



REPORT OF THE BOARD OF DIRECTORS
CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS
FOR QUARTER ENDED MARCH 31, 2018

FIRST QUARTER FINANCIAL HIGHLIGHTS

Description	Q1-2018	Q1-2017	Change
	\$	\$	%
Total Income	349.6m	241.1m	45
Total Expenses	206.8m	161.9m	-27.7
Net Profit After Tax	101.3m	56.2m	80.2
Earnings Per Share	\$0.14	\$0.08	75

FIRST QUARTER PERFORMANCE

The Jamaica Stock Exchange Group (JSEG) recorded a Net Profit after Tax of \$101.3m for the First Quarter ended March 31, 2018. There was an improvement in Cess and Fee Income, when compared to the corresponding period in 2017. Earnings per Share of \$0.14 increased by \$0.06 (75%) over the comparable period in 2017.

Income

The JSEG reported consolidated Total Income of \$349.6m, reflecting a \$108.5m (45%) increase over the corresponding Quarter of 2017. Fee Income now represents 53% of overall revenue and the growth by \$53m (39%) over the corresponding period in 2017 demonstrates that the JSEG continues to benefit from its diversification strategies. During the Quarter, revenue from Cess Income increased by \$57.4m (83.7%) when compared to the comparable period in 2017.

Net Profit

For the First Quarter ended March 31, 2018 the Net Profit after Tax recorded of \$101.3m represents an improvement of \$45.1m (80.2%) in the Net Profit after Tax of the Group when compared to the profit of \$56.2m for the corresponding period in 2017.

Expenses

Total Expenses of \$206.8m increased by \$44.9m (27.7%) when compared with the corresponding period in 2017. The main line items contributing to the increase are as follows:

- Staff Costs increased by \$10.9m over prior year comparative due primarily to salaries associated with new staff hires required to support new business lines and the expansion of current business.
- Depreciation and Amortisation exceeded 2017 by \$6.3m due to the acquisition of new assets and an increase in the revaluation of property.
- Professional Fees increased by \$6.6m due to payment of fees to consultants engaged to assist the JSEG in specific growth related projects.
- ~~Securities Commission Fees increased by \$8.9m. This correlates to Cess Fees earned.~~

Financial Position

Total JSEG Assets as at March 31, 2018 of \$1,380m, reflected an increase of \$238m (20.8%), when compared to holdings as at March 31, 2017. This was due primarily to an increase in Property Plant and Equipment, Government Securities purchased under resale agreement and Trade and Other Receivables. The increase in Trade and Other Receivables is due to positive revenue performance. The increase in the value of Government Securities is primarily due to an increase in investment during the First Quarter.

Total Equity of \$1,037.7m as at March 31, 2018 reflected an increase of \$170.4m (19.6%) and \$88.9m (9.4%) over the comparable positions at the end of March 31, 2017 and December 31, 2017 respectively. Revenue Reserves increased by \$145.8m (32.5%) and \$93.1m (18.6%) over the positions as at the end of March 31, 2017 and December 31, 2017 respectively.

MARKET DEVELOPMENTS & OUTLOOK

There were two listings on the Junior Market in the First Quarter. It is expected that for the remaining quarters additional listings will occur. The positive movement in Fee Income is expected to continue as the customer base increases.

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 other stakeholders.



Ian McNaughton
Chairman



Marlene J Street Forrest
Managing Director

JAMAICA STOCK EXCHANGE LIMITED
Consolidated Statement Of Financial Position
As At March 31, 2018

Unaudited Three months ended March 2018 \$ '000	Unaudited Three months ended March 2017 \$ '000	Audited Twelve months ended December 2017 \$ '000
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Non-current assets

Property plant & equipment	339,588	261,182	342,820
Intangible assets	63,285	72,193	60,252
Post employment benefits	126,561	132,455	126,561
Investment in securities	146,972	198,434	205,049
Long-term receivables	11,488	10,281	11,155
Total non-current assets	687,894	674,545	745,837

Current assets

Income tax recoverable	17,444	22,493	15,159
Due from related party	6,682	1,111	-
Trade and other receivables	302,997	170,336	170,433
Investments in securities	23,344	66,433	13,496
Government securities purchased under resale agreement	208,570	105,325	166,889
Cash and cash equivalents	133,057	101,802	143,164
Total current assets	692,094	467,500	509,141

