



REPORT OF THE BOARD OF DIRECTORS
CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS
FOR QUARTER ENDED JUNE 30, 2022

SECOND QUARTER FINANCIAL HIGHLIGHTS

Description	Q2 2022	Q2 2021	Change %	YTD 2022	YTD 2021	Change %
Total Income	\$570.9m	\$441.5m	29.3	\$1,132.7m	\$851.9m	33
Total Expenses	\$355.2m	\$284.7m	-24.8	\$714.3m	\$590.0m	-21.1
Net Profit After Tax	\$143.8m	\$116.3m	23.6	\$279.7m	\$190.4m	46.9
Earnings Per Share	\$0.21	\$0.17	23.5	\$0.40	\$0.27	48
Return on Equity	7.4%	7.2%	2.8	14%	12%	16.7

SECOND QUARTER PERFORMANCE

The Jamaica Stock Exchange Group (JSEG) recorded a Net Profit after Tax of \$143.8m, which was 23.6% above the corresponding quarter in 2021. Total Expenses increased by 24.8% compared to the corresponding quarter in 2021. The Return on Equity was 7.4% as against 7.2% in 2021, representing a 2.8% increase.

Income

Total Income for the JSEG of \$570.9m, represents a \$129.4m (29.3%) 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 \$56.2m (67.5%) and \$78m (23.2%) respectively over the comparable period.

Expenses

Total Expenses of \$355.2m increased by \$70.5m (24.8%) 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 \$29.7m (21.9%). 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 \$7.4m (58.7%), reflecting the direct correlation between Cess revenue and fees paid.
- Advertising and Promotion was above 2021 comparatives by \$12m (133.3%) due to the increase in promotional activities which is aligned to revenue growth.
- Net Impairment Losses on Financial Assets decreased by \$4.1m (105.1%) over prior year comparative. This decrease represents a reduction in the Expected Credit Loss due to an increase in the collection of long outstanding receivables.

Net Profit

Net Profit after Tax of \$143.8m represents an increase of \$27.5m (23.6%) when compared to the profit of \$116.3m 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 at June 30, 2022, of \$2,455.3m, reflected an increase of \$384.8m (18.6%), when compared to holdings as at June 30, 2021. This was due primarily to an increase in Property, Plant and Equipment, Intangible Assets and Government Securities purchased under resale agreement.

Total Equity of \$1,952.9m as at June 30, 2022, reflects an increase of \$340.5m (21.1%) and \$61.1m (3.2%) over the comparable positions at the end of June 30, 2021, and December 31, 2021, respectively. Revenue Reserves reflect an increase of \$86.9m (7.4%) over the position as at December 31, 2021, which is net of \$192.8m paid to shareholders as dividend and the six months' profit.

MARKET DEVELOPMENTS & OUTLOOK

The JSEG's Second Quarter results has been good and the outlook for the year is for improved performance, as investors and companies continue to demonstrate confidence in the economy despite the lingering threats and impact of COVID 19 and other market uncertainties. We also believe that despite the geo-political unrest which will undoubtedly have some impact on the economy, overall, we do not expect that this will significantly affect the Group's income due to our successful diversification strategies.

We continue to implement our enterprise risk mitigating measures as well as those 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 June 30, 2022

	Unaudited Six months ended June 2022 \$ '000	Unaudited Six months ended June 2021 \$ '000	Audited Twelve months ended December 2021 \$ '000
Non-current assets			
Property plant & equipment	890,083	697,021	869,976
Intangible assets	211,683	138,033	172,042
Post employment benefits	62,388	102,429	62,388
Investment in securities	186,389	221,861	227,359
Long-term receivables	15,059	19,176	20,824
Total non-current assets	1,365,602	1,178,520	1,352,589
Current assets			
Income tax recoverable	15,652	36,190	-
Due from related party	4,715	712	-
Trade and other receivables	325,100	286,447	300,456
Investments in securities	16,661	13,530	15,114
Government securities purchased under resale agreement	603,471	433,624	487,770
Cash and cash equivalents	124,119	121,434	77,431
Total current assets	1,089,718	891,937	880,771
Total assets	2,455,320	2,070,457	2,233,360
Equity			
Share Capital	238,146	238,146	238,146
Fair value reserve	8,793	37,147	34,595
Property revaluation reserves	392,173	290,867	392,173
Revenue reserve - non-distributable	48,367	48,367	48,367
Revenue reserve	1,265,424	997,883	1,178,479
Total equity	1,952,903	1,612,410	1,891,760
Non-current liabilities			
Deferred tax liabilities	94,001	105,609	106,904
Total non-current liabilities	94,001	105,609	106,904
Current Liabilities			
Due to related party	-	-	5
Income tax payable	-	-	21,455
Contract liabilities	213,746	192,828	32,804
Payable & accruals	194,670	159,610	180,432
Total current liabilities	408,416	352,438	234,696
Total equity & liabilities	2,455,320	2,070,457	2,233,360

