



REPORT OF THE BOARD OF DIRECTORS

UNAUDITED FINANCIAL STATEMENTS FOR QUARTER ENDED JUNE 30, 2012

Q2 2012 FINANCIAL HIGHLIGHTS

- Net Income of \$20.4m, up 81% compared to prior year (2011: \$3.8m) broken down as follows:
 - Net Income from operations distributable of \$10.5m, up 135.8% compared to prior year (2011: -4.4m)
 - Net Income from Compensation Fund of \$9.8m, up 19.8% compared to prior year (2011:\$8.2m)

- Earnings per share of \$0.38 (2011: -\$0.16)

- Ordinary dividends of \$14.2m paid

- Return on Equity of 2% (2011: -1%)

- Return on Assets of 2% (2011: 0.3%)

Revenues

The JSE Group reported improved results for the three months ended June 30, 2012 when compared to the corresponding period ended June 30, 2011. For the quarter ended June 30, 2012, operating income of \$85.3m was recorded compared to \$48.7m for the three months ended June 30, 2011, which represented an increase of \$36.6m or 75%. The main contributor to this positive result was Cess Revenue which was \$44.6m for the quarter ended June 30, 2012, as compared to \$13.9m for the same period in 2011. This represented an increase of \$30.7m or 220%. The increase in Cess Revenue in 2012 over the comparable quarter in 2011 was due to several high value 'one-off' transactions.

For the six months ended June 30, 2012, all the Group's income streams increased when compared to the six months ended June 30, 2011. The Group's operating income of \$149.7m for the half-year ended June 30, 2012 compared to \$110.3m for the corresponding prior-year period, reflecting an increase of \$39.4m or 36%. Cess Revenue for the six months ended June 2012 amounted to \$62.6m, which was an increase of \$35.3m or 129% over the Cess Revenue of \$27.3m for the six months ended June 30, 2011.

Investment income from the JSE Group's investment portfolio increased by \$3.9m or 29% for the first six months of 2012 when compared to the corresponding period in 2011.

Compensation Fund recorded for the six months ending June 30, 2012 an income of \$27.4m up by \$4.8m or 21%.

Expenses

Total expenditure of the Group (inclusive of finance charges) for the six months ended June 30, 2012 increased by \$31.5m or 24.6% against the comparable period, mainly due to increased staff cost, securities commission fees, property expenses and e-campus costs.

Operating Efficiency Ratio (Operating Expense/Operating Income) was 103.5% versus 113.2% in 2011 as while Operating Income grew by 36%, Operating Expense rose by 24%.

Financial Position

Total Assets were \$1,248m, up \$10m or 1% since December 2011. This was mainly due to increase in withholding tax recoverable based on interest income received during the quarter.

Surplus before taxation of \$28.5m for the six months ended June 30, 2012 reflected an increase of \$20.2m over the comparative period in 2011. Net surplus after taxation for the six months ended June 30, 2012 was \$20.4m, which reflected an increase of 437% over the comparative period in 2011.

Capital

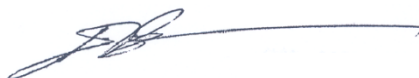
Total Equity of the Group at June 30, 2012 increased by \$42m over the total at June 30, 2011, after taking into account a capital distribution of \$14.2m to the ordinary shareholders and revaluation losses on investments.

Achievements

The JSE Group had one listing in the second quarter of 2012, with C2W Music being the first start-up to be listed on the Junior Market. It is expected that more companies will be listed on the Junior and Main Markets later this year. The JSE Group continues to fulfil its mandate for the promotion of the market, 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, thereby attracting new investors and broadening the Group's revenue base.



Donovan H. Perkins
Chairman



Dian Black
Audit & Finance Committee Chairman

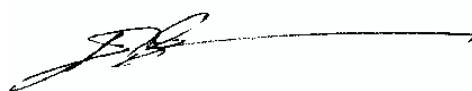
JAMAICA STOCK EXCHANGE
Consolidated Statement Of Financial Position
At June 30,2012

	Unaudited As at June 30, 2012 \$ '000	Unaudited As at June 30, 2011 \$ '000	Audited As at December 2011 \$ '000
ASSETS			
Non-current assets			
Property Plant & Equipment	73,955	82,519	93,087
Intangible Assets	41,493	28,620	24,610
Financial Assets			
Compensation Fund	508,100	405,768	406,978
Other	291,031	309,240	262,102
Long-term receivables	8,266	8,215	7,524
Post employment benefits	79,601	76,162	79,601
Total non-current assets	1,002,446	910,524	873,902
Current assets			
Income tax recoverable	59,590	45,986	45,791
Trade and other receivables	73,474	42,209	68,544
Investments in securities:			
Compensation Fund	73,662	160,003	175,742
Other	9,846	4,020	19,164
Cash and Bank Deposits	29,378	44,127	54,829
Total current assets	245,950	296,345	364,070
Total Assets	1,248,396	1,206,869	1,237,972
EQUITY AND LIABILITIES			
Capital and Reserves			
Share Capital	168,590	168,590	168,590
Fair value reserve	4,495	15,392	7,272
Revenue reserve	294,294	259,649	297,995
	467,379	443,631	473,857
Contingency reserve	587,578	569,234	578,617
Total Equity	1,054,957	1,012,865	1,052,474
Non Current Liabilities			
Long Term Liabilities	82,638	89,242	86,124
Deferred Tax Liabilities	36,302	36,104	38,129
Total non-current liabilities	118,940	125,346	124,253
Current Liabilities			
Accounts Payable & Accruals	67,657	61,975	54,499
Current Portion of Long Term Liabilities	6,842	6,683	6,746
Total current liabilities	74,499	68,658	61,245
Total Equity & Liabilities	1,248,396	1,206,869	1,237,972