Total assets

1,379,988	1,142,045	1,254,978
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Equity

Share capital	238,146	238,146	238,146
Fair value reserve	13,330	13,867	17,487
Property revaluation reserves	143,637	118,488	143,637
Revenue reserve non-distributable	48,367	48,367	48,367
Revenue reserve	594,225	448,438	501,143
Total equity	1,037,705	867,306	948,780

Non current liabilities

Deferred tax liabilities	79,109	78,368	80,507
Total non-current liabilities	79,109	78,368	80,507

Current liabilities

Due to related party	-	-	755
Payable & accruals	263,174	196,371	224,936
Total current liabilities	263,174	196,371	225,691

Total equity & liabilities

1,379,988	1,142,045	1,254,978
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Approved and authorized for issue by the Board of Directors on May 14, 2018 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, 2018

Statement II

	Unaudited Three months ended March 2018 \$'000	Unaudited Three months ended March 2017 \$'000	Audited Twelve months ended December 2017 \$'000
Revenue			
Cess	126,055	68,557	285,776
Fee income	187,546	134,480	611,563
Ecampus	3,241	2,684	15,921
Other operating income	32,734	35,351	77,890
	<u>349,576</u>	<u>241,072</u>	<u>991,150</u>
Expenses			
Staff costs	86,064	75,113	289,485
Property expenses	31,888	28,241	119,339
Depreciation and amortisation	12,501	6,203	37,387
Advertising and promotion	21,613	20,568	61,193
Professional fees	17,251	10,633	52,471
Securities commission fees	18,568	9,683	40,386
Impairment, less recoveries	1,897	-	6,274
Ecampus	3,712	3,048	13,373
Other operating expenses	13,268	8,460	48,314
	<u>206,762</u>	<u>161,949</u>	<u>668,222</u>
Investment income	8,387	5,435	16,319
Revaluation loss on investment in securities	(203)	-	-
Finance costs	-	-	(1,195)
Profit before taxation	<u>150,998</u>	<u>84,558</u>	<u>338,052</u>
Taxation	(49,687)	(28,317)	(117,384)
Net profit	<u>101,311</u>	<u>56,241</u>	<u>220,668</u>
OTHER COMPREHENSIVE INCOME			
Items that will never be reclassify to profit or loss:			
Remeasurement of employee benefits assets	-	-	(14,430)
Deferred income that will never be reclassified to profit or loss	-	-	4,810
Revaluation surplus on land	-	-	15,000
Revaluation surplus on property, plant & equipment	-	-	15,224
Deferred income tax on revaluation surplus	-	-	(5,075)
	<u>-</u>	<u>-</u>	<u>15,529</u>
Items that may be reclassify to profit or loss:			
Realised gain on investment in securities	-	-	(1,165)
Unrealised (losses)/gains on investment in securities	(4,157)	2,984	11,070
Deferred income tax on items that may be reclassified to profit or loss	-	-	(3,301)
	<u>(4,157)</u>	<u>2,984</u>	<u>6,604</u>
Other comprehensive income for the period, net of taxes	(4,157)	2,984	22,133
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>97,154</u>	<u>59,225</u>	<u>242,801</u>
Earnings per share	\$ 0.14	\$ 0.08	\$ 0.31

JAMAICA STOCK EXCHANGE LIMITED
Consolidated Statement Of Changes In Equity
For the Three Months Ended March 31, 2018

Statement III

	Share Capital \$'000	Fair Value Reserve \$'000	Property Revaluation Reserve \$'000	Revenue Reserve Non- Distributable \$'000	Revenue Reserve \$'000	Total \$'000
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
Balance at March 31, 2017	238,146	13,867	118,488	48,367	448,438	867,306
Balance at January 1, 2018	238,146	17,487	143,637	48,367	501,143	948,780
Changes on initial application of IFRS 9	238,146	17,487	143,637	48,367	(8,229)	(8,229)
Profit for the period	-	-	-	-	101,311	101,311
Other comprehensive loss for the period	-	(4,157)	-	-	-	(4,157)
Total comprehensive income for the period	-	(4,157)	-	-	101,311	97,154
Balance at March 31, 2018	238,146	13,330	143,637	48,367	594,225	1,037,705

STATEMENT IV

THE JAMAICA STOCK EXCHANGE LIMITED
Consolidated Statement Of Cash Flows
Three Months Ended March 31, 2018 (Unaudited)

