



## **REPORT OF THE BOARD OF DIRECTORS**

### **CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR QUARTER ENDED MARCH 31, 2014**

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#### **FIRST QUARTER FINANCIAL HIGHLIGHTS**

- Q1 Total Income of \$95.3m (Q1 2013 Total Income of \$91.3m)
- Q1 Net Loss after Tax of \$2.3m (Q1 2013 Profit of \$5.8m)
- Earnings per share of -\$0.02 (Q1 2013 EPS of \$0.07)

#### **FIRST QUARTER PERFORMANCE**

For the First Quarter ended March 31, 2014 the Jamaica Stock Exchange Group (JSEG) reported consolidated results reflecting revenue of \$95.3m compared to \$91.3m in 2013 and representing an improvement in income of \$4m or 4% . With the exception of Cess and Investment Incomes, all other income areas have increased over the prior year period with e-campus registering the largest movement of 407% over the comparative year. This area is gaining momentum since the campus was registered by the University Council of Jamaica (UCJ) and certified by the prestigious CPD Certification Service based in London, England. It has also been approved by the Financial Services Commission.

Investment Income of \$13m compared to \$21.9m in the corresponding period of 2013 represents a decrease of \$8.8m or 40%. This is largely due to the translation gains on US Dollar investments which have increased at a slower pace when compared to 2013. While income has increased by 4%, expenses have increased by 14% over the comparative year 2013 resulting in the Group recording a first quarter loss of \$2.3m.

#### **EXPENSES**

Total expenses including finance charges for the three- month period ended March 31, 2014 increased by \$11.8m or 14% against the comparative period, mainly due to increased Staff Costs, Property Expenses and Professional Fees. The increase in Property Expenses is mainly due to movement in the exchange rate which has significantly impacts the maintenance cost of the Group's IT systems. Staff Cost is reflecting a 15% increase over the comparative quarter of 2013 due to two critical vacancies which were filled during the last quarter of 2013.

## **FINANCIAL POSITION**

Total Assets as at March 31, 2014 were \$694m, representing a decrease of \$27.3m or 3.8% over the comparative period in 2013 but an increase of \$33.3m or 5% when compared to the period ended December 2013. This is due to an increase in Investment and Trade and Other Receivables. Trade and Other Receivables is reflecting a 25% increase mainly due to prepayments of License Fees within this first quarter.

## **CAPITAL**

The Total Equity of the Group as at March 31, 2014 increased by \$48.4m or 10% over the comparable position at the end of March 2013 as the issue of new ordinary shares to investors increased the Group's capital base by \$69.6m.

## **OUTLOOK**

There has been one listing on the Junior Market in the first quarter of 2014. Based on our marketing efforts and the feedback from member-dealers, it is expected that other companies will list their securities during the year.

The JSE Group continues to pursue a path of growth through promotion of the markets; development of new products and services the new Corporate Bond listings and the continuous improvement of service delivery to Group's customers and stakeholders. The JSE Group will continue to target the Caribbean Region for new listings on the Main and Junior markets.