Approved and authorized for issue by the Board of Directors on July 25,2012 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 Six Months Ended June 30,2012

Statement II

	Unaudited Three months ended June 2012 \$'000	Unaudited Three months ended June 2011 \$'000	Unaudited Six months ended June 2012 \$'000	Unaudited Six months ended June 2011 \$'000	Audited Twelve months ended December 2011 \$'000
OPERATING INCOME					
Cess	44,557	13,855	62,578	27,324	87,564
Fee Income	28,080	24,717	56,550	52,807	119,759
Ecampus	1,993	1,523	2,830	2,584	5,432
Other Operating Income	10,696	8,631	27,763	27,563	43,533
	<u>85,326</u>	<u>48,726</u>	<u>149,721</u>	<u>110,278</u>	<u>256,288</u>
OPERATING EXPENSES					
Staff costs	33,494	29,791	68,891	61,057	127,467
Property expenses	15,563	12,809	28,117	22,927	47,949
Depreciation and amortisation	4,652	2,800	8,634	6,088	11,188
Advertising and promotion	3,849	3,421	11,356	12,382	20,692
Professional fees	7,047	5,696	11,973	10,153	19,629
Securities commission fees	9,124	2,956	13,140	6,122	19,045
Allowances for doubtful debts					1,324
Ecampus	3,256	847	6,392	1,253	5,580
Other operating expenses	2,891	2,675	6,398	4,828	12,517
	<u>79,876</u>	<u>60,995</u>	<u>154,901</u>	<u>124,810</u>	<u>265,391</u>
	5,450	(12,269)	(5,180)	(14,532)	(9,103)
Investment Income	9,084	6,740	17,402	13,538	24,863
Other Gains	5,931		5,931		28,477
Compensation Fund Income (Net)	7,115	6,508	14,758	12,313	24,889
Finance Cost	(2,244)	(1,535)	(4,461)	(3,030)	(6,639)
SURPLUS BEFORE TAXATION	25,336	(556)	28,450	8,289	62,487
Taxation	(3,949)	(2,407)	(8,075)	(4,507)	(12,177)
NET SURPLUS	21,387	(2,963)	20,375	3,782	50,310
OTHER COMPREHENSIVE INCOME					
Net gain (loss) on revaluation of available for sale financial assets	(331)	876	(3,654)	14,653	2,408
Net re-classification adjustment related to available for sale financial assets disposed.					5,329
Other comprehensive income for the period, net of taxes	(331)	876	(3,654)	14,653	7,737
TOTAL COMPREHENSIVE INCOME	21,056	(2,087)	16,721	18,435	58,047
Surplus/ (Deficit) derived from operations distributable	16,643	(7,316)	10,537	(4,427)	33,919
Surplus Compensation fund	4,744	4,353	9,838	8,209	16,391
NET COMPREHENSIVE INCOME	21,387	(2,963)	20,375	3,782	50,310
Earnings per share	J\$0.59	-J\$0.26	J\$0.38	-J\$0.16	J\$1.21

**Jamaica Stock Exchange
Consolidated Statement Of Changes In Equity
For the six Months Ending June 30, 2012**

Statement III

(Unaudited)

	Share Capital	Fair Value Reserve	Revenue Reserve	Contingency Reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at January 1,2011	168,590	1,943	264,076	559,818	994,427
Surplus for Period	-		3,782		3,782
Other comprehensive income for the period		13,449		1,207	14,656
Total comprehensive income for the period	0	13,449	3,782	1,207	18,438
Appropriation from revenue reserve to contingency reserve fund			(8,209)	8,209	0
	-				0
Balance at June 30,2011	168,590	15,392	259,649	569,234	1,012,865
Balance at January 1,2012	168,590	7,272	297,995	578,617	1,052,474
Dividend paid			(14,238)		(14,238)
Surplus for Period			20,375		20,375
Other comprehensive income for the period		(2,777)		(877)	(3,654)
Total comprehensive income for the period	0	(2,777)	6,137	(877)	2,483
Appropriation from revenue reserve to contingency reserve fund			(9,838)	9,838	0
	-				0
Balance at June 30,2012	168,590	4,495	294,294	587,578	1,054,957

STATEMENT IV

THE JAMAICA STOCK EXCHANGE
Consolidated Statement Of Cash Flows
Six Months Ended June 30,2012(Unaudited)

	Unaudited Six months ended June 2012 \$'000	Unaudited Six months ended June 2011 \$'000
<i>Operating Activities</i>		
Net Surplus	20,375	3,782
Adjustments for items not affecting cash flows and changes in non- cash operating assets and liabilities (net)	(46,301)	(25,649)
Cash used in operating activities	(25,926)	(21,867)
Cash provided by investing activities	18,103	3,608
Cash used in (provided by) financing activities	(17,628)	25,663
<i>Net Increase In Cash and Cash Equivalents</i>	(25,451)	7,404
<i>Opening Cash and Cash Equivalents</i>	54,829	36,723
<i>Closing Cash and Cash Equivalents</i>	29,378	44,127

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 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 SIX MONTHS ENDED JUNE 30, 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 SIX MONTHS ENDED JUNE 30, 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 SIX MONTHS ENDED JUNE 30, 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 JUNE 30, 2012**

Account Holder	Volume	Percentage
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	3.64%
Victoria Mutual Building Society	1,011,747	3.07%
Winston Cole	1,008,705	3.06%
Berrist Alfanzo Phillips	1,000,618	3.03%
VMWM – Client 1	881,828	2.67%
Onis Johnson	751,725	2.25%
Lascelle Lenford Brown	627,278	1.90%

**JAMAICA STOCK EXCHANGE
ORDINARY SHAREHOLDERS REGISTER
AS AT JUNE 30, 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 JUNE 30, 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*