



*"Providing A Fair, Efficient and
Transparent Stock Market"*

ANNUAL REPORT 2013



*"From Productivity to Prosperity: Regional Survival & Growth
through Investments"*



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MISSION STATEMENT

**To provide a fair, efficient, ethical
and transparent medium for the conduct
of a viable securities market
that facilitates the mobilization of
capital to finance the growth and
development of the nation.**

OUR CORPORATE OBJECTIVES

The Jamaica Stock Exchange was incorporated as a private limited company in August 1968, with the stock market commencing operations in February 1969.

The Jamaica Stock Exchange is now a Public Limited Company. In June 2013 it became a Publicly Listed company having offered and listed its ordinary shares on its own exchange

Its principal objectives are:

To promote the orderly and transparent development of the stock market and the stock exchange in Jamaica.

To ensure that the stock market and its broker members operate at the highest standards practicable.

To develop, apply and enforce the rules designed to ensure public confidence in the stock market and its broker-members.

To provide facilities for the transaction of stock market business.

To conduct research, disseminate relevant information and maintain local and international relationships which can enhance the development of the Jamaica stock market.

Maximizing Shareholders' value.

NOTICE OF 37th ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Seventh (37th) Annual General Meeting of the Jamaica Stock Exchange will be held at the Jamaica Stock Exchange, 40 Harbour Street, Kingston on **Thursday, June 19, 2014**, commencing at 1:00 p.m. for purposes of considering and if thought fit, passing the following resolutions:

- 1. Resolution No. 1 2013 Audited Financial Statements**
THAT the Directors' Report, the Auditors' Report and the Audited Financial Statements for the Company and the Group for the year ended December 31, 2013 be and are hereby adopted.
- 2. Resolution No. 2 - Re-election of Directors**
THAT Mr. Mark Croskery, a director retiring by rotation and being eligible, has offered himself for re-election, be and is hereby re-elected a Director of the Company.
- 3. Resolution No. 3 - Re-election of Directors**
THAT Mr. Julian Malr, a director retiring by rotation and being eligible, has offered himself for re-election, be and is hereby re-elected a Director of the Company.
- 4. Resolution No. 4 - Re-election of Directors**
THAT Mr. Ed McKie, a director retiring by rotation and being eligible, has offered himself for re-election, be and is hereby re-elected a Director of the Company.
- 5. Resolution No. 5 - Re-election of Directors**
THAT Mr. Donovan Perkins, a director retiring by rotation and being eligible, has offered himself for re-election, be and is hereby re-elected a Director of the Company.
- 6. Resolution 6- Re-election of Directors pursuant to Article 109**
THAT Mr. Steven Gooden who was appointed to fill a casual vacancy and being eligible to be re-elected has offered himself for re-election, be and is hereby re-elected a Director of the Company.
- 7. Resolution 7- Re-election of Directors pursuant to Article 109**
THAT Mr. Ian McNaughton who was appointed to fill a casual vacancy and being eligible to be re-elected has offered himself for re-election, be and is hereby re-elected a Director of the Company.
- 8. Resolution 8- Re-election of Directors pursuant to Article 109**
THAT Mr. Steven Whittingham who was appointed to fill a casual vacancy and being eligible to be re-elected has offered himself for re-election, be and is hereby re-elected a Director of the Company.
- 9. Resolution 9- Appointment of and Remuneration of the Auditors**
THAT the Chartered Accountants named at the Annual General Meeting, having agreed to provide the services as Auditors, be and are hereby appointed Auditors for the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company.
- 10. Resolution 10- Remuneration of the Directors**
THAT the Directors be and are hereby authorized to fix their fee for the fiscal period 2014/2015.
- 11. To Transact any other Ordinary Business of the Company.**
- 12. Resolution 12 - Special Resolution to amend the Company's Articles of Incorporation**

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NOTICE OF 37th ANNUAL GENERAL MEETING

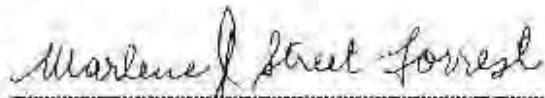
THAT the Company's Articles of Incorporation be amended for the purposes of compliance with JSE Rule 404. To consider and (if thought fit) pass the following Special Resolution to amend the Company's Articles of Incorporation for the purposes of compliance with JSE Rule 404:

- (i) Article 14 to be amended to read "The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable in respect of that share, and the Company shall also have a first and paramount lien on all shares (other than fully paid shares) held by any member of the Company (whether alone or jointly with other persons) for all moneys presently payable by such member or his estate to the Company but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien on any share shall extend to all dividends and bonuses which may be declared in respect of such share and the Company shall have no obligation to give any transferee of such share notice of its claim."
- (ii) Article 11 to be amended to read: "If a share certificate be defaced, lost or destroyed, it may be replaced on payment of a fee of \$100.00 or such less sum as the Directors think fit and where the member has sold part of his holding he shall be entitled to a share certificate for the balance without charge."
- (iii) Article 97 (4) to be deleted in its entirety and substituted with "A director shall not vote or be present during proceedings of the Board in respect of any contract or arrangement in which he is interested, and if he shall do so, his vote shall not be counted, nor shall he be counted in the quorum present at the meeting, but these prohibitions shall not apply to
 - (a) any arrangement for giving any director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the company; or
 - (b) any arrangement for the giving by the company of any security to a third party in respect of a debt or obligation of the company for which the director himself has assumed responsibility in whole or part under a guarantee or indemnity or by the deposit of a security; or
 - (c) any contract by a director to subscribe for or underwrite shares or debentures of the company; or
 - (d) any contract or arrangement with any other company in which he is interested only as an officer of the company or as holder of shares; or other securities;

and these prohibitions may at any time be suspended or relaxed to any extent, and either generally or in respect of any particular contract arrangement or transaction, by the company in general meeting."

- (iv) Article 155 to be removed and replaced with: "Indemnity: Every director, managing director, agent, auditor, secretary and other officer for the time being of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under section 389 of the Companies Act in which relief is granted to him by the Court."

BY ORDER OF THE BOARD



Marlene J. Street Forrest, Secretary

Dated: April 9, 2014

IMPORTANT NOTE FOR MEMBERS WHO ARE NOT ABLE TO ATTEND:

A member entitled to attend and vote at the meeting can appoint a Proxy to vote on his behalf. The person so authorized shall be entitled to exercise the same powers as the member whom he represents. Enclosed is a Proxy Form for your convenience, which must be lodged at the Company's Registered Office at least forty-eight hours before the time appointed for holding a meeting. The Proxy Form shall bear the stamp duty of \$100.00 before being signed. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the Proxy

DIRECTORS' REPORT

The Directors submit herewith the Audited Statements for the Jamaica Stock Exchange and its wholly owned subsidiary, the Jamaica Central Securities Depository for the year ended December 31, 2013 along with the accompanying notes as follows:

1. Consolidated Statement of Comprehensive Income
2. Consolidated Statement of Financial Position
3. Consolidated Statement of Changes in Equity
4. Consolidated Statement of Cash Flows

Operating Revenues for the year was \$295 million compared to the Revenues of \$504.3 million for 2012, a decrease of 41%. Investment Income was \$56.5 million, compared to \$38.2 million, an increase of 48%, over 2012. Revenues also reflect gain of \$0.03 million, representing a disposal of property, plant and equipment.

Total Expenses for the year decreased by 3% to \$345.5 million in 2013, influenced primarily by Securities Commissions fees. Surplus after Taxation was \$7.2 million compared to \$129.9 million in 2012.

Total Consolidated Balance Sheet Assets of the Group as at December 31, 2013 were \$660.3 million compared to \$773.1 million for 2012. Consolidated Shareholders Equity decreased from \$571.5 million in 2012 to \$554.3 million in 2013, down 3%.



Donovan H. Perkins
Chairman

CORPORATE

GOVERNANCE PRINCIPLES & PRACTICES

SHAREHOLDERS

Elect

BOARD OF DIRECTORS

Appoints

SHAREHOLDERS' AUDITORS

Appoints

SENIOR MANAGEMENT

Appoints



PREAMBLE

The Jamaica Stock Exchange recognizes that as a national self-regulatory organization with a mission to ensure and promote a fair and efficient stock market, it must embrace and practise sound corporate governance. These principles and the attendant structures should serve the best interest of all stakeholders and emphasize the highest standards of transparency, oversight and independence.

The intent is to protect the investing public while advancing the interests of shareholders and member/dealers. Confidence in the stock market will be enhanced by the clear demarcation of regulatory and normal operational functions.

These practices are consistent with world best practices and adhere to the relevant legal and regulatory framework. The corporate governance core practices of the JSE are rooted in the acceptance of the following principles:

1. Corporate governance should establish a clear foundation for Management and Board oversight. The role and responsibilities of Board and Management should therefore be clearly outlined to facilitate accountability.
2. The Board of Directors should be structured and selected to ensure effectiveness, independence and protection of the public's interests through appropriate selection and operating processes.
3. Ethical standards and responsible decision-making should be promoted.
4. Governance should ensure that there is accurate, timely and full financial and governance reporting with strong internal controls and risk management.
5. Material information regarding the company's operations should be disclosed in a timely manner to the public and regulatory entities.
6. There should be regular reviews of Board and Management performance to enhance effectiveness. Such review should include the performance of the alternates.
7. Remuneration should be fair to attract and retain competent skills, and reward consistent with performance objectives.
8. The interests of stakeholders should be carefully balanced, protected and promoted.

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CORPORATE**GOVERNANCE PRINCIPLES & PRACTICES****Board Issues****Accountability to
shareholders/stakeholders**

The JSE is a public company with public responsibility. It must balance the interest of all stakeholders to foster a fair, efficient and transparent market.

Mission and Responsibility

The Board members have the responsibility to attend meetings and familiarize themselves with, and make decisions on issues within their purview.

Elections

The provisions for elections of directors are set out in the Articles of Incorporation of the JSE and stipulate election of directors on an annual basis. Interest groups identified by the Board will propose independent directors to the Corporate Governance and Nomination Committee. Where an interest group fails to make a nomination, the Nominating Committee will propose directors for election.

Orientation and Training

Training is made available to directors upon appointment to the Board. The Exchange will organize orientation and training for any director within three (3) months of appointment to the Board. The Board will pursue a programme of continuous training and development, with emphasis placed on members chairing committees.

Access to Information

The Board considers the provision of good quality, timely and accurate information as a significant priority in company procedures. Management has a responsibility to provide the Board with any information that will allow members to properly carry out its responsibilities.

**Disclosure of Directors'
Biographical Information**

Sufficient biographical data with the names of all directors, nominated or elected, will be presented to shareholders and directors. This allows for the proper selection of members to specific committees.

Composition

Board members will be drawn from different interest groups and from member-dealers. Representation should reflect the diversity of stakeholders and the needs of the Company. The Board shall be comprised of member dealers, independent directors and a non executive chairman.

Multiple Board Seats

Members must declare appointments to other companies. They must, at the beginning of the year, and as many times as their positions change, give a written declaration to the Board of the Exchange with pertinent information about the other Boards on which they serve.

Chairman & CEO

The JSE will have a separate Chairman and CEO.

Independent Directors

Independent Directors must meet the criteria set out on page 10.

Committees**Composition**

There are both mandatory and non-mandatory committees of the Board. The mandatory committees of the Board are comprised of the Regulatory & Market Oversight Committee, the Audit & Finance Committee, the Compensation Committee and the Listing Committee. These are referred to in the JSE's Rules.

Each Committee has a written charter outlining its purpose and responsibilities and reporting format. Committees must meet at least twice annually.

Review Process

The Board of the JSE conducts regular reviews of the performance of the Committees. Chairmen of Committees are required to develop and present their key performance indicators the month prior to the beginning of each year.

Audit Committee

The Audit Committee assists the Board with oversight responsibilities in regards to the integrity of the company's financial statements. It also serves as the communication link between the Board, the management team and the auditors. The Audit Committee ensures that the Company complies with legal and regulatory requirements.

Member Dealer Admission Committee

The Member Dealer Admission Committee is responsible for processing and recording applications of Member Dealers for access of Member Dealers, attorneys/traders, to conduct business on the floor of the Exchange and their use of these facilities.

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CORPORATE

GOVERNANCE PRINCIPLES & PRACTICES

Regulatory & Market

Oversight Committee (RMOC)

The Regulatory and Market Oversight Committee (hereinafter called the "RMOC") is the Committee of the Board of Directors of the Exchange comprising the Independent directors who are not the nominees or connected to any Member/Dealer of the Exchange. The Board of Directors of the Exchange has delegated responsibility to the RMOC for reviewing and ensuring compliance with and enforcement of the Laws, any Rules including Business Rules, contractual obligations and appropriate standards of conduct governing the Member/Dealers, their clients and participants on the Exchange. The RMOC shall be the disciplinary committee of the Exchange and may impose any of the penalties specified in Rule 228 upon a Member/Dealer in respect of whom disciplinary action is taken, which results in a finding of misconduct.

Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee is responsible to develop, recommend and review Corporate Governance Principles, applicable to the Board, Management and listed companies. In addition the Committee has the responsibility to oversee the evaluation of the Board's other committees and make recommendations in respect to the structure of and effectiveness of the Committees.

The Corporate Governance and Nominations Committee is also responsible for the recommendation of suitable candidates to fill vacancies on the Board and the suitability of Alternate Directors.

Compensation Committee

The Compensation Committee of the JSE is made up exclusively of non-executive directors who make recommendations on the company's framework of executive remuneration. The Committee reviews and approves corporate goals in relation to the CEO's compensation, evaluates the CEO's performance in light of the company's goals and objectives and makes recommendations to the Board with respect to executive and non-executive compensation.

Listing Committee

The Listing Committee ensures the quality and integrity of a listing on the JSE. It is responsible for processing applications and making recommendations regarding approval of companies wishing to list on the JSE and reviewing and making recommendations of standards to be observed for companies to remain listed.

Other Committees

These are formed as the directors see fit and includes the Executive Committee.

Board Meetings

There are formal scheduled meetings of the Board at which matters are specifically reserved for discussions. Matters must be addressed within a reasonable time in order to prevent an overrun of pending items.

Procedure at Board Meetings

In the interest of promoting and ensuring transparency all directors must:

Excuse themselves from discussions in, and in making decisions on any matter in which they have a personal or business interest or companies on whose Board they sit or are connected. Further, members shall be bound by similar standards. Please refer to captioned guidelines- (Part K) of the JSE's Rules which addresses 'Acting in Concert'.

General Meetings

General Meetings of shareholders are held each year. Communication with shareholders on decisions concerning material, fundamental corporate changes are made on a timely basis.

Performance

Evaluation of Board Members and Senior Executives

The Board recognizes the importance of each director (including his or her alternate) working to fulfill the mandate of the company. This evaluation is subject to the review of the Corporate Governance and Nomination Committee.

The Board recognizes the importance of evaluating the performance of each director, senior executives and the Board as a whole.

Term Limits

Board Members are nominated by the Corporate Governance and Nomination Committee.

Committees

Chairman/Deputy Chairman

The Chairman and Deputy Chairman of the Board and Chairmen of Committees have recommended term limits (from one AGM to another AGM) as follows:

- (a) The Chairman can serve for five (5) consecutive terms;
- (b) The Deputy Chairman can serve for three (3) consecutive terms;
- (c) The Chairmen of Committees can serve for three (3) consecutive terms, except for the Chairman of the Compensation Committee who can serve for a maximum of five (5) consecutive terms.

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CORPORATE**GOVERNANCE PRINCIPLES & PRACTICES****Committee Members**

Members can sit for a maximum of five consecutive years with an option to extend the term limit by two years. These members are eligible to be re-elected one year after the seven-year consecutive stint. Past Board Chairmen should automatically sit on the Executive Committee for the year after demitting office as Chairman.

There is no term limit for members of the Regulatory and Market Oversight Committee and the Member Dealer Admissions Committee.

Age Limits

The JSE has no maximum age limit for members sitting on the Board. However the minimum age limit is 18 years.

Transparency

Directors are required to provide to the Corporate Governance and Nomination Committee, information as it relates to business dealings, board affiliations and any other information that would pose a conflict of interest.

Accounting Standards

The Jamaica Stock Exchange Board is governed by the standards as communicated from the Institute of Chartered Accountants of Jamaica.

Ethics

The Jamaica Stock Exchange currently maintains ethics and confidentiality requirements for Directors and these are posted on the Website.

GUIDELINES TO DETERMINING INDEPENDENCE OF BOARD DIRECTORS

The Board should determine whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement. The Board should state its reasons if it determines that a director is independent, notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, including if the director:

- has been an employee of the company or group within the last five years;
- has, or has had within the last three years, material business relationship with the company either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company.
- has received or receives additional remuneration from that company apart from a director's fee, participates in that company's share option plan or a performance-related pay scheme, or is a member of the company pension scheme;
- has close family ties with any of the company's advisors, directors or senior employees;
- holds cross-directorship or has significant links with other directors through involvement in other companies or bodies;
- represents a significant shareholder; or
- has served on the board for more than nine years from the date of their first election.

**Specially adopted from the PSOI's Corporate Governance Code
Amended January 16, 2013**

Corporate Governance Guidelines are available on the
JSE's Website: www.jamstockex.com



Directors	Delegates	JSE Board	Compensation Committee	Corp Gov & Nomination	Executive	JSE Membership	Listing	Rules	RMOG	Audit	Average
Perkins, Donovan	Director	82%	-	-	83%	-	63%	-	-	-	78.00%
Armstrong, Phillip	Alternate Director	0%	-	-	-	-	-	-	-	-	-
Lewis, Allan	Director	91%	-	-	67%	-	92%	100%	-	83%	87%
Berry, Christopher	Director	11%	-	-	0%	-	-	-	-	-	6%
Pearl, Gary	Alternate Director	45%	-	-	60%	-	-	0%	-	-	35%
Black, Dian	Director	64%	-	-	-	50%	43%	67%	100%	100%	71%
Crosbery, Mark	Director	82%	-	-	-	-	-	-	-	58%	70%
Cohen, Dennis	Director	0%	-	-	-	-	0%	-	-	-	0%
Gooden, Steven	Director	33%	-	-	0%	-	18%	-	-	-	17%
Cole, Dylan	Alternate Director	73%	-	-	100%	-	45%	93%	-	-	63%
Drummond, Robert	Director	0%	-	-	-	-	-	-	-	-	0%
Chambers, Jason	Alternate Director	75%	-	-	-	-	-	-	-	-	75%
George, Jane	Director	55%	-	55%	-	100%	-	-	82%	75%	73%
Kiddoe, Garth	Director	91%	-	-	-	100%	-	100%	100%	92%	97%
Humphries-Lewin, Rita	Director	0%	-	-	-	-	-	-	-	-	0%
McNaughton, Ian	Alternate Director	91%	-	-	-	-	-	-	-	-	91%
Mckie, Ed	Director	100%	-	95%	100%	-	100%	0%	-	100%	86%
McKoy, Derrick	Alternate Director	0%	-	-	-	-	-	-	-	-	0%
Mair, Julian	Director	73%	-	100%	50%	-	-	-	-	-	74%
Morrison, Janet	Director	55%	-	100%	100%	100%	-	-	94%	-	90%
Morrison, Livingstone	Director	82%	-	-	-	100%	100%	-	94%	67%	89%
Mitchell, Lissant	Director	55%	-	32%	-	-	-	-	-	-	46%

The attendance of a director and his alternata are combined to determine the percentage attendance at meetings

Audit Committee Meeting	12	Corporate Governance Committee Meeting	22
Board Meeting	11	Rules Committee Meeting	3
Member Dealer Committee	2	Listing Committee Meeting	14
Executive Committee	6		

PROFILES OF DIRECTORS



Mr. Donovan Perkins - Chairman

Mr. Donovan H. Perkins, BA (Hons.), MBA is the President & CEO of Saglor Investments Jamaica Ltd. Prior to returning to Jamaica in 1993, he worked with Bank of America in Corporate Banking. In addition to serving on the Board of the Exchange, he sits on the Boards of Pan Jamaican Investment Trust Limited and Jamaica Producers Group. He previously served the public sector as Deputy Chairman of the National Water Commission, and as a director of the National Insurance Fund and Jamaica Social Investment Fund. His private sector contribution has included lobby associations including the Private Sector Organization of Jamaica and the Jamaica Bankers Association, where he served as a Vice President. Mr. Perkins holds a Bachelor's Degree in Finance (Hons.) from the University of South Florida and an MBA with concentrations in Finance and Marketing from The Darden School at the University of Virginia.

Mr. Allan Lewis - Deputy Chairman

Mr. Allan Lewis is the Senior Vice President, Group Strategy, of the Victoria Mutual Group Limited where he has served for the past seven years. Prior to this, Mr. Lewis served as Managing Director of Prime Asset Management Limited, where he is currently the Chairman of the Board of Directors. He also currently serves as Chairman of the Pension Funds Association of Jamaica and Chairman of the Board of the Jamaica Racing Commission/ Betting Gaming & Lotteries Superannuation Fund.

Mr. Lewis has had a distinguished career in life insurance; pension fund risk management, asset management, and strategic planning. He achieved the designation Associate of the Society of Actuaries in 1986, and a Masters in Business Administration in 1987.

Mr. Lewis is the Chairman of the JSE Rules Committee. He is also a member of the Khwaris Club of North St. Andrew; a mentor for students at the University of the West Indies and a member of the Board of the Mona Preparatory School Foundation.



Mr. Curtis Martin

Mr. Curtis Martin is the former Deputy Group President of Capital and Credit Financial Group, as well as the former CEO of Capital & Credit Merchant Bank (CCMB) and Capital & Credit Securities.

He has over 30 years experience in the financial services sector and served as Chairman of the Jamaica Stock Exchange from 2006 to 2011.

Mr. Martin holds a MBA in Finance from Columbia University and a B.Sc. (Hons.) in Management Studies from the University of the West Indies.

He is married with two (2) children and is very keen on spending time with his family. His interest includes Bee Keeping and International Finance.

He resigned from the Board in March 2013.



Mrs. Rita Humphries-Lewin, C.D.

Mrs. Humphries-Lewin is a past Chairman of the JSE and is the Founder and Chairman of the Barita Companies, which includes Barita Investments Limited and Barita Unit Trusts Management Company Limited. A pioneer in stock broking in Jamaica and the wider Caribbean, her sterling contribution led to her being conferred with The Order of Distinction Commander Class by the Government of Jamaica in the year 2000.

A philanthropist in many areas of the Jamaican society, her passion continues to rest in the field of early childhood education. She was honoured in 2012 with a Doctorate Degree of Education in Leadership by Mico University, for her contribution to early childhood development.

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PROFILES OF DIRECTORS

Mr. Edwin McKie, C.D.

Mr. Edwin McKie is the Chairman and Managing Director of M/VL Stockbrokers Limited. A seasoned banker, he brings a wealth of experience from his work at various national financial and other institutions, to the Board of the Jamaica Stock Exchange. His specialization is in general management, administration, financial planning and investment management.

He has been Trade Administrator and Chairman of the Trade Board Limited and also chaired the Board of the Agricultural Credit Bank; the Mandeville Area Hospital Board; the College of Agriculture Board and the Agricultural Credit Board. He also served as Board Member of the National Investment Bank of Jamaica, the Bank of Jamaica and the Development Bank of Jamaica.

A Bachelor of Commerce graduate of McGill University, Montreal, Canada, Mr. McKie was awarded the Order of Distinction (Commander Class) for his services to Jamaica in the field of Banking.



Mr. Christopher Berry

Mr. Christopher Berry has been the Executive Chairman of Mayberry Investments Limited since 1993. A former Deputy Chairman of the Jamaica Stock Exchange, he sits on several boards, including the Jamaica Central Securities Depository, Access Financial Services, Apex Health Care Associates Limited, Apex Pharmacy Limited, Rose Town Foundation for The Built Environment and St. Edmund trust.

He has over twenty years experience in the securities industry, having joined Mayberry Investments Limited in 1987 when he was responsible for corporate planning and information technology. He subsequently led the company's listing on the Jamaica Stock Exchange in 2005.

Mr. Berry has a Bachelor of Industrial Engineering (Hons.) from the Georgia Institute of Technology, Atlanta, Georgia.

His interests are tennis, sailing, basketball, computers and economics.

He is married to Dr. Patricia Yap-Berry with two (2) children



Mr. Mark Croskery

Mr. Mark Croskery has been Chief Executive Officer of Stocks & Securities Limited (SSL) since 2007. He serves as an Executive Director on the Board of Directors. SSL has grown into a leading provider of wealth management, financial planning products & services for retail customers and SMEs, by creating savings for Jamaicans with investment portfolios.

Before joining SSL, Mr. Croskery was a leading Wealth Manager and Equity Trader at NCB Capital Markets Ltd.

Mr. Croskery received a M.Sc. in Global Financial Analysis and a dual B.Sc. in Corporate Finance/Accounting from Bentley University in Boston, Massachusetts.

Mr. Croskery is a Director on the Board of the Jamaica Stock Exchange (JSE) where he serves on the Compensation & Audit Committees. He is a Member of Young Presidents' Organization (YPO) and is also the Second Vice President of the Jamaica Securities Dealers Association (JSDA).

Mr. Croskery previously served on a number of public sector boards, including, Chairman, Fisheries Management & Development Fund, Director of Land Administration & Management Programme, Sugar Company of Jamaica and the Jamaica Racing Commission.

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PROFILES OF DIRECTORS

Mr. Jason Chambers Vice President, Investments

Mr. Jason Chambers is known for his expertise in the area of trading in emerging market debt, in particular, the Caribbean and Latin American sovereign issues. Mr. Chambers is the Vice President Investments at First Global Financial Services Limited. He has over 14 years' experience in Securities trading and investment banking services with particular emphasis on deal structuring and distribution. Mr. Chambers received his Bachelor of Science degree in Management Studies and Economics from the University of the West Indies and has continued to build on his professional development and technical expertise through pursuit of the Chartered Financial Analyst (CFA) Designation.



Mr. Robert Drummond

Mr. Robert Drummond was President of First Global Financial Services Limited (FGFS), the securities trading and asset management subsidiary of GraceKennedy Limited from November 2008 to March 2013. His other roles included that of Principal of GK Investments, executing acquisition strategy and the development of new businesses within the financial services and retail division.

Mr. Drummond's career has included appointments in general management and strategic planning for Fortune 500 companies such as American Express, ITT and Nike. Additionally, Mr. Drummond has spent several years as a management consultant assisting Caribbean and U.S. companies with strategy implementation and business process improvement. He began his career in public accounting with PricewaterhouseCoopers in New York City.

He resigned from the JSE Board in March 2013.

Mr. Lissant Mitchell

Mr. Lissant Mitchell has over 20 years experience in the local financial industry. He joined Scotia Investments in October 2007 as SVP Treasury & Capital Markets and was promoted to Chief Operating Officer in October 2010, and appointed Senior Vice President Wealth Management – Scotiabank Group Jamaica & Chief Executive Officer – Scotia Investments Jamaica Limited November 1st 2011.

Lissant has served as the President of the Primary Dealers Association and Secretary of the Jamaica Securities Dealers Association. Lissant sits on the Scotiabank's and Scotia Investments' Asset & Liability Committees as well as the Group's Managed Funds Investment Committee. He is also a director of Scotia Investments Jamaica Limited, Scotia Asset Management Jamaica Limited, Scotia Caribbean Income Fund, and the Jamaica Stock Exchange.



Mr. Julian Malr

With over 20 years of experience in the financial services sector, Julian Malr currently operates as JMMB's Group Chief Investment Strategist. In addition to his position at JMMB, Julian has played a significant role in the development of Jamaica's capital market.

His experience includes positions at Jamaica's foremost financial institutions including Head of Treasury and Investment Services at Dehling, Bunting and Golding (now Scotia Investments) and Senior Trader and Cambio Manager at JMMB. In addition, he has partnered and consulted with various international financial institutions and the Government of Jamaica in structuring Global Bond Issues.

A former Managing Director of Lets Investment Limited, his leadership resulted in the boutique operation becoming a global player in the trading of internationally-issued securities.

A founding member and current President of the Jamaica Securities Dealers Association (JSDA), Julian also serves various institutions as a director including JMMB Securities Limited, JMMB International, JMMB Puerto de Bolos, JMMB Investments Trinidad & Tobago Limited and the Jamaica Stock Exchange.



PROFILES OF DIRECTORS AND SENIOR MANAGEMENT



Mr. Dennis George Cohen

Mr Dennis Cohen is charged with oversight of a number of the Group's business segments including retail, corporate, insurance and wealth management and provides leadership and oversight for all Financial Reporting, Taxation and Regulatory Reporting activities for the Group. He is also responsible for investor relations and monitoring the performance of the organisation against strategy and budget.

