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# BOARD OF DIRECTORS

## Mr Neale Wright (Chairman)

Mr Wright is the Chief Investment Officer of the Fiji National Provident Fund (FNPF). He also serves as a director on various other boards.

## Mr Nalin Patel (Director)

Mr Patel is a partner at Deloitte Touche Tohmatsu. He has a wide range of commercial and business experience which includes valuation of business, raising of capital from public, initial public offerings and group restructuring. He also sits as a director on various other Boards.

## Mr David Oliver (Director)

Mr Oliver is the Managing Director of Kontiki Stockbroking Limited. He has wide experience in the Capital Market. He also holds directorship in other Boards.

## Mr Sakimi Samuels (Director)

Mr Samuels is the Legal Counsel and Head of Legal Services at Westpac Banking Corporation.

## Ms Laisa Saumaki (Director)

Ms Saumaki is the Manager of the FNPF Nominees Limited and Secretary to the FNPF Nominees Board. She has good knowledge of the financial markets.

## Mr Isirome Bayameyame (Director)

Mr Bayameyame is the Assistant General Manager Investments for Colonial First State Investments (Fiji) Limited. He is a Licensed Broker and a Unit Trust Representative. He has extensive experience in the financial markets.

## Mr Esekaia Kamunaga (Director)

Mr Kamunaga is the General Manager Financial Operations at the Fiji Development Bank. He has extensive experience in the field of finance.

## Mr Semi Leiwere (Director)

Mr Leiwere is the Managing Director of FijiStock Brokers Limited. He has vast experience in both Government and Private Sector. He holds directorship on other Business Ventures.

## Ms Finau Soqo (Director)

Ms Soqo is the Manager Properties of Fijian Holdings Limited. She has extensive experience in the financial market. She is also a Licensed Broker.

**Table 1 shows the attendance of the Directors or their Alternates to the Board Meetings during the Financial Year 2005**

**Table 1**

Shareholder	Board Meeting attended by the Director	Board Meeting attended by an Alternate	Total Attendance	Total Percentage (%)
Colonial Life (Fiji) Limited	4/6	N/A	4/6	67.0
*Fiji Development Bank	1/6	N/A	1/6	17.0
NMBf Finance Limited	N/A	N/A	N/A	N/A
Fiji National Provident Fund	5/6	N/A	5/6	83.0
Credit Corporation (Fiji) Limited	N/A	N/A	N/A	N/A
FHL Securities Limited	3/6	N/A	3/6	50.0
Kontiki Stockbroking Limited	0/6	5/6	5/6	83.0
FijiStock Brokers Limited	0/6	1/6	1/6	17.0
Listed Companies Representative (Independent)	4/6	N/A	4/6	67.0
Investors Representative (Independent)	3/6	N/A	3/6	50.0

\*Fiji Development Bank Nominee was appointed to the Board in May 2005.

# HIGHLIGHTS OF THE YEAR

## ❖ New Listing

- Kontiki Growth Fund Limited listed on the Main Board of the SPSE on 16th December 2004.
- Yagara Group Limited listed on the Main Board of the SPSE on 30th March 2005.
- A total number of 16 companies are now listed on the SPSE as at 30th June 2005.

## ❖ Merger & Name Change

- First Merger of two listed companies on the SPSE - Carlton Brewery (Fiji) Limited merged with South Pacific Distilleries Limited on 25th May 2005.
- Subsequently, Carlton Brewery (Fiji) Limited changed its name to Foster's Group Pacific Limited on 14th June 2005 and re-commenced trading on the same date.

## ❖ De-Listing

- The South Pacific Distilleries Limited de-listed from the Main Board of the SPSE on 24th June 2005.

## ❖ Additional Quotation of Securities on the SPSE

- VB Holdings Limited quoted additional 20,000 shares on 17th November 2004.
- FijiCare Insurance Limited quoted a total of 326,621 additional shares (226,621 on 13th October 2004 and 100,000 on 16th February 2005).
- Communications (Fiji) Limited quoted additional 307,500 shares on 23rd February 2005.
- Foster's Group Pacific Limited quoted additional 408,125 shares on 14th June 2005.
- Yagara Group Limited quoted additional 15,765 shares on 30th June 2005.

## ❖ Dividend Distributions

- A total of F\$42.5 million were distributed by the listed companies to the shareholders as dividends during the year under review.

## ❖ Trading Report

- A total of 2.3 million shares were traded in 960 transactions with a total consideration of F\$4.9 million.
- The market capitalisation rose to F\$883.6 million during the year.

## ❖ SPSE Central ShareRegistry Limited

- Two new companies joined the SPSE Central ShareRegistry during the year.

# CHAIRMAN'S REPORT



## Business Overview

On behalf of the Board of Directors of the South Pacific Stock Exchange Limited (SPSE), I am pleased to present the 25th Annual Report of the South Pacific Stock Exchange (the Company). The financial year that ended on 30th June 2005 was a very challenging and exciting period for the SPSE.

The volume of trades significantly dropped to 2,275,136 for the year 2005 compared to 7,212,973 in 2004 (a decrease of 68%). It was mainly due to small volumes of trade that took place in the market. The institutional players were also very quiet during the year.

The Board and the Management of the SPSE continued to implement tight cost control measures and process improvements lifting revenue not directly related to the consideration. During the year, two new companies listed on the SPSE, namely Kontiki Growth Fund Limited and Yaqara Group Limited. Subsequent quotations of 1,078,011 additional shares were done by FijiCare Insurance Limited, Yaqara Group Limited, VB Holdings Limited, Foster's Group Pacific Limited and Communications (Fiji) Limited. This was mainly through the exercise of options, dividend re-investment scheme and issuance of new Foster's Group Pacific Limited shares to the South Pacific Distilleries Limited shareholders.

The consolidated group profit for the year was F\$74,507 compared to F\$24,334 last year. The group profit increased by 206%, a significant improvement in the financial performance of the SPSE. The company recorded a profit after tax of F\$65,699 for the financial year 2005 compared to F\$48,894 last year (an increase of 34%). This was achieved despite the reduction in the trading volumes. The main contributors towards these improved results were increase in revenue from listing fees (40%), increase in the number of new companies using SPSE Central ShareRegistry Services (67%) and increase in the Government Grants (134%). Tight cost control measures were also put in place to minimise expenditure which has enormously contributed towards this improved performance of the SPSE.

## Other Developments

The Board revised the corporate plan for a period of three years from 2004 to 2006. The main focus during the year was to increase the number of listings on the SPSE and to increase the profit of the SPSE. During the year, the SPSE amended and enforced new Business and Listing Rules to apply them more effectively in the market. Market announcements are now received and disseminated in an electronic format. The SPSE is trying to make the maximum use of the technology within the given framework of limited resources to enhance its activities particularly in promoting efficient market in the Region.

Aggressive promotion to list more companies on the SPSE has been a high priority for the SPSE. In addition to new

listings, two listed companies, Carlton Brewery (Fiji) Limited and South Pacific Distilleries Limited merged and are now trading as Foster's Group Pacific Limited. Such a merger has taken place for the first time in Fiji and was an exciting and challenging experience for the SPSE and the Industry. Foster's Group Pacific Limited also split its shares in the ratio of 1:5 during the merger process. As a result, a total number of 16 companies are now listed on the SPSE.

The total market capitalisation as at 30th June 2005 was F\$883,621,840 compared to F\$794,428,760 for the same period last year. It has increased by F\$89,193,080 (11%) mainly due to the strong demand and lack of supply of shares in the market. This led to most share prices moving up during the period under review.

## SPSE's Relation with the Government and Other Stock Exchanges

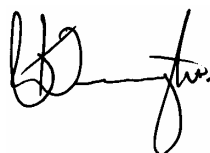
The SPSE acknowledges the Government's ongoing financial support in the form of annual grants and incentives to promote listing. The Government has kindly increased the SPSE grant to F\$117,000 from F\$50,000 (an increase of 134%) in the previous years. The SPSE would not have been in a profitable position without this assistance. A submission has been made to the Government through the Ministry of Finance and National Planning to further increase its level of support to help promote the stock market activities in the Fiji Islands. The SPSE also asked the Government to provide other incentives based on the models of other jurisdictions faced with the similar constraints to develop the capital market.

We have continued to maintain and strengthen support and assistance from other more developed stock exchanges such as Australian Stock Exchange (ASX), New Zealand Stock Exchange (NZX), Bombay Stock Exchange (BSE) and the National Stock Exchange of India (NSE).

## Conclusion

In conclusion, I wish to acknowledge the work of the former Acting Chairman Mr Kee Fong and fellow Directors who have enormously contributed towards the development of the Stock Market. During the year, Mr Kee Fong resigned from the Board and was replaced by Mr Esekia Kamunaga who was nominated by the Fiji Development Bank to represent the interest of the general public. Ms Laisa Saumaki was nominated by FNP Nominees Limited to represent investors' interest on the Board.

Finally, I wish to thank all the Directors for their invaluable guidance and support during the year. The perseverance and contribution of the Management and Staff of the SPSE and the Registry is also acknowledged. Thank you for another year of great results and dedication for improving the services to all our stakeholders.



Neale Wright  
Chairman

# CHIEF EXECUTIVE'S REPORT



On behalf of the Staff and the Management of the South Pacific Stock Exchange (SPSE), I am pleased to report all major activities and developments that took place during the period under review.

Being in the centre of development of

the Capital Markets, the SPSE plays a very crucial role to enhance and sustain the development of the Stock Market in the South Pacific Region. We provide a mechanism for a fair price discovery process of the listed securities. We also provide a well-organized facility to trade all listed securities in a fair, transparent and efficient manner. We have sixteen listed companies as at 30th June 2005. All Government Bonds, Semi-Government Bonds, Statutory Bonds, Promissory Notes and Tradeable Term Deposits are deemed to be listed on the SPSE.

