



Unaudited Financial Results

For the Nine Months Ended 30 June 2007

The Board of Directors of NCB Capital Markets Limited ('the Company') has released the following unaudited results for the nine months ended 30 June 2007.

	UNAUDITED 9 months 30-Jun-07	UNAUDITED 9 months 30-Jun-06	AUDITED 12 months 30-Sept-06
	\$'000	\$'000	\$'000
Net interest income and other operating revenue	2,216,292	1,820,736	2,510,958
Operating expenses	592,379	696,000	961,854
Profit before taxation	1,623,913	1,124,736	1,549,104
Taxation	389,784	198,176	313,564
Net Profit	1,234,129	926,560	1,235,540
Earnings per Stock Unit	\$1.02	\$0.77	\$1.02

The Company's performance has remained robust for the nine months ended 30 June 2007 with net profit rising by 33.19% to \$1.23 billion from \$926.56 million for the same period last year. Net profit for the current period approximates the company's results for the year ended 30 September 2006. Earnings per ordinary stock unit for the nine month period was \$1.02, compared to \$0.77 for the comparative prior year period. Return on average shareholders' equity for the nine months was 22.23%, up from 20.66% for the similar period of 2006.

Total income for the nine months was \$2.22 billion, representing an increase of \$395.56 million or 21.73% over the corresponding period of the previous year. A sound investment strategy has allowed the company to maintain stable spreads from net interest income, despite harsh market conditions of falling yields. To that end the company's total net interest income has increased by \$88.16 million or 7.88% over the comparative prior year period. Gains from asset trading continued to be a significant contributor to operating income, increasing by \$97.98 million or 14.6%, when compared to \$671.14 million a year earlier. In addition, effective management of the company's equity security holdings, amidst the downward trend in the Jamaican stock market, has mitigated mark to market losses. Equity mark to market losses for the nine months totaled \$9.83 million, compared to the significant losses of \$188.63 million that were recorded in the previous year.

Operating expenses (excluding impairment losses) for the nine months totaled \$562 million, representing an increase of \$65.13 million or 13.11% over the comparative prior period, being the direct result of certain strategic initiatives to grow our business and enhance our internal processes. During the current period we recorded an impairment loss of \$30.38 million on our available-for-sale equity portfolio, reflecting a decrease of \$168.75 million or 84.74%, when compared to the impairment loss incurred in 2006.

Despite the challenging environment in which it operates, the Company remains optimistic in its drive to diversify and grow its income streams, while consistently applying effective cost management strategies.

ASSET BASE

The Company's asset base as at 30 June 2007 was \$58.46 billion, a decrease of \$5.86 billion or 9.1%, compared to 30 June 2006. The decrease in the asset base is mainly attributable to the reduction in repurchase agreements arising from investors diversifying their portfolios by purchasing assets and investing in new products.

CAPITAL

As at 30 June 2007, total stockholders' equity was \$8.01 billion, an increase of \$1.83 billion or 29.55 % when compared to 30 June 2006. This increase can be attributable to the continued increase in the Company's retained earnings, as well as mark to market gains in available-for-sale investment securities.

DIVIDENDS

At a Board Meeting held on 27 June 2007, the Board of Directors approved an interim dividend of 11.75 per cent on the amount of \$300,000,000 in respect of the 11.75% Cumulative Redeemable "A" Preference Stock Units, for the period 28 January 2007 to 27 July 2007. The dividend is payable on 27 July 2007 for shareholders on record as at 12 July 2007. The approved interim dividend represents a dividend of 17.625 cents per stock unit.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

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.

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.

2. Significant accounting policies

(a) 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. 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.

2. Significant accounting policies (Continued)

(b) 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.

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.

(c) 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.

(d) 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.

(e) Comparative information:

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

NCB CAPITAL MARKETS LIMITED

Profit and Loss Account

Nine months ended 30 June 2007

(expressed in Jamaican dollars unless otherwise indicated)

	UNAUDITED 9 months 30-Jun-07 \$'000	UNAUDITED 9 months 30-Jun-06 \$'000	AUDITED 12 months 30-Sept-06 \$'000
Operating Income			
Interest income	4,776,276	4,876,471	6,599,749
Interest expense	(3,568,669)	(3,757,027)	(5,093,271)
Net interest income	<u>1,207,607</u>	<u>1,119,444</u>	<u>1,506,478</u>
Gains on asset trading	769,111	671,135	732,388
Dividend income	33,984	41,454	47,751
Other operating income	<u>205,590</u>	<u>(11,297)</u>	<u>224,341</u>
	<u>1,008,685</u>	<u>701,292</u>	<u>1,004,480</u>
	2,216,292	1,820,736	2,510,958
Operating Expenses			
Impairment loss	30,380	199,131	244,257
Staff costs	348,021	302,951	401,464
Other operating expenses	<u>213,978</u>	<u>193,918</u>	<u>316,133</u>
	<u>592,379</u>	<u>696,000</u>	<u>961,854</u>
Profit before Taxation	1,623,913	1,124,736	1,549,104
Taxation	<u>389,784</u>	<u>198,176</u>	<u>313,564</u>
NET PROFIT	<u>1,234,129</u>	<u>926,560</u>	<u>1,235,540</u>
Earnings per stock unit (expressed in \$ per share)	<u>\$1.02</u>	<u>\$0.77</u>	<u>\$1.02</u>

NCB CAPITAL MARKETS LIMITED

Balance Sheet

30 June 2007

(expressed in Jamaican dollars unless otherwise indicated)

