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From just a trading post in 1978, the South Pacific Stock Exchange (SPSE) has evolved into what it is today – Fiji's only licensed securities exchange with 16 listed companies.

The Stock Exchange is owned by eight shareholders; Fiji Development Bank, Fiji National Provident Fund, FNPF Nominees Limited, FijiStock Brokers Limited, Kontiki Stockbroking Limited, FHL Securities Limited, Credit Corporation (Fiji) Limited and Colonial Fiji Life Limited.

The main roles of the Exchange are to facilitate equity raising for businesses by providing a primary market for companies who want to list and to ensure a responsive, fair and transparent trading system in the secondary

market to provide improved liquidity to market participants.

Furthermore, SPSE ensures smooth and effective regulatory compliance by the members of the exchange and the listed companies and stresses the importance of sound corporate governance.

Trades at the Exchange continue to be conducted through an open outcry system and moves are being made towards an electronic trading platform.

Central ShareRegistry Limited, a fully-owned subsidiary of SPSE provides registry services to publicly listed companies with an aim to extend this service to non-listed public companies.

Listed Security	Code	Listed	Operation Description
Atlantic & Pacific Packaging Comp. Ltd	APP	17 Aug 98	Manufactures a wide range of packaging materials including corrugated cartons and assorted containers and packets.
Amalgamated Telecom Holdings Ltd	АТН	18 Apr 02	Provides telecommunications services in Fiji and enhances the network of telecommunications through its subsidiaries Telecom Fiji, Vodafone and Connect and development of internet services.
Communications (Fiji) Ltd	CFM	20 Dec 01	Holding company for Fiji's largest radio network and event organising through Total Event Company and also has subsidiary companies such as Unwired, PNG FM and FijiVillage.com.
Foster's Group Pacific Ltd	FGP	14 Jun 05	Engages in the manufacturing and sale of beer and ready-to drink alcohol beverages, distribution of wines as well as distillation and sale of portable and industrial alcohol.
FijiCare Insurance Ltd	FIL	7 Dec 00	Underwriting of medical health, disability and term life insurance risks and development of new medical insurance cover products.
Flour Mills of Fiji Ltd	FMF	25 Jul 79	Deals in activities of flour milling, managing of SNAX factory production including biscuits and potato chips with two of its subsidiaries also listed on the SPSE.
Fiji Sugar Corporation Ltd	FSC	7 Jun 79	Responsible for the manufacture and sale of raw sugar together with molasses as a by-product. Also engaged in procurement of material and machinery, special development, project work and blending and sale of fertilizer and agricultural chemicals.
Fiji Television Ltd	FTV	24 Apr 97	Operation of commercial broadcasting services through its free-to-air Fiji One channel and pay channels such as Sky Entertainment, Sky Pacific, Sky Plus and Sky Sports.
Kontiki Growth Fund Ltd	KGF	16 Dec 04	Invests shareholders funds in private equity projects and shares in Kontiki Fund with an objective of generating high growth returns for shareholders over the long-term.
Pacific Green Industries (Fiji) Ltd	PGI	5 Jun 01	Engages in manufacture and sale of furniture and architectural products made from coconut palmwood.
RB Patel Group Ltd	RBG	17 Jul 01	Retailing and wholesaling of general merchandise and also owners and managers of property and equity investments.
The Rice Company of Fiji Ltd	RCF	20 Jan 97	Dealers in rice and allied products.
Toyota Tsusho (South Sea) Ltd	TTS	7 Jun 79	Engages in automotive importation and distribution.
V B Holdings Ltd	VBL	1 Nov 01	Engages in property investment, financing of vehicles sold by related entities, fleet management services and other investments.
Yaqara Group Ltd	YGL	30 Mar 05	Promoting and development of audio-visual industry, managing the development of Studio City and associated projects in Fiji.
Fijian Holdings Ltd	FHL	20 Jan 97	Investment company with a number of subsidiaries dealing with securities under FHLS and also dealing in property trust investments under its subsidiary FHPTF.

Mr Brendan Harrison (Acting Chairman)

Mr Harrison is the Assistant General Manager – Investments for the Colonial Group. He holds a Master of Science (Finance) from the University of Strathclyde in Glasgow, Master of Business Administration from the University of Technology in Sydney and a Bachelor of Engineering (Electrical) from the University of New South Wales (UNSW). He has over ten years of management experience and is also a member of a number of executive boards.

Mr Tevita Gonelevu

Mr Gonelevu is the Manager Investments at Fijian Holdings Limited. He is also the company secretary of FHL Securities Limited and manages the company's daily operations. He has a Bachelor of Arts degree from University of the South Pacific (USP) in Accounting and Information Systems. Mr Gonelevu has also undertaken training at the Australian Graduate School of Management and is pursuing Post-Graduate studies at USP.

Mr Saiyad Hussein

Mr Hussein is employed by the Fiji Development Bank as Manager Finance. His qualifications include a Post-Graduate Diploma in Financial Management and a Bachelor of Arts in Accounting and Financial Management and Economics. He has also served as a chartered accountant.

Ms Laisa Saumaki

Ms Saumaki is the Manager at FNPF Nominees Limited and secretary to the FNPF Nominees Board. She holds a Bachelor of Arts degree from the University of the South Pacific in Accounting & Financial Management and Economics. She has been working in the finance sector for over ten years and has vast experience in the financial markets.

Mr Dinesh Shankar

Mr Shankar, a licensed investment adviser is the managing director of Fiji Stockbrokers Limited. He is the Managing Director of Venture Capital Partners (Fiji) Limited and Meridian Consulting. He is also the managing partner of Fine Arts (Fiji) Limited, a film production company. Mr Shankar's credentials include a Master in Business Administration from the University of Southern California and he is a Fulbright Scholar. He also serves on other local boards.

Mr Arvind Patel

Dr Arvind Patel is an associate professor and head of School of Accounting and Finance at the University of the South Pacific. He holds a Bachelor of Arts (USP), Master of Commerce (UNSW) and a doctorate in Accounting from the University of Queensland. Dr Patel is also a member of Fiji Institute of Accountants and many international academic associations. In addition, he has private sector experience in several large multinational companies and has extensive research experience in financial markets and share prices.

Mr Mahendra Reddy

Dr Reddy is the Associate Professor, Deputy Dean for the Faculty of Business and Economics at the University of the South Pacific. He is currently the Acting Head of School for Economics. Mr Reddy graduated with a Bachelor of Arts in Agriculture from USP and has a Post-Graduate Diploma in Development Studies, a Master of Science in Agriculture Economics and a Doctorate from Hawaii. His areas of expertise include Labour Markets, Agricultural Economics and Development Issues.

Mr Griffon Emose

Mr Emose is the Managing Director of Kontiki Capital Limited, which provides investment banking services including stockbroking through owned wholly subsidiary, Kontiki Stockbroking Limited. He holds a Bachelor of Commerce from the University of Auckland and is an Associate of FINSIA, with a Graduate Diploma in Applied Finance & Investment. He also holds the CFA Charter. Prior to joining Kontiki, Mr Emose worked for the Capital Markets Development Authority and the Ministries of Finance and Commerce. He is a licensed Investment Advisor representative and also sits on a number of other boards.

