

REPORT OF THE BOARD OF DIRECTORS

UNAUDITED FINANCIAL STATEMENTS FOR PERIOD ENDED MARCH 31, 2009

The Board of the Directors is pleased to present its consolidated unaudited financial results for the three-month period, January to March 2009 for the Jamaica Stock Exchange (JSE) and the Jamaica Central Securities Depository (JCSD).

Like other exchanges and depositories regionally and globally, the JSE Group has experienced severe market volatility post June 2008 due to the world financial crisis. This has severely affected market performance in 2009, leading to the reduction in the Operating Income of the Group. The results posted reflect a decline in all areas of revenue for the quarter ended March 31, 2009 when compared to the corresponding period in 2008. The gross operating income of \$47.6 million comprised primarily of Cess Income, Fee Income and Other Operating Income showed a decline of \$36.6 million or 43%. This was due primarily to Cess Revenue, which for the quarter 2009 recorded actual of \$9.4 million, which translates to a decline of \$32.8 million or 77.6% below the corresponding period in 2008.

The decline in Cess Revenue can also be measured based on the downturn in the performance of the market, which saw the volume traded decrease to 629 million units down from 675 million units for the corresponding period in 2008. The value of trades suffered a similar fate with the decline to \$2.086 billion from \$8.862 billion for the quarter ended 2008. Other market indicators trended downwards in keeping with the general softening of the market.

Operating Expenses increased by 3.4% from \$67.8 million for the first three-month period in 2008 to \$70.2 million in 2009. Significant movements in the Operating Expenses were:

- Securities Commission Fee showed a decrease over the previous period where Cess Revenue was \$8.2 million compared to \$2.1 million for the period under review. This operating expense is directly proportional to the movement in Cess Revenue.
- Staff Costs of \$32.9 million in 2009 represent an increase of \$8.1 million or 32.8% above that of the corresponding period in 2008. The significant movements reflected salary adjustments made to bring some employees closer in line with market.

Other Income Statement Highlights:

- (a) Investment Income: The Group registered a significant increase of \$26.4M or 257% over the corresponding period due to higher interest rates and foreign exchange gains on investments.
- (b) Compensation Fund Income: This line item also returned significant increase up by \$47.3 million due to high returns on investments and realized gains on the sale of investment held as 'available for sale'.

Surplus Before Taxation for the three months ended March 31, 2009 was \$62.2m compared to \$34.9m for the corresponding period in 2008 and was due primarily to Non-Operating Income. The Net Surplus for the current quarter of \$41.2 million, registered an increase of \$6.2m or 17.7%

Total Equity of the Company decreased by \$47.6 million from the comparable quarter's positions in 2008. The decrease represents the net of the current period surplus and the dividend paid in January 2009 to Ordinary Shareholders from Reserves.

Despite the downturn in the market, The Group 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. We are using this period as a time for increasing the competencies in several areas of our operations in preparation for the rebounding of the market.



Curtis Martin
Chairman



Garth Kiddoe
Audit & Finance Committee Chairman

JAMAICA STOCK EXCHANGE

Consolidated Statement Of Financial Position
'At March 31,2009

Unaudited three months ended March 2009 \$ '000	Unaudited three months ended March 2008 \$ '000	Audited twelve months ended December 2008 \$ '000
---	---	---

ASSETS**Non-current assets**

Property Plant & Equipment	87,330	94,881	91,055
Intangible Assets	11,564	16,993	11,706
Investments in Securities			
Compensation Fund	216,054	123,201	227,444
Other	442,334	144,376	425,596
Long-term receivables	4,110	3,390	4,156
Post employment benefits	42,647	46,945	42,648
Total non-current assets	804,039	429,786	802,605

Current Assets

Income Tax Recoverable	28,089	25,506	0
Trade and other receivable	27,943	27,630	23,276
Investments in Securities			
Compensation Fund	243,908	350,965	282,690
Other	100,875	126,630	125,197
Cash and Bank Deposits	42,266	109,884	98,860
	443,081	640,615	530,023

Total Assets	1,247,120	1,070,401	1,332,628
---------------------	------------------	------------------	------------------

