



**REPORT OF THE BOARD OF DIRECTORS**  
**CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS**  
**FOR QUARTER ENDED MARCH 31, 2017**

---

**FIRST QUARTER FINANCIAL HIGHLIGHTS**

Description	Q1-2017	Q1-2016	Change
	\$	\$	%
Total Income	241.1m	326.8m	-26.2
Total Expenses	161.9m	150.3m	-7.7
Net Profit After Tax	56.2m	125.5m	-55.2
Earnings Per Share	0.08	0.18	-55.9

**FIRST QUARTER PERFORMANCE**

The Jamaica Stock Exchange Group (JSEG) recorded First Quarter Total income and Net Profit after Tax of \$241.1m and \$56.2m respectively. This reflected decreases in Total Income as well as Net Profit after Tax for Q1 2017 compared with Q1 2016 primarily due to an increase in Cess revenue derived from an extraordinarily large transaction that occurred in Q1 2016.

**Income**

In spite of the fact that Total Income declined by \$85.8m (26.2%) compared with the corresponding Quarter of 2016 due to lower Cess Revenue for Q1 2017 (as explained in the paragraph above), Fee Income and Other Operational Income increased by 18.6% and 33.8% respectively.

**Net Profit**

The JSEG recorded a decrease in Net Profit after Tax of \$69.3m (55.2%) for the Group when compared to the profit of \$125.5m for the corresponding period in 2016, as explained in the opening paragraph above.

**Expenses**

For the First Quarter ended March 2017, Total Expenses of \$161.9m, increased by \$11.6m (7.7%) over the comparable period in 2016.

The main contributors to the increase in expenditure were as follows:

- Staff Costs increased by \$18.2m (32.1%) over prior year comparatives due to salaries adjustments and increased staff complement to support new business lines.
- Property Expenses in Q1 2017 exceeded 2016 comparatives by \$8.4m (42.4%). This was largely associated with increases in maintenance cost and other licences expenses that were required based on the upgrades done on the Group's IT infrastructure.

### **Financial Position**

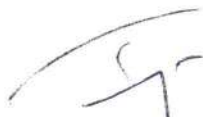
Total JSEG Assets as at March 31, 2017 of \$1.1b, reflects an increase of \$151.3m (15.3%), when compared to holdings as at March 31, 2016. This was due primarily to an increase in Property Plant and Equipment, Intangible Assets, Trade and Other Receivables, Cash and Cash Equivalent and Post-Employment Benefits. The financial performance of the Group in other areas is shown below:

- (a) Total Equity of \$867.3m as at March 31, 2017 reflects increases of \$116.5m (15.5%) and \$59.2m (7.3%) over the comparable positions at the end of March 31, 2016 and December 31, 2016 respectively.
- (b) Revenue Reserves reflect an increase of \$56.2m (14.3%) over the position as at December 31, 2016, and represents the net profit for the First Quarter ended March 31, 2017.

### **MARKET DEVELOPMENTS & OUTLOOK**

It is expected that for the remaining quarters there will be more companies listing their securities on the Exchange and a positive movement in Fee Income due to the expected increase in the Trustee Services clientele.

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 developments and the continuous improvement of service delivery to the Group's customers and stakeholders.



Ian McNaughton  
Chairman

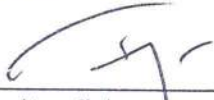


Marlene J Street Forrest  
Managing Director

JAMAICA STOCK EXCHANGE LIMITED  
Consolidated Statement Of Financial Position  
As At March 31, 2017

	Unaudited Three months ended March 2017 \$ '000	Unaudited Three months ended March 2016 \$ '000	Audited Twelve months ended December 2016 \$ '000
<i>Non-current assets</i>			
Property plant & equipment	261,182	90,379	257,069
Intangible assets	72,193	55,040	51,716
Post employment benefits	132,455	118,789	132,455
Investment in securities	198,434	239,104	196,395
Long-term receivables	10,281	10,049	8,850
<b>Total non-current assets</b>	<b>674,545</b>	<b>513,361</b>	<b>646,485</b>
<i>Current assets</i>			
Due from related party	1,111	7,031	-
Income tax recoverable	22,493		
Trade and other receivables	170,336	120,870	125,973
Investments in securities	66,433	38,959	65,379
Government securities purchased under resale agreement	105,325	260,771	135,004
Cash and cash equivalents	101,802	49,710	146,310
<b>Total current assets</b>	<b>467,500</b>	<b>477,341</b>	<b>472,666</b>
<b>Total assets</b>	<b>1,142,045</b>	<b>990,702</b>	<b>1,119,151</b>
<i>Equity</i>			
Share capital	238,146	238,146	238,146
Fair value reserve	13,867	9,274	10,883
Property revaluation reserves	118,488	-	118,488
Revenue reserve non-distributable	48,367	48,367	48,367
Revenue reserve	448,438	454,966	392,197
<b>Total equity</b>	<b>867,306</b>	<b>750,753</b>	<b>808,081</b>
<i>Non current liabilities</i>			
Deferred tax liabilities	78,368	45,437	76,875
<b>Total non-current liabilities</b>	<b>78,368</b>	<b>45,437</b>	<b>76,875</b>
<i>Current liabilities</i>			
Due to related party	-	-	79
Income tax payable	-	23,427	21,778
Payable & accruals	196,371	171,085	212,338
<b>Total current liabilities</b>	<b>196,371</b>	<b>194,512</b>	<b>234,195</b>
<b>Total equity &amp; liabilities</b>	<b>1,142,045</b>	<b>990,702</b>	<b>1,119,151</b>

