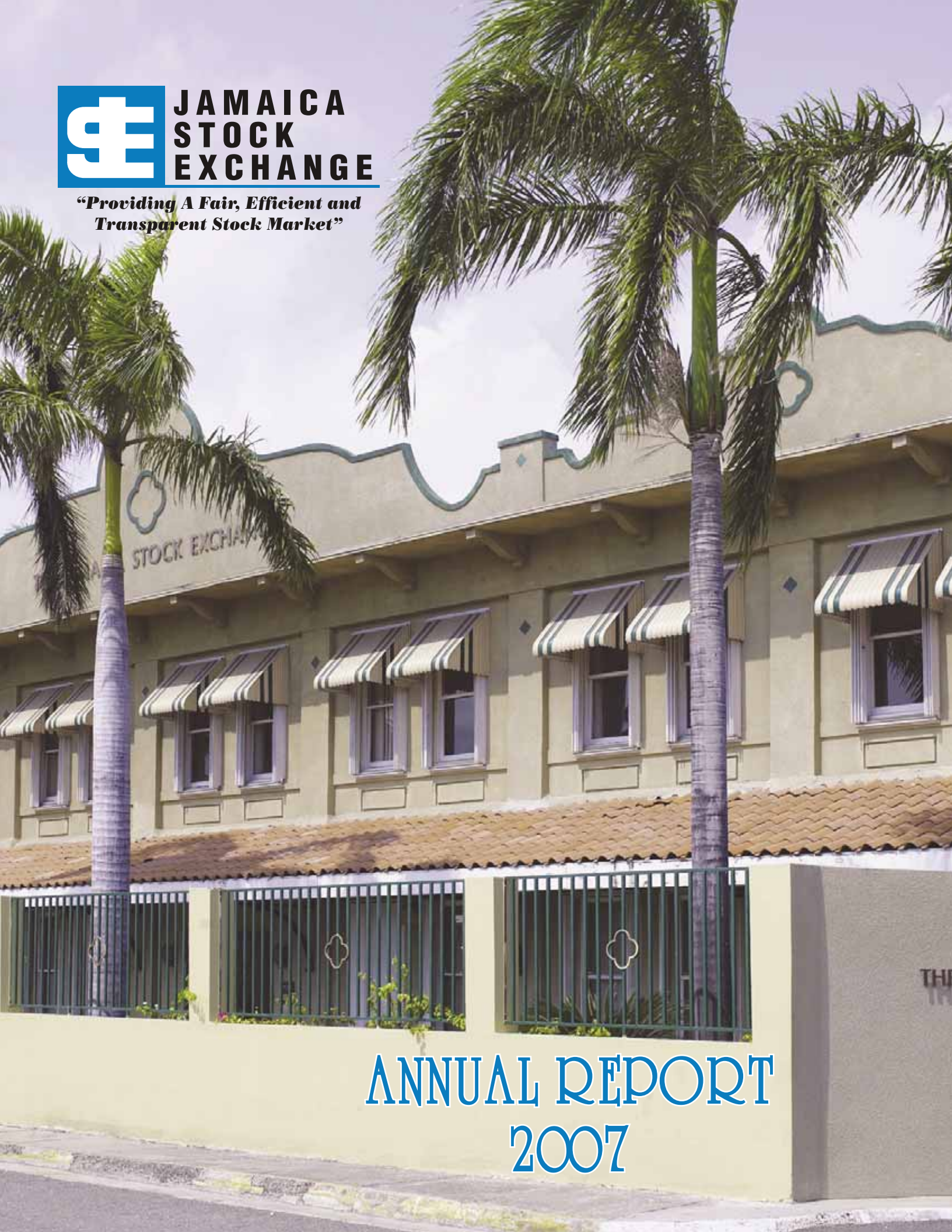




**JAMAICA
STOCK
EXCHANGE**

*“Providing A Fair, Efficient and
Transparent Stock Market”*



**ANNUAL REPORT
2007**





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*M*ISSION 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 31st ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty First (31st) Annual General Meeting of the Jamaica Stock Exchange will be held at the Jamaica Stock Exchange, 40 Harbour Street, Kingston on **Thursday, June 19, 2008**, commencing at 1:00 p.m. for the following purposes:

1. To appoint Directors.
2. The following Directors will retire at the Annual General Meeting and are eligible for re-appointment for the year 2008/2009.
 - Mr. Curtis Martin - Retiring
 - Mr. Ed. McKie - Retiring
 - Mr. Donovan Perkins - Retiring
3. Director eligible to be re-elected pursuant to Article 109:
 - Mr. Mark Croskery
4. To elect Independent Directors and nominees of the following organizations:
 - (i) Ministry of Finance and Planning (MOFP)
 - (ii) Bank of Jamaica (BOJ)
 - (iii) Institute of Chartered Accountants of Jamaica (ICAJ)
 - (iv) The Private Sector Organization of Jamaica (PSOJ)
 - (v) The Jamaican Bar Association (JBA)
5. 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.”
6. To receive, and if approved, adopt the Audited Financial Statements for the year ended December 31, 2007, together with the Directors' and Auditors' Reports. To consider and (if thought fit) pass the following Resolution:

“That the Audited Financial Statements for the year ended December 31, 2007, and the Reports of the Directors and Auditors be adopted.”
7. 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 2008/2009.”
8. To transact any other ordinary business of the company.

DATED THIS 13th DAY OF MAY 2008
BY ORDER OF THE BOARD

Marlene J. Street-Forrest
Secretary

Note (i) *A member may appoint its Seatholder or any other person to act as its representative. The person so authorized shall be entitled to exercise the same powers as the member which 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, 2007.

Operating Revenue for the year were \$205.9m compared to the revenue of 253.6m for 2006, a decrease of 18.8%. Investment income was \$34.9m compared to 40.9m, a decrease of 14.7% over 2006.

Total expenses for the year increased by 11.2% to 213.8m in 2007, there was a deficit from operation of \$7.9m compared to a surplus of \$61.4m in 2006.

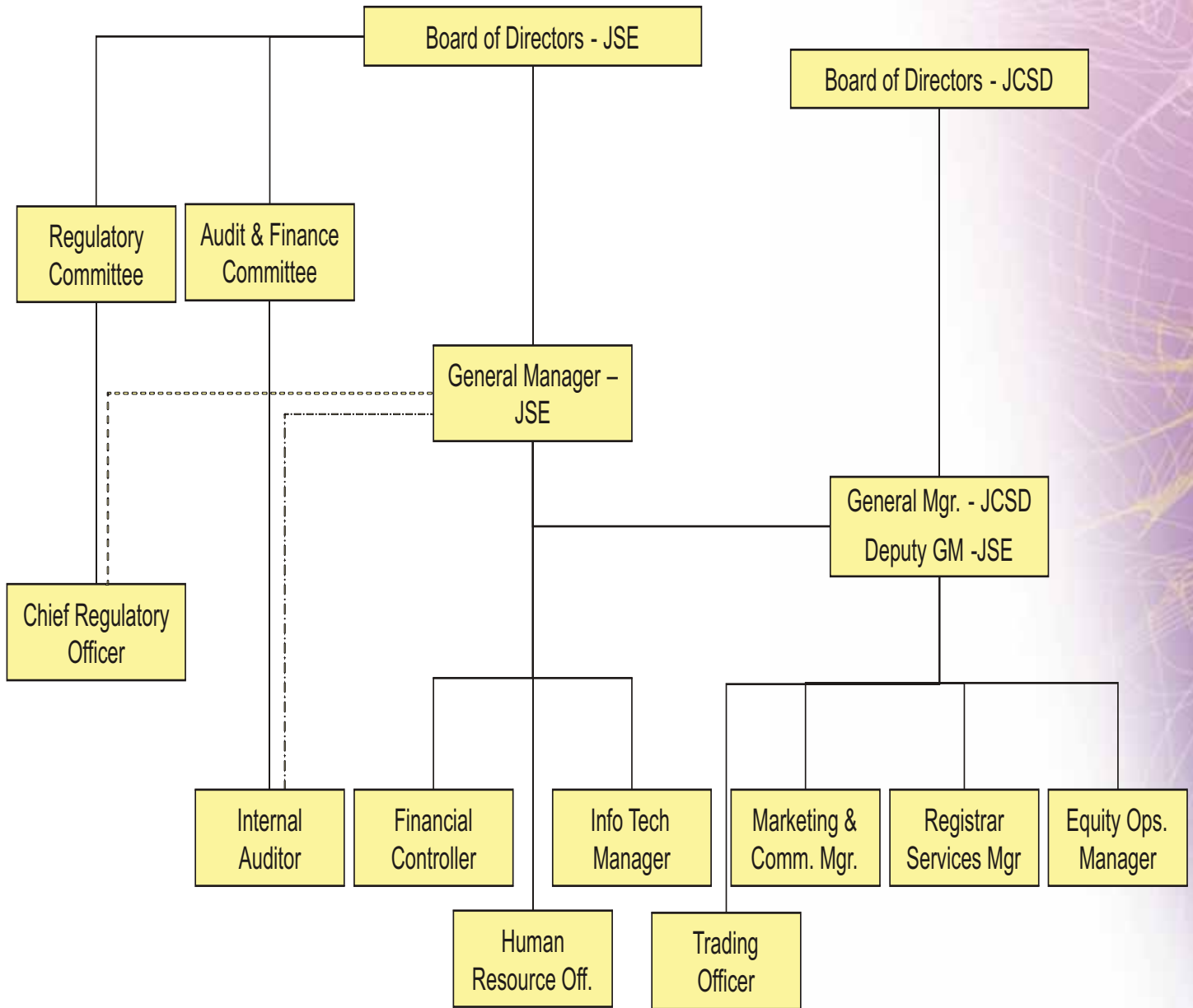
Total assets of the company and its subsidiary as at December 31, 2007 were \$1,003.6m compared to \$967.9m for 2006. These figures include Compensation Fund, Asset of \$463.8m and \$434.7 for 2007 and 2006 respectively. Shareholders equity increased from \$880.2m to \$928.3m, a 5.5% increase.

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

.....
Curtis Martin
Chairman



JAMAICA STOCK EXCHANGE
PROPOSED MANAGEMENT STRUCTURE
March 2008





DIRECTORS AND SENIOR MANAGEMENT PROFILES OF DIRECTORS



Mr. Curtis Martin - Chairman

Curtis Martin is the Chairman of The Jamaica Stock Exchange Limited and also the Jamaica Central Securities Depository Ltd. He is President and CEO of Capital and Credit Merchant Bank and Deputy Group President of Capital and Credit Financial Group Ltd. Mr. Martin is Chairman for the Listing and Standards Committee and the Compensation Committee of the JSE.



Mr. Leo Williams - Deputy Chairman

Leo Williams is the International Business Development Manager for Jamaica Money Market Brokers Limited and a founding Managing Director of JMMB Securities, the stock brokerage arm of JMMB. He also serves on the Board of Directors of the Trinidad-based CMMB Securities Ltd.



Mrs. Rita Humphries 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.

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 is the Deputy Chairman of the Development Bank of Jamaica. Mr. McKie is the Chairman of the Corporate Governance Committee of the JSE.





DIRECTORS AND SENIOR MANAGEMENT PROFILES OF DIRECTORS



Mr. Donovan Perkins

Donovan Perkins is the President & CEO of Pan Caribbean Financial Services Limited (PCFS). He serves on the Boards of PCFS subsidiaries and also on the Boards of the National Insurance Fund and Jamaica Social Investment Fund. He is an active executive of the financial services community, having served as President of the Merchant Bankers' Association and as Vice President of the Jamaica Bankers' Association.



Mr. Mark Croskery

Mark Croskery is the President & CEO of Stocks & Securities Ltd (SSL). SSL is the second oldest brokerage house in Jamaica and was incorporated in 1977. Mr. Croskery received a M.Sc. in Global Financial Analysis & a dual B.Sc. in Corporate Finance/Accounting, both from Bentley College in Boston, Massachusetts. He previously interned at Prudential Financial, Inc. and has worked at NCB Capital Markets Ltd. in the capacity of wealth manager and equity trader. Mr. Croskery currently serves on the Board of SSL, and also on the Boards of the Sugar Company of Jamaica and the Jamaica Racing Commission.



Mr. Christopher Williams

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. Allan Lewis

Allan Lewis is the Senior Vice President, Group Strategy, of the Victoria Mutual Group Limited. Prior to his present position, Mr. Lewis served as Managing Director of Prime Asset Management Limited, where he is currently a Director. Mr. Lewis, who has attained the designation of Associate of the Society of Actuaries is also passionate about primary and secondary education. His affiliations include the Board of the Mona Preparatory School Foundation and the Advisory Board of the Child Development Agency.





DIRECTORS AND SENIOR MANAGEMENT PROFILES OF DIRECTORS

Mr. Christopher Berry

Christopher Berry has been the Chairman and Chief Executive Officer 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 and Apex Pharmacy Limited.



Miss Sandra Shirley

Sandra Shirley assumed the role of President of First Global Financial Services Limited on April 1, 2004. Miss Shirley has over twenty (20) years of experience and expertise in the financial sector in Jamaica and overseas. She has worked with entities such as the Bankers' Trust, New York, NCB group, the SIGMA group and its associated entities and now lends that expertise to First Global Financial Services. Miss Shirley serves in a number of organizations including the Soroptomist Club, the Council of Community Colleges of Jamaica, the Independence Park Ltd, the Women in International Trade Investment Club, and the National Dance Theatre Company of Jamaica. In 2003, she was asked to serve the Mona School of Business as an Alister McIntyre Fellow and more recently the Jamaica Institute of Management has conferred on her its highest award Fellow of the Jamaican Institute of Management.



Miss Anya Schnoor

Anya Schnoor is the Chief Executive Officer of Dehring Bunting and Golding Limited and the Senior Vice President of the Scotia Wealth Management Division. She is also the President of the Jamaica Security Dealers Association and has served as President of the Primary Dealers Association. She is a Director of DB&G Merchant bank, DB&G Unit Trust Managers and Asset Management Limited. She sits on Scotiabank Jamaica's President's Council & ALCO Committee.



Mrs. Marlene Street Forrest

Marlene Street-Forrest is the General Manager of the Jamaica Stock Exchange. Mrs. Street-Forrest has a BSc in Management Studies and an MBA. She has combined over twenty five years 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.



Independent Members of the JSE Board of Directors

Miss Dian Black

Dian Black is the Director, Securities Management (Debt Management Unit) in the Ministry of Finance & Planning. 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.



Mr. Garth Kiddoe

Garth Kiddoe is the Dean of the Faculty of Business and Management at the University of Technology. He is a Fellow of the Institute of Chartered Accountants of the Caribbean as well as its President. Mr. Kiddoe is the Chairman of the Audit and Finance Committee of the Board of the JSE.



Mr. Jeffrey Hall

Jeffrey Hall is currently the Chief Executive Officer, Jamaica Producers Group Limited. In addition, Mr. Hall who is an attorney, serves on the Board of Scotia Group Jamaica Limited and Wallenford Coffee Company Limited.



Miss Hilary Phillips Q.C.

Hilary Phillips is a Partner in the law firm, Grant, Stewart, Phillips and Company where she has practised for approximately 32 years. She was elevated to the rank of Queen's Counsel in 1998 and has been the President and Vice President of the Jamaican Bar Association. She has served as the Vice President of the Organisation of Commonwealth Caribbean Bar Associations since 2003. Miss Phillips is the Chairman of the Conduct Review Committee and the Regulatory & Market Oversight Committee of the JSE.



Independent Members of the JSE Board of Directors



Mr. Livingstone Morrison

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.

