

REPORT OF THE BOARD OF DIRECTORS

UNAUDITED FINANCIAL STATEMENTS FOR PERIOD ENDED JUNE 30, 2009

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

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 six months ended June 30, 2009 when compared to the corresponding period in 2008. The gross operating income of \$82.6 million comprised primarily of Cess Income, Fee Income and Other Operating Income showed a decline of \$79.3 million or 49%. In addition, Cess Revenue for the second quarter 2009 (April- June) was severely affected, recording actual of \$5.6 million, which translates to a decline of \$41.5 million or 88% 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 849 million units down from 1,796 million units for the corresponding period in 2008. The value of trades suffered a similar fate with the decline to \$3.645 billion from \$23.483 billion for the six months ended 2008. Other market indicators trended downwards in keeping with the general softening of the market.

Operating Expenses decreased by 3.58% from \$132.7 million for the first six-month period in 2008 down to \$127.9 million in 2009. The JSE Group has been successful in containing its operating expenses. Significant movements in the Operating Expenses were:

- Securities Commission Fee showed a decrease over the previous period where 2008 was \$19.6 million compared to \$3.5 million for the period under review. This operating expense is directly proportional to the movement in Cess Revenue.
- Staff Costs of \$60.5 million in 2009 represent an increase of \$9.9 million or 19.6% above that of the corresponding period in 2008. The movement reflected salary adjustments in the second half of 2008 which was made to bring some employees closer in line with market and cost of living adjustments in 2009.

Other Income Statement Highlights:

- (a) Investment Income: The Group registered a significant increase of \$38.2 million or 174.5% 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 \$53.1 million due to high returns on investments and realized gains on the sale of investment held as 'available for sale'.

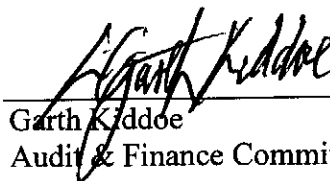
Surplus Before Taxation for the six months ended June 30, 2009 was \$68.5m compared to \$67.6m for the corresponding period in 2008 and was due primarily to Non-Operating Income. The Net Surplus for the current six months of \$44.9 million, registered an increase of \$3.2m or 7.6%

Total Equity of the Company decreased by \$51 million from the comparable six months 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 June 30, 2009

Unaudited Six months ended June 2009 \$ '000	Unaudited six months ended June 2008 \$ '000	Audited twelve months ended December 2008 \$ '000
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ASSETS**Non-current assets**

Property Plant & Equipment	84,722	91,946	91,055
Intangible Assets	11,347	6,975	11,706
Investments in Securities			
Compensation Fund	302,428	128,618	227,444
Other	445,839	174,542	425,596
Long-term receivables	3,865	4,126	4,156
Post employment benefits	42,647	46,945	42,648
Total non-current assets	890,648	453,152	802,605

Current Assets

Income Tax Recoverable	26,983	5,604	
Trade and other receivable	25,015	38,570	23,276
Investments in Securities			
Compensation Fund	179,155	353,381	282,690
Other	26,753	87,121	125,197
Cash and Bank Deposits	94,895	210,041	98,860
	352,801	694,717	530,023

Total Assets	1,243,449	1,147,869	1,332,628
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EQUITY AND LIABILITIES**Capital and Reserves**

Share Capital	168,590	168,590	168,590
Fair Value Reserve	(2,142)	1,890	(4,008)
Revenue Reserve	270,242	348,200	272,374
	436,690	518,680	436,956
Contingency Reserve	494,305	463,311	477,281
Total Equity	930,995	981,991	914,217

Non Current Liabilities

Redeemable Preference Shares	66,000	66,000	66,000
Deferred Tax Liabilities	65,584	41,239	49,404
Total non-current liabilities	131,584	107,239	115,404

Current Liabilities

Accounts Payable	180,870	58,639	254,276
Income Tax Payable			48,731
Total current liability	180,870	58,639	303,007

Total Equity & Liabilities	1,112,445	1,147,869	1,332,628
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Approved and authorized for issue by the Board of Directors on July 08, 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 Six Months Ended June 30, 2009

