



REPORT OF THE BOARD OF DIRECTORS

CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR QUARTER ENDED SEPTEMBER 30, 2023

THIRD QUARTER FINANCIAL HIGHLIGHTS

Description	Q3 2023	Q3 2022	Change %	YTD 2023	YTD 2022	Change %
Total Income	\$514.4m	\$579.2m	-11.2	\$1,649.3m	\$1,711.8m	-3.7
Total Expenses	\$419.9m	\$382.1m	-10.0	\$1,246.7m	\$1,096.4m	-13.7
Net Profit After Tax	\$54.9m	\$137.8m	-60.2	\$277.5m	\$417.6m	-33.5
Earnings Per Share	\$0.08	\$0.20	-60.0	\$0.40	\$0.60	-33.3
Return on Equity	2.3 %	7 %	-67.1	11.5%	21.1%	-45.5

THIRD QUARTER PERFORMANCE

The Jamaica Stock Exchange Group (JSEG) recorded a Net Profit after Tax of \$54.9m. Total Expenses increased by 10% compared to the corresponding quarter in 2022. The Return on Equity was 2.3% as against 7% in 2022 resulting from the decrease in Total Income and an increase in Expenditure.

Income

Total Income for the JSEG of \$514.4m, represents a \$64.8m (11.2%) decrease over the corresponding quarter of 2022. Fee Income and Other Operating Income increased by \$16.9m (4.1%) and \$6.6m (46.2%) respectively when compared to prior year. However, the decline in Cess by \$83.4m (60%) over the comparable period is attributed to low market activities.

Expenses

Total Expenses of \$419.9m increased by \$37.8m (10%) 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 \$27.9m (15.9%) due to salary increase as well as a reclassification exercise resulting in the upward movement in the salaries of some

positions. The increase also reflects the addition of new employees for new lines of business.

- Property Expenses were above 2022 comparatives by \$8.2m (10.8%) due to an increase in maintenance and utilities.
- Depreciation and Amortization was above 2022 comparatives by \$5.7m (24.6%), due to the installation and commissioning of new solar panels, which are now being depreciated.
- Other Operating Expenses increased by \$3.8m (16.2%) 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 \$54.9m represents a decrease of \$82.9m (60.2%) when compared to the profit of \$137.8m for the corresponding period in 2022.

Financial Position

Total JSEG Assets as at September 30, 2023, of \$2,953.5m, reflected an increase of \$546.6m (22.7%), when compared to holdings as at September 30, 2022. This was due primarily to an increase in Property, Plant and Equipment and Post Employment Benefits.

Total Equity of \$2,408.4m as at September 30, 2023, reflects an increase of \$432.2m (21.9%) and \$185.3m (8.3%) over the comparable positions at the end of September 30, 2022, and December 31, 2022, respectively.

MARKET DEVELOPMENTS & OUTLOOK


The Third Quarter performance has been weak. 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 strategies, and this has and will continue to support 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 September 30, 2023

	Unaudited Nine months ended September 2023 \$ '000	Unaudited Nine months ended September 2022 \$ '000	Audited Twelve months ended December 2022 \$ '000
Non-Current assets			
Property plant & equipment	1,148,899	910,903	1,110,920
Intangible assets	245,354	238,876	197,487
Post employment benefits	186,106	62,388	186,106
Investment in securities	199,210	187,218	196,509
Long-term receivables	22,163	15,352	22,998
Total non-current assets	1,801,732	1,414,737	1,714,020
Current assets			
Income tax recoverable	29,724	13,068	26,588
Due from related party	5,639	7,585	4,617
Trade and other receivables	343,800	292,692	298,975
Investments in securities	13,813	16,223	17,276
Government securities purchased under resale agreement	328,881	321,417	234,412
Certificates of deposit	297,812	285,115	114,861
Cash and cash equivalents	132,124	56,092	196,797
Total current assets	1,151,793	992,192	893,526
Total assets	2,953,525	2,406,929	2,607,546
Equity			
Share Capital	238,146	238,146	238,146
Fair value reserve	11,362	6,467	13,819
Property revaluation reserves	488,020	392,173	488,020
Revenue reserve - non-distributable	48,367	48,367	48,367
Revenue reserve	1,622,500	1,291,006	1,434,792
Total equity	2,408,395	1,976,159	2,223,144
Non current liabilities			
Deferred tax liabilities	162,635	92,845	163,880
Total non-current liabilities	162,635	92,845	163,880
Current Liabilities			
Contract liabilities	174,766	128,461	29,880
Payable & accruals	207,729	209,464	190,642
Total current liabilities	382,495	337,925	220,522
Total equity & liabilities	2,953,525	2,406,929	2,607,546

