



REPORT OF THE BOARD OF DIRECTORS
CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS
FOR QUARTER ENDED MARCH 31, 2016

FIRST QUARTER FINANCIAL HIGHLIGHTS

Description	Q1-2016	Q1-2015	Change
	\$	\$	%
Total Income	326.8m	252.8m	29.3
Total Expenses	150.3m	129.2m	16.3
Net Profit After Tax	125.5m	87.0m	44.2
Earnings Per Share	0.89	0.62	44.5

FIRST QUARTER PERFORMANCE

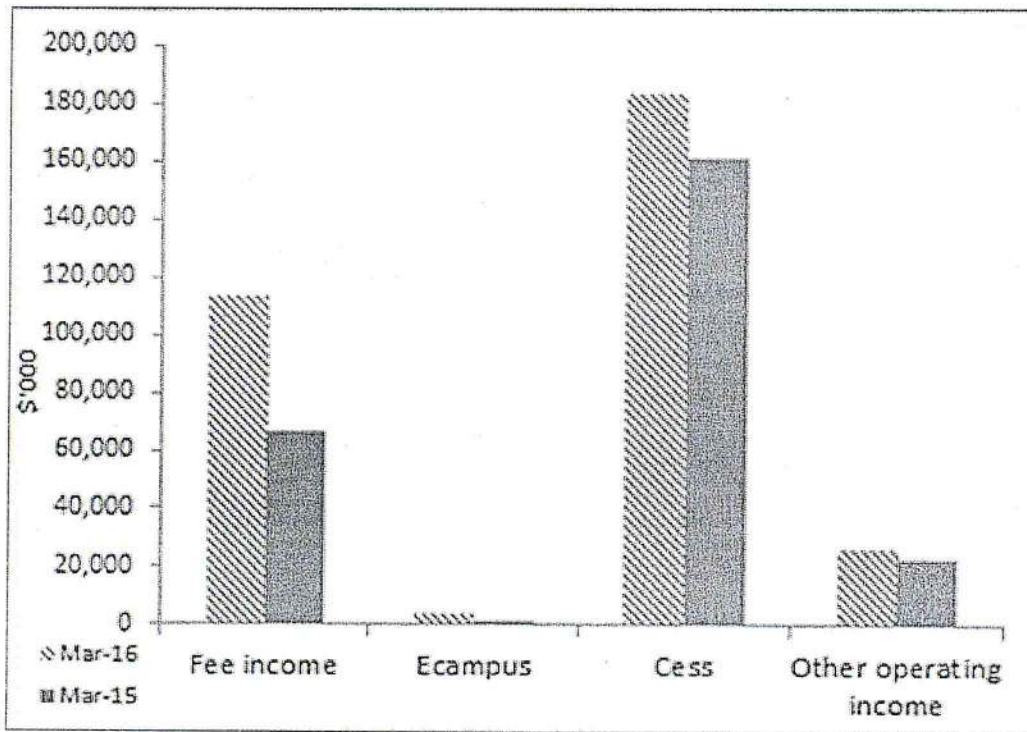
The Jamaica Stock Exchange Group (JSEG) returned a strong performance for the first quarter of 2016. Of significance was the listing of six (6) new companies on the Junior Market which represents a record for the number of new listings on the Junior Market in a single quarter. This trend of increased number of listings is expected to continue especially in light of the Government's decision preserve/reinstate the Junior Market Tax incentive scheme. Overall, a record number of ten (10) securities were listed on the Junior and Main Markets for the quarter.

The JSEG is also reaping the benefit of its diversification strategies as demonstrated in The Group's Q1's positive performance in Fee and Other Income. Mergers and Acquisitions and normal market transactions continue as the main traditional sources of revenues.

Income

The JSEG reported consolidated income of \$326.8m which represents a \$74m (29.3%) increase in income over the corresponding Quarter of 2015. This can be attributed to an increase by 69% in Fee Income when compared to the comparable period in 2015. This improved performance was due primarily to income derived from Retail Repo Division; the Group's newest business line which became operational towards the end of 2015. There was also a significant growth in traditional income sources with Cess Revenue reflecting an increase of 14% when compared to the comparable period for 2015. A

graphical representation of the Group's Q1 2016 vs. Q1 2015 revenue performance is shown below:



Net Profit

For the First Quarter ended March 31, 2016 the JSEG recorded a Net Profit after Tax of \$125.5m. This represents an improvement of \$38.5m (44.2%) in the net profit after tax of the Group when compared to the profit of \$87m for the corresponding period in 2015. Net Profit was derived from a wider range of products and services that are now being offered by the JSEG.