JSE BOARD COMMITTEES 2007/2008

LISTING STANDARDS COMMITTEE

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

CONDUCT REVIEW COMMITTEE

Chairman: Miss Hilary Phillips, Q.C.
Mr. Livingstone Morrison
Miss Dian Black
Mr. Garth Kiddoe

COMPENSATION COMMITTEE

Chairman: Mr. Curtis Martin
Mr. Garth Kiddoe
Miss Hilary Phillips, Q.C.
Mr. Donovan Perkins

REGULATORY AND MARKET OVERSIGHT COMMITTEE

Chairman: Miss Hilary Phillips, Q.C.
Miss Dian Black
Mr. Garth Kiddoe
Mr. Livingstone Morrison

AUDIT & FINANCE COMMITTEE

Chairman: Mr. Garth Kiddoe
Miss Hillary Phillips, Q.C.
Miss Dian Black
Mr. Ed McKie (*or alternate Dr. Derrick McKoy*)
Mr. Allan Lewis
Miss Karlene Bailey

NOMINATING COMMITTEE

All Board Members

CORPORATE GOVERNANCE

Chairman: Mr. Ed McKie (*or alternate Dr. D. McKoy*)
Mr. Leo Williams
Mr. Garth Kiddoe
Miss Sandra Shirley



From the Chairman's Desk

The Jamaica Stock Exchange (JSE) changes with the time.

It is with a sense of excitement and pride that I submit my 2007 report. Last year (2006) the JSE was faced with a multiplicity of challenges, as the Jamaican landscape changed. In 2007 the GOJ Treasury Bill yielded 13.57% or 126 basis points higher than the 2006 December average T-bill yield. Inflation also stood at 16.8% for 2007 compared to 5.8% in 2006 and Hurricane Dean along with inclement weather in September and December caused significant damage to the country's infrastructure and agricultural sectors, while on the international scene, there was a continuous rise in the prices of oil and grain. However, in spite of the challenges, the Jamaica Stock Exchange is now embarking on a new phase, in particular, demutualization.

In my last report, I indicated that the Exchange was moving forward with its plan to be demutualized. Therefore, by the time this report reaches your hands the full demutualization process would have been completed, followed by the Jamaica Stock Exchange offering its shares to the market while in the process of making its application to be listed. The Jamaica Stock Exchange would be the first in the English speaking Caribbean to be demutualized and listed on its own Exchange. As usual the JSE has broken new ground and charted new course for others in the Caribbean to follow.

An achievement emanating from demutualization is the separation of the Commercial and the Regulatory Arm slated to be completed by April 2008. Demutualization opened the door of opportunity for the Stock Exchange, to form strategic alliances with lobby groups such as the Private Sector Organization of Jamaica (PSOJ) and government agencies, allowing for the continued growth and development of the Market and ensuring that these partnership remains entrenched in the Jamaican society.

Staff

In its quest to optimize its employee's effectiveness and competitiveness in the global environment the JSE conducted a manpower audit. From this audit the JSE was able to:

- ❖ Implement a proper succession planning programme
- ❖ Overcome redundancy in terms of staff functions; and
- ❖ Structure the organization for internal growth and development.

(Continued)

Mr. Curtis Martin
Chairman





From the Chairman's Desk (Cont'd)

Board Members

I must express my sincerest gratitude to all Board members for their support and hard work during the year and for their contributions towards the JSE's drive to achieve demutualized status by 2008. I want thank all Committee Members particularly the Chairpersons of the Committees, for their vision and insight in executing their projects.

2008 and Beyond

The JSE is even more committed to the creation of value and the realization of greater returns for all its stakeholders. Based on the government's commitment to the development of the capital market, we anticipate a viable partnership aimed at realizing further growth and development of the Exchange. This partnership will redound to the benefit of all, as the growth in the economy is usually measured by the growth in the capital market. To this end the JSE will be moving more aggressively to encourage more companies to list on the Exchange.

In 2008 we will be looking to form strategic alliances regionally and internationally as the Exchange will be positioned to become a global player in 2010 and beyond. Based on global trends and the importance being placed on emerging markets, the JSE is positioned to play a major role in the international market place, while we continue 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, 2007 was the most challenging year for the Jamaica Stock Exchange in over a decade. The challenges encountered in the market were reflected in the Company's Consolidated Financial Statements. The Company's Financial Statements shows that Operating Income for 2007 was \$205.9 million representing a decline of \$47.7 million or 18.8% over the figure of \$253.6 million recorded for the previous year. Compared to a Surplus from Operations of \$61.4 million in 2006, there was a Deficit from Operations of \$7.9million in 2007 due primarily to a decline in Cess Revenue.

Net surplus for 2007 was \$44.1 million up from \$8.2 million representing an increase of \$35.9million or 437%. Investment Income was \$34.9million, down from \$40.9 million in 2006.

The main index ended the year at 107,968 points up by 7.2% from the close in 2006 of 100,678 points. While the index lost ground during the year due to the economic conditions and the active unregulated schemes, towards the end of the year, the market experienced some buoyancy.

.....
Curtis A. Martin
Chairman
Jamaica Stock Exchange
May 10, 2007



GENERAL MANAGER'S REPORT - JSE

The Jamaica Stock Exchange (JSE) spans the primary market for capital formation and the secondary market for allocation of capital via investments, price discovery and risk transfer. As is customary, in 2007 the Exchange performed its functions as market operator, regulator and educator with excellence.

The general uncertainties in the economy and the mushrooming of unregulated investment schemes, had a negative impact on the buoyancy of the market. While there was an improvement in the value of trades over the period and the main index, all other market indicators declined over the performance in 2006.

While our projections for the implementation of such new products as the Caribbean Exchange Network (CXN) did not materialize, due mainly to outstanding regulatory approval, the Exchange was not daunted by those challenges and worked assiduously with many companies in their quest to broker mergers, acquisitions and reorganizations. These activities have tested our rules, regulations, internal systems and enforcement mechanism and have allowed for greater understanding of and more effective dialogue with our stakeholders. The Exchange stands committed to working with our listed companies and investors to bring about market growth and development.

EXTERNAL FACTORS

Coming forward from 2006, the market continued to be faced with several uncertainties; paramount in the minds of investors was the General Election and the impact that this event would have on the policies of the Government and the business climate. This election was held in the 3rd quarter of 2007. Early into its term, the new Government demonstrated a willingness to partner with the Exchange in its vision and strategies to grow the market. This we believe will allow for a greater thrust in the realization of projects started but not yet completed.

NEW PRODUCTS

New Products are essential to growth and development of the market and the profitability of the Exchange. Therefore, a core pillar in the Exchange's strategy is that of the development of new initiatives. Through partnership with other regional Exchanges, government, brokers and other market players we have started developing several products aimed at creating greater market participation, attracting new entrants and expanding our reach. The Caribbean Exchange Network (CXN) which was started prior to 2007 and the Junior Venture Exchange are just two initiatives which have market appeal and which we expect, with regulatory approval, will be added to the basket of product offerings.

Mrs. Marlene Street Forrest
General Manager
Jamaica Stock Exchange





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

THE MARKET

Market integrity and reliability of our operations are generally taken as a given. We take this role of supervising the market and ensuring low or no down time very seriously. In 2007 we experienced no down time and we improved on our ability to supervise the market, while preserving and improving confidence in the Exchange. We continued to ensure that the market operated according to international best practice.

The Exchange is a 'for profit' entity and we strongly believe that the steps taken to further improve market integrity will be essential to our commercial success. That said, it is important to commend the directors of the Exchange, especially the shareholders whose foresight to pursue the course of demutualization of the Exchange, underscores the JSE's commitment to market integrity and independence.

The Exchange is now reorganized in a manner that relieves the perception of any interference of shareholders who are brokers and allows for independence in market regulations.

Market Activities

2007 saw general declines in volumes traded where for over 250 trading days, the number of trades and volume of shares were 38,596 and 2.3 billion representing a decline by 7.71% and 20.68 % respectively when compared to the previous year. The total value of transactions however increased by \$6.4b to close the year at \$25.9b.

The JSE closed the year at 107,968 points which represents an improvement by 7,290.01 points or 7.24% above 2006's closing index. The All Jamaican Composite Index marginally declined by 430.60 points or 0.40% to close the year at 106,782.82 points and the JSE Select also marginally declined by 13.90 points or 0.47% to close the year at 2,928.98 points. Market Capitalization as at December 31, 2007 was \$876.7 billion, an increase of \$54 billion.

The performance of the Market is represented in the chart below and graphically.

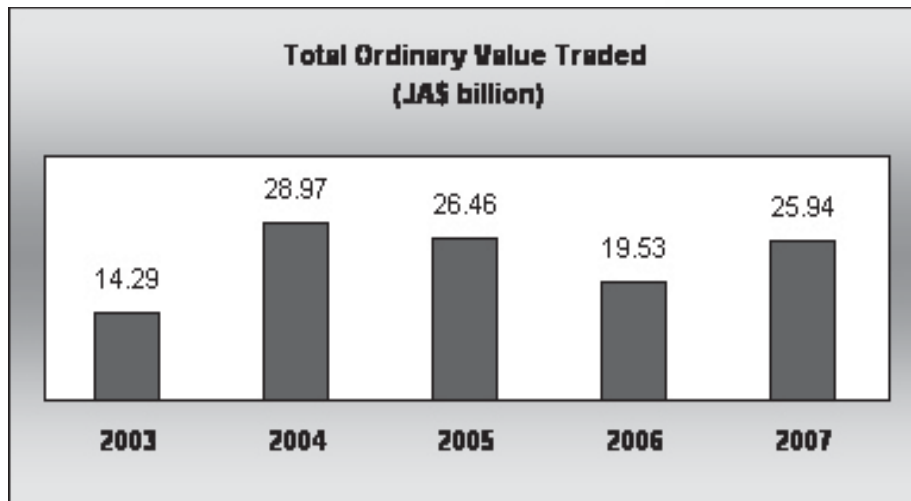
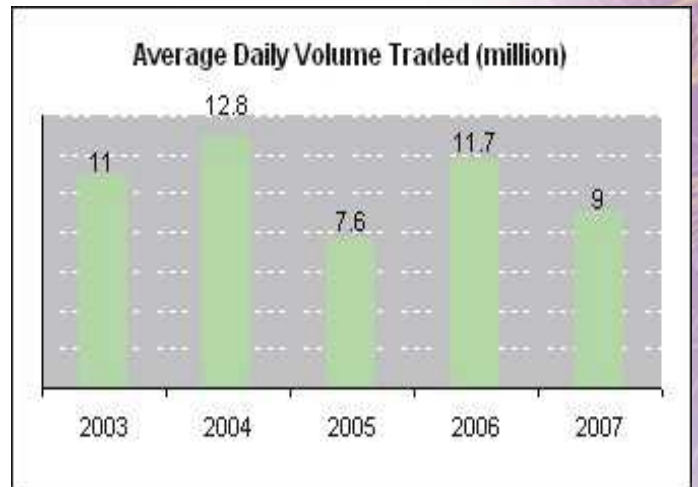
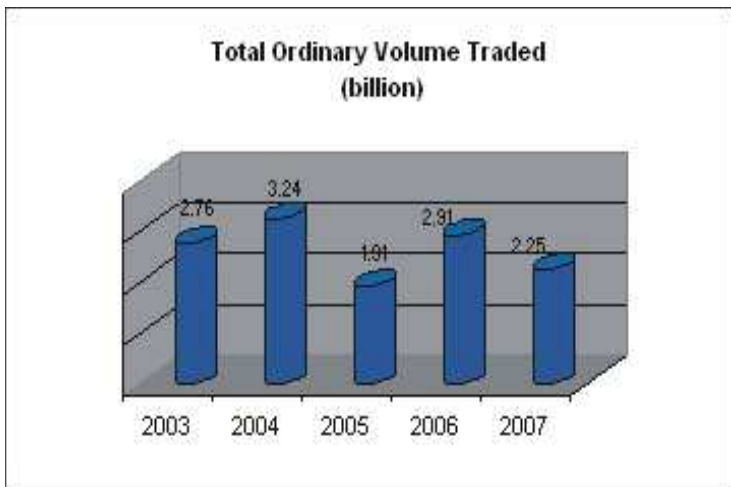
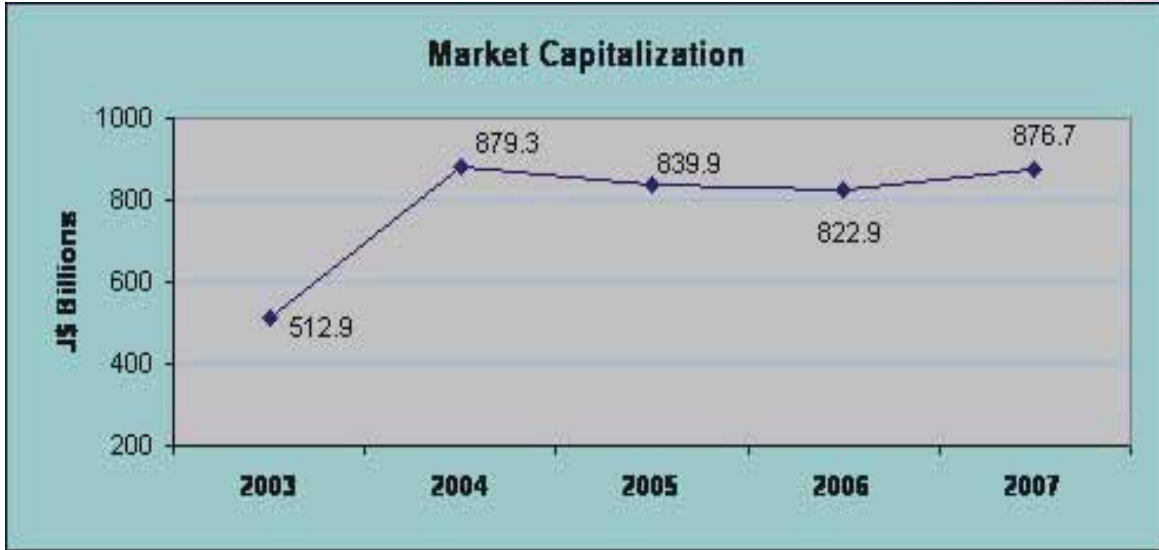
A summarized market status of activities for the 12 months 2007 vs. 12 months 2006

Particulars	2007	2006	Variance %
JSE Main Index	107,968	100,678	7.24
JM Composite	106,783	107,213	-0.40
Select Index	2,929	2,943	-0.47
Average Daily Transactions	154	167	-7.78
Total Number of Transactions	38,596	41,822	-7.71
Volume	\$ 2.3 billion	2.9 billion	-20.68
Value	\$25.9 billion	\$19.5 billion	32.82
Market Capitalization	\$876.7 billion	\$822 billion	6.65



