

## STOCK MARKET REPORT 2010

### Overview

The year 2010 was one of those inimitable years that the Exchange had envisaged for quite sometime. On 1<sup>st</sup> July 2010, the Exchange bid farewell to its antique open out-cry system of call market and together with NSX and NASDAQ OMX it announced the successful launch of the Electronic Trading Platform (ETP).

In-terms of the trading patterns, the Exchange experienced an improvement in the overall trading for the year 2010 compared to the previous year once the special crossing transactions of the year 2009 are excluded. Special Crossing transactions are bilateral deals on the sale and purchase of larger quantities of shares in a security which are one-off transactions hence it is fair to exclude these atypical trades in effecting comparisons from prior periods.

In aggregate, the SPSE trading platform facilitated trades of a total volume of 2.27 million shares in 711 transactions garnering an aggregate consideration of \$2.66 million. In 2009 the total volume of shares traded was 1.61 million accumulating \$2.25 million in consideration in 777 transactions. The volume and value of all the 12 special crossings executed in 2009 stood at 4.48 million shares and \$41.29 million respectively which burgeoned the total value for the year to \$43.54 million.

Overall market capitalisation fell 13.68% over the 12 months reflecting drop in prices of 11 out of 17 securities listed. Buy to sell ratio was around 1:16 on average during 2010 signifying a bear market with a huge dominance of sellers applying a downward pressure on prices. We saw a year of mixed investor sentiments where some investors disposed their shares to fund their cash needs and the others concentrated on the fundamentals of listed companies and continued to hold. Existing listed companies continued to be tightly held which also dampened the level of trading. There were no trades executed in BCN, the only hybrid security to be listed on the SPSE. The reason for no trades could relay to the fact that the notes are fixed income securities for the first three years offering noteholders a fixed return of 7% per annum before they mandatorily convert into Fiji Class Shares in BCN.

**Table 1**

Summary of Share Trading	2010	2009	% Change
Market Capitalisation (\$)	778,237,533	901,548,607	-13.68
Number of Trades	711	777	-8.49
Volume of Shares Traded	2,269,743	1,606,898	+41.25
Value Traded (\$)	2,663,472	2,248,285	+18.47

*N.B -Please note that 2009 figures does not include special crossing values*

Summary of Share Trading	2010	2009	% Change
Market Capitalisation (\$)	778,237,533	901,548,607	-13.68
Number of Trades	711	789	-9.89
Volume of Shares Traded	2,269,743	6,088,441	-62.72
Value Traded (\$)	2,663,472	43,541,854	-93.88

*N.B -Please note that 2009 figures includes special crossing values*

## Trading Report

**Table 2**

Security	PRICES			TRADE ANALYSIS		
	Last Sale Price as at 31/12/09 (F\$)	Last Sale Price as at 31/12/10 (F\$)	% Change in Last Sale Prices	Number of Trades	Volume Traded	Market Turnover (F\$)
APP	0.88	0.77	-12.50	3	4,200	2,964
ATH	1.07	0.91	-14.95	100	298,696	290,985
CFM	1.71	1.75	2.34	18	111,300	193,523
FGP	12.40	10.75	-13.31	12	4,288	49,608
FIL	0.67	0.65	-2.99	3	1,948	1,221
FMF	0.69	0.40	-42.03	10	393,450	186,380
FSC *	0.25	0.25	0.00	3	4,840	1,236
FTV	3.25	3.00	-7.69	10	11,446	35,547
KGF	0.50	0.45	-10.00	6	217,000	103,830
PBP	0.91	0.95	4.40	21	22,700	20,712
PGI	2.10	0.92	-56.19	1	803,830	739,524
RBG	1.82	1.81	-0.55	44	126,729	226,650
RCF	2.45	2.35	-4.08	2	600	1,445
TTS	1.97	1.90	-3.55	4	7,258	13,933
VBH	2.98	2.99	0.34	8	58,420	174,686
FHL	2.90	3.14	8.28	466	203,038	621,229
BCN **	n/a	5.25	n/a	No Trades		
<b>Total</b>				<b>711</b>	<b>2,269,743</b>	<b>2,663,472</b>

\* FSC is suspended from trading on SPSE until further notice as of 5th October 2010.