	UNAUDITED 30 June 2007 \$'000	UNAUDITED 30 June 2006 \$'000	AUDITED 30 September 2006 \$'000
ASSETS			
Cash and deposits	414,609	458,546	603,396
Investment securities at fair value through profit or loss	1,198,421	727,199	1,151,266
Reverse repurchase agreements	5,802,980	15,629,113	14,972,111
Investment securities – available-for-sale	49,909,483	42,992,208	43,542,614
Receivable from clients	99,141	3,475,365	30,297
Receivable from brokers	63,844	108,611	11,891
Other assets	929,478	889,164	548,297
Retirement benefit asset	10,118	8,812	10,118
Property, plant and equipment	15,476	22,686	21,675
Intangible assets – computer software	14,711	8,312	7,167
Total Assets	58,458,261	64,320,016	60,898,832
LIABILITIES			
Repurchase agreements	45,367,502	50,468,735	50,258,040
Promissory notes and certificates of participation	1,594,047	2,441,151	2,286,612
Payable to clients	118,327	3,237,823	63,881
Payable to brokers	75,010	153,175	-
Taxation payable	785,352	530,474	180,329
Redeemable preference shares	314,875	1,490	300,000
Deferred income tax liability	194,275	282,648	497,790
Other borrowed funds	284,310	237,560	236,029
Other liabilities	1,717,069	786,063	276,563
Total Liabilities	50,450,767	58,139,119	54,099,244
EQUITY			
Stated capital	1,221,115	-	-
Ordinary share capital	-	1,207,615	1,207,615
Share premium	-	13,500	13,500
Fair value reserve	467,418	183,930	493,641
Capital reserve	11,142	11,142	11,142
Retained earnings	6,307,819	4,764,710	5,073,690
Total Equity	8,007,494	6,180,897	6,799,588
Total Liabilities and Equity	58,458,261	64,320,016	60,898,832

Approved for issue by the Board of Directors on July 26, 2007 and signed on its behalf by:

Patrick Hylton
Chairman

Dennis Cohen
Director

NCB CAPITAL MARKETS LIMITED

Statement of Changes in Equity

Nine months ended 30 June 2007

(expressed in Jamaican dollars unless otherwise indicated)

	Stated Capital	Share Capital	Share Premium	Fair Value Reserve	Capital Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balances at 1 October 2005:							
As previously reported	-	1,207,615	13,500	458,655	11,142	3,838,150	5,529,062
Prior year adjustment	-	-	-	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	-	-	-	(413,749)	-	-	(413,749)
Unrealised losses on available-for-sale investments, net of taxes	-	-	-	(107,889)	-	-	(107,889)
Net profit	-	-	-	-	-	926,560	926,560
Total recognised gains/(losses) for the period	-	-	-	(521,638)	-	926,560	404,922
Balances at 30 June 2006	-	1,207,615	13,500	183,930	11,142	4,764,710	6,180,897
Balances at 1 October 2006	-	1,207,615	13,500	493,641	11,142	5,073,690	6,799,588
Reclassified in accordance with the Companies Act 2004	1,221,115	(1,207,615)	(13,500)	-	-	-	-
Realised gains on available-for-sale investments recognised in profit and loss account	-	-	-	(590,362)	-	-	(590,362)
Unrealised gains on available-for-sale investments, net of taxes	-	-	-	564,139	-	-	564,139
Net profit	-	-	-	-	-	1,234,129	1,234,129
Total recognised gains for the period	-	-	-	(26,223)	-	1,234,129	1,207,906
Balances at 30 June 2007	1,221,115	-	-	467,418	11,142	6,307,819	8,007,494

NCB CAPITAL MARKETS LIMITED

Statement of Cash Flows

Nine months ended 30 June 2007

(expressed in Jamaican dollars unless otherwise indicated)

	UNAUDITED 9 months 30-Jun-07 \$'000	UNAUDITED 9 months 30-Jun-06 \$'000	AUDITED 12 months 30-Sept-06 \$'000
Cash Flows from Operating Activities			
Net cash provided by operating activities	6,651,958	13,527,341	14,162,275
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	(1,241)	(10,513)	(11,991)
Acquisition of intangible assets – computer software	(16,066)	(6,640)	(7,427)
Proceeds from disposal of property, plant and equipment	-	1,202	1,202
Investment securities, net	<u>(6,455,119)</u>	<u>(13,469,510)</u>	<u>(13,390,499)</u>
Net cash used in investing activities	<u>(6,472,426)</u>	<u>(13,485,461)</u>	<u>(13,408,715)</u>
Cash Flows from Financing Activities			
Proceeds from issue of redeemable preference shares	-	-	300,000
Redemption of preference shares	-	-	(1,490)
Other borrowed funds	<u>43,812</u>	<u>(933,683)</u>	<u>37,931</u>
Net cash provided by/(used in) financing activities	<u>43,812</u>	<u>(933,683)</u>	<u>336,441</u>
Net increase/(decrease) in cash and cash equivalents	223,344	(891,803)	1,090,001
Cash and cash equivalents at beginning of period	2,917,271	1,688,303	1,799,278
Effect of exchange rate changes on cash and cash equivalents	<u>(18,056)</u>	<u>9,012</u>	<u>27,992</u>
Cash and Cash Equivalents at End of Period	<u><u>3,122,559</u></u>	<u><u>805,512</u></u>	<u><u>2,917,271</u></u>
Comprising:			
Cash and deposits	414,609	458,546	603,396
Reverse repurchase agreements	<u>2,707,950</u>	<u>346,966</u>	<u>2,313,875</u>
	<u><u>3,122,559</u></u>	<u><u>805,512</u></u>	<u><u>2,917,271</u></u>