Approved and authorized for issue by the Board of Directors on May 10, 2017 and are signed on its behalf by:

  
\_\_\_\_\_  
Ian McNaughton - Chairman

  
\_\_\_\_\_  
Marlene Street Forrest - Managing Director

JAMAICA STOCK EXCHANGE LIMITED  
Consolidated Statement of Comprehensive Income  
For The Three Months Ended March 31, 2017

Statement II

	Unaudited Three months ended March 2017 \$'000	Unaudited Three months ended March 2016 \$'000	Audited Twelve months ended December 2016 \$'000
<b>Revenue</b>			
Cess	68,557	183,379	330,229
Fee income	134,480	113,345	457,516
Ecampus	2,684	3,680	14,218
Other operating income	35,351	26,418	63,818
	241,072	326,822	865,781
<b>Expenses</b>			
Staff costs	75,113	56,865	273,437
Property expenses	28,241	19,826	95,204
Depreciation and amortisation	6,203	5,031	25,776
Advertising and promotion	20,568	20,706	48,492
Professional fees	10,633	9,348	45,191
Securities commission fees	9,683	24,922	45,617
Bad debts, less recoveries	-	-	(2,115)
Ecampus	3,048	3,002	14,077
Other operating expenses	8,460	10,604	37,174
	161,949	150,304	582,853
Investment income	5,435	10,254	51,808
<b>Profit before taxation</b>	84,558	186,772	334,736
Taxation	(28,317)	(61,275)	(111,147)
<b>Net profit</b>	56,241	125,497	223,589
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will never be reclassify to profit or loss:			
Remeasurement of employee benefits assets	-	-	6,531
Deferred income that will never be reclassified to profit or loss	-	-	(2,177)
Revaluation surplus on land	-	-	75,003
Revaluation surplus on property, plant & equipment	-	-	65,227
Deferred income tax on revaluation surplus	-	-	(21,742)
	-	-	122,842
Items that may be reclassify to profit or loss:			
Realised gain on available-for-sale investments	-	-	(5,300)
Unrealised gains/(losses) on available-for-sale investments	2,984	3,329	12,708
Deferred income tax on items that may be reclassified to profit or loss	-	-	(2,470)
	2,984	3,329	4,938
Other comprehensive income for the period, net of taxes	2,984	3,329	127,780
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	59,225	128,826	351,369
<b>Earnings per share</b>	\$ 0.08	\$ 0.18	\$ 0.32

JAMAICA STOCK EXCHANGE LIMITED  
 Consolidated Statement Of Changes In Equity  
 For the Three Months Ended March 31, 2017

Statement III

	Share Capital	Fair Value Reserve	Property Revaluation Reserve	Revenue Reserve Non- Distributable	Revenue Reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at January 1, 2016	238,146	5,945	-	48,367.00	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
<b>Balance at March 31, 2016</b>	<b>238,146</b>	<b>9,274</b>	<b>-</b>	<b>48,367.00</b>	<b>454,966</b>	<b>750,753</b>
Balance at January 1, 2017	238,146	10,883	118,488	48,367	392,197	808,081
Profit for the period	-	-	-	-	56,241	56,241
Other comprehensive income for the period	-	2,984	-	-	-	2,984
Total comprehensive income for the period	-	2,984	-	-	56,241	59,225
<b>Balance at March 31, 2017</b>	<b>238,146</b>	<b>13,867</b>	<b>118,488</b>	<b>48,367</b>	<b>448,438</b>	<b>867,306</b>

THE JAMAICA STOCK EXCHANGE LIMITED  
Consolidated Statement Of Cash Flows  
Three Months Ended March 31, 2017 (Unaudited)

	Unaudited Three months ended March 2017 \$'000	Unaudited Three months ended March 2016 \$'000
<b>Cash flows from operating activities</b>		
Profit for the period	56,241	125,497
Adjustments for:		
Depreciation of property, plant and equipment	4,815	3,538
Amortisation of intangible assets	1,388	1,493
Income tax expenses	28,317	61,275
Interest income	(5,435)	(10,254)
Operating cash flows before movements in working capital	85,326	181,549
Increase trade and other receivable	(44,363)	(1,696)
(Decrease)/Increase in trade and other payables	(15,967)	64,500
Cash provided by operations	24,996	244,353
Income tax paid	(72,588)	(56,908)
Cash (used)/provided by operating activities	(47,592)	187,445
<b>Cash flows from investing activities</b>		
Investments securities, net	6,819	33,529
Government securities purchased under resale agreement	29,679	(210,367)
Payments made to related parties	(1,190)	(6,890)
Acquisition of property, plant and equipment	(8,928)	(7,740)
Acquisition of intangible assets	(21,865)	(11,309)
Long term receivables	(1,431)	1,033
Cash provided by/(used) in investing activities	3,084	(201,744)
Net decrease in cash and cash equivalents	(44,508)	(14,299)
Cash and cash equivalent at the beginning of the year	146,310	64,009
Cash and cash equivalents at the end of the year	101,802	49,710

