JAMAICA STOCK EXCHANGE

"Providing A Fair, Efficient and Transparent Stock Market"

ANNUAL REPORT 2009

"Positioning for a new decade: Building Capital for New Development"

ANNUAL REPORT 2009

"Positioning for a new decade: Building Capital for New Development"

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MISSION STATEMENT

To provide a fair, efficient, ethical and transparent medium for the conduct of a viable securities market that facilitates the mobilization of capital to finance the growth and development of the nation.

OUR CORPORATE OBJECTIVES

The Jamaica Stock Exchange was incorporated as a private limited company in August 1968, with the stock market commencing operations in February 1969.

Its principal objectives are:

To promote the orderly and transparent development of the stock market and the stock exchange in Jamaica.

To ensure that the stock market and its broker members operate at the highest standards practicable.

To develop, apply and enforce the rules designed to ensure public confidence in the stock market and its broker-members.

To provide facilities for the transaction of stock market business.

To conduct research, disseminate relevant information and maintain local and international relationships which can enhance the development of the Jamaica stock market.

NOTICE OF 33rd ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty Third (33rd) Annual General Meeting of the Jamaica Stock Exchange will be held at the Jamaica Stock Exchange, 40 Harbour Street, Kingston on **Thursday, June 24, 2010**, commencing at 1:00 p.m. for the following purposes:

1. To Elect Directors

The Directors retiring from office by rotation pursuant to Article 103 of the Company's Articles of Incorporation are: Mr. Christopher Berry, Mr. Mark Croskery, Mrs. Rita-Humphries-Lewin, Miss Anya Schnoor and Mrs. Jane George. All the Directors, being eligible, offer themselves for re-election.

To consider and (if thought fit) pass the following resolution:

"That the Directors retiring by rotation and offering themselves for re-election be re-elected en bloc."

2. To Fix the Remuneration of the Auditors

To fix the remuneration of the Auditors or to determine the manner in which such remuneration is to be fixed.

To consider and (if thought fit) pass the following Resolution:

"That the Directors be and are hereby authorized to fix the remuneration of the Auditors at a figure to be agreed with them."

3. To Adopt the Audited Financial Statements

To receive, the Audited Group Financial Statements for the year ended December 31, 2009, together with the Directors' and Auditors' Reports.

To consider and (if thought fit) pass the following Resolution:

"That the Audited Group Financial Statements for the year ended December 31, 2009, and the Reports of the Directors and Auditors be adopted."

4. To Fix the Fees of the Directors

To fix the fees of the Directors or to determine the manner in which such fees are to be fixed.

To consider and (if thought fit) pass the following Resolution:

"That the Directors be and are hereby authorized to fix their fees for the fiscal period 2010/2011."

5. To transact any other ordinary business of the company.

BY ORDER OF THE BOARD

Marlene J. Street-Forrest

Marlene J. Street-Forrest
Secretary
Dated: April 15, 2010

IMPORTANT NOTE FOR MEMBERS WHO ARE NOT ABLE TO ATTEND:

A member entitled to attend and vote at the meeting can appoint a Proxy to vote on his behalf. The person so authorized shall be entitled to exercise the same powers as the member whom he represents.

DIRECTORS' REPORT

The Directors' submit herewith the Statement of Consolidated Revenue Expenses, Profit, Assets and Liabilities of the Jamaica Stock Exchange and its wholly owned subsidiary, the Jamaica Central Securities Depository for the year ended December 31, 2009.

Operating Revenue for the year was $158,971 compared to the revenue of $470,270 for 2008, a decrease of 66%. Investment Income was $104,416m compared to $91,027m, an increase of 13.389% over 2008.

Total expenses for the year decreased by 6.3% to $283.2m in 2009. There was a deficit from operation of $84,742m compared to a surplus of $173,977m in 2008.

Total assets of the company and its subsidiary as at December 31, 2009 were $1,209,643m compared to $1,332,628m for 2008. These figures include Compensation Fund Asset of $510,134m and $544,281m for 2008 and 2009 respectively. Shareholders equity increase by $39,910m from $914,217m to $954,127m.

The auditors, Deloitte and Touche have signified their willingness to continue in office.

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Mr. Curtis Martin
Chairman

DIRECTORS AND SENIOR MANAGEMENT
PROFILES OF DIRECTORS

Mr. Curtis Martin - Chairman

Mr. Curtis Martin is Deputy Group President of the Capital & Credit Financial Group, as well as President & CEO of Capital & Credit Merchant Bank (CCMB) and Capital & Credit Securities Ltd. (CCSL). He is an Investment Banker with over 29 years experience in the financial services sector. As Bank President, Mr. Martin has responsibility for CCMB's strategic and Operational development, and its day-to-day management. Since 2006 he has been appointed Chairman of the Jamaica Stock Exchange.

Curtis holds a B.Sc. (Hons.) in Management Studies from the University of the West Indies and an MBA in Finance from Columbia University.

He is married with two (2) children and is very keen on spending time with his family. His interest includes Bee Keeping and International Finance.

Mr. Edwin McKie

Mr. McKie is the Chairman and Managing Director of M/VL Stockbrokers Limited. Mr. McKie, who was awarded the Order of Distinction Commander Class for his services to Jamaica in the field of banking, is a former trade administrator and former Chairman of the Trade Board and the Agriculture Credit Bank. He also served as a Board Member of the National Investment Bank of Jamaica and the Bank of Jamaica. He currently serves on the Board of the Development Bank of Jamaica. Mr. McKie is the Chairman of the Corporate Governance Committee of the JSE.

Mrs. Rita Humpries-Lewin

Mrs. Humphries-Lewin is a past Chairman of the JSE and is the Founder and Chairman of the Barita Group of Companies which includes Barita Investments Limited, Barita Unit Trusts Management Company Limited and Barita Portfolio Management Company Limited. She is one of the pioneers of the stockbroking industry having been in the business for approximately thirty-five (35) years.

DIRECTORS AND SENIOR MANAGEMENT
PROFILES OF DIRECTORS

Mr. Donovan Perkins

Mr. Donovan Perkins is the President & CEO of Pan Caribbean Financial Services Limited (PCFS). In addition to serving on the Boards within Pan Caribbean, Mr. Perkins serves on the Boards of Pan-Jamaican Investment Trust Ltd., First Jamaica Investments Ltd., Jamaica Producers Group Ltd., National Insurance Fund and the National Water Commission. He is an active executive of the financial services community, having served as Vice President of the Jamaica Bankers Association and the Private Sector Organization of Jamaica.

Mr. Mark Croskery

Mr. Mark Croskery is the President & CEO of Stocks & Securities Ltd (SSL) and serves as a Company Specific Director. Mr. Croskery is responsible for the Company's growth, profitability and strategic vision to make SSL the leading provider of Global Wealth Management solutions to Jamaicans.

Mr. Croskery previously interned at Prudential Financial, Inc. (now Wachovia Securities) in Miami, Florida on the fixed income desk before going on to being the leading Wealth Manager at National Commercial Bank Capital Markets Ltd. (NCB CM) as well as an Equity Trader.

Mr. Croskery serves as a Director on the Sugar Company of Jamaica (SCJ) where he serves on the Finance and Audit Sub-Committee, as a Commissioner on the Jamaica Racing Commission (JRC) where he serves on the Finance and Audit Sub-Committee and on the Island Ice & Beverage Company (Jamaica).

Mr. Christopher Williams

Mr. Christopher Williams is the Managing Director of NCB Capital Markets Limited. He currently serves as Chairman of the Jamaica Association for the Deaf, Director of the Jamaica College Old Boys Association, Director of the Jamaica College Foundation, and Council Member of the Jamaica Securities Dealers Association.

Mr. Williams is also a Director of several NCB subsidiaries, these are: NCB (Cayman) Limited, NCB Investments Limited, NCB Capital Markets (Cayman) Limited and NCB Insurance Company Limited.

Mr. Allan Lewis

Mr. Allan Lewis is the Senior Vice President, Group Strategy, of the Victoria Mutual Group Limited where he has served for the past 3 years. Prior to this, Mr. Lewis served as Managing Director of Prime Asset Management Limited, where he is currently a Director. Mr. Lewis has had a distinguished career in life insurance and pension fund risk management, asset management, and strategic planning. He achieved the designation Associate of the Society of Actuaries in 1986, and a Masters in Business Administration in 1987.

Notwithstanding his professional accomplishments, he is committed to supporting the wider community. His passion for primary and secondary education motivated him to obtain a Masters in Education in 2002. Allan is a member of the Kiwanis Club of North St. Andrew; a mentor for students at the University of the West Indies and as a member of the Board of Directors of the Mona Preparatory School and Foundation

DIRECTORS AND SENIOR MANAGEMENT PROFILES OF DIRECTORS

Mr. Christopher Berry

Mr. Christopher Berry has been the Chairman of Mayberry Investments Limited since 1993. A former Deputy Chairman of the JSE, he sits on several boards, including the Jamaica Central Securities Depository, the Forestry Conservancy, Apex Health Care Associates Limited, Apex Pharmacy Limited, Air Jamaica Limited, Jamaica Public service Company and Planning Institute of Jamaica.

He has over twenty years experience in the securities industry, having joined Mayberry Investments Limited in 1987 when he was responsible for corporate planning and information technology. He subsequently led the company's listing on the Jamaica Stock exchange in 2005.

Mr. Robert Drummond

Mr. Robert Drummond is President of First Global Financial Services Limited (FGFS), the securities trading and asset management subsidiary of GraceKennedy Limited since November 2008. As a former Principal of GK Investments, GraceKennedy's portfolio of financial and retail businesses. Mr. Drummond executed acquisitions and the launch of new businesses.

Mr. Drummond's career has included appointments in general management, strategic planning for Fortune 500 companies such as American Express Company, ITT Sheraton Corp and Nike Inc. Additionally, Mr. Drummond has spent several years as a management consultant assisting Caribbean and U.S. companies with strategy implementation and business process improvement. He began his career in public accounting with PricewaterhouseCoopers in New York City.

He also serves as a member of the Board for First Global Financial Services Limited and the Jamaica Stock Exchange and is currently the Vice President of the Rotary Club of St. Andrew.

Miss Anya Schnoor

Miss Anya Schnoor is the Chief Executive Officer of Scotia DBG Investments Limited and the Senior Vice President of the Scotiabank Group's Wealth Management Division. She is also the President of the Jamaica Securities Dealers Association and has served as the President of the Primary Dealers Association. She is a Director of Scotia DBG Merchant Bank, Scotia DBG Fund Managers and Prime Asset Management Limited. She is also a member of the HEART NTA Finance Committee and sits on Scotiabank Jamaica's ALCO Committee.

Mr. Julian Mair

Mr. Julian Mair is the Chief Investment Strategist at Jamaica Money Market Brokers and has over 16 years of experience in the Jamaican financial sector. Mr. Mair has held positions at leading Jamaican financial institutions including Head of Treasury and Investment services at Dehring, Bunting and Golding and Senior Trader and Cambio Manager at JMMB. In addition, Mr. Mair was formerly the Managing Director of Lets Investment Ltd. He is a founding member of the Jamaica Securities Dealers Association. He serves as a Director of JMMB Securities Limited, JMMB International and JMMB BDI America.

INDEPENDENT MEMBERS OF THE JSE BOARD OF DIRECTORS

Miss Dian Black

Miss Dian Black is the Director, Securities Management (Debt Management Unit) in the Ministry of Finance & the Public Service. In this capacity she has responsibility for all activities related to the registrar and payments functions for government securities and provides the necessary interface between the JSE and the Government.

She is the Chairman of the Audit and Finance Committee of the Board of the JSE.

Mrs. Jane George

Mrs. Jane George assumed the role of Corporate Attorney-at-Law and Head of the Legal Department and Corporate Secretariat of the Lascelles, deMercado Group of Companies in 2001. She is a member of the Law Society of England & Wales and the Jamaican Bar Association.

Mrs. George, who has approximately 20 years experience and expertise in the legal profession in Jamaica and the United Kingdom, joined the Board of the Jamaica Stock Exchange in 2008. She sits on the Regulatory and Market Oversight Committee and the Conduct Review Committee of the Board.

Mr. Garth Kiddoe

Mr. Kiddoe is the former Dean of the Faculty of Business and Management at the University of Technology, Jamaica and previously the Chief Financial Officer at the Jamaica Public Service Company Limited. He is the immediate past President of the Institute of Chartered Accountants of the Caribbean as well as its representative on the Board of Trustees of the Caribbean Court of Justice Trust Fund. He is a Past President of the Institute of Chartered Accountants of Jamaica and of the Jamaica Institution of Engineers. Mr. Kiddoe is the former Chairman of the Audit and Finance Committee of the Board of the JSE.

Mr. Livingstone Morrison

Mr. Livingstone Morrison is the Deputy Governor of the Bank of Jamaica with responsibility for Finance and Technology, Payment Systems, Investment and Risk Management.

Mr. Morrison joined the staff of the Bank of Jamaica in 1982 and worked for several years in the Financial Institutions Supervisory Division.

Between 1998 and 2002, Mr. Morrison served as the Division Chief of the Finance and Technology Division, with core responsibilities for strategic management of the accounting, finance, and information and communication technology functions of the Bank. Mr. Morrison is also a Director of the Jamaica Central Securities Depository.

INDEPENDENT MEMBERS OF THE JSE BOARD OF DIRECTORS
(Cont'd)

Miss Nicole Lambert

Ms. Lambert is a consummate professional with nineteen years experience in various aspects of the practice of law including commercial and conveyancing transactions, litigation and arbitration proceedings and the administration of pension funds, trusts and estates. Her experience of practice in the Private and Public Sectors, has yielded exceptional technical skills and a unique value-added perspective supported by influential contacts.

Ms. Lambert is the holder of a Bachelor of Laws (Upper Second Class Honours) from the University of the West Indies; a Certificate of Legal Education from the Norman Manley Law School; a Diploma in Business Administration from the Institute of Management and Production, Jamaica; and a Master of Laws (Commercial and Corporate Law) from the London School of Economics and Political Science.

Ms. Lambert's professional experience is as varied as it is accomplished. At present, she is a Consultant Attorney-at-Law in the Commercial Department of *Samuda & Johnson, Attorneys-at-Law where she acts as Counsel in a variety of commercial and corporate transactions including, corporate acquisitions, loan and corporate financing, commercial real estate and construction development, and the administration of estates and pension funds.*

Mrs. Marlene Street Forrest

Mrs. Marlene Street-Forrest is the General Manager of the Jamaica Stock Exchange. Mrs. Street-Forrest has a B.Sc. in Management Studies and an MBA. She has over twenty five years of combined experience in financial and general management. Her mandate as General Manager of the JSE, is to continue the process of developing the Exchange, ensuring that cutting edge technology is used to assist in providing the greatest level of efficiencies in the market. Mrs. Street-Forrest, who is a Justice of the Peace, serves as Secretary of the Board of the JSE and a Director of the Jamaica Central Securities Depository Ltd.

JSE BOARD COMMITTEES 2009/2010

LISTING & STANDARDS COMMITTEE

Chairman: Mr. Curtis Martin
Mrs. Rita Humphries-Lewin
Mrs. Marlene Street-Forrest
Mr. Livingstone Morrison

JSE MEMBERSHIP COMMITTEE

Chairman: Mr. Livingstone Morrison
Miss Dian Black
Mr. Garth Kiddoe
Mrs. Jane George
Miss Nicole Lambert

COMPENSATION COMMITTEE

Chairman: Mr. Curtis Martin
Mr. Garth Kiddoe
Mr. Donovan Perkin
Mr. Mark Croskery

REGULATORY AND MARKET OVERSIGHT COMMITTEE

Chairman: Mr. Livingstone Morrison
Miss Dian Black
Mr. Garth Kiddoe
Mrs. Jane George
Miss Nicole Lambert

AUDIT & FINANCE COMMITTEE

Chairman: Miss Dian Black
Mr. Garth Kiddoe
Mr. Ed McKie *(or alternate Dr. Derrick McKoy)*
Mr. Allan Lewis
Mr. Livingstone Morrison
Mrs. Jane George
Mr. Mark Croskery

NOMINATING COMMITTEE

Chairman: Mr. Curtis Martin
Mr. Livingstone Morrison
Mrs. Marlene Street Forrest

CORPORATE GOVERNANCE

Chairman: Mr. Garth Kiddoe
Mr. Ed McKie *(or alternate Dr. D. McKoy)*
Miss Anya Schnoor
Mrs. Marlene Street Forrest

EXECUTIVE COMMITTEE

Chairman: Mr. Curtis Martin
Mr. Christopher Berry
Mr. Ed McKie
Mr. Julian Mair
Mrs. Marlene Street Forrest
Mr. Robin Levy

THE MANAGEMENT TEAM

From left to right:

Miss Michelle Sirdar	-	Manager, Registrar Services (JCSD)
Mrs. Beulah Johnson	-	Manager, Equity Operations (JCSD)
Mr. Robin Levy	-	General Manager, JCSD & Deputy General Manager, JSE
Miss Riccalya Robb	-	Trading Officer
Mrs. Marlene Street Forrest	-	General Manager, JSE
Miss Josephine Lewis	-	Manager, Trustee Services (JCSD)
Miss Suzette McNaught	-	Manager, Information Technology & Systems
Mrs. Doreen Parsons Smith	-	Human Resources Officer
Mr. Wentworth Graham	-	Chief Regulatory Officer
Mrs. Suzette Whyte	-	Accounting Manager
Mr. Neville Ellis	-	Senior Marketing Officer

From the Chairman's Desk

Mr. Curtis Martin
Chairman

Economic Outlook

2009 saw the deepening of the global recession which began in 2008 and which had its genesis in the US financial market. The continued recession affected the Jamaican economy in every sphere. The impact was felt in all areas of the productive sector but primarily in the areas of mining, remittance and the tourism sectors. This resulted in rising unemployment rate from 11% in 2008 to 14.5% in 2009. The country's Gross Domestic Product also declined by 4%. Additionally, the country's public debt ballooned to 131.7% of GDP in 2009 from 116.3% in 2008, a 15.4% increase. However, a positive indicator was that of inflation which declined by 13.4%, falling from 22% in 2008 to 8.6% in 2009.

The Government towards the end of the year took a very bold step to reduce the country's debt servicing by introducing the Jamaica Debt Exchange (JDX) Programme. It is expected that this should go a far way in reducing interest rates and stimulate the economy in 2010.

Junior Market

The Jamaica Stock Exchange realized from the onset that 2009 would have been a very challenging year for the Jamaican economy on a whole and business in particular. Therefore, we concentrated on long term strategies that will ensure continued growth of the market. The establishment of the Junior Market to allow small and medium size companies to raise capital on the market was one such initiative.

Members of the Board

I would like to say special thanks for the support of the Board Members throughout the year. During a difficult year the support of our team, was of utmost importance. We were able as a team that is, members of the Board, Management and Staff, to keep the Jamaica Stock Exchange at the forefront of the economy by the continual delivery of quality service and provide the level of disclosures required for a vibrant capital market despite the tremors. The Board members continued the work from 2008 to ensure that the Junior Market was up and running in 2009. We achieved this result very early in the year, which shows that team work is fundamental to great achievements.

Vision 2010

We used the opportunity throughout the year to continue to lay the foundation for growth and development in 2010, preparing for an upsurge in the market in 2010 by implementing several measures one of which is the continued education for the industry.

We recognized that there is a need for continuous education within the market. We will be moving to establish our e-Learning campus to allow professionals within and outside of the industry to have access to training online.

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From the Chairman's Desk (Cont'd)

We will also be looking to grow the markets by having increased listing on the Junior Market and the Main Market to allow for more choice in stocks and more growth in the economy. We realized that with the JDX coming on stream in 2010, investors will be looking to the Stock Market for investment opportunities and we want to be in position to offer these opportunities to our investors. The same will be true for business owners as the economy gets more difficult, persons will turn to equity financing and this will make the Junior Market very attractive, given the tax benefits.

Although we are expecting the challenges which were encountered in 2009 to continue in 2010/11 period as the fallout continues in the global market place. We are, however, quite optimistic that the worst is behind us and we are putting in place the elements that will allow for a quick turnaround, as soon as there are improvements in the market place. We endevour to provide a fair, efficient and transparent stock market as an integral part of the growth of the capital market

Financial Highlights

The year ended December 31, 2009 saw the continuation of the challenges from 2008 which were reflected in the Company's Consolidated Financial Statements. The Company's Financial Statements show that Operating Income for 2009 was $159 million representing a decline of $311 million or 66% over the figure of $470 million recorded for the previous year. Net surplus for 2009 was $43 million down from $207 million; a decline of $164 million or 79.3%. Investment Income was $104 million, up from $91 million in 2008.

The main index ended the year at 83,321.96 points, up by 3,169.93 points or 3.95% from the close in 2008 of 80,152.03 points. The slight improvement in the index of 3.95% resulted from increased activities towards the end of the year.

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Mr. Curtis A. Martin
Chairman
Jamaica Stock Exchange

Chairman's Report, Regulatory & Market Oversight Committee
2009 Market Oversight Report

Mr. Livingstone Morrison
Chairman

The 2009 Annual Report provides an opportunity for sharing information on the strategies being pursued by the Regulatory and Market Oversight Committee (RMOC) of the Jamaica Stock Exchange (JSE), towards delivering its mission which is to promote market transparency, integrity and efficiency by protecting and advancing stakeholders' welfare through the enforcement of rules, market surveillance, broker inspections and the assessment of market documents and financial statements.

Following the demutualization of the Exchange in 2007 and the establishment of the regulatory framework, supported by the creation of the RMOC to which the Board of the JSE delegated all regulatory responsibilities, significant steps have been taken towards separation of the commercial activities from the regulatory functions of the Exchange. The RMOC which is comprised of independent directors of the Exchange, and which is in its second year of existence, has been focused on:

1. Structuring and directing the regulatory functions of the Exchange;
2. Monitoring the adequacy and effectiveness of the regulatory programme of the Exchange and assessing regulatory performance;
3. Reviewing the rules of the Exchange to ensure consistency with current international standards;
4. Monitoring compliance by market participants and listed companies;
5. Monitoring trading activities by member dealers; and
6. Enforcing the rules of the Exchange.

As we administer these activities, we have been mindful of the need to build sound institutional arrangements to support the effective discharge of the functions. It is in this context that significant time and attention was devoted during the year to streamlining the work processes of the Regulatory and Market Oversight Department (RMOD) which is responsible for administering the day-to-day regulatory and market oversight functions. Reporting arrangements covering all regulatory activities have also been established and implemented to ensure that the independent directors of the RMOC are provided with all relevant information on market activities and rule compliance on a timely basis. In this context, there was a 43% increase in regulatory activities during the year in review when compared to 2008. Further, the programme for inspection of member dealer operations was fully

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Chairman's Report, Regulatory & Market Oversight Committee 2009 Market Oversight Report (Cont'd)

administered during the year in addition to which a new Compliance Management System was launched and new guidelines covering Management Discussion and Analysis prepared for early implementation.

The members of the RMOC are satisfied with the level of independence, having regard to the effective separation of the regulatory activities from the commercial activities of the Exchange, and the steps taken to ensure the transparency and integrity of regulatory processes. During the year ahead we will continue our work towards modification, refinement and enhancement of rules, supervision and market surveillance. In addition, we continue to invest in the building regulatory capacity to include the enhancement of the regulatory framework to accord with changes in international best practices and the recruitment and retention of staff that are appropriately trained to deliver on the regulatory imperatives.