\*\* BCN was listed on the Interest Rate Securities Board on 11th May 2010

Amongst the actively traded stocks for the year Pacific Green Industries (Fiji) Limited (PGI) had the highest consideration of \$739,524. Fijian Holdings Limited (FHL), Amalgamated Telecom Holdings Limited (ATH) and RB Patel Group Limited (RBG) then queued with their market turnover values respectively.

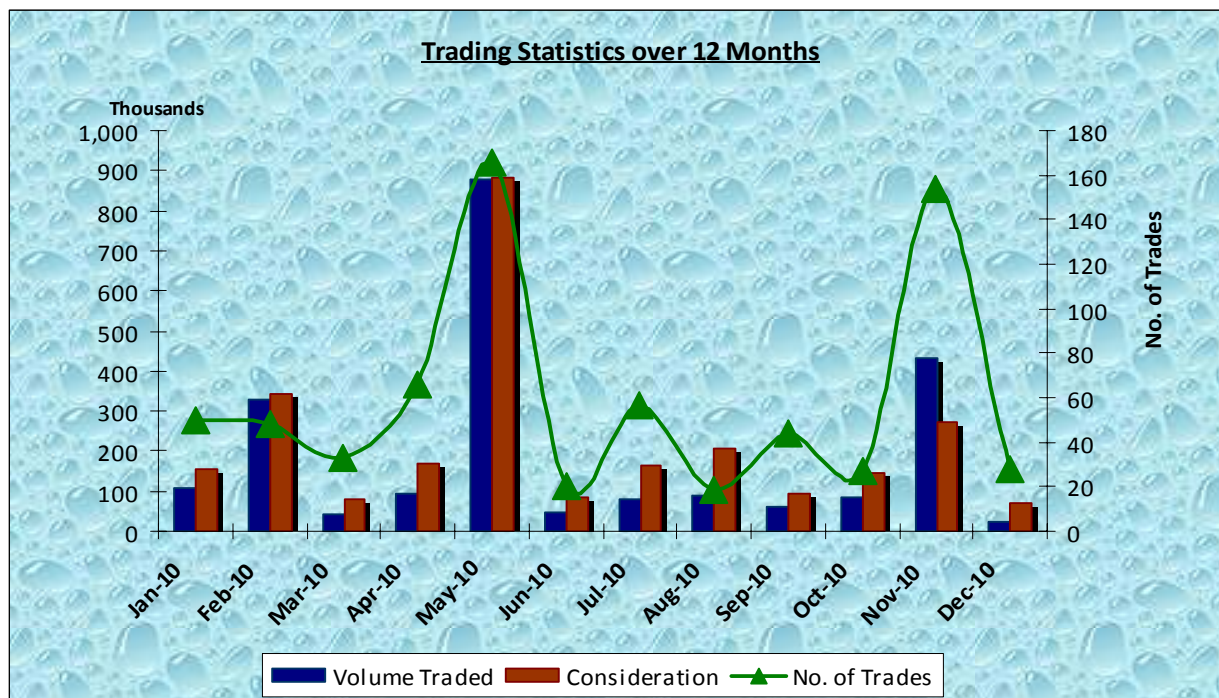
Trades in these four companies accounted for 70.52% of the total value traded during the year. BSP Convertible Notes Limited (BCN) was the most inactive stock in 2010 with no trades recorded during the year under review. Although, PGI was the most active in-terms of garnering the highest consideration amount, the security just witnessed a single trade in 2010. The security traded after a lapse of more than two years.

Therefore looking at the most active stock in terms of transactions, FHL registered the highest number of trades recording 466 trades during the period under review. This soaring number of trades could relay to the fact that FHL is the only security that executes its dividend re-investment on the trading platform. ATH and RBG assembled right behind FHL with 100 and 44 trades respectively during the year.

