



REPORT OF THE BOARD OF DIRECTORS
CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS
FOR QUARTER ENDED SEPTEMBER 30, 2020

THIRD QUARTER FINANCIAL HIGHLIGHTS

Description	Q3 2020	Q3 2019	Change %	YTD 2020	YTD 2019	Change %
Total Income	\$373.2m	\$515.0m	-27.5	\$1,260.1m	\$1,389.5m	- 9.3
Total Expenses	\$263.4m	\$272.9m	3.5	\$838.8m	\$796.5m	-5.3
Net Profit After Tax	\$73.1m	\$163.8m	-55.4	\$286.3m	\$409.1m	-30.0
Earnings Per Share	\$0.10	\$0.23	-56.5	\$0.41	\$0.58	-29.3
Return on Equity	5.3%	12.9%	-7.6	20.6%	32.2%	-11.6

THIRD QUARTER PERFORMANCE

For the Third Quarter ended September 30, 2020, the Jamaica Stock Exchange Group (JSEG) recorded a Net Profit after Tax of \$73.1m. While Total Income was below the comparative period in 2019 by \$141.8m (27.5%), Fee Income improved over the same comparative period, resulting from the Group's diversified revenue streams. Total Expenses decreased by 3.5% compared to the corresponding quarter in 2019. The Return on Equity was 5.3% as against 12.9% in Q3 2019, representing a 7.6% decline.

Income

Total Income for the JSEG of \$373.2m, represents a \$141.8m (27.5%) decrease over the corresponding quarter of 2019. The decrease can be attributed to the under-performance in Cess Fee which decreased by \$164.5m (74.2%) over the comparable period. However, Fee Income increased by \$28.3m (10.5%) when compared to 2019 Third Quarter.

safety risks to employees and other stakeholders. The JSEG remains resolute in its commitment to maximize shareholders' wealth while providing strong support to stakeholders and the country at large.

The JSEG 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 in systems and service delivery to the JSEG's customers and other stakeholders.



Julian Mair
Chairman



Marlene J Street Forrest
Managing Director

JAMAICA STOCK EXCHANGE LIMITED
Consolidated Statement Of Financial Position
As At September 30, 2020

	Unaudited Nine months ended September 2020 \$ '000	Unaudited Nine months ended September 2019 \$ '000	Audited Twelve months ended December 2019 \$ '000
Non-Current assets			
Property plant & equipment	612,144	508,774	590,999
Intangible assets	134,293	116,163	142,296
Post employment benefits	130,110	89,812	130,110
Investment in securities	215,763	200,280	204,159
Long-term receivables	19,930	14,990	14,982
Total non-current assets	1,112,240	930,019	1,082,546
Current assets			
Due from related party	1,291	859	682
Trade and other receivables	276,590	299,697	270,218
Investments in securities	21,194	24,655	24,906
Government securities purchased under resale agreement	296,998	320,306	320,168
Cash and cash equivalents	104,794	69,466	107,112
Total current assets	700,867	714,983	723,086
Total assets	1,813,107	1,645,002	1,805,632
Equity			
Share Capital	238,146	238,146	238,146
Fair value reserve	28,242	26,716	29,838
Property revaluation reserves	237,377	176,422	237,377
Revenue reserve - non-distributable	48,367	48,367	48,367
Revenue reserve	838,146	779,985	916,525
Total equity	1,390,278	1,269,636	1,470,253
Non current liabilities			
Deferred tax liabilities	103,065	61,998	103,874
Total non-current liabilities	103,065	61,998	103,874
Current Liabilities			
Income tax payable	13,645	27,782	43,847
Contract liabilities	120,583	99,683	24,217
Payable & accruals	185,536	185,903	163,441
Total current liabilities	319,764	313,368	231,505
Total equity & liabilities	1,813,107	1,645,002	1,805,632

Approved and authorized for issue by the Board of Directors on November 10, 2020 and are signed on its behalf by:



Julian Mair - Chairman



Marlene J Street Forrest - Managing Director

JAMAICA STOCK EXCHANGE LIMITED
Consolidated Statement of Comprehensive Income
For the Nine Months Ended September 30, 2020