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Mr. Livingstone Morrison.
Chairman

Audit and Finance Committee Report

The Jamaica Stock Exchange and Its Subsidiaries

The Audit & Finance Committee continues its mandate (which includes risk regulations) to ensure that there was good oversight and governance of the company's finances. The Committee's main focus for 2009 was on investments and internal audit review in order to ensure compliance of the company's policy guideline in respect to effective management of the company's finances. Throughout the year the Committee worked assiduously on the strengthening of policies relating to counter party transactions, internal audit reviews, Investment, IT programme and software development.

Internal Audit

In relation to internal audit, the Committee focused primarily on areas of cash management, Trustee Services (a new division) and Equity Operations to ensure that all areas were efficiently managed and that there were effective uses of the company's resources.

Stock Exchange Benchmarking Activities

The Audit & Finance Committee was also charged with the responsibility of ensuring that the Stock Exchange was performing within the guidelines of international standards. In order to ensure proper benchmarking in respect to comparative ratio, the Committee undertook major research activities both regionally and globally, the result of which was used as a measuring tool to guide the Exchange activities.

Rationalization Programme

Given the global economic crises which impacted the Exchange there was the need for effective rationalization measure and the Audit and Finance Committee was given this responsibility. The Committee was able to effectively monitor the rationalization programme which allowed the Exchange to weather the storm of the global financial meltdown and emerged at the end of 2009 a stronger organization.

Composition of the Committee

The current members of the Committee are :-

- Dian Black (Chair)
- Ed McKie
- Allan Lewis
- Mark Croskery
- Livingstone Morrison
- Jane George

Sixteen meetings were held during the year with satisfactory attendance from all members.

Ms. Dian Black
Chairman

Compensation Committee Report

The Jamaica Stock Exchange and Its Subsidiaries

The Compensation Committee of the JSE is made up exclusively of non-executive directors and is chaired by the Chairman of the Board Mr. Curtis Martin. Other members of the committee are:

- Mr. Garth Kiddoe
- Mr. Donovan Perkins
- Mr. Mark Croskery

The committee's mandate is to make recommendations on the Company's framework of executive remuneration. The Committee reviews and approves corporate goals in relation to the CEO's compensation; evaluates the CEO's performance in light of the company's goals and objectives and makes recommendations to the Board with respect to executive and non-executive compensation.

Directors' fee, which is normally paid to non-Executive Members of the Company, totaled $7.14M during the 2009 period.

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Mr. Curtis A. Martin
Chairman
Jamaica Stock Exchange

The JSE GROUP
2009 Management's Discussion and Analysis

Executive Summary

The Jamaica Stock Exchange Group is comprised of the Jamaica Stock Exchange Limited (JSE), Jamaica Central Securities Depository Limited (JCSD) and JCSD Trustee Services Limited (JCSDTS). This Management Discussion and Analysis (MD&A) of the JSE Group's financial condition and results of its operations is provided to enable stakeholders to assess the financial health, material changes and results of its operation for the year ended December 31, 2009. It provides information on liquidity and capital resources and gives a comparative examination of the current year under review against the previous year's performance. The MD&A should be read in conjunction with our Audited Financial Statements and must be considered as complimentary information to that which is provided in the audited statements and the accompanying notes there to. The information presented is based on the best judgment of management, taking into consideration all our internal systems and controls, our plans and the present programmes and policies that are being pursued.

The JSE, which completed its demutualization process in 2007, floated Variable Preference Shares in the market in May 2008 and was listed on its own Exchange on June 30, 2008. This signaled the beginning of a new era in the Exchange's history, with a step towards more direct and widespread public ownership. New line items in our financial statements, such as dividend payments for both preference shareholders and ordinary shareholders, have their origins in this development.

For further information and in keeping with the JSE Listing Requirement, financial information is also available on the JSE Website www.jamstockex.com.

Executive Summary of Vision, Strategies and Priorities:

The vision, strategies and priorities of the individual companies, that is the Jamaica Stock Exchange, Jamaica Central Securities Depository and JCSD Trustee Services, are complementary and aligned to the overarching objective of facilitating capital market growth and development. The JSE Group of companies ensure that the trading and settlement of different types of securities on a secure and efficient platform are realized.

Our Vision:

To be among the leading stock exchanges and securities depositories within the Caribbean Region; providing the best operating electronically trading and settlement platforms offering a wide range of products and services.

Our Priorities:

- **Grow & Innovate**

  We have pursued a path of developing products and services that will be attractive to the market, both to investors wanting to invest in regulated investments and to companies who must look at low-cost equity financing to spur growth of their companies. The plan takes into consideration the need to ensure that the Group diversifies its revenue stream, capitalizing on products that are complementary to the business of Exchanges and setting a path for revenue stability in a 'bull' or 'bear' market.

  We will match solid product offerings with good product delivery, as we compete vigorously for market share within the financial services market.

2009 Management's Discussion and Analysis (Cont'd)

Summary of Long Term Vision includes:

- Offering Regionally and Globally diversified products
- Commitment to high standards of transparency and governance
- Continuously improving Shareholder Value
- To set a strong foundation in all critical divisions and subsidiaries to allow for long-term growth and development
- To enhance the attractiveness of the equities market to investors and businesses
- To build internal competences and be among the top employers of choice in Jamaica
- To be considered a partner that is essential to Nation building
- To forge key regional and global partnerships in furtherance of these goals

Summary of Our Performance Measurements

- High Customer and Employee Satisfaction
- Financial measurement including growth and profitability targets, net profit and return on equity
- Diversification of products and services scoring at 50:50 split with progressively less emphasis on equities contributions
- Increase in listings on the Main & Junior Exchanges

Market Conditions and Outlook

Regional and Global Capital Markets continue to be battered by the events which started in 2008 and the market continued to be affected by local and Global economic crises. The Government and the Bank of Jamaica, while putting in place measures to stem the pressures brought about by the crisis, have been unable to prevent the fall-out in many of the major industries within the Country. Consequently this has affected both business and consumer confidence and has had a negative impact on the Stock Exchange. Investors seem to have burrowed further into a non-investment mode while business owners, which were poised to list their companies on the main market, largely took a 'wait and see' mode.

The market was not without its positives however, as the launch of the Junior Stock Market was widely hailed as an excellent vehicle for raising capital, with the added benefit of the most effective tax shield for small and medium sized business. The prospects for listing and contributions to employment, business development and the Economy will continue well into the year 2010 and beyond.

The JSE Group's normal operating revenue, which does not include any large one-off block transactions due to activities such as mergers and acquisitions, are highly dependent upon the level of market activities on our exchange. These activities are measured by looking at volume and value traded, number of transactions, market capitalization of the securities and number of listings on the Exchange. The Exchange benefitted from the listing of one main market listing and one Junior Market listing in 2009. JCSD and JCSDTS lead the way for diversification of revenue during the year through the provision of registrar and trustee services respectively to the business community, registering significant success in growing revenue and increasing those Companies' profitability. Indicative industry demand is that both lines of business are expected to continue their growth trends throughout 2010.

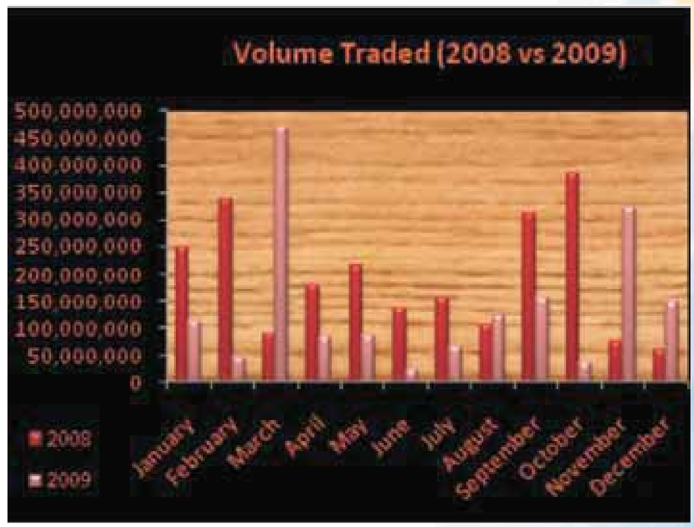
2009 Management's Discussion and Analysis (Cont'd)

We think it is fair to say that 2010 will still see signs of an economy that is just beginning to fully address the issues of the global meltdown, which would have impacted many of the companies listed on the Exchange. Therefore despite the expected internal and external developments, the corresponding benefits to our revenue and profitability will not be seen until 2011 and beyond.

(The Market Conditions and Outlook section above contains certain forward-looking statements)

Market Operations & Trading

Over the 253 trading days in 2009, total volume of ordinary units traded amounted to 1.66 billion valued at J$11.5 billion. In comparison to 2008, this was a decrease in volume of 633.61 million or 27.60% and a decrease of $12.86 billion or 52.77% in value traded. The total number of ordinary transactions for 2009 was 16,029, a decrease of 14,283 or 47.12% when compared to the previous year. The total number of all shares traded in volume and value for the year was 1.76 billion units and $12.19 billion, respectively, being fairly consistent in being below prior year levels throughout the year, as evidenced at chart 1 below. This included block market activity which registered trade volumes of over 102.7 million units valued at $675.70 million.

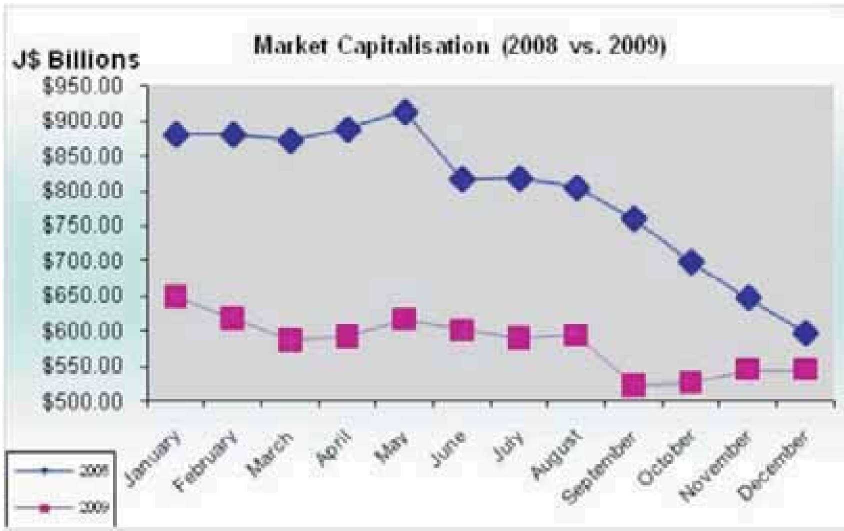


In 2009, market capitalization decreased marginally by approximately $52.4 billion or 8.77% of total to close at $544.88 billion in December 2009. The decline was largely due to generally bearish market conditions continuing throughout the year, but more significantly because of two de-listings during the year (Goodyear Jamaica and Sagicor Financial Corporation). The sharper downward trend of 2008 as opposed to the shallower decline of 2009 is quite evident in Chart 2.

(Continue on next page)

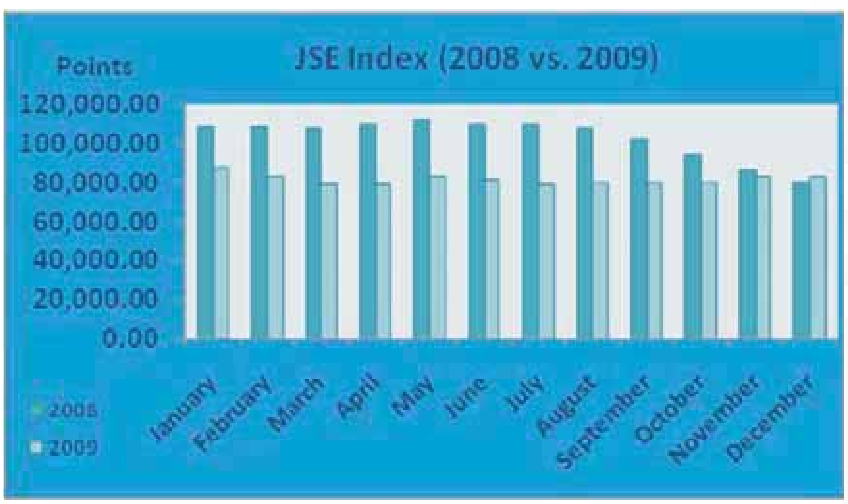
2009 Management's Discussion and Analysis (Cont'd)

Chart 2



As at the end of 2009: the JSE Index advanced by 3,169.93 points to close at 83,321.96 points, per Chart 3 below; the All Jamaican Composite Index declined by 2,999.16 points to close at 70,995.77 points; and the JSE Select Index declined by 88.69 points to close at 1,896.05 points, in comparison to the 2008 year end closing indices. There were two new indices that were introduced in 2009: the Cross Listed Index, comprising of the cross listed companies on the JSE, that began on March 2, 2010; and the Junior Market Index that was launched on April 2, 2010 but not engaged until our first listing in October. The Cross Listed Index declined by 37.08 points or 3.71% to close at 962.92 points whilst the Junior Market Index advanced by 50.01 points or 50.01% to close at 150.01 points.

Chart 3



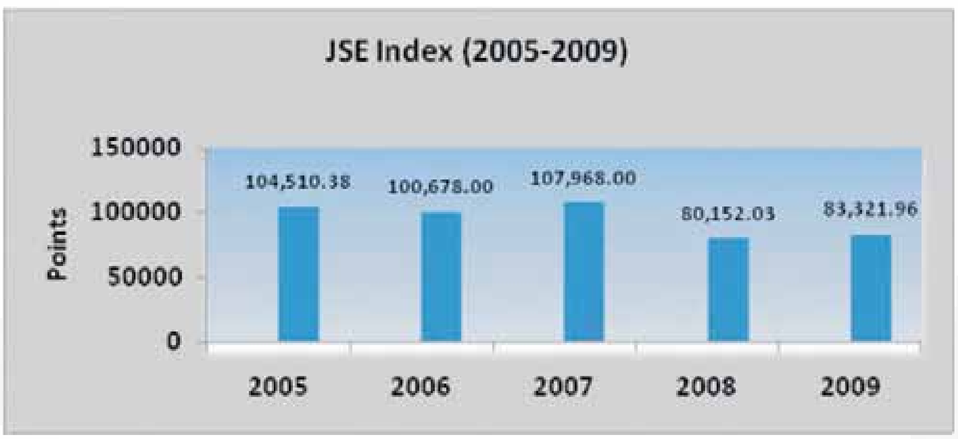
The performance of the market for 2009 was also captured in an advance/decline ratio and capital appreciation. The advance/decline ratio indicated that a total of 18 ordinary stocks advanced and 19 declined, while no ordinary stock registered unchanged prices. For 2009, 1 company experienced price appreciation of 100% from the 18 stocks that had advanced during the year. Table 1 (below) shows the top advancers and decliners for 2009, while the succeeding Charts indicate the recent five years of JSE trading history.

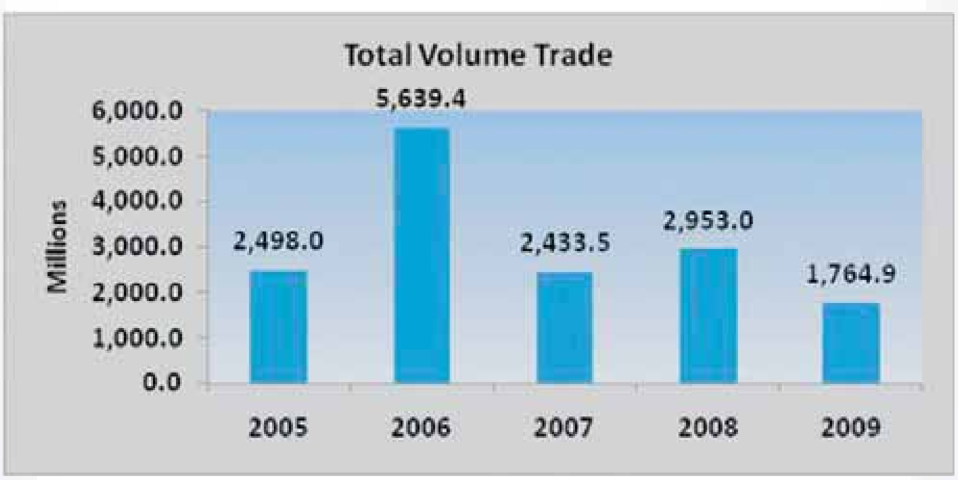
2009 Management's Discussion and Analysis (Cont'd)

Table 1 - Top Advancers and Decliners for 2009

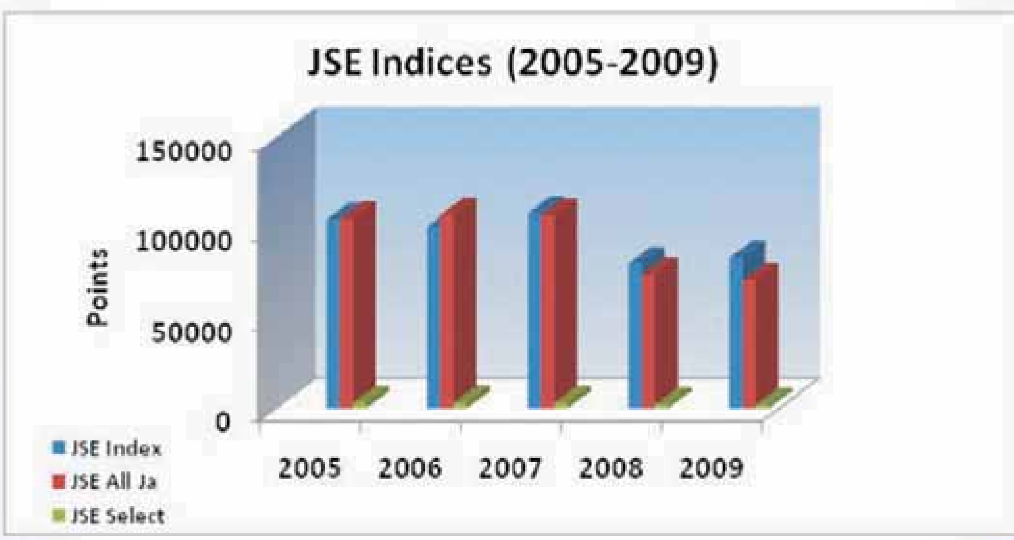
WINNERS	%	LOSERS	%
Ciboney Limited	100.00%	Hardware & Lumber	65.00%
Jamaica Broilers Group	55.00%	Jamaica Money Market Brokers	45.58%
PanCaribbean Financial Services	50.83%	Berger Paints (Jamaica)	40.00%
Pan Jamaican Investment Trust	44.00%	FirstCaribbean Intl Jamaica Bank	39.52%
Sagicor Life Jamaica	25.36%	Kingston Wharves	35.83%
Montego Freeport	22.58%	Lascelles deMercado & Co	34.73%
Salada Foods Jamaica	19.23%	Radio Jamaica	33.00%
FirstCaribbean International	17.94%	Gleaner Company	32.95%
Pegasus Hotel	17.59%	Cable & Wireless (Jamaica)	24.00%
Jamaica Producers Group	12.57%	Mobay Ice Company Limited	21.65%

Chart 3 Recent Five Year History of Trading Data





2009 Management's Discussion and Analysis (Cont'd)



2009 Management's Discussion and Analysis (Cont'd)

Overview of the Business

Both the Jamaica Stock Exchange and its subsidiary, the Jamaica Central Securities Depository, are licensed by the Financial Services Commission to operate. The JSE and JCSD operate electronic trading and settlement platforms through a service licensing agreement with reputable exchange service providers NASDAQ/OMX. The JSE boasts the most listings of equity securities within the English-speaking Caribbean.

- 44 listed companies comprised of thirty eight (38) Ordinary Securities (37 listed on the JSE Main Market and 1 listed on the JSE Junior Market) and nineteen (19) Preference Securities. Trading activities are concentrated in the Ordinary and Preference Shares.
- The JSE is the primary venue for the raising of equity capital in Jamaica. The total market capitalization as at December 2009 was J$544.88 billion. The top five stocks were in the banking and insurance sectors and represented 67.3% of overall market capitalization.
- The JSE maintains five main indices:

  (i) The JSE Market Index
  (ii) The JSE All Jamaican Composite
  (iii) The JSE Select
  (iv) The JSE Cross-Listed Index
  (v) The JSE Junior Market Index

  The JSE Main Index is a market-weighted index comprising ordinary shares of all listed companies. The All Jamaican Composite Index measures the performance of Jamaican Companies only while the JSE Select Index measures the performance of the JSE's 15 most liquid securities. The JSE Cross-Listed Index measures the performance of the companies registered outside of Jamaica and the JSE Junior Market Index measures the performance of the companies listed on the Junior Market.

- The JSE launched its Junior Market for small and medium sized companies who wish to raise between $50 million and $500 million via the market and whose stated capital will not exceed $500 million in October 2009. This exciting proposition has enjoyed the full support of the Government of Jamaica as evidenced by Cabinet approval of a total of ten (10) years of tax exemptions on profits of these companies.

Year Ended December 31, 2009 Compared with Year Ended December 31, 2008

- ***Net Surplus***

  The Net Surplus of the JSE Group for the year 2009 of $ 43.0 million represented a marked decrease of $164.69 million against the previous year. Income from Operations of $159 million was lower than the previous year's $470 million because income from trading activities continued to decrease and the Group did not have any significant one-off transactions to augment regular trading activities, as had been the case in the prior year. Investment Income increased by 14.7% however, from $91.0 million in 2008 to $104.4 million in 2009.

- ***Surplus & Earnings Per Share***

  The Deficit derived from Operations was $17.03 million, or -$0.61 per common share, for 2009, as compared with 2008's Surplus derived from Operations of $173.6 million or $6.19 per stock unit for 2008. As we had pointed out last year, the Group was not expecting similarly high surplus or earnings per share in 2009, the negative bottom-line result, which has a direct correlation to the global financial crisis and a downturn in the economy, is of great concern to the management.

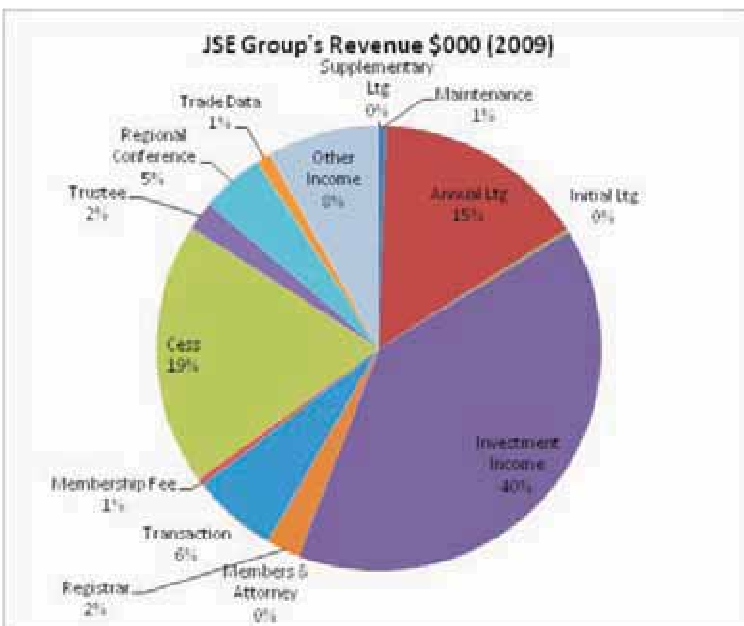
2009 Management's Discussion and Analysis (Cont'd)

- ***Revenue***
  - The bulk of the earnings of the Group are from Cess Earnings, but with the ongoing JSE Group strategy of revenue stream diversification, Income from seminars, publication, registrar, trustee and other services such as market data sale is increasingly becoming a significant factor.
  - The following table and charts provide a visual representation of the Core Business of the JSE Group. We primarily derive income from trading and settlement, listing fees, pledge fees, investment income and other related activities.