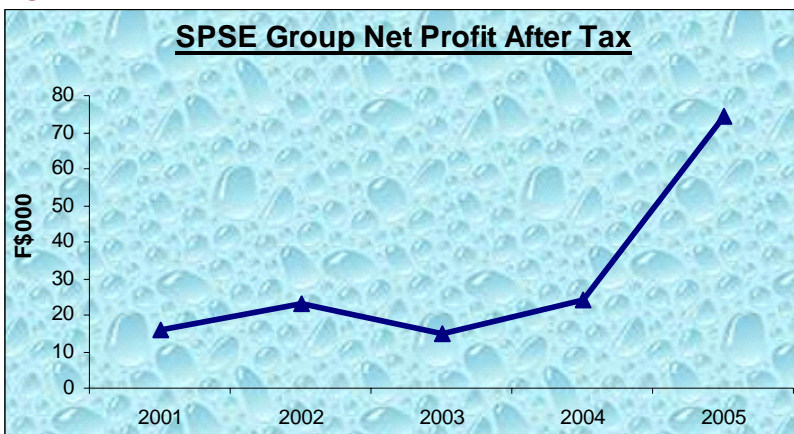
We also act as a regulator for both, the Listed Securities and the Members of the South Pacific Stock Exchange, protecting the market integrity and promoting investor confidence. As a regulator, the SPSE has the responsibility to oversee that the interests of the investors are well protected and all market participants are treated equally and fairly.

The development of an efficient and vibrant stock market is a pre-requisite to create a favourable investment environment to enhance and sustain economic growth for a developing nation like the Fiji Islands.

## Financial Report

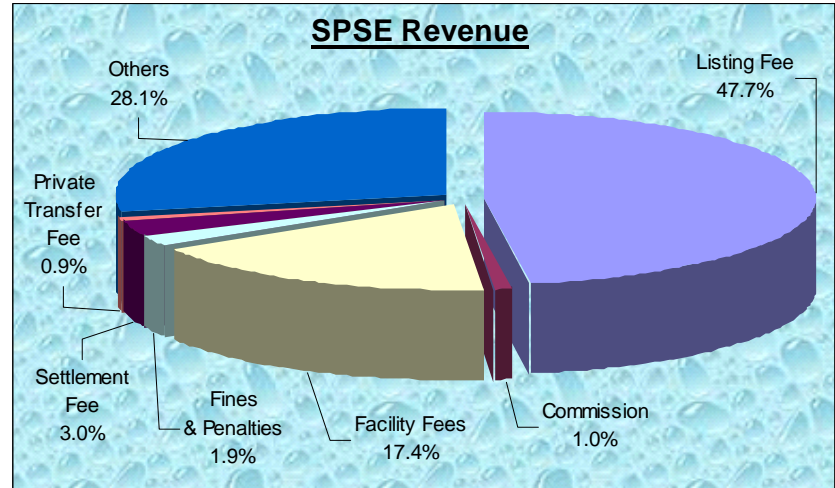
The SPSE (the Company) made an operating profit of F\$65,699 for the financial year 2005. This connotes an increase of 34% against the profit of F\$48,894 for the previous year.

**Figure 1**



The revenue improved by 12% to F\$320,739, while the expenditure increased by 7% to F\$255,040. The SPSE recorded a historic consolidated net operating profit after tax of F\$74,507 (refer to Figure 1) for the financial year 2005, an increase of 206% when compared to the consolidated profit of F\$24,334 for the same period last year.

**Figure 2**



The consolidated group revenue was F\$350,339 while the expenditures totalled to F\$275,832. The revenue increased by 21% while the expenditure increased by only 4% when compared to the same period last year. This upward trend in the performance of the Company was mainly due to the increase in revenue from listing fees (an increase of 40%), number of new companies using SPSE Central ShareRegistry Services (an increase of 67%) and an increase in the Government Grants (an increase of 134%). Stringent cost control measures were also put in place to minimise the expenditure that has contributed towards this result. The overall performance of the SPSE has improved significantly over the past five years from an operating loss position to a current sound financial position.

## Market Report

The liquidity of an exchange is an important factor for growth and development of the market. A liquid stock market ensures quick entry and exit with minimal costs and risks to the investors.

Two new companies, Kontiki Growth Fund Limited and Yaqara Group Limited listed on the Main Board during the year. The SPSE for the first time experienced a merger between two listed companies. Carlton Brewery (Fiji) Limited and South Pacific Distilleries Limited merged to form Foster's Group Pacific Limited. The total number of companies listed on the SPSE increased to sixteen. Table 2 provides statistical data of the Listed Companies as at 30th June 2005.

# CHIEF EXECUTIVE'S REPORT

**Table 2**

Listed Security	Security Code	Registered Office	Date Listed	Par Value <sup>1</sup> (F\$)	Authorized Capital (F\$)	Issued & Paid up Capital (F\$)	Market Capitalization (F\$)
Atlantic & Pacific Packaging Company Limited	APP	Lot 2, Leonidas Street, Walu Bay, Suva	17th August 1998	0.50	10,000,000	4,000,000	8,800,000
Amalgamated Telecom Holdings Limited	ATH	Level 4, Plaza 2, Provident Plaza, 33 Ellery Street, Suva	18th April 2002	0.25	40,000,000,000	105,526,217	400,999,625
Communications (Fiji) Limited	CFM	231 Waimanu, Suva	20th December 2001	1.00	5,000,000	3,558,000	5,728,380
<sup>2</sup> Foster's Group Pacific Limited	FGP	122-164 Foster Road, Walu Bay, Suva	11th February 1997	0.20	4,000,000	2,081,625	137,907,656
FijiCare Insurance Limited	FIL	Level 9, FNPF Place, Victoria Parade, Suva	7th December 2000	0.50	10,000,000	2,855,350	4,796,987
Flour Mills of Fiji Limited	FMF	Lot 2, Leonidas Street, Walu Bay, Suva	25th July 1979	0.20	50,000,000	6,000,000	106,500,000
Fiji Sugar Corporation Limited	FSC	3rd Floor, Western House, Lautoka	7th June 1979	0.50	160,000,000	22,199,999	15,983,999
Fiji Television Limited	FTV	20 Gorrie Street, Suva	24th April 1997	1.00	15,000,000	10,300,000	42,333,000
Kontiki Growth Fund Limited	KGF	Level 4, Plaza 1, Provident Plaza, 33 Ellery Street, Suva	16th December 2004	1.00	100,000,000	3,500,000	3,640,000
Pacific Green Industries (Fiji) Limited	PGI	Queens Road, Malaqereqere, Sigatoka	5th June 2001	1.00	20,000,000	7,619,234	17,143,277
RB Patel Group Limited	RBG	RB Patel Center Point Building, Ratu Dovi Road, Laucala Beach Estate, Suva	17th July 2001	0.50	100,000,000	15,000,000	35,400,000
The Rice Company of Fiji Limited	RCF	Lot 2, Leonidas Street, Walu Bay, Suva	20th January 1997	0.50	6,000,000	3,000,000	17,400,000
<sup>3</sup> Toyota Tsusho (South Sea) Limited	TTS	Ratu Mara Road, Nabua, Suva	7th June 1979	1.00	20,000,000	14,032,202	29,186,980
VB Holdings Limited	VBL	366 Grantham Road, Suva	1st November 2001	1.00	5,000,000	1,020,000	2,091,000
Yaqara Group Limited	YGL	11 Catalina Street, Suva Point, Suva	30th March 2005	0.10	100,000,000	1,424,439	20,654,358
<sup>4</sup> Fijian Holdings Limited	FHL	Ra Marama, 91 Gordon Street, Suva	20th January 1997	1.00	20,000,000	10,464,650	35,056,578
<b>TOTAL:</b>					<b>40,625,000,00</b>	<b>212,581,715</b>	<b>883,621,840</b>

<sup>1</sup> \$US0.58 = F\$1.00 as at 30th June 2005.

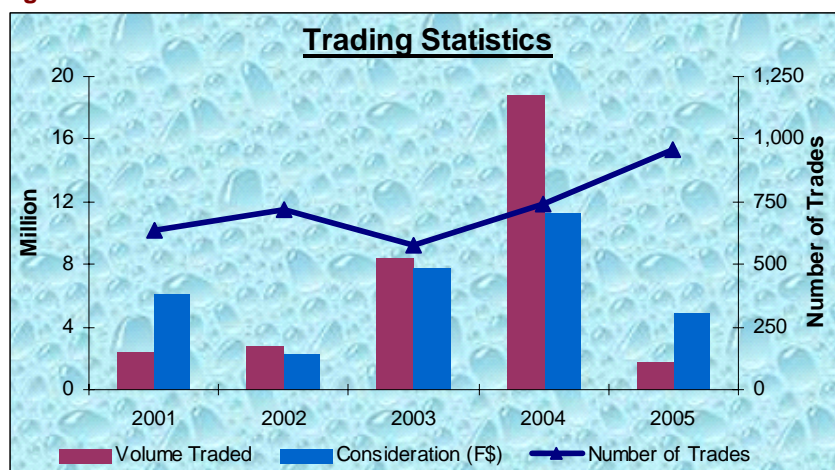
<sup>2</sup> Carlton Brewery Fiji Limited & South Pacific Distilleries Limited merged on 25th May 2005 to form Foster's Group Pacific Limited; Carlton Brewery Fiji Limited's name was changed to Foster's Group Pacific Limited on 14th June 2005; South Pacific Distilleries Limited de-listed on 24th June 2005.

<sup>3</sup> Toyota Tsusho (South Sea) Limited de-listed on 23rd May 1994 and re-listed on 31st August 1995.

<sup>4</sup> Fijian Holdings Limited is listed on the restricted board.

# CHIEF EXECUTIVE'S REPORT

Figure 3



The upward trend was mainly due to the increasing demand for shares in the market leading to a significant increase in the share prices for a number of listed companies.

