



REPORT OF THE BOARD OF DIRECTORS

UNAUDITED FINANCIAL STATEMENTS FOR QUARTER ENDED SEPTEMBER 30, 2013

THIRD QUARTER FINANCIAL HIGHLIGHTS

- Q3 Total Revenues of \$72.3m (Q3 2012 Total Revenues of \$71.8m)
- Q3 Net Loss after Tax of \$6.0m (Q3 2012 Profit of \$4.8m)
- Earnings per share of -\$0.04 (Q3 2012 EPS of \$0.17)
- Return on Equity of -1.1% (Q3 2012 ROE of 1.%)
- Return on Assets of -0.9% (Q3 2012 ROA of 0.8%)

THIRD QUARTER PERFORMANCE

For the Third Quarter ended September 30, 2013, the Jamaica Stock Exchange Group (JSEG) reported consolidated results reflecting flat revenues as good Fee Income growth was offset by a decline in Cess revenues as trading volumes declined during the quarter when compared to the corresponding period in 2012. With the exception of Financial Services Commission fees, which relate to trading volumes, expenses overall climbed at a faster pace than revenues. As a result, the JSEG registered a loss for the current quarter.

Within the recent quarter, the JSE re-introduced its bond market platform, a major step towards achieving a key objective of expanding its product offerings, leveraging its infrastructure and laying the foundation for trading debt across the Exchange.

YEAR-TO-DATE PERFORMANCE

For the nine months ended September 30, 2013 the JSEG recorded revenues of \$201.8m compared to \$227.5m in 2012, representing a decrease of \$25.6m or 11%. The main contributor to the decline in revenues was the decrease in Cess Income, which fell by \$42.4m or 51% compared to the same period in 2012. While there has been an increase in ordinary volume traded, the values have been lower than the comparative period in 2012. Block transactions volumes and values were also significantly below the levels experienced in 2012.

Investment income of \$46m compared to \$25m in the corresponding period of 2012 represents an increase of \$20.9m or 83%. This was largely due to the translation gains on our US Dollar investments as arising from the appreciation of US\$ against the J\$ in 2013.

EXPENSES

Total expenses including finance charges for the nine month period ended September 30, 2013 increased by \$20.2m or 9% against the comparable period, mainly due to increased Staff Costs and Advertising & Promotion expenses. The increase in Advertising & Promotion expense is consistent with our objective of increasing our visibility and promoting our products, services and markets.

FINANCIAL POSITION

Total Assets as at 30 September 2013 were \$670.1m, representing an increase of \$36.6m or 6% over the comparable period in 2012 but a decrease of \$119.3m or 15% when compared to December 2012 due to the payment of ordinary dividends in early 2013 of \$88m.

CAPITAL

In keeping with a strategic objective of listing the company and inviting the public to participate in the future of the company, the JSEG successfully completed its Initial Public Offering of Ordinary Shares and listed the shares on the JSE main market.

The Total Equity of the Group as at September 30, 2013 increased by \$86.9m or 18% over the comparable position at the end of September 2012 as the issue of new ordinary shares to investors increased our capital base by \$69.6m.

OUTLOOK

The Company has listed so far five securities comprised of three listings on the Main market and two on the Junior Market in 2013 bringing the total number of securities to sixty-four (64). Based on our marketing efforts and the feedback from member-dealers, we expect that other companies are likely to list during the final quarter increasing the number of securities listed on the Exchange.

The JSE Group continues to pursue a path of growth through the promotion of the market, the development of new products and services, the opening of new markets and the continuous improvement of our service delivery to our customers and stakeholders. The JSE Group will continue to target the Caribbean region for new listings on the Main and Junior markets.

SUBSEQUENT EVENT

Subsequent to our Third Quarter, the Minister of Finance & Planning tabled draft tax reform proposals in Parliament. We wish to point out that the Minister has proposed two specific amendments that will impact our Junior Market – the removal of the reduced income tax rates for years six to ten, and the elimination of Junior Market benefits in full at the end of 2016. Companies listed prior to December 31, 2013 will retain all the current benefits under the existing framework.



