

## Stock Market Report 2009

### Overview

The Exchange experienced an improvement in the overall trading for the year 2009 compared to the previous year. This was mainly due to several special crossings facilitated by the Exchange during the year in 10 of the 16 listed companies. A ransom volume of 3.02 million was executed in Foster's Group Pacific Limited (FGP) garnering \$40.07 million in consideration. Other special crossings were executed in APP, ATH, CFM, FMF, FTV, KGF, PGI, RBG and RCF. These series of special crossing transactions totalled 4.48 million in volume and \$41.29 in value.

In aggregate, the SPSE trading floor facilitated a total volume of 6.09 million shares in 789 transactions garnering an aggregate consideration of \$43.54 million. Note that excluding the special crossings, total consideration traded for the year 2009 stands at \$2.25 million compared to \$4.97 million in 2008.

The low level of trading activity is mainly attributed to the reduced institutional trading and general drop in investment by retail investors as cash market remained competitive for the most of 2009. Wide bid-offer margins for some of the securities prevented trades from being executed indicating a vast difference in how the buyers and sellers valued certain stocks.

Overall market capitalisation fell 10.06% over the 12 months reflecting drop in prices of 9 out of 16 shares listed. Buy to sell ratio was around 1:4 on average during 2009 signifying a bear market with a huge dominance of sellers applying a downward pressure on prices. We saw a year of mixed investor sentiments where some investors disposed their shares to fund their cash needs and the others concentrated on the fundamentals of listed companies and continued to hold. Existing listed companies continued to be tightly held which also dampened the level of trading.

**Table 1**

Summary of Share Trading	2008	2009	% Change
Market Capitalisation (\$)	1,002,334,603	901,548,607	-10.06
Number of Trades	757	789	+4.23
Volume of Shares Traded	18,401,339	6,088,441	-66.91
Value Traded (\$)	26,051,091	43,541,854	+67.14

