



REPORT OF THE BOARD OF DIRECTORS

UNAUDITED FINANCIAL STATEMENTS FOR QUARTER ENDED MARCH 31, 2012

The Board of Directors presents its consolidated unaudited financial results for the quarter ended March 31, 2012 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 three months ended March 2012, the JSE registered operating income in the amount of \$64.0m, a surplus before taxation of \$2.8m and a net deficit after taxation of \$1.4m. This compared to operating income of \$61.6m, pre-tax surplus of \$8.8m and net surplus after tax of \$6.7m in the comparable three month period of 2011.

The Group's revenue, which comprises primarily Cess Income, Fee Income and Other Operating Income, showed an increase of \$2.5m or 4% for the three months under review when compared to the comparative period in 2011.

Operating expenses increased by \$11.2m or 17% over the corresponding prior year period, mainly due to increased staff cost, property expenses and development costs related to process of accreditation of the JSE's E-campus.

Investment income from the JSE's investment portfolio increased by \$1.5m or 22% for the three month period of 2012, when compared to the corresponding period in 2011. The increased size and yield of the Compensation Fund investment portfolio also resulted in increased management fees earned by the JSE for a favourable variance of \$1.7m as against the prior year's comparative period.

Estimation of the Corporate Income Tax due on the JSE surplus amounted to \$4.1m, which represented a 96% increase over the prior corresponding period.

The Total Equity of the Group at March 31, 2012 registered an increase of \$33.3m over the comparative position at the end of the first quarter of 2011, but represented a decrease of \$4.3m since the start of the year, mainly due to the year-to-date deficit after taxation and accounting for projected revaluation losses on investments.

The Group continue to fulfil its mandate for promotion of the market and 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, to attract investors and to broaden the Group's revenue base. The Board has noted the prevailing climate of economic uncertainty, which is reflected in the delay of listings on the Junior market in particular, and which has affected the JSE's performance. The Board expects however that the Government's budget presentation and resumption of talks with the International monetary Fund in the second quarter will remove these uncertainties, while positive tax reform coupled with continued low inflation and interest rates will redound to the benefit of the economy and the Exchange itself later in the financial year.

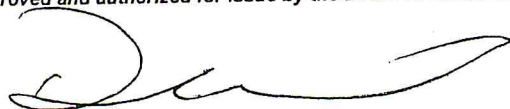
Donovan Perkins
Chairman

Dian Black
Audit & Finance Committee Chairman

JAMAICA STOCK EXCHANGE
Consolidated Statement Of Financial Position
At March 31,2012

	Unaudited Three months ended March 2012 \$ '000	Unaudited Three months ended March 2011 \$ '000	Audited Twelve months ended December 2011 \$ '000
ASSETS			
Non-current assets			
Property Plant & Equipment	75,830	84,305	93,087
Intangible Assets	43,673	16,194	24,610
Financial Assets			
Compensation Fund	465,742	400,959	406,978
Other	305,344	306,712	262,102
Long-term receivables	7,472	7,129	7,524
Post employment benefits	79,601	76,163	79,601
Total non-current assets	977,662	891,462	873,902
Current assets			
Income tax recoverable	57,292	26,656	45,791
Trade and other receivables	55,892	40,093	68,544
Investments in securities:			
Compensation Fund	113,495	177,460	175,742
Other	4,607		19,164
Cash and Bank Deposits	40,863	54,111	54,829
Total current assets	272,149	298,320	364,070
Total Assets	1,249,811	1,189,782	1,237,972
EQUITY AND LIABILITIES			
Capital and Reserves			
Share Capital	168,590	168,590	168,590
Fair value reserve	4,826	15,368	7,272
Revenue reserve	291,539	266,966	297,995
	464,955	450,924	473,857
Contingency reserve	583,251	564,029	578,617
Total Equity	1,048,206	1,014,953	1,052,474
Non Current Liabilities			
Long Term Liabilities	85,183	69,229	86,124
Deferred Tax Liabilities	36,675	35,304	38,129
Total non-current liabilities	121,858	104,533	124,253
Current Liabilities			
Accounts Payable & Accruals	72,983	68,746	54,499
Current Portion of Long Term Liabilities	6,764	1,550	6,746
Total current liabilities	79,747	70,296	61,245
Total Equity & Liabilities	1,249,811	1,189,782	1,237,972

Approved and authorized for issue by the Board of Directors on May 9,2012 and are signed on its behalf by:



Donovan Perkins - Chairman



Dian Black - Audit and Finance Committee Chairman

Jamaica Stock Exchange
Consolidated Statement of Comprehensive Income
For the Three Months Ended March 31, 2012

Statement II

	Unaudited Three months ended March 2012 \$'000	Unaudited Three months ended March 2011 \$'000	Audited Twelve months ended December 2011 \$'000
OPERATING INCOME			
Cess	18,021	13,469	87,564
Fee Income	28,122	28,090	119,759
Ecampus	838	1,062	5,432
Other Operating Income	17,066	18,932	43,533
	64,047	61,553	256,288
OPERATING EXPENSES			
Staff costs	35,398	31,266	127,467
Property expenses	12,554	10,118	47,949
Depreciation and amortisation	3,981	3,287	11,188
Advertising and promotion	7,507	9,368	20,692
Professional fees	4,927	4,457	19,629
Securities commission fees	4,016	3,166	19,045
Allowances for doubtful debts	0		1,324
Ecampus	3,137	407	5,580
Other operating expenses	3,506	1,746	12,517
	75,026	63,815	265,391
DEFICIT FROM OPERATION	(10,979)	(2,262)	(9,103)
Investment Income	8,317	6,798	24,863
Other Gains	0	0	28,477
Compensation Fund Income (Net)	7,644	5,805	24,889
Finance Cost	(2,217)	(1,495)	(6,639)
	2,765	8,846	62,487
SURPLUS BEFORE TAXATION	2,765	8,846	62,487
Taxation	(4,125)	(2,100)	(12,177)
	(1,360)	6,746	50,310
NET (DEFICIT)/SURPLUS	(1,360)	6,746	50,310
OTHER COMPREHENSIVE INCOME			
Net gain (loss) on revaluation of available for sale financial assets	(464)	13,780	2,408
Net gain on revaluation of available for sale financial assets during the year.	(2,445)		5,329
	(2,909)	13,780	7,737
Other comprehensive income for the period, net of taxes	(2,909)	13,780	7,737
TOTAL COMPREHENSIVE INCOME	(4,269)	20,526	58,047
Surplus/ (Deficit) derived from operations distributable	(6,456)	2,890	33,919
Surplus Compensation fund	5,096	3,856	16,391
	(1,360)	6,746	50,310
NET COMPREHENSIVE INCOME	(1,360)	6,746	50,310
Earnings per share	(0.23)	0.10	1.21

Jamaica Stock Exchange
Consolidated Statement Of Changes In Equity
For the Three Months Ending March 31, 2012

Statement III
(Unaudited)

	Share Capital \$'000	Fair Value Reserve \$'000	Revenue Reserve \$'000	Contingency Reserve \$'000	Total \$'000
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	0	13,425	6,746	355	20,526
Appropriation from revenue reserve to contingency reserve fund	-	-	(3,856)	3,856	0
Balance at March 31, 2011	168,590	15,368	266,966	564,029	1,014,953
Balance at January 1, 2012	168,590	7,272	297,995	578,617	1,052,474
Surplus for Period	-	-	(1,360)	-	(1,360)
Other comprehensive income for the period	-	(2,446)	-	(462)	(2,908)
Total comprehensive income for the period	0	(2,446)	(1,360)	(462)	(4,268)
Appropriation from revenue reserve to contingency reserve fund	-	-	(5,096)	5,096	0
Balance at March 31, 2012	168,590	4,826	291,539	583,251	1,048,206

STATEMENT IV

THE JAMAICA STOCK EXCHANGE
Consolidated Statement Of Cash Flows
Three Months Ended March 31,2012(Unaudited)

	Unaudited Three months ended March 2012 \$'000	Unaudited Three months ended March 2011 \$'000
<i>Operating Activities</i>		
Net Surplus	(1,360)	6,746
Adjustments for items not affecting cash flows and changes in non- cash operating assets and liabilities (net)	(1,980)	17,492
Cash provided by (used in) operating activities	(3,340)	24,238
Cash (used in) provided by investing activities	(9,703)	(6,850)
Cash used in financing activities	(923)	0
<i>Net Increase In Cash and Cash Equivalents</i>	(13,966)	17,388
<i>Opening Cash and Cash Equivalents</i>	54,829	36,723
<i>Closing Cash and Cash Equivalents</i>	40,863	54,111

Jamaica Stock Exchange
 Consolidated Segment Report
 For the Three Months Ended March 31,2012(Unaudited)

