



*“Providing A Fair, Efficient and  
Transparent Stock Market”*

# ANNUAL REPORT 20 14



**“Regional Transformation Through Innovation & Investments”**

The Corporate Governance Guidelines  
are available on the  
Jamaica Stock Exchange's  
Website and can be viewed at:  
[www.jamstockex.com](http://www.jamstockex.com)

Mission Statement .....	2
Our Corporate Objectives .....	2
Notice of 38 <sup>th</sup> Annual General Meeting .....	3
Directors' Report .....	5
Statement of Corporate Governance Principles & Practices .....	6
Independence of Board Directors .....	10
Corporate Governance and Nomination Committee Report .....	11
Directors Attendance .....	12
Members of the JSE's Board of Directors .....	13
JSE Board Committees 2013/14 .....	18
The Management Team .....	19
Chairman's Report .....	23
Regulatory and Market Oversight Committee (RMOC) .....	25
Audit Committee Report .....	27
Compensation Committee Report .....	28
General Manager's Report - JSE.....	29
Corporate Social Responsibility .....	36
Management Discussion and Analysis .....	38
Regulatory & Market Oversight Division Report .....	54
Shareholdings .....	56
Subsidiaries' Report for 2014 .....	58
Auditors Report .....	59
<b>Group Consolidated Financial Statements</b>	
Consolidated Financial Position .....	62
Consolidated Comprehensive Income .....	63
Consolidated Statement of Changes in Equity .....	64
Consolidated Statement of Cash Flows .....	65
<b>Financial Statements of JSE</b>	
Financial Position .....	66
Comprehensive Income .....	67
Statement of Changes in Equity .....	68
Statement of Cash Flows .....	69
Notes to the Financial Statements .....	70-127
Financial & Statistical Highlights .....	128
Products Feature .....	129
Corporate Highlights .....	131
JSE Yearly Trading Summary Main Market .....	138
JSE Yearly Trading Summary Junior Market .....	139
Stock Market Data .....	139
Corporate Information .....	140
Stock brokerages & Contact Information .....	141

## MISSION STATEMENT

**To provide a fair, efficient, ethical  
and transparent medium for the conduct  
of a viable securities market  
that facilitates the mobilization of  
capital to finance the growth and  
development of the nation.**

## OUR CORPORATE OBJECTIVES

**The Jamaica Stock Exchange was incorporated as a private limited company in August 1968, with the stock market commencing operations in February 1969.**

**The Jamaica Stock Exchange is now a Public Limited Company. In June 2013 it became a Publicly listed company having offered and listed its ordinary shares on its own exchange**

**Its principal objectives are:**

**To promote the orderly and transparent development of the stock market and the stock exchange in Jamaica.**

**To ensure that the stock market and its broker members operate at the highest standards practicable.**

**To develop, apply and enforce the rules designed to ensure public confidence in the stock market and its broker-members.**

**To provide facilities for the transaction of stock market business.**

**To conduct research, disseminate relevant information and maintain local and international relationships which can enhance the development of the Jamaica stock market.**

**Maximizing Shareholders' value.**

## NOTICE OF 38<sup>th</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Thirty-Eight (38<sup>th</sup>) Annual General Meeting of the Jamaica Stock Exchange will be held at the Jamaica Stock Exchange, 40 Harbour Street, Kingston on **Thursday, June 25, 2015**, commencing at 1:00 p.m. for purposes of considering and if thought fit, passing the following resolutions:

- 1. Resolution No. 1 - 2014 Audited Financial Statements**  
**THAT** the Directors' Report, the Auditors' Report and the Audited Financial Statements for the Company and the Group for the year ended December 31, 2014 be and are hereby adopted.
- 2. Resolution No. 2 - Re-election of Directors**  
**THAT** Mr. Allan Lewis, a director retiring by rotation and being eligible, has offered himself for re-election, be and is hereby re-elected a Director of the Company.
- 3. Resolution No. 3 - Re-election of Directors**  
**THAT** Miss Dian Black, a director retiring by rotation and being eligible, has offered herself for re-election, be and is hereby re-elected a Director of the Company.
- 4. Resolution No. 4 - Re-election of Directors**  
**THAT** Mr. Garth Kiddoe, a director retiring by rotation and being eligible, has offered himself for re-election, be and is hereby re-elected a Director of the Company.
- 5. Resolution No. 5 - Re-election of Directors**  
**THAT** Mr. Lissant Mitchell, a director retiring by rotation and being eligible, has offered himself for re-election, be and is hereby re-elected a Director of the Company.
- 6. Resolution No. 6 - Re-election of Directors**  
**THAT** Mr. Livingstone Morrison, a director retiring by rotation and being eligible, has offered himself for re-election, be and is hereby re-elected a Director of the Company.
- 7. Resolution 7- Re-election of Directors Pursuant to Article 109**  
**THAT** Mr. Rohan Miller who was appointed to fill a casual vacancy and being eligible to be re-elected has offered himself for re-election, be and is hereby re-elected a Director of the Company.
- 8. Resolution 8 - Appointment of and the Remuneration of the Auditors**  
**THAT** Ernst & Young, Chartered Accountants having agreed to continue in office as Auditors, be and are hereby appointed Auditors for the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company.
- 9. Resolution 9 - Remuneration of the Directors**  
**THAT** the Directors be and are hereby authorized to fix their fee for the fiscal period 2015/2016.
- 10. To Transact Any Other Ordinary Business of the Company.**
- 11. Resolution 10 - Special Resolution to Amend the Company's Articles of Incorporation**

*(Cont'd on next page)*

**NOTICE OF 38<sup>th</sup> ANNUAL GENERAL MEETING**

**THAT** the Company's Articles of Incorporation be amended for the purposes of compliance with JSE Rule 404. To consider and (if thought fit) pass the following Special Resolution to amend the Company's Articles of Incorporation for the purposes of compliance with JSE Rule 404:

- (i) **Article 14** - to be amended to read "The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable in respect of that share, and the Company shall also have a first and paramount lien on all shares (other than fully paid shares) held by any member of the Company (whether alone or jointly with other persons) for all moneys presently payable by such member or his estate to the Company but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien on any share shall extend to all dividends and bonuses which may be declared in respect of such share and the Company shall have no obligation to give any transferee of such share notice of its claim."
- (ii) **Article 11** - to be amended to read: "If a share certificate be defaced, lost or destroyed, it may be replaced on payment of a fee of \$100.00 or such less sum as the Directors think fit and where the member has sold part of his holding he shall be entitled to a share certificate for the balance without charge."
- (iii) **Article 97 (4)** to be deleted in its entirety and substituted with "A director shall not vote or be present during proceedings of the Board in respect of any contract or arrangement in which he is interested, and if he shall do so, his vote shall not be counted, nor shall he be counted in the quorum present at the meeting, but these prohibitions shall not apply to
- (a) any arrangement for giving any director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the company; or
- (b) any arrangement for the giving by the company of any security to a third party in respect of a debt or obligation of the company for which the director himself has assumed responsibility in whole or part under a guarantee or indemnity or by the deposit of a security; or
- (c) any contract by a director to subscribe for or underwrite shares or debentures of the company; or
- (d) any contract or arrangement with any other company in which he is interested only as an officer of the company or as holder of shares; or other securities;
- and these prohibitions may at any time be suspended or relaxed to any extent, and either generally or in respect of any particular contract arrangement or transaction, by the company in general meeting."
- (iv) **Article 155** to be removed and replaced with: "Indemnity: Every director, managing director, agent, auditor, secretary and other officer for the time being of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under section 389 of the Companies Act in which relief is granted to him by the Court."

BY ORDER OF THE BOARD



Marlene J. Street Forrest, Secretary

Dated: April 9, 2015

**IMPORTANT NOTE FOR MEMBERS WHO ARE NOT ABLE TO ATTEND:**

A member entitled to attend and vote at the meeting can appoint a Proxy to vote on his behalf. The person so authorized shall be entitled to exercise the same powers as the member whom he represents. Enclosed is a Proxy Form for your convenience, which must be lodged at the Company's Registered Office at least forty-eight hours before the time appointed for holding a meeting. The Proxy Form shall bear the stamp duty of \$100.00 before being signed. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the Proxy

## DIRECTORS' REPORT

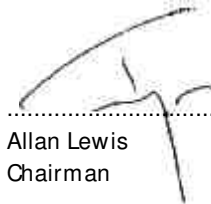
The Directors submit herewith the Audited Statements for the Jamaica Stock Exchange and its wholly owned subsidiary, the Jamaica Central Securities Depository for the year ended December 31, 2014 along with the accompanying notes as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income  
Consolidated Statement of Financial Position  
Consolidated Statement of Changes in Equity  
Consolidated Statement of Cash Flows

Operating Income for the year was \$337 million compared to 2013 of \$291 million (restated) an increase of 16% over 2013. Investment Income was \$42 million, compared to \$56 million, a decrease of 25%, over 2013.

Total Expense for the year increased by 12% to \$384 million compared to \$344 million in 2013.

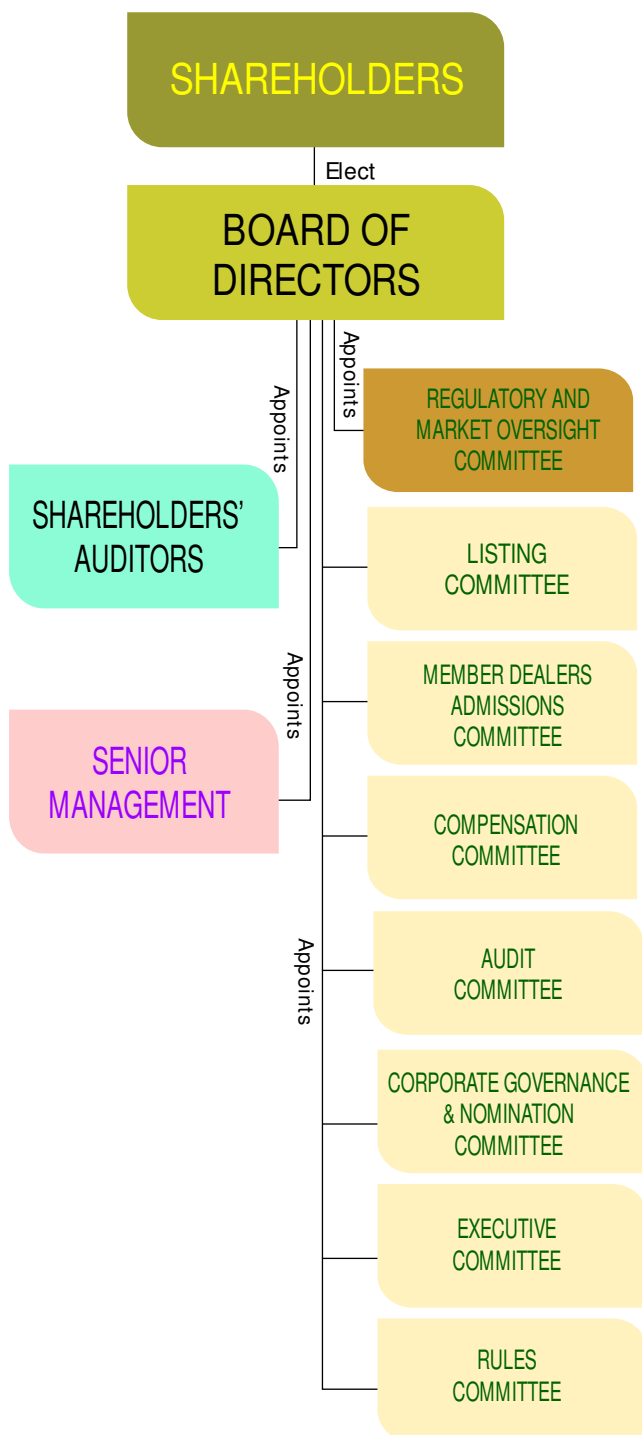
Total Consolidated Balance Sheet Asset of the Group as at December 31, 2014 were \$630 million compared \$660 million in 2013, while Consolidated Shareholders equity increased from \$553 million (restated) in 2013 to \$561 million up 1.5%.



.....  
Allan Lewis  
Chairman

**CORPORATE**

**GOVERNANCE PRINCIPLES & PRACTICES**



**PREAMBLE**

The Jamaica Stock Exchange recognizes that as a national self-regulatory organization with a mission to ensure and promote a fair and efficient stock market, it must embrace and practise sound corporate governance. These principles and the attendant structures should serve the best interest of all stakeholders and emphasize the highest standards of transparency, oversight and independence.

The intent is to protect the investing public while advancing the interests of shareholders and member/dealers. Confidence in the stock market will be enhanced by the clear demarcation of regulatory and normal operational functions.

These practices are consistent with world best practices and adhere to the relevant legal and regulatory framework. The corporate governance core practices of the JSE are rooted in the acceptance of the following principles:

1. Corporate governance should establish a clear foundation for Management and Board oversight. The role and responsibilities of Board and Management should therefore be clearly outlined to facilitate accountability.
2. The Board of Directors should be structured and selected to ensure effectiveness, independence and protection of the public's interests through appropriate selection and operating processes.
3. Ethical standards and responsible decision-making should be promoted.
4. Governance should ensure that there is accurate, timely and full financial and governance reporting with strong internal controls and risk management.
5. Material information regarding the company's operations should be disclosed in a timely manner to the public and regulatory entities.
6. There should be regular reviews of Board and Management performance to enhance effectiveness. Such review should include the performance of the alternates.
7. Remuneration should be fair to attract and retain competent skills, and reward consistent with performance objectives.
8. The interests of stakeholders should be carefully balanced, protected and promoted.

*(Cont'd on next page)*



**CORPORATE****GOVERNANCE PRINCIPLES & PRACTICES****Board Issues****Accountability to  
shareholders/ stakeholders**

The JSE is a public company with public responsibility. It must balance the interest of all stakeholders to foster a fair, efficient and transparent market.

**Mission and Responsibility**

The Board members have the responsibility to attend meetings and familiarize themselves with, and make decisions on issues within their purview.

**Elections**

The provisions for election of directors are set out in the Articles of Incorporation of the JSE and stipulate election of directors on an annual basis. Interest groups identified by the Board will propose independent directors to the Corporate Governance and Nomination Committee. Where an interest group fails to make a nomination, the Nominating Committee will propose directors for election.

**Orientation and Training**

Training is made available to directors upon appointment to the Board. The Exchange will organize orientation and training for any director within three (3) months of appointment to the Board. The Board will pursue a programme of continuous training and development, with emphasis placed on members chairing committees.

**Access to Information**

The Board considers the provision of good quality, timely and accurate information as a significant priority in company procedures. Management has a responsibility to provide the Board with any information that will allow members to properly carry out its responsibilities.

**Disclosure of Directors'  
Biographical Information**

Sufficient biographical data with the names of all directors, nominated or elected, will be presented to shareholders and directors. This allows for the proper selection of members to specific committees.

**Composition**

Board members will be drawn from different interest groups and from member-dealers. Representation should reflect the diversity of stakeholders and the needs of the Company. The Board shall be comprised of member dealers, independent directors and a non executive chairman.

**Multiple Board Seats**

Members must declare appointments to other companies. They must, at the beginning of the year, and as many times as their positions change, give a written declaration to the Board of the Exchange with pertinent information about the other Boards on which they serve.

**Chairman & CEO**

The JSE will have a separate Chairman and CEO.

**Independent Directors**

Independent Directors must meet the criteria set out on page 10.

**Committees****Composition**

There are both mandatory and non-mandatory committees of the Board. The mandatory committees of the Board are comprised of the Regulatory & Market Oversight Committee, the Audit & Finance Committee, the Compensation Committee and the Listing Committee. These are referred to in the JSE's Rules.

Each Committee has a written charter outlining its purpose and responsibilities and reporting format. Committees must meet at least twice annually.

**Review Process**

The Board of the JSE conducts regular reviews of the performance of the Committees. Chairmen of Committees are required to develop and present their key performance indicators the month prior to the beginning of each year.

**Audit Committee**

The Audit Committee assists the Board with oversight responsibilities in regards to the integrity of the company's financial statements. It also serves as the communication link between the Board, the management team and the auditors. The Audit Committee ensures that the Company complies with legal and regulatory requirements.

**Member Dealers Admissions Committee**

The Member Dealer Admissions Committee is responsible for processing and recording applications of Member Dealers for access of Member Dealers, attorneys/ traders, to conduct business on the floor of the Exchange and their use of these facilities.

*(Cont'd on next page)*

**CORPORATE****GOVERNANCE PRINCIPLES & PRACTICES****Regulatory & Market****Oversight Committee (RM OC)**

The Regulatory and Market Oversight Committee (hereinafter called the "RMOC") is the Committee of the Board of Directors of the Exchange comprising the independent directors who are not the nominees or connected to any Member/Dealer of the Exchange. The Board of Directors of the Exchange has delegated responsibility to the RMOC for reviewing and ensuring compliance with and enforcement of the Laws, any Rules including Business Rules, contractual obligations and appropriate standards of conduct governing the Member/Dealers, their clients and participants on the Exchange. The RMOC shall be the disciplinary committee of the Exchange and may impose any of the penalties specified in Rule 228 upon a Member/Dealer in respect of whom disciplinary action is taken, which results in a finding of misconduct.

**Corporate Governance and  
Nomination Committee**

The Corporate Governance and Nomination Committee is responsible to develop, recommend and review Corporate Governance Principles, applicable to the Board, Management and listed companies. In addition the Committee has the responsibility to oversee the evaluation of the Board's other committees and make recommendations in respect to the structure of and effectiveness of the Committees.

The Corporate Governance and Nominations Committee is also responsible for the recommendation of suitable candidates to fill vacancies on the Board and the suitability of Alternate Directors.

**Compensation  
Committee**

The Compensation Committee of the JSE is made up exclusively of non-executive directors who make recommendations on the company's framework of executive remuneration. The Committee reviews and approves corporate goals in relation to the CEO's compensation, evaluates the CEO's performance in light of the company's goals and objectives and makes recommendations to the Board with respect to executive and non-executive compensation.

**Listing Committee**

The Listing Committee ensures the quality and integrity of a listing on the JSE. It is responsible for processing applications and making recommendations regarding approval of companies wishing to list on the JSE and reviewing and making recommendations of standards to be observed for companies to remain listed.

**Other Committees**

These are formed as the directors see fit and includes the Executive Committee.

**Board Meetings**

There are formal scheduled meetings of the Board at which matters are specifically reserved for discussions. Matters must be addressed within a reasonable time in order to prevent an overrun of pending items.

**Procedure at Board Meetings**

In the interest of promoting and ensuring transparency all directors must:

Excuse themselves from discussions in, and in making decisions on any matter in which they have a personal or business interest or companies on whose Board they sit or are connected. Further, members shall be bound by similar standards. Please refer to captioned guidelines- (Part K) of the JSE's Rules which addresses 'Acting in Concert'.

**General Meetings**

General Meetings of shareholders are held each year. Communication with shareholders on decisions concerning material, fundamental corporate changes are made on a timely basis.

**Performance****Evaluation of Board Members and Senior Executives**

The Board recognizes the importance of each director (including his or her alternate) working to fulfill the mandate of the company. This evaluation is subject to the review of the Corporate Governance and Nomination Committee.

The Board recognizes the importance of evaluating the performance of each director, senior executives and the Board as a whole.

**Term Limits**

Board Members are nominated by the Corporate Governance and Nomination Committee.

**Committees****Chairman/ Deputy Chairman**

The Chairman and Deputy Chairman of the Board and Chairmen of Committees have recommended term limits (from one AGM to another AGM) as follows:

- (a) The Chairman can serve for five (5) consecutive terms;
- (b) The Deputy Chairman can serve for three (3) consecutive terms;
- (c) The Chairmen of Committees can serve for three (3) consecutive terms, except for the Chairman of the Compensation Committee who can serve for a maximum of five (5) consecutive terms.

*(Cont'd on next page)*

**CORPORATE**

## **GOVERNANCE PRINCIPLES & PRACTICES**

### **Committee Members**

Members can sit for a maximum of five consecutive years with an option to extend the term limit by two years. These members are eligible to be re-elected one year after the seven-year consecutive stint. Past Board Chairmen should automatically sit on the Executive Committee for the year after demitting office as Chairman.

There is no term limit for members of the Regulatory and Market Oversight Committee and the Member Dealer Admissions Committee.

### **Age Limits**

The JSE has no maximum age limit for members sitting on the Board. However the minimum age limit is 18 years.

### **Transparency**

Directors are required to provide to the Corporate Governance and Nomination Committee, information as it relates to business dealings, board affiliations and any other information that would pose a conflict of interest.

### **Accounting Standards**

The Jamaica Stock Exchange Board is governed by the standards as communicated from the Institute of Chartered Accountants of Jamaica.

### **Ethics**

The Jamaica Stock Exchange currently maintains ethics and confidentiality requirements for Directors and these are posted on the Website.

**GUIDELINES TO DETERMINING****INDEPENDENCE OF BOARD DIRECTORS**

The Board should determine whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement. The Board should state its reasons if it determines that a director is independent, notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, including if the director:

- has been an employee of the company or group within the last five years;
- has, or has had within the last three years, material business relationship with the company either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company.
- has received or receives additional remuneration from that company apart from a director's fee, participates in that company's share option plan or a performance-related pay scheme, or is a member of the company pension scheme;
- has close family ties with any of the company's advisors, directors or senior employees;
- holds cross-directorship or has significant links with other directors through involvement in other companies or bodies;
- represents a significant shareholder; or
- has served on the board for more than nine years from the date of their first election.

**Specially adopted from the PSOJ's Corporate Governance Code  
Amended January 16, 2013**

CORPORATE

## GOVERNANCE & NOMINATION COMMITTEE REPORT

The terms of reference of the Corporate Governance and Nomination Committee state that:

***“The Committee’s purpose is to assist the Board in ensuring that the composition, structure, policies and processes of the JSE Group meet all relevant legal and regulatory requirements and global corporate governance best practice standards.***

***Its further purpose is to develop, recommend and review Corporate Governance Principles applicable to listed companies.***

***It also has the responsibility for the initiation of the evaluation of the Board and its committees and to make recommendations with respect to the structure and effectiveness of each.***

***To review the above mentioned evaluations and make appropriate recommendations to the Board”.***

The Committee presently comprises five (5) members with a majority of independent members.

In 2014, the Committee met ten (10) times and undertook the following activities:

1. Commissioned an assessment of the board and its directors externally facilitated by an independent expert, Gemado Associates Limited. Gemado Associates Limited has no connection with the Exchange. Good Corporate Governance Practice recommends that an independent evaluation of the board, its directors, including a peer evaluation be conducted at least every three years.

Arising out of the finding of the evaluation, the Committee undertook a review of the size and composition of the board. As presently constituted, the board comprises sixteen (16) directors, eleven (11) of whom are nominated by the largest shareholders of the company and which shareholders are member dealers, regulated by the Financial Services Commission and the independent arm of the Exchange, the Regulatory and Market Oversight Division. The other five (5) members of the board are independent directors.

Throughout the year under review, discussions on the issue of board size were robust at both the Committee and Board levels. These discussions are ongoing in this current year. The prevailing view of the board is that its size does not adversely affect its effectiveness and that the effectiveness of the board and not its size is the important criterion to achieve optimal management of the Exchange.


As regards composition, it is the view of the board that because of the uniqueness of the business of a stock exchange, the expertise and the knowledge that the majority of the directors possess directly inure to the benefit of the exchange which enhances the value of the company.

Further deliberations are on-going on the matter of the balance between the number of directors nominated by

shareholders vis-a-vis the number of independent directors, to align the structure of the board with international best practices. It has been noted that in exchanges in other jurisdictions the ratio of independent to non-independent directors is more favourable and in most cases, it is at least evenly balanced.

2. Reviewed the eight (8) committees of the board to determine if that number is optimal for the proper functioning of the Exchange and it was found that all committees of the board were necessary given the nature of the Exchange’s business. The Committee arrived at this conclusion given that as many as four (4) of the eight (8) committees are mandatory under the Articles of Incorporation and the JSE Rule. These committees are the Listing Committee, the Member Dealer Admission Committee, the Rules Committee and the Regulatory Management and Oversight Committee.
3. The Committee also undertook a comprehensive review of the terms of reference of each of the committees guided by the PSOJ Code of Corporate Governance, having substantially adopted the PSOJ Code to inform the JSE’s corporate governance structure. The terms of reference for three (3) have been completed, that is, the Audit Committee, the Corporate Governance and Nomination Committee and the Rules Committee; four (4) are near completion, that is the Regulatory and Market Oversight Committee, the Executive Committee, the Member Dealers Admissions Committee and the Rules Committee and the review of one (1), that is the Compensation Committee, is to be started.
4. At the time that this report is being prepared for publication in the Annual Report, a meeting is being arranged between the Committee and directors of the board who are nominees of shareholders to continue deliberations on aligning the structure of the board on a transitional basis. The Committee is dedicated to adopting international best practices in this era of demutualization and post listing of the Exchange so that the corporate governance practices of the Exchange inspire confidence in the shareholders and the investing public that the business is being conducted in the best interests of the Exchange and its shareholders.

The current members of the Committee are:  
Jane George, Garth Kiddoe, Steven Whittingham  
Julian Mair, Janet Morrison (Chair)



Janet Morrison (Mrs.)

**DIRECTORS ATTENDANCE**

Names	Designation	SE Board	Compensation Committee	Corporate Govt & Nomination Committee	Executive Committee	Member Dealers Committee	Admission Committee	Listing Committee	Rules Committee	FMOC Committee	Audit Committee	Total Attendance	Average Attendance at all Meetings
* Allan Lewis	Director	7 of 11			4 of 4			5 of 7	4 of 4		3 of 7	23 of 33	70%
* Ian McNaughton	Director	11 of 11			2 of 2			2 of 3			4 of 4	19 of 20	95%
Humphries-Lewin, Rita	Alternate Director	0 of 11			0 of 2			0 of 3				0 of 19	
Berry, Christopher	Director	0 of 11										0 of 18	39%
Peart, Gary	Alternate Director	5 of 11						2 of 7				7 of 18	
Black, Dian	Director	9 of 11				1 of 2		5 of 7	1 of 4	12 of 13		28 of 37	76%
Croskery, Mark	Director	2 of 11									5 of 11	7 of 22	32%
Seven Gooden	Director	8 of 11			1 of 2			3 of 7				12 of 20	85%
Dylan Coke	Alternate Director	2 of 11			1 of 2			2 of 7				5 of 20	
George, Jane	Director	5 of 11		8 of 12		2 of 2				12 of 13	7 of 11	35 of 49	71%
Kiddoe, Garth	Director	9 of 11		12 of 12		2 of 2			4 of 4	13 of 13	10 of 11	50 of 53	94%
* Mair, Julian	Director	7 of 11		7 of 12	4 of 4			4 of 4				22 of 31	71%
McKe, Ed	Director	10 of 11							4 of 4			14 of 15	93%
McKoy, Derrick	Alternate Director	0 of 11							0 of 4			0 of 15	
* Morrison, Janet	Director	8 of 11		12 of 12	4 of 4	0 of 2		4 of 4		11 of 13		39 of 46	85%
Morrison, Livingstone	Director	10 of 11				2 of 2				13 of 13	11 of 11	36 of 37	97%
* Mitchell, Lissant	Director	6 of 11		5 of 8	2 of 2							13 of 21	62%
* Whittingham, Seven	Director	6 of 9		1 of 7					2 of 2			9 of 18	78%
Lason Chambers	Alternate Director	0 of 9		5 of 7					0 of 2			5 of 18	
* Perkins, Donovan	Director	10 of 10			2 of 4			3 of 3				12 of 14	86%

\* Depending on the date of appointment or resignation, the total number of meetings might vary for persons within respective committees/ Board

No Compensation Committee Meeting was held in 2014

## PROFILES OF DIRECTORS



### Mr. Allan Lewis - Chairman

Mr. Allan Lewis is the Senior Vice President, Group Strategy, of the Victoria Mutual Group Limited where he has served for the past seven years. Prior to this, Mr. Lewis served as Managing Director of Prime Asset Management Limited, where he is currently the Chairman of the Board of Directors. He also currently serves as Chairman of the Pension Funds Association of Jamaica and Chairman of the Board of the Jamaica Racing Commission/ Betting Gaming & Lotteries Superannuation Fund.

Mr. Lewis has had a distinguished career in life insurance; pension fund risk management, asset management, and strategic planning. He achieved the designation Associate of the Society of Actuaries in 1986, and a Masters in Business Administration in 1987.

Mr. Lewis is the Chairman of the JSE Rules Committee. He is also a member of the Kiwanis Club of North St. Andrew; a mentor for students at the University of the West Indies and a member of the Board of the *Mona Preparatory School Foundation*.



### Mr. Ian McNaughton - Deputy Chairman

Mr. McNaughton is the Managing Director of Barita Investments Limited. With a BSc. in Management Studies from the University of the West Indies and a MBA from Nova Southeastern University, he possesses over thirty years of experience in the areas of Finance, Information Systems and Human Resource Management, garnered at major international manufacturing, sales and distribution entities.

He serves as Company Secretary for Barita Investments Limited and is the Deputy Chairman of the Jamaica Stock Exchange and a Director of the Jamaica Central Securities Depository.

An avid footballer, Mr. McNaughton also sits on the board of the Harbour View Football Club.

### Mr. Donovan Perkins

Mr. Perkins was appointed President and Chief Executive Officer of Sagicor Bank Jamaica Limited as well as Board Member of Sagicor Investments Jamaica Limited. He has extensive experience in the financial services industry, both locally and in the United States.

He previously held the position of President and Chief Executive Officer of Sagicor Investments Jamaica Limited (since 1993) and was responsible for the company's overall direction and operations. He has led the company through a number of mergers and acquisitions, resulting in the formation of a stronger and diversified financial services group. He was also the Chairman of the Jamaica Stock Exchange until June 2014.

He remains a director of Sagicor Investments Jamaica Limited. Mr. Perkins is a Board Member of Pan Jamaican Investments Trust Limited and the Jamaica Producers Group. He is also Chairman of the Jamaica Tourism Linkages Council. He previously served in the public sector as Deputy Chairman of the National Water Commission as well as Director of the National Insurance Fund and Jamaica Social Investment Fund.

He holds a Bachelor's Degree in Finance (Hons.) from the University of South Florida and an MBA in Finance and Marketing from The Daren School at The University of Virginia.