Donovan H. Perkins
Chairman



Jane George
Audit Committee Chairman

JAMAICA STOCK EXCHANGE
Consolidated Statement Of Financial Position
At September 30,2013

Restated

Unaudited	Unaudited	Audited
Nine months ended September 30,2013	Nine months ended September 30,2012	Twelve months ended December 2012
\$ '000	\$ '000	\$ '000

ASSETS**Non-current assets**

Property Plant & Equipment	79,463	72,261	76,620
Intangible Assets	30,758	36,094	31,828
Financial Assets			
Post employment benefits	85,207	79,601	85,208
Investment in Securities	278,499	299,278	279,557
Long-term receivables	9,688	7,686	8,777
Total non-current assets	483,615	494,920	481,990

Current assets

Income tax recoverable	14,253	38,290	12,771
Trade and other receivables	67,952	55,058	64,449
Investments in securities	68,737	14,841	49,396
Cash and cash equivalents	35,531	30,369	180,766
Total current assets	186,473	138,558	307,382

Total Assets	670,088	633,478	789,372
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EQUITY AND LIABILITIES**Capital and Reserves**

Share Capital	238,146	168,590	168,590
Fair value reserve	1,382	3,622	446
Revenue reserve	318,764	299,123	412,462
Total equity	558,292	471,335	581,498

Non Current Liabilities

Long Term Liabilities		80,836	14,334
Deferred Tax Liabilities	38,097	22,794	37,938
Total non-current liabilities	38,097	103,630	52,272

Current Liabilities

Payable & Accruals	72,924	51,595	82,473
Current portion of long-term liabilities	775	6,918	73,129
Total current liabilities	73,699	58,513	155,602

Total Equity & Liabilities	670,088	633,478	789,372
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Approved and authorized for issue by the Board of Directors on November 13,2013 and are signed on its behalf by:



Donovan H. Perkins - Chairman



Jane George - Audit Committee Chairman

Jamaica Stock Exchange
Consolidated Statement of Comprehensive Income
For the Nine Months Ended September 30, 2013

Statement II

	RESTATED		RESTATED		Audited Twelve months ended December 2012 \$'000
	Unaudited Three months ended September 2013 \$'000	Unaudited Three months ended September 2012 \$'000	Unaudited Nine months ended September 2013 \$'000	Unaudited Nine months ended September 2012 \$'000	
INCOME					
Cess	12,847	20,565	40,700	83,143	265,164
Fee Income	48,700	39,827	114,638	96,378	189,232
Ecampus	1,170	1,525	3,481	4,355	4,386
Other operating Income	9,628	9,891	43,000	43,584	45,519
	72,345	71,808	201,819	227,460	504,301
EXPENSES					
Staff costs	41,230	33,860	117,753	102,752	146,929
Property expenses	16,822	15,624	46,491	43,742	57,948
Depreciation and amortisation	5,368	4,641	15,704	13,274	19,526
Advertising and promotion	5,424	3,721	24,180	15,076	20,782
Professional fees	7,265	4,711	17,716	16,686	28,119
Securities commission fees	3,276	4,874	9,245	18,014	54,436
Allowances for doubtful debts					3,390
Ecampus	2,875	2,504	6,481	8,897	12,532
Other operating expenses	3,154	2,516	9,728	8,917	12,714
	85,414	72,451	247,298	227,358	356,376
Investment Income					
Other Gains	11,624	8,763	45,995	25,075	38,166
Impairment of Investment			(482)		5,931
Finance Cost	(3,267)	(1,707)	(5,364)	(5,078)	(6,382)
	(4,712)	6,413	(5,330)	20,099	185,640
(LOSS)PROFIT BEFORE TAXATION					
Taxation	(1,326)	(1,578)	(4,768)	(4,733)	(56,935)
	(6,038)	4,835	(10,098)	15,366	128,705
NET (LOSS)PROFIT					
OTHER COMPREHENSIVE INCOME					
Net fair value gain(loss) on available-for-sale financial assets during the period	780	(872)	936	(3,650)	(6,826)
Other comprehensive income for the period, net of taxes	780	(872)	936	(3,650)	(6,826)
	(5,258)	3,963	(9,162)	11,716	121,879
TOTAL COMPREHENSIVE (LOSS)INCOME FOR THE PERIOD					
Earnings per share	\$ (0.04)	\$ 0.17	\$ (0.07)	\$ 0.55	\$ 4.59

Jamaica Stock Exchange
Consolidated Statement Of Changes In Equity
For the Nine Months Ending September 30, 2013

