



REPORT OF THE BOARD OF DIRECTORS
CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS
FOR QUARTER ENDED MARCH 31, 2022

FIRST QUARTER FINANCIAL HIGHLIGHTS

Description	Q1 2022	Q1 2021	Change %
Total Income	\$561.7m	\$410.4m	36.9
Total Expenses	\$359.1m	\$305.4m	-17.6
Net Profit After Tax	\$136.0m	\$74.1m	83.5
Earnings Per Share	\$0.19	\$0.11	72.7
Return on Equity	6.7 %	5.6%	19.6

FIRST QUARTER PERFORMANCE

The Jamaica Stock Exchange Group (JSEG) recorded a Net Profit after Tax of \$136m. Total Expenses increased by 17.6% compared to the corresponding quarter in 2021. The Return on Equity was 6.7% as against 5.6% in 2021, representing a 19.6% increase.

Income

Total Income for the JSEG of \$561.7m, represents a \$151.3m (36.9%) increase over the corresponding quarter of 2021. The increase can be attributed to improved market conditions and market activities which has resulted in the significant improvement in Cess and Fee Income by \$79.4m (157.9%) and \$62.3m (20.1%) respectively over the comparable period.

Expenses

Total Expenses of \$359.1m increased by \$53.7m (17.6%) when compared to the corresponding quarter in 2021. The main expenditure contributing to the increase are as follows:

- Staff Cost was above 2021 comparatives by \$27.1m (20.2%). This was mainly due to a 6% increase in salaries as well as a reclassification exercise resulting in the upward movement in salaries of some positions.
- Securities Commission Fees was above 2021 comparatives by \$9.9m (126.9%), reflecting the direct correlation between Cess revenue and fees paid.

- Net Impairment Losses on Financial Assets increased by \$5.2m (185.7%) over prior year comparative. This increase is due to the Expected Credit Loss Model utilized where provision is made for receivable over 180 days. The Group continues to manage this risk.

Net Profit

Net Profit after Tax of \$136m represents an increase of \$61.9m (83.5%) when compared to the profit of \$74.1m for the corresponding period in 2021. The increase in Net Profit reflects the improvement in Total Income during the quarter, primarily driven by the higher trading values in the market.

Financial Position

Total JSEG Assets as of March 31, 2022, of \$2,581m, reflected an increase of \$477.8m (22.7%), when compared to holdings as at March 31, 2021. This was due primarily to an increase in Property, Plant and Equipment and Government Securities purchased under resale agreement.

Total Equity of \$2019.3m as at March 31, 2022, reflects an increase of \$412.7m (25.7%) and \$127.5m (6.7%) over the comparable positions at the end of March 31, 2021, and December 31, 2021, respectively.

MARKET DEVELOPMENTS & OUTLOOK


The First Quarter performance has been good and the outlook for the year is that the JSEG will improve as investors and companies continue to demonstrate confidence in the economy despite the lingering threats and impact of COVID 19. We also believe that despite the geo-political unrest which will undoubtedly have some impact on the economy, and create some market uncertainty, overall, we do not expect that it will significantly affect our income due to our diversification strategies.

We continue with our risk mitigating measures which were successfully implemented, including a COVID 19 Response Plan aimed at minimizing health and 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 exploration and 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 March 31, 2022

Unaudited	Unaudited	Audited
Three months ended March 2022	Three months ended March 2021	Twelve months ended December 2021
\$ '000	\$ '000	\$ '000

Non-current assets

Property plant & equipment	881,435	688,163	869,976
Intangible assets	189,162	141,517	172,042
Post employment benefits	62,388	102,429	62,388
Investment in securities	211,712	223,282	227,359
Long-term receivables	20,116	15,070	20,824
Total non-current assets	1,364,813	1,170,461	1,352,589

Current assets

Income tax recoverable	18,778	34,409	-
Due from related party	2,822	3,211	-
Trade and other receivables	352,424	303,317	300,456
Investments in securities	18,526	12,239	15,114
Government securities purchased under resale agreement	604,304	443,463	487,770
Cash and cash equivalents	219,284	136,050	77,431
Total current assets	1,216,138	932,689	880,771

Total assets	2,580,951	2,103,150	2,233,360
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Equity

Share capital	238,146	238,146	238,146
Fair value reserve	26,133	35,459	34,595
Property revaluation reserves	392,173	290,867	392,173
Revenue reserve non-distributable	48,367	48,367	48,367
Revenue reserve	1,314,456	993,794	1,178,479
Total equity	2,019,275	1,606,633	1,891,760

Non current liabilities

Deferred tax liabilities	102,664	104,769	106,904
Total non-current liabilities	102,664	104,769	106,904