Approved and authorized for issue by the Board of Directors on July 27, 2022 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 Six Months Ended June 30, 2022

Statement II

	Unaudited Three months ended June 2022 \$'000	Unaudited Three months ended June 2021 \$'000	Unaudited Six months ended June 2022 \$'000	Unaudited Six months ended June 2021 \$'000	Audited Twelve months ended December 2021 \$'000
Revenue					
Cess	139,543	83,310	269,241	133,583	469,473
Fee Income	413,816	335,811	786,809	646,491	1,339,724
Ecampus	6,954	12,110	17,907	21,623	34,962
Other operating Income	10,631	10,261	58,694	50,238	83,515
	<u>570,944</u>	<u>441,492</u>	<u>1,132,651</u>	<u>851,935</u>	<u>1,927,674</u>
Expenses					
Staff costs	165,222	135,508	326,406	269,613	566,297
Property expenses	75,679	63,237	143,409	125,389	268,986
Depreciation and amortisation	18,306	16,263	36,767	32,932	70,201
Advertising and promotion	20,969	9,043	60,852	42,636	78,849
Professional fees	33,851	24,643	64,713	57,896	84,796
Securities commission fees	20,070	12,568	37,768	20,351	68,235
Net impairment losses on financial assets	(7,989)	3,932	(4,023)	1,173	(411)
Ecampus	10,273	9,025	16,822	15,427	35,773
Other operating expenses	18,814	10,444	31,581	24,604	62,755
	<u>355,195</u>	<u>284,663</u>	<u>714,295</u>	<u>590,021</u>	<u>1,235,481</u>
Investment income	(3,049)	10,295	47	19,541	48,784
Profit before taxation	212,700	167,124	418,403	281,455	740,977
Taxation	(68,932)	(50,835)	(138,658)	(91,036)	(243,664)
Profit	<u>143,768</u>	<u>116,289</u>	<u>279,745</u>	<u>190,419</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 tax on item 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>-</u>	<u>-</u>	<u>54,248</u>
Items that may be reclassify to profit or loss:					
Changes in the fairvalue of debt investments at fairvalue through other comprehensive income	-	-	-	-	(4,208)
Net impairment gain	-	-	-	-	80
Realised (losses)/gains on available-for-sale investments	(17,340)	1,688	(25,802)	2,552	-
Deferred income tax on items that may be reclassified to profit or loss	-	-	-	-	1,402
	<u>(17,340)</u>	<u>1,688</u>	<u>(25,802)</u>	<u>2,552</u>	<u>(2,726)</u>
Other comprehensive income/(loss) for the period, net of taxes	(17,340)	1,688	(25,802)	2,552	51,522
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>126,428</u>	<u>117,977</u>	<u>253,943</u>	<u>192,971</u>	<u>548,835</u>
Earnings per share	\$ 0.21	\$ 0.17	\$ 0.40	\$ 0.27	\$ 0.71

JAMAICA STOCK EXCHANGE LIMITED

Consolidated Statement Of Changes In Equity
For the Six Months Ended June 30, 2022

	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	-	-	-	-	190,419	190,419
Other comprehensive loss for the period	-	(174)	-	-	-	(174)
Total comprehensive (loss)/income for the period	-	(174)	-	-	190,419	190,245
Dividend	-	-	-	-	(112,200)	(112,200)
Balance at June 30, 2021	238,146	37,147	290,867	48,367	997,883	1,612,410
Balance at January 1, 2022	238,146	34,595	392,173	48,367	1,178,479	1,891,760
Profit for the period	-	-	-	-	279,745	279,745
Other comprehensive loss for the period	-	(25,802)	-	-	-	(25,802)
Total comprehensive (loss)/income for the period	-	(25,802)	-	-	279,745	253,943
Dividend	-	-	-	-	(192,800)	(192,800)
Balance at June 30, 2021	238,146	8,793	392,173	48,367	1,265,424	1,952,903

STATEMENT IV

THE JAMAICA STOCK EXCHANGE LIMITED
Consolidated Statement Of Cash Flows
Six Months Ended June 30, 2022 (Unaudited)