	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	Three months ended September 2020 \$'000	Three months ended September 2019 \$'000	Nine months ended September 2020 \$'000	Nine months ended September 2019 \$'000	Twelve months ended December 2019 \$'000
Revenue					
Cess	57,111	221,576	231,560	509,276	697,321
Fee Income	298,451	270,103	933,903	771,697	1,045,070
Ecampus	7,377	6,533	24,367	40,361	48,305
Other operating Income	10,300	16,787	70,254	68,189	83,676
	373,239	514,999	1,260,084	1,389,523	1,874,372
Expenses					
Staff costs	113,248	105,996	337,775	317,990	450,093
Property expenses	46,735	50,122	165,838	132,148	179,512
Depreciation and amortisation	16,617	15,022	50,331	41,358	59,408
Advertising and promotion	17,024	30,426	77,548	93,517	139,326
Professional fees	25,356	18,083	70,932	48,399	49,979
Securities commission fees	9,280	31,770	35,932	76,027	103,041
Net impairment loss/(gain) on financial assets	8,039	(848)	25,878	8,003	7,051
Ecampus	7,136	8,791	21,897	32,381	41,656
Other operating expenses	19,997	13,569	52,687	46,647	63,281
	263,432	272,931	838,818	796,470	1,093,347
Investment income	10,667	6,404	33,456	20,066	22,048
Profit before taxation	120,474	248,472	454,722	613,119	803,073
Taxation	(47,334)	(84,721)	(168,450)	(204,000)	(283,195)
Net profit	73,140	163,751	286,272	409,119	519,878
OTHER COMPREHENSIVE INCOME					
Items that will never be reclassified to profit or loss:					
Remeasurement of employee benefits assets	-	-	-	-	38,671
Deferred income that will never be reclassified to profit or loss	-	-	-	-	(12,891)
Revaluation surplus on land	-	-	-	-	28,200
Revaluation surplus on property, plant & equipment	-	-	-	-	49,134
Deferred income tax on revaluation surplus	-	-	-	-	(16,379)
	-	-	-	-	86,735
Items that may be reclassified to profit or loss:					
Changes in the fairvalue of debt investments at fairvalue through other comprehensive income	-	-	-	-	26,939
Net impairment loss	-	-	-	-	814
Unrealised gains/(losses) on debt investments	5,995	8,871	(1,596)	15,651	-
Deferred income tax on items that may be reclassified to profit or loss	-	-	-	-	(8,980)
	5,995	8,871	(1,596)	15,651	18,773
Other comprehensive income/(loss) for the period, net of taxes	5,995	8,871	(1,596)	15,651	105,508
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	79,135	172,622	284,676	424,770	625,386
Earnings per share	\$ 0.10	\$ 0.23	\$ 0.41	\$ 0.58	\$ 0.74

JAMAICA STOCK EXCHANGE LIMITED
Consolidated Statement Of Changes In Equity
For the Nine Months Ended September 30, 2020

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, 2019	238,146	11,065	176,422	48,367	651,367	1,125,367
Profit for the period	-	-	-	-	409,119	409,119
Other comprehensive income for the period	-	15,651	-	-	-	15,651
Total comprehensive income for the period	-	15,651	-	-	409,119	424,770
Dividend	-	-	-	-	(280,501)	(280,501)
Balance at September 30, 2019	238,146	26,716	176,422	48,367	779,985	1,269,636
Balance at January 1, 2020	238,146	29,838	237,377	48,367	916,525	1,470,253
Profit for the period	-	-	-	-	286,272	286,272
Other comprehensive loss for the period	-	(1,596)	-	-	-	(1,596)
Total comprehensive income/(loss) for the period	-	(1,596)	-	-	286,272	284,676
Dividend	-	-	-	-	(364,651)	(364,651)
Balance at September 30, 2020	238,146	28,242	237,377	48,367	838,146	1,390,278

STATEMENT IV

THE JAMAICA STOCK EXCHANGE LIMITED
Consolidated Statement Of Cash Flows
Nine Months Ended September 30, 2020 (Unaudited)

	Unaudited Nine months ended September 2020 \$'000	Unaudited Nine months ended September 2019 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	286,272	409,119
Adjustments for:		
Depreciation of property, plant and equipment	25,862	23,131
Amortisation of intangible assets	24,469	18,227
Net impairment on financial assets	25,878	8,003
Income tax expenses	168,450	204,000
Interest income	(33,456)	(20,066)
Operating cash flows before movements in working capital	497,475	642,414
Increase in trade and other receivable	(32,250)	(59,927)
Increase in contract liabilities	96,366	79,235
Increase/(Decrease) in trade and other payables	22,095	(73,637)
Cash provided by operations	583,686	588,085
Income tax paid	(198,652)	(228,533)
Cash provided by operating activities	385,034	359,552
Cash flows from investing activities		
Investments securities, net	23,159	(21,100)
Government securities purchased under resale agreement	23,170	(105,916)
(Payments)/Receipts from related parties	(609)	1,825
Acquisition of property, plant and equipment	(47,007)	(40,683)
Acquisition of intangible assets	(16,466)	(85,228)
Long term receivables	(4,948)	574
Cash used in investing activities	(22,701)	(250,528)
Cash flows from financing activities		
Dividends paid	(364,651)	(280,501)
Cash used in financing activities	(364,651)	(280,501)
Net decrease in cash and cash equivalents	(2,318)	(171,477)
Cash and cash equivalent at the beginning of the year	107,112	240,943
Cash and cash equivalents at the end of the year	104,794	69,466