### Mr. Edwin McKie; C.D.

Mr. Edwin McKie is the Chairman and Managing Director of M/VL Stockbrokers Limited. A seasoned banker, he brings a wealth of experience from his work at various national financial and other institutions, to the Board of the Jamaica Stock Exchange. His specialization is in general management, administration, financial planning and investment management.

He has been Trade Administrator and Chairman of the Trade Board Limited and also chaired the Board of the Agricultural Credit Bank; the Mandeville Area Hospital Board; the College of Agriculture Board and the Agricultural Credit Board. He also served as Board Member of the National Investment Bank of Jamaica, the Bank of Jamaica and the Development Bank of Jamaica.

A Bachelor of Commerce graduate of McGill University, Montreal, Canada, Mr. McKie was awarded the Order of Distinction (Commander Class) for his services to Jamaica in the field of Banking.



## PROFILES OF DIRECTORS

### Mr. Christopher Berry

Mr. Christopher Berry has been the Executive Chairman of Mayberry Investments Limited since 1993. A former Deputy Chairman of the Jamaica Stock Exchange, he sits on several boards, including the Jamaica Central Securities Depository, Access Financial Services, Apex Health Care Associates Limited, Apex Pharmacy Limited, Rose Town Foundation for The Built Environment and St. Edmund Trust.

He has over twenty years experience in the securities industry, having joined Mayberry Investments Limited in 1987 when he was responsible for corporate planning and information technology. He subsequently led the company's listing on the Jamaica Stock Exchange in 2005.

Mr. Berry has a Bachelor of Industrial Engineering (Hons.) from the Georgia Institute of Technology, Atlanta, Georgia.

His interests are tennis, sailing, basketball, computers and economics.

He is married to Dr. Patricia Yap-Berry with two (2) children



### Mr. Lissant Mitchell

Mr. Lissant Mitchell has over 20 years experience in the local financial industry. He joined Scotia Investments in October 2007 as SVP Treasury & Capital Markets and was promoted to Chief Operating Officer in October 2010, and appointed Senior Vice President Wealth Management – Scotiabank Group Jamaica & Chief Executive Officer – Scotia Investments Jamaica Limited, November 1, 2011.

Lissant has served as the President of the Primary Dealers Association and Secretary of the Jamaica Securities Dealers Association. He sits on the Scotiabank's and Scotia Investments' Asset & Liability Committees as well as the Group's Managed Funds Investment Committee. He is also a director of Scotia Investments Jamaica Limited, Scotia Asset Management Jamaica Limited, Scotia Caribbean Income Fund, and the Jamaica Stock Exchange.



### Mr. Mark Croskery

Mr. Mark Croskery has been Chief Executive Officer of Stocks & Securities Limited (SSL) since 2007. He serves as an Executive Director on the Board of Directors. SSL has grown into a leading provider of wealth management, financial planning products & services for retail customers and SMEs, by creating savings for Jamaicans with investment portfolios.

Before joining SSL, Mr. Croskery was a leading Wealth Manager and Equity Trader at NCB Capital Markets Ltd.

Mr. Croskery received a M.Sc. in Global Financial Analysis and a dual B.Sc. in Corporate Finance/ Accounting from Bentley University in Boston, Massachusetts.

Mr. Croskery is a Director on the Board of the Jamaica Stock Exchange (JSE) where he serves on the Compensation & Audit Committees. He is a Member of Young Presidents' Organization (YPO) and is also the Second Vice President of the Jamaica Securities Dealers Association (JSDA).

Mr. Croskery previously served on a number of public sector boards, including, Chairman, Fisheries Management & Development Fund, Director of Land Administration & Management Programme, Sugar Company of Jamaica and the Jamaica Racing Commission.

(Cont'd on next page)



## PROFILES OF DIRECTORS

### Mr. Julian Mair

With over 20 years of experience in the financial services sector, Julian Mair currently operates as JMMB's Group Chief Investment Strategist. In addition to his position at JMMB, Julian has played a significant role in the development of Jamaica's capital market.

His experience includes positions at Jamaica's foremost financial institutions including Head of Treasury and Investment Services at Dehring, Bunting and Golding (now Scotia Investments) and Senior Trader and Cambio Manager at JMMB. In addition, he has partnered and consulted with various international financial institutions and the Government of Jamaica in structuring Global Bond Issues.

A former Managing Director of Lets Investment Limited, his leadership resulted in the boutique operation becoming a global player in the trading of internationally-issued securities.

A founding member and current President of the Jamaica Securities Dealers Association (JSDA), Julian also serves various institutions as a director including JMMB Securities Limited, JMMB International, JMMB Puesto de Bolsa, JMMB Investments Trinidad & Tobago Limited and the Jamaica Stock Exchange.



### Mr. Steven Whittingham

Mr. Steven Whittingham is the Managing Director of GK Capital Management, the investment and advisory subsidiary of GraceKennedy Ltd.

Steven was previously the President of First Global Financial Services Limited (FGFS). In this capacity, he was responsible for the strategic leadership and direction of one of Jamaica's leading diversified financial institutions.

Before joining FGFS, Steven was the Managing Director of The Antilles Group (TAG), formerly Cool Petroleum Limited (CPL), a downstream petroleum distribution business and the Shell Licensee in Jamaica. Prior to TAG, Steven founded and served as Chief Executive Officer of Island Ice and Beverage Company Limited, a manufacturer and distributor of packaged ice in Jamaica. Steven also worked for Morgan Stanley in London in their Mergers and Acquisitions Investment Banking Group. He began his career at BlackRock Financial Management in New York.

Steven holds Bachelor of Science degrees in Systems Engineering and Economics from the University of Pennsylvania and an MBA from the Harvard Business School.

Steven has served as a Director on several private and public sector boards including the Jamaica Stock Exchange (JSE), Jamaica International Insurance Company Limited (JIIC), Jamaica Promotions Corporation Ltd. (JAMPRO), Jamaica Manufacturer's Association (JMA), National Road Operating and Construction Company (NROCC), and HEART Trust/NTA.



## PROFILES OF DIRECTORS AND SENIOR MANAGEMENT



### Mr. Steven Gooden

As CEO, Mr. Gooden is charged with leading the performance of the company's wealth management, asset management and investment banking business lines. Prior to this appointment he was the Deputy Chief Executive Officer where he led the team through a number of successful strategic and portfolio deals. He rejoined the company in 2009 as Vice President of Investments & Trading and had responsibility for over J\$200 billion worth of assets spanning NCB Capital Markets Ltd, NCB Insurance Co. Ltd & NCB (Cayman) Ltd. With seven years' experience at the senior management level, his background also includes research, unit trust & pension fund management, structured products, private equity, corporate finance and mergers & acquisitions.

Mr. Gooden was appointed to the Board of the JSE in November 2013, he is also a director of NCB Capital Markets and Elite Diagnostic Limited and serves as Treasurer of the Jamaica Securities Dealers Association and the Wolmer's Old Boys Association.

### Mrs. Marlene Street Forrest; J.P.

Mrs. Marlene Street Forrest is the General Manager of the Jamaica Stock Exchange. Mrs. Street Forrest has a B.Sc. in Management Studies and an MBA. She has over twenty five years of combined experience in financial and general management.

Her mandate as General Manager of the JSE is to continue the process of developing the Exchange, ensuring that cutting edge technology is used to assist in providing the greatest level of efficiencies in the market.

Mrs. Street Forrest, who is a Justice of the Peace, serves as Secretary of the Board of the JSE and a Director of the Jamaica Central Securities Depository and the JCSD Trustees Services Limited.



**There are six alternate Directors who have been approved by the Directors of the Exchange. These are:**

1. **Mr. Dylan Coke** - NCB Capital Markets Limited
2. **Mr. Phillip Armstrong** - Sagicor Investments Limited
3. **Mr. Gary Peart** - Mayberry Investments Ltd.
4. **Dr. Derrick McKoy** - MV/L Stock Brokers Limited
5. **Mrs Rita Humphries-Lewin** - Barita Investments Limited
6. **Mr. Jason Chambers** - GK Capital Management Limited

## PROFILES OF INDEPENDENT DIRECTORS

### Mrs. Jane George

Jane George is Senior Legal Counsel and Company Secretary at J. Wray & Nephew Limited. She was admitted as a Solicitor in England and Wales and as an Attorney-at-Law in Jamaica and is a member of the Law Society of England & Wales and the Jamaican Bar Association. Mrs. George, who has approximately 29 years experience in the legal profession in Jamaica and England, joined the Board of the Jamaica Stock Exchange in 2008. She sits on the Regulatory and Market Oversight Committee, the Corporate Governance and Nomination Committee, the Audit Committee (which she currently chairs) and the Member Dealers Admissions Committee.



### Mr. Garth Kiddoe

Mr. Kiddoe is an Enterprise Consultant, with experience in Corporate Governance, Accounting, Management, Accreditation Systems and procedures and Electrical Engineering. He is also a trained Family Business Consultant. He is a part-time lecturer in Management at the University of Technology, Jamaica and was a member of the project management team for a US\$42.6 Million project funded jointly by the Government of Jamaica, the Caribbean Development Bank and the University of Technology, Jamaica (UTech).

Mr. Kiddoe is Chairman of the Professional Engineers Registration Board, a member of the Board of Directors of the Jamaica Stock Exchange (JSE) representing the Institute of Chartered Accountants of Jamaica (ICAJ), Chairman of the Board of the Jamaica Central Securities Depository Ltd, a subsidiary of the JSE, Chairman of the Board of Governors of the JSE e-Learning Campus, and a member of the Public Accountancy Board (PAB). He is a member of the Practice Monitoring Committee of the PAB and serves on a number of the sub-Committees of the Board of the Jamaica Stock Exchange, including the Regulatory and Market Oversight, Audit and Corporate Governance Committees



### Mr. Livingstone Morrison - Chairman Regulatory & Market Oversight Committee (RMOC)

Mr. Livingstone Morrison is the Deputy Governor of the Bank of Jamaica with responsibility for Administration and Technical Services, Finance and Technology and Payment System and Risk Management.

Mr. Morrison joined the staff of the Bank of Jamaica in 1982 and worked for several years in the Financial Institutions Supervisory Division. Between 1998 and 2002, Mr. Morrison served as the Division Chief of the Finance and Technology Division, with core responsibilities for strategic management of the accounting, finance, and information and communication technology functions of the Bank. In 2011, he assumed responsibility for the Administration and Technical Services Division in addition to the Finance and Technology and Payment System and Risk Management Division.

Mr. Morrison chairs the Regulatory & Market Oversight Committee and is also a Director of the Jamaica Central Securities Depository. He studied at the U.W.I. And University of Oxford and holds a masters degree in Accounting.



### Miss Dian Black

Miss Dian Black is the Acting Principal Director of the Debt Management Branch (DMB) in the Ministry of Finance & Planning. Ms Black has responsibility for leading the strategic and operational activities of the DMB in raising adequate levels of funding to satisfy the Government's budgetary requirements.

In her capacity, she also gives policy advice on debt management matters to senior officials in the Ministry and provides the necessary interface between the JSE and the Government.



## PROFILES OF INDEPENDENT DIRECTORS



### Mrs. Janet E. Morrison

Janet Morrison was called to the Jamaican Bar in 1978. She is a partner in the firm of Hart MuirheadFatta and her practice is primarily in the areas of Corporate and Commercial Law. A graduate of the University of the West Indies and the Norman Manley Law School, she also holds a Master's Degree in Commercial and Corporate Law from the University of the West Indies. She is listed in **International Financial Law Review 1000** (IFRL 1000) as one of the world's leading lawyers.

As a member of the board of the Jamaica Stock Exchange, Janet Morrison sits on the board's Executive Committee, the Regulatory & Market Oversight Committee and is the chair of the Corporate Governance & Nomination Committee. She is also an independent director of Mystic Mountain Limited.

Janet is a member of the council of the Jamaican Bar Association (JBA), where she sits on the Commercial Law Sub-Committee and the Publications Sub-Committee. She has presented at several conferences on Corporate Governance, the Pensions Act and the Companies Act and has contributed legal commentaries and articles in the Jamaican press. She is an associate tutor at the Norman Manley Law School, Mona Campus in company law and is a Fellow of the Chartered Institute of Arbitrators.

## JSE BOARD COMMITTEES 2014/2015

#### LISTING COMMITTEE (Rule Based)

Chairman: Mr. Allan Lewis  
Mr. Ian McNaughton  
(Alternate Mrs. Rita Humphries-Lewin)  
Miss Dian Black  
Mr. Steven Gooden  
Mr. Christopher Berry (Alternate Mr. Gary Peart)  
Mr. Ed McKie (Alternate Dr. Derick McKoy)  
Mr. Garth Kiddoe

#### MEMBER DEALER ADMISSION COMMITTEE

Chairman: Mr. Livingstone Morrison  
Miss Dian Black  
Mr. Garth Kiddoe  
Mrs. Jane George  
Mrs. Janet Morrison

#### COMPENSATION COMMITTEE

Chairman: Mr. Allan Lewis  
Mr. Ian McNaughton  
(Alternate Mrs. Rita Humphries-Lewin)  
Mr. Mark Croskery  
Mr. Steven Gooden  
Mrs. Jane George

#### REGULATORY & MARKET OVERSIGHT COMMITTEE (Rule Based)

Chairman: Mr. Livingstone Morrison  
Miss Dian Black  
Mr. Garth Kiddoe  
Mrs. Jane George  
Mrs. Janet Morrison

#### AUDIT COMMITTEE (Rule Based)

Chairman: Mrs. Jane George  
Mr. Mark Croskery  
Mr. Garth Kiddoe  
Mr. Ian McNaughton (Alternate Mrs. Rita Humphries-Lewin)  
Mr. Livingstone Morrison

#### CORPORATE GOVERNANCE & NOMINATION COMMITTEE

Chairman: Mrs. Janet Morrison  
Mrs. Jane George  
Mr. Garth Kiddoe  
Mr. Julian Mair  
Mr. Steven Whittingham (Alternate Mr. Jason Chambers)

#### EXECUTIVE COMMITTEE

Chairman: Mr. Allan Lewis  
Mr. Ian McNaughton  
(Alternate Mrs. Rita Humphries-Lewin)  
Mr. Julian Mair  
Mr. Lissant Mitchell  
Mrs. Marlene Street Forrest (Co-opted)  
Mr. Robin Levy (Co-opted)

#### RULES COMMITTEE

Chairman: Mr. Allan Lewis  
Mr. Garth Kiddoe  
Miss Dian Black  
Mr. Ed McKie (Alternate Dr. Derick McKoy)  
Mr. Steven Whittingham  
(Alternate Mr. Jason Chambers)

## THE MANAGEMENT TEAM



**Marlene  
Street Forrest**  
General  
Manager,  
JSE



**Michelle  
Sirdar**  
Manager,  
Registrar  
Services



**Robin Levy**  
General  
Manager, JCSD  
JCSD Trustee  
Services Limited  
& Deputy General  
Manager, JSE

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## THE MANAGEMENT TEAM



**Josephine  
Lewis**  
Manager,  
Trustee  
Services



**Wentworth  
Graham**  
Chief  
Regulatory  
Officer



**Suzette  
Whyte**  
Financial  
Controller

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## THE MANAGEMENT TEAM



**Suzette  
McNaught**  
Manager,  
Information  
Technology  
& Systems



**Riccalya  
Robb**  
Manager,  
Market  
Operations  
& Trading



**Neville Ellis**  
Marketing &  
Communication  
Manager

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## THE MANAGEMENT TEAM



**Doreen  
Parsons Smith**  
Manager,  
Human  
Resources



**Kadyll  
McNaught  
Hermitt**  
Manager,  
Depository Service  
Unit



**From the Chairman's Desk****CHAIRMAN'S REPORT**

**Mr. Allan Lewis**  
Chairman  
Jamaica Stock Exchange

**T**he Jamaica Stock Exchange and its subsidiaries achieved some successes in 2014 despite the bear market and attendant disappointing overall financial results. Briefly, the decision taken many years ago to diversify the business operations has reduced the risk associated with the Group, as the trust and depository businesses are growing and profitable, even as the number of students attracted to our e-Campus service was below expectations.

**The Global & Local Economy 2014**

Locally the Jamaican economy exhibited anemic growth, as according to STATIN Gross Domestic Product expanded by a paltry 0.4%. Nevertheless, there is some evidence that business and consumer confidence improved towards the end of the year, perhaps reflecting the success in managing the economy largely within the targets established for the agreed macro-economic programme being implemented by the Government of Jamaica. It is noteworthy that the International Monetary Fund has provided positive reviews of the programme for each of the past 5 quarters ended December 31, 2014

The performance of the Jamaican listed equity markets continued to disappoint our board and management. Specifically, the value of all transactions declined by almost 20% in 2014 compared with 2013. Not surprisingly, the main market indices exhibited declines in 2014 compared with the prior year. The exceptions were the Jamaican Composite, the JSE Select and the USD Denominated Market Indices which saw advances of 2.73%, 2.03% and 45.76% respectively.

**Junior and Main Market**

The activities related to the Junior Market were below the expectations of the board and management. There were only three listings in 2014 compared with five in the prior year. Notwithstanding the changes to the regime for tax incentives for companies listed on the Junior Market, the main reason for the decline in activity was more likely the uncertainty and lack of confidence by local economic actors for much of 2014. Perhaps counter-intuitively there was more activity related to the Main Market in 2014 as the number of companies listed increased by three which was the most for many years.

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From the Chairman's Desk

## CHAIRMAN'S REPORT

### Depository Service Unit & Trustee Services

The Depository Service Unit and the Trustee Services have shown marked improvement in revenue for the 2014 period, as these areas have reflected increase in revenue. These increases in revenue continue to impact the overall profitability of the Group and this augurs well for the future of the company. The Group will continue to invest significantly in these areas to further grow revenue and maximize profit.

### Outlook

The outlook for 2015 is one of cautious optimism. There is evidence that market activity for the first quarter increased relative to the corresponding period in the prior year, and anecdotal evidence suggests that a number of companies will be offering investors investment opportunities in the tourism, construction and development and energy sectors. Not only does this augur well for improved economic growth but also for improved financial results for the Jamaica Stock Exchange.

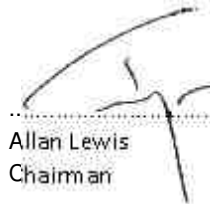
More importantly, the JSE is committed to making a contribution to the growth and development of Jamaica, underpinned by a set of principles that are illustrated below. Regardless of the challenges, your board and management will continue to work assiduously in the interest of our shareholders; customers and investors; team members and broader stakeholders.

We aim to provide:

- ✓ Our Investors the opportunity to enhance their financial security in an efficient and accommodating environment while keeping them well informed.
- ✓ Our Securities Dealers the opportunity to create wealth for their respective shareholders and customers by providing them with a wide variety of products in a convenient and accessible manner.
- ✓ Our Listed Companies the opportunity to expand their respective businesses through ease of access and lower cost of capital.
- ✓ The government with proper functioning of the market, which will lead to the growth and development of the nation increased jobs, increased tax revenue and greater social protection.

- ✓ Our staff the opportunity for professional and personal development as they contribute to the performance of the JSE and the growth and development of the nation.

In conclusion I would like to thank my colleague directors for their support. Additionally, on their behalf I also thank the management and team members of the JSE and subsidiaries for their contributions in 2014. We encourage our team members to improve their skills and competences so as to be better prepared to take advantages of opportunities that may arise as the JSE continues to grow and evolve. We are committed to working effectively together to introduce new products and services that will attract even more investors and redound to the benefit of our shareholders.



.....  
Allan Lewis  
Chairman

## Regulatory & Market Oversight Committee Report



**Mr. Livingstone Morrison**  
Chairman

**D**uring the 2014 financial year the Jamaica Stock Exchange, and in particular the Regulatory and Market Oversight Committee (RMOC), continued its work to ensure market integrity and transparency towards the objective of ensuring that the Jamaican economy benefits from a robust and efficient stock market. Recent reports on Jamaica's international ranking as well as operational indicators of performance over the past year strongly suggest that the regulatory functions of the Exchange are achieving the objectives.

### **International Ranking**

The 2014/2015 Global Competitiveness Report ranked regulation of securities exchange in Jamaica at 28 on the list of 144 countries that were surveyed. Also of significance is the fact that Jamaica was ranked third in the Americas, well ahead of the United States of America which was ranked at 30, Barbados at 33 and Trinidad and Tobago at 95. The 2014/2015 ranking confirms that the high standards of securities market oversight have served to enhance the reputation and standing of Jamaica on the global stage. In this regard attention is directed to the fact that in 2008, the year when the RMOC commenced operations, the Global Competitiveness Report ranked Jamaica at 61 out of 134 countries in the category of securities exchange regulation. The RMOC is committed to continuing the work of enhancing the framework for regulation of the equities and fixed income securities trading while ensuring compliance with the market rules that are designed to promote safety, efficiency, transparency and integrity of the market as the preferred vehicle for the allocation of capital required to drive economic growth.

### **Operational Performance Indicators**

The Regulatory and Market Oversight Division of the JSE, which receives strategic guidance from the RMOC, continues to effectively discharge operational responsibilities pertaining to: Listed Company Compliance, Member-dealer Regulation, Market Surveillance, Enforcement, Dispute Resolution/Arbitration and Risk Assessment. The RMOC's performance indicators over the past five (5) years are presented in Table 1 on the next page.

## Regulatory & Market Oversight Committee Report

**Table 1**  
**Operational Performance Indicators**

Activity	2014	2013	2012	2011	2010
Member-dealers timely filing of Monthly Statements	97%	93%	97%	99%	97%
Member-dealers timely filing of Quarterly Statements	98%	86%	93%	100%	95%
Member-dealers timely filing of Audited Statements	85%	91%	91%	100%	73%
Main Market timely filing of Unaudited Statements	96%	91%	74%	78%	79%
Main Market timely filing of Audited Statements	80%	59%	59%	59%	70%
Main Market timely filing of Annual Reports	79%	69%	55%	47%	56%
Junior Market timely filing of Unaudited Statements	87%	86%	90%	79%	67%
Junior Market timely filing of Audited Statements	77%	69%	85%	56%	67%
Percentage of regulatory/compliance issues closed	98%	97%	96%	98%	95%
Total Number of Enforcement Actions	31	40	9	1	9

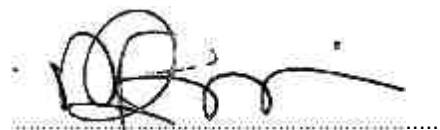
The major operational indicators for the five year period reflect the level of effectiveness of the regulatory functions and the operational arrangements that are being administered in order to maintain and improve the levels of compliance. The operational strategies that are revised on an annual basis are designed to identify and target areas of risk and to ensure that the high standards of efficiency and effectiveness are maintained.

### Plans for the Future

The RMOC is aware of the need to remain focused on the objective of promoting market transparency and market integrity. Against this background, the RMOC will continue the process of review of market rules with a view to enhancing the effectiveness of the regulatory framework while ensuring compliance with international best practices. To this end we have a packed agenda which includes:

1. Enhancing disclosure and transparency of JSE's regulatory activities
2. Developing and instituting regulatory guidelines for JSE's Online Trading Platform
3. Developing and implementing regulations for JSE's Depositary Receipt product offering
4. Developing a new framework and guidelines for Securities Transactions by Directors and Senior Executives of Listed Companies on the JSE

In closing, I wish to commend all the members of the RMOC for the diligence and commitment that has been demonstrated over the past year. As Chairman of the RMOC I have benefitted from the contributions of all the members who bring a wide range of experiences to bear on regulatory discussions and decisions. We are also humbled by the confidence reposed by the wider JSE Board which delegated full authority for discharging the regulatory mandate to the RMOC. Finally, I wish to acknowledge efforts of the Chief Regulatory Officer and members of staff of the RMOC for another productive year of service to the JSE and the investing community.



Mr. Livingstone Morrison.  
Chairman

## Audit Committee Report

### The Jamaica Stock Exchange and Its Subsidiaries

#### Purpose

The purpose of the Audit Committee of the Jamaica Stock Exchange is to assist the Board with oversight responsibilities regarding the integrity of the Company's financial statements, its compliance with legal and regulatory requirements and the adequacy of its internal procedures processes. The Committee serves as a conduit of communication between the Board, the management team and the internal and external auditors. During the year under review the Audit Committee of the Jamaica Stock Exchange (The Exchange) was successful in the fulfillment of this mandate.

#### Audit Review

For the 2014 reporting period the Committee reviewed the annual audited and quarterly unaudited reports and the interim management statements, approving the quarterly statements and recommending the annual statements for adoption by the board and public release. The Committee also continued its role in monitoring and reviewing the effectiveness of the Company's overall risk management systems, including review and recommendation to the Board of the Clean Desk Policy and the review and recommendation of changes to the Group Bad Debt Policy. They also reviewed the effectiveness of the Group's Renewable Energy programme and the bad debt and portfolio management. The Committee also evaluated the performance of the Company's internal auditors and was satisfied with their performance. It was also satisfied with the report from the internal auditors which acknowledged the general responsiveness of management to queries and recommendations.

#### Composition & Frequency of Meetings

The requirement is for the Committee to meet at least four (4) times per year. However, ten (10) meetings were held during the year with an average of seventy two percent (72%) attendance of members. This was a decrease in the number of meetings from twelve (12) in the previous year.

However, the high frequency of meetings was due to the fact that the Committee met to review the RFP and Evaluation Matrix for the engagement of an external auditor given that KPMG was engaged for the year 2013 to fill a casual vacancy which occurred due to the closure in Jamaica of Deloitte & Touche. Ernst & Young was subsequently engaged arising out of that review. Additional meetings were also required to review and recommend the budget which was aligned to the Group's new strategic plans and review and make recommendation to the Board on the Group's Pricing Policy put forward by Management.

The Committee is made up of sixty percent independent members. Overall the committee showed dedication in serving.

Following are the current members of the Committee and their attendance at meetings:

- |                         |        |               |
|-------------------------|--------|---------------|
| 1. Jane George (Chair)  | (70%)  | (Independent) |
| 2. Livingstone Morrison | (100%) | (Independent) |
| 3. Garth Kiddoe         | (90%)  | (Independent) |
| 4. Mark Croskery        | (40%)  |               |
| 5. Ian McNaughton       | (100%) |               |

The Committee reports to the Board bi-monthly or as necessary.



Jane George  
Chairman

## Compensation Committee Report

### The Jamaica Stock Exchange and Its Subsidiaries

The Compensation Committee of the JSE is made up exclusively of non-executive directors and is chaired by the Chairman of the Board, Mr. Allan Lewis. Other members of the Committee are:

Mr. Ian McNaughton  
Mr. Mark Croskery  
Mr. Steven Gooden  
Mrs. Jane George

The Committee's mandate is to make recommendations on the Company's framework of executive remuneration. The Committee reviews and approves corporate goals in relation to the CEO's compensation; evaluates the CEO's performance in light of the company's goals and objectives and makes recommendations to the Board with respect to executive and non-executive compensation.

Directors' fees totaled \$8.54 Million in 2014 and represented a \$1.24 Million decrease from 2013, which was \$9.78 Million.

## GENERAL MANAGER'S REPORT - JSE



**Mrs. Marlene Street Forrest**  
General Manager  
Jamaica Stock Exchange

**F**or the past several years the Jamaica Stock Exchange Group which is comprised of the JSE (Exchange) and its wholly owned subsidiary, the Jamaica Central Securities Depository has concentrated on and is executing plans to diversify its business operation in keeping with our objectives to be an all-inclusive service provider for the securities market and to achieve financial viability for its shareholders.

For the year 2014, despite the challenges experienced due to the continued difficult economic climate which affected confidence and optimism of not only the investing public but companies listed on the Exchange and potential listed companies, the Group remained resilient. Our two traditional sources of major revenue, namely Cess Income and Investment Income, declined. Cess Revenue declined due to continuation of a long running bear market which saw further decline in the value of secondary market activities, while investment income declined due to less than robust foreign exchange gain experienced in the previous year. Equally, the Group was affected due to an overall reduction of listings, primarily on our Junior Market where changes to the incentives negatively impacted the enthusiasm of prospective Junior Market companies to list on the Exchange. Consequently both primary and secondary market activities slowed significantly causing declined in trading revenue and listing fees.

I am happy to report that prior years' revenue diversification programmes yielded positive results. Although the Group returned a profit of \$3.1 million for the year, the JCSD, primarily driven by the performance of the JCSD Trustee Services, which returned a profit of \$22.2 million and positive results from the operation of the Registrar Division, cushioned the loss of the parent company.

We are now in our first year after listing our ordinary shares on the Exchange and we have pursued a number of critical activities in order to succeed in the pursuit of our strategic objectives. Many of these are long term objectives through which we expect to achieve long term growth and profitability. Our on-going activities centre on developing and exploring new products and markets within Jamaica and the wider Caribbean Region. We have been at the forefront of seeking out market opportunities and responding to market needs and are pursuing avenues to ensure that the Group has the capacity to be responsive.

*(Cont'd on next page)*

## GENERAL MANAGER'S REPORT - JSE

### ENVIRONMENTAL FACTORS

Globally, advanced stock markets rebounded in 2014 amidst renewed confidence by investors and economic stimulus programmes by many governments. The performance of stock exchanges in the emerging markets was mixed. While the main market of the Jamaica Stock Exchange did not advance in 2014, the decline of 5.3% was significantly less than the 12.5% registered in the prior year. The market also recorded a 45.8% increase in the JSE US\$ Equities Index, reflecting the further deterioration of the Jamaican to the US dollar.

The fourth quarter 2014 Business and Consumer Confidence Indices Survey released by the Jamaica Conference Board of the Jamaica Chamber of Commerce reported that business confidence soared to its highest level in thirteen (13) years and consumer confidence rose to its highest level since the closing quarter of 2012. While this has not been reflected in 2014, we anticipate that the optimism will be felt in the market for 2015 and will redound to significant improvement in operating profits for the group.

Despite the downsides that were experienced, some companies and investors took advantage of opportunities that existed in the market. Although reduced from thirteen securities listed in 2013, six companies (eight securities) were listed on the various markets, resulting in an increase to 73, the number of securities listed on the main, junior and bond markets. JA\$1.25 billion and US\$12.4m in capital was raised by the companies which are listed on these markets.

