The stock market registered a decline of 17,136.6 points or 16.6% between October 2005 and September of 2006.

The economy, however, showed resilience and experienced relatively strong growth, estimated to be 2.5%[1] for the period January to September 2006. This performance was supported by a relatively stable foreign exchange market which had depreciated moderately by 5.0%, despite the ongoing instability in the international price of oil. Additionally, buoyant foreign inflows contributed significantly to the relatively stable environment as well as a build-up in the Net International Reserves which stood at over US$2,342.0 million, representing 19 weeks of imports of goods and services.

Our Industry

A brokerage firm such as NCB Capital Markets Limited usually offers a variety of services including financial advisory, research, and, the buying and selling of securities such as stocks, bonds and mutual funds. In Jamaica, these firms are considered to be non-deposit taking institutions and are regulated by the Financial Services Commission (FSC). Of the 50 individuals and institutions licensed by the FSC, 11 of these are stockbrokers.

As of June 30, 2006, the securities industry reported total Funds Under Management (FUM) of $399.95 billion, reflecting growth of over $40 billion or 11.03% over the FUM of June 2005. The industry is characterised by 5 dominant players who control an estimated 65%-75% of the overall FUM.

As the industry evolved, the regulatory framework under which the industry operates has become more stringent. The introduction of capital adequacy requirements, margin requirements on repurchase agreements and other reporting requirements has served to strengthen the financial integrity of the industry.

The current trends in the industry are focused on improving customer service levels through customer friendly, interactive technology and providing quick incisive investment advice and research. Importantly, there have also been moves to diversify income streams with companies seeking to provide new products as well as maximizing the allocation of capital. Regional expansion has also been a noticeable development as companies seek to diversify and widen their reach. Finally, with interest spreads declining, companies have sought to grow Funds Under Management while seeking to become more efficient/cost effective in their operations. In this scenario it may become increasingly difficult for smaller players within the industry to compete with larger, better capitalised players. This fact has served to give rise to merger and acquisition activity within the industry and may continue to drive such activity in the future.

Stock Market Review

For the twelve month period to September 2006, the local equities market declined as investors, particularly institutional investors, shied away from the market. Underpinning the general weakness in the market was:

- weak earnings results, especially for the quarters ending March 2006 and June 2006;
- dampened consumer purchasing power as a result of a wage freeze and the hangover inflationary pressures from natural disasters in 2005; and
- a severe cement shortage in the middle of 2006 which led to a significant fallout in the construction sector.

However, as economic activities began to pick up and domestic interest rates were lowered, investors' sentiments towards equities began to slowly improve towards the end of the year. In fact the JSE Main Index was up 1.26% (1,087.78 points) for the September 2006 quarter, after declining by 2.06% (1,787.89 points) and 16.85% (17,614.29 points), respectively, in the June 2006 and March 2006 quarters.

Money Market

The money market was characterized by falling nominal interest rates and moderate to high liquidity. Despite falling nominal rates, activities remained high, as inflation headed south and the Government pushed ahead of its borrowing target by end September 2006.

[1] Planning Institute of Jamaica estimates

Managing Director's Report

Dear Stakeholder,

It is with great pleasure that I report to you on the performance of our company in its first Annual Report. We are proud of our achievements this year and welcome this opportunity to provide you with an account of our operations.

This past financial year has been marked by many rewarding milestones, chief of which was our listing of 100 million preference stock units on the Jamaica Stock Exchange on September 22, 2006. This offer was oversubscribed by more than 16% and raised over $300 million. This milestone was particularly significant as the issue was structured and executed by our very own Corporate Finance team.

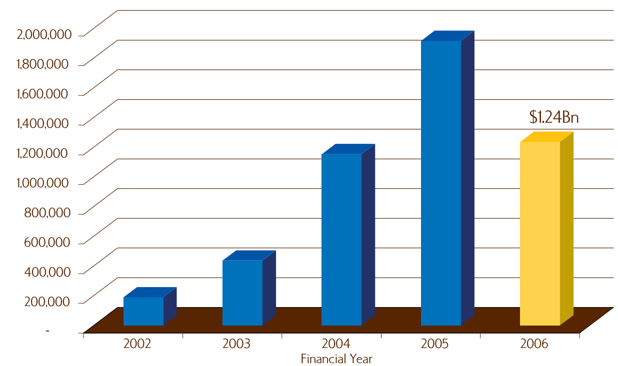
We are also extremely proud to once again hold the position of being the number one stockbrokerage in Jamaica, leading by both value and volume on the Jamaica Stock Exchange. This has been an honour that we have held for the last 6 years with the exception of 2005[1].

Profitability

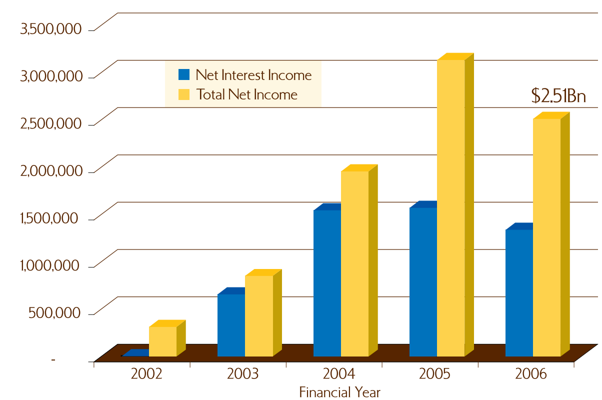
We ended the 2006 Financial Year with a net profit of $1.24 billion. While this is some $600 million less than the $1.91 billion posted in the previous financial year, it is an admirable performance in a difficult economy. Excluding the one-off gain from a loan recovery in the previous financial year and the impairment loss in the current year, the core profits for this year reflect an increase of $175.1 million or 13.4%. This performance is a reflection of the Company's ability to adapt to the current declining interest rate environment coupled with a lacklustre stock market, by growing other income streams and contracting expenses.

During the year, Net Interest Income decreased by 19.86% ending the year at $2.51 billion.

Net Profit



Net Interest Income & Total Net Income



[1] as per JSE statistics

> This past financial year has been marked by many rewarding milestones, chief of which was our listing of 100 million preference stock units on the Jamaica Stock Exchange on September 22, 2006.

Operating Expenses

There was an aggressive drive to control expenses during the year, resulting in a 32% reduction. However, Total Operating Expenses closed the year at $135.6 million, 16.4% higher than the previous year, due mainly to a provision of $244.3 million for the impairment of the investment in Supreme Ventures Limited (SVL). The SVL shares were acquired by the Company in February 2006 under an underwriting commitment, when SVL's public offer was under-subscribed in January 2006.

Assets

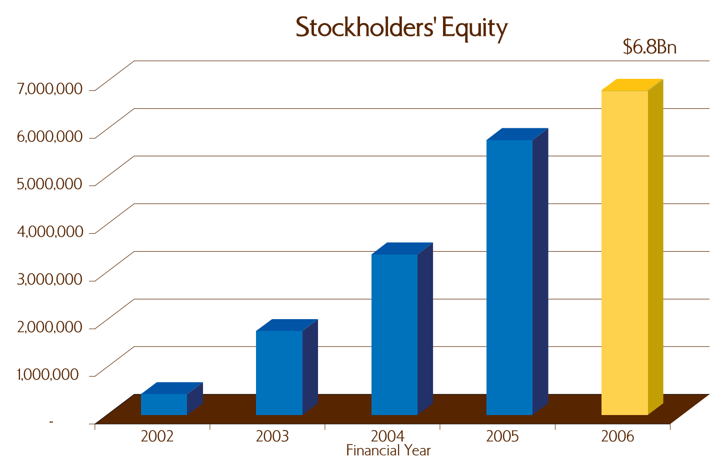
The Company's total asset base increased by $5.2 billion or 9.4%, up from $55.7 billion as at September 30, 2005 to $60.9 billion as at September 30, 2006. The major increases in the asset base were accounted for by investment securities which grew by $12.2 billion or 37.6%.

Liabilities

Total Liabilities rose by $4.2 billion or 8.4% over the previous year. This was mainly due to the growth in Funds Under Management (FUM) by $4.5 billion or 9.49%. Total Liabilities were also impacted by the public issue of 100 million preference stock units valued at $3 each. Preference stocks totalling $1.49 million which had been issued to the National Commercial Bank Jamaica Limited (NCB) were also redeemed during the year.

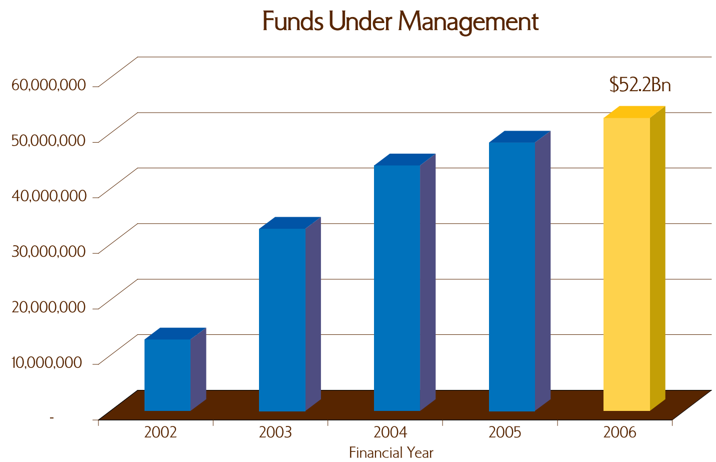
Capital

As at September 30, 2006, Total Stockholders' Equity was $6.8 billion, an increase of $1.0 billion or 17.8 % when compared to September 2005. Included in Stockholders' Equity are unrealized fair value gains of $493.6 million net of deferred taxes.



Funds Under Management

As at 30th September 2006, we managed $52.2 billion on behalf of our clients, representing an increase of $4.5 billion over the previous year.



Strategic Formula

Our performance is indicative of a solid business model and effective execution of our strategic formula. At the beginning of the year, we employed a Balanced Scorecard (BSC) approach in order to establish the key measures for the year. These measures were tracked under the BSC's four pillars - "Customer", "People", "Internal Processes" and "Financial". The management team also devised the strategic formula below to guide our daily operations.

(People + Processes)^2 + Customer = Stakeholder Value.

People

We recognize that our greatest assets are well-trained employees. We therefore continue to invest in developing a highly qualified team that is committed to the satisfaction of our clients and superior business performance. This was done through institutionalising our core values and keeping the communication lines open between management and staff. We also completed an extensive programme to build the capacity of our company by establishing the key competencies for each employee's function and providing behavioural, technical and functional training to fill any identified gaps. This was coupled with a more structured performance management system.

Processes

Technology and Business Solutions

Our technology plays an integral role in realizing our company's strategic objectives. As a result of our drive for continuous improvement, we have identified keys areas of the business through which the use of our technologies will provide us with a distinct competitive advantage. This will allow us to grow locally and internationally, as well as meet and exceed our clients' expectations.