Table 2 JSE Group Revenue 2007 through 2009

	2009	2008	2007
Cess	50,240,333	260,273,357	110,259,983
Fee Income			
Annual Listing	*40,805,566*	36,084,823	32,726,700
Initial Listing	*563,371*	3,651,500	1,676,700
Supplementary Listing	*154,928*	699,642	389,091
Members & Attorney	*7,500*	17,500	12,500
Transaction	*16,416,667*	111,428,422	17,947,404
Maintenance	*1,390,500*	1,400,650	1,459,515
Trade Data	*2,662,436*	2,974,779	2,961,478
Registrar	*6,373,902*	4,409,732	3,682,287
Trustee	*5,566,008*	1,144,952	
Membership Fee	*1,325,000*	1,124,000	1,639,800
Other Operating Income			
Regional Conference	*12,180,000*	13,255,000	11,628,000
Other Income	*21,285,000*	33,806,000	21,506,000
Investment Income	*104,416,000*	91,027,000	34,908,000
TOTAL	***263,387,211***	**561,297,358**	**240,797,458**

Chart 4a



2009 Management's Discussion and Analysis (Cont'd)

Chart 4b

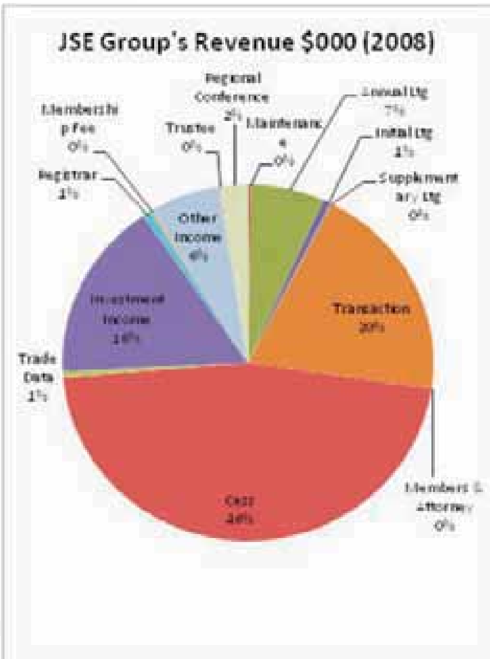
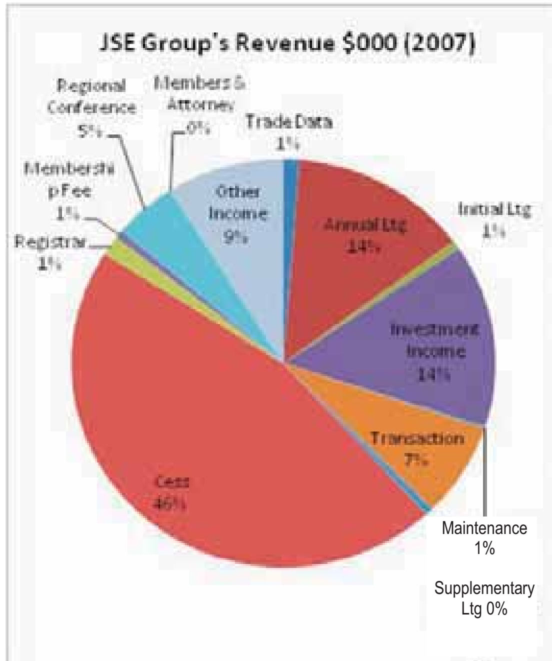


Chart 4c



The Group is organized into four main business segments, namely:

(a) Exchange operations which deal with the operations and regulation of the exchange.

(b) Depository Services which are involved with the transferring and holding of securities, shares, stocks, bonds and debentures.

(c) Investment Compensation Fund - Income derived from investing activities of the Compensation Fund.

(d) Investment Other Income derived from investing activities of the Group with the exception of (c).

(e) Other- Trustee, custodianship, company management and other activities

Trustee Services represents the latest addition to the number and types of services offered and we believe this is a growth area given the synergies to be derived from the Exchange and Depository operations and from the increase in demand for trustee services with Jamaica and the Caribbean region.

Expenditure

Management has held the Group's over-all expenditure tight, in keeping with commitments to rationalize expenditure. In order to accomplish this, activities were restructured, resulting in job enlargements, a freeze on replacements and the hiring of only mission critical employees. All other key areas of expenditure were examined to ensure that the best method of achieving the result could be done at the lowest price. Total Expenditure in 2009 of $243.7 million was lower than 2008's $296.3 million. This represented a 17.7% decrease over 2008 and further represented a cut in expenditure in real terms, factoring in the prevailing inflation rate. Securities Commission Fee showed the most in marked decrease by $49.0 million or 82.7%. The only significant increase was that of Staff Costs, which increased by $4.89 million or 4.3%.

2009 Management's Discussion and Analysis (Cont'd)

Staff Costs

It was not possible to complete the exercise we began in 2008, that of implementing all the recommendations made by the consulting firm in respect to the Compensation Audit Review. Staff appreciated the necessity to restrain all areas of expenditure including salaries and even agreed to a voluntary roll-back of increases that had been granted earlier in the year, towards this end.

Advertising & Promotion

Critical to the growth and development of the Group is the education of both investors and persons within the listed companies and companies that have the potential for listing. As a direct result of our strategy to grow involvement in the stock market, the Group is now in aggressive mode to impart the message of the importance of the capital market and the benefits to be derived by market players.

Securities Commission Fee

This is a function of the level of Cess Revenue earned. The Exchange levies 0.393 of 1% of the value of each transaction on the market and the Financial Services Commission (FSC) earns 0.08% of this amount. In 2009, the Cess Revenue was $50,240 million compared to $260,273 million in 2008, precipitating a sharp decrease in the amount paid to the FSC from $59,178 million in 2008 to $10,219 million for the current year under review.

Rationalization of Expenditure

The Exchange plans to continue to relentlessly pursue a course of expense rationalization; ensuring that monies expended provides the highest return on investment. We have successfully done so over the years and more so within 2009. The Group sees this drive to efficiency as one of the major lynchpins of our operations.

Revenue Reserves

The Group's Revenue Reserves decreased in 2009 to $255.3 million from $272.4 million in 2008 due to a net deficit of $17.0 million derived from operations.

Five Year Financial Highlights

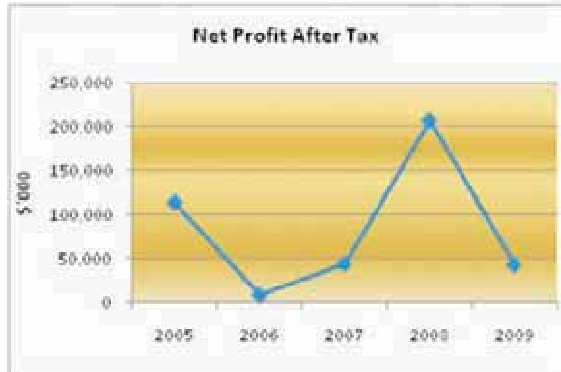
The table below shows the steep drop in revenue in 2009 after an increase in 2008 and consecutive declines in 2005 and 2006. Profit showed a significant decline in 2009 over 2008 due primarily to the one-off transaction in 2008, which positively affected that year's performance. In addition, the bull market and the global market conditions affected the year 2009. Where there are only three years of comparison, this reflects the data upon the JSE being demutualized. Please refer to table and graphs below:

Table 3 Five Year Financial Highlights

	2005	2006	2007	2008	2009
Revenue ($000)	313,590	294,515	240,797	561,297	263,387
Surplus/(Deficit) *	114,213	8,213	44,116	207,703	43,019
Surplus derived from Operations			25,167	34,114	(17,033)
Earnings per share $			0.68	6.19	(0.61)

* includes Compensation Fund

2009 Management's Discussion and Analysis (Cont'd)



Risk Management

The Group's overall risk management strategies have been re-examined and reworked in light of the environmental factors that have affected the Exchange and will continue to be a factor in the ensuing years.

Of primary concern is the Group's dependence on income derived from equity trading or investment income could prove detrimental to solvency and long-term viability. This is especially true given the Government's policy programme aimed at reducing interest rates on Government securities. The Group's revenue base is now heavily dependent on member-dealers creating new products and participating in those that are internally driven for growth. The possible absence of high yielding Government of Jamaica Securities in the future will have implications for many member-dealers' overall business models, for the Exchange's dependence on low-risk but high-yield investments and for the entire financial services industry.

Investments

Management, through the Group's Investment Committee, continues to manage and review its investment portfolios in line with the Investments Policy Guidelines, which are also periodically reviewed by the Audit & Finance Committee of the Board. The Investment Management Committee receives and review data on current market conditions and economic outlook; review various risk reports submitted including fair value, interest risk, liquidity risk, currency risk and market risk. Meetings are held at least on a monthly basis. Analytical skill and financially nimbleness are increasingly important for the effective management of portfolios in volatile investment climates such as ours.

2009 Management's Discussion and Analysis (Cont'd)

Other Operational Risk Mitigation Strategies

IT Risk Mitigation Strategies

The Company's principal business activities rely on trading activities in the Market and by nature are subject to various risks including systems downtime, which may result in loss of productivity, revenue and confidence in the market. Consequently, redundancies, data protection measures, security measures and policies to ensure more resilient and secure systems have been put in place by Management to ensure 100% availability during business hours, as achieved for 2009.

Other IT-based risks is also minimized through appropriate segregation of duties, requisite training, adherence to implemented polices, internal audits, continuing review and update of policies and close management oversight.

The JSE has adopted the IT Governance Framework, Cobit 4.1, which ensures that IT and business strategies are aligned to achieve the following objectives:

- Use of IT to enable the organization by exploiting opportunities and maximizing benefits;
- Responsible use of IT resources;
- Appropriate management of IT relates risks

Group Medium and Long Term Strategies

Due to the global financial meltdown, the negative impact of the unregulated schemes on the Jamaica economy, the high interest rates that have prevailed for much of the last 2 years and the reduction of investor confidence in the market, the exchange are faced with the significant challenge of attracting new entrants to the market and retaining current market players. Market uncertainties have created new challenges but within them exist new opportunities. We believe that all our stakeholders have come to appreciate the need for greater market information, education, regulation and product diversification. To this end, the focus will be on the continuation of the following activities:

- Increased market educational activities through companies' and investors' outreach, school programmes and training of market intermediaries.
- The continued focused through the JSE independent Regulatory and Market Oversight Division of Market Surveillance and Member Dealer Inspection. The implementation of the State of the Art Surveillance System in 2009 was a welcome addition to the slate of tools used by this division.
- More product offerings: through the sale of market data; the development of and maintenance of new indices; and derivative products.
- Growing the Junior Market for the Small & Medium Sized Companies.
- Expansion and Growth of Registrar and Trustee Services
- The operational integration of our regional exchanges through the Caribbean Exchange Network
- Utilization of Information Technology to facilitate the drive for the growth & development of the Group and the Market.

GENERAL MANAGER'S REPORT - JSE

Mrs. Marlene Street Forrest
General Manager
Jamaica Stock Exchange

The year 2009 marked the end of a decade which saw several positive transformations to the Jamaica Stock Exchange (JSE); changes that are designed to improve profitability, market confidence and the delivery of products and services.

ENVIRONMENTAL FACTORS

The global economic crisis, the high interest rate policies and the effect of the fall in many unregulated schemes all negatively impacted on the market in 2008 and continues throughout 2009. The country is still faced with the cut in export earnings arising from the shutdown of a large portion of the bauxite/alumina sector, the fall in remittances and revenue from other products in the traditional and non-traditional sectors which could impact on companies' profitability and the ability of investors to invest. Not-with-standing this, as we have seen in the past, if the measures that are taken to reduce interest rates and if the foreign exchange rate can remain relatively stable then the market may rebound.

All these factors impacted the psyche of investors in the equities market bringing confidence to an all time low. This resulted in the strengthening of the 'bear market' that had started in 2008 as many investors sought a more conservative approach to investments or cashed in on their investments in equity to meet cash flow needs.

We expect that these conditions will persist, though with some small improvements, for much of 2010.

JSE PERFORMANCE IN 2009

As a direct result of environmental factors, the stock market experienced declining stock prices and continued low levels of trading throughout 2009 and many companies with potential did not come to market to be listed. Income from the main areas of JSE operation therefore declined significantly.

While efforts to constrain expenditure were successful and resulted in reducing the year's expenses below the previous year in real terms and while investment income was marginally higher than 2008, these positives were insufficient to translate to a profitable outcome for the Group after discounting for the Compensation Fund's Income. The JSE and its subsidiary, the Jamaica Central securities Depository (JCSD), both experienced sharp declines in revenue and profitability. JCSD Trustee Services Ltd., the new subsidiary formed in 2008, however experienced its first surplus. The growth of business in Trustees Service and Registrar services was positive in a market of declines.

The negative financial results did not deter the Exchange from achieving some positive milestones, including the celebration of our 40th Anniversary with the successful staging of several events and activities designed to continue the process of market education. One highpoint was the musical evening of excellence, which captured through music and drama, the Exchange's journey as a company twinned with Jamaica's journey as a nation. Other functions included our annual capital markets conference and our best practice awards, both of which continued to enjoy increasing interest and good support.

(Continued)

GENERAL MANAGER'S REPORT - JSE (Cont'd)

Throughout the year we embarked on an intensive marketing programme to educate and encourage small and medium sized companies to take advantage of the recently launched Junior Stock Market. This we are convinced is a potential bright spot for the growth and development of our market and the economy. Access Financial listed in 2009 and we are assured of many more listings for 2010 and beyond.

The long awaited Caribbean Exchange Network continued as a 'work in progress' but with one major hurdle cleared, as the Regional regulators signified their approval for the implementation of the CXN. However there is many a slip between the cup and the lip and so we continue to work on the few hurdles that are left to clear. We continue to pursue this initiative, as we believe this will redound to growth of the Regional capital markets.

We have started the development of the JSE e-Learning Campus, which is designed to provide post-graduate certification and comprehensive, structured and continuous professional education to persons in the financial services sector. We expect to launch this new initiative in 2010.

We believe that we need to accelerate the process of making relevant changes to our rules and procedures to enhance the market and have therefore been working with our listed companies, member-dealers and investors to implement these changes. Throughout the year, we also had discussions with the Government of Jamaica and other stakeholders towards enhancing the market through service delivery and the introduction of new products. We urge you to look towards even more products and innovations in the coming years.

OPPORTUNITES

In spite of the fragile economic environment, the JSE identified possibilities and achieved some firsts in 2009. Many new products have been started in 2009 that will be completed in 2010 and many that were started in 2008 have now been completed.

In April 2009, we successfully launched the Junior Stock Market, even though the delayed passing of the tax amendments to codify incentives in September 2009 caused some hesitation by Companies coming to list. We also completed the development and introduction of new bond indices, which are published daily on the Jamaica Stock Exchange's Website. The Stock Market Game a simulated electronic trading and portfolio management competition aimed at improving market understanding and getting younger persons involved in the market was launched in 2008 and has succeeded in attracting many new entrants and broadening our reach within high schools and colleges across the island.

Sustainability is important to the Exchange. Therefore, we are proud to report that the initiatives that have been launched over the decade, such as electronic trading and the implementation of new products and services such as our website, the Stock Market Game and the Investment & Capital Markets Conference show potential for enhancing stakeholder value and have all been maintained and enhanced through the dedication of our internal and external teams.

STAYING THE COURSE

Our vision remains focused on improving the capital market by creating products that will enhance investment experience and encourage new companies to list on either the Main or the Junior Exchange. We also consider it an imperative to provide greater value to our listed companies by identifying areas in which the overall cost of listing, inclusive of disclosure requirements, can be minimized while raising the standards of effective and efficient communication to investors.

While the year has been challenging, we at the JSE continue to have successes in maintaining focus on our priorities and fulfilling our mandate of fostering growth and development of the market through efficiency and transparency.

TRADING OPERATIONS IN 2009

In 2009, we implemented the Average Price as the method of determining the Close Price for daily trading. While this has improved market perception in respect to manipulation, we are now examining the Circuit Breaker Rule to see whether we can further improve the efficiency of the market operations in this regard.

There is always merit in introducing new blood to the market place through additional member-dealers. The Exchange considered the auctioning of at least one seat in 2009 but discontinued the process due to the market conditions. It remains an integral part of our strategic plan but this will be effected at the most opportune time.

GENERAL MANAGER'S REPORT - JSE (Cont'd)

JSE OPERATING PLATFORMS

Our trading and settlement software and hardware platforms remained robust in 2009. We experienced no significant downtime and have even improved on the previous year's performance. Despite this, we continue to examine the offerings within the market to ensure that the platforms on which we operate are on par with our most developed contemporaries and provide the most cost-effective return on investment. As we look towards offering new products and services to the market, we will be using the coming year to request proposals from other service providers in the industry in order to ensure that we have the best platforms for service delivery at the most competitive rate.

JSE CORPORATE ACTIVITIES AND NEW INITIATIVES

Ongoing Activities

- Upgrades and Enhancement of trading platform for efficient market delivery
- Upgrades of other supporting systems to ensure relevance and compliance
- Website Enhancement including Stock Market Game geared at market education at the high school & tertiary level
- Staff training
- Continued Development of internal processes for CXN

DEPARTMENTAL HIGHLIGHTS

MARKETING ACTIVITIES

In keeping with the organization's goals and objectives, our Marketing Department worked assiduously to organize and host several events and implemented a number of projects during the year to increase our customer base and to have greater interaction with our stakeholders. In achieving this objective the JSE were engaged in the following programmes:

(i) **High School Education Programme**
This is geared towards educating high school students about the Stock Market. This programme continues to make strides with forty-two (42) High Schools visiting the Exchange, setting the stage for continuous education of the public.

(ii) **National Investor Education Week**
The JSE held several events marking the week of September 28, 2009 to October 3, 2009. As in the previous year, we had good attendance.

(iii) **Teacher's Outreach Programme**:
The Teacher's Outreach Programme, which was introduced in 2008, continues to be a successful venture. Six schools participated in the programme this year.

(iv) **The JSE's Public Investor Outreach Programme:**
There were nine Public Investor Outreach programmes held across the island.

(v) **JSE's Investments & Capital Market Conference**:
The year 2009 saw the Exchange celebrating its 40th year anniversary. The JSE continued its vision of bringing persons not only from across the Caribbean, but from Europe and North and South America, to exchange ideas and network in an effort to continue the development of the Capital Market. The JSE took the opportunity to honour the Rt. Hon. Edward Seaga, former Prime Minister of Jamaica, who was a founding member of the Jamaica Stock Exchange.

GENERAL MANAGER'S REPORT - JSE (Cont'd)

(vi) **Evening of Musical Excellence:**
The JSE continued its 40th year Anniversary on July 13, 2009 by hosting an Evening of Musical Excellence at the Little Theater. This event was well supported and honoured many of the entertainers who contributed to Jamaica's musical industry over the years.

(vii) **Workshops**:
The JSE hosted a series of workshops throughout the year. The objective of these workshops was to expose stakeholders in the market to international best practices in the capital market. A total of four (4) workshops were held and covered areas such as: Risk Management; Listing Companies on the Junior Market; Mentorship for Junior Market companies; and Preparing Documentation for Listing.

The efforts that we have put into market outreach programmes and workshops continue to reap tremendous benefits. This is evidenced by the fact that even though most companies had contracted on their expenditure, employers are not averse to their employees participating in our workshops. We have flagged this area for growth in the medium to long term.

(viii) **Best Practices:**
The year culminated in December 2009 with the JSE's Annual Best Practices Awards. The Awards are part of an effort to encourage Listed Companies and Stock Brokerages participants to adopt international industry standards and best practices and was launched in 2004. Companies are awarded for outstanding performances in several categories, ranging from Best Annual Report to Best Investor Relations. The Best Practices Awards Programme has become a calendar event and the criterion for each award is a benchmark for companies within the industry.

The JSE through its Marketing and Communication's Department is committed to the process of dialoguing and educating all the players in the market to allow all to operate at international standards.

INTERNAL AUDIT
Towards the end the year we outsourced our internal audit functions to PriceWaterhouse Coopers, as we are of the view that this would further strengthen our internal controls and improve on our procedures. It seems to have paid good results to date and we look forward to more contributions from PWC in the coming years.

INFORMATION TECHNOLOGY
The JSE continues to implement and utilize information systems that support and enhance its strategic objectives.

(i) **Infrastructure and Core Business Applications**
At the hub of the Exchange, we continue utilize an electronic trading, clearing and settlement platforms, which are robust, secure and efficient. Brokers and other external users access the systems via our Wide Area Network (WAN). As the JSE continues to expand its services, the infrastructure is continuously upgraded to take advantage of the emerging trends.

(ii) **Website**
The JSE's Website is the 'public face' of the Exchange. In 2009 a significant revision was unveiled, as the site had been made more functional, user-friendly and accessible. The website continues to be a very valuable resource for information dissemination to our listed companies and for information gathering by investors, financial analysts, researchers, students, and other visitors to the site.

Some of the valuable resources available on the site include daily and historical stock market information; trade sheets; company news by subscription; charting capabilities; financial statements; information on listed companies and member firms; membership subscription; our stock market game; portfolio manager; online statement access; and archived trade sheets from 1969. Additionally, we have introduced subscription services, such as RSS feeds where persons can subscribe to receive the most current market information. The year 2010 will see the introduction of live video streaming of the JSE events.

GENERAL MANAGER'S REPORT - JSE (Cont'd)

(iii) **Data Services**

Information dissemination is crucial in keeping investors abreast of the activities on the Stock Market. Consequently, the JSE ensures that accurate and quality information is made available to its clients through sources such as Bloomberg, which utilizes a Market Data Feed provided by the JSE. Other products of this data feed can be seen on cable stations and websites of clients who subscribe to this technology. In 2009, we expanded this service to include text messaging, which may become a key source of income in future years.

(iv) **Application Development**

During the year, we completed development of a Market Surveillance System for the Regulatory and Market Oversight Division (RMOD) and the first part of a Registrar System for the JCSD Registrar. Undoubtedly, these systems will assist in enhancing the efficiency of both business units while allowing them to meet business objectives.

In 2009, we started development of an online Learning Management System, which will offer online training to persons in the financial market. The system dubbed The JSE e-Learning Campus will be launched in the second quarter of 2010 and will be an exciting addition to the JSE's many service offerings.

(v) **Risk Management and Compliance**

The Company's principal business activities rely heavily on information technology and by nature are subject to various risks including systems downtime, which may result in operational risk or loss of revenue and confidence in the market.

Rigorous policies and Operational procedures are established and approved by the relevant management personnel and quarterly internal audits are conducted to ensure compliance with the established policies and international standards. There are also system redundancies, data protection measures, and security measures in place to ensure a more resilient system, which would have 100% availability during business hours

JSE's IT Governance structure incorporates:

1. Administrative controls effected through the relevant committee (Audit and Finance)
2. Organizational controls effected through segregation of duties, requisite training and adherence to implemented polices.

These controls are reviewed on a quarterly basis to ensure they provide effective governance and compliance is maintained.

Business Continuity

As part of its Business Continuity strategy, the JSE continues to ensure that its hotsite remains current in order to provide redundancy for its core systems (Trading, Clearing and Settlement) and other supporting systems.

In addition to the system redundancies in place, the JSE's business recovery plan is continually updated to ensure that the business is able to recover from disasters and other disruptions in the shortest possible time. The plan outlines the response to be undertaken and indicates the minimum resources required to ensure the continuity of key business units in the event of disruptions.

(vi) **Focus for 2010**

In 2010, we will be implementing a new server infrastructure focused on enhancing system stability and ensuring that we set the stage for further information technology upgrades needed to meet the business objectives for the future.