It is anticipated that 2015 will be another challenging year but there have been some signs of improvement which we expect will be reflected in overall market performance. While some confidence has returned since the signing of the IMF agreement and the successful passing of last six quarters, many businesses continue to struggle to maintain sustainable levels of profitability. In this climate, financing options and especially equity financing is of critical importance to viability and growth. It is with that in mind and through this medium that the Exchange unreservedly requests that the government reconsiders the decision taken to reduce and ultimately remove the incentive to prospective Junior Market Companies in March 2016.

### JSE MARKET PERFORMANCE IN 2014

During the year under review, the stock market realized mixed results as all JSE Main Market Indices and the Junior Market Index reflected declines, while the JSE USD Equities Market Index reflected an improvement. The JSE Main Index dropped 5.3% to close the year at 76,353.39 points. The capitalization of the main market also reflected a fall which resulted from the overall decline in the stock prices and the delisting of First Caribbean International Bank Limited, Guardian Holdings Limited and Sagicor Investments Jamaica Limited. The latter contributed to a decline of \$179 billion in the capitalization of the main market. Similarly, declines were recorded in the JSE Junior Market Index, which declined by 9.2% to close 2014 at 687.96 points. The market capitalization of the Junior Market decreased by \$1.3 billion as a result of the general decreases in stock prices. On the other hand, the JSE USD Equities Market recorded improvements for both the index and market capitalization. The JSE USD Equities Market Index increased by 45.8% and the market capitalization increased by 99.7%, which was partly as a result of a new listing in the JSE USD Equities Market.

As previously mentioned, the mixed performance and the market resulted in significantly reduced revenue from trading and trading activities.

### OPPORTUNITIES

There are several opportunities to grow the market and achieve profitability for the Group. We are currently pursuing the roll out of the online trading platform which will assist brokers in providing another avenue for their existing and potential clients to access the market. Coming soon the Group also intends to facilitate the offering of Jamaica Depositary Receipts to the investors. This is designed to assist in product enrichment and diversification of investors' portfolio. These are just two avenues in which we will leverage our existing trading platform. Given legislative and regulatory changes for collective investment schemes and retail repurchase agreement, the Group intends through its Trustee Services to take advantage of these changes by providing service to security dealers.

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## GENERAL MANAGER'S REPORT - JSE

### JSE DEPARTMENTAL HIGHLIGHTS 2014

#### Trading & Settlement Platforms

The JSE relies heavily on the technological infrastructure and employees' competence to deliver high quality products and services to the market. The Group's technology unit continues to support the business by ensuring that the IT infrastructure is current and will allow the Exchange to operationalize its business strategies and expand its service portfolio.

During the year 2014, we experienced no significant downtime that impacted the systems and markets operated efficiently each business day. We have determined significant downtime to be no more than 30 minutes in any one month and will continue to ensure that this metric is maintained during 2015 and beyond. Additionally, we will continue to ensure the delivery of a reliable IT strategy that will enable the JSE to take advantage of emerging trends and technology.

We have made significant progress in the following areas and have achieved several successes.

#### Successful initiatives during 2014

1. Implementation of a Solar System
2. Business Continuity Planning Program
3. Continuing activities for the implementation of an Online Trading Platform in 2015
4. Continuing activities for the implementation of a new Website and Mobile App in 2015

#### Ongoing Initiatives in 2015

1. Continuing activities towards the implementation of a new trading platform in 2017
2. Infrastructure improvements to ensure the infrastructure remains robust
3. Business Solutions geared towards achieving the group's strategy
4. IT Governance and Service Delivery continuous improvements
5. Customer Service and Support continuous improvements

The Group's technology unit continues its journey and will leverage successful standards and practices and undertake associated enabling initiatives to ensure our IT strategy aligns to the JSE Group Strategic Plan. We have made significant progress in this area to ensure the organization's strategic objectives are met.

In the area of risk management and compliance we continue to enhance and maintain system redundancies which allows for 100% availability during business hours. Our risk management policies and procedures ensure that we are compliant with established policies and international standards geared towards ensuring compliance through continued audits.

Our team remains committed to the initiatives to be achieved in 2015 and will continue to expand its capacity to ensure that the Group takes advantage of market opportunities through the application of efficient and effective use of technology.



*We endorse JSE's e-Campus (l-r) Mr. Robin, Levy Deputy General Manager, JSE, Mrs. Street Forrest, General Manager, Education Minister Hon. Ronald Thwaites, and Miss Sandra Shirley, Principal of e-Campus.*

#### Marketing Activities

We had another successful year delivering on our objectives of providing investor education, including financial literacy sessions through outreach programmes; keeping the market abreast of new changes and offering our workshops and e-Campus programmes aimed at fostering continuing professional education. Driven by data received from the JCSD and other sources such as our outreach activities and information received through the listing of more companies on the market, the Group was able to increase the number of accounts/investors by 3,794.

The Exchange utilizes various approaches to reach investors or potential investors. Some of the programmes that we engaged in are outlined :

*(Cont'd on next page)*

## GENERAL MANAGER'S REPORT - JSE

### Capital Market Conference

The JSE celebrated the hosting of its 9<sup>th</sup> Investments Capital Markets Conference in 2014, where persons from across the region, North America and the UK met and shared ideas, networked and collaborated. We experienced a growth in attendance especially from small and medium sized business operators.

### Stock Market Game

This website based simulation game allows students to buy and sell stocks traded on the JSE Stock Market. St. Jago High School became the third school to win the competition more than once, while defending champion Calabar High finished in second place and York Castle High in third place.

### High School Education Programme

The JSE continues its drive towards exposing high school students in understanding the roles and functions of the Stock Exchange, and to allow students to develop an appreciation for investments. These students are pursuing the CSEC and CAPE exams. The school programme gives students an understanding of:

- The role & functions of the Stock Market
- The importance of savings & investments
- Investing through the purchasing of stocks, and
- The importance of financial literacy

In 2014, 70 high schools and tertiary institutions visited the Stock Exchange with over 1900 students and teachers.



*Striking a pose! Mrs. Charlette Eddie Nugent, Communications Officer at the JSE is surrounded by students visiting the Exchange as part of the JSE's Schools Educational Program.*



*Mrs. Charlette Eddie Nugent, Communications Officer at the JSE, engages students about the Stock Market at the Ministry of Education Math Expo that was held in March 2014 at the UWI grounds.*



*Students visit the JSE as part of the Schools Educational Programme.*



*Congrats on your quarterly winnings! Market Research Competition.*

(Cont'd on next page)

## GENERAL MANAGER'S REPORT - JSE

### Market Research Competition

This competition is designed to respond to the need to improve the level of market analysis. For every quarter of the year, the JSE invites analysts from the securities industry, tertiary institutions and the media to submit analyses based on the past performance and future expectations of listed companies. Participants conduct research, prepare and submit an analysis on the selected company, using the JSE's prescribed format. The winner of the 2014 competition was Shanika Wynter of NCB Capital Markets Limited.

### Workshops

Over 250 persons from various companies across Jamaica attended one or more of the JSE workshops below in 2014.

1. Corporate Secretary
2. Combating Financial Fraud
3. Data Protection
4. Pangasuis and
5. Pension

The JSE's workshops provide a medium to create an intensive educational experience in a seminar setting. Participants at these workshops are usually Listed Companies, Member Dealers and persons in the related field from which the topics are chosen.



*Persons listened attentively to Collin Greenland, Certified Fraud Examiner, during the JSE's Data Protection Workshop, that was held September 24, 2014 at the Knutsford Court Hotel.*

### JSE's Public Investor Outreach

In 2014 the JSE partnered with Sagicor Investments and JMMB Group to host outreaches in Portmore, Montego Bay and two in Kingston. The JSE Public Investor Outreaches are designed to engage Jamaicans on how the market works and how Jamaicans can use this medium to invest and create wealth.

### Corporate Outreach

In 2014, the Stock Exchange visited 24 institutions to share with them the exciting, simple and concise 20-minute presentation geared towards employees in the Jamaican workforce understanding the stock market and the ways they can create wealth using this avenue.



*Persons listened attentively to Mr. Collin Greenland, Certified Fraud Examiner, during the JSE's Combating Financial Fraud Workshop, that was held February 13, 2014 at the Knutsford Court Hotel.*



*Public Outreach Programme - The JSE participated in the Bi-annual JOIEDEVIE Wellness Festival Expo at Fort Clarence Beach, St. Catherine.*

*(Cont'd on next page)*

## GENERAL MANAGER'S REPORT - JSE

### **National Investor Education Week**

2014 saw the Stock Exchange hosting its 7<sup>th</sup> National Investor Education Week. The Stock Exchange continues to push the agenda of financial literacy for the Jamaican populace. Therefore, the week of activities was geared towards providing information regarding the working of the financial services sector and incorporates participation from banks, credit unions, brokers and institutions which assist individuals to achieve financial wellness.

### **Best Practices Awards**

National Commercial Bank Jamaica Ltd. (NCBJ) and Sagicor Group Jamaica Ltd. (SJ) shared the prestigious Governor General's Awards for Excellence for the Main Market, while Honey Bun Jamaica Ltd. copped the equivalent for the Junior Market in the 2014 JSE Best Practices Awards Ceremony. NCBJ also won the JSE/PSOJ Best Practices Award for Corporate Governance while Mayberry Investments Ltd. was crowned top Member Dealer for the fourth consecutive year.

The Best Practices Awards was established in 2004 to recognize Listed Companies and Brokerages that exhibit Best Practices in their organization.

### **Publications**

The Exchange publishes a number of publications aimed at assisting investors, potential investors and the investment community to make more informed decisions and generally to provide market updates. These publications are:

1. The Stock Market Review
2. The Pocket Book
3. The Year Book
4. A Guide to the Jamaican Securities Markets
5. The JSE Annual Report

### **e-Campus**

The JSE e-Campus held its third Graduation and Awards Ceremony on Wednesday November 6, 2014 at the Jamaica Pegasus for the students drawn from Cohorts 2, 3 and Cohort 4, as well as students who completed the certificate course 'Understanding and Interpreting Jamaica's Financial Regulations and Laws'. The guest speaker for this event was Mr. Allan Lewis, Chairman of the JSE's Board of Directors and Senior Vice President (Group Strategy) for Victoria Mutual.

The delivery of the e-Campus' Personal Finance course to corporate clients began with employees of **Victoria Mutual**

**Building Society (VMBS)**. This was rolled out on October 14, 2014. It was very well received by the staff and is intended to continue into 2015 when some 300 employees will be provided with the training as part of the company's staff engagement exercise. We have initiated contact with corporate entities and are now awaiting their responses.

Based on the publishing of the Certificate course schedule on the JSE website, the e-Campus was contacted by the **Eastern Caribbean Central Bank (ECCB) to register ten (10) employees throughout the Caribbean in the Fundamentals of the Money Markets Certificate course**. We maintain a relationship with the ECCB as they intend to enroll additional employees for two (2) additional certificate courses.

### **INTERNAL AUDIT**

Our internal audit functions are outsourced to PriceWaterHouseCooper. There will always be improvements necessary as new processes and standards are accepted by the global business community. The JSE prides itself in its readiness to take on board the recommendations of our auditors and our response time for implementation has been excellent.

### **HUMAN RESOURCES**

A strategic priority of the Group is that of ensuring a motivated and prepared workforce and that the performance of our team is measurable. The JSE Group continues to invest in various training and development programmes to facilitate staff advancement and development and to cater to a holistic approach to our staff welfare. The members participated in different workshops, seminars in both operational support and other courses specific to their respective areas of responsibility. We continue to benefit from a culture of employee involvement and a structured performance and appraisal system. In 2015 we will continue to develop our human capital through staff involvement at all levels of the organization as well as embarking on planned leadership and team building programmes

### **FOCUS-2015**

In 2015, the JSE's primary main objective is that of increasing shareholder value. This we intend to do through focusing on the following:

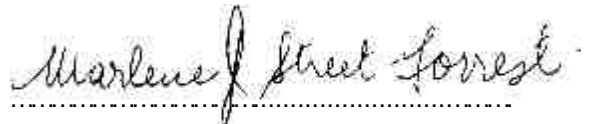
## GENERAL MANAGER'S REPORT - JSE

- Further diversification of revenue stream.
- Capitalizing on market opportunities by providing new products and services while improving and maximizing the opportunities available through our current product offering
- Working very closely with our customers and other stakeholders
- Increasing investor & business awareness of the markets
- Development & Launch of Stock Market mobile application & improved website
- Improving regional alliances
- Improvements in our internal capabilities and infrastructure for better service delivery
- Image and brand building.

Our team is committed to continuing the thrust to implement solutions that are geared towards allowing the JSE and its subsidiaries to take advantage of market opportunities which will increase revenue, improve customer service and restore profitability. We intend to deliver on our purpose driven indicators and targets through effective team work and forging external alliances and partnerships. Committing to and establishing the necessary infrastructure for growth is the most difficult stage but we believe we are making steady progress which will yield long-term reward for the investors in the JSE Group and the market in general.

Many thanks to the members of the Board and the Committees who continue to play their part in ensuring that the strategies and the underlying fabric of the Group is current, modern and appropriate and that the Exchange continues to uphold good governance practices.

We are committed to remaining relevant to our shareholders, listed companies, member dealers and other market participants. The team stands ready to continue to deliver on the promise of 'contributing to the countries in which we operate by facilitating the mobilization, exchange and expansion of capital while providing a return on equity that is acceptable to our shareholders'.



Marlene J. Street Forrest  
General Manager, JSE

**CORPORATE SOCIAL**

**RESPONSIBILITY**

**The JSE Group**

**The JSE continues to recognize the importance of Corporate Social Responsibility. The Exchange’s focus is on the aged, young adults and the children and is generally concentrated on the immediate community of downtown Kingston and its environs.**

**YOUTH OUTREACH**

**JSE’s Youth Development Programme - Focused on Education.**

The JSE started its breakfast feeding programme at St. Michael’s Primary School in 2011 to ensure that the student population is fed with a healthy meal at the start of their day. The main objective of this programme is motivation for regular attendance at school, which contributed to improved academic performance. This can be attested by the performance of students at the Grade 4 Literacy & Numeracy test.

In addition to providing the breakfast programme at the St. Michael’s Primary School, the JSE was a major stakeholder in contributing to the refurbishing and repositioning of the school in making it a ‘school of choice’ within the community.

Additionally, the JSE contributes to other social development programmes within the schools of the community which includes “Teacher Recognition Day” and “Boys’ Day” at St. Aloysius and St. Michael’s. In support of the Boys’ Day campaign for inner-city youths, the JSE awarded one scholarship to a male student who was successful at the GSAT level at St. Aloysius Primary School, while recognizing the boys’ achievements at St. Michael’s Primary.



*St. Michael’s Primary is positioning itself as a ‘School of Choice’ in the downtown Kingston community. Students walk to their refurbished classrooms looking smart in their new school uniforms.*



*It is ‘fun-time’ at St. Michael’s. Here are some children performing their dance piece for which they were awarded a silver medal at the JCDC Schools Festival 2014.*

CORPORATE SOCIAL

RESPONSIBILITY



*St. Michael's Graduation.*



*The 'angelic faces' of children of St. Michael's Dance Group who were awarded a silver medal in the JCDC Schools Festival 2015.*

**ELDERLY OUTREACH**

The JSE over the years has built a very close relationship with the Missionaries of the Poor through its founder Father Richard Ho Lung. Through the visit by our staff to the facilities which house and care for the poor and destitute and by our monetary contributions, the Company seeks to play its part in improving the social fabric of the country.

The JSE also provides needed assistance to the Denham Town Golden Age Home, an institution that takes care of the elderly within our society. The employees make periodic visits to the institution and both company and staff make well needed contributions in cash and kind to ensure that the lives of these senior citizens are made easier.

**Our Contribution to Nation Building,  
Through Young Adult Education**

For over 15 years the Company has supported students at the tertiary level in completing their courses of studies in the field of Business. This is accomplished by providing the Vernon Mendez Scholarship to well deserving students at the University of the West Indies and University of Technology

**JSE GROUP**

## 2014 Management's Discussion and Analysis

### Introduction

The Jamaica Stock Exchange Group comprises the Jamaica Stock Exchange Limited (JSE), Jamaica Central Securities Depository Limited (JCSD) and JCSD Trustee Services Limited (JCSCTS). This Management Discussion and Analysis (MD&A) of the JSE Group's financial condition and results of its operations is provided to enable stakeholders to assess the financial health, material changes and results of its operation for the year ended December 31, 2014. It provides information on liquidity and capital resources and gives a comparative examination of the current year under review against the previous year's performance. The MD&A should be read in conjunction with our Audited Financial Statements and must be considered as complementary information to that which is provided in the audited statements and the accompanying notes. The information presented is based on the best judgment of management, taking into consideration all our internal systems and controls, our plans and the present programmes and policies that are being pursued.

As a company whose securities are publicly traded, the Exchange is most conscious not only of its responsibility as a listed company but as a regulator of listed companies. It therefore operates with the framework of ensuring that its regulatory responsibilities are conducted in an atmosphere of transparency and that its commercial operations are discharged in order to ensure market growth and shareholder profitability.

The JSE offered to the public by way of Initial Public Offer (IPO) 28,050,000 units of shares at a price of \$2.00 with the shares trading in 2014 at a high of \$2.10 and a low of \$1.50 and closing the year at a market price of the shares of \$1.57. While the Exchange experienced a fall in its share price due to external market conditions which impacted on its core revenue streams (Cess Revenue and Listing Fees), we expect that the renewed business and consumer confidence will be reflected in increased activities on the market which should translate to improvement in the share price.

### UPDATE ON THE IMPLEMENTATION OF THE GROUP STRATEGIC PLAN

The Exchange embarked on a new strategic plan which will span 2015-2017.

Meanwhile, activities on our current plan have resulted in the following progress for the years 2011- 2014.

Strategic Priorities	Objectives	Initiatives	Progress
<b>FINANCIAL</b>			
A. Improve financial performance	Escalate diversification of revenue for positive return on equity	Establish new markets- Fixed Income , Venture & Derivatives, Trustee & Registrar Services, e-Campus, Global Settlement Services, Corporate Service	1. Re-Launched bond market. Dialogue continues with stakeholders on GoJ securities. 2. Derivatives started but stalled due to lack of interest from Member-Dealers. 3. Escalated service offered in trustee & registrar business with doubled client base and to also revamp the retail repurchase market. 4. Soft launch of corporate secretarial services. Redouble efforts for 2015 5. Diversification efforts have paid off with significantly less reliance on Cess Revenue, as evident in 2014 audited financial statements



**JSE GROUP**
**2014 Management's Discussion and Analysis**

Strategic Priorities	Objectives	Initiatives	Progress
<b>FINANCIAL</b>			
B. Enhance Shareholders Value	Grow Core Business  Monetise value of JSE shares	1. Determination on 38A Harbour Street 2. Utilization of Trading Platforms 3. Regional Exchange Network  4. Increase in Main & Junior Market Listing 5. List the JSE Shares	1. Successfully negotiated sale of property in excess of valuation in 2012 2. Discussions with Haitian Govt. to host their exchange and web-based application for e-campus 3. Successfully lobbied & received approval for change in regulation across markets for recognition of regional member dealer at reduced cost. 4. Achieved: Increased the number of Junior Market listings by an average of 5 companies per year. 5. JSE Ordinary Shares listed in June 2013.
<b>CUSTOMERS</b>			
Develop a viable stockbrokerage industry	Optimize number of licenced brokers	Complete proposal on member dealer licence, review & implement	Done: new licensing regime adopted and two new brokers added in 2012 and 2013. Discussions continue to be held with other interested parties.
Maintain & grow investor accounts	Enhance reputation of brand	5,000 accounts annually	Significant additions through listing of Junior Market clients, corporate and investor outreach, stock market game for schools & adults.
Retain listings		Less than 5% de-listings annually	Maintained. Delisting mainly due to corporate restructuring or non-compliance with JSE rules.
Increase number of listings		Lobbying	Facilitative environment for new listings created. Successful for Junior Market (now threatened) and to a lesser extent for Main Board. Efforts towards getting Government to privatise through the Exchange are on-going.
<b>INTERNAL PROCESS</b>			
Improve market access	Timely & accurate market information	Migration to new trading platforms	Complete. Renew process for examining migration to another trading platform by end 2015. Process continues to migrate to new platform by 2017.  Mobile Application & enhanced website by 2 <sup>nd</sup> quarter of 2015.

**JSE GROUP**
**2014 Management's Discussion and Analysis**

Strategic Priorities	Objectives	Initiatives	Progress
<b>FINANCIAL</b>			
	Operational excellence	Develop & strengthen internal processes  Complete BCP	Achieved and ongoing, as verified by internal audit findings  BCP document completed and implementation largely effected. Recommendation for approval on options for recovery operation to be finalized by April 2014. Some recommendations arising from exercise implementation are works-in-progress
<b>IMPROVE CORPORATE GOVERNANCE</b>	Separation of business operation from regulatory role	Board to examine whether market regulation should be internally provided	Outstanding.
		Implement a performance management system	Complete, as evidenced by effective staff incentive scheme. However, improvement will be achieved as we move forward with revamped strategic plan.
<b>ENHANCE REGULATORY FRAMEWORK</b>	Integration of Stock Exchange into mind-set of government for policies & legislation	Government outreach programme	Achieved and ongoing, involvement in deliberations with fixed income trading project, repo facilitation, lobbying for Junior Market, etc. Regular meetings with FSC, BOJ, MOFP, UDC, DBJ, etc.
	Lobbying with regulators in developing facilitative legislation		Changes to regulations on regional broker members' fees. Made progress with the FSC on the JSE Compensation Fund resulting in amendments to the Act.
<b>LEARNING &amp; GROWTH</b>			
Motivated & prepared workforce	Optimize on employee output	Develop training programme; produce succession plan document; review systems to develop compensation & reward	Achieved. System in place for employee feedback. Training Programme developed and operational (on-going) Leadership programme has commenced and Employee Financial Wellness Program to be effected in 2015

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**JSE GROUP****2014 Management's Discussion and Analysis**

The JSE has delivered on many of the major strategic objectives but is conscious of the fact that more is required to convert these initiatives into improvement of the long-term profitability of the business.

Over the last eleven (11) years the Company has pursued a path of revenue diversification of the Exchange's products and throughout its subsidiaries. The results of this effort are seen in the Group's reaping the benefits from the profitability of the JCSD Trustee Service and Registrar Services and from other initiatives that are making a significant contribution in the operating revenue of the Company. In 2014 while cess revenue and investment income, which are usually considered to be the two major sources of revenue of the Group, fell by 2% and 25% respectively or a cumulative decline of \$15.8m, other areas of the revenue improved by \$48m or 21.7% which resulted in a net improvement in revenue. The Group's financial statements reflect an improvement in revenue (not including interest income and other gains) of \$45.9m or 15.8%. As was the case in 2013, the market did not benefit from any large 'one off transactions.

Most areas of expenditure increased over the prior year, with the total moving from \$343.5m in 2013 to \$383.8m in 2014, which represents \$40.3m or 12% increase in expenditure. Detailed explanation is provided further in this analysis.

The profitability of the Group declined generally when compared to the prior year. Profit after taxation reflects a decline of \$2.5m, due mainly to reduced market activity, which was primarily caused by general illiquidity and unsettled economic conditions during the year. Investment income also declined by \$14.1m or 25% and this was mainly due to a decrease in the movement of foreign exchange and a lower interest rate.

### **Vision, Strategies and Priorities**

**The vision, strategies and priorities of the individual companies that comprise the JSE Group, namely the Jamaica Stock Exchange, Jamaica Central Securities Depository and JCSD Trustee Services, are complementary and aligned to the overarching objective of consistently generating an acceptable return on investment for our shareholders, facilitated by providing to our customers an innovative, transparent and customer-oriented world class Exchange and Securities Depository.**

**Our 2020 Vision:** To be an innovative, transparent and customer-oriented world class exchange, operating in over five (5) countries in the Caribbean Region; has over 100 listings and contributes significantly to capital expansion while consistently generating satisfactory returns to our shareholders.

**Our Priorities:**

- **Grow Core Business through Innovation**

We continue to pursue a path of growing the Group by our thrust into market education, the development of new products, the opening of new markets and the provision of better service to our customers and stakeholders. In keeping with our vision of being the premier securities market in the Caribbean, the Exchange will vigorously target the Region for new listings on the main and junior markets. The Group aims to examine market opportunities wherever they are.

Through market education the Group aims to retain current investors and attract new investors, as we recognize that expansion will not be successful in the long-term without an expanding pool of financially-educated investors. Recognizing that attracting new players to the market must be supported by new and existing products that are driven by customer demand, the JSE is treating this as an imperative. Industry collaboration, stakeholder inclusion and effective lobbying are the conduits through which the innovations in the market will be best facilitated. While we believe that the Group's initiatives will result in more vibrant trading of securities on the stock market as well as a more diversified revenue stream that will augur well for the medium to long-term growth and profitability of the Group, we understand that these initiatives cannot be pursued unless they are driven by external demand.

- **Continued Diversification in Related Business Lines**

We continue to diversify our activities into current, relevant and related business lines. The path has taken a two pronged approach, that of nurturing new business lines within the context of continuous review of those operations, while at the same time putting in the necessary infrastructure to encourage the development of other products and services. The decision taken by the Group to diversify its revenue

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**JSE GROUP**

## 2014 Management's Discussion and Analysis

stream is generally bearing fruits, measured by the contribution to profit. New product offerings by the JCSD's Registrar Services Division and the JCSD Trustee Services have met with success and continue to make significant contributions to the bottom line. These product lines are still in their early stages and have the ability to grow even further. The provision of superior products and services compared to that of our competitors are the avenues that are being pursued to arrive at market penetration and growth. Driven by a market survey in 2014, we are re-engineering our offering in the e-Campus Division to allow for better market product acceptability as well as asset utilization. This we believe will redound to profitability of that division.

### Summary of Long Term Vision includes:

- Offering regionally and globally diversified capital market products
- Commitment to high standards of transparency and governance
- Continuously improving shareholders' value
- Setting a strong foundation in all critical divisions and subsidiaries to allow for long-term growth and development
- Enhanced attractiveness of the equities market to investors and businesses
- Participation in the development of the Fixed Income Market
- Strong internal competences
- Being among the top employers of choice in Jamaica
- To be considered a partner that is essential to nation building
- To forge key regional and global partnerships in furtherance of these goals
- Consistent operational and overall profitability

### Summary of Our Performance Measurements

- High Customer and Employee Satisfaction
- Financial measurement including growth and profitability targets, net profit and return on equity

- Diversification of products and services scoring a 50:50 split with progressively less emphasis on equities contributions in each year
- Increase in listings on the Main, Junior, USD Equities, and Bond Markets

### Overview of the Business

Both the Jamaica Stock Exchange and its subsidiary, the Jamaica Central Securities Depository, are licensed to operate by the Financial Services Commission. The JSE and JCSD operate electronic trading and settlement platforms respectively through a service licensing agreement with providers, Trayport Limited and Percival Limited. The trading and settlement platforms allow for greater product offering and will enable us to maintain competitive pricing for the services that we provide to the market place. The JSE boasts the largest number of listings of equity securities within the English-speaking Caribbean.

### Memberships and Accreditations

- Subscribes to the World Federation of Exchanges (WFE)
- Member of the Americas Central Securities Depositories Association (ACSDA)
- Partners of Sustainable Stock Exchanges (Global Initiative)
- ANNA Partner (Securities Numbering Agency)
- e-Campus has been:

### CPD Certified, UK;

- Approved by the Financial Services Commission;
- Registered by the University Council of Jamaica (as a Tertiary Institution) and
- Approved by the Ministry of Education and also
- Accredited by the General Legal Council of Jamaica for its Law Course

### Market Depth

- 60 listed companies offering fifty-eight (58) Ordinary Securities (33 listed on the JSE Main Market, 23 listed on the JSE Junior Market and two listed on the US Dollar Equities Market) and 14 Preference Securities (12 listed on the JSE Main Market and two listed on the JSE Junior Market). One corporate bond is listed on the Bond Market. Trading activities are concentrated mainly around the Ordinary Shares.

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**JSE GROUP**

## 2014 Management's Discussion and Analysis

- The JSE is the primary venue for the raising of equity capital in Jamaica. The total market capitalization (main and junior markets) as at December 2014 was J\$322.9b. The top five stocks were in the banking and insurance sectors and represented 65.7% of overall market capitalization.
- The JSE maintained seven indices during 2014:
  - (i) The JSE Market Index
  - (ii) The JSE All Jamaican Composite
  - (iii) The JSE Select
  - (iv) The JSE Cross-Listed Index
  - (v) The JSE Junior Market Index
  - (vi) The JSE Combined Index
  - (vii) The JSE US Dollar Equities Index
- The JSE Main Index is a market-weighted index comprising ordinary shares of all listed companies. The All Jamaican Composite Index measures the performance of Jamaican Companies only while the JSE Select Index measures the performance of the JSE's 15 most liquid securities. The JSE Cross-Listed Index measures the performance of the companies that are also registered outside of Jamaica and the JSE Junior Market Index measures the performance of the companies listed on the Junior Market. The JSE Combined Index measures the performance of all the companies listed on the main and junior markets. The JSE US Dollar Equities Index measures the performance of all the companies listed on the US Dollar Equities Market.
- The JSE launched its Junior Market for small and medium sized companies that are seeking to raise between \$50 million and \$500 million via the market and whose stated capital will not exceed \$500 million. The Government has made changes to the tax benefit for companies wishing to list on the Junior Market. Instead of a 10 year tax exemption on corporate profits, companies listed effective January 2014 will receive five (5) years tax exemption. However, companies which were listed prior to January 2014 will continue to receive the 10 year tax exemption.
- An amount of JA\$1.3 billion and US\$12.4 million were raised on all markets during 2014 and a total of \$4 billion has been raised by the companies listed on the Junior Market since inception in 2009.
- The Group is organized into five main business segments from which income is derived, namely:
  - (a) Exchange operations, which deal with the operations of the exchange.
  - (b) Depository Services, which is involved with the holding, transferring and pledging of securities.
  - (c) Investment - This represents income derived from investing activities of the Group.
  - (d) Registrar Services, which maintains registers of security holders and facilitate corporate actions on behalf of issuer companies.
  - (e) Trustee services - The Trustee Services represents one of the latest additions to the services offered by the Group and now ranks as the number one service provider in the industry. The JCS DTS leads the market serving over 80% of the Unit Trust market.

