



REPORT OF THE BOARD OF DIRECTORS

UNAUDITED FINANCIAL STATEMENTS FOR QUARTER ENDED MARCH 31, 2011

The Board of Directors presents its consolidated unaudited financial results for the quarter ended March 31, 2011 for the Jamaica Stock Exchange Group (JSE), which comprises the Jamaica Stock Exchange Limited, Jamaica Central Securities Depository Limited and JCSD Trustee Services Limited.

For the quarter under review, the JSE registered an operating deficit in the amount of \$2.3m, compared to an \$8.2m deficit in the comparable first quarter of 2010. For the period, the Group registered a Surplus before Taxation of \$8.8m compared to \$13.2m for the corresponding three-months in 2010 and a Net Surplus after Tax of \$6.7m compared to \$9m for the comparative period in 2010.

The Group's revenue, which comprises primarily of Cess Income, Fee Income and Other Operating Income, showed an increase of 6% for the three months when compared to the comparative period in 2010. Included in the Group's Operating Income is income from the Group's E-Campus operations, which had started its first cohort in September 2010. This area generated revenue of \$1m in the first quarter with a corresponding expense of \$0.4m. The Group also experienced a decrease of 4% in operating expenses over the corresponding period in 2010. The areas that contributed to this were Property Expense, Advertising and Promotion and Financial Securities Commission Fees, this latter as reflecting the decline in Cess Revenue during this period.

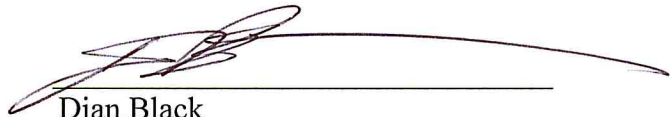
Continued low interest rates have affected the Group's investment portfolio and resulted in lower yields than prior years. Accordingly, the investment income is showing a reduction of \$9.7m or 58.7% for the first three months of 2011 when compared to the corresponding period in 2010. Similarly, Compensation Fund Income, which is comprised entirely of earnings on investment, inclusive of revaluation adjustments, showed a decrease of \$6.8m or 53.8% over the comparative period. The Total Equity of the Group increased by \$51m since March 31, 2010 due to surpluses realized in the period March 2010 to March 2011 and an increase in the fair value reserve adjustment on the group's investments, which are now classified as available for sale

The Group continues to use this period of low market activity to improve on staff training and to effect systems enhancements in preparation for the expected rebounding of the market, while continuing to promote the market through workshops, competitions and outreach activities. The Group also continues to work with the Government, the Financial Services Commission, the brokerage community and other key stakeholders to increase the number of investment products offered to the market, to attract investors and by extension to broaden the Group's revenue base.

The Exchange continues to work with member-dealers and potential listed companies to grow the number of listings on the main and the Junior Markets. Indicators, especially for the Junior market, are good for continued success in 2011.



Curtis Martin
Chairman



Dian Black
Audit & Finance Committee Chairman

JAMAICA STOCK EXCHANGE
Consolidated Statement Of Financial Position
At March 31,2011

	Unaudited Three months ended March 2011 \$ '000	Unaudited Three months ended March 2010 \$ '000	Audited Twelve months ended December 2010 \$ '000
ASSETS			
Non-current assets			
Property Plant & Equipment	84,305	90,644	87,555
Intangible Assets	16,194	13,115	12,977
Financial Assets			
Compensation Fund	400,959	541,646	395,122
Other	306,712	432,923	286,435
Long-term receivables	7,129	5,283	6,935
Post employment benefits	76,163	41,694	76,163
Total non-current assets	891,462	1,125,305	865,187
Current assets			
Income tax recoverable	26,656	23,851	37,787
Trade and other receivables	40,093	38,312	26,963
Investments in securities:			
Compensation Fund	177,460	13,765	169,053
Other		4,763	
Cash and Bank Deposits	54,111	48,817	36,723
Total current assets	298,320	129,508	270,526
Total Assets	1,189,782	1,254,813	1,135,713
EQUITY AND LIABILITIES			
Capital and Reserves			
Share Capital	168,590	168,590	168,590
Fair value reserve	15,368		1,943
Revenue reserve	266,966	255,929	264,076
	450,924	424,519	434,609
Contingency reserve	564,029	539,643	559,818
Total Equity	1,014,953	964,162	994,427
Non Current Liabilities			
Long Term Liabilities	69,229	66,000	69,487
Deferred Tax Liabilities	35,304	32,480	29,789
Total non-current liabilities	104,533	98,480	99,276
Current Liabilities			
Accounts Payable & Accruals	68,746	192,171	40,460
Current Portion of Long Term Liabilities	1,550		1,550
Total current liabilities	70,296	192,171	42,010
Total Equity & Liabilities	1,189,782	1,254,813	1,135,713