Statement II

	Unaudited Three months ended June 2009 \$'000	Unaudited Three months ended June 2008 \$'000	Unaudited Six months ended June 2009 \$'000	Unaudited Six months ended June 2008 \$'000	Audited Twelve months ended Dec 2008 \$'000
INCOME					
Cess	\$5,632	\$47,108	\$15,097	\$89,363	\$260,273
Fee Income	19,508	21,615	38,873	44,301	162,936
Other Operating Income	9,888	9,105	28,689	28,370	47,061
	35,028	77,828	82,639	162,034	470,270
EXPENSES					
Staff Costs	27,697	25,822	60,549	50,555	115,230
Property Expenses	12,321	10,225	22,777	19,563	43,764
Depreciation & Amortisation	3,584	4,305	8,571	8,703	16,977
Advertising & Promotion	6,216	3,419	19,807	18,313	28,493
Professional Fees	4,497	3,228	9,276	7,224	18,221
Securities Commission Fees	1,373	11,281	3,482	19,576	59,178
De-Mutualisation Expenses		4,510		4,510	3,437
Allowance For Bad Debts					2,170
Other Operating Expenses	2,050	2,069	3,483	4,258	10,823
	57,738	64,859	127,945	132,702	298,293
(DEFECIT)/ SURPLUS FROM OPERATIONS	(22,710)	12,969	(45,306)	29,332	173,977
Investment Income	23,526	11,673	60,167	21,917	91,027
Compensation Fund Income (net)	14,669	8,894	70,600	17,481	51,828
Finance Cost	(9,209)	(944)	(16,993)	(1,180)	(6,013)
SURPLUS BEFORE TAXATION	6,276	32,592	68,468	67,570	310,819
Taxation	(2,519)	(10,863)	(23,531)	(25,799)	(103,116)
NET SURPLUS	3,757	21,729	44,937	41,771	207,703
(Deficit)/ Surplus derived from operations distributable	(6,023)	15,799	(2,132)	30,117	173,589
Surplus of Compensation Fund	9,780	5,930	47,069	11,654	34,114
	3,757	21,729	44,937	41,771	207,703
Earnings per ordinary stock unit	J\$ 0.21	J\$ 0.66	J\$ 0.08	J\$ 1.07	J\$ 6.19

Jamaica Stock Exchange
Consolidated Statement Of Changes In Equity
For the Six Months Ending June 30, 2009

Statement III

	Share Capital \$'000	Fair Value Reserve \$'000	Revenue Reserve \$'000	Contingency Reserve \$'000	Total \$'000
Balance at January 1, 2008	113,590	(1,102)	373,083	448,017	933,588
Fair value adjustments on available for sale securities		2,992		3,640	6,632
Deferred tax on fair value adjustment					
Fair value adjustments on asset					
Net Income recognized directly in Equity	-	2,992	-	3,640	6,632
Net Surplus for Period			41,771		41,771
Total Recognised Income for Period	-	2,992	41,771	3,640	48,403
Transfer to Share Capital on Issue of Bonus Shares	55,000		(55,000)		-
Appropriation from Income to contingency reserve			(11,654)	11,654	-
Balance at June 30, 2008	168,590	1,890	348,200	463,311	981,991
Balance at January 1, 2009	168,590	(4,008)	272,374	477,261	914,217
Fair value adjustments on available for sale securities		1,942		(29,420)	(27,478)
Deferred Tax on fair value adjustment		(76)		(605)	(681)
Net Income recognised directly in Equity	-	1,866	-	(30,025)	(28,159)
Net Surplus for Period			44,937		44,937
Total Recognised Income for the Period	-	1,866	44,937	(30,025)	16,778
Transfer to Share Capital			(47,069)		-
Appropriation from Income to contingency reserve				47,069	-
Balance at June 30, 2009	168,590	(2,142)	270,242	494,305	930,995

STATEMENT IV

THE JAMAICA STOCK EXCHANGE
Consolidated Statement Of Cash Flows
Six Months Ended June 30,2009 (Unaudited)

	Unaudited six months ended June 2009 \$ '000	Unaudited six months ended June 2008 \$ '000
<i>Operating Activities</i>		
Net Surplus	44,937	41,771
Adjustments for items not affecting cash flows and changes in non- cash operating assets and liabilities (net)	(82,885)	(2,912)
Cash (used in) provided by operating activities	(37,948)	38,859
Cash provided by investing activities	131,993	78,575
Cash (used in) provided by financing activities	(98,010)	66,000
<i>Net (Decrease) Increase In Cash and Cash Equivalents</i>	(3,965)	183,434
<i>Opening Cash and Cash Equivalents</i>	98,860	26,607
<i>Closing Cash and Cash Equivalents</i>	94,895	210,041

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 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. JCSD 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 SIX MONTHS ENDED JUNE 30, 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 SIX MONTHS ENDED JUNE 30, 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 SIX MONTHS ENDED JUNE 30, 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.