Expenses

The increase in total expenses incurred by the JSEG during the review period reflects the expanded income generating capacity of the Group. Of significance is the fact that the \$21m (16.3%) increase in total expenditure for the First Quarter in 2016 when compared to the comparable period in 2015, delivered by comparison a 29.3% increase in revenue.

Explanations for main line items contributing to the increase are as follows:

- Staff Costs increased by \$10.6m over prior year-to-date comparatives due to salary associated with new staff taken on in support of new business lines and also salary increases reflected for 2016.
- Advertising & Promotions exceeded 2015 year-to-date comparatives by \$6.5m, which is largely associated with new marketing programmes geared at supporting existing and new business initiatives.

Financial Position

Total JSEG Assets as at March 31, 2016 of \$990.7m, reflected an increase of \$192.4m or 24.1%, when compared to holdings as at March 31, 2015. This was due primarily to an increase in Intangible Assets, Government Securities purchased under resale agreement and Post-Employment Benefits. The increase in the Post-Employment Benefits is due to the IAS 19 valuation done by the actuaries as at December 31, 2015. The increase in Government Securities is due to increase in investments during the First Quarter.

Total Equity of \$750.8m as at March 31, 2016 reflected increases of \$102m or 15.7% and \$128.8m or 20.7% respectively over the comparable positions at the end of March 31, 2015 and December 31, 2015. Revenue Reserves reflected an increase of \$125.5m or 38.1% over the position as at December 31, 2015.

MARKET DEVELOPMENTS & OUTLOOK

The improvement in business and consumer confidence has translated to positive performance of listed companies and by extension advances in all the Jamaica Stock market indices over the comparable period. As more companies consolidate it is also expected that the Group will benefit from those activities.

The First Quarter performance has been strong and the outlook for the remainder of the year is positive. It is also expected that the Group will continue in the medium to long term to pursue a strategic path of growth through the promotion of new and existing markets, new product development and the continuous improvement of service delivery to the Group's customers and stakeholders.



Ian McNaughton
Deputy Chairman



Jane George
Chairman-Audit Committee

JAMAICA STOCK EXCHANGE LIMITED
Consolidated Statement Of Financial Position
At March 31, 2016

	Unaudited Three months ended March 2016 \$ '000	Unaudited Three months ended March 2015 \$ '000	Audited Twelve months ended December 2015 \$ '000
ASSETS			
<i>Non-current assets</i>			
Property Plant & Equipment	90,379	80,773	86,177
Intangible Assets	55,040	25,538	45,224
Post employment benefits	118,789	66,957	118,789
Investment in Securities	239,104	274,300	233,359
Long-term receivables	10,049	10,756	11,082
Total non-current assets	513,361	458,324	494,631
<i>Current assets</i>			
Due from related party	7,031	5,252	141
Trade and other receivables	120,870	106,184	119,174
Investments in securities	38,959	59,325	62,985
Government securities purchased under resale agreement	260,771	136,516	50,404
Cash and cash equivalents	49,710	32,736	64,009
Total current assets	477,341	340,013	296,713
Total Assets	990,702	798,337	791,344
EQUITY AND LIABILITIES			
<i>Capital and Reserves</i>			
Share Capital	238,146	238,146	238,146
Fair value reserve	9,274	11,650	5,945
Revenue reserve non-distributable	48,367	-	48,367
Revenue reserve	454,966	398,944	329,469
Total equity	750,753	648,740	621,927
<i>Non Current Liabilities</i>			
Deferred Tax Liabilities	45,437	2,958	43,772
Total non-current liabilities	45,437	2,958	43,772
<i>Current Liabilities</i>			
Income tax payable	23,427	19,564	19,060
Payable & Accruals	171,085	127,075	106,585
Total current liabilities	194,512	146,639	125,645
Total Equity & Liabilities	990,702	798,337	791,344