Approved and authorized for issue by the Board of Directors on May 13,2011 and are signed on its behalf by:


Curtis Martin - Chairman


Dian Black - Audit and Finance Committee Chairman

	Jamaica Stock Exchange Consolidated Statement of Comprehensive Income For the Three Months Ended March 31, 2011	Statement II
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	Unaudited	Unaudited	Audited
	Three months ended March 2011 \$'000	Three months ended March 2010 \$'000	Twelve months ended December 2010 \$'000
OPERATING INCOME			
Cess	13,469	23,322	82,624
Fee Income	28,090	17,569	74,476
Ecampus	1,062		1,464
Other Operating Income	18,932	17,226	40,814
	61,553	58,117	199,378
OPERATING EXPENSES			
Staff costs	31,266	28,577	84,863
Property expenses	10,118	12,399	49,013
Depreciation and amortisation	3,287	3,143	13,883
Advertising and promotion	9,368	10,763	21,845
Professional fees	4,457	3,995	16,068
Securities commission fees	3,166	4,853	17,129
Allowances for doubtful debts			444
Ecampus	407		1,911
Other operating expenses	1,746	2,612	11,283
	63,815	66,342	216,439
DEFICIT FROM OPERATION	(2,262)	(8,225)	(17,061)
Investment Income	6,798	16,476	33,159
Compensation Fund Income (Net)	5,805	12,570	32,276
Finance Cost	(1,495)	(7,664)	(13,800)
	8,846	13,157	34,574
SURPLUS BEFORE TAXATION	8,846	13,157	34,574
Taxation	(2,100)	(4,189)	2,828
	6,746	8,968	37,402
NET SURPLUS	6,746	8,968	37,402
OTHER COMPREHENSIVE INCOME			
Net gain (loss) on revaluation of available for sale financial assets	13,780	1,067	955
Net re-classification adjustment related to available for sale financial assets disposed.			1,943
	13,780	1,067	2,898
Other comprehensive income for the period, net of taxes	13,780	1,067	2,898
TOTAL COMPREHENSIVE INCOME	20,526	10,035	40,300
Surplus/ (Deficit) derived from operations distributable	2,890	588	8,735
Surplus Compensation fund	3,856	8,380	28,667
NET COMPREHENSIVE INCOME	6,746	8,968	37,402
Earnings per share	0.10	0.02	0.31

Jamaica Stock Exchange
Consolidated Statement Of Changes In Equity
For the Three Months Ending March 31, 2011

Statement III
(Unaudited)

	Share Capital \$'000	Fair Value Reserve \$'000	Revenue Reserve \$'000	Contingency Reserve \$'000	Total \$'000
Balance at January 1, 2010	168,590	-	255,341	530,196	954,127
Surplus for Period	-	-	8,968	-	8,968
Other comprehensive income for the period	-	-	-	1,067	1,067
Total comprehensive income for the period	-	-	8,968	1,067	10,035
Appropriation from revenue reserve to contingency reserve fund	-	-	(8,380)	8,380	-
Balance at March 31, 2010	168,590	-	255,929	539,643	964,162
Balance at January 1, 2011	168,590	1,943	264,076	559,818	994,427
Surplus for Period	-	-	6,746	-	6,746
Other comprehensive income for the period	-	13,425	-	355	13,780
Total comprehensive income for the period	-	13,425	6,746	355	20,526
Appropriation from revenue reserve to contingency reserve fund	-	-	(3856)	3856	0
Balance at March 31, 2011	168,590	15,368	266,966	564,029	1,014,953

STATEMENT IV

THE JAMAICA STOCK EXCHANGE
Consolidated Statement Of Cash Flows
Three Months Ended March 31,2011(Unaudited)

	Unaudited Three months ended March 2011 \$'000	Unaudited Three months ended March 2010 \$'000
<i>Operating Activities</i>		
Net Surplus	6,746	8,968
Adjustments for items not affecting cash flows and changes in non- cash operating assets and liabilities (net)	17,492	(43,998)
Cash provided by (used in) operating activities	24,238	(35,030)
Cash (used in) provided by investing activities	(6,850)	63,488
Cash used in financing activities		
<i>Net Increase In Cash and Cash Equivalents</i>	17,388	28,458
<i>Opening Cash and Cash Equivalents</i>	36,723	20,359
<i>Closing Cash and Cash Equivalents</i>	54,111	48,817

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2011**

1. **GROUP IDENTIFICATION**

(a) **Composition of the Group**

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

Effective April 1, 2008, the company was fully demutualized with the formal separation of its regulatory arm from its commercial arm. The new organizational structure of the company, inclusive of the Regulatory Market and Oversight Committee, illustrates a clear line of demarcation between the Company's twin role of regulating participants in a fair and transparent stock market, and operating an efficient platform on which that market trades, which is the commercial arm of the company.