EQUITY AND LIABILITIES**Capital and Reserves**

Share Capital	168,590	113,590	168,590
Fair Value Reserve	(3,819)	276	(4,008)
Revenue Reserve	276,268	399,475	272,374
	441,039	513,341	436,956
Contingency Reserve	483,746	458,188	477,261
Total Equity	924,785	971,529	914,217

Non Current Liabilities

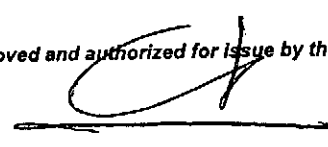
Redeemable Preference Shares	66,000		66,000
Deferred Tax Liabilities	66,872	33,380	49,404
Total non-current liabilities	132,872	33,380	115,404

Current Liabilities

Accounts Payable	185,543	56,961	254,276
Income Tax Payable	3,920	8,531	48,731
Total current liability	189,463	65,492	303,007

Total Equity & Liabilities	1,247,120	1,070,401	1,332,628
---------------------------------------	------------------	------------------	------------------

Approved and authorized for issue by the Board of Directors on May 13,2009 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 Three Months Ended March 31, 2009

Statement II

	Unaudited	Unaudited	Audited
	Three months ended March 2009 \$'000	Three months ended March 2008 \$'000	Twelve months ended December 2008 \$'000
OPERATING INCOME			
Cess	9,465	42,256	260,273
Fee Income	19,366	22,686	162,936
Other Operating Income	18,781	19,264	47,061
	47,612	84,206	470,270
OPERATING EXPENSES			
Staff costs	32,850	24,732	115,230
Property expenses	10,457	9,337	43,764
Depreciation and amortisation	4,986	4,397	16,977
Advertising and promotion	13,627	14,895	26,493
Professional fees	4,779	3,996	18,221
Securities commission fees	2,109	8,295	59,178
Allowances for doubtful debts	-	-	2,170
Demutualization costs	-	-	3,437
Other operating expenses	1,397	2,189	10,823
	70,205	67,841	296,293
SURPLUS/(DEFICIT) FROM OPERATION	(22,593)	16,365	173,977
Investment Income	36,641	10,244	91,027
Compensation Fund Income (Net)	55,931	8,587	51,828
Finance Cost	(7,784)	(216)	(6,013)
Other gains and losses			-
	62,195	34,980	310,819
SURPLUS/(DEFICIT) BEFORE TAXATION	62,195	34,980	310,819
Taxation	(21,012)	-	(103,116)
NET SURPLUS	41,183	34,980	207,703
Surplus derived from operations distributable	3,894	26,393	173,589
Surplus of Compensation Fund	37,289	8,587	34,114
	41,183	34,980	207,703

Earnings per ordinary stock unit

J\$ 0.14 J\$ 0.94 J\$ 6.19

Jamaica Stock Exchange
Consolidated Statement Of Changes In Equity
For the Three Months Ending March 31, 2009

Statement III

	Share Capital	Fair Value Reserve	Revenue Reserve	Contingency Reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at January 1,2008	113,590	(1,102)	373,082	448,017	933,587
Fair value adjustments on available for sale securities		1,378		1,584	2,962
Deferred tax on fair value adjustment					0
Fair value adjustments on asset					0
Net Income recognized directly in Equity	-	1,378	-	1,584	2,962
Net Surplus for Period			34,980		34,980
Total Recognised Income for Period	-	1,378	34,980	1,584	37,942
Transfer to Share Capital					-
Appropriation from Income to contingency reserve			(8,587)	8,587	-
Balance at March 31,2008	113,590	276	399,475	458,188	971,529
Balance at January 1,2009	168,590	(4,008)	272,374	477,261	914,217
Fair value adjustments on available for sale securities		127		(30,588)	(30,461)
Deferred Tax on fair value adjustment		62		(216)	(154)
Net Income recognised directly in Equity	-	189	-	(30,804)	(30,615)
Net Surplus for Period			41,183		41,183
Total Recognised Income for the Period	-	189	41,183	(30,804)	10,568
Transfer to Share Capital					-
Appropriation from Income to contingency reserve			(37,289)	37,289	-
Balance at March 31,2009	168,590	(3,819)	276,268	483,746	924,785