Approved and authorized for issue by the Board of Directors on May 11, 2016 and are signed on its behalf by:


Ian McNaughton - Deputy Chairman


Jane George - Audit Committee Chairman

JAMAICA STOCK EXCHANGE LIMITED
 Consolidated Statement of Comprehensive Income
 For the Three Months Ended March 31, 2016

Statement II

	Unaudited Three months ended March 2016 \$'000	Unaudited Three months ended March 2015 \$'000	Audited Twelve months ended December 2015 \$'000
INCOME			
Cess	183,379	161,426	301,882
Fee income	113,345	66,981	330,086
Ecampus	3,680	1,455	9,978
Other operating income	26,418	22,971	66,345
	<u>326,822</u>	<u>252,833</u>	<u>708,291</u>
EXPENSES			
Staff costs	56,865	46,337	215,139
Property expenses	19,826	19,406	87,581
Depreciation and amortisation	5,031	5,114	18,833
Advertising and promotion	20,706	14,157	41,876
Professional fees	9,348	9,410	35,336
Securities commission fees	24,922	26,341	47,205
Bad debts, less recoveries	-	-	6,838
Ecampus	3,002	3,346	14,004
Other operating expenses	10,604	5,120	29,118
	<u>150,304</u>	<u>129,231</u>	<u>495,930</u>
Investment income	10,254	6,208	42,424
PROFIT BEFORE TAXATION	<u>186,772</u>	<u>129,810</u>	<u>254,785</u>
Taxation	(61,275)	(42,782)	(79,832)
NET PROFIT	<u>125,497</u>	<u>87,028</u>	<u>174,953</u>
OTHER COMPREHENSIVE INCOME			
Items that will never be reclassify to profit or loss:			
Remeasurement of employee benefits assets	-	-	46,825
Deferred income that will never be reclassified to profit or loss	-	-	(15,608)
Items that may be reclassify to profit or loss:			
Realised gain on available-for-sale investments	-	-	(5,433)
Unrealised gains/(losses) on available-for-sale investments	3,329	689	(2,090)
Deferred income tax on items that may be reclassified to profit or loss	-	-	2,507
	<u>3,329</u>	<u>689</u>	<u>26,201</u>
Other comprehensive income for the period, net of taxes	3,329	689	26,201
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>128,826</u>	<u>87,717</u>	<u>201,154</u>
Earnings per share	\$ 0.89	\$ 0.62	\$ 1.25

JAMAICA STOCK EXCHANGE LIMITED
Consolidated Statement Of Changes In Equity
For the Three Months Ending March 31, 2016

Statement III

	Share Capital \$'000	Fair Value Reserve \$'000	Revenue Reserve Non- Distributable \$'000	Revenue Reserve \$'000	Total \$'000
Balance at January 1, 2015	238,146	10,961	-	311,916	561,023
Loss for the period			-	87,028	87,028
Other comprehensive income for the period		689			689
Total comprehensive income for the period		689	-	87,028	87,717
Balance at March 31, 2015	238,146	11,650	-	398,944	648,740
Balance at January 1, 2016	238,146	5,945	48,367	329,469	621,927
Profit for the period				125,497	125,497
Other comprehensive income for the period		3,329			3,329
Total comprehensive income for the period		3,329	-	125,497	128,826
Balance at March 31, 2016	238,146	9,274	48,367	454,966	750,753

STATEMENT IV

THE JAMAICA STOCK EXCHANGE LIMITED
 Consolidated Statement Of Cash Flows
 Three Months Ended March 31, 2016 (Unaudited)

	Unaudited Three months ended March 2016 \$'000	Unaudited Three months ended March 2015 \$'000
Net Surplus	125,497	87,028
Adjustments for items not affecting cash flows and changes in non- cash operating assets and liabilities (net)	61,948	52,290
Cash provided by operating activities	187,445	139,318
Cash used in investing activities	(201,744)	(120,912)
Cash used in financing activities	-	-
Net (decrease)/increase in cash and cash equivalents	(14,299)	18,406
Opening cash and cash equivalents	64,009	14,330
Closing cash and cash equivalents	49,710	32,736