(b) **Principal Activities**

i. **The Jamaica Stock Exchange Limited**

The principal activity of the company is the operation of a stock exchange and the development of a stock market in Jamaica.

ii. **Jamaica Central Securities Depository Limited**

The principal activity is to establish and maintain a Central Securities Depository (CSD) in Jamaica to transfer ownership of securities "by book entry", including shares, stocks, bonds or debentures of companies and other eligible securities.

iii. **JCSD Trustee Services Limited**

The principal activity is the provision of trustee, corporate administration, custodianship and related services.

2. **STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

These unaudited interim financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board (IASB), and the relevant provisions of the Companies Act.

The interim financial statements have been prepared on the historical cost basis except for the revaluation of financial assets classified as available-for-sale investments.

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2011**

The accounting policies and method of computation are consistent with the audited financial statements for year ended December 31, 2009. These financial statements are expressed in Jamaican dollars which is the currency of the primary economic environment in which the company operates.

3. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the company and the entities controlled by the company (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intra- group transactions, balances, income and expenses are eliminated in full on consolidation.

4. EMPLOYEE BENEFIT COSTS

Pension obligations

The group operates a defined benefit pension plan. The cost of providing benefits is determined using Projected Unit Credit Method with actuarial valuations being carried out each annual balance sheet date.

The post employment benefit assets recognised in the balance sheet represents the fair value of the plan assets, as adjusted for unrecognised actuarial gains and losses and unrecognized past service costs, and as reduced by the present value of the defined benefit obligation.

5. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents include cash on hand and in banks, net of bank overdraft and investments in money market instruments with an original maturity of three months or less from the date of acquisition and are held to meet cash requirements rather than for investment purposes.

6. REVENUE RECOGNITION

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

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2011**

7. **COMPENSATION FUND**

These are contributions by members of the Stock Exchange, based on a percentage of the volume of business done by them through the Exchange, for maintaining the Contingency Reserve Fund. However, for the period to date there are no contributions by the member dealers as the Board is of the view that the reserve is adequate for the specific purpose.

8. **BONUS ISSUE**

The Company by members resolution dated April 17, 2008 under section 135 of the Companies Act 2004 elected to capitalize \$55,000,000 of its retained earnings in the company's revenue reserves and to issue 27,500,000 ordinary shares. These shares are allotted as fully paid to each member *pro rata* to their current holding of shares in the Company.

9. **REDEEMABLE PREFERENCE SHARES**

The Company by Ordinary Resolutions dated April 17, 2008 reclassified from its Authorized Shares Capital of Seven Hundred Million (700,000,000) Shares, an amount of One Hundred Million (100,000,000) as Class "A" Variable-rated Redeemable Preference Shares. The Preference Shares do not carry the voting rights save in narrowly prescribed circumstances.

On May 16, 2008 the Jamaica Stock Exchange offered to the public by way of an initial public offer Thirty Three Million (33,000,000) 5-year Redeemable Cumulative Variable Rate Preference Shares at \$2.00 each. The Preference Shares carry the right to a cumulative preferential dividend payable quarterly at the higher of the Government of Jamaica Weighted Average Treasury Bill Yield (having in tenor of between 178 and 184 days) fixed at the beginning of every six months period and interest rate paid on the market instrument issued by the Bank of Jamaica that have 180 days tenor. The shares were allotted to shareholders on May 30, 2008.

In keeping with the requirements of International Financial Reporting Standards (IFRS) the Preference Share Capital has been classified as a long term liability in the Financial Statements.

THE JAMAICA STOCK EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2011

10. **EARNINGS PER SHARE**

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

11. **SEGMENT REPORTING**

Segment information is presented in respect of the Group's business. The primary format for business segments is based on the Group's management and internal reporting structure.

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

- *Exchange Operations* – the operation and regulation of the Stock Exchange
- *Depository* – services in connection with transferring and holding of securities, shares, stocks, bonds and debentures.
- *Investments – Compensation Fund* – income derived from investing activities of the Compensation Fund.
- *Investments – Other* – Income derived from investing activities of the Group with the exception of the compensation Fund above.
- *Other* – Trustee and registrar, custodianship, corporate administration and other activities.

The Group's operations are located solely in Jamaica.