As the former CEO of NCB Capital Markets Ltd., he had responsibility for the day to day management of the Group's securities dealership and stock brokerage business, which forms a major part of the wealth management segment.

Mr. Cohen currently serves as Chairman of Advantage General Insurance Company Limited (AGIC) and Mutual Security Insurance Brokers Limited. He is also director of National Commercial Bank Jamaica Limited, NCB Capital Markets Limited, NCB Insurance Company Limited, NCB (Cayman) Limited, West Indies Trust Company Limited, Jamaica Stock Exchange and AIC Finance Limited. He is also a member of the Institute of Chartered Accountants of Jamaica (ICAJ).

Mr. Cohen resigned from the JSE Board in October 2013.



Mrs. Marlene Street-Forrest, J.P.

Mrs. Marlene Street-Forrest is the General Manager of the Jamaica Stock Exchange. Mrs. Street-Forrest has a B.Sc. in Management Studies and an MBA. She has over twenty five years of combined experience in financial and general management.

Her mandate as General Manager of the JSE is to continue the process of developing the Exchange, ensuring that cutting edge technology is used to assist in providing the greatest level of efficiencies in the market.

Mrs. Street-Forrest, who is a Justice of the Peace, serves as Secretary of the Board of the JSE and a Director of the Jamaica Central Securities Depository and the JCSD Trustees Services Limited.



Mr. Steven Gooden

As CEO, Mr. Gooden is charged with leading the performance of the company's wealth management, asset management and investment banking business lines. Prior to this appointment he was the Deputy Chief Executive Officer where he led the team through a number of successful strategic and portfolio deals. He rejoined the company in 2009 as Vice President of Investments & Trading and had responsibility for over J\$200 billion worth of assets spanning NCB Capital Markets Ltd, NCB Insurance Co. Ltd & NCB (Cayman) Ltd. With seven years' experience at the senior management level, his background also includes research, unit trust & pension fund management, structured products, private equity, corporate finance and mergers & acquisitions.

Mr. Gooden was appointed to the Board of the JSE in November 2013, he is also a director of NCB Capital Markets and Elite Diagnostic Limited and serves as Treasurer of the Jamaica Securities Dealers Association and the Wolmer's Old Boys Association.

There are five alternate Directors who have been approved by the Directors of the Exchange. These are:

1. Mr. Dylan Coke - NCB Capital Markets Limited
2. Mr. Phillip Armstrong - Segicor Investments Limited
3. Mr. Ian McNaughton - Barita Investments Limited
4. Mr. Gary Peart - Mayberry Investments Ltd.
5. Dr. Derrick McKay - MVL Stock Brokers Limited

PROFILES OF INDEPENDENT DIRECTORS



Mr. Garth Kiddoe

Mr. Kiddoe is an Enterprise Consultant, with experience in Corporate Governance, Accounting, Management, Accreditation Systems and Procedures and Electrical Engineering. He is also a trained Family Business Consultant. Most recently he was a member of the Project Management team for the UTech Enhancement Project, a US\$42.6 Million project funded jointly by the Government of Jamaica, the Caribbean Development Bank and the University of Technology, Jamaica (UTech).

Mr. Kiddoe is Chairman of the Professional Engineers Registration Board, a member of the Board of Directors of the Jamaica Stock Exchange (JSE) representing the Institute of Chartered Accountants of Jamaica (ICAJ), Chairman of the Board of the Jamaica Central Securities Depository Ltd, a subsidiary of the JSE, Chairman of the Board of Governors of the JSE e-Learning Campus, and a member of the Public Accountancy Board (PAB). He is a member of the Practice Monitoring Committee of the PAB and serves on a number of the sub-Committees of the Board of the Jamaica Stock Exchange, including the Regulatory and Market Oversight, Audit and Corporate Governance Committees.

Mrs. Jane George

Mrs. Jane George assumed the role of Corporate Attorney-at-Law and Head of the Legal Department of the Lascelles, deMercado Group of Companies in 2001, becoming the Company Secretary and head of the Corporate Secretariat in 2005. Following the takeover of Lascelles, deMercado & Co. Ltd by the Italian spirits group, Gruppo Campari, and the merger of Lascelles, deMercado & Co. and its Jamaican subsidiaries into J. Wray & Nephew Limited in August 2013, she was appointed Senior Legal Counsel of J. Wray & Nephew Limited. She was admitted as a Solicitor in England and Wales and as an Attorney-at-Law in Jamaica and is a member of the Law Society of England & Wales and the Jamaican Bar Association.

Mrs. George, who has approximately 28 years experience in the legal profession in Jamaica and England, joined the Board of the Jamaica Stock Exchange in 2008. She sits on the Regulatory and Market Oversight Committee, the Corporate Governance and Nomination Committee, the Audit and Finance Committee (which she currently chairs) and the Member Dealer Admissions Committee.



Miss Dian Black

Miss Dian Black is the Acting Principal Director of the Debt Management Branch (DMB) in the Ministry of Finance & Planning. Ms Black has responsibility for leading the strategic and operational activities of the DMB in raising adequate levels of funding to satisfy the Government's budgetary requirements.

In her capacity, she also gives policy advice on debt management matters to senior officials in the Ministry and provides the necessary interface between the JSE and the Government.



**Mr. Livingstone Morrison - Chairman
Regulatory & Market Oversight Committee (RMOC)**

Mr. Livingstone Morrison is the Deputy Governor of the Bank of Jamaica with responsibility for Administration and Technical Services, Finance and Technology and Payment System and Risk Management. Mr. Morrison also serves as the Chairman of the Regulatory and Market Oversight Committee of the Jamaica Stock Exchange and a Director of the Jamaica Central Securities Depository.

Mr. Morrison joined the staff of the Bank of Jamaica in 1982 and worked for several years in the Financial Institutions Supervisory Division. Between 1998 and 2002, Mr. Morrison served as the Division Chief of the Finance and Technology Division, with core responsibilities for strategic management of the accounting, finance, and information and communication technology functions of the Bank. In 2011, Mr. Morrison assumed responsibility for the Administration and Technical Services Division in addition to the Finance and Technology and Payment System and Risk Management Division.

Mr. Morrison chairs the Regulatory & Market Oversight Committee and is also a Director of the Jamaica Central Securities Depository. He studied at the U.W.I. and University of Oxford and holds a masters degree in Accounting.



PROFILES OF INDEPENDENT DIRECTORS

Mrs. Janet E. Morrison

Mrs. Janet Morrison was called to the Jamaican Bar in 1978. Her practice is primarily in the areas of Corporate and Commercial Law. A graduate of the University of the West Indies and the Norman Manley Law School, Janet also holds a Masters Degree in Commercial and Corporate Law from the University of the West Indies.

Mrs. Morrison is a member of the board of the Jamaica Stock Exchange and is a member of the board's Executive Committee, the Regulatory & Market Oversight Committee and Chair of the Corporate Governance & Nomination Committee. She is also an independent director of Mystic Mountain Limited and is the past chairman of the Justice Reform Committee of the Private Sector Organization of Jamaica. She is listed in International Financial Law Review 1000 (IFRL1000) as one of the world's leading lawyers.

Mrs. Morrison is a member of the Council of the Jamaican Bar Association (JBA) and the Commercial Law Sub-Committee and the Publications Sub-Committee of the JBA. She was one of the JBA's representatives in making submissions to the Jamaican Parliament in the deliberation by the House in drafting the Companies Act 2004. She is a member of the Insolvency Law Reform Committee which has made submissions to the Government of Jamaica for reform to the insolvency laws. She is a member of the sub-committee of the Board of the Jamaica International Financial Services Authority reviewing a suite of draft legislation to form the legal frame work for the establishment of an international financial services centre in Jamaica. She has presented at several conferences on Corporate Governance, the Penalties Act and the Companies Act and has contributed legal commentaries and articles in the Jamaican press. She is an associate tutor at the Norman Manley Law School, Mona Campus in company law and is a Fellow of the Chartered Institute of Arbitrators.

JSE BOARD COMMITTEES 2012/2013

LISTING COMMITTEE

Chairman: Mr. Donovan Perkins,
Mr. Allan Lewis
Miss Dian Black
Mr. Steven Gooden (Alternate Mr. Dylan Cole)
Mr. Christopher Berry (Alternate Mr. Gary Peart)
Mr. Livingstone Morrison
Mr. Ed McKie (Alternate Dr. Derrick McKay)

MEMBER DEALER ADMISSION COMMITTEE

Chairman: Mr. Livingstone Morrison
Miss Dian Black
Mr. Garth Kiddoe
Mrs. Jane George
Mrs. Janet Morrison

COMPENSATION COMMITTEE

Chairman: Mr. Donovan Perkins,
Mr. Allan Lewis
Mr. Mark Croskery
Mr. Steven Gooden (Alternate Mr. Dylan Cole)
Mrs. Jane George

REGULATORY & MARKET OVERSIGHT COMMITTEE

Chairman: Mr. Livingstone Morrison
Miss Dian Black
Mr. Garth Kiddoe
Mrs. Jane George
Mrs. Janet Morrison

AUDIT COMMITTEE

Chairman: Mrs. Jane George
Mr. Garth Kiddoe
Mr. Allan Lewis
Mr. Livingstone Morrison
Mr. Mark Croskery
Mr. Ed McKie
Miss Dian Black

CORPORATE GOVERNANCE & NOMINATION COMMITTEE

Chairman: Mrs. Janet Morrison
Mr. Robert Drummond (Alternate Mr. Josue Chambers)
Mr. Julian Mair
Mrs. Jane George
Mr. Lisant Mitchell
Mr. Ed McKie

EXECUTIVE COMMITTEE

Chairman: Mr. Donovan Perkins
Mr. Allan Lewis
Mr. Steven Gooden (Alternate Mr. Dylan Cole)
Mr. Julian Mair
Mrs. Janet Morrison
Mrs. Marlene Street Forrest (Co-opted)
Mr. Robin Levy (Co-opted)

RULES COMMITTEE

Chairman: Mr. Allan Lewis
Mr. Garth Kiddoe
Miss Dian Black
Mr. Ed McKie (Alternate Dr. Derrick McKay)
Mr. Dylan Cole
Mr. Gary Peart

THE MANAGEMENT TEAM



**Mariena
Street Forrest**
General
Manager,
JSE



**Michelle
Sirdar**
Manager,
Registrar
Services



Robin Levy
General
Manager, JCSD
JCSD Trustee
Services Limited
& Deputy General
Manager, JSE

THE MANAGEMENT TEAM



**Josephine
Lewis**
Manager,
Trustee
Services



**Wentworth
Graham**
Chief
Regulatory
Officer



**Suzette
Whyte**
Financial
Controller

(Cont'd on next page)

THE MANAGEMENT TEAM



**Suzette
McNaught**
Manager,
Information
Technology
& Systems



**Riccalya
Robb**
Manager,
Market
Operations
& Trading



Neville Ellis
Marketing &
Communication
Manager

THE MANAGEMENT TEAM



**Doreen
Parsons Smith**
Manager,
Human
Resources



**Kadyll
McNaught**
Hermitt
Manager,
Depository Service
Unit

From the Chairman's Desk**CHAIRMAN'S REPORT**

Mr. Donovan Perkins
Chairman
Jamaica Stock Exchange

As the Jamaica Stock Exchange celebrates its 45th anniversary, I am proud to be at the helm of this illustrious institution which has become a very important part of the Jamaican landscape. Since our inception we have come a long way and have done a lot to make Jamaicans at home and abroad feel proud.

Over the last 45 years we have moved from being a single entity to become a group of companies. In 1998 we established the Jamaica Central Securities Depository (JCSD), to assist in settlement of securities and since then we have not had a single fail trade, which is a testament to the integrity of the system that we have implemented. The JCSD has branched out into other areas such as Registrar Services and Trustee Services. We have also established:

- ✓ The Junior Market
- ✓ The Bond Market and
- ✓ US Denominated Securities Market

The Global & Local Economy 2013

The global economy recovered very slowly in 2013. The emerging markets that were growing in 2012, while other markets were falling, started losing pace while the developed nations started to grow and strengthen. The global 2013 performance reflected a role reversal among countries. After years of producing little or no growth, the developed nations in 2013 began making strides, with some of the world leading economies such as the US, Germany and Great Britain showing positive growth in 2013.

To stimulate growth in the U.S., Japan and Europe the central banks of these countries used a number of stimulus packages to grow their economies. They also held interest rates low to assist with the recovery of their economies after almost five years of the worst recession since the Great Depression. On the other hand, in emerging markets such as Brazil, India and some African countries, domestic demand softened and exports fell as interest rates were hiked to stem inflation.

Despite the contrasting results however, overall the global economy emerged on a better footing in 2013. This led the International Monetary Fund (IMF) to forecast that world output will grow by 3.6% in 2014, compared to a 2.9% estimate for 2013.

Locally the Jamaican economy showed very minimal growth of 0.3%, however this was an improvement from the negative growth in 2012. Despite this, the government was able to pass two IMF tests while stabilizing the economy. This has led to the rating agencies (Standard & Poor and Fitch) revising Jamaica's rating upwards.

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From the Chairman's Desk

CHAIRMAN'S REPORT

Although stable, the Jamaican economy faces several critical problems, chief among these are:

- A devaluing dollar, which results in increasing raw material cost for manufacturers and increase in the inflation rate
- A sag in investor confidence and
- A decline in consumer confidence, coupled with high unemployment (16.5%)

What occurred in the economy was reflected in the stock market performance. A fall in investor confidence led to a fall in the volume and the value of trades on the market in 2013. In 2013, volume ended at 2.3 billion with a total value of J\$17.3 billion, compared to 2012, when volume was 3.1 billion and value J\$66.2 billion. This was a decline of 26% and 74% respectively. These declines in trade occurred on the Main and Junior Markets. However, the picture on the US denominated market was different: this market showed buoyance in 2013, with value of US\$5.8 million up from US\$634,000. This showed that persons preferred to hold their money in US dollars given the slide in the Jamaican dollar or US denominated securities.

Junior Market

The Junior Market continued its positive development in 2013, with five companies being listed during the year and one company listing its preference shares. Based on this trend, our expectations are to have six listings for 2014. This is in light of the fact that the government has changed the incentive programme given to this market to reflect only five years of no corporate income tax (moving from five years no corporate income tax and the next five years 50% corporate income tax) and has indicated that the incentives will be discontinued in 2016. Therefore we foresee companies taking advantage of the opportunity before the incentive is phased out.

Main Market

Although the Main Market struggled in 2013, there was a ray of hope with six securities listed on the main market in 2013.

New Member Dealers

In 2013 we welcomed BCW Capital as the newest Member Dealer. We had lost Capital & Credit as a Member Dealer in 2012 and we believe that BCW Capital is a welcome addition to the Member Dealer family. We are expecting BCW Capital to:

- ✓ Expand investor base, by listing new companies
- ✓ Increase the volume and value traded on the market,
- ✓ Add new clients to the Jamaica Central Security Depository and
- ✓ Introduce new products to the market

New Product

In 2013 we continued to diversify our offering to the market, where we are hoping to have both government and corporate bonds listed. The Bond Market started off on a positive note with two listings and we are hoping to double the listings in 2014.

Vision 2014 & Beyond

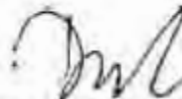
In 2014 the Stock Exchange is expecting to achieve the following:

1. To further diversify its offering to the market to expand our revenue base
2. To increase the listings on the different markets to enhance growth and development
3. To continue to sensitize the market on the role and responsibility of the JSE
4. To assist in the growth of the country's capital formation.

Thanks

As usual, I want to say thank you to my fellow directors who worked assiduously throughout the year to pilot the company through the choppy waters of 2013. Thanks to all the committee directors who work behind the scene to allow the work of the Board to be much easier.

I also wish to extend my gratitude to the management and staff of the JSE, who pulled together to bring the company through 2013.



.....
Mr. Donovan Perkins
Chairman
Jamaica Stock Exchange

Regulatory & Market Oversight Committee Report



Mr. Livingstone Morrison
Chairman

The Regulatory and Market Oversight Committee (RMOC) of the Jamaica Stock Exchange (JSE) experienced another hectic year of regulatory activities. During the year, the RMOC adopted several measures which were designed to strengthen the integrity and transparency of the bonds and equity market. These measures included detailed assessment and modification of the rules review processes as well as the review and strengthening of several rules of the Exchange. Strategies were also implemented to enhance the effectiveness of market surveillance activities related to:

1. Monitoring compliance with the JSE's rules by member-dealers and listed companies;
2. Enforcing the rules of the Exchange; and
3. Monitoring the adequacy and effectiveness of the regulatory programme of the Exchange and assessing regulatory performance.

In recognizing the importance of transparency to market integrity, confidence and efficiency, the RMOC guided the development and implementation of a new publication, the *"JSE's Monthly Regulatory Report"*. The reports, which are published on the JSE's website and printed for distribution, provide information on:

- Compliance and enforcement activities;
- Information on timely financial filings by Listed Companies and Member-Dealers;
- The financial health of Member-Dealers;
- Information on the number of cases handled by the regulatory arm of the Exchange during each month;
- Comparative data so as to allow for an assessment of the RMOC/RMOC performance over a given period; and
- Pending rule amendments.

The RMOC will continue to review and update this very important monthly publication as part of the drive to promote improved market transparency and integrity.

In an effort to treat with concerns about the rate of compliance with the rules of the Exchange and its capacity to promote and foster higher rates of compliance, the RMOC coordinated the development and implementation of the JSE's Fines and Penalties Rules Amendment. The relevant amendments are intended to provide the JSE with a tool kit of sanctions that are appropriate for the breaches to which they relate and which are sufficiently punitive to promote compliance. Following extensive consultations with stakeholders and sign-off by the FSC, the JSE's Fines and Penalties Rule Amendment was finalized and implemented with effect from April 1, 2013. The adoption resulted in changes to thirty-three (33) sections of the JSE Rules to allow for the imposition of various fines and penalties. The RMOC is pleased to note that, since the date of implementation of the rule amendments, timely filing of Unaudited Financial Statements, Audited Financial Statements and Annual Reports by listed companies improved in 2013

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Regulatory & Market Oversight Committee Report

to 89% (80%, 2012), 65% (56%, 2012) and 63% (49%, 2012) respectively. The RMOC anticipates that in the coming year there will be continued improvement in the compliance rate for the timely filing of financial reports and notices to the JSE.

The RMOC serves as an independent arm of the JSE to which the Board has delegated all regulatory powers and responsibilities. The Board continues its support of the work of the RMOC and I wish to use this opportunity to thank the non-independent members in particular the Board Chairman for the confidence afforded the members of the RMOC throughout the year.

During the course of the calendar year the RMOC met seventeen (17) times; and of these meetings there were ten (10) special meetings. It can be reported that the attendance rate of Committee Members ranged from 82%-94%, with an average attendance rate of ninety four (94%) percent, which underscores the high level of commitment,

diligence and dedication of members to the task at hand. As Chairman of the RMOC, I wish to thank Committee Members for their support and guidance throughout the year.

Last but by no means least I wish to use this medium to acknowledge the efforts of the Chief Regulatory Officer and his staff who worked tirelessly throughout the year to ensure accomplishment of the RMOC Mandate. The team maintained the case closure rate above 94% for the sixth consecutive year. For 2013 a total of one hundred and eighty-one (181) cases were handled, with the case closure rate of 97.23% representing an improvement on the closure rate of 96.88% for 2012.

We will continue to work diligently during the year ahead in order to positively impact the enforcement capabilities of the JSE and the integrity, transparency and efficiency of the stock and bond market in Jamaica.



Mr. Livingstone Morrison,
Chairman

Audit and Finance Committee Report

The Jamaica Stock Exchange and Its Subsidiaries

Purpose

The purpose of the Audit Committee of the Jamaica Stock Exchange is to assist the Board with oversight responsibilities regarding the integrity of the Company's financial statements, its compliance with legal and regulatory requirements, the adequacy of its internal procedures and processes and serving as a conduit of communication between the Board, the management team and the internal and external auditors. During the year under review the Audit Committee of the Jamaica Stock Exchange (The Exchange) was successful in the fulfillment of this mandate.

Audit Review

For 2013, the number of Committee members was reduced from seven (7) to five (5), as a result of restructuring of the various Board Committees and the expiry of term limits on serving Committee members. The Committee reviewed the annual audited and quarterly unaudited reports and interim management statements, recommending the annual and quarterly statements for adoption by the Board and public release. The Committee also continued its role in monitoring and reviewing the effectiveness of the Company's overall risk management system, including disaster preparedness and business continuity plans. The Committee was satisfied with the report from the Company's internal auditors which spoke to the general responsiveness of management to queries and recommendations.

Composition & Frequency of Meetings

The requirement is for the Committee to meet at least four (4) times per year. However, twelve (12) meetings were held during the year with satisfactory attendance from all members. There was an increase in the number of meetings, up from nine (9) in the previous financial year. The increase was due to the fact that the Committee met to consider the filling of the casual vacancy which occurred due to the closure in Jamaica of the Company's external auditors Deloitte & Touche and to facilitate more in-depth consideration of the Internal Audit Report. Reflected below are the current members of the Committee and their respective attendance. In accordance with the listing requirements, the Committee is comprised of at least three members who are non-executive directors, the majority of whom have been identified by the Board as independent.

The current members of the Committee are:-

- | | | |
|-------------------------|-------|---------------|
| 1. Jane George (Chair) | (75%) | (Independent) |
| 2. Mark Croskery | (58%) | |
| 3. Garth Kiddoe | (92%) | (Independent) |
| 4. Allan Lewis | (83%) | |
| 5. Livingstone Morrison | (67%) | (Independent) |



Jane George
Chairman

Compensation Committee Report

The Jamaica Stock Exchange and Its Subsidiaries

The Compensation Committee of the JSE is made up exclusively of non-executive directors and is chaired by the Chairman of the Board, Mr. Donovan Perkins. Other members of the Committee are:

Mr. Allan Lewis
Mr. Mark Croskery
Mr. Steven Gooden (*Alternate Mr. Dylan Coke*)
Mrs. Jane George

The Committee's mandate is to make recommendations on the Company's framework of executive remuneration. The Committee reviews and approves corporate goals in relation to the CEO's compensation; evaluates the CEO's performance in light of the company's goals and objectives and makes recommendations to the Board with respect to executive and non-executive compensation. One meeting of the Committee was held in 2013.

Directors' fees totaled \$9.78 million in 2013 which represented a \$1.15 million increase from 2012, when they were \$8.63 million.

GENERAL MANAGER'S REPORT - JSE

Mrs. Mariene Street Forrest
General Manager
Jamaica Stock Exchange

The Year 2013 was as challenging as it was rewarding for the Jamaica Stock Exchange Group which is comprised of the ISE (Exchange) and its wholly owned subsidiary, the Jamaica Central Securities Depository. The challenges experienced centered on the continued difficult economic climate which affected confidence and optimism of not only the investing public but companies listed on the Exchange and potential listed companies. The need to secure an agreement with the International Monetary Fund directly affected our Junior Market during the period, as the government grappled with the issues of tax reforms and the likely changes to the incentives that would possibly affect the current or prospective Junior Market companies. Consequently both primary and secondary market activities slowed significantly, impacting trading revenue and listing fees. Interest income declined due to the Group's participation in the National Debt Exchange (NDX) which resulted in a reduction in the rate of interest on investments and a lengthening of the maturity period of the securities held. Fortunately the decline was offset by foreign exchange gain brought about by the devaluation of the Jamaican Dollar.

Prior years' revenue diversification programmes yielded positive results as the Group's profit of \$7.2 million for the year resulted from the performance of the JCS Trustee Services which returned a profit of \$16.2 million. The Exchange continued to pursue its strategic objectives during the year and was successful in listing its ordinary shares on the market, which provided the original shareholders with an opportunity to monetize their investments and the new shareholders with an opportunity to invest in a Group which has positive long term prospects. We welcome all new shareholders on board and encourage you to grow with us.

The Group itself continues to take the long view in respect to the achievement of market growth and profitability and has continued to work towards the development of products and services aimed at creating positive value for our shareholders. On-going activities centre on the upgrades and enhancement of trading and settlement platforms to ensure efficiency of market delivery and upgrades of other supporting systems to assist in regulatory and compliance activities. Of equal importance is the continued effort to increase market knowledge and participation through different programmes and avenues of contact with the public. We were successful in our efforts in developing a detailed business continuity programme and are pursuing avenues to ensure that the Group has the capacity to be responsive.

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GENERAL MANAGER'S REPORT - JSE

ENVIRONMENTAL FACTORS

Globally, while most stock markets rallied in 2013, of seventy-six countries around the world which were examined, only sixteen countries including Jamaica showed declines in their indices. Jamaica posted a decline of 12.59% in the main index. The third quarter 2013 Business and Consumer Confidence Indices Survey released by the Jamaica Conference Board of the Jamaica Chamber of Commerce reported that business and consumer confidence were at an all-time low and registered mainly negative outlook in respect to economic improvements. This reflected the decline in index use for 2013, the low cess fee income and other operating revenue and contributed to the loss of \$9 million experienced by the Exchange. It is an established fact that the business environment in which the Jamaica Stock Exchange, or any other stock exchange, operates directly affects the results of operations and ours was so affected.

Uncertainties about employment, the stability of the Jamaican dollar relative to the US dollar and other hard currencies, inflation and the delay in the signing of the IMF agreement negatively impacted on business and individual decisions to invest for the long-term.

It is anticipated that 2014 will be another challenging year. While some confidence will return given the signing of an IMF agreement, this is accompanied by very strict adherence to sustainable economic policies and targets set by the government, which could still have a contractionary effect on the market. We wish to record our appreciation to the government for its confidence in the equities market which is demonstrated by their continued support of the Junior Market and their encouragement which has lit awareness in small and medium sized companies of the importance of equity financing, especially in our current economic environment.

JSE MARKET PERFORMANCE IN 2013

During the year under review, the stock market realized mixed results as all JSE Main Market Indices reflected declines while the Junior Market Index and the JSE USD Equities Market Index reflected improvements. The JSE Main Index dropped 12.45% to close the year at 80,633.55 points. The capitalization of the main market also reflected a fall which resulted from the overall decline in the stock prices and the delisting of Lascelles de Mercado & Company Limited. The latter contributed 6.4% to this decline. On the

other hand, the JSE Junior Market Index advanced by 17% to close 2013 at 757.86 points. The market capitalization of the Junior Market increased by \$5.29 billion as a result of the general increases in stock prices and the listing of the ordinary shares by five companies. Likewise, the JSE USD Equities Market recorded improvements for both the index and market capitalization of 36.8% respectively.

The mixed performance of the market resulted in significantly reduced revenue from trading and trading activities.

OPPORTUNITIES

We believe that several opportunities exist to grow the market and to enable the Group to achieve profitability. As more business opportunities are opened up the Exchange will benefit from businesses seeking to raise capital. Our trading and settlement platforms can be leveraged for the trading of products such as futures and options, closed end funds, depository receipts and fixed income trading. With the latter, it is expected that more corporate bonds will be listed on the bonds market and that the US\$ Denominated Securities Market will experience more buoyancy within 2014. There will be a positive spin-off arising from legislative and regulatory changes in areas such as Collective Investment Schemes from which we are certain the Group will benefit in providing registrar and trustee services.

JSE DEPARTMENTAL HIGHLIGHTS 2013

Trading & Settlement Platforms

The JSE relies heavily on the technological infrastructure and employees' competence to deliver high quality products and services to the market. The Group's technology unit continues to support the business by ensuring that the IT infrastructure is current and will allow the Exchange to operationalize its business strategies and expand its service portfolio.

During the year 2013, we experienced no significant downtime that impacted the systems and markets operated efficiently each business day. We continue to ensure the delivery of a reliable IT Strategy that will enable the JSE to take advantage of emerging trends and technology.

We have made significant progress in this area and have achieved several successes.

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GENERAL MANAGER'S REPORT - JSE

Successful initiatives during 2013 which continue into 2014 were:

1. Implementation of a Business Process and Document Management System
2. Completion of the Business Continuity Planning Program
3. Implementation of a new telephone system
4. Continuing activities for the implementation of an Online Trading System
5. Commencement of activities for the implementation of a new website, including mobile apps
6. Replacing obsolete computers across the group; the initiative continues
7. Commencement of activities geared towards improving / upgrading supporting systems

The Group's technology unit continues the journey of ensuring we keep current relevant areas of the IT Infrastructure. We have made significant progress in this area to ensure the organization's strategic objectives are met.

In the area of Risk Management and Compliance we continue to enhance and maintain system redundancies which allows for 100% availability during business hours. Our risk management policies and procedures ensure that we are compliant with established policies and international standards geared towards ensuring compliance through continued audits.

