



REPORT OF THE BOARD OF DIRECTORS
CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS
FOR QUARTER ENDED MARCH 31, 2023

FIRST QUARTER FINANCIAL HIGHLIGHTS

Description	Q1 2023	Q1 2022	Change %
Total Income	\$540.0m	\$561.7m	- 3.9
Total Expenses	\$414.9m	\$359.1m	-15.5
Net Profit After Tax	\$87.0m	\$136.0m	-36.1
Earnings Per Share	\$0.12	\$0.19	-36.8
Return on Equity	3.8 %	6.7 %	-43.3

FIRST QUARTER PERFORMANCE

The Jamaica Stock Exchange Group (JSEG) recorded a Net Profit after Tax of \$87m. Total Expenses increased by 15.5% compared to the corresponding quarter in 2022. The Return on Equity was 3.8% as against 6.7% in 2022.

Income

Total Income for the JSEG of \$540m, represents a \$21.7m (3.9%) a marginal decrease over the corresponding quarter of 2022. The decrease can be attributed to low market activities which has resulted in the decline in Cess by \$57.4m (44.3%) over the comparable period. However, Fee Income and eCampus combined increased by \$38.3m (10%) over the comparable period.

Expenses

Total Expenses of \$414.9m increased by \$55.8m (15.5%) when compared to the corresponding quarter in 2022. The main expenditure contributing to the increase are as follows:

- Staff Cost was above 2022 comparatives by \$29.7m (18.4%) resulting from salary increase as well as a reclassification exercise resulting in the upward movement in the salaries of some positions. New employees as result of new lines of business is also reflected in the increase.
- Depreciation and Amortization was above 2022 comparatives by \$7.6m (41.1%), due to the installation and commissioning of new solar panels, which are now being depreciated.

- Other Operating Expenses increased by \$11m (85.9%) over prior year comparative. This is due to increase in the cost of goods and services as well as new expenses relating to new revenue generating product lines.

Net Profit

Net Profit after Tax of \$87m represents a decrease of \$49 (36.1%) when compared to the profit of \$136m for the corresponding period in 2022. The decrease in Net Profit is due to reduction in Total Income and an increase in expenditure during the quarter.

Financial Position

Total JSEG Assets as at March 31, 2023, of \$3,016m, reflected an increase of \$435m (16.9%), when compared to holdings as at March 31, 2022. This was due primarily to an increase in Property, Plant and Equipment and Cash Equivalent.

Total Equity of \$2,312.5m as at March 31, 2023, reflects an increase of \$293.2m (14.5%) and \$89.4m (4%) over the comparable positions at the end of March 31, 2022, and December 31, 2022, respectively.

MARKET DEVELOPMENTS & OUTLOOK


The First Quarter performance has been fair. We anticipate that as interest rates trend down and other market turbulence subsides, investors and companies will be more active in the market, which will result in improved performance. We have made significant stride in our diversification strategy, and this has and will continue to bolster us as we cope with geo-political unrest and other uncertainties in the economy that have impacted the market.

The JSEG will continue our effort at ensuring that our governance framework is strong and our risk mitigating measures which assists in driving sustainability are robust. We remain resolute in our commitment to maximize shareholders' wealth, through the improvement in income and the management of our expenditure while providing strong support to stakeholders and the country at large.

We 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, 2023

Unaudited	Unaudited	Audited
Three months ended March 2023	Three months ended March 2022	Twelve months ended December 2022
\$ '000	\$ '000	\$ '000

Non-current assets

Property plant & equipment	1,122,734	881,435	1,110,920
Intangible assets	222,195	189,162	197,487
Post employment benefits	186,106	62,388	186,106
Investment in securities	202,925	211,712	196,509
Long-term receivables	23,724	20,116	22,998
Total non-current assets	1,757,684	1,364,813	1,714,020

Current assets

Income tax recoverable	57,916	18,778	26,588
Due from related party	4,314	2,822	4,617
Trade and other receivables	355,851	352,424	298,975
Investments in securities	13,353	18,526	17,276
Government securities purchased under resale agreement	223,004	317,188	234,412
Certificates of deposit	289,979	287,116	114,861
Cash and cash equivalents	313,875	219,284	196,797
Total current assets	1,258,292	1,216,138	893,526