We will also continue our thrust to implement solutions that are geared towards allowing the JSE and its subsidiaries to take advantage of market opportunities, which will increase revenue and improve customer service.

(Continued)

GENERAL MANAGER'S REPORT - JSE (Cont'd)

HUMAN RESOURCES 2009

Despite the financial challenges affecting the Exchange during the year, the JSE team-members demonstrated their resilience and commitment by continuing to make sterling contributions to the achievement of our strategic objectives.

While there were budgetary constraints, the JSE in its mandate to effectively equip staff to deliver excellent service, continues to contribute to staff development through training in areas such as Operational Risk Management, IFRS, Junior Market, Mentoring for Small and Medium Size Business and internal cross training. Our ancillary and support staff is now computer literate, as they successfully participated in in-house computer training. The JSE continues to support staff education achievement through education grants and education loan facilities. The year 2009 saw one staff member acquiring her Bachelors Degree and three staff members acquiring their Masters Degrees.

In continuing our quest to have a motivated workforce, the Employee Recognition Award was re-introduced in 2009. The objective of this award is to recognize consistently superior performance of JSE's employees and especially those who go beyond the call of duty for the smooth and effective operation of the Exchange. This award is intended to act as a vehicle to access and reward distinction and at the same time, encourage and motivate others to strive towards high standards at the workplace.

Good health of staff members is of great importance to the JSE. Consequently, the JSE collaborated with the Heart Foundation to conduct at the Exchange, critical tests for our employees.

The year 2009 was challenging, but we understand that staffs members need to unwind and through the innovation and creativity of the JSE's family, our car park was transformed on December 17, 2009 for a memorable occasion dubbed ***"Lyme in di Park"***. This saw staff members and their families coming together and having fun.

CORPORATE SOCIAL RESPONSIBLITY

The challenges we faced during the year did not deter us from making a difference in the lives of others through donations and corporate social activities. The year 2009 saw the Jamaica Stock Exchange celebrating its 40th Anniversary and one of the activities to mark this very special occasion was the "Musical Evening of Excellence" where icons in the musical/entertainment field were honoured for their sterling contributions to the development of Jamaica's music and culture. Proceeds from this event were donated to the Good Samaritan Lodge.

We also continued to maintain close association with our community by making donations towards St. Michael's Primary School Breakfast Feeding Programme and the KSAC's Roadways Reconstruction Programme. We also gave moral and monetary support to Trevayne Campbell, a teenager who had lost a leg to cancer.

Our commitment to education and development of our youth is maintained through JSE's Scholarships for students of both the University of the West Indies and University of Technology. We also continue to provide work experience programmes for student from UWI, UTECH, EXED and other institutions of learning. We are also committed to United Way and other charitable organizations.

FORECAST - 2010

We are continuing to build on the gains achieved in 2009. Major decisions taken by the Government in early 2010 such as the Jamaica Debt Exchange Programme (JDX) will provide a stimulus for the market. It is expected that the Junior Market will prove an engine for the listing of small, and medium sized companies. There has been tremendous interest from many potential listed companies. In addition, building market awareness and the advantages that exist even in the face of an economic downturn for both investors and current and potential listed companies will be the thrust of the Group's activates for 2010. We will seek new ways of providing better service to the market at a lower cost. We will improve on our response time to our stakeholders.

(Continued)

GENERAL MANAGER'S REPORT - JSE (Cont'd)

The Group pursues several other business initiatives, which include:

- An Exchange Traded Fund (ETF) market
- New Exchange Indices
- Market Data Messaging Services
- Listing of Foreign/International Companies
- The Caribbean Exchange Network

We wish to thank all our listed companies, investors and others, whose continued support and feedback has enable us to continue our growth path.

Our many successful market education programmes such as the Market Analyst Competition and Best Practice Awards would not be possible without the dedicated Committee members who volunteer of their expertise and themselves to the oftentimes challenging and time consuming tasks necessary for ensuring high standards of execution.

We know that employee retention and job satisfaction are essential to our continued future success in product and service delivery. I wish personally to commend the time, efforts, and enthusiasm displayed by our staff member in the execution of their duties, often above and beyond the call of duty, throughout the year.

Marlene J. Street Forrest

....

Marlene J. Street Forrest
General Manager, JSE

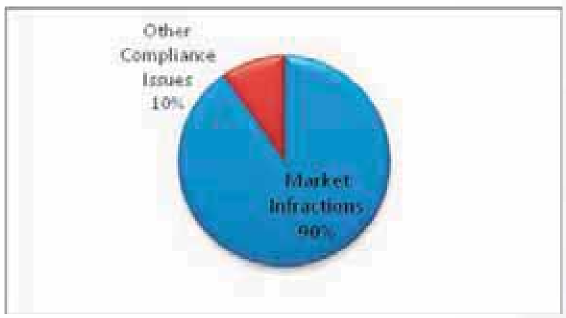
Regulatory & Market Oversight Division 2009 Market Oversight Report

Mr. Wentworth Graham
Chief Regulatory Officer

In 2009 the Jamaica Stock Exchange's Regulatory & Market Oversight Division (RMOD) addressed 123 issues in accordance with its market surveillance, compliance and enforcement responsibilities. This was 43% above the 2008 mark. The RMOD attributes the growth in issues to its redefined and intensified focus in discharging its market oversight functions. Specific activities that have contributed to the performance include keener financial statement assessments, closer monitoring of trading activities and closer scrutiny of market disclosures. The Division's tools and operations are frequently reviewed, enhanced and strengthened, and therefore would have contributed to the improved oversight operations and better performances over earlier years. For the calendar year 2009, 95% of the cases were closed and the remainder were carried forward to 2010. In 2009, brought forward cases amounted to 6%. A summary of the RMOD's oversight activities in 2009 is presented in the diagram below.

Nature of Infraction 1

Nature of Infraction	Number
Market Infractions	111
Other Compliance Issues	12
Total	123



Market Infraction Distribution 2

Trends and Other Activities

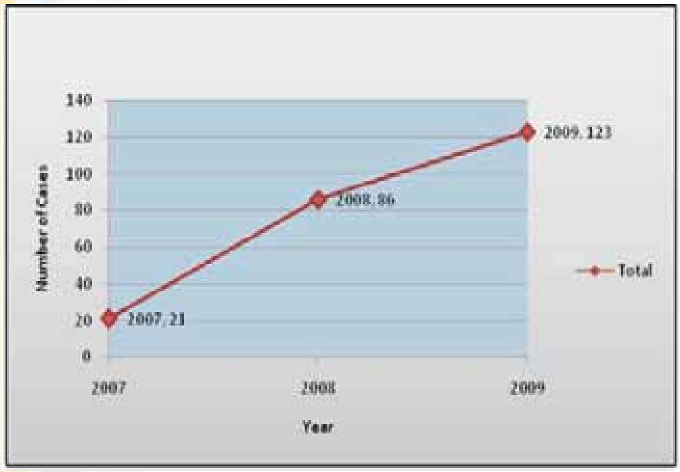
The RMOD commenced operations on April 1, 2008, and prior to its formation the Market Operations and Trading Department undertook elements of market oversight. With the Jamaica Stock Exchange completing its demutualization process in November 2007 the Company's Board ceded its regulatory responsibilities to the Regulatory and Market Oversight Committee (RMOC), which is comprised of only Independent Directors of the JSE's Board. The RMOD, which is headed by Mr. Wentworth Graham, Chief Regulatory Officer, provides operational support to the RMOC whose Chairman is Mr. Livingstone Morrison.

Since undertaking market oversight responsibilities there has been a steady climb in the number of regulatory issues identified and assessed. In 2007 total cases amounted to 21 and by 2008 it was 86; 2009 ended with 123 cases. The trend of cases is represented in Diagram 3.

(Continued)

Regulatory & Market Oversight Division 2009 Market Oversight Report Cont'd

Diagram 3 - Total Number of Regulatory Issues 2007-2009



Other significant activities within the RMOD in 2009 include:

1. Developing new rules, namely: Management Discussion & Analysis, Complaint Management System Guidelines, the Regulatory and Market Oversight Committee and Disciplinary Proceedings.
2. Creating a Logo and Tagline for the Division, developing the RMOD's Newsletter and implementing an Automated Market Surveillance System for the Exchange;
3. Undertaking member-dealers' standard and special inspections; and streamlining their reporting requirements to fully satisfy market requirements.

Support and Looking Ahead

The JSE's regulatory advancements would not have been possible without guidance and support from the Regulatory and Market Oversight Committee (RMOC). A special note is necessary for the first RMOC Chairman, Ms. Hilary Philips, QC, who relinquished her post in June 2009 having been appointed an Appellate Judge of Jamaica's Appeal Court. Justice Philips worked tirelessly and with devotion to establish the framework of the RMOC and RMOD and the baton has been passed to Chairman Livingstone Morrison, who is keen on reinforcing the institutional framework of the JSE's regulatory operations. Ms. Nicole Lambert replaced Justice Philips as the Bar Association of Jamaica's representative, and in this capacity also serves as an Independent Director of the JSE. The Exchange's regulatory affairs were also advanced due to support from entities such as the Companies Office of Jamaica, the Institute of Chartered Accountants of Jamaica, international organizations and most importantly the team of officers within the RMOD, as well as the wider Exchange.

In 2010, the RMOD's area of focus will centre on advancing its institutional structure by strengthening its operational capacity and creating stronger association with support entities both locally and overseas. Additionally, there will be a concerted drive to advance public awareness of the RMOC/RMOD's affairs. In closing, it is safe to say that 2010 will have new challenges and by all accounts, the JSE's regulatory activities will have to continue to resolve them effectively. In this regard, the RMOD will be guided by the maxim: "Act, Learn and Refine" as it stays focused in fulfilling its general purpose of market regulation and oversight for the Jamaica Stock Exchange.

JAMAICA STOCK EXCHANGE

JSE CORPORATE HIGHLIGHTS 2009

Providing A Fair, Efficient And Transparent Stock Market
Best Practices Awards 2008

JSE CORPORATE HIGHLIGHTS 2009

The Best of The Best Took Centre Stage At The Jamaica Stock Exchange Best Practices Awards Banquet

Corporate governance continues to receive a high level of attention worldwide The practice of good corporate governance is central to the health and stability of any economy and is the key to the integrity of corporations, financial institutions and markets.

It can be concluded that the collapse of major corporations resulted from their failure to adapt good corporate governance principles and as a result of their shortcomings in this area, it led to a worldwide financial crisis.

In order to restore investors' confidence, enhance corporate transparency and accountability, it is important that the best practices of good corporate governance be implemented and practiced. The Jamaica Stock Exchange in its quest to promote good corporate governance among listed companies and brokerage houses, has established the **Jamaica Stock Exchange Best Practices Awards.**

The Jamaica Stock Exchange Best Practices Awards culminated on December 8, 2009 with a gala banquet at the Jamaica Pegasus Hotel under the theme "Prosperity and growth for 2010". The theme inspired the creative use of fruit trees in the décor for the event a fitting symbol of growth and prosperity. In addition to its aesthetic appeal, the trees would support the national tree planting drive which in turn, bolsters the country's food security initiatives.

In her welcome remarks Mrs. Marlene Street Forrest, General Manager of the Jamaica Stock Exchange told the audience that "the implementation of Best Practice is about challenging ourselves, especially when the tides are rough. It is not about cutting corners when the challenges present themselves. It is about principle and not exigency. I see Best Practices as a culture, as a lived experience that gets easier as we commit to getting it right".

As guest speaker on the topic "Quality, Better quality and Best quality" Associate Professor Dr. Geraldene Hodelin, challenged all companies to attain their best. According to Dr. Hodelin "in an environment where mediocrity abounds and where bad policies and practices are being blamed for some of our current socio-economic woes, it is refreshing to see demonstrable evidence of best practices being undertaken by our local organizations and more importantly, being recognized and hailed publicly…the three imperatives that should always be included in (companies') business mantra are **quality, better quality and best quality** every time, no matter what.

It was then left to the Chairman of the Best Practices Committee, Professor Neville Ying, to speak to the 2008 competition and announce the winners. In his address he stated, "I am proud to be part of the Best Practices Awards Committee whose work over the last five years has enabled this function to grow to become a calendar event. This is now an event to which Listed Companies, Brokerages and other stakeholders look forward to attending, and to share in the success of team work, hard work and dedication. This shows that hard work and dedication is rewarding in the long run". He then went on to announce the winners for each category.

The Best Practices Best Annual Report Award Committee chaired by Mr. Alvaro Casserly, encourages public listed companies to produce comprehensive, more reader-friendly annual reports and to provide greater insight into companies' financial affairs, governance practices and business activities. In the area of Best Annual Report, ***third place went to JMMB and Sagicor Life Jamaica, the runners up were Scotia DBG Investments and Scotia Group Jamaica Limited and the company to walk away with the winning award in this category was PanCaribbean Financial Services Limited.***

The **Jamaica Stock Exchange Best Practice Corporate Disclosure and Investor Relations Award serves to** *recognize companies that make timely and accurate reports and announcements to the JSE. This award also encourages them to maintain good investor relations with the wider investing public. This Committee was chaired by Mr. Christopher Bovell.* ***In third place was Scotia Group Jamaica Ltd, with runner up National Commercial Bank. The winner was NCB Capital Markets Limited.***

The **Jamaica Stock Exchange Best Performing Company Award seeks t***o identify and recognize outstanding performance by listed companies that enhance shareholder value in the areas of return on capital, improved profitability and direct return on shareholdings. The Chairman of this Committee was Dr. Noel Reynolds.* ***In third place was Pulse Investments Limited, the runner up was Carreras Ltd and the winner Montego Free Port.***

The Best Practices Investor Relations **(Stockbrokerage) Award Committee, chaired by Dr. Brian Langrin,** *recognizes excellence in the services provided by stockbrokerages to investors, and was designed solely for the Brokerage Community.* ***In third place was JMMB Securities Ltd, with runner up Pan Caribbean Financial Services Limited. The winner in this category was First Global Financial Limited.***

The **Jamaica Stock Exchange Best Practices Website Award is divided into two categories; the Jamaica Stock Exchange Website Award for Brokerages and the Jamaica Stock Exchange Best Practices Award for Listed Companies. This** *category was designed to encourage listed companies and stockbrokerages to raise the quality and efficiency of the dissemination of information to the investing public via their website. The Chairman of this committee was Mr. Errol Anderson. The following companies won awards in the Listed Companies category:* ***Scotia DBG Investments Limited was third place, with runner up Guardian Holdings Limited and the winner was Trinidad Cement Limited.***

In the Brokerages category, ***in third place was JMMB Securities Ltd with runner up Scotia DBG Investments Limited and the winner NCB Capital Markets Limited.***

Continued on next page

JSE CORPORATE HIGHLIGHTS 2009

Best Practices Awards 2008

The final category was the PSOJ/JSE Corporate Governance Award, which recognizes companies that demonstrate and practice outstanding corporate governance. ***In third place was GraceKennedy Limited; the runner up was National Commercial Bank and the winner, Sagicor Life of Jamaica.***

The evening climaxed with the presentation of the prestigious Governor General Award by the Most Honourable Edward Seaga on behalf of the Governor General. There was a tie for first place and the companies that emerged as the overall winners ***were Scotia DBG Investments Limited and PanCaribbean Financial Services Limited.***

It is anybody's guess who will be the winners in 2010!

Governor Generals Awards for Excellence: Anya Schnoor, Chief Executive Officer, Scotia DBG Investments and Donovan Perkins (right), President & CEO, PanCaribbean Financial Services receive shared award for the Overall Winner. They received the Governor General's Award for Excellence from Former Prime, Minister The Most Hon. Edward Seaga.

Mr. Richard Byles, President & CEO, Sagicor Life Jamaica and Mrs. Janice Grant Taffe (centre) accept PSOJ Corporate Governance Award from Ms. Greta Bogues, PSOJ Corporate Governance Committee Chairman.

Ms. Yvonne Clarke (left), Group Chief Financial Officer, National Commercial Bank Jamaica, accepts the award for second place in Corporate Disclosure & Investor Relations from Mrs. Marlene Street Forrest, General Manager, JSE.

JSE CORPORATE HIGHLIGHTS 2009

Best Practices Awards (cont'd)

Mr. Robert Drummond, President of First Global Financial Services accepts the first place award for Investor Relations Stockbrokerage from Ms. Nsombi Jaja, Best Practices Committee member.

Mr. Lissant Mitchell (left), Snr. Vice President Treasury & Capital Markets accepts the award on behalf of Scotia DBG Investments for joint first runner in the Annual Report category from Mr. Livingstone Morrison, JSE Board Member.

Miss Shaun Lawson (left), Company Secretary Caribbean Cement Company Ltd receives the first place award for Website (Listed Company) on behalf of parent company TCL from Mr. Alan Lewis, JSE Board Member.

Miss Julie Thompson-James (left), Corporate Secretary of Scotia Group Jamaica accepts the second runner award in the category of Corporate Disclosure & Investor Relations from Mrs. Marlene Street Forrest, General Manager JSE.

Members of the audience listen attentively to the Keynote Speaker Dr. Geraldene B. Hodelin.

Mr. Christopher Williams, Managing Director of Proven Investments Ltd, is caught in a frank discussion with the former Prime Minister of Jamaica, the Most Honourable Edward Seaga; looking on is Mrs. Marlene Street Forrest, General Manager of the Jamaica Stock Exchange

JSE CORPORATE HIGHLIGHTS 2009

Best Practices Awards (cont'd)

Mr. Christopher Williams, former Managing Director of NCB Capital Markets accepts on behalf of the company first place award for Website (Stockbrokerage) from the Most Hon Carla Seaga.

Mr. Christopher Brown (left), receives the 1st Runner award for Best Performing Company from, Mr. Curtis Martin (right), Chairman JSE.

Members of the Sagicor family enjoy their hard earned awards.

JSE CORPORATE HIGHLIGHTS 2009

Market Research Competition

Juvenne Yee of Stocks & Securities Ltd, third quarter winner of JSE's Market Research Competition receives her cheque from Mr. Robin Levy, General Manager - JCSD and Deputy General Manager - JSE. Mr. Levy also serves on the JSE Market Research Committee.

Simone Hudson of Scotia DBG Investments, second quarter winner receives her cheque from Mr. Neville Ellis, Senior Marketing Officer at the JSE.

JSE CORPORATE HIGHLIGHTS 2009

Junior Market Listing

On October 30, 2009 history was created when Access Financial Services Ltd was first compnay to the JSE Junior Market. The official insertion of the Access Financial Services Limited at the Jamaica Stock Exchange; looking on from left: Brian Goldson, Chairman of Access Financial; Don Wehby, GraceKennedy Chief Operating Officer; Marlene Street Forrest, General Manager of the Jamaica Stock Exchange; Marcus James, Chief Executive Officer of Access Financial, Mr. Wentworth Graham, Chief Regulatory Officer and Sharon Harvey Wilson, Finance Director of Mayberry Investments Ltd.

Evening of Excellence

Members of the audience at the JSE's Evening of Musical Excellence are all smiles.

JSE CORPORATE HIGHLIGHTS 2008

Evening of Excellence (cont'd)

Members of L'Acadco giving a very energetic performance.

Mr. Robin Levy (right), Deputy General Manager of JSE presents Certificate of Award to Bob Andy one of the performers at the JSE's Musical Evening of Excellence.

Posing for the Camera: (Front Row From Left to Right)Hon. Edward Seaga, Mrs. Seaga, Mrs. Marlene Street Forrest, Ms. Anya Schnoor (Back row) Mr. Livingstone Morrison and Mr. Franklyn Forrest.

FINANCIAL & STATISTICAL HIGHLIGHTS

	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenue ($)	263,387,000	561,297,000	240,797,000	294,515,000	313,590,000	219,395,000	160,997,000	76,612,000	65,116,000
Expenses($)	283,248,000	302,306,000	212,796,000	323,349,000	180,099,000	135,495,000	101,216,000	70,586,000	67,496,000
Income Before Taxes ($)	-19,861,000	258,991,000	28,001,000	∅-28,834,000	133,491,000	83,900,000	59,781,000	6,026,000	-2,380,000
Net Income After Tax ($)	43,018,000	207,703,000	44,116,000	8,213,000	114,213,000	109,001,000	77,313,000	25,753,000	21,996,000
Compensation Fund ($)	544,281,000	510,134,000	463,759,000	434,686,000	404,253,000	378,839,000	331,517,000	280,604,000	253,953,000
Members' Equity ($)	423,931,000	436,956,000	486,273,000	465,872,000	484,043,000	403,770,000	287,029,000	244,717,000	241,474,000
Reported Share Volume (Millions)* (Units)	1,764.89	2,953.01	2,433.48	5,639.39	2,498.03	5,194.56	4,290.43	1,604.59	2,845.20
Daily Average Share Volume (Millions) (Units)	6.98	11.81	9.73	22.55	9.91	20.45	17.09	6.39	11.43
Reported Dollar Value (Millions) ($)	12,189.89	67,026.87	29,047.42	37,041	40,747	35,994.85	24,237.33	7,636.88	5,948.36
Daily Average Dollars Value (Millions) ($)	48.12	268.10	116.18	148.16	161.69	141.71	96.53	30.43	23.89
JSE Market Index as at December 31,	83,321.96	80,152.02	107,968.00	100,678	104.510	112,655.51	67,586.72	45,396.21	33,835.59
Member Organizations	11	11	11	11	11	11	10	10	10
New Listed Companies/Securities	1	9	1	3	1	Nil	2	Nil	1
Total Listed Companies*	44	45	44	44	41	40	41	40	42
Total Shares Listed (Billions)	47.16	47.49	47.16	49.23	46.19	42.28	41.88	35.77	33.19
Market Capitalization as at December 31:(Billion) ($)	544.88	597.28	876.69	822.86	839.85	879.30	512.88	292.3	222.0

*Note:Securities issued by TOJ are now subsumed under Cable & Wireless in our report. Previous years have been adjusted.
△ Restated
∅ Loss due to Exceptional Item - Write off of Fixed Income Development ($128.7M)

SHAREHOLDINGS

Top 10 for Jamaica Stock Exchange
As at December 31, 2009

Name Account(s)	Joint Holders	Volume	Percentage
DOUGLAS HALSALL			
77630703		2,125,615.00	6.44
		2,125,615.00	6.44
FIRST JAMAICA INVESTMENTS LIMITED			
34280557		1,249,511.00	3.79
14523713		507,809.00	1.54
		1,757,320.00	5.33
FIRST GLOBAL FIN. SERV. LTD-TRADING A/C			
81557264		1,408,803.00	4.27
		1,408,803.00	4.27
DEREK DEMERCADO			
66757220		1,254,489.00	3.80
		1,254,489.00	3.80
WILFORD REID			
44078249	Ronton Constantine Schrouder	1,249,511.00	3.79
		1,249,511.00	3.79
CHARLES LEIBA			
65200723		1,200,000.00	3.64
		1,200,000.00	3.64
BERRIST ALFANZO PHILLIPS			
58221184	Cherrie Evadney Phillips	1,000,618.00	3.03
		1,000,618.00	3.03
VICTORIA MUTUAL BUILDING SOCIETY			
46352585		761,747.00	2.31
		761,747.00	2.31
ONIS JOHNSON			
91722027	Monica Johnson	751,725.00	2.28
		751,725.00	2.28
LASCELLE LENFORD BROWN			
69947956	Paula Ann Sinclair	627,278.00	1.90
		627,278.00	1.90

Executives Holdings for Jamaica Stock Exchange
As at December 31, 2009

Name Account(s)	Joint Holders	Volume	Percentage
MARLENE STREET-FORREST			
58965921		8,333.00	0.03
2100230	Keena Street	20,000.00	0.06
		28,333.00	0.09
ROBIN LEVY			
47840275		25,000.00	0.08
		25,000.00	0.08

SHAREHOLDINGS Cont'd

Executives Holdings for Jamaica Stock Exchange
As at December 31, 2009

Name Account(s)	Joint Holders	Volume	Percentage
SUZETTE MCNAUGHT			
8393311	Minette McLeish	25,000.00	0.08
		25,000.00	0.08
DOREEN PARSONS-SMITH			
8623243		8,333.00	0.03
		8,333.00	0.03
SUZETTE WHYTE			
10195781	Felix Whyte	10,000.00	0.03
		10,000.00	0.03
NEVILLE ELLIS			
74045793		8,333.00	0.03
		8,333.00	0.03
JOSEPHINE LEWIS			
99209426		25,000.00	0.08
		25,000.00	0.08

Directors Holdings for Jamaica Stock Exchange
As at December 31, 2009

Name Account(s)	Joint Holders	Volume	Percentage
RITA HUMPHRIES LEWIN			
86083601		19,978.00	0.06
		19,978.00	0.06
EDWIN MCKIE			
94165455	Beulah McKie	49,846.00	0.15
		49,846.00	0.15
CHRISTOPHER WILLIAMS			
40795769	Michelle M. Williams	129,491.00	0.39
		129,491.00	0.39

SHAREHOLDINGS Cont'd

Ordinary Shareholdings for Jamaica Stock Exchange
As at December 31, 2009

Names	Shareholdings
Barita Investments Limited	2,550,000
Capital & Credit Securities Limited	2,550,000
First Global Financial Services Limited	2,550,000
Jamaica Money Market Brokers Limited	2,550,000
M/VL Stockbrokers Limited	2,550,000
Mayberry Investments Limited	2,550,000
NCB Capital Markets Limited	2,550,000
PanCaribbean Financial Services Limited	2,550,000
Scotia DBG Investments Limited	2,550,000
Stocks & Securities Limited	2,550,000
VM Wealth Management Limited	2,550,000

JAMAICA STOCK EXCHANGE

AND ITS SUBSIDIARY

AUDITORS' REPORT & FINANCIAL STATEMENTS

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Montego Bay Jamaica, W.I.
Tel: (876)9524713-4
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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 55 to 108, 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.

