

REPORT OF THE BOARD OF DIRECTORS

UNAUDITED FINANCIAL STATEMENTS FOR PERIOD ENDED SEPTEMBER 30, 2008

The Board of Directors is pleased to present its unaudited financial results for the nine-month period, January to September 2008. This is the second publication by the Jamaica Stock Exchange of its financial results since the Company listed its 5-Year Redeemable Variable Rate Preference Shares on the 30th June 2008, arising out of the Initial Public Offering which opened on 16th May and closed on 30th May, 2008.

The Jamaica Stock Exchange (JSE) and its subsidiary the Jamaica Central Securities Depository (JCSD) have shown increased performance in all areas of revenue for the nine-month period ended September 30, 2008 when compared to the corresponding period in 2007. The gross operating income of \$423.5 million comprised primarily of Transaction Cess charges and Fee Income represents an increase of \$292.7 million or 224% over the similar nine months period in 2007. This improvement is due mainly to the increase in the performance of the market which saw the volume traded increased to 1.8 billion units, up from 1.6 billion units for the corresponding period in 2007. The value of ordinary transactions increased significantly to close the nine-month period at \$20.2 billion as compared to the comparable 2007 value of \$12.5 billion.

Operating Expenses increased by 52% from \$144.6 million for the first nine-month period in 2007 to \$220.1 million in 2008. Significant movements in the Operating Expenses were:

- Staff Cost which represents increase for staff salaries and additional employees that joined the company in 2008.
- Securities Commission Fee which moved from J\$13.1m in 2007 to \$55.3m for the period under review. This operating expense is directly proportional to the movement in Cess Revenue.

Pre-tax profit for the nine-month ended September 30, 2008 was \$265.6m compared to \$44.9m for the corresponding period in 2007. This represents a positive trend which is in line with the Company's nine-month projections and largely reflects the upturn in interest rate and the stock market for this year.

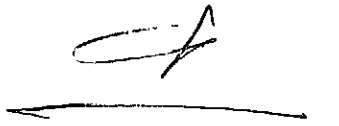
Total Equity of the Company increased by \$172.2 million from the comparable third quarter positions in 2008 and 2007 due to the net surplus earned within this period.

During the quarter the Company made its first dividend payment in respect to the 5-year Redeemable Cumulative Variable Rate Preference Shares totaling \$2.3 million.


On September 29, 2008, Cabinet approved the implementation of the Jamaica Stock Exchange Junior Market. A Steering Committee was established, which is charged with successful implementation by March 2009.

The Company continues to work with the Government, regulators, the brokerage community and other key stakeholders to increase the number of investment products and facilities offered to the equities market to attract investors and by extension broaden the Company's revenue base.

The JSE is projecting that the positive profit trend, which will be augmented by robust activities in the block transaction market, will continue throughout the next quarter. This should result in better than projected increases in Operating Income, Investment Income and Net Surplus.



Curtis Martin
Chairman


Garth Kiddoe
Audit & Finance Committee Chairman

JAMAICA STOCK EXCHANGE

Consolidated Balance Sheet
'At September 30, 2008

Unaudited nine months ended September 2008 \$ '000	Unaudited nine months ended September 2007 \$ '000	Audited twelve months ended December 2007 \$ '000
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ASSETS**Non-current assets**

Property Plant & Equipment	90,016	118,679	96,687
Intangible Assets	5,739	10,024	13,529
Investments in Securities			
Compensation Fund	167,857	122,510	138,972
Other	428,928	131,598	162,657
Long-term receivables	4,806	4,285	3,675
Post employment benefits	46,945	45,228	46,946
Total non-current assets	744,291	432,324	462,466

Current Assets

Income Tax Recoverable	17,518	15,654	14,168
Trade and other receivable	42,553	30,951	26,459
Investments in Securities			
Compensation Fund	322,259	331,408	324,787
Other	131,342	111,629	149,097
Cash and Bank Deposits	78,994	85,066	26,607
	592,866	574,708	541,118

Total Assets

	1,336,957	1,007,032	1,003,584
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EQUITY AND LIABILITIES**Capital and Reserves**

Share Capital	168,590	113,590	113,590
Fair Value Reserve	1,193	(3,154)	(1,102)
Contingency Reserve	469,657	445,099	442,030
Revenue Reserve	477,501	389,182	373,785
Total Equity	1,116,941	944,717	928,303