Total assets	3,015,976	2,580,951	2,607,546
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Equity

Share capital	238,146	238,146	238,146
Fair value reserve	16,251	26,133	13,819
Property revaluation reserves	488,020	392,173	488,020
Revenue reserve non-distributable	48,367	48,367	48,367
Revenue reserve	1,521,743	1,314,456	1,434,792
Total equity	2,312,527	2,019,275	2,223,144

Non current liabilities

Deferred tax liabilities	165,089	102,664	163,880
Total non-current liabilities	165,089	102,664	163,880

Current liabilities

Contract liabilities	371,793	307,434	29,880
Payable & accruals	166,567	151,578	190,642
Total current liabilities	538,360	459,012	220,522

Total equity & liabilities	3,015,976	2,580,951	2,607,546
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Approved and authorized for issue by the Board of Directors on May 9, 2023 and are signed on its behalf by:



Julian Mair - Chairman



Marlene Street Forrest - Managing Director

JAMAICA STOCK EXCHANGE LIMITED
Consolidated Statement of Comprehensive Income
For The Three Months Ended March 31, 2023

Statement II

	Unaudited Three months ended March 2023 \$'000	Unaudited Three months ended March 2022 \$'000	Audited Twelve months ended December 2022 \$'000
Revenue			
Cess	72,314	129,698	477,497
Fee income	408,319	372,993	1,544,155
Ecampus	13,951	10,953	35,006
Other operating income	45,458	48,063	104,807
	<u>540,042</u>	<u>561,707</u>	<u>2,161,465</u>
Expenses			
Staff costs	190,869	161,184	632,492
Property expenses	82,139	67,730	305,467
Depreciation and amortisation	26,111	18,461	88,034
Advertising and promotion	42,120	39,883	125,612
Professional fees	31,419	30,862	98,737
Securities commission fees	10,190	17,698	68,573
Net impairment losses on financial assets	(181)	3,966	3,331
Ecampus	8,456	6,549	33,351
Other operating expenses	23,783	12,767	74,035
	<u>414,906</u>	<u>359,100</u>	<u>1,429,632</u>
Investment income	11,270	3,096	31,103
Loss on disposal of assets			(384)
Profit before taxation	<u>136,406</u>	<u>205,703</u>	<u>762,552</u>
Taxation	(49,455)	(69,726)	(259,314)
Net profit	<u>86,951</u>	<u>135,977</u>	<u>503,238</u>
OTHER COMPREHENSIVE INCOME			
Items that will never be reclassify to profit or loss:			
Remeasurement of employee benefits assets	-	-	87,179
Deferred income that will never be reclassified to profit or loss	-	-	(29,060)
Revaluation surplus on land	-	-	20,100
Revaluation surplus on property, plant & equipment	-	-	113,620
Deferred income tax on revaluation surplus	-	-	(37,873)
	<u>-</u>	<u>-</u>	<u>153,966</u>
Items that may be reclassify to profit or loss:			
Changes in the fairvalue of debt investments at fair value through other comprehensive income	-	-	(31,073)
Net impairment gain	-	-	(60)
Unrealised gains/(losses) on investment in securities	2,432	(8,462)	-
Deferred income tax on items that may be reclassified to profit or loss	-	-	10,357
	<u>2,432</u>	<u>(8,462)</u>	<u>(20,776)</u>
Other comprehensive (loss)/income for the period, net of taxes	<u>2,432</u>	<u>(8,462)</u>	<u>133,190</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>89,383</u>	<u>127,515</u>	<u>636,428</u>
Earnings per share	\$ 0.12	\$ 0.19	\$ 0.72

JAMAICA STOCK EXCHANGE LIMITED
Consolidated Statement Of Changes In Equity
For the Three Months Ended March 31, 2023

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, 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 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
Balance at January 1, 2023	238,146	13,819	488,020	48,367	1,434,792	2,223,144
Profit for the period	-	-	-	-	86,951	86,951
Other comprehensive loss for the period	-	2,432	-	-	-	2,432
Total comprehensive income for the period	-	2,432	-	-	86,951	89,383
Balance at March 31, 2023	238,146	16,251	488,020	48,367	1,521,743	2,312,527

STATEMENT IV
THE JAMAICA STOCK EXCHANGE LIMITED Consolidated Statement Of Cash Flows Three Months Ended March 31, 2023 (Unaudited)