Our team remains committed to the initiatives to be achieved in 2013 and will continue to expand its capacity to ensure that the Group takes advantage of market opportunities through the utilization of efficient and effective use of technology.

Marketing Activities

We had another successful year delivering on our objectives to keep the market abreast of new changes in the market place and offering our workshops and campus aimed at fostering continuing professional education. Driven by data received from the JCSD, our outreach and the listing of more companies on the market, the Group was able to increase the number of accounts/investors by 5,431, a 5% increase over 2012.

The Exchange utilizes various approaches to reach investors or potential investors. Some of the programmes that we engage in are as outlined:

Capital Market Conference

The event is a unique forum for all constituents of the financial services sector to exchange views and develop strategies for engineering an environment to foster successful growth of the region's capital markets. In the past eight years, this Conference has attracted decision-makers, CEOs, accountants, attorneys-at-law and other business professionals from different industries from Jamaica and across the Caribbean. The 2013 Conference saw just under 300 persons in attendance.

Diaspora Conference 2013

Tapping into the Diaspora market to grow the investor base is an area of focus for the Exchange. The involvement of the Exchange in the Diaspora Conference held in Montego Bay provided the Company with the much needed medium to connect with well over 300 delegates from the Diaspora and others who attended the Conference.



Mrs. Marlene Street Forrest, General Manager - JSE, held the attention of two visitors to the JSE's booth while Director, Mr. Mark Crossley looks on.

Stock Market Game

This website based simulation game allows students to buy and sell stocks traded on the JSE Stock Market. Calabar High School defended their title for the fourth consecutive season while Kingston College placed second and Inniswood High placed third. The individual winners were Damornie Ellis, first place; Jason Hylton, second place, both from Calabar High, and in third place Trevaune Baker from Kingston College.

Market Research Competition

This competition is designed to respond to the need to improve the level of market analysis. For every quarter of the year, the JSE invites analysts from the securities industry.

GENERAL MANAGER'S REPORT - JSE

tertiary institutions and the media to submit analyses based on the past performance and future expectations of listed companies. Participants conduct research, prepare and submit an analysis on the selected company using the JSE's prescribed format. The winner of the 2013 competition was NCB Capital Markets Limited.

High School Education Programme

The JSE continues its drive towards exposing high school students, who are pursuing the CSEC and CAPE exams, to the roles and functions of the Stock Exchange, and to allow students to develop an appreciation for investments. In summary, the programme aims to introduce students from an early age to:

- The role & functions of the Stock Market
- The Importance of savings & Investments
- Investing using stocks and
- The importance of financial literacy

In 2013, over 60 high schools and tertiary institutions visited the Stock Exchange to glean more information on the investments in general and the Stock Market. Thirty three percent more schools attended for the year 2013 as compared to the previous year.

Workshops

The JSE's workshops provide a medium to create an intensive educational experience in a seminar setting. Participants in these workshops are usually Listed Companies, Member Dealers and persons in the related field from which the topic is chosen. The JSE's workshops seek to introduce new concepts and to spur participants to investigate further on their own. These workshops also help to demonstrate and encourage practical and current techniques designed to keep participants abreast of the latest trends and for them to take back to their business places.

The six workshops held in 2013 are as follows:

1. The Fundamentals of Risk Management
2. Corporate Secretary
3. Combating Financial Fraud
4. Impact Investments
5. Business Pre & Post Disaster Planning
6. Analysing and Interpreting Balance Sheet

There were over 180 persons trained from various companies across Jamaica.

JSE's Public Investor Outreach

The Jamaica Stock Exchange (JSE) continues to reshape the financial landscape with our informative and engaging Public Awareness Programmes. The JSE aims to transform how people view the stock market by enabling them to embrace the stock market as a viable medium for wealth creation. Based on our success to date, the JSE will continue to host our branded *Public Education Outreach Forum*. In 2013 the JSE partnered with JMMB to host four outreaches across Jamaica; one was held in Mandeville, another in St. Ann and two in Kingston. There were over 700 persons in attendance at our Public Outreaches.



Mrs. Doreen Topping, JSE's Technical Support/Workshop Facilitator, presents a gift basket to a visitor of JSE's booth.

Corporate Outreach

The JSE offers an exciting 20-minute presentation geared towards employees in the Jamaican workforce. The aim of the programme is to present simple and concise information about how the stock market works to benefit Jamaicans.

In 2013 the Stock Exchange visited 26 institutions, up from 24 the previous year. The emphasis was on the public sector workers who responded very positively to the information provided.

National Investor Education Week

The Jamaica Stock Exchange hosted its 6th National Investor Education Week from September 29 - October 3, 2013. We continue to push this agenda as we are aware that it is through financial knowledge that individuals will be able to make wiser financial decisions. The focus of the discussions

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GENERAL MANAGER'S REPORT - JSE

is on individuals obtaining a broader understanding of the role and responsibilities of regulatory bodies, companies and investors in ensuring that the financial sector delivers on its objective of wealth creation.

Best Practices Awards

The JSE Best Practices Awards were established in 2004 by the Jamaica Stock Exchange as a medium to encourage listed companies and stockbrokers in the securities industry to adopt and uphold best practices standards and to enhance the relationship between the JSE and its stakeholders. The JSE has over the years refined these awards and has added several new awards since its inception. Chief among these are:

- ✓ Junior Market Awards in 2012
- ✓ The Member Dealers Awards category in 2011
- ✓ The PSQJ Award for Corporate Governance in 2008

National Commercial Bank received the Governor General's Award for Excellence on the Main Market and was declared joint winners with Scotia Bank for the JSE/PSQJ Best Practices Award for Corporate Governance. Honey Bun received the Governor General's Award for Excellence for the Junior Market.

Publication

The Exchange publishes a number of publications aimed at assisting investors, potential investors and the investment community to make more informed decisions and generally to provide market updates. These publications are:

1. The Stock Market Review
2. The Pocket Book
3. The Year Book
4. A Guide to the Jamaican Securities Markets
5. The JSE Annual Report

e-Campus

The (JSE) e-Campus in 2013 became the first in the English-speaking Caribbean to be officially certified by the prestigious CPD Certification Service based in London, England to join organizations such as the London Stock Exchange, Imperial College London, Kings College London, London School of Economics & Political Science, UBS Global Asset Management, amongst others. This certification comes on the heels of our Jamaican local financial sector regulator, the Financial Services Commission (FSC), approving the JSE e-Campus Post Graduate Diploma in Financial Services Management and Certificate Courses. The JSE e-Campus was also registered by the University

Council of Jamaica (UCJ) as a tertiary institution to develop and deliver courses and programmes geared to the Financial Services Industry.

The Post Graduate Certificate Course "Understanding and Interpreting Jamaica's Financial Regulations and Laws" has been accredited by the Accreditation Committee of the General Legal Council of Jamaica. This means all attorneys who pursue this Course will receive eight (8) Continuing Legal Professional Development (CPL) credits from the General Legal Council.

INTERNAL AUDIT

Our internal controls and procedures have improved following our decision to outsource our internal audit function to PriceWaterHouseCoopers. The JSE continues to take on board the recommendations of our auditors and our response time for implementation has been excellent. The responsiveness of our team will lend itself to further gains in respect to efficiencies and controls.

HUMAN RESOURCES

A strategic priority of the Group is that of ensuring a motivated and prepared workforce. The JSE Group continues to invest in various training and development programmes to facilitate staff advancement and development. The members participated in different workshops, seminars in both operational support and other courses specific to their respective areas of responsibility. We continue to benefit from a culture of employee involvement and a structured performance and appraisal system. In 2013 we concentrated on improving our succession planning programme as well as the software to support human resources management information.

FOCUS - 2014

In 2014, the JSE's primary main objective is that of increasing shareholder value. This we intend to do through focusing on the following:

- Further diversification of revenue stream. Capitalizing on market opportunities by providing new products and services
- Increasing investor & Business Awareness of the Markets
- Development of Stock Market mobile application

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GENERAL MANAGER'S REPORT - JSE

- Enhancement of Disaster Recovery & Business Continuity capabilities
- Improvement in our website
- Improvements in our internal capabilities and infrastructure for better service delivery

Our team is committed to continuing the thrust to implement solutions that are geared towards allowing the JSE and its subsidiaries to take advantage of market opportunities which will increase revenue, improve customer service and restore profitability. An increase in the Return on Equity, efficient utilization of assets and cost effective regulation of the market as well as maximizing the Group's investment portfolio will be the major areas of focus. This was our commitment to you last year and we continue to work towards improvements and realizing our goal.

Finally I wish to take this opportunity to thank our new shareholders who, through the acceptance of our initial public offering of ordinary shares, expressed confidence in

the long-term viability of the Exchange. Further, our dedicated employees must be commended as, despite the tough economic climate and sometimes limited resources and another challenging year, they did not under-deliver but were able to develop new products, energize old ones and just simply maintain them. The enthusiasm was always on display whether to our internal or external customers. Many thanks to the members of the Board and the Committees who continue to play their part in ensuring that the strategies and the underlying fabric of the Group is current, modern and appropriate and that the Exchange continues to uphold good governance practices.

We are committed to remaining relevant to our shareholders, listed companies, member dealers and other market participants. The team stands ready to continue to deliver on the promise of 'providing a fair, efficient and transparent market'.



Marlene J. Street Forrest
General Manager, JSE

CORPORATE SOCIAL

RESPONSIBILITY

The JSE Group

The JSE continues to recognize the importance of Corporate Social Responsibility. The Exchange focus was on the aged, young adults and the children and concentrated on the immediate community of downtown Kingston and its environs.

YOUTH OUTREACH

Our youth programme focused on education

The JSE started its Breakfast Programme at St. Michael's Primary School in 2011 to assist the student population in having a meal at the start of their day in order to increase attendance, punctuality and assist in the general health of the school population. The JSE realized at the time that there was a need for this programme, as many parents could not afford to provide a proper meal for their children in order to send them to school on a consistent basis. The poor attendance led to a decline in the level of academic achievement.

The Breakfast Programme at the St. Michael's Primary School was implemented with the blessing of the former late principal and to date it is meeting the objectives of improvement in attendance, punctuality and academic achievement of the students.

Additionally, the JSE contributes to other programmes in St. Michael's and St. Aloysius Primary Schools. These include "Teacher Recognition" and "Boys' Day". In support of the Boys' Day campaign for inner-city youths, the JSE awarded one scholarship to a male student who was successful at the GSAT level at St. Aloysius Primary School, while recognizing the boys' achievements at St. Michael's Primary.



Miss Davis Switzer, JSE's Marketing Officer (l) and Mrs. Charlotte Gibbs Rupert, JSE's Communications Officer (r) congratulate Jobey Scott - who was awarded JSE's GSAT Scholarship in recognition of St. Aloysius Primary School 'Boys Day'.

ELDERLY OUTREACH

The JSE over the years has built a very close relationship with the Missionaries of the Poor through its founder Father Richard Ho Lung. Through the visit by our staff to the facilities which house and care for the poor and destitute and by our monetary contributions, the Company seeks to play its part in improving the social fabric of the country.

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CORPORATE SOCIAL

RESPONSIBILITY

The JSE also provides needed assistance to the Denham Town Golden Age Home, an Institution that takes care of the elderly within our society. The employees make periodic visits to the Institution and both company and staff make well needed contributions in cash and kind to ensure that the lives of these senior citizens are made easier.



Mrs. Marlene Street Forrest (first left standing) and JSE/KSD staff members at their visit to the Denham Town Golden Age Home. Residents of the home were presented with items donated by JSE/KSD staff, Blue Power Group and Jamaican Teas.



A very happy resident receives a package from JSE/KSD staff members.



Mrs. Marlene Street Forrest, General Manager, Jamaica Stock Exchange, presents the manager of Denham Town Golden Age Home with a package from Jamaican Teas, while residents look on during the JSE/KSD courtesy call

**Our Contribution to Nation Building,
Through Young Adult Education**

For over 15 years the Company has supported students at the tertiary level in completing their courses of studies in the field of Business. This is accomplished by providing the Vernon Mendez Scholarship to well deserving students at the University of the West Indies and University of Technology.

JSE GROUP
2013 Management's Discussion and Analysis
Introduction

The Jamaica Stock Exchange Group comprises of the Jamaica Stock Exchange Limited (JSE), Jamaica Central Securities Depository Limited (JCSD) and JCSD Trustee Services Limited (JCSDTS). This Management Discussion and Analysis (MD&A) of the JSE Group's financial condition and results of its operations is provided to enable stakeholders to assess the financial health, material changes and results of its operation for the year ended December 31, 2013. It provides information on liquidity and capital resources and gives a comparative examination of the current year under review against the previous year's performance. The MD&A should be read in conjunction with our Audited Financial Statements and must be considered as complementary information to that which is provided in the audited statements and the accompanying notes thereto. The information presented is based on the best judgment of management, taking into consideration all our internal systems and controls, our plans and the present programmes and policies that are being pursued.

The JSE is a publicly listed company, having listed variable preference shares in June 2008. These shares were redeemed on May 31, 2013 and subsequently delisted from the Exchange. The JSE offered to the public by way of Initial Public Offer (IPO) 28,050,000 units of shares which were well received by the public. All 140,250,000 ordinary shares of the Company were accordingly listed on the Exchange in July 2013. Within 2013 the Group continued to execute on its Strategic Plan for 2011-2016 and is pleased to highlight the results of the efforts made towards the achievement of our objectives.

UPDATE ON THE IMPLEMENTATION OF STRATEGIC PLAN 2011-2016

Strategic Priorities	Objectives	Initiatives	Progress
FINANCIAL			
A. Improve Financial Performance	Escalate Diversification of revenue for Positive Return on Equity	Establish new markets- Fixed Income, Venture & Derivatives, Trustee & Registrar Services, e-Campus, Global Settlement Services, Corporate Service	<ol style="list-style-type: none"> 1. Re-Launched Bond Market. Dialogue continues with stakeholders on Gov securities. 2. Derivatives started but stalled due to lack of interest from Member-Dealers 3. Escalated Service Offered in Trustee & Registrar Business with doubled client base 4. Soft launch of Corporate Secretarial Services 5. Diversification efforts have paid off with significantly less reliance on Cess Revenue, as evident in 2013 audited Financial Statements
B. Enhance Shareholders Value	Grow Core Business	<ol style="list-style-type: none"> 1. Determination on 38A Harbour Street 2. Utilization of Trading Platforms 3. Regional Exchange Network 	<ol style="list-style-type: none"> 1. Successfully negotiated sale of property in excess of valuation in 2012 2. Discussions with Haitian government to host their exchange, web-based application for e-campus 3. Successfully lobbied & received approval for change in regulation across markets for recognition of

JSE GROUP
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Strategic Priorities	Objectives	Initiatives	Progress
FINANCIAL			
	Monetise value of JSE shares	<p>4. Increase in Main & Junior Market Listing</p> <p>5. List the JSE Shares</p>	<p>regional member dealer at reduced cost.</p> <p>4. Achieved: Increased the number of Junior Market Listings by an average of 5 companies per year</p> <p>5. JSE Ordinary Shares listed in June 2013</p>
CUSTOMER			
Develop a viable stockbrokerage industry	Optimize number of licenced brokers	Complete proposal on member dealer licence, review & implement	Done, new licensing regime adopted and two new brokers added in 2012 and 2013. Discussions continue to be held with other interested parties
Maintain & Grow Investor accounts	Enhance reputation of brand	5,000 accounts annually	Significant additions through listing of junior market clients, corporate and investor outreach, stock market game for schools & adults
Retain Listings		Less than 5% de-listings annually	Maintained. Delisting mainly due to corporate restructuring or non-compliance with JSE rules.
Increase number of listings		Lobbying	Facilitative environment for new listings created. Successful for Junior Market and to a lesser extent for Main Market. Efforts towards getting Government to privatise through the Exchange are on-going
INTERNAL PROCESS			
Improve Market Access	Timely & accurate market information	Migration to new trading platforms	<p>Complete. Renew process for examining migration to another trading platform by end 2015</p> <p>Mobile Application & enhanced website in April 2014</p>
	Operational Excellence	<p>Develop & strengthen internal processes</p> <p>Complete BCP</p>	<p>Achieved and ongoing, as verified by internal audit findings</p> <p>BCP document completed and implementation largely effected. Recommendation for approval on options for recovery operation to be finalized by April 2014. Some recommendations arising from exercise implementation are works-in-progress</p>

JSE GROUP
2013 Management's Discussion and Analysis

Strategic Priorities	Objectives	Initiatives	Progress
FINANCIAL			
IMPROVE CORPORATE GOVERNANCE	Separation of business operation from regulatory role	Board to Examine whether market regulation should be internally provided	Outstanding
		Implement a performance management system	Complete, as evidenced by effective staff incentive scheme
ENHANCE REGULATORY FRAMEWORK	Integration of stock exchange into mind-set of government for policies & legislation lobbying with regulators in developing facilitative legislation	Government outreach programme	Achieved and ongoing, involvement in deliberations with fixed income trading project, repo facilitation, lobbying for junior market, etc. Regular meetings with FSC, BOJ, MOFP, UDC, DBJ, etc. Changes to regulations on regional broker members' fees. Ongoing discussion with the FSC on the JSE Compensation Fund
LEARNING & GROWTH			
Motivated & prepared workforce	Optimize on employee output	Develop training programme; succession plan document; review systems to develop compensation & reward	Achieved. System in place for employee feedback Training Programme developed and operational (on-going)

The JSE has delivered on many of the major strategic objectives but is conscious of the fact that more is required to convert these initiatives into improvement of the long-term profitability of the business.

Over the last ten (10) years the Company has pursued a path of revenue diversification of the Exchange's products through its subsidiaries. The results of this effort are seen in the Group's reaping the benefits from the profitability of the JCSD Trustee Service and from other initiatives that are making a significant contribution in the operating revenue of the Company. In 2013 for example, Trustee Services accounted for 19% of the revenue of the Group, which was up from only 5% in 2012 while Cess Revenue declined from 53% of total Group revenue in 2012 to just under 24% in 2013. Junior Market trading contributed 8% of the overall Cess Revenue in 2013 while also creating significant additional revenue for the JCSD's Registrar Services.

Despite these benefits of the diversification strategy, revenue for 2013 was \$296 million; a decline of 41% against 2012, due mainly to the fact that there was an overall decline in ordinary market transactions for 2013, coupled with the fact that the market did not benefit from large 'one off' activities such as the Campari/Lascelles de Mercado transaction and the JMMB/Capital & Credit Acquisition, which together accounted for \$201 million of the revenue in 2012.

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JSE GROUP**2013 Management's Discussion and Analysis**

Despite annual inflation of 9.7%, the Group's effort to control expenditure has been successful. The Group recorded a decrease in expenditure inclusive of finance charge of \$9.4m or 3%. *(Details are provided in the Group Financial Report)*

The profitability of the Group declined generally when compared to the prior year. Profit after taxation reflects a decline of \$122.7m due mainly to reduced market activity, which was primarily caused by general illiquidity and unsettled economic conditions during the year. Investment income increased by \$18.3m or 48%, due mainly to foreign exchange gains.

Vision, Strategies and Priorities

The vision, strategies and priorities of the individual companies that comprise the JSE Group, namely the Jamaica Stock Exchange, Jamaica Central Securities Depository and JCSD Trustee Services, are complementary and aligned to the overarching objective of facilitating capital market growth and development. The JSE Group companies ensure that the trading and settlement of different types of securities on a secure and efficient platform are realized.

Our Vision: To be the premier capital markets institution in the Caribbean through wealth creation and economic growth.

Our Priorities:

- **Grow Core Business through Innovation**

We continue to pursue a path of growing the Group by our thrust into market education, the development of new products, the opening of new markets and the provision of better service to our customers and stakeholders. In keeping with our vision of being the premier securities market in the Caribbean, the Exchange will vigorously target the Region for new listings on the main and junior markets. The Group aims to examine market opportunities wherever they are.

Through market education the Group aims to retain current investors and attract new investors, as we recognize that expansion will not be successful in the long-term without an expanding pool of financially-educated investors. Recognizing that attracting new players to the market must be supported by new and existing products that are driven by customer demand, the JSE is treating this as an imperative. Industry collaboration, stakeholder inclusion and effective lobbying are the conduits through which the innovations in the market will be best facilitated. While we believe that the Group's initiatives will result in more vibrant trading of securities on the stock market as well as a more diversified revenue stream that will augur well for the medium to long-term growth and profitability of the Group, we understand that these initiatives cannot be pursued unless they are driven by external demand.

- **Continued Diversification in Related Business Lines**

Over the past few years, the Group has diversified into related business lines. The decision taken by the Group to diversify its revenue stream is bearing fruits. New product offerings by the JCSD's Registrar Services Division and the JCSD Trustee Services have met with success and continue to make significant contributions to the bottom line. These product lines are still in their early stages and have the ability to grow even further. The provision of superior products and services compared to that of our competitors are the avenues that are being pursued to arrive at market penetration and growth.

Summary of Long Term Vision Includes:

- Offering Regionally and Globally diversified capital market products
- Commitment to high standards of transparency and governance
- Continuously Improving Shareholders' value
- Setting a strong foundation in all critical divisions and subsidiaries to allow for long-term growth and development

JSE GROUP
2013 Management's Discussion and Analysis

- Enhanced attractiveness of the equities market to investors and businesses
- Participation in the development of the Fixed Income Market
- Strong internal competences
- Being among the top employers of choice in Jamaica
- To be considered a partner that is essential to Nation building
- To forge key regional and global partnerships in furtherance of these goals
- Consistent operational and overall profitability

Summary of Our Performance Measurements

- High Customer and Employee Satisfaction
- Financial measurement, including growth and profitability targets, net profit and return on equity
- Diversification of products and services scoring at 50:50 split with progressively less emphasis on equities contributions in each year
- Increase in listings on the Main, Junior, USD Equities, and Bond Markets

Overview of the Business

Both the Jamaica Stock Exchange and its subsidiary, the Jamaica Central Securities Depository, are licensed to operate by the Financial Services Commission. The JSE and JCSD operate electronic trading and settlement platforms respectively through a service licensing agreement with providers, Trayport Limited and Perclval Limited. The trading and settlement platforms allow for greater product offering and will enable us to maintain competitive pricing for the services that we provide to the market place. The JSE boasts the largest number of listings of equity securities within the English-speaking Caribbean:

- Fifty seven listed companies offering fifty-six (56) Ordinary Securities (34 listed on the JSE Main Market, 21 listed on the JSE Junior Market and 1 listed on the US Dollar Equities Market) and eleven (11) Preference Securities (10 listed on the JSE Main Market and one listed on the JSE Junior Market). There are also two corporate bonds listed on the Bond Market. Trading activities are concentrated mainly around the Ordinary Shares.
- The JSE is the primary venue for the raising of equity capital in Jamaica. The total market capitalization (main and junior markets) as at December 2013 was J\$519.57 billion. The top five stocks were in the banking and insurance sectors and represented 65.7% of overall market capitalization.
- The JSE maintained seven indices during 2013:
 - (i) The JSE Market Index
 - (ii) The JSE All Jamaican Composite
 - (iii) The JSE Select
 - (iv) The JSE Cross-Listed Index
 - (v) The JSE Junior Market Index
 - (vi) The JSE Combined Index
 - (vii) The JSE US Dollar Equities Index

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JSE GROUP
2013 Management's Discussion and Analysis

The JSE Main Index is a market-weighted index comprising ordinary shares of all listed companies. The All Jamaican Composite Index measures the performance of Jamaican Companies only, while the JSE Select Index measures the performance of the JSE's 15 most liquid securities. The JSE Cross-Listed Index measures the performance of the companies that are also registered outside of Jamaica and the JSE Junior Market Index measures the performance of the companies listed on the Junior Market. The JSE Combined Index measures the performance of all the companies listed on the main and Junior markets. The JSE US Dollar Equities Index measures the performance of all the companies listed on the US Dollar Equities Market.

- The JSE launched its Junior Market for small and medium sized companies that are seeking to raise between \$50 million and \$500 million via the market and whose stated capital will not exceed \$500 million. The Government has made changes to the tax benefit for companies listed on the Junior Market. Instead of a 10 year tax exemption on corporate profits, companies listed effective January 2014 will receive five (5) years tax exemption. However companies which were listed prior to January 2014 will continue to receive the 10 year tax exemption. An amount of \$4.2 billion was raised on all markets during 2013 and a total of \$3.28 billion has been raised by the companies listed on the Junior Market since inception in 2009.

The Group is organized into five main business segments from which income is derived namely:

- (a) Exchange operations, which deal with the operations of the exchange.
- (b) Depository Services, which is involved with the holding, transferring and pledging of securities.
- (c) Investment - This represents income derived from investing activities of the Group.
- (d) Registrar Services, which maintains registers of security holders and facilitate corporate actions on behalf of issuer companies.
- (e) Trustee services - The Trustee Services represents one of the latest additions to the services offered by the Group and now ranks as the number one service provider in the industry. The JCSCTS leads the market serving over 80% of the Unit Trust market.

Market Operations & Trading

Overall market activity for 2013 slowed down considerably in comparison to 2012, especially on the Main Market (inclusive of block trades), which recorded a total of 18,284 transactions with volume traded of 1.83 billion units that were valued at \$15.98 billion. This represented a decrease in all areas in comparison to the prior year. Most significantly, value traded decreased by 73.8%. For the year under review, market statistics (excluding the block market) also recorded declines in the number of transactions, volume traded and value traded of 6.30%, 3.13% and 22.34% respectively when compared to the market activity of 2012.

The charts below reflect the trading activity on the main market (excluding blocks) for 2013 compared to 2012. Market activity on the block market in 2013 also recorded declines when compared to the activity in the previous year. On the block market, block trades amounted to 20, a decrease of 13.04%, volume traded amounted to 447 million units, a decrease of 61.13% and valued traded amounted to \$1.77 billion, a decrease of 95.86%.

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2013 Management's Discussion and Analysis

Charts 1 and 2



Market capitalization of the Main Market amounted to \$492.18 billion at the end of 2013. This was a decline of \$98.46 billion or 16.7% from the start of the year. Please view the chart below for more details.

Charts 3



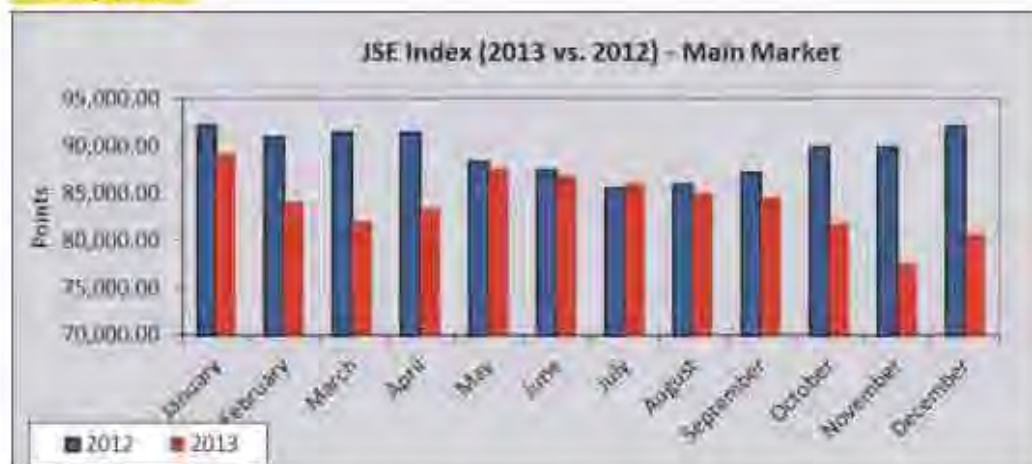
The performance of the market was negatively impacted by economic conditions which are reflected in the declines experienced by all indices of the Main Market when compared to 2012. As at the end of 2013: the JSE Index had declined by 11,467.67 points or 12.4% to close at 80,633.55 points, per Chart 4 below. The All Jamaican Composite Index declined by 9,311.56 points or 10.21% to close at 81,850.04 points; the JSE Select Index declined by 313.50 points or 12.59% to close at 2,176.17 points; and the JSE Cross Listed Index declined by 133.65 points or 15.29% to close at 740.28 points in comparison to the 2012 year end closing indices.

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JSE GROUP

2013 Management's Discussion and Analysis

Charts 4



The lackluster performance of the market for 2013 was also captured in the advance/decline ratio, which indicated that a total of nine ordinary stocks advanced while twenty-one declined. However for 2013, an average price appreciation of 6.20% for the ordinary stocks in the Main Market was recorded as some companies showed significant price movements. The nine companies that appreciated during the year, which include four companies with price appreciation of more than 50%, are presented in Table 1. Table 1 (below) shows the top advancers and decliners of the Main Market for 2013, while the succeeding Charts indicate the recent five years of JSE trading history of the main market. Five companies listed securities on the Main Market during the year. See table 2 for the companies that were listed during the year, the amount raised from the offerings of the companies and the listing date.

