



REPORT OF THE BOARD OF DIRECTORS

CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

FOR QUARTER ENDED JUNE 30, 2014

SECOND QUARTER FINANCIAL HIGHLIGHTS

- Total Income of \$83m (Q2 2013 - \$72m)
- Total Expenses of \$83m (Q2 2013 - \$81m)
- Net Loss after Tax of \$1m (Q2 2013 - -\$10m)
- Earnings per share of -\$0.01 (Q2 2013 - -\$0.09)

SECOND QUARTER PERFORMANCE

Income

For the Second Quarter ended June 30, 2014, the Jamaica Stock Exchange Group (JSEG) reported consolidated income of \$83m. This represents an \$11m or 15% improvement in income over the second quarter of 2013. This improved performance was primarily due to an increase in Fee and Other Income.

For the Six months ended June 2014, the JSEG reported consolidated income of \$178m which represents an increase in income of \$15m or 9% when compared to the corresponding period under review.

Expenses

For the Second Quarter ended June 30, 2014, Total expenses (including finance charges) of \$83m increased by \$2m or 3% against the comparable period in 2013. The increase was tempered by the impact of a reduction in the Provision for Bad Debts arising from the collection of \$4m in previously provided for receivables. The increase in expenditure in the quarter was mainly due to increased Staff Costs, Property Expenses and Professional Fees.

For the six months ended June 2014, Total Expenses of \$179m, increased by \$15m or 9% over the comparable period in 2013.

Net Loss

For the Second Quarter ended June 30, 2014, the JSEG recorded a Net Loss of \$1m. This represents an improvement of \$9m or 90% in the financial performance of the Group when compared with the corresponding period in 2013. This was mainly driven by an improvement in income.

For the six months ended June 2014, Net Loss of \$3m was \$1m or 25% below that of the corresponding period in 2013.

Financial Position

Total Assets as at June 30, 2014 were \$687m, representing a decrease of \$14m or 2% over the comparative period in 2013 which was due primarily to a decrease in post-employment benefits and investment in securities.

The June 2014 six month period when compared to the period ended December 2013 showed an increase in assets of \$27m or 4% due to an increase in Trade and Other Receivables.

Capital

Total Equity as at June 30, 2014 increased by \$64m or 13% over the comparable position at the end of June 2013 and increased by \$4m or 1% over the position as at December 31, 2013. For the June 2013 to June 2014 comparative periods the changes were due to the issue of new ordinary shares to investors in July 2013 which increased the Group's capital base by \$70m.

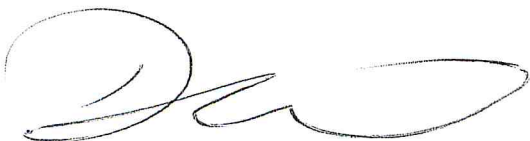
MARKET DEVELOPMENTS

There were two listings in the second quarter of 2014, with one listing each on the main and US\$ markets. In May 2014 the main market of the Exchange was granted designated stock exchange status by the Canadian Government. This means that persons in Canada who purchase stocks on the main JSE market will be exempt from taxes on income derived from these purchases in that country.

OUTLOOK

While trading on all markets has been subdued in recent periods, improved economic results and outlook are considered to be positive signs for the performance of listed companies and by extension the stock market going forward.

We also expect our efforts at marketing and income diversification to reap rewards in the medium to long term as the Group continues to pursue a strategic path of growth through promotion of new and existing markets, new product development and the continuous improvement of service delivery to the Group's customers and stakeholders.



Donovan H. Perkins
Chairman




Jane George
Audit Committee Chairman

JAMAICA STOCK EXCHANGE LIMITED
Consolidated Statement Of Financial Position
At June 30, 2014

	Unaudited	Unaudited	Audited
	Six months ended	Six months ended	Twelve months ended
	June 2014	June 2013	December 2013
	\$ '000	\$ '000	\$ '000
ASSETS			
<i>Non-current assets</i>			
Property Plant & Equipment	87,787	80,935	89,800
Intangible Assets	28,752	30,339	31,933
Post employment benefits	66,193	85,207	66,193
Investment in Securities	265,960	283,198	254,765
Long-term receivables	11,915	7,450	9,376
Total non-current assets	460,607	487,129	452,067
<i>Current assets</i>			
Income tax recoverable	21,093	12,423	12,639
Trade and other receivables	98,087	85,933	81,999
Investments in securities	-	26,675	28,150
Government securities purchased under resale agreement	91,529	67,189	68,277
Cash and cash equivalents	15,405	20,911	17,125
Total current assets	226,114	213,131	208,190
Total Assets	686,721	700,260	660,257
EQUITY AND LIABILITIES			
<i>Capital and Reserves</i>			
Share Capital	238,146	168,590	238,146
Fair value reserve	9,326	603	2,293
Revenue reserve	310,679	324,778	313,834
Total equity	558,151	493,971	554,273
<i>Non Current Liabilities</i>			
Long Term Liabilities	-	10,623	-
Deferred Tax Liabilities	18,647	37,707	15,129
Total non-current liabilities	18,647	48,330	15,129
<i>Current Liabilities</i>			
Payable & Accruals	103,815	74,109	77,349
Due to related parties	6,108	8,863	13,119
Current portion of long-term liabilities	-	74,987	387
Total current liabilities	109,923	157,959	90,855
Total Equity & Liabilities	686,721	700,260	660,257