### Trading Statistics over 12 months

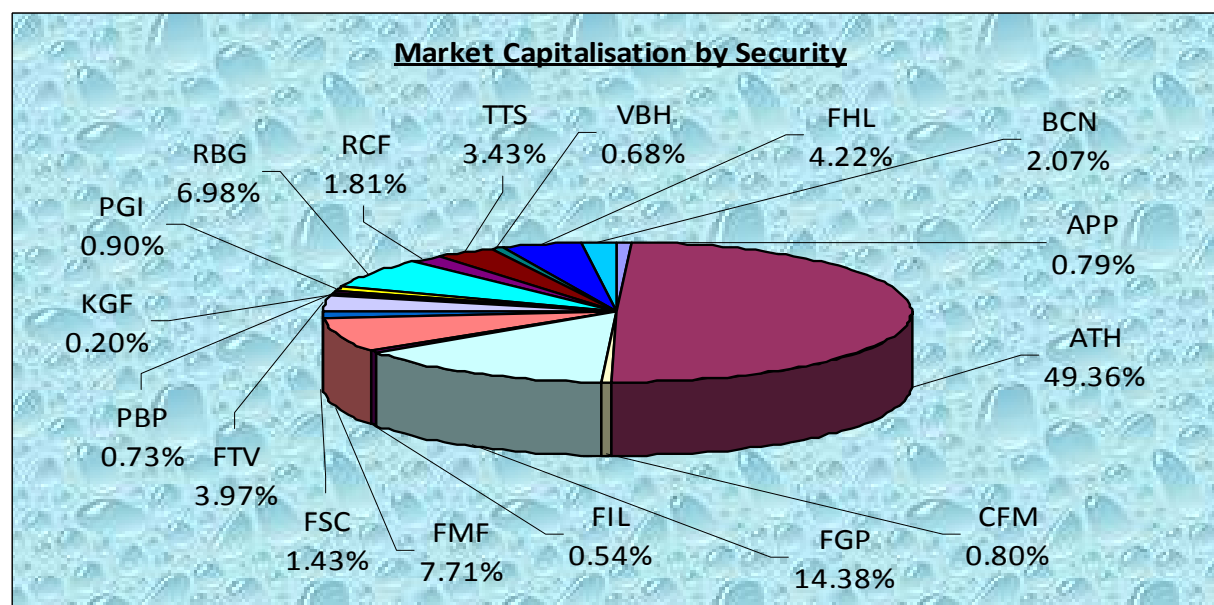
The year 2010 started on a high note with a consideration amount of \$155,569 accumulating in January. The pattern of trading improved further in the month of February but slowed down in March picking up a little in April. The month of May was the highest turnover month in terms of both value and volume of shares traded. There were two elements that escalated the statistics for May. Initially, there was an amount of 803,830 shares exchanging hands in PGI garnering \$739,524 in consideration. This transaction also resulted in a 10.55% change in shareholding for the company. FHL also had its first bi-annual dividend re-investment for the year 2010 in May. Trading slowed down after the mid-year with sellers slowly piling up. This had negative impacts on the share prices, indices and the market capitalization. The bid-offer ratio also grew. In November, the

second bi-annual dividend re-investment for FHL was executed which was the first to be executed on the Electronic Trading Platform. The month of December saw another month of slow trading pattern as the festive season set in.



### Market Capitalization

In terms of market capitalisation, ATH still remains the market heavyweight contributing 49.36% followed by FGP and FMF also adding 14.38% and 7.71% respectively to the overall market capitalisation. The five largest companies made up 82.64% of total market capitalisation as at end of 2010.



## Price Gainers/Losers

In terms of price gainers, only four out of the 17 listed companies experienced positive growth yielding a capital gain for the investors. The largest price gainer was Fijian Holdings Limited which took an upswing of 8.28% from \$2.90 to close the year at \$3.14. The radio conglomerate, Communications Fiji Limited (CFM), the water bottling and packaging company, Pleass Beverage & Packaging Company Limited (PBP) and VB Holdings Limited (VBH) are the other three securities to have witnessed positive price returns during the period under review. In-terms of securities witnessing negative price returns, the major price fall was experienced by PGI with the share price dipping 56.19% to close the year at \$0.92. The other major price fall was experienced by Flour Mills of Fiji Limited (FMF) dipping 42.03% over this period.