Table 1 - Top Advancers and Decliners for 2013

WINNERS	%	LOSERS	%
Caribbean Cement Company	250.00%	Radio Jamaica Limited	(34.67%)
Hardware & Lumber Limited	79.41%	Seprod Limited	(32.29%)
Ciboney Group Limited	66.67%	Berger Paints (Jamaica) Ltd.	(31.64%)
Palace Amusement Co	58.33%	National Commercial Bank Ja	(31.52%)
Kingston Wharves Limited	21.20%	Carreras Limited	(27.79%)
Kingston Properties Limited	19.05%	Sagicor Investments Ja	(27.73%)
Desnoes & Geddes Limited	13.33%	Gleaner Company Limited	(21.43%)
GraceKennedy Limited	10.12%	First Caribbean International Bank	(20.35%)
Jamaica Producers Group	6.74%	Mayberry Investments Limited	(20.00%)
		Scotia Investments Ja Limited	(17.48%)

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JSE GROUP

2013 Management's Discussion and Analysis

Charts - Recent Five Year History of Trading Data

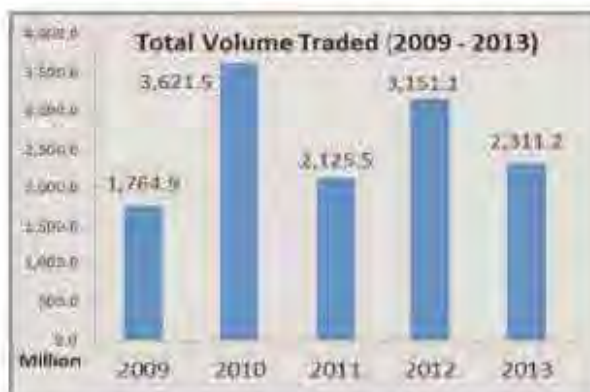


Table 2 New Listings on the Main Market in 2013

Company	Amount Raised	Listing Date
Jamaica Stock Exchange Limited	\$108.86 Million	July 23, 2013
Jamaica Money Market Brokers Limited 7.50% Preference Shares	\$1.43 Billion	September 27, 2013
Jamaica Money Market Brokers Limited 7.25% Preference Shares	\$38.39 Million	September 27, 2013
Jamaica Public Service Company Limited 9.5% Cumulative Non-redeemable F Series Preference Shares +	\$2.45 Billion	November 1, 2013
Sagicor Real Estate X Fund Limited	\$1.49 Billion	November 15, 2013
Sagicor Group Limited*		December 23, 2013

* Sagicor Group Jamaica Limited was listed consequent to the change in the organizational structure of the Sagicor Group of companies to meet requirements of the new omnibus legislation for deposit taking institutions.

+ Jamaica Public Service Company offer was a private offer.

JSE GROUP

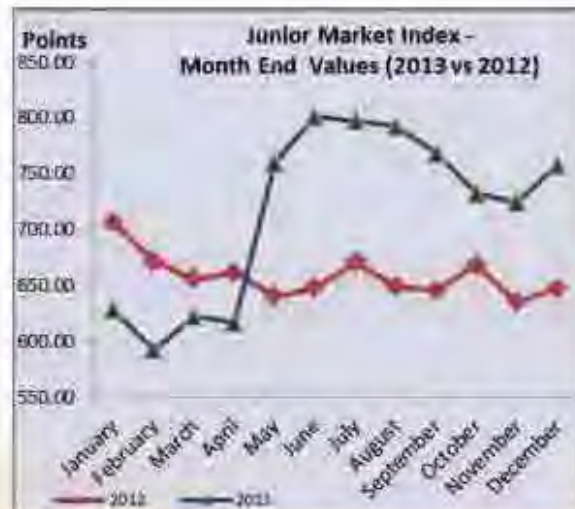
2013 Management's Discussion and Analysis

Unlike the declines experienced on the Main Market, improvements were recorded on the Junior Market in comparison to the previous year. The JSE Junior Market Index increased by 110.08 points or 16.99% to close the year at 757.86 points.

The Junior Market welcomed the listing of five new companies during the year, bringing the total listings to twenty-one companies (twenty-two securities). See table 3 for the securities that were listed during the year on the Junior Market along with the amount raised from these listings and the close prices as at December 31, 2013 and listing prices. The new listings contributed to the improvements achieved in the Junior Market. As at December 31, 2013, market capitalization of the Junior Market amounted to \$27.39 billion. This was an increase of \$5.29 billion or 23.9% from the start of the year. The number of transactions on the Junior Market increased by 41.8% while the volume traded and value traded declined by 16.2% and 73.3% respectively. The number of transaction amounted 7,157, the volume traded amounted to 477.7 million units and the value traded amounted to \$1.38 billion in 2013. There were 251 days of trading in 2013 compared to the 250 trading days in 2012. The charts below reflect the trading activity in the Junior Market for the year under review compared to the previous year.

Table 3 New Listings on the Junior Market in 2013

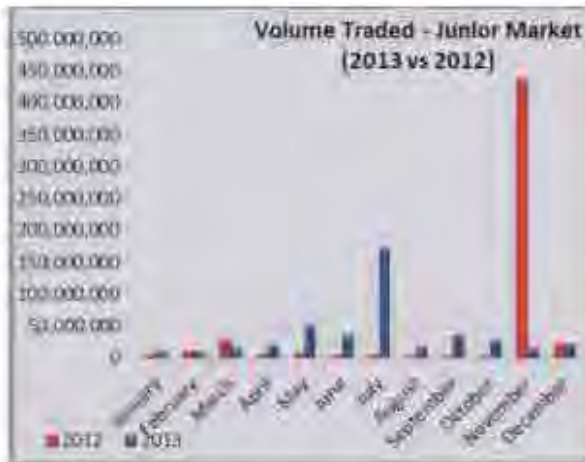
Company	Date Listed	Amount Raised Millions	Listing Price	Close Price Dec 31, 2013	% Change Since listing
Caribbean Cream Limited	May 17, 2013	\$75.18	\$1.00	\$0.89	-11.00%
Eppley Limited	July 29, 2013	\$82.56	\$377.00	\$380.00	0.80%
Caribbean Flavours and Fragrances Ltd	October 14, 2013	\$50.58	\$2.25	\$2.60	15.56%
Eppley Limited 9.5% Pref. Shares	December 12, 2013	\$361.95	\$6.00	\$6.00	0%
Derrimon Trading Company Limited	December 17, 2013	\$150.34	\$2.05	\$2.49	21.46%
Medical Disposables & Supplies Ltd	December 24, 2013	\$115.58	\$1.83	\$2.20	20.22%



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JSE GROUP

2013 Management's Discussion and Analysis



On the US Dollar Equities Market, the total volume amounted to 52.07 million units valued at \$5.77 million in 2013. This was an increase of 627% in the volume traded and an increase of 809% in the value traded when compared to the market activity in 2012. The number of trades amounted to 242 in 2013 up from the 122 trades recorded in 2013. The JSE USD Equities Index increased by 25.04 points or 36.92% to close at 92.85 points. Market capitalization increased by 36.92% to end the year at US\$38.34 million.

During the year, the JSE launched a Bond Market, which welcomed the listing of two securities. Access Financial Services Limited listed its 9% unsecured short term notes on October 18, 2013 and Jamaican Teas Limited listed its fixed & floating rate secured notes on November 25, 2013. The trading activity for the period has resulted in trades with a total value of \$1.99 million.

The JSE Group Financial Performance

[Comparison for Years Ended December 31, 2013 & December 31, 2012]

(i) Revenue

Revenue of \$295.6 million in 2013 reflects a decline of \$208,747 or 41% over 2012. Cess revenue, a major area of revenue for the Group, was severely affected. However on the positive side, the effort at diversification of the revenue streams is proving to be successful in providing a steady and predictable revenue source and a significant portion of the Group's revenue. New diversified revenue represents over 26.5% of total revenue, outstripping initial and annual listing fees and Cess revenue.

The following table and charts provide a visual representation of the revenue structure of the JSE Group, which primarily derives income from trading and settlement, listing fees, pledge fees, investment income, trustee services, registrar services and other related activities.

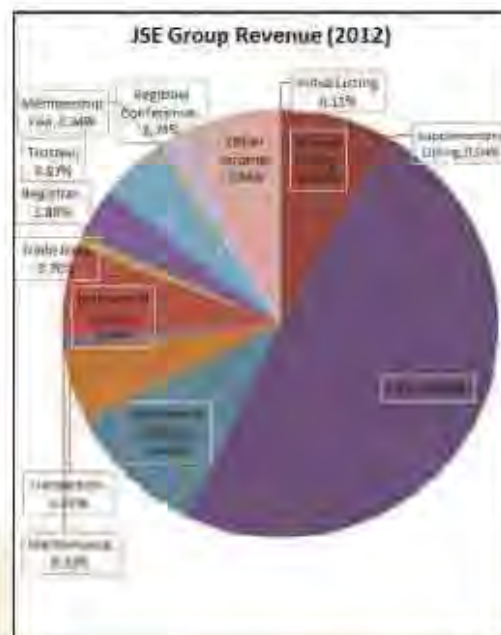
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JSE GROUP

2013 Management's Discussion and Analysis

Table 4 JSE Group Revenue 2009 to 2013

GROUP REVENUE	2013	2012	2011	2010	2009
Cess	70,373,000	265,164,000	87,564,000	82,624,000	50,240,333
Fee Income					
<i>Annual Listing</i>	<i>38,849,344</i>	<i>43,969,327</i>	<i>41,372,562</i>	<i>37,957,109</i>	<i>40,805,566</i>
<i>Initial Listing</i>	<i>5,010,778</i>	<i>583,547</i>	<i>2,147,848</i>	<i>809,845</i>	<i>563,371</i>
<i>Supplementary Listing</i>	<i>109,433</i>	<i>209,501</i>	<i>308,093</i>	<i>218,126</i>	<i>154,928</i>
<i>Members & Attorney</i>	<i>1,000,000</i>	<i>56,390,000</i>	<i>10,000</i>	<i>7,500</i>	<i>7,500</i>
<i>Transaction</i>	<i>28,959,401</i>	<i>31,629,694</i>	<i>28,956,681</i>	<i>2,521,918</i>	<i>16,416,667</i>
<i>Maintenance</i>	<i>3,381,940</i>	<i>3,423,600</i>	<i>3,268,000</i>	<i>3,021,180</i>	<i>1,390,500</i>
<i>Trade Data</i>	<i>3,467,314</i>	<i>3,788,900</i>	<i>4,146,769</i>	<i>10,000</i>	<i>2,662,436</i>
<i>Registrar</i>	<i>22,673,653</i>	<i>20,954,393</i>	<i>17,312,792</i>	<i>11,974,684</i>	<i>6,373,902</i>
<i>Trustee</i>	<i>56,082,997</i>	<i>26,429,174</i>	<i>19,157,225</i>	<i>10,514,000</i>	<i>5,566,008</i>
<i>Membership Fee</i>	<i>1,433,600</i>	<i>1,854,000</i>	<i>1,792,000</i>	<i>1,178,500</i>	<i>1,325,000</i>
Other Operating Income					
<i>Regional Conference</i>	<i>14,497,462</i>	<i>9,420,895</i>	<i>11,128,128</i>	<i>9,776,745</i>	<i>12,180,000</i>
<i>Other income</i>	<i>49,715,046</i>	<i>40,483,360</i>	<i>39,123,902</i>	<i>38,764,393</i>	<i>21,285,000</i>
<i>Investment income</i>	<i>56,455,000</i>	<i>38,166,000</i>	<i>24,863,000</i>	<i>33,159,000</i>	<i>104,416,000</i>
TOTAL	352,008,968	542,466,391	281,151,000	232,537,000	263,387,211



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JSE GROUP
2013 Management's Discussion and Analysis

- **Expenditure**
Expenses of \$351.6m in 2013 represent a decrease of \$9.4m or 2.6% over the \$361m in 2012. The Exchange continues to monitor expenditure by applying tight procurement guidelines. Areas which showed increases over 2012 are highlighted below:
 - **Staff Costs**
Staff Cost was \$151.2m in 2013 compared to \$145.1 in 2012. Although this represents a marginal increase of 4.2% over the previous year, it reflects the concerted effort to properly leverage employees skills in areas of growth in the first instance as against increasing staff complement.
 - **Property Expenses**
Property Expenses increased by 12% from \$57.9m in 2012 to \$64.9m in 2013. This was due to increases in property taxes and well needed repairs to the main building. It is expected that repairs will continue into mid-2014.
 - **Advertising and Promotions**
In keeping with our sensitization programme to grow both the number of investors and the interest by business persons to raise equity capital, the Exchange embarked on an intensive public awareness campaign which included electronic media commercial, participation in conferences and other outreach activities. This is reflected in the increase in Advertising and Promotions expense by 64% from \$20.8m to \$34.2m. This was partially offset however by the increase in related revenue, as reflected in Other Operating Income. It is also expected that in the ensuing years the Exchange will be able to quantify the returns on this investment through increased investor activity and additional listings on the markets.
 - **e-Campus**
While still not profitable, the performance of the e-Campus has moved in a positive direction with a reduction in the net loss from \$8m in 2012 to \$3m in 2013. By all account, the campus is expected to break-even in 2014. With the accreditation by the University Council of Jamaica, the approval of the Financial Services Commission (FSC) of the Post Graduate Diploma programme and a refinement of the focus in 2013, the long-term viability of the campus is expected.
- (i) **Allowance for Bad Debt**
The allowance for Bad Debt has increased from \$3.4m in 2012 to \$10.2m in 2013. While most of the amount provided is expected to be collected, the provision was necessary to conform to the Company's policy in this area. This area has however been flagged for attention and improvement.
 - (ii) **Net Profit**
The Net Profit of the JSE Group for the year 2013 of \$7.2 million represents a decline of \$122.7 million against the previous year. Income before expenses of \$295.6m was lower than the previous period's \$504.3 million. With the exception of "e-Campus" and "Other Operating Income" all other areas reported in the Consolidated Statement of Profit or Loss declined over the previous period.
 - (iii) **Earnings Per Share**
Basic earnings per stock unit is calculated by dividing the profit by the weighted average number of stock units. The weighted average number of stock units increased from 2012 to 2013 due to the new issue of shares to the public during the year. The basic earnings per stock unit declined from \$1.16 in 2012 to \$0.06 in 2013.
 - (iv) **Revenue Reserves**
The Group's Revenue Reserves decreased in 2013 to \$313.8 million from \$402.4 million in 2012 or 22% or \$88.7million. The change is comprised of Group profit of \$7.1 million and a decrease due to \$7.8 in re-measurement of employee benefit assets and the issue of ordinary dividends of \$88m.

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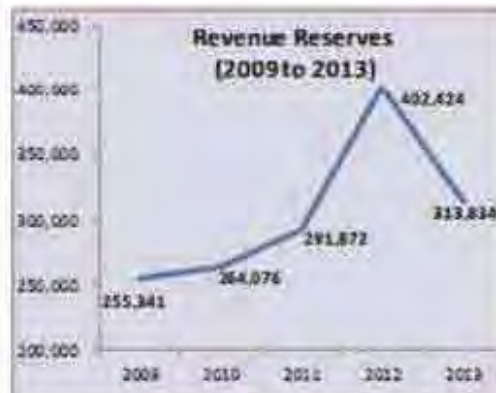
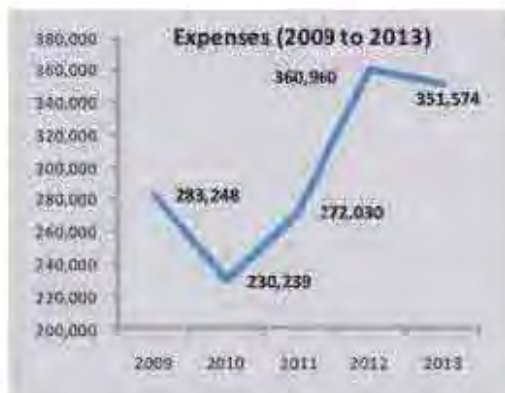
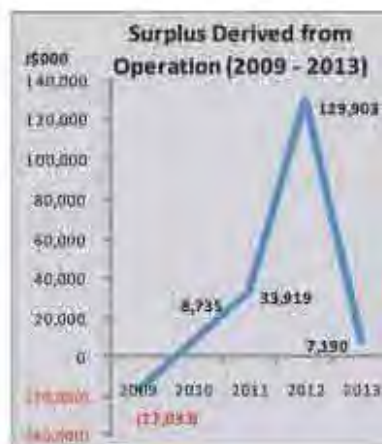
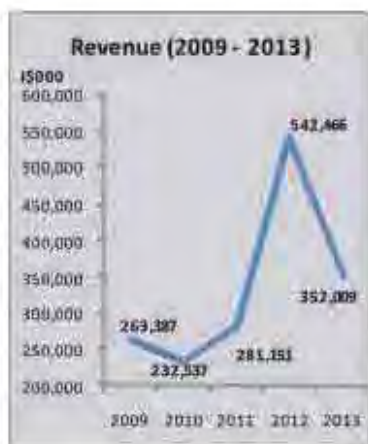
JSE GROUP

2013 Management's Discussion and Analysis

Table 5 Five Year Key Financial Highlights

(\$000)	2013	2012	2011	2010	2009
Revenue	352,009	542,466	281,151	232,537	263,387
Expenses *	351,574	360,960	272,030	230,239	283,248
Surplus derived from Operations (Net of Taxes)	7,190	129,903	33,919	8,735	(17,033)
Revenue Reserves	313,834	402,424	291,872	264,076	255,341
Earnings per share \$	0.06	1.16	1.21	0.31	(0.61)

* Includes finance charges



(Cont'd on next page)

JSE GROUP**2013 Management's Discussion and Analysis****Market Conditions and Outlook**

(This section contains certain forward-looking statements that contain elements of Management's best evaluation of current conditions and likely future events)

With the rebounding of several other global capital markets due to a return of confidence there and the signing of the IMF Standby Agreement by Jamaica it is anticipated that there may be some signs of recovery in the local market. This recovery however is expected to be in the latter half of 2014 which may not in itself convert to an improvement in the revenues of the Company. Investors are still wary and businesses continue to take a 'wait and see approach' despite the need for capital.

The market in 2013 displayed mixed market statistics. For both the Main and Junior Markets, the total volume and value of the transactions declined while the number of transactions improved marginally when compared with the previous year.

The Junior Stock Market continues to enjoy success in attracting companies to list on this market. We expect the market will continue to experience excellent prospects with the continued support of the Government and the brokerage community.

The JSE Group's normal operating revenue is still somewhat dependent on the level of market activities on our Exchange. Measures of these activities include volume and value traded, number of transactions, market capitalization of the securities and number of listings on the Exchange. As we had indicated last year, the JCSD and the JCSDTS comprise the main avenues for our revenue diversification strategy and continued to grow in 2013.

Our expectation is that 2014 will be another difficult year locally and any growth will be dependent on the ability of the economy to maintain stable fundamental economic indicators. Investors and businesses will also be watching the regional and global economies for signs of recovery and within Jamaica, whether the right infrastructure is being established and cultivated to foster a positive and sustaining business climate. A positive result will translate to a return of confidence in the market and translate to a good year. Short of that, most of the JSE's trading-related revenue is expected to arise from result of mergers and acquisition, new listings and new products.

For further information and in keeping with the JSE Listing Requirement, our financial information is also available on the JSE Website www.jamstockex.com.

The Regulatory & Market Oversight Division**2013 Year In Review of JSE's Regulatory Activities**

Mr. Wentworth Graham
Chief Regulatory Officer

Introduction

2013 represents another year during which the Regulatory & Market Oversight Division (RMOD) of the Jamaica Stock Exchange (JSE) continued to shoulder the responsibility of providing suitable regulatory oversight of the Exchange's activities.

During the course of the year the RMOD fulfilled its responsibilities with supervision and policy directive from the Regulatory and Market Oversight Committee (RMOC). As you may recall in last quarter of 2007 the Board of the JSE ceded its regulatory authority to the RMOC; and, in the first quarter of 2008 the RMOD was formed as a new unit within the JSE to undertake the operational activities of the RMOC.

The RMOD's Operational Responsibilities

In attending to the regulatory activities of the JSE the RMOD focuses on six (6) core responsibilities; these are as follows:

1. Listed Company Compliance
2. Member-firm Regulation
3. Market Surveillance
4. Enforcement
5. Dispute Resolution/Arbitration
6. Risk Assessment

RMOD's 2013 Operational Performance

Before detailing the performance activities of the RMOD's core responsibilities for the 2013 calendar year, it is appropriate to mention that during the course of the year efforts were made to further streamline the Division's operational activities to provide clearer accounts of the activities within the unit.

1. Listed Company Compliance

In satisfying Listed Company Compliance the RMOD reviews Listed Companies' financial statements and Corporate News that are filed with the JSE. In 2013 the RMOD processed two hundred and sixty-four (264) financial statements versus two hundred and forty-eight (248) in 2012. As it relates to Corporate News, for the year 2013 the RMOD reviewed one thousand and thirty eight (1,038) submissions; in 2012 total Corporate News reviewed was five hundred and seventeen (517). The increase in reviews in 2013 over 2012 was as a result of additional securities that were listed on JSE during 2013.

2. Member Firm Regulation

The RMOD's Member-firm Regulation treats with the examination of member-firms' financial statements and examination of member-firms' trading operations. During 2013 the RMOD examined One Hundred and Eighty eight (188) financial

(Cont'd on next page)

The Regulatory & Market Oversight Division**2013 Year In Review of JSE's Regulatory Activities**

statements for member-firms. These statements included Monthly, Quarterly and Audited Statements. In 2012 the number of statements reviewed amounted to One Hundred & Eight Seven (187). In addition to the foregoing it should be noted that during the course of the year the RMOD complemented its member-firm regulation by applying off-site monitoring tools which involves examining member-firms' daily trading activities on the JSE.

3. Market Surveillance

The responsibility of Market Surveillance activities spans monitoring daily trading on the JSE to detect market infractions, such as: "Advancing the Bid," "Marking the Close," "Pumping and Dumping," among others. The RMOD represent its Market Surveillance Activities with the formulation of Exception Reports. During the course of 2013 the RMOD formulated Eighteen (18) Exception Reports; in 2012 Exception Reports amounted to nine (9)

4. Enforcement

The RMOD is required to administer enforcement actions against member-dealers and listed companies whenever there are breaches to JSE's rules and market regulations. During the course of the year the RMOD administered thirteen (13) enforcement actions against member-dealers and twenty-eight (28) against Listed Companies. In 2012 the number of enforcement actions that were taken against member-dealers and Listed Companies were seven (7) and two (2), respectively.

5. Dispute Resolution/Arbitration

For the year 2013 the JSE had no matter that was considered under its Dispute Resolution/Arbitration operation. During the course of 2012 the RMOD administered one (1) matter through its Dispute Resolution/Arbitration process.

6. Risk Assessment

In treating with risk assessment the RMOD continued to rely on the activities of JSE's Internal Auditors. For the year under review JSE's Internal Auditors conducted one (1) assessment of RMOD's operations. The Auditors also did one (1) assessment of the Divisions operations in 2012.

Closing Comments

As mentioned in my opening remarks, the year under review represented one during which the RMOD was called upon to continue satisfying JSE's role as being a self-regulatory organization. It is recognized that the RMOD's activities is a subset of the overall policy and operational activities of the JSE Group. In this regard, I wish to express gratitude to members of the RMOC, staff of the RMOD and of wider JSE, as well as supportive stakeholders for the collective contribution to the regulatory affairs of the Exchange. Having reflected on 2013 activities, it can be safely stated that support from within, and external to the JSE, has once again made it possible for the RMOD to satisfy its motto of "Safeguarding market integrity," while contributing JSE's purpose of "Providing a fair, efficient and transparent stock market" to all.

SHAREHOLDINGS

Top 10 for Jamaica Stock Exchange As at December 31, 2013

Name	Volume	Percentage
BARITA INVESTMENTS LIMITED	<u>10,200,000.00</u> 10,200,000.00	<u>7.27</u> 7.27
FIRST GLOBAL FIN.SERVICES LTD	<u>10,200,000.00</u> 10,200,000.00	<u>7.27</u> 7.27
JMMB SECURITIES LIMITED	<u>10,200,000.00</u> 10,200,000.00	<u>7.27</u> 7.27
MVL STOCKBROKERS LIMITED	<u>10,200,000.00</u> 10,200,000.00	<u>7.27</u> 7.27
MAYBERRY INVESTMENTS LIMITED	<u>10,200,000.00</u> 10,200,000.00	<u>7.27</u> 7.27
NCB CAPITAL MARKETS LIMITED	<u>10,200,000.00</u> 10,200,000.00	<u>7.27</u> 7.27
SAGICOR INVESTMENTS JAMAICA LIMITED	<u>10,200,000.00</u> 10,200,000.00	<u>7.27</u> 7.27
SCOTIA INVESTMENTS JAMAICA LIMITED	<u>10,200,000.00</u> 10,200,000.00	<u>7.27</u> 7.27
STOCKS AND SECURITIES LIMITED	<u>10,200,000.00</u> 10,200,000.00	<u>7.27</u> 7.27
VM WEALTH MANAGEMENT	<u>10,200,000.00</u> 10,200,000.00	<u>7.27</u> 7.27

Executives Holdings for Jamaica Stock Exchange As at December 31, 2013

Name	Joint Holders	Volume	Percentage
MARLENE STREET FORREST	Keena Street	60,000.00 <u>60,000.00</u>	0.04 <u>0.04</u>
ROBIN LEVY		<u>50,000.00</u> 50,000.00	<u>0.04</u> 0.04

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SHAREHOLDINGS

Executives Holdings for Jamaica Stock Exchange As at December 31, 2013

Name	Joint Holders	Volume	Percentage
SUZETTE MCNAUGHT	Minette McLelsh	<u>30,000.00</u> 30,000.00	<u>0.02</u> 0.02
DOREEN PARSONS-SMITH	Bertram Lincoln Smith	<u>20,000.00</u> 20,000.00	<u>0.01</u> 0.01
SUZETTE WHYTE	Felix Whyte	<u>20,000.00</u> 20,000.00	<u>0.01</u> 0.01
NEVILLE ELLIS	Judith Vynel Ellis	<u>20,000.00</u> 20,000.00	<u>0.01</u> 0.01
KADYLL MCNAUGHT HERMITT	Garth Anthonio Hermit	<u>20,000.00</u> 20,000.00	<u>0.01</u> 0.01
JOSEPHINE LEWIS		<u>30,000.00</u> 30,000.00	<u>0.02</u> 0.02
RICCALYA ROBB		<u>20,000.00</u> 20,000.00	<u>0.01</u> 0.01

Directors Holdings for Jamaica Stock Exchange As at December 31, 2013

Name	Joint Holders	Volume	Percentage
EDWIN MCKIE	Beulah McKie	<u>150,000.00</u> 150,000.00	<u>0.11</u> 0.11

SUBSIDIARIES' REPORT FOR 2013

OVERVIEW OF THE ENVIRONMENT

2013 proved to be another challenging year in the financial services industry, as characterised by low liquidity levels and heightened competition for savings and loans. Disintermediation proved a viable option for businesses of all sizes, a strategy which pursued direct bond issues, usually to accredited investors looking for higher post-NDX returns. The IMF's financial support and involvement in Government policy direction saw the curtailment of the latter's discretionary expenditure and an escalated pace of legislative amendments in the financial arena. Of importance to the JCSD group (comprised of the JCSD and the JCSD Trustee Services Ltd.) was the Government's drive to improve the safety of the domestic investment environment, and specifically the retail repurchase agreement business, and to encourage more savings being channelled into collective investment schemes.

With low levels of trading on the stock market, JCSD experienced significantly reduced volumes and values from associated transactions in 2013. No large block transactions, such as those occurring in 2012, were noted during the year. JCSDTS and the Registrar Services Division however benefited from the trend of increased disintermediation and from several listings on the JSE main and bond markets, adding several new clients and seeing clients funds under management grow appreciably during the year.

JCSD GROUP FINANCIAL ANALYSIS

A \$26.5m reduction in JCSD's Gross Revenue for 2013 was offset by a \$29.6m increase in JCSDTS's fee income, as continuing efforts at diversifying revenue streams continued to pay off. The five-year old JCSDTS more than doubled its revenue and profits for 2013 over 2012 in contributing 16% of the JSE Group's consolidated revenue for the year, while the nine-year old Registrar Services contributed more than 6%. Operating costs increased by \$29.7m, mainly due to increases in staff costs, allocated

property costs and doubtful debt provisioning. The JCSD Group's pre-tax profit of \$20.7m and after-tax profits of \$13.9 million for 2013 were both 58% below prior year, but was sufficient to offset the losses of the Group's parent company.