We are committed to reinforcing and developing systems that are reliable and secure in order to provide the desired infrastructure on which new and more diversified products can be offered. Our focus will be on providing unsurpassed customer service through the use of our technological architecture.
During the year, we strengthened the accuracy, integrity, and efficiency of our business processes and client service through appropriate training and a continuing review and improvement of policies and procedures.

Risk Management

Source of Profits

NCB Capital Markets Limited is an active participant in the securities market for its own account. This involves taking positions in equities and debt securities, which are subject to risks. A substantial portion of our profit for 2005/2006 was derived from investments in securities. Our profitability may be significantly influenced by the risks of the markets in which we trade and the transactions undertaken by us. We understand that risks and rewards are correlated and seek to ensure that we are not exposed to risks that do not provide a compensating return.

Effect of Mark-to-Market Rule

Under the International Financial Reporting Standards (IFRS), "trading securities" (being those held with a view to short-term profit making) are required to be "marked to market", that is, they are revalued at market price, and the resulting gains or losses recognized in the profit and loss account.

In the case of securities listed on the JSE, the revaluation is effected daily by reference to the current bid market price of the relevant Stock Units. The price of listed securities on the JSE may rise or fall on small volumes and accordingly, in the case of large holdings, the amount realized on disposal may differ from the "marked to market" price of such securities reflected in our financial results.

Regulatory and Legal Uncertainties

We operate in a heavily regulated industry. Changes in approach by the FSC or by the Bank of Jamaica (BOJ) in relation to existing Regulations or the introduction of new Regulations or Guidelines may affect the operations of the Company and thereby affect our profitability.

Interest Rate Risk

The Company may be exposed from time to time to the effects of movements in market interest rates on its financial instruments and, as a result, to cash flows which may cause interest margins to rise or fall. We deal with this risk by placing appropriate limits on the extent of mismatch of interest rate repricing that can be undertaken.

Credit Risk

We are exposed to the risk that counterparties will be unable to pay amounts owed when due. This is addressed by an ongoing process of periodically reviewing the financial status of each obligator and by obtaining collateral and corporate and personal guarantees.

Liquidity Risk

The Company cash resources are called upon daily from a variety of sources to meet payment and repayment obligations. The business requirement for proper cash management is dealt with in several ways, including having available a minimum proportion of maturing funds to meet these calls.

Country-Specific Risks:

Macro-Economic Policies

Changes in fiscal and monetary policies by the Government of Jamaica (GOJ) may affect the behaviour of capital markets. Such changes in policies may create opportunities as well as challenges for NCB Capital Markets Limited.

Sovereign Risk

As a substantial portion of the securities held by the Company for its own account is in debt securities issued by the GOJ, changes in the creditworthiness of GOJ could affect the value of such securities and our the financial performance.

Other Risks:

New Accounting Rules or Standards

NCB Capital Markets Limited may become subject to new accounting rules or standards that differ from those that are presently applicable. Such new accounting rules or standards could require significant changes in the way NCB Capital Markets Limited currently reports its financial position, operating results or cash flows. Such changes could be applied retrospectively.

Risks Associated with International Conditions

NCB Capital Markets Limited financial results may be adversely affected by international risks, such as:

- International political and economic conditions;
- Changes in regulations in countries in which the Company does business;
- Trade barriers;
- Adverse tax consequences; and
- Costs associated with expansion into new territories.

"We recognize that our greatest assets are well-trained employees."

Operational Risk

This is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This definition excludes systemic risk, legal risk and reputation risk.

This catch-all category of risks includes:

- Employee errors;
- Computer and manual systems failures, security failures;
- Fire, floods or other losses to physical assets; and
- Fraud or other criminal activity.

Risk Mitigation

NCB Capital Markets Limited attempts to mitigate all operational risks by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures and undertaking regular contingency planning.

As a licensed securities dealer, our operations are particularly susceptible to the risk of money laundering. We have established internal procedures to safeguard against that risk. The management team believes that there are currently no significant or unusual developments surrounding the risks described above.

Customer

For the 2006 Financial Year, we focused on fine tuning our wealth advisory/customer service model. Client Relations Officers (CROs) were deployed across 24 locations island-wide, and our Contact Centre was expanded to effectively field customer queries, conduct client surveys and support our marketing initiatives. The Contact Centre is operating above worldwide industry standards, reporting service levels of 90%, above the benchmarked 80%. Clients are also able to access the services of our Wealth Advisors for investment advice and personal portfolio reviews. These initiatives resulted in increased customer satisfaction across our service channels.

Corporate Governance

NCB Capital Markets Limited has adopted the Corporate Governance Policies developed by its parent company, National Commercial Bank Jamaica Limited. Included in these policies are guidelines covering:

- The Role and Responsibilities of the Board
- The Composition of the Board
- Board Committees and their Responsibilities
- Board Disclosure of Interests

> During the year, we strengthened the accuracy, integrity, and efficiency of our business processes and client service.

Committees

The Board recognises its duty to provide oversight and guidance to the management team of the company. Consequently, during the year, the following board committees were either revamped or implemented:

- Audit Committee
- Investment Committee
- Compensation Committee
- Corporte Governance and Conduct Review Committee

Terms of Reference

Investment Committee

The Investment Committee's role is to oversee the establishment of appropriate systems and internal controls designed to ensure that the securities activities and holdings are consistent with the strategies of the institution, and that the implementation of the strategies remains consistent with the portfolio policy objectives.

The members of the Investment Committee are:

Mr. John Bell (Chairman)
Mr. Patrick Hylton
Mr. Dennis Cohen
Mr. Michael Ammar (Jnr.)
Ms. Shamena Khan

Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process and the Company's process for monitoring compliance with laws, regulations and approved policy guidelines.

The Committee reviews the Company's financial statements, prior to same being referred for the Board's approval, and liaises as necessary, with the external auditors.

The Audit Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility.

The members of the Audit Committee are:

Mr. John Bell (Chairman)	Mr. Michael Ammar (Jnr.)
Ms. Shamena Khan	Mr. Mark Myers
Mr. Dennis Cohen	

In accordance with the requirements of the recently amended Stock Exchange Listing Agreement that the majority of the Audit Committee members should be identified by the Board as independent, the Board has identified the following directors as independent:

Mr. Mark Myers
Mr. John Bell
Mr. Michael Ammar (Jnr.)

Corporate Governance and Conduct Review Committee

The Corporate Governance and Conduct Review Committee is responsible for overseeing appropriate policies of corporate conduct and, reviewing related party transactions entered into by the Company.

The members of the Corporate Governance and Conduct Review Committee are:

Mr. John Bell (Chairman)	Mr. Dennis Cohen
Dr. Nigel Clarke	Mr. Michael Ammar (Jnr.)
Ms. Shamena Khan	Mr. Mark Myers

Compensation Committee

The Compensation Committee has overall responsibility for evaluating and recommending for the Board's approval, the Company's compensation policies, plans and programs. The Committee is also responsible for developing the Company's compensation philosophy, and administering Board approved compensation policies, plans and programs.

The members of the Compensation Committee are:

Mr. Mark Myers (Chairman)	Mr. Dennis Cohen
Mr. Patrick Hylton	Mr. John Bell

Management Committees

These were complemented by the following management committees which comprise of members from each unit within the organisation.

- Risk Management Committee
- Product Development Committee
- IT Steering Committee
- Investment Committee

Corporate Citizenship and Leadership

The Company takes its cues from its parent company National Commercial Bank Jamaica Limited, which believes in **Building a Better Jamaica**, primarily through the development of Education and Community Development. NCB Capital Markets Limited supports these efforts both as part of the group and on its own.

NCB Capital Markets Limited in association with the Jamaica Conference Board funds the research and development of a Business and Consumer Index. Conducted by Market Research Services Limited, the index is published quarterly and provides a timely gauge of business and consumer confidence in the Jamaican economy.

> "The Company's Board of Directors is charged with guiding and monitoring the affairs of the company in order to safeguard the interests of all stakeholders."

The Company also freely gives in order to create a positive impact on the economic and social well-being of various Jamaican groups and communities.

NCB Capital Markets Limited has over the years provided assistance for students to cover their tuition and other costs for various levels of educational studies. The Company is also very supportive of service clubs and community organisations. Of note is its sponsorship of the Mustard Seed Communities, to which it commits an annual donation of $1 million.

Sports is an integral part of the Jamaican lifestyle and presents NCB Capital Markets Limited with an opportunity to interact with its clients and its community. The company has supported several activities and organisations including the Kingston and St. Andrew Masters League Football Association (KSAMLA) and the Jamaica Polo Association (JPA).

The Way Forward

We recognise that we have the privilege of being a part of the wider NCB group of companies. As such, plans for the 2007 Financial Year involve effectively leveraging the NCB brand to drive growth in our retail market. This will be enhanced by developing products and services that are geared towards helping our growing client base meet their wealth objectives.

We have experienced solid success with our Corporate Finance team and anticipate strong demand for their services, as companies become more open and aware of the fund raising opportunities in the capital market.

In closing, I would like to thank our team of hardworking employees who have continued to demonstrate excellence in building a strong and successful company. We also acknowledge our customers, shareholders and other stakeholders who have continuously shown confidence in us. We look forward to exceeding your expectations in the 2007 Financial Year.

Christopher Williams
Managing Director

Milestones

- Listing on the Jamaica Stock Exchange on September 22, 2006, following the successful issue of preference stock units.
- #1 Stockbroker
- #1 Primary Dealer
- Net profit of $1.24 billion
- FUM increased by $4.4billion to $52.5 billion
- Capital Base stands at $6.8 billion, an increase of over $1 billion

Senior Management

Christopher Williams
Managing Director

Christopher Williams joined the NCB Capital Markets Limited team as Deputy Managing Director in January 2004, and was appointed Managing Director 10 months later. He has direct responsibility for guiding the company's performance and safeguarding the interests of all stakeholders.

Mr. Williams currently serves as Chairman of the Jamaican Association for the Deaf, Director of the Jamaica College Old Boys Association, Director of the Jamaica College Foundation, Director of the Jamaica Stock Exchange and Council Member of the Jamaica Securities Dealers' Association.

He holds a BSc. in Accounting from the University of the West Indies and a M.B.A in Strategic Marketing and Finance from York University in Toronto, Canada.

Karlene E. Bailey
Vice President, Investments

Karlene Bailey joined NCB Capital Markets Limited in January 2003 and currently serves as Vice President for Investments.

Miss Bailey is responsible for maintaining strong growth in the company's core business lines including trading, portfolio and asset management, as well as, corporate finance.

Prior to joining NCB Capital Markets Limited, Miss Bailey was a Research Economist at the Bank of Jamaica where she specialized in examining the financial services sector and in particular, the stock market.

Miss Bailey holds a B.Sc. in Management with minors in Economics & Accounts from the University of the West Indies, Mona and a M.Sc. in Economics from La Universidad Católica, Santo Domingo.

Debra Lopez
Vice President, Wealth Management & Distribution

Debra Lopez has been with NCB Capital Markets Limited since March 2003. Miss Lopez is the Vice President for Distribution and Wealth Management with responsibility for increasing the company's market share through wealth advisory services and product offerings.