Donovan H. Perkins  
Chairman

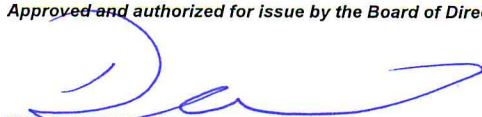


Jane George  
Audit Committee Chairman

**JAMAICA STOCK EXCHANGE LIMITED**  
**Consolidated Statement Of Financial Position**  
**At March 31, 2014**

	Restated			
	Unaudited	Unaudited		Audited
	Three months ended March 2014 \$ '000	Three months ended March 2013 \$ '000		Twelve months ended December 2013 \$ '000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property Plant & Equipment	89,000	77,266	89,800	
Intangible Assets	31,448	29,415	31,933	
Post employment benefits	66,193	85,207	66,193	
Investment in Securities	266,048	291,263	254,765	
Long-term receivables	11,968	8,410	9,376	
<b>Total non-current assets</b>	<b>464,657</b>	<b>491,561</b>	<b>452,067</b>	
<b>Current assets</b>				
Income tax recoverable	20,043	12,302	12,639	
Trade and other receivables	102,684	88,570	81,999	
Investments in securities	-	26,440	28,150	
Government securities purchased under resale agreement	81,281	88,950	68,277	
Cash and cash equivalents	24,933	13,080	17,125	
<b>Total current assets</b>	<b>228,941</b>	<b>229,342</b>	<b>208,190</b>	
<b>Total Assets</b>	<b>693,598</b>	<b>720,903</b>	<b>660,257</b>	
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Share Capital	238,146	168,590	238,146	
Fair value reserve	3,863	1,858	2,293	
Revenue reserve	311,535	334,670	313,834	
<b>Total equity</b>	<b>553,544</b>	<b>505,118</b>	<b>554,273</b>	
<b>Non Current Liabilities</b>				
Long Term Liabilities	-	12,228	-	
Deferred Tax Liabilities	15,915	37,839	15,129	
<b>Total non-current liabilities</b>	<b>15,915</b>	<b>50,067</b>	<b>15,129</b>	
<b>Current Liabilities</b>				
Payable & Accruals	118,031	83,429	77,349	
Due to related parties	6,108	8,863	13,119	
Current portion of long-term liabilities	-	73,426	387	
<b>Total current liabilities</b>	<b>124,139</b>	<b>165,718</b>	<b>90,855</b>	
<b>Total Equity &amp; Liabilities</b>	<b>693,598</b>	<b>720,903</b>	<b>660,257</b>	

Approved and authorized for issue by the Board of Directors on May 9, 2014 and are signed on its behalf by:

  
 \_\_\_\_\_  
 Donovan H. Perkins - Chairman

  
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 Jane George - Audit Committee Chairman

**JAMAICA STOCK EXCHANGE LIMITED**  
**Consolidated Statement of Comprehensive Income**  
**For the Three Months Ended March 31, 2014**

Statement II

	Unaudited	Restated	
	Three months ended March 2014 \$'000	Unaudited Three months ended March 2013 \$'000	Audited Twelve months ended December 2013 \$'000
<b>INCOME</b>			
Cess	15,086	15,654	70,373
Fee Income	40,033	30,717	160,969
Ecampus	2,654	524	6,465
Other operating Income	24,361	22,568	57,747
	<u>82,134</u>	<u>69,463</u>	<u>295,554</u>
<b>EXPENSES</b>			
Staff costs	44,126	38,401	151,238
Property expenses	17,514	13,829	64,878
Depreciation and amortisation	5,612	5,183	21,564
Advertising and promotion	12,598	12,528	34,158
Professional fees	6,851	4,006	24,845
Securities commission fees	3,184	3,503	15,664
Allowances for doubtful debts	-	-	10,231
Ecampus	2,382	1,381	9,660
Other operating expenses	3,310	3,016	13,229
	<u>95,577</u>	<u>81,847</u>	<u>345,467</u>
Investment Income	13,026	21,872	56,455
Other Gains	147	-	27
Impairment of Investment	-	(482)	-
Finance Cost	(8)	(1,477)	(6,107)
	<u>(278)</u>	<u>7,529</u>	<u>462</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>			
Taxation	(2,021)	(1,721)	6,728
	<u>(2,299)</u>	<u>5,808</u>	<u>7,190</u>
<b>NET (LOSS)/PROFIT</b>			
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will never be reclassify to profit or loss:			
Remeasurement of employee benefits assets	-	-	(11,670)
Deferred income that will never be reclassified to profit or loss	-	-	3,890
Items that may be reclassify to profit or loss:			
Realised gain on available-for-sale investments	-	-	498
Unrealised gains/(losses) on available-for-sale investments	1,570	1,412	2,273
Deferred income tax on items that may be reclassified to profit or loss	-	-	(924)
	<u>1,570</u>	<u>1,412</u>	<u>(5,933)</u>
Other comprehensive income for the period, net of taxes			
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>	<u>(729)</u>	<u>7,220</u>	<u>1,257</u>
Earnings per share	\$ (0.02)	\$ 0.21	\$ 0.06