The financial performance of all the listed companies is analysed in table 3 below.

Toyota Tsusho (South Sea) Limited, RB Patel Group Limited and Amalgamated Telecom Holdings Limited were the top three listed companies with the highest 12 month rolling dividend yield.

During the year, a total of 2.3 million shares were traded in 960 transactions. This was a decrease of 4,937,837 shares (68%) when compared to the same period last year. Subsequently, the total consideration significantly declined to F\$4.9M from F\$11.2M (57%).

Figure 3 above provides a comparative analysis of the number of trades, volume of trades and consideration from 2001.

The market capitalisation increased to F\$883.6 million from F\$794.4 million (11%) when compared to the previous year. Figure 4 compares the growth of the market capitalisation since 2001.

Figure 4

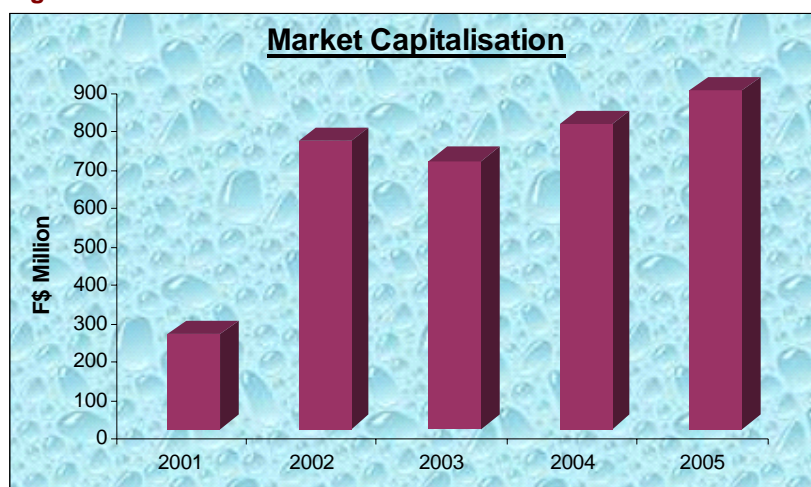


Table 3

Security	Share Price as at 30th June 2005 (F\$)	Number of Trades	Volume Traded	Consideration (F\$)	Earnings Per Share (F\$)	Price Earnings Ratio (times)	12 Months Rolling Dividend Yield (%)	Market Capitalization (F\$)
APP	1.10	6	28,508	28,023	2.25	48.86	3.18	8,800,000
ATH	0.95	201	567,092	571,911	5.82	16.32	6.32	400,999,625
CFM	1.61	20	62,200	95,277	10.44	15.43	3.73	5,728,380
FGP	13.25	24	6,925	361,040	390.56	26.65	1.13	137,907,656
FIL	0.84	21	110,196	89,890	3.19	26.34	4.76	4,796,987
FMF	3.55	23	69,155	188,181	21.57	16.46	1.69	106,500,000
FSC	0.36	12	41,973	14,905	5.56	6.48	0.00	15,983,999
FTV	4.11	67	81,200	299,569	60.55	6.79	4.38	42,333,000
KGF	1.04	22	89,900	93,057	-3.12	-33.33	0.00	3,640,000
PGI	2.25	13	598,555	1,388,859	-61.28	-3.67	1.33	17,143,277
RBG	1.18	33	125,400	132,685	8.34	14.14	6.78	35,400,000
RCF	2.90	6	13,400	35,130	20.33	14.26	4.66	17,400,000
*SPD	13.25	17	11,550	136,930	41.94	31.59	1.89	*27,871,044
TTS	2.08	14	13,091	26,703	2.33	89.26	7.21	29,186,980
VBL	2.05	7	12,834	25,348	23.09	8.88	4.88	2,091,000
YGL	1.45	19	42,541	61,518	-6.94	-20.90	0.00	20,654,358
FHL	3.35	455	400,616	1,310,516	19.20	17.45	5.97	35,056,578
<b>TOTAL:</b>		<b>960</b>	<b>2,275,136</b>	<b>4,859,542</b>				<b>883,621,840</b>

\*Market Capitalization for South Pacific Distilleries Limited is not included in the total as it got de-listed on 24th June 2005.

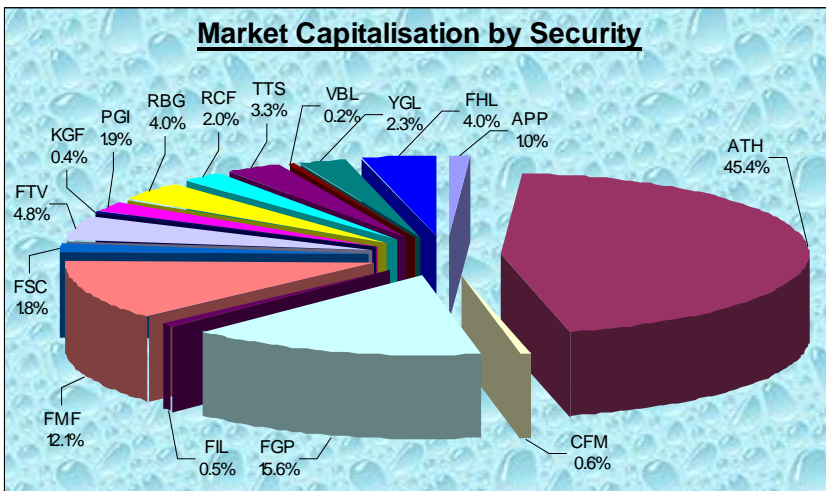
# CHIEF EXECUTIVE'S REPORT

The volume of trades declined for most companies when compared to the previous year except for Fiji Television Limited, VB Holdings Limited, Amalgamated Telecom Holdings Limited and Fiji Sugar Corporation Limited. The Pacific Green Industries (Fiji) Limited had the highest volume traded on the stock market. The top five traded companies listed on the SPSE are as follows:

1. Pacific Green Industries (Fiji) Limited (26%).
2. Amalgamated Telecom Holdings Limited (25%).
3. Fijian Holdings Limited (18%).
4. RB Patel Group Limited (6%).
5. FijiCare Insurance Limited (5%).

Figure 5 compares the market capitalisation of each security listed on the SPSE. The market capitalisation increased for all companies except for Amalgamated Telecom Holding Limited and Pacific Green Industries (Fiji) Limited. This was mainly due to their declining share prices.

**Figure 5**

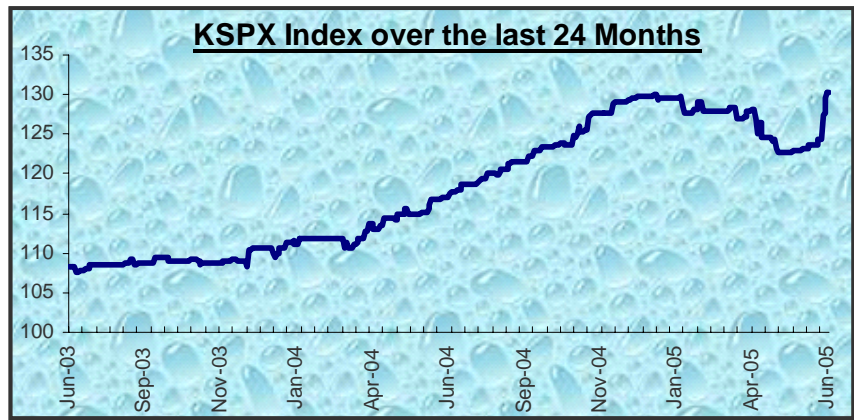


## The KSPX Index

The KSPX Index (refer figure 6) is a share price index composed of the market-weighted average of all companies listed on the South Pacific Stock Exchange.

The KSPX Index reached an all time high to 130.35 as at 30th June 2005, rising 11% in the past 12 months. This leap in the index was mainly driven by huge increase in the share prices of Flour Mills of Fiji Limited which increased by two folds during this period. Other major price jumps were from Foster's Group Pacific Limited, Atlantic and Pacific Packaging Company Limited and RB Patel Group Limited. The Index went up despite the market heavyweight, Amalgamated Telecom Holdings Limited shedding F\$46.4 million in the market capitalisation. The KSPX Index as at 30th June 2005 stood at 130.35.

**Figure 6**



Source: Kontiki Stockbroking Limited

## Private Transfers and Crossings

A total of 1.4 million private transfers were approved by the SPSE during the year. This was a decrease of 16.2% when compared to the same period last year. All transfers were made in accordance with Rule 23 of the Capital Markets Development Authority Rules. There were no crossings and no trading of Bonds during the year.

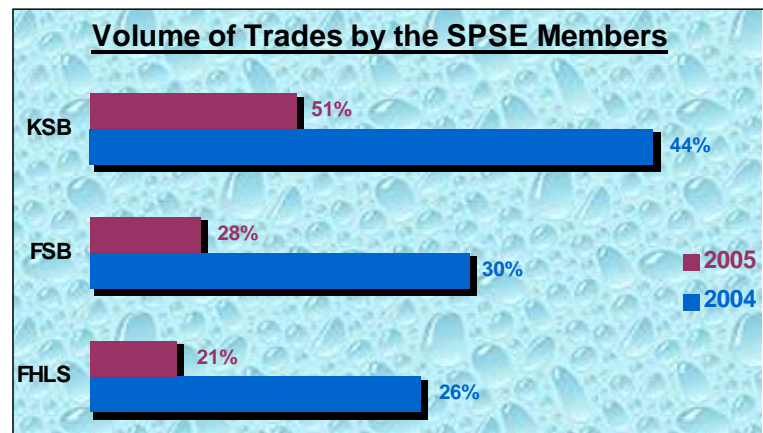
## Compliance Report

The South Pacific Stock Exchange monitors and regulates the Listed Companies and its Members through the SPSE Listing Rules and Business Rules. There are three broking firms namely, the FijiStock Brokers Limited (FSB), the Kontiki Stockbroking Limited (KSB) and the Fijian Holdings Securities Limited (FHLS). There are 12 broker representatives trading on the stock market.