Non Current Liabilities

Redeemable Preference Shares	66,000		
Deferred Tax Liabilities	78,007	19,456	33,380
Total non-current liabilities	144,007	19,456	33,380

Current Liabilities

Accounts Payable	76,009	42,859	41,901
Total current liability	76,009	42,859	41,901

Total Equity & Liabilities

	1,336,957	1,007,032	1,003,584
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Approved and authorized for issue by the Board of Directors on November 13, 2008 and are signed on its behalf by:

Curtis Martin - Chairman



Garth Kiddoe - Audit and Finance Committee Chairman

Jamaica Stock Exchange
Consolidated Income Statement
For the Nine Months Ended September 30,2008

Statement II

	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	Three months ended September 2008 \$'000	Three months ended September 2007 \$'000	Nine months ended September 2008 \$'000	Nine months ended September 2007 \$'000	Twelve months ended December 2007 \$'000
OPERATING INCOME					
Cess	115,845	14,758	183,333	42,632	82,695
Fee Income	134,054	20,586	200,229	62,306	90,060
Other Operating Income	11,617	4,695	39,987	25,897	33,134
	261,516	40,039	423,549	130,835	205,889
OPERATING EXPENSES					
Staff costs	26,402	20,515	76,957	63,301	86,516
Property expenses	11,399	9,294	30,971	24,770	37,307
Depreciation and amortisation	4,320	4,433	13,074	13,169	17,621
Advertising and promotion	3,680	1,812	21,995	16,350	19,961
Professional fees	3,757	3,367	10,981	8,170	16,676
Securities commission fees	35,682	5,839	55,258	13,125	24,135
Allowances for doubtful debts	-	-	-	-	1,899
Demutualization costs	-	-	4,510	-	-
Other operating expenses	2,068	2,450	6,326	5,754	9,673
	87,308	47,710	220,072	144,639	213,788
SURPLUS/(DEFICIT) FROM OPERATION	174,208	(7,671)	203,477	(13,804)	(7,899)
Investment Income	17,341	10,002	39,258	29,124	34,908
Compensation Fund Income (Net)	9,019	11,202	26,500	30,733	37,751
Finance Cost	(2,457)	(318)	(3,618)	(1,119)	(1,380)
Other gains and losses					2,372
SURPLUS/(DEFICIT) BEFORE TAXATION	198,111	13,215	265,617	44,934	65,752
Taxation	(62,732)	-	(88,530)	(2,346)	(21,636)
NET SURPLUS	135,379	13,215	177,087	42,588	44,116
Earnings per ordinary stock unit	J\$ 4.83	J\$ 24.03	J\$ 10.20	J\$ 77.43	J\$ 80.21

Jamaica Stock Exchange
Consolidated Statement Of Changes In Equity
For the Six Months Ending September 30, 2008

Statement III

	Share Capital \$'000	Fair Value Reserve \$'000	Contingency Reserve \$'000	Revenue Reserve \$'000	Total \$'000
Balance at January 1,2007	113,590	(3,154)	414,366	356,191	880,993
Fair value adjustments on available for sale securities					
Deferred tax on fair value adjustment				21,136	21,136
Fair value adjustments on asset					
Net Income recognized directly in Equity				21,136	21,136
Net Surplus for Period				42,588	42,588
Total Recognised Income for Period				42,588	42,588
Transfer to Share Capital					
Appropriation from Income to contingency reserve			30,733	(30,733)	
Balance at September 30,2007	113,590	(3,154)	445,099	389,182	944,717
Balance at January 1,2008	113,590	(1,102)	448,016	373,082	933,586
Fair value adjustments on available for sale securities		2,295	3,973		6,268
Deferred Tax on fair value adjustment					
Net Income recognised directly in Equity		2,295	3,973	373,082	939,854
Net Surplus for Period				177,087	177,087
Total Recognised Income for the Period		2,295	3,973	177,087	177,087
Transfer to Share Capital	55,000			(55,000)	
Appropriation from Income to contingency reserve			17,668	(17,668)	
Balance at September 30,2008	168,590	1,193	469,657	477,501	1,116,941

STATEMENT IV

THE JAMAICA STOCK EXCHANGE
Consolidated Statement Of Cash Flows
Nine Months Ended September 30,2008 (Unaudited)