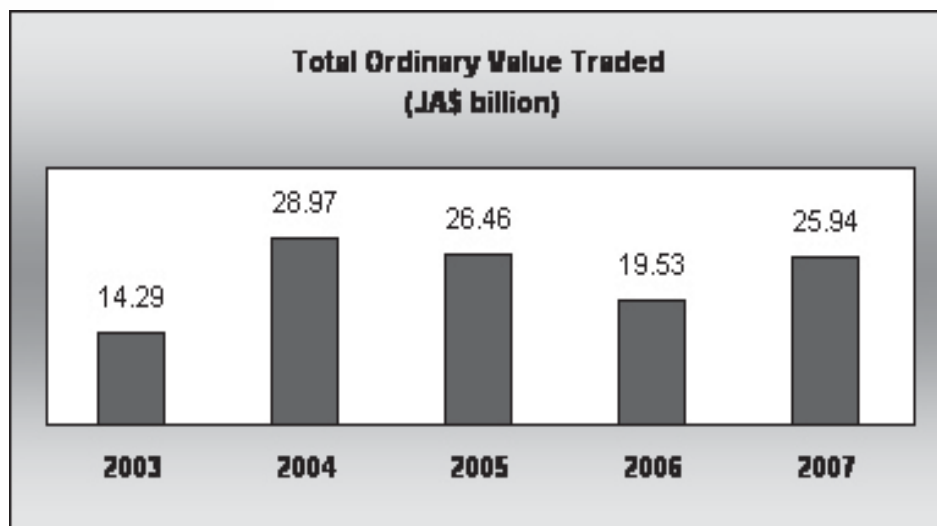
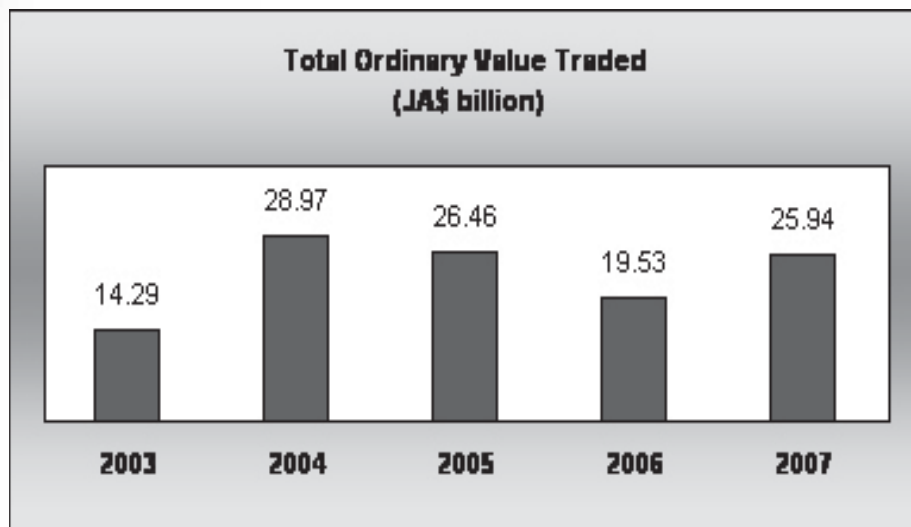
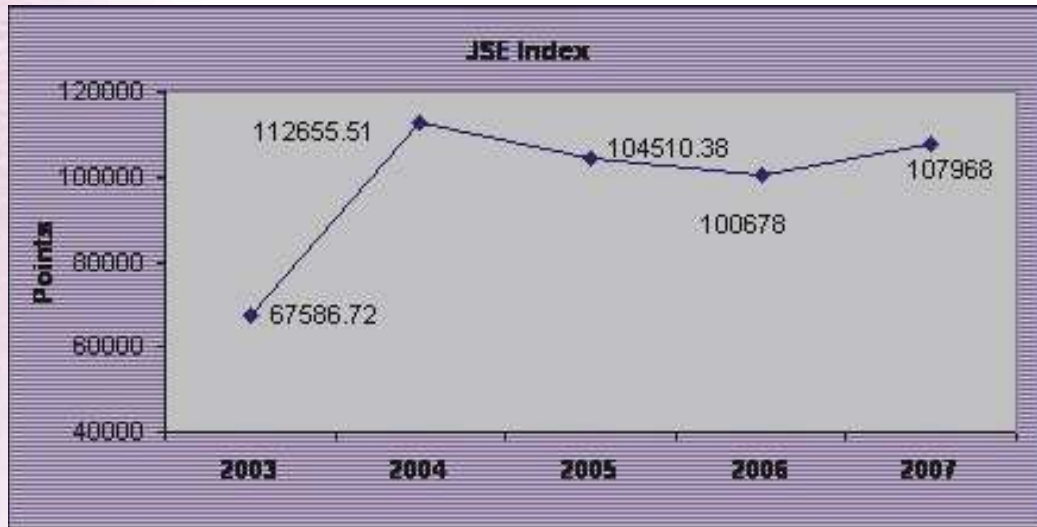
GENERAL MANAGER'S REPORT - JSE (Cont'd)

Graphical Representation of market performance over the last 5 years (2003-7)





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





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

WINNERS	%	LOSERS	% ()
Gleaner Company	116.08	Ciboney Group	(85.71)
Lascelles de Mercado	105.38	Dyoll Group	(71.11)
CMP Industries	102.38	Capital & Credit Merchant Bank	(48.11)
Mobay Ice Company	101.22	Goodyear (Jamaica)	(42.12)
Supreme Ventures	56.67	Cable & Wireless (Jamaica)	(33.66)
Carreras Group	27.78	Berger Paints (Jamaica)	(28.57)
First Caribbean International Bank	26.66	Radio Jamaica	(23.40)
Mayberry Investments Limited	22.50	Pegasus Hotel	(23.38)
Guardian Holdings Limited	20.83	Desnoes & Geddes	(23.25)
GraceKennedy Limited	12.60	Montego Freeport	(23.08)

CORPORATE ACTIONS/LISTED COMPANIES

Based on a reorganization exercise, Scotia Bank (Ja) listed its Preference Shares as well as Scotia (Ja) Group Ordinary Shares and delisted Scotia Bank (Ja) Limited Ordinary Shares. Mayberry Investments Limited also listed its preference shares. A total of three (3) companies listed new securities on the market. \$3.8 billion of capital was raised on the market. The JSE began and ended the year 2007 with forty-four (44) listed companies. Courts (Ja) and BNS Ordinary Shares were the two securities delisted.

Thirty two companies paid dividends in 2007, six (6) more than the previous year which can be attributed to better financial results compared to the previous year.

Towards the end of the year Angostura began the process of acquiring Lascelles de Mercado; the transaction has been reported as one of the largest in Jamaica's history. The Company remains listed on the Exchange.

JSE CORPORATE ACTIVITIES AND NEW INITIATIVES

Ongoing Activities

- ❖ Upgrades and Enhancement of trading platform for efficient market delivery
- ❖ Website Enhancement including Stock Market Game geared at market education for high school & tertiary level students
- ❖ Staff training
- ❖ Continued Development of internal processes for CXN
- ❖ Demutualization activities

In 2007 there was increased focus on market education and training. To that end the Exchange hosted several investor education outreach programmes and workshops aimed at increasing market awareness. There was also greater concentration aimed at completing projects previously started.

The strengthening of internal competencies was seen as critical to the achievements of the Company's strategic plans. Consequently, the Exchange conducted a manpower audit exercise which resulted in a number of deliverables including a Job Evaluation and Compensation Review and an Employee Climate Survey. We are aware that the strength of the Exchange resides in its employees and we are pleased to advise that overall, our climate survey showed that employees were satisfied.

The major new initiatives that will be pursued in the forthcoming year include the establishment of the Junior Venture Exchange which aims to achieve further growth in the number of listings and the development of new products to be listed on the Exchange.



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

INTERNAL AUDIT

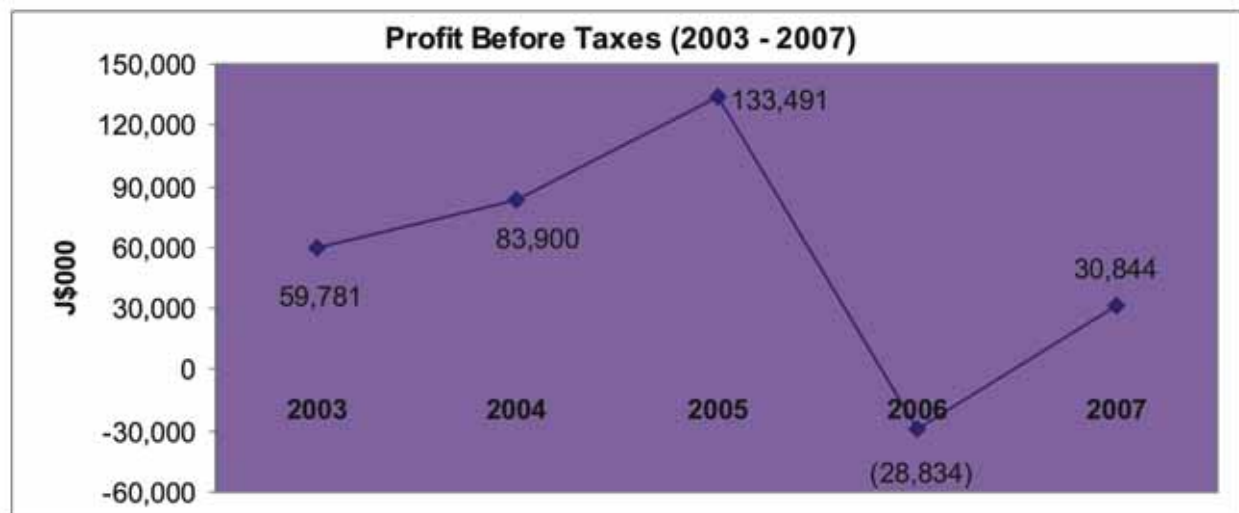
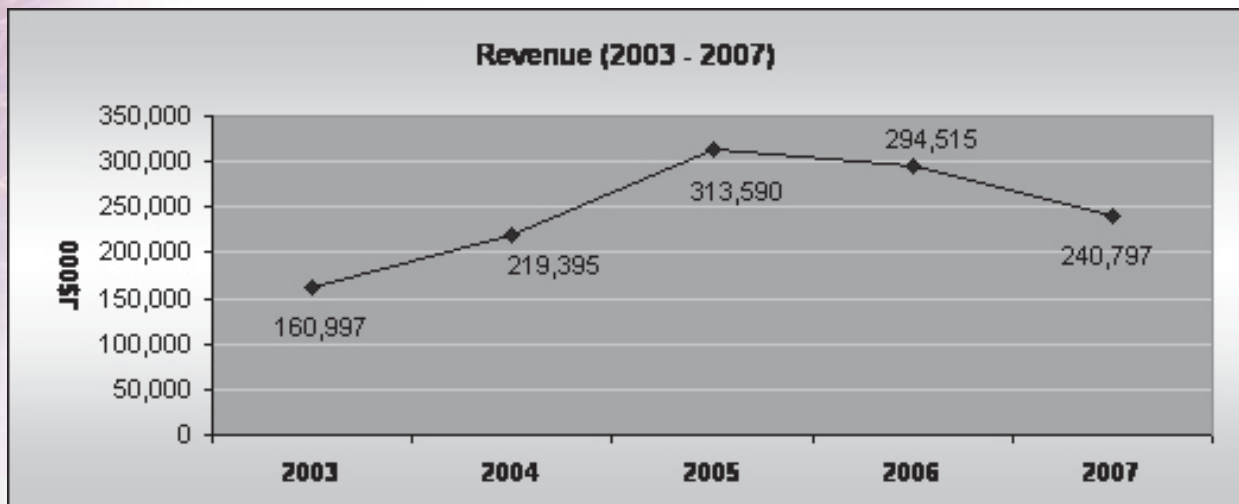
While the Internal Audit Department reports to the Audit and Finance Committee, the work performed by the division resulted in improvement in our internal procedures. All divisions were audited. Many policies have been upgraded or developed

FINANCIAL HIGHLIGHTS

The JSE and the JCSD Consolidated Net Operating Income of \$44.1million shows an increase of \$8 million over the previous year. Income from Operations of \$206 million and Investments of \$34.9 million were lower than the previous year by 18.8% and 14.6% respectively.

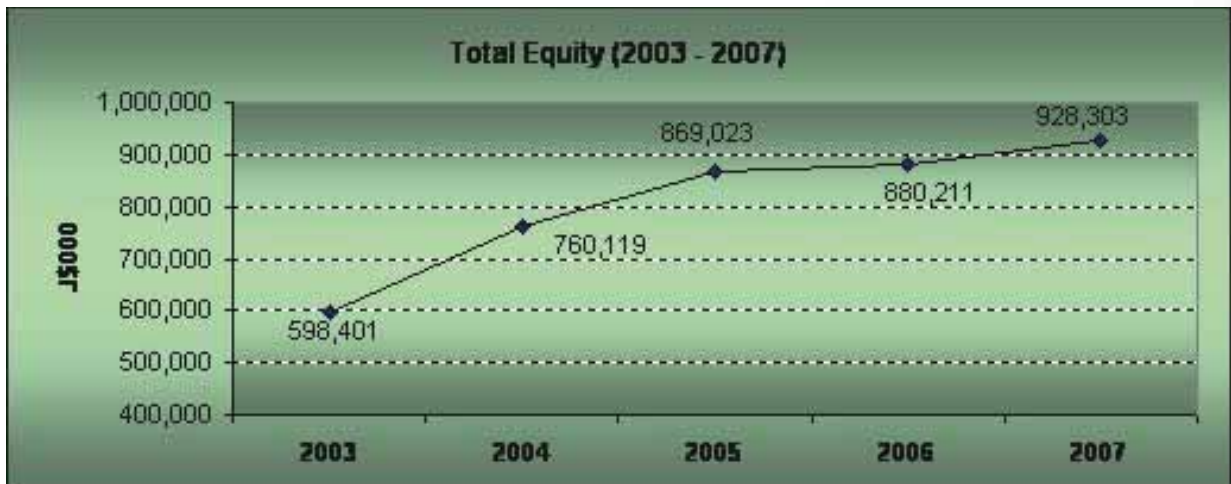
During the year efforts were made to reduce cost where possible which resulted in Expenditure of \$213.8million, reflecting an increase of 11.2% when compared with the previous year.

The graphs below show all indicators with the exception of revenue, moving in a positive direction. Profit after Taxes improved from a low of \$8m in 2006 to \$44million in 2007. Over a 5 year period, the only year where growth year over year is not recorded is in 2006 and this was due to the discontinuation and write off of the cost of Fixed Income Software Development.





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





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

Outside of the trading of equities, the Exchange has not significantly grown its operation to provide other products to the market, nor has the market for equities significantly grown in respect to the number of companies listed. Accordingly the Exchange continues to place heavy reliance on Cess Earning and Listing Fees and its revenue is strongly correlated to the trading fortunes of the small number of companies listed. Initiatives to expand within and outside of our geographic boundaries and to develop other products will result in the growth of our revenue.

CORPORATE SOCIAL RESPONSIBILITY

The JSE believes that it has a social responsibility to foster a good relationship with community in which it operates and is also mindful of the part it must play in the development of the wider society through social activities. In our giving, our staff members are equally encouraged not only to make financial contributions but give of their time and effort in building our society. We are associated with the Denham Town Golden Age Home, Denham Town Primary School and St. Michael's Primary School. The Exchange continues to provide scholarships and internships for students at the University of the West Indies and University of Technology. We are also committed to Unity Way and many other charitable organizations.

Special commendation must be given to our many partners, whose acts of volunteerism, benefit the Exchange year after year.

FORECAST -2008

The Exchange has been working with several of our stakeholders in developing products for the market place. We have had continuous dialogue with companies and investors which lead us to believe that if the products demanded by them are developed, we will see an increase in the number of listings on the main exchange and a junior exchange. The outflow from this would be increased market activities.

The process of demutualization is on stream to be completed in April 2008, which paves the way for the listing of the Exchange's Preference Shares. Investors are looking for a good return on their investment and we are confident that barring a lack of regulatory support and or approval for many of the projects planned, the market will not be disappointed. Our business development initiatives are many and include:

- ❖ The Completion of the Junior Venture Market targeted at Small and Medium Companies
- ❖ A new exchange traded fund market (ETF)
- ❖ Improvement in our Listing Rules to incorporate new product offerings such as Real Estate Investment Trust and a Junior Venture Exchange
- ❖ Listing of Foreign/International Companies through the process of Advanced Deposit Receipts
- ❖ The Caribbean Exchange Network which reduces the exposure to only local stocks

Finally, we cannot forget that however many systems we perfect, products we develop or how well we perform, very little would be possible without the continued support and loyalty of our listed companies, market participants, institutional investors and our employees. I wish to thank the Board of the Exchange for providing the encouragement and leadership enabling us to deliver good service.