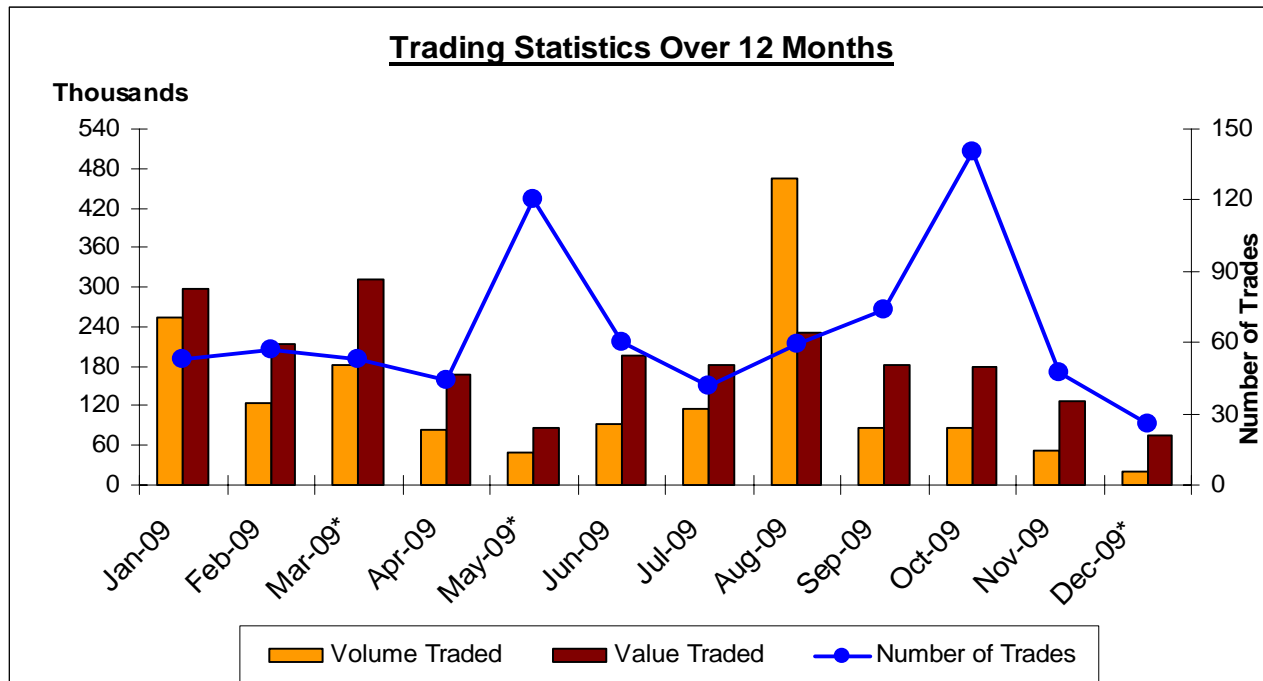
### Trading Report

**Table 2**

Security Code	Last Sale Price 31/12/08 F(\$)	Last Sale Price 31/12/09 F(\$)	% Change	Number of Trades	Volume Traded	Market Turnover F(\$)	Market Capitalisation F(\$)
APP	0.88	0.88	0.00	2	37,069	31,178	7,040,000
ATH	1.18	1.07	-9.32	155	609,221	675,706	451,652,209
CFM	1.80	1.71	-5.00	19	57,100	92,076	6,084,180
FGP	13.80	12.40	-10.14	59	3,038,936	40,290,708	129,060,750
FIL	0.67	0.67	0.00	4	17,427	11,697	4,338,974
FMF	0.85	0.69	-18.82	12	891,500	556,813	103,500,000
FSC	0.36	0.25	-30.56	2	392,899	116,952	11,100,000
FTV	3.50	3.25	-7.14	43	87,051	278,332	33,475,000
KGF	0.77	0.50	-35.06	8	308,223	173,257	1,769,178
PBP	N/A	0.91	N/A	16	49,320	45,402	5,460,000
PGI	2.10	2.10	0.00	1	35,682	67,439	16,000,391
RBG	1.76	1.82	+3.41	62	291,155	455,275	54,600,000
RCF	3.00	2.45	-18.33	4	15,900	36,355	14,700,000
TTS	1.96	1.97	+0.51	3	4,699	9,256	27,643,438
VBL	3.00	2.98	-0.67	5	12,250	33,555	4,777,003
FHL	2.27	2.90	+27.75	394	240,009	667,853	30,347,485
<b>TOTAL</b>				<b>789</b>	<b>6,088,441</b>	<b>43,541,854</b>	<b>901,548,607</b>

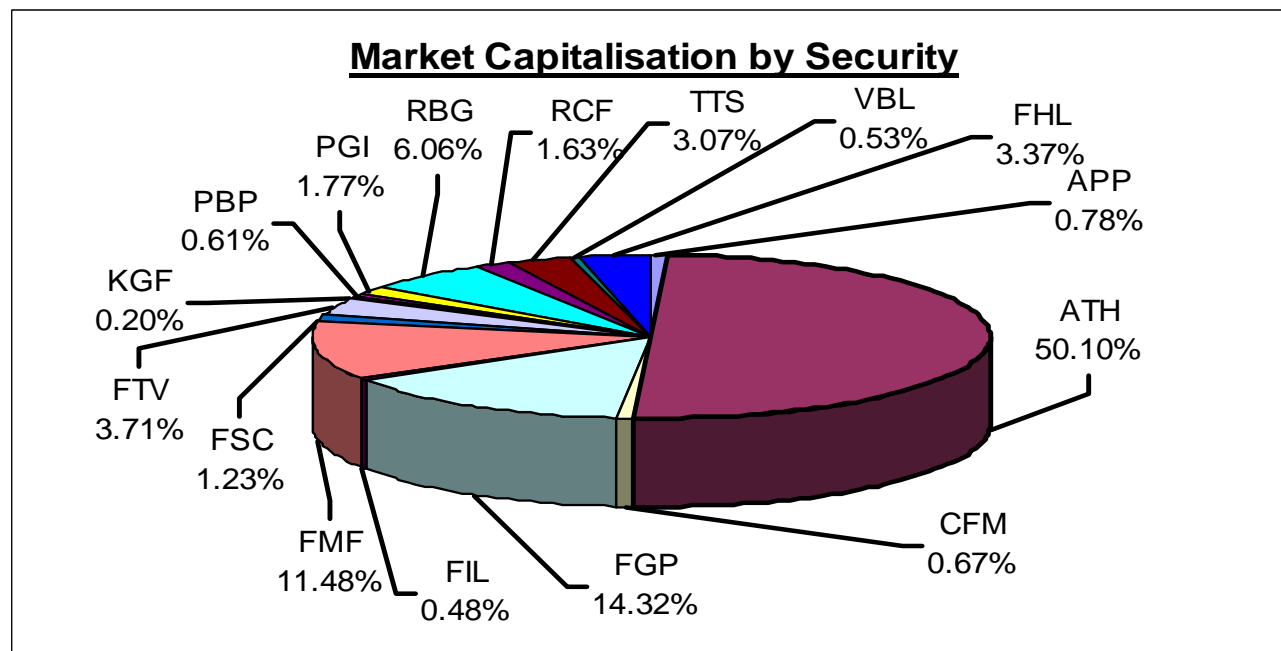
Amongst the actively traded stocks for the year was Foster's Group Pacific Limited (FGP) with a total consideration of \$40.29 million. This was inclusive of the two special crossings executed in FGP. Amalgamated Telecom Holdings Limited (ATH), Fijian Holdings Limited (FHL) and Flour Mills of Fiji Limited (FMF) then queued with their market turnover values respectively.