Miss Lopez has over 7 years experience in the financial services sector having begun as an Account Executive in the Corporate Banking Division of Westpac Banking Corporation in New Zealand. Prior to joining NCB Capital Markets Limited, Miss Lopez was Assistant Vice President and Branch Manager for Dehring Bunting & Golding.

Miss Lopez is an honours graduate in Economics & Finance from Barry University and the holder of an MBA from Florida International University.

Debbie Dunkley
Vice President & Chief Financial Officer

Debbie Dunkley joined NCB Capital Markets Limited as Vice President and Chief Financial Officer in August 2006. Miss Dunkley is responsible for directing the financial reporting, treasury, operations and business support units, as well as the strategic financial management of the company.

Miss Dunkley has over 23 years experience in audit and accounting at PricewaterhouseCoopers. Prior to joining NCB Capital Markets Limited, Miss Dunkley served as Vice President, Finance at MedeCus Health Insurance Agency Limited.

Miss Dunkley is a Chartered Accountant and is currently in the final stages of reading for her MBA in Finance from the Manchester Business School, University of Manchester. She is a fellow of the Association of Chartered Certified Accountants (ACCA), the Institute of Chartered Accountants of Jamaica (ICAJ), and a member of the Board of Directors of Medical Associates Limited.

Janice Dacres-Jones
Asst. Vice President, Marketing & Culture

Janice Dacres-Jones has been with the organization since 2004. She joined NCB Capital Markets Limited as Marketing Manager and was promoted to Assistant Vice President of Marketing & Culture shortly thereafter.

Mrs. Dacres-Jones provides strategic direction for all the company's communications and marketing initiatives. She also holds responsibility for managing the Company's Human Resources.

Prior to joining the company Mrs. Dacres-Jones was Marketing Communications Manager at Jamaica Money Market Brokers Limited for several years.

Mrs. Dacres-Jones holds a B.Sc. in Management from Nova South Eastern University.

Robert Barnes
Asst. Vice President, Risk Management & Compliance

Robert Barnes joined NCB Capital Markets Limited in May 2004 as the Risk & Compliance Manager, and was appointed AVP of Risk & Compliance in August 2006.

Mr. Barnes has over 15 years experience in the financial services industry where he has honed his skills in risk management and centralized banking operations. Prior to joining NCB Capital Markets Limited, Mr. Barnes held the post of Risk & Compliance Manager at Manufacturer's Sigma Merchant Bank.

Mr. Barnes holds a B.Sc. in Accounting and Management from the University of the West Indies and an M.B.A. in Finance from the University of Manchester.

The great secret of success is that
there are no secrets of success;
there are only timeless principles
that have proven effective
throughout the centuries.

-excerpt from The Treasury of Quotes by Brian Tracey

Directors' Report

The Directors submit their report together with the audited financial statements for the year ended September 30, 2006.

The profit and loss account shows profit before taxation of $ 1,549,104,000 and a profit after taxation of $1,235,540,000. The retained earnings at September 30, 2006 amounted to $5,073,690,000.

ACTIVITIES

The company is a licensed securities dealer and is a member of the Jamaica Stock Exchange. The company also has primary dealer status from the Bank of Jamaica.

DIRECTORS

During the year under review, the directors of the company were:-

Patrick Hylton	-	Chairman	Mark Myers
Christopher Williams	-	Managing Director	Aubrey Garcia
Dr. Nigel Clarke			Dr. Cecil Bachelor
Shamena Khan			John Bell
Michael Ammar			Dennis Cohen
Yvonne Clarke	-	Appointed June 21, 2006	
Jennifer Dewdney-Kelly	-	Company Secretary	

DIVIDENDS

The directors recommend the payment of a dividend totalling $646,252, upon redemption of the 1,490,000 preference shares.

SHARE CAPITAL

There was redemption of 1,490,000 preference shares and an issue of 100,000,000 preference shares during the year.

AUDITORS

The auditors, Messrs. KPMG, have indicated their willingness to continue in office in accordance with Section 154 of the Companies Act.

On behalf of the Board
NCB CAPITAL MARKETS LIMITED

Misheca Seymour-Senior (Mrs.)
Assistant Company Secretary

Auditors' Report

KPMG

KPMG
Chartered Accountants
The Victoria Mutual Building
6 Duke Street
Kingston
Jamaica, W.I.

P.O. Box 76
Kingston
Jamaica, W.I.
Telephone +1 (876) 922-6640
Fax +1 (876) 922-7198
+1 (876) 922-4500
e-Mail firmmail@kpmg.com.jm

November 9, 2006

To the Members of
NCB CAPITAL MARKETS LIMITED

Auditors' Report

We have audited the financial statements of NCB Capital Markets Limited ("the company") as at and for the year ended September 30, 2006, set out on pages 20 to 40, and have obtained all the information and explanations which we required. The financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, proper accounting records have been kept and the financial statements, which are in agreement therewith and have been prepared in accordance with International Financial Reporting Standards, give a true and fair view of the state of affairs of the company as at September 30, 2006, and of the results of its operations, changes in equity and cash flows for the year then ended, and comply with the provisions of the Jamaican Companies Act.

KPMG

November 9, 2006

Profit & Loss Account

Year ended 30 September 2006

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2006 $'000	2005 $'000
Operating Income			
Interest income		6,346,179	6,565,465
Interest expense	3	(5,006,792)	(4,993,056)
Net interest income		1,339,387	1,572,409
Net trading income	4	834,673	649,761
Dividend income		47,751	26,369
Other operating income		289,147	275,039
Loan provision recovered	13	-	609,716
		1,171,571	1,560,885
		2,510,958	3,133,294
Operating Expenses			
Impairment loss	12	244,257	-
Staff costs	5	401,169	360,421
Other operating expenses		316,428	465,618
	6	961,854	826,039
Profit before Taxation	7	1,549,104	2,307,255
Taxation	8	(313,564)	(392,869)
NET PROFIT		1,235,540	1,914,386
Earnings per stock unit (expressed in $ per share)	9	$1.02	$1.59

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

Balance Sheet

30 September 2006

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2006 $'000	2005 $'000
ASSETS			
Cash and deposits		603,396	597,574
Investment securities at fair value through profit or loss	10	1,151,266	2,192,009
Reverse repurchase agreements	11	14,972,111	21,889,758
Investment securities – available-for-sale	12	43,542,614	30,278,084*
Receivable from clients		30,297	30,415
Receivable from brokers		11,891	-
Other assets	14	548,297	635,430
Retirement benefit asset	15	10,118	8,812
Property, plant and equipment	16	21,675	20,401
Intangible assets – computer software	17	7,167	11,452
Total Assets		60,898,832	55,663,935
LIABILITIES			
Repurchase agreements		50,258,040	44,693,530
Promissory notes and certificates of participation	18	2,286,612	3,424,911
Payable to clients		63,881	35,113
Payable to brokers		-	11,126
Taxation payable		180,329	309,132
Redeemable preference shares	22	300,000	1,490
Deferred income tax liability	19	497,790	733,257*
Other borrowed funds	20	236,029	197,264
Other liabilities	21	276,563	482,137
Total Liabilities		54,099,244	49,887,960
EQUITY			
Ordinary share capital	22	1,207,615	1,207,615
Share premium		13,500	13,500
Fair value reserve	23	493,641	705,568*
Capital reserve	24	11,142	11,142
Retained earnings		5,073,690	3,838,150
Total Equity		6,799,588	5,775,975
Total Liabilities and Equity		60,898,832	55,663,935

The financial statements on pages 20 to 40 were approved for issue by the Board of Directors on November 9, 2006 and signed on its behalf by:

Patrick Hylton — Chairman

Christopher Williams — Director

* Restated (see note 25)

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

Statement of Changes in Equity

Year ended 30 September 2006
(expressed in Jamaican dollars unless otherwise indicated)

	Ordinary share capital $'000	Share premium $'000	Fair value reserve $'000	Capital reserve $'000	Retained earnings $'000	Total $'000
Balances at September 30, 2004:						
As previously reported	1,207,615	13,500	216,923	11,142	1,923,764	3,372,944
Prior year adjustment (note 25)	-	-	349,578	-	-	349,578
As restated	1,207,615	13,500	566,501	11,142	1,923,764	3,722,522
Realised gains on available-for-sale investments recognised in profit and loss account	-	-	(94,450)	-	-	(94,450)
Unrealised gains on available-for-sale investments, net of taxes	-	-	233,517	-	-	233,517
Profit for the year	-	-	-	-	1,914,386	1,914,386
Total recognised gains for the year	-	-	139,067	-	1,914,386	2,053,453
Restated balances at September 30, 2005	1,207,615	13,500	705,568	11,142	3,838,150	5,775,975
Balances at September 30, 2005:						
As previously reported	1,207,615	13,500	458,655	11,142	3,838,150	5,529,062
Prior year adjustment (note 25)	-	-	246,913	-	-	246,913
As restated	1,207,615	13,500	705,568	11,142	3,838,150	5,775,975
Realised gains on available-for-sale investments recognised in profit and loss account	-	-	(920,475)	-	-	(920,475)
Unrealised gains on available-for-sale investments, net of taxes	-	-	708,548	-	-	708,548
Profit for the year	-	-	-	-	1,235,540	1,235,540
Total recognised gains for the year	-	-	(211,927)	-	1,235,540	1,023,613
Balances at September 30, 2006	1,207,615	13,500	493,641	11,142	5,073,690	6,799,588

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

Statement of Cash Flows

Year ended 30 September 2006

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2006 $'000	2005 $'000
Cash Flows from Operating Activities			
Net cash provided by operating activities	26	14,162,275	4,259,881
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment		(11,991)	(2,100)
Acquisition of intangible assets – computer software		(7,427)	(7,181)
Proceeds from disposal of property, plant and equipment		1,202	2,995
Proceeds from disposal of intangible assets – computer software		-	736
Investment securities, net		(13,390,499)	(4,185,866)
Net cash used in investing activities		(13,408,715)	(4,191,416)
Cash Flows from Financing Activities			
Proceeds from issue of redeemable preference shares		300,000	-
Redemption of preference shares		(1,490)	-
Other borrowed funds		37,93	(31,268)
Net cash provided by/(used in) financing activities		336,441	(31,268)
Net increase in cash and cash equivalents		1,090,001	37,197
Cash and cash equivalents at beginning of year		1,799,278	1,750,716
Effect of exchange rate changes on cash and cash equivalents		27,992	11,365
Cash and Cash Equivalents at End of Year		2,917,271	1,799,278
Comprising:			
Cash and deposits		603,396	597,574
Reverse repurchase agreements	11	2,313,875	1,201,704
		2,917,271	1,799,278

Cash and cash equivalents at 30 September 2006 include interest receivable of $9,248,000 (2005 - $2,464,000).