**JAMAICA STOCK EXCHANGE LIMITED**  
**Consolidated Statement Of Changes In Equity**  
**For the Three Months Ending March 31, 2014**

Statement III

Restated	Share Capital	Fair Value Reserve	Revenue Reserve	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance at January 1, 2013</b>	168,590	446	412,462	581,498
Profit for the period as restated			5,808	5,808
Other comprehensive income for the period		1,412		1,412
<b>Total comprehensive income for the period as restated</b>		<b>1,412</b>	<b>5,808</b>	<b>7,220</b>
Payment of dividend			(83,600)	(83,600)
<b>Balance at March 31, 2013</b>	<b>168,590</b>	<b>1,858</b>	<b>334,670</b>	<b>505,118</b>
<b>Balance at January 1, 2014</b>	238,146	2,293	313,834	554,273
Profit for the period			(2,299)	(2,299)
Other comprehensive income for the period		1,570		1,570
<b>Total comprehensive income for the period</b>		<b>1,570</b>	<b>(2,299)</b>	<b>(729)</b>
Payment of dividend			-	-
<b>Balance at March 31, 2014</b>	<b>238,146</b>	<b>3,863</b>	<b>311,535</b>	<b>553,544</b>

**THE JAMAICA STOCK EXCHANGE LIMITED**  
**Consolidated Statement Of Cash Flows**  
**Three Months Ended March 31, 2014 (Unaudited)**

STATEMENT IV

	RESTATED	
	Unaudited	Unaudited
	Three months ended March 2014 \$'000	Three months ended March 2013 \$'000
<b>Operating Activities</b>		
Net Surplus	(2,299)	5,808
Adjustments for items not affecting cash flows and changes in non- cash operating assets and liabilities (net)	9,074	(31,070)
Cash used in operating activities	6,775	(25,262)
Cash provided by investing activities	1,420	111,480
Cash used in financing activities	(387)	(85,409)
<b>Net Increase/(Decrease) In Cash and Cash Equivalents</b>	<b>7,808</b>	<b>809</b>
<b>Opening Cash and Cash Equivalents</b>	<b>17,125</b>	<b>12,271</b>
<b>Closing Cash and Cash Equivalents</b>	<b>24,933</b>	<b>13,080</b>

**JAMAICA STOCK EXCHANGE LIMITED**  
**Consolidated Segment Report**  
**For the Three Months Ended March 31, 2014 (Unaudited)**

STATEMENT V

	2014					
	<u>Exchange</u>	<u>Depository</u>	<u>Investments</u>	<u>Trustees</u>	<u>Eliminations</u>	<u>Group</u>
	<u>Operations</u>	<u>Services</u>	<u>Other</u>	<u>Services</u>		
	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)
External Revenue	52,546	15,977	13,026	13,611		95,160
Total Revenue	52,546	15,977	13,026	13,611		95,160
<b>Results</b>						
Segment results	(1,148)	(2,644)		3,522		(270)
Finance Costs	(8)	-		-		(8)
Profit/(loss) before taxation	(1,156)	(2,644)		3,522		(278)
Taxation	0			(2,021)		(2,021)
Profit/(Loss) for the Period						<u>(2,299)</u>
<b>Other Information</b>						
Depreciation & amortisation	4,092	1,498		22		5,612
<b>Assets</b>						
Segment assets	595,299	143,027		45,404	(90,132)	<u>693,598</u>
<b>Liabilities</b>						
Segment liabilities	113,122	42,963		11,469	(27,500)	<u>140,054</u>
<b>2013 Restated</b>						
	<u>Exchange</u>	<u>Depository</u>	<u>Investments</u>	<u>Trustees</u>	<u>Eliminations</u>	<u>Group</u>
	<u>Operations</u>	<u>Services</u>	<u>Other</u>	<u>Services</u>		
	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)
External Revenue	45,882	13,849	21,872	9,732		91,335
Total Revenue	45,882	13,849	21,872	9,732		91,335
<b>Results</b>						
Segment results	(11,592)	(4,567)	21,872	3,775		9,488
Finance Costs	(1,477)		(482)			(1,959)
Profit before Taxation						7,529
Taxation	(1,187)	(306)		(228)		(1,721)
Profit for the Period						<u>5,808</u>
<b>Other Information</b>						
Depreciation & amortisation	3,684	1,490		9		5,183
<b>Assets</b>						
Segment assets	636,226	161,282		32,194	(108,799)	<u>720,903</u>
<b>Liabilities</b>						
Segment liabilities	192,103	57,726		12,122	(46,166)	<u>215,785</u>