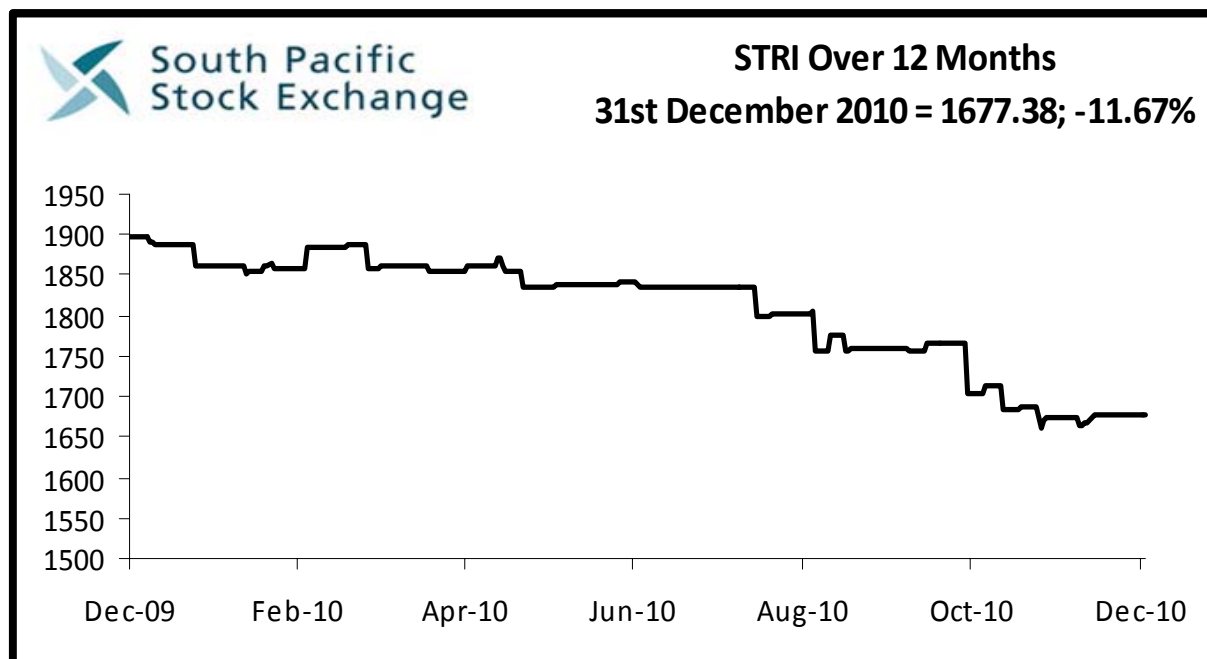
Fiji Sugar Corporation Limited (FSC) was one of the two securities whose price remained invariable during the year. FSC is also suspended from 5<sup>th</sup> October 2010 until further notice as it failed to meet its working capital requirements. BCN got listed on the Interest Rate Securities Board of the Exchange on 11<sup>th</sup> May 2010 at a subscription price of \$5.25. There were no trades witnessed in this hybrid security in 2010 therefore its price remained unchanged as well.

## SPSE Total Return Index (STRI)

STRI is an aggregate market capitalization index which reflects the aggregate market value of all its components relative to their aggregate value on the base day. The index is constructed on a base of 1000 set at 4<sup>th</sup> January 2000. Components of this index include shares of all SPSE listed companies. STRI is an accumulation index which reflects the total return from the stock market including the price and dividend returns.

The SPSE benchmark stood at 1677.38 as at 31<sup>st</sup> December 2010, 11.67% fall compared to the STRI value of 1899.00 the same period last year. The reason for the falling index is due to the negative price returns generated by majority of the listed companies as the average capital growth for 2010 stood at -9.53%. However, the average dividend yield for 2010 showed a slight improvement standing at 3.93% as compared to an average dividend yield of 3.42% in 2009. In aggregate, the total average market return for 2010 stood at -5.04% while this figure was at -3.04% the prior period.