Cont'd on next page

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.

Deloitte & Touche

Chartered Accountants

Kingston, Jamaica
February 24, 2010

Carey O. Metz, Audley L. Gordon, Winston G. Robinson, Fagan E. Calvert, Gihan C. deMel.
Consultants: T. Sydney Fernando, Donald S. Reynolds.

A member firm of
Deloitte Touche Tohmatsu

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 63 to 108 form an integral part of the financial statements.

The financial statements Pages 55 to 108 were approved and authorized for issue by the Board of Directors on February 24, 2010 and are signed on its behalf by:

Director　　　　Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2009

	Notes	2009 $'000	2008 $'000
Income			
Cess		50,240	260,273
Fee income		75,266	162,936
Other operating income	21	33,465	47,061
		158,971	470,270
Expenses			
Staff costs	22	120,122	115,230
Property expenses		47,015	43,764
Depreciation and amortisation		13,563	16,977
Advertising and promotion		26,879	26,493
Professional fees		18,469	18,221
Securities commission fees		10,219	59,178
Allowances for doubtful debts		(256)	2,170
Demutualization costs		-	3,437
Other operating expenses		7,702	10,823
		243,713	296,293
(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	43,018	207,703
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		39,910	205,914
(Deficit) surplus derived from operations distributable		(17,033)	173,589
Surplus of Compensation Fund		60,051	34,114
		43,018	207,703
Earnings per share	29	($0.61)	$6.19

The notes on Pages 63 to 108 form an integral part of the financial statements.

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

The notes on Pages 63 to 108 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2009

	Note	2009 $'000	2008 $'000
OPERATING ACTIVITIES			
Net surplus		43,018	207,703
Adjustments for:			
Depreciation of property, and equipment		10,429	11,774
Amortisation of intangible assets		3,135	5,203
Loss on disposal of property, and equipment		-	55
Gain on disposal of available-for-sale investments		(6,363)	-
Unrealised foreign exchange gains on investments		(3,098)	(11,818)
Post employment benefit charge		5,820	7,610
Allowance for doubtful debts		(256)	2,170
Income tax expense		21,790	103,116
Interest income		(155,246)	(129,075)
Interest expense		39,535	6,013
Operating cash flows before movements in working capital		(41,236)	202,751
(Increase) decrease in trade and other receivables		(2,320)	1,013
Decrease in accounts payable		(214,865)	(2,665)
Post employment benefit contributions		(4,867)	(3,312)
Cash (utilized in) generated from operations		(263,288)	197,787
Income tax paid		(103,541)	(23,301)
Interest paid		(13,391)	(5,207)
Cash (used in) provided by operating activities		(380,220)	169,279
INVESTING ACTIVITIES			
Acquisition of investments in securities (net)			
Compensation Fund		(69,895)	(62,003)
Other		55,692	(221,441)
Acquisition of property, and equipment		(12,078)	(6,197)
Acquisition of intangible assets		(2,785)	(3,380)
Long-term receivables		(1,662)	(481)
Interest received		180,039	135,347
Cash provided by (used in) investing activities		149,311	(158,155)
FINANCING ACTIVITIES			
Net borrowings		91,989	(4,960)
Issue of preference shares		-	66,000
Proceeds from disposal of available-for-sale investments		59,855	-
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	20,359	98,860

The notes on Pages 63 to 108 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2009

	Notes	2009 $'000	2008 $'000
ASSETS			
Non-current assets			
Property, 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		773,313	757,169
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		426,463	462,069
Total assets		1,199,776	1,219,238
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		960,154	839,406
Non-current liabilities			
Long-term liabilities	17	66,000	66,000
Deferred tax liabilities	18	28,189	43,775
Total non-current liabilities		94,189	109,775
Current liabilities			
Accounts payable	19	53,444	239,586
Borrowings	20	91,989	-
Income tax payable		-	30,471
Total current liabilities		145,433	270,057
Total equity and liabilities		1,199,776	1,219,238

The notes on Pages 63 to 108 form an integral part of the financial statements.

The financial statements Pages 55 to 108 were approved and authorized for issue by the Board of Directors on February 24, 2010 and are signed on its behalf by:

Director

Director

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2009

	Notes	2009 $'000	2008 $'000
INCOME			
Cess		37,614	195,205
Fee income		41,531	40,454
Other operating income	21	121,397	46,881
		200,542	282,540
EXPENSES			
Staff costs	22	91,066	86,610
Property expenses		28,122	28,597
Depreciation and amortization		10,501	13,950
Advertising and promotion		26,551	26,305
Professional fees		14,113	13,566
Securities commission fee		9,409	53,608
Demutualization costs		-	3,437
Allowance for irrecoverable debts		(278)	1,784
Other operating expenses		4,632	5,216
		184,116	233,073
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	(39,535)	(6,013)
SURPLUS BEFORE TAXATION	26	149,522	169,921
Taxation	27	(24,311)	(56,177)
NET SURPLUS		125,211	113,744
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		(3,329)	-
Other comprehensive income for the year, net of taxes		(4,463)	(667)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		120,748	113,077

The notes on Pages 63 to 108 form an integral part of the financial statements.

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

The notes on Pages 63 to 108 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2009

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

The notes on Pages 63 to 108 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

1 GROUP IDENTIFICATION

1.1 The Jamaica Stock Exchange Limited (the Company) is incorporated in Jamaica as a public limited liability company. The main activities of the Company are the regulation and operation of a stock exchange and the development of the stock market in Jamaica. The registered office of the company is 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 and Market 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.

As part of the demutualization, the Company issued preference shares to the public and these preference shares were listed on the Jamaica Stock Exchange effective May 2008. (See also Note 13).

These financial statements are expressed in Jamaican dollars.

1.2 *Principal Activities*

The Group comprises the Company and its wholly-owned subsidiaries as detailed below:

Subsidiaries	Principal Activity
Jamaica Central Securities Depository Limited and its subsidiary	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.
JCSD Trustee Services Limited (Incorporated July 21, 2008)	The provision of trustee, company management, custodianship and related services.

2 ADOPTION OF NEW AND REVISED STANDARDS

2.1 *Standards and interpretations affecting presentation and disclosures*

The following new and revised standards and interpretations have been adopted in the current period and the effects are detailed below. Details of other standards and interpretations adopted in these financial statements but have had no effect on the amounts reported are set out in Note 2.2.

Standards affecting presentation and disclosure

- IAS 1 (as revised in 2007): Presentation of Financial Statements. The main objective of the revision in IAS 1 was to aggregate information in financial statements on the basis of shared characteristics. Adoption of IAS 1 affected Group's presentation of owner changes in equity and of non-owner changes in equity (comprehensive income). The revision required the presentation of comprehensive income in one or two statements and the Group has adopted the one statement method to present the comprehensive income. Presentation of Group's statement of changes in equity has also been amended to comply with the revisions. In addition, the revised

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

2 ADOPTION OF NEW AND REVISED STANDARDS (Cont'd)

2.1 ***Standards and interpretations affecting presentation and disclosures (Cont'd)***

standard requires presentation of a third statement of financial position (balance sheet) at January 1, 2008 when applying policy changes retrospectively. However, the Group has not presented a third statement as there were no retrospective policy changes that affected the presentation and disclosures of these financial statements.

- IFRS 7: Financial Instruments – Disclosures. The amendments to IFRS 7 expanded the disclosure required in respect of fair value measurements and liquidity risk. In particular, the amendment requires the disclosure of fair value measurements by level of a fair value hierarchy. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional relief offered in the amendments. See Note 33.11.

- IFRS 8: Operating Segments. IFRS 8 is a disclosure Standard and has replaced IAS 14. The new Standard requires a 'management approach' under which segment information is presented on the same basis as that used for internal purposes. Adoption of IFRS 8 has not resulted in any change in the basis on which segment information is presented in comparison to previous years and has not resulted in changes in the financial performance and positions reported for the current and prior accounting periods. Therefore the Group has not presented a third statement of financial position (balance sheet) at January 1, 2008. (See also Note 30)

2.2 ***Standards and Interpretations adopted with no effect on the financial statements***

The following new and revised standards and interpretations have also been adopted in these financial statements.

Their adoption has not had any impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

- *IAS 23 (Revised) - Borrowing Costs* - The revision removes the option of either capitalising borrowing costs relating to qualifying assets or expensing these borrowing costs. The revised standard requires management to capitalise borrowing costs attributable to qualifying assets. Qualifying assets are assets that take a substantial time to get ready for their intended use or sale. The Group currently has no qualifying assets or related borrowing cost.

- *IAS 28 (Revised) Investments in Associates* – effective January 1, 2009. The amendment addresses Impairment of investments in associates as it gives clarification that an investment in an associate is treated as a single asset for impairment testing. Therefore, an impairment loss recorded by an investor after applying the equity method is not allocated against any goodwill included in the equity accounted investment balance. Such an impairment loss should be reversed in a subsequent period to the extent that the recoverable amount of the associate increases.

- *Under the amendments to IAS* 32 (Revised) *Financial instruments: Presentation* – effective January 1, 2009. *Puttable Instruments and Obligations Arising on Liquidation*, certain financial instruments that currently meet the definition of a financial liability will be classified as equity because they represent the residual interest in the net assets of the entity.

- *Under the amendments to IFRS 2 (Revised) Share-based payment* – effective January 1, 2009. *Vesting Conditions and Cancellations*, the terms 'vesting conditions' and 'cancellations' were clarified as follows. Vesting conditions are service and performance conditions only. Features of a share-based payment that are not vesting conditions should be included in the grant date fair value of the share-based payment. A cancellation of equity instruments is accounted for as an acceleration of the vesting period.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

2 ADOPTION OF NEW AND REVISED STANDARDS (Cont'd)

2.2 ***Standards and Interpretations adopted with no effect on the financial statements (Cont'd)***

- *IFRIC 13 Customer Loyalty Programmes - Effective July 1 2008.* This Interpretation addresses the accounting by entities that provide their customers with incentives to buy goods or services by providing awards (called 'award credits') as part of a sales transaction. IFRIC 13 requires the entity that grants the awards to account for the sales transaction that gives rise to the award credits as a 'multiple-element revenue transaction' and to allocate the fair value of the consideration received or receivable between the award credits granted and the other components of the revenue transaction. This treatment applies irrespective of whether the entity supplies the awards (the discounted goods or services) or whether a third party supplies them. For arrangements falling within its scope, IFRIC 13 explicitly prohibits the alternative treatment of recognising the full consideration received as revenue, with a separate liability for the cost of supplying the awards.

- *IFRIC 15 Agreements for the Construction of Real Estate* - effective January 1, 2009. The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of IAS 11 *Construction Contracts* or IAS 18 *Revenue* and when revenue from the construction of real estate should be recognised.

- *IFRIC 16 Hedges of a Net Investment in a Foreign Operation* – Effective October 1, 2008. The Interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations.

- *IFRIC 18 Transfers of Assets from Customers* (effective for transfers made on or after 1 July 2009). The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit recognised as revenue in accordance with IAS 18 *Revenue*.

2.3 ***Standards and Interpretations in issue not yet adopted***

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective for the financial period being reported upon:

		Effective for annual periods beginning on or after
IAS 1, 7, 17, 36, 39, IFRS 5 and 8 (Revised)	Amendments arising from April 2009 Annual Improvements to IFRS	January 1, 2010
IAS 24 (Revised)	Related Party Disclosures – Revised definition of related parties	January 1, 2011
IAS 27 (Revised)	Consolidated and Separate Financial Statements - Consequential amendments arising from amendments to IFRS 3	July 1, 2009
IAS 28	Investments in Associates - Consequential amendments arising from amendments to IFRS 3	July 1, 2009

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

2 ADOPTION OF NEW AND REVISED STANDARDS (Cont'd)

2.3 ***Standards and interpretations in issue not yet adopted (Cont'd)***

		Effective for annual periods beginning on or after
IAS 31	Interests in Joint Ventures - Consequential amendments arising from amendments to IFRS 3	July 1, 2009
IAS 32	Financial Instruments: Presentation - Amendments relating to classification of rights issues	February 1, 2010
IAS 38 (Revised)	Intangible assets – Amendments arising from April 2009 Annual Improvements to IFRS	July 1, 2009
IAS 39	Financial Instruments: Recognition and Measurement - Amendments to clarify Eligible Hedged Items - Amendments for embedded derivatives when reclassifying financial instruments.	July 1, 2009 June 30, 2009
IFRS 1	First-time Adoption of International Financial Reporting Standards: - Amendment relating to oil and gas assets and determining whether an arrangement contains a lease	January 1, 2010
IFRS 2 (Revised)	Share-based Payment: - Amendments arising from April 2009 Annual Improvements to IFRS - Amendments relating to Group cash-settled share-based payment transactions	July 1, 2009 January 1, 2010
IFRS 3 (Revised)	Business Combinations - Comprehensive revision on applying the acquisition method	July 1, 2009
IFRS 5 (Revised)	Non-current Assets Held for Sale and Discontinued Operations - Amendment relating to Plans to sell the controlling interest in a subsidiary	July 1, 2009
IFRS 8	Operating Segments - Amendments resulting from April 2009 Annual Improvements to IFRSs	January 1, 2010
IFRS 9	Financial Instruments – Classification and Measurement	January 1, 2013
IFRIC 9 (Revised)	Reassessment of Embedded Derivatives – Amendments arising from April 2009 Annual Improvements to IFRS	July 1, 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation - Amendment to the restriction on the entity that can hold hedging instruments	July 1, 2009
IFRIC 17	Distributions of Non-cash Assets to Owners	July 1, 2009
IFRIC 19	Extinguishing Financial Liabilities with Equity	July 1, 2010

Except as noted below, the Board of Directors and management anticipate that the adoption of these standards and interpretations in the future periods at their effective dates will not be relevant to the financial statements of the Group in the periods of initial application.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

2 ADOPTION OF NEW AND REVISED STANDARDS (Cont'd)

2.3 *Standards and interpretations in issue not yet adopted (Cont'd)*

- IAS 24 (revised): Related Party Disclosures *Effective 1 January 2011*. The amendments to the standard simplify the disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a government (referred to as government-related entities) and clarify the definition of a related party. The standard is not expected to have any significant impact on the Group's financial results and will only have an impact on the disclosures in the financial statements.

- *IAS 27 (Revised) - Consolidated and Separate Financial Statement*, under the amendments, the increases or decreases in a parent's ownership interest that do not result in a loss of control, is accounted for as equity transactions of the consolidated entity. No gain or loss is recognised on such transactions and goodwill is not re-measured. Any difference between the change in the non-controlling investment and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent. Where there is loss of control of a subsidiary, any retained non-controlling investment at the date control is lost is re-measured to fair value. Losses of the acquired entities are allocated to the non-controlling interest even if they exceed the non-controlling interest's share of equity in the subsidiary. The adoption of the revised standard is not expected to have any significant impact on the consolidated financial statements of the Group.

- The amendments to *IFRS 2: Share-based Payment* – effective January 1, 2010, provide additional guidance on the accounting for share-based payment transactions among group entities. The revised Standard states explicitly that the entity receiving the goods or services will recognise the transaction as an equity-settled share-based payment transaction only if; the awards granted are its own equity instruments; or it has no obligation to settle the transaction. In all other circumstances, the entity will measure the transaction as a cash-settled share-based payment. The standard is not expected to have any significant impact on the Group's financial statements.

- *IFRS 3 (Revised) Business Combinations - The revision to IFRS 3 and the consequential amendments to IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures*, remove the scope exclusions for business combinations involving two or more mutual entities and business combinations in which separate entities are brought together to form a reporting entity by contract alone without the obtaining of an ownership interest. The standard is not expected to have any significant impact on the Group's financial statements.

- *IFRS 9 Financial Instruments* - The Standard introduces new requirements for the classification and measurement of financial assets and is effective from January 1, 2013 with early adoption permitted. Under the new standards all recognised financial assets that are currently in the scope of IAS 39 will be measured at either amortised cost or fair value. A debt instrument (e.g. loan receivable) that (1) is held within a business model whose objective is to collect the contractual cash flows and (2) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding generally must be measured at amortised cost. All other debt instruments must be measured at fair value through profit or loss (FVTPL). A fair value option is available (provided that certain specified conditions are met) as an alternative to amortised cost measurement. For debt instruments not designated at FVTPL under the fair value option, reclassification is required between FVTPL and amortised cost, or vice versa, if the entity's business model objective for its financial assets changes so that its previous model no longer applies.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

2 ADOPTION OF NEW AND REVISED STANDARDS (Cont'd)

2.3 *Standards and interpretations in issue not yet adopted (Cont'd)*

- *IFRS 9 Financial Instruments (Cont'd)*

  The new requirements for classification and measurement of financial liabilities, derecognition of financial instruments, impairment and hedge accounting are expected to be added to IFRS 9 in 2010. As a result, IFRS 9 will eventually be a complete replacement for IAS 39 and IFRS 7. An early adoption of IFRS 9 will require the continued application of IAS 39 for other accounting requirements for financial instruments within its scope that are not covered by IFRS 9 (e.g. classification and measurement of financial liabilities, recognition and derecognition of financial assets and financial liabilities, impairment of financial assets, hedge accounting, etc.).

  The standard is not likely to have a significant impact on the financial results as the group currently has no significant financial assets or liabilities that are measured at fair value.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 *Statement of compliance*

The Group's financial statements have been prepared in accordance, and comply with, International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

3.2 *Basis of preparation*

The financial statements have been prepared under the historical cost basis, except for revaluation of financial assets classified as available-for-sale investments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The principal accounting policies are set out below.

3.3 *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal as appropriate.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

3.4 *Property and equipment*

All property and equipment held for use in the supply of services, or for administrative purposes, are recorded at historical cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Properties in the course of production are carried at cost, less any recognised impairment loss. Cost includes professional fees capitalized in accordance with the Group's accounting policies. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 *Property and equipment (Cont'd)*

Depreciation is charged so as to write off the cost of property and equipment (other than freehold land), over the estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Freehold land is not depreciated.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

3.5 *Intangible assets*

Intangible assets acquired are reported at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets in the course of development are carried at cost less any impairment losses. Costs include professional fees capitalized in accordance with the group's accounting policies. Amortisation of these assets, on the same basis as other intangible assets, commences when the assets are ready for their intended use.

Amortisation on intangible assets is charged on a straight-line basis over the estimated lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3.6 *Impairment of tangible and intangible assets*

At the end of each reporting year, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than the carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 ***Impairment of tangible and intangible assets (Cont'd)***

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

3.7 ***Investment in subsidiary***

Investment in subsidiary is stated at cost in the financial statements of the Company.

3.8 ***Employee benefit costs***

Pension obligations

The Group operates a defined benefit pension plan. The cost of providing benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at the end of each reporting year. Actuarial gains and losses that exceed 10% of the greater of the present value of the group's defined benefit obligation and the fair value of plan assets at the end of the prior year are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

The post employment benefit asset recognised in the statement of financial position represents the fair value of the plan assets, as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and as reduced by the present value of the defined benefit obligation. Any asset resulting from this calculation is limited to the unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

3.9 ***Taxation***

Income tax expense represents the sum of tax currently payable and deferred tax.

3.9.1 Current tax

The tax currently payable is based on taxable surplus for the year. Taxable surplus differs from the net surplus as reported in the statement of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.9 ***Taxation (Cont'd)***

3.9.2 Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surpluses. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction that affects neither the taxable surplus nor the accounting surplus.

The carrying amount of deferred tax assets is reviewed at each year-end date and reduced to the extent that it is no longer probable that sufficient taxable surplus will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted by the end of the reporting year, which rates are expected to apply in the period when the liability is settled or the asset is realised. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.9.3 Current and deferred tax for the period

Current and deferred tax for the period is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also charged or credited in equity.

3.10 ***Financial Instruments***

A financial instrument is any contract that gives rise to a financial asset to one entity and a financial liability to or equity to another entity.

A financial asset is any asset that is:

(a) cash
(b) an equity instrument of another entity
(c) a contractual right

(i) to receive cash or another financial asset from another entity; or
(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the Group.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.10 *Financial Instruments (Cont'd)*

A financial liability is any liability that is a contractual obligation:

(i) to deliver cash or another financial asset to another entity; or
(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

The Group recognises financial assets or financial liabilities on its statement of financial position only when the Group becomes a party to the contractual provisions of the instrument.

3.11 *Financial assets*

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

Financial assets are classified into the following specified categories: 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3.11.1 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for the debt instruments.

3.11.2 Held-to-maturity investments

Investments in securities with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

3.11.3 AFS financial assets

Listed redeemable notes held by the Group that are traded in an active market are classified as being AFS and are stated at fair value. Fair value is determined in the manner described in Note 33.11. Gains and losses arising from changes in fair value are recognised directly in equity in the fair value reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in the statement of comprehensive income. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the fair value reserve is included in surplus or deficit for the period.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

3 **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

3.11 ***Financial assets (Cont'd)***

3.11.3 AFS financial assets (Cont'd)

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting year. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in statement of comprehensive income, and other changes are recognised in equity.

3.11.4 Loans and receivables

Loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.11.5 Trade and other receivables

Trade receivables and other receivables are classified as loans and receivables and is measured initially at fair values. Interest is not charged on outstanding balances as they are usually settled within a short period during which recognition of interest would be immaterial. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income, when there is objective evidence that the asset is impaired.