The brokers play a major role in maintaining the liquidity in the market. Figure 7 below shows a comparative volume of trades by each of the three broking firms for the last two years. The

KSB has been one of the most active brokers in the market during the year. It alone contributed more than 50% of the total volume of shares traded on the SPSE.

**Figure 7**





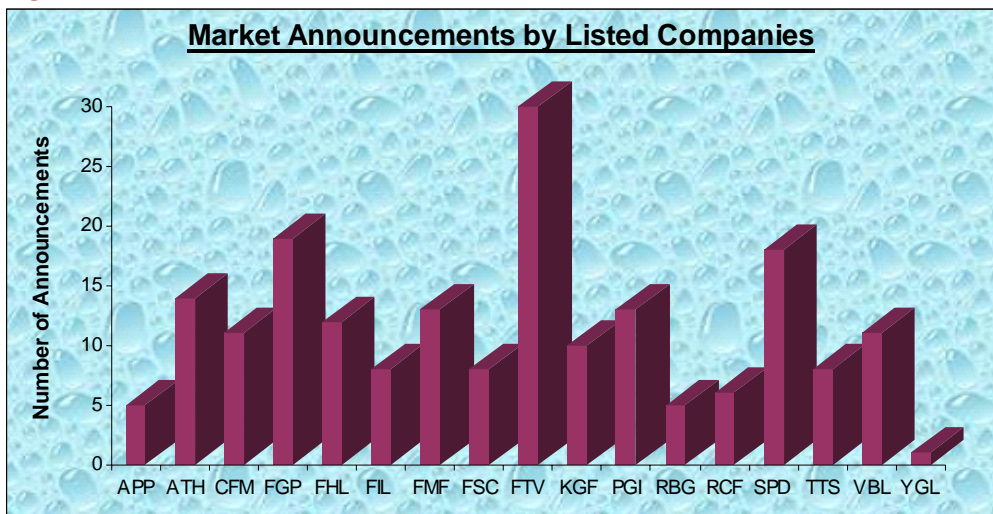
# CHIEF EXECUTIVE'S REPORT

The Stock Market is susceptible to misinformation and market speculation. This can create turmoil in the Market and the share prices can be influenced. The SPSE with the assistance of the CMDA carries out strict market surveillance activities and ensures that the Listed Companies and the Members fully comply with the SPSE Rules. The SPSE also has a Disciplinary Committee that meets regularly to decide on disciplinary proceedings and actions against the Members and the Listed Companies who fail to fully comply with the SPSE Rules.

who failed to comply with the SPSE Rules. There were 29 disciplinary actions taken against the Listed Companies and 15 against the Members.

The stock market is expanding and getting sophisticated by the day. The knowledge based complex industry requires continuous upgrading of qualifications of the market participants. The CMDA in this regard has started sponsoring market participants to undertake courses that have been specifically designed for our market by the Securities Institute of Australia (SIA).

**Figure 8**



In order to have a fair and vibrant stock market, it is important to identify and amend all rules and regulations to suit the dynamic environment in which the stock market operates. During the year, the SPSE amended and introduced numerous rules in order to meet the high demand of our fast developing stock market in the Region.

The SPSE also introduced certain guidelines to assist its members and the listed companies to fully comply

An analysis of the market disclosures by the Listed Companies for the period under review is summarized in figure 8 above. During the year, the SPSE disciplined a number of the Listed Companies and the SPSE Members

with the SPSE Rules during the transition phase. Tables 4 and 5 summarize all notices and amendments introduced and implemented during the year.

**Table 4**

Types of Fees	Amount	When payable
Listing Fees for Options (New Rule)	<p><b>*SPSE LR 6 (4)</b></p> <ul style="list-style-type: none"> <li>Quotation for 1 year or less F\$2,000.00</li> <li>Quotation for more than 1 year but less than 3 years F\$3,000.00</li> <li>Quotation for 3 years or more F\$5,000.00</li> </ul>	On application for listing of the Options

**Table 5**

SPSE Notice Number	Effective Date	Amended Rules & Guidelines	Rationale
N/A	10th October 2004 (Amended)	<p><b>SPSE LR 3.3 (e)</b></p> <ul style="list-style-type: none"> <li>Delays in payment of Annual Listing Fees <b>F\$100</b> per day</li> <li>Delays in the registering of shares transfers <b>F\$100</b> per day</li> <li>Appendix 6 of the Listing Rules was also amended to reflect the above changes.</li> </ul>	The increase in fine from F\$10 to F\$100 is to bring about timely payment of annual listing fees and register of share transfers with the SPSE by the Listed Companies.



# CHIEF EXECUTIVE'S REPORT

The SPSE continues to organize the brokers briefing sessions with the Listed Companies on a monthly basis. These briefings allow all players in the capital market, media and other interested parties to acquire first hand knowledge about the listed securities. These sessions also give the brokers an opportunity to network and develop better business relationships with the sponsors.

The SPSE continues to organize the annual report competition. This year, there were seven judges involved from professional institutions such as the University of the South Pacific and the Accounting Firms. There were four categories and the winners and the runner-ups were awarded at the Fiji Institute of Accountants Congress at Sheraton in Nadi (refer Table 6). A new award "Encouragement Awards" was introduced to encourage the upcoming organisations and to promote greater participation in the competition.

**Table 6**

Category	Winner	1st Runner Up	2nd Runner Up	Encouragement Awards
Category A – Statutory Authorities, Government Bodies & Unlisted Trusts	Reserve Bank of Fiji	Fiji Development Bank	Housing Authority	Fiji Pine Trust
Category B – Co-operatives & Charitable Organizations	Partners In Community Development Fiji	N/A	N/A	Fiji Bank & Finance Sector Employees Union
Category C – Other Public Companies and Unit Trusts	Air Pacific Limited	Fiji International Telecommunication Limited (FINTEL)	Merchant Finance	N/A
Category D – Listed Companies	Amalgamated Telecom Holdings Limited	Fijian Holdings Limited	N/A	N/A

## Staff Development and Training

The operation of the stock market is challenging and getting complex by the day. This specialised area of finance requires high level of skills and on-going training. The high staff turnover and limited resources puts enormous pressure on the SPSE to keep up with the market demands.

The staff attend seminars and workshops conducted by various professional institutions to enhance their knowledge and skills. The Management also conducts internal training for the staff and addresses complex issues to assist us operate smoothly on a day-to-day basis. The SPSE financially assists staff to further their education. They are also encouraged to undertake the Securities Licensing Examination Courses which are now sponsored by the CMDA.

## SPSE Central ShareRegistry Limited (CSRL)

The SPSE Central ShareRegistry Limited is a wholly owned subsidiary of the South Pacific Stock Exchange Limited. The Registry started its operations in the third quarter of 2002. During the financial year 2005, two new

companies joined the Registry. A total number of five listed companies are now using the services of the SPSE CSRL. The Registry other than updating the shareholder records on a daily basis, also distributes dividends and annual reports on behalf of the client companies. The Registry made a profit of F\$8,808 in 2005. This was a remarkable achievement as it was the first time the Registry made a profit since its inception in 2002.

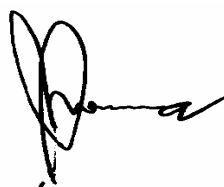
The objective of the SPSE CSRL is to manage all share registers of the listed securities and to provide efficient and cost effective services. The Registry continues to upgrade its system and performance to meet these objectives. The location of the Registry and its tailor made software makes the registration process faster and more efficient. This has also allowed the SPSE to settle all executed trades and to successfully take delivery of the securities within three days after the trade (i.e.T+3).

## Future Plans

The SPSE is committed to improve the Market performance and the liquidity of shares as a requisite to meet the challenges ahead. All efforts are made to increase listing on the SPSE. A detailed submission has been made to the Government to provide incentives to attract more companies to list on the SPSE. Regular visits are made to the potential companies to identify and address their concerns and issues both pre and post-listing.

For a developing exchange like ours, this is a mammoth task and it places enormous strain on our already constraint resources. As part of its corporate strategy, the SPSE will work closely with its Members, the CMDA and the Government to promote the stock market in the Region. The SPSE will also continue to conduct investor education programs.

The SPSE is exploring ways to establish dual listing arrangements with NZX and ASX. We are also keen to explore the opportunity to develop a derivatives market for the Region in the near future.