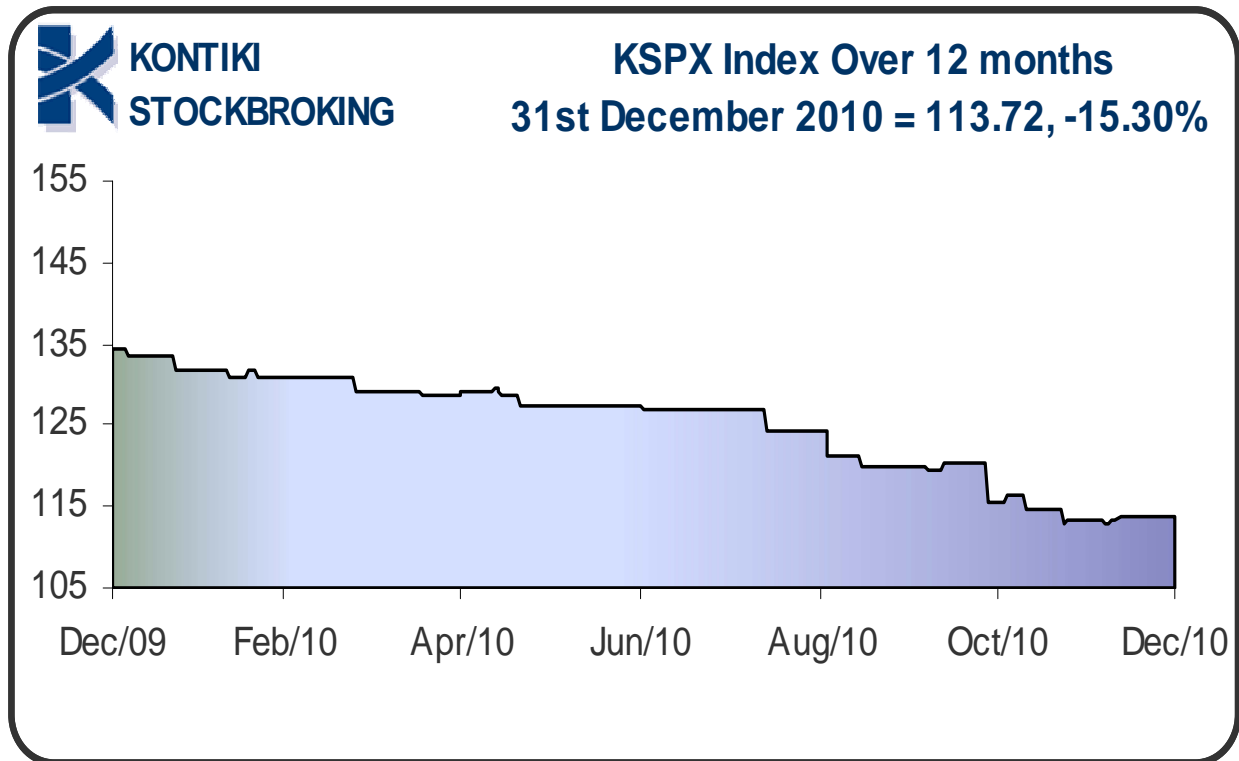
## STRI Graph



## Kontiki South Pacific Stock Exchange Index (KSPX)

The KSPX Index is a share price index composed of the market-weighted average of the 17 companies listed on the SPSE official list. This share price index is prepared by Kontiki Stockbroking Limited.

### KSPX Graph



Source: Kontiki Stockbroking Limited

The KSPX index as at 31<sup>st</sup> December 2010 was at 113.72, down 15.30% compared to 134.26 as at 31<sup>st</sup> December 2009. The decrease in the index over 12 months can be attributed to the downward movement in the share prices for majority of the listed companies during the period under review.

### Capital Growth and Total Market Return

The overall capital growth of the market averaged at around -9.53% as depicted in the table below with Fijian Holdings Limited recording the highest capital growth of 8.28% summing a total market return of 14.65% while PGI registered the highest negative capital growth and a negative market return of -48.58%.

Out of the 17 companies, four had positive capital growth while 11 of the securities had negative capital growth. FSC was the only security yielding no dividend or capital gain or loss. The total market return from the listed security encompasses the dividend yield and capital growth of that respective security. During 2010, the average total return from the stock market stood at -5.04% with an average dividend yield of 3.93%.