JAMAICA STOCK EXCHANGE LIMITED  
Consolidated Segment Report  
For The Three Months Ended March 31, 2017 (Unaudited)

STATEMENT V

	2017					Group (\$ 000)
	Exchange Operations (\$ 000)	Depository Services (\$ 000)	Investments Other (\$ 000)	Trustees Services (\$ 000)	Eliminations (\$ 000)	
	Revenue - external	120,692	53,120	5,434	67,181	
Segment results	26,023	19,426		39,108		84,557
Profit before taxation	26,023	19,426		39,108		84,557
Taxation	(10,038)	(4,962)		(13,316)		(28,316)
Profit for the period						<u>56,241</u>
Other information						
Depreciation & amortisation	4,026	1,513		664		6,203
Assets						
Segment assets	813,736	217,739		194,973	(84,403)	<u>1,142,045</u>
Liabilities						
Segment liabilities	202,051	63,237		31,225	(21,774)	<u>274,739</u>

	2016					Group (\$ 000)
	Exchange Operations (\$ 000)	Depository Services (\$ 000)	Investments Other (\$ 000)	Trustees Services (\$ 000)	Eliminations (\$ 000)	
	Revenue - external	252,657	70,455	10,254	53,711	
Results						
Segment results	162,998	40,512		33,262	(50,000)	186,772
Profit before taxation	162,998	40,512		33,262		186,772
Taxation	(40,711)	(10,097)		(10,467)		(61,275)
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>

**THE JAMAICA STOCK EXCHANGE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2017**

---

1. **GROUP IDENTIFICATION**

(a) **Composition of the Group**

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

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

(b) **Principal Activities - Subsidiary**

i. **Jamaica Central Securities Depository Limited**

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

ii. **JCSD Trustee Services Limited**

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

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

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

The accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2016.

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, 2017**

---

**3. BASIS OF CONSOLIDATION**

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

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

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

**4. EMPLOYEE BENEFIT COSTS**

**Pension obligations**

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

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

**5. CASH AND CASH EQUIVALENTS**

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

**THE JAMAICA STOCK EXCHANGE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2017**

---

**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 701,250,000.

**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 2016 and 31 December 2016 was 701,250,000 respectively.

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

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

**11. REVALUATION RESERVES**

Revaluation Reserves represent surplus arising from revaluation of land and building. The decision was taken by the board to change its accounting policy from the cost model to the revaluation model for land and building during the period.

## **THE JAMAICA STOCK EXCHANGE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2017**

---

#### **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 of fraudulent misuse of securities or documents of titles to securities. Provisions in respect of the fund are in accordance with Sections 27 to 35 of the Securities Act.

At March 31, 2017, the fund had total assets of \$778.90 million (2016: \$735.05 million) and net equity of \$760.69 million (2016: 714.19 million).

#### **14. SUBSEQUENT EVENT**

At a Special Board Meeting of the Board of Directors of the JSE held on April 25, 2017 the Directors declared a dividend of 0.0356 cents per ordinary shares payable to shareholders on record at May 11, 2017 to be paid on May 31, 2017. The ex-dividend date will be May 9, 2017. This represents final dividend payment for 2016.

**JAMAICA STOCK EXCHANGE LIMITED  
TOP 10 ORDINARY SHAREHOLDERS REGISTER  
AS AT MARCH 31, 2017**

---

Names	Shareholdings
1. Sagicor Pooled Equity Fund	105,311,790
2. M/VL Stockbrokers Limited	51,300,000
3. Scotia Investments Jamaica Limited	51,000,000
4. Sagicor Investments Jamaica Limited	51,000,000
5. VM Wealth Management Limited	51,000,000
6. JMMB Securities Limited	51,000,000
7. GK Capital Management Limited	51,000,000
8. Mayberry Investments Limited	51,000,000
9. NCB Capital Markets Limited	50,190,755
10. Barita Investments Limited	48,000,000

**JAMAICA STOCK EXCHANGE LIMITED**  
**SHAREHOLDING OF DIRECTORS AND SENIOR MANAGERS**  
**AS AT MARCH 31, 2017**

---

<b>Directors/Alternate Directors</b>	<b>Shareholding</b>
Edwin McKie	1,250,000
Derrick McKoy*	706,170
Dian Black	2,000

**Senior Managers**

Marlene Street*	75,000
Robin Levy	69,000
Suzette McNaught*	75,000
Suzette Whyte*	50,000
Neville Ellis*	10,000

\* *Includes holding in joint accounts*