Marlene J. Street-Forrest
Secretary



GENERAL MANAGER'S REPORT - JCSD

OVERVIEW:

Financial

The significant downturn in trading activity, which had started in 2006, deepened through the first 3 quarters of 2007 and made for a challenging year for the Depository. During the year 2007 there were significant general economic pressures and major disruptions of regular commercial activity as a result of a massive hurricane, a general election and a local government election that combined with market-specific conditions to produce a historic bear market that impacted all areas of the Exchange's and the Depository's operations and activities.

Revenues showed a 27% decline as against 2006, which itself was not a stellar year in terms of earnings, primarily due to reduced transaction fee income and reduced charges (cess revenue) on trading. Expenses however increased by 41% against the prior year, primarily driven by staff and property costs, even though staff cost did not reflect significant salary increases or new hires as much as IFRS-required accounting adjustments for the financing of the pension fund. Both the reduced income and increased expenses combined to contribute to an understandable 87% decrease in operating profit and only marginal growth in total assets for the year. The company continued to utilize tax credits from the J\$129M write-off of development software in 2006.

Operational

The Depository's operational and customer service activities continued to perform at a high standard, notwithstanding the reduced throughput volumes. The Registry Services Department actually saw increased activity as an existing client brought a new preference share product on board, thereby requiring additional services in support of the issue and more frequent subsequent corporate actions.

The Depository continued to update and improve its risk management efforts, with the addition of a new vault, revised segregation of duties and participation in the JSE's overall business continuity planning, as it maintained its zero loss record, held since formation in 1998.

VISION:

The JCSD is well on the path to becoming a significant force in the Jamaican and Caribbean financial services market, facilitating a diverse range of products in the fixed income and equities market by utilizing skilled, technologically well-supported and customer-oriented employees.

Mr. Robin Levy
General Manager,
J.C.S.D.





Jamaica Stock Exchange Regulatory Functions



Mr. Wentworth Graham
Assistant General Manager,
Market Operations
& Trading

OVERVIEW

Reflecting on 2007 brings into stark reality, development of Jamaica's financial system traversed from being insular, to one which fits within the rubric of a market place that is globally intertwined, borderless and dynamic. Quite similar to other local regulatory functionaries, the Jamaica Stock Exchange's (JSE's) regulatory tenacity was tested, and swift and decisive decisions were taken to secure and reinforce the efficacy of the market. Before highlighting specific undertakings that marked JSE's regulatory operations during the year, it is imperative to note that the growth in the market, as measured by apperceptions in the indices, is evidence that there is still resounding confidence in the equities market. And like other markets, regulations are one of the mechanisms that create transparency and advance market value.

A NEW HORIZON

At the JSE's 30th Annual General Meeting, Mr. Curtis Martin, Chairman of the JSE, disclosed that one of the strategic plans of the company was to separate its commercial operations from its regulatory functions. The relevant activities were undertaken to make this a reality, and formed one of the most significant developments within JSE's regulatory operations in 2007. Given the powers vested in the Board, and pursuant to the company's Articles of Incorporation, by a resolution of the Board in November 2007, regulatory responsibilities were conferred upon the Regulatory and Oversight Committee of the Board, which is

comprised of only Independent Directors. The Regulatory and Oversight Committee is charged with the responsibility of operating within the rules of the Exchange, and in assuming this role, the Board has ceded to the Regulatory and Oversight Committee the power to make final decisions regarding market regulations. A new business unit, namely the Regulatory and Market Oversight Division (RMOD), was created to assume the regulatory operational functions. In creating the RMOD there has been a definition of its organizational and operational framework.

SURVEILLANCE OPERATIONS

Notwithstanding the development of the RMOD, during the course of 2007 the company continued to execute its regulatory responsibilities. Firstly, at the beginning of the year, the JSE's regulatory functions were examined by the Financial Services Commission (FSC), which commended elements of the operations, and highlighted areas for improvement. We are pleased to report that all the recommendations were implemented during the course of the year, and these changes have bolstered the company's regulatory operations.

Secondly, in 2007 the JSE continued its broker inspection and examination programme. A total of ten (10) stockbrokers were inspected, and the requisite audit review reports were completed. Equally, standard examinations of Listed Companies' financial submissions were undertaken, and where there were deficiencies the entities were required to furnish further details. While most submissions were found to be in conformity to JSE's standards, there are plans to apply more rigorous checks to the reports. Specifically, in the last quarter of the year the JSE has had dialogue with bodies like the Institute of Chartered Accountants of Jamaica (ICAJ) to design systems which will advance compliance to IFRS standards. This has led to an undertaking to develop an IFRS Checklist.

Finally, notwithstanding restriction within the JSE's Rules to openly declare investigations that were undertaken within its regulatory scope, it can be reported that a total of twenty-one (21) issues were highlighted for consideration.

OUTLOOK

Given the redefinition of JSE's regulatory operations the outlook for the ensuing year is exciting. This sentiment is based on RMOD objectives, which are:

- Operating the division on the principle of cost minimization;
- Advancing stakeholders' value through market surveillance while strengthen and forming affiliations with recourse institutions;
- Providing operational support to the JSE;
- Developing a cadre of staff that demonstrates competence and expertise in capital market regulation.

The JSE is committed to creating an operational framework that is reflective of the new and ever changing market setting. In this regard, its regulatory responsibilities will remain relevant to meet the company's motto of being *“Fair, Efficient, Ethical and Transparent.”*



THE MANAGEMENT TEAM

Mrs. Marlene Street-Forrest

Marlene Street-Forrest is the General Manager of the Jamaica Stock Exchange. Mrs. Street-Forrest has a BSc in Management Studies and an MBA. She has combined over twenty five years 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.



Mr. Robin Levy

Robin Levy is the General Manager of the Jamaica Central Securities Depository (JCSD) and the Deputy General Manager (DGM) of the Jamaica Stock Exchange. Mr. Levy has a BSc in Accounting, an MBA in Finance and is also a Certified Fraud Examiner. As General Manager of the JCSD his mandate includes ensuring that the JCSD remains current in and expands the services provided to the capital market. In his capacity as DGM, Mr. Levy is charged with expanding the JSE's core business, as well as developing new products and services in keeping with the company's strategic objectives.



Mr. Wentworth Graham

Wentworth Graham joined the Jamaica Stock Exchange (JSE) in 1995 and became the Chief Regulatory Officer this year, after serving as Assistant General Manager, Market Operations & Trading for over 4 years. A Fellow of the Jamaica Institute of Management with a Degree in Economics and History, Mr. Graham is presently reading for his MBA in Banking and Finance. As Chief Regulatory Officer, his mandate is to ensure that the regulatory and compliance related interests of the JSE in respect to Member Dealers, Listed Companies and other stakeholders, complies with the rules of the Exchange.



Ms. Suzette McNaught

Suzette McNaught joined the IT Team of the Jamaica Stock Exchange in 1998. She presently holds the position of Manager, Information Technology and Systems. Miss McNaught has the direct responsibility of managing and maintaining the JSE's information system, integral to the operations of the company. A Certified Information Systems Auditor, with a B.Sc in Computer Science and an MBA in Business Administration, Miss McNaught has been instrumental in the enhancement of the JSE's information systems, which includes implementation of a Site-to-site and Private Network for the Broker community and implementation of a real time business continuity site, among other customer service and business systems improvements.



Market Research Committee



JSE’s Market Research Committee with GM: (r-l): Robin Levy ; Noel Reynolds; Brain Langrin; Hopeton Morrison; Claremont Kirton (Chairman); Riccalya Robb and Mrs. Marlene Street Forrest.



JSE CORPORATE HIGHLIGHTS 2007



JSE CORPORATE HIGHLIGHTS 2007



Jamaica Stock Exchange's
Best Practices Annual Report

Bank of Nova Scotia walked away as winners of the prestigious Governor General's award for the company that emerged the overall winners, gaining the most points.

Best Corporate Disclosure and Investor Relations

Winner

National Commercial Bank

Second Place Winner

GraceKennedy Ltd.

Third Place Winner

First Caribbean International Bank Jamaica Ltd.

Best Performing Companies

Winner

Salada Foods Jamaica Ltd.

Second Place Winner

Carreras Group

Third Place Winner

Desnoes & Geddes Limited

Best Practices Investor Relations

Awards (Brokerage)

Winner

M/VL Stockbrokers Limited

Second Place Winner

PanCaribbean Financial Services Ltd.

Third Place Winner

Barita Investments Limited

Best Practices Awards for Annual Report

Winner

Bank of Nova Scotia Jamaica Limited

Second Place Winner

Dehring Bunting and Golding Limited

Third Place Winner

GraceKennedy Limited

**Jamaica Stock Exchange
Best Practices Award for Listed
Companies.**

Winner

Jamaica Money Market Brokers Limited

Second Place Winner

Mayberry Investments Limited

Third Place Winner

Dehring Bunting and Golding Limited

Awards to the Brokerages

Winner

Jamaica Money Market Brokers

Second Place Winner

NCB Capital Markets

Third Place Winner

Mayberry Investments Limited



JSE CORPORATE HIGHLIGHTS 2007



Bank of Nova Scotia Jamaica Limited walked away the winner of the prestigious Governor General's award for the company emerging the overall winner. Keri Gaye Brown then Assistant General Manager, Legal Counsel and Assistant Corporate Secretary receives the award from Governor General His Excellency Sir Kenneth Hall.



Donnett Johnson, Equity Trader of JMMB Securities Ltd receives the first place trophy for Best Practices Website Award for Listed Companies from then Assistant General Manager JSE, Wentworth Graham.



JSE CORPORATE HIGHLIGHTS 2007



Rhys Campbell, Corporate and Regulatory Affairs Executive receives Carreras's second place award for Best Practices Best Performing Company from Mrs. Marlene Street Forrest, General Manager, JSE.



Yvonne Clarke, Group Chief Financial Officer, National Commercial Bank receives from Her Excellency Mrs. Rheima Hall, the company's award for emerging the winner of Best Practices Corporate Disclosure and Investor Relations Award.



JSE CORPORATE HIGHLIGHTS 2007

Market Research Competition



JSE Analyst of the Year: Shane Ingram, formerly of Scotia DBG Investments, (left) second quarter winner of the JSE Market Research Competition receives his cheque of \$15,000 from Michael Johnson, Marketing Officer at JSE. Also, Shane was the third quarter winner and fourth quarter joint winner of the Market Research Competition.



Keisha Bennett, formerly of Scotia DBG receives her cheque from Dr. Noel Reynolds, a lecturer in the Department of Management Studies. Dr. Reynolds is a member of the JSE's nine-member Market Research Committee.



JSE CORPORATE HIGHLIGHTS 2007

Market Research Competition



Lisandra Rickards of Stocks & Securities receives her fourth quarter winning cheque from Michael Johnson, Marketing Officer at the JSE.

Outreach



Members of the audience at the Mandeville JSE Public Education Outreach.



JSE CORPORATE HIGHLIGHTS 2007

Outreach



Congratulations! This participant won a gift certificate of \$5,000 to start his own portfolio.



A member of the audience asking a question at the JSE's Outreach Forum held in May Pen.



JSE CORPORATE HIGHLIGHTS 2007

PM, Mayor and Senator



“Prime Minister Bruce Golding makes a point, when he met with members of the JSE Board on Wednesday, October 10, 2007.” Seated on the left: Mr. Brian Wynter, Executive Director of the FSC; Mr. Audley Shaw, Minister of Finance & the Public Service; Prime Minister Bruce Golding and partly hidden Mr. George Roper, Deputy Executive Director, Financial Services Commission. Seated on the right: Mr. Ed Mckie, Director of the JSE; Mr. Leo Williams, Deputy Chairman; Mr. Curtis Martin, Chairman; Mrs. Marlene Street Forrest, General Manager, JSE and Mr. Robin Levy, General Manager Jamaica Central Securities Depository.



Mrs. Marlene Street Forrest, General Manager of the Jamaica Stock Exchange presents a token to Mayor of May Pen, Milton Brown on the JSE's courtesy call to the Mayor.



JSE CORPORATE HIGHLIGHTS 2007

PM, Mayor and Senator



Mrs. Marlene Street Forrest proudly presenting the JSE's token to then Mayor George Lee of Portmore.



The JSE directors Messrs Leo Williams and Christopher Williams listen attentively to Senator Donald Wehby (right) on their visit to the Ministers of Finance.



JSE CORPORATE HIGHLIGHTS 2007



Doreen Parsons Smith (left) and Suzette McNaught (second right) speaks with the Principal and a student of the St. Micheal’s Primary School during the JSE's visit to the school.



FINANCIAL & STATISTICAL HIGHLIGHTS

	2007	2006	2005	2004	2003	2002	2001	2000	1999
Revenue (\$)	240,797,000	294,515,000	313,590,000	219,395,000	160,997,000	76,612,000	65,116,000	47,325,000	51,132,000
Expenses(\$)	212,796,000	323,349,000	180,099,000	135,495,000	101,216,000	70,586,000	67,496,000	52,898,000	52,528,000
Income Before Taxes (\$)	28,001,000	□ -28,834,000	133,491,000	83,900,000	59,781,000	6,026,000	-2,380,000	-9,573,000	-1,396,000
Net Income After Tax	44,116,000	8,213,000	114,213,000	109,001,000	77,313,000	25,753,000	21,996,000	17,023,000	5,351,000
Compensation Fund (\$)	463,759,000	434,686,000	404,253,000	378,839,000	331,517,000	280,604,000	253,953,000	218,167,000	190,616,000
Members' Equity	486,273,000	465,872,000	484,043,000	403,770,000	287,029,000	244,717,000	241,474,000	191,156,000	200,153,000
Reported Share Volume (Millions)* (Units)	2,433.48	5,639.39	2,498.03	5,194.56	4,290.43	1,604.59	2,845.20	694.90	520.531
Daily Average Share Volume (Millions) (Units)	9.73	22.55	9.91	20.45	17.09	6.39	11.43	3.49	2,602
Reported Dollar Value (Millions) (\$)	29,047.42	37,041	40,747	35,994.85	24,237.33	7,636.88	5,948.36	3,441.08	2,218.71
Daily Average Dollars Value (Millions) (\$)	116.18	148.16	161.69	141.71	96.53	30.43	23.89	17.29	11,093
JSE Market Index as at December 31,	107,968.00	100,678	104,510	112,655.51	67,586.72	45,396.21	33,835.59	28,893.24	21,892.58
Member Organizations	11	11	11	11	10	10	10	6	6
New Listed Companies/Securities	1	3	1	Nil	2	Nil	1	5	1
Total Listed Companies*	44	44	41	40	41	40	42	44	45
Total Shares Listed (Billions)	47.16	49.23	46.19	42.28	41.88	35.77	33.19	29.49	23.04
Market Capitalization as at December 31:(Billion)(\$)	876.69	822.86	839.85	879.30	512.88	292.3	222.0	160.14	104.04

*Note: Securities issued by TOJ are now subsumed under Cable & Wireless in our report. Previous years have been adjusted.

△ Restated

Ø Loss due to Exceptional Item - Write off of Fixed Income Development (\$128.7M)



JAMAICA STOCK EXCHANGE

*“Providing A Fair, Efficient and
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**ANNUAL
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AND ITS SUBSIDIARY

AUDITORS' REPORT & FINANCIAL STATEMENTS

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Kingston Gardens
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Tel: (876) 922 6825-7
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<http://www.deloitte.com.jm>428 & 42C Union Street
Montego Bay Jamaica, W.I.
Tel: (876)9524713-4
Fax: (876) 979 0246**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 the consolidated financial statements of the Company and its subsidiary (the Group), set out on pages 40 to 87, which comprise the Group's and the Company's balance sheets as at December 31, 2007, and the Group's and the Company's income statements, 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. 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.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at December 31, 2007 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 Companies Act of Jamaica

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 in the manner so required.