Sanjay K. Sharma  
Chief Executive

# MARKET STATISTICS

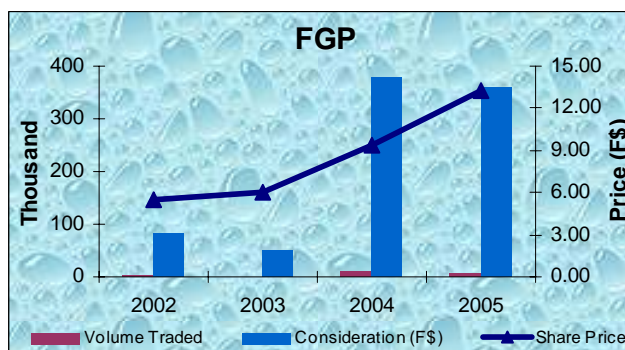
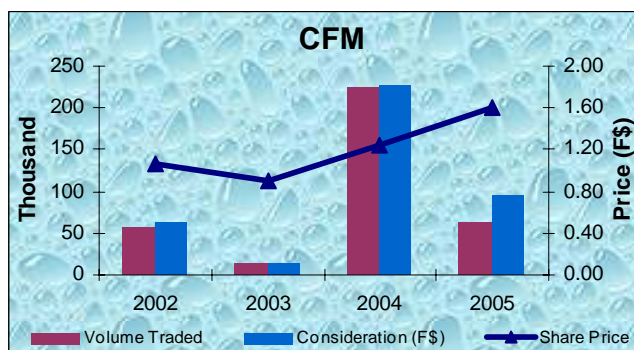
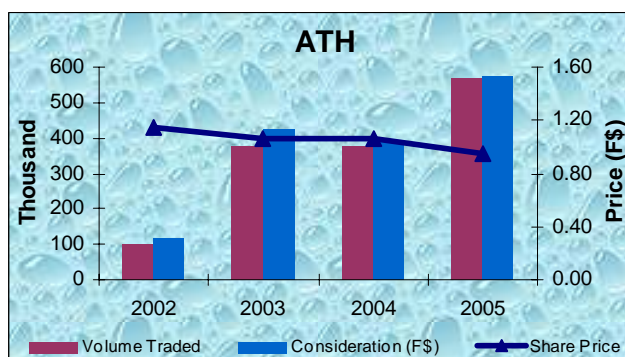
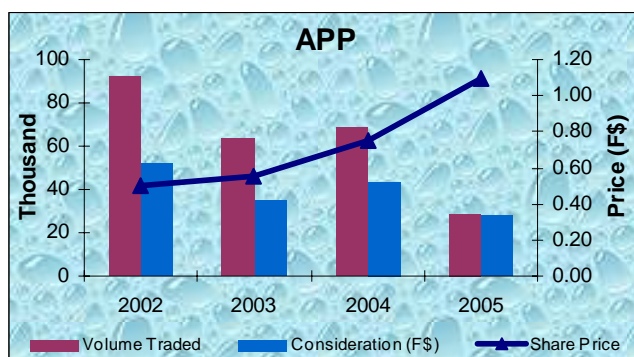
Table 7 below illustrates the distribution of shareholding and the number of shareholders of the companies listed on the SPSE as at 30th June 2005.

**Table 7**

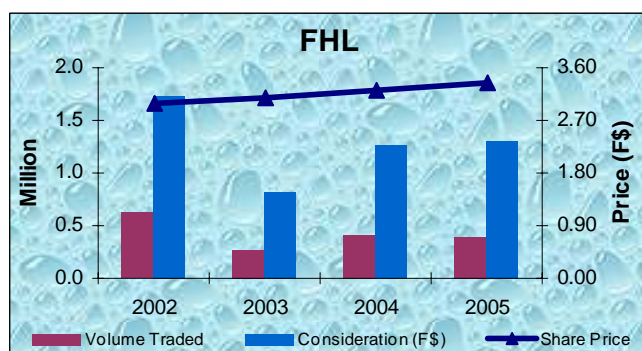
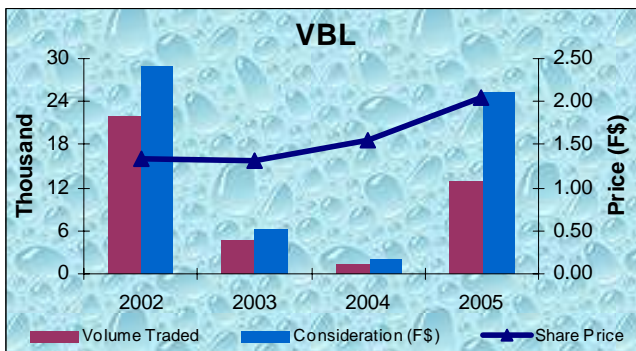
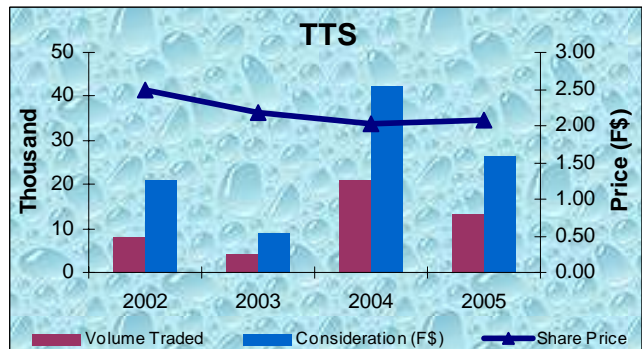
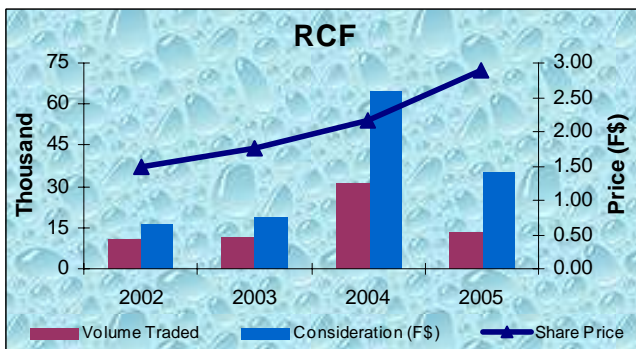
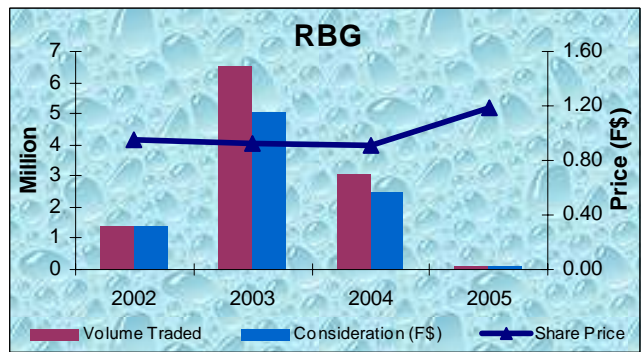
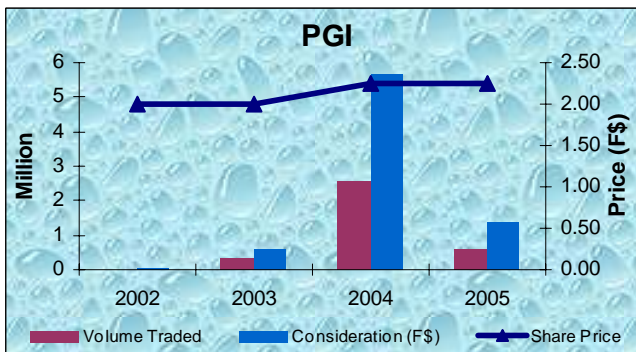
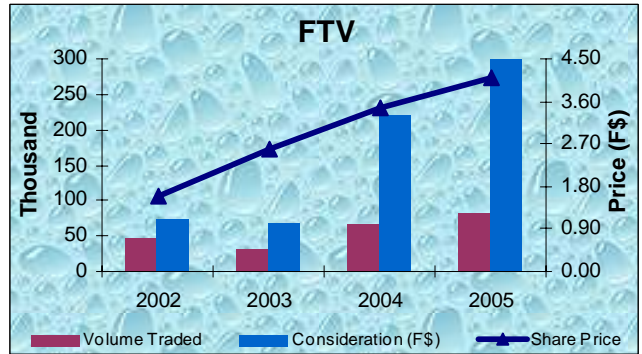
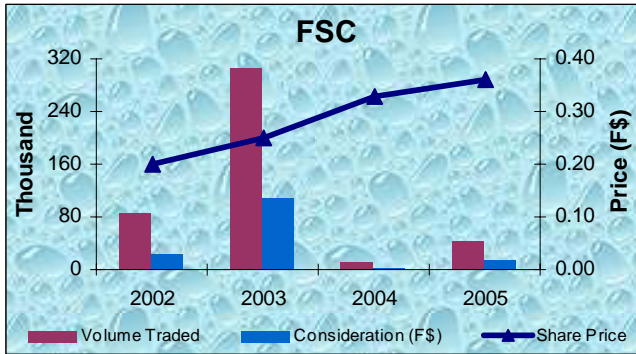
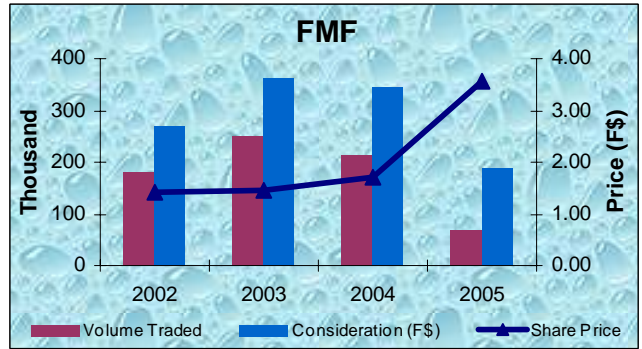
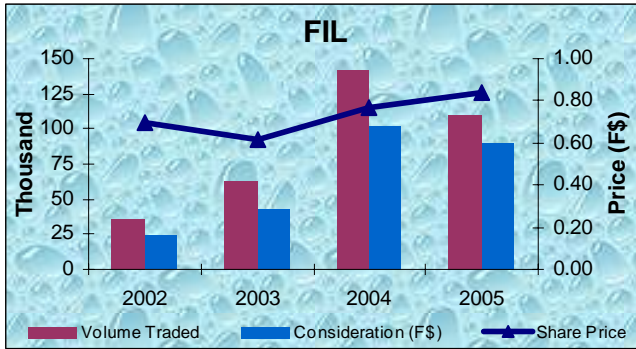
Security	Less than 500	500 to 5,000	5,001 to 10,000	10,001 to 20,000	20,001 to 30,000	30,001 to 40,000	40,001 to 50,000	50,001 to 100,000	100,001 to 1 Million	Over 1 Million	Total by Security	% of Total
APP	10	80	22	14	2	1	0	3	4	1	137	0.7
ATH	4	737	99	39	16	1	20	15	5	7	943	4.7
CFM	40	85	16	9	3	1	0	1	7	0	162	0.8
FGP	218	390	19	9	1	0	0	1	1	2	641	3.2
*FIL	13,267	45	13	10	5	1	1	0	7	1	13,350	66.8
FMF	13	250	47	50	22	11	3	12	10	2	420	2.1
FSC	1,472	525	25	11	0	0	1	1	6	3	2,044	10.2
FTV	226	266	12	2	3	0	0	0	4	3	516	2.6
KGF	1	105	18	10	5	2	10	7	3	1	162	0.8
PGI	38	37	3	3	1	0	1	1	6	3	93	0.5
RBG	1	115	30	17	6	1	2	2	21	6	201	1.0
RCF	9	61	10	13	1	1	1	0	3	1	100	0.5
TTS	100	59	5	2	1	1	1	0	1	2	172	0.9
VBL	36	38	3	2	2	1	0	1	3	0	86	0.4
YGL	4	52	2	5	3	2	0	3	17	4	92	0.5
FHL	4	666	54	40	20	12	10	27	19	2	854	4.3
<b>TOTAL:</b>	<b>15,446</b>	<b>3,508</b>	<b>378</b>	<b>235</b>	<b>92</b>	<b>35</b>	<b>50</b>	<b>75</b>	<b>115</b>	<b>38</b>	<b>19,972</b>	<b>100</b>

\*FijiCare Insurance Limited has approximately 13,257 shareholders with only 17 shares or less each

The graphs below provide a comparative analysis of the volume of trades, consideration and the share prices for all the Listed Companies for the last four years.