Trades in these four companies accounted for 96.90% of the total value traded during the year. Pacific Green Industries (Fiji) Limited (PGI) was the most inactive stock in 2009 with a single trade recorded during the year in review.



*Mar-09\*, May-09\* & Dec-09\*: Excludes the special crossing transactions executed during the year.*

In terms of market capitalisation, ATH still remains the market heavyweight contributing 50.10% followed by FGP and FMF also adding 14.32% and 11.48% respectively to the overall market capitalisation. The five largest companies made up 85.67% of total market capitalisation as at end of 2009.



In terms of price gainers, only three out of the 16 listed companies experienced positive growth yielding a capital gain for the investors compared to 11 price gainers in 2008. The largest price gainer was Fijian Holdings Limited which took an upswing of 27.75% from \$2.27 to close the year at \$2.90. The manufacturer of a wide range of packaging materials including corrugated cartons and assorted containers, Atlantic & Pacific Packaging Company Limited (APP), FijiCare Insurance Limited (FIL) and Pacific Green Industries (Fiji) Limited (PGI) prices remained invariable during the year and while there were some price gains in the other stocks, nine securities had negative growth. The major price fall was experienced by Kontiki Growth Fund Limited (KGF) with the share price dipping 35.06% to close the year at \$0.50. The other major price fall was experienced by Fiji Sugar Corporation Limited (FSC) dipping 30.56% over this period. PBP listed on the official board of the Exchange on 4<sup>th</sup> February 2009 and compared to the listing price of \$0.94, the share price dipped 3.19% to close the year at \$0.91.