### Market Operations & Trading

#### Main Market

The market continued to experience declines in 2014 in comparison to 2013, especially on the Main Market (inclusive of block trades), which recorded a total of 16,073 transactions with volume traded of 2.1 billion units that were valued at \$12.8 billion. This represented a decrease in the number of transactions and value traded and an increase in the volume traded in comparison to the prior year. For the year under review, market statistics (excluding the block market) also recorded declines in the number of transactions and value traded of 12.1% and 10% respectively while the volume traded increased by 52.7% when compared to the market activity of 2013.

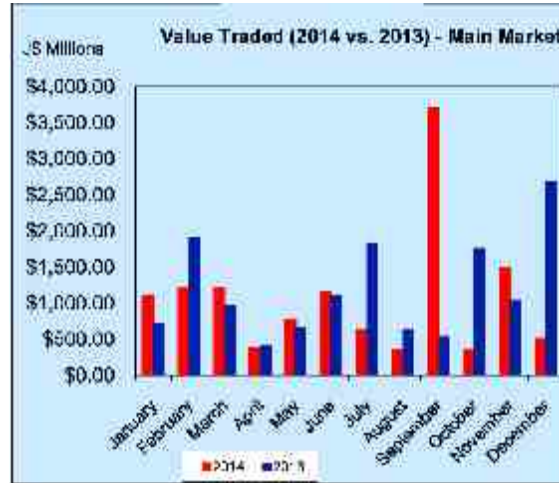
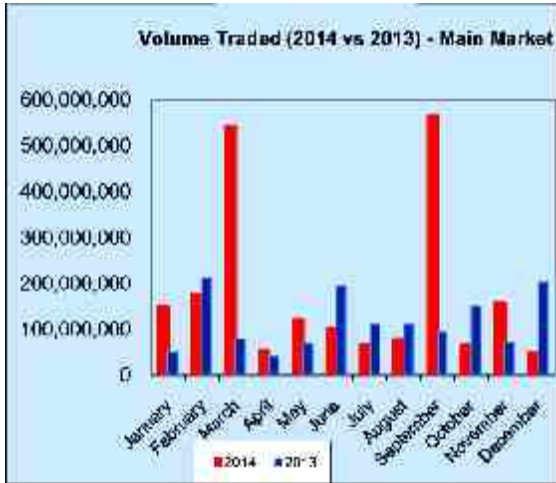
The charts below reflect the trading activity on the main market (excluding blocks) for 2014 compared to 2013. Market activity on the block market in 2014 also recorded declines when compared to the activity in the previous year. On the block market, block trades amounted to 11, a decrease of 45%, volume traded amounted to 3.6 million units, a decrease of 99.2% and valued traded amounted to \$19.5 million, a decrease of 98.9%.

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**JSE GROUP**

**2014 Management's Discussion and Analysis**

**Charts 1 and 2**



Market capitalization of the Main Market amounted to \$296.8 billion at the end of 2014. This was a decline of \$195.3 billion or 39.7% from the start of the year. The chart below provides more detail.

**Charts 3**



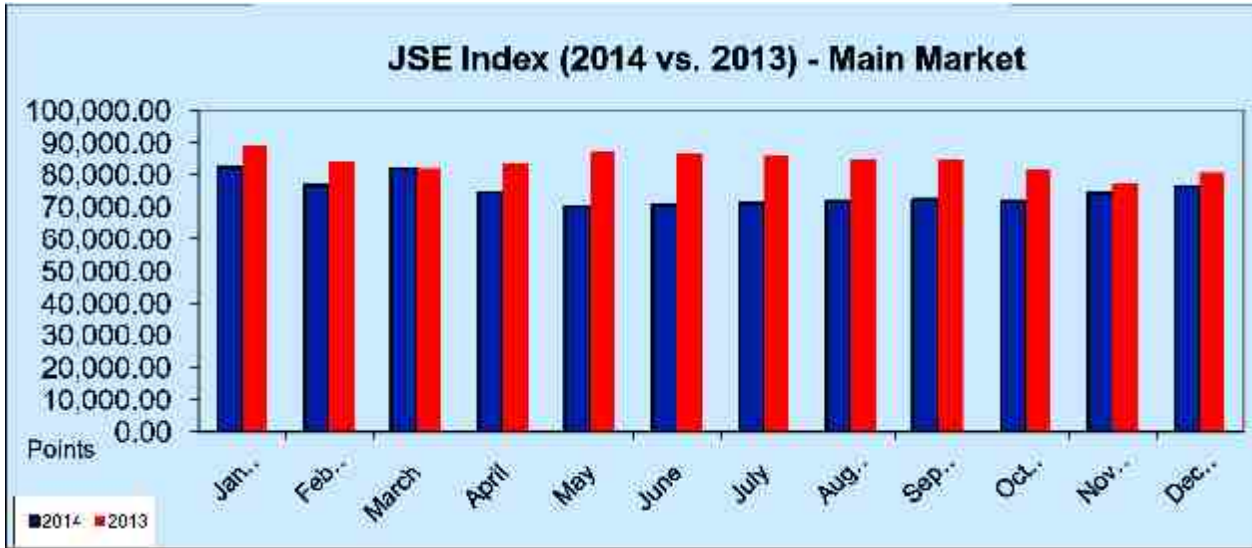
The performance of the market was negatively impacted by economic conditions which are reflected in the decline experienced by the main Index of the Main Market when compared to 2013. As at the end of 2014 the JSE Index had declined by 4,280.16 points or 5.3% to close at 76,353.39 points, as per Chart 4 below. The All Jamaican Composite Index increased by 2,234.90 points or 2.7% to close at 84,084.94 points; the JSE Select Index increased by 44.10 points or 2.0% to close at 2,220.27 points; and the JSE Cross Listed Index declined by 154.38 points or 20.8% to close at 585.90 points in comparison to the 2013 year end closing indices.

(Cont'd on next page)

**JSE GROUP**

**2014 Management's Discussion and Analysis**

**Charts 4**



The lackluster performance of the market for 2014 was also captured in the advance/decline ratio, which indicated that a total of eleven ordinary stocks advanced while eighteen declined. However for 2014, an average price appreciation of 5.0% for the ordinary stocks in the Main Market was recorded as some companies showed significant price movements. The eleven companies that appreciated during the year, which include five companies with price appreciation of more than 30%, are presented in Table 1. Table 1 (below) shows the ten advancers and decliners of the Main Market for 2014. Three companies listed securities on the Main Market during the year. See Table 2 for the companies that were listed during the year, the amount raised from the offerings of the companies and the listing date.

**Table 1 - Top Advancers and Decliners for 2014**

WINNERS		LOSERS	
Company	% Change	Company	% Change
LIME	200.00%	Pulse Investments	(59.77%)
Kingston Properties	66.67%	Caribbean Cement Company	(31.14%)
Ciboney Group	40.00%	Palace Amusement	(30.53%)
Seprod Limited	30.48%	Supreme Ventures	(28.06%)
Hardware & Lumber	30.16%	Mayberry Investments Limited	(24.00%)
Sagikor Real Estate X	17.13%	Gleaner Company	(22.73%)
National Commercial	12.94%	Radio Jamaica	(13.08%)
Pan Jamaican Investment	11.32%	Jamaica Stock Exchange	(12.78%)
GraceKennedy Limited	10.82%	Jamaica Broilers Group	(10.82%)
Salada Foods Jamaica	7.41%	Barita Investments Limited	(10.00%)

**JSE GROUP**
**2014 Management's Discussion and Analysis**
**Table 2 New Listings on the Main Market in 2014**

Company	Amount Raised*	Listing Date
Margaritaville Caribbean Limited 9.5% Cumulative Redeemable Preference Shares*		April 11, 2014
Sterling Investments Limited*		October 13, 2014
138 Student Living Jamaica Limited	\$362.97 Million	December 18, 2014
138 Student Living Jamaica Limited Cumulative Redeemable Variable Rate Preference Shares	\$172.64 Million	December 18, 2014

\* Margaritaville Caribbean Limited and Sterling Investments Limited were listed by way of Introduction, hence no capital was raised.

**Junior Market**

Mixed results were recorded in the Junior Market in comparison to the previous year. The JSE Junior Market Index decreased by 69.90 points or 9.2% to close the year at 687.96 points.

The Junior Market welcomed the listing of two new companies during the year, bringing the total listings to twenty-three companies (twenty-five securities). See Table 3 for the securities that were listed during the year on the Junior Market along with the amount raised from these listings and the close prices as at December 31, 2014 and listing prices. The new listings contributed to the improvements achieved in the Junior Market. The number of transactions on the Junior Market decreased by 38.9% while the volume traded and value traded increased by 23.9% and 44.5% respectively. The number of transactions amounted to 4,374, the volume traded amounted to 592.0 million units and the value traded amounted to \$2.0 billion in 2014. As at December 31, 2014, market capitalization of the Junior Market amounted to \$26.1 billion. This was a decrease of \$1.3 billion or 4.72% from the start of the year. There were 251 days of trading in 2014 and 2013. The charts below reflect the trading activity in the Junior Market for the year under review compared to the previous year. Also presented below, are charts that reflect the five years history the Main and Junior Market trading.

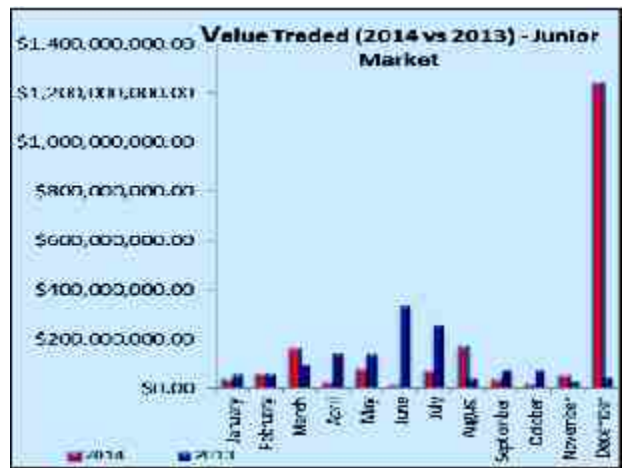
**Table 3 New Listings on the Junior Market in 2014**

Company	Date Listed	Amount Raised Millions	Listing Price	Close Price Dec 31, 2014	% Change Since listing
Knutsford Express Services Ltd	January 15, 2014	\$99.85 million	\$5.11	\$5.85	14.48%
Sweet River Abattoir & Supplies Company Ltd	September 19, 2014	\$118 million	\$3.86	\$3.86	0%
Eppley Limited Preference Shares 2019	December 24, 2014	\$599.99 million	\$6.00	\$6.00	0%

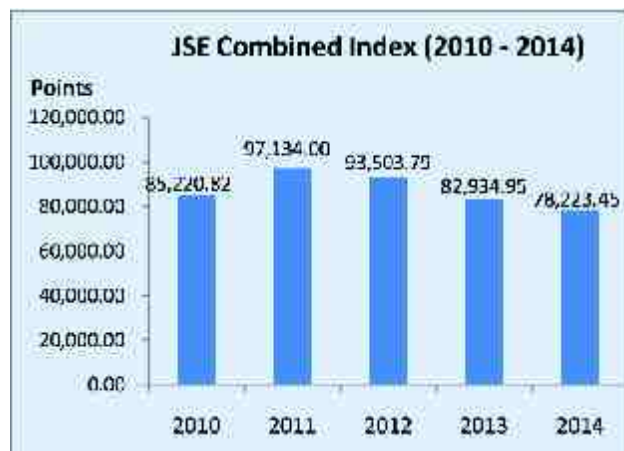


**JSE GROUP**

**2014 Management's Discussion and Analysis**

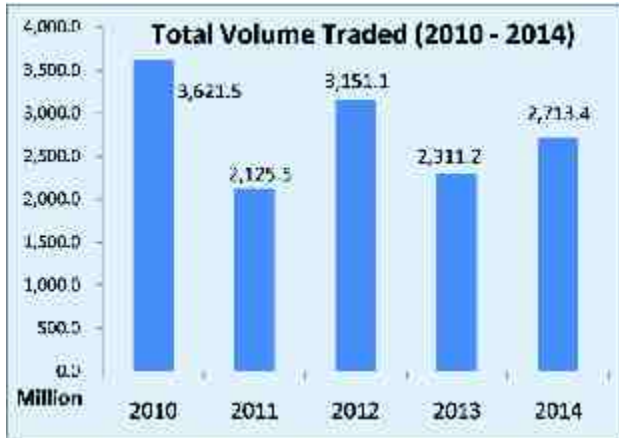


**Charts - Five Year History of Combined Market Data for the JA\$ Markets**



**JSE GROUP**

**2014 Management's Discussion and Analysis**



USDollar EquitiesMarket

In the USDollar Equities Market, the total volume amounted to 24.5 million units valued at \$4.3 million in 2014. This was a decrease of 52.9% in the volume traded and a decrease of 25.4% in the value traded when compared to the market activity in 2013. The number of trades amounted to 269 in 2014 up from the 242 trades recorded in 2013. The JSE USD Equities Index increased by 42.49 points or 45.7% to close at 135.35 points. Market capitalization increased by 99.7% to end the year at US\$76.6million. Margaritaville (Turks) Limited listed its ordinary shares on the USDollar Equities Market on April 11, 2014 after successfully raising US\$2.1 million.

Bond Market

The trading activity on the Bond Market for the period has resulted in 27 trades with a total value of \$18.3 million.

**The JSE Group Financial Performance**

**(Comparison for Years Ended December 31, 2014 & December 31, 2013)**

**(i) Revenue**

Revenue of \$337.2 million in 2014 reflects an improvement of \$45.9m or 16% increase over 2013. Despite the overall positive outcome, declines in income were experienced in the areas of cess revenue, initial listing fees, and transaction fees. These declines were triggered by lower trading values which impacted cess, listing fee which was impacted by reduced numbers of Junior Market listings and transaction fee which was affected by lower value associated with pledging of securities. The diversification of the revenue streams is proving to be successful in providing a steady and predictable revenue source and a significant portion of the Group's revenue. New diversified revenue represents over 39.5% of total revenue.

The following table and charts provide a visual representation of the revenue structure of the JSE Group, which primarily derives income from trading and settlement, listing fees, pledge fees, investment income, trustee services, registrar services and other related activities.

(Cont'd on next page)

**JSE GROUP**
**2014 Management's Discussion and Analysis**
**TABLE 4: JSE GROUP REVENUE (INCLUSIVE OF INVESTMENT INCOME)  
PERIOD 2010- 2014**

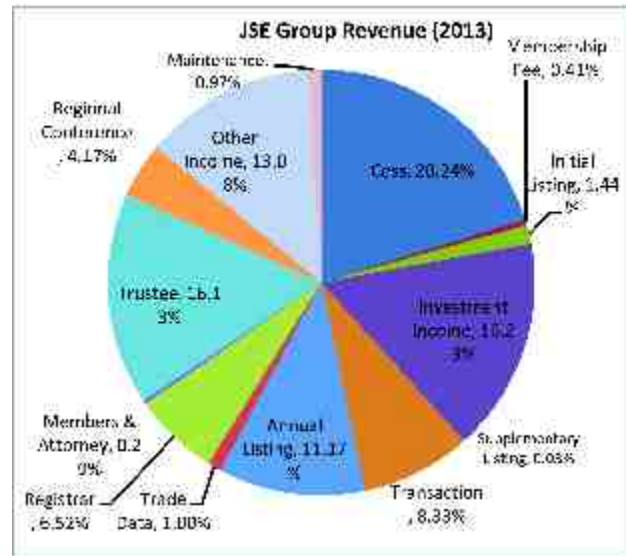
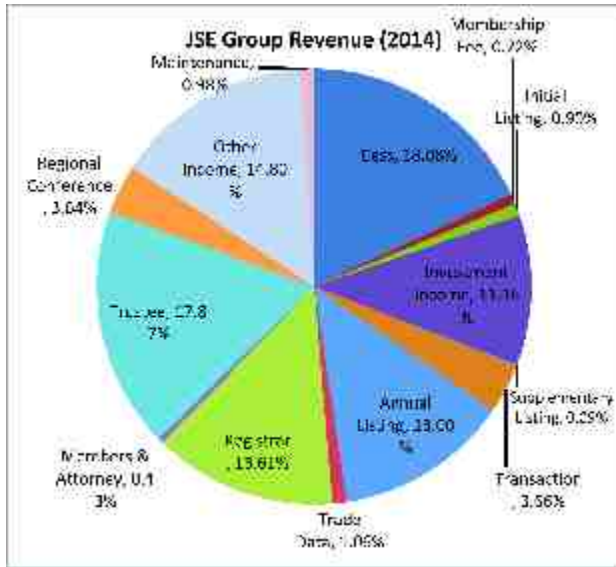
<b>GROUP REVENUE</b>	<b>2014 \$</b>	<b>2013 \$</b>	<b>2012 \$</b>	<b>2011 \$</b>	<b>2010 \$</b>
Cess	68,632,000	70,373,000	265,164,000	87,564,000	82,624,000
<b>Fee Income</b>					
<i>Annual Listing</i>	49,344,448	38,849,344	43,969,327	41,372,562	37,957,109
<i>Initial Listing</i>	3,423,808	5,010,778	583,547	2,147,848	809,845
<i>Supplementary Listing</i>	337,682	109,433	209,501	308,093	218,126
<i>Members &amp; Attorney</i>	1,624,175	1,000,000	56,390,000	10,000	7,500
<i>Transaction</i>	13,902,102	28,959,401	31,629,694	28,956,681	2,521,918
<i>Maintenance</i>	3,733,047	3,381,940	3,423,600	3,268,000	3,021,180
<i>Trade Data</i>	4,027,054	3,467,314	3,788,900	4,146,769	10,000
<i>Registrar</i>	51,679,401	22,673,653	20,954,393	17,312,792	11,974,684
<i>Trustee</i>	67,850,000	56,082,997	26,429,174	19,157,225	10,514,000
<i>Membership Fee</i>	2,716,833	1,433,600	1,854,000	1,792,000	1,178,500
<b>Other Income</b>					
<i>Regional Conference</i>	13,800,060	14,497,462	9,420,895	11,128,128	9,776,745
<i>Other Income</i>	56,178,940	45,480,538*	40,483,360	39,123,902	38,764,393
<b>Sub-Total</b>	<b>337,249,550</b>	<b>291,319,460*</b>	<b>504,300,391</b>	<b>256,288,000</b>	<b>199,378,000</b>
<i>Investment Income</i>	42,362,000	56,455,000	38,166,000	24,863,000	33,159,000
<i>Other Gains</i>	147,000	27,000	5,931,000	28,477,000	—
<b>TOTAL</b>	<b>379,758,550</b>	<b>347,801,460*</b>	<b>548,397,391</b>	<b>309,628,000</b>	<b>232,537,000</b>

\* Re-stated

(Cont'd on next page)

**JSE GROUP**

**2014 Management's Discussion and Analysis**



● **Expenditure**

Expenses of \$383.8m in 2014 represent an increase of \$40.3m or 12% over the \$343.5m in 2013. The Exchange continues to monitor expenditure by applying tight procurement guidelines. Areas which showed significant increases over 2014 are highlighted below:

● **Staff Costs**

Staff Cost was \$171.7m in 2014 compared to \$151.2 in 2013 which represents an increase of \$20.5m or 13.5%. This movement was primarily driven by an increase in staff complement in 2014 to fill temporary and permanent vacancies, and increase in salaries of 3%.

● **Property Expenses**

Property Expenses increased from \$62.9m in 2013 to \$83.4m in 2014. This increase of \$20.5m or 33% was due to well needed repairs to the main building. It is expected that repairs will continue into mid-2015.

● **Professional Fees**

An increase of \$10.8 million or 43% was expended over the previous year.

This is due to an increase in the client-base in the subsidiary company which is offset by the additional revenue earned by providing the services.

● **e-Campus**

While still not profitable, the performance of the e-Campus has moved in a positive direction with a reduction in the net loss from \$3.2m in 2013 to \$1.7m in 2014. Although the road to viability is slower than was expected, there is reason to believe that based on our new strategic plan which has seen a shift in focus geared at the further utilization of the e-Campus platform, deepening of our partnerships forged with other educational institutions and the ramping up our presence in the market through the use of social media and other marketing strategies, that viability will be achieved.

**JSE GROUP**
**2014 Management's Discussion and Analysis**

- **Allowance for Bad Debt less Recoveries**

There was no new provision for bad debts during 2014 as, based on the assessment of the Company's receivables, there was adequate provision over the prior years. The amount of \$3m represents recoveries from prior year's provision net of current year write off.

- Other Operating Expenses increased by \$5m or 39%. This was primarily driven by an increase in expenses in the JCSD to facilitate increase in client services and is offset by positive movement in revenue.

(ii) **Net Profit**

The Group's \$3.1m Net Profit for 2014 is comprised of the parent company loss of \$19m and subsidiary profit of \$22.2m. This Group's performance was below the profit of \$5.7m recorded in 2013 due primarily to decrease in investment income and an increase in expenditure.

(iii) **Earnings Per Share**

Basic earnings per stock unit is calculated by dividing the profit by the weighted average number of stock units. The weighted average number of stock units in 2014 is 140,250,000 and represents the total ordinary stocks on issue at no par value. The basic earnings per stock unit declined from \$0.05 in 2013 to \$0.02 in 2014.

(iv) **Revenue Reserves**

The Group's Revenue Reserves decreased in 2014 to \$311.9m from \$312.3m in 2013. Despite the net profit of \$3.1m the revenue reserve in 2014 was negatively impacted due to the re-measurement of employees benefit assets, net of taxes.

**Table 5: Five Year Key Financial Highlights**

(\$000)	2014	2013	2012	2011	2010
Revenue	379,758	347,801	548,397	309,628	232,537
Expenses *	383,788	349,614	360,960	272,030	230,239
Surplus derived from Operations	3,128	5,674	129,903	33,919	8,735
Earnings per share \$	0.02	0.05	1.16	1.21	0.31

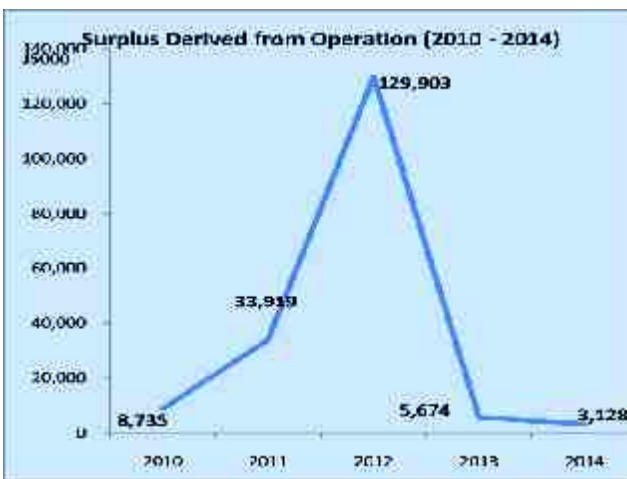
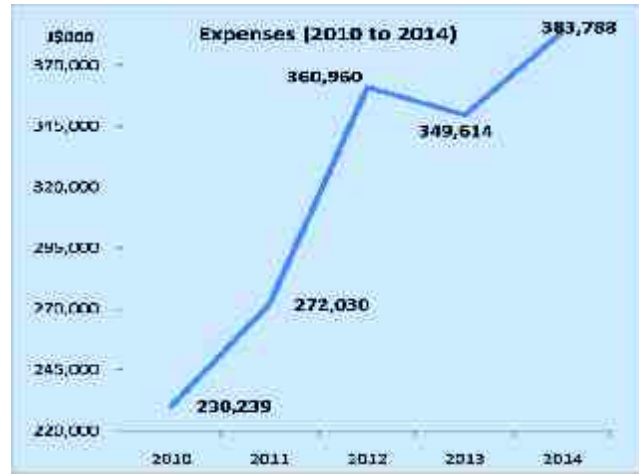
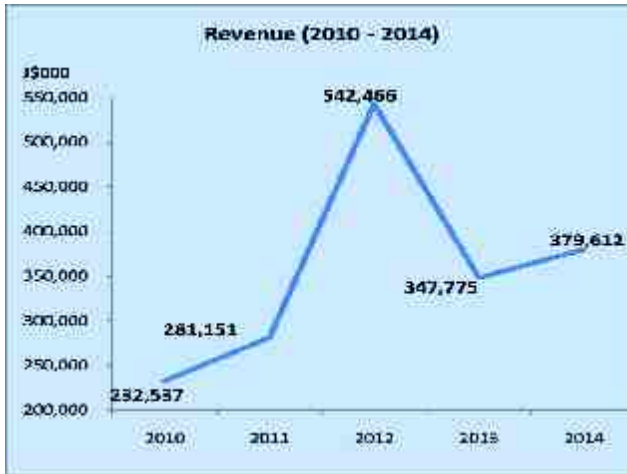
\* --includes finance charges

**N.B.** changes represent prior year restatement

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**JSE GROUP**

**2014 Management's Discussion and Analysis**



**Market Conditions and Outlook**

*(This section contains certain forward-looking statements that contain elements of Management's best evaluation of current conditions and likely future events)*

With the rebounding of several other global capital markets due to a return of confidence there and the performance to date of the country under the IMF Standby Agreement, it is anticipated that there may be some signs of recovery in the economy. This recovery and optimism by businesses and consumer confidence we expect will redound to an improvement in revenues of the Group. We expect that the market will also respond to the several initiatives such as Online trading and Depository Receipts as well as new and extended depository services which we will introduce in 2015.

There were only three new listings on the Junior Stock Market which were in the pipeline from the previous year. Other potential listing shied away from the market due to uncertainties surrounding government policies on the incentives. We believe that this will continue to be affected by the change in the incentive regime and the expected elimination of the benefit for new listings. We welcome however the opportunity that has been afforded us to partner with through the IDB

**JSE GROUP****2014 Management's Discussion and Analysis**

Multilateral Investment Fund on a US\$ 1.1m project aimed at 'Promoting Access to Equity Financing to SMEs through the Junior Market'. We expect that this is stimulating more interest in the equities market which will ultimately lead to more listings.

The JSE Group expects to see more transactions processed through its Registrar and Trustee Services Division. Our expectation is that 2015 will be a year not without challenges locally, but factors in the economy including the government's performance under the IMF Standby Programme and the respite in increases in oil prices are among the factors which will result in a feeling of optimism and confidence. We expect that for the market this will translate to improved trading activities, mergers and acquisitions, new listings and the interest of investors in new products.

For further information and in keeping with the JSE Listing Requirement, financial information is also available on the JSE Website [www.jamstockex.com](http://www.jamstockex.com). We invite you to visit our Facebook at: [fb.com/jamaicastockexchange](https://www.facebook.com/jamaicastockexchange) and [fb.com/Jamaicastockexchangeecampus](https://www.facebook.com/Jamaicastockexchangeecampus) and Twitter at: [@jastockex](https://twitter.com/jastockex)

The Regulatory & Market Oversight Division

2014 Year In Review of JSE's Regulatory Activities



**Mr. Wentworth Graham**  
Chief Regulatory Officer

**Introduction**

In 2014 the Regulatory & Market Oversight Division (RMOD) continued to undertake Jamaica Stock Exchange's (JSE) regulatory operational activities on matters pertaining to Listed Company Compliance, Member-Firm Regulation, Market Surveillance, Enforcement, Dispute Resolution/Arbitration and Risk Assessment.

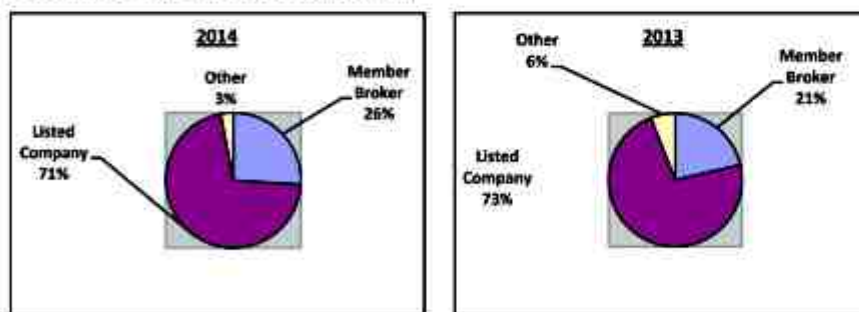
**Activity Summary**

For the 2014 calendar year the RMOD handled two-hundred and thirty-eight (238) regulatory issues which formed its Market Surveillance and Compliance Log. In 2013 the Division handled one-hundred and eighty-one (181) regulatory issues. 2014 increase is attributed to new processes that were adopted by the Division. Table 1 below provides a summary of the activities.

Table 1 - Regulatory Issues by Type & Group (2014/2013)

Year	2014	2013
<b>Nature of infraction</b>	<b>Total</b>	
Complaints against Member Dealer	1	0
Complaints against Listed Companies	0	0
Compliance & Mkt. Surveillance - Member Dealer	62	37
Compliance & Mkt. Surveillance -Listed Company	170	136
Other Compliance & Mkt. Surveillance Issues.	5	8
<b>Total</b>	<b>238</b>	<b>181</b>

**Pie Chart 2014 Listed Companies**



During the 2014 calendar year Listed Companies' regulatory issues accounted for one hundred and seventy (170) or 71% of the total number of issues identified and handled by the Division (See Table 1 and 2014 Pie Chart). Of the 170 issues, one hundred and eleven (111) related to Main Market Listed Companies, while fifty-nine (59) related to Junior Market Listed Companies.

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**The Regulatory & Market Oversight Division****2014 Year In Review of JSE's Regulatory Activities**

For the Main Market companies the primary issues related to JSE Rule 407 Quarterly Financial Statements, JSE Appendix 3 Listing Agreement, and JSE Rule 414 Corporate Governance Guidelines. When taken together these issues accounted for eighty-four (84) or 49% of the matters handled for Main Market companies. For Junior Market companies the primary regulatory issues during 2014 related to late financial filings and discrepancies in the financial statements.

**Functional Activities****1. Member Firm Regulation**

During 2014 the RMOD examined two hundred and ninety seven (297) financial statements for member-firms. These submissions comprised of Monthly, Quarterly and Audited Statements. In 2013 the number of member-firm financial statements that were viewed by the Division amounted to One Hundred & Eighty Eight (188). The increase in reviews in 2014 arose from new member-dealers that commenced activities on the JSE.

In addition to examining member-dealers financial statements, the RMOD also conducted two (2) for-cause-offsite inspections of member-dealers' operations as part of its member-firm regulation.