JCSD Group's consolidated balance sheet reflects a strengthened capital position, with equity increased from \$120m at end of 2012 to \$134m at end of 2013, due to the addition of profits to reserves. Increased Investments and Cash positions were also notable features of the Group's statement of financial position at 31 December 2013.

OPERATIONAL REVIEW

The Depository's operational activities continued to efficiently deliver customer service, notwithstanding generally low transaction volumes. Registrar and Trustee Services divisions continue to see increased activity and several new clients yearly and the indicators for continued growth are good. The Group continues to enhance its software support as this is critical in driving capacity and efficiencies in all departments going forward.

CONCLUSION & VISION

The JCSD Group continues its year-over-year trend of increased revenue and expansion of service lines. The company continues to build its reputation as a consistent and capable provider of diverse support services to the financial markets and is becoming a significant force in the Jamaican and Caribbean capital markets.



Robin Levy,
General Manager
JCSD and JCSDTS



AND ITS SUBSIDIARY

**AUDITORS' REPORT &
FINANCIAL STATEMENTS**



KPMG
Chartered Accountants
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Jamaica, W.I.

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e-Mail: firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
THE JAMAICA STOCK EXCHANGE LIMITED

Report on the financial statements

We have audited the financial statements of The Jamaica Stock Exchange Limited ("the Company") and the consolidated financial statements of the company and its subsidiary ("the Group"), set out on pages 59 to 117, which comprise the Group's and Company's statements of financial position as at December 31, 2013, the Group's and Company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Cont'd on next page)

Report on the financial statements (Cont'd)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the group and company as at December 31, 2013, and of the Group's and Company's financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Jamaican Companies Act.

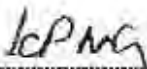
Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

Comparative information

The financial statements of the previous year were audited by another firm of Chartered Accountants, who issued an unqualified opinion on February 27, 2013.



Chartered Accountants

Kingston, Jamaica
February 28, 2014

KPMG, a Jamaican partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

R. Barua Hinds
Patrick O Dailey-Smith
Leroy I. Marshall
Cynthia L. Lawrence
Ezra Tohan

Norman U. Standaert
Nigel R. Chambers
W. Chuan C. de Mel
Nyasa A. Johnson

**Consolidated Statement of Financial Position
December 31, 2013**

	Notes	2013 \$'000	2012 \$'000 (Restated)*	2011 \$'000 (Restated)*
Non-current assets				
Property, plant and equipment	4	89,800	76,620	93,087
Intangible assets	5	31,933	31,828	24,610
Employee benefits	7	66,193	70,153	70,417
Investment in securities	8(a)	234,765	279,557	262,102
Long-term receivables	9	9,276	8,777	7,524
Total non-current assets		452,067	466,935	457,740
Current assets				
Income tax recoverable		12,639	12,771	35,946
Trade and other receivables	10	81,999	63,229	68,544
Investment in securities	8(b)	28,150	28,647	4,416
Government securities purchased under resale agreements	11	68,277	189,244	54,346
Cash and cash equivalents	12	17,125	12,271	15,231
Total current assets		208,190	306,162	178,483
Total assets		660,257	773,097	636,223
Equity				
Share capital	13	238,146	168,590	163,590
Fair value reserve	14	3,293	446	7,272
Revenue reserve	15	315,834	402,424	291,872
Total equity		557,273	571,460	462,734
Non-current liabilities				
Long-term liabilities	16	-	14,334	86,124
Deferred tax liabilities	17	15,129	32,920	21,120
Total non-current liabilities		15,129	47,254	107,244
Current liabilities				
Payables and accruals	18	77,349	73,611	51,219
Due to related parties	29(b)	13,119	7,643	3,280
Current portion of long-term liabilities	16	387	73,129	6,746
Total current liabilities		90,855	154,383	61,245
Total equity and liabilities		660,257	773,097	636,223

The financial statements Pages 59 to 117 were approved for issue by the Board of Directors on February 27, 2014 and are signed on its behalf by:



Director
Donovan Perkins



Director
Jane George

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
December 31, 2013**

	Notes	2013 \$'000	2012 \$'000 (Restated)*
Revenue			
Cess		70,373	265,164
Fee income		160,969	189,232
E-campus		6,465	4,386
Other operating income	19	<u>57,747</u>	<u>45,519</u>
		<u>295,554</u>	<u>504,301</u>
Expenses			
Staff costs	20	151,238	145,131
Property expenses		64,878	57,948
Depreciation and amortisation		21,564	19,526
Advertising and promotion		34,158	20,782
Professional fees		24,845	28,119
Securities commission fees		15,664	54,436
Allowances for doubtful debts	10	10,231	3,390
E-campus		9,660	12,533
Other operating expenses		<u>13,229</u>	<u>12,713</u>
		<u>345,467</u>	<u>354,578</u>
Investment income	21(a)	56,455	38,165
Other gains	22	27	5,931
Finance costs	23	(6,107)	(6,382)
Profit before taxation	24	462	187,437
Taxation	25	<u>6,728</u>	<u>(57,534)</u>
Profit for the year	26	<u>7,190</u>	<u>129,903</u>
OTHER COMPREHENSIVE INCOME			
Item that will never be reclassified to profit or loss:			
Remeasurement of employee benefits asset	7(c)	(11,670)	(7,670)
Deferred income tax on item that will never be reclassified to profit or loss	17	3,890	2,557
Items that may be reclassified to profit or loss:			
Realised gain on available-for-sale investments	14	498	(2)
Unrealised gains/(losses) on available-for-sale investments	14	2,273	(10,237)
Deferred income tax on items that may be reclassified to profit or loss	17	(924)	<u>3,413</u>
Other comprehensive income for the year, net of taxes		<u>(5,931)</u>	<u>(11,939)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,252</u>	<u>117,964</u>
Earnings per stock unit	27	<u>0.06</u>	<u>1.16</u>

The notes on Pages 67 to 117 form an integral part of the financial statements.

**Consolidated Statement of Changes in Equity
December 31, 2013**

	Share Capital \$'000 (note 13)	Fair Value Reserve \$'000 (note 14)	Revenue Reserve \$'000 (note 15)	Total \$'000
Balance at December 31, 2011 as previously stated	168,590	7,272	297,995	473,857
Impact of remeasurement of employee benefit obligation [notes 2(b) and 32]	-	-	(6,123)	(6,123)
Balance at December 31, 2011 as restated	<u>168,590</u>	<u>7,272</u>	<u>291,872</u>	<u>467,734</u>
Profit for the year as previously stated	-	-	128,705	128,705
Impact of remeasurement of employees benefit obligation, net of taxes [notes 2(b) and 32]	-	-	1,198	1,198
Profit for the year as restated	-	-	<u>129,903</u>	<u>129,903</u>
Other comprehensive income:				
Diminution on available-for-sale investments	-	(6,826)	-	(6,826)
Impact of remeasurement of employees benefit asset, net of taxes [notes 2(b) and 32]	-	-	(5,113)	(5,113)
Other comprehensive loss as restated	-	<u>(6,826)</u>	<u>(5,113)</u>	<u>(11,939)</u>
Total comprehensive income for the year	-	<u>(6,826)</u>	<u>124,790</u>	<u>117,964</u>
Dividends (note 33)	-	-	(14,238)	(14,238)
Balances at December 31, 2012, as restated	<u>168,590</u>	<u>446</u>	<u>402,424</u>	<u>571,460</u>
Balance at December 31, 2012 as previously stated	168,590	446	412,462	581,498
Impact of remeasurement of employees benefit asset, net of taxes [notes 2(b) and 32]	-	-	(10,038)	(10,038)
Balances at December 31, 2012, as restated	<u>168,590</u>	<u>446</u>	<u>402,424</u>	<u>571,460</u>
Profit for the year	-	-	7,190	7,190
Other comprehensive income:				
Appreciation in fair value of investments	-	1,847	-	1,847
Remeasurement of employees benefit assets, net of taxes	-	-	(7,780)	(7,780)
Total comprehensive income for the year	-	<u>1,847</u>	<u>(590)</u>	<u>1,257</u>
Issue of ordinary shares	69,556	-	-	69,556
Dividends (note 33)	-	-	(88,000)	(88,000)
Balance at December 31, 2013	<u>238,146</u>	<u>2,293</u>	<u>313,834</u>	<u>554,273</u>

The notes on Pages 67 to 117 form an integral part of the financial statements.

Consolidated Statement of Cash Flows
December 31, 2013


	Notes	2013 \$'000	2012 \$'000 (Restated)*
Cash flows from operating activities			
Profit for the year		7,190	129,902
Adjustments for:			
Depreciation of property, plant and equipment	4	11,073	9,619
Amortisation of intangible assets	5	10,491	9,907
Loss/(gain) on sale of available-for-sale investments		531	(2)
Gain on disposal of property, plant and equipment		(27)	-
Unrealised foreign exchange gain on investments		(28,255)	(10,088)
Employee benefits asset		(4,697)	(1,901)
Allowances for doubtful debts		10,232	3,390
Income tax (credit)/expense		(6,728)	57,534
Other gains		-	(5,931)
Interest income		(29,295)	(28,330)
Interest expense		6,107	6,382
Operating cash flows before movements in working capital		(23,378)	170,483
(Increase)/decrease in trade and other receivables		(18,770)	1,318
Increase in payables and accruals		3,743	33,995
Post employment benefit contributions		8,657	(5,504)
Cash utilised in operations		(29,748)	200,202
Income tax paid		(7,965)	(16,590)
Interest paid		(6,107)	(6,382)
Cash (used)/provided by operating activities		(43,820)	177,230
Cash flows from investing activities			
Investment securities, net		(33,277)	(202,950)
Proceeds from disposal of property, plant and equipment		27	-
Payments made by related parties		5,474	-
Proceeds from sale of available-for-sale investments		185,593	28,433
Acquisition of property, plant and equipment	4	(23,932)	(8,453)
Acquisition of intangible assets	5	(11,007)	(1,824)
Long-term receivables		(599)	(1,866)
Interest received		31,349	25,863
Cash provided/(used) in investing activities		153,628	(160,800)
Cash flows from financing activities			
Dividends paid		(88,000)	(14,238)
Net proceeds from issue of shares		69,556	-
Loan repaid		(87,076)	(5,407)
Cash used in financing activities		(105,520)	(19,645)
Net increase/(decrease) in cash and cash equivalents		4,288	(3,215)
Cash and cash equivalents at the beginning of the year		12,271	15,731
Effect of foreign exchange rate changes		566	255
Cash and cash equivalents at the end of the year	12	17,125	12,771

The notes on Pages 67 to 117 form an integral part of the financial statements.

**The Company Statement of Financial Position
December 31, 2013**

	Notes	2013 \$'000	2012 \$'000 (Restated)*	2011 \$'000 (Restated)*
Non-current assets				
Property, plant and equipment	4	79,608	67,154	85,806
Intangible assets	5	20,161	20,646	11,095
Investment in subsidiary	6	61,000	61,000	61,000
Employee benefits	7	45,636	48,929	47,564
Investment in securities	8(a)	195,830	228,906	20,734
Long-term receivable	9	8,793	8,226	7,111
Total non-current assets		411,028	434,855	414,310
Current assets				
Income tax recoverable		15,742	10,240	34,485
Trade and other receivables	10	53,475	35,296	38,026
Investment in securities	8(b)	11,806	10,285	-
Due from related party	29(b)	30,558	29,174	36,805
Government securities purchased under: resale agreements	11	60,378	162,711	45,870
Cash and cash equivalents	12	1,014	6,120	5,607
Total current assets		172,923	253,826	160,793
Total assets		583,951	688,681	575,103
Equity				
Share capital	13	238,146	168,590	168,590
Fair value reserve	14	2,266	272	6,456
Revenue reserve	15	240,903	343,549	266,736
Total equity		481,315	512,411	441,782
Non-current liabilities				
Long-term liabilities	16	-	14,334	86,124
Deferred tax liabilities	17	9,721	22,811	10,806
Total non-current liabilities		9,721	37,145	96,930
Current liabilities				
Due to related party	29(b)	34,099	7,643	3,280
Payables and accruals	18	58,429	58,353	26,365
Current portion of long-term liabilities	16	387	73,129	6,746
Total current liabilities		92,915	139,125	36,391
Total equity and liabilities		583,951	688,681	575,103

The financial statements Pages 59 to 117 were approved for issue by the Board of Directors on February 27, 2014 and are signed on its behalf by:



Donovan Perkins Director



Jane George Director

**The Company Statement of Profit or Loss and Other Comprehensive Income
December 31, 2013**

	<u>Notes</u>	<u>2013</u> \$'000	<u>2012</u> \$'000 (Restated)*
Revenue			
Cess		61,576	229,860
Fee income		44,970	101,052
E-campus		6,465	4,386
Other operating income	19	<u>55,451</u>	<u>44,431</u>
		168,462	379,729
Expenses			
Staff costs	20	93,855	105,629
Property expenses		34,789	34,388
Depreciation and amortisation		15,248	13,930
Advertising and promotion		33,400	20,526
Professional fees		14,712	18,905
Securities commission fees		14,228	53,042
Allowances for doubtful debts	10	4,641	519
E-campus		9,660	12,532
Other operating expenses		<u>5,664</u>	<u>5,497</u>
		<u>226,197</u>	<u>264,968</u>
Investment income	21(a)	43,537	29,720
Other gains	22	27	-
Finance costs	23	(6,107)	(6,345)
(Loss)/profit before taxation	24	(20,278)	138,136
Taxation	25	<u>11,269</u>	<u>(44,347)</u>
Loss profit for the year		(9,009)	93,789
OTHER COMPREHENSIVE INCOME			
Item that will never be reclassified to profit or loss:			
Remeasurement of employee benefits asset	7(c)	(8,456)	(4,107)
Deferred income tax on item that will never be reclassified to profit or loss	17	2,819	1,369
Items that may be reclassified to profit or loss:			
Realised losses on available-for-sale financial assets	14	498	(2)
Unrealised gains/(losses) on available-for-sale financial assets	14	2,493	(9,274)
Deferred income tax on items that may be reclassified to profit or loss	17	(997)	3,092
Other comprehensive loss the year, net of taxes		(3,643)	(8,922)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		<u>(12,652)</u>	<u>84,867</u>

The notes on Pages 67 to 117 form an integral part of the financial statements.

**Company Statement of Changes in Equity
December 31, 2013**

	Share capital \$'000 (note 13)	Fair value reserve \$'000 (note 14)	Revenue reserve \$'000 (note 15)	Total \$'000
Balance at December 31, 2011, as previously stated	168,590	6,456	276,653	451,699
Impact of remeasurement of employee benefit assets [notes 2(b) and 32]	-	-	(9,917)	(9,917)
Balance at December 31, 2011 as restated	<u>168,590</u>	<u>6,456</u>	<u>266,736</u>	<u>441,782</u>
Profit for the year as previously stated	-	-	92,890	92,890
Impact of remeasurement of employee benefit assets, net taxes [notes 2(b) and 32]	-	-	899	899
Profit for the year as restated	-	-	<u>93,789</u>	<u>93,789</u>
Other comprehensive income:				
Diminution in available-for-sale investments	-	(6,184)	-	(6,184)
Impact of remeasurement of employees benefit assets, net of taxes [notes 2(b) and 32]	-	-	(2,738)	(2,738)
Other comprehensive income as restated	-	(6,184)	(2,738)	(8,922)
Total comprehensive income for the year	-	(6,184)	<u>91,051</u>	<u>84,867</u>
Dividends (note 33)	-	-	(14,238)	(14,238)
Balances at December 31, 2012, as restated	<u>168,590</u>	<u>272</u>	<u>343,549</u>	<u>512,411</u>
Balance at December 31, 2012 as previously stated	168,590	272	355,305	524,167
Impact of remeasurement of employees benefit assets, net of taxes [notes 2(b) and 32]	-	-	(11,756)	(11,756)
Balances at December 31, 2012, as restated	<u>168,590</u>	<u>272</u>	<u>343,549</u>	<u>512,411</u>
Loss for the year	-	-	(9,009)	(9,009)
Other comprehensive income:				
Appreciation in fair value of investments	-	1,994	-	1,994
Remeasurement of employee benefits assets, net of taxes	-	-	(5,637)	(5,637)
Total comprehensive income for the year	-	1,994	(14,646)	(12,652)
Issue of ordinary shares	89,556	-	-	89,556
Dividends (note 33)	-	-	(88,000)	(88,000)
Balance at December 31, 2013	<u>258,146</u>	<u>2,266</u>	<u>240,903</u>	<u>481,315</u>

The notes on Pages 67 to 117 form an integral part of the financial statements.

**The Company Statement of Cash Flows
December 31, 2013**

	Notes	2013 \$'000	2012 \$'000 (Restated)*
Cash flows from operating activities			
(Loss)/profit for the year		(9,009)	93,789
Adjustments for:			
Depreciation of property, plant and equipment	4	7,955	7,223
Amortisation of intangible assets	5	7,293	6,707
Gain on disposal of property, plant and equipment		(27)	-
Foreign exchange gain on investments		(20,302)	(7,032)
Post employment benefit		(5,163)	(1,610)
Allowances for doubtful debts		4,641	519
Loss/(gain) on sale of investments in available-for-sale financial assets		498	(2)
Income tax expense		(11,269)	44,347
Interest income		(24,161)	(22,942)
Interest expense		6,107	6,345
Operating cash flows before movements in working capital		(43,437)	127,344
(Increase)/decrease in trade and other receivables		(18,129)	1,562
Increase in trade and other payables		76	37,571
Post employment benefit contributions		8,456	(3,862)
Cash used in operations		(53,034)	162,615
Income tax paid		(5,502)	(3,636)
Interest paid		(6,107)	(6,345)
Cash (used)/provided by operating activities		(64,643)	152,634
Cash flows from investing activities			
Net acquisition of investments in securities		(21,573)	(162,150)
Proceeds from sale of investments in available-for-sale financial assets		162,359	10,017
Advances from related parties		25,072	7,631
Acquisition of property, plant and equipment	4	(20,088)	(3,872)
Net proceeds on disposal of property, plant and equipment		27	-
Acquisition of intangible assets	5	(7,219)	(957)
Long-term receivable		(573)	(1,680)
Interest received		26,622	18,279
Cash provided by/(used) in investing activities		164,627	(132,732)
Cash flows from financing activities			
Dividend paid		(88,000)	(14,238)
Share issue net of expenses		69,556	-
Loan repaid		(87,076)	(5,407)
Cash used in financing activities		(105,520)	(19,645)
Net (decrease)/increase in cash and cash equivalents		(5,536)	257
Cash and cash equivalents at the beginning of the year		6,120	5,607
Effect of foreign exchange rate changes		430	256
Cash and cash equivalents at the end of the year	12	1,014	6,120

The notes on Pages 67 to 117 form an integral part of the financial statements.

Notes to the Consolidated Financial Statements
December 31, 2013

1. Identification and principal activities

The Jamaica Stock Exchange Limited (the Company) is incorporated in Jamaica as a public limited liability company. 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. The Company is domiciled in Jamaica with registered office at 40 Harbour Street, Kingston, Jamaica and is listed on the Main Market of the Jamaica Stock Exchange.

During the year, a resolution was passed at an **Extraordinary General Meeting** that the ordinary shares of the Company be traded on the Main Market of the Jamaica Stock Exchange.

The Group comprises the Company and its wholly-owned subsidiary as detailed below:

<u>Subsidiary</u>	<u>Principal Activity</u>
Jamaica Central Securities Depository Limited (JCSD) and its wholly-owned subsidiary, JCSD Trustee Services Limited (Incorporated July 21, 2008)	To establish and maintain a Central Securities Depository (CSD) in Jamaica to facilitate the transfer of ownership of securities by book entry, including shares, stocks, bonds or debentures of companies and other eligible securities. Its subsidiary JCSD Trustee Services Limited provides trustee custodianship and related services.

Both the JCSD and its subsidiary are incorporated in Jamaica.

2. Basis of preparation

(a) Statement of compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board, and comply with the provisions of the Jamaican Companies Act.

Certain new IFRS, interpretations of, and amendments to, existing standards which were in issue, came into effect for the current financial year. Those which impacted the company are as follows:

- **IFRS 13, Fair Value Measurement**, defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value and is applicable to assets, liabilities and an entity's own equity instruments that, under other IFRSs, are required or permitted to be measured at fair value, or when disclosure of fair values is provided. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The impact on the financial statements of adopting this standard is additional disclosures regarding fair values, as set out in note 31(f).

Notes to the Consolidated Financial Statements
December 31, 2013

2. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd):

- IAS 19, *Employee Benefits*, has been amended, to require all actuarial gains and losses to be recognised immediately in other comprehensive income. This change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss. The expected return on plan assets recognized in profit or loss is to be calculated based on the rate used to discount the defined benefit obligation. The amendment also includes changes to the definitions and disclosure requirements in the current standard.

The effects of adopting amendments to IAS 19 as at December 31, 2013 are disclosed in notes 2(b) and 32.

- IAS 1, *Presentation of Financial Statements*, was amended by the issue of *"Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income"*, which requires an entity to present separately the items of other comprehensive income ("OCI") that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. It does not change the existing option to present the profit or loss and other comprehensive income in two statements but changes the title of the 'Statement of Comprehensive Income' to 'Statement of Profit or Loss and Other Comprehensive Income'.
- *Improvements to IFRS 2009-2011* contains amendments to certain standards and interpretations. The amendment that impacted to the Group is as follows:
 - *IAS 1, Presentation of Financial Statements*, has been amended to clarify that only one comparative period, which is the preceding period, is required for a complete set of financial statements. IAS 1 requires the presentation of an opening statement of financial position when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification. IAS 1 has been amended to clarify that (a) the opening statement of financial position is required only if a change in accounting policy, a retrospective restatement or a reclassification has a material effect upon the information in that statement of financial position; (b) except for the disclosures required under IAS 8, notes related to the opening statement of financial position are no longer required; and (c) the appropriate date for the opening statement of financial position is the beginning of the preceding period, rather than the beginning of the earliest comparative period presented.

The Group restated its financial statements during the year and presented an opening statement of the financial position, in accordance with the amended standard.

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

2. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

New, revised and amended standards and interpretations that are not yet effective

At the date of approval of the financial statements, certain new and revised standards and interpretations were in issue but are not yet effective and have not been early-adopted.

Management has assessed the relevance of all such new standards, amendments and interpretations with respect to its operations and has concluded that the following **may be** relevant to its financial statements:

- IFRS 9 *Financial Instruments*, is effective for annual reporting periods beginning on or after January 1, 2015. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. It eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, to present all fair value changes from the investment in other comprehensive income. The standard includes guidance on classification and measurement of financial liabilities designated as fair value through profit or loss and incorporates certain existing requirements of IAS 39 *Financial Instruments: Recognition and Measurement* on the recognition and de-recognition of financial assets and financial liabilities.
- Amendments to IAS 32, *Financial Instruments: Presentation*, which is effective for annual reporting periods beginning on or after January 1, 2014, clarifies those conditions needed to meet the criteria specified for offsetting financial assets and liabilities. It requires the entity to prove that there is a legally enforceable right to set-off the recognised amounts. Conditions such as whether the set-off is contingent on a future event and the nature and right of set-off and laws applicable to the relationships between the parties involved should be examined. Additionally, to meet the criteria, an entity should intend to either settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group is assessing the impact that these standards and amendments will have on its financial statements in the future when they become effective.

(b) Change in accounting policy

During the year, the Group has adopted IAS 19 *Employee Benefits Revised*. The effects of adopting amendments to IAS 19 as at December 31, 2013 are disclosed in note 32.

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

2. Basis of preparation (cont'd)

(b) Change in accounting policy (cont'd):

IAS 19 – Employee benefits

The Group adopted IAS 19 *Employee Benefits* (2011) with an effective date of January 1, 2013, and changed its basis for determining the income or expense related to defined benefit plans and similar obligations.

As a result of the change, the Group now **determines** the net interest income on the net defined benefit asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit asset at the beginning of the annual period. It takes into account any changes in the net defined benefit asset during the period as a result of contributions and benefit payments. The net interest on the net defined benefit asset comprises interest income on plan assets.

Previously, the Group determined interest income on plan assets based on their long-term rate of expected return.

This change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit plan assets in profit or loss. It also requires that the expected return on plan assets recognized in profit or loss be calculated based on the rate used to discount the defined benefit obligation.

The change in policy is applied retrospectively (see note 32).

(c) Basis of measurement and functional currency:

The Group's financial statements have been prepared on the historical cost basis, except for financial assets classified as available-for-sale that are measured at revalued amounts or fair values as set out in the accounting policies at Note 3(f). Historical cost is generally based on the fair value of the consideration given in exchange for assets. Unless otherwise stated, the financial statements are presented in thousands of Jamaica dollars (\$'000), which is the functional currency of the Group and Company.

(d) 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.

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

2. Basis of preparation (cont'd)

(d) Basis of consolidation (cont'd):

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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

(e) Accounting estimates and judgements:

The preparation of the financial statements in conformity with IFRS and the Act requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of, and disclosures related to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. The estimates and associated assumptions are based on historical experience and/or various other factors that are believed to be reasonable under the circumstances. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is and future periods if the revision affects both current and future periods.

Judgements made by Management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

- Allowance for losses:

In determining amounts recorded for impairment losses on receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that there may be a measurable decrease in the estimated future cash flows of accounts receivable, for example, default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows of impaired receivables as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant receivables with similar characteristics, such as credit risks.

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

2. Basis of preparation (cont'd)

(e) Accounting estimates and judgements (cont'd):

- Fair value of financial instruments:

As described in Note 31, management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets. Valuation techniques commonly used by market practitioners supported by appropriate assumptions are applied by the Group. The financial assets of the Group at the end of the reporting period stated at fair value determined in this manner amounted to \$282.9 million (2012: \$308.2 million) and the Company \$207.64 million (2012: \$239.19 million).

Had the fair value of these securities been 2% higher or lower the fair value reserve for the Group would increase/decrease by \$5.658 million (2012: \$6.16 million), Company \$4.15 million (2012: \$4.78 million).

3. Significant accounting policies

(a) Property, plant and equipment

Property, plant and equipment held for use in the supply of services, or for administrative purposes, are stated in the statement of financial position at cost, less accumulated depreciation and impairment losses.

Properties in the course of construction for supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land, land improvements and work-in-progress are not depreciated:

Depreciation is recognised so as to write off the cost of property, plant and equipment (other than freehold land, land improvements and work-in-progress) less residual values, over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

3. Significant accounting policies (cont'd)

(b) Intangible assets

(i) Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(ii) Derecognition of intangible assets:

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(c) Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

3. Significant accounting policies (cont'd)

(c) Impairment of tangible and intangible assets (cont'd)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit and loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(d) Investment in subsidiary

Investment in subsidiary is stated at cost in the financial statements of the Company.

(e) Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase the asset at a fixed price on a future date (repurchase agreements) and securities purchased under agreements to resell the asset at a fixed price on a future date (reverse repurchase agreements) are treated as collateralised financing transactions. In the case of reverse repurchase agreements, the underlying asset is not recognized in the Group's financial statements; in the case of repurchase agreements the underlying collateral is not derecognized from the Group's financial statements but is segregated as pledged assets. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the life of the agreements using the effective interest method.

(f) Financial assets and liabilities

Financial assets comprise cash and cash equivalents, government securities purchased under resale agreements, investment securities, and receivables. Financial liabilities comprise payable and loans.

(i) Recognition

The Group initially recognises loans and receivables on the date at which the Group becomes a party to the contractual provisions of the instrument, i.e., the date that they are originated.

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

3. Significant accounting policies (cont'd)

(f) Financial assets and liabilities (cont'd)

(ii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or have expired.

The Group enters into transactions whereby it transfers assets but retains either all or a portion of the risks and rewards of the transferred assets. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards include, for example, repurchase transactions.

(iii) Measurement

On initial recognition, financial assets and liabilities are measured at fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The measurement of financial assets subsequent to initial recognition depends upon their classification as set out in note 2(m) below, namely: loans and receivables are measured at amortised cost using the effective interest method; held-to-maturity investments are measured at amortised cost using the effective interest method; investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably determined are measured at amortised cost.

Other financial assets are measured at their fair values without any deduction for transaction costs that may be incurred on sale or other disposal.

Financial liabilities are measured at amortised cost after initial recognition.

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

3. Significant accounting policies (cont'd)

(g) **Financial assets**

(i) **Classification**

The Group classifies its financial assets into the following categories: loans and receivables; held-to-maturity; and available-for-sale. Management determines the classification of its investments at initial recognition.