# MARKET STATISTICS



**South Pacific Stock Exchange Limited**  
**and Subsidiary Company**

**Financial Statements**

**For the year ended 30 June 2005**

Directors' Report.....	15 -16
Independent Auditors' Report.....	17
Income Statements.....	18
Statements of Changes in Equity.....	19
Balance Sheets.....	20
Statements of Cash Flows.....	21
Notes to the Consolidated Financial Statements.....	22-32

# **SOUTH PACIFIC STOCK EXCHANGE LIMITED AND SUBSIDIARY COMPANY DIRECTORS' REPORT**

The directors present their report together with the financial statements of South Pacific Stock Exchange Limited ("the Company") and the Group for the year ended 30 June 2005 and the auditors' report thereon.

## **Directors**

The names of the directors at the date of this report are:

Mr Neale Wright (Chairman)  
Mr Nalin Patel  
Mr David Oliver  
Ms Finau Soqo  
Mr Isiromi Bayameyame

Ms Laisa Saumaki  
Mr Esekaia Kamunaga  
Mr Sakimi Samuels  
Mr Semi Leiwere

## **State of Affairs**

In the opinion of the directors:

- there were no significant changes in the state of affairs of the Company or the Group that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.
- the accompanying balance sheets give a true and fair view of the state of affairs of the Company and the Group as at 30 June 2005, and the accompanying income statements, statements of changes in equity and statements of cash flows give a true and fair view of the results and cash flows of the Company and the Group for the year then ended.

## **Principal Activities**

The principal activities of the Company and the Group during the financial year were the provision of stock exchange and share registry services.

## **Operating Results**

The consolidated result of the Group for the financial year was a profit after income tax of F\$74,507 (2004: F\$24,334).

## **Reserves**

The directors recommend that no amounts be transferred to or from reserves.

## **Dividends**

The directors recommend that no dividends be declared or paid.

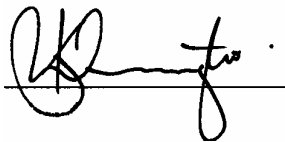
# SOUTH PACIFIC STOCK EXCHANGE LIMITED AND SUBSIDIARY COMPANY DIRECTORS' REPORT

## Events Subsequent to Balance Date

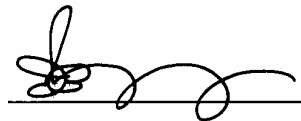
There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Company or the Group, the results of those operations, or the state of affairs of the Company or the Group, in subsequent financial years.

Dated at Suva this 31st day of August 2005.

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, written over a horizontal line. The signature is stylized and appears to be 'K. M. ...'.

Director

A handwritten signature in black ink, written over a horizontal line. The signature is stylized and appears to be 'S. ...'.

Director



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTH PACIFIC STOCK EXCHANGE LIMITED AND SUBSIDIARY COMPANY



ANZ House  
Victoria Parade  
Suva

PO Box 32  
Suva  
Fiji Islands

Telephone (679) 330 1155  
Fax (679) 330 1312  
Email suvaoffice@kpmg.com.fj

## Scope

We have audited the financial statements of South Pacific Stock Exchange Limited and the Group for the financial year ended 30 June 2005, consisting of the income statements, statements of changes in equity, balance sheets, statements of cash flows and accompanying notes, set out on pages 4 to 18. The financial statements comprise the financial statements of the Company and consolidated financial statements of the Group, being the Company and its subsidiary. The Company's directors are responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the Company.

Our audit has been conducted in accordance with Fiji Standards on Auditing to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Fiji Accounting Standards and statutory requirements so as to present a view which is consistent with our understanding of the Company's and the Group's financial position and the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

## Audit Opinion

In our opinion:

- (a) proper books of accounts have been kept by the Company, so far as it appears from our examination of those books; and
- (b) the accompanying financial statements which have been prepared under Fiji Accounting Standards:
  - (i) are in agreement with the books of account;
  - (ii) to the best of our information and according to the explanations given to us:
    - (a) give a true and fair view of the state of affairs of the Company and the Group as at 30 June 2005 and of the results and cash flows of the Company and the Group, for the year ended on that date; and
    - (b) give the information required by the Companies Act 1983 in the manner so required.

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.

Suva, Fiji Islands

31 August, 2005

KPMG  
Chartered Accountants

**SOUTH PACIFIC STOCK EXCHANGE LIMITED AND SUBSIDIARY  
 COMPANY INCOME STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2005**

		<b>Consolidated</b>		<b>Company</b>	
	<b>Note</b>	<b>2005 F\$</b>	<b>2004 F\$</b>	<b>2005 F\$</b>	<b>2004 F\$</b>
<b>Income</b>					
Income from operations	2	257,335	223,450	233,989	205,246
Other income	3	93,004	66,297	86,750	81,767
		<u>350,339</u>	<u>289,747</u>	<u>320,739</u>	<u>287,013</u>
Personnel expenses	4	(137,586)	(143,450)	(137,586)	(134,438)
Depreciation and amortisation		(22,421)	(21,763)	(12,385)	(11,719)
Other operating expenses	5	(115,825)	(100,200)	(105,069)	(91,962)
<b>Profit from operations</b>		<b>74,507</b>	<b>24,334</b>	<b>65,699</b>	<b>48,894</b>
Net financing costs	6	-	-	-	-
<b>Profit before tax</b>		<b>74,507</b>	<b>24,334</b>	<b>65,699</b>	<b>48,894</b>
Income tax expense	7(a)	-	-	-	-
<b>Net profit for the year</b>		<b>74,507</b>	<b>24,334</b>	<b>65,699</b>	<b>48,894</b>

The income statements are to be read in conjunction with the notes to the financial statements set out on pages 22 to 32.

# SOUTH PACIFIC STOCK EXCHANGE LIMITED AND SUBSIDIARY COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2005

	Note	Consolidated		Company	
		2005 F\$	2004 F\$	2005 F\$	2004 F\$
<b>Share capital</b>					
Opening balance		120,000	120,000	120,000	120,000
Closing balance	16	120,000	120,000	120,000	120,000
<b>Accumulated losses</b>					
Opening balance		(42,531)	(66,865)	1,427	(47,467)
Net profit for the year		74,507	24,334	65,699	48,894
Closing balance		31,976	(42,531)	67,126	1,427
<b>Total shareholders' equity</b>		<b>151,976</b>	<b>77,469</b>	<b>187,126</b>	<b>121,427</b>

The statements of changes in equity are to be read in conjunction with the notes to the financial statements set out on pages 22 to 32.

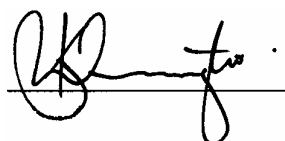
# SOUTH PACIFIC STOCK EXCHANGE LIMITED AND SUBSIDIARY

## COMPANY BALANCE SHEETS

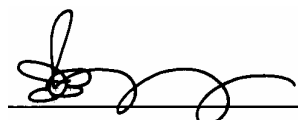
### AS AT 30 JUNE 2005

		Consolidated		Company	
	Note	2005 F\$	2004 F\$	2005 F\$	2004 F\$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	8	117,748	104,512	101,553	100,291
Receivables	9	8,212	19,830	33,360	46,809
Investments	10	70,000	-	70,000	-
Other	11	5,966	8,588	5,911	8,588
<b>Total current assets</b>		<b>201,926</b>	<b>132,930</b>	<b>210,824</b>	<b>155,688</b>
<b>NON-CURRENT ASSETS</b>					
Investments	10	-	-	50,000	50,000
Other	11	-	935	-	-
Plant and equipment	13	45,594	53,717	25,128	24,150
<b>Total non-current assets</b>		<b>45,594</b>	<b>54,652</b>	<b>75,128</b>	<b>74,150</b>
<b>TOTAL ASSETS</b>		<b>247,520</b>	<b>187,582</b>	<b>285,952</b>	<b>229,838</b>
<b>Current liabilities</b>					
Creditors and accruals	14	87,522	100,124	90,804	98,422
Provisions	15	8,022	9,989	8,022	9,989
<b>Total current liabilities</b>		<b>95,544</b>	<b>110,113</b>	<b>98,826</b>	<b>108,411</b>
<b>TOTAL LIABILITIES</b>		<b>95,544</b>	<b>110,113</b>	<b>98,826</b>	<b>108,411</b>
<b>NET ASSETS</b>		<b>151,976</b>	<b>77,469</b>	<b>187,126</b>	<b>121,427</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	16	120,000	120,000	120,000	120,000
Accumulated profits/(losses)		31,976	(42,531)	67,126	1,427
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>151,976</b>	<b>77,469</b>	<b>187,126</b>	<b>121,427</b>
<b>Contingent liabilities and commitments</b>	17 & 18				

Signed in accordance with a resolution of the Board.