Ms Jinita Prasad (Chief Executive Officer)

Ms Prasad is the chief executive officer of SPSE who also serves on its board as a managing director. Appointed in April 2006 to this post, Ms Prasad holds a Bachelor of Arts degree from USP in Accounting and Financial Management. She has also completed the Graduate Diploma in Applied Finance and Investments and is an associate member with FINSIA. She serves on few executive boards including Women in Business as well as the Suva Chamber of Commerce and Industry.

Chairman and Chief Executive Officers Report

SPSE witnessed a difficult and challenging 18 months ending 31 December 2007. Market activity over this period was significantly low with trading value falling by a record 58.3% in annualised terms

The company continued in its efforts to encourage new listings and increase liquidity in the market but the general weakening of the economy combined with more attractive cash markets in late 2006 and early 2007 resulted in the significant drop in trading. Institutional trading was also very low during this period which has otherwise largely contributed to the total turnover on the exchange.

Financial Performance

The SPSE changed its financial year from June end to December end in 2007. This was done to align the financial reporting period with calendar year for easier understanding of data analysis by the market. The SPSE recorded a net profit of \$126,151 for the 18 months ended 31 December 2007. Revenue from facility fee was down due to low level of trading and listing fees remained unchanged as the board did not witness any new listings.

Stringent cost control measures were put in place to minimize expenditure for the group. Government once again provided the much needed Grant for the operations and the development of the capital markets. Some of the projects planned for 2007 were deferred to be carried out in the following year given the pessimistic nature of the overall market and the weak economy. These projects will be carried out in 2008 as we envisage the economy to recover and the trading activity to improve in 2008.

Market Performance

The trading floor remained tedious for most of the financial period with a decline in overall trading patterns. The market remained bearish throughout the period under review. Due to the high interest rates many investors placed their funds into bank deposits and some even divested from the share markets to invest in the cash markets for higher short term returns. Given the risk-averse nature of retail investors, many also chose not to invest anywhere and have funds on hand for current and future consumption.

Most of the downward movements in share prices were mainly reflecting the need for cash amongst retail investors, some who were desperate enough to incur significant capital losses in the process of liquidating their shares. However, some of these price drops can also be attributed to price corrections by the market or poor performance by the listed companies.

This huge dominance of sellers on the trading board throughout the period was reflected in the buy to sell ratio which recorded as high as 1:66 during the year. However, there have been signs of more opportunistic buyers and speculators entering the market towards the end of 2007 and if this trend continues the market could witness a turnaround in 2008 for a number of these stocks.

After more than 6 years of inactivity, the SPSE witnessed four bond trades being executed on the trading floor. While the equities market remained sluggish for most of the period, the revival of the secondary bonds market came as a positive sign as \$5.6 million worth of bonds exchanged hands on the trading floor. The bonds trade included trades in Fiji Development Loan (FDL) medium-term and long-term bonds and Fiji Electricity Authority medium-term bonds.

In line with total consideration traded, the aggregate volume traded also dropped during the 18 month period. Annualised volume traded for the period was 2.3 million, down 38.7% compared to 3.8 million shares being traded in the preceding 12 months.

While capital return from many listed shares was negative due to various factors, dividends remained an essential deciding factor for investment mainly for retail investors. On average, listed companies yielded a dividend return of 3.5% hence some companies continued to attract investors.

Chairman and Chief Executive Officers Report

Licensed through Capital Markets Development Authority (CMDA), the market continues to have only three broking firms, namely FHL Securities, FijiStock Brokers and Kontiki Stockbroking. A total of 15 licensed broker/dealer representatives are licensed through CMDA to execute orders on behalf of their clients on SPSE. The role of brokers is crucial in our developing markets as they are the intermediaries having direct contact with the investors. SPSE continues to encourage the brokers to take a more proactive role in approaching clients in order to increase liquidity and assist in the development of the stock market.

Compliance Report

Compliance by the market intermediaries and listed companies is closely monitored by SPSE to maintain investor confidence and to prevent any market manipulation. The number of market announcements released by listed companies slightly decreased but companies continued to use this as a platform to better inform their shareholders and the market. Time lag from the time information is disseminated by the listed companies and the impact on the share price is still quite long due to illiquidity in the market but is improving.

SPSE closely monitored listed companies for any misinformation, untimely release of information or any other non-compliance of the listing rules and companies were disciplined accordingly. Most of the listed companies complied with the ongoing disclosure requirements, giving additional information at times. In the event where the SPSE Rules alongside with CMDA Act, Rules and Regulations were not adhered to, the cases are usually referred to the Disciplinary Committee to rule on such proceedings. During the period under review, it was quite impressive to note that only one such case was referred to the Disciplinary Committee.

Public Relations

The Exchange continued to promote the benefits of listing on the stock exchange for companies looking to raise funds or for exit strategies. Main targets included family owned businesses who acknowledged these benefits but due to the uncertainty in the economy, chose to wait for some stability before taking any such substantial steps.

As the benefits of listing were more streamlined and presented to the business community, we found that a number of the companies have now started to become more comfortable with the idea of going public.

High emphasis was also placed on public awareness to educate the general public on the benefits and risks of investing. A number of high schools attended the call market sessions to get a better understanding of how the stock market works. This was followed by a presentation about share investment and the overview of the capital markets. SPSE accommodated over 400 students from different schools in 2007. We will continue these sessions in Suva and intend to reach the schools in the West and North in 2008 through free seminar and school visits.

The stock exchange also conducted mock trading sessions at tertiary institutions like University of the South Pacific, Fiji Institute of Technology and Training and Productivity Authority of Fiji.

The SPSE also took initiative to conduct presentations at corporate offices around Suva targeting the employees to take the first step in learning about investing in shares and finding out about the kinds of returns and associated risks on such investments. Broker representatives accompanied the exchange to such presentations and were allowed to introduce themselves and offer their broking services directly. We found this to be very helpful as the role of the Exchange is that of a facilitator therefore it was very important to put the brokers in direct contact with members of the public interested in investing. These presentations are expected to extend to the West and North in 2008.

Broker and media briefings continued to be conducted by listed companies to inform the brokers and media on the progress of their operations and to provide an update to stakeholders on how the companies were performing relative to their forecasts.

Chairman and Chief Executive Officers Report

Future Outlook

As part of its strategic plan for 2008, the Exchange has identified a number of developments. The core focus remains on the upgrading of trading infrastructure and involves the possible move towards automation and scrip-less trading. Within the strategic plan for the coming year, the amendment to SPSE Business and Listing Rules remains a priority as the exchange needs to align its rules with those of the developed stock exchanges to account for more transparency and better corporate governance practices.

SPSE ranks as one of the smallest exchanges on the globe and aims to seek more listings both locally and offshore to improve the capitalisation of the market. The idea of going public still remains foreign to a number of successful businesses in Fiji and SPSE continues to educate the market on the benefits of listing. Once the realization of wealth creation has set in, listing will not remain a difficult task. To achieve this, a number of workshops and company visits will be organised.