STATEMENT V

2012							
	JSE	JCSD	Compensation	Other	Other	Eliminations	Group
	(\$ 000)	(\$ 000)	Fund	Investments	(\$ 000)	(\$ 000)	(\$ 000)
			(\$ 000)	(\$ 000)			
External Revenue	25,531	16,362	7,644	8,318	22,154		80,009
Total Revenue	25,531	16,362	7,644	8,318	22,154		80,009
Results							
Segment results	(12,122)	(688)	7,644	8,318	1,830		4,982
Finance Costs	(2,195)				(22)		(2,217)
Profit before Taxation							2,765
Taxation		(849)	(2,548)		(728)		(4,125)
Profit for the Period							<u>(1,360)</u>
Other Information							
Capital additions	9,565	63					9,628
Depreciation & amortisation	2,838	1,144					3,982
Balance Sheet							
Assets							
Segment Assets	500,886	154,730	579,237		14,958		1,249,811
Consolidated Total Assets							<u>1,249,811</u>
Liabilities							
Segmented Liabilities	172,284	27,283			2,038		201,605
Consolidated Total Liabilities							<u>201,605</u>
2011							
	JSE	JCSD	Compensation	Other	Other	Eliminations	Group
	(\$ 000)	(\$ 000)	Fund	Investments	(\$ 000)	(\$ 000)	(\$ 000)
			(\$ 000)	(\$ 000)			
External Revenue	21,034	20,524	5,805	6,798	19,984		74,155
Total Revenue	21,034	20,524	5,805	6,798	19,984		74,155
Results							
Segment results	(6,564)	3,753	5,805	6,798	549		10,341
Finance Costs							0
Profit before Taxation							10,341
Taxation							0
Profit for the Period							<u>10,341</u>
Other Information							
Capital additions	2,253	84					
Depreciation & amortisation	2,220	1,067					3,287
Balance Sheet							
Assets							
Segment Assets	467,120	137,430	578,419		6,813		1,189,782
Consolidated Total Assets							<u>1,189,782</u>
Liabilities							
Segmented Liabilities	155,350	17,154			2,325		174,829
Consolidated Total Liabilities							<u>174,829</u>

\$3,892,838.40

\$2,419,200.00
 \$1,935,360.00
 \$1,548,288.00
 \$1,238,630.40
 \$990,904.32

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2012**

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, 2012**

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 THREE MONTHS ENDED MARCH 31, 2012**

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, 2012**

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.

**JAMAICA STOCK EXCHANGE
TOP TEN (10) PREFERENCE SHAREHOLDERS REGISTER
AS AT MARCH 31, 2012**

Account Holder	Volume	Percentage
Pan Jamaica Investment Ltd	1,757,320	5.33%
First Global Financial Services Ltd Trading a/c	1,408,803	4.27%
Derek Demercado	1,254,489	3.80%
Wilford Reid	1,249,511	3.79%
Charles Leiba	1,200,000	3.60%
Winston Cole	1,008,705	3.10%
Berrist Alfanzo Phillips	1,000,618	3.03%
Victoria Mutual Building Society	761,747	2.31%
Onis Johnson	751,725	2.28%
Lascelle Lenford Brown	627,278	1.90%

**JAMAICA STOCK EXCHANGE
ORDINARY SHAREHOLDERS REGISTER
AS AT MARCH 31, 2012**

Names	Shareholdings
1. Barita Investments Limited	2,550,000
2. Capital & Credit Securities Limited	2,550,000
3. First Global Financial Services Limited	2,550,000
4. Jamaica Money Market Brokers Limited	2,550,000
5. M/VL Stockbrokers Limited	2,550,000
6. Mayberry Investments Limited	2,550,000
7. NCB Capital Markets Limited	2,550,000
8. PanCaribbean Financial Services Limited	2,550,000
9. Scotia DBG Investments Limited	2,550,000
10.Stocks & Securities Limited	2,550,000
11.VM Wealth Management Limited	2,550,000

**JAMAICA STOCK EXCHANGE
SHAREHOLDING OF DIRECTORS AND SENIOR MANAGERS
AS AT MARCH 31, 2012**

Directors	Shareholding
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Rita Humphries-Lewin	19,978
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Edwin McKie*	49,846
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Senior Managers

Marlene Street Forrest*	8,333
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Robin Levy	25,000
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Suzette McNaught*	25,000
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**Includes holding in joint accounts*