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

Notes to the Financial Statements

30 September 2006

(expressed in Jamaican dollars unless otherwise indicated)

1. **Identification and principal activities**

NCB Capital Markets Limited ("the company") is a wholly-owned subsidiary of National Commercial Bank Jamaica Limited ("the Bank"). Both companies are incorporated under the laws of Jamaica. The company is domiciled in Jamaica, with registered office at 32 Trafalgar Road, Kingston 10. The ultimate parent company is Portland Holdings Inc., incorporated in Canada. Portland Holdings Inc. is controlled by Mr. Michael Lee-Chin.

The company's principal activities comprise those being a licensed securities dealer with the Financial Services Commission and became listed on the Jamaica Stock Exchange in September 2006. The company is also a member of the Jamaica Stock Exchange and has primary dealer status from the Bank of Jamaica.

2. **Significant accounting policies**

(a) Statement of compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations issued by the International Accounting Standards Board ("IASB"), and the relevant provisions of the Jamaican Companies Act.

(b) Basis of preparation:

The financial statements are prepared on the historical cost basis, except for investments classified as fair value through profit or loss and available-for-sale which are stated at fair value. They are presented in the company's functional currency, Jamaican dollars, and are stated in thousands, unless otherwise stated.

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the balance sheet date and the reported amounts of income and expenses. The estimates and associated assumptions are based on historical experience and/or various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Financial Statements

30 September 2006
(expressed in Jamaican dollars unless otherwise indicated)

2. **Significant accounting policies (cont'd)**

(b) Basis of preparation (cont'd):

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are as follows:

(i) Pension and other post-retirement benefits:

The amounts recognised in the balance sheet and profit and loss account for pension and other post-retirement benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include expected long-term return on plan assets, the discount rate used to determine the present value of estimated future cash flows required to settle the pension and other post-retirement obligations and the expected rate of increase in medical costs for post-retirement medical benefits.

The expected return on plan assets assumed considering the long-term historical returns, asset allocation and future estimates of long-term investment returns. The discount rate is determined based on the estimate of yield on long-term government securities that have maturity dates approximating the terms of the branch's obligation; in the absence of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest-tenor security on the market. Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations.

(ii) Allowance for losses

In determining amounts recorded for allowance for losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from other receivables and other financial assets, for example, repayment default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired financial assets as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant financial assets and the portfolio with similar characteristics, such as credit risks.

(iii) Fair value of financial instruments

In the absence of quoted market prices, the fair value of a significant proportion of the company's financial instruments was determined using a generally accepted alternative method. Considerable judgement is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from these assumptions could require a material adjustment to the carrying amounts reflected in the financial statements.

(c) Foreign currency translation:

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rates. These rates represent the weighted average rates at which the Bank trades in foreign currencies.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the profit and loss account. Depending on the classification of a non-monetary financial asset, exchange differences are either recognised in the profit and loss account (applicable for investment securities at fair value through profit or loss), or within equity, if non-monetary financial assets are classified as available-for-sale.

(d) Interest and fees:

Interest income and expense are recognised in the profit and loss account for all interest-bearing instruments on the accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investment securities and accrued discount or premium on treasury bills and other discounted instruments. Interest income on impaired assets is recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount [note 2(f)].

Fees and commissions income are recognised on the accrual basis. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

(e) Dividends:

Dividend income is recognised when the right to received income is established. Usually this is the ex-dividend date for equity securities.

2. Significant accounting policies (cont'd)

(f) Investments:

Investments classified as fair value through profit or loss, including those held for trading, are carried at fair value, with changes in fair value being recognised in the profit and loss account. Securities acquired by the company by making funds available to debtors are classified as loans and receivables, provided they are not traded in an active market, and are measured at amortised cost less impairment losses. Other investments are classified as available-for-sale ("AFS") and are stated at fair value, with gains or losses arising from changes in fair value being included in the fair value reserve, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses.

When the securities are disposed of, or impaired, the related accumulated unrealised gains or losses included in equity are transferred to the profit and loss account. A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount [note 2 (o)].

The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The recoverable amount of a financial asset carried at fair value is the present value of expected future cash flows discounted at the current market interest rate for a similar financial asset.

The fair value of investments is based on their quoted market bid price, if available, at the balance sheet date without any deduction for transaction costs. Where a quoted market price is not available, fair value is estimated using a generally accepted alternative method such as discounted cash flow.

Investments are recognised or derecognised by the company on the date of settlement and are initially recognised at cost.

(g) Repurchase and reverse repurchase transactions:

Securities sold under repurchase agreements (repurchase agreements) and securities purchased under resale agreements (reverse repurchase agreements) are treated as collateralised financing transactions. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

(h) Property, plant and equipment:

Property, plant and equipment is stated at cost, less accumulated depreciation and impairment losses.

Property, plant and equipment are periodically reviewed for impairment. Depreciation is calculated on the straight-line basis at annual rates that will write down the carrying value of each asset over the period of its expected useful life to its residual value. Annual depreciation rates are as follows:

Leasehold improvements	-	20%
Furniture and equipment	-	20%
Computer equipment	-	33⅓%
Motor vehicles	-	25%.

(i) Intangible assets – computer software:

Costs that are directly associated with acquiring identifiable and unique software products which are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. These assets are stated at cost, less accumulated amortization and impairment losses, if any. The assets are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred.

(j) Borrowings:

Borrowings are recognised initially at cost, being their issue proceeds, net of transaction costs incurred.

Subsequently, borrowings are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective yield method.

(k) Taxation:

Income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised.

Notes to the Financial Statements

30 September 2006

(expressed in Jamaican dollars unless otherwise indicated)

2. **Significant accounting policies (cont'd)**

(k) Taxation: (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on enacted rates.

Current and deferred tax assets and liabilities are offset when they relate to the same tax authority and when the legal right of offset exists.

Current and deferred taxes are recognised as income tax expense or credit in the profit and loss account except, where they relate to items recorded in equity, they are also charged or credited to equity.

(l) Employee benefits:

Employee benefits are all forms of consideration given by the company in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, annual vacation leave, and non-monetary benefits such as medical care and loans; post-employment benefits such as pensions; and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave. Post-employment benefits are accounted for as described below. Other long-term benefits are not considered material and are charged off when incurred.

(i) Pension obligations:

The company operates two pension plans for all permanent employees, the assets of which are held in separate trustee-administered funds. The pension plans are funded by payments from employees and by the company, taking into account the recommendations of independent qualified actuaries. The company has both a defined contribution and a defined benefit plan.

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate fund. The company has no legal or constructive obligation beyond paying these contributions.

(i) Pension obligations:

Contributions to the defined contribution plan are charged to the profit and loss account in the period to which they relate.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. Employee benefits, comprising pensions and other post-employment assets and obligations included in the financial statements, have been actuarially determined by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuations are conducted in accordance with IAS 19, and the financial statements reflect the company's retirement benefit asset and obligations as computed by the actuary. In carrying out their audit, the auditors rely on the actuary's report.

The asset or liability in respect of the defined benefit plan is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of plan assets, adjusted for unrecognised actuarial gains/losses and past service cost. Where a pension asset arises, the amount recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Pension costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the profit and loss account so as to spread the regular cost over the service lives of the employees in accordance with the advice of the actuaries, who carry out a full valuation of the plan every year. The pension obligation is measured at the present value of the estimated future cash outflows using discount rates based on the market yields on government securities which have terms to maturity approximating the terms of the related liability.

A portion of actuarial gains and losses is recognised in the profit and loss account if the net cumulative unrecognised actuarial gains or losses at the end of the previous reporting period exceed 10 percent of the greater of the present value of the gross defined benefit obligation and the fair value of plan assets at that date. Any excess actuarial gains or losses are recognised in the profit and loss account over the average remaining service lives of the participating employees.

2. **Significant accounting policies (cont'd)**

(ii) Other retirement obligations:

The company provides health care benefits to its retirees. The entitlement for these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit pension plans. Valuations of these obligations are carried out by independent qualified actuaries.

(m) Provisions:

Provisions are recognised when: there is a present legal 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 of the obligation can be made.

(n) Cash and cash equivalents:

Cash and cash equivalents comprise cash in hand, demand and call deposits with banks and very short-term balances with other brokers/dealers, and are carried at amortised cost. Cash equivalents are highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are held by the company in the management of its short-term commitments. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(o) Impairment:

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

(i) Calculation of recoverable amount:

The recoverable amount of the company's investments in loans and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value less any impairment loss on that financial asset previously recognised in profit or loss.

The recoverable amount of other assets is the greater of their net selling price and value in use. 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 asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment:

An impairment loss in respect of a receivable is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(p) Determination of profit and loss:

Profit is determined as the difference between the revenues from the goods and services rendered and the costs and other charges incurred during the year. Profits on transactions are taken in the year in which they are realised. A transaction is realised at the moment of delivery. Losses are taken in the year in which they are realised or predeterminable.

Notes to the Financial Statements

30 September 2006
(expressed in Jamaican dollars unless otherwise indicated)

2. **Significant accounting policies (cont'd)**

(q) Other assets:

Other assets are stated at amortised cost, less impairment losses.

(r) Other liabilities:

Other liabilities are stated at amortised cost.

(s) Preference shares:

Preference shares are included in the balance sheet as a liability and dividends paid thereon are treated as interest expense.

(t) Segment reporting:

A segment is a distinguishable component of the company that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other business segments.

The vast majority of the company's revenues arise in Jamaica, based on the geographical location of its clients. The vast majority of the company's assets are also located in Jamaica. At this time there are no material segments into which the company's business may be broken down.

(u) Comparative information:

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

3. **Interest expense**

	2006 $'000	2005 $'000
Repurchase agreements	4,654,033	4,069,373
Other borrowed funds	350,351	923,683
Interest paid on obligations for margin	1,762	-
Preference dividend	646	-
	5,006,792	4,993,056

4. **Net trading income**

	2006 $'000	2005 $'000
Foreign currency translation	155,943	69,243
Fixed income	774,545	471,787
Equities	(95,815)	108,731
	834,673	649,761

5. **Staff costs**

	2006 $'000	2005 $'000
Salaries and wages (including directors' remuneration)	336,780	307,079
Statutory contributions	31,160	27,213
Pension costs - defined contribution plan	9,166	6,414
Pension costs - defined benefit plan (note 15)	(566)	(372)
Allowances and benefits	24,629	20,087
	401,169	360,421

6. **Expenses by nature**

	2006 $'000	2005 $'000
Staff costs	401,169	360,421
Impairment loss	244,257	-
Depreciation and amortisation	21,324	25,701
Irrecoverable GCT	19,394	13,276
Licensing and processing fees	13,089	17,365
Marketing, advertising and donations	41,166	112,723
Technical, consultancy and professional fees	64,187	183,919
Property, maintenance, insurance and utilities	24,977	23,498
Communication, courier and transportation	6,519	5,689
Stationery and office supplies	13,606	11,488
Other	12,166	71,959
	961,854	826,039

7. Profit before taxation

The following have been charged/(credited) in arriving at profit before income tax:

		2006 $'000	2005 $'000
Directors' emoluments	- fees	3,106	1,268
	- management remuneration	39,183	31,259
Auditors' remuneration	- current year	4,200	3,960
	- prior year	40	800
Depreciation and amortization		21,324	25,701
Gain on disposal of property, plant and equipment		(96)	(1,072)
Loss/(gain) in fair value of securities classified as 'fair value through profit or loss' estimated using a valuation technique		7,298	(8,060)

8. Taxation

	2006 $'000	2005 $'000
Current tax expense:		
Current year	447,504	374,695
Adjustments for prior year	(4,958)	-
	442,546	374,695
Deferred tax:		
Origination and reversal of temporary differences (note 19)	(128,982)	18,174
	313,564	392,869

The effective tax rate for the year was 20.24% (2005: 17.03%) of pre-tax profits of $1,549,104,000 (2005: $2,307,255,000) compared to a statutory rate of $33\frac{1}{3}$% (2005: $33\frac{1}{3}$%). The actual tax expense differs from the "expected" tax expense as follows:

	2006 $'000	2005 $'000
Profit before income tax	1,549,104	2,307,255
Tax calculated at a tax rate of $33\frac{1}{3}$%	516,368	769,085
Income not subject to tax	(232,094)	(135,972)
Gain on loan recovered	-	(203,239)
Expenses not deductible for tax purposes	1,660	879
Over provision in prior year	(4,958)	-
Other	32,588	(37,884)
Taxation expense	313,564	392,869

9. Earnings per stock unit

Earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary units in issue during the year.