Although 2007 was not a positive year for the exchange, we believe that 2008 will be a good year in terms of trading as well and we are optimistic that we will see a few listing on the SPSE Trading Board. As front-line regulators, we will continue to promote fairness, integrity and transparency in order to achieve confidence amongst investors and companies looking at raising equity from our markets.

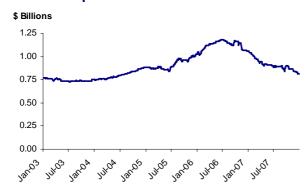
The Exchange anticipates that the Government will continue to provide support in the form of grants and more so in terms of tax concessions to make listing options more attractive on our exchange. SPSE operates in an industry which is still in a developing stage and Government Grant is vital for the development of our market. However, we will also focus on growing our revenue streams in order to be self sustainable in future.

Finally, on behalf of the Board of Directors, we would like to extend our sincere gratitude to the Government for their on-going financial support, Capital Markets Development Authority and the broking members for their dedication and commitment in developing the stock market in Fiji alongside us.

Brendan Harrison Acting Chairman

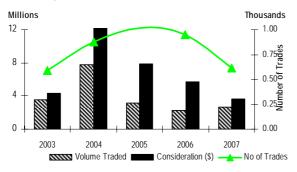
'Jinita Prasad Chief Executive Officer During the year 2007, the stock market was mainly bearish. This was the result of a strong presence of sellers in the market. The stock market is based on the mechanics of demand and supply and this influx in supply placed a downward pressure on the share prices of most of the securities. (Note for easy annual comparisons, all data in the market report are based on 12 months ending December including last year despite the eighteen month financial period.)

Market Capitalisation



Reaching an all time high of \$1.2 billion in July 2006, the market capitalisation has been declining since. The market cap dipped 23.6% during the year 2007 and stood at \$0.8 billion as at 31 December 2007. The market cap was affected by the falling share prices of most of the listed companies.

Trading Report



The trading floor experienced very low levels of trades with total volume and value traded standing at 2.7 million and \$3.6 million respectively. Although the volume traded rose by 16.7%, the value of trades dipped by a massive 35.7%. Bid to offer ratio went as high as 1:66 during the year with offers outnumbering bids excessively most of this period. Buyers who did enter the market were very speculative in nature mainly bidding very low prices for stocks. Bid-offer margins for some stocks were very wide showing a vast difference in the way the buyers and the sellers

perceived the value of the listed companies. On average there were seven stocks which remained offer-only throughout 2007 with buy orders being matched against the listed offers immediately after being posted on the board.

VBL being one of the smallest companies listed was the only stock to witness an upward movement of 11.5% in its share price as well as its market cap.

ATH still remained the market heavyweight on the exchange with a market capitalisation of \$333.5m while KGF now has the smallest market cap with capitalisation of \$3.2m. The top five companies in terms of market capitalisation at the end of 2007 were as follows:

- 1. ATH 41.2%
- 2. FGP 15.4%
- 3. FMF 14.8%
- 4. RBG 6.0%
- 5. FTV 4.3%

Share Prices

Company	2006 (\$)	2007 (\$)	Inc/Dec (\$)	Inc/Dec (%)
APP	1.19	0.80	-0.39	-32.8
ATH	1.04	0.79	-0.25	-24.0
CFM	1.90	1.75	-0.15	-7.9
FGP	18.88	12.00	-6.88	-36.4
FIL	0.70	0.60	-0.10	-14.3
FMF	0.96	0.80	-0.16	-16.7
FSC	0.36	0.33	-0.03	-8.3
FTV	5.59	3.35	-2.24	-40.1
KGF	1.01	0.90	-0.11	-10.9
PGI	2.25	2.15	-0.10	-4.4
RBG	1.70	1.63	-0.07	-4.1
RCF	3.00	2.50	-0.50	-16.7
TTS	2.10	1.96	-0.14	-6.7
VBL	2.60	2.90	0.30	11.5
YGL	1.33	1.18	-0.15	-11.3
FHL	4.09	3.15	-0.94	-23.0

As stipulated in the table above, with the exception of VBL, all stocks witnessed decline in share prices. The largest fall was experienced by FTV shedding 40.1% of its share value over the 12 months. FGP and APP were close behind dropping 36.4% and 32.8% respectively.

The trading board has seen more buyers entering the market towards the end of 2007. The annual buy/sell ratio as at 31st December 2007 stood at 1:1. This strong presence of sellers on the board for most of 2006 and 2007 is being compressed by buyers most of who are

optimistic and are trying to take advantage of the bear market. However, it might take some time for the pressure from the sell side to subside.

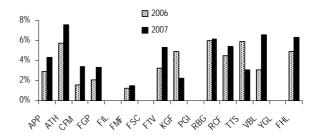
The table below provides an insight on trade statistics for individual companies for the year 2007. The most actively traded stock in terms of both volume and consideration was RBG which accounted for 53.6% and 58.4% of the volume and total value respectively. RBG witnessed a single trade of 1.2 million shares valued at \$1.74 million during the year. FHL and ATH were also relatively active with \$370.4m and \$190.3m worth of shares trading respectively during the year. YGL was the least actively traded stock in terms of both the volume and value. Note that price earnings ratio and earnings per share stated in the table below are from results announced as at 31 December 2007.

The average volume and value traded per transaction for the market was 4,393 and \$5,942 respectively. FHL, ATH and RBG were the most active stock in terms of the number of transactions which indicated more interest by retail investors in these stocks.

A total of 743 million shares were on issue at 31st December 2007. The total volume traded only accounted for 0.4% of the issued shares. This is mainly due to large shareholdings held by either founders or institutional investors in most listed companies.

Dividend Report

Dividend Yield



The graph above compares the dividend yield of the listed companies. ATH was the highest dividend yielding company with a yield of 7.6%, paying out 6 cents per share. VBL gave its shareholders a dividend yield of 6.6% and FHL and RBG were close behind at 6.3% and 6.1% respectively. All dividends paid to shareholders who are Fiji residents were subject to no taxes which makes these dividend yields very attractive compared to other investment products.

Most companies experiencing share price drops during the year maintained the level of dividend per share from previous years or increased it which resulted in very attractive dividend yields for some of these stocks especially with falling share prices. The average dividend yield for the market was 3.5% compared to 3.0% in 2006.

The four stocks that did not declare or pay any dividend during the period under review were FIL, FSC, PGI and YGL.