STATEMENT IV

THE JAMAICA STOCK EXCHANGE
Consolidated Statement Of Cash Flows
Three Months Ended March 31,2009 (Unaudited)

	Unaudited three months ended March 2009 \$ '000	Unaudited three months ended March 2008 \$ '000
<i>Operating Activities</i>		
Net Surplus	41,183	34,980
Adjustments for items not affecting cash flows and changes in non- cash operating assets and liabilities (net)	(65,782)	69,864
Cash (used in) provided by operating activities	(24,599)	104,844
Cash provided by (used in) investing activities	66,015	(21,567)
Cash used in financing activities	(98,010)	
<i>Net Increase In Cash and Cash Equivalents</i>	(56,594)	83,277
<i>Opening Cash and Cash Equivalents</i>	98,860	26,607
<i>Closing Cash and Cash Equivalents</i>	42,266	109,884

Jamaica Stock Exchange
Consolidated Segment Report
For the Three Months Ended March 31, 2009

STATEMENT V

2008

	<u>JSE</u> (\$ 000)	<u>JCSD</u> (\$ 000)	<u>Compensation Fund</u> (\$ 000)	<u>Other Investments</u> (\$ 000)	<u>Other</u> (\$ 000)	<u>Eliminations</u> (\$ 000)	<u>Group</u> (\$ 000)
External Revenue	<u>41,936</u>	<u>23,006</u>	<u>8,587</u>	<u>10,244</u>	<u>19,264</u>		<u>103,037</u>
Total Revenue	<u>41,936</u>	<u>23,006</u>	<u>8,587</u>	<u>10,244</u>	<u>19,264</u>		<u>103,037</u>
Results							
Segment results	954	10,433	8,587	10,244	4,978		35,196
Finance Costs							(216)
Profit before Taxation							34,980
Taxation							
Profit for the Period							<u>34,980</u>
Other Information							
Capital additions	332	46					378
Depreciation & amortisation	3,710	687					4,397
Balance Sheet Assets							
Segment Assets	387,746	56,661	474,166	274,396		(122,568)	<u>1,070,401</u>
Consolidated Total Assets							<u>1,070,401</u>
Liabilities							
Segmented Liabilities	102,542	64,580				(68,250)	<u>98,872</u>
Consolidate Total Liabilities							<u>98,872</u>

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2009**

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.

Effective April 1, 2008, the company was fully demutualized with the formal separation of its regulatory arm from its commercial arm. The new organizational structure of the company, inclusive of the Regulatory Market and Oversight Committee, illustrates a clear line of demarcation between the Company's twin role of regulating participants in a fair and transparent stock market, and operating an efficient platform on which that market trades, which is the commercial arm of the company.

(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.

iii. **JCS D Trustee Services Limited**

The provision of trustee, company management, custodianship and related services.

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 JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2009**

The accounting policies and method of computation are consistent with the audited financial statements for year ended December 31, 2008. These financial statements are expressed in Jamaican dollars which is the currency of the primary economic environment in which the company operates.

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.

THE JAMAICA STOCK EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2009

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, for the period 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.

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.

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2009**

10. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the distributable surplus derived from operations, by the weighted average number of ordinary shares in issue. Number of ordinary shares in issue in 2008 has been adjusted to 28,050,000 shares to reflect the effect of the issue of 27,500,000 bonus shares during 2008 for comparative purposes.

11. SEGMENT REPORTING

Segment information is presented in respect of the Group's business. The primary format for business segments is based on the Group's management and internal reporting structure.

The activities of the Group are organized into the following primary segments: -

- *Exchange Operations* – the operation and regulation of the Stock Exchange
- *Depository* – services in connection with transferring and holding of securities, shares, stocks, bonds and debentures.
- *Investments – Compensation Fund* – income derived from investing activities of the Compensation Fund.
- *Investments – Other* – Income derived from investing activities of the Group with the exception of the compensation Fund above.
- *Other* – Trustee, custodianship, company management and other activities.

The Group's operations are located solely in Jamaica.