	2006	2005
Net profit attributable to stockholders ($'000)	1,235,540	1,914,386
Weighted average number of ordinary stock units in issue ('000)	1,207,615	1,207,615
Earnings per stock unit ($)	1.02	1.59

10. Investment securities at fair value through profit or loss

	2006 $'000	2005 $'000
Corporate debt securities	-	29,116
Government of Jamaica debt securities	397,852	595,078
Quoted equity securities	750,007	1,561,559
	1,147,859	2,185,753
Interest receivable on debt securities	3,407	6,256
	1,151,266	2,192,009

	2006 $'000	2005 $'000
Principal maturing as follows:		
- Up to 12 months after the balance sheet date	284,756	17,238
- More than twelve months after the balance sheet date	154,816	606,956
- Other (no fixed maturity dates)	708,287	1,561,559
	1,147,859	2,185,753

11. Reverse repurchase agreements

The company enters into collateralised reverse repurchase agreements that may result in credit exposure in the event that the counterparty to the transaction is unable to fulfil its contractual obligations.

	2006 $'000	2005 $'000
Reverse repurchase agreements	14,115,100	20,439,138
Interest receivable	857,011	1,450,620
	14,972,111	21,889,758

At the balance sheet date, the fair value of the securities obtained and held by the company under resale agreements was $14,028,083,000 (2005: $20,507,120,000).

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11. Reverse repurchase agreements (cont'd)

Reverse repurchase agreements mature within twelve months after the balance sheet date.

Included in reverse repurchase agreements are the following amounts which are regarded as cash and cash equivalents for the purposes of the statement of cash flows:

	2006 $'000	2005 $'000
Reverse repurchase agreements with an original maturity of less than 90 days	2,313,875	1,201,704

12. Investment securities- available-for-sale

	2006 $'000	2005 $'000
Corporate debt securities	2,749,380	286,891
Government of Jamaica debt securities	38,702,084	28,666,896
Quoted equity securities	1,221,365	6 74,947
	42,672,829	29,628,734
Less: specific allowance for impairment	(244,257)	-
	42,428,572	29,628,734
Interest receivable on debt securities	1,114,042	649,350
	43,542,614	30,278,084

The specific allowance for impairment is in respect of the company's investment in Supreme Ventures Limited (SVL). In January 2006, through an IPO, shareholders in SVL offered 124,740,125 shares for sale at $4.81 each. The offer was fully underwritten by the company, representing a total underwriting commitment of $600,000,000. The offer was undersubscribed and in February 2006 the company discharged its underwriting commitment by purchasing 94,013,276 shares, being the number of shares undersubscribed. This investment was classified as available-for-sale at a cost of $435,104,000.

On 28 February 2006, the shares of SVL were listed on the Jamaica Stock Exchange. As at 30 September 2006, the bid price of these shares was $2.03, resulting in a decline of 56% in the purchase price. An impairment assessment was performed and the difference between the cost of the investment and the bid price has been recognised in the profit and loss account as an impairment loss.

Certificates of securities held amounting to $200,000,000, (2005: $125,000,000) are held by the Bank of Jamaica as security for overdraft, if any. At the balance sheet date, there was no overdraft with the Bank of Jamaica.

Available-for-sale investment securities mature from the balance sheet date, as follows:

	2006 $'000	2005 $'000
Within 1 year after the balance sheet date	9,623,302	4,060,751
More than twelve months after the balance sheet date	31,828,162	24,893,036
Other (no fixed maturity dates)	977,10	674,947
	42,428,572	29,628,734

13. Loan receivable

	2006 $'000	2005 $'000
Loan receivable	-	664,448
Less: Provision for doubtful debt	-	(656,323)
Net balance receivable	-	8,125
Amount recovered during the year	-	(617,841)
Income recognised in the profit and loss account	-	609,716
Balance at end of year	-	-

This represented a second mortgage for the purchase of a property. The mortgage was supported by a promissory note for US$7,500,000 which was issued on May 29, 1998 and was repayable on May 29, 2008.

The loan was issued by a fellow subsidiary and was acquired by the company under a scheme of Reconstruction and Amalgamation dated December 21, 2002 (see note 24). The loan, which was provided for by the subsidiary, was recovered during 2005.

14. Other assets

	2006 $'000	2005 $'000
Withholding tax recoverable, net	408,382	424,394
Due from fellow subsidiary	120	-
Due from parent company	3,254	647
Asset on margin	585	-
Miscellaneous	147,895	222,328
	560,236	647,369
Less: Provision for doubtful debts	(11,939)	(11,939)
	548,297	635,430

15. Retirement benefit asset

Pension scheme:

The company operates a defined-benefit pension plan for all permanent employees. The assets of the plan are held in a separate trustee-administered fund. The pension plan is funded by payments from employees and by the company, taking into account the recommendations of independent qualified actuaries. The latest actuarial valuation was carried out as at June 30, 2006.

The amounts recognised in the balance sheet are determined as follows:

	2006 $'000	2005 $'000
Present value of funded obligations	(12,360)	(9,398)
Fair value of plan assets	22,830	18,860
	10,470	9,462
Unrecognised actuarial gains	(352)	(650)
Asset recognised in balance sheet	10,118	8,812

The amounts recognised in the profit and loss account are as follows:

	2006 $'000	2005 $'000
Current service cost	84	(26)
Interest cost	1,510	1,314
Expected return on plan assets	(2,160)	(1,660)
Total income included in staff costs (note 5)	(566)	(372)

The actual return on plan assets was $2,422,000 (2005: $2,294,000). Movements in the amounts recognised in the balance sheet:

	2006 $'000	2005 $'000
Asset at beginning of year	8,812	7,602
Total income, as above	566	372
Contributions paid	740	838
Asset at end of year	10,118	8,812

The principal actuarial assumptions used were as follows:

	2006	2005
Discount rate	12.0%	12.5%
Expected return of plan assets	11.0%	10.0%
Future salary increases	9.5%	9.5%
Future pension increases	-	-

16. Property, plant and equipment

	Leasehold improvements $'000	Furniture and equipment $'000	Computer equipment $'000	Motor vehicles $'000	Total $'000
Cost:					
At September 30, 2004	22,096	6,838	10,268	7,274	46,476
Additions	632	1,005	463	-	2,100
Disposals	-	-	(3,543)	(2,995)	(6,538)
At September 30, 2005	22,728	7,843	7,188	4,279	42,038
Additions	8,591	1,593	1,807	-	11,991
Disposals	-	-	-	(1,895)	(1,895)
At September 30, 2006	31,319	9,436	8,995	2,3845	2,134
Accumulated depreciation:					
At September 30, 2004	6,407	2,484	7,371	1,302	17,564
Charge for the year	4,484	1,384	1,614	1,206	8,688
Disposals	-	-	(3,542)	(1,073)	(4,615)
At September 30, 2005	10,891	3,868	5,443	1,435	21,637
Charge for the year	6,037	1,608	1,217	750	9,612
Disposals	-	-	-	(790)	(790)
At September 30, 2006	16,928	5,476	6,660	1,395	30,459
Net book values:					
September 30, 2006	14,391	3,960	2,335	989	21,675
September 30, 2005	11,837	3,975	1,745	2,844	20,401
September 30, 2004	15,689	4,354	2,897	5,972	28,912

17. Intangible assets – computer software

	2006 $'000	2005 $'000
Net book value at beginning of year	11,452	22,020
Additions	7,427	7,181
Disposals	-	(736)
Amortisation charge	(11,712)	(17,013)
Net book value at end of year	7,167	11,452
Cost	60,183	52,756
Accumulated amortisation	(53,016)	(41,304)
Net book value	7,167	11,452

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18. Promissory notes and certificates of participation

	2006	2005
	$'000	$'000
Promissory notes and certificates of participation	2,246,050	3,366,699
Interest payable	40,562	58,212
	2,286,612	3,424,911

Promissory notes and certificates of participation are repayable between 2006 and 2009 (2005: 2005 - 2009) and bear interest at 0.5% - 14% (2005: 2% - 15.95%) per annum.

19. Deferred income taxes

Deferred income taxes are calculated on all temporary differences under the balance sheet liability method using a tax rate of $33\frac{1}{3}$%, and are attributable to the following:

	2006	2005
	$'000	$'000
Property, plant and equipment	4,881	2,010
Investment securities - available-for-sale	(165,402)	(353,306)*
Investment securities at fair value through profit or loss	39,086	(5,124)
Interest receivable	(661,236)	(668,303)
Interest payable	286,698	292,578
Retirement benefit asset	(3,372)	(2,937)
Accrued vacation leave	1,555	1,825
Net deferred income tax liability	(497,790)	(733,257)*

* Restated (see note 25)

Movement in temporary differences during the year:

	Balance at October 1	Recognised in income	Recognised in equity	Balance at September 30
	$'000	$'000	$'000	$'000
Property, plant and equipment	2,010	2,871	-	4,881
Investment securities - available-for-sale	(353,306)	81,419	106,485	(165,402)
Investment securities at fair value through profit or loss	(5,124)	44,210	-	39,086
Interest receivable	(668,303)	7,067	-	(661,236)
Interest payable	292,578	(5,880)	-	286,698
Retirement benefit asset	(2,937)	(435)	-	(3,372)
Accrued vacation leave	1,825	(270)	-	1,555
	(733,257)	128,982	106,485	(497,790)

20. Other borrowed funds

	2006	2005
	$'000	$'000
Customer long-term investments	231,842	193,911
Interest payable	4,187	3,353
	236,029	197,264

Customer long-term investments represent investments placed by customers for a minimum period of five (5) years. The investments are at variable interest rates and are not subject to withholding tax if held to maturity. They are repayable between 2006 and 2009 (2005: 2005 - 2009) and attract interest at 0.5% - 16.5% (2005: 2% - 16.5%) per annum.