Security	Share Price (\$)	No. of Trades	Volume Traded (000)	Value Traded (\$000)	Earnings Per Share (cents)	Price Earnings Ratio (x)	Issued Shares (millions)	Ratio of Shares Traded to Issued Shares	Market Cap. (\$m)
APP	0.80	3	23.4	18.7	3.60	22.25	8.0	0.3%	6.4
ATH	0.79	111	234.4	190.3	9.84	8.03	422.1	0.1%	333.5
CFM	1.75	12	11.4	20.2	0.36	482.52	3.6	0.3%	6.2
FGP	12.00	31	9.1	136.9	77.19	15.55	10.4	0.1%	124.9
FIL	0.60	12	318.4	198.0	6.44	9.32	5.8	5.5%	3.5
FMF	0.80	23	320.1	267.7	n/a	n/a	150.0	0.2%	120.0
FSC	0.33	16	137.8	46.8	14.06	2.35	44.4	0.3%	14.7
FTV	3.35	50	30.4	133.0	8.32	40.27	10.3	0.3%	34.5
KGF	0.90	5	10.1	9.3	1.36	66.10	3.5	0.3%	3.2
PGI	2.15	1	1.5	3.2	n/a	n/a	7.6	0.0%	16.4
RBG	1.63	77	1,444.6	2,128.1	11.41	14.29	30.0	4.8%	48.9
RCF	2.50	3	3.5	9.7	24.66	10.14	6.0	0.1%	15.0
TTS	1.96	9	18.6	36.8	19.68	9.96	14.0	0.1%	27.5
VBL	2.90	7	25.0	72.0	27.33	10.61	1.5	1.6%	4.4
YGL	1.18	2	1.0	1.2	n/a	n/a	15.2	0.0%	18.0
FHL	3.15	251	103.4	370.4	73.52	4.28	10.5	1.0%	33.0
	TOTAL:	613	2,692.7	3,642.3			743.0	0.4%	810.0

The Bonds Market

After more than 6 years of inactivity, the South Pacific Stock Exchange witnessed four bond trades executed on the trading floor valued at \$5.6 million. The bond trade details are summarised in the table below.

Securities	Coupon Rate (%)	Consideration (F\$)
FDL (MT)	6.00	1,316,250
FDL (LT)	6.80	1,820,160
FEA (MT)	6.14	504,100
FDL (LT)	7.20	1,941,610

Bonds are also traded on the over the counter facility at Reserve Bank of Fiji.

KSPX Index

The KSPX Index, a share price index prepared by Kontiki Stockbroking, also took a dive in 2007 alongside the market capitalisation. The graph below shows the KSPX index for the past 5 years. The index as at 31st December 2007 stood at 119.19.



Private Transfers

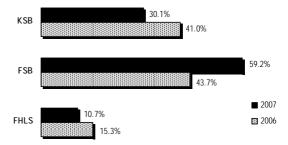
The Exchange facilitated a total of 19 private transfers in 7 listed companies amounting to \$1.3 million. Total volume transferred was 941,221 shares, a decrease of 8.4% when compared to the same period last year. Private transfers are off market transactions executed upon the approval from SPSE and the CMDA.

Out of the 19 transfers, 5 were done for estate cases, 1 for restructure and 13 for transfers under exceptional nature. Private transfers under exceptional nature mainly included transfers from FNPF Nominees Limited to individual members of FNPF resulting from events such as retirement, migration or transfers to beneficiaries of deceased members.

Trade by SPSE Members

The SPSE Members play a vital role in developing the market and creating awareness about share investment. There are three broking firms in Fiji, namely FHL Securities Limited (FHLS), FijiStock Brokers Limited (FSB) and Kontiki Stockbroking Limited (KSB).

Consideration by SPSE Members



The graph above shows the value of trades in shares carried out by each member for the year 2006 and 2007.

Annual Report Competition

The SPSE once again successfully conducted the annual report competition during the year 2007 with 22 participants in four different categories. Panel had six judges chaired by Mr Bruce Sutton from KPMG. Other members of the panel included Professor Michael White from USP, Mr Sunil Sharma of BDO Zarin Ali, Mr Sikeli Tuinamuana from Ernst & Young, Ms Finau Nagera from Auditor General's Office and Mr Uday Sen from Credit Corporation Fiji Limited.

SPSE believes that these awards would enhance the quality of reporting by not only the listed companies but also private and statutory organisations. The winners were awarded at the Fiji Institute of Accountants Congress in June last year. The winners are summarized in the table below.

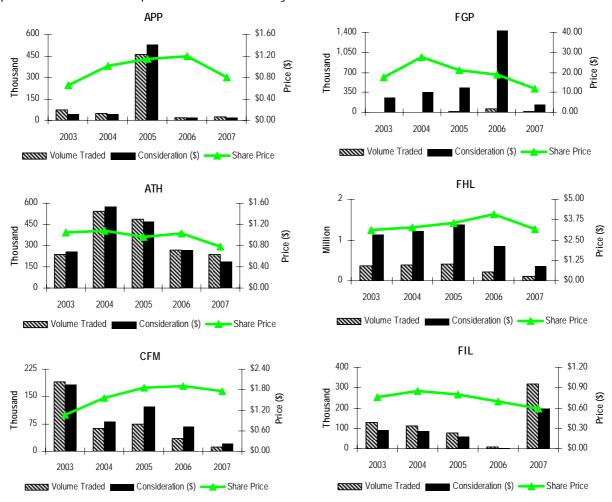
Category	А	В	С	D
Winner	RBF & FNPF (joint)	Fiji Red Cross Society	Air Pacific Limited	АТН
1st Runner Up	N/A	Partners in Community Development Fiji	Merchant Finance	FSC
2nd Runner Up	Housing Authority	N/A	FINTEL	FHL

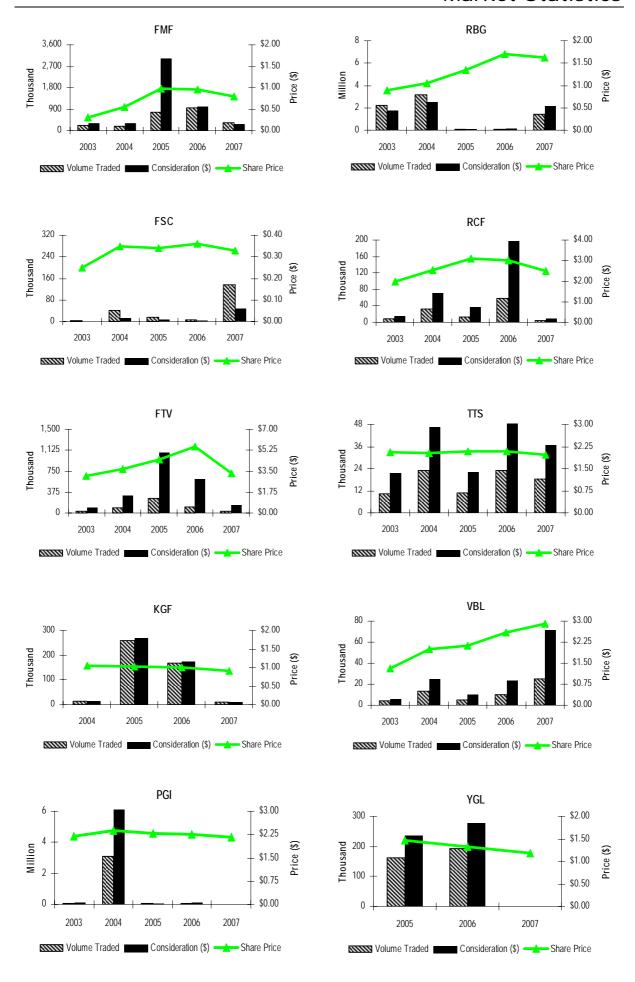
The table below illustrates the distribution of shareholding and the number of shareholders of the listed companies as at 31st December 2007.