Security	DVD Yield	Capital Growth	Market Return
APP	4.55%	-12.50%	-7.95%
ATH	5.49%	-14.95%	-9.46%
CFM	4.57%	2.34%	6.91%
FGP	2.79%	-13.31%	-10.52%
FIL	0.00%	-2.99%	-2.99%
FMF	1.00%	-42.03%	-41.03%
FSC	0.00%	0.00%	0.00%
FTV	4.00%	-7.69%	-3.69%
KGF	0.00%	-10.00%	-10.00%
PBP	4.21%	4.40%	8.61%
PGI	7.61%	-56.19%	-48.58%
RBG	7.73%	-0.55%	7.19%
RCF	3.19%	-4.08%	-0.89%
TTS	4.21%	-3.55%	0.66%
VBH	4.01%	0.34%	4.35%
FHL	6.37%	8.28%	14.65%
BCN	7.00%	N/A	7.00%
<b>Average :</b>	<b>3.93%</b>	<b>-9.53%</b>	<b>-5.04%</b>

Security	FY09	FY10	% Changes
APP	560,956	992,444	77%
ATH	33,144,000	15,382,000	-54%
CFM*	342,457	312,861	-9%
FGP	10,389,037	5,286,367	-49%
FIL*	-301,000	-136,000	-55%
FMF	-7,155,432	11,086,595	n/a
FSC	-36,751,000	-175,065,000	376%
FTV	668,128	3,216,125	381%
KGF*	-98,181	-44,207	-55%
PBP*	139,345	178,934	28%
PGI*	-76,318	2,719,305	n/a
RBG	5,687,854	4,982,570	-12%
RCF	-113,182	469,631	n/a
TTS	1,399,000	1,730,000	24%
VBH*	6,604	233,154	3430%
FHL	39,502,000	5,976,000	-85%
BCN		-968,623	n/a

\* These companies financial year ends in December hence the half year results as at June 2010 have been used for comparisons with June 2009 results.

Despite a negative average return for the year, there were mixed results delivered by listed companies as shown in the table above. Majority companies showed improvements in their year-end or mid-year results.

APP recorded a 77% rise in its profit after tax for the year 2010. FMF bounced back after recording a loss of \$7.16 million in 2009 delivering a record profit of \$11.09 million in 2010. FTV also recorded a profit of \$3.22 million in 2010. Rice Company of Fiji Ltd recorded a significant improvement from a loss of \$113,182 in 2009 to a profit of \$469,631 in 2010. PGI recoiled in 2010 after resolving its six year battle for the compensation for the fire that destroyed its factory. The company managed to pay a total dividend per share of \$0.07 after a \$4.8 million settlement was agreed upon. PBP delivered improved mid-year results in 2010 compared to that

of year 2009. VB Holdings Ltd in announcing its first half year results also showed positive results in its core business of fleet and property management.

The low level of trading may have been a major factor in the failure of security prices reflecting some of these improved financial performances and other expansion plans announced by listed companies during 2010 and hopefully they will be reflected in price movements this year.

### **Outlook for 2011**

The year 2011 looks quite promising in terms of the number of potential companies joining the SPSE official list. The recent budget announced by the Government states the retention of the reduced corporate tax rate of 20% for listed companies that have more than 40% local equity shareholding. This undoubtedly has generated significant interest amongst more local private companies to consider joining the official list of the Exchange and should result in an increase in the number of listings over time. Whilst companies have to meet certain compliance requirements in order to become a publicly listed company, this tax incentive is more than a compensation for the cost of listing and ongoing compliance. The SPSE will facilitate such listings as it will benefit the entire economy by not only sharing wealth with a wider base of individuals as shareholders but also through greater transparency and accountability by companies.

On the other note, the Exchange will continue on its attempt to boost investor confidence and increase the level of trading activity in 2011. SPSE is a strong supporter of the drive for bringing the stock market within the reach and understanding of the public domain and has a vision to develop an investment culture in Fiji. Moreover, the exemption of Capital Gains Tax for gains made from trading in listed securities should see an increase in trading as many individual and institutional investors were uncertain of the actual tax implications of trading listed securities in the past but this has now been clarified in the 2011 budget announcement. The Exchange has already taken a bold step to entice retail investor participation by issuing \$50 transaction vouchers to the participants in its eminent Lunch Hour Seminars and will continue to employ such tactics in due course to create a vibrant capital markets in Fiji.

Jinita Prasad  
**Chief Executive**  
07/01/2011