

REPORT OF THE BOARD OF DIRECTORS

UNAUDITED FINANCIAL STATEMENTS FOR PERIOD ENDED SEPTEMBER 30, 2009

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

The JSE Group continued to be affected by a depressed and volatile market. The Group has continued to experienced unfavourable performance due to severe market volatility. This has negatively impacted the year-to-date performance of the market and has led to the reduction in the Operating Income of the Group. The results posted, reflect a decline in all areas of revenue for the nine months ended September 30, 2009, when compared to the corresponding period in 2008. The gross operating income of \$120.7 million comprised primarily of Cess Income, Fee Income and Other Operating Income. This showed a decline of \$303.5 million or 71.5%. Cess Revenue for the third quarter 2009 (July-September) showed an improvement over the second quarter recording actual of \$13.2 million. However, this represented a decline of \$230.5 million or 94.6% when compared to the corresponding period in 2008. While these variances are significant, it should be noted that in 2008, the Group recorded extraordinary performance in respect to revenue inflow, due to a major one-off windfall gain. Consequently, this has had an impact on the comparative results of the nine months of 2009 over that of 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 1,247 million units, from 2,433 million units for the corresponding period in 2008. The value of trades suffered a similar fate with a decline to \$6.605 billion from \$62.835 billion for the nine months ended 2008. Other market indicators trended downwards in keeping with the general softening of the market.

Operating Expenses decreased by 17.17% from \$221.8 million for the first nine-month period in 2008 down to \$183.7 million in 2009. The significant movements in the Operating Expenses were:

- Securities Commission Fee of \$5.6 million represents a decrease when compared with the \$55.2 million recorded for the corresponding period in 2008. This operating expense is directly proportional to the movement in Cess Revenue.

- Staff Costs of \$89 million in 2009 represent an increase of \$12 million or 15.7% 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.

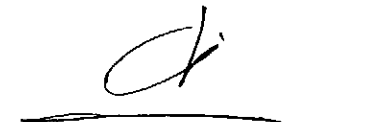
Other Income Statement Highlights: -

- (a) Investment Income: The Group registered a significant increase of \$39.6 million or 100.7% over the corresponding period due to higher interest rates and foreign exchange gains on investments.
- (b) Compensation Fund Income: This line item also returned a significant increase up by \$59.2 million due to high returns on investments and realized gains on the sale of investment held as 'available for sale'.

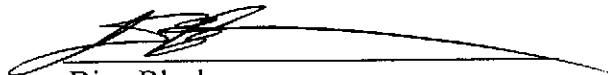
Surplus Before Taxation for the nine months ended September 30, 2009 was \$77.3 million compared to \$264.6 million for the corresponding period in 2008. The Net Surplus for the current nine months of \$48.8 million, registered a decline of \$127 million or 72%.

Total Equity of the Group decreased by \$181 million from the comparable nine 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, offered to the market to attract investors and by extension broaden the Groups revenue base. The JSE has launched the Junior Market and it is expected that there will be listing of two companies in the last quarter. We are using this period of slow market activities to improve our internal competencies in preparation for the rebounding of the market.



Curtis Martin
Chairman



Dian Black
Audit & Finance Committee Chairman

JAMAICA STOCK EXCHANGE

Consolidated Statement Of Financial Position
'At September 30,2009

RESTATED

Unaudited nine months ended September 2009 \$ '000	Unaudited nine months ended September 2008 \$ '000	Audited twelve months ended December 2008 \$ '000
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ASSETS**Non-current assets**

Property Plant & Equipment	82,354	90,930	91,055
Intangible Assets	10,559	15,286	11,706
Investments in Securities			
Compensation Fund	310,096	167,857	227,444
Other	325,613	428,928	425,596
Long-term receivables	3,724	4,806	4,156
Post employment benefits	42,647	46,945	42,648
Total non-current assets	774,993	754,752	802,605

Current Assets

Income Tax Recoverable	42,135	17,518	0
Trade and other receivable	24,420	32,697	23,276
Investments in Securities			
Compensation Fund	200,447	322,259	282,690
Other	148,637	131,342	125,197
Cash and Bank Deposits	35,937	78,943	98,860
	451,576	582,759	530,023

Total Assets	1,226,569	1,337,511	1,332,628
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EQUITY AND LIABILITIES**Capital and Reserves**

Share Capital	168,590	168,590	168,590
Fair Value Reserve	(2,159)	795	(4,008)
Revenue Reserve	263,973	476,898	272,374
	430,404	646,283	436,956
Contingency Reserve	504,515	469,657	477,261
Total Equity	934,919	1,115,940	914,217

Non Current Liabilities

Redeemable Preference Shares	66,000	66,000	66,000
Deferred Tax Liabilities	65,614	78,007	49,404
Total non-current liabilities	131,614	144,007	115,404

Current Liabilities

Accounts Payable	146,877	43,401	254,276
Income Tax Payable	13,159	34,163	48,731
Total current liability	160,036	77,564	303,007

Total Equity & Liabilities	1,226,569	1,337,511	1,332,628
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Approved and authorized for issue by the Board of Directors on November 09,2009 and are signed on its behalf by:

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Curtis Martin - Chairman

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Dian Black - Audit and Finance Committee Chairman

Jamaica Stock Exchange
Consolidated Income Statement
For the Nine Months Ended September 30, 2009