Company	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
APP	5	83	23	14	3	1	1	1	5	1	137
ATH	4	691	97	37	14	1	17	18	6	7	892
CFM	43	85	10	8	3	1	1	1	7	0	159
FGP	239	382	15	8	1	0	0	1	3	0	649
FIL*	13,267	40	10	8	4	0	0	1	8	1	13,339
FMF	1	95	75	77	41	17	26	48	47	9	436
FSC	1,472	514	22	11	1	0	1	1	5	3	2030
FTV	208	242	11	2	2	1	1	0	5	3	475
KGF	1	88	25	17	3	1	6	9	5	1	156
PGI	31	28	1	4	1	3	0	0	5	3	76
RBG	6	128	30	17	5	2	1	5	16	6	216
RCF	6	71	11	9	0	2	0	1	3	1	104
TTS	96	49	7	0	1	2	1	0	1	2	159
VBL	38	32	7	2	1	1	1	2	4	0	88
YGL	3	74	15	14	6	4	1	6	18	4	145
FHL	9	656	51	45	11	12	10	28	19	2	843
TOTAL:	15,429	3,258	409	273	97	48	67	122	157	43	19,903

^{*}FIL has approximately 13,260 shareholders with only 18 shares or less each.

The graphs below provide the comparative analysis of the volume, consideration and the share prices for all listed companies for the last five years.





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Directors' report

The directors present their report together with the financial statements of South Pacific Stock Exchange Limited ("the Company") and the Group for 18 month period ended 31 December 2007 and the auditors' report thereon.

Directors

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

Ms Jinita PrasadMr Dinesh ShankarMs Laisa SaumakiDr Mahendra ReddyMr Tevita GonelevuDr Arvind PatelMr Saiyad HusseinMr Griffon Emose

Mr Brendan Harrison

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 period under review not otherwise disclosed in this report or the financial statements; and
- the accompanying balance sheets give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2007, 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 period 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 period was a profit after income tax of \$126,151 (year ended 30 June 2006: \$140,670).

Dividends

The directors recommend that no dividends be declared or paid.

Directors' report (continued)

Events subsequent to balance date

There has not arisen in the interval between the end of the financial period 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 2rd day of 2008.

Signed in accordance with a resolution of the directors:

Director

Director



Suva Central Renwick Road Suva PO Box 32 Suva Fiji Islands Telephone (679) 330 1155 Fax (679) 330 1312 Email suvaoffice@kpmg.com.fj

Independent auditors' report to the members of South Pacific Stock Exchange Limited

Scope

We have audited the financial statements of **South Pacific Stock Exchange Limited** for 18 month period ended 31 December 2007, consisting of the income statements, statements of changes in equity, balance sheets, statements of cash flows and accompanying notes, set out on pages 16 to 32. The financial statements comprise the financial statements of the Company and the 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 International Financial Reporting 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 and the Group, so far as it appears from our examination of those books; and
- (b) the accompanying financial statements which have been prepared under International Financial Reporting 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 31 December 2007 and of the results and cash flows of the Company and the Group, for 18 month period 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 2 May , 2008

Chartered Accountants

South Pacific Stock Exchange Limited and Subsidiary Company Income statements

For the 18 month period ended 31 December 2007

	Consolidated			Company		
	Note	period ended 31 December 2007	Year ended 30 June 2006	18 month period ended 31 December 2007	Year ended 30 June 2006	
		\$	\$	\$	\$	
Income						
Income from operations	2	329,142	274,302	296,688	255,530	
Other income	3	326,280	198,040	277,968	179,746	
		655,422	472,342	574,656	435,276	
Personnel expenses	4	(268,513)	(178,982)	(268,513)	(178,982)	
Depreciation and amortisation		(26,574)	(18,138)	(15,208)	(9,038)	
Other operating expenses	5	(224,139)	(134,552)	(202,734)	(123,100)	
Profit from operations before tax		136,196	140,670	88,201	124,156	
Income tax expense	6(a)	(10,045)				
Net profit for the year		126,151	140,670	88,201	124,156	

The income statements are to be read in conjunction with the notes to the financial statements set out on pages 20 to 32.

South Pacific Stock Exchange Limited and Subsidiary Company Statements of changes in equity

For the 18 month period ended 31 December 2007

		Cons	Consolidated		Company		
]	Note	18 month period ended 31 December 2007 \$	Year ended 30 June 2006	18 month period ended 31 December 2007	Year ended 30 June 2006		
Share capital		φ	φ	φ	ψ		
Balance at start of the period Movements during the period		120,000	120,000	120,000	120,000		
Balance at end of the period	16	120,000	120,000	120,000	120,000		
Retained earnings							
Balance at start of the period Net profit for the period		172,646 126,151	31,976 140,670	191,282	67,126		
Balance at end of the period		298,797	172,646	88,201 279,483	124,156 191,282		
Total shareholders' equity	ı	418,797	292,646	399,483	311,282		

The statements of changes in equity are to be read in conjunction with the notes to the financial statements set out on pages 20 to 32.

Balance sheets

As at 31 December 2007

		Consolidated		Company		
	Note	31 December 2007	30 June 2006	31 December 2007	30 June 2006	
Current assets		\$	\$	\$	\$	
Cash and cash equivalents	7	181,700	329,155	105,029	289,062	
Receivables	8	21,433	11,541	16,352	36,689	
Investments	9	400,000	-	400,000	-	
Trust funds on deposit	10	46,250	42,719	46,250	42,719	
Other	11	7,912	10,499_	7,912	10,499	
Total current assets		657,295	393,914	575,543	378,969	
Non-current assets						
Investments	9	-	-	50,000	50,000	
Plant and equipment	12	16,259	32,704	16,259	21,338	
Total non-current assets		16,259	32,704	66,259	71,338	
Total assets		673,554	426,618	641,802	450,307	
Current liabilities						
Creditors and accruals	13	19,021	31,960	23,378	40,388	
Grant income received in advance	15(a)	111,493	-	111,493	-	
Listing fees income received in advance	15(b)	62,750	56,875	56,000	53,500	
Liability in respect of Trust funds	10	46,250	42,719	46,250	42,719	
Employee entitlements	14	5,198	2,418	5,198	2,418	
Income tax liability	6(b)	10,045_	i=:	-		
Total current liabilities		254,757	158,197	242,319	139,025	
Total liabilities		254,757	133,972	242,319	139,025	
Net assets		418,797	292,646	399,483	311,282	
Shareholders' equity						
Share capital	16	120,000	120,000	120,000	120,000	
Retained earnings		298,797	172,646	279,483	191,282	
Total shareholders' equity	4	418,797	292,646	399,483	311,282	

Contingent liabilities and Commitments 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 20 to 32.