Current liabilities

Due to related party	-	-	5
Income Tax payable	-	-	21,455
Contract liabilities	307,434	259,570	32,804
Payable & accruals	151,578	132,178	180,432
Total current liabilities	459,012	391,748	234,696

Total equity & liabilities	2,580,951	2,103,150	2,233,360
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Approved and authorized for issue by the Board of Directors on May 11, 2022 and are signed on its behalf by:



Julian Mair - Chairman



Marlene Stree Forrest - Managing Director

JAMAICA STOCK EXCHANGE LIMITED
Consolidated Statement of Comprehensive Income
For The Three Months Ended March 31, 2022

Statement II

	Unaudited Three months ended March 2022 \$'000	Unaudited Three months ended March 2021 \$'000	Audited Twelve months ended December 2022 \$'000
Revenue			
Cess	129,698	50,273	469,473
Fee income	372,993	310,680	1,339,724
Ecampus	10,953	9,513	34,962
Other operating income	48,063	39,977	83,515
	<u>561,707</u>	<u>410,443</u>	<u>1,927,674</u>
Expenses			
Staff costs	161,184	134,105	566,297
Property expenses	67,730	62,152	268,986
Depreciation and amortisation	18,461	16,669	70,201
Advertising and promotion	39,883	33,593	78,849
Professional fees	30,862	33,253	84,796
Securities commission fees	17,698	7,783	68,235
Net impairment losses on financial assets	3,966	(2,759)	(411)
Ecampus	6,549	6,402	35,773
Other operating expenses	12,767	14,160	62,755
	<u>359,100</u>	<u>305,358</u>	<u>1,235,481</u>
Investment income	3,096	9,246	48,784
Profit before taxation	205,703	114,331	740,977
Taxation	(69,726)	(40,201)	(243,664)
Net profit	<u>135,977</u>	<u>74,130</u>	<u>497,313</u>
OTHER COMPREHENSIVE INCOME			
Items that will never be reclassify to profit or loss:			
Remeasurement of employee benefits assets	-	-	(70,587)
Deferred income that will never be reclassified to profit or loss	-	-	23,529
Revaluation surplus on land	-	-	27,100
Revaluation surplus on property, plant & equipment	-	-	111,309
Deferred income tax on revaluation surplus	-	-	(37,103)
	<u>-</u>	<u>-</u>	<u>54,248</u>
Items that may be reclassify to profit or loss:			
Changes in the fairvalue of debt investments at fair value through other comprehensive income	-	-	(4,208)
Net impairment gain	-	-	80
Unrealised losses on investment in securities	(8,462)	(1,862)	-
Deferred income tax on items that may be reclassified to profit or loss	-	-	1,402
	<u>(8,462)</u>	<u>(1,862)</u>	<u>(2,726)</u>
Other comprehensive (loss)/income for the period, net of taxes	(8,462)	(1,862)	51,522
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>127,515</u>	<u>72,268</u>	<u>548,835</u>
Earnings per share	\$ 0.19	\$ 0.11	\$ 0.71

JAMAICA STOCK EXCHANGE LIMITED
Consolidated Statement Of Changes In Equity
For the Three Months Ended March 31, 2022

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, 2021	238,146	37,321	290,867	48,367	919,664	1,534,365
Profit for the period	-	-	-	-	74,130	74,130
Other comprehensive loss for the period	-	(1,862)	-	-	-	(1,862)
Total comprehensive income for the period	-	(1,862)	-	-	74,130	72,268
Balance at March 31, 2021	238,146	35,459	290,867	48,367	993,794	1,606,633
Balance at January 1, 2022	238,146	34,595	392,173	48,367	1,178,479	1,891,760
Profit for the period	-	-	-	-	135,977	135,977
Other comprehensive loss for the period	-	(8,462)	-	-	-	(8,462)
Total comprehensive (loss)/income for the period	-	(8,462)	-	-	135,977	127,515
Balance at March 31, 2022	238,146	26,133	392,173	48,367	1,314,456	2,019,275

STATEMENT IV
THE JAMAICA STOCK EXCHANGE LIMITED Consolidated Statement Of Cash Flows Three Months Ended March 31, 2022 (Unaudited)

	Unaudited	Unaudited
	Three months ended	Three months ended
	March 2022	March 2021
	\$'000	\$'000
Cash flows from operating activities		
Profit for the period	135,977	74,130
Adjustments for:		
Depreciation of property, plant and equipment	9,501	8,765
Amortisation of intangible assets	8,766	7,904
Net impairment on financial assets	3,966	(2,759)
Income tax expenses	69,726	40,201
Interest income	(3,096)	(9,246)
Operating cash flows before movements in working capital	224,840	118,995
Increase in trade and other receivable	(55,934)	(38,548)
Increase contract liabilities	274,630	229,597
Decrease in trade and other payables	(28,854)	(52,333)
Cash provided by operations	414,682	257,711
Income tax paid	(109,959)	(89,931)
Cash provided by operating activities	304,723	167,780
Cash flows from investing activities		
Investments securities, net	2,629	4,579
Government securities purchased under resale agreement	(116,534)	(143,326)
Payments made to related parties	(2,827)	(3,232)
Acquisition of property, plant and equipment	(20,960)	(17,407)
Acquisition of intangible assets	(25,886)	(13,731)
Long term receivables	708	879
Cash provided used in investing activities	(162,870)	(172,238)
Net increase/(decrease) in cash and cash equivalents	141,853	(4,458)
Cash and cash equivalent at the beginning of the year	77,431	140,508
Cash and cash equivalents at the end of the period	219,284	136,050