Director



Director

The balance sheets are to be read in conjunction with the notes to the financial statements set out on pages 22 to 32.

# SOUTH PACIFIC STOCK EXCHANGE LIMITED AND SUBSIDIARY COMPANY STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005

		Consolidated		Company	
	Note	2005 F\$	2004 F\$	2005 F\$	2004 F\$
<b>Operating activities</b>					
Cash receipts from customers		280,644	209,489	252,875	194,324
Cash payments to suppliers and employees		(262,631)	(242,441)	(246,836)	(218,110)
Government grant		78,500	50,000	78,500	50,000
Cash flows from operating activities	23(b)	96,513	<u>17,048</u>	84,539	<u>26,214</u>
<b>Investing activities</b>					
Payments for plant and equipment		(16,090)	(12,662)	(16,090)	(12,662)
Proceeds from sale of plant and equipment		-	159	-	159
Interest received		2,813	950	2,813	950
Cash flows from investing activities		(13,277)	<u>(11,553)</u>	(13,277)	<u>(11,553)</u>
<b>Financing activities</b>					
Cash flows from financing activities		-	<u>-</u>	-	<u>-</u>
<b>Net increase in cash held</b>		<b>83,236</b>	<b>5,495</b>	<b>71,262</b>	<b>14,661</b>
Cash at the beginning of the financial year		104,512	99,017	100,291	85,630
<b>Cash at the end of the financial Year</b>	<b>23(A)</b>	<b>187,748</b>	<b><u>104,512</u></b>	<b>171,553</b>	<b><u>100,291</u></b>

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 22 to 32.

# **SOUTH PACIFIC STOCK EXCHANGE LIMITED AND SUBSIDIARY COMPANY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005**

## **1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

South Pacific Stock Exchange Limited is a Company domiciled in the Fiji Islands. The consolidated financial statements for the year ended 30 June 2005 include the financial statements of the Company and the Group. The financial statements were authorised for issue by the directors on **31st August 2005**.

Set out below is a summary of the significant accounting policies adopted by the Company and the Group in the preparation of the financial statements.

### **(a) Statement of Compliance**

The consolidated financial statements have been drawn up in accordance with the accounting standards and disclosure requirements of the Fiji Institute of Accountants and the requirements of law.

### **(b) Basis of Preparation**

The financial statements are presented in Fiji dollars. They have been prepared on the basis of historical costs and except where stated, do not take into account changing money values or current valuations of non-current assets.

The accounting policies have been consistently applied, and except where there is a change in accounting policy, are consistent with those of the previous year.

### **(c) Basis of Consolidation**

#### ***Subsidiary***

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### ***Transactions Eliminated on Consolidation***

Intra-group balances and transactions, and any unrealised gains resulting from intra-group transactions, are eliminated in preparing the consolidated financial statements.

### **(d) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's and Group's cash management are included as a component of cash and cash equivalents for the purpose of the statements of cash flows.

### **(e) Accrued Revenue and Other Receivables**

Accrued revenue and other receivables represents gross amounts receivable on trading activities to be settled within the trade settlement period.

# SOUTH PACIFIC STOCK EXCHANGE LIMITED AND SUBSIDIARY COMPANY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**(f) Deferred Expenditure**

Expenditure relating to pre-operating expenses incurred in the setting up of the subsidiary company Central Share Registry Limited (trading as SPSE Central ShareRegistry) is deferred to the extent that management considers it probable that future economic benefits embodied in the expenditure will eventuate. The deferred expenditure is amortised over a period of 3 years.

**(g) Plant and Equipment**

Items of plant and equipment are stated at cost less accumulated depreciation. Where an item of plant and equipment comprises major components having different useful lives, they are accounted for as separate items of plant and equipment.

***Depreciation***

Depreciation is charged to the income statement on the straight-line basis over the estimated useful lives of the items of plant and equipment. The depreciation rates used for each class of asset are as follows:

Furniture and fittings	10% - 24%
Office equipment	10% - 24%
Computer equipment	20% - 33%

**(h) Trade and Other Payables**

Trade and other payables are stated at cost.

**(i) Employee Benefits**

***Annual Leave Entitlements***

The Company's and the Group's obligation to employees in respect of annual leave is calculated at balance date based on the current rates of remuneration. Increases or decreases in this obligation are recognised in the income statement.

**(j) Revenue**

Revenue representing fees and grants are recognised on an accrual basis. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due and associated costs.

# SOUTH PACIFIC STOCK EXCHANGE LIMITED AND SUBSIDIARY COMPANY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Expenses

#### *Personnel Costs*

Personnel costs comprise of wages and salaries paid to staff as well as the Company's and the Group's contribution of superannuation and other Company contributions as required by law.

### (l) Income Tax

The Company and the Group adopt the liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the balance sheet as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to entities with tax losses are only brought to account when their realisation is virtually certain.

### (m) Comparatives

Where necessary, amounts relating to prior years have been re-classified to facilitate comparison and achieve consistency in disclosure with current financial year amounts.

	<b>Consolidated</b>		<b>Company</b>	
<b>2. INCOME FROM OPERATIONS</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>F\$</b>	<b>F\$</b>	<b>F\$</b>	<b>F\$</b>
Annual and initial listing fees	153,000	109,000	153,000	109,000
Annual maintenance fees	13,250	11,500	-	-
Annual report distribution fees	2,803	2,122	-	-
CSSSES commission	3,311	1,659	3,311	1,659
Entry fees	4,500	-	-	-
Facility fees	55,675	79,080	55,675	79,080
Dividend distribution fees	2,793	4,582	-	-
Interest	2,813	950	2,813	950
Penalties and fines	6,150	4,657	6,150	4,657
Sale of Listing and Business Rules	490	350	490	350
Settlement fees	9,600	7,400	9,600	7,400
Private transfer fees	2,950	2,150	2,950	2,150
	<b>257,335</b>	<b>223,450</b>	<b>233,989</b>	<b>205,246</b>



# SOUTH PACIFIC STOCK EXCHANGE LIMITED AND SUBSIDIARY

## COMPANY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2005

	Consolidated		Company	
	2005 F\$	2004 F\$	2005 F\$	2004 F\$
<b>3. OTHER INCOME</b>				
Gain on sale of asset	-	159	-	159
Government grant	78,500	50,000	78,500	50,000
CSR service fees	-	-	-	12,000
Hire of trading floor	350	250	350	250
Training reimbursement	-	2,258	-	2,258
Sundry income	14,154	13,630	7,900	17,100
	<u>93,004</u>	<u>66,297</u>	<u>86,750</u>	<u>81,767</u>
<b>4. PERSONNEL EXPENSES</b>				
FNPF contributions	9,716	9,337	9,716	8,676
FNTC levy	1,300	1,464	1,300	1,381
Salaries and wages	121,664	121,405	121,664	113,137
Staff expenses	1,753	1,033	1,753	1,033
Training, travel and entertainment	3,153	10,211	3,153	10,211
	<u>137,586</u>	<u>143,450</u>	<u>137,586</u>	<u>134,438</u>
<b>Number of employees</b>				
Average number of employees during the financial year	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
<b>5. OPERATING EXPENSES</b>				
Accounting fees	1,550	1,726	1,550	1,421
Advertising	5,018	7,049	5,018	7,049
Audit fees	5,100	5,100	3,300	3,300
Callers fees	2,520	2,500	2,520	2,500
CMDA licence	5,000	5,000	5,000	5,000
Electricity	2,733	2,337	2,733	2,337
Insurance	8,683	9,454	8,683	9,454
Legal expenses	3,733	3,582	2,795	3,582
Loss on disposal of asset	2,727	-	2,727	-
Printing and stationery	4,688	4,400	4,416	3,430
Rent	34,486	34,993	34,486	34,993
Repairs and maintenance	4,448	2,797	4,448	2,797
Software maintenance	4,500	4,500	-	-
Telephone and postage	14,711	12,622	13,762	12,299
Other	15,928	4,140	13,631	3,800
	<u>115,825</u>	<u>100,200</u>	<u>105,069</u>	<u>91,962</u>

# SOUTH PACIFIC STOCK EXCHANGE LIMITED AND SUBSIDIARY COMPANY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	Consolidated		Company	
	2005 F\$	2004 F\$	2005 F\$	2004 F\$
<b>6. NET FINANCING COSTS</b>				
Interest expense	-	-	-	-
<b>7. TAXATION</b>				
<b>(a) Income tax expense</b>				
<i>Prima facie income tax expense calculated at 31% (2004: 32%) on the operating profit</i>	23,097	7,787	20,367	15,646
Increase in income tax due to non tax deductible items:				
Amortisation of deferred expenditure	290	300	-	-
Legal expense	971	1,146	680	1,146
Decrease in income tax due to non tax assessable items:				
Government grant	(24,335)	(16,000)	(24,335)	(16,000)
Future income tax benefit not brought to account	(23)	6,767	3,288	(792)
	-	-	-	-
<b>(B) Future income tax benefit not brought to account</b>				
The potential future income tax benefit arising from tax losses and timing differences has not been recognised as an asset because recovery of is not virtually certain:				
Tax losses carried forward	136,501	134,472	120,504	116,552
Timing differences	(2,767)	3,142	3,494	7,594
	133,734	137,614	123,998	124,146

The future income tax benefit, which has not been recognised as an asset, will only be obtained if:

- (i) the Company and the Group derive future assessable income of a nature and an amount sufficient to enable the benefit to be realised;
- (ii) the Company and the Group continue to comply with the conditions for deductibility imposed by law; and
- (iii) no changes in tax legislation adversely affects the Company and the Group in realising the benefit.