Approved and authorized for issue by the Board of Directors on November 1, 2023 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, 2023

Statement II

	Unaudited Three months ended September 2023 \$'000	Unaudited Three months ended September 2022 \$'000	Unaudited Nine months ended September 2023 \$'000	Unaudited Nine months ended September 2022 \$'000	Audited Twelve months ended December 2022 \$'000
Revenue					
Cess	55,530	138,868	244,613	408,109	477,497
Fee Income	431,392	414,542	1,295,081	1,201,351	1,544,155
Ecampus	6,565	11,429	29,206	29,336	35,006
Other operating Income	20,870	14,312	80,408	73,006	104,807
	<u>514,357</u>	<u>579,151</u>	<u>1,649,308</u>	<u>1,711,802</u>	<u>2,161,465</u>
Expenses					
Staff costs	203,842	175,925	590,181	502,331	632,492
Property expenses	84,307	76,115	247,070	219,524	305,467
Depreciation and amortisation	28,881	23,173	81,417	59,940	88,034
Advertising and promotion	16,508	24,680	75,302	85,532	125,612
Professional fees	32,358	37,027	97,714	101,740	98,737
Securities commission fees	7,785	21,023	33,320	58,791	68,573
Net impairment loss/(gain) on financial assets	9,660	(7,168)	13,646	(11,191)	3,331
Ecampus	9,297	7,869	28,481	24,691	33,351
Other operating expenses	27,284	23,452	79,562	55,033	74,035
	<u>419,922</u>	<u>382,096</u>	<u>1,246,693</u>	<u>1,096,391</u>	<u>1,429,632</u>
Investment income	14,787	9,004	41,893	9,051	31,103
Gain/(Loss) on assets disposal	-	-	923	-	(384)
	<u>109,222</u>	<u>206,059</u>	<u>445,431</u>	<u>624,462</u>	<u>762,552</u>
Taxation	(54,345)	(68,233)	(167,963)	(206,891)	(259,314)
	<u>54,877</u>	<u>137,826</u>	<u>277,468</u>	<u>417,571</u>	<u>503,238</u>
Net profit					
OTHER COMPREHENSIVE INCOME					
Items that will never be reclassified 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>-</u>	<u>-</u>	<u>153,966</u>
Items that may be reclassified to profit or loss:					
Changes in the fairvalue of debt investments at fairvalue through other comprehensive income	-	-	-	-	(31,073)
Net impairment loss	-	-	-	-	(60)
Unrealised losses on debt investments	(4,251)	(2,326)	(2,457)	(28,128)	10,357
Deferred income tax on items that may be reclassified to profit or loss	-	-	-	-	-
	<u>(4,251)</u>	<u>(2,326)</u>	<u>(2,457)</u>	<u>(28,128)</u>	<u>(20,776)</u>
Other comprehensive loss for the period, net of taxes	(4,251)	(2,326)	(2,457)	(28,128)	133,190
	<u>(4,251)</u>	<u>(2,326)</u>	<u>(2,457)</u>	<u>(28,128)</u>	<u>133,190</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>50,626</u>	<u>135,500</u>	<u>275,011</u>	<u>389,443</u>	<u>636,428</u>
Earnings per share	\$ 0.08	\$ 0.20	\$ 0.40	\$ 0.60	\$ 0.72

JAMAICA STOCK EXCHANGE LIMITED
Consolidated Statement Of Changes In Equity
For the Nine Months Ended September 30, 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	-	-	-	-	417,571	417,571
Other comprehensive loss for the period	-	(28,128)	-	-	-	(28,128)
Total comprehensive (loss)/income for the period	-	(28,128)	-	-	417,571	389,443
Dividend	-	-	-	-	(305,044)	(305,044)
Balance at September 30, 2022	238,146	6,467	392,173	48,367	1,291,006	1,976,159
Balance at January 1, 2023	238,146	13,819	488,020	48,367	1,434,792	2,223,144
Profit for the period	-	-	-	-	277,468	277,468
Other comprehensive loss for the period	-	(2,457)	-	-	-	(2,457)
Total comprehensive income/(loss) for the period	-	(2,457)	-	-	277,468	275,011
Dividend	-	-	-	-	(89,760)	(89,760)
Balance at September 30, 2023	238,146	11,362	488,020	48,367	1,622,500	2,408,395

STATEMENT IV

THE JAMAICA STOCK EXCHANGE LIMITED
Consolidated Statement Of Cash Flows
Nine Months Ended September 30, 2023 (Unaudited)