JAMAICA STOCK EXCHANGE LIMITED
Consolidated Segment Report
For The Three Months Ended March 31, 2022 (Unaudited)

STATEMENT V

2022

	Exchange Operations (\$ 000)	JCSD Services (\$ 000)	Investments Other (\$ 000)	JCSD	Eliminations (\$ 000)	Group (\$ 000)
				Trustees		
				Services (\$ 000)		
Revenue - over time	76,759	16,645		63,517		156,921
Revenue - point in time	178,372	118,727	3,096	107,687	-	407,882
Total Revenue	255,131	135,372	3,096	171,204	-	564,803
Segment results	54,848	57,662		93,193	-	205,703
Profit before taxation	54,848	57,662		93,193		205,703
Taxation	(18,283)	(19,542)		(31,901)		(69,726)
Profit for the period						135,977
Other information						
Depreciation & amortisation	15,030	2,636		795		18,461
Assets						
Segment assets	1,455,530	562,683		698,871	(136,133)	2,580,951
Liabilities						
Segment liabilities	420,898	113,542		101,503	(74,267)	561,676

2021

	Exchange Operations (\$ 000)	JCSD Services (\$ 000)	Investments Other (\$ 000)	JCSD	Eliminations (\$ 000)	Group (\$ 000)
				Trustees		
				Services (\$ 000)		
Revenue - over time	60,366	6,322		49,877		116,565
Revenue - point in time	203,626	150,526	9,246	107,126	(167,400)	303,124
Total Revenue	263,992	156,848	9,246	157,003	(167,400)	419,689
Results						
Segment results	98,133	91,968		91,631	(167,400)	114,332
Profit before taxation	98,133	91,968		91,631		114,332
Taxation	-	(10,998)		(29,204)		(40,202)
Profit for the period						74,130
Other information						
Depreciation & amortisation	12,616	3,103		950		16,669
Assets						
Segment assets	1,310,418	452,179		491,920	(151,367)	2,103,150
Liabilities						
Segment liabilities	365,292	138,403		82,829	(90,007)	496,517

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

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 2021. 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 THREE MONTHS ENDED MARCH 31, 2022**

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 THREE MONTHS ENDED MARCH 31, 2022**

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 THREE MONTHS ENDED MARCH 31, 2022**

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 THREE MONTHS ENDED MARCH 31, 2022**

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 31 March 2021 and 31 December 2021 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 THREE MONTHS ENDED MARCH 31, 2022

13. 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.

14. SUBSEQUENT EVENT – DIVIDEND PAID

During the period March 31, 2022 dividend payment was declared by the Board of Directors

- On April 25, 2022 a dividend of \$0.275 per ordinary share was paid to shareholders. The total dividend paid was \$192.8 million.

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 March 31, 2022 the fund had total assets of \$934.3 million (2021: \$915.7 million) and net equity of \$900.3 million (2021: \$878.4 million).

JAMAICA STOCK EXCHANGE LIMITED
TOP 10 ORDINARY SHAREHOLDERS REGISTER
AS AT MARCH 31, 2022

Names	Shareholdings
1. Sagicor Pooled Equity Fund	70,125,000
2. JCSD Trustee Services Limited - Sigma Equity	63,701,662
3. VM Wealth Management Limited	51,000,000
4. GK Capital Management Limited	51,000,000
5. M/VL Stockbrokers Limited	49,536,039
6. Cornerstone Investment Holdings Limited	48,000,000
7. Jamaica Money Market Brokers Limited	47,983,130
8. SJIML	36,578,802
9. Mayberry Investments Limited	33,369,794
10. JCSD Trustee Services Limited - Sigma Diversified Investors	29,995,020

JAMAICA STOCK EXCHANGE LIMITED
SHAREHOLDING OF DIRECTORS AND SENIOR MANAGERS
AS AT MARCH 31, 2022

Directors/Alternate Directors

Shareholding

Edwin McKie*	1,264,004
Derrick McKoy*	3,581,170
Dian Black	2,000
Michael McNaughton	3,000

Senior Managers

Marlene Street Forrest*	56,500
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*