21. Other liabilities

	2006	2005
	$'000	$'000
Clients' funds pending investment	103,125	43,681
Accruals	142,236	336,086
Due to fellow subsidiary	2,322	-
Due to parent company	14,080	87,138
Miscellaneous	14,800	15,232
	276,563	482,137

Other liabilities are due within 12 months after the balance sheet date.

22. Share capital

	2006	2005
	$'000	$'000
Authorised -		
1,219,304,000 ordinary shares of J$1 each	1,219,304	1,219,304
1,490,000 23% cumulative redeemable preference shares of J$1 each	-	1,490
100,000,000 11.75% cumulative redeemable preference shares at no par	300,000	-
	J$ 1,519,304	1,220,794
17,500,000 7% cumulative redeemable preference shares of US$ 0.01 each	US$ 175	-
Issued and Fully Paid Up -		
1,207,614,900 ordinary shares of $1 each	1,207,615	1,207,615
1,490,000 23% cumulative redeemable preference shares of $1 each	-	1,490
100,000,000 11.75% cumulative redeemable preference shares at no par	300,000	-
	1,507,615	1,209,105
Less: Redeemable preference shares required by IFRS to be accounted for as liabilities in the financial statements	(300,000)	(1,490)
	J$ 1,207,615	1,207,615

22. Share capital

At a Special Board meeting held on October 3, 2005, resolutions were passed to reduce the authorised share capital by J$1,490,000 to J$1,219,304,000 by the redemption of 1,490,000 preference shares of J$1 each.

At an extraordinary general meeting held on October 3, 2005, resolutions were passed to increase the authorised share capital by US$175,000 comprised of 17,500,000 7% cumulative redeemable preference shares of US$0.01 each.

At an extraordinary general meeting held on November 7, 2005, resolutions were passed to increase the authorised share capital by J$300,000,000 to J$1,519,304,000 by the creation of 100,000,000 preference shares of J$3 each. The said shares were offered to the public by a public offering on July 25 to 28, 2006, and were subsequently listed on the Jamaica Stock Exchange on September 22, 2006. The 11.75% cumulative redeemable preference shares are redeemable at par at the company's option. Any arrears of dividends must be paid at the date of redemption.

Under the Companies Act 2004 (the "Act"), which became effective on February 1, 2005, all shares in issue are deemed to be shares without a par (or nominal) value, unless the company, by ordinary resolution, elects to retain its shares with a par value. The company decided to retain its shares at par value which can remain so for eighteen months after the date of election.

23. Fair value reserve

	2006 $'000	2005 $'000
Unrealised gain on fair valuation of available-for-sale investment securities	740,462	1,058,875
Deferred tax liability on the fair value of available-for-sale investment securities	(246,821)	(353,307)
	493,641	705,568

24. Capital reserve

This represents the net balance, after the bonus share issue in 2003, of assets and liabilities transferred from N.C.B. (Investments) Limited on December 31, 2002 under a scheme of Reconstruction and Amalgamation.

25. Prior year adjustment

As a result of a change in accounting policy, following adoption of amendments to IAS 39, Financial Instruments: Recognition and Measurement, investments previously classified as loans and receivables and measured at amortised cost, have been reclassified. The investments are now classified as available-for-sale and carried at fair value. This has been treated as a prior year adjustment, and the comparative figures restated accordingly, as follows:

	Investment securities $'000	Deferred tax $'000	Fair value reserve $'000
Balances as at September 30, 2005:			
As previously reported	29,258,365	609,801	458,655
Impact of reclassifying investments and measuring them at fair value:			
Effect on amounts reported in 2004	524,367	174,789	349,578
Effect on amounts reported in 2005	(153,998)	(51,333)	(102,665)
Total effect	370,369	123,456	246,913
As restated	29,628,734	733,257	705,568

26. Cash flows from operating activities

	2006 $'000	2005 $'000
Net profit	1,235,540	1,914,386
Adjustments to reconcile net profit to cash flows provided by/(used in) operating activities:		
Depreciation of property, plant and equipment	9,612	8,688
Amortisation of intangible assets	11,712	17,013
Impairment of equity investment	244,257	-
Interest income	(6,346,179)	(6,565,465)
Interest expense	5,006,792	4,993,056
Income tax expense	442,546	374,695
Deferred tax (credit)/expense	(128,982)	18,174
Gain on disposal of property, plant and equipment	(97)	(1,072)
Change in retirement benefits asset	(1,306)	(1,210)
Gains/(losses) on investments at fair value through profit or loss	125,449	(34,455)
	599,344	723,810
Changes in operating assets and liabilities:		
Investment securities at fair value through profit or loss	912,445	(1,857,413)
Reverse repurchase agreements	7,436,209	555,420
Repurchase agreements	5,582,210	9,623,094
Receivable from clients	118	(4,276)
Receivable from brokers	(11,891)	14,419
Loan receivable	-	8,125
Payable to clients	28,768	(5,293)
Payable to brokers	(11,126)	8,455
Promissory notes and certificates of participation	(1,120,649)	(6,401,429)
Other	(118,441)	270,413
	13,296,987	2,935,325
Interest received	6,477,945	6,646,206
Interest paid	(5,041,308)	(5,269,485)
Income tax paid	(571,349)	(52,165)
Net cash provided by operating activities	14,162,275	4,259,881

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27. Risk management

By their nature, the company's activities are principally related to the use of financial instruments. The company accepts investments from customers at both fixed and floating rates and for various periods and seeks to earn above average interest margins by investing these funds in high quality assets. The company seeks to increase these margins by consolidating short-term funds and investing for longer periods at higher rates while maintaining sufficient liquidity to meet all claims that might fall due.

The company also trades in financial instruments where it takes positions to take advantage of short-term market movements in bond prices and in foreign exchange and interest rates. The Board places trading limits on the level of exposure that can be taken.

(a) Liquidity risk:

The company is exposed to daily calls on its available cash resources from maturing investments. The company does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

Liquidity risk of the company is managed as part of the risk management practices of the Bank and its subsidiaries (the "Group"). The Group's Treasury Division seeks to have available a minimum proportion of maturing funds to meet such calls. The Group policy is to hold a high proportion of liquid assets to cover withdrawals at unexpected levels of demand.

The tables below analyse assets and liabilities of the company into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date.

The matching and control of mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the company. It is unusual for money market trades ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the company and its exposure to changes in interest rates and exchange rates.

27. Risk Management (cont'd)

(a) Liquidity risk (cont'd):

As at September 30, 2006:

	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
Assets:						
Cash and deposits	603,396	-	-	-	-	603,396
Investment securities at fair value through profit or loss	45,126	126,110	116,927	113,096	750,007	1,151,266
Reverse repurchase agreements	5,161,384	2,008,900	7,801,827	-	-	14,972,111
Investment securities – available-for-sale	1,774,520	458,263	8,504,561	16,165,867	16,639,403	43,542,614
Other	57,560	172,619	284,488	75,818	38,960	629,445
	7,641,986	2,765,892	16,707,803	16,354,781	17,428,370	60,898,832
Liabilities:						
Repurchase agreements	25,494,978	12,884,582	11,876,018	2,462	-	50,258,040
Promissory notes and certificates of participation	1,139,812	670,623	465,108	11,069	-	2,286,612
Other borrowed funds	118,949	69,553	46,368	1,159	-	236,029
Other	230,347	120,156	170,270	797,790	-	1,318,563
	26,984,086	13,744,914	12,557,764	812,480	-	54,099,244
Net Liquidity Gap	(19,342,100)	(10,979,022)	4,150,039	15,542,301	17,428,370	6,799,588
Cumulative Liquidity Gap	(19,342,100)	(30,321,122)	(26,171,083)	(10,628,782)	6,799,588	
As at 30 September 2005:						
Total Assets	4,034,192	4,179,628	21,889,742	15,825,486	9,734,887	55,663,935
Total Liabilities	22,315,477	14,170,579	13,353,888	47,314	702	49,887,960
Net Liquidity Gap	(18,281,285)	(9,990,951)	8,535,854	15,778,172	9,734,185	5,775,975
Cumulative Liquidity Gap	(18,281,285)	(28,272,236)	(19,736,382)	(3,958,210)	5,775,975	

(b) Interest rate risk:

The company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Interest rate risk of the company is managed as part of the risk management practices of the Group. The Group's Asset and Liability Committee sets limits on the level of mismatch of interest rate repricing that may be undertaken.

27. **Risk Management (cont'd)**

(b) Interest rate risk (cont'd):

The company is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on their financial position and cash flows. The tables below summarise the company's exposure to interest rate risk. Included in the table are the company's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

As at September 30, 2006:

	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-interest bearing $'000	Total $'000
Assets							
Cash and deposits	502,049	-	48,942	-	-	52,405	603,396
Investments securities at fair value through profit or loss	-	243,037	-	154,816	-	753,413	1,151,266
Reverse repurchase agreements	4,748,837	2,008,900	7,357,363	-	-	857,011	14,972,111
Investment securities - available-for-sale	5,536,770	8,463,365	7,607,756 1	2,424,841	7,418,732	2,091,150	43,542,614
Other	-	-	-	-	-	629,445	629,445
	10,787,656	10,715,302	15,014,061	12,579,657	7,418,732	4,383,424	60,898,832
Liabilities							
Repurchase agreements	24,402,875	12,999,685	12,037,673	2,462	-	815,345	50,258,040
Promissory notes and certificates of participation	1,099,250	670,623	465,108	11,069	-	40,562	2,286,612
Other borrowed funds	114,762	69,553	46,368	1,159	-	4,1872	36,029
Other	-	-	-	300,000	-	1,018,563	1,318,563
	25,616,887	13,739,861	12,549,149	314,690	-	1,878,657	54,099,244
Interest sensitivity gap	(14,829,231)	(3,024,559)	2,464,912	12,264,967	7,418,732	2,504,767	6,799,588
Cumulative interest sensitivity gap	(14,829,231)	(17,853,790)	(15,388,878)	(3,123,911)	4,294,821	6,799,588	

As at 30 September 2005:

	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-interest bearing $'000	Total $'000
Total Assets	11,477,626	18,272,411	23,160,435	-	-	2,753,463	55,663,935
Total Liabilities	21,752,056	12,804,882	12,760,324	104,093	702	2,465,903	49,887,960
Interest sensitivity gap	(10,274,430)	5,467,529	10,400,111	(104,093)	(702)	287,560	5,775,975
Cumulative interest sensitivity gap	(10,274,430)	(4,806,901)	5,593,210	5,489,117	5,488,415	5,775,975	

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27. **Risk Management (cont'd)**

(b) Interest rate risk (cont'd):

The tables below summarise the effective interest rate by major currencies for financial instruments of the company.