(1) **Loans and receivables**

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, cash and cash equivalents and long-term receivable) are measured at amortised cost using the effective interest method less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(2) **Held-to-maturity**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity and which are not designated as at fair value through profit or loss or as available-for-sale. Were the Group to sell other than an insignificant amount of held-to-maturity assets, the entire category would be compromised and reclassified as available-for-sale and the Group would be prohibited from classifying investment securities as held-to-maturity for two financial years. Held-to-maturity investments are measured at amortised cost.

(3) **Available-for-sale**

Available-for-sale investments are non-derivative investments that are designated as available-for-sale or are not classified in any of the other three categories of financial assets. They are intended to be held for an indefinite period of time, and may be sold in response to needs for liquidity or changes in interest rates, exchange rates or market prices. Available-for-sale investments are measured at fair value, except for any unquoted equity securities whose fair value cannot be reliably measured, which are carried at cost. Interest income is recognised in profit or loss using the effective interest method. Other unrealised gains and losses arising from changes in fair value of available-for-sale investments are recognized in other comprehensive income. On disposal or impairment of these investments, the realized gains or losses included in fair value reserve are transferred to profit or loss.

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

3. Statement of compliance and basis of preparation (cont'd)

(g) Financial assets (cont'd)

(ii) Identification and measurement of impairment

At each financial year end, the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the Group, or economic conditions that correlate with defaults in the Group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset level and collectively. All individually significant loans and receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant loans and receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment, management makes judgements as to current economic and credit conditions and their effect on default rates, loss rates and the expected timing of future recoveries, ensuring that assumptions remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

3. Statement of compliance and basis of preparation (cont'd)

(g) Financial assets (cont'd)

(ii) Identification and measurement of impairment (cont'd)

Impairment losses on available-for-sale securities are recognised by transferring the cumulative loss that has been recognised directly in equity to profit or loss. The cumulative loss that is removed from equity and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(h) Employee benefit costs

Pension obligations

The Group operates a defined benefit pension plan. The cost of providing benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at the end of each reporting period. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

The post-employment benefit recognised in the statement of financial position represents the fair value of the plan assets, as adjusted for unrecognised actuarial gains and losses and unrecognised 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 unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

(i) Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

(i) Current tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit as reported in the consolidated statement of comprehensive income because of items of income or expenses that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

3. Significant accounting policies (cont'd)

(i) Taxation (cont'd)

(ii) Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

3. Significant accounting policies (cont'd)

(i) Taxation (cont'd)

(i) Current and deferred tax for the year:

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(j) Related party transactions and balances

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity", that is, the company).

(a) A person or a close member of that person's family is related to the company if that person:

- (i) has control or joint control over the company;
- (ii) has significant influence over the company; or
- (iii) is a member of the key management personnel of the company or of a parent of the company.

(b) An entity is related to the company if any of the following conditions applies:

- (i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan established for the benefit of employees of either the company or an entity related to the reporting entity.
- (vi) The entity is controlled, or jointly controlled by a person identified in (a).

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

3. Significant accounting policies (cont'd)

(j) Related party transactions and balances (cont'd)

(b) An entity is related to the company if any of the following conditions applies (cont'd):

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)

(c) A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(k) Revenue recognition

(i) Cess income:

Cess income which is based on a percentage of the volume of business done through brokers on the Stock Exchange and derived from levies on investors, is accounted for on the accruals basis.

(ii) Fee income:

Fee income derived from annual listing fees charged to listed companies is accounted for on the accruals basis. Fee income also includes initial listing fees paid by entities wishing to be listed on the Stock Exchange. These are accounted for when they become due

Fee income of the subsidiaries include:

Membership fees

These are annual fees charged to the brokers and institutional investors who participate in the CSD, and are accounted for on the accrual basis.

Account maintenance fees

These are monthly fees charged to the brokers and institutional investors who participate in the CSD, and are accounted for on the accrual basis.

User fees

These include charges per transaction for deposits, withdrawals and delivery orders (trades), and are accounted for on the accrual basis.

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

3. Significant accounting policies (cont'd)

(k) Revenue recognition (cont'd)

(ii) Fee income (cont'd):

Trustee service fee

These include service fees charged for the provision of trustee services, company management, custodianship and related services and are accounted for on the accrual basis.

(iii) E-campus income

This represents revenue generated from JSF offering of post graduate certificate and diploma courses to professionals and is accounted for on the accrual basis.

(iv) Members/dealers license fee

These are fees levied on members/dealers annually. Additionally, an initial fee determined on the basis of a bid is payable by new dealers subject to approval by the Board of Directors.

(v) Other operating income:

These include income related to other services and events of the group such as website charges, conferences and seminars, and are accounted for on the accrual basis.

(vi) Investment income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of the income can be measured reliably.

Interest income is accrued on a time basis and is recognised in the statement of comprehensive income, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

4. Property, plant and equipment

The Group

	Freehold land \$'000	Freehold buildings \$'000	Furniture & fixtures \$'000	Office equipment \$'000	Computer hardware \$'000	Motor vehicles \$'000	Work-in- progress \$'000	Total \$'000
Cost								
January 1, 2012	4,997	63,770	11,303	15,676	72,402	670	24,732	193,570
Additions	-	-	361	2,851	5,015	-	193	8,453
Transfers (note 5)	-	-	-	5,112	4,319	-	(24,732)	(15,301)
December 31, 2012	4,997	63,770	11,664	23,652	81,766	670	193	186,722
Additions	-	1,670	73	5,953	3,437	3,678	9,111	23,932
Disposals	-	-	-	(1,590)	-	-	-	(1,590)
Transfers	-	193	-	321	-	-	(193)	321
December 31, 2013	4,997	65,633	11,737	28,356	85,203	4,348	9,111	209,385
Depreciation								
January 1, 2012	-	18,381	7,350	14,675	59,477	670	-	100,483
Charge for year	-	1,608	760	2,075	3,246	-	-	9,619
December 31, 2012	-	19,989	8,110	16,610	64,723	670	-	110,102
Charge for year	-	1,636	756	2,358	5,884	429	-	11,073
Eliminated on disposals	-	-	-	(1,530)	-	-	-	(1,590)
December 31, 2013	-	21,625	8,866	17,388	70,607	1,099	-	119,585
Carrying amounts								
December 31, 2013	4,997	44,008	2,871	10,968	14,596	3,249	9,111	89,800
December 31, 2012	4,997	43,781	3,554	7,052	17,043	-	193	76,620

Notes to the Consolidated Financial Statements (Continued)
 December 31, 2013

4. Property, plant and equipment (cont'd)	The Company											
	Freehold land \$'000	Freehold buildings \$'000	Furniture & fixtures \$'000	Office equipment \$'000	Computer hardware \$'000	Motor vehicles \$'000	Work-in-progress \$'000	Total \$'000				
Cost												
January 31, 2012	4,997	63,770	8,365	13,643	51,478	670	24,332	167,655				
Transfers (note 5)	-	-	-	5,112	4,319	-	(24,732)	(15,301)				
Additions	-	-	243	904	2,532	-	193	3,872				
December 31, 2012	4,997	63,770	8,608	19,659	58,329	670	193	156,226				
Transfers	-	193	321	321	-	-	(193)	321				
Additions	-	1,670	53	3,592	1,984	3,678	9,111	20,088				
Disposal	-	-	-	(1,590)	-	-	-	(1,590)				
December 31, 2013	4,997	65,633	8,661	21,982	60,311	4,348	9,111	175,045				
Depreciation												
December 31, 2011	-	18,381	5,917	12,600	14,281	670	-	81,849				
Charge for year	-	1,608	473	1,670	3,472	-	-	7,223				
December 31, 2012	-	19,989	6,390	14,270	17,753	670	-	89,072				
Charge for year	-	1,636	460	1,745	3,685	429	-	7,955				
Eliminated on disposals	-	-	-	(1,590)	-	-	-	(1,590)				
December 31, 2013	-	21,625	6,850	14,425	51,438	1,099	-	95,437				
Carrying amounts												
December 31, 2013	4,997	44,008	1,811	7,557	8,875	3,249	9,111	79,608				
December 31, 2012	4,997	43,581	2,218	5,389	10,576	-	193	67,124				

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013
4. Property, plant and equipment (cont'd)

The following useful lives are used in the calculation of depreciation of property, plant and equipment:

Buildings	-	40 years
Furniture and fixtures	-	10 years
Office equipment	-	5 years
Computer hardware	-	5 years
Motor vehicles	-	5 years

No depreciation is provided on freehold land, land improvements and work-in-progress.

5. Intangible assets

	<u>The Group</u>			<u>The Company</u>		
	<u>Computer Software</u>	<u>Computer Software Development Project</u>	<u>Total</u>	<u>Computer Software</u>	<u>Computer Software Development Project</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cost						
January 1, 2012	49,248	15,879	65,127	32,547	5,087	37,634
Transfers (note 4)	27,671	(12,370)	15,301	16,879	(1,578)	15,301
Additions	563	1,261	1,824	547	410	957
December 31, 2012	77,482	4,770	82,252	49,973	3,919	53,892
Transfers (note 4)	-	(411)	(411)	-	(411)	(411)
Additions	2,088	8,919	11,007	1,362	5,852	7,214
December 31, 2013	79,570	13,278	92,848	51,340	9,360	60,700
Amortisation						
January 1, 2012	40,517	-	40,517	26,539	-	26,539
Charge for the year	9,907	-	9,907	6,707	-	6,707
December 31, 2012	50,424	-	50,424	33,246	-	33,246
Charge for the year	10,491	-	10,491	7,293	-	7,293
December 31, 2013	60,915	-	60,915	40,539	-	40,539
Carrying amounts						
December 31, 2013	18,655	13,278	31,933	10,801	9,360	20,161
December 31, 2012	27,058	4,770	31,828	16,722	3,919	20,641

Amortisation of the computer software is calculated based on an estimated useful life of 3 - 5 years. Amortisation is not calculated on computer software in development.

6. Investment in subsidiary

	<u>2013</u>	<u>2012</u>
	<u>\$'000</u>	<u>\$'000</u>
Shares at cost in Jamaica Central Securities Depository Limited	<u>61,000</u>	<u>61,000</u>

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

7. Employee benefits

The Group operates a defined benefit pension plan for its employees. The plan is open to all permanent employees and is administered by Prime Asset Management Limited. The plan is funded by employee contributions of 5% of pensionable salary, with an option for additional voluntary contributions of up to 8.4% of pensionable salary. The companies in the Group contribute to the plan at rates determined periodically by external actuarial valuations (currently 6.6% of pensionable salary) to meet the obligations of the plan.

Pension benefits are determined on the basis of 2% of final pensionable salary times pensionable years of service.

The most recent actuarial valuation was carried out at December 31, 2013, by Duggan Consulting Limited, a qualified actuary. The present value of the defined benefit obligation and the related current service costs and past service costs have been measured using the projected unit credit method.

(a) Principal assumptions used for the purpose of the actuarial valuations:

	<u>2013</u>	<u>2012</u>
Discount rate	9.5%	10.5%
Expected rate of future salary increases	6.0%	7.0%
Future pension increases	<u>0.0%</u>	<u>0.0%</u>

(b) Amount included in the statement of financial position in respect of the plan:

	<u>The Group</u>		<u>The Company</u>	
	2013	2012	2013	2012
	S'000	S'000	S'000	S'000
Fair value of plan assets	194,887	171,448	134,363	119,578
Present value of defined benefit obligations	<u>(128,694)</u>	<u>(101,295)</u>	<u>(88,727)</u>	<u>(70,649)</u>
	<u>66,193</u>	<u>70,153</u>	<u>45,636</u>	<u>48,929</u>
Net asset in the statement of financial position	<u>66,193</u>	<u>70,153</u>	<u>45,636</u>	<u>48,929</u>

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

7. Employee benefits (cont'd)

(c) Amounts recognised in profit or loss in respect of the plan:

	The Group		The Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Current service costs	5,471	4,734	3,861	2,903
Interest costs	11,711	9,140	8,149	6,215
Expected return on plan assets	(18,583)	(15,775)	(12,935)	(10,728)
Net income for year recognised in profit or loss	<u>(1,401)</u>	<u>(1,901)</u>	<u>(925)</u>	<u>(1,610)</u>
Items in Other Comprehensive Income (OCI):				
Remeasurements loss on obligation for OCI	5,472	2,586	3,088	2,919
Remeasurements loss on assets for OCI	<u>6,197</u>	<u>5,083</u>	<u>5,367</u>	<u>1,188</u>
Total remeasurements for OCI	<u>11,669</u>	<u>7,669</u>	<u>8,455</u>	<u>4,107</u>
	<u>10,268</u>	<u>5,768</u>	<u>7,530</u>	<u>2,497</u>

(d) Movement in the net asset recognised in the statement of financial position:

	The Group		The Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Net asset at start of year	70,153	70,417	48,929	47,564
Net expenses from Profit or loss and OCI	(10,268)	(5,768)	(7,530)	(2,497)
Contributions by company	<u>6,308</u>	<u>5,504</u>	<u>4,237</u>	<u>3,862</u>
Net asset at end of year	<u>66,193</u>	<u>70,153</u>	<u>45,636</u>	<u>48,929</u>

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

7. Employee benefits (cont'd)

(e) Changes on the present value of the defined benefit obligations:

	The Group		The Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Opening defined benefit obligations	101,295	84,316	70,649	56,952
Service cost	10,251	8,904	7,072	5,829
Interest cost	11,711	9,140	8,149	6,215
Members' contributions	2,793	1,911	1,730	999
Benefits paid	(2,828)	(5,562)	(1,961)	(2,265)
Remeasurement gain	5,472	2,586	3,088	2,919
Closing defined benefit obligations	128,694	101,295	88,727	70,649

(f) Changes in fair value of plan assets:

	The Group		The Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Opening fair value of plan assets	171,448	154,733	119,578	104,516
Members' contributions	7,573	6,081	4,941	3,925
Employer's contributions	6,308	5,504	4,237	3,862
Interest income on plan assets	18,583	15,775	12,935	10,728
Benefits paid	(2,828)	(5,562)	(1,961)	(2,265)
Remeasurement loss on asset for OCI	(6,197)	(5,083)	(5,367)	(1,188)
Closing fair value of plan assets	194,887	171,448	134,363	119,578

(g) The fair value of plan assets is analysed as follows:

	The Group		The Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Equity investments	49,075	45,604	33,834	31,807
Government of Jamaica securities	34,965	30,861	24,107	21,524
Real estate	25,000	24,003	17,236	16,741
Others	85,847	70,980	59,186	49,506
Fair value of plan asset	194,887	171,448	134,363	119,578

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013
7. Employee benefits (cont'd)

(h) The history of experience adjustments is as follows:

	The Group		
	Defined Benefit Pension Plan		
	2013	2012	2011
	\$'000	\$'000	\$'000
Present value of defined benefit obligation	(128,694)	(101,295)	(84,316)
Fair value of plan assets	194,887	171,448	154,733
Surplus in the plan	<u>66,193</u>	<u>70,153</u>	<u>70,417</u>
Experience adjustments on plan liabilities	5,472	(2,586)	4,077
Experience adjustments on plan assets	(6,197)	5,083	7,123

	The Company		
	Defined Benefit Pension Plan		
	2013	2012	2011
	\$'000	\$'000	\$'000
Present value of defined benefit obligation	(88,727)	(70,649)	(56,952)
Fair value of plan assets	134,363	119,578	104,516
Surplus in the plan	<u>45,636</u>	<u>48,929</u>	<u>47,564</u>
Re-measurement gain/loss on obligation for OCI	3,088	2,919	(3,833)
Re-measurement gain/loss on obligation for OCI	(5,367)	(1,188)	2,344

The Group and the Company expect to make contributions of \$ 7.5 million and \$4.4 million respectively (2012: \$6.2 million and \$4.2 million respectively) to the defined benefit plan during the next financial year.

The plan assets do not include any of the Group's own financial instruments, nor any property occupied by or other assets used by the Group.

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013
8. Investment in securities

(a) Non-current – classified as available for sale:

	The Group		The Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
NWC Variable Rate Note	1,224	1,628	1,224	1,628
Benchmark Investment Notes:				
Fixed rates notes – 2017 to 2019, 7.5% - 8.57% (2012: 2013 to 2016, 12% -12.54%)	66,617	95,341	62,747	77,274
Variable Rates Notes – 2020-2023, 7.67% -7.795% (2012: 2015 to 2018 7.6% - 9.1%)	22,883	36,763	4,474	36,763
Foreign Currency Investments:				
GOJ 10.625% US\$ Global Bond, 2017 (nominal value US\$410,000)	50,393	46,577	50,393	46,577
Government of Belize 5% guaranteed mortgage notes 2029 (nominal value US\$49,201)	4,528	2,958	4,528	2,958
GOJ FR 5.25% and 7% US\$ Benchmark investment notes 2014-2020 (2012: 2013 6.75% (nominal value US\$518,000)	27,886	25,016	11,778	10,527
GOJ 8% Global Euro Bond 2019 (nominal value US\$600,000)	60,686	53,184	60,686	53,184
GOJ US\$ Global Bond 2019 (nominal value US\$200,000)	20,548	18,095	-	-
	<u>254,765</u>	<u>279,557</u>	<u>195,830</u>	<u>228,906</u>

Included in the investment balances above is interest receivable in the amount of \$6.88 million for the Group and \$6.48 million for the Company (2012: \$9.55 million for the Group and \$9 million for the Company).

(b) Current – classified as available for sale:

Available for sale:

	The Group		The Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
GOJ fixed rate US\$ Benchmark investment notes, 7% 2014 (2012 : 6.75% 2013)	28,150	24,440	11,806	10,285
GOJ fixed rate Benchmark Investment notes 2013 7.26%	-	4,207	-	-
	<u>28,150</u>	<u>28,647</u>	<u>11,806</u>	<u>10,285</u>

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013
8. Investment in securities (cont'd)
(b) Current (cont'd):

Included in the investment balances above is interest receivable in the amount of \$0.67 million for the Group and \$0.28 million for the Company (2012: \$0.57 million for the Group and \$0.24 million for the Company).

(c) Movement in investment in securities:

	The Group		The Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
The movement for the year in available-for-sale financial assets is as follows:				
Balance at January 1	308,204	266,518	239,191	201,734
Additions	129,842	70,521	107,945	49,974
Foreign exchange gain	27,691	9,834	19,874	6,776
Movement in fair value of available-for-sale financial assets	2,771	(10,239)	2,991	(9,276)
Disposal of investments	(185,593)	(28,430)	(162,359)	(10,017)
Balance at December 31	<u>282,915</u>	<u>308,204</u>	<u>207,642</u>	<u>239,191</u>

9. Long-term receivables

These represent loans granted to employees. The loans are repayable by monthly installments and are for a period of 5 years. These loans carry an interest rate of 10% per annum. The current portion of these loans, due within twelve months from the end of the reporting period, amounted to \$4.797 million (2012: \$3.415 million) for the Group and \$4.759 million (2012: \$2.870 million) for the Company, and is included in other receivables.

10. Trade and other receivables

	The Group		The Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Cess receivable	19,527	10,930	16,789	10,009
Fees receivable	21,494	18,421	-	-
E-campus	6,578	1,651	6,578	1,651
Other	<u>51,616</u>	<u>40,873</u>	<u>39,007</u>	<u>28,666</u>
	99,215	71,825	62,374	40,326
Less: Allowance for doubtful debts - other receivables	<u>(21,688)</u>	<u>(11,457)</u>	<u>(11,078)</u>	<u>(6,437)</u>
	77,527	60,368	51,296	33,889
Prepayments	<u>4,472</u>	<u>2,861</u>	<u>2,129</u>	<u>1,407</u>
	<u>81,999</u>	<u>63,229</u>	<u>53,425</u>	<u>35,296</u>

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013
10. Trade and other receivables (cont'd)

The average credit period on services is 30 days. No interest is charged on the trade and other receivables in accordance with the Group's policy. The Group has provided 100% for receivables over 180 days (except where these amounts are assessed as recoverable by management), because historical experience is such that receivables that are past due beyond 180 days are generally not recoverable.

Included in other receivables however, are debtors with a carrying amount of approximately \$4.685 million (2012: \$5.524 million) for the Group and \$2,860 million (2012: \$0.612 million) for the Company which are past due at the reporting date for which the Group has not provided as there has not been a change in credit quality and the amounts are still considered recoverable.

Ageing of receivables that are past due but not impaired:

	The Group		The Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
180-365 days	1,827	3,671	928	612
Over 1 year	<u>2,858</u>	<u>1,853</u>	<u>1,932</u>	<u>-</u>
	<u>4,685</u>	<u>5,524</u>	<u>2,860</u>	<u>612</u>

Movement in allowance for doubtful debts on other receivables:

	The Group		The Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Balance at beginning of year	11,457	8,067	6,437	5,918
Impairment losses recognised during year	10,231	3,390	4,641	519
Balance at end of year	<u>21,688</u>	<u>11,457</u>	<u>11,078</u>	<u>6,437</u>

In determining the recoverability of a receivable, the Group considers any change in the credit quality of the receivable from the date credit was granted up to the reporting date. Concentration of credit risk is limited due to the nature of the customer base. Accordingly, management believes that there is no further credit provision required in excess of the allowance for doubtful debts and that non-past due unimpaired receivable are collectable in full. Less receivable at the end of the year included \$7.83 million (2012: \$4.127 million), \$7.18 million (2012: \$1.451 million) and \$1.51 million (2012: \$1.44 million) for the Group and \$6.83 million (2012: \$4.1 million), \$6.29 million (2012: 1.4 million) and \$1.32 million (2012: \$1.256 million) for the Company due from three brokers which represent 40% (2012: 38%), 37% (2012: 13%) and 8% (2012: 13%) for the Group and 41% (2012: 41%), 37% (2012: 13%) and 8% (2012: 13%) for the Company respectively for three brokers of the which are current.

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

10. Trade and other receivables (cont'd)

Ageing of impaired other receivables:

	The Group		The Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
180 + days	21,688	11,457	11,078	6,437

11. Government securities purchased under resale agreement

The Group entered into reverse repurchase agreements collateralised by the Government of Jamaica securities. These agreements may result in credit exposure in the event that the counter parties of these transactions are unable to fulfill their contractual obligations. Included in this balance is foreign currency denominated amount of US\$0.498 million and US\$0.460 million for the Group and Company respectively (2012: US\$1.615 million for the Group and US\$1.424 million for the Company) and interest receivable of \$0.270 million for the Group and \$0.246 million for the Company (2012: \$0.325 million for the Group and \$0.315 million for the Company). The fair value of collateral held pursuant to reverse repurchase agreements is \$67.804 million for the Group and \$59.984 million for the Company (2012: \$199.916 million for the Group and \$172.979 million for the Company).

12. 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.

- (a) Cash and cash equivalents at the reporting date as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	The Group		The Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Cash on hand and in banks	17,125	12,271	1,014	5,120

- (b) Cash and cash equivalents of \$ 10 million are hypothecated to secure a long-term liability (Note 16).

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

13. Share capital

	<u>2013</u>	<u>2012</u>
	S'000	S'000
Authorised:		
600,000,000 ordinary shares of no par value (2012: 600,000,000)		
Issued capital:		
140,250,000 ordinary stocks of no par value (2012: 28,050,000)		
Nil preference shares of no par value (2012: 33,000,000)		
Issued capital:		
At January 1 - ordinary stocks	168,590	168,590
Stocks issued, net of transaction cost (see note (a) below)	69,556	-
Redeemable preference shares at \$2.00 each	-	<u>66,000</u>
	<u>238,146</u>	<u>234,590</u>
Less: Redeemable preference shares classified as liabilities as required by IFRS (see note (b) below)	-	<u>(66,000)</u>
At December 31	<u>238,146</u>	<u>168,590</u>

a. Increase in stated capital

During the year, at an **Extraordinary General Meeting**, the following Resolutions were passed:

Resolution 1:

That each issued share in the Company be sub-divided into four ordinary shares. The passing of this resolution resulted in the number of issued ordinary shares in the Company increasing by 84,150,000.

Resolution 2:

That 28,050,000 ordinary shares of the Company be issued, on the terms and conditions set out in a prospectus of the Company, on such date to be determined by the Board, without regard to any pre-emption rights in favour of existing shareholders. The passing of the resolution brought the issued ordinary shares of the Company to increase to 140,250,000.

Resolution 3:

That all ordinary shares of the Company that are fully paid up at the time of the issue of the shares in the prospectus be converted to stocks.

b. Redeemable preference shares

Redeemable preference share capital is classified as a liability, as dividend payments are not discretionary. Dividends on preference shares are recognised as interest expense in profit or loss.

During the year, by resolution of the Board, the redeemable preference shares were redeemed on May 31, 2013, and subsequently de-listed from trading on the Jamaica Stock Exchange.

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

14. Fair value reserve

The reserve represents the fair value adjustment relating to available-for-sale investment in securities (Note 8).

	The Group		The Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Balance at January 1	446	7,272	272	6,456
Net gain/(loss) arising on revaluation of available-for-sale financial assets	2,273	(10,237)	2,493	(9,274)
Net loss/(gain) reclassified to surplus on sale of investment	498	(2)	498	(2)
Deferred tax adjustments on available-for-sale financial assets (note 17)	(924)	3,413	(997)	3,092
	<u>1,847</u>	<u>(6,826)</u>	<u>1,994</u>	<u>(6,184)</u>
Balance at December 31	2,293	446	2,266	272

The fair value reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

15. Revenue reserve

Reflected in the financial statements of the:

	2013	2012
	\$'000	\$'000
Parent company	240,903	343,549
Subsidiaries	<u>72,931</u>	<u>58,875</u>
	<u>313,834</u>	<u>402,424</u>

16. Long-term liabilities

These include loans from the National Commercial Bank Jamaica Limited (NCB):

	The Group and Company	
	2013	2012
	\$'000	\$'000
Loan 1 (see (a) below)	387	1,937
Loan 2 US\$270,000 (see (b) below)	-	<u>19,526</u>
	<u>387</u>	<u>21,463</u>
Preference shares (note 13)	-	<u>66,000</u>
	<u>387</u>	<u>87,463</u>
Less: Current portion (included in current liabilities)	(387)	(73,129)
	<u>-</u>	<u>14,334</u>

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013
16. Long-term liabilities (cont'd)
(a) Loan 1:

The loan from NCB is repayable by April 2014 by 47 equal monthly installments of \$129,167 plus one final payment of \$129,151 and interest is charged at a fixed rate of 12% per annum on the reducing balance over the life of the loan. The loan is secured by unstamped Bill of Sale over Information Technology equipment valued at \$6.2 million held unstamped and lien over credit balances held unstamped and hypothecation of \$10 million held at NCB Capital Markets Limited.

(b) Loan 2:

This loan for US\$300,000 from NCB Jamaica Limited is repayable in 60 equal monthly installments of US\$5,000, and interest was charged at a fixed interest rate of 8.25%. The loan is secured by the hypothecation of \$10 million held at NCB Capital Markets Limited. The loan was repaid in full during the year.