Chartered Accountants
Kingston, Jamaica, March 14, 2007Carey 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



JAMAICA STOCK EXCHANGE

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CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2007


	Notes	2007 \$'000	2006 \$'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	96,687	91,646
Intangible assets	6	13,529	15,074
Investments in securities:			
Compensation Fund	8.1	138,972	135,146
Other	8.2	162,657	185,547
Long-term receivables	9	3,675	5,701
Post employment benefits	10	46,946	45,228
Total non-current assets		462,466	478,342
Current assets			
Income tax recoverable		14,168	1,767
Trade and other receivables	11	26,459	31,384
Investments in securities:			
Compensation Fund	8.1	324,787	299,540
Other	8.2	149,097	115,417
Cash and bank deposits	12	26,607	41,497
Total current assets		541,118	489,605
Total assets		1,003,584	967,947
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	13	113,590	113,590
Fair value reserve	14	(1,102)	(2,554)
Contingency reserve	15	442,030	414,339
Revenue reserve	16	373,785	354,836
Total equity		928,303	880,211
Non-current liabilities			
Long-term liabilities	17	-	4,958
Deferred tax liabilities	18	33,380	19,456
Total non-current liabilities		33,380	24,414
Current liabilities			
Accounts payable	19	41,901	63,272
Bank overdraft	12	-	50
Total current liabilities		41,901	63,322
Total equity and liabilities		1,003,584	967,947

The notes on Pages 48 to 87 form an integral part of the financial statements.

The financial statements on Pages 40 to 87 were approved and authorized for issue by the Board of Directors on March 12, 2008 and are signed on its behalf by:



 Director



 Director



CONSOLIDATED INCOME STATEMENT

YEAR ENDED DECEMBER 31, 2007

	<u>Notes</u>	<u>2007</u> \$'000	<u>2006</u> \$'000
Income			
Cess		82,695	113,539
Fee income		90,060	109,595
Other operating income	20	<u>33,134</u>	<u>30,491</u>
		<u>205,889</u>	<u>253,625</u>
Expenses			
Staff costs	21	86,516	76,179
Property expenses		37,307	30,455
Depreciation and amortization		17,621	17,277
Advertising and promotion		19,961	19,689
Professional fees		16,676	5,772
Securities commission fees		24,135	31,749
Allowances for doubtful debts		1,899	1,887
Demutualization costs		-	139
Impairment of investment	26.2	-	1,317
Other operating expenses		<u>9,673</u>	<u>7,783</u>
		<u>213,788</u>	<u>192,247</u>
(DEFICIT) SURPLUS FROM OPERATIONS		(7,899)	61,378
Investment income	22	34,908	40,890
Compensation Fund income (net)	23	37,751	39,866
Finance cost	24	(1,380)	(2,394)
Other gains and losses	25	<u>2,372</u>	<u>(128,708)</u>
SURPLUS BEFORE TAXATION	26	65,752	11,032
Taxation	27	<u>(21,636)</u>	<u>(2,819)</u>
NET SURPLUS	28	<u>44,116</u>	<u>8,213</u>

The notes on Pages 48 to 87 form an integral part of the financial statements.



JAMAICA STOCK EXCHANGE

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2007

	Notes	Share Capital \$'000	Share Premium \$'000	Capital Reserve \$'000	Capital Redemption Reserve Fund \$'000	Fair Value Reserve \$'000	Contingency Reserve \$'000	Revenue Reserve \$'000	Total \$'000
Balance at January 1, 2006		550	8,040	104,900	100	(3,348)	384,980	373,801	869,023
Fair value adjustment on available-for-sale securities		-	-	-	-	1,192	3,271	-	4,463
Deferred tax on fair value adjustment		-	-	-	-	(398)	(1,090)	-	(1,488)
Net income recognized directly in equity		-	-	-	-	794	2,181	-	2,975
Net surplus for the year		-	-	-	-	-	-	8,213	8,213
Total recognized income for the year		-	-	-	-	794	2,181	8,213	11,188
Transfer to share capital	13	113,040	(8,040)	(104,900)	(100)	-	-	-	-
Appropriation from income to contingency reserve	15	-	-	-	-	-	27,178	(27,178)	-
Balance at January 1, 2007		113,590	-	-	-	(2,554)	414,339	354,836	880,211
Fair value adjustment on available-for-sale securities		-	-	-	-	2,178	3,786	-	5,964
Deferred tax on fair value adjustment		-	-	-	-	(726)	(1,262)	-	(1,988)
Net income recognized directly in equity		-	-	-	-	1,452	2,524	-	3,976
Net surplus for the year		-	-	-	-	-	-	44,116	44,116
Total recognized income for the year		-	-	-	-	1,452	2,524	44,116	48,092
Appropriation from income to contingency reserve	15	-	-	-	-	-	25,167	(25,167)	-
Balance at December 31, 2007		113,590	-	-	-	(1,102)	442,030	373,785	928,303

The notes on Pages 48 to 87 form an integral part of the financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2007

	Note	2007 \$'000	2006 \$'000
OPERATING ACTIVITIES			
Net surplus		44,116	8,213
Adjustments for:			
Depreciation of property, plant and equipment		11,560	10,917
Amortisation of intangible assets		6,061	6,360
Write-off of intangible assets		-	128,708
Impairment of investment		-	2,634
Loss on disposal of property, plant and equipment		5	339
Unrealised foreign exchange gains on investments		(6,816)	(5,393)
Post employment benefit charge (credit)		587	(16,467)
Allowance for doubtful debts		1,899	1,887
Income tax expense		21,636	2,819
Interest income		(74,159)	(84,169)
Interest expense		<u>1,380</u>	<u>2,394</u>
Operating cash flows before movements in working capital		6,269	58,242
Decrease in trade and other receivables		3,026	9,001
(Decrease) increase in accounts payable		(21,174)	26,856
Post employment benefit contributions		<u>(2,305)</u>	<u>(2,310)</u>
Cash (utilized in) generated from operations		(14,184)	91,789
Income tax paid		(22,101)	(38,651)
Interest paid		<u>(1,380)</u>	<u>(2,394)</u>
Cash (used in) provided by operating activities		<u>(37,665)</u>	<u>50,744</u>
INVESTING ACTIVITIES			
Acquisition of investments in securities (net)			
Compensation Fund		(13,114)	(26,325)
Other		3,232	3,537
Acquisition of property, plant and equipment		(16,708)	(27,407)
Acquisition of intangible assets		(4,516)	(63,299)
Proceeds on disposal of property, plant and equipment		102	200
Long-term receivables		2,026	(2,053)
Interest received		<u>56,943</u>	<u>89,847</u>
Cash provided by (used in) investing activities		<u>27,965</u>	<u>(25,500)</u>
FINANCING ACTIVITIES			
Long-term liabilities (net)		<u>(5,155)</u>	<u>(7,090)</u>
Cash used in financing activities		<u>(5,155)</u>	<u>(7,090)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(14,855)	18,154
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		41,447	23,356
Effect of foreign exchange rate changes		<u>15</u>	<u>(63)</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	12	<u>26,607</u>	<u>41,447</u>

The notes on Pages 48 to 87 form an integral part of the financial statements.



JAMAICA STOCK EXCHANGE

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BALANCE SHEET AT DECEMBER 31, 2007

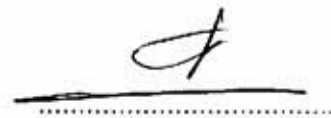
	<u>Notes</u>	<u>2007</u> \$'000	<u>2006</u> \$'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	89,369	82,694
Intangible assets	6	7,371	12,002
Investment in subsidiary	7	120,575	116,493
Investments in securities			
Compensation Fund	8.1	138,972	135,146
Other	8.2	133,400	166,647
Long-term receivable	9	2,775	4,548
Post employment benefits	10	<u>37,557</u>	<u>36,183</u>
Total non-current assets		<u>530,019</u>	<u>553,713</u>
Current assets			
Income tax recoverable		8,489	-
Trade and other receivables	11	19,647	21,247
Investments in securities			
Compensation Fund	8.1	324,787	299,540
Other	8.2	117,060	77,973
Cash and cash equivalents	12	<u>22,290</u>	<u>40,568</u>
Total current assets		<u>492,273</u>	<u>439,328</u>
Total assets		<u>1,022,292</u>	<u>993,041</u>
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	13	113,590	113,590
Fair value reserve	14	(869)	(1,486)
Contingency reserve	15	442,030	414,339
Revenue reserve		<u>391,578</u>	<u>381,784</u>
Total shareholders' equity		<u>946,329</u>	<u>908,227</u>
Non-current liabilities			
Long-term liabilities	16	-	4,958
Deferred tax liabilities	17	<u>48,130</u>	<u>39,092</u>
Total non-current liabilities		<u>48,130</u>	<u>44,050</u>
Current liabilities			
Accounts payable	18	27,833	38,343
Income tax payable		-	2,371
Bank overdraft	12	<u>-</u>	<u>50</u>
Total current liabilities		<u>27,833</u>	<u>40,764</u>
Total equity and liabilities		<u>1,022,292</u>	<u>993,041</u>

The notes on Pages 48 to 87 form an integral part of the financial statements.

The financial statements on Pages 40 to 87 were approved and authorized for issue by the Board of Directors on March 12, 2008 and are signed on its behalf by:

.....

 Director

.....

 Director



INCOME STATEMENT

YEAR ENDED DECEMBER 31, 2007

	<u>Notes</u>	<u>2007</u> \$'000	<u>2006</u> \$'000
INCOME			
Cess		82,695	113,539
Fee income		34,805	33,719
Other operating income	20	<u>32,936</u>	<u>30,114</u>
		<u>150,436</u>	<u>177,372</u>
EXPENSES			
Staff costs	21	64,063	59,114
Property expenses		23,735	21,741
Depreciation and amortization		14,319	14,672
Advertising and promotion		19,849	19,331
Professional fees		13,478	4,383
Securities commission		23,238	30,113
Allowances for doubtful debts		1,411	1,532
Demutualization costs		-	139
Impairment of investment	26.2	-	1,317
Other operating expenses		<u>3,426</u>	<u>4,195</u>
		<u>163,519</u>	<u>156,537</u>
(DEFICIT) SURPLUS FROM OPERATIONS		(13,083)	20,835
Investment income	22	28,840	33,572
Compensation Fund income (net)	23	37,751	39,866
Finance cost	24	(1,380)	(2,394)
SURPLUS BEFORE TAXATION		52,128	91,879
Taxation	27	(17,167)	(29,779)
NET SURPLUS		<u>34,961</u>	<u>62,100</u>

The notes on Pages 48 to 87 form an integral part of the financial statements.



JAMAICA STOCK EXCHANGE

"Providing A Fair, Efficient and
Transparent Stock Market"

ANNUAL
REPORT 2007

STATEMENT OF CHANGES IN EQUITY YEAR ENDED DECEMBER 31, 2007

	Notes	Share Capital \$'000	Share Premium \$'000	Capital Reserve \$'000	Capital Redemption Reserve Fund \$'000	Fair Value Reserve \$'000	Contingency Reserve \$'000	Revenue Reserve \$'000	Total \$'000
Balance at January 1, 2006		550	8,040	104,900	100	(1,880)	384,980	346,862	843,552
Fair value adjustment on available for sale securities		-	-	-	-	592	3,271	-	3,863
Deferred tax on fair value adjustment		-	-	-	-	(198)	(1,090)	-	(1,288)
Net income recognized directly in equity		-	-	-	-	394	2,181	-	2,575
Net surplus for the year		-	-	-	-	-	-	62,100	62,100
Total recognized income for the year		-	-	-	-	394	2,181	62,100	64,675
Transfer to share capital	13	113,040	(8,040)	(104,900)	(100)	-	-	-	-
Appropriation from income to contingency reserve fund	15	-	-	-	-	-	27,178	(27,178)	-
Balance at January 1, 2007		113,590	-	-	-	(1,486)	414,339	381,784	908,227
Fair value adjustment on available for sale securities		-	-	-	-	926	3,786	-	4,712
Deferred tax on fair value adjustment		-	-	-	-	(309)	(1,262)	-	(1,571)
Net income recognized directly in equity		-	-	-	-	617	2,524	-	3,141
Net surplus for the year		-	-	-	-	-	-	34,961	34,961
Total recognized income for the year		-	-	-	-	617	2,524	34,961	38,102
Appropriation from income to contingency reserve fund	15	-	-	-	-	-	25,167	(25,167)	-
Balance at December 31, 2007		113,590	-	-	-	(869)	442,030	391,578	946,329

The notes on Pages 48 to 87 form an integral part of the financial statements.



STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2007

	Note	2007 \$'000	2006 \$'000
OPERATING ACTIVITIES			
Net surplus		34,961	62,100
Adjustments for:			
Depreciation of property, plant and equipment		9,408	9,321
Amortisation of intangible assets		4,911	5,351
Loss on disposal of property, plant and equipment		5	339
Impairment of investment		-	2,634
Unrealised foreign exchange gains on investments		(6,816)	(5,393)
Post employment benefit charge (credit)		441	(13,174)
Allowance for doubtful debts		1,411	1,532
Income tax expense		17,167	29,779
Interest income		(68,091)	(76,851)
Interest expense		<u>1,380</u>	<u>2,394</u>
Operating cash flows before movements in working capital		(5,223)	18,032
Decrease in trade and other receivables		189	7,608
(Decrease) increase in accounts payable		(10,313)	12,795
Post employment benefit contributions		<u>(1,815)</u>	<u>(1,848)</u>
Cash (used in) generated from operations		(17,162)	36,587
Income tax paid		(20,560)	(30,046)
Interest paid		<u>(1,380)</u>	<u>(2,394)</u>
Cash (used in) provided by operating activities		<u>(39,102)</u>	<u>4,147</u>
INVESTING ACTIVITIES			
Net acquisition of investments in securities			
Compensation fund		(13,114)	(26,325)
Other		7,012	2,433
Advances to subsidiary		(4,082)	(8,090)
Acquisition of property, plant and equipment		(16,190)	(19,530)
Acquisition of intangible assets		(280)	(2,014)
Proceeds on disposal of property, plant and equipment		102	200
Long-term receivable		1,773	(900)
Interest received		<u>50,793</u>	<u>82,177</u>
Cash provided by investing activities		<u>26,014</u>	<u>27,951</u>
FINANCING ACTIVITIES			
Loan financing (net)		(5,155)	(7,090)
Cash used in financing activities		<u>(5,155)</u>	<u>(7,090)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(18,243)	25,008
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		40,518	15,573
Effect of foreign exchange rate changes		<u>15</u>	<u>(63)</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	12	<u>22,290</u>	<u>40,518</u>

The notes on Pages 48 to 87 form an integral part of the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2007

1 GROUP IDENTIFICATION**1.1 Composition of the Group**

The group comprises the Jamaica Stock Exchange Limited (the company) which is incorporated in Jamaica as a public limited liability company and its wholly-owned subsidiary, Jamaica Central Securities Depository Limited, (subsidiary) which is also incorporated in Jamaica. The registered offices of both companies are situated at 40 Harbour Street, Kingston, Jamaica.

1.2 Principal Activities

<u>Name of Company</u>	<u>Principal Activity</u>
The Jamaica Stock Exchange Limited	The operation of a stock exchange and the development of a stock market in Jamaica.
Jamaica Central Securities Depository Limited	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.

These financial statements are expressed in Jamaican dollars.

2 ADOPTION OF NEW AND REVISED STANDARDS**2.1 Standards and Interpretations effective in the current period**

In the current year, the group has adopted IFRS 7, Financial Instruments: Disclosures which are effective for annual reporting periods beginning on or after January 1, 2007, and the consequential amendments to IAS 1, Presentation of Financial Statements.

The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the group's financial instruments and management of capital (See Note 31).

Four interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are:

IFRIC 7	Applying the Restatement Approach under IAS 29, Financial Reporting in Hyper-Inflationary Economies
IFRIC 8	Scope of IFRS 2
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 10	Interim Financial Reporting and Impairment

The adoption of these Interpretations has not resulted in any changes to the group's accounting policies.