JAMAICA STOCK EXCHANGE LIMITED
Consolidated Segment Report
For the Three Months Ended March 31, 2016 (Unaudited)

STATEMENT V

	2016					Group (\$ 000)
	Exchange Operations (\$ 000)	Depository Services (\$ 000)	Investments Other (\$ 000)	Trustees Services (\$ 000)	Eliminations (\$ 000)	
	External Revenue	252,657	70,455	10,254	53,711	
Total Revenue	252,657	70,455	10,254	53,711	(50,000)	<u>337,077</u>
Results						
Segment results	162,998	40,512		33,262	(50,000)	<u>186,772</u>
Finance Costs	-	-		-		<u>-</u>
Profit before taxation	162,998	40,512		33,262		<u>186,772</u>
Taxation	(40,711)	(10,097)		(10,467)		<u>(61,275)</u>
Profit for the Period						<u>125,497</u>
Other information						
Depreciation & amortisation	3,011	1,551		469		5,031
Assets						
Segment assets	765,063	194,652		134,618	(103,631)	<u>990,702</u>
Liabilities						
Segment liabilities	185,835	59,337		35,779	(41,002)	<u>239,949</u>
2015						
	Exchange Operations (\$ 000)	Depository Services (\$ 000)	Investments Other (\$ 000)	Trustees Services (\$ 000)	Eliminations (\$ 000)	Group (\$ 000)
External Revenue	179,072	50,548	6,208	23,214		259,042
Total Revenue	179,072	50,548	13,026	23,214		265,860
Results						
Segment results	93,841	26,211		9,758		<u>129,810</u>
Finance Costs	-	-		-		<u>0</u>
Profit before taxation	93,841	26,211		9,758		<u>129,810</u>
Taxation	(31,280)	(8,737)		(2,765)		<u>(42,782)</u>
Profit for the Period						<u>87,028</u>
Other information						
Depreciation & amortisation	9,309	1,578		22		10,909
Assets						
Segment assets	649,731	145,287		66,158	(62,839)	<u>798,337</u>
Liabilities						
Segment liabilities	119,553	17,858		12,391	(205)	<u>149,597</u>

COMPENSATION FUND
Financial Position
For the Three Months Ended March 31, 2016

Statement VI

Unaudited	Unaudited	Audited
Three months ended March 2016 \$'000	Three months ended March 2015 \$'000	Twelve months ended December 2015 \$'000

ASSETS

Non-current assets

Investment in Securities	526,085	532,073	528,287
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Current assets

Income tax recoverable	22,869	18,000	22,757
Investment in securities	51,388	18,395	43,246
Government securities purchased under resale agreement	127,031	124,925	120,838
Cash and cash equivalents	7,675	1,881	4,859
	208,963	163,201	191,700
Total Assets	735,048	695,274	719,987

EQUITY AND LIABILITIES

Contingency reserve	714,191	680,496	706,398
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Non Current Liabilities

Deferred Tax Liabilities	8,893	4,661	8,316
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Current Liabilities

Payable & Accruals	11,964	10,117	5,273
Total Equity & Liabilities	735,048	695,274	719,987

**Compensation Fund
Comprehensive Income**

INCOME

Investment Income	14,512	11,927	55,969
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EXPENSES

Administrative expenses	(6,884)	(6,738)	(27,171)
Net Income	7,628	5,189	28,798

Taxation	(989)	(1,649)	(5,333)
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NET PROFIT	6,639	3,540	23,465
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OTHER COMPREHENSIVE INCOME

Fair value gain on revaluation of available-for-sale financial assets during the year, net	1,154	431	6,411
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TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	7,793	3,971	29,876
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THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2016**

1. **GROUP IDENTIFICATION**

(a) **Composition of the Group**

The group comprises the Jamaica Stock Exchange Ltd (the Company) which is incorporated in Jamaica as a public limited liability company and its wholly owned subsidiary, Jamaica Central Securities Depository Limited, (subsidiary) which is also incorporated in Jamaica. The Group also comprises the JCSD Trustee Services Limited which is a subsidiary of the Jamaica Central Securities Depository. The registered offices of all three companies are situated at 40 Harbour Street, Kingston, Jamaica.