South Pacific Stock Exchange Limited and Subsidiary Company Statements of cash flows

For the 18 month period ended 31 December 2007

		Con	solidated	Company		
	Note	18 month period ended 31	Year ended 30 June	18 month period ended 31	Year ended 30 June	
		December 2007	2006	December 2007	2006	
		\$	\$	\$	\$	
Operating activities						
Cash receipts from customers		365,644	271,114	335,897	258,993	
Government grant receipts		375,000	183,500	337,500	166,000	
Cash payments to suppliers and employees		(518,733)	(262,817)	(488,064)	(257,094)	
Cash flows from operating activities		221,911	191,797	185,333	167,899	
Investing activities						
Payments for plant and equipment		(10,129)	(8,225)	(10,129)	(8,225)	
Payments for term deposits		(400,000)	-	(400,000)	-	
Interest received		40,763	1,954	40,763	1,954	
Cash flows from investing activities		(369,366)	(6,271)	(369,366)	(6,271)	
Net (decrease)/increase in cash held		(147,455)	185,526	(184,033)	161,628	
Cash at the beginning of the financial period		329,155	143,629	289,062	127,434	
Cash at the end of the financial period	22	181,700	329,155	105,029	289,062	

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 20 to 32.

South Pacific Stock Exchange Limited and Subsidiary Company Notes to the consolidated financial statements

For the 18 month period ended 31 December 2007

1. Statement of significant accounting policies

South Pacific Stock Exchange Limited (the "company") is a public company incorporated and domiciled in Fiji. The address of the Company's registered office and principal place of business is Level 2, Plaza 1, Downtown Boulevard, 33 Ellery Street, Suva. The significant accounting policies, which have been adopted in the preparation of these financial statements, are noted below.

The financial statements were authorised for issue by the directors on 2 May 2008.

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 1983.

(b) Adoption of IFRS

The company has adopted IFRS with effect from 1 July 2007. No amendments have been made on transition to IFRS as the company previously applied accounting policies which are generally aligned with IFRS. However, additional disclosures have been made in the financial statements as required by IFRS.

(c) Basis of preparation

The financial statements are presented in Fiji dollars, rounded to the nearest dollar. They have been prepared on the basis of historical costs and, except where stated, do not take into account changing money values or current valuation 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.

(d) Principles of consolidation

The consolidated financial statements of the Group include the financial statements of the Company being the parent entity and its controlled entity as disclosed in Note 9. The balances and effects of transactions between the Company and the controlled entity have been eliminated.

(e) Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements including the following notes:

- Note 1(h) Impairment
- Note 1(1) Revenue deferral of government grant revenue

Notes to the consolidated financial statements

For the 18 month period ended 31 December 2007

1. Statement of significant accounting policies (continued)

(f) 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 and the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statements of cash flows.

(g) Accrued revenue and other receivables

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

(h) Impairment

The carrying amounts of the Group's assets, other than deferred tax assets (refer accounting policy (n), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

(i) Plant and equipment

Items of plant and equipment are stated at cost less accumulated depreciation and costs include expenditure that is directly attributable to the acquisition of the asset. Profits and losses on disposal of plant and equipment are taken into account in determining the results for the year.

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives using the following rates:

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

(j) Trade and other payables

Trade and other payables are stated at cost.

(k) Employee benefits

Short term employee benefits

The Company 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.

(l) Revenue

Fee income is recognised when due and receivable except that listing fees are deferred to future periods and are not recognised as income until the listing takes place. Facility fee income is received from broking members for the facilitation of trading. Government grant income relating to operating costs is recognised in the year in which the grant income is received or is receivable. Grant income relating to specific projects which have not commenced is deferred to future periods and recognised as deferred income.

Notes to the consolidated financial statements

For the 18 month period ended 31 December 2007

1. Statement of significant accounting policies (continued)

(m) Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Personnel costs

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

(n) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the reporting date and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary difference when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised

(o) 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.

Notes to the consolidated financial statements

For the 18 month period ended 31 December 2007

		Consolidated		Company	
		18 month period ended 31 December 2007	Year ended 30 June 2006	18 month period ended 31 December 2007	Year ended 30 June 2006
		\$	\$	\$	\$
2.	Income from operations	·	·	·	·
	Annual and initial listing fees	177,000	132,000	177,000	132,000
	Annual maintenance fees	20,250	12,375	-	-
	Annual membership fees	10,501	-	10,510	-
	Annual report distribution fees	3,324	2,023	-	-
	CSSES commission	599	2,824	599	2,824
	Facility fees	64,286	86,590	64,277	86,590
	Dividend distribution fees	8,880	4,374	-	-
	Interest	35,570	5,306	35,570	5,306
	Penalties and fines	5,812	20,290	5,812	20,290
	Sale of listing and business rules	70	420	70	420
	Settlement fees	2.050	5,250	2.050	5,250
	Private transfer fees	2,850	2,850	2,850	2,850
		329,142	274,302	296,688	255,530
3.	Other income				
<i>J</i> .	Government grant	263,507	188,500	226,007	171,000
	CSR service fees	203,307	2,250	-	2,250
	Hire of trading floor	750	250	750	250
	Training reimbursement	-	2,616	-	2,616
	Sundry income	62,023	4,424	51,211	3,630
		326,280	198,040	277,968	179,746
4.	Personnel expenses				
	Salaries and wages	217,801	143,247	217,801	143,247
	FNPF contributions	17,274	12,884	17,274	12,884
	TPAF levy	2,159	1,669	2,159	1,669
	Staff expenses	10,816	6,311	10,816	6,311
	Training, travel and entertainment	20,463	14,871	20,463	14,871
		268,513	178,982	268,513	178,982
	Number of employees				
	Average number of employees during the				
	financial year	6	6	6	6

Notes to the consolidated financial statements

For 18 month period ended 31 December 2007

		Consoli	dated	Company	
		18 month period ended 31 December 2007	Year ended 30 June 2006	18 month period ended 31 December 2007	Year ended 30 June 2006
		\$	\$	\$	\$
5.	Operating expenses				
	Accounting fees	-	1,353	-	1,033
	Advertising	1,357	5,750	1,357	5,750
	Audit fees	8,000	5,800	5,000	3,600
	Callers fees	3,820	2,080	3,820	2,080
	CMDA licence	7,917	4,167	7,917	4,167
	Electricity	3,899	2,270	3,899	2,270
	Insurance	11,590	6,281	11,590	6,281
	Legal expenses	613	3,130	613	3,075
	Loss on disposal of asset	-	477	-	477
	Printing and stationery	7,057	8,056	4,523	6,506
	Rent	51,729	34,486	51,729	34,486
	Repairs and maintenance	4,401	6,321	4,401	6,321
	Software maintenance	6,750	6,525	-	-
	Telephone and postage	23,492	26,782	21,274	26,111
	Other	93,514	21,074	86,611	20,943
		224,139	134,552	202,734	123,100
6.	Taxation		· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·	
(a)	Income tax expense				
	Prima facie income tax expense calculated at 31% (12 months ended 30 June 2006: 31%)				
	on the operating profit	42,220	36,098	27,342	38,488
	Legal expense	-	969	-	953
	Subscriptions	-	926	-	926
	Decrease in income tax due to non tax assessable items:				
	Government grant Future income tax benefit not brought to	-	(50,925)	-	(50,925)
	account	(32,175)	12,932	(27,342)	10,558
		10,045			
(b)	Income tax liability				
	Balance at the beginning of the year	-	-	-	-
	Income tax paid	-	-	-	-
	Current income tax expense	10,045	-	-	-
	(Over) provision in prior year Balance at the end of the year	10,045			
	•				