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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

2.2 *Standards and interpretations in issue not yet adopted*

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

		<u>Effective for annual periods beginning on or after</u>
IAS 1 (Revised)	Presentation of Financial Statements - Comprehensive Revision Including Requiring a Statement of Comprehensive Income	January 1, 2009
IAS 23 (Revised)	Borrowing Costs	January 1, 2009
IFRS 8	Operating Segments	January 1, 2009
IFRIC 11	Group and Treasury Share Transactions	March 1, 2007
IFRIC 12	Service Concession Arrangements	January 1, 2008
IFRIC 13	Customer Loyalty Programmes	July 1, 2008
IFRIC 14	IAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 1, 2008

The directors anticipate that the adoption of these Standards and Interpretations in the future periods will have no material impact on the financial statements of the group in the period of initial application.

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).

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.

3.3 *Basis of consolidation*

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

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

3.4 *Property, plant and equipment*



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

3.4 *Property, plant and equipment*

All property, plant 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.

Depreciation is charged so as to write off the cost of property, plant 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, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

3.5 *Intangible assets*

Intangible assets acquired are reported at cost less accumulated amortization 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. Amortization of these assets, on the same basis as other intangible assets, commences when the assets are ready for their intended use.

Amortization on intangible assets is charged on a straight-line basis over the estimated lives. The estimated useful life and amortization 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 each balance sheet date, 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.



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

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.

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 (including advances), 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 each balance sheet date. 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 balance sheet 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 income statement 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 balance sheet date.



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.9 Taxation (Cont'd)

3.9.2 Deferred tax

Deferred tax is recognized 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 and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized 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 recognized 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 balance sheet 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 balance sheet date, 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 income statement, 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



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.10 *Financial Instruments (Cont'd)*

- (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.

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 recognizes a financial assets or financial liabilities on its balance sheet 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.



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.11 *Financial assets (Cont'd)*

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 31.10. 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 income statement. 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.

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 balance sheet date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in the income statement, 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 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 recognized in the income statement, 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;



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.11 *Financial assets (Cont'd)*3.11.6 Related party (Cont'd)

- (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 group.

Intra group transactions are recorded at pre-determined rates.

3.11.7 Impairment of financial assets

Financial assets are assessed for indication of impairment at each balance sheet date. 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 of 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.



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.11 *Financial assets (Cont'd)*

3.11.7 Impairment of financial assets (Cont'd)

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 recognized in the income statement.

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 recognized, the previously recognized impairment loss is reversed through the income statement 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 recognized.

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 recognizes 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 recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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

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.



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.12 *Financial liabilities and equity instruments issued by the company (Cont'd)*3.12.3 Financial liabilities3.12.3.1 *Borrowings*

Borrowings are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method, with interest expense recognized 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*

Accounts payable are initially measured at their fair values. 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 *Derecognition of financial liabilities*

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

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.



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.13 Revenue recognition (Cont'd)

3.13.2 Fee income (Cont'd)

Fee income of the subsidiary includes:

- Membership fees

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

- User fees

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

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.



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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 **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 each balance sheet date, monetary items denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet 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 income statement.

3.16 **Borrowing costs**

Borrowing costs are recognised in the income statement 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 judgements, 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.



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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 judgements in applying accounting policies

The following is a critical judgement, 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 recognized in the financial statements.

4.1.1 Held-to-maturity financial assets

The management has 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 those assets to maturity. The carrying amount of held-to-maturity financial assets classified under other investment in securities are: \$206.2 million (2006: \$232.7 million) for the group and \$176.3 million (2006: \$200.0 million) in respect of the company. Details of these assets are set out in Note 8.2.

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 amounts shown in the balance sheet of an asset of approximately \$46.9 million for the group and \$37.5 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.

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.



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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

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.



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

5 PROPERTY, PLANT AND EQUIPMENT

	The Group								TOTAL \$'000
	Freehold Land \$'000	Land Improvement \$'000	Freehold Buildings \$'000	Furniture & Fixtures \$'000	Office Equipment \$'000	Computer Hardware \$'000	Motor Vehicles \$'000		
Cost									
January 1, 2006	5,154	-	58,502	7,066	7,261	37,700	-	115,683	
Additions	-	-	5,944	1,283	5,423	14,087	670	27,407	
Disposals	-	-	(703)	-	-	-	-	(703)	
January 1, 2007	5,154	-	63,743	8,349	12,684	51,787	670	142,387	
Additions	11,528	70	269	37	2,426	2,378	-	16,708	
Disposals	-	-	-	(223)	(757)	(2,502)	-	(3,482)	
December 31, 2007	16,682	70	64,012	8,163	14,353	51,663	670	155,613	
Depreciation									
January 1, 2006	-	-	9,083	4,123	3,748	23,034	-	39,988	
Charge for year	-	-	1,523	548	1,676	7,036	134	10,917	
Disposal	-	-	(164)	-	-	-	-	(164)	
January 1, 2007	-	-	10,442	4,671	5,424	30,070	134	50,741	
Charge for year	-	-	1,787	495	2,069	7,075	134	11,560	
Disposal	-	-	-	(226)	(750)	(2,399)	-	(3,375)	
December 31, 2007	-	-	12,229	4,940	6,743	34,746	268	58,926	
Carrying amount									
December 31, 2007	16,682	70	51,783	3,223	7,610	16,917	402	96,687	
December 31, 2006	5,154	-	53,301	3,678	7,260	21,717	536	91,646	



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

5 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	The Company										Total \$'000	
	Freehold Land \$'000	Land Improvement \$'000	Freehold Buildings \$'000	Furniture & Fixtures \$'000	Office Equipment \$'000	Computer Hardware \$'000	Motor Vehicles \$'000					
Cost												
January 1, 2006	5,154	-	58,502	6,081	6,323	31,858	-	-	-	-	-	107,918
Additions	-	-	5,944	527	4,818	7,571	670	-	-	-	-	19,530
Disposals	-	-	(703)	-	-	-	-	-	-	-	-	(703)
January 1, 2007	5,154	-	63,743	6,608	11,141	39,429	670	-	-	-	-	126,745
Additions	11,528	70	269	-	1,963	2,360	-	-	-	-	-	16,190
Disposals	-	-	-	(223)	(757)	(2,502)	-	-	-	-	-	(3,482)
December 31, 2007	16,682	70	64,012	6,385	12,347	39,287	670	-	-	-	-	139,453
Depreciation												
January 1, 2006	-	-	9,083	4,027	3,358	18,426	-	-	-	-	-	34,894
Charge for year	-	-	1,523	396	1,468	5,800	134	-	-	-	-	9,321
Disposals	-	-	(164)	-	-	-	-	-	-	-	-	(164)
January 1, 2007	-	-	10,442	4,423	4,826	24,226	134	-	-	-	-	44,051
Charge for year	-	-	1,787	317	1,687	5,483	134	-	-	-	-	9,408
Disposals	-	-	-	(226)	(750)	(2,399)	-	-	-	-	-	(3,375)
December 31, 2007	-	-	12,229	4,514	5,763	27,310	268	-	-	-	-	50,084
Carrying amount												
December 31, 2007	16,682	70	51,783	1,871	6,584	11,977	402	-	-	-	-	89,369
December 31, 2006	5,154	-	53,301	2,185	6,315	15,203	536	-	-	-	-	82,694



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

5 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The following rates are used for the depreciation of property, plant and equipment:

	<u>Per annum</u>
Buildings	- 2.5%
Furniture and fixtures	- 10%
Office equipment	- 20%
Computer hardware	- 20%
Motor vehicles	- 20%

No depreciation is provided on freehold land.

6 INTANGIBLE ASSETS

	<u>The Group</u>			<u>The Company</u>
	<u>Computer Software \$'000</u>	<u>Computer Software Development Project \$'000</u>	<u>Total \$'000</u>	<u>Computer Software \$'000</u>
Cost				
January 1, 2006	33,346	68,175	101,521	22,023
Additions	2,171	61,128	63,299	2,014
Write-off	<u>-</u>	<u>(128,708)</u>	<u>(128,708)</u>	<u>-</u>
January 1, 2007	35,517	595	36,112	24,037
Additions	501	4,015	4,516	280
Disposals	<u>(129)</u>	<u>-</u>	<u>(129)</u>	<u>(129)</u>
December 31, 2007	<u>35,889</u>	<u>4,610</u>	<u>40,499</u>	<u>24,188</u>
Amortisation				
January 1, 2006	14,678	-	14,678	6,684
Charge for the year	<u>6,360</u>	<u>-</u>	<u>6,360</u>	<u>5,351</u>
January 1, 2007	21,038	-	21,038	12,035
Charge for the year	6,061	-	6,061	4,911
Disposals	<u>(129)</u>	<u>-</u>	<u>(129)</u>	<u>(129)</u>
December 31, 2007	<u>26,970</u>	<u>-</u>	<u>26,970</u>	<u>16,817</u>
Carrying amount				
December 31, 2007	<u>8,919</u>	<u>4,610</u>	<u>13,529</u>	<u>7,371</u>
December 31, 2006	<u>14,479</u>	<u>595</u>	<u>15,074</u>	<u>12,002</u>

Computer software is amortised at a rate of 20% per annum. During 2006 fixed income software development project of the subsidiary was abandoned and the total cost accumulated on the project at December 31, 2006 amounting to \$128.7 million was written off and charged under other gains and losses in the income statement (see Note 25).



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

7 INVESTMENT IN SUBSIDIARY

	<u>The Company</u>	
	<u>2007</u>	<u>2006</u>
	\$'000	\$'000
Shares – at cost	55,000	55,000
Advances	<u>65,575</u>	<u>61,493</u>
	<u>120,575</u>	<u>116,493</u>

8 INVESTMENTS IN SECURITIES

8.1 Compensation Fund

	<u>The Group and The Company</u>	
	<u>2007</u>	<u>2006</u>
	\$'000	\$'000
<u>Held-to-maturity – At amortized cost</u>		
<i>Government of Jamaica Securities</i>		
Variable Rates Local Registered Stocks – 12.5% - 15.915% (2006: 14.81%)	41,629	31,009
Investment Debentures: 12.88% - 14.00% (2006: 12.88% - 16.63%)	8,182	28,447
Investment Bonds: 12.44% - 14.29% (2006: 12.44% - 14.29%)	31,149	78,393
Bank of Jamaica certificate of deposits	7,586	-
<i>Foreign Currency Investments</i>		
GOJ Fixed Rate US\$ Global Bonds; 10.625% (nominal value US\$350,000)	27,241	26,252
Government of Belize guaranteed mortgage notes (nominal value US\$49,201)	2,362	2,040
MAN-IP Multi-strategy Series 3 Limited Bonds (nominal value US\$250,000)	<u>18,730</u>	<u>17,694</u>
	<u>136,879</u>	<u>183,835</u>
<u>Available-for-sale – At fair value</u>		
Investment in Unit Trusts	<u>43,457</u>	<u>39,671</u>
<u>Loans and receivables – At amortized cost</u>		
Repurchase agreements – 11.90% - 13.35% (2006: 11.95% - 13.35%)	167,739	148,890
Repurchase agreements (nominal value US\$274,090 – 5.00% - 6.5%) (2006: nominal value US\$261,232 – 5.75% - 6.5%)	<u>18,882</u>	<u>17,524</u>
	<u>186,621</u>	<u>166,414</u>
<i>Cash and Others</i>		
Cash and cash equivalents	102,427	46,558
Other receivables	188	3,106
Payables	<u>(5,813)</u>	<u>(4,898)</u>
	<u>96,802</u>	<u>44,766</u>
	463,759	434,686
Less: Current portion	<u>(324,787)</u>	<u>(299,540)</u>
	<u>138,972</u>	<u>135,146</u>



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

Less: Current portion	(324,787)	(299,540)
	<u>138,972</u>	<u>135,146</u>

8 INVESTMENTS IN SECURITIES (Cont'd)

8.1 Compensation Fund (Cont'd)

	<u>The Group and The Company</u>	
	<u>2007</u>	<u>2006</u>
	\$'000	\$'000
The movement for the year of the available-for-sale investments is as follows:		
Opening balance	39,671	36,400
Increase in fair value	<u>3,786</u>	<u>3,271</u>
Closing balance	<u>43,457</u>	<u>39,671</u>

8.2 Other

	<u>The Group</u>		<u>The Company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	\$'000	\$'000	\$'000	\$'000
<u>Held-to-maturity – at amortised cost</u>				
<i>Government of Jamaica Securities</i>				
Variable Rates Local Registered Stocks: 15.915% (2006: 14.81%)	33,229	33,077	33,229	33,077
Investment Debentures: 12.85% - 16.5% (2006: 12.85% - 16.5%)	10,666	41,166	9,124	31,734
<i>Government of Jamaica</i>				
<i>Investment Bonds JS\$:11.96% - 15.84%</i> (2006: 13.59% - 14.34%)	110,061	108,484	81,732	85,215
<i>Foreign Currency Investments</i>				
Government of Belize guaranteed mortgage notes (nominal value US\$49,201- 4.25%)	2,362	2,040	2,362	2,040
MAN-IP Multi – strategy Series 3 Limited Bonds (nominal value US\$250,000)	18,730	17,694	18,730	17,694
GOJ 10.625% US\$ Index Bond (nominal value US\$410,000)	<u>31,111</u>	<u>30,204</u>	<u>31,111</u>	<u>30,204</u>
	<u>206,159</u>	<u>232,665</u>	<u>176,288</u>	<u>199,964</u>
<u>Available-for-sale – At fair value</u>				
Investments in Unit Trusts	<u>26,205</u>	<u>24,027</u>	<u>15,555</u>	<u>14,629</u>
Carried forward	<u>232,364</u>	<u>256,692</u>	<u>191,843</u>	<u>214,593</u>



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

8 INVESTMENTS IN SECURITIES (Cont'd)

8.2 Other (Cont'd)

	The Group		The Company	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	\$'000	\$'000	\$'000	\$'000
Brought forward	232,364	256,692	191,843	214,593
Loans and receivables				
- At amortized cost				
Repurchase agreements:				
10.70% - 12.5%				
(2006: 10.80% - 13.25%)	<u>79,390</u>	<u>44,272</u>	<u>58,617</u>	<u>30,027</u>
	311,754	300,964	250,460	244,620
Less: Current portion	<u>(149,097)</u>	<u>(115,417)</u>	<u>(117,060)</u>	<u>(77,973)</u>
	<u>162,657</u>	<u>185,547</u>	<u>133,400</u>	<u>166,647</u>

The movement for the year of the available-for-sale investment is as follows:

	The Group		The Company	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	\$'000	\$'000	\$'000	\$'000
Opening balance	24,027	22,835	14,629	14,037
Increase in fair value	<u>2,178</u>	<u>1,192</u>	<u>926</u>	<u>592</u>
Closing balance	<u>26,205</u>	<u>24,027</u>	<u>15,555</u>	<u>14,629</u>

9 LONG-TERM RECEIVABLES

These represent loans granted to employees. The loans are repayable by monthly instalments 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 \$1,583,995 (2006: \$2,593,949) is included in other receivable.

10 POST EMPLOYMENT BENEFITS

The group operates a defined benefit pension plan for its employees. 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 1½% of final pensionable salary times pensionable years of service.

The most recent actuarial valuation was carried out at December 31, 2007, 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.