Approved and authorized for Issue by the Board of Directors on July 16, 2014 and are signed on its behalf by:


 Donovan H. Perkins - Chairman


 Jane George - Audit Committee Chairman

JAMAICA STOCK EXCHANGE LIMITED
Consolidated Statement of Comprehensive Income
For the Six Months Ended June 30, 2014

Statement II

	Unaudited Three months ended June 2014 \$'000	Unaudited Three months ended June 2013 \$'000	Unaudited Six months ended June 2014 \$'000	Unaudited Six months ended June 2013 \$'000	Audited Twelve months December 2013 \$'000
REVENUE					
Cess	9,905	12,199	24,991	27,853	70,373
Fee Income	45,511	35,221	85,544	65,938	160,969
Ecampus	2,621	1,787	5,275	2,311	6,465
Other operating Income	12,547	10,804	36,908	33,372	57,747
	<u>70,584</u>	<u>60,011</u>	<u>152,718</u>	<u>129,474</u>	<u>295,554</u>
EXPENSES					
Staff costs	42,501	38,121	86,627	76,522	151,238
Property expenses	17,011	15,841	34,525	29,670	64,878
Depreciation and amortisation	5,791	5,152	11,403	10,335	21,564
Advertising and promotion	4,312	6,228	16,910	18,756	34,158
Professional fees	8,094	6,442	14,945	10,448	24,845
Securities commission fees	2,143	2,467	5,327	5,970	15,664
Allowances for doubtful debts	(3,880)	-	(3,880)	-	10,231
Ecampus	2,825	2,226	5,207	3,607	9,660
Other operating expenses	4,159	3,559	7,469	6,575	13,229
	<u>82,956</u>	<u>80,035</u>	<u>178,533</u>	<u>161,882</u>	<u>345,467</u>
Investment Income	12,449	12,474	25,475	34,346	56,455
Other Gains	-	-	147	-	27
Impairment of Investment	-	-	-	(482)	-
Finance Cost	-	(620)	(8)	(2,097)	(6,107)
	<u>12,449</u>	<u>11,854</u>	<u>25,475</u>	<u>31,767</u>	<u>50,375</u>
(LOSS)/PROFIT BEFORE TAXATION	77	(8,171)	(201)	(642)	462
Taxation	(933)	(1,722)	(2,954)	(3,443)	6,728
	<u>(933)</u>	<u>(1,722)</u>	<u>(2,954)</u>	<u>(3,443)</u>	<u>6,728</u>
NET (LOSS)/PROFIT	(856)	(9,893)	(3,155)	(4,084)	7,190
OTHER COMPREHENSIVE INCOME					
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	5,463	(2,052)	7,033	(640)	2,273
Deferred income tax on items that may be reclassified to profit or loss	-	-	-	-	(924)
	<u>5,463</u>	<u>(2,052)</u>	<u>7,033</u>	<u>(640)</u>	<u>(924)</u>
Other comprehensive income/(loss) for the period, net of taxes	5,463	(2,052)	7,033	(640)	(5,933)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	4,607	(11,945)	3,878	(4,724)	1,257
Earnings per share	\$ (0.01)	\$ (0.09)	\$ (0.02)	\$ (0.04)	0.06

JAMAICA STOCK EXCHANGE LIMITED
Consolidated Statement Of Changes In Equity
For the Six Months Ended June 30, 2014

Statement III

	Share Capital \$'000	Fair Value Reserve \$'000	Revenue Reserve \$'000	Total \$'000
Balance at January 1, 2013	168,590	446	412,462	581,498
Profit for the period			(4,084)	(4,084)
Other comprehensive income for the period		157		157
Total comprehensive income for the period as restated		157	(4,084)	(3,927)
Payment of dividend			(83,600)	(83,600)
Balance at June 30, 2013	168,590	603	324,778	493,971
Balance at January 1, 2014	238,146	2,293	313,834	554,273
Profit for the period			(3,155)	(3,155)
Other comprehensive income for the period		7,033		7,033
Total comprehensive income for the period		7,033	(3,155)	3,878
Payment of dividend			-	-
Balance at June 30, 2014	238,146	9,326	310,679	558,151

THE JAMAICA STOCK EXCHANGE LIMITED
Consolidated Statement Of Cash Flows
Six Months Ended June 30, 2014 (Unaudited)

STATEMENT IV

	Unaudited Three months ended June 2014 \$'000	Unaudited Three months ended June 2013 \$'000
<i>Operating Activities</i>		
Net Surplus	(3,155)	(4,084)
Adjustments for items not affecting cash flows and changes in non- cash operating assets and liabilities (net)	(16,175)	(45,869)
Cash used in operating activities	(19,330)	(49,954)
Cash provided by investing activities	17,997	144,047
Cash used in financing activities	(387)	(85,453)
<i>Net Increase/(Decrease) In Cash and Cash Equivalents</i>	(1,720)	8,640
<i>Opening Cash and Cash Equivalents</i>	17,125	12,271
<i>Closing Cash and Cash Equivalents</i>	15,405	20,911