# SOUTH PACIFIC STOCK EXCHANGE LIMITED AND SUBSIDIARY COMPANY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

		Consolidated		Company	
		2005 F\$	2004 F\$	2005 F\$	2004 F\$
<b>8.</b>	<b>CASH AND CASH EQUIVALENTS</b>				
	Cash at bank – Operating account	73,379	57,284	57,184	53,063
	Cash at bank – CSSES trust account	44,119	46,978	44,119	46,978
	Cash on hand	250	250	250	250
		117,748	104,512	101,553	100,291
<b>9.</b>	<b>RECEIVABLES</b>				
	Accrued revenue	6,371	13,110	6,371	13,110
	Other receivables	1,841	6,720	1,841	3,551
	Owing by subsidiary company	-	-	25,148	30,148
		8,212	19,830	33,360	46,809
<b>10.</b>	<b>INVESTMENTS</b>				
	<b>Current</b>				
	Short-term deposit – Credit Corp	70,000	-	70,000	-
		70,000	-	70,000	-
	<b>Non-current</b>				
	Shares in subsidiary company - at cost	-	-	50,000	50,000
		-	-	50,000	50,000
	Investment in subsidiary company, Central Share Registry Limited (Trading as SPSE Central ShareRegistry) consists of 50,000 ordinary shares of F\$1 per share fully paid.				
<b>11.</b>	<b>OTHER ASSETS</b>				
	<b>Current</b>				
	Prepayments	5,966	8,588	5,911	8,588
		5,966	8,588	5,911	8,588
	<b>Non-current</b>				
	Deferred expenditure	2,807	2,807	-	-
	Less accumulated amortisation	2,807	1,872	-	-
		-	935	-	-

# SOUTH PACIFIC STOCK EXCHANGE LIMITED AND SUBSIDIARY COMPANY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

## 12. INVESTMENTS IN SUBSIDIARY COMPANY

	Equity of holding company	Contribution to group results	Book value of investment
	%	2005 F\$	2005 F\$
Central ShareRegistry Limited	100	8,808	50,000

The subsidiary company Central Share Registry Limited (Trading as SPSE Central ShareRegistry) is incorporated in Fiji and has the same financial year-end as the holding company. The subsidiary company commenced operations on 9 October 2002.

## 13. PLANT AND EQUIPMENT

### CONSOLIDATED

	Furniture and fittings F\$	Office equipment F\$	Computer equipment F\$	Total F\$
<i>Cost</i>				
Balance at 1 July 2004	27,877	34,390	91,035	153,302
Acquisitions	225	7,900	7,965	16,090
Disposals	-	-	(4,195)	(4,195)
Balance at 30 June 2005	28,102	42,290	94,805	165,197
<i>Accumulated depreciation</i>				
Balance at 1 July 2004	18,622	32,567	48,396	99,585
Depreciation charge for the year	3,574	3,125	14,787	21,486
Disposals	-	-	(1,468)	(1,468)
Balance at 30 June 2005	22,196	35,692	61,715	119,603
<i>Carrying amount</i>				
At 1 July 2004	9,255	1,823	42,639	53,717
At 30 June 2005	5,906	6,598	33,090	45,594

### COMPANY

	Furniture and fittings F\$	Office equipment F\$	Computer equipment F\$	Total F\$
<i>Cost</i>				
Balance at 1 July 2004	27,477	34,390	45,935	107,802
Acquisitions	225	7,900	7,965	16,090
Disposals	-	-	(4,195)	(4,195)
Balance at 30 June 2005	27,702	42,290	49,705	119,697

# SOUTH PACIFIC STOCK EXCHANGE LIMITED AND SUBSIDIARY COMPANY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

## 13. PLANT AND EQUIPMENT (CONTINUED)

### COMPANY (CONTINUED)

	Furniture and fittings F\$	Office equipment F\$	Computer equipment F\$	Total F\$
<i>Accumulated depreciation</i>				
Balance at 1 July 2004	18,478	32,567	32,607	83,652
Depreciation charge for the year	3,494	3,125	5,766	12,385
Disposals	-	-	(1,468)	(1,468)
Balance at 30 June 2005	<u>21,972</u>	<u>35,692</u>	<u>36,905</u>	<u>94,569</u>
<i>Carrying amount</i>				
At 1 July 2004	8,999	1,823	13,328	24,150
At 30 June 2005	<u>5,730</u>	<u>6,598</u>	<u>12,800</u>	<u>25,128</u>

	Consolidated		Company	
	2005 F\$	2004 F\$	2005 F\$	2004 F\$
<b>14. CREDITORS AND ACCRUALS</b>				
Accrued expenditure	20,638	19,037	18,920	17,335
Income received in advance	15,313	25,313	20,313	25,313
Owing to CSSES creditors	44,119	46,978	44,119	46,978
Sundry creditors	7,452	8,796	7,452	8,796
	<u>87,522</u>	<u>100,124</u>	<u>90,804</u>	<u>98,422</u>

## 15. PROVISIONS

Annual leave	8,022	9,989	8,022	9,989
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## 16. SHARE CAPITAL

<b>Authorised capital</b>				
50 ordinary shares of F\$15,000 each	750,000	750,000	750,000	750,000
<b>Issued and paid up capital</b>				
8 ordinary shares of F\$15,000 each, fully paid	120,000	120,000	120,000	120,000

# SOUTH PACIFIC STOCK EXCHANGE LIMITED AND SUBSIDIARY COMPANY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

## 16. SHARE CAPITAL (CONTINUED)

As at 30 June 2005 the Company and the Group authorised share capital comprised of 750,000 ordinary shares (2004: 750,000). The shares have a par value of F\$15,000. As at 30 June 2005, ordinary shares issued to existing shareholders of the company were as follows:

Shareholders	Shares issued	Value F\$
Colonial Fiji Life Limited	1	15,000
Credit Corporation (Fiji) Limited	1	15,000
Fiji Development Bank	1	15,000
Fiji National Provident Fund	1	15,000
FHL Securities Limited	1	15,000
Fiji Stockbrokers Limited	1	15,000
Kontiki Stockbroking Limited	1	15,000
National MBf Finance Limited	1	15,000
	8	120,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

## 17. CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities as at balance date (2004: F\$NIL).

## 18. COMMITMENTS

The directors are not aware of any capital commitments as at balance date (2004: F\$NIL).

## 19. RELATED PARTIES

### Transaction with related party

The value of transactions with related entities were as follows:

	Company	
	2005 F\$	2004 F\$
<b><i>Amount owing by related party</i></b>		
Subsidiary - Central Share Registry Limited		
Management fees related to prior years	1,000	6,000
Administration expenses related to prior years	24,148	24,148
	25,148	30,148

### Related party transaction

The transactions undertaken with related parties during the financial year were on normal commercial terms and conditions.

# SOUTH PACIFIC STOCK EXCHANGE LIMITED AND SUBSIDIARY COMPANY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

## 20. PRINCIPAL ACTIVITIES

The principal activities of the Company and the Group during the financial year were the provision of stock exchange and share registry services.

## 21. REGISTERED OFFICE

The Company's registered office and head office is located at Level 2, Plaza 1, FNPF Plaza, 33 Ellery Street, Suva.

## 22. EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Company and the Group, the results of those operations, or the state of affairs of the Company and the Group, in subsequent financial year

## 23. NOTES TO THE STATEMENTS OF CASH FLOWS

### (a) Reconciliation of cash and cash equivalents

Cash and cash equivalent at the end of the financial year as shown in the statement of cash flows are reconciled to the related items in the balance sheet as follows:

	Consolidated		Company	
	2005 F\$	2004 F\$	2005 F\$	2004 F\$
Cash at bank – Operating account	73,379	57,284	57,184	53,063
Cash at bank – CSSES trust account	44,119	46,978	44,119	46,978
Cash on hand	250	250	250	250
Investments	70,000	-	70,000	-
	<u>187,748</u>	<u>104,512</u>	<u>171,553</u>	<u>100,291</u>

### (b) Reconciliation of net profit for the year to net cash from operating activities

Net profit for the year	74,507	24,334	65,699	48,894
Add/(less) non-cash items:				
Depreciation and amortisation	22,421	21,763	12,385	11,719
Loss/(gain) on disposal of fixed assets	2,727	(159)	2,727	(159)
Add/(less) items classified as investing/financing activities:				
Interest	(2,813)	(950)	(2,813)	(950)
Net cash provided by operating activities before changes in assets and liabilities	<u>96,842</u>	<u>44,988</u>	<u>77,998</u>	<u>59,504</u>

# SOUTH PACIFIC STOCK EXCHANGE LIMITED AND SUBSIDIARY COMPANY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

## 23. NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

	Consolidated		Company	
	2005 F\$	2004 F\$	2005 F\$	2004 F\$
<b>(b) Reconciliation of net profit for the year to net cash from operating activities (continued)</b>				
Changes in assets and liabilities				
Decrease/(increase) in other assets	6,618	(12,206)	13,449	(9,037)
Decrease/(increase) in prepayments	2,622	(402)	2,677	(402)
(Increase) in amounts owing by related company	-	-	-	(9,612)
(Decrease) in creditors	(7,602)	(19,071)	(7,618)	(17,978)
(Decrease)/increase in provision	(1,967)	3,739	(1,967)	3,739
<b>Cash flows from operating activities</b>	<b>96,513</b>	<b>17,048</b>	<b>84,539</b>	<b>26,214</b>

## 24. BROKER GUARANTEES

The company holds certificates of term deposits and government bonds amounting to F\$60,000 on behalf of brokers pursuant to certain Business rules in order to protect the interests of the brokers' clients. The company has no beneficial interest in these funds and, accordingly, such funds are not recorded in the balance sheet.