17. Deferred tax

	The Group		The Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Deferred tax assets	19,572	1,121	14,373	765
Deferred tax liabilities	(34,701)	(34,041)	(24,094)	(23,576)
Net position at the end of the year	(15,129)	(32,920)	(9,721)	(22,811)

The movement in the net deferred tax position was as follows:

	The Group		The Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
At January 1*	(32,920)	(21,120)	(22,811)	(10,806)
Credited/(charged) to income for the year (note 25)	14,826	(15,031)	11,268	(16,467)
Credited to equity	3,889	(182)	2,819	1,370
C redited/(charged) to fair value reserve for the year (note 14)	(924)	3,413	(997)	3,092
At December 31	(15,129)	(32,920)	(9,721)	(22,811)

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013
17. Deferred tax (cont'd)

The following are the deferred tax assets and deferred tax liabilities recognised by the Group during the year:

Deferred tax assets

	The Group		
	Accrued vacation S'000	Tax loss S'000	Total S'000
At January 1, 2012	1,114	13,410	14,524
Credit/(charge) to income for the year	7	(13,410)	(13,403)
At December 31, 2012	1,121	-	1,121
Credit to income for the year	<u>135</u>	<u>18,316</u>	<u>18,451</u>
At December 31, 2013	<u>1,256</u>	<u>18,316</u>	<u>19,572</u>

	The Company		
	Accrued vacation S'000	Tax loss S'000	Total S'000
At January 1, 2012	680	13,410	14,090
Credit/(charge) to income for the year	<u>85</u>	<u>(13,410)</u>	<u>(13,325)</u>
At December 31, 2012	765	-	765
Credit to income for the year	<u>155</u>	<u>13,453</u>	<u>13,608</u>
At December 31, 2013	<u>920</u>	<u>13,453</u>	<u>14,373</u>

Deferred tax liabilities

	The Group				
	Capital allowance in excess of Depreciation S'000	Interest receivable S'000	Unrealised gains in investment in securities S'000	Retirement benefit asset S'000	Total S'000
January 1, 2012	(6,529)	(1,940)	(3,702)	(23,473)	(35,644)
(Charged)/credited to income for the year	(318)	(1,580)	-	(2,469)	(4,367)
Credited to equity for the year	-	-	-	2,557	2,557
Charge to fair value reserve	-	-	<u>3,413</u>	-	<u>3,413</u>
At December 31, 2012	(6,847)	(3,520)	(289)	(23,385)	(34,041)
(Charged)/credited to income for the year	(1,823)	767	-	(2,570)	(3,626)
Credited to equity for the year	-	-	-	3,890	3,890
Charged to fair value reserve	-	-	<u>(924)</u>	-	<u>(924)</u>
December 31, 2013	<u>(8,670)</u>	<u>(2,753)</u>	<u>(1,213)</u>	<u>(22,063)</u>	<u>(34,701)</u>

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013
17. Deferred tax (cont'd)
Deferred tax liabilities (cont'd)

	The Company				Total \$'000
	Capital allowance in excess of Depreciation \$'000	Interest receivable \$'000	Unrealised gains in investment in securities \$'000	Retirement benefit asset \$'000	
January 1, 2012	(4,093)	(1,653)	(3,295)	(15,855)	(24,896)
(Charged)/credited to income for the year	237	(1,554)	-	(1,824)	(3,141)
Charge to equity for the year	-	-	-	7,369	7,369
Charge to fair value reserve	-	-	3,092	-	3,092
At December 31, 2012	(3,856)	(3,207)	(203)	(16,310)	(23,576)
(Charged)/credited to income for the year	(1,440)	821	-	(1,721)	(2,340)
Charged to equity for the year	-	-	-	2,819	2,819
Charged to fair value reserve	-	-	(997)	-	(997)
December 31, 2013	(5,296)	(2,386)	(1,200)	(15,212)	(24,094)

18. Payables and accruals

	The Group		The Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Payables and accruals	77,349	73,611	58,429	58,353

No interest is charged on the payables balance. The company has financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

19. Other operating income

	The Group		The Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Regional conference	14,497	9,421	14,497	9,421
Other	43,250	36,098	40,954	35,010
	57,747	45,519	55,451	44,431

20. Staff costs

	The Group		The Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Salaries and other employee benefits	147,682	142,003	92,105	103,181
Statutory contributions	11,266	10,533	6,913	7,920
Credit on pension plan	(7,710)	(7,405)	(5,163)	(5,472)
	151,238	145,131	93,855	105,629

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013
21. Investment income

	<u>The Group</u>		<u>The Company</u>	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
(a) Investment income includes:				
Interest income	29,295	28,330	24,161	22,942
Foreign exchange gain	27,691	9,833	19,874	6,776
(Loss)/gain on disposal of available-for-sale investments	(531)	2	(498)	2
	<u>56,455</u>	<u>38,165</u>	<u>43,537</u>	<u>29,720</u>

	<u>The Group</u>		<u>The Company</u>	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
(b) Investment income earned, analysed by category of financial asset is as follows:				
Loans receivables	3,075	1,945	2,610	1,628
Available-for-sale	<u>53,380</u>	<u>36,220</u>	<u>40,927</u>	<u>28,092</u>
	56,455	38,165	43,537	29,720

22. Other gains

	<u>The Group</u>		<u>The Company</u>	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Disposal of property, plant & equipment	27	-	27	-
Professional fees write-off	-	5,931	-	-
	<u>27</u>	<u>5,931</u>	<u>27</u>	<u>-</u>

23. Finance costs

	<u>The Group</u>		<u>The Company</u>	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Interest on preference share	1,933	4,181	1,933	4,181
Interest on borrowings	<u>4,174</u>	<u>2,201</u>	<u>4,174</u>	<u>2,164</u>
	<u>6,107</u>	<u>6,382</u>	<u>6,107</u>	<u>6,345</u>

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013
24. Profit before taxation

Profit/(loss) before taxation is stated after taking account of the following:

	The Group		The Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Income:				
Interest	29,295	28,330	24,161	22,942
Expenses:				
Directors' fees	9,780	8,630	7,800	6,800
Audit fees	3,625	3,750	2,275	2,550
Depreciation of property, plant and equipment	11,073	9,619	7,955	7,223
Amortisation of intangible assets	<u>10,491</u>	<u>9,907</u>	<u>7,293</u>	<u>6,707</u>

25. Taxation

Recognised in profit or loss

(i) The charge for the year represents:

	The Group		The Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Current tax	8,098	39,765	-	27,881
Deferred tax (note 17)	<u>(14,826)</u>	<u>17,769</u>	<u>(11,269)</u>	<u>16,466</u>
	<u>(6,728)</u>	<u>57,534</u>	<u>(11,269)</u>	<u>44,347</u>

(ii) The charge for the year is reconciled to the profit as per the statement of comprehensive income as follows:

	The Group		The Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Profit/(loss) before tax	<u>462</u>	<u>187,437</u>	<u>(20,278)</u>	<u>138,136</u>
Tax at the domestic income tax rate of 33 1/3%	154	62,479	(6,759)	46,046
Tax effect of items that are not deductible in determining taxable profit	517	380	466	344
Prior year over provision	-	(287)	-	-
Effect of income not taxable	<u>(7,576)</u>	<u>(5,425)</u>	<u>(4,976)</u>	<u>(2,423)</u>
Other	<u>177</u>	<u>387</u>	<u>-</u>	<u>385</u>
	<u>(6,728)</u>	<u>57,534</u>	<u>(11,269)</u>	<u>44,347</u>

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013
26. Profit of the Group for the year

Reflected in the financial statements of the:

	The Group	
	2013	2012
	\$'000	\$'000
Parent company	(9,009)	93,789
Subsidiary	<u>16,199</u>	<u>36,114</u>
	<u>7,190</u>	<u>129,903</u>

27. Earnings per stock unit

Basic earnings per stock unit is calculated by dividing the profit by the weighted average number of ordinary stock unit.

	The Group	
	2013	2012
Profit (\$'000)	7,190	129,903
Weighted average number of ordinary stock unit	123,887,500	112,200,000
Basic earnings per stock unit	\$ 0.06	1.16

28. Segment reporting

The Group's operations are organised 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, custodianship, company management and other activities.

The Group's operations are located solely in Jamaica.

	2013					Group
	Exchange operations	Depository Services	Investment other	Trustees Services	Interest Eliminations	
Revenue - external	168,462	71,010	56,455	58,083	-	352,010
Segment result	(57,708)	(15,620)	56,455	33,442	-	6,569
Finance cost	(6,107)	-	-	-	-	(6,107)
Profit before taxation						462
Taxation						<u>9,128</u>
Profit for the year						<u>7,190</u>
Other information						
Depreciation and amortisation	15,250	6,253	-	57	-	21,560
Assets						
Segment assets	583,951	148,213	-	49,303	(121,410)	660,257
Liabilities						
Segment liabilities	<u>102,636</u>	<u>45,059</u>	<u>-</u>	<u>17,070</u>	<u>(58,781)</u>	<u>105,984</u>

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013
28. Segment reporting (cont'd)

Revenue from two brokers of the exchange operations represents \$10.5 million and \$10.3 million of the Group's total revenue.

	2012					Group
	Exchange operations	Depository Services	Investment other	Trustees Services	Interest Eliminations	
Revenue-external	379,729	99,327	38,165	26,170	(1,221)	512,167
Segment result	114,761	30,942	38,165	9,951	-	193,819
Finance cost	(6,345)	-	-	(37)	-	(6,382)
Profit before taxation						187,437
Taxation						(57,534)
Profit for the year						129,903
Other information						
Depreciation and amortisation	13,930	5,593	-	-	-	19,523
Assets						
Segment assets	688,681	152,831	-	23,828	(92,243)	773,097
Liabilities						
Segment liabilities	176,270	47,407	-	7,572	(29,612)	201,637

Revenue from two brokers of the exchange operations represents \$191 million and \$56 million of the Group's total revenues.

29. Related party transactions/balances

(a) During the year the Group and the Company had the following transactions with related party in the normal course of business.

	The Group		The Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Subsidiary				
Jamaica Central Securities Depository Limited				
Rental income	-	-	1,225	1,225

(b) Amount due from/to related parties.

	The Group		The Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Jamaica Central Securities Depository Limited	-	-	30,558	26,392
JSCD Trustee Services Limited	-	-	-	2,782
			30,558	29,174
Amount owed to related parties:				
JSB Compensation Fund	(13,119)	(7,643)	(13,119)	(7,643)
JSCD Trustee Service Limited	-	-	(20,980)	-
	(13,119)	(7,643)	(34,099)	(7,643)

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013
29. Related party transactions/balance (cont'd)
(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	The Group		The Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Short-term benefits	38,149	34,088	23,923	23,659
Post employment benefits	2,210	2,047	1,341	1,271
	<u>40,359</u>	<u>36,135</u>	<u>25,264</u>	<u>24,930</u>

(d) Loans to related parties

	The Group		The Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Loans to key management personnel	2,326	2,217	2,040	2,117

30. Commitments
Capital commitments:

Capital commitments as at December 31, 2013, amounted to \$10.083 million in relation to the acquisition of solar system (2012: Nil).

31. Financial instruments
(a) Capital risk management:

The capital structure of the Group consists of equity attributable to the shareholders of the parent company comprising issued capital, reserves, and retained earnings.

The Group's objectives when managing its capital structure, which is a broader concept than the equity on the face of the statement of financial position are:

- i) To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits for other stakeholders; and
- ii) To maintain a strong capital base to support the business development.

The Group's overall strategy remains unchanged from 2012.

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

31. Financial Instruments (cont'd)

(a) Capital risk management

Gearing ratio

The gearing ratio at end of the reporting period was as follows:

	The Group		The Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Debt (i)	387	87,463	387	87,463
Equity (ii)	554,273	571,460	481,315	512,411
Debt to equity ratio	0.07%	15.31%	0.08%	17.07%

(i) Debt is defined as short and long-term borrowings as shown at Note 16.

(ii) Equity includes all capital and reserves of the Group that are managed as capital.

(b) Financial risk management objectives

The Group's Investment Committee is responsible for recommending to the Board of Directors, through the Audit and Finance Committee, uniform investment decisions, policies and procedures. The specific duties of the Investment Management Committee are to receive and review data on current market conditions and economic outlook; review various risk reports submitted including fair value, credit risk, liquidity risk, market risk, and review monthly report on portfolios and establish quarterly investment portfolio strategies. The Group does not enter into or trade financial investments, including derivative financial instruments for speculative purposes.

(c) Market risk

The Group's investment activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and price. The Group manages its risk through extensive research and monitors the risk exposures on the local and international markets.

There has been no change to the manner in which the Group manages and measures this risk.

Foreign currency risk management

The Group undertakes certain investment transactions denominated in currencies other than the Jamaican dollar. Exchange rate exposures are managed within approved policy parameters and maintaining a manageable balance in the types of investments.

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

31. Financial instruments (cont'd)

(c) Market risk (cont'd)

The following balances held in United States dollars are included in these financial statements:

	<u>The Group</u>		<u>The Company</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Investment in securities	242,753	171,008	188,014	123,526
Cash and cash equivalents	1,181	147,192	239	132,321
Liabilities (bank borrowings)	-	(19,525)	-	(19,525)
	<u>243,934</u>	<u>298,675</u>	<u>188,253</u>	<u>236,322</u>

Sensitivity analysis

The Group's investment portfolio is exposed to the United States dollar. The Group's sensitivity to a 1% increase or 15% decrease in the Jamaican dollar against the United States dollar is the sensitivity rate used when reporting foreign currency risk internally to the key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity of the 1% (2012: 1%) % increase or 15% (2012: 10%) decrease in the Jamaican dollar against the United States dollar exposure would be an increase in profit of the Group by J\$2.44 million (2012: 2.99 million) million or J\$36.59 million (2012: J\$29.87 million) decrease; company J\$1.9 million (2012: J\$2.4 million) increase or J\$28.2 million (2012: J\$23.6 million) decrease.

The analysis is done on the same basis as 2012 and assumes that all other variables, in particular interest rate, remain constant.

Interest rate risk management

The Group's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note. Interest rate sensitivity analysis has been determined based on the exposure to interest rates for the Group's investment in securities at the end of reporting period as these are substantially the interest sensitive instrument impacting financial results. For floating rate financial assets and financial liabilities, the analysis assumes the amount outstanding at year end was outstanding for the whole year. A 250 (2012: 400) basis points increase/100 (2012: 100) basis points decrease for local currency and 200 (2012: 250) basis points increase/50 (2012: 50) basis points decrease for United States currency represents management's assessment of the reasonable possible change in interest rates.

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

31. Financial instruments (cont'd)

(c) Market risk (cont'd)

Interest rate risk management (cont'd)

Net effect on profit if market interest rates had been 250 or 100 basis points higher or lower for investment denominated in local currency and 250 or 50 basis points higher or lower for investments denominated in United States currency and all other variables were held constant is as follows:

	The Group		The Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Effect on profit increase 250 (2012: 400) basis points (J\$)	1,187	3,225	3,031	2,724
Effect on profit decrease 100 (2012: 100) basis points (J\$)	(952)	(806)	(1,212)	(681)
Effect on profit increase 200 (2012: 250) basis points (US\$)	5,087	3,675	3,628	3,285
Effect on profit decrease 50 (2012: 50) basis points (US\$)	(1,197)	(735)	(907)	(657)

The Group's and the Company's sensitivity to interest rates has increased during the current year as the Group had an increase in the number of variable rate financial instruments.

(d) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is guided by the investment policies and procedures of the Stock Exchange. In relation to bank accounts and investment securities, the Group, as a policy, deals only with credit worthy counterparties, to minimise credit risk exposures. In addition, limits are assigned to various counterparties by the Group.

Trade receivables consist of broker members of the Group and accordingly mitigates against credit risk in relation to such receivables. In the case of other receivables, ongoing credit evaluation is performed on the financial conditions of those receivables.

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013
31. Financial instruments (cont'd)
(d) Credit risk management (cont'd)

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk. There was no significant concentration of credit risk.

(e) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash resources, banking facilities, and by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Group's and the Company's contractual maturity for its non-derivative financial assets and financial liabilities. The tables below have been drawn up based on undiscounted contractual maturities of financial assets including interest that will be earned on those except where the Group and the Company anticipates that the cash flows will occur in a different period, and in the case of financial liabilities, based on the earliest date on which the Group and the Company can be required to pay.

		The Group						
		Weighted Average effective interest rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
2013								
Financial assets								
Non-interest bearing								
Variable interest rate:								
Instruments								
		6.9	11,423	48,973	1,495	12,010	21,257	95,158
Fixed interest rate								
Instruments								
		7.75	<u>1,649</u>	<u>34,645</u>	<u>17,001</u>	<u>315,542</u>	<u>66,906</u>	<u>335,193</u>
			<u>13,072</u>	<u>176,603</u>	<u>18,496</u>	<u>327,552</u>	<u>88,193</u>	<u>523,916</u>
Financial liabilities								
Non-interest bearing								
Interest bearing loan								
		17	77,349	-	-	-	-	77,349
			<u>133</u>	<u>132</u>	<u>130</u>	<u>-</u>	<u>-</u>	<u>395</u>
			<u>77,482</u>	<u>132</u>	<u>130</u>	<u>-</u>	<u>-</u>	<u>77,744</u>

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013
31. Financial instruments (cont'd)
(c) Liquidity risk management (cont'd)

	The Group						
	Weighted Average effective interest rate %	Less than 1 month \$'000	1 to 3 months \$'000	3 months to 1 year \$'000	1 to 5 year \$'000	Over 5 years \$'000	Total \$'000
2012							
Financial assets							
Non-interest bearing		-	72,053	-	-	-	72,053
Variable interest rate							
Instruments	2.8	160,370	1,031	3,148	28,242	40,200	232,991
Fixed interest rate							
Instruments	11.02	17,339	36,178	21,892	200,735	82,599	358,743
		<u>177,709</u>	<u>109,262</u>	<u>25,040</u>	<u>228,977</u>	<u>122,799</u>	<u>663,787</u>
Financial liabilities							
Non-interest bearing		73,611	-	-	-	-	73,611
Interest bearing loan	10.13	590	1,586	6,354	17,412	-	25,942
Redeemable							
Preference shares	6.5	-	1,058	68,116	-	-	69,174
		<u>74,201</u>	<u>2,644</u>	<u>74,470</u>	<u>17,412</u>	<u>-</u>	<u>168,727</u>
	The Company						
	Weighted Average effective interest rate %	Less than 1 month \$'000	1 to 3 months \$'000	3 months to 1 year \$'000	1 to 5 year \$'000	Over 5 years \$'000	Total \$'000
2013							
Financial assets							
Non-interest bearing		-	49,681	-	-	-	49,681
Variable interest rate							
Instruments	6.9	11,425	48,732	446	2,762	4,993	68,358
Fixed interest rate							
Instruments	7.35	26	11,799	14,812	200,951	29,865	257,453
		<u>11,451</u>	<u>110,212</u>	<u>15,258</u>	<u>203,713</u>	<u>34,858</u>	<u>375,492</u>
Financial liabilities							
Non-interest bearing		58,429	-	-	-	-	58,429
Interest bearing loan	12	133	132	130	-	-	395
		<u>58,562</u>	<u>132</u>	<u>130</u>	<u>-</u>	<u>-</u>	<u>58,824</u>
2012							
Financial assets							
Non-interest bearing		-	38,546	-	-	-	38,546
Variable interest rate							
Instruments	2.46	160,370	772	2,358	17,849	35,003	216,352
Fixed interest rate							
Instruments	12.24	-	12,383	15,599	176,812	63,303	268,298
		<u>160,370</u>	<u>12,383</u>	<u>17,957</u>	<u>194,661</u>	<u>98,306</u>	<u>323,166</u>

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013
31. Financial Instruments (cont'd)
(c) Liquidity risk management (cont'd)

	The Company						Total \$'000
	Weighted Average effective interest rate %	Less than 1 month \$'000	1 to 3 months \$'000	3 months to 1 year \$'000	1 to 5 year \$'000	Over 5 years \$'000	
	2012						
Financial liabilities							
Non-interest bearing		58,353	-	-	-	-	58,353
Interest bearing loan	10.13	590	1,586	6,354	17,412	-	25,942
Redeemable							
Preference shares	6.5	-	1,058	68,116	-	-	69,174
		<u>58,943</u>	<u>2,644</u>	<u>74,470</u>	<u>17,412</u>	<u>-</u>	<u>153,469</u>

(f) Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions have been used to measure the Group's financial instruments that are carried at fair value:

- (i) Financial assets classified as available-for-sale are measured at fair value using discounted cash flows techniques.
- (ii) The fair value of fixed rate financial instruments is estimated using present value or other estimation techniques based on market conditions on similar instruments at the reporting date.
- (iii) The carrying amount of liquid assets and other assets maturing within one year is assumed to approximate their fair value. This assumption is applied to liquid assets and the other short-term elements of all other financial assets and financial liabilities.

No significant unobservable inputs were applied in the valuation of the Group's financial instruments classified as available-for-sale.

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

31. Financial instruments (cont'd)

(g) Fair value measurement recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). There were no Level 3 fair value investments.

	The Group			
	2013			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Available-for-sale financial instruments				
Debt securities	-	282,915	-	282,915

	The Group			
	2012			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Available-for-sale financial instruments				
Debt securities	-	308,204	-	308,204

	The Company			
	2013			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Available-for-sale financial instruments				
Debt securities	-	207,636	-	207,636

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013
31. Financial instruments (cont'd)
(f) Fair value measurement recognised in the statement of financial position (cont'd)

	The Company			
	2012			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Available-for-sale financial instruments				
Debt securities	-	239,191	-	239,191

32. Prior year adjustment

As indicated in note 2(b), effective January 1, 2013, the Group adopted IAS 19 Revised (Employee Benefits). The change in accounting policy was applied retrospectively. The effects of the adjustments are detailed below:

(a) Effect on the statement of financial position:

	Group			Company		
	Employee benefit asset \$'000	Deferred tax liability \$'000	Revenue reserves \$'000	Employee benefit asset \$'000	Deferred tax liability \$'000	Revenue reserves \$'000
Balances as reported at December 31, 2011	79,601	24,181	297,995	62,439	15,764	276,653
Impact of re-measurement of Employee benefits assets	(9,184)	(3,061)	(6,123)	(14,875)	(4,958)	(9,917)
Restated balances as at December 31, 2011	70,417	21,120	291,872	47,564	10,806	266,736
	Group			Company		
	Employee benefit asset \$'000	Deferred tax liability \$'000	Revenue reserves \$'000	Employee benefit asset \$'000	Deferred tax liability \$'000	Revenue reserves \$'000
Balances as reported at December 31, 2012	85,208	57,934	412,402	60,562	28,688	355,305
Impact of re-measurement of Employee benefits assets	(12,055)	(2,015)	(10,038)	(11,633)	(5,827)	(11,750)
Restated balances as at December 31, 2012	73,153	55,919	402,364	48,929	22,861	243,555

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

32. Prior year adjustment

(b) Effect on profit or loss for the year ended December 31, 2012:

	<u>Group</u> \$'000	<u>Company</u> \$'000
Staff cost	(1,797)	(1,349)
Deferred tax	<u>599</u>	<u>450</u>
Increase in profit for the year	<u>(1,198)</u>	<u>(899)</u>

(c) Effect on statement of other comprehensive income for the year ended December 31, 2012:

	<u>Group</u> \$'000	<u>Company</u> \$'000
Remeasurement losses recognized in other comprehensive income	7,669	4,107
Deferred tax on remeasurement losses	<u>(2,556)</u>	<u>(1,369)</u>
	5,113	2,738
Increase in profit for the year	<u>(1,198)</u>	<u>(899)</u>
Movement in total comprehensive income	<u>3,915</u>	<u>1,839</u>

33. Dividends

A dividend declared by the Directors on January 17, 2013 of 3.14 cents per share was paid to shareholders on February 6, 2013. The total dividend paid is \$88 million. The payment of this dividend will not have any tax consequence on the Group.

34. Compensation fund

The Jamaica Stock Exchange Limited Compensation Fund ("the Fund") was created by contributions of the Exchange's member-dealers for the purpose of compensating investors who may have suffered pecuniary loss as a result of a defalcation or fraudulent misuse of securities or document of title to securities. The Exchange fulfils its obligations under Section 27 through 35 of the Securities Act by its administration of the Fund.

Section 27(2) of the Securities Act stipulates that "The assets of the Compensation Fund are the property of the recognised stock exchange but shall be

- (a) Kept separate from all other property; and
- (b) Held in trust for the purposes specified in this part."

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

34. Compensation fund (cont'd)

Accordingly, the assets and liabilities of the Fund are segregated from those of the Exchange and separate audited financial statements are produced for the Fund.

(a) Compensation fund financial position

(i) 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, during the year there were no contributions by the member dealers as the Board was of the view that the reserve was adequate for the specific purpose.

(ii) 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.

	2013 \$'000	2012 \$'000
<u>Assets</u>		
Non-current asset		
Investment in securities	525,972	502,866
Current assets		
Income tax recoverable	6,523	4,809
Accounts receivable	16,651	10,823
Investment in securities	23,597	29,258
Government securities purchased under resale agreements	82,456	66,625
Cash and cash equivalents	3,899	2,338
	<u>133,126</u>	<u>113,853</u>
Total assets	659,098	616,719
<u>Equity and liabilities</u>		
Contingency reserve	647,928	604,296
Non-current liability		
Deferred tax liability	4,784	6,356
Current liability		
Payable and accruals	6,386	6,067
Total equity and liabilities	659,098	616,719

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

34. Compensation fund (cont'd)

(b) Compensation fund – comprehensive income

	<u>2013</u>	<u>2012</u>
	S'000	S'000
Investment income	77,404	61,027
Administrative expenses	(26,856)	(25,722)
Net income	50,548	35,305
Taxation	(7,069)	(8,517)
Profit for the year	<u>43,479</u>	<u>26,788</u>
Other comprehensive income		
Fair value gain/(loss) on revaluation of available-for-sale financial assets during the year, net	<u>153</u>	<u>(1,109)</u>
Total comprehensive income for the year	<u>43,632</u>	<u>25,679</u>

(c) Investments in securities

	<u>2013</u>	<u>2012</u>
	S'000	S'000
Non-current		
<u>Held-to-maturity – at amortised cost:</u>		
Government of Jamaica Securities		
NWC Variable rate bond 9.59% (2012: 8.375%)	18,312	24,363
GOJ Benchmark Investment notes		
Fixed rate notes 7.85% (2012: 11.5%)	236,486	224,238
Variable rate notes 7.76% (2012: 8.2%)	156,969	156,385
Foreign currency investments		
GOJ Fixed rate US\$ Global Bonds; 10.625%		
2017 (nominal value US\$350,000)	40,360	36,753
Government of Belize guaranteed mortgage		
notes, 2039 (nominal value US\$55,200; 4.25%)	5,013	4,824
GOJ US\$ 8% (2012: Global Bond 2019 (nominal		
value US\$195,000)	15,977	-
GOJ Fixed Rate US\$ Benchmark investment		
note 6.75% to 7%, 2013–2014 (nominal value US\$144,000)	7,756	13,927
GOJ FR US\$ BMI Note 7.25%, 2016 (nominal		
value US\$442,283)	<u>45,099</u>	<u>42,376</u>
	<u>525,972</u>	<u>502,866</u>
Current		
GOJ Fixed Rate Benchmark Investment Notes,		
nominal value US\$72,200 7% 2014 2012		
(nominal value US\$144,000, 6.75 to 7%)	7,820	13,710
Available-for-sale – at fair value		
Investment in unit trust (see below)	<u>15,777</u>	<u>15,548</u>
	<u>33,397</u>	<u>29,258</u>

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013
34. Compensation fund (cont'd)
(c) Investments in securities (cont'd)

Included in the held-to-maturity investments is interest receivable of \$11.898 million (2012: \$16.826 million)

Movement for the year in available-for-sale investments:

Balance at January 1	15,548	17,211
Movement in fair value note 34(f)	229	(1,663)
Balance at December 31	<u>15,777</u>	<u>15,548</u>

(d) Cash and cash equivalents

	<u>2013</u>	<u>2012</u>
	<u>\$'000</u>	<u>\$'000</u>
Cash on hand and in banks	<u>3,899</u>	<u>2,338</u>

(e) Contingency reserve

	<u>2013</u>	<u>2012</u>
	<u>\$'000</u>	<u>\$'000</u>
Opening contingency reserve	604,296	578,617
Net profit	43,479	26,788
Fair value gain/(loss) on available-for-sale note 34 (c)	229	(1,663)
Deferred tax adjustment on fair value	(76)	554
Closing contingency reserve	<u>647,928</u>	<u>604,296</u>

(f) Deferred tax liability

The movement in the net deferred tax position was as follows:

	<u>2013</u>	<u>2012</u>
	<u>\$'000</u>	<u>\$'000</u>
At January 1	(6,356)	(4,916)
Credited/(charged) to income for the year	1,648	(1,994)
(Charge)/credited to contingency reserve	(76)	554
At December 31	<u>(4,784)</u>	<u>(6,356)</u>

Deferred tax liability is attributable to the following

	Interest receivable	Fair value on available- for sale instrument	Total
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
January 1, 2013	(5,740)	(616)	(6,356)
Charged to income for the year	1,648	-	1,648
Credited to contingency reserve	-	(76)	(76)
December 31, 2013	<u>(4,092)</u>	<u>(692)</u>	<u>(4,784)</u>

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

34. Compensation fund (cont'd)

(g) Administrative expenses include management charges by The Jamaica Stock Exchange for administration of the Fund.

(h) **Income tax**

This comprises:

	<u>2013</u>	<u>2012</u>
	S'000	\$'000
Income tax	8,717	6,523
Deferred tax	<u>(1,648)</u>	<u>1,994</u>
	<u>7,069</u>	<u>8,517</u>
	<u>2013</u>	<u>2012</u>
	S'000	\$'000
The charge for the year reconciled to the net income as follows:		
Net profit before taxation	<u>50,548</u>	<u>35,305</u>
Tax at 33¼%	16,850	11,768
Tax effect of items not (chargeable)/deductable in determining taxable profits	<u>(9,781)</u>	<u>(3,251)</u>
	<u>7,069</u>	<u>8,517</u>

(i) **Government securities purchased under resale agreement**

The Fund entered into reverse repurchase agreements collateralised by the Government of Jamaica securities. These agreements may result in credit exposure in the event that the counterparties of these transactions are unable to fulfill their contractual obligations. Included in this balance is foreign currency denominated amount of **US\$0.689** million (2012: US\$0.572 million) and interest receivable of **JS\$0.337** million (2012: S\$0.315 million). The fair value of collateral held pursuant to reverse **repurchase agreements is** **\$82.27** million (2012: \$68.522 million).