Statement II

	RESTATED		RESTATED		Audited
	Unaudited	Unaudited	Unaudited	Unaudited	
	Three months ended September 2009 \$'000	Three months ended September 2008 \$'000	Nine months ended September 2009 \$'000	Nine months ended September 2008 \$'000	Twelve months ended December 2008 \$'000
OPERATING INCOME					
Cess	13,262	154,460	28,359	243,823	260,273
Fee Income	15,865	96,166	54,738	140,467	162,936
Other Operating Income	8,995	11,622	37,664	39,992	47,061
	38,122	262,248	120,761	424,282	470,270
OPERATING EXPENSES					
Staff costs	28,493	26,402	89,042	76,957	115,230
Property expenses	12,176	11,595	34,954	31,157	43,764
Depreciation and amortisation	3,281	4,320	11,851	13,022	16,977
Advertising and promotion	3,180	3,680	23,023	21,993	26,493
Professional fees	4,366	5,090	13,642	12,314	18,221
Securities commission fees	2,169	35,682	5,652	55,258	59,178
Allowances for doubtful debts					2,170
Demutualization costs				4,510	3,437
Other operating expenses	2,145	2,380	5,592	6,638	10,823
	55,810	89,149	183,756	221,849	296,293
(DEFICIT)/SURPLUS FROM OPERATION	(17,688)	173,099	(62,995)	202,433	173,977
Investment Income	18,718	17,383	78,885	39,300	91,027
Compensation Fund Income (Net)	15,139	9,019	85,740	26,500	51,828
Finance Cost	(7,299)	(2,457)	(24,291)	(3,617)	(6,013)
Other gains and losses					
SURPLUS BEFORE TAXATION	8,870	197,044	77,339	264,616	310,819
Taxation	(5,046)	(62,732)	(28,577)	(88,530)	(103,116)
NET SURPLUS	3,824	134,312	48,762	176,086	207,703
(Deficit)/ Surplus derived from operations distributable	(6,269)	128,299	(8,401)	158,419	173,589
Surplus of Compensation Fund	10,093	6,013	57,163	17,667	34,114
	3,824	134,312	48,762	176,086	207,703
Earnings per ordinary stock unit	-J\$0.22	J\$4.57	-J\$0.30	J\$5.65	J\$6.19

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

Statement III

RESTATED

	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		1,897	396	3,973	
Deferred tax on fair value adjustment					0
Fair value adjustments on asset					0
Net Income recognized directly in Equity		1,897	396	3,973	6,266
Net Surplus for Period			176,086		176,086
Total Recognised Income for Period				0	176,086
Transfer to Share Capital on Issue of Bonus Shares	55,000		(55,000)		
Appropriation from Income to contingency reserve			(17,667)	17,667	
Balance at September 30,2008	168,590	795	476,898	469,657	1,115,940
Balance at January 1,2009	168,590	(4,008)	272,374	477,261	914,217
Fair value adjustments on available for sale securities		2,101		(29,246)	(27,145)
Deferred Tax on fair value adjustment		(252)		(663)	(915)
Net Income recognised directly in Equity		1,849	-	(29,909)	(28,060)
Net Surplus for Period			48,762		48,762
Total Recognised Income for the Period		1,849	48,762	-	48,762
Transfer to Share Capital					
Appropriation from Income to contingency reserve			(57,163)	57,163	
Balance at September 30,2009	168,590	(2,159)	263,973	504,515	934,919

STATEMENT IV

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

RESTATED

	Unaudited nine months ended September 2009 \$ '000	Unaudited nine months ended September 2008 \$ '000
<i>Operating Activities</i>		
Net Surplus	48,762	176,086
Adjustments for items not affecting cash flows and changes in non- cash operating assets and liabilities (net)	(164,675)	37,791
Cash (used in) provided by operating activities	(115,913)	213,877
Cash provided by (used in) investing activities	181,000	(227,541)
Cash provided (used in) provided by financing activities	(128,010)	66,000
<i>Net Increase In Cash and Cash Equivalents</i>	(62,923)	52,336
<i>Opening Cash and Cash Equivalents</i>	98,860	26,607
<i>Closing Cash and Cash Equivalents</i>	35,937	78,943

Jamaica Stock Exchange
Consolidated Segment Report
For the Nine Months Ended September 30, 2009

STATEMENT V

	2009						
	<u>JSE</u>	<u>JCSD</u>	<u>Compensation</u>	<u>Other</u>	<u>Other</u>	<u>Eliminations</u>	<u>Group</u>
	(\$ 000)	(\$ 000)	Fund (\$ 000)	Investments (\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)
External Revenue	<u>52,025</u>	<u>31,072</u>	<u>85,740</u>	<u>78,885</u>	<u>37,664</u>		<u>285,386</u>
Total Revenue	<u>52,025</u>	<u>31,072</u>	<u>85,740</u>	<u>78,885</u>	<u>37,664</u>		<u>285,386</u>
Results							
Segment results	(87,779)	(12,880)	85,740	78,885	37,664		101,630
Finance Costs							<u>(24,291)</u>
Profit before Taxation							<u>77,339</u>
Taxation							<u>(28,577)</u>
Profit for the Period							<u>48,762</u>
Other information							
Capital additions	2,007						2,007
Depreciation & amortisation	9,567	2,285					11,852
Balance Sheet							
Assets							
Segment Assets	316,621	45,084	510,543	474,250	3,331	(123,260)	<u>1,226,569</u>
Consolidated Total Assets							<u>1,226,569</u>
Liabilities							
Segmented Liabilities	267,043	87,607			4,600	(67,600)	<u>291,650</u>
Consolidated Total Liabilities							<u>291,650</u>

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 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 NINE MONTHS ENDED SEPTEMBER 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 NINE MONTHS ENDED SEPTEMBER 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 NINE MONTHS ENDED SEPTEMBER 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.