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

10 POST EMPLOYMENT BENEFITS (Cont'd)

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

	<u>The Group and the Company</u>	
	<u>2007</u>	<u>2006</u>
Discount rate	13.0%	12.0%
Expected return on plan assets	10.0%	10.0%
Expected rate of salary increase	10.0%	9.0%
Future pension increases	0.0%	0.0%

(b) Amount included in the balance sheet in respect of the scheme is as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligations	(20,005)	(17,530)	(16,004)	(14,024)
Fair value of plan assets	75,060	70,038	60,048	56,031
Unrecognised actuarial gains	(488)	(3,759)	(392)	(3,007)
Assets not recognized due to limitation in paragraph 58 of IAS 19	<u>(7,621)</u>	<u>(3,521)</u>	<u>(6,095)</u>	<u>(2,817)</u>
Net asset in balance sheet	<u>46,946</u>	<u>45,228</u>	<u>37,557</u>	<u>36,183</u>

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	\$'000	\$'000	\$'000	\$'000
Current service cost	1,077	604	861	483
Interest cost	2,468	1,762	1,975	1,409
Expected return on plan assets	(7,004)	(6,478)	(5,603)	(5,183)
Recognised gains	(54)	(303)	(70)	(242)
Increase (decrease) in unrecognized assets	<u>4,100</u>	<u>(12,052)</u>	<u>3,278</u>	<u>(9,641)</u>
Total included in employee benefit costs	<u>587</u>	<u>(16,467)</u>	<u>441</u>	<u>(13,174)</u>
Actual return on plan assets	<u>594</u>	<u>127</u>	<u>1,328</u>	<u>241</u>

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	\$'000	\$'000	\$'000	\$'000
Opening balance	45,228	26,451	36,183	21,161
Amount (charged) credited to income	(587)	16,467	(441)	13,174
Contributions paid	<u>2,305</u>	<u>2,310</u>	<u>1,815</u>	<u>1,848</u>
Closing balance	<u>46,946</u>	<u>45,228</u>	<u>37,557</u>	<u>36,183</u>



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

10 POST EMPLOYMENT BENEFITS (Cont'd)

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

	The Group		The Company	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	\$'000	\$'000	\$'000	\$'000
Opening defined benefit obligations	17,530	11,740	14,024	9,513
Service cost	1,077	604	861	483
Interest cost	2,468	1,762	1,975	1,409
Members' contributions	3,693	3,200	2,673	2,300
Benefits paid	(1,855)	(381)	(1,797)	(305)
Actuarial (gain) loss	<u>(2,908)</u>	<u>605</u>	<u>(1,732)</u>	<u>624</u>
Closing defined benefit obligations	<u>20,005</u>	<u>17,530</u>	<u>16,004</u>	<u>14,024</u>

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

	The Group		The Company	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	\$'000	\$'000	\$'000	\$'000
Opening fair value of plan assets	70,038	64,782	56,031	51,947
Members' contributions	3,693	3,200	2,673	2,300
Employers contributions	2,305	2,310	1,815	1,848
Expected return on plan assets	7,004	6,478	5,603	5,183
Benefits paid	(1,855)	(381)	(1,797)	(305)
Actuarial loss	<u>(6,125)</u>	<u>(6,351)</u>	<u>(4,277)</u>	<u>(4,942)</u>
Closing fair value of plan assets	<u>75,060</u>	<u>70,038</u>	<u>60,048</u>	<u>56,031</u>

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

	The Group		The Company	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	\$'000	\$'000	\$'000	\$'000
Equity investment	33,135	33,643	26,508	26,914
Government of Jamaica securities	26,423	21,892	21,138	17,514
Real estate	10,010	10,010	8,008	8,008
Others	<u>5,492</u>	<u>4,493</u>	<u>4,394</u>	<u>3,595</u>
Fair value of plan asset	<u>75,060</u>	<u>70,038</u>	<u>60,048</u>	<u>56,031</u>

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.



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

10 POST EMPLOYMENT BENEFITS (Cont'd)

The history of experience adjustments is as follows:

	The Group			
	Defined Benefit Pension Plan			
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	(20,005)	(17,530)	(11,740)	(6,614)
Fair value of plan assets	<u>75,060</u>	<u>70,038</u>	<u>64,782</u>	<u>42,849</u>
Fund surplus	55,055	52,508	53,042	36,235
Experience adjustments on plan liabilities	(2,908)	(605)	(1,732)	(1,181)
Experience adjustments on plan assets	6,125	6,351	(14,041)	(1,605)

	The Company			
	Defined Benefit Pension Plan			
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	(16,004)	(14,024)	(9,513)	(5,291)
Fair value of plan assets	<u>60,048</u>	<u>56,031</u>	<u>51,947</u>	<u>34,279</u>
Fund surplus	44,044	42,007	42,434	28,988
Experience adjustments on plan liabilities	(1,732)	(624)	(1,424)	(945)
Experience adjustments on plan assets	4,277	4,942	11,233	(1,284)

The group and the company expect to make contributions of \$3.47 million and \$2.58 million respectively (2006: \$3.04 million and \$2.43 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	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	\$'000	\$'000	\$'000	\$'000
Cess receivable	6,875	6,196	6,875	6,196
Fees and other receivables	<u>17,720</u>	<u>19,576</u>	<u>12,041</u>	<u>10,902</u>
	24,595	25,772	18,916	17,098
Less: Allowance for doubtful debts – other receivables	(4,385)	(2,486)	(3,457)	(2,046)
	20,210	23,286	15,459	15,052
Prepayments	<u>6,249</u>	<u>8,098</u>	<u>4,188</u>	<u>6,195</u>
	<u>26,459</u>	<u>31,384</u>	<u>19,647</u>	<u>21,247</u>



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

11 TRADE AND OTHER RECEIVABLES (Cont'd)

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 \$1.7 million for the group and \$1.7 million for the company (2006: \$2.6 million for the group and \$2.2 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.

Ageing of past due other receivables
not impaired

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
180 – 365 days	873	2,191	821	1,919
Over 1 year	874	396	846	314
	<u>1,747</u>	<u>2,587</u>	<u>1,667</u>	<u>2,233</u>

Movement in allowance for doubtful debts on
other receivables

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Balance at beginning of year	2,486	599	2,046	514
Impairment losses recognized on receivables	<u>1,899</u>	<u>1,887</u>	<u>1,411</u>	<u>1,532</u>
Balance at end of year	<u>4,385</u>	<u>2,486</u>	<u>3,457</u>	<u>2,046</u>

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	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
180 + days	<u>4,385</u>	<u>2,486</u>	<u>3,457</u>	<u>2,046</u>



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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:

	<u>The Group</u>		<u>The Company</u>	
	<u>2007</u> \$'000	<u>2006</u> \$'000	<u>2007</u> \$'000	<u>2006</u> \$'000
Cash on hand and in banks	8,823	11,302	4,506	10,373
Money market investments denominated in Jamaican dollars at interest rate of 11.55% - 12.25% (2006: 11.85% -12.25%)	12,144	25,143	12,144	25,143
Money market investment denominated in foreign currency US\$75,906 (2006: US\$75,499) at interest rate 5% - 6% (2006: 5.0% -5.9%)	<u>5,640</u>	<u>5,052</u>	<u>5,640</u>	<u>5,052</u>
Bank overdraft	<u>26,607</u>	<u>41,497</u>	<u>22,290</u>	<u>40,568</u>
	<u>-</u>	<u>(50)</u>	<u>-</u>	<u>(50)</u>
	<u>26,607</u>	<u>41,447</u>	<u>22,290</u>	<u>40,518</u>

13 SHARE CAPITAL

	<u>2007</u> No. of shares	<u>2006</u> No. of shares	<u>2007</u> \$'000	<u>2006</u> \$'000
Authorised: Ordinary shares	<u>700,000,000</u>	<u>700,000,000</u>		
Issued: Ordinary shares, January 1 and December 31	<u>550,000</u>	<u>550,000</u>		
Stated capital				
At January 1			113,590	550
Transfer from share premium (see below)			-	8,040
Transfer from capital reserve (see below)			-	104,900
Transfer from capital redemption fund (see below)			-	100
At December 31			<u>113,590</u>	<u>113,590</u>

Consequent on the enactment of the new Jamaican Companies Act (2004) (effective on February 1, 2005), and as permitted under Section 37 of the Act, the company, by ordinary resolution dated February 26, 2005, elected to retain the par value of the shares for an eighteen months period. This period expired on August 1, 2006 and as of that date the company's shares have no nominal or par value. Therefore, the authorized capital of the company of 700,000,000 ordinary shares of \$1.00 each was converted to 700,000,000 ordinary shares without nominal or par value, effective August 1, 2006. The issued capital of the company at balance sheet date is 550,000 ordinary shares without nominal or par value.



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

13 SHARE CAPITAL (Cont'd)

Further, the consideration received for the shares issued by the company in excess of the original par value totalling \$8.04 million and \$104.9 million previously recorded as share premium and capital reserve respectively and reserve created when redemption of preference shares totalling \$100,000 previously recorded as capital redemption reserve fund have been transferred to a stated capital account to accord with the Companies Act requirements of recording stated capital as full consideration received for shares issued by the company.

14 FAIR VALUE RESERVE

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

15 CONTINGENCY RESERVE

	<u>The Group and the Company</u>	
	<u>2007</u>	<u>2006</u>
	\$'000	\$'000
The transfer from revenue reserve comprises:		
Surplus – Compensation fund before taxation	<u>37,751</u>	<u>39,866</u>
Less:		
Income tax charge for year at 33 1/3%	8,526	13,002
Deferred tax adjustment	<u>4,058</u>	<u>(314)</u>
	<u>12,584</u>	<u>12,688</u>
	<u>25,167</u>	<u>27,178</u>
 The reserve comprises:		
Investment before fair value adjustment	438,007	412,720
Fair value adjustments	<u>25,752</u>	<u>21,966</u>
Investments in securities (see Note 8.1)	463,759	434,686
Income tax recoverable (payable)	1,323	(2,615)
Deferred tax liability	<u>(23,052)</u>	<u>(17,732)</u>
	<u>442,030</u>	<u>414,339</u>



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

16 REVENUE RESERVE

Reflected in the financial statements of the:

	<u>2007</u> \$'000	<u>2006</u> \$'000
Parent company	391,578	381,784
Subsidiary	<u>(17,793)</u>	<u>(26,948)</u>
	<u>373,785</u>	<u>354,836</u>

17 LONG-TERM LIABILITIES

	<u>The Group and the Company</u>	
	<u>2007</u> \$'000	<u>2006</u> \$'000
Capital & Credit Merchant Bank Limited (2006: US\$15,318) (Note 17.1)	-	1,029
Capital & Credit Merchant Bank Limited (Note 17.2)	<u>4,960</u>	<u>9,086</u>
	4,960	10,115
Less current portion (Note 19)	<u>(4,960)</u>	<u>(5,157)</u>
	<u>-</u>	<u>4,958</u>

17.1 The loan from Capital & Credit Merchant Bank Limited was evidenced by a Promissory note along with a Corporate Borrowing Resolution, supported by a Bill of Sale stamped to cover the Jamaican dollar equivalent of US\$158,322 plus interest over computer equipment. Interest was charged at an initial rate of 11.25% per annum, variable at the sole discretion of the bank. The facility which was repayable by thirty-six (36) monthly payments was settled in February 2007.

17.2 The loan from Capital & Credit Merchant Bank Limited is evidenced by a Promissory Note along with a Corporate Borrowing Resolution and secured by a Bill of Sale stamped to cover \$12.524M plus interest over computer equipment. Security also includes assignment by the bank of the comprehensive peril insurance on the computer equipment for the full replacement value. Interest is charged at an initial rate of 18.5% per annum and is variable at the discretion of the bank. The facility is repayable by thirty-six (36) monthly payments by October 2008.

18 DEFERRED TAX

This comprises:

	<u>The Group</u>		<u>The Company</u>	
	<u>2007</u> \$'000	<u>2006</u> \$'000	<u>2007</u> \$'000	<u>2006</u> \$'000
Deferred tax assets	20,719	25,421	614	639
Deferred tax liabilities	<u>(54,099)</u>	<u>(44,877)</u>	<u>(48,744)</u>	<u>(39,731)</u>
Net position at December 31	<u>(33,380)</u>	<u>(19,456)</u>	<u>(48,130)</u>	<u>(39,092)</u>



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

18 DEFERRED TAX (Cont'd)

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

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
At January 1	(19,456)	(42,207)	(39,092)	(35,083)
(Charged) credited to income for the year (Note 27)	(11,936)	24,239	(7,467)	(2,721)
Charged to fair value reserve for the year	(726)	(398)	(309)	(198)
Charged to contingency reserve for the year	(1,262)	(1,090)	(1,262)	(1,090)
At December 31	<u>(33,380)</u>	<u>(19,456)</u>	<u>(48,130)</u>	<u>(39,092)</u>

The following are the deferred tax asset and deferred tax liabilities recognized by the Group during the year:

Deferred Tax Assets

	The Group			The Company	
	Accrued Vacation \$'000	Unrealised Loss on Investments \$'000	Tax Loss \$'000	Total \$'000	Accrued Vacation \$'000
At January 1, 2006	-	734	-	734	-
(Charged) credited to income for the year	<u>717</u>	<u>(200)</u>	<u>24,170</u>	<u>24,687</u>	<u>639</u>
At January 1, 2007	717	534	24,170	25,421	639
Charged to fair value reserve for the year	-	(417)	-	(417)	-
Charged to income for the year	<u>(85)</u>	<u>-</u>	<u>(4,200)</u>	<u>(4,285)</u>	<u>(25)</u>
At December 31, 2007	<u>632</u>	<u>117</u>	<u>19,970</u>	<u>20,719</u>	<u>614</u>



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

18 DEFERRED TAX (Cont'd)

The following are the deferred tax liabilities recognized during the year.

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, 2006	(10,495)	(9,888)	(13,741)	(8,817)	(42,941)	(4,986)	(9,302)	(13,741)	(7,054)	(35,063)
(Charged) credited to income for the year	3,355	1,894	562	(6,259)	(448)	(491)	1,776	362	(5,007)	(3,360)
Charged to fair value reserve	-	-	(398)	-	(398)	-	-	(198)	-	(198)
Charged to contingency reserve	-	-	(1,090)	-	(1,090)	-	-	(1,090)	-	(1,090)
At January 1, 2007	(7,140)	(7,994)	(14,667)	(15,076)	(44,877)	(5,477)	(7,526)	(14,667)	(12,061)	(39,731)
(Charged) credited to income for the year	(1,229)	(5,738)	(111)	(573)	(7,651)	(1,108)	(5,765)	(111)	(458)	(7,442)
Charged to fair value reserve	-	-	(309)	-	(309)	-	-	(309)	-	(309)
Charged to contingency reserve	-	-	(1,262)	-	(1,262)	-	-	(1,262)	-	(1,262)
At December 31, 2007	(8,369)	(13,732)	(16,349)	(15,649)	(54,099)	(6,585)	(13,291)	(16,349)	(12,519)	(48,744)



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

19 ACCOUNTS PAYABLE

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Accruals and other payables	36,941	58,115	22,873	33,186
Current portion of long-term liabilities (Note 17)	4,960	5,157	4,960	5,157
	<u>41,901</u>	<u>63,272</u>	<u>27,833</u>	<u>38,343</u>

20 OTHER OPERATING INCOME

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Regional conference	11,628	11,317	11,628	11,317
Other	21,506	19,174	21,308	18,797
	<u>33,134</u>	<u>30,491</u>	<u>32,936</u>	<u>30,114</u>

21 STAFF COSTS

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Salaries and other employee benefits	80,431	85,144	59,589	66,225
Statutory contributions	5,502	5,741	4,033	4,414
Retirement benefit charge (credit)	587	(14,706)	441	(11,525)
	<u>86,516</u>	<u>76,179</u>	<u>64,063</u>	<u>59,114</u>

22 INVESTMENT INCOME

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
22.1 Investment income includes:				
Interest income	31,912	38,102	25,844	30,784
Foreign exchange gains	2,996	2,788	2,996	2,788
	<u>34,908</u>	<u>40,890</u>	<u>28,840</u>	<u>33,572</u>
22.2 Investment income earned, analysed by category of financial asset is as follows:				
Held to maturity	24,666	35,891	20,352	31,263
Loans and receivables	10,242	4,999	8,488	2,309
	<u>34,908</u>	<u>40,890</u>	<u>28,840</u>	<u>33,572</u>



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

23 COMPENSATION FUND INCOME (NET)

The Group and the Company

2007 2006
\$'000 \$'000

Income:

Interest income	42,247	46,067
Foreign exchange gains	4,276	3,470
Other	-	2
	<u>46,523</u>	<u>49,539</u>

Expenses:

Administrative charges	(8,772)	(8,356)
Impairment of investment (see 26.2)	-	(1,317)
	<u>(8,772)</u>	<u>(9,673)</u>
	<u>37,751</u>	<u>39,866</u>

24 FINANCE COST

The Group and the Company

2007 2006
\$'000 \$'000

Interest on long-term liabilities	<u>1,380</u>	<u>2,394</u>
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25 OTHER GAINS AND LOSSES

Other gains and losses in 2006 include losses resulting from write-off of intangible assets of the subsidiary (see Note 6). During the year ended December 31, 2007 an amount of \$2.3 million previously written-off was recovered.