3.11.6 Related party

A party is considered to be related if:

(i) directly or indirectly, through one or more intermediaries, one party is able to exercise control or significant influence over the other party;

(ii) both parties are subject to common control or significant influence from the same source;

(iii) the party is a member of key management personnel of the group or its parent, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the group, including directors, officers and close members of the families of these individuals; or

(iv) the party is a post-employment benefit plan for the benefit of the employees of the other party.

Intra group transactions are recorded at normal rates.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.11 ***Financial assets (Cont'd)***

3.11.7 Impairment of financial assets

Financial assets are assessed for indication of impairment at the end of each reporting year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been impacted.

For all financial assets, including redeemable notes classified as AFS, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counter party; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, and increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the statement of comprehensive income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.11 ***Financial assets (Cont'd)***

3.11.8 De-recognition of financial assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

3.12 ***Financial liabilities and equity instruments issued by the Group***

3.12.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

3.12.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

3.12.3 Financial liabilities

3.12.3.1 Financial liabilities of the Group are classified as other financial liabilities.

Other financial liabilities that include borrowings and accounts payable are initially measured at fair values net of transaction costs and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

3.12.3.2 *Accounts payable*

No interest is accrued on outstanding balances as these are usually settled within a short period during which any interest charged would be immaterial.

3.12.3.3 *De-recognition of financial liabilities*

The Group de-recognises financial liability when, and only when, the Group's obligations are discharged, cancelled or they expire.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.13 *Revenue recognition*

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

3.13.1 Income from operations

Cess income

Cess income which is based on a percentage of the volume of business done through brokers on the Exchange and derived from levies on investors, is accounted for on the accruals basis.

3.13.2 Fee income

Fee income of the company, derived from annual listing fees charged to listed companies is accounted for on the accruals basis. Fee income of the company also includes initial listing fees paid by entities wishing to be listed on the Stock Exchange. These are accounted for as received.

Fee income of the subsidiaries includes:

- Membership fees

  These are annual fees charged to the brokers and institutional investors who participate in the CSD, and are accounted for on the accrual basis.

- Account maintenance fees

  These are monthly fees charged to the brokers and institutional investors who participate in the CSD, and are accounted for on the accrual basis.

- User fees

  These include charges per transaction for deposits, withdrawals and delivery orders (trades), and are accounted for on the accrual basis.

- Trustee service fee

  These include service fees charged for the provision of trustee, company management, custodianship and related services and are accounted for on the accrual basis.

3.13.3 Other operating income

These include income related to other services and events of the group such as website charges, conferences and seminars, and are accounted for on the accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

3 **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

3.13 ***Revenue recognition (Cont'd)***

3.13.4 Investment income

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3.14 ***Compensation fund***

3.14.1 Compensation fund receipts

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, during the year there were no contributions by the member dealers as the Board was of the view that the reserve was adequate for the specific purpose. (See 3.14.2 below).

3.14.2 Contingency reserve

This fund is created out of surpluses for the purpose of providing some protection to the investing public who have suffered pecuniary loss as a result of defalcation or fraudulent misuse of securities or documents of titles to securities. Provisions in respect of the fund are in accordance with Sections 27 to 35 of The Securities Act. The Board has decided to transfer each year from income to the fund an amount equivalent to the total of compensation fund receipts (Note 3.14.1 above) and compensation fund investment income net of the charge for income tax related to such receipts and investment income. The amount of the fund is invested as detailed in Note 8.1.

3.15 **Segment reporting**

The Group has adopted IFRS 8 Operating Segments with effect from January 1, 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segment.

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

(a) Exchange operations
(b) Depository
(c) Investments - Compensation Fund
(d) Investments - Other
(e) Other

The adoption of IFRS 8, has not resulted in any changes to how segment are identified within the Group.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.16 ***Foreign currencies***

The financial statements are presented in Jamaican dollars, the currency of the primary economic environment in which the Group operates (its functional currency).

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency, the Jamaican dollar, are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting year, monetary items denominated in foreign currencies are re-translated at the rates prevailing on the statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items are included in the statement of comprehensive income.

3.17 ***Dividends***

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the company's shareholders.

3.18 ***Borrowing costs***

Borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 ***Critical judgments in applying accounting policies***

The following is a critical judgment, apart from those involving estimations (see 4.2 below) that the management has made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

4.1.1 Held-to-maturity investments

The directors have reviewed the Group's held-to-maturity financial assets in the light of its capital maintenance and liquidity requirements and have confirmed the Group's positive intention and ability to hold these assets to maturity. The carrying amount of the held-to-maturity financial assets is $884 million. Details of these assets are set out in Note 8.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

4.2 *Key sources of estimation uncertainty*

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

4.2.1 Post employment benefit

As disclosed in Note 10, the Group operates a defined benefit pension plan. The asset amounts shown in the statement of financial position of approximately $41.6 million for the Group and $33.3 million for the company, in respect of the defined benefits plan is subject to estimates in respect of periodic costs that are dependent on future returns on assets, future discount rates, rates of salary increases and inflation rate in respect of the pension plan.

The estimated return on pension assets assumption is determined by considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The Group estimates the appropriate discount rate annually which rate is used to determine the present value of estimated cash outflows expected to be required to settle post employment benefit obligations. Actuaries are contracted in this regard.

To determine the appropriate discount rate in the absence of high quality corporate bonds, the interest rates on government bonds that have maturities approximating the related pension liabilities were considered.

4.2.2 Income taxes

Estimates are required in determining the provisions for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were originally recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. (see Notes 18 and 27).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

5 PROPERTY AND EQUIPMENT

	The Group								
	Freehold Land $'000	Land Improvement $'000	Freehold Buildings $'000	Furniture & Fixtures $'000	Office Equipment $'000	Computer Hardware $'000	Motor Vehicles $'000	Work-in-Progress $'000	TOTAL $'000
Cost									
January 1, 2008	16,682	70	64,012	8,163	14,353	51,663	670	-	155,613
Additions	-	-	643	1,036	566	3,374	-	576	6,197
Disposals	-	-	-	-	-	(295)	-	-	(295)
January 1, 2009	16,682	70	64,655	9,199	14,919	54,742	670	576	161,515
Additions	-	-	183	40	107	3,063	-	8,685	12,078
Transfer	-	-	578	-	-	-	-	(576)	-
December 31, 2009	16,682	70	65,416	9,239	15,026	57,805	670	8,685	173,593
Depreciation									
January 1, 2008	-	-	12,229	4,940	6,743	34,746	268	-	58,926
Charge for year	-	-	1,461	537	2,319	7,323	134	-	11,774
Disposal	-	-	-	-	-	(240)	-	-	(240)
January 1, 2009	-	-	13,690	5,477	9,062	41,829	402	-	70,460
Charge for year	-	-	1,651	566	2,352	5,726	134	-	10,429
December 31, 2009	-	-	15,341	6,043	11,414	47,555	536	-	80,889
Carrying amount									
December 31, 2009	16,682	70	50,075	3,196	3,612	10,250	134	8,685	92,704
December 31, 2008	16,682	70	50,965	3,722	5,857	12,913	268	578	91,055

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

5 PROPERTY AND EQUIPMENT (Cont'd)

	The Company								
	Freehold Land $'000	Land Improvement $'000	Freehold Buildings $'000	Furniture & Fixtures $'000	Office Equipment $'000	Computer Hardware $'000	Motor Vehicles $'000	Work-in-Progress $'000	Total $'000
Cost									
January 1, 2008	16,682	70	64,012	6,385	12,347	39,287	670	-	139,453
Additions	-	-	643	285	519	2,863	-	578	4,888
Disposals	-	-	-	-	-	(295)	-	-	(295)
January 1, 2009	16,682	70	64,655	6,670	12,866	41,855	670	578	144,046
Additions	-	-	183	40	107	3,063	-	8,685	12,078
Transfer	-	-	578	-	-	-	-	(578)	-
December 31, 2009	16,682	70	65,416	6,710	12,973	44,918	670	8,685	156,124
Depreciation									
January 1, 2008	-	-	12,229	4,514	5,763	27,310	268	-	50,084
Charge for year	-	-	1,461	298	2,046	5,637	134	-	9,576
January 1, 2009	-	-	13,690	4,812	7,809	32,707	402	-	59,420
Charge for year	-	-	1,651	322	2,039	4,074	134	-	8,220
December 31, 2009	-	-	15,341	5,134	9,848	36,781	536	-	67,640
Carrying amount									
December 31, 2009	16,682	70	50,075	1,576	3,125	8,137	134	-	88,484
December 31, 2008	16,682	70	50,965	1,858	5,057	9,148	268	578	84,626

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

5 **PROPERTY AND EQUIPMENT (Cont'd)**

The following useful lives are used in the calculation of depreciation of property and equipment:

Buildings	-	40 years
Furniture and fixtures	-	10 years
Office equipment	-	5 years
Computer hardware	-	5 years
Motor vehicles	-	5 years

No depreciation is provided on freehold land.

6 **INTANGIBLE ASSETS**

	The Group			The Company		
	Computer Software $'000	Computer Software Development Project $'000	Total $'000	Computer Software $'000	Computer Software Development Project $'000	Total $'000
Cost						
January 1, 2008	35,889	4,610	40,499	24,188	-	24,188
Additions	787	2,593	3,380	787	2,302	3,089
January 1, 2009	36,676	7,203	43,879	24,975	2,302	27,277
Additions	4,901	(2,116)	2,785	-	2,785	2,785
December 31, 2009	41,577	5,087	46,664	24,975	5,087	30,062
Amortisation						
January 1, 2008	26,970	-	26,970	16,817	-	16,817
Charge for the year	5,203	-	5,203	4,374	-	4,374
January 1, 2009	32,173	-	32,173	21,191	-	21,191
Charge for the year	3,135	-	3,135	2,281	-	2,281
December 31, 2009	35,308	-	35,308	23,472	-	23,472
Carrying amount						
December 31, 2009	6,269	5,087	11,356	1,503	5,087	6,590
December 31, 2008	4,503	7,203	11,706	3,784	2,302	6,086

Amortisation of the computer software is calculated based on an estimated useful life of 3 - 5 years. Amortisation is not calculated on computer software in development.

7 **INVESTMENT IN SUBSIDIARY**

Investment in subsidiary is as follows:

	2009 $'000	2008 $'000
Shares – at cost	55,000	55,000

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

8 INVESTMENTS IN SECURITIES

8.1 Compensation Fund

	The Group and The Company	
	2009	2008
	$'000	$'000
Held-to-maturity – At amortized cost		
Government of Jamaica Securities		
Variable Rates Local Registered Stocks: 12.5% - 18.975% (2008:12.5% - 16.915%)	41,915	41,701
Investment Debentures: 16% - 24.5% (2008: 16.7%)	82,550	34,214
Investment Bonds: 17.50% - 21.63% (2008: 14.58% - 18.46%)	224,395	82,890
Bank of Jamaica certificate of deposits 17.4% (2008: 17% - 18%)	3,200	11,355
NWC Variable Note - 21.17%	31,009	-
Foreign Currency Investments		
Government of Belize guaranteed mortgage notes (nominal value US$49,201)	4,459	2,701
Fixed Rate US$ Global Bonds – 10.625% (nominal value US$350,000)	30,621	30,791
US$ 8% Global Bond (nominal value US$195,000)	13,460	12,110
GOJ Fixed Rate US$ Index Bond 11.5% (nominal value US$144,000)	13,065	11,698
	444,674	227,460
Available-for-sale – At fair value		
Investment in Unit Trusts	12,166	45,133
Loans and receivables – At amortized cost		
Repurchase agreements – 13% - 21% (2008: 12.55% - 15.65%)	10,717	107,171
Repurchase agreements (nominal value US$735,179; 4% - 6%) (2008: nominal value US$7,466; 4.85% - 6.5%)	43,609	612
	54,326	107,783
Cash and Others		
Cash and cash equivalents	37,356	128,454
Other receivables	2,959	6,211
Payables	(7,200)	(4,907)
	33,115	129,758
	544,281	510,134
Less: Current portion	(193,480)	(282,690)
	350,801	227,444

The movement for the year in available-for-sale investments is as follows:

	2009	2008
Opening balance	45,133	43,457
Increase in fair value	-	1,676
Disposal of units	(32,967)	-
Closing balance	12,166	45,133

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

8 INVESTMENTS IN SECURITIES (Cont'd)

8.2 (a) Other

	The Group		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Held-to-maturity – at amortised cost				
Government of Jamaica Securities				
Variable Rates Local Registered Stocks: 18.975% (2008: 15.915%)	33,431	33,279	33,431	33,279
Investment Debentures: 16.70% (2008: 15.50%)	786	12,542	-	11,756
NWC Variable Note 21.17%	2,067	-	2,067	-
Bank of Jamaica CD 17.14% (2008:15.30%)	-	56,939	-	53,836
Government of Jamaica Investment Bonds J$:17.335% - 22.58% (2008: 14.81% - 20.76%)	233,038	239,253	208,781	210,746
Foreign Currency Investments				
GOJ 10.625% US$ Index Bond (nominal value US$410,000)	35,869	35,891	35,869	35,891
Government of Belize guaranteed mortgage notes (nominal value US$49,201- 4.25%)	4,459	2,701	4,459	2,701
US$ Global Bond (nominal value US$200,000)	17,485	15,519	-	-
GOJ Fixed rate 7.25% (nominal value US$518,000)	47,417	42,456	19,961	17,857
Global Bond 8.0% (nominal value US$600,000)	52,454	46,579	52,454	46,579
Fixed rate US$ Indexed Bond - AIC Barbados 9% (nominal value US$100,000)	9,188	8,169	-	-
	436,194	493,328	357,022	412,645
Available-for-sale – At fair value				
Investments in Unit Trusts	-	21,848	-	12,880
Loans and receivables - at amortised cost				
Repurchase agreements: 13.50% - 18% (2008: 11.55% - 12.5%)	14,904	31,450	10,839	13,637
Repurchase agreements - US$52,573 – 5.8%	-	4,167	-	4,167
	451,098	550,793	367,861	443,329
Less: Current portion	(152,099)	(125,197)	(133,026)	(96,276)
	298,999	425,596	234,835	347,053
The movement for the year in available-for-sale investments is as follows:				
Opening balance	21,848	26,205	12,880	15,555
Decrease in fair value	-	(4,357)	-	(2,675)
Disposal of units	(21,848)	-	(12,880)	-
Closing balance	-	21,848	-	12,880

8.2 (b) Certain investments listed above are held as security for borrowings by Pan Caribbean Financial Services Limited, see Note 20.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

9 **LONG-TERM RECEIVABLES**

These represent loans granted to employees. The loans are repayable by monthly installments and are for a period of 5 years. These loans carry an interest rate of 10% per annum. The current portion of these loans, due within twelve months from the year-end amounting to $3,424,997 (2008: $2,438,940) is included in other receivable.

10 **POST EMPLOYMENT BENEFITS**

The Group operates a defined benefit pension plan for its employees. This scheme is open to all permanent employees and is administered by Guardian Asset Management Limited. The scheme is funded by employee contributions of 5% of pensionable salary, with an option for additional voluntary contributions of up to 5% of pensionable salary. The companies in the Group contribute to the plan at rates determined periodically by independent actuarial valuations (currently 6.6% of pensionable salary) to meet the obligations of the scheme. The pension benefits are determined on a final salary basis at 2% of final pensionable salary times pensionable years of service.

The most recent actuarial valuation was carried out at December 31, 2009, by Duggan Consulting Limited, a qualified actuary. The present value of the defined benefit obligation and the related current service costs and past service costs have been measured using the projected unit credit method.

(a) Principal assumptions used for the purpose of the actuarial valuations were as follows:

	The Group and the Company	
	2009	2008
Discount rate	16.0%	16.0%
Expected return on plan assets	15.0%	15.0%
Expected rate of salary increase	-	12.0%
Future pension increases	0.0%	0.0%

(b) Amount included in the statement of financial position in respect of the scheme is as follows:

	The Group		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Present value of defined benefit obligations	(36,362)	(30,963)	(29,090)	(24,770)
Fair value of plan assets	103,532	74,869	82,826	59,895
	67,170	43,906	53,736	35,125
Past service costs not yet recognised	272	544	218	435
Unrecognised actuarial (gains)/ losses	(4,559)	14,089	(3,648)	11,001
Assets not recognised due to limitation in paragraph 58 of IAS 19	(21,189)	(15,891)	(16,951)	(12,444)
Net asset in the statement of financial position	41,694	42,648	33,355	34,117

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

10 **POST EMPLOYMENT BENEFITS (Cont'd)**

(c) Amounts recognised in income in respect of the scheme are as follows:

	The Group		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Current service cost	1,024	417	819	334
Interest cost	5,645	2,982	4,516	2,386
Expected return on plan assets	(7,487)	(7,506)	(5,990)	(6,005)
Past service costs	272	3,935	218	3,148
Recognised loss/(gain)	550	(488)	440	(392)
Increase in unrecognised assets	5,298	8,270	4,757	6,349
Total included in employee benefit costs	5,302	7,610	4,760	5,820
Actual return on plan assets	7,487	(7,826)	5,990	6,261

(d) Movements in the net asset in the current period were as follows:

	The Group		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Opening balance	42,648	46,946	34,118	37,557
Amount charged to income	(5,302)	(7,610)	(4,760)	(5,820)
Contributions paid	4,348	3,312	3,997	2,380
Closing balance	41,694	42,648	33,355	34,117

(e) Changes on the present value of the defined benefit obligations were as follows:

	The Group		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Opening defined benefit obligations	30,963	20,005	24,770	16,004
Service cost	1,024	417	819	334
Interest cost	5,645	2,982	4,516	2,386
Members' contributions	5,573	4,861	4,482	3,773
Past service cost	-	4,479	-	3,583
Benefits paid	(562)	(538)	(472)	(45)
Actuarial gain	(6,281)	(1,243)	(5,025)	(1,265)
Closing defined benefit obligations	36,362	30,963	29,090	24,770

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

10 **POST EMPLOYMENT BENEFITS (Cont'd)**

(f) Changes in the fair value of plan assets are as follows:

	The Group		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Opening fair value of plan assets	74,869	75,060	59,895	60,048
Members' contributions	5,573	4,861	3,962	3,773
Employer's contributions	4,348	3,312	3,997	2,380
Expected return on plan assets	7,487	7,506	5,990	6,005
Benefits paid	(562)	(538)	(472)	(45)
Actuarial gain/(loss)	11,817	(15,332)	9,454	(12,266)
Closing fair value of plan assets	103,532	74,869	82,826	59,895

(g) The fair value of plan assets is analysed as follows:

	The Group		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Equity investment	22,308	21,046	17,846	16,837
Government of Jamaica securities	37,465	37,518	29,972	30,014
Real estate	20,000	10,010	16,000	8,008
Others	23,759	6,295	19,007	5,036
Fair value of plan asset	103,532	74,869	82,826	59,895

The overall expected rate of return of 10% on plan assets is a weighted average of the expected return of the various categories of plan assets held. The directors' assessment of the expected return is based on historical trends and analysts' predictions of the market for the assets in the next twelve months.

The history of experience adjustments is as follows:

	The Group Defined Benefit Pension Plan				
	2009	2008	2007	2006	2005
	$'000	$'000	$'000	$'000	$'000
Present value of defined benefit obligation	(36,362)	(30,963)	(20,005)	(17,530)	(11,740)
Fair value of plan assets	103,532	74,869	75,060	70,038	64,782
Fund surplus	67,170	43,906	55,055	52,508	53,042
Experience adjustments on plan liabilities	6,281	(1,243)	(2,908)	(605)	(1,732)
Experience adjustments on plan assets	(11,817)	15,332	6,125	6,351	(14,041)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

10 **POST EMPLOYMENT BENEFITS (Cont'd)**

	The Company				
	Defined Benefit Pension Plan				
	2009 $'000	2008 $'000	2007 $'000	2006 $'000	2005 $'000
Present value of defined benefit obligation	(28,571)	(24,770)	(16,004)	(14,024)	(9,513)
Fair value of plan assets	82,826	59,895	60,048	56,031	51,947
Fund surplus	54,255	35,125	44,044	42,007	42,434
Experience adjustments on plan liabilities	5,025	(1,265)	(1,732)	(624)	(1,424)
Experience adjustments on plan assets	(9,453)	12,266	4,277	4,942	11,233

The Group and the Company expect to make contributions of $4.21 million and $3.10 million respectively (2008: $3.47 million and $2.58 million respectively) to the defined benefit plan during the next financial year.

The plan assets do not include any of the Group's own financial instruments, nor any property occupied by or other assets used by the Group.

11 **TRADE AND OTHER RECEIVABLES**

	The Group		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cess receivable	8,268	2,441	6,106	1,878
Fees and other receivables	18,685	22,646	10,429	15,421
	26,953	25,087	16,535	17,299
Less: Allowance for doubtful debts – other receivables	(6,299)	(6,555)	(4,963)	(5,241)
	20,654	18,532	11,572	12,058
Prepayments	4,534	4,744	2,895	2,740
	25,188	23,276	14,467	14,798

The average credit period on services is 30 days. No interest is charged on the trade and other receivables. The Group has provided for receivables over 180 days, because historical experience is such that receivables that are past due beyond 180 days are generally not recoverable.

Included in other receivables however, are debtors with a carrying amount of $80,165 for the Group and nil for the Company (2008: $1.8 million for the Group and $1.7 million for the Company), which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

11 TRADE AND OTHER RECEIVABLES (Cont'd)

Ageing of past due other receivables not impaired

	The Group		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
180 – 365 days	261	993	-	821
Over 1 year	-	816	-	816
	261	1,809	-	1,637

Movement in allowance for doubtful debts on other receivables

	The Group		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Balance at beginning of year	6,555	4,385	5,241	3,457
Impairment losses recognised on receivables	(256)	2,170	(278)	1,784
Balance at end of year	6,299	6,555	4,963	5,241

In determining the recoverability of a receivable, the group considers any change in the credit quality of the receivable from the date credit was granted up to the reporting date. Concentration of credit risk is limited due to the nature of the customer base. Accordingly, management believes that there is no further credit provision required in excess of the allowance for doubtful debts.

Ageing of impaired other receivables

	The Group		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
180 + days	6,299	6,555	4,963	5,241

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

12 **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.

Cash and cash equivalents include:

	The Group		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cash on hand and in banks	9,771	77,520	4,588	45,640
Money market investments denominated in Jamaican dollars at interest rate of 11.55% - 12.25% (2008: 11.85% -12.25%)	6,765	12,829	5,000	9,775
Money market investment denominated in foreign currency US$42,936 (2008: US$75,906) at interest rate 5% - 6% (2008: 5.0% -5.9%)	3,823	8,511	2,385	8,511
	20,359	98,860	11,973	63,926

13 **SHARE CAPITAL**

	2009 No. of shares	2008 No. of shares	2009 $'000	2008 $'000
Authorised:				
Ordinary shares - no par value (see (a) below)	600,000,000	600,000,000		
Preference shares - no par value (see (a) below)	100,000,000	100,000,000		
Issued capital:				
Ordinary shares - no par value	28,050,000	28,050,000		
Preference shares - no par value	33,000,000	33,000,000		
Stated capital				
At January 1			113,590	113,590
Issue of ordinary shares (see (b) below)			55,000	55,000
33,000,000 preference shares at $2.00 each (see (c) below)			66,000	66,000
			234,590	234,590
Less: Redeemable preference shares classified as liabilities as required by IFRS (see (a),(c) below) (Note 17)			(66,000)	(66,000)
At December 31			168,590	168,590

(a) At an extraordinary general meeting of the shareholders held April 17, 2008, a resolution was approved to reclassify the seven hundred million (700,000,000) ordinary shares to six hundred million (600,000,000) ordinary shares and one hundred million (100,000,000) Class 'A' variable redeemable preference shares and that thirty three million (33,000,000) of the one hundred million (100,000,000) variable rate preference shares be allotted by way of a public offer at a price of $2.00 each.

