

**THE JAMAICA STOCK EXCHANGE LIMITED
AND ITS SUBSIDIARIES**

AUDITORS' REPORT AND FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

REC. 1/31/2010

**THE JAMAICA STOCK EXCHANGE LIMITED
AND ITS SUBSIDIARIES**

YEAR ENDED DECEMBER 31, 2009

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INDEPENDENT AUDITORS' REPORT

To the members of

THE JAMAICA STOCK EXCHANGE LIMITED

Report on the financial statements

We have audited the financial statements of The Jamaica Stock Exchange Limited (the Company) and its subsidiaries (the Group), set out on pages 2 to 55, which comprise the consolidated and the company statement of financial positions as at December 31, 2009, the consolidated and the company statement of comprehensive income, statements of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and consistently applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Member of
Deloitte Touche Tohmatsu

Carey O. Metz, Audley L. Gordon, Winston G. Robinson, Fagan E. Calvert, Gihan C. deMel.

Consultants: T. Sydney Fernando, Donald S. Reynolds.

Report on the financial statements (Cont'd)

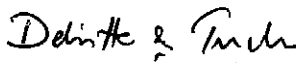
Opinion

In our opinion, the financial statements give a true and fair view of the financial positions of the Group and the Company as at December 31, 2009 and of the Group's and the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on additional requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained and the financial statements are in agreement therewith and give the information required by the Jamaican Companies Act in the manner so required.


Chartered Accountants

Kingston, Jamaica,
February 24, 2010

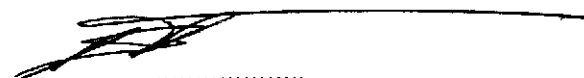
THE JAMAICA STOCK EXCHANGE LIMITED


CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2009

	Notes	2009 \$'000	2008 \$'000
ASSETS			
Non-current assets			
Property and equipment	5	92,704	91,055
Intangible assets	6	11,356	11,706
Investments in securities:			
Compensation Fund	8.1	350,801	227,444
Other	8.2	298,999	425,596
Long-term receivables	9	5,818	4,156
Post employment benefits	10	41,694	42,648
Total non-current assets		801,372	802,605
Current assets			
Income tax recoverable		17,145	-
Trade and other receivables	11	25,188	23,276
Investments in securities:			
Compensation Fund	8.1	193,480	282,690
Other	8.2	152,099	125,197
Cash and bank deposits	12	20,359	98,860
Total current assets		408,271	530,023
Total assets		1,209,643	1,332,628
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	13	168,590	168,590
Fair value reserve	14	-	(4,008)
Revenue reserve	15	255,341	272,374
		423,931	436,956
Contingency reserve	16	530,196	477,261
Total equity		954,127	914,217
Non-current liabilities			
Long-term liabilities	17	66,000	66,000
Deferred tax liabilities	18	31,974	49,404
Total non-current liabilities		97,974	115,404
Current liabilities			
Accounts payable	19	65,553	254,276
Borrowings	20	91,989	-
Income tax payable		-	48,731
Total current liabilities		157,542	303,007
Total equity and liabilities		1,209,643	1,332,628

The notes on Pages 10 to 55 form an integral part of the financial statements.

The financial statements on Pages 2 to 55 were approved and authorized for issue by the Board of Directors on February 24, 2010 and are signed on its behalf by:


.....
Director


.....
Director

THE JAMAICA STOCK EXCHANGE LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2009

	<u>Notes</u>	<u>2009</u> \$'000	<u>2008</u> \$'000
Income			
Cess		50,240	260,273
Fee income		75,266	162,936
Other operating income	21	<u>33,465</u>	<u>47,061</u>
		<u>158,971</u>	<u>470,270</u>
Expenses	22	120,122	115,230
Staff costs		47,015	43,764
Property expenses		13,563	16,977
Depreciation and amortisation		26,879	26,493
Advertising and promotion		18,469	18,221
Professional fees		10,219	59,178
Securities commission fees		(256)	2,170
Allowances for doubtful debts		-	3,437
Demutualization costs		<u>7,702</u>	<u>10,823</u>
Other operating expenses			
		<u>243,713</u>	<u>296,293</u>
(DEFICIT) SURPLUS FROM OPERATIONS		(84,742)	173,977
Investment income	23	104,416	91,027
Compensation Fund income (net)	24	84,669	51,828
Finance cost	25	(39,535)	(6,013)
SURPLUS BEFORE TAXATION	26	64,808	310,819
Taxation	27	(21,790)	(103,116)
NET SURPLUS	28	<u>43,018</u>	<u>207,703</u>
OTHER COMPREHENSIVE INCOME			
Net loss on revaluation of available-for-sale financial assets		(1,134)	(1,789)
Net re-classification adjustments related to available-for-sale financial assets disposed		(1,974)	-
Other comprehensive income for the year, net of taxes		(3,108)	(1,789)
TOTAL COMPREHENSIVE INCOME		<u>39,910</u>	<u>205,914</u>
(Deficit) surplus derived from operations distributable		(17,033)	173,589
Surplus of Compensation Fund		<u>60,051</u>	<u>34,114</u>
		<u>43,018</u>	<u>207,703</u>
Earnings per share	29	(<u>\$0.61</u>)	<u>\$6.19</u>

