



REPORT OF THE BOARD OF DIRECTORS

UNAUDITED FINANCIAL STATEMENTS FOR QUARTER ENDED SEPTEMBER 30, 2011

The Board of Directors presents its consolidated unaudited financial results for the quarter ended September 30, 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 operating income in the amount of \$63.7m and a net surplus after taxation of \$10.1m, compared to \$36.3m in operating income and \$9.3m after-tax net deficit in the comparable third quarter of 2010. For the nine months ended September 2011 the Group registered a Surplus before Taxation of \$20.7m compared to \$1.4m for the corresponding first nine months in 2010 and a Net Surplus after Tax of \$13.9m compared to \$6.7m deficit for the comparative period in the prior year.

The Group's revenue, which comprises primarily Cess Income, Fee Income and Other Operating Income, showed an increase of 24% for the nine months under review when compared to the comparative period in 2010.

The Group also experienced an increase of 12% in operating expenses for the three months ended September 2011 over the corresponding prior year period. The major contributors to this increase were Staff Cost, Professional Fees and Financial Securities Commission (FSC) Fees, the latter directly reflecting the increase in Cess Revenue during this period.

Continued low and further declining interest rates have affected the earnings of the Group's investment portfolio and resulted in lower overall yields than prior years. Accordingly, the investment income showed a reduction of \$6.5m or 24% for the first nine months of 2011 when compared to the corresponding period in 2010. Similarly, Compensation Fund Income, which is comprised entirely of earnings on investment from the managed Compensation Fund, showed a decrease of \$5.3m or 22% against the comparative period.

The Total Equity of the Group, excluding Contingency Reserves, increased by \$10.4m since the start of the year, due mainly to surpluses realized in the period and the increase in the Fair Value Reserve adjustment on the Group's investments.

While market activity has increased marginally over the period, the JSE Group continues to effect system enhancements in preparation for the expected further recovery of the market, including implementation of new software for its trading and depository operations by year-end. The JSE's e-learning campus, workshops, competitions and outreach activities during the period continue to fulfil its mandate for promotion of the market. The JSE Group continues to work closely with the brokerage community and other key stakeholders to increase the number of listed investment products offered on the Main and Junior Markets, attract investors and broaden

the Group's revenue base. Indications are that the Junior Market specifically will continue to attract new listings and new investors throughout the remainder of 2011 and well into 2012.



Donovan Perkins
Chairman



Dian Black
Audit & Finance Committee Chairman


JAMAICA STOCK EXCHANGE

Consolidated Statement Of Financial Position
At September 30, 2011

	Unaudited As at September 30, 2011 \$ '000	Unaudited As at September 30, 2010 \$ '000	Audited As at December 31, 2010 \$ '000
ASSETS			
<i>Non-current assets</i>			
Property Plant & Equipment	81,161	87,848	87,555
Intangible Assets	46,538	12,490	12,977
Investments in securities:			
Compensation Fund	552,640	398,382	395,122
Other	304,699	289,180	286,435
Long-term receivables	8,461	6,415	6,935
Post employment benefits	76,162	41,694	76,163
Total non-current assets	1,069,661	836,009	865,167
<i>Current assets</i>			
Income tax recoverable	50,643	27,056	37,787
Trade and other receivables	56,540	27,945	26,963
Investments in securities:			
Compensation Fund	15,180	171,193	169,053
Other	1,008	0	0
Cash and Bank Deposits	15,171	53,688	36,723
Total current assets	138,542	279,882	270,526
Total Assets	1,208,203	1,115,891	1,135,713
EQUITY AND LIABILITIES			
<i>Capital and Reserves</i>			
Share Capital	168,590	168,590	168,590
Fair value reserve	11,255	1,943	1,943
Revenue reserve	265,208	232,313	264,076
Contingency reserve	445,053	400,903	434,609
Other	574,363	547,124	559,818
Total Equity	1,019,416	948,027	994,427
<i>Non Current Liabilities</i>			
Long Term Liabilities	87,547	66,000	69,487
Deferred Tax Liabilities	34,334	32,271	29,789
Total non-current liabilities	121,881	98,271	99,276
<i>Current Liabilities</i>			
Accounts Payable & Accruals	53,757	61,381	40,460
Current Portion of Long Term Liabilities	6,704	1,550	1,550
Income Tax Payable	6,445	8,212	8,212
Total current liabilities	66,906	69,593	42,010
Total Equity & Liabilities	1,208,203	1,115,891	1,135,713

Approved and authorized for issue by the Board of Directors on November 04, 2011 and are signed on its behalf by:


Donovan Perkins - Chairman


Dian Black - Audit and Finance Committee Chairman

Statement II

Jamaica Stock Exchange
Consolidated Statement of Comprehensive Income
For the Nine Months Ended September 30, 2011