(b) By ordinary resolution dated April 17, 2008, 27,500,000 ordinary shares were issued to its existing shareholders pro-rated to the current holdings by capitalizing $55,000,000 out of the retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

13 **SHARE CAPITAL (Cont'd)**

(c) Preference shares

- The preference shares pay a variable cumulative preferential dividend every three (3) months based on the higher of Government of Jamaica weighted average Treasury Bill yield (having a tenor of between 178 and 184 days) fixed at the beginning of every 6 months period and interest rate paid on open market instruments issued by the Bank of Jamaica that have 180 days tenor.
- These preference shares have no voting rights.

14 **FAIR VALUE RESERVE**

The reserve represents the fair value adjustment relating to available-for-sale investments in securities – other (Note 8.2).

	The Group		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Balance at January 1	(4,008)	(1,102)	(2,653)	(869)
Net adjustment arising on revaluation of available-for-sale financial assets during the year	-	(4,357)	-	(2,675)
Net gain arising from disposal of available-for-sale financial assets	6,011	-	3,979	-
Deferred tax adjustments on available-for-sale financial assets	(2,003)	1,451	(1,326)	891
Balance at December 31	-	(4,008)	-	(2,653)

15 **REVENUE RESERVE**

Reflected in the financial statements of the:

	2009 $'000	2008 $'000
Parent company	261,368	196,208
Subsidiaries	(6,027)	76,166
	255,341	272,374

16 **CONTINGENCY RESERVE**

	The Group and the Company	
	2009 $'000	2008 $'000
a) The transfer from revenue reserve comprises:		
Surplus – Compensation fund before taxation	84,669	51,828
Less:		
Income tax charge for year at 33⅓%	29,363	16,101
Deferred tax adjustment	(4,745)	1,613
	24,618	17,714
	60,051	34,114

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

16 **CONTINGENCY RESERVE (Cont'd)**

a) (Cont'd)

The reserve comprises:

	The Group and the Company	
	2009	2008
	$'000	$'000
Investment before fair value adjustment	545,816	500,994
Fair value adjustments	(1,535)	9,140
Investments in securities (see Note 8.1)	544,281	510,134
Income tax recoverable (payable)	6,394	(7,649)
Deferred tax liability	(20,479)	(25,224)
	530,196	477,261

		2009	2008
		$'000	$'000
b)	Balance at January 1	6,093	4,976
	Net adjustment related to available-for-sale financial assets	1,700	1,676
	Deferred tax on adjustment on revaluation of available-for-sale investments	(566)	(559)
	Net adjustments related to available-for-sale financial assets disposed of during the year	(12,374)	-
	Deferred tax adjustments on disposal of available-for-sale investments	4,124	-
	Balance at December 31	(1,023)	6,093

17 **LONG-TERM LIABILITIES**

	The Group and the Company	
	2009	2008
	$'000	$'000
Preference shares (Note 13)	66,000	66,000

18 **DEFERRED TAX**

This comprises:

	The Group		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Deferred tax assets	11,740	1,754	9,274	732
Deferred tax liabilities	(43,714)	(51,158)	(37,463)	(44,507)
Net position at December 31	(31,974)	(49,404)	(28,189)	(43,775)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

18 **DEFERRED TAX (Cont'd)**

The movement in the net deferred tax position was as follows:

	The Group		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
At January 1	(49,404)	(33,380)	(43,775)	(48,130)
(Charged) Credited to income for the year (Note 27)	15,875	(16,916)	13,354	4,023
(Charged) credited to fair value reserve for the year	(2,003)	1,451	(1,326)	891
Credited (charged) to contingency reserve for the year	3,558	(559)	3,558	(559)
At December 31	(31,974)	(49,404)	(28,189)	(43,775)

The following are the deferred tax assets and deferred tax liabilities recognised by the Group during the year:

Deferred Tax Assets

	The Group					The Company		
	Interest Payable $'000	Accrued Vacation $'000	Unrealised Loss on Investments $'000	Tax Loss $'000	Total $'000	Accrued Vacation $'000	Interest Payable $'000	Total $'000
At January 31, 2008	-	632	117	19,970	20,719	614	-	614
Credited to fair value reserve for the year	-	-	560	-	560	-	-	-
(Charged) Credited to income for the year	-	245	-	(19,770)	(19,525)	118	-	118
At January 1, 2009	-	877	677	200	1,754	732	-	732
Charged to fair value reserve for the year	-	-	(677)	-	(677)	-	-	-
(Charged) Credited to income for the year	8,715	(161)	-	2,109	10,663	(173)	8,715	8,542
At December 31, 2009	8,715	716	-	2,309	11,740	559	8,715	9,274

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

16 DEFERRED TAX (Cont'd)

Deferred Tax Liabilities

	The Group					The Company				
	Capital Allowance in excess of Depreciation $'000	Interest Receivable $'000	Unrealised Gains in Investment in Securities $'000	Retirement Benefit Assets $'000	Total $'000	Capital Allowance in excess of Depreciation $'000	Interest Receivable $'000	Unrealised Gains in Investment in Securities $'000	Retirement Benefit Assets $'000	Total $'000
At January 1, 2008	(8,369)	(13,732)	(16,349)	(15,649)	(54,099)	(6,585)	(13,291)	(16,349)	(12,519)	(48,744)
(Charged) Credited to income for the year	3,541	2,091	(4,457)	1,434	2,609	3,045	2,523	(2,810)	1,147	3,905
Credited to fair value reserve	-	-	891	-	891	-	-	891	-	891
Charged to contingency reserve	-	-	(559)	-	(559)	-	-	(559)	-	(559)
At January 1, 2009	(4,828)	(11,641)	(20,474)	(14,215)	(51,158)	(3,540)	(10,768)	(18,827)	(11,372)	(44,507)
(Charged) Credited to income for the year	929	3,649	317	317	5,212	668	3,309	581	254	4,812
Charged to fair value reserve	-	-	(1,326)	-	(1,326)	-	-	(1,326)	-	(1,326)
Credited to contingency reserve	-	-	3,558	-	3,558	-	-	3,558	-	3,558
At December 31, 2009	(3,899)	(7,992)	(17,925)	(13,898)	(43,714)	(2,872)	(7,459)	(16,014)	(11,118)	(37,463)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

19 ACCOUNTS PAYABLE

	The Group		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Accruals and other payables	65,553	254,276	53,444	239,586

20 BORROWINGS

	The Group		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Pan Caribbean Financial Services Limited (interest rate - 23% - 25.75%)	91,989	-	91,989	-

This relates to a reverse repurchase agreement payable on demand.

21 OTHER OPERATING INCOME

	The Group		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Regional conference	12,180	13,255	12,180	13,255
Dividend received from subsidiary	-	-	77,000	-
Other	21,285	33,806	32,217	33,626
	33,465	47,061	121,397	46,881

22 STAFF COSTS

	The Group		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Salaries and other employee benefits	108,704	100,717	82,173	75,597
Statutory contributions	6,116	6,903	4,133	5,193
Retirement benefit charge	5,302	7,610	4,760	5,820
	120,122	115,230	91,066	86,610

23 INVESTMENT INCOME

	The Group		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
23.1 Investment income includes:				
Interest income	95,038	71,481	81,647	61,474
Foreign exchange gains	15,389	19,546	10,294	13,165
Loss on disposal of available-for-sale investments	(6,011)	-	(3,979)	-
	104,416	91,027	87,962	74,639

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

23 INVESTMENT INCOME (Cont'd)

	The Group		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
23.2 Investment income earned, analysed by category of financial asset is as follows:				
Held to maturity	76,409	76,952	70,490	64,861
Loans and receivables	3,751	14,075	3,593	9,778
Available-for-sale	24,256	-	13,879	-
	104,416	91,027	87,962	74,639

24 COMPENSATION FUND INCOME (NET)

	The Group and the Company	
	2009	2008
	$'000	$'000
Income:		
Interest income	73,443	57,594
Gain on disposal of available-for-sale investments	13,879	-
Foreign exchange gains	16,573	13,135
	103,895	70,729
Expenses:		
Administrative charges	(19,226)	(18,901)
	84,669	51,828

25 FINANCE COST

	The Group and the Company	
	2009	2008
	$'000	$'000
Interest on preference dividends	13,391	6,013
Interest on short-term borrowings	26,144	-
	39,535	6,013

26 SURPLUS BEFORE TAXATION

Surplus before taxation is stated after taking into account the following:

	The Group		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Income:				
Interest	95,038	71,481	81,647	61,474
Expenses:				
Directors' fees	8,566	8,689	7,137	7,109
Audit fees	5,039	4,400	3,200	2,900
Depreciation of property, and equipment	10,428	11,774	8,219	9,576
Amortisation of intangible assets	3,135	5,203	2,281	4,374
Interest on long-term liabilities	13,391	6,013	13,391	6,013
Interest on short-term borrowings	26,144	-	26,144	-

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

27 TAXATION

27.1 Recognised in statement of comprehensive income

(i) The charge for the year represents:

	The Group		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Current tax	37,665	86,200	37,665	60,200
Deferred tax (Note 18)	(15,875)	16,916	(13,354)	(4,023)
	21,790	103,116	24,311	56,177

(ii) The charge for the year reconciled to the surplus as per the statement of comprehensive income as follows:

	The Group		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Surplus before taxation	64,808	310,819	149,520	169,921
Tax at the domestic income tax rate of 33⅓%	21,602	103,606	49,840	56,640
Tax effect of items that are not deductible in determining taxable profit	311	1,173	311	1,173
Tax effect of items allowed for tax purposes	-	(1,641)	(25,667)	(1,636)
Other	(123)	(22)	(173)	-
	21,790	103,116	24,311	56,177

At the end of the reporting year, the subsidiaries had tax losses aggregating $6.9 million (subject to agreement of the Commissioner, Taxpayer Audit and Assessment) which are available for set-off against future taxable profits.

A deferred tax asset has been recognised in respect of these losses (Note 18) as management expects adequate future profits to recover the asset.

27.2 Recognised directly in equity

	The Group		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Fair value adjustments	1,554	892	2,231	332

28 NET SURPLUS OF THE GROUP FOR THE YEAR

Reflected in the financial statements of the:

	2009	2008
	$'000	$'000
Parent company	48,211	113,744
Subsidiary	(5,193)	93,959
	43,018	207,703

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

29 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the distributable surplus derived from operations, by the weighted average number of ordinary shares in issue.

	2009	2008
(Deficit) surplus derived from operations - distributable ($'000)	(17,033)	173,589
Weighted average number of ordinary shares (see below)	28,050	28,050
Basic earnings per share	($0.61)	$6.19

30 SEGMENT REPORTING

The Group is organized into four main business segments.

(a) Exchange operations - The operation and regulation of the Stock Exchange.

(b) Depository - Services in connection with transferring and holding of securities, shares, stocks, bonds and debentures.

(c) Investments – Compensation Fund - Income derived from investing activities of the Compensation Fund.

(d) Investments – Other - Income derived from investing activities of the Group with the exception of (c) above.

(e) Other - Trustee, custodianship, company management and other activities.

The Group's operations are located solely in Jamaica.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

30 SEGMENT REPORTING (Cont'd)

	2009						
	Exchange $'000	CSD $'000	Investments Compensation Fund $'000	Investments Other $'000	Other $'000	Eliminations $'000	Group $'000
External revenue	79,145	40,795	84,669	104,416	127,234	(88,203)	348,056
Total revenue	79,145	40,795	84,669	104,416	127,234	(88,203)	348,056
Result							
Segment result	16,514	(13,045)	84,669	104,416	80	(88,291)	104,343
Finance cost	(39,535)	(11,203)	-	-	-	(11,203)	(39,535)
Profit before taxation							64,808
Taxation							(21,790)
Profit for the year							43,018
Other information							
Capital additions	14,863	-	-	-	-	-	14,863
Depreciation and amortisation	10,501	3,063	-	-	-	-	13,564
Assets							
Segment assets	287,634	41,150	544,281	451,901	3,598	(118,921)	1,209,643
Consolidated total assets							1,209,643
Liabilities							
Segment liabilities	239,622	75,061	-	-	3,320	(62,487)	255,516
Consolidated total liabilities							255,516

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

30 SEGMENT REPORTING (Cont'd)

	2008						
	Exchange	CSD	Investments Compensation Fund	Investments Other	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenue	235,659	186,406	51,828	91,027	48,205	-	613,125
Total revenue	235,659	186,406	51,828	91,027	48,205	-	613,125
Result							
Segment result	34,296	125,119	51,828	91,027	14,562	-	316,832
Finance cost							(6,013)
Profit before taxation							310,819
Taxation							(103,116)
Profit for the year							207,703
Other information							
Capital additions	7,977	1,600	-	-	-	-	9,577
Depreciation and amortisation	13,950	3,027	-	-	-	-	16,977
Assets							
Segment assets	265,775	64,008	510,134	550,793	2,130	(60,212)	1,332,628
Consolidated total assets							1,332,628
Liabilities							
Segment liabilities	379,832	41,256	-	-	1,904	(4,581)	418,411
Consolidated total liabilities							418,411

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

31 RELATED PARTY TRANSACTIONS/BALANCES

31.1 During the year the Group and the company had the following transactions with related party in the normal course of business.

	The Group		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Pan Caribbean Financial Services Limited				
Interest expenses	26,144	-	26,144	-
Borrowings	132,000	-	132,000	-
Jamaica Central Securities Limited				
Interest income	11,203	-	11,203	-

31.2 Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	The Group		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Short-term benefits	30,591	38,488	19,050	26,800
Post employment benefits	1,662	1,531	987	826
	32,253	40,019	20,037	27,626

31.3 Loans to related parties

	The Group		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Loans to key management personnel	2,950	2,700	1,695	1,667

32 COMMITMENTS

Capital commitments

Capital commitments as at December 31, 2009, amounted to $8.6 million and were in relation to computer hardware (2008: $1.9 million in relocation to computer software applications).

33 FINANCIAL INSTRUMENTS

33.1 ***Capital risk management***

The capital structure of the Group consists of equity attributable to the shareholders of the parent company comprising issued capital; including preference capital, reserves, retained earnings and cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

33 FINANCIAL INSTRUMENTS (Cont'd)

33.1 *Capital risk management (Cont'd)*

The Group's objectives when managing its capital structure, which is a broader concept than the equity on the face of the statement of financial position are:

i) To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits for other stakeholders; and

ii) Maintain a strong capital base to support the business development.

The Group's overall strategy remains unchanged from 2008.

33.2 *Significant accounting policies*

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in Note 3 to the financial statements.

33.3 *Categories of financial instruments*

	The Group		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Financial assets				
Held-to-maturity investments	884,014	720,788	801,696	640,105
Available-for-sale financial assets	12,166	66,981	12,166	58,013
Loans and receivables (including cash and cash equivalents)	136,925	394,710	185,447	334,172
	1,033,105	1,182,479	999,309	1,032,290
Financial liabilities				
Amortised cost	213,111	320,276	211,433	305,586

33.4 *Financial risk management objectives*

The Group's Investment Committee is responsible for recommending to the Board of Directors, through the Audit and Finance Committee, uniform investment decisions, policies and procedures. The specific duties of the Investment Management Committee are to receive and review data on current market conditions and economic outlook; review various risk reports submitted including fair value, interest rate risk, liquidity risk, currency risk, and market risk; review monthly report on portfolios and establish quarterly investment portfolio strategies. The Group does not enter into or trade financial investments, including derivative financial instruments for speculative purposes.

33.5 *Market risk*

The Group's investment activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and price movements (see Notes 33.6, 33.7 and 33.8). The Group manages its risk through extensive research and monitors the risk exposures on the local and international markets.

There has been no change to the manner in which the Group manages and measures this risk.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

33 FINANCIAL INSTRUMENTS (Cont'd)

33.6 *Foreign currency risk management*

The Group undertakes certain investment transactions denominated in currencies other than the Jamaican dollar. Exchange rate exposures are managed within approved policy parameters, maintaining a manageable balance in the types of investments.

The following balances held in United States dollars are included in these financial statements:

	The Group		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Investment securities	282,969	303,093	228,800	254,806
Cash and cash equivalents	3,822	1,318	2,385	1,318
Net exposure	286,791	304,411	231,185	256,124

33.6.1 Foreign currency sensitivity analysis

The Group's investment portfolio is exposed to the United States dollar. The Group's sensitivity to a 2% increase or 5% decrease in the Jamaican dollar against the United States dollar is the sensitivity rate used when reporting foreign currency risk internally to the key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate.

The sensitivity of the 2% (2008: 5%) increase or 5% (2008: 5%) decrease in the Jamaican dollar on the net United States dollar exposure would be an decrease of profits by J$5.7 million (2008: J$15.2 million) or an increase of profits by J$14.3 million (2008: J$15.2 million).

The foreign currency sensitivities have varied due to the sensitivity rates used and the increase in the level of investment securities held in foreign currency.

33.7 *Interest rate risk management*

The Group's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

Interest rate sensitivity have been determined based on the exposure to interest rates for the Group's investment in securities at the end of the reporting year as these are substantially the interest sensitive instrument impacting financial results. For floating rate assets, the analysis assumes the amount of asset outstanding at year end was outstanding for the whole year. A 200 basis point increase or 600 basis points decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates. In 2008 the assumption was 100 basis points increase or decrease.

If market interest rates had been 200 basis points higher or 600 basis points lower and all other variables were held constant:

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

33 FINANCIAL INSTRUMENTS (Cont'd)

33.7 *Interest rate risk management (Cont'd)*

	The Group		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Effect on net surplus increase/decrease 100 basis points	-	3,297	-	2,985
Effect on net surplus increase 200 basis points	8,032	-	7,413	-
Effect on net surplus decrease 600 basis points	23,787	-	22,239	-

The Group's and the Company's sensitivity to interest rates has increased during the current year as the Group had a decrease in the number of variable rate financial instruments.

33.8 *Price risk management*

The Group is exposed to price risks arising from unit trust investments. Unit trust investments are held for strategic rather than for trading purposes. The Group does not actively trade these investments.

Price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to unit trust price risks at the reporting date. If unit trust prices had been $1 higher/lower and all other variables were held constant:

	The Group		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Effect on fair value reserve	-	1,963	-	1,331
Effect on contingency reserve	819	3,530	819	3,530

The Group's and the company's sensitivity to price has decreased significantly as a number of available-for-sale assets were disposed of during the financial year.

33.9 *Credit risk management*

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. In relation to bank accounts and investments securities, the Group, as a policy, deals with credit worthy counterparties, to minimize credit risk exposures.

Trade receivables consist of broker members of the Group and accordingly mitigates against credit risk in relation to such receivables. In the case of other receivables, ongoing credit evaluation is performed on the financial conditions of those receivables.

The carrying amount of financial assets recorded in the financial statements (as disclosed in Note 33.3), which is net of impairment losses, represents the group's maximum exposure to credit risk.

33.10 *Liquidity risk management*

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities, by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

33 FINANCIAL INSTRUMENTS (Cont'd)

33.10 ***Liquidity risk management (Cont'd)***

33.10.1 Liquidity and interest rate tables

The following table details the Group's and the Company's contractual maturity for its non-derivative financial assets and financial liabilities. The tables below have been drawn up based on undiscounted contractual maturities of financial assets including interest that will be earned on those except where the Group and the Company anticipates that the cash flows will occur in a different period, and in the case of financial liabilities, based on the earliest date on which the Group and the Company can be required to pay.

	The Group						
	Weighted average effective interest rate %	Less than 1 month $'000	1 to 3 Months $'000	3 months to 1 year $'000	1 to 5 Years $'000	Over 5 years $'000	Total $'000
2009							
Financial assets							
Non-interest bearing		18,697	3,331	-	-	-	22,028
Variable interest rate instruments	17	47,627	85,779	173,924	330,615	134,698	772,643
Fixed interest rate instruments	15	12,056	-	72,598	191,445	274,682	550,781
		73,380	89,110	246,522	522,060	409,380	1,345,452
Financial liabilities							
Non-interest bearing		40,139	-	-	-	-	40,139
Interest bearing loan	15.8	119,371	-	-	-	-	119,371
Redeemable preference shares	17	-	2,757	6,825	87,827	-	97,409
		147,069	2,757	6,825	87,827	-	256,919
2008							
Financial assets							
Non-interest bearing		30,584	44,169	-	-	-	74,753
Variable interest rate instruments	15.75	-	134,090	145,300	477,797	7,444	764,631
Fixed interest rate instruments	14.5	3,053	6,954	31,206	376,876	259,186	677,275
		33,637	185,213	176,506	854,673	266,630	1,516,659
Financial liabilities							
Non-interest bearing		253,335	-	-	-	-	253,335
Redeemable preference shares	14.75	-	3,265	9,735	101,675	-	114,315
		253,335	3,265	9,735	101,675	-	367,650

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

33 **FINANCIAL INSTRUMENTS (Cont'd)**

33.10 ***Liquidity risk management (Cont'd)***

33.10.1 Liquidity and interest rate tables (Cont'd)

	The Company						
	Weighted average effective interest rate %	Less than 1 month $'000	1 to 3 Months $'000	3 months to 1 year $'000	1 to 5 Years $'000	Over 5 years $'000	Total $'000
2009							
Financial assets							
Non-interest bearing		12,165	-	-	-	-	12,165
Variable interest rate instruments	16.5	47,627	74,614	173,924	306,123	134,698	736,986
Fixed interest rate instruments	15	8,082	-	62,245	161,603	245,182	477,114
		67,874	74,614	236,169	467,726	379,880	1,226,265
Financial liabilities							
Non-interest bearing		25,227	-	-	-	-	25,227
Interest bearing loan	15.8	119,371	-	-	-	-	119,371
Redeemable preference shares	17	-	2,757	6,825	87,827	-	97,409
		144,598	2,757	6,825	87,827	-	242,007
2008							
Financial assets							
Non-interest bearing		23,748	12,880	-	-	-	36,628
Variable interest rate instruments	16.5	-	134,090	118,569	442,652	-	695,311
Fixed interest rate instruments	15	-	6,954	13,428	339,379	230,400	590,161
		23,748	153,924	131,997	782,031	230,400	1,322,100
Financial liabilities							
Non-interest bearing		239,587	-	-	-	-	239,587
Redeemable preference shares	14.75	-	3,265	9,735	101,675	-	114,675
		239,587	3,265	9,735	101,675	-	354,262

The disclosures provided in this note are based on the investment portfolio as at December 31, 2009. As described in Note 34, the company participated in the Jamaica Debt Exchange (JDX) which may result in significant changes to the company's investment portfolio and the future cash flows.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

33 FINANCIAL INSTRUMENTS (Cont'd)

33.11 *Fair value of financial instruments*

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. A market price, where an active market (such as a recognised stock exchange) exists, is the best evidence of the fair value of a financial instrument. Where market prices are not available for some of the financial assets and liabilities of the group, the fair values in the financial statements have been presented using various estimation techniques based on market conditions existing at balance sheet date. Generally, judgement is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented in these financial statements are not necessarily indicative of the amounts that the Group would realise in a current market exchange.

The following methods and assumptions have been used:

(i) Financial assets classified as available-for-sale are measured at fair value by reference to quoted market prices.

(ii) The fair value of variable rate financial instruments is assumed to approximate their carrying amount.

(iii) The fair value of fixed rate financial instruments is estimated using present value or other estimation techniques based on market conditions on similar instruments at balance sheet date.

(iv) The carrying amount of liquid assets and other assets maturing within one year is assumed to approximate their fair value. This assumption is applied to liquid assets and the other short-term elements of all other financial assets and liabilities.

Except as detailed in the following tables, management considers that the carrying amounts of financial assets and financial liabilities in the financial statements approximate their fair values.