The notes on Pages 10 to 55 form an integral part of the financial statements.

THE JAMAICA STOCK EXCHANGE LIMITED
 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 YEAR ENDED DECEMBER 31, 2009

	Note	Share Capital \$'000	Fair Value Reserve \$'000	Revenue Reserve \$'000	Contingency Reserve \$'000	Total \$'000
Balance at January 1, 2008		<u>113,590</u>	<u>(1,102)</u>	<u>373,785</u>	<u>442,030</u>	<u>928,303</u>
Dividend declared		-	-	<u>(220,000)</u>	-	<u>(220,000)</u>
Surplus for the year		-	-	207,703	-	207,703
Other comprehensive income for the year		-	<u>(2,906)</u>	-	<u>1,117</u>	<u>(1,789)</u>
Total comprehensive income for the year		-	<u>(2,906)</u>	<u>207,703</u>	<u>1,117</u>	<u>205,914</u>
Issue of bonus shares		55,000	-	<u>(55,000)</u>	-	-
Appropriation from revenue reserve to contingency reserve fund	16	-	-	<u>(34,114)</u>	<u>34,114</u>	-
Balance at January 1, 2009		<u>168,590</u>	<u>(4,008)</u>	<u>272,374</u>	<u>477,261</u>	<u>914,217</u>
Surplus for the year		-	-	43,018	-	43,018
Other comprehensive income for the year		-	<u>4,008</u>	-	<u>(7,116)</u>	<u>(3,108)</u>
Total comprehensive income for the year		-	<u>4,008</u>	<u>43,018</u>	<u>(7,116)</u>	<u>39,910</u>
Appropriation from revenue reserve to contingency reserve fund	16	-	-	<u>(60,051)</u>	<u>60,051</u>	-
Balance at December 31, 2009		<u>168,590</u>	<u>-</u>	<u>255,341</u>	<u>530,196</u>	<u>954,127</u>

The notes on Pages 10 to 55 form an integral part of the financial statements.

THE JAMAICA STOCK EXCHANGE LIMITED
 CONSOLIDATED STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2009

	<u>Note</u>	<u>2009</u> \$'000	<u>2008</u> \$'000
OPERATING ACTIVITIES			
Net surplus		43,018	207,703
Adjustments for:		10,429	11,774
Depreciation of property, plant and equipment		3,135	5,203
Amortisation of intangible assets		-	55
Loss on disposal of property, plant and equipment		(6,363)	-
Gain on disposal of available-for-sale investments		(3,098)	(11,818)
Unrealised foreign exchange gains on investments		5,820	7,610
Post employment benefit charge		(256)	2,170
Allowance for doubtful debts		21,790	103,116
Income tax expense		(155,246)	(129,075)
Interest income		<u>39,535</u>	<u>6,013</u>
Interest expense		(41,236)	202,751
Operating cash flows before movements in working capital		(2,320)	1,013
(Increase) decrease in trade and other receivables		(214,865)	(2,665)
Decrease in accounts payable		<u>(4,867)</u>	<u>(3,312)</u>
Post employment benefit contributions		(263,288)	197,787
Cash (utilized in) generated from operations		(103,541)	(23,301)
Income tax paid		<u>(13,391)</u>	<u>(5,207)</u>
Interest paid		(380,220)	169,279
Cash (used in) provided by operating activities			
INVESTING ACTIVITIES			
Acquisition of investments in securities (net)		(69,895)	(62,003)
Compensation Fund		55,692	(221,441)
Other		(12,078)	(6,197)
Acquisition of property, plant and equipment		(2,785)	(3,380)
Acquisition of intangible assets		(1,862)	(481)
Long-term receivables		<u>180,039</u>	<u>135,347</u>
Interest received		149,311	(158,155)
Cash provided by (used in) investing activities			
FINANCING ACTIVITIES			
Net borrowings		91,989	(4,960)
Issue of preference shares		-	66,000
Proceeds from disposal of available-for-sale investments		<u>59,855</u>	-
Cash provided by financing activities		151,844	61,040
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(79,065)	72,164
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		98,860	26,607
Effect of foreign exchange rate changes		564	89
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	12	<u>20,359</u>	<u>98,860</u>

The notes on Pages 10 to 55 form an integral part of the financial statements.