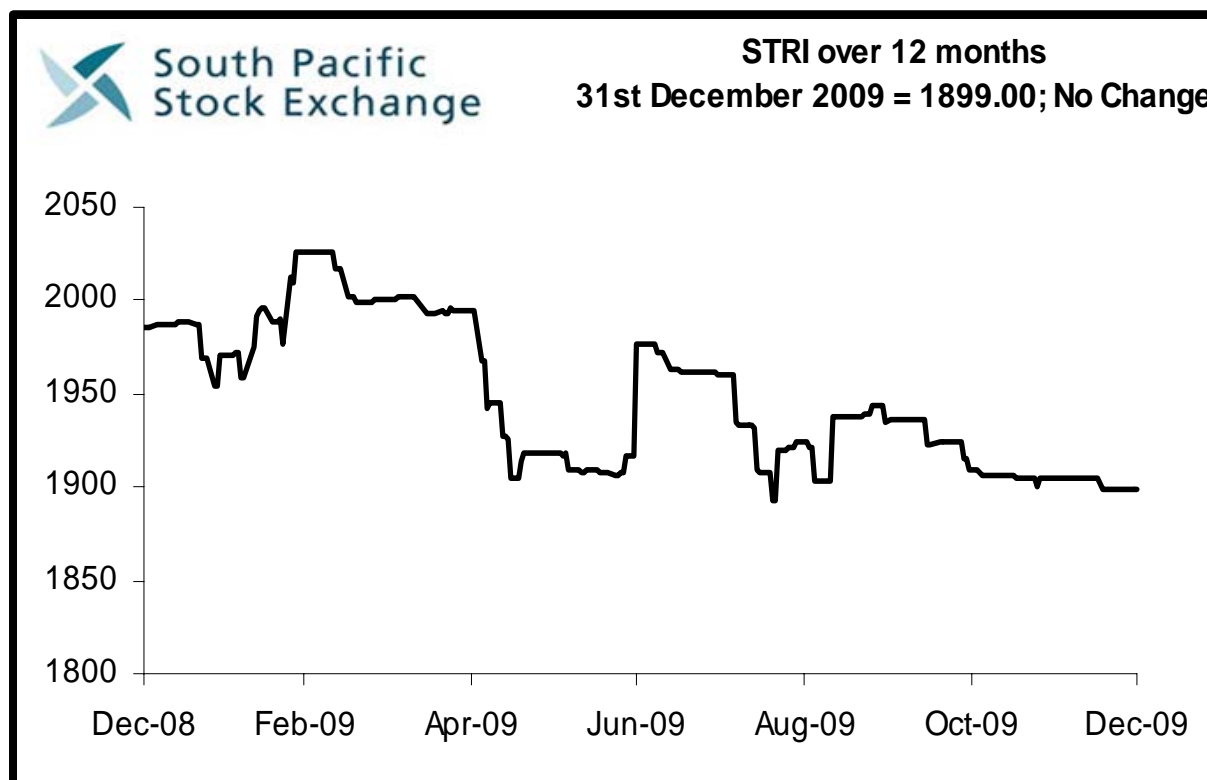
### **SPSE Total Return Index (STRI)**

The Exchange launched the STRI, an aggregate market capitalisation index which reflects the aggregate market value of all its components relative to their aggregate value on the base day on 28<sup>th</sup> October 2009. STRI is constructed on a base of 1000 set at 4<sup>th</sup> January 2000. Components of this index include shares of all SPSE listed companies. STRI is an accumulation index which reflects the total return from the stock market including the price and dividend returns. This index is not affected by new listings, delistings or any other form of corporate action. STRI uses an index divisor. The purpose of an index divisor is to normalize index values. It is a number which remains consistent over time which enables comparability within the index.

STRI has been constructed to measure the change or movement in the whole of the SPSE's share market through changes in total returns (price plus dividends), also known as accumulation index. The price index measures only capital gains and losses and ignores dividends or distributions received, whereas an accumulation index provides a total return by including such income paid to the shareholder. It follows that the accumulation index will typically be higher than the price index. In essence, these indices are the performance yardstick for SPSE.

The STRI stands at 1899.00 as of 31<sup>st</sup> December 2009.