**2. Market Surveillance**

The RMOD's market surveillance routine involves examining daily trading activities on the JSE to detect market infractions. Arising from this exercise Exception Reports are created. In 2014 the RMOD formulated fourteen (14) Exception Reports based on market surveillance activities. In 2013 the Division created sixteen (16) Exception Reports. The RMOD's market surveillance activities also include examining Listed Companies' submissions to the JSE. Financial filings, Dividend notices, meeting advisories, among others form part of the submissions. In 2014 the Division examined 1,092 Listed Company submissions, while in 2013 the tally amounted to 1,038.

**3. Enforcement**

The Division's enforcement activities involve levying fines, suspension and delistings. In 2014 the Division administered thirty-one (31) enforcement actions. Fines amounted to \$5.18 million and one (1) Listed Company was suspended from trading. In 2013 the number of enforcement actions amounted to thirteen (13) and fines totaled \$2.53 million.

**4. Dispute Resolution/Arbitration**

For 2014 the RMOD handled one (1) complaint through its Dispute Resolution/Arbitration processes. The matter involved an investor and a member-dealer. In 2013 the Division handled no complaints.

**5. Risk Assessment**

The RMOD's Risk Assessment is supported by examinations of JSE's Internal Auditors. For the year under review JSE's Internal Auditors conducted one (1) assessment of RMOD's operations. The Auditors also did one (1) assessment of the Division's operations in 2013.

**Closing Comments**

In closing, I wish to acknowledge the Regulatory & Market Oversight Committee (RMOC) for its policy direction of the RMOD. Also, I would like to commend the staff of the RMOD for their commitment and zeal in creating another remarkable year in contributing to the welfare and development of the JSE.

## SHAREHOLDINGS

### Top 10 for Jamaica Stock Exchange As at March 31, 2015

Name	Joint Holders	Volume	Percentage
BARITA INVESTMENTS LIMITED		<u>10,200,000</u> <b>10,200,000</b>	<u>7.27</u> <b>7.27</b>
GK CAPITAL MANAGEMENT LIMITED		<u>10,200,000</u> <b>10,200,000</b>	<u>7.27</u> <b>7.27</b>
JMMB SECURITIES LIMITED		<u>10,200,000</u> <b>10,200,000</b>	<u>7.27</u> <b>7.27</b>
M/VL STOCKBROKERS LIMITED		<u>10,200,000</u> <b>10,200,000</b>	<u>7.27</u> <b>7.27</b>
MAYBERRY INVESTMENTS LIMITED		<u>10,200,000</u> <b>10,200,000</b>	<u>7.27</u> <b>7.27</b>
NCB CAPITAL MARKETS LIMITED		<u>10,200,000</u> <b>10,200,000</b>	<u>7.27</u> <b>7.27</b>
SAGICOR INVESTMENTS JAMAICA LIMITED		<u>10,200,000</u> <b>10,200,000</b>	<u>7.27</u> <b>7.27</b>
SCOTIA INVESTMENTS JAMAICA LIMITED		<u>10,200,000</u> <b>10,200,000</b>	<u>7.27</u> <b>7.27</b>
STOCKS AND SECURITIES LIMITED		<u>10,200,000</u> <b>10,200,000</b>	<u>7.27</u> <b>7.27</b>
VM WEALTH MANAGEMENT		<u>10,200,000</u> <b>10,200,000</b>	<u>7.27</u> <b>7.27</b>

### Executives Holdings for Jamaica Stock Exchange As at March 31, 2015

Name	Joint Holders	Volume	Percentage
MARLENE STREET FORREST 1656248	Keena Street	<u>60,000</u> <b>60,000</b>	<u>0.04</u> <b>0.04</b>
ROBIN LEVY 1903798		<u>50,000</u> <b>50,000</b>	<u>0.04</u> <b>0.04</b>

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## SHAREHOLDINGS

### Executives Holdings for Jamaica Stock Exchange As at March 31, 2015

Name	Joint Holders	Volume	Percentage
SUZETTE MCNAUGHT 1300367	Minette McLeish	<u>30,000</u> <b>30,000</b>	<u>0.02</u> <b>0.02</b>
DOREEN PARSONS-SMITH 1902782	Bertram Lincoln Smith	<u>20,000</u> <b>20,000</b>	<u>0.01</u> <b>0.01</b>
SUZETTE WHYTE 1902956	Felix Whyte	<u>20,000</u> <b>20,000</b>	<u>0.01</u> <b>0.01</b>
NEVILLE ELLIS 1902931	Judith Vynel Ellis	<u>20,000</u> <b>20,000</b>	<u>0.01</u> <b>0.01</b>
KADYLL MCNAUGHT HERMITT	Garth Anthonio Hermitt	<u>20,000</u> <b>20,000</b>	<u>0.01</u> <b>0.01</b>
JOSEPHINE LEWIS 1303106	Suzette Marie Smith Stacey Ann Lewis	<u>30,000</u> <b>30,000</b>	<u>0.02</u> <b>0.02</b>
RICCALYA ROBB		<u>20,000</u> <b>20,000</b>	<u>0.01</u> <b>0.01</b>

### Directors Holdings for Jamaica Stock Exchange As at March 31, 2015

Name	Joint Holders	Volume	Percentage
EDWIN MCKIE 1002955	Beulah McKie	<u>150,000</u> <b>150,000</b>	<u>0.11</u> <b>0.11</b>
<b>ALTERNATE DIRECTORS</b>			
Derrick McKoy 1187145	Grace McKoy	<u>20,000</u> <b>20,000</b>	<u>0.0143</u> <b>0.0143</b>

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## SUBSIDIARIES' REPORT FOR 2014

### OVERVIEW

Despite the challenges faced by Jamaica's macro-economy, the JCSD Group (comprising the Jamaica Central Securities Depository Limited and its subsidiary, JCSD Trustee Services Limited) enjoyed a largely successful year with improved profitability and a strengthened overall financial position, thanks mainly to increased business from collective investments schemes and direct corporate fundraising.

### FINANCIAL ANALYSIS

Membership & Users Fees, which includes Registrar Services Fees, increased from \$59.9m in 2013 to \$76.1m in 2014, while Trustee Services Fees grew by 26% to \$67.9m in 2014, as the Group's revenue diversification strategy continued to bear fruit. The Group's share of Cess Revenue, as determined by the value of trades on the floor of the Exchange, fell from \$8.8m in 2013 to \$8.5m in 2014. When all combined, 2014's total revenue of \$153.8m represented an increase of \$29.7m or 23.9% year-over-year.

By contrast, JCSD Group's total expenses of \$135.7m in 2014 were \$17.1m or 15% over 2013, largely due to staff and property cost increases of \$7.2m and \$7.5m respectively. Significant recoveries of previously classified Bad Debt resulted in a gain of \$3.4m for 2014 and also contributed to containing total costs. The resulting Group's after-tax profit of \$22.2m in 2014 represented a 51% increase over 2013's comparable figure of \$14.7m.

JCSD Group's consolidated balance sheet reflects a strengthened capital position, with equity increasing from \$132.4m at end of 2013 to \$154.7m at the end of 2014, due mainly to the added revenue reserves. Total assets grew from \$169.9m to \$179.8m or by 5.8% over the course of the year.

### OPERATIONAL REVIEW

Team members continue to work assiduously to ensure the daily delivery of efficient and effective service to our growing clientele. Regular internal audits from PriceWaterhouseCoopers and management process reviews continue to aid the process of managing the risks inherent in the depository, registrar and trustee service businesses, even as efforts continue to be made to maximize the usefulness of existing operating systems, including the hardware and software platforms that will support these activities through 2015 and beyond.

### CONCLUSION & VISION

The JCSD Group has established itself as a valued and trustworthy partner in the financial services industry by providing a wide range of services in support of corporate Jamaica's fundraising and administrative efforts and in assisting investment bankers to administer their collective investment schemes. The JCSD Group expects to continue to grow its range of products, client base and profitability in 2015 and beyond, so as to contribute positively to the JSE Group's financial results.

Prepared by



Robin Andrew Levy  
General Manager & Company Secretary  
JCSD and JCSDTS



AND ITS SUBSIDIARY

**INDEPENDENT AUDITORS' REPORT &  
FINANCIAL STATEMENTS**



Building a better  
working world

Chartered Accountants

8 Olivier Road  
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## INDEPENDENT AUDITORS' REPORT

To the Members of The Jamaica Stock Exchange Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of The Jamaica Stock Exchange Limited and its Subsidiaries (the Group) and the Jamaica Stock Exchange Limited (the Company), which comprise the Group and the Company statements of financial position as at December 31, 2014, the Group and the Company statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*(Cont'd on next page)*



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## INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of The Jamaica Stock Exchange Limited (Continued)

### Report on the Financial Statements (Continued)

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at December 31, 2014 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

#### *Other Matter*

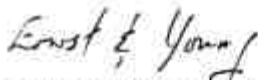
The financial statements of the Group and the Company for the year ended December 31, 2013 were audited by another auditor who expressed an unmodified opinion on those financial statements on February 28, 2014.

As part of our audit of the 2014 financial statements, we also audited the adjustments described in Note 33 that were applied to amend the 2013 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2013 financial statements of the company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2013 financial statements taken as a whole.

### Report on additional requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained and the financial statements are in agreement therewith, and give the information required by the Jamaican Companies Act in the manner so required.



Chartered Accountants  
Kingston, Jamaica

February 23, 2015

A member firm of Ernst & Young Global Limited

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**

	Notes	2014 \$'000	Restated 2013 \$'000
<b>Non-current assets</b>			
Property, plant and equipment	4	82,428	89,800
Intangible assets	5	24,691	31,933
Employee benefits	7	66,957	66,193
Investment in securities	8(a)	277,342	254,765
Long-term receivables	9	10,787	9,376
<b>Total non-current assets</b>		<b>462,205</b>	<b>452,067</b>
<b>Current assets</b>			
Income tax recoverable	33	19,390	13,397
Trade and other receivables	10,33	62,974	60,978
Due from related party	29(b)	2,376	-
Investment in securities	8(b)	-	28,150
Government securities purchased under resale agreements	11	68,920	68,277
Cash and cash equivalents	12	14,330	17,125
<b>Total current assets</b>		<b>167,990</b>	<b>207,927</b>
<b>Total assets</b>		<b>630,195</b>	<b>659,994</b>
<b>Equity</b>			
Share capital	13	238,146	238,146
Fair value reserve	14	10,961	2,293
Revenue reserve	15,33	311,916	312,318
<b>Total equity</b>		<b>561,023</b>	<b>552,757</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	17	2,613	15,129
<b>Total non-current liabilities</b>		<b>2,613</b>	<b>15,129</b>
<b>Current liabilities</b>			
Payables and accruals	18,33	66,559	78,602
Due to related parties	29(b)	-	13,119
Current portion of long-term liabilities	16	-	387
<b>Total current liabilities</b>		<b>66,559</b>	<b>92,108</b>
<b>Total equity and liabilities</b>		<b>630,195</b>	<b>659,994</b>

The accompanying notes form an integral part of these financial statements.

The financial statements were approved for issue by the Board of Directors on February 23, 2015 and signed on its behalf by:

  
Allan Lewis Director

  
Jane George Director



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**

	Notes	2014 \$'000	Restated 2013 \$'000
<b>Revenue</b>			
Cess		68,632	70,373
Fee income		198,638	160,969
E-campus		10,952	6,465
Other operating income	19,33	59,027	53,513
		<u>337,249</u>	<u>291,320</u>
<b>Expenses</b>			
Staff costs	20	171,697	151,238
Property expenses		83,419	62,918
Depreciation and amortization	4,5	24,522	21,564
Advertising and promotion		27,750	34,158
Professional fees		35,595	24,845
Securities commission fees		12,889	15,664
Bad debts, less recoveries		(3,095)	10,231
E-campus		12,654	9,660
Other operating expenses		18,349	13,229
		<u>383,780</u>	<u>343,507</u>
Investment income	21(a)	42,362	56,455
Other gains	22	147	27
Finance costs	23	(8)	(6,107)
Loss before taxation	24	(4,030)	(1,812)
Taxation	25,33	7,158	7,486
Profit for the year	26	3,128	5,674
<b>OTHER COMPREHENSIVE INCOME</b>			
Item that will never be reclassified to profit or loss:			
Remeasurement of employee benefits asset	7(c)	(5,295)	(11,669)
Deferred income tax on item that will never be reclassified to profit or loss	17	1,765	3,889
Items that may be reclassified to profit or loss:			
Realised (loss)/gain on available-for-sale investments	14	(11)	498
Unrealised gains on available-for-sale investments	14	13,016	2,273
Deferred income tax on items that may be reclassified to profit or loss	17	(4,337)	(924)
Other comprehensive income/(loss) for the year, net of taxes		<u>5,138</u>	<u>(5,933)</u>
<b>TOTAL COMPREHENSIVE INCOME/LOSS FOR THE YEAR</b>		<u>8,266</u>	<u>(259)</u>
Earnings per stock unit	27	<u>0.02</u>	<u>0.05</u>

The accompanying notes form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**

	Share Capital \$'000 (Note 13)	Fair Value Reserve \$'000 (Note 14)	Revenue Reserve \$'000 (Note 15)	Total \$'000
Balances at January 1, 2013	168,590	446	402,424	571,460
Profit for the year, as restated (Note 33)	-	-	5,674	5,674
Other comprehensive income:				
Appreciation in fair value of investments, net of taxes	-	1,847	-	1,847
Remeasurement of employees benefit assets, net of taxes	-	-	(7,780)	(7,780)
Total comprehensive income for the year, as restated (Note 33)	-	1,847	(2,106)	(259)
Issue of ordinary shares (Note 13)	69,556	-	-	69,556
Dividends (Note 32)	-	-	(88,000)	(88,000)
Balance at December 31, 2013, as restated (Note 33)	238,146	2,293	312,318	552,757
Profit for the year	-	-	3,128	3,128
Other comprehensive income:				
Appreciation in fair value of investments, net of taxes	-	8,668	-	8,668
Remeasurement of employees benefit assets, net of taxes	-	-	(3,530)	(3,530)
Total comprehensive income for the year	-	8,668	(402)	8,266
Balance at December 31, 2014	238,146	10,961	311,916	561,023

The accompanying notes form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2014**  
 (Expressed in Jamaican Dollars)

	Notes	2014 \$'000	Restated 2013 \$'000
<b>Cash flows from operating activities</b>			
Profit for the year		3,128	5,674
Adjustments for:			
Depreciation of property, plant and equipment	4	13,788	11,073
Amortisation of intangible assets	5	10,734	10,491
(Gain)/Loss on sale of available-for-sale investments	21(a)	(11)	531
Gain on disposal of property, plant and equipment		(147)	(27)
Unrealised foreign exchange gain on investments		(18,809)	(28,255)
Employee benefits expense	7(c)	673	(1,401)
Bad debts, less recoveries	10	(5,548)	10,231
Income tax credit	25	(7,158)	(7,486)
Interest income	21(a)	(23,542)	(29,295)
Interest expense	23	8	6,107
Operating cash flows before movements in working capital		(26,884)	(22,357)
Decrease/(Increase) in trade and other receivables		23,552	(17,750)
Decrease/(Increase) in payables and accruals		(12,043)	4,996
Post employment benefit contributions	7(d)	(6,732)	(6,306)
Cash utilised in operations		(22,107)	(41,419)
Income tax paid		(13,923)	(7,965)
Interest paid		(8)	(6,107)
Cash used in operating activities		(36,038)	(55,491)
<b>Cash flows from investing activities</b>			
Investment securities, net		(10,000)	(142,573)
Proceeds from disposal of property, plant and equipment		147	27
Government securities purchased under resale agreements		3,348	120,967
Payments made by related parties		(15,495)	5,474
Proceeds from sale of available-for-sale investments		39,105	185,593
Acquisition of property, plant and equipment	4	(5,883)	(23,932)
Acquisition of intangible assets	5	(4,023)	(11,007)
Long-term receivables		(1,411)	(599)
Interest received		26,805	31,349
Cash provided by investing activities		32,593	165,299
<b>Cash flows from financing activities</b>			
Dividends paid		-	(88,000)
Net proceeds from issue of shares		-	69,556
Loan repaid		(387)	(87,076)
Cash used in financing activities		(387)	(105,520)
Net (decrease)/increase in cash and cash equivalents		(3,832)	4,288
Cash and cash equivalents at the beginning of the year		17,125	12,271
Effect of foreign exchange rate changes		1,037	566
Cash and cash equivalents at the end of the year	12	14,330	17,125

The accompanying notes form an integral part of these financial statements.

**THE COMPANY STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**

	Notes	2014 \$'000	2013 \$'000
<b>Non-current assets</b>			
Property, plant and equipment	4	74,307	79,608
Intangible assets	5	15,533	20,161
Investment in subsidiary	6	61,000	61,000
Employee benefits	7	46,510	45,636
Investment in securities	8(a)	202,999	195,830
Long-term receivable	9	9,066	8,793
<b>Total non-current assets</b>		<b>409,415</b>	<b>411,028</b>
<b>Current assets</b>			
Income tax recoverable		15,441	15,742
Trade and other receivables	10	29,757	53,425
Investment in securities	8(b)	-	11,806
Due from related party	29(b)	2,937	30,558
Government securities purchased under resale agreements	11	62,181	60,378
Cash and cash equivalents	12	2,802	1,014
<b>Total current assets</b>		<b>113,118</b>	<b>172,923</b>
<b>Total assets</b>		<b>522,533</b>	<b>583,951</b>
<b>Equity</b>			
Share capital	13	238,146	238,146
Fair value reserve	14	9,376	2,266
Revenue reserve	15	219,830	240,903
<b>Total equity</b>		<b>467,352</b>	<b>481,315</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	17	-	9,721
<b>Total non-current liabilities</b>		<b>-</b>	<b>9,721</b>
<b>Current liabilities</b>			
Due to related party	29(b)	11,132	34,099
Payables and accruals	18	44,049	58,429
Current portion of long-term liabilities	16	-	387
<b>Total current liabilities</b>		<b>55,181</b>	<b>92,915</b>
<b>Total equity and liabilities</b>		<b>522,533</b>	<b>583,951</b>

The accompanying notes form an integral part of these financial statements.

The financial statements were approved for issue by the Board of Directors on February 23, 2015 and signed on its behalf by:

  
\_\_\_\_\_  
Ian McNaughton Director

  
\_\_\_\_\_  
Jane George Director

**THE COMPANY STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**

	Notes	2014 \$'000	2013 \$'000
<b>Revenue</b>			
Cess		60,120	61,576
Fee income		54,730	44,970
E-campus		10,952	6,465
Other operating income	19	59,515	55,451
		<u>185,317</u>	<u>168,462</u>
<b>Expenses</b>			
Staff costs	20	107,061	93,855
Property expenses		48,425	34,789
Depreciation and amortization	4,5	17,635	15,248
Advertising and promotion		27,241	33,400
Professional fees		18,663	14,712
Securities commission fees		12,234	14,228
Bad debts less recoveries		312	4,641
E-campus		12,654	9,660
Other operating expenses		5,724	5,664
		<u>249,949</u>	<u>226,197</u>
Investment income	21(a)	33,248	43,537
Other gains	22	147	27
Finance costs	23	(8)	(6,107)
Loss before taxation	24	(31,245)	(20,278)
Taxation	25	12,201	11,269
Loss for the year		<u>(19,044)</u>	<u>(9,009)</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Item that will never be reclassified to profit or loss:			
Remeasurement of employee benefits asset	7(c)	(3,043)	(8,456)
Deferred income tax on item that will never be reclassified to profit or loss	17	1,014	2,819
Items that may be reclassified to profit or loss:			
Realised (losses)/gains on available-for-sale financial assets	14	(9)	498
Unrealised gains on available-for-sale financial assets	14	10,676	2,493
Deferred income tax on items that may be reclassified to profit or loss	17	(3,557)	(997)
Other comprehensive income/(loss) for the year, net of taxes		<u>5,081</u>	<u>(3,643)</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<u>(13,963)</u>	<u>(12,652)</u>

The accompanying notes form an integral part of these financial statements.

**THE COMPANY STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**

	Share Capital \$'000 (Note 13)	Fair Value Reserve \$'000 (Note 14)	Revenue Reserve \$'000 (Note 15)	Total \$'000
Balances at January 1, 2013	168,590	272	343,549	512,411
Loss for the year	-	-	(9,009)	(9,009)
Other comprehensive income:				
Appreciation in fair value of investments	-	1,994	-	1,994
Remeasurement of employee benefits assets, net of taxes	-	-	(5,637)	(5,637)
Total comprehensive income for the year	-	1,994	(14,646)	(12,652)
Issue of ordinary shares	69,556	-	-	69,556
Dividends (Note 32)	-	-	(88,000)	(88,000)
Balance at December 31, 2013	238,146	2,266	240,903	481,315
Loss for the year	-	-	(19,044)	(19,044)
Other comprehensive income:				
Appreciation in fair value of investments	-	7,110	-	7,110
Remeasurement of employee benefits assets, net of taxes	-	-	(2,029)	(2,029)
Total comprehensive income for the year	-	7,110	(21,073)	(13,963)
Balance at December 31, 2014	238,146	9,376	219,830	467,352

The accompanying notes form an integral part of these financial statements.

**THE COMPANY STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**

	Notes	2014 \$'000	2013 \$'000
<b>Cash flows from operating activities</b>			
Loss for the year		(19,044)	(9,009)
Adjustments for:			
Depreciation of property, plant and equipment	4	10,013	7,955
Amortisation of intangible assets	5	7,622	7,293
Gain on disposal of property, plant and equipment		(147)	(27)
Foreign exchange gain on investments		(14,963)	(20,302)
Post employment benefit expense	7(c)	455	(925)
Bad debts, less recoveries	10	(2,177)	4,641
Gain on sale of investments in available-for-sale financial assets	21(a)	(9)	498
Income tax credit	25	(12,201)	(11,269)
Interest income	21(a)	(18,276)	(24,161)
Interest expense	23	8	6,107
Operating cash flows before movements in working capital		(48,719)	(39,199)
Decrease/(Increase) in trade and other receivables		25,845	(18,129)
(Decrease)/Increase in trade and other payables		(14,380)	76
Post employment benefit contributions	7(d)	(4,372)	(4,237)
Cash used in operations		(41,626)	(61,489)
Income tax paid		238	(5,502)
Interest paid		(8)	(6,107)
Cash used in operating activities		(41,396)	(73,098)
<b>Cash flows from investing activities</b>			
Net acquisition of investments in securities		-	(115,451)
Proceeds from sale of investments in available-for-sale financial assets		22,146	162,359
Government securities purchased under resale agreements		2,600	102,333
Advances from related parties		4,654	25,072
Acquisition of property, plant and equipment	4	(4,712)	(20,088)
Net proceeds on disposal of property, plant and equipment		147	27
Acquisition of intangible assets	5	(2,994)	(7,219)
Long-term receivable		(273)	(573)
Interest received		21,270	26,622
Cash provided by investing activities		42,838	173,082
<b>Cash flows from financing activities</b>			
Dividend paid		-	(88,000)
Share issue net of expenses		-	69,556
Loan repaid		(387)	(87,076)
Cash used in financing activities		(387)	(105,520)
Net increase/(decrease) in cash and cash equivalents		1,055	(5,536)
Cash and cash equivalents at the beginning of the year		1,014	6,120
Effect of foreign exchange rate changes		733	430
Cash and cash equivalents at the end of the year	12	2,802	1,014

The accompanying notes form an integral part of these financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**

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**1. Identification and principal activities**

The Jamaica Stock Exchange Limited (the Company) is incorporated in Jamaica as a public limited liability company. 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. The Company is domiciled in Jamaica with registered office at 40 Harbour Street, Kingston, Jamaica and is listed on the Main Market of the Jamaica Stock Exchange.

During 2013, a resolution was passed at an Extra Ordinary General Meeting that the ordinary shares of the Company be traded on the Main Market of the Jamaica Stock Exchange.

The Group comprises the Company and its wholly-owned subsidiary as detailed below:

<u>Subsidiary</u>	<u>Principal Activity</u>
Jamaica Central Securities Depository Limited (JCSD) and its wholly-owned subsidiary, JCSD Trustee Services Limited (Incorporated July 21, 2008)	To establish and maintain a Central Securities Depository (CSD) in Jamaica to facilitate the transfer of ownership of securities by book entry, including shares, stocks, bonds or debentures of companies and other eligible securities. Its subsidiary JCSD Trustee Services Limited provides trustee custodianship and related services.

Both the JCSD and its subsidiary are incorporated and domiciled in Jamaica. The Company and its subsidiaries are herein referred to as the Group.

**2. Basis of preparation**

(a) Statement of compliance:

The financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and comply with the provisions of the Jamaican Companies Act.

(b) Adoption of new and revised International Financial Reporting Standards

*New and revised standards and interpretations that became effective during the year*

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2014.

**Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)**

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 *Consolidated Financial Statements* and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments are effective for annual periods beginning on or after January 1, 2014 and have no impact on the Group's financial position or performance.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**

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**2. Statement of compliance and basis of preparation (Continued)****(b) Adoption of new and revised International Financial Reporting Standards (Continued)**

*New and revised standards and interpretations that became effective during the year  
(Continued)*

**Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32**

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group's financial position or performance.

**Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39**

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not novated its derivatives during the current or prior periods.

**IFRIC 21 Levies**

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* consistent with the requirements of IFRIC 21 in prior years.

**Annual Improvements 2010-2012 Cycle**

In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 *Fair Value Measurement*. The amendment to IFRS 13 is effective immediately and, thus is effective for periods beginning at January 1, 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The adoption of this amendment to IFRS 13 has no impact on the Group.

**Annual Improvements 2011-2013 Cycle**

In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The amendment to IFRS 1 is effective immediately and, thus is effective for periods beginning at January 1, 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. The adoption of this amendment to IFRS 1 has no impact on the Group, since the Group is an existing IFRS preparer.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**

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**2. Statement of compliance and basis of preparation (Continued)****(b) Adoption of new and revised International Financial Reporting Standards (Continued)***New revised and amended standards and interpretations that are not yet effective*

At the date of approval of the financial statements, certain new and revised standards and interpretations were in issue but are not yet effective and have not been early-adopted.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

**IFRS 9 Financial Instruments**

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

**IFRS 14 Regulatory Deferral Accounts**

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing IFRS preparer, this standard would not apply.

**Amendments to IAS 19 Defined Benefit Plans: Employee Contributions**

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after July 1, 2014. Management is currently assessing the impact of the amendments on the Group's financial reporting.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**

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**2. Statement of compliance and basis of preparation (Continued)****(b) Adoption of new and revised International Financial Reporting Standards (Continued)**

*New revised and amended standards and interpretations that are not yet effective  
(Continued)*

**Annual improvements 2010-2012 Cycle**

These improvements are effective from July 1, 2014 and are not expected to have a material impact on the Group. They include:

**IFRS 2 Share-based Payment**

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- ▶ A performance condition must contain a service condition
- ▶ A performance target must be met while the counterparty is rendering service
- ▶ A performance target may relate to the operations or activities of an entity, or to those of another entity in the same Group
- ▶ A performance condition may be a market or non-market condition
- ▶ If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

**IFRS 3 Business Combinations**

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

**IFRS 8 Operating Segments**

The amendments are applied retrospectively and clarify that:

- ▶ An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are ‘similar’
- ▶ The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

**IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets**

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

**IAS 24 Related Party Disclosures**

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**

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**2. Statement of compliance and basis of preparation (Continued)****(b) Adoption of new and revised International Financial Reporting Standards (Continued)**

*New revised and amended standards and interpretations that are not yet effective  
(Continued)*

**Annual improvements 2011-2013 Cycle**

These improvements are effective from July 1, 2014 and are not expected to have a material impact on the Group. They include:

**IFRS 3 Business Combinations**

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- ▶ Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- ▶ This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

**IAS 40 Investment Property**

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

**Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests**

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact in the Group.

**IFRS 13 Fair Value Measurement**

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**

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**2. Statement of compliance and basis of preparation (Continued)****(b) Adoption of new and revised International Financial Reporting Standards (Continued)**

*New revised and amended standards and interpretations that are not yet effective  
(Continued)*

**IFRS 15 Revenue from Contracts with Customers**

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

**Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation** The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

**Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants**

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**

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**2. Statement of compliance and basis of preparation (Continued)****(b) Adoption of new and revised International Financial Reporting Standards (Continued)**

*New revised and amended standards and interpretations that are not yet effective  
(Continued)*

**Amendments to IAS 27: Equity Method in Separate Financial Statements**

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

**(c) Basis of measurement and functional currency**

The Group's financial statements have been prepared on the historical cost basis, except for financial assets classified as available-for-sale that are measured at revalued amounts or fair values as set out in the accounting policies at Note 3(f). Historical cost is generally based on the fair value of the consideration given in exchange for assets. Unless otherwise stated, the financial statements are presented in thousands of Jamaica dollars (\$'000), which is the functional currency of the Group and Company.

**(d) 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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**

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**2. Basis of preparation (Continued)****(e) Accounting estimates and judgements**

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of, and disclosures related to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. The estimates and associated assumptions are based on historical experience and/or various other factors that are believed to be reasonable under the circumstances. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period of revision and future periods if the revision affects both current and future periods.

Judgements made by Management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

- **Allowance for credit losses**

In determining amounts recorded for impairment losses on receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that there may be a measurable decrease in the estimated future cash flows of accounts receivable, for example, default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows of impaired receivables as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant receivables with similar characteristics, such as credit risks.

At year end the impairment provision recognised in respect of trade receivables of the Group amounted to \$6.74 million (2013: \$21.67 million) and the Company \$2.22 million (2013: \$11.08 million).

- **Fair value of financial instruments:**

As described in Note 31, management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets. Valuation techniques commonly used by market practitioners supported by appropriate assumptions are applied by the Group. The financial assets of the Group at the end of the reporting period stated at fair value determined in this manner amounted to \$277.34 million (2013: \$282.92 million) and the Company \$203 million (2013: \$207.64 million). (Note 8)

Had the fair value of these securities been 2% higher or lower the fair value reserve for the Group would increase/decrease by \$5.55 million (2013: \$5.66 million), Company \$4.06 million (2013: \$4.15 million).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2014**  
**(Expressed in Jamaican Dollars)**

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**2. Basis of preparation (Continued)****(e) Accounting estimates and judgements (Continued)**

- **Employee benefits**

As disclosed in Note 7, the Group operates a defined benefit pension plan. The retirement benefit asset disclosed in the statement of financial position for the Group is \$66.96 million (2013: \$66.19 million) and Company \$46.51 million (2013: \$45.64 million), in respect of the defined-benefits plan is subject to estimates in respect of periodic costs which costs are dependent on returns on assets, future discount rates, rates of salary increases and inflation rate in respect of the pension plan.