THE JAMAICA STOCK EXCHANGE LIMITED
STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2009

	Notes	2009 \$'000	2008 \$'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	88,484	84,626
Intangible assets	6	6,590	6,086
Investment in subsidiary	7	55,000	55,000
Investments in securities			
Compensation Fund	8.1	350,801	227,444
Other	8.2	234,835	347,053
Long-term receivable	9	4,248	2,843
Post employment benefits	10	33,355	34,117
Total non-current assets		<u>773,313</u>	<u>757,169</u>
Current assets			
Income tax recoverable		11,208	-
Trade and other receivables	11	14,467	14,798
Investments in securities			
Compensation Fund	8.1	193,480	282,690
Other	8.2	133,026	96,276
Due from related party		62,309	4,379
Cash and cash equivalents	12	11,973	63,926
Total current assets		<u>426,463</u>	<u>462,069</u>
Total assets		<u>1,199,776</u>	<u>1,219,238</u>
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	13	168,590	168,590
Fair value reserve	14	-	(2,653)
Revenue reserve	15	261,368	196,208
		429,958	362,145
Contingency reserve	16	530,196	477,261
Total shareholders' equity		<u>960,154</u>	<u>839,406</u>
Non-current liabilities			
Long-term liabilities	17	66,000	66,000
Deferred tax liabilities	18	28,189	43,775
Total non-current liabilities		<u>94,189</u>	<u>109,775</u>
Current liabilities			
Accounts payable	19	53,444	239,586
Borrowings	20	91,989	-
Income tax payable		-	30,471
Total current liabilities		<u>145,433</u>	<u>270,057</u>
Total equity and liabilities		<u>1,199,776</u>	<u>1,219,238</u>

The notes on Pages 10 to 55 form an integral part of the financial statements.

The financial statements on Pages 2 to 55 were approved and authorized for issue by the Board of Directors on February 24, 2010 and are signed on its behalf by:

.....
Director

.....
Director

THE JAMAICA STOCK EXCHANGE LIMITED
 STATEMENT OF COMPREHENSIVE INCOME
 YEAR ENDED DECEMBER 31, 2009

	<u>Notes</u>	<u>2009</u> \$'000	<u>2008</u> \$'000
INCOME		37,614	195,205
Cess		41,531	40,454
Fee income	21	<u>121,397</u>	<u>46,881</u>
Other operating income		<u>200,542</u>	<u>282,540</u>
EXPENSES	22	91,066	86,610
Staff costs		28,122	28,597
Property expenses		10,501	13,950
Depreciation and amortization		26,551	26,305
Advertising and promotion		14,113	13,566
Professional fees		9,409	53,608
Securities commission fee		-	3,437
Demutualization costs		(278)	1,784
Allowance for irrecoverable debts		<u>4,632</u>	<u>5,216</u>
Other operating expenses		<u>184,116</u>	<u>233,073</u>
SURPLUS FROM OPERATIONS		16,426	49,467
Investment income	23	87,962	74,639
Compensation fund income (net)	24	84,669	51,828
Finance cost	25	<u>(39,535)</u>	<u>(6,013)</u>
SURPLUS BEFORE TAXATION	26	149,522	169,921
Taxation	27	<u>(24,311)</u>	<u>(56,177)</u>
NET SURPLUS		<u>125,211</u>	<u>113,744</u>
OTHER COMPREHENSIVE INCOME			
Net gain arising on revaluation of available-for-sale financial assets		(1,134)	(667)
Net reclassification adjustments related to available-for-sale financial assets		<u>(3,329)</u>	<u>-</u>
Other comprehensive income for the year, net of taxes		<u>(4,463)</u>	<u>(667)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>120,748</u>	<u>113,077</u>

The notes on Pages 10 to 55 form an integral part of the financial statements.