	Unaudited Nine months ended September 2023 \$'000	Unaudited Nine months ended September 2022 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	277,468	417,571
Adjustments for:		
Depreciation of property, plant and equipment	44,443	31,880
Amortisation of intangible assets	36,973	28,058
Net impairment on financial assets	13,646	(11,191)
Income tax expenses	167,963	206,891
Interest income	(41,893)	(9,051)
Operating cash flows before movements in working capital	498,600	664,158
(Decrease)/Increase in trade and other receivable	(58,471)	18,955
Increase in contract liabilities	144,886	95,657
Increase in trade and other payables	17,087	29,032
Cash provided by operations	602,102	807,802
Income tax paid	(171,099)	(195,193)
Cash provided by operating activities	431,003	612,609
Cash flows from investing activities		
Investments securities, net	(143,998)	5,896
Government securities purchased under resale agreement	(94,469)	(118,762)
Payments for related parties	(1,022)	(7,590)
Acquisition of property, plant and equipment	(82,422)	(72,807)
Acquisition of intangible assets	(84,840)	(94,892)
Long term receivables	835	5,472
Cash used in investing activities	(405,916)	(282,683)
Cash flows from financing activities		
Dividends paid	(89,760)	(305,044)
Cash used in financing activities	(89,760)	(305,044)
Net decrease in cash and cash equivalents	(64,673)	(21,339)
Cash and cash equivalent at the beginning of the year	196,797	77,431
Cash and cash equivalents at the end of the year	132,124	56,092

JAMAICA STOCK EXCHANGE LIMITED
Consolidated Segment Report
For the Nine Months Ended September 30, 2023 (Unaudited)

STATEMENT V

2023

	<u>Exchange</u> <u>Operations</u> (\$ 000)	<u>Depository</u> <u>Services</u> (\$ 000)	<u>Investments</u> <u>Other</u> (\$ 000)	<u>Trustees</u> <u>Services</u> (\$ 000)	<u>Eliminations</u> (\$ 000)	<u>Group</u> (\$ 000)
Revenue - overtime	280,999	62,666		112,746		456,411
Revenue - point in time	424,021	399,885	41,893	494,991	(126,000)	1,234,790
Total Revenue	705,020	462,551	41,893	607,737	(126,000)	1,691,201
Segment results	37,254	178,078		356,099	(126,000)	445,431
Profit before taxation	37,254	178,078		356,099	(126,000)	445,431
Taxation	(1,697)	(47,386)		(118,880)		(167,963)
Profit for the Period						277,468
<u>Other information</u>						
Depreciation & amortisation	68,002	10,477		2,938		81,417
Assets						
Segment assets	1,657,313	723,718		927,084	(354,590)	2,953,525
Liabilities						
Segment liabilities	579,915	157,026		101,542	(293,353)	545,130

2022

	<u>Exchange</u> <u>Operations</u> (\$ 000)	<u>Depository</u> <u>Services</u> (\$ 000)	<u>Investments</u> <u>Other</u> (\$ 000)	<u>Trustees</u> <u>Services</u> (\$ 000)	<u>Eliminations</u> (\$ 000)	<u>Group</u> (\$ 000)
Revenue - overtime	223,593	49,449		124,130		397,172
Revenue - point in time	729,915	579,033	9,051	385,282	(379,600)	1,323,681
Total Revenue	953,508	628,482	9,051	509,412	(379,600)	1,720,853
Segment results	352,311	376,034		275,717	(379,600)	624,462
Profit before taxation	352,311	376,034		275,717	(379,600)	624,462
Taxation	(36,268)	(82,345)		(88,278)		(206,891)
Profit for the Period						417,571
<u>Other information</u>						
Depreciation & amortisation	48,156	8,838		2,946		59,940
Assets						
Segment assets	1,378,918	558,952		657,739	(188,680)	2,406,929
Liabilities						
Segment liabilities	390,746	112,066		71,190	(143,232)	430,770

THE JAMAICA STOCK EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 NINE MONTHS ENDED SEPTEMBER 30, 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 NINE MONTHS ENDED SEPTEMBER 30, 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 NINE MONTHS ENDED SEPTEMBER 30, 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 NINE MONTHS ENDED SEPTEMBER 30, 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 30 September 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 NINE MONTHS ENDED SEPTEMBER 30, 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. 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, 2023 the fund had total assets of \$881.4 million (2022: \$960.2million) and net equity of \$859.2 million (2022: \$891.1 million).

JAMAICA STOCK EXCHANGE LIMITED
TOP 10 ORDINARY SHAREHOLDERS REGISTER
AS AT SEPTEMBER 30, 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	49,555,089
6. Jamaica Money Market Brokers Limited	48,080,000
7. Barita Investment Limited	48,050,537
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 SEPTEMBER 30, 2023

Directors/Alternate Directors	Shareholding
Edwin McKie	1,399,304
Dian Black	2,000
Michael McNaughton	6,000

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*