The estimated return on pension assets assumption is determined by considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The Group estimates the appropriate discount rate annually which rate is used to determine the present value of estimated cash outflows expected to be required to settle the pension and post-retirement benefit obligations. Actuaries are contracted in this regard.

To determine the appropriate discount rate in the absence of high quality corporate bonds, the interest rate on government bonds that have that have maturities approximating the related pension liabilities was considered.

- **Taxes**

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. The Group establishes provisions, based on reasonable estimates taking cognizance of possible differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Group.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. (Note 17 and Note 25).



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**

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**3. Significant accounting policies****(a) Property, plant and equipment**

Property, plant and equipment held for use in the supply of services, or for administrative purposes, are stated in the statement of financial position at cost, less accumulated depreciation and impairment losses.

Properties in the course of construction for supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land and work-in-progress are not depreciated.

Depreciation is recognised so as to write off the cost of property, plant and equipment (other than freehold land, land improvements and work-in-progress) less residual values, over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**(b) Intangible assets****(i) Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

**(ii) Derecognition of intangible assets**

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**

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**3. Significant accounting policies (Continued)****(c) Impairment of tangible and intangible assets**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit and loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**(d) Investment in subsidiary**

Investment in subsidiary is stated at cost in the financial statements of the Company.

**(e) Repurchase and reverse repurchase agreements**

Securities sold under agreements to repurchase the asset at a fixed price on a future date (repurchase agreements) and securities purchased under agreements to resell the asset at a fixed price on a future date (reverse repurchase agreements) are treated as collateralised financing transactions. In the case of reverse repurchase agreements, the underlying asset is not recognized in the Group's financial statements; in the case of repurchase agreements the underlying collateral is not derecognized from the Group's financial statements but is segregated as pledged assets. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the life of the agreements using the effective interest method.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**

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**3. Significant accounting policies (Continued)****(f) Financial assets and liabilities**

Financial assets comprise cash and cash equivalents, government securities purchased under resale agreements, investment securities, due from related parties and receivables. Financial liabilities comprise payable, due to related parties and loans.

**(i) Recognition**

The Group initially recognises loans and receivables on the date at which the Group becomes a party to the contractual provisions of the instrument, i.e., the date that they are originated.

**(ii) Derecognition**

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or have expired.

The Group enters into transactions whereby it transfers assets but retains either all or a portion of the risks and rewards of the transferred assets. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards include, for example, repurchase transactions.

**(iii) Measurement**

On initial recognition, financial assets and liabilities are measured at fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The measurement of financial assets subsequent to initial recognition depends upon their classification as set out in Note 3(g) below, namely: loans and receivables are measured at amortised cost using the effective interest method; held-to-maturity investments are measured at amortised cost using the effective interest method; investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably determined are measured at amortised cost.

Other financial assets are measured at their fair values without any deduction for transaction costs that may be incurred on sale or other disposal.

Financial liabilities are measured at amortised cost after initial recognition.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2014**  
**(Expressed in Jamaican Dollars)**

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**3. Significant accounting policies (Continued)****(g) Financial assets****(i) Classification**

The Group classifies its financial assets into the following categories: loans and receivables; held-to-maturity; and available-for-sale. Management determines the classification of its investments at initial recognition.

**(1) Loans and receivables**

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, cash and cash equivalents and long-term receivable) are measured at amortised cost using the effective interest method less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

**(2) Held-to-maturity**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity and which are not designated as at fair value through profit or loss or as available-for-sale. Were the Group to sell other than an insignificant amount of held-to-maturity assets, the entire category would be compromised and reclassified as available-for-sale and the Group would be prohibited from classifying investment securities as held-to-maturity for two financial years. Held-to-maturity investments are measured at amortised cost.

**(3) Available-for-sale**

Available-for-sale investments are non-derivative investments that are designated as available-for-sale or are not classified in any of the other three categories of financial assets. They are intended to be held for an indefinite period of time, and may be sold in response to needs for liquidity or changes in interest rates, exchange rates or market prices. Available-for-sale investments are measured at fair value, except for any unquoted equity securities whose fair value cannot be reliably measured, which are carried at cost. Interest income is recognised in profit or loss using the effective interest method. Other unrealised gains and losses arising from changes in fair value of available-for-sale investments are recognized in other comprehensive income. On disposal or impairment of these investments, the realized gains or losses included in fair value reserve are transferred to profit or loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**

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**3. Statement of compliance and basis of preparation (Continued)****(g) Financial assets (Continued)****(ii) Identification and measurement of impairment**

At each financial year end, the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the Group, or economic conditions that correlate with defaults in the Group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset level and collectively. All individually significant loans and receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant loans and receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment, management makes judgements as to current economic and credit conditions and their effect on default rates, loss rates and the expected timing of future recoveries, ensuring that assumptions remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale securities are recognised by transferring the cumulative loss that has been recognised directly in other comprehensive income in equity to profit or loss. The cumulative loss that is removed from equity and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**

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**3. Statement of compliance and basis of preparation (Continued)****(g) Financial assets (Continued)****(ii) Identification and measurement of impairment (Continued)**

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

**(h) 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.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through the statement of profit or loss and other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under expenses in consolidated statement of profit or loss and other comprehensive income:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

**(i) Taxation**

Income tax expense represents the sum of tax currently payable and deferred tax.

**(i) Current tax:**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit as reported in the consolidated statement of comprehensive income because of items of income or expenses that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**

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**3. Significant accounting policies (Continued)****(i) Taxation (Continued)****(ii) Deferred tax:**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**(iii) Current and deferred tax for the year:**

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**


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**3. Significant accounting policies (Continued)**
**(j) Related party transactions and balances**

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity", that is, the company).

- (a) A person or a close member of that person's family is related to the company if that person:
- (i) has control or joint control over the company;
  - (ii) has significant influence over the company; or
  - (iii) is a member of the key management personnel of the company or of a parent of the company.
- (b) An entity is related to the company if any of the following conditions applies:
- (i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan established for the benefit of employees of either the company or an entity related to the reporting entity.
  - (vi) The entity is controlled, or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (c) A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

**(k) Revenue recognition**
**(i) Cess income:**

Cess income which is based on a percentage of the volume of business done through brokers on the Stock Exchange and derived from levies on investors, is accounted for on the accruals basis.

**(ii) Fee income:**

Fee income derived from annual listing fees charged to listed companies is accounted for on the accruals basis. Fee income also includes initial listing fees paid by entities wishing to be listed on the Stock Exchange. These are accounted for when they become due.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**

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**3. Significant accounting policies (Continued)****(k) Revenue recognition (Continued)****(ii) Fee income: (Continued)**

Fee income of the subsidiaries include:

**Membership fees**

These are annual fees charged to the brokers and institutional investors who participate in the CSD, and are accounted for on the accrual basis.

**Account maintenance fees**

These are monthly fees charged to the brokers and institutional investors who participate in the CSD, and are accounted for on the accrual basis.

**User fees**

These include charges per transaction for deposits, withdrawals and delivery orders (trades), and are accounted for on the accrual basis.

**Trustee service fee**

These include service fees charged for the provision of trustee services, company management, custodianship and related services and are accounted for on the accrual basis.

**(iii) E-campus income**

This represents revenue generated from JSE offering of post graduate certificate and diploma courses to professionals and is accounted for on the accrual basis.

**(iv) Members/dealers license fee**

These are fees levied on members/dealers annually. Additionally, an initial fee determined on the basis of a bid is payable by new dealers subject to approval by the Board of Directors.

**(v) Other operating income:**

This includes income related to other services and events of the group such as website charges, conferences and seminars, and is accounted for on the accrual basis.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**

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**3. Significant accounting policies (Continued)****(k) Revenue recognition (Continued)****(vi) Investment income:**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of the income can be measured reliably.

Interest income is accrued on a time basis and is recognised in the statement of comprehensive income, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**(l) Current vs. non-current classification**

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**(m) Foreign currencies**

The financial statements are presented in Jamaican dollars, the currency of the primary economic environment in which the Group operates (its functional currency).

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency, the Jamaican dollar, are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014.  
(Expressed in Jamaican Dollars)**
**4. Property, plant and equipment**

The Group

	Freehold land \$'000	Freehold buildings \$'000	Furniture & fixtures \$'000	Office equipment \$'000	Computer hardware \$'000	Motor vehicles \$'000	Work-in- progress \$'000	Total \$'000
<b>Cost</b>								
January 1, 2013	4,997	63,770	11,664	23,662	51,766	670	193	186,722
Additions	-	1,670	73	5,963	3,437	3,678	9,111	23,932
Disposals	-	-	-	(1,590)	-	-	-	(1,590)
Transfers (Note 5)	-	193	-	321	-	-	(193)	321
December 31, 2013	4,997	65,633	11,737	28,356	85,203	4,348	9,111	209,365
Additions	-	639	89	2,686	2,442	-	27	5,883
Disposals	-	-	-	(1,393)	(6,403)	(670)	-	(8,466)
Transfers (Note 5)	-	1,149	-	8,493	-	-	(9,111)	531
December 31, 2014	4,997	67,421	11,826	38,142	81,242	3,678	27	207,333
<b>Depreciation</b>								
January 1, 2013	-	19,889	8,110	16,610	64,723	670	-	110,102
Charge for year	-	1,636	756	2,368	5,964	429	-	11,073
Eliminated or disposals	-	-	-	(1,590)	-	-	-	(1,590)
December 31, 2013	-	21,625	8,866	17,388	70,607	1,099	-	119,565
Charge for year	-	1,670	692	4,368	6,322	756	-	13,788
Eliminated or disposals	-	-	-	(1,393)	(6,403)	(672)	-	(8,458)
December 31, 2014	-	23,295	9,558	20,363	70,526	1,163	-	124,905
<b>Carrying amounts</b>								
December 31, 2014	4,997	44,126	2,268	17,779	10,716	2,515	27	82,428
December 31, 2013	4,997	44,008	2,871	10,968	14,596	3,249	9,111	89,800

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**4. Property, plant and equipment (Continued)**

The Company

	Freehold land \$'000	Freehold buildings \$'000	Furniture & fixtures \$'000	Office equipment \$'000	Computer hardware \$'000	Motor vehicles \$'000	Work-in- progress \$'000	Total \$'000
<b>Cost</b>								
January 1, 2013	4,997	63,770	8,608	19,659	58,329	670	193	156,226
Transfers	-	193	-	321	-	-	(193)	321
Additions	-	1,670	53	3,592	1,984	3,676	9,111	20,088
Disposal	-	-	-	(1,590)	-	-	-	(1,590)
December 31, 2013	4,997	65,633	8,661	21,982	60,313	4,348	9,111	175,045
Transfers	-	1,149	-	7,962	-	-	(9,111)	-
Additions	-	639	81	2,513	1,452	-	27	4,712
Disposal	-	-	-	(1,393)	(6,066)	(670)	-	(8,129)
December 31, 2014	4,997	67,421	8,742	31,064	55,699	3,678	27	171,628
<b>Depreciation</b>								
January 1, 2013	-	19,989	6,390	14,270	47,753	670	-	89,072
Charge for year	-	1,636	460	1,745	3,685	429	-	7,955
Eliminated on disposals	-	-	-	(1,590)	-	-	-	(1,590)
December 31, 2013	-	21,625	6,850	14,425	51,438	1,099	-	95,437
Charge for year	-	1,670	399	3,371	3,838	735	-	10,013
Eliminated on disposals	-	-	-	(1,393)	(6,066)	(670)	-	(8,129)
December 31, 2014	-	23,295	7,249	16,403	49,210	1,164	-	97,321
<b>Carrying amounts</b>								
December 31, 2014	4,997	44,126	1,493	14,661	6,489	2,514	27	74,307
December 31, 2013	4,997	44,008	1,811	7,557	8,875	3,249	9,111	79,608

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**4. Property, plant and equipment (Continued)**

The following useful lives are used in the calculation of depreciation of property, plant and equipment:

Buildings	-	40 years
Furniture and fixtures	-	10 years
Office equipment	-	5 years
Computer hardware	-	5 years
Motor vehicles	-	5 years

No depreciation is provided on freehold land, land improvements and work-in-progress.

**5. Intangible assets**

	The Group			The Company		
	Computer Software \$'000	Computer Software Development Project \$'000	Total \$'000	Computer Software \$'000	Computer software Development Projects \$'000	Total \$'000
<b>Cost</b>						
January 1, 2013	77,482	4,770	82,252	49,973	3,919	53,892
Transfers (Note 4)	-	(411)	(411)	-	(411)	(411)
Additions	2,088	8,919	11,007	1,367	5,852	7,219
December 31, 2013	79,570	13,278	92,848	51,340	9,360	60,700
Transfers (Note 4)	606	(1,137)	(531)	-	-	-
Additions	142	3,881	4,023	71	2,923	2,994
Disposal	(110)	-	(110)	(110)	-	(110)
December 31, 2014	80,208	16,022	96,230	51,301	12,283	63,584
<b>Amortisation</b>						
January 1, 2013	50,424	-	50,424	33,246	-	33,246
Charge for the year	10,491	-	10,491	7,293	-	7,293
December 31, 2013	60,915	-	60,915	40,539	-	40,539
Charge for the year	10,734	-	10,734	7,622	-	7,622
Disposal	(110)	-	(110)	(110)	-	(110)
December 31, 2014	71,539	-	71,539	48,051	-	48,051
<b>Carrying amounts</b>						
December 31, 2014	8,669	16,022	24,691	3,250	12,283	15,533
December 31, 2013	18,655	13,278	31,933	10,801	9,360	20,161

Amortisation of the computer software is calculated based on an estimated useful life of 3 - 5 years. Amortisation is not calculated on computer software in development.

**6. Investment in subsidiary**

	2014 \$'000	2013 \$'000
Shares at cost in Jamaica Central Securities Depository Limited	61,000	61,000

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**7. Employee benefits**

The Group operates a defined benefit pension plan for its employees. The plan is open to all permanent employees and is administered by Prime Asset Management Limited. The plan is funded by employee contributions of 5% of pensionable salary, with an option for additional voluntary contributions of up to 8.4% of pensionable salary. The companies in the Group contribute to the plan at rates determined periodically by external actuarial valuations (currently 6.6% of pensionable salary) to meet the obligations of the plan.

Pension benefits are determined on the basis of 2% of final pensionable salary times pensionable years of service.

The trustees administer an irrevocable trust for providing pensions and other benefits to employees of The Jamaica Stock Exchange Limited and Jamaica Central Securities Depository Limited (the employers). The benefits are provided in accordance with the provisions of the rules of The Jamaica Stock Exchange Superannuation Pension Plan (formerly Jamaica Stock Exchange Pension Scheme) and funding as recommended by the actuaries to meet past and future liabilities of the Plan.

Contributions are received from The Jamaica Stock Exchange Limited and Jamaica Central Securities Depository Limited on behalf of the employees who are eligible for membership. Management determines the level of contribution required to the Plan on the recommendation of the Trustees. The Trustees make and approve changes by the Investment Manager, Custodian/Trustee, Actuary, Plan Administrator and Investment Consultant; monitor and review performance of the Investment Manager at least quarterly; review the Plan's performance on a quarterly basis and approve deviation from investment policy; review the actuarial valuation, changes in methods and assumptions and its impact upon the Plan; and review investment policies and principles at least annually.

Performance targets are set to achieve appropriate investment asset mix and diversification, rate of return above inflation and rate of return above a benchmark portfolio constructed on specified market indices and Government Instruments. The primary objective of the Plan is to maximize the benefit paid to members at retirement through optimisation of returns on investments within constraint of risk exposure in the asset mix strategy. The asset mix of the Plan consists of long-term asset mix strategy with average equity content providing that the equity component is well diversified. The Plan is exposed to interest rate risk, inflation and changes in life expectancy for pensioners. Note 7(g) details the plan's exposure in respect of various financial assets.

The most recent actuarial valuation was carried out at December 31, 2014, by Duggan Consulting Limited, a qualified actuary. The present value of the defined benefit obligation and the related current service costs and past service costs have been measured using the projected unit credit method.

(a) Principal assumptions used for the purpose of the actuarial valuations:

**Financial Assumptions**

	<b>2014</b>	<b>2013</b>
Discount rate	9.5%	9.5%
Expected rate of future salary increases	6.5%	6.0%
Future pension increases	0.0%	0.0%
Administrative expenses	1.0%	1.0%

**Mortality**

American 1994 Group Annuitant Mortality (GAM94) table with 5 year mortality improvement.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**7. Employee benefits (Continued)**

(b) Amount included in the statement of financial position in respect of the plan:

	<b>The Group</b>		<b>The Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Fair value of plan assets	225,455	194,887	156,607	134,363
Present value of defined benefit obligations	(158,498)	(128,694)	(110,097)	(88,727)
	66,957	66,193	46,510	45,636
Net asset in the statement of financial position	66,957	66,193	46,510	45,636

(c) Amounts recognised in profit or loss and other comprehensive income in respect of the plan:

	<b>The Group</b>		<b>The Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Current service costs	6,428	5,471	4,421	3,861
Interest costs	13,235	11,711	9,142	8,149
Return on plan assets	(18,990)	(18,583)	(13,108)	(12,935)
Net expense/(income) for year recognised in profit or loss	673	(1,401)	455	(925)
Items in Other Comprehensive Income (OCI):				
Remeasurements loss on obligation for OCI	6,847	5,472	4,947	3,088
Remeasurements loss on assets for OCI	(1,552)	6,197	(1,904)	5,367
Total remeasurements for OCI	5,295	11,669	3,043	8,455
	5,968	10,268	3,498	7,530

(d) Movement in the net asset recognised in the statement of financial position:

	<b>The Group</b>		<b>The Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Net asset at start of year	66,193	70,153	45,636	48,929
Net expenses from profit or loss and OCI	(5,968)	(10,268)	(3,498)	(7,530)
Contributions by Company	6,732	6,308	4,372	4,237
Net asset at end of year	66,957	66,193	46,510	45,636

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**7. Employee benefits (Continued)**

(e) Changes on the present value of the defined benefit obligations:

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Opening defined benefit obligations	128,694	101,295	88,727	70,649
Service cost	11,527	10,251	7,732	7,072
Interest cost	13,235	11,711	9,142	8,149
Members' contributions	2,789	2,793	1,555	1,730
Benefits paid	(4,594)	(2,828)	(2,006)	(1,961)
Remeasurement gain	6,847	5,472	4,947	3,088
Closing defined benefit obligations	<u>158,498</u>	<u>128,694</u>	<u>110,097</u>	<u>88,727</u>

(f) Changes in fair value of plan assets:

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Opening fair value of plan assets	194,887	171,448	134,363	119,578
Members' contributions	7,887	7,573	4,865	4,941
Employer's contributions	6,733	6,308	4,373	4,237
Interest income on plan assets	18,990	18,583	13,108	12,935
Benefits paid	(4,594)	(2,828)	(2,006)	(1,961)
Remeasurement loss on asset for OCI	1,552	(6,197)	1,904	(5,367)
Closing fair value of plan assets	<u>225,455</u>	<u>194,887</u>	<u>156,607</u>	<u>134,363</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**7. Employee benefits (Continued)**

(g) The fair value of plan assets is analysed as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Corporate bonds	3,010	5,567	2,091	3,838
Equity investments	54,162	49,075	37,622	33,834
Foreign currency bonds	78,351	65,768	54,424	45,343
Government of Jamaica securities	35,430	34,965	24,611	24,107
Real estate	26,000	25,000	18,060	17,236
Repurchase agreements	16,842	3,995	11,699	2,754
Unit trust	2,449	2,208	1,701	1,522
Others	9,211	8,309	6,399	5,729
Fair value of plan asset	<u>225,455</u>	<u>194,887</u>	<u>156,607</u>	<u>134,363</u>

(h) The history of experience adjustments is as follows:

	<b>The Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Present value of defined benefit obligation	(158,498)	(128,694)
Fair value of plan assets	225,445	194,887
Surplus in the plan	<u>66,947</u>	<u>66,193</u>
Experience adjustments on plan liabilities	6,847	5,472
Experience adjustments on plan assets	<u>(1,552)</u>	<u>(6,197)</u>

	<b>The Company</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Present value of defined benefit obligation	(110,097)	(88,727)
Fair value of plan assets	156,607	134,363
Surplus in the plan	<u>46,510</u>	<u>45,636</u>
Re-measurement gain/loss on obligation for OCI	4,947	3,088
Re-measurement gain/loss on obligation for OCI	<u>1,904</u>	<u>(5,367)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**7. Employee benefits (Continued)**

(h) The history of experience adjustments is as follows (Continued):

The Group and the Company expect to make contributions of \$8.10 million and \$4.80 million, respectively (2013: \$7.50 million and \$4.40 million, respectively) to the defined benefit plan during the next financial year.

The plan assets do not include any of the Group's own financial instruments, nor any property occupied by or other assets used by the Group.

(i) Sensitivity analyses

1. Discount rate

	2014			
	Group		Company	
	1% decrease in Discount rate Assumption \$'000	1% increase in Discount rate Assumption \$'000	1% decrease in Discount rate Assumption \$'000	1% increase in Discount rate Assumption \$'000
Increase/ (Decrease) in defined benefit obligation	183,808	(139,657)	128,130	(95,720)

	2013			
	Group		Company	
	1% decrease in Discount rate Assumption \$'000	1% increase in Discount rate Assumption \$'000	1% decrease in Discount rate Assumption \$'000	1% increase in Discount rate Assumption \$'000
Increase/ (Decrease) in defined benefit obligation	148,698	(113,612)	103,073	(77,342)

2. Salary Assumption

	2014			
	Group		Company	
	1% decrease in Salary Assumption \$'000	1% increase in Salary Assumption \$'000	1% decrease in Salary Assumption \$'000	1% increase in Salary Assumption \$'000
(Decrease)/ Increase in defined benefit obligation	(146,167)	172,659	(101,135)	120,379

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**7. Employee benefits (Continued)**

## (i) Sensitivity analyses (Continued)

## 2. Salary Assumption (Continued)

	2013			
	Group		Company	
	1% decrease in Salary Assumption \$'000	1% increase in Salary Assumption \$'000	1% decrease in Discount rate Assumption \$'000	1% increase in Discount rate Assumption \$'000
(Decrease) Increase in defined benefit obligation – pension	(118,574)	140,224	(81,275)	97,213

## 3. Actuarial gains/(losses) on defined benefit obligation arising from:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Demographic assumptions	(3,397)	-	(2,364)	-
Financial assumptions	(6,340)	(5,725)	(4,607)	(3,894)
Experience adjustments	2,890	253	2,024	506
Total actuarial gains/(losses)	(8,847)	(5,472)	(4,947)	(3,088)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**8. Investment in securities**
**(a) Non-current – classified as available-for sale:**

	<b>The Group</b>		<b>The Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
NWC Variable Rate Note 10.78%; 2016 (2013: 9.59%)	824	1,224	824	1,224
Benchmark Investment Notes: Fixed rates notes – 2017- 2019 (7.5%-8.5%) (2013: 2017 to 2019: 7.5%-8.57%)	66,633	66,617	52,661	62,747
Variable Rates Notes – 2017-2023 7.72 %-8.04% (2013: 2017 to 2023, 7.67% - 7.795%)	22,827	22,883	4,410	4,474
Foreign Currency Investments: GOJ 10.025 % US\$ Global Bond, 2017 (nominal value US\$410,000)	55,540	50,393	55,540	50,393
Government of Belize 5% guaranteed mortgage notes 2029 (nominal value US\$49,201)	4,713	4,528	4,713	4,528
GOJ FR 5.25% and 7% US\$ Benchmark investment notes 2014-2038 (2013: 6.75% (nominal value US\$516,000)	30,030	27,886	12,637	11,778
GOJ 8% Global Euro Bond 2019 (nominal value US\$500,000)	72,214	60,686	72,214	60,686
GOJ US\$ 8% Global Bond 2019 (nominal value US\$200,000)	24,581	20,548	-	-
	<u>277,342</u>	<u>254,765</u>	<u>202,999</u>	<u>195,830</u>

Included in the investment balances above is interest receivable in the amount of \$4.56 million for the Group and \$3.78 million for the Company (2013: \$6.88 million for the Group and \$6.48 million for the Company).

**(b) Current – classified as available-for sale:**
**Available for sale:**

	<b>The Group</b>		<b>The Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
GOJ fixed rate US\$ Benchmark investment notes, (2013 : 7% 2014)	-	28,150	-	11,806

Included in the investment balances above is interest receivable in the amount of \$ nil million for the Group and Company (2013: \$0.67 million for the Group and \$0.28 million for the Company).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**8. Investment in securities (Continued)**

## (c) Movement in investment in securities:

	<u>The Group</u>		<u>The Company</u>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
The movement for the year in available-for-sale financial assets is as follows:				
Balance at January 1	282,915	308,204	207,642	239,191
Additions	10,105	129,842	-	107,945
Foreign exchange gain	13,043	27,691	9,826	19,874
Movement in fair value of available-for-sale financial assets	13,005	2,771	10,667	2,991
Disposal of investments	(41,726)	(185,593)	(25,136)	(162,359)
Balance at December 31	<u>277,342</u>	<u>282,915</u>	<u>202,999</u>	<u>207,642</u>

**9. Long-term receivables**

These represent loans granted to employees. The loans are repayable by monthly installments and are for a period of 5 years. These loans carry an interest rate of 10% per annum. The current portion of these loans, due within twelve months from the end of the reporting period, amounted to \$6.18 million (2013: \$4.80 million) for the Group and \$4.72 million (2013: \$4.76 million) for the Company and is included in other receivable.

**10. Trade and other receivables**

	<u>The Group</u>		<u>The Company</u>	
	<b>2014</b>	<b>Restated 2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cess receivable	5,225	19,527	4,609	16,789
Fees receivable	14,100	21,494	-	-
E-campus	3,437	6,578	3,437	6,578
Other	40,334	50,595	20,517	39,007
	63,096	98,194	28,563	62,374
Less: Allowance for doubtful debts – other receivables	<u>(6,737)</u>	<u>(21,688)</u>	<u>(2,216)</u>	<u>(11,078)</u>
	56,359	76,506	26,347	51,296
Prepayments	6,615	4,472	3,410	2,129
	<u>62,974</u>	<u>80,978</u>	<u>29,757</u>	<u>53,425</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**10. Trade and other receivables (Continued)**

The average credit period on services is 30 days. No interest is charged on the trade and other receivables in accordance with the Group's policy. The Group has provided 100% for receivables over 180 days (except where these amounts are assessed as recoverable by management), because historical experience is such that receivables that are past due beyond 180 days are generally not recoverable.

Included in other receivables however, are debtors with a carrying amount of approximately \$5.01 million (2013: \$4.69 million) for the Group and \$ 2.93 million (2013: \$2.86 million) for the Company which are past due at the reporting date for which the Group has not provided as there has not been a change in credit quality and the amounts are still considered recoverable.

Ageing of receivables that are past due but not impaired:

	The Group		The Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
180-365 days	2,482	1,827	2,170	928
Over 1 year	2,531	2,858	756	1,932
	<u>5,013</u>	<u>4,685</u>	<u>2,926</u>	<u>2,860</u>

Movement in allowance for doubtful debts on other receivables:

	The Group		The Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Balance at beginning of year	21,688	11,457	11,078	6,437
Impairment losses recognised during year	-	10,231	-	4,641
Write-offs during the year	(9,367)	-	(6,685)	-
Recoveries during for the year	(5,584)	-	(2,177)	-
Balance at end of year	<u>6,737</u>	<u>21,688</u>	<u>2,216</u>	<u>11,078</u>

In determining the recoverability of a receivable, the Group considers any change in the credit quality of the receivable from the date credit was granted up to the reporting date. Concentration of credit risk is limited due to the nature of the customer base. Accordingly, management believes that there is no further credit provision required in excess of the allowance for doubtful debts and that non-past due unimpaired receivable are collectable in full.

Cess receivable at the end of the year included \$2.2 million (2013: \$7.83 million), \$0.59 million (2013: \$7.18 million) and 0.58 million (2013: \$1.51 million) for the Group and \$2.3 million (2013: \$6.83 million), \$0.53 million (2013: \$6.29 million) and \$0.5 million (2013: \$1.32 million) for the Company due from three brokers which represent 41% (2013: 40%), 11% (2013: 37%) and 11% (2013: 8%) for the Group and 50% (2013: 41%), 12% (2013: 37%) and 11% (2013: 8%) for the Company respectively for three brokers.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**10. Trade and other receivables (Continued)**

Ageing of impaired other receivables:

	The Group		The Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
180+ days	6,737	21,888	2,216	11,078

**11. Government securities purchased under resale agreement**

The Group entered into reverse repurchase agreements collateralised by the Government of Jamaica securities. These agreements may result in credit exposure in the event that the counter parties of these transactions are unable to fulfill their contractual obligations. Included in this balance is foreign currency denominated amount of US\$0.48 million and US\$0.44 million for the Group and Company respectively (2013: US\$0.50 million for the Group and US\$0.46 million for the Company) and interest receivable of \$0.24 million for the Group and \$0.23 million for the Company (2013: \$0.27 million for the Group and \$0.25 million for the Company). The fair value of collateral held pursuant to reverse repurchase agreements is \$68.49 million for the Group and \$61.80 million for the Company (2013: \$67.80 million for the Group and \$59.98 million for the Company).

**12. 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, net of bank overdraft and investments in money market instruments with an original maturity of three months or less from the date of acquisition that are held to meet cash requirements rather than for investment purposes.

(a) Cash and cash equivalents at the reporting date as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	The Group		The Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Cash on hand and in banks	14,330	17,126	2,802	1,014

**THE JAMAICA STOCK EXCHANGE LIMITED**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**13. Share capital**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Authorised:		
600,000,000 ordinary shares of no par value (2013: 600,000,000)		
Issued capital:		
140,250,000 ordinary stocks of no par value (2013: 140,250,000)		
Nil preference shares of no par value (2013: 33,000,000)		
Issued capital:		
At January 1 - ordinary stocks	238,148	168,590
Stocks issued, net of transaction cost (see note (a) below)	-	69,556
	<u>238,146</u>	<u>238,146</u>

**a. Increase in stated capital**

During 2013, at an Extra Ordinary General Meeting, the following Resolutions were passed:

**Resolution 1:**

That each issued share in the Company be sub-divided into four ordinary shares. The passing of this resolution resulted in the number of issued ordinary shares in the Company increasing by 84,150,000.