26 SURPLUS BEFORE TAXATION

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

		<u>The Group</u>		<u>The Company</u>	
		<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
		\$'000	\$'000	\$'000	\$'000
26.1	Income:				
	Interest	31,912	38,102	25,844	30,784
	Expenses:				
	Directors' fees	7,053	3,341	5,970	2,450
	Audit fees	2,300	1,496	1,500	1,281
	Depreciation of property, plant and equipment	11,560	10,917	9,408	9,321
	Amortization of intangible assets	6,061	6,360	4,911	5,351
	Impairment of investment (see (26.2) below)	-	1,317	-	1,317
	Interest on long-term liabilities	1,380	2,394	1,380	2,394



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

26 SURPLUS BEFORE TAXATION (Cont'd)

- 26.2 Impairment of investment in 2006 represented an adjustment to the carrying value of investments in Government of Belize guaranteed mortgage notes (see Note 8) resulting from a proposed scheme of arrangement by the Government of Belize, which resulted in lower interest rates and an extended maturity period of the group's investments.

27 TAXATION

27.1 Recognised in income statement

- (i) The charge for the year represents:

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current tax	9,700	27,058	9,700	27,058
Deferred tax (Note 18)	11,936	(24,239)	7,467	2,721
	<u>21,636</u>	<u>2,819</u>	<u>17,167</u>	<u>29,779</u>

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

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Surplus before taxation	65,752	11,032	52,128	91,879
Tax at the domestic income tax rate of 33½%	21,917	3,677	17,376	30,626
Tax effect of items that are not deductible in determining taxable profit	118	45,569	118	5,236
Tax effect of items allowed for tax purposes	-	(46,427)	-	(6,083)
Other	(399)	-	(327)	-
	<u>21,636</u>	<u>2,819</u>	<u>17,167</u>	<u>29,779</u>

At balance sheet date, the subsidiary had tax losses aggregating \$60.0 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 recognized 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	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Fair value adjustments	(1,988)	(1,488)	(1,571)	(1,288)

**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2007

28 NET SURPLUS OF THE GROUP FOR THE YEAR

Reflected in the financial statements of the:

	<u>2007</u> \$'000	<u>2006</u> \$'000
Parent company	34,961	62,100
Subsidiary	<u>9,155</u>	<u>(53,887)</u>
	<u>44,116</u>	<u>8,213</u>

29 RELATED PARTY TRANSACTIONS**29.1 Compensation of key management personnel**

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2007</u> \$'000	<u>2006</u> \$'000	<u>2007</u> \$'000	<u>2006</u> \$'000
Short-term benefits	24,082	28,370	15,485	20,095
Post employment benefits	<u>1,161</u>	<u>1,050</u>	<u>704</u>	<u>611</u>
	<u>25,243</u>	<u>29,420</u>	<u>16,189</u>	<u>20,706</u>

29.2 Loans to related parties

	<u>The Group</u>		<u>The Company</u>	
	<u>2007</u> \$'000	<u>2006</u> \$'000	<u>2007</u> \$'000	<u>2006</u> \$'000
Loans to key management personnel	<u>4,014</u>	<u>9,091</u>	<u>2,594</u>	<u>7,291</u>

30 CONTINGENCIES AND COMMITMENTS**30.1 Capital commitments**

There were no capital commitments as at December 31, 2007.

Capital commitments as at December 31, 2006 amounted to \$9.9 million and were in relation to the acquisition of a piece of land by the company.

30.2 Contingencies

In the previous financial year the Programme Manager of the fixed income software development project submitted a final claim for their fees amounting to \$5.7 million. However, no further follow-up has taken place and the management now considers the matter finalized.

31 FINANCIAL INSTRUMENTS**31.1 Capital risk management**

The group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the debt to equity balances.

The capital structure of the group consists of debt which includes the borrowings disclosed in Note 17, cash and cash equivalents and equity attributable to equity holders comprising issued capital, reserves and retained earnings.



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

31 FINANCIAL INSTRUMENTS (Cont'd)

Capital risk management (Cont'd)

The group's debt position at the year-end in comparison to the equity attributable to the equity holders is not significant. Accordingly, the group has negligible risk associated with the gearing of the company.

The group's overall strategy remains unchanged from 2006.

31.2 *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 recognized, in respect of each class of financial asset, financial liability and equity instruments are disclosed in Note 3 to the financial statements.

31.3 *Categories of financial instruments*

	The Group		The Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Financial assets				
Held-to-maturity investments	343,030	416,500	313,159	383,799
Available-for-sale financial assets	69,662	63,698	59,012	54,300
Loans and receivables (including cash and cash equivalents)	<u>362,813</u>	<u>225,452</u>	<u>342,040</u>	<u>241,207</u>
	<u>775,505</u>	<u>735,650</u>	<u>714,211</u>	<u>679,306</u>
Financial liabilities				
Amortized cost	<u>41,901</u>	<u>68,280</u>	<u>27,833</u>	<u>43,351</u>

31.4 *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.

31.5 *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 31.6, 31.7 and 31.8). 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 group's exposure to market risks or the manner in which it manages and measures the risk.



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

31 FINANCIAL INSTRUMENTS (Cont'd)

31.6 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 and the Company	
	2007	2006
	\$'000	\$'000
Investment securities	148,912	139,719
Cash and cash deposits	210	869
Long-term liabilities	-	(1,007)
Net exposure	<u>149,122</u>	<u>139,581</u>

31.6.1 Foreign currency sensitivity analysis

The group's investment portfolio is exposed to the United States dollar. The group's sensitivity to a 5% increase or 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 5% increase or decrease in the Jamaican dollar on the net United States dollar exposure would be J\$7.5 million (2006: J\$7.0 million). A 5% strengthening of the Jamaican dollar would indicate a decrease in surplus. A 5% weakening of the Jamaican dollar would indicate an equal and opposite impact on the surplus.

The foreign currency sensitivity has increased due to the increase in the level of investment securities held in foreign currency.

31.7 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 balance sheet date as these are substantially the interest sensitive instrument impacting financial results. For floating rate assets, the analysis assumes the amount of asset outstanding at the balance sheet date was outstanding for the whole year. A 100 basis point increase or 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.

If market interest rates had been 100 basis points higher or lower and all other variables were held constant:

	The Group		The Company	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Effect on net surplus	<u>334</u>	<u>352</u>	<u>300</u>	<u>318</u>

The group's and the company's sensitivity to interest rates has decreased marginally during the current year as the group had a decrease in the number of variable rate financial instruments.



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

31 FINANCIAL INSTRUMENTS (Cont'd)

31.8 **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	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Effect on fair value reserve	<u>5,497</u>	<u>5,497</u>	<u>4,865</u>	<u>4,865</u>

The group's and the company's sensitivity to price has not changed from the prior year as there has been no movement in the number of units held by the group.

31.9 **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, which is net of impairment losses, represents the group's maximum exposure to credit risk.

31.10 **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, 2007

31 FINANCIAL INSTRUMENTS (Cont'd)

31.10.1 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						Total \$'000
	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	
2007							
Financial assets							
Non-interest bearing		137,977	-	-	-	-	137,977
Variable interest rate instruments	14.36	-	-	105,164	140,800	70,348	316,312
Fixed interest rate instruments	11.62	-	-	351,535	50,750	88,274	490,559
		<u>137,977</u>	<u>-</u>	<u>456,699</u>	<u>191,550</u>	<u>158,622</u>	<u>944,848</u>
Financial liabilities							
Non-interest bearing		36,941	-	-	-	-	36,941
Interest bearing loan	11.25	-	-	4,960	-	-	4,960
		<u>36,941</u>	<u>-</u>	<u>4,960</u>	<u>-</u>	<u>-</u>	<u>41,901</u>
2006							
Financial liabilities							
Non-interest bearing		114,417	-	-	-	-	114,417
Variable interest rate instruments	14.08	-	-	32,642	154,795	133,352	320,789
Fixed interest rate instruments	12.46	-	-	292,934	13,501	119,478	425,913
		<u>114,417</u>	<u>-</u>	<u>325,576</u>	<u>168,296</u>	<u>252,830</u>	<u>861,119</u>
Financial liabilities							
Non-interest bearing		58,115	-	-	-	-	58,115
Interest bearing loan	11.25	-	-	5,157	4,958	-	10,115
		<u>58,115</u>	<u>-</u>	<u>5,157</u>	<u>4,958</u>	<u>-</u>	<u>68,230</u>



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

31 FINANCIAL INSTRUMENTS (Cont'd)

31.10 Liquidity risk management (Cont'd)

31.10.1 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
	<u>2007</u>						
Financial assets							
Non-interest bearing		117,331	-	-	-	-	117,331
Variable interest rate instruments	14.72	-	-	94,880	120,093	63,238	278,211
Fixed interest rate instruments	9.23	-	-	<u>327,885</u>	<u>50,750</u>	<u>88,274</u>	<u>466,909</u>
		<u>117,331</u>	<u>-</u>	<u>422,765</u>	<u>170,843</u>	<u>151,512</u>	<u>862,451</u>
Financial liabilities							
Non-interest bearing		22,873	-	-	-	-	22,873
Interest bearing loan	11.25	-	-	<u>4,960</u>	-	-	<u>4,960</u>
		<u>22,873</u>	<u>-</u>	<u>4,960</u>	<u>-</u>	<u>-</u>	<u>27,833</u>
<u>2006</u>							
Financial assets							
Non-interest bearing		114,417	-	-	-	-	114,417
Variable interest rate instruments	14.15	-	-	26,469	130,411	133,352	290,232
Fixed interest rate instruments	10.91	-	-	<u>269,475</u>	<u>11,640</u>	<u>119,478</u>	<u>400,593</u>
		<u>114,417</u>	<u>-</u>	<u>295,944</u>	<u>142,051</u>	<u>252,830</u>	<u>805,242</u>
Financial liabilities							
Non-interest bearing		33,186	-	-	-	-	33,186
Interest bearing loan	11.25	-	-	<u>5,157</u>	<u>4,958</u>	-	<u>10,115</u>
		<u>33,186</u>	<u>-</u>	<u>5,157</u>	<u>4,958</u>	<u>-</u>	<u>43,301</u>



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

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

31.11 ***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.

	The Group			
	2007		2006	
	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Compensation fund				
Held-to-maturity	136,879	143,974	183,835	206,604
Loans and receivables	186,621	186,621	166,414	177,072
Other				
Held-to-maturity	206,159	212,427	232,665	234,397
Loans and receivables	79,390	79,390	44,272	49,512



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

31 FINANCIAL INSTRUMENTS (Cont'd)

31.11 Fair value of financial instruments (Cont'd)

	The Company			
	2007		2006	
	<u>Carrying Value</u> \$'000	<u>Fair Value</u> \$'000	<u>Carrying Value</u> \$'000	<u>Fair Value</u> \$'000
Financial assets				
Compensation fund				
Held-to-maturity	136,879	143,974	183,835	206,604
Loans and receivables	186,621	186,621	166,414	177,072
Other				
Held-to-maturity	176,288	182,556	199,964	201,672
Loans and receivables	58,617	58,617	30,027	35,267



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 20,000 hits per day from many local and international visitors who use our site repeatedly to check the daily trade sheets. 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

CEO's Report

This publication allows CEOs of listed companies to share their visions of the corporate priorities they will engage in for the year of the publication and beyond. It also contains a brief company profile, background and current information on the Board of Directors and Senior Management of these companies.

The CEOs reflect on:

1. Growth of their company in the year of publication and beyond
2. Obstacles they envision are ahead
3. Local/global/regional conditions that will impact their company's profitability,
4. Alternative investment
5. Risk management (a retrospective approach) and much more.

This magazine is an invaluable source of information for existing and potential investors - locally and abroad - as well as for financial planners and managers.

The **JSE CEO Report** is a timely publication usually published in the first three months of the year. It is distributed locally and internationally to our subscribers, hence it becomes an ideal vehicle for advertisers wanting to influence clients while maximize their spending and investment power.

This publication enjoys wide public appeal and is available in hard copy as well as accessible via the JSE's website which has an average monthly hit of 3,282,472.



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 **3,282,472** 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 **3,282,472** 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,
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Phone: 926-1275
Fax: 926-1279 / 929-6436
e-mail: fgfs@gkco.com

MAYBERRY INVESTMENTS LTD.

1 ½ Oxford Road,
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Phone: 929-1908-9
Fax: 929-1501 / 920-2103
e-mail: feedback@mayberryinv.com

**PAN CARIBBEAN FINANCIAL
SERVICES LTD.**

60 Knutsford Boulevard,
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Phone: 929-5583/4
Fax: 926-0555
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M/VL STOCKBROKERS LTD.

2-6 Grenada Crescent,
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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
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e-mail: info@gostocksandsecurities.com

**VICTORIA MUTUAL WEALTH
MANAGEMENT LTD.**

52 - 60 Grenada Crescent,
Kingston 5
Phone: 960-5000 - 3
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e-mail: spaimer@vmbs.com

CAPITAL & CREDIT SECURITIES LTD.

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Fax: 978-8005
e-mail: info@capital-credit.com



JAMAICA STOCK EXCHANGE

*"Providing A Fair, Efficient and
Transparent Stock Market"*

**ANNUAL
REPORT 2007**

Jamaica Stock Exchange Yearly Trading Summary (1971-2007)

YEAR	YEAR-END MARKET CAPITAL JAS(000)	NO. OF LISTED COMPANIES	VOLUME TRADED (000)	VALUE TRADED JAS(000)	YEAR-END JSE INDEX	YEAR-END ALL JA COMPOSITE	YEAR-END JSE SELECT	NO. OF TRANS.	NO. BROKERS
1971	143,242	38	8,418	6,493	77.30			3,779	5
1972	157,063	40	12,134	11,465	86.00			6,259	5
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

+ 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



Corporate Information

Registered Office:	The Jamaica Stock Exchange 40 Harbour Street P.O. Box 1084 Kingston. Telephone: (876) 967-3271 -4 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	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

<p>Committees</p>	<p>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.</p> <p>Each Committee has a written charter outlining its purpose and responsibilities and reporting format. Committees must meet at least twice annually.</p> <p>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.</p>
<p>Audit and Finance Committee</p>	<p>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.</p>
<p>Market Oversight Committee</p>	<p>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.</p>
<p>Conduct Review Committee</p>	<p>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.</p>
<p>Governance Committee</p>	<p>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.</p>
<p>Nominating Committee</p>	<p>The Nominating Committee is comprised of non-executive directors and is responsible for the recommendation of suitable candidates to fill vacancies on the Board.</p>
<p>Compensation Committee</p>	<p>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.</p>



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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: (a) 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	<i>Evaluation of Board Members and Senior Executives</i> 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 now nominated by their brokerage firm or relevant interest groups. After demutualization, they will be nominated by the Nominating Committee. The mandate of independent members must be appropriately renewed. Committees <u>Chairman/Deputy Chairman</u> 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 <u>Committee Members</u> 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.