Fair value of financial instruments carried at amortised cost in the statement of financial position.

	The Group			
	2009		2008	
	Carrying Value $'000	Fair Value $'000	Carrying Value $'000	Fair Value $'000
Financial assets				
Compensation fund Held-to-maturity	444,780	457,290	227,460	204,222
Other				
Held-to-maturity	440,100	449,912	493,328	459,295

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

33 **FINANCIAL INSTRUMENTS (Cont'd)**

33.11 ***Fair value of financial instruments (Cont'd)***

	The Company			
	2009		2008	
	Carrying Value $'000	Fair Value $'000	Carrying Value $'000	Fair Value $'000
Financial assets				
Compensation fund Held-to-maturity	444,780	457,290	227,460	204,222
Other				
Held-to-maturity	357,824	352,365	412,645	380,452

Fair value measurement recognized in the statement of financial position in respect of investments in unit trusts (classified as available-for-sale) is derived from quoted prices in the market for those units.

34 **SUBSEQUENT EVENT**

On January 14, 2010 the Government of Jamaica (GOJ) invited holders of certain domestic debt instruments to voluntarily participate in the Jamaica Debt Exchange (JDX) programme. The stated objectives of the programme are to reduce the cost, as well as lengthen the maturity profile, of GOJ's domestic debt portfolio. Under the JDX, GOJ intends to retire certain existing debt instruments ("Old Notes") and issue new debt instruments ("New Notes") with an increased maturity profile and at rates of interest lower than the rates of interest on the existing debt instruments.

At December 31, 2009, the Group's and the company's investment portfolio included investment in GOJ debt instruments with a nominal value of $609.9 million (including US$662,400) for the Group and $564.4 million (including US$362,400) for the company. These are stated at amortized cost of $640.2 million for the Group and $593.5 million for the company in the statement of financial position.

The company has accepted the invitation to participate in the exchange and awaits the conclusion of the JDX by the Government of Jamaica. Upon completion, the company's portfolio of Old Notes will be replaced with a portfolio of New Notes on a "par for par" basis such that the principal amounts that would have been received at maturity provided by the Old Notes are equal to the corresponding amounts to be received from the New Notes. The gain or loss on disposal of the Old Notes, which will also include any unamortized discounts or premiums as at the settlement date, will be recognized in the statement of comprehensive income for year ending December 31, 2010. Concerning the defined benefit pension plan for employees of the Group and the Company, the JDX may also have an impact on defined benefit obligation of the Group.

Products Offered by JSE

Remote Observer

The Real Time Market Watch or the Remote Observer is another exciting feature of the Jamaica Stock Exchange which allows investors to view real time trading activities at their convenience. This product has endless possibilities for those who take the stock market seriously, and abounds with the following features:

- It allows the client to be on the cutting edge of technology.
- Clients will be able to monitor daily activities of the market in real time giving them a distinct competitive advantage.
- Clients will have ready access to market information and will therefore be able to make informed decisions.
- Clients watching the activities can negotiate sale and purchase fees of securities, thus lowering their transaction cost.
- Clients can know if their brokers are executing their requests.

This product is proven to provide significant benefits to the client and is a viable source of revenue for the Stock Exchange, especially when the market is bullish.
The remote Observer is the only product on the market that offers real time information on trading on the Jamaican Stock Market and attracts customers both locally and internationally.
This product is designed to meet the needs of:

i. Companies involved in pension funds management: (The contact will be established with CEOs, Managing Directors and the Pension Funds Managers).
ii. Companies that invest in securities.
iii. Middle-to-upper class professionals who invest in the Stock Market as the means to create a solid retirement plan.
iv. CEOs and MDs especially those of listed companies who have an avid interest in the stock market.
v. CEO's and MDs of potential listed companies
vi. Broker members

Banner Ad

The Stock Exchange's revamped website www.jamstockex.com has a totally new look and feel and has become an exciting vehicle for companies to keep in touch with their upwardly mobile clientele.

The Jamaica Stock Exchange's website receives over 110,000 hits per day from many local and international visitors who use our site repeatedly to check the daily trade sheets, as well as other information. This product offers an excellent opportunity for companies and institutions to connect with their target market. It is a well-known fact that advertising works best when targeted to a specific audience. Hence the JSE's Banner Ad is that medium of choice which provides product exposure to existing and potential investors.

Online Statements

Twice yearly, the JCSD sends out statements showing client's transactions and trading activity of their invested securities. In response to the demands of clients to supply more current and ready information on their accounts, the JCSD is now pleased to offer you the JCSD online statement. This facility will give clients access to their statements whenever they want it!
What will the On-line Statement Show?

- Account holders who access this statement on-line will be able to see transactions conducted from December 31, 2004 onwards.
- Whether or not clients choose to print their statement or view it on-line, the information will appear in the same format.
- Clients will be able to stipulate what transaction they wish to view or print.
- Clients will see a quick look-up of their holdings as at the current date.
- Clients will have access to all their active accounts in the JCSD.

Tickers
The JSE produces two types of tickers namely the "**Desk Top Ticker"** and the "**Website Ticker".**

Desk Top Ticker
The Desk Top ticker is appropriate for clients working at a remote station and need to access summarized market information. "**The Desk Top Ticker"** is a summary of trading taking place on the market compiled as a crawl across a computer screen. It gives the distinct advantage of allowing the client to view the information, without disruption of work.
This is a reliable way for clients to keep in touch with the performance of the market and most importantly, the performance of their stock on a timely basis.

Website Ticker
This ticker is appealing to companies, web administrators and media houses. It is the ideal product to attract both local and international investors to the client's site. Investors are always seeking information on the performance of the market and once they are aware of a particular site which supplies this information they will make frequent visits to that site. A "**Website Ticker"** site will also attract visits from new customers seeking market report information.

Publications

JSE's e-Learning Campus
JSE's e-Learning Campus is a web based e-learning system that will allow students to attend courses online. Lessons will be interactive with video and audio clips of lecturers. Students will be able to read content, view or print e-books, do tests and other exercises relating to a specific course. Additionally, students will be able to bookmark position in each course and resume the course at anytime. The system will track usage, track scores from tests, issue certificates, and allow students to interact with lecturers. Students will also get a chance to meet with lecturers and tutors face-to-face.

Our e-Campus will commence by offering the JSE's Post-Graduate Diploma in Financial Securities Management. This programme is a continuing professional education course for participants operating in the capital markets, dealing in investment products and for professionals in the financial services sector.

PocketBook

This annual publication is a compendium of facts, figures, charts and other illustrations showing the performance of the Jamaican stock market for the previous year. It contains invaluable research material for potential investors locally and abroad as well as for financial planners and managers.

The Pocketbook is distributed to our subscribers, both locally and internationally and is posted on the JSE's website which averages at least ***3,357,904*** hits per month. This has opened for advertisers, a new window of opportunity to enter the overseas market and in particular to reach Jamaicans living abroad.

Stock Market Review

This magazine is the perfect advertising vehicle for reaching existing and potential clients who invest in the stock market. The publication is timely and contains indicators of market performance as well as pertinent news on market development.

The magazine is published quarterly and circulated free of cost to subscribers and other interested clients in Jamaica and abroad. It also appears on the Jamaica Stock Exchange's website which enjoys thousands of visitors daily.

Year Book

This annual publication is a sought after collection of information showing the performance of the Jamaican stock market for the previous year. The distinguishing features of the Year Book are:

- ✓ A snapshot of the financials of the Listed Companies
- ✓ Comparative figures on companies' financials
- ✓ Comparative figure for market statistics such as Market Capitalization, Volume, Top Ten Companies by Value and Volumes

This publication is invaluable research material for potential investors locally and abroad as well as for financial planners and managers.

The Year Book is distributed to our subscribers, both locally and internationally and is posted on the JSE's website which averages some ***3,357,904*** hits per month.

Brokerages & Contact Information

BARITA INVESTMENTS LTD.
15 St. Lucia Way,
Kingston 5
Phone: 926-2681-2 / 926-2686
Fax: 929-8432
e-mail: barita@cwjamaica.com

SCOTIA DBG INVESTMENTS LTD.
7 Holborn Road,
Kingston 10
Phone: 960-6699 / 968-3365
Fax: 960-3984
e-mail: info@scotiadbg.com

JMMB SECURITIES LTD.
11 Knutsford Boulevard,
Kingston 5
Phone: 920-5039 / 920-4720
Fax: 960-8106
e-mail: info@jmmbsecurities.com

FIRST GLOBAL FINANCIAL SERVICES LTD.
2 St. Lucia Avenue,
Kingston 5
Phone: 926-1275
Fax: 926-1279 / 929-6436
e-mail: fgfs@gkco.com

MAYBERRY INVESTMENTS LTD.
1 ½ 0xford Road,
Kingston 5
Phone: 929-1908-9
Fax: 929-1501 / 920-2103
e-mail: feedback@mayberryinv.com

PAN CARIBBEAN FINANCIAL SERVICES LTD.
60 Knutsford Boulevard,
Kingston 5
Phone: 929-5583/4
Fax: 926-0555
e-mail: options@gopancaribbean.com

M/VL STOCKBROKERS LTD.
2-6 Grenada Crescent,
Kingston 5
Phone: 960-1570 / 926-4319
Fax: 960-1571
e-mail: mvl@wtjam.net

NCB CAPITAL MARKETS LTD.
32 Trafalgar Road, 3rd Floor
Kingston 10
Phone: 960-7108 Fax: 960-7649
TOLL FREE: 1-888-4-WEALTH
e-mail: info@ncbcapitaimarkets.com

STOCKS AND SECURITIES LTD.
24-26 Grenada Crescent,
Kingston 5
Phone: 929-3261 / 929-3400
Fax: 929-4825
e-mail: info@gostocksandsecurities.com

VICTORIA MUTUAL WEALTH MANAGEMENT LTD.
52 - 60 Grenada Crescent,
Kingston 5
Phone: 960-5000 - 3
Fax:960-4972
e-mail: spaimer@vmbs.com

CAPITAL & CREDIT SECURITIES LTD.
18 Trafalgar Road,
Kingston 10
Phone: 946-1770
Fax: 978-8005
e-mail: info@capital-credit.com

Jamaica Stock Exchange
Yearly Trading Summary (1973-2009)

YEAR	YEAR-END MARKET CAPITAL JA$(000)	NO. OF LISTED COMPANIES	VOLUME TRADED (000)	VALUE TRADED JA$(000)	YEAR-END JSE INDEX	YEAR-END ALL JA COMPOSITE	YEAR-END JSE SELECT	NO. OF TRANS.	NO. BROKERS
1973	203,649	41	9,450	7,811	78.94			4,525	5
1974	129,656	40	19,400	10,660	61.97			2,679	4
1975	126,472	38	6,930	5,335	66.22			2,104	4
1976	106,426	43	5,650	2,827	55.72			1,170	4
1977	89,776	43	2,185	1,293	46.99			459	6
1978	93,494	40	13,818	10,093	49.28			583	6
1979	109,600	39	4,833	2,217	59.28			420	5
1980	124,149	41	7,390	5,101	69.83			502	5
1981	225,761	33	4,198	3,332	152.23			799	5
1982	315,964	32	5,542	10,156	211.16			1,375	5
1983	359,199	32	5,185	9,820	240.38			1,566	5
1984	697,729	32	9,744	26,017	461.10			2,117	5
1985	1,456,590	33	37,640	117,146	941.50			3,049	6
1986	3,085,766	36	59,252	374,617	1,499.87			6,691	8
1987	3,468,661	41	71,877	399,971	1,515.09			11,187	8
1988	4,290,291	44	43,522	136,739	1,439.22			6,446	8
1989	6,228,384	44	95,202	516,456	2,075.85			13,892	8
1990	7,321,285	44	57,960	230,782	2,539.36			8,691	9
1991	22,214,715	44	144,258	1,156,609	7,681.50			24,072	9
1992	76,974,281	48	395,606	4,687,337	25,745.88			49,791	9
1993	41,879,310	48	567,454	8,346,770	13,099.68			55,519	9
1994	58,018,064	50	741,754	5,155,463	16,676.74			43,144	10
1995	50,755,753	51	3,565,607	11,560,485	14,266.99			42,600	10
1996	66,116,257	50	560,528	4,629,395	16,615.99			23,189	8
1997	79,619,594	49	905,387	4,594,108	19,846.66			18,623	8
1998	79,038,726	47	604,545	2,064,243	20,593.33			13,748	8+
1999	104,041,538	44	520,531	2,218,714	21,892.58			9,256	6
2000	160,135,746	44	694,897	3,441,081	28,893.24	26,894.76	883.67	21,066	6
2001	222,006,166	42	2,845,199	5,948,358	33,835.59	32,508.99	1,015.26	20,979	10
2002	292,297,900	40	1,604,591	7,636,877	45,396.21	46,142.81	1,450.34	26,999	10
2003	512,884,380	41	4,290,433	24,237,330	67,586.72	55,629.64	1,697.87	35,954	10
2004	879,297,296	40	5,194,558	35,994,853	112,655.51	116,218.38	3,176.62	86,875	11
2005	839,852,762	41	2,498,028	40,746,681	104,510.38	104,941.62	2,859.62	75,001	11
2006	822,862,351	44	5,639,412	37,040,992	100,678.00	107,213.42	2,942.88	41,921	11
2007	876,690,610	44	2,433,488	29,047,425	107,968.00	106,782.82	2,928.98	38,621	11
2008	597,277,036	45	2,953,011	67,026,871	80,152.03	73,994.96	1,984.74	30,323	11
2009	544,882,559	44	1,764,894	12,189,895	83,321.96	70,995.77	1,896.05	16,099	11

+ Six (6) active Brokers

* The All Jamaican Composite started on the May 1, 2000 at 31,931.32 points

* JSE Select started on the June 1, 2000 at 1,000 points

(Cont'd on next page)

JAMAICA STOCK EXCHANGE
YEARLY TRADING SUMMARY JUNIOR MARKET (2009)

YEAR	YEAR-END MARKET CAPITAL JA$(Million)	NO. OF LISTED COMPANIES	VOLUME TRADED	VALUE TRADED	NO. OF TRANS.	NO. BROKERS	YEAR-END JSE JNR MARKET INDEX
2009	755.17	1	62,248	1,531,915	14	11	150.01

Corporate Information

Registered Office: The Jamaica Stock Exchange &
The Jamaica Central Securities Depository
40 Harbour Street
P.O. Box 1084
Kingston.
Telephone: (876) 967-3271-2

Fax: (876) 922-6966

Bankers National Commercial Bank
Cnr. Duke & Barry Streets
Kingston.

Attorneys-at-law Livingston, Alexander & Levy
72 Harbour Street, Kingston

Auditors Deloitte & Touche
7 West Avenue
Kingston 4.

Website Address www.jamstockex.com

E-Mail Address jse-info@jamstockex.com

Jamaica Stock Exchange Statement of Corporate Governance Principles & Practices

PREAMBLE

The Jamaica Stock Exchange recognizes that as a national self-regulatory organization with a mission to ensure and promote a fair and efficient stock market, it must embrace and practice sound corporate governance. These principles and the attendant structures should serve the best interest of all stakeholders and emphasize the highest standards of transparency, oversight and independence.

The intent is to protect the investing public while advancing the interests of owners and members. Confidence in the stock market will be enhanced by the clear demarcation of regulatory and normal operational functions.

These practices are consistent with world best practices and adhere to the relevant legal and regulatory framework. The corporate governance core practices of the JSE are rooted in the acceptance of the following principles:

1. Corporate Governance should establish a clear foundation for Management and Board oversight. The role and responsibilities of Board and Management should therefore be clearly outlined to facilitate accountability.
2. The Board of Directors should be structured and selected to ensure effectiveness, independence and protection of the public's interests through appropriate selection and operating processes.
3. Ethical standards and responsible decision-making should be promoted.
4. Governance should ensure that there is accurate, timely and full financial and governance reporting with strong internal controls and risk management.
5. Material information regarding the company's operations should be disclosed in a timely manner to the public and regulatory entities.
6. There should be regular reviews of Board and Management performance to enhance effectiveness.
7. Remuneration should be fair to attract and retain competent skills, and reward consistent with performance objectives.
8. The interests of stakeholders should be carefully balanced, protected and promoted

ISSUES	DESCRIPTION/PRINCIPLE
Board Issues	
Accountability to shareholders/stakeholders	The JSE is a public company with public responsibility. It must balance the interest of all stakeholders to foster a fair, efficient and transparent market.
Mission and Responsibility	The Board members have the responsibility to attend meetings and familiarize themselves with, and make decisions on issues within their purview.
Elections	The provisions for elections of members are set out in the Memorandum & Articles of the JSE and stipulate election of members on an annual basis. Interest groups identified by the Board will propose independent members to the Nominating Committee. Where an interest group fails to make a nomination, the Nominating Committee will propose directors for election.
Orientation and Training	Training is made available to directors upon appointment to the Board. The Exchange will organize orientation and training for any director within three (3) months of appointment to the Board. The Board will pursue a programme of continuous training and development, with emphasis placed on members chairing committees.
Access to Information	The Board considers the provision of good quality, timely and accurate information as a significant priority in company procedures. Management has a responsibility to provide the Board with any information that will allow members to properly carry out its responsibilities.
Disclosure of Directors Biographical Information	Sufficient biographical data with the names of all directors, nominated or elected, will be presented to shareholders and directors. This allows for the proper selection of members to specific committees.
Composition	Board members will be drawn from different interest groups and from member-dealers. Representation should reflect the diversity of stakeholders and the needs of the Company. The Board shall be comprised of member dealers, an equal number of independent directors and an independent chairman.
Multiple Board Seats	Members must declare appointments to other companies. They must, at the beginning of the year, and as many times as their positions change, give a written declaration to the Board of the Exchange with pertinent information about the other Boards on which they serve.
Chairman & CEO	Any decision to combine these two positions must be justified.
Independence Directors	No director qualifies as an independent director unless the Board determines that the director has no material relationship that could interfere with the independent judgment of that member.

Jamaica Stock Exchange Statement of Corporate Governance Principles & Practices

Committees	***Composition*** There are both mandatory and non-compulsory committees of the Board. The mandatory committees of the Board are comprised of the Conduct Review Committee, the Audit Committee and the Compensation Committee. These are referred to in the JSE's Rules. Each Committee has a written charter outlining its purpose and responsibilities and reporting format. Committees must meet at least twice annually. ***Review Process*** The Board of the JSE conducts regular reviews of the performance of the Committees. Chairmen of Committees are required to develop and present their key performance indicators.
Audit and Finance Committee	The Audit Committee assists the Board with oversight responsibilities in regards to the integrity of the company's financial statements. It also serves as the communication link between the Board, the management team and the auditors. The Audit Committee ensures that the Company complies with legal and regulatory requirements.
Market Oversight Committee	The Market Oversight Committee is responsible for processing and recording applications of Member Dealers for access of Member Dealers, attorneys/ traders, to conduct business on the floor of the Exchange and their use of these facilities.
Conduct Review Committee	The Conduct Review Committee reviews Member Dealers' conduct of business and adherence to Business Rules, Contractual Obligations and the Securities Act. The Conduct Review Committee is responsible to the Board of Directors for the conduct, procedures and holding of disciplinary hearings and reviews and to investigate complaints by investors against Member Dealers.
Regulatory & Market Oversight Committee (RMOC)	The Regulatory and Market Oversight Committee (hereinafter called the "RMOC") is the Committee of the Board of Directors of the Exchange comprising the independent directors who are not the nominees or connected to any Member/Dealer of the Exchange. The Board of Directors of the Exchange has delegated responsibility to the RMOC for reviewing and ensuring compliance with and enforcement of the Laws, any Rules including Business Rules, contractual obligations and appropriate standards of conduct governing the Member/Dealers, their clients and participants on the Exchange.
Governance Committee	The Corporate Governance Committee is responsible to develop, recommend and review Corporate Governance Principles, applicable to the Board, Management and listed companies. In addition the Committee has the responsibility to oversee the evaluation of the Board's other committees and make recommendations in respect to the structure of and effectiveness of the Committees.
Nominating Committee	The Nominating Committee is comprised of non-executive directors and is responsible for the recommendation of suitable candidates to fill vacancies on the Board.
Compensation Committee	The Compensation Committee of the JSE is made up exclusively of non-executive directors who make recommendations on the company's framework of executive remuneration. The Committee reviews and approves corporate goals in relation to the CEO's compensation, evaluates the CEO's performance in light of the company's goals and objectives and makes recommendations to the Board with respect to executive and non-executive compensation.

Jamaica Stock Exchange Statement of Corporate Governance Principles & Practices

Listing and Standards Committee	The Listing and Standards Committee ensures the quality and integrity of a listing on the JSE. It is responsible to process applications and make recommendations regarding approval of companies wishing to list on the JSE and review and make recommendations of standards to be observed for companies to remain listed.
Other Committees	These are formed as the directors see fit and includes the Executive Committee
Board Meetings	There are formal scheduled meetings of the Board at which matters are specifically reserved for discussions. Matters must be addressed within a reasonable time in order to prevent an overrun of pending items. **Procedure at Board Meetings** In the interest of promoting and ensuring transparency all directors must: Excuse himself/ herself from discussions in, and in making decisions on any matter in which he/she has a personal or business interest or companies on whose Board he/she sits or is connected. Further, members shall be bound by similar standards as outlined in Appendix 1- (Part K) of the JSE's Rules which addresses 'Acting in Concert'.
General Meetings	General Meetings of shareholders are held each year. Communication with shareholders on decisions concerning material, fundamental corporate changes are made on a timely basis.
Performance	***Evaluation of Board Members and Senior Executives*** The Board recognizes the importance of each director working to fulfill the mandate of the company. This evaluation is subject to the review of the Corporate Governance Committee. The Board recognizes the importance of evaluating the performance of each director, senior executives and the Board as a whole.
Term Limits	Board Members are nominated by the Nominating Committee. **Committees** **Chairman/Deputy Chairman** The Chairman and Deputy Chairman of the Board and Chairmen of Committees have recommended term limits as follows: (a) The Chairman can serve for five (5) consecutive terms; (b) The Deputy Chairman can serve for three (3) consecutive terms; (c) The Chairmen of Committees can serve for three (3) consecutive terms ***Committee Members*** Members can sit for a maximum of three consecutive years. These members are not eligible to be re-elected in the year subsequent to the three-year consecutive stint. Past Chairmen should automatically sit on the Executive Committee for the year after demitting office as Chairman.
Age Limits	The JSE has no maximum age limit for members sitting on the Board. However the minimum age limit should be 18 years.
Transparency	In order to promote transparency, Member /Dealers are asked to publish their companies' annual accounting results. Provisions are made to codify and publish procedures to address and/or eliminate conflict of interest involving Board Members.
Accounting Standards	The Board is governed by the standards as communicated from the Institute of Chartered Accountants of Jamaica.
Ethics	The Board intends to codify the JSE's current ethics and confidentiality requirements for Directors and Management and to post this information on the JSE's website. Any waiver of ethics for Directors or Executive Officers is to be declared.

PROXY FORM

Postage Stamp Box

I/We ....

of..

being a Member of the Jamaica Stock Exchange, hereby appoint

....

of..

or failing him/her ....

of..

as my/our proxy, to vote for me/us on my/our behalf at the Annual General Meeting of the said company to be held on the 24th day of June, 2010 and any adjournment thereof.

Signed this......................................day of.................................2010

....
Signature

NOTES:

1. **This Form of Proxy must be received by the Secretary of the Company not less than 48 hours before the time appointed for the Meeting.**
2. **If the appointer is a Corporation, this Form of Proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorized in writing.**
3. **The proxy form will attract stamp duty of J$100 which may be paid by affixing stamps or stamp duty impressed by the Stamp Office.**