35. Subsequent event

The Government of Jamaica has enacted new tax measures to change the tax incentives regimes applicable to various industries, effective January 1, 2014. The Company is currently a regulated entity and the major applicable changes are set out below:

- Tax losses may still be carried forward indefinitely; however, the amount that can be utilised in any one year is restricted to 50% of chargeable income for that year.

Notes to the Consolidated Financial Statements (Continued)
December 31, 2013

35. Subsequent event (cont'd)

- Businesses that are tax compliant with respect to statutory contributions (both employer and employee portions) are now able to claim such statutory contributions paid as a credit against up to 30% of their income tax liability. Unused employment tax credit (ETC) cannot be carried forward or refunded and some or all of the ETC claimed may be clawed back out of future distributions to shareholders;
- The maximum capital allowances on private motor vehicles, which were previously limited to J\$3,200, has increased to a maximum of the Jamaican dollar equivalent of US\$35,000;
- Capital expenditures on the construction, alteration or renovation of a building will continue to attract an initial allowance; however, no initial allowance will be allowed on capital expenditures related to the purchase of a building. Annual allowances continue to be available.

FINANCIAL & STATISTICAL HIGHLIGHTS

	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenue (\$)	352,036,000.00	546,367,000.00	+306,626,000	232,537,000	263,367,000	561,287,000	240,787,000	294,515,000	313,560,000
Expenses(\$)	351,574,000.00	360,960,000.00	272,030,000.00	230,239,000	263,248,000	302,306,000	212,796,000	323,349,000	180,069,000
Income Before Taxes (\$)	462,000.00	187,437,000.00	37,598,000	2,298,000	-19,881,000	258,991,000	28,001,000	28,834,000	133,491,000
Net Income After Tax (\$)	7,190,000.00	128,903,000.00	50,310,000	37,402,000	43,018,000	207,703,000	44,116,000	6,213,000	114,213,000
Compensation Fund (\$)	548,569,000.00	532,124,000.00	582,720,000	584,125,000	544,281,000	510,134,000	463,759,000	494,666,000	404,253,000
Members' Equity (\$)	554,273,000	571,480,000	457,734,000	434,609,000	423,931,000	436,956,000	486,273,000	465,872,000	484,043,000
Reported Share Volume (Millions)* (Units)	2,311.20	3,151.11	2,125.52	3,617.26	1,764.99	2,853.01	2,433.48	5,639.39	2,466.03
Daily Average Share Volume (Millions)* (Units)	8.21	12.60	8.43	10.66	6.96	11.81	9.73	22.55	9.91
Reported Dollar Value (Millions)* (\$)	17,364.21	66,294.66	22,241.92	21,020.82	12,189.89	67,026.87	29,047.42	37,041	40,747
Daily Average Dollars Value (Millions)* (\$)	69.18	265.18	86.26	69.6	48.12	268.10	116.18	148.16	161.69
JSE Combined Index as at December 31	82,934.95	93,563.79	97,134.00						
JSE Market Index as at December 31	80,633.55	92,101.22	95,297.20	85,220.82	83,321.86	80,152.02	107,968.00	100,678	104,510
JSE Junior Market Index as at December 31	757.66	647.78	748.86	379.92	150.01				
Member Organizations	11	11	11	11	11	11	11	11	11
New Listed Companies/Securities*	8/14	4/05	5/7	8/10	1	9	1	3	1
Total Listed Companies/Securities*	67	61	52	51	44	45	44	44	41
Total Shares Listed (Billions) (Reg and Jnr)	61.20	51.04	51.51	47.65	47.16	47.49	47.16	49.23	46.18
Market Capitalization as at December 31:(Billion) (\$) (Reg and Jnr)	519.57	612.74	661.44	564.72	544.88	597.26	876.69	822.86	839.85
JSE USD Equities Market Index as at December 31	92.66	67.86	78.57						
Market Capitalization as at December 31:(Million) (\$) (USD Equities)	38.34	26.02	32.44						

*Includes Junior Market

△ Restated

∅ Loss due to Exceptional Item - Write off of Fixed Income Development (\$126.7M)

+ One off gain from disposal of property

Products Offered by JSE

Remote Observer

The Real Time Market Watch / Remote Observer is another exciting feature of the Jamaica Stock Exchange which allows investors to view real time trading activities at their convenience. This product has endless possibilities for those who take the stock market seriously, and abounds with the following features:

- It allows the client to be on the cutting edge of technology.
- Clients will be able to monitor daily activities of the market in real time, giving them a distinct competitive advantage.
- Clients will have ready access to market information and will therefore be able to make informed decisions.
- Clients watching the activities can negotiate sale and purchase fees of securities, thus lowering their transaction cost.
- Clients can know if their brokers are executing their requests.

This product is proven to provide significant benefits to the client and is a viable source of revenue for the Stock Exchange, especially when the market is bullish.

The Remote Observer is the only product on the market that offers real time information on trading on the Jamaican stock market and attracts customers both locally and internationally.

This product is designed to meet the needs of:

- i. Companies involved in pension funds management: (The contact will be established with Chief Executive Officers, Managing Directors and the Pension Funds Managers).
- ii. Companies that invest in securities.
- iii. Middle-to-upper income professionals who invest in the Stock Market as the means to create a solid retirement plan.
- iv. Chief Executive Officers, especially those of listed companies, who have an avid interest in the stock market.
- v. Chief Executive Officers of potential listed companies
- vi. Broker members.

Banner Ad

The Stock Exchange's revamped website www.jamstockex.com has a totally new look and feel and has become an exciting vehicle for companies to keep in touch with their upwardly mobile clientele.

The Jamaica Stock Exchange's website receives on average over 1723 visits per day from many local and International visitors who use our site repeatedly to check the daily trade sheets, as well as other information. This product offers an excellent opportunity for companies and institutions to connect with their target market. It is a well-known fact that advertising works best when targeted to a specific audience. Hence the JSE's banner ad is that medium of choice which provides product exposure to existing and potential investors.

Online Statements

Twice yearly, the JCSD sends out statements showing clients' transactions and the trading activity of their invested securities. In response to the demands of clients to supply more current and ready information on their accounts, the JCSD now offers clients the ability to access their statements on-line. This facility gives clients access to their statements whenever they want it!

What will the on-line statement show?

- Account holders who access this statement on-line will be able to see transactions conducted for the last six months.
- Clients will have access to all their active accounts in the JCSD.
- Whether or not clients choose to print their statement or view it on-line, the information will appear in the same format.

Ticker

The JSE produces its Website Ticker.

Website Ticker

This ticker is appealing to companies, web administrators and media houses. It is the ideal product to attract both local and international investors to the client's site. Investors are always seeking information on the performance of the market and once they are aware of a particular site which supplies this information they will make frequent visits to that site. A "Website Ticker" site will also attract visits from new customers seeking market report information.

(Cont'd on next page)

Products Offered by JSE

JSE's e-Learning Campus

JSE's e-Learning Campus is a web based e-learning system that will allow students to attend courses online. Lessons are interactive with video and audio clips of lecturers. Students are able to read content, view or print e-books, do tests and other exercises relating to a specific course. Additionally, students are able to bookmark position in each course and resume their course at anytime. The system tracks usage, scores from tests, issues certificates and allows students to interact with lecturers. Students will also get a chance to meet with lecturers and tutors face-to-face.

Our e-Campus offers the JSE's Post-Graduate Diploma in Financial Securities Management. This programme is a continuing professional education course for participants operating in the capital markets, dealing in investment products and for professionals in the financial services sector.

Publications

PocketBook

This annual publication is a compendium of facts, figures, charts and other illustrations showing the performance of the Jamaican stock market for the previous year. It contains invaluable research material for potential investors locally and abroad as well as for financial planners and managers.

The Pocketbook is distributed to our subscribers, both locally and internationally and is posted on the JSE's website which averages at least 51,684 visits per month. This has opened for advertisers, a new window of opportunity to enter the overseas market and in particular to reach Jamaicans living abroad.

Stock Market Review

This magazine is the perfect advertising vehicle for reaching existing and potential clients who invest in the stock market. The publication is timely and contains indicators of market performance as well as pertinent news on market development.

The magazine is published quarterly and circulated free of cost to subscribers and other interested clients in Jamaica and abroad. It also appears on the Jamaica Stock Exchange's website which enjoys thousands of visitors daily.

Year Book

This annual publication is a sought after collection of information showing the performance of the Jamaican stock market for the previous year. The distinguishing features of the Year Book are:

- ✓ A snapshot of the financials of the Listed Companies
- ✓ Comparative figures on companies' financials
- ✓ Comparative figure for market statistics such as Market Capitalization, Volume, Top Ten Companies by Value and Volumes

This publication is invaluable research material for potential investors locally and abroad as well as for financial planners and managers.

The Year Book is distributed to our subscribers, both locally and internationally and is posted on the JSE's website.

JSE Corporate Highlights



The JSE Best Practices Awards were established in 2004 by the Jamaica Stock Exchange, this event, which is in its ninth year, was established to promote best practice standards for the companies listed on the Stock Exchange. In 2014 the Jamaica Stock Exchange will be celebrating its 45th anniversary and its 10th anniversary for its Best Practices Awards.

The objectives of these awards are to:

1. To provide an avenue to recognize listed companies and stockbrokers, in the securities industry, who uphold best practices standards;
2. To enhance the relationship between the JSE and its stakeholders;
3. To create an awareness of the standards for best practices in the areas being adjudged.

The major award categories include: Annual Report, Website, Corporate Disclosure, Best Performing Company, the PSQJ /JSE Award for Corporate Governance and the coveted Governor General's Award for Excellence given to the overall winner for Listed Company on the Main Market.

The Member Dealers Awards category was established two years ago to recognize Member Dealers for their contribution in developing the Capital Market and for upholding best practices standards in the process. A Junior Market category was established in 2011 for companies listed on this market.

Celebrating With the Winners The JSE Best Practices Awards



Costas Deromianis, presents the Governor General's Award for Excellence to Patrick Hyton - Group Managing Director, NCB, looking on are Sandra Glasgow NCB Director and Sonya Goffe NCB Director.

Chairman of the Best Practices Committee is Professor Neville Ying, Executive Director of the Jamaica Diaspora Institute.

The past winners of the Governor General's Award for Excellence have been GraceKennedy (2004), Dahring, Bunting and Golding (2005), Bank of Nova Scotia (2006), Pan Caribbean Financial Services and National Commercial Bank (2007), Pan Caribbean Financial Services and Scotia DBG Investments (2008), National Commercial Bank (2009), PanCaribbean (2010) and National Commercial Bank (2011 & 2012).

**National Commercial Bank and
Access Financial Services
Cos Prestigious Governor General
Awards**

National Commercial Bank (NCB) and
Access Financial Services Limited

walked away with the Governor General's Awards for Excellence for the Main and Junior Market respectively. The announcement was made at the Jamaica Stock Exchange Best Practices Awards Banquet held at the Jamaica Pegasus Hotel on Wednesday, December 4, 2013. NCB and Scotia Bank were also, declared joint winners of the JSE/PSQJ Best Practices Award for Corporate Governance. The occasion was the Jamaica Stock Exchange's 9th Awards Banquet, where Listed Companies and Member Dealers are awarded for outstanding performances for 2012.

Mrs. Marlene Street Forrest, General Manager of the Jamaica Stock Exchange who was first at the wicket in welcoming the guests, said that in spite of the harsh economic climate, companies that establish best practices standards would be reaping the benefits now. She went on to implore companies to communicate more with their employees and other

(Cont'd on next page)



JSE Corporate Highlights

stakeholders during these difficult economic times. She further delivered a three prong approach which companies could employ. These are:

- Define a role for the Board in communicating with the shareholders;
- Uncover and discuss rather than cover and dismiss subjects of potential stakeholders' concerns when sending release and press notices and,
- Other than through once or twice a yearly activities, carve out a space for shareholders' survey and dialogue. We are certain that you will find that the stake they have in the company is far more than the money they have invested in it.

The Guest Speaker for the 9th Best Practices Awards, the Most Honourable PJ Patterson, Former Prime Minister of Jamaica, spoke on the benefits of the Creative and Entertainment Industry, especially West Indies Cricket. The Former Prime Minister told the audience that since it has been said that West Indies Cricket belongs to the people, this should be demonstrated by the packaging and listing of the shares of West Indies Cricket Board (WICB) on the Stock Exchange, thereby allowing a wider ownership to the people of the region. He explained that this will give the common man in the street a chance to own shares in the Company and by extension truly feel a part of West Indies Cricket. Mr. Patterson further stated that players who also had a stake in the Company would be motivated to improve their performance as they would clearly understand the connection between their performance and that of the share

price of the Company. He encouraged the Stock Exchange to have a conversation with the relevant persons as he was convinced that the opportunity and the financial impact on the region could be substantial.

Professor Neville Ying, the Chairman of the Best Practices Awards was the next at the wicket. He appealed to the Listed Companies and Brokerage Houses, to apply innovation and creativity to improve their business and operational processes. Professor Ying urged the companies listed on the Exchange to continue on this strand of excellence but more importantly companies should combine excellence with constant creativity and innovation.

It was now time for the Master of Ceremonies, Mr. Michael Anthony Cuffe, along with Miss Greta Bagues, Manager Corporate Affairs at Wray and Nephew and member of the Best Practices Awards Committee to announce the winners for both Member Dealers Awards and Listed Companies Awards.



Ahene Cokerly, Best Practices Committee Member and Director - JCSO presents the winning prize in the category of JSE Member Dealers Investor Relations to Ian Ledwith, Sales Manager of Stephany Investments Ltd.



Custia of St. Andrew Marjorie Harding presents the winning prize in the category of JSE Member Dealers Revenue Generation & Market Activity to Kiri Brown, Asst. Manager, Stock Brokerage Ltd



JSE Corporate Highlights

MEMBER DEALERS AWARDS

The able pair commenced with the Member Dealers Awards. In the category of Revenue Generation & Market Activity, the JSE recognizes Member Dealers that, during the year, traded the most value on the Exchange and participated in the JSE's Programmes:

Sagicor Investments Ltd was the winner in this category with Mayberry Investments Ltd. and NCB Capital Markets Ltd taking 1st and 2nd Runner up places respectively.

The next category to be announced was that of Investor Relations. This award recognizes the Member Dealer that; "consistently exceeds customers' expectation by providing excellent customer service." Mayberry Investments Ltd. was declared the winner while Sagicor Investments Jamaica Ltd. and Barita Investments Ltd. were declared 2nd and 1st Runner up respectively.

JSE Member-Dealers Award for Best Website was next. This award is given to encourage member dealers to raise the quality and efficiency of the dissemination of information to the investing public via the website. The winner in this category was Mayberry Investments. Victoria Mutual Wealth Management Ltd. was the 2nd Runner up, with the 1st runners up being Stocks & Securities Ltd. and IMMB Securities Ltd.

The next category to be announced was the "Expansion of Investors & Listed Companies Base". This award recognizes the Member Dealer that has "increased the number of clients in the JCSD and have listed the most companies within 2012". The winner in



Alvaro Casaroff, Best Practices Committee Member and Director - JCSD presents the 1st runner up prize in the category of JSE Member Dealers Investor Relations to Nelson Ross, Business Development Manager of Barita Investments Ltd.

this category was Stocks & Securities Ltd. The 2nd runner up in this category was NCB Capital Markets Ltd. and the 1st runner up position went to Mayberry Investments Ltd.

The Jamaica Stock Exchange's Member Dealers Overall Winner went to Mayberry Investments Ltd. for the third consecutive year!

LISTED COMPANIES AWARDS

It was now time for the Best Practices Awards 2012 for Listed Companies to be announced. This year both Junior Market and Main Market companies were recognized.

The first award in this category was the presentation of the Best Practices - Annual Report Award for Junior & Main Markets Listed Companies. This award is given to encourage publicly listed companies to produce clearer,

more reader-friendly annual reports and to provide greater insight into the companies' financial affairs, governance practices and business activities.

Junior Market: In this category the winner was General Accident Insurance Company while the 1st and 2nd Runner up positions went to Dolphin Cove and KLE Group Ltd. respectively.

Main Market: National Commercial Bank Jamaica Ltd. was the winner while the 1st and 2nd Runner up positions went to Sagicor Investments Ltd. and Scotia Group Jamaica respectively.

Best Performing Company Award seeks to identify and recognize outstanding performance by listed companies in enhancing shareholder value in the areas of capital efficiency, profitability and direct return on shareholdings.

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JSE Corporate Highlights

Member Dealer Awards

Winners in the Junior and Main Market categories were:

- **Junior Market** - Access Financial Services Ltd. emerged the winner while 1st and 2nd Runners up were Cargo Handlers and Lasco Financial Services Ltd.
- **Main Market** - The winner was Carreras Ltd. for the second consecutive year! 1st and 2nd Runner up positions went to Kingston Properties Ltd. and Supreme Ventures Ltd. Respectively.

Corporate Disclosure & Investor Relations award serves to recognize companies that maintain good investor relations with the wider investing public and make timely and accurate reports and announcements to the JSE. The winners were:

- **Junior Market** - Honey Bun Ltd.
- **Main Market** - the Winner was Sagcor Investments Ltd. The 1st and 2nd Runner up positions went to GraceKennedy Ltd. and National Commercial Bank Jamaica respectively.

The Best Practices Website Award seeks to encourage listed companies to raise the quality and efficiency of the dissemination of information to the investing public via their websites.

- **Junior Market** - These awards were handed out as usual with Access Financial Services Ltd. declared the winner. 1st and 2nd Runner up positions were Lasco Distributors and General Accident Insurance Jamaica Ltd. respectively.



Alicia Hussey, Best Practices Committee Member presents the 1st runner up prize in the category of JSE Member Dealers Website to Devon Barrett, General Manager of Victoria Mutual Wealth Management Ltd (VMWL) and Nicole Thompson, Manager - Research & Stockbroking - VARIO.



Marcella Arjo, Best Practices Committee Member presents the 2nd runner up prize in the category of JSE Member Dealers Expansion of Investors & Listed Companies Base to Tracey Ann Spence, Asst Vice President - ACE Capital Markets Ltd.



JSE Corporate Highlights

- **Main Market - Jamaica Money Markets Brokers** was the winner. 1st and 2nd place Runner up positions went to **Carreras Limited** and **National Commercial Bank Jamaica Ltd.** Respectively.

The penultimate award was the **PSQJ/JSE Corporate Governance Award** which seeks to recognize companies that demonstrate and practice outstanding corporate governance. **National Commercial Bank** and **Scotia Group Jamaica** emerged the joint winners. The 2nd Runner up was **Jamaica Money Markets Brokers**, followed by the 1st Runner up - **Sagicor Investments Ltd.**

In the end, the **JSE's Junior Market Overall Best Practices Award** went to **Access Financial Services Limited**. The company to walk away with **Governor General's Award for Excellence** and the overall winner of the competition was **National Commercial Bank Jamaica Ltd.**

Member Dealer Awards

*Donovan Perlebo,
Chairman-JSE
presents the 2nd
runner up prize in the
category of Best
Performing Company
Main Market to
Lorna Gooden,
Corporate Secretary,
Supreme Ventures
Ltd.*



*Marlene Stewart
General
Manager JSE
presents the JSE
Member Dealers
Overall Winner to
Gary Peart, Chief
Executive Officer
Mayberry
Investments Ltd.*

*Donovan Perlebo,
Chairman-JSE presents
the winning prize in
the category of Best
Performing Company
Main Market to
Mervyn Steele,
Managing Director,
Carreras Ltd.*



Jamaica Stock Exchange
Yearly Trading Summary (1977-2013)

YEAR	YEAR-END MARKET CAPITAL (J\$'000)	NO. OF LISTED COMPANIES	VOLUME TRADED ('000)	VALUE TRADED (J\$'000)	YEAR-END JSE INDEX	YEAR-END ALL JA COMPOSITE	YEAR-END JSE SELECT	YEAR-END CROSS LISTED	YEAR-END COMBINED INDEX	NO. OF TRANS.	NO. BROKERS	YEAR-END COMBINED NET CAP (J\$'000)
1977	69,778	40	2,166	1,280	66.99					497	6	
1978	93,494	49	18,818	18,893	49.28					593	6	
1979	109,606	39	4,633	2,317	39.28					438	5	
1980	126,149	41	7,398	3,181	69.83					582	5	
1981	236,761	33	4,198	3,132	152.33					799	5	
1982	316,944	33	6,942	16,156	211.16					1,376	6	
1983	389,199	32	6,166	8,828	240.36					1,846	5	
1984	697,723	32	6,744	26,817	461.10					2,117	6	
1985	1,484,890	33	37,498	112,146	941.80					3,499	6	
1986	2,965,766	36	59,352	374,617	1,999.87					6,091	8	
1987	2,468,641	41	71,877	389,871	1,815.09					11,187	8	
1988	4,394,261	44	43,822	134,739	1,639.22					8,486	8	
1989	6,532,364	44	93,282	314,456	2,975.88					13,892	8	
1990	7,531,248	44	87,946	238,782	2,539.24					8,091	9	
1991	22,314,718	48	144,268	1,184,409	7,681.28					24,872	9	
1992	76,974,581	48	296,466	4,897,207	22,745.88					49,791	9	
1993	41,076,316	48	347,854	6,346,778	13,999.60					85,319	9	
1994	88,012,844	50	341,984	3,132,463	16,874.74					43,144	10	
1995	80,784,788	51	3,848,407	11,848,488	14,284.99					42,888	10	
1996	66,116,387	50	368,328	4,629,298	16,615.99					32,189	8	
1997	79,618,884	49	628,387	4,894,188	19,844.86					16,823	8	
1998	76,828,728	47	604,845	2,864,243	36,593.20					13,748	8+	
1999	184,541,238	44	828,531	2,218,714	31,892.58					9,256	4	
2000	148,114,744	44	694,897	3,441,681	28,893.24	28,893.24	883.47			31,986	4	
2001	322,064,164	42	2,045,199	8,348,368	33,833.59	33,548.99	1,815.26			36,979	10	
2002	392,297,368	40	1,484,591	7,638,877	45,294.21	46,142.81	1,888.24			36,999	10	
2003	312,884,388	41	4,298,433	24,337,336	67,544.72	65,629.24	1,697.87			35,854	10	
2004	679,297,284	48	5,194,558	38,984,889	112,689.81	114,218.38	3,176.43					
2005	829,883,942	41	2,498,838	48,748,681	184,818.38	184,941.82	2,859.43					
2006	822,882,371	44	5,439,412	37,044,942	188,478.28	187,212.42	2,942.88			41,821	11	
2007	878,884,818	44	2,453,488	29,047,425	189,648.28	184,782.82	2,928.98			38,421	11	
2008	597,277,884	43	2,983,011	67,024,871	80,182.80	73,984.84	1,984.74			34,322	11	
2009	344,883,879	44	1,784,884	12,189,895	82,321.96	78,982.77	1,804.85	962.82		18,888	11	
2010	364,728,788	43	3,871,189	28,828,483	88,228.83	86,792.88	2,192.19	862.81		18,329	11	
2011	419,444,778	40	1,818,382	28,973,976	96,597.36	102,178.79	2,674.81	794.53	89,134.80	23,319	11	
2012	598,637,443	36	2,581,349	41,146,348	82,181.22	81,161.56	2,488.47	873.83	83,581.90	19,511	11	612,799,888
2013	682,198,844	36	1,833,463	18,978,348	88,653.88	81,688.84	2,178.17	748.28	82,934.81	18,384	11	819,891,889

+ Six (6) active Brokers 3,646,19,858,145.00

* The All Jamaica Composite started on the May 1, 2000 at 31,881.32 points

* JSE Select started on the June 1, 2000 at 1,000 points

* JSE Cross Listed Index started on March 2, 2009 at 1,000 points

* JSE Combined Listed Index started on April 1, 2011 at 86,897.43 points

Jamaica Stock Exchange
Yearly Trading Summary Junior Market(2009-2013)

YEAR	YEAR-END MARKET CAPITAL JA\$(Million)	NO. OF LISTED COMPANIES	VOLUME TRADED	VALUE TRADED	NO. OF TRANS.	NO. BROKERS	YEAR-END JSE JNR MARKET INDEX
2009	755.17	1	62,248	1,531,915	14	11	150.01
2010	8,466.81	8	80,331,871	206,559,980	1,192	11	379.92
2011	23,595.00	12	306,220,533	1,247,948,069	7,883	11	748.06
2012	22,101.58	16	569,866,235	5,185,299,007	5,047	11	647.78
2013	27,391.13	21	477,733,468	1,385,965,574	7,157	11	757.86

Jamaica Stock Exchange
Stock Market Data - Main Market

YEAR	YEAR-END ISSUED SHARES (000)	TOTAL VOLUME TRADED (000)	ORDINARY VOLUME TRADED (000)	BLOCK VOLUME TRADED (000)	Average Daily Volume	Average Daily Value
1993	8,178,020	567,454	468,230	99,225		
1994	9,781,387	743,794	602,497	141,296		
1995	11,356,118	3,565,607	463,858	3,102,557		
1996	12,007,219	560,528	322,575	237,954		
1997	17,274,915	905,387	478,322	435,065		
1998	19,324,078	684,545	371,783	232,762		
1999	23,041,396	520,531	448,744	79,787	2,283,718	7,555,098
2000	28,501,260	694,897	599,834	95,063	3,014,241	18,298,328
2001	33,189,889	2,645,199	714,718	2,130,481	2,870,353	13,839,283
2002	35,769,494	1,604,591	1,434,820	169,771	5,716,412	27,466,744
2003	41,877,288	4,290,433	2,765,449	4,524,984	11,817,724	56,933,666
2004	42,280,569	5,194,557	3,240,964	1,953,593	12,759,705	114,056,429
2005	46,193,644	2,498,028	1,908,000	590,027	7,751,431	105,013,441
2006	49,234,751	5,639,412	2,917,899	2,721,512	11,671,598	78,135,584
2007	47,162,791	2,433,487	2,254,376	179,110	9,017,587	103,776,801
2008	47,491,439	2,953,011	2,295,768	657,243	9,183,074	97,517,814
2009	47,183,202	1,764,894	1,662,158	182,735	6,569,796	45,511,377
2010	47,647,441	3,571,199	2,641,538	929,661	18,482,293	68,838,178
2011	47,386,693	1,819,302	1,550,142	269,159	6,151,359	71,829,756
2012	46,038,017	2,581,249	1,431,282	1,149,967	5,725,128	73,180,378
2013	47,577,008	1,833,463	1,386,439	447,023	5,523,663	56,604,418

Corporate Information

Registered Office:	The Jamaica Stock Exchange, Jamaica Central Securities Depository & JCSD Trustee Services 40 Harbour Street P.O. Box 1084 Kingston. Telephone: (876) 967-3271-2 Fax: (876) 967 -3277
Bankers	National Commercial Bank Cnr. Duke & Barry Streets Kingston.
Attorneys -at-law	Livingston, Alexander & Levy 72 Harbour Street, Kingston
Auditors	KPMG 6 Duke Street Kingston
Website Address	www.jamstockex.com
E-Mail Address	communications@jamstockex.com

Brokerages & Contact Information

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email: InvestmentInfo@scotiabank.com

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email: info@jmmbsecurities.com

FIRST GLOBAL FINANCIAL SERVICES LTD.

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Fax: 929-1501/ 920-2103
email: sales@mayberry.com

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Kingston 5
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email: info@mvl.com.jm

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Toll Free: 1-88-4-WEALTH
email: info@ncbcapitalmarkets.com

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email: info@sslinvest.com

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email: spalmer@vmbs.com

PROVEN WEALTH LTD.

26 Belmont Road
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Fax: 754-3802
email: info@weareproven.com

BCW CAPITAL

82 Knutsford Boulevard
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Phone: 754-BCW1 (2291)
Fax: 906- 3545
email: info@bcwcapital.com

NOTES

PROXY FORM

Please affix
\$100 postage
stamp in this
box

I/We

of

being a Member of the Jamaica Stock Exchange, hereby appoint

.....

of

or failing him/her

of

as my/our proxy, to vote for me/us on my/our behalf at the Annual General Meeting of the said company to be held on the 19th day of June, 2014 and any adjournment thereof.

Signed this.....day of.....2014

.....
Signature

NOTES:

1. This Form of Proxy must be received by the Secretary of the Company not less than 48 hours before the time appointed for the Meeting.
2. If the appointer is a Corporation, this Form of Proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorized in writing.
3. The proxy form will attract stamp duty of J\$100 which may be paid by affixing stamps or stamp duty impressed by the Stamp Office.