**Resolution 2:**

That 28,050,000 ordinary shares of the Company be issued, on the terms and conditions set out in a prospectus of the Company, on such date to be determined by the Board, without regard to any pre-emption rights in favour of existing shareholders. The passing of the resolution brought the issued ordinary shares of the Company to increase to 140,250,000.

**Resolution 3:**

That all ordinary shares of the Company that are fully paid up at the time of the issue of the shares in the prospectus be converted to stocks.

**b. Redeemable preference shares**

Redeemable preference share capital is classified as a liability, as dividend payments are not discretionary. Dividends on preference shares are recognised as interest expense in profit or loss.

By resolution of the Board, the redeemable preference shares were redeemed on May 31, 2013, and subsequently de-listed from trading on the Jamaica Stock Exchange.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**14. Fair value reserve**

The reserve represents the fair value adjustment relating to available-for-sale investment in securities (Note 8).

	The Group		The Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Balance at January 1	2,293	446	2,266	272
Net gain arising on revaluation of available-for-sale financial assets	13,016	2,273	10,676	2,493
Net loss/(gain) reclassified to surplus on sale of investment	(11)	498	(9)	498
Deferred tax adjustments on available-for-sale financial assets (Note 17)	(4,337)	(924)	(3,557)	(997)
	<u>8,668</u>	<u>1,847</u>	<u>7,110</u>	<u>1,994</u>
Balance at December 31	<u>10,961</u>	<u>2,293</u>	<u>9,376</u>	<u>2,266</u>

The fair value reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

**15. Revenue reserve**

Reflected in the financial statements of the:

	2014	Restated 2013
	\$'000	\$'000
Parent company	219,830	240,903
Subsidiaries	<u>92,086</u>	<u>71,415</u>
	<u>311,916</u>	<u>312,318</u>

**16. Long-term liabilities**

This include loan from the National Commercial Bank Jamaica Limited (NCB):

	The Group and Company	
	2014 \$'000	2013 \$'000
Loan (see below)	-	387
Less: Current portion (included in current liabilities)	<u>-</u>	<u>(387)</u>
	<u>-</u>	<u>-</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**16. Long-term liabilities (Continued)**
**Loan**

The loan from NCB was repayable by April 2014 by 47 equal monthly installments of \$129,167 plus one final payment of \$129,151 and interest was charged at a fixed rate of 12% per annum on the reducing balance over the life of the loan. The loan was secured by unstamped Bill of Sale over Information Technology equipment valued at \$6.20 million held unstamped and lien over credit balances held unstamped and hypothecation of \$10 million held at NCB Capital Markets Limited. The loan was fully repaid during the year.

**17. Deferred tax**

	<b>The Group</b>		<b>The Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Deferred tax assets	21,128	19,573	16,489	14,373
Deferred tax liabilities	(23,741)	(34,702)	(16,489)	(24,094)
Net position at the end of the year	<u>(2,613)</u>	<u>(15,129)</u>	<u>-</u>	<u>(9,721)</u>

The movement in the net deferred tax position was as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At January 1	(15,129)	(32,920)	(9,721)	(22,812)
Credited to income for the year (Note 25)	15,088	14,826	12,264	11,269
Credited to equity	1,765	3,889	1,014	2,819
Charged to fair value reserve for the year (Note 14)	(4,337)	(924)	(3,557)	(997)
At December 31	<u>(2,613)</u>	<u>(15,129)</u>	<u>-</u>	<u>(9,721)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**17. Deferred tax (Continued)**

The following are the deferred tax assets and deferred tax liabilities recognised by the Group during the year:

**Deferred tax assets**

	<b>The Group</b>		
	<b>Accrued Vacation \$'000</b>	<b>Tax Loss \$'000</b>	<b>Total \$'000</b>
At January 1, 2013	1,121	-	1,121
Credit to income for the year	135	18,317	18,452
At December 31, 2013	1,256	18,317	19,573
Credit to income for the year	69	1,486	1,555
At December 31, 2014	1,325	19,803	21,128

	<b>The Company</b>		
	<b>Accrued Vacation \$'000</b>	<b>Tax Loss \$'000</b>	<b>Total \$'000</b>
At January 1, 2013	785	-	785
Credit to income for the year	155	13,453	13,608
At December 31, 2013	920	13,453	14,373
Credit to income for the year	162	1,954	2,116
At December 31, 2014	1,082	15,407	16,489

**Deferred tax liabilities**

	<b>The Group</b>				
	<b>Capital Allowance in excess of Depreciation \$'000</b>	<b>Interest receivable \$'000</b>	<b>Unrealised gains in investment in securities \$'000</b>	<b>Retirement Benefit Asset \$'000</b>	<b>Total \$'000</b>
January 1, 2013	(6,847)	(3,520)	(289)	(23,385)	(34,041)
(Charged)/Credited to income for the year	(1,823)	767	-	(2,570)	(3,626)
Credited to equity for the year	-	-	-	3,889	3,889
Charged to fair value reserve (Note 14)	-	-	(924)	-	(924)
At December 31, 2013	(8,670)	(2,753)	(1,213)	(22,066)	(34,702)
Credited/(Charged) to income for the year	14,434	1,088	-	(2,019)	13,533
Credited to equity for the year	-	-	-	1,765	1,765
Charged to fair value reserve (Note 14)	-	-	(4,337)	-	(4,337)
December 31, 2014	5,794	(1,665)	(5,550)	(22,320)	(23,741)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**17. Deferred tax (Continued)**
**Deferred tax liabilities (Continued)**

	<b>The Company</b>				<b>Total \$'000</b>
	<b>Capital Allowance in excess of Depreciation \$'000</b>	<b>Interest receivable \$'000</b>	<b>Unrealised gains in investment in securities \$'000</b>	<b>Retirement Benefit Asset \$'000</b>	
January 1, 2013	(3,856)	(3,207)	(203)	(16,310)	(23,576)
(Charged)/Credited to income for the year	(1,440)	821	-	(1,721)	(2,340)
Credited to equity for the year	-	-	-	2,819	2,819
Charged to fair value reserve (Note 14)	-	-	( 997)	-	(997)
At December 31, 2013	(5,296)	(2,386)	(1,200)	(15,212)	(24,094)
(Charged)/Credited to income for the year	10,455	998	-	(1,305)	10,148
Credited to equity for the year	-	-	-	1,014	1,014
Charged to fair value reserve (Note 14)	-	-	(3,557)	-	(3,557)
December 31, 2014	5,159	(1,388)	(4,757)	(15,503)	(16,489)

Subject to agreement with the Taxpayer Audit and Assessment Department, losses available for indefinite carry forward and offset against future profits amount to approximately \$86,955,000 (2013: \$54,951,000) for the Group and: \$73,767,000 (2013: \$40,359,000) for the Company. A deferred tax asset has been recognized in respect of these losses only to the extent of available taxable temporary differences.

**18. Payables and accruals**

	<b>The Group</b>		<b>The Company</b>	
	<b>2014 \$'000</b>	<b>Restated 2013 \$'000</b>	<b>2014 \$'000</b>	<b>2013 \$'000</b>
Payables and accruals	66,559	78,802	44,049	58,429

No interest is charged on the payables balance. The Group has financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

**19. Other operating income**

	<b>The Group</b>		<b>The Company</b>	
	<b>2014 \$'000</b>	<b>Restated 2013 \$'000</b>	<b>2014 \$'000</b>	<b>2013 \$'000</b>
Regional conference	13,800	14,497	13,800	14,497
Administrative fee	25,728	24,126	25,728	24,126
Other	19,499	14,890	19,987	16,828
	59,027	53,513	69,515	55,451

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**20. Staff costs**

	<b>The Group</b>		<b>The Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Salaries and other employee benefits	157,740	141,373	98,621	87,867
Statutory contributions	13,284	11,266	7,985	6,913
Charge/(Credit) on pension plan (Note 7(c))	673	(1,401)	455	(925)
	<u>171,697</u>	<u>151,238</u>	<u>107,061</u>	<u>93,855</u>

**21. Investment income**

	<b>The Group</b>		<b>The Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
(a) Investment income includes:				
Interest income	23,542	29,295	18,276	24,161
Foreign exchange gain	18,809	27,691	14,963	19,874
Gain/(Loss) on disposal of available-for-sale investments	11	(531)	9	(498)
	<u>42,362</u>	<u>56,455</u>	<u>33,248</u>	<u>43,537</u>
(b) Investment income earned, analysed by category of financial asset is as follows:				
Loans and receivables	8,589	3,075	7,698	2,610
Available-for-sale	33,773	53,380	25,550	40,927
	<u>42,362</u>	<u>56,455</u>	<u>33,248</u>	<u>43,537</u>

**22. Other gains**

	<b>The Group</b>		<b>The Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Disposal of property, plant & equipment	147	27	147	27

**23. Finance costs**

	<b>The Group</b>		<b>The Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Interest on preference shares	-	1,933	-	1,933
Interest on borrowing	8	4,174	8	4,174
	<u>8</u>	<u>6,107</u>	<u>8</u>	<u>6,107</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**24. Loss before taxation**

Loss before taxation is stated after taking account of the following:

	<b>The Group</b>		<b>The Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Income:				
Interest	23,542	29,295	18,276	24,161
Expenses:				
Directors' fees	8,537	9,780	6,447	7,800
Audit fees	3,650	3,625	2,200	2,275
Depreciation of property, plant and equipment	13,788	11,073	10,013	7,955
Amortisation of intangible assets	10,734	10,491	7,622	7,293

**25. Taxation**

Recognised in profit or loss

(i) The charge for the year represents

	<b>The Group</b>		<b>The Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Current tax	7,930	7,340	63	-
Deferred tax (Note 17)	(15,088)	(14,826)	(12,264)	(11,269)
	<b>(7,158)</b>	<b>(7,486)</b>	<b>(12,201)</b>	<b>(11,269)</b>

(ii) The charge for the year is reconciled to the profit as per the statement of comprehensive income as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Loss before tax	(4,030)	(1,812)	(31,245)	(20,278)
Tax at the domestic income tax rate of 33½%	(1,343)	(604)	(10,415)	(6,759)
Tax effect of items that are not deductible in determining taxable Profits	4,906	476	2,047	466
Effect of income not taxable	(10,665)	(7,577)	(4,175)	(4,976)
Other	(56)	218	342	-
	<b>(7,158)</b>	<b>(7,486)</b>	<b>(12,201)</b>	<b>(11,269)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**26. Profit of the Group for the year**

Reflected in the financial statements of the:

	<b>The Group</b>	
	<b>2014</b>	<b>Restated 2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Parent company	(19,044)	(9,009)
Subsidiary	22,172	14,683
	<u>3,128</u>	<u>5,674</u>

**27. Earnings per stock unit**

The basic earnings per stock units is calculated by dividing the profit by the weighted average number of ordinary stock unit.

	<b>The Group</b>	
	<b>2014</b>	<b>Restated 2013</b>
Profit (\$'000)	3,128	5,674
Weighted average number of ordinary stock units	140,250,000	123,887,500
Basic earnings per stock unit	<u>\$0.02</u>	<u>\$0.05</u>

**28. Segment reporting**

The Group's operations are organized into four main business segments as follows:

- (a) Exchange operations – The operation and regulation of the Stock Exchange.
- (b) Depository – Services in connection with transferring and holding of securities, shares, stocks, bonds and debentures.
- (c) Investments – Income derived from investing activities of the Group.
- (d) Trustee, custodianship, company management and other activities.

The Group's operations are located solely in Jamaica.

	<b>2014</b>					
	<b>Exchange operations \$'000</b>	<b>Depository Services \$'000</b>	<b>Investment other \$'000</b>	<b>Trustees Services \$'000</b>	<b>Interest Eliminations \$'000</b>	<b>Group \$'000</b>
Revenue - external	185,317	86,875	42,362	67,950	(2,793)	379,611
Segment result	(64,485)	(4,217)	42,362	22,318	-	(4,022)
Finance cost	(8)	-	-	-	-	(8)
(Loss)/profit before taxation	(64,493)	(4,217)	42,362	22,318	-	(4,030)
Taxation	-	-	-	-	-	7,158
Profit for the year	-	-	-	-	-	<u>3,128</u>
Other information:						
Depreciation and amortisation	17,635	6,799	-	68	-	24,522
Assets:						
Segment assets	522,533	130,616	-	56,758	(79,712)	630,195
Liabilities:						
Segment liabilities	55,181	21,085	-	9,987	(17,082)	69,172

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**28. Segment reporting (Continued)**

Revenue from two brokers of the exchange operations represents \$11.3 million and \$12 million of the Group's total revenue.

	2013					Group
	Exchange operations	Depository Services	Investment other	Trustees Services	Interest Eliminations	
Revenue - external	168,462	71,010	56,455	53,809	(1,961)	347,775
Segment result	(57,708)	(15,620)	56,455	21,168	-	4,295
Finance cost	(6,107)	-	-	-	-	(6,107)
(Loss)/Profit before taxation	(63,815)	(15,620)	56,455	21,168	-	(1,812)
Taxation						7,486
Profit for the year						5,674
Other information						
Depreciation and amortisation	15,248	6,259	-	57	-	21,564
Assets						
Segment assets	583,951	148,213	-	48,482	(120,652)	659,994
Liabilities						
Segment liabilities	102,636	45,059	-	17,565	(58,025)	107,237

Revenue from two brokers of the exchange operations represents \$10.5 million and \$10.3 million of the Group's total revenues.

**29. Related party transactions/balances**

- (a) During the year the Group and the Company had the following transactions with related party in the normal course of business.

	The Group		The Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Subsidiary				
Jamaica Central Securities Depository Limited				
Rental income	-	-	1,837	1,225



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**29. Related party transactions/balances (Continued)**

## (b) Amount due(from)/to related parties:

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Jamaica Stock Exchange Compensation Fund	2,376	-	2,376	-
Jamaica Central Securities Depository Limited	-	-	561	30,558
	<u>2,376</u>	<u>-</u>	<u>2,937</u>	<u>30,558</u>
Amount owed to related parties:				
JSE Compensation Fund	-	(13,119)	-	(13,119)
JSCD Trustee Services Limited	-	-	(11,132)	(20,980)
	<u>-</u>	<u>(13,119)</u>	<u>(11,132)</u>	<u>(34,099)</u>

## (c) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Short-term benefits	37,469	38,149	23,102	23,923
Post employment benefits	2,276	2,210	1,381	1,341
	<u>39,745</u>	<u>40,359</u>	<u>24,483</u>	<u>25,264</u>

## (d) Loans to related parties

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Loans to key management personnel	5,044	2,326	4,386	2,040

**30. Commitments**

## Capital commitments:

Capital commitments which were authorized and contracted for as at December 31, 2014, amounted to \$7.763 million in relation to computer software development projects (2013: \$10.08 million – acquisition of solar system).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**31. Financial instruments**
**(a) Capital risk management:**

The capital structure of the Group consists of equity attributable to the shareholders of the parent company comprising issued capital, reserves, and retained earnings.

The Group's objectives when managing its capital structure, which is a broader concept than the equity on the face of the statement of financial position are:

- i) To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits for other stakeholders; and
- ii) To maintain a strong capital base to support the business development.

The Group's overall strategy remains unchanged from 2013.

**Gearing ratio**

The gearing ratio at end of the reporting period was as follows:

	The Group		The Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Debt (i)	-	387	-	387
Equity (ii)	561,023	552,757	467,352	481,315
Debt to equity ratio	0%	0.07%	0%	0.08%

- (i) Debt is defined as short and long-term borrowings as shown at Note 16.
- (ii) Equity includes all capital and reserves of the Group that are managed as capital.

**(b) Financial risk management objectives**

The Group's Investment Committee is responsible for recommending to the Board of Directors, through the Audit and Finance Committee, uniform investment decisions, policies and procedures for the operations of the Group. The specific duties of the Investment Management Committee are to receive and review data on current market conditions and economic outlook; review various risk reports submitted including fair value, credit risk, liquidity risk, market risk, and review monthly report on portfolios and establish quarterly investment portfolio strategies. The Group does not enter into or trade financial investments, including derivative financial instruments for speculative purposes.

**(c) Market risk**

The Group's investment activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and price. The Group manages its risk through extensive research and monitors the risk exposures on the local and international markets.

There has been no change to the manner in which the Group manages and measures this risk.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**31. Financial instruments (Continued)**
**(c) Market risk (Continued)**
**Foreign currency risk management**

The Group undertakes certain investment transactions denominated in currencies other than the Jamaican dollar. Exchange rate exposures are managed within approved policy parameters and maintaining a manageable balance in the types of investments.

The following balances held in United States dollars are included in these financial statements:

	<b>The Group</b>		<b>The Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Investment in securities	187,058	192,190	145,105	139,190
Government securities purchased under resale agreement	54,584	52,883	50,141	48,824
Cash and cash equivalents	1,488	1,181	409	239
	<u>243,130</u>	<u>246,254</u>	<u>195,655</u>	<u>188,253</u>

**Sensitivity analysis**

The Group's investment portfolio is exposed to the United States dollar. The Group's sensitivity to a 1% increase or 10% decrease in the Jamaican dollar against the United States dollar is the sensitivity rate used when reporting foreign currency risk internally to the key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity of the 1% (2013: 1%) increase or 10% (2013: 15%) decrease in the Jamaican dollar against the United States dollar exposure would be a decrease in profit of the Group by J\$2.43 million (2013: 2.46 million) million or J\$24.31 million (2013: J\$36.94 million) increase; company J\$1.96 million (2013: J\$1.88 million) decrease or J\$19.57 million (2013: J\$28.24 million) increase.

The analysis is done on the same basis as 2013 and assumes that all other variables, in particular interest rate, remain constant.

**Interest rate risk management**

The Group's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note. Interest rate sensitivity analysis has been determined based on the exposure to interest rates for the Group's investment in securities at the end of reporting period as these are substantially the interest sensitive instrument impacting financial results. For floating rate financial assets and financial liabilities, the analysis assumes the amount outstanding at year end was outstanding for the whole year. A 250 (2013: 250) basis points increase/100 (2013: 100) basis points decrease for local currency and 200 (2013: 200) basis points increase 50 (2013: 50) basis points decrease for United States currency represents management's assessment of the reasonable possible change in interest rates.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**31. Financial instruments (Continued)**
**(c) Market risk (Continued)**
**Interest rate risk management (Continued)**

Net effect on profit if market interest rates had been 250 or 100 basis points higher or lower for investment denominated in local currency and 250 or 50 basis points higher or lower for investments denominated in United States currency and all other variables were held constant is as follows:

	The Group		The Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Effect on profit increase 250 (2013: 250) basis points (J\$)	582	592	130	140
Effect on profit decrease 100 (2013: 100) basis points (J\$)	(233)	(237)	(52)	(56)
Effect on profit increase 200 (2013: 200) basis points (US\$)	-	-	-	-
Effect on profit decrease 50 (2013: 50) basis points (US\$)	-	-	-	-

The Group's and the Company's sensitivity to interest rates has increased during the current year as the Group had an increase in the number of variable rate financial instruments.

**(d) Credit risk management**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is guided by the investment policies and procedures of the Stock Exchange. In relation to bank accounts and investment securities, the Group, as a policy, deals only with credit worthy counterparties, to minimise credit risk exposures. In addition, limits are assigned to various counterparties by the Group.

Trade receivables consist of broker members of the Group and accordingly mitigates against credit risk in relation to such receivables. In the case of other receivables, ongoing credit evaluation is performed on the financial conditions of those receivables.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**31. Financial instruments (Continued)**
**(d) Credit risk management (Continued)**

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk. There was no significant concentration of credit risk.

**(e) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash resources, banking facilities, and by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Group's and the Company's contractual maturity for its non-derivative financial assets and financial liabilities. The tables below have been drawn up based on undiscounted contractual maturities of financial assets including interest that will be earned on those except where the Group and the Company anticipates that the cash flows will occur in a different period, and in the case of financial liabilities, based on the earliest date on which the Group and the Company can be required to pay.

	<b>The Group</b>						<b>Total \$'000</b>
	<b>Weighted Average effective Interest rate %</b>	<b>Less than 1 month \$'000</b>	<b>1 to 3 Months \$'000</b>	<b>3 months to 1 year \$'000</b>	<b>1 to 5 years \$'000</b>	<b>Over 5 years \$'000</b>	
	<b>2014</b>						
<b>Financial assets</b>							
Non interest bearing		12,842	53,837	-	-	-	66,679
Interest bearing	5.10	1,564	717	3,760	12,432	918	19,391
Variable interest rate Instruments	8.72	512	462	1,283	11,957	19,887	34,102
Fixed interest rate Instruments	4.80	17,345	59,918	8,804	231,372	39,838	357,377
		<u>32,263</u>	<u>114,935</u>	<u>13,847</u>	<u>255,761</u>	<u>60,743</u>	<u>477,543</u>
<b>Financial liabilities</b>							
Non-interest bearing		<u>31,780</u>	-	-	-	-	<u>31,780</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**31. Financial instruments (Continued)**
**(e) Liquidity risk management (Continued)**

		<b>The Group</b>						
		<b>Weighted Average effective interest rate %</b>	<b>Less than 1 month \$'000</b>	<b>1 to 3 Months \$'000</b>	<b>3 months to 1 year \$'000</b>	<b>1 to 5 years \$'000</b>	<b>Over 5 years \$'000</b>	<b>Total \$'000</b>
<b>2013</b>								
<b>Financial assets</b>								
Non-interest bearing			-	92,985	-	-	-	92,985
Variable interest rate instruments		6.9	11,423	48,972	1,496	12,010	21,257	95,159
Fixed interest rate instruments		7.35	1,649	34,645	17,001	215,542	56,936	335,773
			<u>13,072</u>	<u>176,603</u>	<u>18,496</u>	<u>227,552</u>	<u>88,193</u>	<u>523,916</u>
<b>Financial liabilities</b>								
Non-interest bearing			63,119	13,115	-	-	-	68,239
Interest bearing loan		12	133	132	130	-	-	395
			<u>63,252</u>	<u>13,247</u>	<u>130</u>	<u>-</u>	<u>-</u>	<u>66,633</u>

		<b>The Company</b>						
		<b>Weighted Average effective interest rate %</b>	<b>Less than 1 month \$'000</b>	<b>1 to 3 Months \$'000</b>	<b>3 months to 1 year \$'000</b>	<b>1 to 5 years \$'000</b>	<b>Over 5 years \$'000</b>	<b>Total \$'000</b>
<b>2014</b>								
<b>Financial assets</b>								
Non-interest bearing			2,393	17,048	-	-	-	19,441
Interest bearing		5.10	430	498	2,744	10,331	918	14,921
Variable interest rate instruments		9.25	68	116	321	2,468	4,812	7,605
Fixed interest rate instruments		5.69	10,068	52,722	6,795	190,176	22,705	289,073
			<u>10,669</u>	<u>70,384</u>	<u>9,861</u>	<u>202,998</u>	<u>28,235</u>	<u>331,037</u>
<b>Financial liabilities</b>								
Non-interest bearing			21,850	11,132	-	-	-	33,022

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**31. Financial instruments (Continued)**
**(e) Liquidity risk management (Continued)**

	The Company						
	Weighted Average effective Interest rate %	Loss than 1 month \$'000	1 to 3 Months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
	<b>2013</b>						
<b>Financial assets</b>							
Non-interest bearing		-	80,239	-	-	-	80,239
Variable interest rate Instruments	6.9	11,425	48,732	448	2,762	4,993	68,358
Fixed interest rate instruments	7.35	28	11,789	14,812	200,951	29,865	257,453
		11,451	140,770	15,250	203,713	34,858	406,053
<b>Financial liabilities</b>							
Non interest bearing		48,923	34,099				80,022
Interest bearing loan	12	130	132	130	-	-	395
		48,056	34,231	130	-	-	80,417

**(f) Fair value of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions have been used to measure the Group's financial instruments that are carried at fair value:

- (i) Financial assets classified as available-for-sale are measured at fair value using interpolated yields derived from quoted prices of similar instruments or broker quotes from market makers.
- (ii) The fair value of fixed rate financial instruments is estimated using present value or other estimation techniques based on market conditions on similar instruments at the reporting date.
- (iii) The carrying amount of liquid assets and other assets maturing within one year is assumed to approximate their fair value. This assumption is applied to liquid assets and the other short-term elements of all other financial assets and financial liabilities.

No significant unobservable inputs were applied in the valuation of the Group's financial instruments classified as available-for-sale.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**31. Financial Instruments (Continued)**
**(g) Fair value measurement recognised in the statement of financial position**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). There were no Level 3 fair value investments.

	<b>The Group 2014</b>			
	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
Available-for-sale financial instruments				
Debt securities	-	272,784	-	272,784

	<b>The Group 2013</b>			
	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
Available-for-sale financial instruments				
Debt securities	-	275,111	-	275,111

	<b>The Company 2014</b>			
	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
Available-for-sale financial instruments				
Debt securities	-	199,218	-	199,218

	<b>The Company 2013</b>			
	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
Available-for-sale financial instruments				
Debt securities	-	200,869	-	200,869

**32. Dividends**

A dividend declared by the Directors on January 17, 2013 of 3.14 cents per share was paid to shareholders on February 6, 2013. The total dividend paid was \$88 million. The payment of this dividend did not have any tax consequence on the Group.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**33. Prior period adjustment**

During the 2014 examination of the trade receivables and trade payables accounts of JCSD Trustee Services Limited, certain balances were identified as being misstated in the prior year. These amounts have been adjusted retrospectively in the current year in accordance with the requirements of IAS 8 and the impact of this prior year adjustment is detailed below:

(i) Impact on Consolidated Statement of Financial Position :

	As previously reported 2013 \$'000	Adjustments 2013 \$'000	Restated 2013 \$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	89,800	-	89,800
Intangible assets	31,933	-	31,933
Post employment benefits	66,193	-	66,193
Investment in securities	254,765	-	254,765
Long-term receivables	9,376	-	9,376
Total non-current assets	452,067	-	452,067
<b>Current assets</b>			
Income tax recoverable	12,639	758	13,397
Trade and other receivables	81,999	(1,021)	80,978
Government securities purchased under resale agreement	28,150	-	28,150
Investment in securities	68,277	-	68,277
Cash and cash equivalents	17,125	-	17,125
Total current assets	208,190	(263)	207,927
<b>TOTAL ASSETS</b>	660,257	(263)	659,994
<b>EQUITY AND LIABILITIES</b>			
Share capital	238,146	-	238,146
Fair value reserve	2,293	-	2,293
Revenue reserve	313,834	(1,516)	312,318
Total equity	554,273	(1,516)	552,757

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**33. Prior period adjustment (Continued)**
**(i) Impact on Consolidated Statement of Financial Position (Continued):**

	<b>As previously reported 2013 \$'000</b>	<b>Adjustments 2013 \$'000</b>	<b>Restated 2013 \$'000</b>
<b>LIABILITIES</b>			
<b>Non-current liability</b>			
Long-term liabilities	-	-	-
Deferred tax liability	15,129	-	15,129
Total non-current liabilities	15,129	-	15,129
<b>Current liabilities</b>			
Due to related parties	13,119	-	13,119
Payables and accruals	77,349	1,253	78,602
Current portion of long-term liabilities	387	-	387
Total current liabilities	90,855	1,253	92,108
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>660,257</b>	<b>(263)</b>	<b>659,994</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**33. Prior period adjustment (Continued)**

(ii) Impact on Consolidated Statement of Profit or Loss and Other Comprehensive Income:

	As previously reported 2013 \$'000	Adjustments 2013 \$'000	Restated 2013 \$'000
Income:			
Cess fee	70,373	-	70,373
Fee income	180,989	-	180,989
E-campus	6,465	-	6,465
Other operating income	55,787	(2,274)	53,513
	<u>293,594</u>	<u>(2,274)</u>	<u>291,320</u>
Expenses:			
Staff costs	151,238	-	151,238
Property expenses	62,918	-	62,918
Depreciation and amortization	21,564	-	21,564
Advertising and promotion	34,158	-	34,158
Professional fees	24,845	-	24,845
Securities commission fees	15,664	-	15,664
Allowance for doubtful debts	10,231	-	10,231
E-campus	9,660	-	9,660
Other operating expenses	13,229	-	13,229
	<u>343,507</u>	<u>-</u>	<u>343,507</u>
Investment income	56,455	-	56,455
Other gains	27	-	27
Finance costs	(6,107)	-	(6,107)
Profit before taxation	462	(2,274)	(1,812)
Taxation	6,728	758	7,486
Profit for the year	<u>7,190</u>	<u>(1,516)</u>	<u>5,674</u>
Other comprehensive income:			
Item that will never be reclassified to profit or loss:			
Remeasurement of employee benefit asset	(11,669)	-	(11,669)
Deferred income tax on item that will never be reclassified to profit or loss	3,889	-	3,889
Items that may be reclassified to profit or loss:			
Realised gain/(loss) on available-for-sale financial assets	498	-	498
Unrealised fair value gain/(loss) on available-for-sale financial assets during the year	2,273	-	2,273
Deferred income tax on items that may be reclassified to profit or loss	(924)	-	(924)
Other comprehensive loss for the year, net of taxes	<u>(5,933)</u>	<u>-</u>	<u>(5,933)</u>
Total comprehensive income for the year	<u>1,257</u>	<u>(1,516)</u>	<u>(259)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**

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**33. Prior period adjustment (Continued)****(ii) Impact on Consolidated Statement of Cash Flows:**

As a result of the prior period adjustments, certain line items in cash flows from operating activities have been restated with no resultant impact on overall operating cash flows.

**34. Compensation fund**

The Jamaica Stock Exchange Limited Compensation Fund (“the Fund”) was created by contributions of the Exchange’s member-dealers for the purpose of compensating investors who may have suffered pecuniary loss as a result of a defalcation or fraudulent misuse of securities or document of title to securities. The Exchange fulfils its obligations under Sections 27 through 35 of the Securities Act by its administration of the Fund.

Section 27(2) of the Securities Act stipulates that “The assets of the Compensation Fund are the property of the recognised stock exchange but shall be –

- (a) Kept separate from all other property; and
- (b) Held in trust for the purposes specified in this part.”

Accordingly, the assets and liabilities of the Fund are segregated from those of the Exchange and separate audited financial statements are produced for the Fund.