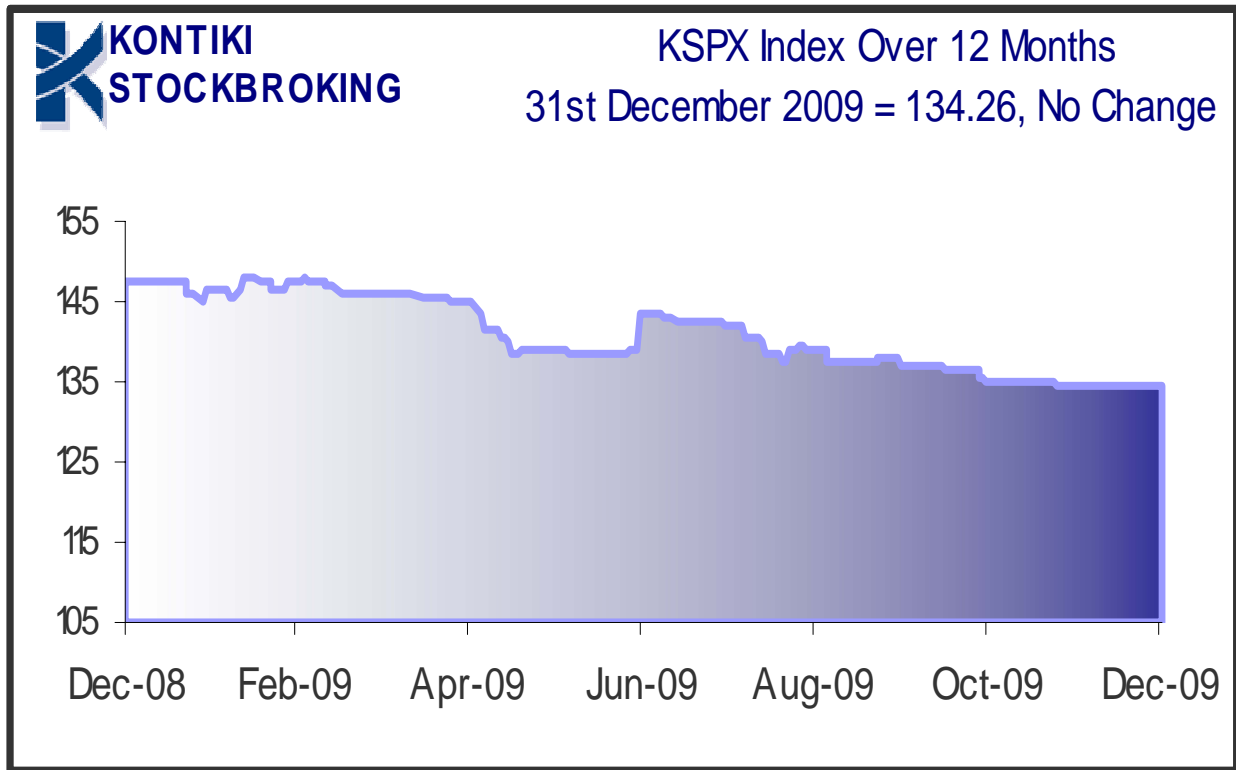
### **STRI Graph**



## **Kontiki South Pacific Stock Exchange Index (KSPX)**

The KSPX Index is a share price index composed of the market-weighted average of the 16 companies listed on the SPSE trading board. This share price index is prepared by Kontiki Stockbroking Limited.

### **KSPX Graph**



**Source: Kontiki Stockbroking Limited**

The KSPX index as at 31<sup>st</sup> December 2009 was at 134.26, down 8.97% compared to 147.49 as at 31<sup>st</sup> December 2008. The decrease in the index over 12 months can be attributed to the downward movement in the share prices for majority of the listed companies during the period under review.

### **Capital Growth and Total Market Return**

The overall capital growth of the market averaged at around -6.89% as depicted in the table below with Fijian Holdings Limited recording the highest capital growth of 27.75% totalling a total market return of 38.10% while Kontiki Growth Fund Limited (KGF) registered the lowest capital growth and a negative market return of 35.06%.

Out of the 16 companies, three had positive capital growth while nine of the securities had negative capital growth. APP, FIL and PGI were the securities whose prices remained unchanged during the year. The total market return from the listed security encompasses the dividend yield and capital growth of that respective security. During 2009, the average total return from the stock market stood at -3.04% with an average dividend yield of 3.42%.

Security	Dividend Yield	Capital Growth	Total Market Return
APP	3.98%	0.00%	3.98%
ATH	7.48%	-9.32%	-1.85%
CFM	4.68%	-5.00%	-0.32%
FGP	2.42%	-10.14%	-7.73%
FIL	5.97%	0.00%	5.97%
FMF	0.00%	-18.82%	-18.82%
FSC	0.00%	-30.56%	-30.56%
FTV	4.31%	-7.14%	-2.84%
KGF	0.00%	-35.06%	-35.06%
PBP	3.30%	N/A	3.30%
PGI	0.00%	0.00%	0.00%
RBG	5.49%	3.41%	8.90%
RCF	0.00%	-18.33%	-18.33%
TTS	4.06%	0.51%	4.57%
VBL	2.68%	-0.67%	2.02%
FHL	10.34%	27.75%	38.10%
<b>Average :</b>	<b>3.42%</b>	<b>-6.89%</b>	<b>-3.04%</b>

## **Outlook for 2010**

The year 2010 looks quite promising in terms of the number of potential companies joining the SPSE trading board. The recent budget announcement by the Government where listed companies will be subjected to a reduced corporate tax rate of 20% in 2010, provided the companies have more than 40% local equity shareholding will encourage many private companies to consider listing on the SPSE. Whilst companies have to meet certain compliance requirements in order to become a publicly listed company, this tax incentive will be more than compensate for the cost of listing and ongoing compliance issues. The SPSE will facilitate such listings as it will benefit the entire economy by not only sharing wealth but through greater transparency and accountability by companies as well.

On the other note, the Exchange will continue on its attempt to boost investor confidence and increase the level of trading activity in 2010.

Jinita Prasad  
**Chief Executive**  
06/01/2010