	2006				
	J$	US$	CAN$	GBP	EURO
	%	%	%	%	%
Assets					
Cash and deposits	1.70 - 5.30	0.50 - 2.50	0.35 - 2.35	0.50	-
Reverse repurchase agreements	7.00 - 13.60	5.25 - 6.60	-	-	-
Investment securities at fair value through profit or loss	13.30 - 16.90	4.86 - 8.46	-	-	5.73 - 9.33
Investment securities- available-for-sale	10.78 - 17.49	4.17 - 13.52	-	-	6.47 - 9.33
Liabilities					
Repurchase agreements	0.50 - 14.10	0.50 - 10.80	-	3.00	4.00 - 5.25
Promissory notes and certificates of participation	0.50 - 14.00	0.50 - 7.25	-	-	-
Other borrowed funds	1.00 - 16.50	0.50 - 6.25	-	-	-

	2005				
	J$	US$	CAN$	GBP	EURO
	%	%	%	%	%
Assets					
Cash and deposits	2.20 - 5.80	0.50 - 2.50	0.35 - 2.35	0.50	-
Reverse repurchase agreements	12.73 - 16.33	4.03 - 7.63	-	-	-
Investment securities at fair value through profit or loss	14.05 - 17.65	6.55 - 10.15	-	-	5.78 - 9.38
Investment securities- available-for-sale	13.43 - 17.03	7.93 - 11.53	-	-	6.16 - 9.76
Liabilities					
Repurchase agreements	10.93 - 14.53	4.03 - 7.63	-	3.00	2.57 - 6.17
Promissory notes and certificates of participation	2.00 - 15.90	3.60 - 7.20	-	-	-
Other borrowed funds	3.00 - 16.50	2.00 - 6.00	-	-	-

(c) Currency risk:

The company takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The company's currency risk is managed as part of the risk management practices of the Group. The Group's Credit and Risk Management Committee sets limits on the level of exposure by currency and in total for both overnight and intra-day positions.

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27. **Risk Management (cont'd)**

(c) Currency risk (cont'd):

The tables below summarise the exposure of the company to foreign currency exchange rate risk. Included in the table are the company's assets and liabilities at carrying amounts categorised by currency.

As at September 30, 2006:

	JMD	US	GBP	EURO	CAN	Total
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
Assets						
Cash and deposits	308,967	196,189	30,476	66,290	1,474	603,396
Investment securities at fair value through profit or loss	820,729	310,719	-	19,818	-	1,151,266
Reverse repurchase agreements	13,975,238	996,873	-	-	-	14,972,111
Investment securities- available-for-sale	25,619,006	17,824,362	-	99,246	-	43,542,614
Other	5 96,118	33,321	3	3	-	629,445
	41,320,058	19,361,464	30,479	185,357	1,474	60,898,832
Liabilities						
Repurchase agreements	32,530,845	17,613,807	24,696	88,692	-	50,258,040
Promissory notes and certificates of participation	2,249,971	36,642	-	-	-	2,286,613
Other	1,512,938	25,302	3,702	12,548	101	1,554,591
	36,293,754	17,675,751	28,398	101,240	101	54,099,244
Net Position	5,026,204	1,685,713	2,081	84,117	1,373	6,799,588
As at September 30, 2005:						
Total Assets	40,027,734	15,511,430	26,702	97,415	654	55,663,935
Total Liabilities	33,840,842	15,990,376	27,976	28,766	-	49,887,960
Net Position	6,186,892	(478,946)	(1,274)	68,649	654	5,775,975

(d) Market risk:

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The company has no material exposure to market risk.

27. **Risk Management (cont'd)**

(e) Cash flow risk:

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount.

The company manages this risk by ensuring, as far as possible, that fluctuations in cash flows relating to monetary financial assets and liabilities are matched, to mitigate any significant adverse cash flows.

28. **Fair values of financial instruments**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

However, market prices are not available for a significant number of the financial assets and liabilities held and issued by the company. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using generally accepted alternative methods such as discounted cash flow.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

(a) fair value through profit or loss securities are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models, or discounted cash flows. Fair value is equal to the carrying amount for these items;

(b) financial investments classified as available-for-sale are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques;

(c) the fair value of liquid assets and other assets maturing within one year is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities; and

(d) the fair value of variable rate financial instruments is assumed to approximate their carrying amounts.

The following tables present the fair value of financial instruments based on the valuation methods and assumptions stated above.

	Carrying value 2006 $'000	Fair value 2006 $'000	Carrying value 2005 $'000	Fair value 2005 $'000
Financial assets:				
Cash and deposits	603,396	603,396	597,574	597,574
Investment securities at fair value through profit or loss	1,151,266	1,151,266	2,192,009	2,192,009
Reverse repurchase agreements	14,972,111	14,972,111	21,889,758	21,889,758
Investment securities – available-for-sale	43,542,614	43,542,614	30,278,084	30,278,084
Receivable from clients	30,297	30,297	30,415	30,415
Receivable from brokers	11,891	11,891	-	-
Other receivables	587,257	587,257	676,095	676,095
Financial liabilities:				
Repurchase agreements	50,258,040	50,258,040	44,693,530	44,693,530
Promissory notes and certificates of participation	2,286,612	2,286,612	3,424,911	3,424,911
Other borrowed funds	236,029	236,029	197,264	197,264
Payable to clients	63,881	63,881	35,113	35,113
Payable to brokers	-	-	11,126	11,126
Other liabilities	1,254,682	1,254,682	1,526,016	1,526,016

29. **Related party balances and transactions**

A party is related to the company if:

(a) directly or indirectly, the party:

(i) controls, is controlled by, or is under common control with the company;

(ii) has an interest in the entity that gives it significant influence over the company, or

(iii) has joint control over the company;

(b) the party is an associate of the entity;

(c) the party is a joint venture in which the entity is a venturer

Notes to the Financial Statements

30 September 2006
(expressed in Jamaican dollars unless otherwise indicated)

29. **Related party balances and transactions (cont'd):**

(d) the party is a member of the key management personnel of the company;

(e) the party is a close member of the family of any individual referred to in (a) or (b) above;

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (b) or (c); or

(g) the party is a post-employment benefit plan for the benefit of employees of the company, or any entity that is a related party of the company.

(a) The profit and loss account includes the following transactions with related parties:

		2006 $'000	2005 $'000
(i)	The Bank:		
	Interest expense	27,332	9,914
	Interest income	21,318	110,746
	Commissions paid	57,545	64,871
	Rental and maintenance expenses	4,829	4,328
	Profit on sale of shares	-	8,182
	Other operating expenses	845	757
(ii)	Fellow subsidiaries:		
	Interest expense	86,156	137,940
(iii)	Key management personnel:		
	Short-term employee benefits (including directors' emoluments - see note 5)	81,718	72,833
	Interest expense	2,891	1,401
(iv)	Other related parties:		
	Interest income	27,482	28,724
	Commissions received	69,235	57,309
	Directors' fees	3,106	1,268
	Professional and consultancy expenses	48,727	174,965

(b) Year-end balances with related parties are as follows:

		2006 $'000	2005 $'000
(i)	The Bank:		
	Cash and deposits	429,631	580,130
	Reverse repurchase agreements	70,000	288,250
	Repurchase agreements	1,093,880	687,000
	Interest receivable	417	2,939
	Interest payable	1,094	2,171
	Other assets	3,254	647
	Other liabilities	14,080	87,138

Cash and deposits include $42,038,688.00 in fixed deposits used as additional security for staff loans issued (2005 - $ 40,052,971).

		2006 $'000	2005 $'000
(ii)	Fellow subsidiaries:		
	Repurchase agreements	1,293,537	448,749
	Interest payable	38,491	14,618
	Other assets	120	-
	Other liabilities	2,322	-
(iii)	Key management personnel:		
	Repurchase agreements	31,193	16,135
	Loans receivable	3,100	3,650
	Interest payable	302	98
	Other assets	267	58
	Other liabilities	-	1,142
(iv)	Other related parties:		
	Investment securities – available-for-sale		
	Corporate debt securities	176,550	176,550
	Interest receivable	4,068	4,121
	Other liabilities	23,041	220,497

30. **Pledged assets**

	Asset		Related liability	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Investment securities	55,496,383	48,320,123	51,920,597	47,210,095

Assets are pledged as collateral under repurchase agreements and other borrowed funds.

(expressed in Jamaican dollars unless otherwise indicated)

31. **Adoption of revised and new standards**

During the year, the company adopted the following revised and new IFRS:

IAS 1 (revised 2003)	Presentation of Financial Statements
IAS 8 (revised 2003)	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10 (revised 2003)	Events after the Balance Sheet Date
IAS 16 (revised 2003)	Property, Plant and Equipment
IAS 17 (revised 2003)	Leases
IAS 24 (revised 2003)	Related Party Disclosures
IAS 32 (revised 2003)	Financial Instruments: Presentation
IAS 36 (revised 2003)	Impairment of Assets
IAS 38 (revised 2003)	Intangible Assets
IAS 39 (revised 2003 and 2004)	Financial instruments: Recognition and Measurement
IFRS 2 (effective January 1, 2005)	Share-based Payment
IFRS 4 (effective January 1, 2005)	Insurance Contracts
IFRS 5 (effective January 1, 2005)	Non-Current Assets Held for Sale and Discontinued Operations

Of the above standards, only IAS 1, IAS 8, IAS 24 and IAS 39 affected the financial statements as follows:

(i) IAS 1, resulted in additional disclosures and in changes to the format of the profit and loss account;

(ii) IAS 8, resulted in disclosure of new standards adopted and those issued but not yet effective;

(iii) IAS 24, resulted in disclosure of key management compensation (see note 29(a)(iii));

(iv) IAS 39, resulted in securities traded in an active market no longer being included as loans and receivables. See note 25 for the effect of this change.