Statement III

Restated	Share Capital	Fair Value Reserve	Revenue Reserve	Total
	\$'000	\$'000	\$'000	\$'000
Balance at January 1, 2012	168,590	7,272	297,995	473,857
Profit for the period as restated			15,366	15,366
Other comprehensive income for the period		-3,650		-3,650
Total comprehensive income for the period as restated		-3,650	15,366	11,716
Dividend paid			-14,238	
Balance at September 30, 2012	168,590	3,622	299,123	485,573
Balance at January 1, 2013	168,590	446	412,462	581,498
Profit for the period			-10,098	-10,098
Other comprehensive income for the period		936		936
Total comprehensive income for the period		936	-10,098	-9,162
Dividend paid			-83,600	
Increase in Share Capital	69,556			
Balance at September 30, 2013	238,146	1,382	318,764	558,292

THE JAMAICA STOCK EXCHANGE
Consolidated Statement Of Cash Flows
Nine Months Ended September 30,2013(Unaudited)

STATEMENT IV

RESTATED

	Unaudited	Unaudited
	Three months ended	Nine months ended
	September 2013	September 2012
	\$'000	\$'000
<i>Operating Activities</i>		
Net Surplus	-10,098	15,366
Adjustments for items not affecting cash flows and changes in non- cash operating assets and liabilities (net)	-83,365	-16,993
Cash used in operating activities	-93,463	-1,627
Cash provided(used) in investing activities	85,535	-3,479
Cash used in financing activities	-137,307	-19,354
<i>Net Decrease In Cash and Cash Equivalent</i>	-145,235	-24,460
<i>Opening Cash and Cash Equivalent</i>	180,766	54,829
<i>Closing Cash and Cash Equivalent</i>	35,531	30,369

Jamaica Stock Exchange Consolidated Segment Report For the Nine Months Ended September 30,2013(Unaudited)	STATEMENT V
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2013

	<u>Exchange</u> <u>Operations</u> (\$ 000)	<u>Depository</u> <u>Services</u> (\$ 000)	<u>Investments</u> <u>Other</u> (\$ 000)	<u>Trustees</u> <u>Services</u> (\$ 000)	<u>Eliminations</u> (\$ 000)	<u>Group</u> (\$ 000)
External Revenue	110,427	48,494	45,995	42,898	-1,470	<u>246,344</u>
Total Revenue	110,427	48,494	45,995	42,898	-1,470	<u>246,344</u>
Results						
Segment results	-51,028	-12,641	45,995	19,660	-1,470	<u>516</u>
Finance Costs	-5,364		-482			<u>-5,846</u>
Profit before Taxation						<u>-5,330</u>
Taxation	-3,168	-917		-683		<u>-4,768</u>
Profit for the Period						<u><u>-10,098</u></u>
Other information						
Depreciation & amortisation	11,205	4,469		29		<u>15,703</u>
Assets						
Segment assets	565,668	155,695		42,316	-93,591	<u>670,088</u>
Liabilities						
Segment liabilities	80,989	54,869		6,894	-30,956	<u>111,796</u>

2012 Restated

	<u>Exchange</u> <u>Operations</u> (\$ 000)	<u>Depository</u> <u>Services</u> (\$ 000)	<u>Investments</u> <u>Other</u> (\$ 000)	<u>Trustees</u> <u>Services</u> (\$ 000)	<u>Eliminations</u> (\$ 000)	<u>Group</u> (\$ 000)
External Revenue	144,312	65,671	25,075	17,476	-1,470	<u>251,064</u>
Total Revenue	144,312	65,671	25,075	17,476	-1,470	<u>251,064</u>
Result						
Segment result	-21,793	15,388	25,075	7,977	-1,470	<u>25,177</u>
Finance Costs	-5,041			-37		<u>-5,078</u>
Profit before Taxation						<u>20,099</u>
Taxation		-2,547		-2,186		<u>-4,733</u>
Loss for the Period						<u><u>15,366</u></u>
Other information						
Depreciation & amortisation	9,485	3,789				<u>13,274</u>
Assets						
Segment Assets	566,297	144,140		21,224	-98,183	<u>633,478</u>
Liabilities						
Segment Liabilities	140,501	50,332		6,097	-34,787	<u>162,143</u>

COMPENSATION FUND
Financial Position
For the Nine Months Ended September 30, 2013