Notes to the consolidated financial statements

For the 18 month period ended 31 December 2007

	Note		solidated Year ended 30 June 2006	18 month period ended 31 December 2007	Year ended 30 June 2006
6.	Taxation (continued)				
(c)	Future income tax benefit not brought to account				
	The potential future income tax benefit arising from tax losses and timing differences has not been recognised as an asset as it is no longer probable that the related tax benefit will be realised:				
	Tax losses carried forward Timing differences	8,789 1,242	99,986 (2,488)	8,789 1,242	84,141 967
		10,031	97,498	10,031	85,108
7.	Cash and cash equivalents				
	Cash at bank Cash on hand Term deposits	181,450 250 —————————————————————————————————	168,905 250 160,000 329,155	104,779 250 	128,812 250 160,000 289,062
8.	Receivables	161,700	329,133	103,029	289,002
3.	Accrued revenue Other receivables Owing by subsidiary company 19	3,293 18,140	6,598 4,943	3,293 13,059	6,598 4,943 25,148
		21,433	11,541	16,352	36,689

Notes to the consolidated financial statements

For the 18 month period ended 31 December 2007

	Consolid	accu	C	ompany
	Note 31 December 2007		31 December 2007	30 Jun 200
Investments	\$	\$	\$	
Current				
Short-term deposit – Credit Corporatio (Fiji) Limited	400,000		400,000	
There are two investments with Credithe principal amount of \$240,000 and on 12 July 2008 and 1 September 2008	6% per annum on the			
Non-current				
Shares in subsidiary company - at cost	t <u>-</u>		50,000	50,00
Institute of the sector of the				
• • • • • • • • • • • • • • • • • • • •	•	·	ng as SPSE (Central Sha
Registry) consists of 50,000 ordinary s	•	·	ng as SPSE (Central Sha
Registry) consists of 50,000 ordinary s	•	fully paid. Contributi group re	on to Boo	Central Sha k value of nvestment
Registry) consists of 50,000 ordinary s	shares of \$1 per share to Equity of holding	fully paid. Contributi group re	on to Boo esults in ended 31 mber	k value of
Investment in subsidiary company, C Registry) consists of 50,000 ordinary s Investments in subsidiary company	shares of \$1 per share to Equity of holding	Contributing group roughts 18 months 6 31st Dece	on to Boo esults in	k value of nvestment December

Consolidated

Company

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

10. Trust Funds on deposit

9.

•	Consoli	Consolidated		Company		
	31 December 2007	30 June 2006	31 December 2007	30 June 2006		
	\$	\$	\$	\$		
Trust funds on deposit	46,250	42,719	46,250	42,719		

The Company held Trust funds in respect of shareholders who were part of the Colonial Small Shareholders Scheme which ceased to exist on 10 March 2000. There is a corresponding liability in respect of Trust funds of the same amount which has been disclosed separately in the Company's balance sheet as 'Liability in respect of Trust Funds'.

Notes to the consolidated financial statements

For the 18 month period ended 31 December 2007

Current December 2006 December 2007	11.	Other assets	Consol		Company	
Prepayments 7,912 10,499 7,912 10,499		Current		30 June 2006		30 June 2006
Consolidated Furniture and fittings are sent at 1 July 2006 Evaluation of the equipment of the priod of the period of the period and fittings and fittings are and fittings and fittings and fittings and fittings and fittings are and fittings are and fittings and fittings are and fittings and fittings are and fittings are and fittings and fittings are and fittings are and fittings are and fittings and fittings are and fi		Prepayments	· · · · · · · · · · · · · · · · · · ·		· ·	· · · · · · · · · · · · · · · · · · ·
Salance as at 1 July 2006 28,532 42,290 98,800 169,622	12.	Plant and equipment				
Balance as at 1 July 2006 28,532 42,290 98,800 169,622 Acquisitions - 579 9,550 10,129 Disposals - - - - Balance at 31 December 2007 28,532 42,869 108,350 179,751 Accumulated depreciation Balance at 1 July 2006 24,245 37,815 74,858 136,918 Depreciation charge for the period Disposals -		Consolidated	and fittings	equipment	-	_
Acquisitions		Cost				
Balance at 31 December 2007 28,532 42,869 108,350 179,751 Accumulated depreciation Balance at 1 July 2006 24,245 37,815 74,858 136,918 Depreciation charge for the period Disposals 2,032 3,486 21,056 26,574 Balance at 31 December 2007 26,277 41,301 95,914 163,492 Carrying amount At 1 July 2006 4,287 4,475 23,942 32,704 At 31 December 2007 2,255 1,568 12,436 16,259 Company Furniture and fittings Office equipment Computer equipment * * Furniture and fittings 28,132 42,290 53,700 124,122 Cost Balance at 1 July 2006 28,132 42,290 53,700 124,122 Acquisitions - 579 9,550 10,129 Disposals - - - - - Balance at 31 December 2007 28,132 42,869 63,250 134,251 <td< td=""><td></td><td>Acquisitions</td><td>28,532</td><td>·</td><td>·</td><td>•</td></td<>		Acquisitions	28,532	·	·	•
Balance at 1 July 2006 24,245 37,815 74,858 136,918 Depreciation charge for the period 2,032 3,486 21,056 26,574 Disposals - 32,704 - <t< td=""><td></td><td></td><td>28,532</td><td>42,869</td><td>108,350</td><td>179,751</td></t<>			28,532	42,869	108,350	179,751
Carrying amount 4,287 4,475 23,942 32,704 At 31 December 2007 2,255 1,568 12,436 16,259 Furniture and fittings equipment equipment equipment equipment equipment span span span span span span span span		Balance at 1 July 2006 Depreciation charge for the period Disposals	2,032	3,486	•	•
At 1 July 2006		Balance at 31 December 2007	26,277	41,301	95,914	163,492
Furniture and fittings Furniture equipment Furniture and fittings S S S S S S S S S		• 0	4,287	4,475	23,942	32,704
Furniture and fittings equipment equipment Total \$ \$ \$ \$ \$ \$ \$ \$ \$		At 31 December 2007	2,255	1,568	12,436	16,259
Balance at 1 July 2006 28,132 42,290 53,700 124,122 Acquisitions - 579 9,550 10,129 Disposals - - - - Balance at 31 December 2007 28,132 42,869 63,250 134,251 Accumulated depreciation Balance at 1 July 2006 23,941 37,815 41,028 102,784 Depreciation charge for the period 1,936 3,486 9,786 15,208 Disposals - - - - - Balance at 31 December 2007 25,877 41,301 50,814 117,992 Carrying amount At 1 July 2006 4,191 4,475 12,672 21,338		Company	and fittings	equipment	equipment	
Acquisitions - 579 9,550 10,129 Disposals Balance at 31 December 2007 28,132 42,869 63,250 134,251 Accumulated depreciation Balance at 1 July 2006 23,941 37,815 41,028 102,784 Depreciation charge for the period 1,936 3,486 9,786 15,208 Disposals Balance at 31 December 2007 25,877 41,301 50,814 117,992 Carrying amount At 1 July 2006 4,191 4,475 12,672 21,338		Cost				
Balance at 31 December 2007 28,132 42,869 63,250 134,251 Accumulated depreciation Balance at 1 July 2006 23,941 37,815 41,028 102,784 Depreciation charge for the period 1,936 3,486 9,786 15,208 Disposals - - - - - Balance at 31 December 2007 25,877 41,301 50,814 117,992 Carrying amount At 1 July 2006 4,191 4,475 12,672 21,338		Acquisitions	28,132	•		
Balance at 1 July 2006 23,941 37,815 41,028 102,784 Depreciation charge for the period 1,936 3,486 9,786 15,208 Disposals - - - - - Balance at 31 December 2007 25,877 41,301 50,814 117,992 Carrying amount At 1 July 2006 4,191 4,475 12,672 21,338		•	28,132	42,869	63,250	134,251
Carrying amount At 1 July 2006 4,191 4,475 12,672 21,338		Balance at 1 July 2006 Depreciation charge for the period	·		·	
At 1 July 2006 4,191 4,475 12,672 21,338		Balance at 31 December 2007	25,877	41,301	50,814	117,992
At 31 December 2007 2,255 1,568 12,436 16,259			4,191	4,475	12,672	21,338
		At 31 December 2007	2,255	1,568	12,436	16,259