32. **Adoption of new and revised IFRS and interpretations**

At the date of authorisation of the financial statements, there were certain standards and interpretations which were in issue but were not yet effective. The standards and interpretations, which are effective for accounting periods beginning on or after the dates indicated below are as follows:

IFRS 6	Exploration for Evaluating of Mineral Resources	January 1, 2006
IFRS 7	Financial Instruments: Disclosure	January 1, 2007
IFRIC 4	Determining whether an Arrangement Contains a Lease	January 1, 2006
IFRIC 5	Rights to Interest Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	January 1, 2006
IFRIC 6	Liabilities arising from Participating in a Specific Market – Waste, Electrical and Electronic Equipment	December 1, 2006
IFRIC 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyper-Inflationary Economies	March 1, 2006
IAS 19 Amendments	Actuarial Gains & Losses, Group Plans and Disclosures	January 1, 2006
IAS 39 Amendments	The Fair Value Option	January 1, 2006
IAS 39 Amendments	Financial Instrument Cash Flow Hedge Accounting for Forecast Intra-group Transactions	January 1, 2006
IAS 39 Amendments	Financial Guarantee Contracts	January 1, 2006
IFRIC 8	Scope of IFRS 2	May 1, 2006
IFRIC 9	Reassessment of Embedded Derivatives	June 1, 2006
IFRIC 10	Interim Financial Reporting and Impairment	November 1, 2006
IFRIC 11	Group and Treasury Share Transactions	March 1, 2007

The adoption of IFRS 7 is expected to result in additional disclosures for financial instruments. Except for these additional disclosures, the adoption of these standards and interpretations are not expected to have a material impact on the financial stateme

Preference Shares

10 Largest Shareholders as at 2006 September 30

Name of Shareholder	Units
Pan Caribbean (Principal Trading A/C)	16,665,000
Lascelles de Mercado & Company Limited	7,827,106
Mayberry Investments Limited A/C 09022	6,610,000
Insurance Company of the West Indies	5,218,071
M. F. & G. Trust & Finance Limited	3,913,553
First Caribbean International Securities Limited A/C M/FD	3,854,791
McDonald Snr., Novar Patrick	3,126,141
M. F. & G. Asset Management Limited	2,620,788
Jamaica National Building Society	2,585,531
Richards, Tereza A.	2,491,511

Interest/Ownership of Securities

by Directors and Senior Managers as at 2006 September 30

Name of Shareholder	Units
Directors	
Patrick Hylton	Nil
Yvonne Clarke	Nil
Shamena Khan	Nil
Michael Ammar (Jr.)	Nil
Dennis Cohen	Nil
John Bell	Nil
Dr. Cecil Batchelor	90,000
Dr. Nigel Clarke	Nil
Mark Myers	Nil
Aubrey Garcia	Nil
Senior Managers	
Christopher Williams	517,106
Karlene Bailey	225,000
Debbie Dunkley	Nil
Debra Lopez	Nil
Janice Dacres-Jones	Nil
Robert Barnes	Nil

Kingston & St. Andrew

The Atrium
3rd floor, The Atrium
32 Trafalgar Road
Kingston 10
Tel: 960-7108
Fax: 920-4313

Cross Roads
90-94 Slipe Road
Kingston 5
Tel: 960-4904
Fax: 926-7463

Duke Street
37 Duke Street
Kingston
Tel: 502-1052
Fax: 967-4729

Knutsford Boulevard
1-7 Knutsford Boulevard
Kingston 5
Tel: 501-5043
Fax: 501-5196

Hagley Park Road
211 Hagley Park Road,
Kingston 11
Tel: 757-2492
Fax: 923-7517

Half-Way-Tree
94 Half Way Tree Road
Kingston 10
Tel: 968-0821
Fax: 960-0661

Manor Park
Manor Park Plaza
184 Constant Spring Road
Kingston 8
Tel: 969-0248
Fax: 925-6478

Matilda's Corner
15 Northside Plaza
Kingston 6
Tel: 513-3300
Fax: 970-0929

Newport West
54 2nd Street
Kingston 11
Tel: 757-0651
Fax: 923-5272

Red Hills
105 Red Hills Road
Kingston 19
Tel: 925-4963
Fax: 925-5316

University
Mona Campus
Kingston 7
Tel: 970-1667
Fax: 927-1523

St. Catherine

Portmore
13-14 West Trade Way
Portmore Towncentre
St. Catherine
Tel: 525-5405-6
Fax: 704-8455

Spanish Town
St. Jago Shopping Centre,
Burke Rd, Spanish Town
St. Catherine
Tel: 749-2035
Fax: 704-8455

Clarendon

May Pen
40 Main Street, May Pen,
Clarendon
Tel: 902-6634 or 986-4428
Fax: 986-2745

Manchester

Mandeville Plaza
Mandeville, Manchester
Tel: 962-1039
Fax: 962-3619

St. Ann

St. Ann's Bay
19-21 Main Street,
St. Ann's Bay, St. Ann
Tel: 972-0879
Fax: 972-2462

Ocho Rios
40 Main Street,
Ocho Rios, St. Ann
Tel: 974-3559
Fax: 974-2366

Brown's Town
17 Main Street
Brown's Town
St. Ann
Tel: 917-6292
Fax: 975-2508

St. Elizabeth

Santa Cruz
7 Coke Drive, Santa Cruz
St. Elizabeth
Tel: 966-2347
Fax: 966-2495

St. James

Baywest
18 Harbour Street
Montego Bay
St. James
Tel: 971-8988
Fax: 971-8989

Westmoreland

Savanna-la-mar
68 Great George Street
Westmoreland
Tel: 955-9073
Fax: 955-2483

Hanover

Lucea
Main Street
Lucea, Hanover
Tel: 956-2204
Fax: 956-2410

St. Thomas

39 Queen Street
Morant Bay
St. Thomas
Tel: 703-6769
Fax: 703-6769

Trelawny

Falmouth
Water Square
Falmouth
Trelawny
Tel: 954-3232-3
Fax: 954-3211

1-888-4-WEALTH
www.ncbcapitalmarkets.com
info@ncbcapitalmarkets.com

Our Offices

Managing Director's Office
Christopher Williams - Managing Director

Distribution
Debra Lopez - Vice President, Wealth Management & Distribution
Elaine Riettie - Vice President, Private Client Services
Judith Whittaker - Regional Manager - Client Relations, Kingston
Tanya Powell - Regional Manager - Client Relations, Central
Howard Pottinger - Regional Manager - Client Relations, Northwest
Patrick Burke - Regional Manager, Kingston South
Donalda Daley Martin - Regional Manager, Kingston North

Investments
Karlene Bailey - Vice President, Investments
Joshua Rowe - Portfolio Manager
Donald Miller - Acting Research Manager
Gerald Chambers - Corporate Finance Manager
Dylan Coke - Assistant Manager, Corporate Finance

Marketing and Culture
Janice Dacres-Jones - Assistant Vice President, Marketing & Culture
Tiffany Gordon Johnson - Assistant Manager, Marketing
Judith Dillon - Cultural Development Specialist

Operations, Business Solutions & Finance
Debbie Dunkley - Vice President/Chief Financial Officer
Stacey Delvaille - Chief Accountant
Astrid Goldson - Finance Manager
Hekima Reece - Senior Operations Manager
Evelyn Parkinson - Assistant Manager, Operations
Damian Whylie - Business Solutions Manager

Risk Management and Compliance
Robert Barnes - Assistant Vice President, Risk Management & Compliance

Registered Office
The Atrium
32 Trafalgar Road
Kingston 10
Jamaica

Auditors
KPMG
6 Duke Street
Kingston

Registrar
NCB Jamaica (Nominees) Limited
The Atrium
32 Trafalgar Road
Kingston 10

Bankers
NCB Jamaica Limited
Citibank N.A

** seconded to National Commercial Bank Jamaica Limited January, 2007

Corporate Directory
As at September 30, 2006

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of NCB CAPITAL MARKETS LIMITED will be held at the Terra Nova All-Suite Hotel, 17 Waterloo Road, Kingston 10, in the parish of Saint Andrew on Wednesday, February 28, 2007, at 4:00 p.m. to consider and if thought fit pass the following resolutions:

ORDINARY BUSINESS

ORDINARY RESOLUTIONS

1. **Audited Accounts**
"THAT the Audited Accounts for the year ended September 30, 2006, and the Reports of the Directors and Auditors circulated with the Notice convening the Meeting, be and are hereby adopted."

2. **Election of Directors**
(a) Article 91 of the Company's Articles of Association provides that one-third of the Board (except the Managing Director) or, if the number of members of the Board is not three or a multiple of three, then the number nearest to one-third shall retire from office at each Annual General Meeting. The Directors retiring under this Article are Mr. Michael Ammar Jnr., Mr. Mark Myers and Ms. Shamena Khan and being eligible, offer themselves for re-election.

The proposed resolutions are therefore as follows:

(i) "THAT Director, MR. MICHAEL AMMAR Jnr, retiring pursuant to Article 91 of the Articles of Association be and is hereby re-elected."

(ii) "THAT Director, MR. MARK MYERS, retiring pursuant to Article 91 of the Articles of Association be and is hereby re-elected."

(iii) "THAT Director, MISS SHAMENA KHAN, retiring pursuant to Article 91 of the Articles of Association be and is hereby re-elected."

(b) Mrs. Yvonne Clarke was appointed a Director of the Company on June 21, 2006. Under Article 97 of the Company's Articles of Association, her appointment expires on the date of this Meeting and being eligible she offers herself for re-election.

The proposed resolution is therefore as follows:

"THAT Director, MRS. YVONNE CLARKE, retiring pursuant to Article 97 of the Articles of Association be and is hereby re-elected."

3. **Directors' Remuneration**
(a) "THAT the Directors be and are hereby empowered to fix the remuneration of the Executive Directors".
(b) "THAT the total remuneration of all the Directors combined, other than the Executive Directors, for the financial year of the Company ending September 30, 2007, be and is hereby fixed at $3,750,000.

4. **Appointment of Auditors and their Remuneration**
"THAT Messrs. KPMG, having signified their willingness to serve, continue in office as Auditors of the Company until the conclusion of the next Annual General Meeting, at a remuneration to be agreed with the Directors."

5. **Ratification of Interim Dividend**
"THAT the interim dividend of $17,625,000 to be paid on January 29, 2007 to the preference shareholders of the Company, be and is hereby approved."

6. **Resolutions in respect of any other business which can be transacted at an Annual General Meeting**
A Member of the Company, entitled to attend and vote, is entitled to appoint a Proxy to attend and vote in his stead, and a Proxy need not be a member.

If you are unable to attend the Meeting, a Form of Proxy is enclosed for your convenience. When completed, this Form should be deposited with the Secretary, at the Registered Office of the Company, "The Atrium" 32 Trafalgar Road, Kingston 10, Jamaica, not less than 48 hours before the time appointed for the Meeting. The Proxy Form should bear stamp duty of $100.00, before being signed. The stamp duty may be paid by adhesive stamps, which are to be cancelled by the person signing the Proxy.

Dated this 22nd day of January, 2007.

BY ORDER OF THE BOARD

ASSISTANT COMPANY SECRETARY

Notes

Postage Stamp

I/We ______________________________ of ______________________________

being a Member/Members of the abovenamed Company, hereby appoint ______________________________ of ______________________________

______________________________ or failing him/her ______________________________

of ______________________________ as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the Terra Nova All-Suite Hotel, 17 Waterloo Road, Kingston 10, in the parish of Saint Andrew on Wednesday, February 28, 2007 at 4:00 p.m. and at any adjournment thereof. I desire this form to be used for/against the resolutions as follows:

Resolutions	For	Against
1.		
2(a)(i)		
2(a)(ii)		
2(a)(iii)		
2(b)		

Resolutions	For	Against
3(a)		
3(b)		
4.		
5.		

Dated the ______________ day of ______________________ 2007

Signed: ______________________________

NOTES:

1. This Form of Proxy must be received by the Secretary of the Company not less than 48 hours before the time appointed for the Meeting.
2. This Form of Proxy should bear stamp duty of $100. Adhesive stamps are to be cancelled by the person signing the proxy.
3. If the appointer is a Corporation, this Form of Proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorized in writing.

NCB Capital Markets Limited Annual General Meeting

Form of Proxy