Statement VI

	Unaudited	Unaudited	Audited
	Nine months ended September 2013 \$'000	Nine months ended September 2012 \$'000	Twelve months ended December 2012 \$'000
ASSETS			
<i>Non-current assets</i>			
Investment in Securities	536,545	517,024	502,866
<i>Current assets</i>			
Income tax recoverable	0	9,421	4,809
Other receivables	10,929	9,789	10,823
Investment in securities	92,283	65,912	87,649
Cash and cash equivalents	7,479	11,047	10,572
	110,691	96,169	113,853
Total Assets	647,236	613,193	616,719
EQUITY AND LIABILITIES			
<i>Contingency reserve</i>			
	631,285	593,136	604,296
<i>Non Current Liabilities</i>			
Deferred Tax Liabilities	6,441	13,384	6,356
<i>Current Liabilities</i>			
Payable & Accruals	8,834	6,673	6,067
Income Tax Payable	676		
Total Current Liabilities	9,510	6,673	6,067
Total Equity & Liabilities	647,236	613,193	616,719

Compensation Fund
Comprehensive Income

	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	Three months ended September 2013 \$'000	Three months ended September 2012 \$'000	Three months ended September 2013 \$'000	Three months ended September 2012 \$'000	Twelve months ended December 2012 \$'000
INCOME					
Investment Income	10,990	12,992	35,550	37,887	51,321
Gain in value of investments	4,217	2,206	25,154	4,761	9,706
	15,207	15,198	60,704	42,648	61,027
EXPENSES					
Administrative expenses	-6,777	-6,490	-19,995	-19,181	-25,722
Impairment of investment			-482		
Net Income	8,430	8,708	40,227	23,467	35,305
Taxation	-7,722	-2,903	-13,408	-7,822	-8,517
NET PROFIT	708	5,805	26,819	15,645	26,788
OTHER COMPREHENSIVE INCOME					
Net fair value gain(loss) on revaluation of available for sale financial assets during the period	-403	-248	168	-1,127	-1,109
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	305	5,557	26,987	14,518	25,679

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013**

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 all three companies are situated at 40 Harbour Street, Kingston, Jamaica.

The main activities of the Company are the regulation and operation of a stock exchange and the development of the stock market in Jamaica. The Company performs the twin role of regulating participants in the stock market, and operating an efficient platform on which that market trades, which is the commercial arm of the company.

(b) **Principal Activities - Subsidiary**

i. **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.

ii. **JCSD Trustee Services Limited**

The principal activity is the provision of trustee, company management 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 the Companies Act, 2004 of Jamaica.

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 that are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013**

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 Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

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 at the end of each reporting period.

The post employment benefit assets recognised in the statement of financial position 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. Any asset resulting from this calculation is limited to the unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

5. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, 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 that are held to meet cash requirements rather than for investment purposes.

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013**

6. 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.

7. IMPAIRMENT OF FINANCIAL ASSETS

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be 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 investment have been affected.

8. ORDINARY SHARES

On July 2013, having offered 25% of the Company shares to the market by way of a Prospectus, the JSE has increased the number of its ordinary shareholders from 11 to 203. Also the number of ordinary shares has increased from 28,050,000 to 140,250,000.

9. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit, by the weighted average number of ordinary shares in issue.

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013**

10. 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 Group's operations 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* – Income derived from investing activities of the Group.
- *Trustee* – Custodian, company management and other activities.

The Group's operations are located solely in Jamaica.

11. COMPENSATION FUND

a. Compensation fund receipts

These are contributions by members' dealers 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.

b. Contingency reserve

This fund is created out of surpluses for the purpose of providing some protection to the investing public should they suffer pecuniary loss as a result of defalcation of 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.

**JAMAICA STOCK EXCHANGE
ORDINARY SHAREHOLDERS REGISTER
AS AT SEPTEMBER 30, 2013**

Names	Shareholdings
1. Barita Investments Limited	10,200,000
2. Capital & Credit Securities Limited	10,200,000
3. First Global Financial Services Limited	10,200,000
4. Jamaica Money Market Brokers Limited	10,200,000
5. M/VL Stockbrokers Limited	10,200,000
6. Mayberry Investments Limited	10,200,000
7. NCB Capital Markets Limited	10,200,000
8. Pan Caribbean Financial Services Limited	10,200,000
9. Scotia DBG Investments Limited	10,200,000
10. Stocks & Securities Limited	10,200,000
11. VM Wealth Management Limited	10,200,000

**JAMAICA STOCK EXCHANGE
SHAREHOLDING OF DIRECTORS AND SENIOR MANAGERS
AS AT SEPTEMBER 30, 2013**

Directors

Shareholding

Rita Humphries-Lewin

19,978

Edwin McKie*

49,846

Senior Managers

Robin Levy

50,000

Suzette McNaught*

30,000

** Includes holding in joint accounts*