	Unaudited Three months ended March 2018 \$'000	Unaudited Three months ended March 2017 \$'000
<i>Cash flows from operating activities</i>		
Profit for the period	101,311	56,241
Adjustments for:		
Depreciation of property, plant and equipment	7,053	4,815
Amortisation of intangible assets	5,448	1,388
Impairment, less recoveries	1,897	-
Income tax expenses	49,687	28,317
Interest income	(8,387)	(5,435)
Operating cash flows before movements in working capital	<u>157,009</u>	<u>85,326</u>
Increase trade and other receivable	(137,170)	(44,363)
Increase/(Decrease) in trade and other payables	38,238	(15,967)
Cash provided by operations	<u>58,077</u>	<u>24,996</u>
Income tax paid	(51,972)	(72,588)
Cash provided by/(used) operating activities	<u>6,105</u>	<u>(47,592)</u>
<i>Cash flows from investing activities</i>		
Investments securities, net	45,541	6,819
Government securities purchased under resale agreement	(41,681)	29,679
Payments made to related parties	(7,437)	(1,190)
Acquisition of property, plant and equipment	(3,821)	(8,928)
Acquisition of intangible assets	(8,481)	(21,865)
Long term receivables	(333)	(1,431)
Cash (used in)/provided by investing activities	<u>(16,212)</u>	<u>3,084</u>
Net decrease in cash and cash equivalents	(10,107)	(44,508)
Cash and cash equivalent at the beginning of the year	<u>143,164</u>	<u>146,310</u>
Cash and cash equivalents at the end of the year	<u>133,057</u>	<u>101,802</u>

JAMAICA STOCK EXCHANGE LIMITED
Consolidated Segment Report
For The Three Months Ended March 31, 2018 (Unaudited)

STATEMENT V

2018

	Exchange Operations (\$ 000)	JCSD Services (\$ 000)	Investments Other (\$ 000)	JCSD Trustees Services (\$ 000)	Eliminations (\$ 000)	Group (\$ 000)
Revenue - over time	40,959	6,231		39,394		86,584
Revenue - point in time	145,487	66,733	8,387	50,773		271,380
Total Revenue	186,446	72,964	8,387	90,167	-	357,964
Segment results	62,595	30,762		57,641		150,998
Profit before taxation	62,595	30,762		57,641		150,998
Taxation	(19,678)	(10,011)		(19,998)		(49,687)
Profit for the period						101,311
Other information						
Depreciation & amortisation	8,611	2,113		1,777		12,501
Assets						
Segment assets	943,310	295,298		240,518	(99,138)	1,379,988
Liabilities						
Segment liabilities	265,868	62,470		50,453	(36,508)	342,283

2017

	Exchange Operations (\$ 000)	JCSD Services (\$ 000)	Investments Other (\$ 000)	JCSD Trustees Services (\$ 000)	Eliminations (\$ 000)	Group (\$ 000)
Revenue - over time	20,355	1,970		24,571		46,896
Revenue - point in time	100,337	53,120	5,434	42,610	-	201,501
Total Revenue	120,692	55,090	5,434	67,181	-	248,397
Results						
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						56,241
Other information						
Depreciation & amortisation	4,026	1,513		664		6,203
Assets						
Segment assets	813,736	217,739		194,973	(84,403)	1,142,045
Liabilities						
Segment liabilities	202,051	63,237		31,225	(21,774)	274,739

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2018**

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, 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 2017. The adoption of new standards were applied retrospectively.

The interim financial statements have been prepared on the historical cost basis except for the revaluation of financial assets classified as fair value through other comprehensive income and fair value through profit and loss 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, 2018

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION CONT'D

New and amended standards adopted by the Group

The following new and amended standards affected the Group and became applicable for the current reporting period. This resulted in changes in accounting policies and retrospective adjustments:

- IFRS 9 Financial Instruments, and
- IFRS 15 Revenue from Contracts with Customers.

The impact of the adoption of these standards and the new accounting policies are disclosed in notes 6 and 7 below.

Impact of standards issued but not yet applied by the entity

IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Group will do an assessment of the potential effect of IFRS 16 on its financial statements during 2018.

THE JAMAICA STOCK EXCHANGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2018

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, 2018

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 replaces the provisions of IAS 18 that relate to the recognition of revenue. The adoption of IFRS 15 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in IFRS 15 [C3(b)], comparative figures have not been restated.