JAMAICA STOCK EXCHANGE LIMITED Consolidated Segment Report For the Nine Months Ended September 30, 2020 (Unaudited)
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	2020					
	<u>Exchange Operations</u> (\$ 000)	<u>Depository Services</u> (\$ 000)	<u>Investments Other</u> (\$ 000)	<u>Trustees Services</u> (\$ 000)	<u>Eliminations</u> (\$ 000)	<u>Group</u> (\$ 000)
Revenue - overtime	169,979	19,528		131,445		320,952
Revenue - point in time	564,601	533,900	33,456	301,631	(461,000)	972,588
Total Revenue	734,580	553,428	33,456	433,076	(461,000)	1,293,540
Segment results	272,919	363,965		278,838	(461,000)	454,722
Profit before taxation	272,919	363,965		278,838	(461,000)	454,722
Taxation	(5,656)	(69,881)		(92,913)		(168,450)
Profit for the Period						<u>286,272</u>
<u>Other information</u>						
Depreciation & amortisation	36,903	9,558		3,870		50,331
Assets						
Segment assets	1,119,559	456,015		422,887	(185,354)	1,813,107
Liabilities						
Segment liabilities	330,236	139,410		77,944	(124,761)	422,829
	2019					
	<u>Exchange Operations</u> (\$ 000)	<u>Depository Services</u> (\$ 000)	<u>Investments Other</u> (\$ 000)	<u>Trustees Services</u> (\$ 000)	<u>Eliminations</u> (\$ 000)	<u>Group</u> (\$ 000)
Revenue - overtime	144,789	15,815		22,430		183,034
Revenue - point in time	716,157	439,467	20,066	338,865	(288,000)	1,226,555
Total Revenue	860,946	455,282	20,066	361,295	(288,000)	1,409,589
Segment results	371,459	285,826		243,834	(288,000)	613,119
Profit before taxation	371,459	285,826		243,834	(233,000)	668,119
Taxation	(66,533)	(55,419)		(82,048)		(204,000)
Profit for the Period						<u>464,119</u>
<u>Other information</u>						
Depreciation & amortisation	29,674	6,944		4,740		41,358
Assets						
Segment assets	1,025,972	338,080		358,229	(77,279)	1,645,002
Liabilities						
Segment liabilities	246,749	72,146		71,119	(14,648)	375,366

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**

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 2019. The adoption of the new standard was applied retrospectively, but there were no restatement of comparatives as permitted under the transitional provisions in the standard.

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 NINE MONTHS ENDED SEPTEMBER 30, 2020**

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION CONT'D

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.

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**

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.

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

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 JAMAICA STOCK EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

7. FINANCIAL INSTRUMENTS

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 applies the “expected credit loss” impairment model.

- The Group applies 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 are 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. However, the expected credit losses on these assets were immaterial.

8. LEASES

IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group operates as a Lessor for lease arrangements. As such there is no substantial change to the accounting for the Group. The subsidiary has recognised a right of use asset and lease obligation as there is a lease held for which the subsidiary is a lessee. The associated right of use asset and lease obligation have been eliminated on consolidation as the leased asset is owned by the parent company.

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**

9. ORDINARY SHARES

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

10. 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 30 September 2019 and 31 December 2019 was 701,250,000.

11. REVENUE RESERVES – NON-DISTRIBUTABLE

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

12. 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.

THE JAMAICA STOCK EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

13. DIVIDEND

During the period September 30, 2020, dividend payment was declared by the Board of Directors

- On August 31, 2020 a dividend of \$0.15 per ordinary share was paid to shareholders. The total dividend paid was \$105.2 million.

Total dividend paid during 2020 was \$364.7 million.

14. 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.

15. 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 September 30, 2020 the fund had total assets of \$905.6 million (2019: \$896.5 million) and net equity of \$868.1 million (2019: \$859.8 million).

JAMAICA STOCK EXCHANGE LIMITED
TOP 10 ORDINARY SHAREHOLDERS REGISTER
AS AT SEPTEMBER 30, 2020

Names	Shareholdings
1. Sagicor Pooled Equity Fund	73,109,006
2. JCSD Trustee Services Limited - Sigma Equity	62,230,552
3. VM Wealth Management Limited	51,000,000
4. GK Capital Management Limited	51,000,000
5. M/VL Stockbrokers Limited	49,610,860
6. Cornerstone Investment Holdings Limited	48,000,000
7. Jamaica Money Market Brokers Limited	47,983,130
8. SJIML	35,578,802
9. Mayberry Investments Limited	33,368,794
10. JCSD Trustee Services Limited - Sigma Diversified Investors	29,995,020

JAMAICA STOCK EXCHANGE LIMITED
SHAREHOLDING OF DIRECTORS AND SENIOR MANAGERS
AS AT SEPTEMBER 30, 2020

Directors/Alternate Directors

Shareholding

Edwin McKie*	1,264,004
Derrick McKoy*	3,581,170
Dian Black	2,000
Ramon Small-Ferguson	4,000

Senior Managers

Marlene Street Forrest*	75,000
Suzette McNaught*	30,000
Suzette Whyte*	22,000
Neville Ellis*	10,000
Suzette Pryce	5,000
Riccalya Robb	5,000

**Includes holding in joint accounts*