	Unaudited Six months ended June 2022 \$'000	Unaudited Six months ended June 2021 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	279,745	190,419
Adjustments for:		
Depreciation of property, plant and equipment	19,850	17,237
Amortisation of intangible assets	16,917	15,695
Net impairment on financial assets	(4,023)	1,173
Income tax expenses	138,658	91,036
Interest income	(47)	(19,541)
Operating cash flows before movements in working capital	451,100	296,019
Increase in trade and other receivable	(20,621)	(25,610)
Increase in contract liabilities	180,942	162,855
Increase/(Decrease) in trade and other payables	14,238	(24,901)
Cash provided by operations	625,659	408,363
Income tax paid	(175,765)	(142,547)
Cash provided by operating activities	449,894	265,816
Cash flows from investing activities		
Investments securities, net	765	17,532
Government securities purchased under resale agreement	(115,701)	(133,487)
Payments for related parties	(4,720)	(733)
Acquisition of property, plant and equipment	(39,957)	(34,737)
Acquisition of intangible assets	(56,558)	(18,038)
Long term receivables	5,765	(3,227)
Cash used in investing activities	(210,406)	(172,690)
Cash flows from financing activities		
Dividends paid	(192,800)	(112,200)
Cash used in financing activities	(192,800)	(112,200)
Net increase/ (decrease) in cash and cash equivalents	46,688	(19,074)
Cash and cash equivalent at the beginning of the year	77,431	140,508
Cash and cash equivalents at the end of the year	124,119	121,434

JAMAICA STOCK EXCHANGE LIMITED
Consolidated Segment Report
For the Six Months Ended June 30, 2022 (Unaudited)

STATEMENT V

2022

	<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	148,487	38,601		120,682		307,770
Revenue - point in time	482,413	347,770	47	230,298	(235,600)	824,928
Total Revenue	630,900	386,371	47	350,980	(235,600)	1,132,698
Segment results	233,222	217,377		203,404	(235,600)	418,403
Profit before taxation	233,222	217,377		203,404	(235,600)	418,403
Taxation	(26,845)	(47,191)		(64,622)		(138,658)
Profit for the Period						<u>279,745</u>
<u>Other information</u>						
Depreciation & amortisation	30,155	5,005		1,607		36,767
<u>Assets</u>						
Segment assets	1,384,879	518,352		675,265	(123,176)	2,455,320
<u>Liabilities</u>						
Segment liabilities	387,179	108,474		83,304	(76,540)	502,417

2021

	<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	113,641	12,050		99,888		225,579
Revenue - point in time	309,019	265,467	19,541	219,270	(167,400)	645,897
Total Revenue	422,660	277,517	19,541	319,158	(167,400)	871,476
Segment results	113,788	146,579		188,488	(167,400)	281,455
Profit before taxation	113,788	146,579		188,488	(167,400)	281,455
Taxation	(741)	(28,479)		(61,816)		(91,036)
Profit for the Period						<u>190,419</u>
<u>Other information</u>						
Depreciation & amortisation	25,113	6,041		1,778		32,932
<u>Assets</u>						
Segment assets	1,200,303	446,061		552,287	(128,194)	2,070,457
<u>Liabilities</u>						
Segment liabilities	349,852	94,345		79,174	(65,324)	458,047

THE JAMAICA STOCK EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 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 SIX MONTHS ENDED JUNE 30, 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 SIX MONTHS ENDED JUNE 30, 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 SIX MONTHS ENDED JUNE 30, 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 SIX MONTHS ENDED JUNE 30, 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 30 June 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 SIX MONTHS ENDED JUNE 30, 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

Dividend payment was declared by the Board of Directors on July 20, 2022.

- On August 30, 2022, a dividend of \$0.16 per ordinary share will be paid to shareholders. The total dividend to be paid is \$112.2 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 June 30, 2022 the fund had total assets of \$944.1 million (2021: \$923.4 million) and net equity of \$912.2million (2021: \$884.7 million).

JAMAICA STOCK EXCHANGE LIMITED
TOP 10 ORDINARY SHAREHOLDERS REGISTER
AS AT JUNE 30, 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	47,900,000
8. SJIML	36,578,802
9. Mayberry Investments Limited	33,269,794
10. JCSD Trustee Services Limited - Sigma Diversified Investors	29,995,020

JAMAICA STOCK EXCHANGE LIMITED
SHAREHOLDING OF DIRECTORS AND SENIOR MANAGERS
AS AT JUNE 30, 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*