	Unaudited	Unaudited
	Three months ended	Three months ended
	March 2023	March 2022
	\$'000	\$'000
<i>Cash flows from operating activities</i>		
Profit for the period	86,951	135,977
Adjustments for:		
Depreciation of property, plant and equipment	13,778	9,501
Amortisation of intangible assets	12,333	8,766
Net impairment on financial assets	(181)	3,966
Income tax expenses	49,455	69,726
Interest income	(11,270)	(3,096)
Operating cash flows before movements in working capital	151,066	224,840
Increase in trade and other receivable	(56,695)	(55,934)
Increase contract liabilities	341,913	274,630
Decrease in trade and other payables	(24,075)	(28,854)
Cash provided by operations	412,209	414,682
Income tax paid	(80,783)	(109,959)
Cash provided by operating activities	331,426	304,723
<i>Cash flows from investing activities</i>		
Investments securities, net	(162,700)	2,629
Government securities purchased under resale agreement	11,408	(116,534)
Payments made to related parties	303	(2,827)
Acquisition of property, plant and equipment	(25,592)	(20,960)
Acquisition of intangible assets	(37,041)	(25,886)
Long term receivables	(726)	708
Cash provided used in investing activities	(214,348)	(162,870)
Net increase in cash and cash equivalents	117,078	141,853
Cash and cash equivalent at the beginning of the year	196,797	77,431
Cash and cash equivalents at the end of the period	313,875	219,284

JAMAICA STOCK EXCHANGE LIMITED
Consolidated Segment Report
For The Three Months Ended March 31, 2023 (Unaudited)

2023

	Exchange	JCSD	Investments	JCSD	Eliminations	Group
	Operations	Services	Other	Trustees		
	(\$ 000)	(\$ 000)	(\$ 000)	Services		
Revenue - over time	93,564	22,108		33,583		149,255
Revenue - point in time	128,004	103,948	11,270	158,835	-	402,057
Total Revenue	221,568	126,056	11,270	192,418	-	551,312
Segment results	(8,890)	33,523		111,773	-	136,406
Profit/(Loss) before taxation	(8,890)	33,523		111,773		136,406
Taxation	(1,697)	(11,161)		(36,597)		(49,455)
Profit for the period						86,951
Other information						
Depreciation & amortisation	21,642	3,492		977		26,111
Assets						
Segment assets	1,735,257	685,822		760,967	(166,070)	3,015,976
Liabilities						
Segment liabilities	612,900	135,885		59,493	(104,829)	703,449

2022

	Exchange	JCSD	Investments	JCSD	Eliminations	Group
	Operations	Services	Other	Trustees		
	(\$ 000)	(\$ 000)	(\$ 000)	Services		
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
Results						
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	26,111	2,636		795		29,542
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

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

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 2022. 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, 2023**

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, 2023**

4. EMPLOYEE BENEFIT COSTS

Pension obligations

The Group operates a defined benefit pension plan. The cost of providing benefits is determined using the 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, 2023

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 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, 2023**

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 2022 and 31 December 2022 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, 2023

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, 2023, dividend payment was declared by the Board of Directors

- On April 27, 2023, a dividend of \$0.128 per ordinary share was paid to shareholders. The total dividend paid was \$89.9 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, 2023 the fund had total assets of \$960.2 million (2022: \$934.3million) and net equity of \$925.4 million (2022: \$900.3 million).

JAMAICA STOCK EXCHANGE LIMITED
TOP 10 ORDINARY SHAREHOLDERS REGISTER
AS AT MARCH 31, 2023

Names	Shareholdings
1. Sagicor Pooled Equity Fund	70,125,000
2. JCSD Trustee Services Limited - Sigma Equity	63,701,672
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. Barita Investment Limited	48,000,537
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 MARCH 31, 2023

Directors/Alternate Directors

Shareholding

Edwin McKie	1,399,304
Dian Black	2,000
Michael McNaughton	3,000

Senior Managers

Marlene Street Forrest*	31,663
Suzette McNaught*	30,000
Suzette Whyte*	22,000
Neville Ellis*	10,000
Suzette Pryce	5,000
Riccalya Robb	5,000
Andre Gooden*	3,000

* *Includes holding in joint accounts*