**(a) Compensation fund financial position****(i) 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, during the year there were no contributions by the member dealers as the Board was of the view that the reserve was adequate for the specific purpose.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**34. Compensation fund (Continued)**

## (a) Compensation fund financial position (Continued)

## (ii) 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 or 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.

	2014 \$'000	2013 \$'000
<u>Assets</u>		
Non-current asset		
Investment in securities	526,592	525,972
Current assets		
Income tax recoverable	18,408	6,523
Accounts receivable	783	18,651
Investment in securities	16,949	23,597
Government securities purchased under resale agreements	122,850	82,456
Cash and cash equivalents	3,164	3,899
	<u>162,154</u>	<u>133,126</u>
<b>Total assets</b>	<b><u>688,746</u></b>	<b><u>659,098</u></b>
<u>Equity and liabilities</u>		
Contingency reserve		
	676,522	647,928
Non-current liability		
Deferred tax liability	4,446	4,784
Current liability		
Payable and accruals	7,778	6,386
	<u>12,224</u>	<u>11,170</u>
<b>Total equity and liabilities</b>	<b><u>688,746</u></b>	<b><u>659,098</u></b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**34. Compensation fund (Continued)**
**(b) Compensation fund – comprehensive income**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Investment income	62,889	77,404
Administrative expenses	(28,165)	(26,856)
Net income	34,724	50,548
Taxation	(8,911)	(7,069)
Profit for the year	<u>27,813</u>	<u>43,479</u>
Other comprehensive income:		
Fair value gain on revaluation of available-for-sale financial assets during the year, net of taxes	781	153
Total comprehensive income for the year	<u>28,594</u>	<u>43,632</u>

**(c) Investments in securities**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Non-current		
<u>Held-to-maturity – at amortised cost:</u>		
Government of Jamaica Securities		
NWC Variable rate bond 10.78% (2013: 9.59%)	12,237	18,312
GOJ Benchmark Investment notes		
Fixed rate notes 8.03% 2017-2019 (2013: 7.85%)	236,428	236,486
Variable rate notes 7.84% 2025 (2012: 7.75%)	157,038	156,969
Foreign currency investments		
GOJ Fixed rate US\$ Global Bonds; 10.625% 2017 (nominal value US\$350,000)	41,370	40,360
Government of Belize guaranteed mortgage notes, 2038 (nominal value US\$55,200; 4.25%)	5,214	5,013
GOJ US\$ 8% (2012: Global Bond 2019 (nominal value US\$195,000)	17,247	15,977
GOJ Fixed Rate US\$ Benchmark investment note 6.75% to 7%, 2017 (nominal value US\$144,000)	8,373	7,756
GOJ FR US\$ BMI Note 7.25%, 2016 (nominal value US\$442,283)	48,685	45,099
	<u>526,592</u>	<u>525,972</u>
Current:		
GOJ Fixed Rate Benchmark Investment Noted, nominal value US\$72,200 6.75% 2014	-	7,820
Available-for-sale – at fair value		
Investment in unit trust (see below)	<u>16,949</u>	<u>15,777</u>
	<u>16,949</u>	<u>23,597</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2014**  
 (Expressed in Jamaican Dollars)

**34. Compensation fund (Continued)**

## (c) Investments in securities (Continued)

Included in the held-to-maturity investments is interest receivable of \$9.64 million (2013: \$11.90 million)

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Movement for the year in available-for-sale investments:		
Balance at January 1	15,777	15,548
Movement in fair value	1,172	229
Balance at December 31	<u>16,949</u>	<u>15,777</u>

## (d) Cash and cash equivalents

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash on hand and in banks	<u>3,164</u>	<u>3,899</u>

## (e) Contingency reserve

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Opening contingency reserve	647,928	604,296
Net profit	27,813	43,479
Fair value gain on available-for-sale	1,172	229
Deferred tax adjustment on fair value	<u>(391)</u>	<u>(76)</u>
Closing contingency reserve	<u>678,522</u>	<u>647,928</u>

## (f) Deferred tax liability

The movement in the net deferred tax position was as follows:

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
At January 1	(4,784)	(6,356)
Credited to income for the year	729	1,648
Charged to contingency reserve	(391)	(76)
At December 31	<u>(4,446)</u>	<u>(4,784)</u>

Deferred tax liability is attributable to the following

	<b>Interest receivable</b>	<b>Fair value on available-for-sale instrument \$'000</b>	<b>Total \$'000</b>
January 1, 2014	(4,092)	(692)	(4,784)
Credited to income for the year	729	-	729
Charged to contingency reserve	-	(391)	(391)
December 31, 2014	<u>(3,363)</u>	<u>(1,083)</u>	<u>(4,446)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**
**34. Compensation fund (Continued)**

## (f) Deferred tax liability (Continued)

	Interest receivable \$'000	Fair value on available- for-sale instrument \$'000	Total \$'000
January 1, 2013	(5,740)	(616)	(6,356)
Credited to income for the year	1,648	-	1,648
Charged to contingency reserve	-	(76)	(76)
December 31, 2013	<u>(4,092)</u>	<u>(692)</u>	<u>(4,784)</u>

(g) Administrative expenses include management charges of \$25.73 million (2013: \$24.12 million) by The Jamaica Stock Exchange for administration of the Fund.

## (h) Income tax

This comprises:

	2014 \$'000	2013 \$'000
Income tax	6,891	8,717
Prior year under provision	749	-
Deferred tax	<u>(729)</u>	<u>(1,648)</u>
	<u>6,911</u>	<u>7,069</u>

The charge for the year reconciled to the net income as follows:

	2014 \$'000	2013 \$'000
Net profit before taxation	<u>34,724</u>	<u>50,548</u>
Tax at 33½%	11,575	16,850
Prior year under provision	749	-
Tax effect of items not chargeable in determining taxable profits	<u>(5,413)</u>	<u>(9,781)</u>
	<u>6,911</u>	<u>7,069</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014  
(Expressed in Jamaican Dollars)**

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**34. Compensation fund (Continued)**

(i) Government securities purchased under resale agreement

The Fund entered into reverse repurchase agreements collateralised by the Government of Jamaica securities. These agreements may result in credit exposure in the event that the counterparties of these transactions are unable to fulfill their contractual obligations. Included in this balance is foreign currency denominated amount of US\$1.01 million (2013: US\$0.69 million) and interest receivable of J\$0.46 million (2013: J\$0.34 million). The fair value of collateral held pursuant to reverse repurchase agreements \$122.40 million (2013: \$82.27 million).

**FINANCIAL & STATISTICAL HIGHLIGHTS**

	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenue (\$)	379,758,000.00	347,802,000.00	548,397,000.00	+309,628,000	232,537,000	263,387,000	561,297,000	240,797,000	294,515,000
Expenses(\$)	383,788,000.00	349,614,000.00	360,960,000.00	272,030,000	230,239,000	283,248,000	302,306,000	212,796,000	323,349,000
Income Before Taxes (\$)	4,030,000.00	1,812,000.00	187,437,000.00	37,598,000	2,298,000	-19,861,000	258,991,000	28,001,000	Ø-28,834,000
Net Income After Tax (\$)	3,128,000.00	5,674,000.00	129,903,000.00	50,310,000	37,402,000	43,018,000	207,703,000	44,116,000	8,213,000
Compensation Fund (\$)	676,522,000.00	647,928,000.00	604,296,000.00	578,617,000	564,125,000	544,281,000	510,134,000	463,759,000	434,686,000
Members' Equity (\$)	561,023,000	552,757,000	571,460,000	467,734,000	434,609,000	423,931,000	436,956,000	486,273,000	465,872,000
Reported Share Volume (Millions)* (Units)	2,713.38	2,311.20	3,151.11	2,125.52	3,617.26	1,764.89	2,953.01	2,433.48	5,639.39
Daily Average Share Volume (Millions)* (Units)	10.80	9.21	12.60	8.43	10.66	6.98	11.81	9.73	22.55
Reported Dollar Value (Millions)* (\$)	14,801.45	17,364.21	66,294.86	22,241.92	21,020.82	12,189.89	67,026.87	29,047.42	37,041
Daily Average Dollars Value (Millions)* (\$)	58.93	69.18	265.18	88.26	69.6	48.12	268.10	116.18	148.16
JSE Combined Index as at December 31	78,223.45	82,934.95	93,503.79	97,134.00					
JSE Market Index as at December 31	76,353.39	80,633.55	92,101.22	95,297.20	85,220.82	83,321.96	80,152.02	107,968.00	100,678
JSE Junior Market Index as at December 31	687.96	757.86	647.78	748.86	379.92	150.01			
Member Organizations	12	11	11	11	11	11	11	11	11
New Listed Companies/Securities*	6/8	8/14	4/05	5/7	8/10	1	9	1	3
Total Listed Companies/Securities*	60/73	67	61	52	51	44	45	44	44
Total Shares Listed (Billions) (Main and Jnr)	62.35	61.20	51.04	51.51	47.65	47.16	47.49	47.16	49.23
Market Capitalization as at December 31:(Billion) (\$) (Main and Jnr)	322.93	519.57	612.74	691.44	564.72	544.88	597.28	876.69	822.86
JSE USD Equities Market Index as at December 31	135.35	92.86	67.86	78.57					
Market Capitalization as at December 31:(Million) (\$) (USD Equities)	76.58	38.34	28.02	32.44					

\*Includes Junior Market

Δ Restated

Ø Loss due to Exceptional Item - Write off of Fixed Income Development (\$128.7M)

+ One off gain from disposal of property

## Products Offered by JSE

### Remote Observer

The Real Time Market Watch / Remote Observer is another exciting feature of the Jamaica Stock Exchange which allows investors to view real time trading activities at their convenience. This product has endless possibilities for those who take the stock market seriously, and abounds with the following features:

- It allows the client to be on the cutting edge of technology.
- Clients will be able to monitor daily activities of the market in real time, giving them a distinct competitive advantage.
- Clients will have ready access to market information and will therefore be able to make informed decisions.
- Clients watching the activities can negotiate sale and purchase fees of securities, thus lowering their transaction cost.
- Clients can know if their brokers are executing their requests.

This product is proven to provide significant benefits to the client and is a viable source of revenue for the Stock Exchange, especially when the market is bullish.

The Remote Observer is the only product on the market that offers real time information on trading on the Jamaican stock market and attracts customers both locally and internationally.

This product is designed to meet the needs of:

- i. Companies involved in pension funds management: (The contact will be established with Chief Executive Officers, Managing Directors and the Pension Funds Managers).
- ii. Companies that invest in securities.
- iii. Middle-to-upper income professionals who invest in the Stock Market as the means to create a solid retirement plan.
- iv. Chief Executive Officers, especially those of listed companies, who have an avid interest in the stock market.
- v. Chief Executive Officers of potential listed companies
- vi. Broker members.

### Banner Ad

The Jamaica Stock Exchange's website receives frequent from many local and international clients, on average over 1723 visits per day from many local and international visitors who use our site repeatedly to check the daily trade sheets, as well as other information. This product offers an excellent opportunity for companies and institutions to connect with their target market. It is a well-known fact that advertising works best when targeted to a specific audience. Hence the JSE's banner ad is that medium of choice which provides product exposure to existing and potential investors.

### Online Statements

In response to the demands of clients to supply more current and ready information on their accounts, the JCSD now offers clients the ability to access their statements on-line. Online statements are easy and convenient, however Clients can also make request for

What will the on-line statement show?

- Account holders who access this statement on-line will be able to see transactions conducted for the last six months.
- Clients will have access to all their active accounts in the JCSD.
- Whether or not clients choose to print their statement or view it on-line, the information will appear in the same format.

### Website Ticker

This ticker is appealing to companies, web administrators and media houses. It is the ideal product to attract both local and international investors to the client's site. Investors are always seeking information on the performance of the market and once they are aware of a particular site which supplies this information they will make frequent visits to that site. A "Website Ticker" site will also attract visits from new customers seeking market report information.

## Products Offered by JSE

### JSE's e-Learning Campus

JSE's e-Learning Campus is a web based e-learning system that will allow students to attend courses online. Lessons are interactive with video and audio clips of lecturers. Students are able to read content, view or print e-books, do tests and other exercises relating to a specific course. Additionally, students are able to bookmark position in each course and resume their course at anytime. The system tracks usage, scores from tests, issues certificates and allows students to interact with lecturers. Students will also get a chance to meet with lecturers and tutors face-to-face.

Our e-Campus offers the JSE's Post-Graduate Diploma in Financial Securities Management. This programme is a continuing professional education course for participants operating in the capital markets, dealing in investment products and for professionals in the financial services sector.

### Publications

#### PocketBook

This annual publication is a compendium of facts, figures, charts and other illustrations showing the performance of the Jamaican stock market for the previous year. It contains invaluable research material for potential investors locally and abroad as well as for financial planners and managers.

The Pocketbook is distributed to our subscribers, both locally and internationally and is posted on the JSE's website. This has opened for advertisers, a new window of opportunity to enter the overseas market and in particular to reach Jamaicans living abroad.

#### Stock Market Review

This magazine is the perfect advertising vehicle for reaching existing and potential clients who invest in the stock market. The publication is timely and contains indicators of market performance as well as pertinent news on market development.

The magazine is published quarterly and circulated free of cost to subscribers and other interested clients in Jamaica and abroad. It also appears on the Jamaica Stock Exchange's website which enjoys thousands of visitors daily.

#### Year Book

This annual publication is a sought after collection of information showing the performance of the Jamaican stock market for the previous year. The distinguishing features of the Year Book are:

- ✓ A snapshot of the financials of the Listed Companies
- ✓ Comparative figures on companies' financials
- ✓ Comparative figure for market statistics such as Market Capitalization, Volume, Top Ten Companies by Value and Volumes

This publication is invaluable research material for potential investors locally and abroad as well as for financial planners and managers.

The Year Book is distributed to our subscribers, both locally and internationally and is posted on the JSE's website.



**JSE Corporate Highlights**



**Thank you! - (l-r) Mr. Robin Levy, General Manager JCSD - Trustee Services and Deputy General Manager JSE and Mrs. Marlene Street Forrest, JSE's General Manager present Best Practices committee member Mr. Christopher Bovell with a token of appreciation for the hard work and effort done by the committee members. All members were recognized at the Awards Ceremony which was held on December 3, 2014.**



**The JSE introduces Public Stock Market Game:-Mr. Robin Levy, General Manager JCSD Trustee Services and Deputy General Manager JSE, speaks to participants of the JSE's Public Stock Market Game.**



**Congratulations! - Mr. Robin Levy, General Manager JCSD Trustee Services and Deputy General Manager JSE, gives a participant in the JSE's Stock Market Game his prize**



**Participant in the JSE's first Public Stock Market Game receives his gift from Mr. Robin Levy, General Manager JCSD, Trustee Services and Deputy General Manager JSE**

**Congratulations! - Mr. Robin Levy, General Manager JCSD Trustee Services and Deputy General Manager JSE, gives a participant in the JSE's Market Game his prize**



**JSE Corporate Highlights**



*Mr. Audrae Tulloch presents Mr. Oliver Townsend, Managing Director and Chairman of Knutsford Express Services Limited, with the Junior Market Rule book as part of the criteria for listing on the Stock Market.*



*Knutsford Express Services Limited became the twenty second company to list its shares on the Board of the Exchange, on Wednesday, January 15, 2014. Knutsford Express Services Ltd which is classified in the services industry will be the first transportation company to be listed on either the Main or Junior Markets*



*Winners of the Young Investors 2014 competition were presented with their prizes, L-R: Mr. Owen James All Media Services Ltd; Trevaune Baker (4th place), Damorine Ellis (2nd place); Jason Hylton (3rd place); Mrs. Marlene Street Forrest, General Manager JSE; Shemar Morrison (1st place)*

*Miss Shanequa Wynter (middle) winner of the Jamaica Stock Exchange Market Research competition 2014, is flanked by second runner up Sutanya Chedda's mother (1<sup>st</sup>) who collected her trophy on her behalf. (1<sup>st</sup> r) Shanequa's own grandmother was also there to support her win.*



*(Cont'd on next page)*

**JSE Corporate Highlights**



*His Excellency Robert Ready, Canadian High Commissioner to Jamaica, who was the guest speaker at the JSE's 10<sup>th</sup> Anniversary Best Practices Awards Ceremony on December 3, 2014 smiles for the cameras. He was being entertained by (R) Mr. Allan Lewis, Chairman of the Jamaica Stock Exchange, and the radiant Mrs. Marlene Street Forrest, General Manager of the Jamaica Stock Exchange and her husband Mr. Franklin Forrest.*

*L, Miss Tracey Wynter from the Jamaica Stock Exchange subsidiary JCSD speaks to a visitor at the JSE/JCSD booth. Mr. Michael Johnson, Senior Marketing Officer speaks with visitors to the JSE booth about the Stock Market, at the JMA Expo.*



*Ms. Suzette Pryce (r), JCSD, Depository Supervisor, listens attentively to the visitor for the Jamaica Stock Exchange at the the JMA Expo.*





**JSE Corporate Highlights**



*Bishop Herro Blair greets Mrs. Bernadette Oldfield- Brown, JCSD staff member. Seated from (3<sup>rd</sup> R) Mrs Marigold Harding, former Custos of St. Andrew, Mr. Robin Levy, General Manager JCSD, Trustee Services and Deputy General Manager JSE. They were attending the National Investors Education Week Thanksgiving Services that was held on October 5, 2014, at Faith Cathedral Deliverance Centre, Waltham Park. This was held to launch the week of events October 5 -9, 2014.*

*JSE and JCSD Staff members and family got into the spirit of worship while they were in attendance at the JSE's National Investor Week Thanksgiving Service which was held on October 5, 2014, at Faith Cathedral Deliverance Centre, Waltham Park. This was held to launch the week of events October 5 -9, 2014.*



*(1<sup>st</sup>, r) Mrs. Doreen Parson Smith, JSE's HR Manager, along with other JSE staff members and family, were all in a attendance at the JSE's National Investor Week Thanksgiving Service that was held on October 5, 2014, at Faith Cathedral Deliverance Centre, Waltham Park. This was held to launch the week of events October 5 -9, 2014.*

**JSE Corporate Highlights**



*Dr. Richard Curtin, head of the Survey Research Centre, University of Michigan, makes his presentation during the Jamaica Stock Exchange Regional Conference held in January 2014 at the Jamaica Pegasus Hotel.*



*Mr. Robin Levy, Genral M anger JCSD, & Trustee, Deputy General Manager JSE, speaks to Participants of the Venture Capital Competition that was held during the Jamaica Stock Regional Conference at the Jamaica Pegasus Hotel , January 2014.*

**JSE Corporate Highlights**



***FYAHSIDE - One of the participating small business owners at the Jamaica Stock Exchange Regional Conference that was held in January 2014 at the Jamaica Pegasus Hotel.***

***The LIME Booth says it all - Our cameras had to take a picture of the LIME Booth on display at the Jamaica Stock Exchange Regional Conference held in January 2014 at the Jamaica Pegasus Hotel.***



***Wealth Magazine interviews one of the participants at the Jamaica Stock Exchange Regional Conference held in January 2014 at the Jamaica Pegasus Hotel.***

**Jamaica Stock Exchange**
**Yearly Trading Summary Main Market (1978-2014)**

YEAR	YEAR-END MARKET CAPITAL JAS(000)	NO. OF LISTED COMPANIES	VOLUME TRADED (000)	VALUE TRADED JAS(000)	YEAR-END JSE INDEX	YEAR-END ALL JA COMPOSITE	YEAR-END JSE SELECT	YEAR-END CROSS LISTED	YEAR-END COMBINED INDEX	NO. OF TRANS.	NO. BROKERS	YEAR-END COMBINED MKT CAP JAS(000)
1978	93,494	40	13,818	10,093	49.28					583	6	
1979	109,600	39	4,833	2,217	59.28					420	5	
1980	124,149	41	7,390	5,101	69.83					502	5	
1981	225,761	33	4,198	3,332	152.23					799	5	
1982	315,964	32	5,542	10,156	211.16					1,375	5	
1983	359,199	32	5,185	9,820	240.38					1,566	5	
1984	697,729	32	9,744	26,017	461.10					2,117	5	
1985	1,456,590	33	37,640	117,146	941.50					3,049	6	
1986	3,085,766	36	59,252	374,617	1,499.87					6,691	8	
1987	3,468,661	41	71,877	399,971	1,515.09					11,187	8	
1988	4,290,291	44	43,522	136,739	1,439.22					6,446	8	
1989	6,228,384	44	95,202	516,456	2,075.85					13,892	8	
1990	7,321,285	44	57,960	230,782	2,539.36					8,691	9	
1991	22,214,715	44	144,258	1,156,609	7,681.50					24,072	9	
1992	76,974,281	48	395,606	4,687,337	25,745.88					49,791	9	
1993	41,879,310	48	567,454	8,346,770	13,099.68					55,519	9	
1994	58,018,064	50	741,754	5,155,463	16,676.74					43,144	10	
1995	50,755,753	51	3,565,607	11,560,485	14,266.99					42,600	10	
1996	66,116,257	50	560,528	4,629,395	16,615.99					23,189	8	
1997	79,619,594	49	905,387	4,594,108	19,846.66					18,623	8	
1998	79,038,726	47	604,545	2,064,243	20,593.33					13,748	8+	
1999	104,041,538	44	520,531	2,218,714	21,892.58					9,256	6	
2000	160,135,746	44	694,897	3,441,081	28,893.24	26,894.76	883.67			21,066	6	
2001	222,006,166	42	2,845,199	5,948,358	33,835.59	32,508.99	1,015.26			20,979	10	
2002	292,297,900	40	1,604,591	7,636,877	45,396.21	46,142.81	1,450.34			26,999	10	
2003	512,884,380	41	4,290,433	24,237,330	67,586.72	55,629.64	1,697.87			35,954	10	
2004	879,297,296	40	5,194,558	35,994,853	112,655.51	116,218.38	3,176.62					
2005	839,852,762	41	2,498,028	40,746,681	104,510.38	104,941.62	2,859.62					
2006	822,862,351	44	5,639,412	37,040,992	100,678.00	107,213.42	2,942.88			41,921	11	
2007	876,690,610	44	2,433,488	29,047,425	107,968.00	106,782.82	2,928.98			38,621	11	
2008	597,277,036	45	2,953,011	67,026,871	80,152.03	73,994.96	1,984.74			30,323	11	
2009	544,882,559	44	1,764,894	12,189,895	83,321.96	70,995.77	1,896.05	962.92		16,099	11	
2010	564,720,705	43	3,571,199	20,828,652	85,220.82	80,793.80	2,192.19	863.01		18,359	11	
2011	619,444,770	40	1,819,302	20,993,976	95,297.20	102,178.79	2,874.01	794.55	97,134.00	23,319	11	
2012	590,637,443	36	2,581,249	61,109,565	92,101.22	91,161.60	2,489.67	873.93	93,503.79	19,515	11	612,739,023
2013	492,179,964	36	1,833,463	15,978,243	80,633.55	81,850.04	2,176.17	740.28	82,934.95	18,284	11	519,571,097
2014	296,836,862	36	2,121,337	12,807,536	76,353.39	84,084.94	2,220.27	585.90	78,223.45	16,073	12	322,933,971

+ Six (6) active Brokers 3.64%19,838,146.00

\* The All Jamaican Composite started on the May 1, 2000 at 31,931.32 points

\* JSE Select started on the June 1, 2000 at 1,000 points

\* JSE Cross Listed Index started on March 2, 2009 at 1,000 points

\* JSE Combined Listed Index started on April 1, 2011 at 86,897.43 points

**Jamaica Stock Exchange**
**Yearly Trading Summary Junior Market(2009-2014)**

YEAR	YEAR-END MARKET CAPITAL JA\$(Million)	NO. OF LISTED COMPANIES	VOLUME TRADED	VALUE TRADED	NO. OF TRANS.	NO. BROKERS	YEAR-END JSE JR MARKET INDEX
2009	755.17	1	62,248	1,531,915	14	11	150.01
2010	8,466.81	8	50,331,871	206,559,980	1,192	11	379.92
2011	23,595.00	12	306,220,533	1,247,948,069	7,883	11	748.86
2012	22,101.58	16	569,866,235	5,185,299,007	5,047	11	647.78
2013	27,391.13	21	477,733,468	1,385,965,574	7,157	11	757.86
2014	26,097.11	26	592,044,500	2,002,910,571	4,374	12	687.96

**Jamaica Stock Exchange**
**Stock Market Data - Main Market**

YEAR	YEAR-END ISSUED SHARES (000)	TOTAL VOLUME TRADED (000)	ORDINARY VOLUME TRADED (000)	BLOCK VOLUME TRADED (000)	Average Daily Volume	Average Daily Value
1994	9,781,387	743,794	602,497	141,296		
1995	11,356,118	3,565,607	463,050	3,102,557		
1996	12,007,219	560,528	322,575	237,954		
1997	17,274,915	905,387	470,322	435,065		
1998	19,324,078	604,545	371,783	232,762		
1999	23,041,396	520,531	440,744	79,787	2,203,718	7,555,098
2000	28,501,260	694,897	599,834	95,063	3,014,241	16,296,328
2001	33,189,889	2,845,199	714,718	2,130,481	2,870,353	13,839,283
2002	35,769,494	1,604,591	1,434,820	169,771	5,716,412	27,466,744
2003	41,877,268	4,290,433	2,765,449	4,524,984	11,017,724	56,933,666
2004	42,280,569	5,194,557	3,240,964	1,953,593	12,759,705	114,056,429
2005	46,193,644	2,498,028	1,908,000	590,027	7,751,431	105,013,441
2006	49,234,751	5,639,412	2,917,899	2,721,512	11,671,598	78,135,584
2007	47,162,791	2,433,487	2,254,376	179,110	9,017,507	103,776,801
2008	47,491,439	2,953,011	2,295,768	657,243	9,183,074	97,517,814
2009	47,163,202	1,764,894	1,662,158	102,735	6,569,796	45,511,377
2010	47,647,441	3,571,199	2,641,538	929,661	10,482,293	68,838,178
2011	47,386,693	1,819,302	1,550,142	269,159	6,151,358	71,829,756
2012	46,038,017	2,581,249	1,431,282	1,149,967	5,725,128	73,180,378
2013	47,577,008	1,833,463	1,386,439	447,023	5,523,663	56,604,418
2014	45,828,363	2,121,337	2,117,762	3,575	8,437,299	50,984,279

## Corporate Information

<b>Registered Office:</b>	The Jamaica Stock Exchange, Jamaica Central Securities Depository & JCSD Trustee Services 40 Harbour Street P.O. Box 1084 Kingston. Telephone: (876) 967-3271 -2  Fax: (876) 967 -3277
<b>Bankers</b>	National Commercial Bank Cnr. Duke & Barry Streets Kingston.
<b>Attorneys-at -law</b>	Livingston, Alexander & Levy 72 Harbour Street, Kingston
<b>Auditors</b>	Ernst & Young 8 Olivier Road Kingston 8
<b>Website Address</b>	<a href="http://www.jamstockex.com">www.jamstockex.com</a>
<b>E-Mail Address</b>	<a href="mailto:communications@jamstockex.com">communications@jamstockex.com</a>

## Brokerages & Contact Information

**BARITA INVESTMENTS LTD.**

15 St. Lucia Way  
Kingston 5  
Phone: 926-2681/926-6673  
Fax: 929-8432  
email: barita@cwjamaica.com

**SCOTIA INVESTMENTS JAMAICA LTD.**

7 Holborn Road  
Kingston 10  
Phone: 960-6699/960-6700-2  
Fax: 960-6705/ 968-7607  
email: investmentinfo@scotiabank.com

**JMMB SECURITIES LTD.**

6 Houghton Terrace  
Kingston 5  
Phone: 920-5039/920-4720  
Fax: 960-8106  
email: info@jmmbscurities.com

**GK CAPITAL MANAGEMENT**

58 Hope Road  
Kingston  
Phone: 932-3290  
Fax: 927-9273  
E-mail: GKCapitalgkco.com  
Website: www.GK-Capital.com

**MAYBERRY INVESTMENTS LTD.**

1 ½ Oxford Road  
Kingston 5  
Phone: 929-1908  
Fax: 929-1501/ 920-2103  
email: sales@mayberry.com

**SAGICOR INVESTMENTS LTD.**

60 Knutsford Boulevard  
Kingston 5  
Phone: 929-5583-4  
Fax: 926-4385  
email: info@sagicor.com

**M / VL STOCKBROKERS LTD.**

2-6 Grenada Crescent  
Kingston 5  
Phone: 960-1570/926-4319  
Fax: 960-1571  
email: info@mvl.com.jm

**NCB CAPITAL MARKETS LTD.**

32 Trafalgar Road, 3<sup>rd</sup> floor,  
Kingston 10  
Phone: 960-7108  
Fax: 960-7649/ 920-4313  
Toll Free: 1-88-4-WEALTH  
email: info@ncbcapitalmarkets.com

**STOCKS AND SECURITIES LTD.**

33 ½ Hope Road  
Kingston 10  
Phone: 929-3400  
Fax: 929-4825  
email: info@sslinvest.com

**VICTORIA MUTUAL WEALTH  
MANAGEMENT LTD.**

53 Knutsford Boulevard  
Kingston 5  
Phone: 960-5000-3  
Fax: 960-4972  
email: spalmer@vmbs.com

**PROVEN WEALTH LTD.**

26 Belmont Road  
Kingston 5  
Phone: 908-3800  
Fax: 754-3802  
email: info@weareproven.com

**BCW CAPITAL**

82 Knutsford Boulevard  
Kingston 5  
Phone: 754-BCW1 (2291)  
Fax: 906-3545  
email: info@bcwcapital.com

## NOTES



## **PROXY FORM**

Please affix  
\$100 postage  
stamp in this  
box

I/We .....

of.....

being a Member of the Jamaica Stock Exchange, hereby appoint

.....

of.....

or failing him/her .....

of.....

as my/our proxy, to vote for me/us on my/our behalf at the Annual General Meeting of the said company to be held on the 25<sup>th</sup> day of June, 2015 and any adjournment thereof.

Signed this.....day of.....2015

.....

Signature

**NOTES:**

- 1. This Form of Proxy must be received by the Secretary of the Company not less than 48 hours before the time appointed for the Meeting.**
- 2. If the appointer is a Corporation, this Form of Proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorized in writing.**
- 3. The proxy form will attract stamp duty of J\$100 which may be paid by affixing stamps or stamp duty impressed by the Stamp Office.**