	Unaudited nine months ended September 2008 \$ '000	Unaudited nine months ended September 2007 \$ '000
<i>Operating Activities</i>		
Net Surplus	177,087	42,588
Adjustments for items not affecting cash flows and changes in non- cash operating assets and liabilities (net)	36,841	(41,221)
Cash provided by (used in) operating activities	213,928	1,367
Cash (used in) provided by investing activities	(227,541)	42,202
Cash provided by financing activities	66,000	
<i>Net Increase In Cash and Cash Equivalents</i>	52,387	43,569
<i>Opening Cash and Cash Equivalents</i>	26,607	41,497
<i>Closing Cash and Cash Equivalents</i>	78,994	85,066

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008**

1. Group Identification

a. Composition of the Group

The group comprises the Jamaica Stock Exchange Ltd (the company) which is incorporated in Jamaica as a public limited liability company and its wholly owned subsidiary, Jamaica Central Securities Depository Limited, (subsidiary) which is also incorporated in Jamaica. The registered offices of both companies are situated at 40 Harbour Street, Kingston, Jamaica.

b. Principal Activities

i. The Jamaica Stock Exchange Limited

The principal activity of the company is the operation of a stock exchange and the development of a stock market in Jamaica.

ii. Jamaica Central Securities Depository

The principal activity is to establish and maintain a Central Securities Depository (CSD) in Jamaica to transfer ownership of securities "by book entry", including shares, stocks, bonds or debentures of companies and other eligible securities.

2. Statement of Compliance and Basis of Preparation

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

The interim financial statements have been prepared on the historical cost basis except for the revaluation of financial assets classified as available-for-sale investments.

The accounting policies and method of computation are consistent with the audited financial statement for year ended December 31, 2007.

These financial statements are expressed in Jamaican dollars which is the currency of the primary economic environment in which the company operates.

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008**

3. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the company and the entity controlled by the company (its subsidiary). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intra- group transactions, balances, income and expenses are eliminated in full on consolidation.

4. Employee Benefit Costs

Pension obligations

The group operates a defined benefit pension plan. The cost of providing benefits is determined using Projected Unit Credit Method with actuarial valuations being carried out each annual balance sheet date.

The post employment benefit assets recognised in the balance sheet represents the fair value of the plan assets, as adjusted for unrecognised actuarial gains and losses and unrecognized past service costs, and as reduced by the present value of the defined benefit obligation.

5. Cash and Cash Equivalents

For the purpose of the cash flow statement cash and cash equivalents include cash on hand and in banks, net of bank overdraft and investments in money market instruments with an original maturity of three months or less from the date of acquisition and are held to meet cash requirements rather than for investment purposes.

6. Revenue recognition

Revenue is measured at the fair value of the consideration received or recoverable and represents amounts receivable for services provided in the normal course of business, net of consumption taxes.

7. Compensation Fund

These are contributions by members of the Stock Exchange, based on a percentage of the volume of business done by them through the Exchange, for maintaining the Contingency Reserve Fund. However, to date there are no contributions by the member dealers as the Board is of the view that the reserve is adequate for the specific purpose.

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008**

8. Bonus Issue

The Company by members resolution dated April 17, 2008 under section 135 of the Companies Act 2004 elected to capitalize \$55,000,000 of its retained earnings in the company's revenue reserves to issue 27,500,000 ordinary shares. These shares are allotted as fully paid to each member *pro rata* to their current holding of shares in the Company.

9. Redeemable Preference Shares

The Company by Ordinary Resolutions dated April 17, 2008 reclassified from its Authorized Shares Capital of Seven Hundred Million (700,000,000) Shares, an amount of One Hundred Million (100,000,000) as Class "A" Variable-rated Redeemable Preference Shares. The Preference Shares do not carry the voting rights save in narrowly prescribed circumstances.

On May 16, 2008 the Jamaica Stock Exchange offered to the public by way of an initial public offer Thirty Three Million (33,000,000) 5 year Redeemable Cumulative Variable Rate Preference Shares at \$2.00 each. The Preference Shares carry the right to a cumulative preferential dividend payable quarterly at the higher of the Government of Jamaica Weighted Average Treasury Bill Yield (having in tenor of between 178 and 184 days) fixed at the beginning of every six months period and interest rate paid on the market instrument issued by the Bank of Jamaica that have 180 days tenor. The shares were allotted to shareholders on May 30, 2008.

In keeping with the requirements of International Financial Reporting Standards (IFRS) the Preference Share Capital has been classified as long term liabilities in the Financial Statement.