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

(b) **Principal Activities - Subsidiary**

i. **Jamaica Central Securities Depository Limited**

The principal activity is to establish and maintain a Central Securities Depository (CSD) in Jamaica to transfer ownership of securities "by book entry", including shares, stocks, bonds or debentures of companies and other eligible securities.

ii. **JCSD Trustee Services Limited**

The principal activity is the provision of trustee, company management custodianship and related services.

2. **STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

These unaudited interim financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) and the Companies Act, 2004 of Jamaica. The accounting policy

The accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2015.

The interim financial statements have been prepared on the historical cost basis except for the revaluation of financial assets classified as available-for-sale investments that are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2016**

3. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

4. EMPLOYEE BENEFIT COSTS

Pension obligations

The group operates a defined benefit pension plan. The cost of providing benefits is determined using Projected Unit Credit Method with actuarial valuations being carried out at the end of each reporting period.

The post employment benefit assets recognised in the statement of financial position represents the fair value of the plan assets, as adjusted for unrecognized actuarial gains and losses and unrecognized past service costs, and as reduced by the present value of the defined benefit obligation. Any asset resulting from this calculation is limited to the unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

5. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of bank.

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2016**

6. **REVENUE RECOGNITION**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of consumption taxes.

7. **IMPAIRMENT OF FINANCIAL ASSETS**

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of investment have been affected.

8. **ORDINARY SHARES**

The number of ordinary shares issued is 140,250,000.

9. **EARNINGS PER SHARE**

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

The weighted average number of ordinary units as at 31 March 2015 and 31 December 2015 was 140,250,000.

10. **REVENUE RESERVES – NON-DISTRIBUTABLE**

Revenue Reserves – Non Distributable represents externally imposed capital requirements for the subsidiary for which they have complied with.

11. **SUBSEQUENT EVENT**

A dividend declared by the Directors on April 19, 2016 of 0.53 cents per share is to be paid to shareholders on May 6, 2016. The total dividend to be paid is \$74 million.

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2016**

12. SEGMENT REPORTING

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

- *Exchange operations* – the operation and regulation of the Stock Exchange
- *Depository* – Services in connection with transferring and holding of securities, shares, stocks, bonds and debentures.
- *Investments* – Income derived from investing activities of the Group.
- *Trustee* – Custodian, company management and other activities.

The Group's operations are located solely in Jamaica.

13. COMPENSATION FUND

a. Compensation fund receipts

These are contributions by member dealers of the Stock Exchange, based on a percentage of the volume of business done by them through the Exchange, for maintaining the Contingency Reserve Fund. However, for the period to date there were no contributions by the member dealers as the Board was of the view that the reserve is adequate for the specific purpose.

b. Contingency reserve

This fund is created out of surpluses for the purpose of providing some protection to the investing public should they suffer pecuniary loss as a result of defalcation or fraudulent misuse of securities or documents of titles to securities. Provisions in respect of the fund are in accordance with Sections 27 to 35 of the Securities Act.

**JAMAICA STOCK EXCHANGE LIMITED
TOP 10 ORDINARY SHAREHOLDERS REGISTER
AS AT MARCH 31, 2016**

Names	Shareholdings
1. Barita Investments Limited	10,200,000
2. GK Capital Management Limited	10,200,000
3. JMMB Securities Limited	10,200,000
4. M/VL Stockbrokers Limited	10,200,000
5. Mayberry Investments Limited	10,200,000
6. NCB Capital Markets Limited	10,200,000
7. Sagicor Investments Jamaica Limited	10,200,000
8. Scotia Investments Jamaica Limited	10,200,000
9. VM Wealth Management Limited	10,200,000
10. Stocks & Securities Limited	7,131,808

**JAMAICA STOCK EXCHANGE LIMITED
SHAREHOLDING OF DIRECTORS AND SENIOR MANAGERS
AS AT MARCH 31, 2016**

Directors/Alternate Directors	Shareholding
Edwin McKie*	200,000
Derrick McKoy*	70,000
Senior Managers	
Marlene Street*	30,000
Robin Levy	50,000
Suzette McNaught*	30,000
Suzette Whyte*	20,000
Kadyll McNaught*	20,000

**Includes holding in joint accounts*