JAMAICA STOCK EXCHANGE LIMITED
Consolidated Segment Report
For the Six Months Ended June 30, 2014 (Unaudited)

STATEMENT V

	2014					
	Exchange Operations	Depository Services	Investments Other	Trustees Services	Eliminations	Group
	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)
External Revenue	89,336	33,836	25,475	29,547		178,194
Total Revenue	89,336	33,836	25,475	29,547		178,194
Results						
Segment results	(6,011)	(3,236)		9,054		(193)
Finance Costs	(8)	-		-		(8)
Loss/Profit before Taxation	(6,019)	(3,236)		9,054		(201)
Taxation	-			(2,954)		(2,954)
Profit/(Loss) for the Period						(3,155)
Other information						
Depreciation & amortisation	8,364	2,995		44		11,403
Assets						
Segment assets	577,634	137,366		46,206	(74,485)	686,721
Liabilities						
Segment liabilities	96,798	36,066		7,560	(11,854)	128,570

	2013					
	Exchange	Depository	Investments	Trustees	Eliminations	Group
	Operations	Services	Other	Services		
	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)
External Revenue	78,694	28,041	34,346	22,739		163,820
Total Revenue	78,694	28,041	34,346	22,739		163,820
Results						
Segment results	(3,568)	(2,936)		7,960		1,456
Finance Costs	(2,097)	0		0		(2,097)
Loss/Profit before Taxation	(5,665)	(2,936)		7,960		(641)
Taxation	(2,376)	(612)		(456)		(3,444)
Loss for the Period						(4,085)
Other information						
Depreciation & amortisation	7,349	2,971		15		10,335
Assets						
Segment assets	616,195	151,821		32,114	(99,870)	700,260
Liabilities						
Segment liabilities	184,309	50,931		8,288	(37,239)	206,289

COMPENSATION FUND
Financial Position
For the Six Months Ended June 30,2014

Statement VI

	Unaudited Six months ended June 2014 \$'000	Unaudited Six months ended June 2013 \$'000	Audited Twelve months ended December 2013 \$'000
ASSETS			
Non-current assets			
Investment in Securities	531,920	509,867	525,972
Current assets			
Income tax recoverable	13,031	4,170	6,523
Other receivables	7,183	14,701	16,651
Investment in securities	15,778	23,843	23,597
Government securities purchased under resale agreement	112,038	89,201	82,456
Cash and cash equivalents	1,569	2,795	3,899
Total Assets	681,519	644,577	659,098
EQUITY AND LIABILITIES			
Contingency reserve	666,322	630,982	647,928
Non Current Liabilities			
Deferred Tax Liabilities	4,784	6,642	4,784
Current Liabilities			
Payable & Accruals	10,413	6,953	6,386
Total Equity & Liabilities	681,519	644,577	659,098

Compensation Fund
Comprehensive Income

	Unaudited Three months ended June 2014 \$'000	Unaudited Three months ended June 2013 \$'000	Unaudited Six months ended June 2014 \$'000	Unaudited Six months ended June 2013 \$'000	Audited Twelve months ended December 2013 \$'000
INCOME					
Investment Income	16,676	15,624	33,822	45,016	77,404
EXPENSES					
Administrative expenses	(6,407)	(6,670)	(12,653)	(13,218)	(26,856)
Impairment of investment		482			-
Net Income	10,269	9,436	21,169	31,798	50,548
Taxation	(1,390)	-	(2,779)	(5,685)	(7,069)
NET PROFIT	8,879	9,436	18,390	26,113	43,479
OTHER COMPREHENSIVE INCOME					
Fair value gain/(loss) on revaluation of available-for-sale financial assets during the year, net	(228)	1,358	1	858	153
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	8,651	10,794	18,391	26,971	43,632

THE JAMAICA STOCK EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED JUNE 30, 2014

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 policy

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 JUNE 30, 2014

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 JUNE 30, 2014

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 30 June 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 JUNE 30, 2014**

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 or 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 JUNE 30, 2014**

Names	Shareholdings
1. Barita Investments Limited	10,200,000
2. First Global Financial Services Limited	10,200,000
3. JMMB Securities Limited	10,200,000
4. M/VL Stockbrokers Limited	10,200,000
5. Mayberry Investments Limited	10,200,000
6. NCB Capital Markets Limited	10,200,000
7. Sagicor Investments Jamaica Limited	10,200,000
8. Scotia Investments Jamaica Limited	10,200,000
9. Stocks & Securities Limited	10,200,000
10. VM Wealth Management Limited	10,200,000

JAMAICA STOCK EXCHANGE LIMITED
SHAREHOLDING OF DIRECTORS AND SENIOR MANAGERS
AS AT JUNE 30, 2014

Directors

Shareholding

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*