**COMPENSATION FUND**  
**Financial Position**  
**For the Three Months Ended March 31,2014**

Statement VI

	RESTATED		
	Unaudited	Unaudited	
	Three months ended March 2014 \$'000	Three months ended March 2013 \$'000	Twelve months ended December 2013 \$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in Securities	550,950	522,236	525,972
<b>Current assets</b>			
Income tax recoverable	6,543	4,990	6,523
Other receivables	7,183	14,335	16,651
Investment in securities	-	14,692	23,597
Government securities purchased under resale agreement	104,404	73,067	82,456
Cash and cash equivalents	6,040	7,892	3,899
	124,170	114,976	133,126
<b>Total Assets</b>	<b>675,120</b>	<b>637,212</b>	<b>659,098</b>
<b>EQUITY AND LIABILITIES</b>			
Contingency reserve	657,900	620,473	647,928
<b>Non Current Liabilities</b>			
Deferred Tax Liabilities	4,784	6,106	4,784
<b>Current Liabilities</b>			
Payable & Accruals	12,665	10,633	6,386
<b>Total Equity &amp; Liabilities</b>	<b>675,349</b>	<b>637,212</b>	<b>659,098</b>
<b>Compensation Fund</b>			
<b>Comprehensive Income</b>			
<b>INCOME</b>			
Investment Income	17,146	29,392	77,404
<b>EXPENSES</b>			
Administrative expenses	(6,246)	(6,548)	(26,856)
Impairment of investment		(482)	-
<b>Net Income</b>	<b>10,900</b>	<b>22,362</b>	<b>50,548</b>
Taxation	(1,389)	(5,685)	(7,069)
<b>NET PROFIT</b>	<b>9,511</b>	<b>16,677</b>	<b>43,479</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Fair value gain/(loss) on revaluation of available-for-sale financial assets during the year, net	229	(500)	153
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>9,740</b>	<b>16,177</b>	<b>43,632</b>



**THE JAMAICA STOCK EXCHANGE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2014**

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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 accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2013.

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 THREE MONTHS ENDED MARCH 31, 2014**

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**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 THREE MONTHS ENDED MARCH 31, 2014**

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**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. 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 weighted average number of ordinary units as at 31 March 2013 and 31 December 2013 was 112,200,000 and 123,887,500 respectively.

**THE JAMAICA STOCK EXCHANGE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2014**

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**10. SEGMENT REPORTING**

The Group's operations are organized into four main business segments as follows:

- *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 member 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 were no contributions by the member dealers as the Board was 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 LIMITED  
ORDINARY SHAREHOLDERS REGISTER  
AS AT March 31, 2014**

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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 LIMITED**  
**SHAREHOLDING OF DIRECTORS AND SENIOR MANAGERS**  
**AS AT MARCH 31, 2014**

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**Directors**

**Shareholding**

Rita Humphries-Lewin

19,978

Edwin McKie\*

150,000

**Senior Managers**

Marlene Street\*

60,000

Robin Levy

50,000

Suzette McNaught\*

30,000

Doreen Parson-Smith\*

20,000

Suzette Whyte\*

20,000

Neville Ellis\*

20,000

Kadyll McNaught\*

20,000

Josephine Lewis\*

30,000

Riccayla Robb

20,000

*\* Includes holding in joint accounts*