	Unaudited Three months ended Sept. 2011 \$'000	Unaudited Three months ended Sept. 2010 \$'000	Unaudited Nine months ended Sept. 2011 \$'000	Unaudited Nine months ended Sept. 2010 \$'000	Unaudited Twelve months ended December 2010 \$'000
OPERATING INCOME					
Cess	16,825	10,161	44,149	51,734	82,624
Fee Income	36,073	17,670	88,879	53,515	74,476
E Campus	1,781		4,365		1,464
Other Operating Income	9,067	8,461	36,631	34,949	40,614
	63,746	36,292	174,024	140,188	199,378
OPERATING EXPENSES					
Staff costs	32,025	27,148	93,083	82,162	84,863
Property expenses	12,493	13,050	35,420	37,633	49,013
Depreciation and amortisation	2,580	3,377	8,668	9,941	13,883
Advertising and promotion	3,360	3,269	15,743	18,927	21,945
Professional fees	6,115	4,291	16,268	12,583	16,068
Securities commission fees	3,936	2,088	10,057	10,749	17,129
Allowances for doubtful debts	0	0	0	0	444
E Campus	274		1,527		1,911
Other operating expenses	3,020	3,533	7,847	8,743	11,283
	63,803	56,786	188,613	180,738	216,439
	(57)	(20,494)	(14,569)	(40,540)	(17,061)
DEFICIT FROM OPERATION					
Investment Income	7,588	8,272	21,126	27,674	33,159
Compensation Fund Income (Net)	6,806	8,142	19,119	24,419	32,276
Finance Cost	(1,972)	(2,486)	(5,902)	(10,162)	(13,800)
	12,365	(5,566)	20,654	1,391	34,574
SURPLUS BEFORE TAXATION					
Taxation	(2,269)	(2,714)	(6,777)	(8,140)	2,828
	10,096	(9,280)	13,877	(6,749)	37,402
OTHER COMPREHENSIVE INCOME					
Net gain (loss) on revaluation of available for sale financial assets	(4,136)	(401)	9,313	649	955
Net re-classification adjustment related to available for sale financial assets disposed.					1,943
Other comprehensive income for the period, net of taxes	(4,136)	(401)	9,313	649	2,898
TOTAL COMPREHENSIVE INCOME	5,960	(9,681)	23,190	(6,100)	40,300
Deficit derived from operations distributable	5,559	(14,708)	1,132	(23,028)	8,735
Surplus Compensation fund	4,537	5,428	12,745	16,279	28,667
NET COMPREHENSIVE INCOME	10,096	(9,280)	13,877	(6,749)	37,402
Earnings per share	0.20	(0.52)	0.04	(0.82)	0.31

Jamaica Stock Exchange
Consolidated Statement Of Changes In Equity
For the Nine Months Ending September 30, 2011

Statement III

	Share Capital	Fair Value Reserve	Revenue Reserve	Contingency Reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at January 1,2010	168,590	0	255,341	530,196	954,127
Surplus for Period			(6,749)		(6,749)
Other comprehensive income for the period				649	649
Total comprehensive income for the period	-	0	(6,749)	649	(6,100)
Appropriation from revenue reserve to contingency reserve fund			(16,279)	16,279	-
Balance at Septmeber 30,2010	168,590	0	232,313	547,124	948,027
Balance at January 1,2011	168,590	1,943	264,076	559,818	994,427
Surplus/ (Deficit) for Period			1,132	12,745	13,877
Other comprehensive income for the period		9,312		1,800	11,112
Total comprehensive income for the period	-	9,312	1,132	14,545	24,989
Appropriation from revenue reserve to contingency reserve fund					-
Balance at September 30,2011	168,590	11,255	265,208	574,363	1,019,416

STATEMENT IV

THE JAMAICA STOCK EXCHANGE
Consolidated Statement Of Cash Flows
Six Months Ended September 30, 2011 (Unaudited)

	Unaudited nine months ended September 2011 \$ '000	Unaudited nine months ended September 2010 \$ '000
<i>Operating Activities</i>		
Net Surplus	13,877	(6,749)
Adjustments for items not affecting cash flows and changes in non-cash operating assets and liabilities (net)	(65,229)	(91,276)
Cash used in operating activities	(51,352)	(98,025)
Cash provided by investing activities	6,586	131,354
Cash provided by financing activities	23,214	0
Net Increase In Cash and Cash Equivalents	(21,552)	33,329
Opening Cash and Cash Equivalents	36,723	20,359
Closing Cash and Cash Equivalents	15,171	53,688

THE JAMAICA STOCK EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 SIX MONTHS ENDED SEPTEMBER 30, 2011**

The accounting policies and method of computation are consistent with the audited financial statements for year ended December 31, 2010. 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 NINE MONTHS ENDED SEPTEMBER 30, 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 NINE MONTHS ENDED SEPTEMBER 30, 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.