THE JAMAICA STOCK EXCHANGE LIMITED
 STATEMENT OF CHANGES IN EQUITY
 YEAR ENDED DECEMBER 31, 2009

	Note	Share Capital \$'000	Fair Value Reserve \$'000	Revenue Reserve \$'000	Contingency Reserve \$'000	Total \$'000
Balance at January 1, 2008		<u>113,590</u>	<u>(869)</u>	<u>391,578</u>	<u>442,030</u>	<u>946,329</u>
Dividend declared		<u>-</u>	<u>-</u>	<u>(220,000)</u>	<u>-</u>	<u>(220,000)</u>
Surplus for the year		<u>-</u>	<u>-</u>	<u>113,744</u>	<u>-</u>	<u>113,744</u>
Other comprehensive income for the year		<u>-</u>	<u>(1,784)</u>	<u>-</u>	<u>1,117</u>	<u>(667)</u>
Total comprehensive income for the year		<u>-</u>	<u>(1,784)</u>	<u>113,744</u>	<u>1,117</u>	<u>113,077</u>
Issue of bonus shares		<u>55,000</u>	<u>-</u>	<u>(55,000)</u>	<u>-</u>	<u>-</u>
Appropriation from revenue reserve to contingency reserve fund	16	<u>-</u>	<u>-</u>	<u>(34,114)</u>	<u>34,114</u>	<u>-</u>
Balance at January 1, 2009		<u>168,590</u>	<u>(2,653)</u>	<u>196,208</u>	<u>477,261</u>	<u>839,406</u>
Surplus for the year		<u>-</u>	<u>-</u>	<u>125,211</u>	<u>-</u>	<u>125,211</u>
Other comprehensive income for the year		<u>-</u>	<u>2,653</u>	<u>-</u>	<u>(7,116)</u>	<u>(4,463)</u>
Total comprehensive income for the year		<u>-</u>	<u>2,653</u>	<u>125,211</u>	<u>(7,116)</u>	<u>120,748</u>
Appropriation from revenue reserve to contingency reserve fund	16	<u>-</u>	<u>-</u>	<u>(60,051)</u>	<u>60,051</u>	<u>-</u>
Balance at December 31, 2009		<u>168,590</u>	<u>-</u>	<u>261,368</u>	<u>530,196</u>	<u>960,154</u>

The notes on Pages 10 to 55 form an integral part of the financial statements.

THE JAMAICA STOCK EXCHANGE LIMITED
 STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2009

	Note	2009 \$'000	2008 \$'000
OPERATING ACTIVITIES		125,211	113,744
Net surplus		8,220	9,576
Adjustments for:		2,281	4,374
Depreciation of property, plant and equipment		-	55
Amortisation of intangible assets		(2,160)	(6,878)
Loss on disposal of property, plant and equipment		(8,395)	-
Unrealised foreign exchange gains on investments		4,760	5,820
Gain on sale of investments in available-for-sale financial assets		(278)	1,784
Post employment benefit charge		24,311	56,177
Allowance for doubtful debts		(155,090)	(119,068)
Income tax expense		<u>39,535</u>	<u>6,013</u>
Interest income		38,395	71,597
Interest expense		-	-
Operating cash flows before movements in working capital		(53)	3,066
(Increase) decrease in trade and other receivables		(212,286)	(3,287)
Decrease in accounts payable		<u>(3,997)</u>	<u>(2,380)</u>
Post employment benefit contributions		-	68,996
Cash (used in) generated from operations		(177,941)	(21,240)
Income tax paid		(79,344)	<u>(5,207)</u>
Interest paid		<u>(13,391)</u>	<u>42,549</u>
Cash (used in) provided by operating activities		<u>(270,676)</u>	<u>42,549</u>
INVESTING ACTIVITIES		(69,895)	(62,003)
Net acquisition of investments in securities		42,070	(179,827)
Compensation fund		(106,930)	61,196
Other		(12,078)	(4,888)
Advances to/payments from subsidiary		(2,785)	(3,089)
Acquisition of property, plant and equipment		(1,405)	(68)
Acquisition of intangible assets		<u>150,861</u>	<u>126,637</u>
Long-term receivable		-	-
Interest received		<u>(162)</u>	<u>(62,042)</u>
Cash used in investing activities		91,989	(4,960)
FINANCING ACTIVITIES		-	66,000
Loan financing (net)		49,478	-
Proceeds from preference shares		<u>77,000</u>	-
Proceeds from sale of investments in available-for-sale financial assets		-	-
Dividends received		<u>218,467</u>	<u>61,040</u>
Cash provided by financing activities		(52,371)	41,547
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		63,926	22,290
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		418	89
Effect of foreign exchange rate change		<u>11,973</u>	<u>63,926</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u>11,973</u>	<u>63,926</u>