Notes to the consolidated financial statements

For the 18 month period ended 31 December 2007

			Consolidated		Company	
		Note	31 December 2007	30 June 2006	31 December 2007	30 June 2006
12	C 124 1 1-		\$	\$	\$	\$
13.	Creditors and accruals					
	Accrued expenditure		13,220	24,305	10,220	20,233
	Owing to subsidiary company	18	-	-	12,500	12,500
	Sundry creditors	_	5,801	7,655	658	7,655
		_	19,021	31,960	23,378	40,388
14.	Employee entitlements					
	Annual leave	_	5,198	2,418	5,198	2,418
15.	Deferred Income					
(a)	Grant income					
	Opening balance		-	-	-	-
	add grant income received		375,000	188,500	337,500	171,000
	less transfer to income statement	_	(263,507)	(188,500)	(226,007)	(171,000)
		_	111,493		111,493	
(b)	Listing fees income					
` '	Opening balance		56,875	15,313	53,500	15,313
	add income received in advance		62,750	56,875	56,000	53,500
	less transfers to income statement		(56,875)	(15,313)	(53,500)	(15,313)
		_	62,750	56,875	56,000	53,500

Deferred income comprises of listing fees (income) received in advance and Government grants which are to be utilised in the forthcoming year. Deferred income in respect of Government grants is for the group for the 18 month period ending 31 December 2007 is reconciled as follows:

	18 month period ended 31 December 2007 \$
Grant received	375,000
Less utilised portion transferred to income statement	
Investor education programme	(38,801)
Training and development	(16,250)
Market trading expenses	(12,000)
Annual report competition	(20,250)
Marketing and branding	(10,000)
Listing campaign	(11,706)
Administration expenses	(154,500)
	(263,507)
Un-utilised portion deferred and included in balance sheet	111,493

Notes to the consolidated financial statements

For the 18 month period ended 31 December 2007

16. Share capital

	Consolidated		Company	
	31 December 2007	30 June 2006	31 December 2007	30 June 2006
	\$	\$	\$	\$
Authorised capital				
50 ordinary shares of \$15,000 each	750,000	750,000	750,000	750,000
Issued and paid up capital				
8 ordinary shares of \$15,000 each, fully paid	120,000	120,000	120,000	120,000
As at 31 December 2007 the Company and t	he Groun's au	thorised share	canital comprise	ed of 750,000

As at 31 December 2007 the Company and the Group's authorised share capital comprised of 750,000 ordinary shares (12 months ended 30 June 2006: 750,000). The shares have a par value of \$15,000 each. As at 31 December 2007, ordinary shares issued to existing shareholders of the Company were as follows:

Shareholders	Shares issued	Value \$
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
FNPF Nominees 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 (30 June 2006: \$NIL).

Notes to the consolidated financial statements

For the 18 month period ended 31 December 2007

18. Commitments

Capital expenditure commitments

The directors are not aware of any capital commitments as at balance date (30 June 2006: \$NIL).

Operating lease commitments

	Consolidated		Company	
	31	30 June	31	30 June
	December	2006	December	2006
	2007		2007	
Non-cancellable operating lease rentals are payable a	\mathbf{a}_{i}			
follows:				
Not later than one year	14,614	14,614	14,614	14,614
Later than one year but not later than two years	14,614	14,614	14,614	14,614
Later than two years but not later than five years	43,842	43,842	43,842	43,842
Later than five years	<u> </u>	_		
	73,070	73,070	73,070	73,070

19. Related parties

Identity of related parties

The Company has a related party relationship with its subsidiary company, Central Share Registry Limited (trading as SPSE Central Share Registry), a Company incorporated in Fiji.

The Company also has a related party relationship with its directors and executive officers.

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

Ms Jinita Prasad	Dr Mahendra Reddy
Mr Tevita Gonelevu	Dr Arvind Patel
Mr Saiyad Hussein	Mr Griffon Emose
Mr Dinesh Shankar	Ms Laisa Saumaki
Mr Brendan Harrison	

During the year the following persons were the executives identified as key management personnel, with the greatest authority and responsibility for planning, directing and controlling the activities of the Company: Ms Jinita Prasad (Chief Executive Officer), Mr Shalendra Nand (Operations Manager).

Notes to the consolidated financial statements

For the 18 month period ended 31 December 2007

19. Related parties (continued)

(a) Transactions with related parties

	Related Entities / Related parties	18 month period ended 31 December 2007	Year ended 30 June 2006
		\$	\$
Expenses : Key management personnel –			
short term remuneration		135,343	92,565
Sitting Allowance	Directors	1,810	-

(b) Amounts due to and receivable from related parties

The balances with related entities was as follows:

	Company	
	18 months ended 31 December 2007	12 months ended 30 June 2006
	\$	\$
Amount owing by related party		
Subsidiary - Central Share Registry Limited:		
Management fees related to prior years	-	1,000
Administration expenses related to prior years	<u> </u>	24,148
	<u>-</u>	25,148
Amount owing to related party		
Subsidiary - Central Share Registry Limited:		
Allocation of Government grant		12,500

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

Notes to the consolidated financial statements

For the 18 month period ended 31 December 2007

20. Financial Risk Management

The company has exposure to the following risks:

• Interest rate risk

Interest rate risk

Interest rates on financial assets are fixed over the term of the relevant contracts, thereby minimising the risk of mis-matches in interest rates.

21. 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.

22. Notes to the statements of cash flows

Reconciliation of cash and cash equivalents

Cash and cash equivalents 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:

	Consolida	ted	Comp	any
	31 December 2007	30 June 2006	31 December 2007	30 June 2006
	\$	\$	\$	\$
Cash at bank – Operating account	181,450	168,905	104,779	128,812
Cash on hand	250	250	250	250
Investments		160,000		160,000
	181,700	329,155	105,029	289,062

Broker guarantees

The Company holds certificates of term deposits and government bonds amounting to \$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