Sales of Services

Revenue is recognised as performance obligations are satisfied, that is, over time or at a point in time. Where a customer contract contains multiple performance obligations, the transaction price is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services being provided to the customer.

Certain contracts with customers provide a right of return. Accumulated experience is used to estimate and provide for customer returns using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability, representing amounts payable to customers, is recognised for expected returns.

The Group has undertaken an assessment of each material revenue stream in accordance with the prescribed five-step model to determine the impact on the timing and measurement of revenue recognition. Based on this assessment no material impact is identified.

7. FINANCIAL INSTRUMENTS

The Group adopted IFRS 9 – Financial Instruments effective January 1, 2018. IFRS 9 includes revised guidance on classification and measurement of financial assets and liabilities, including a new expected loss model for calculating impairment of financial assets. This standard replaces the ‘incurred loss’ model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

The Group analyzed its business model for managing financial assets and liabilities, the respective cash flow characteristics, and the contractual terms to these assets and applied the “expected credit loss” impairment model.

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2018**

FINANCIAL INSTRUMENTS CONT'D

Impact of Adoption

The adoption of the standard resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in the standard, comparative figures have not been restated and the effect of adoption was recognised in retained earnings as at January 1, 2018.

In terms of classification and measurement, the main changes are as follows:

- Investments in collective investment schemes were reclassified from available-for-sale to financial assets at fair value through profit or loss. These investments do not meet the criteria to be classified either as amortised cost or fair value through other comprehensive income as their cash flows do not represent solely payment of principal and interest.
- Investments were reclassified from available for sale to fair value through other comprehensive income as the Group's business model is both that of collecting contractual cash flows and selling of these assets. The contractual cash flows of these investments are solely principal and interest.

In terms of impairment, the main changes are as follows:

- The Group applied the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables
- Most of the Group's debt instruments were considered to have low credit risk and the expected credit losses recognised was therefore limited to 12 months expected credit losses.

Other financial assets such as cash and cash equivalents are also subject to the impairment requirements of the standard. However, the expected credit losses on these assets were immaterial.

8. ORDINARY SHARES

The number of ordinary shares issued is 701,250,000.

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2018**

9. EARNINGS PER SHARE

Basic earnings per share is 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 2017 and 31 December 2017 was 701,250,000.

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

Property revaluation reserve represents the fair value gains and losses arising on the revaluation of land and buildings that have been recognized in other comprehensive income.

12. SEGMENT REPORTING

The Group has undertaken an assessment of each material revenue stream in accordance with the five-step model

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 – trustee, custodian and other activities.

The Group's operations are located solely in Jamaica.

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2018**

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, 2018, the fund had total assets of \$789.38 million (2017: \$778.90 million) and net equity of \$767.78 million (2017: \$760.69million).

14. SUBSEQUENT EVENT

At a Special Board Meeting of the Board of Directors of the JSE held on March 21, 2018 the Directors declared a dividend of 0.1355 cents per ordinary shares payable to shareholders on record at April 6, 2018 paid on April 20, 2018. The ex-dividend date was April 5, 2018. This represents final dividend payment for 2017.

JAMAICA STOCK EXCHANGE LIMITED
TOP 10 ORDINARY SHAREHOLDERS REGISTER
AS AT MARCH 31, 2018

Names	Shareholdings
1. JCSD Trustee Services Clients	120,667,117
2. Sagicor Pooled Equity Fund	73,109,006
3. M/VL Stockbrokers Limited	51,317,623
4. VM Wealth Management Limited	51,000,000
5. GK Capital Management Limited	51,000,000
6. Mayberry Investments Limited	51,000,000
7. Barita Investments Limited	48,500,000
8. Jamaica Money Market Brokers	48,000,000
9. SJIML	35,235,572
10. NCB Capital Markets	27,797,512

JAMAICA STOCK EXCHANGE LIMITED
SHAREHOLDING OF DIRECTORS AND SENIOR MANAGERS
AS AT MARCH 31, 2018

Directors/Alternate Directors

Shareholding

Edwin McKie*	1,250,000
Derrick McKoy	706,170
Dian Black	2,000

Senior Managers

Marlene Street*	75,000
Suzette McNaught*	45,000
Suzette Whyte*	30,000
Neville Ellis*	10,000
Suzette Pryce	5,000

**Includes holding in joint accounts*